



Outstanding Results from Commitment to Sustainability

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SCG is a leading conglomerate that is moving towards becoming the leader in ASEAN and enhancing competitiveness in the global market, while also conducting business in line with good corporate governance and sustainable development principles. To create higher value for stakeholders, SCG continually invests in organizational and employee development and encourages innovation in products, services, work processes, and business models. The Group is committed to supporting the sustainable progress of the communities where it operates.

SCG has earned "Gold Class" rank in the building materials and fixtures sector of the Dow Jones Sustainability Indexes (DJSI), which track the business performance of leading sustainability-driven companies worldwide, for three consecutive years from 2008 through 2010. SCG is striding forward to promote the concept of sustainable development for all sectors, to encourage broad participation in pursuing economic, social, and environmental progress in a balanced and sustainable manner.

SCG was established in 1913 upon a royal decree of His Majesty King Rama VI to produce cement for the myriad projects then being built to modernize the nation's infrastructure. Today the Group comprises five core businesses: SCG Chemicals, SCG Paper, SCG Cement, SCG Building Materials, and SCG Distribution.

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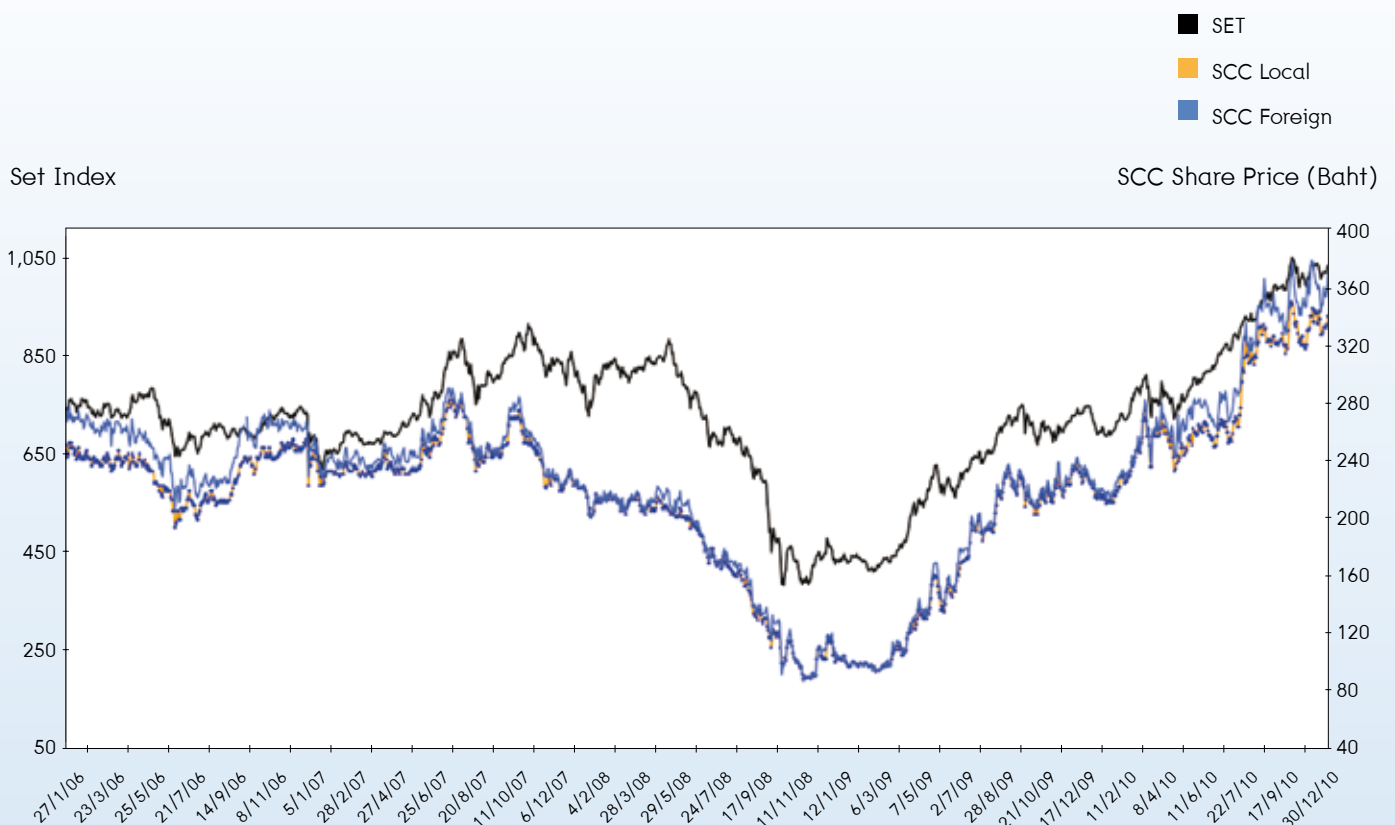
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Investor Information

<p>Stock Code SCC</p> <p>(Listed on the Stock Exchange of Thailand - SET)</p> <p>Registration No. 0107537000114</p> <p>Type of Business Holding company</p> <p>Website www.scg.co.th</p> <p>Year of Establishment 1913</p> <p>First Trade Date April 30, 1975</p> <p>Headquarter Address 1 Siam Cement Road, Bangsue, Bangkok 10800</p> <p>Registered Capital 1,600 Million Baht</p> <p>Paid-up Capital 1,200 Million Baht</p> <p> Comprised of 1,200 Million ordinary shares</p> <p>Par Value 1 Baht par value</p> <p>Preferred Share None</p> <p>Fiscal Year January 1 - December 31 of each year</p> <p>Shareholders The Crown Property Bureau Group holds approximately 31.94% of shares while the remaining shares are held by other institutional and individual shareholders</p>	<p>Contacts Corporate Headquarters</p> <p>Tel. 66-2586-3333, 66-2586-4444</p> <p>Fax 66-2586-2974</p> <p>e-mail: info@scg.co.th</p> <p>Corporate Secretary Office</p> <p>Tel 66-2586-3012</p> <p>Fax 66-2586-3007</p> <p>e-mail: corporate@scg.co.th</p> <p>Investor Relations Department</p> <p>Tel. 66-2586-3309</p> <p>Fax 66-2586-3307</p> <p>e-mail: invest@scg.co.th</p> <p>Corporate Communications Office</p> <p>Tel. 66-2586-3770</p> <p>Fax 66-2586-2974</p> <p>e-mail: corpcomm@scg.co.th</p> <p>Designated Directors as Minority Shareholders' Representative</p> <p>Fax 66-2586-3007</p> <p>e-mail: ind_dir@scg.co.th</p>
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5 Years Share Prices (2006 - 2010)

Compared to SET Index



Financial Overview

The Siam Cement Public Company Limited and Its Subsidiaries

	2010	2009	2008	2007	2006
STATEMENTS OF INCOME (MILLION BAHT)					
Net sales	301,323	238,664	293,230	267,737	258,175
Costs and expenses	282,911	216,767	281,457	247,719	231,337
Profit before income tax, finance costs, depreciation and amortization, and including dividends from associates (EBITDA)	45,949	47,116	38,783	50,008	57,151
Net profit without non-recurring items ¹	27,387	24,408	16,479	25,841	30,157
Net profit ²	37,382	24,346	16,771	30,352	29,451
BALANCE SHEETS ³ (MILLION BAHT)					
Assets	359,219	315,992	285,776	248,256	226,264
Liabilities	199,649	184,571	174,428	139,717	132,699
Shareholders' equity and minority interest	159,570	131,421	111,348	108,539	93,565
Shareholders' equity	133,121	104,510	87,220	86,131	75,023
FINANCIAL RATIO					
Total number of shares issued (Million Shares)	1,200	1,200	1,200	1,200	1,200
Book value per share (Baht)	110.9	87.1	72.7	71.8	62.5
Earnings per share (Baht)	31.2	20.3	14.0	25.3	24.5
Dividends per share (Baht)	12.5	8.5	7.5	15.0	15.0
Dividends payout ratio on net profit (%)	40.1	41.9	53.6	59.3	61.2
Return on net sales (%)	12.4	10.2	5.7	11.3	11.4
Return on equity (%)	31.5	25.4	19.3	37.7	42.4
Return on assets (%)	11.1	8.1	6.3	12.8	13.8
EBITDA on total assets (%)	13.6	15.7	14.5	21.1	26.7
Debt to equity ratio (Times) ⁴	1.3	1.4	1.6	1.3	1.4
Price earnings ratio (Times) ⁵	10.9	11.6	7.4	9.2	9.9
Net debt to EBITDA ratio (Times)	1.8	2.6	3.1	2.0	1.8

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.

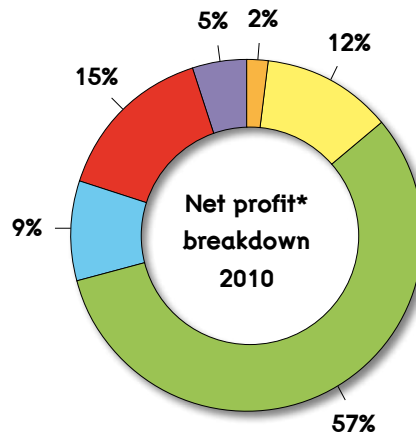
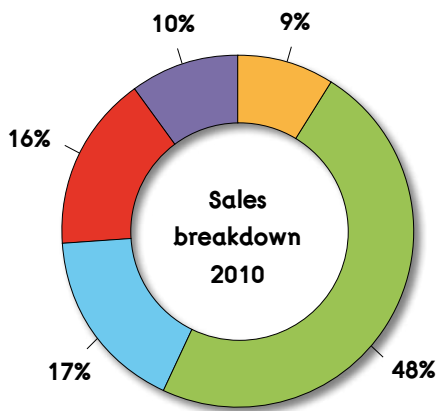
³ The figures for year 2006 are restated for comparative purpose with 2007, due to the change of definition of minority interest in the Thai Accounting Standard No. 27.

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

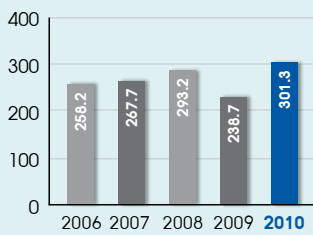
The Siam Cement Public Company Limited and Its Subsidiaries



- SCG Chemicals
- SCG Paper
- SCG Cement
- SCG Building Materials
- SCG Distribution
- SCG Investment

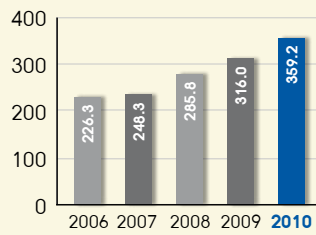
Net sales

Billion Baht



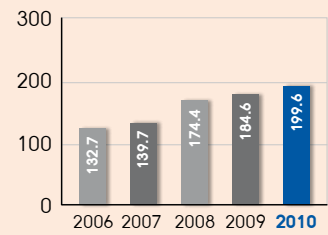
Assets

Billion Baht



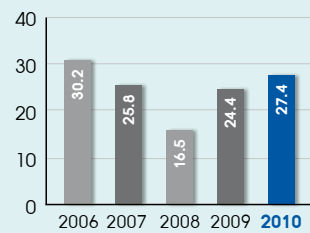
Liabilities

Billion Baht



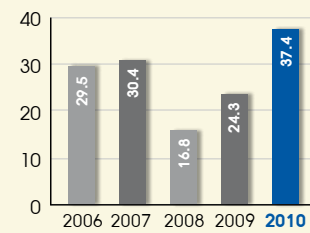
Net profit without non-recurring items

Billion Baht



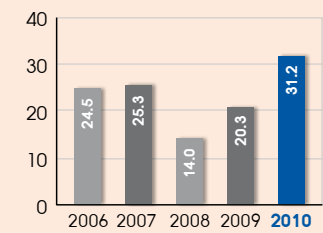
Net profit*

Billion Baht



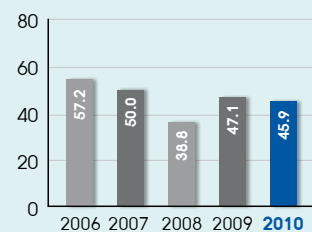
Earnings per share

Baht/share



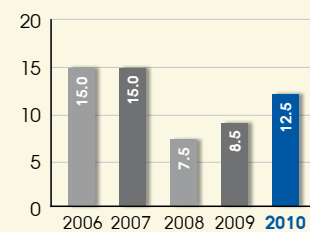
EBITDA

Billion Baht



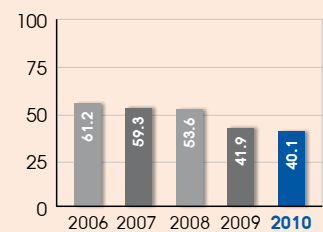
Dividends per share

Baht/share



Dividends payout ratio on net profit*

Percent



* Net profit attributable to equity holders of the parent.

Message from the Board of Directors

In 2010, the world economy recovered from a few years of persistent crises, thanks especially to Asia's growth. This had a positive impact on the economy in Thailand, where domestic demand improved on the back of steady increases in investment, private consumption, and exports. But at the same time, the nation's economy suffered from the adverse impact of political instability, increasing energy costs, the Baht's rise, and severe floods at the end of year.

SCG responded with considered and adaptive strategies that helped 2010 operating results to outperform the year before, reinforcing a solid financial position. Total revenues were 301,323 Million Baht, with operating profit of 27,387 Million Baht, and net profit at 37,382 Million Baht, inclusive of sales of investment in PTT Chemical Public Company Limited during the fourth quarter of 2010. After carefully considering SCG's performance and financial status as well as world economic conditions, the Board of Directors resolved to propose to the 2011 Annual General Meeting of Shareholders on March 30, 2011 a full-year dividend of 12.50 Baht per share or 40% of consolidated net profit. SCG paid an interim dividend of 4.50 Baht per share on August 26, 2010 and will make the final payment of 8.00 Baht per share on April 27, 2011.

SCG has employed two key strategies in its organizational development: expanding its business in ASEAN, and developing high value-added, innovative products and services. Governed by SCG's policy to conduct business within a sustainable development framework, these strategies support SCG's aim to become the regional leader in its industries, while supporting balanced, lasting growth in ASEAN and all communities where it operates. In 2010 SCG achieved significant progress in several key areas, as follows:

Maintaining Financial Strength and Preparing for Future Expansion

SCG optimized its finances and liquidity by managing working capital and minimizing risks through utilization of domestic loans in the form of debentures. The Group trimmed inventories and closely monitored trade credits. These measures have been in place since the US financial crisis became apparent in 2008.

SCG's healthy performance in 2010 further strengthened its finances as a result of operating activities and 9,963 Million Baht gain from sales of investment in PTT Chemical Public

Company Limited. Thanks to these results, cash on hand at the end of 2010 was 69,827 Million Baht. SCG now has a solid financial position and is ready for future expansion and investments.

Focusing on Research and Development to Introduce Innovative Products and Services

SCG considers research and development to be critically important. Each year the Group invests approximately one Billion Baht in development of innovative products and services to respond to customers' diversified needs, to improve their quality of life, and to promote sustainable development. SCG's innovations included new plastic resins for production of medical disposables, which attained high international manufacturing standards yet had lower costs than overseas counterparts. In addition, we provided more than 56 grades of plastic resins to suit customers' exact requirements. SCG developed and launched a premium, 70-gram paper called Idea Max, which features extra opacity so that both sides of the paper can be used optimally, thereby helping reduce consumption of natural resources. We developed a new formula for CPAC ready-mixed concrete that features extra porosity, allowing water to pass through, making it ideal for construction of walkways and parking lots, where it reduces the problem of stagnant water.

Beyond these product innovations, SCG also worked to develop our staff's skills and capabilities to be ready for future growth of the organization.

The focus on innovation is clearly yielding results. The share of SCG's revenues derived from sales of innovative products and services continued to rise, from 25% of total sales in 2009, to 29% in 2010.

Reinforcing Successful Business Expansion in ASEAN Markets

SCG continued to expand its businesses in ASEAN countries during 2010. The Group invested in its corrugated box business in Vietnam, which was an extension to its packaging paper operation launched the previous year. In the building materials business, the Group focused on market expansion and branding, especially in Vietnam. SCG opened a building materials showroom in Hanoi, its first outside Thailand. In Vietnam's southern region, SCG's joint venture to establish a fully integrated petrochemicals complex is under study, with consideration focusing on raw material

supply and funding resources. The venture's three partners are SCG, Vietnam Oil and Gas Group, and Vietnam National Chemical Corporation.

SCG expanded its international trading offices to include Brazil, Hungary, and Bangladesh. The Group now has a total of 34 trading offices in 22 countries. In addition, we strengthened our product marketing network in over 100 countries around the world.

SCG considers development of the ASEAN Economic Community, or AEC, to be important. We believe that regional cooperation in investment, in development of quality products and services, and in advancement of human resources will lay a solid foundation for ASEAN's overall economic progress, thereby helping the region to grow and become one of the world's major economic centers.

Applying the Concept of Sustainable Development and Enhancing Social Initiatives

SCG conducts business under the concept of sustainable development, focusing on balancing economic, social and environmental considerations according to the principles of good corporate governance. We deploy modern and eco-friendly technologies to ensure the harmonious co-existence of communities, employees and the broader public. For example, SCG cooperated with other operators in the Map Ta Phut Industrial Estate to set up the "Community Partnership Initiative". This effort resulted in a mutual agreement to develop a prototype factory with higher environmental conservation standards than required by law. The aim is to facilitate sustainable growth that benefits both communities and industry.

In addition, SCG organized activities to disseminate information on social initiatives to the public. These activities

included the "Thailand Sustainable Development Symposium 2010", which received excellent feedback from attendees, who included executives from the private and public sectors, academics, representatives from non-governmental organizations, as well as Thai and international press. The "SCG Conserving Water for Tomorrow" project has resulted in the building of more than 20,000 check dams. Our efforts have earned SCG three consecutive years rated as "Gold Class" in the building materials and fixtures category of the Dow Jones Sustainability Indexes, or DJSI, which assess performance of the world's leading businesses that operate under the concept of sustainable development. SCG has also won the SET Award in the CSR category for three consecutive years. In addition, SCG was awarded the Thailand Corporate Excellence Award in the category of human resources management from the Thailand Management Association in collaboration with Chulalongkorn University's Sasin Graduate Institute of Business Administration for nine consecutive years.

The Board of Directors wishes to express appreciation to all shareholders, debenture holders, joint-venture partners, trading partners, customers, staff, related parties, as well as local and international financial institutions, for the kind support provided to SCG all these years. We promise that SCG will continue to conduct business with integrity, prudence and adherence to its code of conduct, good corporate governance, and sustainable development principles, acting in the best interests of all parties. We believe that by doing so, we will prosper, as will Thailand and ASEAN, realizing our corporate vision.

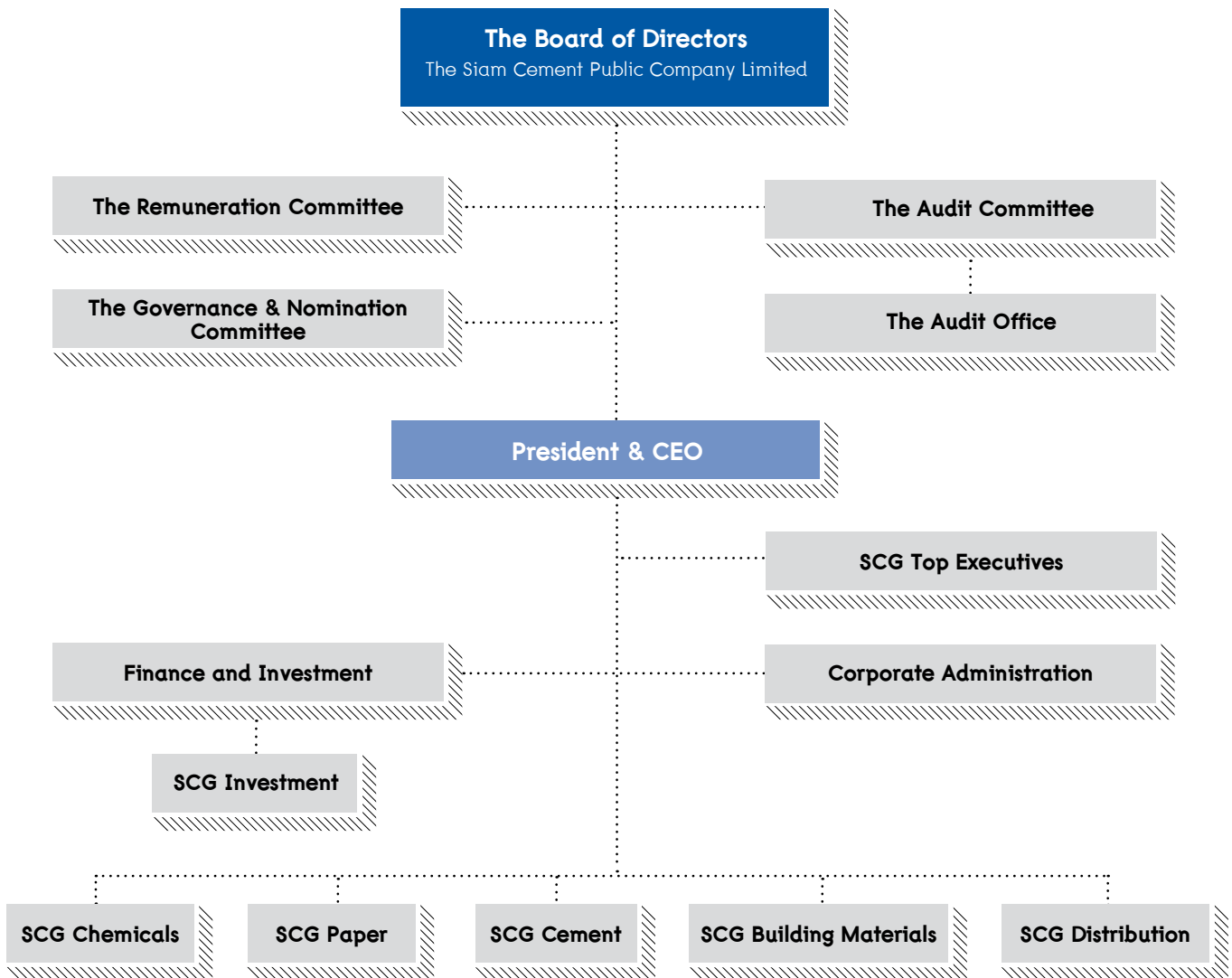
Bangkok, January 26, 2011



Chirayu Isarangun Na Ayuthaya
Chairman

Kan Trakulhoon
President & CEO

Organizational Structure (As at January 1, 2011)



The Board of Directors

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

SCG Top Executives (As at January 1, 2011)



1



2

1. Kan Trakulhoon

President & CEO

SCG

2. Chaovalit Ekabut

Vice President - Finance and Investment & CFO

SCG

President

SCG Investment



3



4

3. Aree Chavalitcheewingul

Vice President - Corporate Administration

SCG

4. Cholanat Yanaranop

President

SCG Chemicals



5



6

5. Roongrote Rangsiyopash

President

SCG Paper

6. Pramote Techasupatkul

President

SCG Cement



7



8

7. Pichit Maipoom

President

SCG Building Materials

8. Kajohndet Sangsuban

President

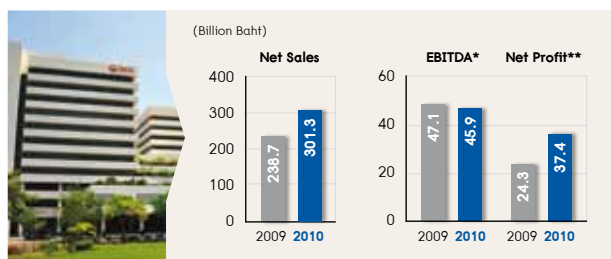
SCG Distribution

Operating Results

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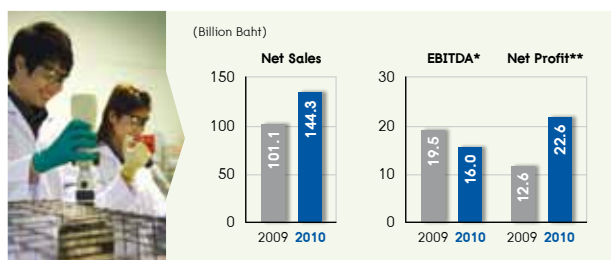


Summary of Operating Results



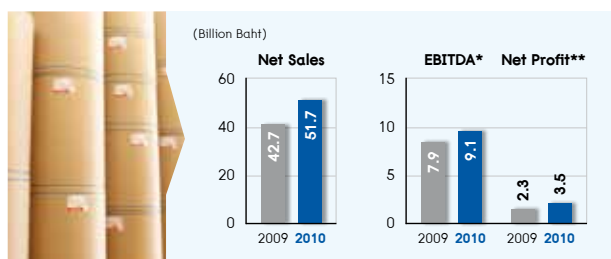
SCG

SCG's consolidated net sales were 301,323 Million Baht. Consolidated EBITDA was 45,949 Million Baht, and consolidated net profit was 37,382 Million Baht, increasing 54% from the previous year in line with improved performance by key business units, net profit from sales of investment in PTT Chemical Public Company Limited, and increased equity income from associated companies. SCG has continued its strategy to expand business within ASEAN while developing high value-added products and services.



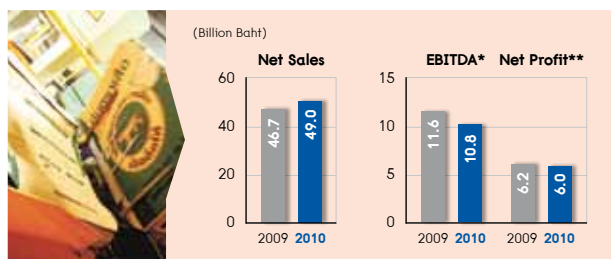
SCG Chemicals

Net sales by SCG Chemicals were 144,317 Million Baht. EBITDA was 16,024 Million Baht, and net profit was 22,609 Million Baht, up 80% from the previous year inclusive of sales of investment in PTT Chemical Public Company Limited. SCG Chemicals focuses on developing high value-added products and services and closely collaborating with business alliances for joint development, to achieve mutual, sustainable success and growth.



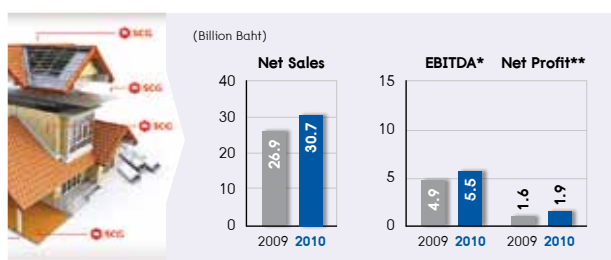
SCG Paper

Net sales by SCG Paper were 51,714 Million Baht. EBITDA was 9,129 Million Baht and net profit was 3,490 Million Baht, increased 53% from the previous year due to higher selling prices and sales volumes according to the rising demand of printing and writing paper and packaging. SCG Paper has consistently focused on establishing a strong presence in ASEAN. Aiming to become a leader in paper and packaging, SCG Paper puts effort for value enhancement to customers with the offering of high value-added products and services.



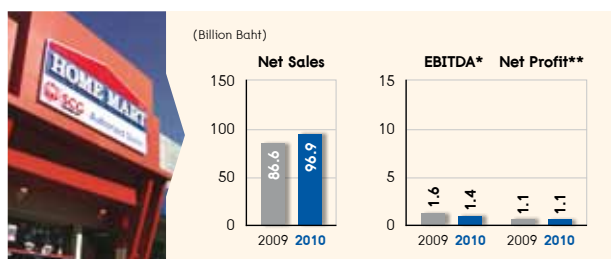
SCG Cement

Net sales by SCG Cement were 48,954 Million Baht. EBITDA was 10,810 Million Baht, and net profit was 6,014 Million Baht, a similar level to the previous year, amid higher energy costs and maintenance expenses. The business gained higher domestic volume, but lower product prices. SCG Cement focuses on expanding its export bases in ASEAN and improving its production processes in order to offer products that match consumer needs.



SCG Building Materials

Net sales by SCG Building Materials were 30,719 Million Baht. EBITDA was 5,489 Million Baht, and net profit was 1,872 Million Baht, a rise of 16% from the previous year, enhanced by constant development of high value-added products and services, enhanced production efficiency, and additional sales from Quality Construction Products Public Company Limited (Q-CON). SCG Building Materials focuses on new product development and new total solutions as well as introduction of environmentally friendly products.



SCG Distribution

Net sales by SCG Distribution were 96,898 Million Baht. EBITDA was 1,440 Million Baht, and net profit was 1,061 Million Baht, a level similar to the previous year. SCG Distribution focuses on expanding its dealer network in Thailand, developing distribution channels in the ASEAN region, extending overseas trading markets to Eastern Europe, South America and South Asia, and expanding logistics business into neighbouring countries.

* Includes dividends from associates.

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

	2010	2009	2008	2007	2006
Information from Balance Sheets*					
Current assets	38,508	31,339	28,039	36,009	29,849
Assets	165,087	165,964	138,504	123,205	109,391
Liabilities	93,875	96,998	78,355	59,824	52,775
Shareholders' equity and minority interest	71,212	68,966	60,149	63,381	56,616
Information from Statements of Income					
Net sales	144,317	101,115	136,527	130,223	122,645
Costs and expenses	138,380	89,407	133,694	118,533	107,801
Net profit without non-recurring items**	12,641	12,681	5,869	13,741	17,545
Net profit***	22,609	12,556	6,136	16,982	17,574
EBITDA****	16,024	19,482	12,598	22,611	26,199

* 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 including dividends from associates.

Operating Results

In 2010, the petrochemicals business faced a down cycle due to capacity addition in the Middle East and China together with an increase in main feedstock; Naphtha, prices on the back of rising crude oil prices and US dollar depreciation. The average Naphtha price in 2010 was 724 USD per ton while the average HDPE price was 1,224 USD per ton, an increase of 170 USD and 90 USD per ton respectively from last year, following higher production costs and the global economic recovery.

Total sales of SCG Chemicals amounted to 144,317 Million Baht, a 43% increase from the year before, thanks to the expansion of olefins and polyolefins capacity and the higher plastic resin prices. EBITDA was 16,024 Million Baht, an 18% decrease year-on-year, due to lower product-to-feed margin, the turnaround of the first olefins plant, and idled production capacity at the second olefins plant during the Map Ta Phut court dispute, which was later resolved and allowed operation to return to normal. Net profit rose 80% from last year to 22,609 Million Baht, which included a non-recurring gain of 9,963 Million Baht from sales of investment in PTT Chemical Public Company Limited.

Organizational Development

Business Development

- Increased production capacity from the second olefins plant with annual capacity of 900,000 tons ethylene and 800,000 tons propylene, as well as downstream facilities, namely the fourth polyethylene plant, the third polypropylene plant

and the second LLDPE plant with annual capacity of 400,000 tons, 400,000 tons and 350,000 tons respectively.

- Developed over 56 new special resin grades for various applications such as medical disposables, mining pipes, gas pipes, hot water pipes, batteries, and electrical appliances. High value-added products accounted for 33% of total sales compared to 26% in the previous year.

- Closely collaborated with business partners throughout the supply chain under the "Building Success Together" program to co-create long-term and sustainable success and business growth. One example was co-development with AJE Thai Co., Ltd., the manufacturer of "Big Cola", to set up a prototype packaging plant for AJE's global production facilities. Another was collaboration with Packo-Axis Co., Ltd., a mold and plastic product producer, and TS Vehicle Tech Co., Ltd., the subsidiary of Thai Summit Group, to jointly design and improve production processes for parts for Cario Bravo model multi-purpose electric cars, to enhance car's aesthetics and durability.

Human Resources Development

- Provided company-wide leadership coaching development and strategic communication programs to create open-minded and thinking-out-of-the-box work environments which was a foundation for organization transformation for improving efficiency.

- Integrated all development systems to equip employees with knowledge and capabilities to bring forth high value-added products and services as well as to

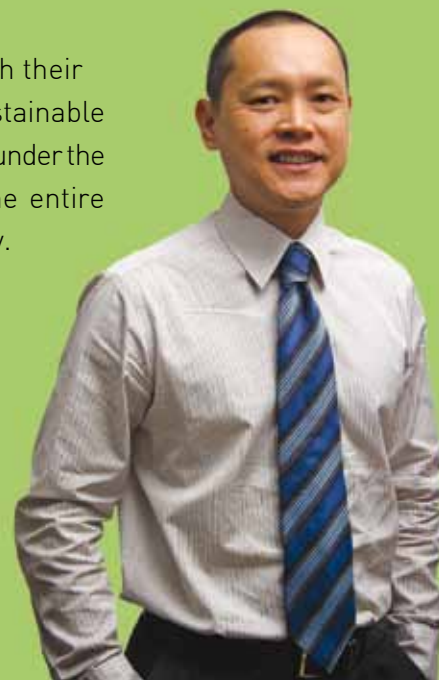
“...We constantly get closer to the end-users in order to reach their real needs, which will be the foundation of successful and sustainable business. In addition, we focus on developing our plastic products under the “Windsor” brand with less energy consumption through the entire production process to make sure the product is eco-friendly. This will create a choice for our customers who would like to use plastic products to reduce consumption of natural resources...”

Paramate Nisagornsen

Managing Director

Nawaplastic Industries (Saraburi) Co., Ltd.

Manufacturer and distributor of PVC vinyl products under "Windsor" brand



support overseas investments. Examples are scholarships for master's and PhD degrees in overseas, language proficiency improvement for English and other third languages, and life-long "Constructionism" learning program.

Innovation Development

- Developed new special polypropylene and PVC resin grades for medical disposables such as syringe plungers and hemodialysis bags. These products underwent standardized production processes to ensure quality compatible to imported resins yet lower costs.
- Improved production process of rotational molding compounds, used for various applications including water tanks, outdoor playgrounds and kayaks, to enhance product variety and features such as wood effect. Also established a design center to provide consultancy and design services to customers.
- Created innovative financial services based on existing resources to benefit the entire supply chain and reduce financial costs of customers when purchasing products from the company.
- Developed an automatic cleaning system for heat exchanger using high-pressure injectors, resulting in better safety and speed of operation.

Sustainable Development in Business Operations

- Developed and expanded production capacity in high value-added products to minimize impacts from fluctuations in feedstock and plastic prices and other factors such as

economic or political instability and natural disasters.

- Developed eco-friendly production processes and products such as in-line compounding process for pipe resin grades and wire and cable resin grades which reduced energy consumption by 40% and cut transportation and overall production costs.
- Promoted sustainable care for environment and community via resource and waste management system during plant turnaround "Green Turnaround" with benefits of 50% reduction of waste landfill, 5% reduction of water consumption, reduction of emissions and utilization of environmental-friendly materials.
- Collaborated with other leading companies operating in Map Ta Phut, namely PTT, BCP Power, Glow, and Dow Chemical, to form the "Community Partnership Initiative", Thailand's first integrated collaboration between industry and communities through three key activities: 1) "Green operation" to promote eco-friendliness at factories; 2) "Beyond CSR"- to emphasize community wellbeing such as granting 200 nursing 4-year annual scholarships of 60,000 Baht per head, developing model schools, and providing scholarships to local students; 3) "Communication" - to enhance transparent, two-way communication.



	2010	2009	2008	2007	2006
Information from Balance Sheets					
Current assets	16,088	13,121	14,010	14,334	13,162
Assets	50,127	47,942	51,089	46,454	40,734
Liabilities	19,957	19,780	23,683	20,372	16,868
Shareholders' equity and minority interest	30,170	28,162	27,406	26,082	23,866
Information from Statements of Income					
Net sales	51,714	42,729	47,110	43,890	42,645
Costs and expenses	46,972	39,740	44,909	40,514	37,649
Net profit without non-recurring items*	3,490	2,286	1,658	2,353	3,574
Net profit**	3,490	2,286	1,658	2,353	3,574
EBITDA***	9,129	7,901	6,660	7,943	9,634

* 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 including dividends from associates.

Operating Results

In 2010, the paper business improved from the previous year thanks to higher paper and packaging demand driven by the economic recovery. Consequently, the overall paper price increased. However, the price of raw materials, including pulp and wastepaper, also increased because of high demand. The earthquake incident in Chile and extremely low temperatures in America and Europe had resulted in sharp increase of pulp price and wastepaper price at the first part of the year.

Total sales of SCG Paper amounted to 51,714 Million Baht, or an increase of 21% from the previous year, resulting from higher sales volume and higher product prices. EBITDA was 9,129 Million Baht, up 16% from the year before. Net profit was 3,490 Million Baht, growing 53% year on year.

- **Pulp and Printing & Writing Paper:** Sales volume rose by 3% from the previous year thanks to economic recovery and the expansion of consumer marketing efforts for photocopy paper under the "Idea" brand. The average product price increased by 19% from the previous year.

- **Packaging Paper and Corrugated Container:** Sales volume rose by 9% from the previous year on the back of the recovering economy, higher utilization rate of packaging paper plant in Vietnam started up in 2009 and additional sales from new corrugated container plant in Vietnam, which was acquired in the first quarter of 2010. The average product price rose by 31% from the previous year.

Organizational Development

Business Development

- Promoted business positioning as the leader in the paper and packaging business through brand building and relationship enhancement with customers, in order to delight their needs and achieve joint development of products and services. These activities included "Idea Kra – Chood" campaign, which encourages youth's talents and creative ideas, as well as the paper booth road shows in both domestic and international exhibitions.

Human Resources Development

- Developed employees' business and management skills for the regional growth strategy, and foster a positive working environment that leads to creativity.
- Cultivated knowledge-sharing and joint learning through the "Communities of Practices" and "Constructive Learning Program" while encouraged and emphasized on openness, challenge and cross-cultural working environment.

Innovation Development

- Introduced "Idea Max", a 70-gram premium office paper, which is suitable for both side printings. The Ultra Performance Formula provides the product higher opacity as well as smoothness and thick texture.
- Developed high-quality printing cartons for packaging that requires sharp and vivid photographs, for special purposes such as products for Valentine's Day, water

“...Business competition in the future will be shaped by limits in natural resources. So, we have developed our production standards to reach maximum efficiency, consuming less resources while responding well to customer needs. In addition, we also create and support activities that will strengthen the community nearby our complexes which will enable them to live and grow alongside our business...”

Montri Mahaplerkpong

Manager of the President's Office
SCG Paper Public Company Limited

Manufacturer and distributor of packaging paper, corrugated container, and printing & writing paper under the "Idea" brand



pouring kits for the Thai New Year festival (Songkran), and paper kratong, made from micro flute with water-based ink technology that is biodegradable and recyclable.

- Introduced eco-friendly paper booths, exhibited at "Asian Paper 2010", "GASMA 2010" in Thailand, "PROPAK VIETNAM 2010" in Vietnam as well as the "SCG Paper Art-Sci Park" at the 8th Children Book Fair 2010 in Thailand.
- Developed 230-gram/sqm coated grey back duplex board to customer demand for beautiful and durable packaging.

Sustainable Development in Business Operations

- Developed products according to green-label standards such as coated duplex board, plasterboard liner and green form paper, to serve customers and consumers' awareness on environmental-friendly products.
- Invested in bio energy and uplifted efficiency of energy production using bio-fuels, and uplifting environmental management to meet global standards.

- Raised awareness regarding environmental conservation through various campaigns. The "Shred2Share" campaign was help under the "Turn Secret to Love" theme, which aimed to provide safety standard for destroying documents altogether with environmental concerns. The "Green Read Writer Academy" campaign was collaborated between SCG Paper and the Writers Association of Thailand to hold a writing course for young people focusing on short stories that involved concept of environmental conservation. The "SCG Paper Young Forester Boot Camp 2010" was a cooperative campaign among SCG Paper, the Land Development Department and the National Center for Genetic Engineering and Biotechnology to raise students' awareness of environmental concerns and acknowledge them the problems and solutions about land salinity in Thai agricultural sector. Furthermore, SCG Paper cooperated with the Pollution Control Department and other alliances to hold the "Let's Go Green by Idea Green" campaign, which aimed to acknowledge green procurement policy to procurement officers in government agencies and the private sector in 25 provinces nationwide.

	2010	2009	2008	2007	2006
Information from Balance Sheets					
Current assets	9,699	9,013	9,886	10,075	9,866
Assets	61,018	60,681	60,770	60,132	57,791
Liabilities	16,364	12,424	11,932	14,846	15,958
Shareholders' equity and minority interest	44,654	48,257	48,838	45,286	41,833
Information from Statements of Income					
Net sales	48,954	46,661	49,999	44,087	44,123
Costs and expenses	41,189	38,694	42,124	36,943	35,451
Net profit without non-recurring items*	6,001	6,124	6,004	5,467	6,649
Net profit**	6,014	6,214	6,006	5,463	6,652
EBITDA***	10,810	11,616	11,272	10,198	12,200

* 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 including dividends from associates.

Operating Results

In 2010, the domestic cement business had a total production capacity of 56 million tons, whereas market demand totaled 26.5 million tons, a demand increase of 10% compared to the previous year, due mainly to recovery of the economy after the Thai Khem Khaeng (Strong Thailand) national development projects were executed to stimulate the economy and investment, and thanks to increasing investor confidence. Healthy growth was seen in exports to ASEAN markets, while production and distribution in Cambodia continued as normal.

Total sales of SCG Cement amounted to 48,954 Million Baht, an increase of 5% compared to the previous year. EBITDA was 10,810 Million Baht, a decrease of 7% from last year. Net profit was 6,014 Million Baht, a decline of 3% year on year, reflecting higher energy costs and maintenance expense.

- **Grey Cement:** Total sales increased by 6%, reflecting a 16% rise in domestic sales and a slight upturn in export sales compared to the previous year.

- **Ready-Mix Concrete:** Total sales grew by 5% on a rise in domestic sales volume consequent to government measures to stimulate the economy, which brought about more property development projects. In addition, eight plant networks were expanded, and 13 additional franchises were appointed.

- **White Cement:** Total sales increased by 2%. Exports sales climbed by 19%, while domestic sales were flat, compared to the previous year.

- **Mortar :** Total sales rose by 9%, as domestic sales grew by 12%.

- **Refractory:** Total sales were flat compared to the previous year. Export sales declined by 8%, while domestic sales increased by 37%.

Organizational Development

Business Development

- Installed a sulfur dioxide elimination system for incinerators at the Thung Song facility, to reduce emissions that would affect the environment.

- Invested in improving the incinerator control system at the Khao Wong and Kaeng Khoi facilities for higher efficiency.

- Invested in dry mortar spraying and silo service fleets to response to customer demand for fast, quality wall-coating work.

- Invested in overseas expansion, i.e., established a joint venture to construct and operate a ready-mix concrete facility in Surabaya, Indonesia.



“...Our production process and product development of “Tra Chang” and “Tiger” cement focuses on reducing climate change problem. Apart from the using less natural resources, we also aim to develop our products to have extra strength and durability so customers can use our products longer, which will reduce their costs and extend the time before a replacement is needed. The concept is to create mutual benefit between business, consumers, and the environment...”

Syamrath Suthanukul

Marketing Division Director
SCG Cement Co., Ltd.

Manufacturer and distributor of "Tra Chang" and "Tiger" cement



Human Resources Development

- Developed staff to ensure that their skills fit business strategy and promoted openness that encourages them to express their creativity in meeting customer needs. These efforts should improve products and services to be surpass customer expectations and retain knowledge within the organization.
- Prepared staff for domestic and overseas business expansion, through efforts in recruiting, enhancing skills and knowledge, cultivating business ethics, and optimizing compensation, benefits, and work environments suitable for diverse staff.

Innovation Development

- Developed super fast setting cement for faster work, suitable for repair work or projects requiring immediate use.
- Developed porous concrete that allows water to run through, to solve the problems associated with stagnant water, suitable for pavement or parking lots.
- Developed easy work concrete, which is easy to use and economically priced, and reduces vibration requirements.
- Developed hollow core precast for refrigerating systems, which acts as insulator and therefore yields good temperature control.

Sustainable Development in Business Operations

- Integrated sustainable development into business vision, strategy, policy and operations. SCG Cement is the only company in Thailand to join the World Business Council for Sustainable Development - The Cement Sustainability Initiative (WBCSD - CSI), a group of the world's leading cement producers with the shared goal of applying sustainable development to their business operations in line with global changes.
- Stipulated that all staff take responsibility for environmental conservation to ensure that they work inside and outside the factory without impacting the environment. Instructed staff to ensure strict compliance with the laws. Had audits conducted by related government agencies and opened facilities so that the local community and visitors could see the factories and observe our environmental conservation measures.
- Established direction to build the confidence and trust of all stakeholders, build value, respond to requests, and encourage participation in various stakeholder projects, through the "One Cell One Project: OCOP". This project requires staff of each department to carry out discussions with local communities and to engage in a project that reflects community needs.

	2010	2009	2008	2007	2006
Information from Balance Sheets					
Current assets	9,259	8,677	8,326	7,576	7,745
Assets	24,796	22,991	22,654	19,863	20,595
Liabilities	14,209	13,916	15,435	13,540	14,180
Shareholders' equity and minority interest	10,587	9,075	7,219	6,323	6,415
Information from Statements of Income					
Net sales	30,719	26,873	23,351	21,281	22,745
Costs and expenses	28,519	25,135	22,739	20,536	20,379
Net profit without non-recurring items*	1,816	1,538	754	950	1,799
Net profit**	1,872	1,617	778	950	1,939
EBITDA***	5,489	4,907	4,085	3,928	4,856

* 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 including dividends from associates.

Operating Results

In 2010, the building materials business saw a healthier trend than during the previous year. The Thai economy revived and the government's economic stimulus measures, namely, reduction of property transfer fees and lowering of interest rates, benefited the real estate sector. However, severe floods in many areas put down pressure on the building materials market, while domestic competition was inclined to be more aggressive, amid the introduction of new products and services by rivals. Furthermore, appreciation of the Baht enabled more imports to compete, especially in the ceramics market. Exports to ASEAN markets continued to grow, especially to Vietnam and the Philippines.

Total sales of SCG Building Materials amounted to 30,719 Million Baht, or an increase of 14% from the previous year, mainly due to the additional sales from Quality Construction Products Public Company Limited (Q-CON). EBITDA was 5,489 Million Baht, rising by 12% year on year. Net profit was 1,872 Million Baht, up 16% from the previous year, as a result of the continued development of high value-added products and services and the enhancement of production efficiency.

Organizational Development

Business Development

- Invested 260 Million Baht in expanding concrete roof tile production capacity in Khon Kaen province by 2.5 million sqm and 5 million roof flashing per year. Operation is expected to begin in July 2011.

- Invested 228 Million Baht in construction of concrete roof tile facility in Nakhon Ratchasima province, with a production capacity of 2.1 million sqm per year. Operation is expected to begin in November 2011.

- Invested 203 Million Baht in the expansion of floor tile production capacity by 2.7 million sqm per year. Operation is expected to begin in November 2011.

- Invested 1,300 Million Baht in the expansion of SCG SmartWOOD production capacity by 7.4 million sqm per year. Operation is expected to begin in December 2011.

- Investment of 2,870 Million Baht in the expansion of SCG SmartBOARD for ceiling and wall production capacity of 22 million sqm per year. Operation is expected to begin in January 2013.

Human Resources Development

- Arranged the "Turn Pro with Home Solution" project in cooperation with technical colleges nationwide. Qualified students got internships before beginning their careers. The project aimed to encourage students to express their ideas and adjust their attitudes, thereby helping the business unit in the recruitment process.

- Organized the "Home Solution Career Choice" project to enhance professional potential, as part of a bilateral project included in the curriculum for upper-level vocational education (construction science and construction technique study branches). The project focused on study of theory and included internships in line with operations at training centers of the business unit.

“...We aim to develop our products and services to better serve the needs in building materials under the concept of One Stop Shop, One Stop Services, and Home Solution. Besides, we also focus to make our products and services to be environmentally friendly under the SCG eco value label so as to encourage our consumers to take part in conserving the natural resources...”

Noppadol Gaewthabthim

Managing Director

CPAC Monier Co., Ltd.

Manufacturer and distributor of concrete roof tile "SCG CPAC Monier"



- Opened a new service-skill-enhancing center to provide service training sessions for customer service officers and technical service officers from all service centers and for participants in the "Home Solution Career Choice" project. A training session serves up to 25 trainees and lasts three months. To date, over one hundred people have completed this training program.

- Implemented the integrated learning system or "C-Building," a project to instill the concept of innovation. Staff are trained to develop products and services to best serve to customer needs. They are provided with training in skills in systematic thinking and learning that helped them to efficiently associate what they learn with the shared vision.

Innovation Development

- Developed "Marble Granito" ceramics that are stronger yet resemble natural materials.
- Developed a modular roof garden system to reduce heat coming from outside a building, thus reducing the use of indoor air-conditioning.
- Developed a COTTO bathroom solution to serve customer needs for faster, dust-free renovations.
- Developed COTTO sanitary ware called FORALL, a model specially designed for the convenience of seniors and the physically-challenged.
- Developed a COTTO kitchen solution with quick service and dust-free installation.

Sustainable Development in Business Operations

- Designed and improved production processes, machinery, technology and products that are eco-friendly and without environmental impact. Reduced resource consumption and promoted procurement of eco-friendly products and services. Encouraged customers to conserve the environment, by promoting products certified by the "SCG eco value" label and other nationally and internationally respected labels.

- Applied environmental impact assessments to all investment projects of the business unit, both domestic and international, starting from the feasibility study phase.

- Assessed and grouped stakeholders based on priority and relevance, and developed guidelines for improved relations and communications with stakeholders. Established a data system for sustainable development work in order to ensure correct, transparent, and auditable quality of information.

- Integrated risk management as part of management and ensured consistent monitoring.

- Took proactive action to ensure fair and proper treatment for all staff, especially by enhancing knowledge, safety and the work environment.

- Ensured effective system for filing complaints, to serve customer needs.



	2010	2009	2008	2007	2006
Information from Balance Sheets					
Current assets	9,196	6,941	7,807	8,528	8,214
Assets	12,177	10,110	10,903	11,143	10,610
Liabilities	8,550	7,333	7,557	8,834	8,576
Shareholders' equity and minority interest	3,627	2,777	3,346	2,309	2,034
Information from Statements of Income					
Net sales	96,898	86,641	102,672	86,440	81,519
Costs and expenses	95,942	85,821	101,582	85,415	80,495
Net profit without non-recurring items*	1,061	1,077	1,211	939	944
Net profit**	1,061	1,077	1,211	939	1,021
EBITDA***	1,440	1,581	1,739	1,576	1,498

* 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 including dividends from associates.

Operating Results

In 2010, the distribution business benefited from effects of the government's budget allocation for construction and from ASEAN-wide economic growth.

Total sales of SCG Distribution amounted to 96,898 Million Baht, an increase of 12% from the previous year. EBITDA was 1,440 Million Baht, or a 9% decrease from the year before. Net profit was 1,061 Million Baht.

• **SCG Network Management Co., Ltd.:** Sales increased by 13% from the previous year due to increasing domestic demand for cement products and building materials.

• **SCG Trading Co. Ltd.:** Sales rose by 8% from the year prior as a result of increased exports of cement and imports of energy and recycling products.

• **SCG Logistics Management Co., Ltd.:** Sales climbed by 20% from the previous year mostly due to higher logistics activity for the export of cement products.

Business Strategy

Business Development

SCG Network Management Co., Ltd.:

• Expanded distribution network: added 20 authorized dealers and 17 Home Mart stores.

• Improved Home Mart store management, inventory and procurement system.

• Developed "SCG Sourcing" with a focus on trading of non-SCG products.

• Executed the "Collaborative Relationship Engagement" system to link information between manufacturers, dealers, shops and end-users, which increased sales by more than 3,800 Million Baht.

SCG Trading Co., Ltd.:

• Expanded in Eastern Europe, South America and South Asia. Opened additional overseas trading offices in Hungary, Brazil and Bangladesh. Now there are 34 overseas trading offices in 22 countries.

• Developed distribution channels for building materials in Cambodia and Vietnam.

• Developed sales of coal to China.

SCG Logistics Management Co., Ltd.:

• Enhanced effectiveness of cement products export using supply chain management together with customers, producers, and barge owners.

• Implemented the "Vendor Managed Inventory (VMI)" system to manage customer inventory in order to enhance efficiency of supply chain management.

• Established logistics skill development center for SCG business partners in order to enhance skills of drivers among SCG Logistics partners and other SCG businesses to raise service quality and safety standards as well as quality of life for drivers.

“...We collaborate with all business units of SCG to maximize the efficiency of our supply chain and meet customer needs with quality services. We adopt IT system to improve speed and efficiency of our networks, for example, backhaul management that reduces deadhead and waste from energy consumption. For business partners, we have established an institute to develop professional drivers with a focus on safety, which will lead to mutual sustainable growth.”

Arichai Lalitkulanant

Corporate Supply Chain Manager
SCG Distribution Co., Ltd.

Domestic distribution, international trading, and logistics service provider



Human Resources Development

- Developed staff according to the competency management system to prepare them for domestic and international business expansions.
- Promoted positive work environment to encourage cooperation between business functions.

Innovations Development

- "SCG Experience" launched a new website for interested persons to gather information using a virtual tour, namely, "XP Walk Around", which is a panoramic virtual tour of the building. Augmented Reality (AR) technology was introduced to enable customers to check the compatibility of furniture with their homes. A special feature allows visitors to try designing a room.
- Used bar codes to enhance effectiveness of inventory management and container status tracking.
- Developed coal briquette to increase value of coal dust in screened coal business.

Sustainable Development in Business Operations

SCG Network Management Co., Ltd.:

- Developed retail distribution for long-term competitive advantage.
- Enhanced procurement efficiency to ensure proper cost and quality of non-SCG products.

- Developed diverse, modern, and extensive distribution channels to suit customer needs.

SCG Trading Co., Ltd.:

- Developed ASEAN distribution network for building materials.
- Improved and expanded overseas procurement and trading to identify quality sources of products and raw materials in response to needs of existing and new customers.
- Promoted total import and export services to domestic medium-sized enterprises.

SCG Logistics Management Co., Ltd.:

- Extended logistics services to customers in countries around the Mekhong River.
- Enhanced efficiency in multi-modal transportation, involving inland transportation by truck and river transportation by barge, to reduce logistics costs and enhanced competitive advantage.
- Integrated warehouse management system to increase service level to customers.



Corporate Governance Report

SCG's Principles of Corporate Governance

SCG conducts business with responsibility and fairness, adhering to long-practiced principles defined by its ethical framework and constantly improved in view of economic and social changes, while balancing sustainable benefits with respect towards all stakeholders.

SCG considers corporate governance to be a basic part of its business policy, which the Board of Directors has agreed to review and evaluate on an annual basis. In addition, the Company makes improvements, amendments and changes in corporate governance in line 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 new developments at the international level. For example, the Committee compares rules and practices of the world's leading companies and stock exchanges 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 publishes booklets on SCG's corporate governance policy and Code of Conduct and distributes them to employees. To ensure that employees understand these policies clearly and put them into practice effectively, the Company conducts related informational events. SCG expects all employees to adhere strictly to the SCG Code of Conduct, which is a prime factor considered in the annual evaluation of employees at the supervisory level and above. Employees and the public are welcome to study the content and details of these policies as described on SCG's website, www.scg.co.th.

In 2007, SCG updated the SCG Code of Conduct by adding guidelines for each business, illustrative examples, clearer practices, and a whistleblower policy that protects any employee who files a complaint or reports on improprieties or suspected violations of laws, SCG rules, regulations, or the SCG Code of Conduct. Moreover, the Company has formed a working team responsible for devising the policies and providing consultancy regarding the SCG Code of Conduct. This team is chaired by SCG's vice president & CFO, and includes top management from business functions responsible for ensuring compliance with the SCG Code of Conduct and from business units in charge of monitoring. This working team will monitor performance and give advice on relevant issues. Moreover,

the Internal Audit Office is also responsible for maintaining communication channels to receive complaints and implementing the whistleblower policy.

In 2010, the working team has monitored adherence to the SCG Code of Conduct, sharing of knowledge about it, and its promotion to employees. The team also tracked the provision of related consultancies via the SCG Code of Conduct website, SCG Code of Conduct guidance system and whistleblower policy system. The team reported its findings 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 2010, SCG employees utilized the SCG Code of Conduct website on 2,447 occasions and filed 15 complaints using the whistleblower system. Investigations of all these complaints have been concluded, two of which are regarded as be instances of fraud.

SCG sees its corporate governance policy and Code of Conduct as essential guidelines for the organization; therefore, it puts strong emphasis on principles and practices concerning responsibility and fairness towards all stakeholders. The principles include a clear outline of the structure, components, duties, independence and performance of the Board of Directors; transparency of information disclosure; a strict auditing system; and strict risk management policies. These build trust among shareholders and create additional value for them. SCG has disclosed related information through a growing variety of media to give stakeholders easier access to the information. Among these media and information channels are the Annual Report, 56-1 Form, website of the Stock Exchange of Thailand (SET), and SCG website.

In addition, 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 considered carefully prior to reporting to SCG's top executives and the Board of Directors for acknowledgement and consideration.

In 2010, SCG won four awards from FinanceAsia magazine in its annual rank of Asia's top companies. These awards were Best Corporate Governance, Best Corporate Social Responsibility and Best Investor Relations, while Mr. Kan Trakulhoon, SCG's president and CEO, was voted Thailand's Best CEO.

In addition, SCG won a rating of "Excellent" in the Thai Investors Association's 2010 Annual General Meeting Checklist survey. The Thai Institute of Directors gave SCG an "Excellent CG Scoring" in the 2010 Corporate Governance Report on Thai Listed Companies. The Stock Exchange of Thailand has given the Company its Award of Honor in the CSR category for three consecutive years, from 2008 through 2010.

Guidelines on SCG's Corporate Governance

The Rights of Shareholders

SCG ensures that shareholders, both as investors and owners of the Company, are entitled to all basic rights meeting widely accepted and reliable 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 shareholders' meetings, the right to propose the meeting agenda, the right to nominate a person to be a director, the right to express opinions independently, and the right to make decisions on important affairs of the Company, e.g., the election of directors, approval of significant transactions influencing the Company's direction, amendment of Memorandum of Association and Articles of Association 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 entitles one vote, and no particular share allows them privilege over the rights of other shareholders.

Apart from the abovementioned rights of the shareholders, SCG has made additional efforts to encourage and facilitate shareholders to exercise their rights as follows:

1. SCG provides 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 shareholders, the Company will notify shareholders of the information through SCG's website and the SET.

2. SCG sends all shareholders significant and sufficiently detailed information concerning the Shareholders' Meeting date and the Meeting agenda prior to the date of the meeting. Such information will be posted on SCG's website around two months before the related documents are submitted to shareholders, and not less than 14 days prior to the Meeting. The shareholders' right to attend the Meeting and the right to vote on resolutions will be clearly stated in the Meeting notice submitted by the Company.

3. Any shareholder who is unable to attend a Meeting is entitled to appoint a representative, e.g., an independent director or other person, to act as proxy, using the proxy form attached to the notice of the Meeting. The Company has prepared the proxy form in compliance with the specifications defined by the Ministry of Commerce whereby the shareholders can exercise their voting rights as wished. The proxy forms can also be downloaded from SCG's website. For shareholders' convenience, SCG provides them with the duty stamp to be sealed on the proxy form. 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 for which they are in attendance and can exercise their voting rights unless the Meeting states otherwise.

4. Prior to the Meeting, one or several shareholders holding in aggregate at least 5% of all issued shares of the Company have the right to suggest issues to be included in the agenda of the Annual General Meeting of Shareholders for the year 2011. Shareholders were allowed to exercise this right from November 1 - 30, 2010 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 the agenda item was proposed by a shareholder. However, in case the proposed agenda item is rejected, the Company shall inform shareholders of the reasons at the Annual General Meeting of Shareholders. Moreover, any shareholder is entitled to nominate in advance any qualified candidates for the election of Board members. 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. In 2010, the Company made available a form for advance proposals for the Meeting agenda and director candidates, for the convenience of shareholders. However, no shareholder proposed any agenda item or candidate prior to the Meeting.

5. In 2010, the SCG Annual General Meeting of Shareholders was held on March 31, 2010, whereby all 12 directors attended the Meeting. This marked the first year of the Meeting's change of venue from the SCG Headquarters in Bangkok's Bangsue district to Athenee Crystal Hall on the 3rd floor of Plaza Athenee Bangkok

A Royal Meridien Hotel. The change was made in consideration of the increasing numbers of shareholders attending the Meeting each year, because SCG would like to make it easier for them to attend, raise questions, and express opinions all in the same room in order to ensure a smooth and effective meeting.

6. On the date of the Meeting, the Company uses a barcode system for registration to ensure convenience for shareholders based on the reference number already included in the registration form and proxy form. In addition, for each agenda item, the Company will collect the ballot papers from 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 using electronic PDAs and barcode scanners in order to ensure immediate voting results in time for announcement right after the end of each agenda item. Shareholders are entitled to verify each voting result after the Meeting.

7. One-third of the directors must retire from office on a rotational basis in each Annual General Meeting of Shareholders, and the election of directors to replace the retired directors takes place during the Meeting. Shareholders will be informed that if the number of nominated persons does not exceed the number of directors required for that election, all of them shall be elected as directors. However, if the number of candidates exceed the number of directors required, each candidate is then elected individually. During the Meeting, shareholders are entitled to freely propose names of individuals for directorship of the Company.

8. At the Meetings, shareholders are allowed to freely express their opinions, give suggestions, and raise questions on any agenda item before casting votes, so that shareholders can obtain sufficiently detailed information on the matter in question. Should shareholders have questions or inquiries, specialists in specific fields are available to answer queries under the authority of the Board.

9. For any item on the agenda at the Shareholders' Meeting, the shareholders can call for a casting of votes by secret ballot if one shareholder makes such request with the approval of five other shareholders. The Shareholders' Meeting shall resolve to approve the casting of votes by secret ballot upon a majority of votes.

10. An agenda item regarding the Board's remuneration is included to inform shareholders of the amount and type of remuneration received by each director including meeting allowance and bonus. Full details can be found in the Company's Annual Report on pages 73.

11. The agenda of the 2010 Annual General Meeting of Shareholders was considered chronologically as it appeared in the invitation letter submitted to shareholders prior to the Meeting, without any changes or request for the Meeting to consider any agenda item other than those specified in the invitation letter.

The Equitable Treatment of Shareholders

SCG shall provide equitable treatment to every individual shareholder, major or minor, as well as institutional or foreign investors. To that effect, the Company strives to find tools to ensure equality, especially for minor shareholders, which include:

Assigning Independent Directors to Take Care of Minor Shareholders

Minority shareholders can contact the independent directors directly to give suggestions, express opinions or file complaints, via 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 a proper solution. 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 a Board of Directors meetings for consideration and include it in the agenda of the Shareholders' Meeting.

Establishing Sound Relationships with Shareholders

In 2010, SCG invited interested shareholders to participate in the Company's CSR activities alongside our directors and employees, which helped promote good relations with shareholders while contributing to society and the environment. In this regard, SCG provided equal rights for both major and minor shareholders. Two such CSR activities were held during the year. SCG hosted a lunch for residents of Fuengfah Home for mentally handicapped, deaf and blind children, in Nonthaburi Province on July 14, 2010. The Company held a "Return Elephants to the Wild" event at Sub Lanka Wildlife Sanctuary in Lop Buri Province on November 8, 2010. Shareholders expressed great interest and participated fully in both activities. SCG will hold more of these events because we are determined to maintain and grow good relationships with shareholders.

Internal Information Control

The Board of Directors has established measures to control the use, and prevent misuse, of internal information (insider trading) for the personal benefit of concerned persons, namely the Board of Directors, SCG's top executives, and employees, including their spouses and children who are minors.

- All concerned persons are prohibited from trading Company shares for a two-week period prior to release of the Company's quarterly and annual financial statements, and for 24 hours after the release (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 Company shares until 24 hours after 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 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 measures. Any changes in a director's shareholding must be reported in the Board of Directors' meeting.

Preventing Conflicts of Interest

The Board has established policies and measures regarding conflicts of interest, as follows:

- SCG has a clear and transparent shareholder structure. There is no cross-holding among major shareholders, thereby preventing any conflict of interest or transfer of benefits from one party to another. The shareholder structure of SCG and its subsidiaries is published in the Company's annual report, as are each Board member's holdings of ordinary shares and debentures.

- There is a clear separation of duties and responsibilities between the Board, management, and shareholders, thereby ensuring no overlap of duty or responsibility. Any director or executive who may have a vested interest in any agenda item under consideration must not attend the meeting or must abstain from voting on such agenda item. This is to ensure that the Board and executives make decisions in a fair manner for the utmost benefit of shareholders.

- The Company has an established policy governing the use of internal information and has incorporated it into employee regulations in writing, 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 linked to SCC ordinary shares in order to ensure compliance with SCG's Corporate Governance Policy.

- The SCG Code of Conduct includes 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 gain or on behalf of others without justifiable reason and not for SCG's interests.

The Role of Stakeholders in Corporate Governance

SCG conducts business with the highest awareness of its responsibility to ensure sustainable and mutual benefits to all related parties. The Board of Directors oversees our management system to ensure that the Company acknowledges the rights of stakeholders, both as stated by law and as clearly written in the SCG Corporate Governance Policy and SCG Code of Conduct. The Company guarantees 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 law and the Company's Articles of Association, 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 owners 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 its employees are its most valuable assets and is determined to ensure that every employee is proud of and confident in the organization. During the previous year, the Company organized activities to promote a collaborative working environment to drive innovation and enhance the competence of employees, readying them to work overseas and to cope with the volatile economic situation. Furthermore, we focused on promoting employees' health and safety, excellent working conditions, and competitive remuneration.

Customers: SCG puts great importance on providing customers with maximum benefits in terms of quality and price. Likewise, 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 upholding its promises, the SCG Code of Conduct, and commitments to trading partners, including guarantees of product quality 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. During the year, there were no disputes with competitors.

Creditors: SCG complies with the terms of loans and obligations to 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 holders.

Society: SCG ensures that its business operations are fair to related parties according to its business philosophy. The Group supports activities that promote quality of life and create happiness for communities and the public wherever we operate, both in Thailand and in other ASEAN countries. We organize various activities for the benefit of society, especially projects to develop the potential of young people in different fields, namely, science, technology, sports, and the arts. In addition, we provide relief at times of disaster.

Furthermore, SCG encourages its employees and related parties to take part in activities that benefit local communities and the general public in achieving sustainable growth. Even amid the economic downturn, the Group continues to devote its creativity, knowledge, and capabilities to enhance the efficiency of these projects to maximize benefits for local communities and the public.

Environment: SCG sets guidelines for sustainable development in respect of environmental management and conservation under the concept of 3Rs (reduce, reuse/recycle, replenish), which are applied to operations in all its businesses. These guidelines shape the design of our plants, help us develop and improve production processes, and lead us to utilize eco-friendly technology. The Company ensures that systematic management is in place for its production processes, products and services as well as for the restoration and improvement of natural resources. In addition, the Company constantly promotes awareness regarding environmental conservation and encourages its employees and related parties to participate in protecting the environment. We have introduced the SCG eco value label for eco-friendly products and services that are produced by using special technologies that minimize impact on the environment, based on the ISO 14021 standards.

In 2010, SCG, in cooperation with other businesses in the Map Ta Phut Industrial Estate, established the "Community Partnership Initiative" and reached a mutual agreement on development of a prototype factory of higher environmental standards than the legal requirements, with an aim to promote the harmonious co-existence and sustainable growth of both industry and the community.

SCG continues its focus on water conservation. The "SCG Conserving Water for Tomorrow" project has been progressing with support provided to communities for the building of check dams, which restore the balance of nature and lead to sustainable growth of local agriculture and business. Through the end of 2010, SCG, together with communities and networks, have built more than 20,000 check dams. Moreover, the Company strives to raise awareness among the public and communities about conservation of water and the environment in order to achieve sustainable growth. Details of SCG's environmental and social activities are available in our annual Sustainability Report, which has been published each year since 2001, at www.scg.co.th.

Adhering to its responsibility to stakeholders, buoyed by changing social, environmental and business trends and the fact that stakeholders nowadays are more sophisticated with higher expectations regarding treatment, the expression of opinion, and decisions and actions taken on matters affecting them, SCG published a written "SCG Stakeholder Engagement Policy" in 2010 so that employees have clear guidelines on how to do business by adding value to shareholders in the long run while at the same time always considering impacts on other stakeholders. The Company upholds its commitment to be a good citizen in society, especially in communities where its operations are located, by doing business with a sense of respect to the rights of stakeholders and ensuring that they are given fair treatment. The Company listens to opinions and concerns, promotes understanding among stakeholders, supports creative cooperation on matters of interest to stakeholders, and assists in development of society and the environment, all of which are intended to ensure that SCG conducts business on the grounds of fairness to all involved parties. The policy, which is published on the SCG website, covers four main areas:

- Definition of stakeholders.
- Policy on treatment of stakeholders.
- Guidelines on treatment of stakeholders.
- Management duties.

Disclosure and Transparency

SCG realizes the importance of information disclosure because this greatly affects decision-making by investors and stakeholders. It is therefore necessary to define and administer 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, the regulations and obligations mandated by the Securities and Exchange Commission (SEC) and the SET, and other relevant government bodies. Regular amendment takes place to ensure that SCG is up-to-date in its adherence to laws, regulations, and obligations, and to guarantee SCG's transparency in conducting business. For example, we:

1. Disclose accurate, complete and timely financial information and non-financial information.
2. Prepare a report on the Board's responsibility for financial statements and present it along with the Audit Committee's report in the Annual Report.
3. Require the Company's directors and executives report their own interests, and those of any related persons, which are vested interests relating to management of the Company or its subsidiaries, via the corporate secretary, who will gather and store the documents and submit them to the chairman of the Board of Directors and the chairman of the Audit Committee for acknowledgement within seven days after the Company receives the documents.
4. Announced a policy in 2010 requiring all directors to disclose and/or report their securities trading and holdings to the Board of Directors' meeting.
5. Disclose procedures about Board member selection and the Board's performance assessment.
6. Disclose the performance and attendance record of each member of the Committee.
7. Disclose detailed information on the operations and investment structure of subsidiaries and associate companies.
8. Disclose information on the remuneration each director receives as a member of the Committee.
9. Disclose the policy on the remuneration of directors and top executives, including forms, types and amount of remuneration for each committee member.
10. Disclose policy on environmental and social responsibility and related performance.
11. Report on corporate governance policies and related performance.
12. Reveal significant investment projects and relevant impacts of the projects via the SET Community Portal of the Stock Exchange of Thailand and SCG website. In 2010, the Company disclosed its 25% share acquisition in GTC Technology US, LLC in the United States of America and the Project on Capacity Expansion of Fibre-Cement Products at the Tha Laung facility in Saraburi province.

Moreover, in 2010, the Board of Directors still upheld information disclosure guidelines related to SCG so as to systematize the Company's information disclosure and avert

any damage caused by improper disclosure. This reassured 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 in SCG's Disclosure Policy set forth 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. Details of the guidelines are available for stakeholders and the general public on SCG's website.

The Investor Relations Department of SCG is responsible for communications with institutional investors, retail investors, shareholders, analysts, and related government bodies 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 2010, SCG arranged activities for the president and CEO and the vice president to meet retail investors, institutional investors and analysts on a regular basis, whereby the operating results, financial statements and position, management discussion and analysis, and industry trends were presented. During the year these activities included :

- Newly introduced domestic roadshows, where SCG visited over 30 institutional investors whose offices are in Bangkok in order to provide clarification and summary of SCG's general information.
- Six investor meetings for the president and CEO as well as vice president to meet with domestic institutional investors at the SCG Headquarters in Bangsue, where clarifications and summary of general information were provided.
 - Analyst conferences held on a quarterly basis.
 - A total of nine overseas roadshows.
 - Various company visits as well as direct replies to inquiries from investors via telephone and emails on a regular basis.
 - SCG's booth at the 2010 SET in the City fair, where it arranged for its employees to provide information to interested investors and shareholders, from November 18 - 21.

In 2010, SCG won the Best Investor Relations award in the ranking of the Asia's Top Companies 2010 by FinanceAsia, a leading financial magazine, in which results were based on the opinions of more than 300 investors and analysts from throughout Asia.

The Board of Directors: Its Responsibilities, Structure, and Committees

The Structure of the Board of Directors

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

The number of directors is currently limited to twelve, comprising eleven non-executive directors and one executive director, who is the Company's president & CEO. The five independent directors namely, ACM Kamthon Sindhvananda, Mr. Sumet Tantivejkul, Mr. Pricha Attavipach, Mr. Arsa Sarasin, and Mr. Tarrin Nimmanahaeminda, have qualifications in accordance with the requirements of the Capital Market Supervisory Board.

The Board has further established the Audit Committee, Governance and Nomination Committee, and Remuneration Committee to be responsible for their specific areas and report directly to the Board for its consideration or reference. In this regard, SCG put in place its Committee Charter specifying rights and duties, which is published on the Company's website. An evaluation of the committees' performance and review of their operational results are conducted at least once a year. Moreover, the Board of Directors is entitled to form other committees to handle any specific situations as seen appropriate.

Non-executive directors hold a meeting among them to evaluate the performance of the president on an annual basis. So as to ensure that the non-executive directors can express their opinions independently, the president is excluded from attending this meeting.

In addition, for the months in which the Board of Directors meeting is not held, all directors will be continuously informed of the operating results, because the Company submits to the directors relevant documents, together with information about any significant developments that occurred during the month, in order to keep them informed.

The Audit Committee comprises four independent directors, all of whom 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 reviewing the reliability of the financial statements. The Audit Committee members'

duties include a review to ensure that operations have been carried out in accordance with the Company's Articles of Association as well as the laws and regulations of compliance-related agencies. Moreover, the Committee is committed to promoting the advancement of SCG's financial and accounting report system to meet 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 operations unit reporting directly to the Audit Committee. The Audit Committee also works regularly with external auditors, consultants, and specialists in the areas of law and accounting. 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 consultation and professional advice from independent consultants or specialists, as deemed appropriate, at the Company's expense.

The Governance and Nomination Committee comprises five of the Company's directors, all of whom 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 to become directors to replace those who are retired by rotation, or as the case may be.

In addition, the Committee reviews the performance evaluation system of the Board of Directors and other committees, as well as the succession plan for the position of 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 these executives to lead the Company towards success as well as to retain intelligent, ethical employees within the organization.

Limitation of Numbers of Listed Companies in Which a Director May Hold Directorship

The Board of Directors has set a policy to limit the number of listed companies in which each director may hold a directorship. This policy aims to protect the Company's

best interests because it allows directors to manage the time dedicated to their duties in an efficient manner. The Board of Directors has agreed that each director should hold directorship for a maximum of five listed companies, unless otherwise allowed by the Company.

In addition, SCG has a guideline in case the president & CEO is appointed as director of another company. The matter will be proposed to the Board of Directors for approval. The Board of Directors endorsed the appointment of the president & CEO 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 regarding 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 & CEO of the Company shall not be the same person, and each must be nominated and elected by the Board in order to ensure their appropriateness. Furthermore, the Board is responsible for establishing a succession plan covering the top executives, which is subject to annual review.

The chairman shall not be a member of the management and shall not participate in management of SCG's business; nor shall the chairman be authorized to sign binding agreements on behalf of the Company. This is to clearly define separate roles between supervision of the Company's overall policy, and management of the business.

In 2010, SCG's top executives comprised eight executives including the president & CEO, vice president - Finance and Investment & CFO, and vice president - Corporate Administration as well as the presidents of five main businesses - SCG Chemicals, SCG Paper, SCG Cement, SCG Building Materials, and SCG Distribution - who report directly to SCG's president & CEO. 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 within limits 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 each member of the Board to consistently attend the Board's meetings to stay informed of SCG's operations, and make decisions regarding them. The Board holds at least eight scheduled meetings per year, making sure that the agendas are set forth clearly prior to each meeting. In addition, the Board may organize special meetings to consider and decide urgent matters.

At the meetings, the chairman and the president & CEO of the Company jointly determine which agenda items are relevant to the meetings. Every individual member of the Board is entitled to propose agenda items.

In 2010, the Board held ten meetings, eight scheduled meetings and two special meetings. Prior to each meeting, all members received the agenda 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, whereby one director is eligible for one vote. A director with a vested interest in the issue under consideration or a director ineligible to vote shall be excused and/or abstain from voting. In case of a tied vote, the chairman of the meeting will cast his or her 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 agenda items which are reserved only for the Board of Directors or for non-executive directors in order to ensure independence of consideration.

In addition, the Board attaches significance to managing conflicts of interest of the concerned parties with prudence, fairness, and transparency. The information shall be fully disclosed. Any director with a vested interest in the matter under consideration must not be involved in the decision 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 meeting of the Board, which is duly signed by the chairman. Directors may make comments, corrections, or additions to ensure maximum accuracy and completeness.

After approval, minutes of the meeting are stored securely in the corporate secretary's office together with

all related documents, which are 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 Jannapar 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 meeting. He is deemed by the Board to be highly knowledgeable and experienced, especially in legal matters, allowing him to provide appropriate advice to the Board regarding laws, rules, regulations, and SCG Corporate Governance.

The Corporate Secretary

Effective from April 1, 2010, the Board appointed Ms. Pornpen Namwong 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 Report as well as filing documents as stipulated by law. She is deemed by the Board to be appropriate because she is knowledgeable in managing corporate secretarial work, having served as director of the corporate secretary office, which supports the corporate secretarial work involving compliance with 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 companies listed in the SET, and other top companies in the same industries. Remuneration for the Board is also 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 and performance, and the operating results of each business.

Apart from ordinary remuneration, the Shareholder Meeting on March 24, 2004 passed a resolution approving the Company to pay a bonus to the Board of Directors in an amount not exceeding 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 any subsequent

resolution. The bonus for directors will be considered based on the growth of profits of the Company, while the bonus of top executives is considered based on performance of each business as well as 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 members of committees in 2010, are reported for each individual on pages 74 of the Annual Report.

Performance Appraisal and Knowledge Enhancement

Performance Appraisal of the Board

SCG makes available the performance evaluation form of the chairman. The directors are required to appraise the chairman's performance, since his role in defining policy and ensuring good corporate governance is essential to the Company. In addition, the evaluation forms for directors consist of group assessment and self-assessment forms. The assessment results are reviewed in order to find ways to continue to improve the Board's performance.

SCG improved its 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 current practice. The handbook is distributed to all directors for use as reference regarding basic information.

For new directors, SCG established a Director Induction Program to facilitate their prompt performance of duties. SCG has commissioned the corporate secretary to coordinate the work in three areas:

1. To compile the necessary information for directors to ensure their compliance with laws, 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, SCG's director handbook, the handbook for directors of listed companies, and summary of operating results, for use as quick reference.
3. To arrange for a meeting with the chairman and directors and the executives or head of each business unit to stay informed and make queries about SCG's 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 top executives of different organizations. Some of these courses are organized by SCG Human Capital Institute,

and some by governmental agencies or independent organizations, such as the Thai Institute of Directors Association. The 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). Experience gained from these courses is useful to SCG's development.

To support the Board's responsibilities, SCG has assigned 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 implementation of the Board's resolutions.

Performance Assessment of SCG's President and Top Executives

The Board and the Remuneration Committee assess the performance of the president & CEO 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 & CEO and top executives of SCG and propose such amount to the Board for approval, taking into account the following information regarding the current and previous years:

1. The business unit's operating results based on percentage of EBITDA on operating assets. The target EBITDA percentage for each business unit of SCG shall be set forth each year for 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. The executive's capability to develop the business unit.

In addition, a survey on manager-level employees' opinions regarding the president & CEO and the top executives is included in the Remuneration Committee's consideration each year.

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 may be, 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, excellent leadership, breadth of vision, a proven record of ethics and integrity, and able to share their opinions independently.

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

- Integrity and accountability.
- Informed judgment.
- Maturity and stability, being a good listener, and ability to express individual, independent opinion.
- 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

Internal control is a crucial process assisting the organization in achieving targets. SCG prioritizes this process by stipulating the duties of the Audit Committee to include review of internal control systems, internal audit activities, and risk management to ensure that they are strict, appropriate, cutting-edge, and efficient. The Company uses enterprise risk management (ERM) as a management tool to strengthen the risk management process and internal control activities. SCG has upgraded internal control systems to comply with international standards according to the Committee of Sponsoring Organizations of the Treadway Commission (COSO), a joint committee with members from five professional institutes in the United States. SCG has already incorporated into its business operations five components of enterprise risk management, including internal environment, risk assessment, control activities, information and communication, and monitoring. Likewise, three additional COSO risk components have been integrated, as follows:

1. Objective setting Management defines objectives for reporting and regulatory compliance at both strategic and operational levels. Employees use these objectives as policies in carrying out their duties.

2. Event identification The risk committee of each business unit regularly meets to identify major external and internal factors affecting business operations in order to ensure complete coverage of risk factors signaling

difficulties. Such risk factors are managed and monitored cautiously.

3. Risk response The management and the risk committee of each business unit collaborate to devise strategies to control risks to the acceptable level. The results are consistently satisfactory.

During 2010, SCG has developed, in addition to the abovementioned controls, various systems and procedures in order to achieve efficient and effective internal controls contributing to sustainable development. Such developments are summarized as follows:

1.1 Fraud prevention programs for major business functions

Preventing risk of fraud is now one of the Company's internal control priorities. Strict risk controls diminish the potential for fraud to occur and reduce its potential impact. With this in mind, SCG has stipulated preventive measures, audit activities, and corrective measures. The Company instills ethical values in employees at all levels beginning with our employee orientation program. SCG regularly trains staff on compliance with its code of conduct. The Company has established a sound oversight system. In addition, the Board of Directors acts as a role model to employees.

The Company has developed fraud prevention manuals for all major business functions in order to raise employees' awareness and standards of ethics in performing duties. The manuals define objectives, principles, potential circumstances involving risk of fraud, and prevention guidelines for use in daily work. In addition, SCG has stipulated the use of control self assessment (CSA). The Internal Audit Office conducts a fraud audit whereby employees can inform it about non-compliance with regulations, rules, and laws, and suspected fraudulent activities via a whistle-blower system. When fraudulent activities are suspected, an investigation committee is appointed to ensure fairness to all concerned parties. Each particular instance of fraud is recorded for use as a case study and lesson learned, allowing specific preventive measures to be developed.

1.2 Development of information technology control self assessment system (IT CSA)

Based on successful use of control self assessment systems in several applications, the Company has applied the same principle to information technology. The objectives are: to make the system efficient, effective, reliable, secure, and able to deliver timely information; to ensure compliance with rules and regulations; and to create an efficient IT governance system. The Internal Audit Office

collaborated with relevant business operations to develop work procedures for prevention and self assessment of contract arrangement and various computer systems, and to create IT control self assessment forms in such critical areas as hiring of contractors to enhance computer systems, computer system security, user rights assignment, and evaluation of computer system efficiency.

1.3 Integration of preventive systems for sustainable development

SCG conducts business by bearing in mind its responsibilities to the economy, society, and environment, in order to achieve sustainable development. Important preventive systems, i.e., good corporate governance, risk management, and control self assessment, have been integrated to synergize internal control and audit systems. The process commences from evaluation of weaknesses arising from non-compliance with corporate governance principles. Next, risks are assessed and prioritized according to impact levels. The most significant risks are identified in order to further develop control self assessment according to priority levels. The results are monitored; causes of difficulties are examined; and relevant corrective processes are developed. This contributes to the formation of a stock of knowledge capital that is shared with responsible persons on an ongoing basis.

2. Internal Audit

As per its charter, the Audit Committee supervises the Internal Audit Office to ensure that it works with independence, integrity, and proper ethics. It does so by assessing the sufficiency and efficiency of internal control systems and enterprise risks so as to guarantee that operations are in line with SCG's vision and the changing business environment. In 2010, the Committee implemented the following actions:

2.1 Audit enhancement to create sustainable value-added

To create sustainable value-added, the Internal Audit Office emphasized the preventive audit approach, which is based on four generally accepted concepts: control self assessment (CSA), advisory system, assessment of risk management, and good corporate governance. The Internal Audit Office applies these four concepts on a continuous basis to develop efficient and effective audits.

The Internal Audit Office's first vision statement, issued in 2005, focused on the "innovative preventive audit" approach, identifying key issues to audit each year in alignment with its vision. This year, the Audit Office has set its vision for 2011 to 2013, again supporting SCG's

company-wide vision, as an "innovative proactive audit in order to create sustainable value-added in domestic and overseas operations". The Internal Audit Office's five key mission statements are as follows:

- Advance from preventive auditing towards professional proactive auditing, to create value for clients.
- Create significant and sustainable value in the audit work itself, and in the work being audited, by collaborating with all business units of SCG.
- Leverage auditors' skills to gain competencies for continuous advancement.
- Implement methodology and information technology for internal control, control self assessment (CSA), and risk management to insure that overseas units and affiliates achieve the same standard as SCG.
- Insure that the quality of audit work attains international standards.

In order to achieve the mission statements, the Internal Audit Office has developed annual action plans in pursuit of "global auditing excellence". Accordingly, the Office will benchmark SCG audit practices against those of leading professional internal audit firms, perform audit work that brings high value-added to clients, and support auditors' development to gain competencies for continuous advancement. Moreover, the Internal Audit Office developed IT systems to support the internal control process while also integrating good corporate governance principles, assessment of risk management, and control self assessment (CSA) to accomplish operational efficiency.

2.2 Auditors' competency development

To increase each auditor's knowledge to reach compliance with international standards, the competency management and development system is used as a tool for determining an individual development plan for each auditor. Competency is defined in two ways:

- Common competency is the major ability supporting the audit mission. It is considered in terms of knowledge and behavior.
- Functional competency is the ability necessary for specific audit tasks. It is considered in terms of knowledge and skill.

The competency management and development system requires auditors to firstly perform self-assessment according to the established model. The Human Resources Committee of the Internal Audit Office then considers the self-assessment results of each auditor. The Committee then provides recommendations to each individual auditor for use as guidelines for continuous improvement in each

competency level. Monthly in-house training sessions enable auditors to become more effective and efficient while adhering to uniform standards. Self-study and self-assessment activities are provided using e-learning, with a focus on key audit tasks and a systematic management of methods. In addition, the Internal Audit Office supports its auditors' efforts to attain audit certification at the international level.

2.3 Development of IT audit

In 2010, the IT Development Department developed IT audit systems to improve IT workflow and become more effective in preventive terms. The Department developed several programs such as an SAP authorization audit system in order to audit right granting; electronic control self assessment system for inventory management; e-CSA for accounting, and e-CSA for credit management. The three e-CSA programs increase effectiveness in managing and following up inventory transactions, accounting transactions, and credit management.

The Department also conducted information system (IT) assessments for overseas units and affiliates to improve their operations to be effective and in compliance with SCG's standards. In addition the Department is developing other IT applications to increase the effectiveness of the internal control system and internal audit, especially in terms of preventive action. When the external auditor or Internal Audit Office discovers any weakness or problem in operations, it will be examined in coordination with the relevant department to determine measures for correction and systemic improvement.

2.4 Development of audit procedures using total quality management (TQM)

In order to increase the effectiveness and efficiency of audit work, keeping it up-to-date and relevant to ongoing change, the Internal Audit Office is implementing the total quality management (TQM) principle. SCG has been applying this concept as a guideline to improve the productivity of all departments. When applied to auditing, TQM means to audit with integrity, reasonableness, and awareness of value-added. The objective is to create value and benefit for every department. In 2010, the Office developed a new audit work procedure manual to be more up-to-date and relevant to the vision and work. This manual will follow the same standards for both audit work and ethics so that auditors will act consistently. Auditors can use the manual both for self-study, regarding theory, and for consultation in actual use.

Supplementary Information

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

Name	Principal Business/Products	Location (Head Office/ Factory)
SCG Chemicals		
Subsidiaries		
1 SCG Chemicals Co., Ltd.	Holding company	Bangkok
2 Thai Polyethylene Co., Ltd.	Polyethylene	Rayong
3 Thai Polypropylene Co., Ltd.	Polypropylene	Rayong
4 SCG Plastics Co., Ltd.	Trading	Bangkok
5 SCG Performance Chemicals Co., Ltd.	Trading	Bangkok
6 SCG Polyolefins Co., Ltd.	Trading	Bangkok
7 Rayong Engineering & Plant Service Co., Ltd.	Engineering and plant service	Rayong
8 Protech Outsourcing Co., Ltd.	Engineering and plant service	Rayong
9 RIL 1996 Co., Ltd.	Industrial estate	Rayong
10 Vina SCG Chemicals Co., Ltd.	Holding company	Bangkok
11 SCG Chemicals (Singapore) Pte. Ltd.	Holding company	Singapore
12 Tuban Petrochemicals Pte. Ltd.	Holding company	Singapore
13 Hexagon International, Inc.	Holding company	USA
14 Rayong Pipeline Co., Ltd.	Rights of way, and use	Rayong
15 Map Ta Phut Tank Terminal Co., Ltd.	Warehouse and transportation service	Rayong
16 PT. TPC Indo Plastic & Chemicals	PVC resins	Indonesia
17 Map Ta Phut Olefins Co., Ltd.	Raw materials for plastic resins	Rayong
18 Alliance Petrochemical Investment (Singapore) Pte. Ltd.	Holding company	Singapore
19 Rayong Olefins Co., Ltd.	Raw materials for plastic resins	Rayong
20 Rayong Olefins (Singapore) Pte. Ltd.	Raw materials procurement	Singapore
21 Flowlab & Service Co., Ltd.	Calibration service	Rayong
22 Thai Plastic and Chemicals Public Company Limited	Plastic resins and PVC compound	Bangkok
23 TPC Paste Resin Co., Ltd.	PVC paste resins	Bangkok
24 The Nawaplastic Industries (Saraburi) Co., Ltd.	PVC pipe and fittings	Bangkok
25 Nawa Plastic Industries Co., Ltd.	PVC pipe and PVC products	Bangkok
26 Nawa Intertech Co., Ltd.	Molding	Rayong
27 Chemtech Co., Ltd.	PVC pipe and fittings	Vietnam
28 Total Plant Service Co., Ltd.	Engineering and plant service	Samut Prakarn Rayong
29 Minh Thai House Component Co., Ltd.	PVC doors and windows	Vietnam
30 Viet-Thai Plastchem Co., Ltd.	PVC compound	Vietnam
31 TPC Vina Plastic and Chemicals Corporation Co., Ltd.	PVC resins	Vietnam

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Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct/ Indirect Company and Subsidiaries Holding (Percent)	Total Direct/ Indirect Holding * (Percent)
66-2586-4762	66-2586-5561	Ordinary shares	71	7,108	100	100
66-3868-3393-7	66-3868-3398	Ordinary shares	23	2,300	100	100
66-3868-3393-7	66-3868-3398	Ordinary shares	29	2,889	100	100
66-2586-6161	66-2910-4022	Ordinary shares	0.1	5	100	100
66-2586-4115	66-2586-3676	Ordinary shares	0.05	3	100	100
66-2586-6161	66-2910-4022	Ordinary shares	0.01	0.3	100	100
66-3868-5040-8	66-3891-1309	Ordinary shares	0.04	2	100	100
66-3860-8657-8	66-3868-2633	Ordinary shares	0.01	1	100	100
66-3868-9471-2	66-3891-1955	Ordinary shares	11	1,100	100	100
66-2586-5435	-	Ordinary shares	3	883	100	100
(65) 6297-9661	-	Ordinary shares	38	804	100	100
(65) 6297-9661	-	Ordinary shares	135	2,828	100	100
66-2586-4444	-	Ordinary shares	2	67	100	100
66-3868-9471-2	66-2586-6220	Ordinary shares	4	200	91	91
66-3868-9471-2	66-3891-1955	Ordinary shares	7	700	81	81
(6231) 3952-9458	(6231) 395-2944	Ordinary shares	0.03	1,020	78	78
66-3893-7000	66-3891-5310	Ordinary shares	204	17,779	55	67
(65) 6221-5318	-	Ordinary shares	46	1,881	65	65
66-3868-5040-8	66-3868-5036	Ordinary shares	77	7,700	47	64
(65) 6297-9661	-	Ordinary shares	0.02	0.5	64	64
66-3891-1321-2	66-3891-1381	Ordinary shares	0.02	4	51	51
66-2676-6000	66-2676-6077	Ordinary shares	875	875	46	46
66-2676-6200	66-2676-6206	Ordinary shares	2	333	46	46
66-2586-3930-5	66-2586-4305	Ordinary shares	4	400	46	46
66-2586-3930-5	66-2586-2444	Ordinary shares	4	426	46	46
66-2586-3930-5	66-3889-2200	Ordinary shares	0.4	40	46	46
(84650) 784-992	(84650) 784-993	**	-	103	46	46
66-2385-9515-16	66-3892-5299	Ordinary shares	12	1,180	46	46
66-3868-7320-23						
(848) 3754-2989	(848) 3844-6073	**	-	36	37	37
(84650) 710-993	(84650) 740-065	**	-	75	33	33
(848) 3823-4730	(848) 823-4725	**	-	1,013	32	32

Name	Principal Business/Products	Location (Head Office/ Factory)
32 Siam Stabilizers and Chemicals Co., Ltd.	Stabizer	Rayong
Associates, Jointly-controlled entity and Other Companies		
33 Long Son Petrochemicals Co., Ltd.	Raw materials for plastic resins Polyethylene and Polypropylene	Vietnam
34 Siam Mitsui PTA Co., Ltd.	Raw materials for PET resins	Rayong
35 Siam Styrene Monomer Co., Ltd.	Raw materials for polystyrene	Rayong
36 Siam Synthetic Latex Co., Ltd.	Synthetic latex	Rayong
37 Siam Polyethylene Co., Ltd.	Polyethylene	Rayong
38 Siam Polystyrene Co., Ltd.	Polystyrene	Rayong
39 Rayong Terminal Co., Ltd.	Tank and Terminal service	Rayong
40 PT. Siam Maspion Terminal	Terminal service	Indonesia
41 SD Group Service Co., Ltd.	Holding company	Bangkok
42 SCG Plastics (China) Co., Limited	Trading	Hong Kong
43 Thai MMA Co., Ltd.	Raw materials for coating resins	Rayong
44 Grand Siam Composites Co., Ltd.	Polypropylene compound	Rayong
45 Thai MFC Co., Ltd.	Melamine compound	Rayong
46 Mehr Petrochemical Company	Polyethylene (HDPE)	Iran
47 PT. Trans-Pacific Polyethylene Indonesia	Polyethylene (LDPE)	Indonesia
48 PT. Trans-Pacific Polyethylindo	Polyethylene (HDPE)	Indonesia
49 Bangkok Synthetics Co., Ltd.	Raw materials for synthetic rubber	Bangkok
50 GTC Technology US, LLC	Chemical Technology Licensing	USA
51 GTC Technology International, LP	Chemical Technology Licensing	USA
52 PT. Trans-Pacific Petrochemical Indotama	Raw materials for aromatics	Indonesia
53 Thai PET Resin Co., Ltd.	Raw materials for PET resins	Rayong
54 Mitsui Advanced Composites (Zhongshan) Co., Ltd.	Polypropylene compound	China
55 Nawacam Co., Ltd.	PVC pipe and fittings	Cambodia
56 Riken (Thailand) Co., Ltd.	PVC compound	Bangkok
57 PT. Srithai Maspion Indonesia	Melamine compound	Indonesia
58 PT. Trans-Pacific Polypropylene Indonesia	Polypropylene	Indonesia
59 PT. Trans-Pacific Styrene Indonesia	Plastic resins, styrene monomer	Indonesia
SCG Paper		
Subsidiaries		
60 SCG Paper Public Company Limited	Holding company and bleached pulp	Bangkok
61 Thai Paper Co., Ltd.	Printing and writing paper	Bangkok
62 Thai Union Paper Public Company Limited	Printing and writing paper	Samut Prakarn
63 Siam Kraft Industry Co., Ltd.	Kraft paper	Bangkok
64 Thai Kraft Paper Industry Co., Ltd.	Kraft paper	Bangkok
65 Thai Union Paper Industry Co., Ltd.	Gypsum board paper and duplex	Bangkok

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Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct/ Indirect Company and Subsidiaries Holding (Percent)	Total Direct/ Indirect Holding * (Percent)
66-3868-3451-3	66-3868-3449	Ordinary shares	190	190	27	27
(848) 3825-7226	(848) 3825-7268	Ordinary shares	4	1,646	61	61
66-3868-5100	66-2586-5285	Ordinary shares	48	4,800	49	50
66-3868-3215-6	66-3868-3991	Ordinary shares	34	4,770	50	50
66-3868-3215-6	66-3868-3991	Ordinary shares	3	4,344	50	50
66-3868-3215-6	66-3868-3991	Ordinary shares	45	4,455	49	50
66-3868-3215-6	66-3868-3991	Ordinary shares	10	995	50	50
66-3868-9471-2	66-2586-6220	Ordinary shares	6	620	-	50
(6231) 395-2945-8	-	Ordinary shares	0.01	327	50	50
66-2365-7000	66-3868-3991	Ordinary shares	0.03	78	50	50
(852) 2544-9991	(852) 2544-9992	Ordinary shares	0.1	4	49	49
66-3868-5040-8	66-2586-5393	Ordinary shares	56	5,590	46	47
66-3868-4241	66-2586-2522	Ordinary shares	0.6	64	46	46
66-3868-4241	66-3868-4250	Ordinary shares	2	200	45	45
(9821) 8850-0641	(9821) 8805-0642	Ordinary shares	0.03	1,203	39	39
(6221) 574-5880	-	Ordinary shares	0.2	472	39	39
(6221) 574-5880	-	Ordinary shares	0.07	337	39	39
66-2679-5120	66-2679-5119	Ordinary shares	12	1,173	26	26
66-2586-4444	-	Ordinary shares	0.2	98	25	25
66-2586-4444	-	Ordinary shares	13	137	25	25
(6221) 574-5880	-	Ordinary shares	4	9,815	20	20
66-3868-5900	66-3868-5999	Ordinary shares	9	900	20	20
(86) 760-533-2138	(86) 760-389-8880	Ordinary shares	9	596	20	20
(85523) 882-072	(85523) 885-172	Ordinary shares	0.02	7	18	18
66-2501-1054	66-2501-1198	Ordinary shares	1	120	16	16
(6231) 891-3630	-	Ordinary shares	0.01	118	10	10
(6221) 574-5880	-	Ordinary shares	0.1	220	10	10
(6221) 574-5880	-	Ordinary shares	0.1	314	10	10
66-2586-3333	66-2586-2164	Ordinary shares	156	1,563	98	98
66-2586-3333	66-2586-2164	Ordinary shares	12	1,200	98	98
66-2754-2100-10	66-2754-2118	Ordinary shares	43	430	98	98
66-2586-3333	66-2586-2164	Ordinary shares	3	250	98	98
66-2586-3333	66-2586-2164	Ordinary shares	10	1,000	98	98
66-2586-3333	66-2586-2164	Ordinary shares	12	1,200	98	98

Name	Principal Business/Products	Location (Head Office/ Factory)
66 United Pulp & Paper Co., Inc.	Kraft paper	Philippines
67 Siam Cellulose Co., Ltd.	Bleached pulp	Bangkok
68 InfoZafe Co., Ltd.	Shredding business	Pathum Thani
69 The Siam Pulp & Paper Holding Co., Ltd.	Holding company	Bangkok
70 The Siam Forestry Co., Ltd.	Forestry	Bangkok
71 Panas Nimit Co., Ltd.	Forestry	Bangkok
72 Thai Panason Co., Ltd.	Forestry	Bangkok
73 Thai Panadorn Co., Ltd.	Forestry	Bangkok
74 Thai Panaram Co., Ltd.	Forestry	Bangkok
75 Suanpa Rungsaris Co., Ltd.	Forestry	Bangkok
76 Siam Panawes Co., Ltd.	Forestry	Bangkok
77 Thai Panaboon Co., Ltd.	Forestry	Bangkok
78 Thai Wanabhum Co., Ltd.	Forestry	Bangkok
79 Phoenix Pulp & Paper Public Company Limited	Bleached pulp/ Printing and writing paper	Khonkaen
80 Phoenix Utilities Company Limited	Utilities	Khonkaen
81 Thai Cane Paper Public Company Limited	Kraft paper	Bangkok
82 Thai Containers Group Co., Ltd.	Corrugated boxes	Bangkok/Pathumthani Samut Prakarn/Ratchaburi
83 Thai Containers Songkhla (1994) Co., Ltd.	Corrugated boxes	Songkhla
84 Thai Containers Khonkaen Co., Ltd.	Corrugated boxes	Khonkaen
85 Thai Containers Rayong Co., Ltd.	Corrugated boxes	Rayong
86 Thai Containers Saraburi Co., Ltd.	Corrugated boxes	Saraburi
87 Thai Containers (TCC) Co., Ltd.	Corrugated boxes	Prachinburi/Chonburi Pathumthani
88 Vina Kraft Paper Co., Ltd.	Kraft paper	Vietnam
89 TCG Rengo Subang (M) Sdn. Bhd.	Corrugated boxes	Malaysia
90 TCG Rengo (S) Limited	Corrugated boxes	Singapore
91 New Asia Industries Co., Ltd.	Corrugated boxes	Vietnam
92 Thai British Security Printing Public Company Limited	Securities document	Samut Prakarn
93 Thai British DPost Co., Ltd.	Digital printing	Samut Prakarn
Associates and Other Companies		
94 Siam Toppan Packaging Co., Ltd.	Offset-printed cartons	Samut Prakarn
95 P&S Holdings Corporation	Holding company	Philippines
SCG Cement Subsidiaries		
96 SCG Cement Co., Ltd.	Holding company	Bangkok

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(632) 870-0100	(632) 870-0409	Preferred shares	840	4,328	98	98
		Ordinary shares	141			
66-2586-3333	66-2586-2164	Ordinary shares	3	300	98	98
66-2586-3333	66-2586-2164	Ordinary shares	1	70	98	98
66-2586-3333	66-2586-2164	Ordinary shares	2	180	98	98
66-2586-3333	66-2586-2164	Ordinary shares	1	70	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	98	98
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	98	98
66-2586-3333	66-2586-2164	Ordinary shares	110	1,200	98	98
		Preferred shares	10			
66-2586-3333	66-2586-2164	Ordinary shares	15	1,500	98	98
66-2440-0707	66-2440-0717	Ordinary shares	358	3,583	85	85
66-2586-5991	66-2586-4723	Ordinary shares	1	784	69	69
66-2586-3333	66-2586-2164	Ordinary shares	0.3	280	69	69
66-2586-3333	66-2586-2164	Ordinary shares	0.2	150	69	69
66-2586-3333	66-2586-2164	Ordinary shares	1	650	69	69
66-3625-1724-8	66-3625-1730	Ordinary shares	5	450	69	69
66-3720-8568-70	66-3720-8572	Ordinary shares	1	1,100	69	69
(848) 268-0240-2	(848) 268-0239	**	-	4,684	69	69
(603) 5636-3610	(603) 5636-3621	Ordinary shares	15	146	69	69
(65) 6661-7325	(65) 6265-3144	Ordinary shares	2	56	69	69
(848) 3729-4160	(848) 3729-3028	**	-	145	69	69
66-2754-2650-8	66-2384-0917	Ordinary shares	11	110	49	49
66-2661-5215	66-2661-9580	Ordinary shares	3	34	25	25
66-2709-3110-7	66-2324-0336	Ordinary shares	5	500	48	48
(632) 870-0100	(632) 870-0409	Ordinary shares	28	263	39	39
66-2586-3060-1	66-2586-3072	Ordinary shares	122	4,894	100	100

Name	Principal Business/Products	Location (Head Office/ Factory)
97 The Concrete Products and Aggregate Co., Ltd.	Holding company and ready-mixed concrete	Bangkok
98 The Siam Cement (Kaeng Khoi) Co., Ltd.	Cement	Saraburi
99 The Siam Cement (Ta Luang) Co., Ltd.	Cement	Saraburi
100 The Siam Cement (Thung Song) Co., Ltd.	Cement	Nakorn Sri Thamaraj
101 The Siam Cement (Lampang) Co., Ltd.	Cement	Lampang
102 Siam Mortar Co., Ltd.	Dry mortar	Saraburi
103 The Siam White Cement Co., Ltd.	White cement	Saraburi
104 The Siam Refractory Industry Co., Ltd.	Refractory	Bangkok
105 Cementhai Energy Conservation Co., Ltd.	Energy service	Bangkok
106 SCI Plant Services Co., Ltd.	Technical services and plant installation	Saraburi
107 Siam Research and Innovation Co., Ltd.	Research and development	Saraburi
108 SCI Eco Services Co., Ltd.	Industrial waste disposal	Nonthaburi
109 CPAC Concrete Products (Cambodia) Co., Ltd.	Precasted Slab	Cambodia
110 Cementhai Building Materials (Singapore) Pte. Ltd.	Holding company	Singapore
111 PT. Semen Jawa	Cement	Indonesia
112 Kampot Cement Co., Ltd.	Cement	Cambodia
113 CPAC Lao Co., Ltd.	Ready mixed concrete	Laos
114 Myanmar CPAC Service Co., Ltd.	Ready mixed concrete	Myanmar
115 CPAC Cambodia Co., Ltd.	Ready mixed concrete	Cambodia
116 The Concrete Products and Aggregate (Vietnam) Co., Ltd.	Ready mixed concrete	Vietnam
117 Kampot Land Co., Ltd.	Land investment	Cambodia
Associates and Other Companies		
118 Asia Cement Public Company Limited	Cement	Bangkok
119 Holcim (Bangladesh) Co., Ltd.	Cement	Bangladesh
SCG Building Materials Subsidiaries		
120 SCG Building Materials Co., Ltd.	Holding company	Bangkok
121 The Siam Fibre-Cement Co., Ltd.	Fiber cement roof	Saraburi
122 The Fibre-Cement Products (Lampang) Co., Ltd.	Fiber cement roof	Lampang
123 Tip Fibre-Cement Co., Ltd.	Fiber cement roof	Bangkok
124 SCG Landscape Co., Ltd.	Concrete blocks for floor wall and fence, Light-weight concrete	Saraburi
125 Siam Fiberglass Co., Ltd.	Insulation and glass wools	Saraburi
126 Cementhai Gypsum Co., Ltd.	Holding company	Bangkok

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66-2555-5000	66-2555-5003	Ordinary shares	91	9,140	100	100
66-3624-0000-98	66-3624-0099	Ordinary shares	6	625	100	100
66-3628-8900	66-3628-8909	Ordinary shares	6	575	100	100
66-7553-8222	66-7553-8111	Ordinary shares	35	700	100	100
66-5423-7500	66-5423-7501	Ordinary shares	94	589	100	100
66-3624-0000-98	66-3624-0083	Ordinary shares	4	443	100	100
66-3635-1200	66-3635-1219	Ordinary shares	2	200	100	100
66-2586-3232	66-2586-3253	Ordinary shares	3	150	100	100
66-2586-2410	66-2586-3098	Ordinary shares	13	1,310	100	100
66-3628-9102-3	66-3628-1212	Ordinary shares	1	50	100	100
66-3627-3152-63	66-3627-3151	Ordinary shares	1	100	100	100
66-2962-7295-7	66-2962-7298	Ordinary shares	1	50	100	100
(88523) 990-401-9	(88523) 356-677	Ordinary shares	0.001	17	100	100
(65) 6297-9661	-	Ordinary shares	0.6	14	100	100
(6221) 350-9491	(6221) 350-9704	Ordinary shares	0.1	301	95	95
(85523) 996-839	(85523) 996-849	Ordinary shares	4	1,551	91	91
(85621) 720-224	(85621) 720-224	Ordinary shares	0.05	17	70	70
(951) 681-351	(951) 681-351	Ordinary shares	0.0004	10	70	70
(855) 023-990-406	(855) 023-990-406	Ordinary shares	0.0001	5	69	69
(84) 924-5603-4	(84) 924-5616	**	-	37	60	60
(85523) 996-839	(85523) 996-849	Ordinary shares	0.001	0.2	45	45
66-2641-5600	-	Ordinary shares	778	4,671	10	10
(8802) 988-1002-3	-	Ordinary shares	1	62	10	10
		Preferred shares	0.0002			
66-2586-3333	66-2586-2761	Ordinary shares	21	2,111	100	100
66-2586-3838	66-2586-2700	Ordinary shares	2	200	100	100
66-5433-7301-5	66-5433-7300	Ordinary shares	5	530	100	100
66-2286-7888	66-2286-8951-2	Ordinary shares	0.3	25	100	100
66-2586-6822	66-2586-6800	Ordinary shares	16	1,630	100	100
66-3637-3441-4	66-3637-3445-6	Ordinary shares	13	422	100	100
66-2586-3333	66-2586-2761	Ordinary shares	7	242	100	100

Name	Principal Business/Products	Location (Head Office/ Factory)
127 Cementhai Ceramics Co., Ltd.	Holding company	Bangkok
128 Thai Ceramic Co., Ltd.	Floor and wall ceramic tiles	Bangkok
129 The Siam Ceramic Group Industries Co., Ltd.	Floor and wall ceramic tiles	Saraburi
130 Cementhai Home Services Co., Ltd.	Home related services	Bangkok
131 Thai Ceramic Power Co., Ltd.	Electricity plant	Saraburi
132 Cementhai Gypsum (Singapore) Pte. Ltd.	Holding company	Singapore
133 Cementhai Roof Holdings Philippines, Inc.	Holding company	Philippines
134 Cementhai Ceramic (Singapore) Pte. Ltd.	Holding company	Singapore
135 Cementhai Ceramics Philippines Holdings, Inc.	Holding company	Philippines
136 Sosuco and Group (2008) Co., Ltd.	Marketing and sales of floor and wall ceramic tiles	Bangkok
137 Saraburirat Co., Ltd.	Concrete floor and wall tiles	Saraburi
138 PT. Surya Siam Keramik	Ceramic floor tiles	Indonesia
139 The CPAC Roof Tile Co., Ltd.	Concrete roof tiles	Saraburi/Lamphun Nakorn Sri Thamaraj
140 Thai Ceramic Roof Tile Co., Ltd.	Ceramic roof tiles	Saraburi
141 Thai Ceramic Holding Co., Ltd.	Holding company	Bangkok
142 CPAC Monier (Cambodia) Co., Ltd.	Concrete roof tiles	Cambodia
143 CPAC Monier Vietnam Co., Ltd.	Concrete roof tiles	Vietnam
144 Quality Construction Products Public Co., Ltd.	Light-weight concrete	Phra Nakhon Si Ayutthaya
145 Q-Con Eastern Co., Ltd.	Light-weight concrete	Rayong
146 Thai-German Ceramic Industry Public Company Limited	Floor and wall ceramic tiles	Saraburi
147 Sosuco Ceramic Co., Ltd.	Ceramic tiles	Saraburi
148 SCG-Sekisui Sales Co., Ltd.	Marketing and sales of modular houses manufactured	Bangkok
149 CPAC Monier Philippines, Inc.	Concrete roof tiles	Philippines
150 PT. Siam-Indo Gypsum Industry	Gypsum boards	Indonesia
151 PT. Siam-Indo Concrete Products	Natural-fibre roofing sheets	Indonesia
Associates and Other Companies		
152 Sekisui-SCG Industry Co., Ltd.	Manufacturing for modular houses	Bangkok
153 Mariwasa Siam Holdings, Inc.	Holding company	Philippines
154 Mariwasa Siam Ceramic, Inc.	Ceramic tiles	Philippines
155 The Siam Sanitary Fittings Co., Ltd.	Faucets and fittings	Bangkok
156 TOTO Manufacturing (Thailand) Co., Ltd.	Sanitary ware	Saraburi
157 The Siam Moulding Plaster Co., Ltd.	Moulding plaster	Saraburi
158 Mariwasa Holdings, Inc.	Holding company	Philippines
159 CPAC Monier (Laos) Co., Ltd.	Concrete roof tiles	Laos
160 Siam Sanitary Ware Co., Ltd.	Sanitary ware	Bangkok
161 Siam Sanitary Ware Industry Co., Ltd.	Sanitary ware	Saraburi
162 Siam Sanitary Ware Industry (Nongkae) Co., Ltd.	Sanitary ware	Saraburi

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

- 40 - ** No issuance of share for the Limited Liability Company incorporated in Vietnam. The capital contribution is as stipulated in the investment certificate of the invested company.

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct/ Indirect Company and Subsidiaries Holding (Percent)	Total Direct/ Indirect Holding * (Percent)
66-2586-3333	66-2586-2761	Ordinary shares	10	614	100	100
66-2586-4094-8	66-2587-8800	Ordinary shares	5	450	100	100
66-3637-6400	66-3637-6422	Ordinary shares	96	960	100	100
66-2586-4111	66-2586-4017	Ordinary shares	5	115	100	100
66-2586-4094-8	66-2587-8800	Ordinary shares	0.5	45	100	100
(65) 6297-9661	(65) 6297-9662	Ordinary shares	21	411	100	100
(632) 813-1666	(632) 813-1704	Ordinary shares	14	133	100	100
(65) 6297-9661	(65) 6297-9662	Ordinary shares	39	1,342	100	100
(632) 813-1666	(632) 813-1704	Ordinary shares	166	252	100	100
66-2938-9833	66-2938-9839	Ordinary shares	1	50	90	90
66-2586-6822	66-2586-6800	Ordinary shares	1	96	83	83
(6221) 5696-2458	(6221) 5696-1635	Ordinary shares	0.01	87	80	80
66-2586-3333	66-2586-5800	Ordinary shares	2	211	75	75
66-2586-5999	66-2586-5017	Ordinary shares	2	200	75	75
66-2586-3333	66-2586-2761	Ordinary shares	2	200	75	75
(85523) 990-407	(85523) 990-408	Ordinary shares	0.1	43	75	75
(84650) 767-581-4	(84650) 767-580	**	-	235	75	75
66-3522-1271	66-3522-1270	Ordinary shares	400	400	68	68
66-3865-0515	66-3895-6468	Ordinary shares	59	800	68	68
66-2790-9800	66-2790-9890	Ordinary shares	1,816	988	62	62
66-3637-6300	66-3637-6309	Ordinary shares	0.01	800	54	54
66-2586-4088	66-2586-4364	Ordinary shares	1	100	51	51
(632) 813-1666	(632) 813-1704	Ordinary shares	206	226	50	50
(6221) 8832-0028	(6221) 8832-0036	Ordinary shares	0.03	306	50	50
(6226) 743-2140	(6225) 743-2149	Ordinary shares	0.03	446	50	50
66-2586-3333	66-2586-4364	Ordinary shares	2	200	49	49
(632) 628-3871-80	(632) 628-1983-5	Ordinary shares	1,500	1,093	40	46
(632) 628-3871-80	(632) 628-1983-5	Ordinary shares	600	584	-	46
66-2973-5101-7	66-2973-5108-9	Ordinary shares	2	200	33	45
66-3637-3647-66	66-3637-3664	Ordinary shares	6	550	40	40
66-3637-3578-82	66-3637-3577	Ordinary shares	1	125	40	40
(632) 628-3871-80	(632) 628-1983-5	Ordinary shares	275	267	40	40
(85621) 243-440	(85621) 242-179	Ordinary shares	0.2	21	38	38
66-2973-5040-54	66-2973-3470	Ordinary shares	1	60	36	36
66-2973-5040-54	66-2973-3470	Ordinary shares	2	200	-	36
66-2973-5040-54	66-2973-3470	Ordinary shares	2	160	-	36

Name	Principal Business/Products	Location (Head Office/ Factory)
163 The Siam Gypsum Industry Co., Ltd.	Gypsum boards	Bangkok
164 The Siam Gypsum Industry (Saraburi) Co., Ltd.	Gypsum boards	Saraburi
165 The Siam Gypsum Industry (Songkhla) Co., Ltd.	Gypsum boards	Songkhla
166 PT. M Class Industry	Clay roof tiles	Indonesia
167 Monier Roofing Co., Ltd. (Formerly : Lafarge Siam Roofing Co., Ltd.)	Clay roof tiles	Rayong
168 CMPI Holding, Inc.	Holding company	Philippines

SCG Distribution

Subsidiaries

169 SCG Distribution Co., Ltd.	Holding company	Bangkok
170 SCG Trading Co.,Ltd. (Formerly : SCT Co., Ltd.)	International trading	Bangkok
171 SCG Network Management Co., Ltd.	Domestic distribution	Bangkok
172 SCG Logistics Management Co., Ltd.	Logistics service	Bangkok
173 SCG Trading Services Co., Ltd. (Formerly : SCT Services Co., Ltd.)	Business Services	Bangkok
174 SCG Sourcing Co., Ltd. (Formerly : SCG Retail Co., Ltd.)	Retail	Bangkok
175 SCG Experience Co., Ltd.	Exhibition center and services	Bangkok
176 Cementhai SCT (Australia) Pty. Ltd.	International trading	Australia
177 Cementhai SCT (Guangzhou) Ltd.	International trading	China
178 Cementhai SCT (Hong Kong) Ltd.	International trading	Hong Kong
179 Cementhai SCT (Jordan) L.L.C.	International trading	Jordan
180 Cementhai SCT (Middle East) FZE.	International trading	United Arab Emirates
181 Cementhai SCT (Philippines) Inc.	International trading	Philippines
182 Cementhai SCT (Singapore) Pte. Ltd.	International trading	Singapore
183 Cementhai SCT (U.S.A.), Inc.	International trading	USA
184 SCG Trading (M) Sdn. Bhd.	International trading	Malaysia
185 PT. Cementhai SCT Indonesia	International trading	Indonesia
186 SCT Logistics (Vietnam) Co., Ltd.	Logistics service, international trading and local distribution	Vietnam
187 SCT (Vientiane) Co., Ltd.	International trading	Laos
188 Cementhai SCT (Cambodia) Co., Ltd.	International trading	Cambodia
189 Cementhai SCT (Malaysia) Sdn. Bhd.	International trading	Malaysia
190 Siam Cement Myanmar Trading Ltd.	International trading	Myanmar

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Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct/ Indirect Company and Subsidiaries Holding (Percent)	Total Direct/ Indirect Holding * (Percent)
66-2555-0055	66-2555-0001	Ordinary shares	2	150	29	29
66-3637-3500-9	66-3637-3510	Ordinary shares	5	470	-	29
66-7420-6000-5	66-7420-6006	Ordinary shares	1	120	-	29
(6202) 6743-6888	(6221) 539-7094	Ordinary shares	34	222	28	28
66-2555-0055	66-2555-0001	Ordinary shares	2	160	25	25
(632) 813-1666	(632) 813-1704	Ordinary shares	48	54	20	20
		Preferred shares	48			
66-2586-3333	66-2586-5454	Ordinary shares	27	1,629	100	100
66-2586-4444	66-2586-2251	Ordinary shares	4	400	100	100
66-2586-3333	66-2586-2961	Ordinary shares	21	524	100	100
66-2586-4444	66-2586-2158	Ordinary shares	3	300	100	100
66-2586-4444	66-2586-4445	Ordinary shares	0.1	10	100	100
66-2586-3333	66-2586-5625	Ordinary shares	1	100	100	100
66-2101-9922	66-2101-9933	Ordinary shares	2	200	100	100
(612) 9438-1225	(612) 9436-0195	Ordinary shares	0.2	5	100	100
(86) 208-365-2559	(86) 208-365-2595	Ordinary shares	0.03	14	100	100
(852) 2838-6456	(852) 3009-8360	Ordinary shares	45	220	100	100
(9626) 551-7776	(9627) 999-6615	Ordinary shares	1	50	100	100
(9626) 552-6665						
(9714) 8812-270	(9714) 8812-272	Ordinary shares	0.000001	11	100	100
(632) 501-8634	(632) 501-8635	Ordinary shares	0.1	8	100	100
(632) 501-8630						
(65) 6295-3455	(65) 6292-5241	Ordinary shares	1	23	100	100
(1310) 323-2194	(1310) 324-9528	Ordinary shares	0.02	4	100	100
(1310) 323-2438						
(1310) 323-2528						
(603) 5632-0168	(603) 5632-0158	Ordinary shares	2	20	100	100
(6221) 351-8890	(6221) 352-0718	Ordinary shares	0.002	5	100	100
(848) 6296-1282	(848) 6296-1278	**	-	64	100	100
(848) 6297-0492						
(85621) 243-435-6	(85621) 243-437	Ordinary shares	0.01	1	100	100
(85523) 990-401-5	(85523) 990-400	Ordinary shares	0.0001	1	75	75
(603) 5632-0168	(603) 5632-0158	Ordinary shares	0.4	4	69	69
(959) 873-0462	(951) 548-058	Ordinary shares	0.0002	3	60	60

Name	Principal Business/Products	Location (Head Office/ Factory)
191 Cementhai SCT Emirates (L.L.C)	International trading	United Arab Emirates
Associates and Other Companies		
192 Thai Prosperity Terminal Co., Ltd.	Shipping port	Samut Prakarn
193 Survey Marine Services Co., Ltd.	Land rental	Bangkok
194 Green Siam Resources Corporation	Baling business	Philippines
195 Siam Phulsawat Lighter Co., Ltd.	Lighter rental service	Bangkok
196 Jumbo Barges and Tugs Co., Ltd.	Transportation by lighter	Bangkok
SCG Investment and Others		
Subsidiaries		
197 Cementhai Holding Co., Ltd.	Holding company	Bangkok
198 Cementhai Property (2001) Public Company Limit	Holding company	Bangkok
199 Property Value Plus Co., Ltd.	Land business and land lease service	Bangkok
200 SCG Accounting Services Co., Ltd.	Accounting, financial and tax services	Bangkok
201 SCG Legal Counsel Limited	Legal consultant	Bangkok
202 Bangsue Management Co., Ltd.	Maketable securities investment	Bangkok
203 Cementhai Captive Insurance Pte. Ltd.	Insurance	Singapore
Associates and Other Companies		
204 Siam Kubota Corporation Co., Ltd.	Agricultural machinery	Pathumthani
205 Siam Kubota Metal Technology Co., Ltd.	Cast iron	Chachoengsao
206 Siam Kubota Leasing Co., Ltd.	Leasing	Pathumthani
207 Siam Lemmerz Co., Ltd.	Aluminium alloy wheels	Saraburi
208 Siam AT Industry Co., Ltd.	Automotive parts	Chonburi
209 Thai Engineering Products Co., Ltd.	Automotive parts	Pathumthani
210 The Nawaloha Industry Co., Ltd.	Cast iron	Saraburi
211 Aisin Takaoka Foundry Bangpakong Co., Ltd.	Cast iron	Chonburi
212 The Siam Nawaloha Foundry Co., Ltd.	Cast iron	Saraburi
213 Musashi Auto Parts Co., Ltd.	Motorcycle transmission parts	Pathumthani
214 IT One Co., Ltd.	Technical services	Bangkok
215 Toyota Motor Thailand Co., Ltd.	Automotives	Samut Prakarn
216 Siam Yamato Steel Co., Ltd.	Structural steel	Rayong
217 Michelin Siam Group Co., Ltd.	Holding company in tyre business	Bangkok
218 Michelin Siam Co., Ltd.	Holding company in tyre business	Bangkok
219 Siam Furukawa Co., Ltd.	Automotive and motorcycle batteries	Saraburi
220 The Siam United Steel (1995) Co., Ltd.	Cold-rolled steel	Rayong
221 Siam Toyota Manufacturing Co., Ltd.	Automotive engines and automotive parts	Chonburi

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Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct/ Indirect Company and Subsidiaries Holding (Percent)	Total Direct/ Indirect Holding * (Percent)
(9714) 321-7663	(9714) 321-7669	Ordinary shares	0.0003	3	49	49
66-2754-4501-9	66-2754-4513	Ordinary shares	0.6	63	50	50
66-2296-1490-2	66-2296-1494	Ordinary shares	0.4	37	48	48
(632) 501-8631	(632) 501-8631	Ordinary shares	13	95	40	40
66-2427-2229	66-2872-3016	Ordinary shares	0.03	34	29	29
66-2872-3014-5						
66-2872-3014-5	66-2872-3016	Ordinary shares	4	365	27	27
66-2586-2104	66-2586-2592	Ordinary shares	0.01	1	100	100
66-2586-2104	66-2586-2008	Ordinary shares	7	72	100	100
66-2586-2104	66-2586-2008	Ordinary shares	8	820	100	100
66-2586-3333	66-2586-2398	Ordinary shares	0.5	5	100	100
66-2586-5777	66-2586-2976	Ordinary shares	0.2	15	100	100
66-2586-3333	66-2587-2157	Ordinary shares	12	180	100	100
66-2586-3333	66-2587-2157	Ordinary shares	34	34	100	100
66-2909-0300-1	66-2909-1697	Ordinary shares	31	2,739	40	40
66-3885-5115	66-3885-5110	Ordinary shares	9	900	-	40
66-2909-0300	66-2909-1697	Ordinary shares	55	1,375	-	40
66-3637-3309-21	66-3637-3312-3	Ordinary shares	0.1	107	30	30
66-3845-4266-8	66-3845-4266	Ordinary shares	2	240	30	30
66-2529-3518-22	66-2529-1677	Ordinary shares	0.9	85	29	30
66-3633-6531-4	66-3622-3209	Ordinary shares	3	300	30	30
66-3845-4671-7	66-3845-4670	Ordinary shares	5	475	30	30
66-3628-8300	66-3628-8309	Ordinary shares	3	308	20	25
66-2529-1753-6	66-2529-4554	Ordinary shares	0.2	200	21	21
66-2271-5111	66-2271-5112	Ordinary shares	0.8	80	20	20
66-2386-1000	66-2386-1883	Ordinary shares	8	7,520	10	10
66-3868-3723-30	66-3868-3200	Ordinary shares	30	3,000	10	10
66-2619-3000-19	66-2619-3179	Ordinary shares	24	2,667	10	10
		Preferred shares	3			
66-2619-3000-19	66-2619-3179	Ordinary shares	38	1,792	-	10
66-3637-3570-3	66-3637-3574-5	Ordinary shares	2	240	5	5
66-3868-5152-59	66-3868-5126	Ordinary shares	90	9,000	5	5
66-3821-3451-5	66-3874-3310	Ordinary shares	9	850	4	4

Summary of Significant Information

1. Operating Results and Financial Status

1.1 Business Overview

SCG's consolidated net profit increased 54% from the previous year.

In 2010, SCG's consolidated net sales registered an increase of 26% from last year to 301,323 Million Baht, following volume growth in most businesses and the start-up of the new second chemicals complex. Consolidated net profit increased 54% to 37,382 Million Baht, with earnings growth from most of the key business units, net profit from sales of investment in PTT Chemical Public Company Limited (PTTCH) amounted to 9,963 Million Baht, and increased equity income from associated companies. Consolidated EBITDA decreased 2% to 45,949 Million Baht due to lower chemicals margin.

Equity income for 2010 amounted to 8,390 Million Baht, increased 17% from last year, with details as follows:

- SCG Chemicals associates: 6,341 Million Baht, an increase of 21% over the last year, as the performance of associates in PTA and MMA businesses have recovered.
- Other associates: 2,049 Million Baht, an increase of 4% from last year.

1.2 Operating Results of Strategic Business Units

SCG Chemicals

In 2010, net sales increased 43% from last year to 144,317 Million Baht following the additional volume from the new second chemicals complex. However, EBITDA decreased 18% to 16,024 Million Baht due to decreased chemicals margin, while net profit increased 80% from last year to 22,609 Million Baht from sales of investment in PTTCH.

SCG Paper

In 2010, net sales increased 21% from last year to 51,714 Million Baht, attributed to higher selling prices and sales volume, following improved economic activity and the ramp-up in capacity of SCG Paper's Vietnamese plant. EBITDA grew 16% to 9,129 Million Baht due to the recovery of margin. Likewise, net profit was 3,490 Million Baht, up 53% from last year.

SCG Cement

In 2010, net sales increased 5% from last year to 48,954 Million Baht with increase domestic volume but lower prices. EBITDA decreased 7% to 10,810 Million Baht, similarly net profit decreased 3% to 6,014 Million Baht from last year.

SCG Building Materials

In 2010, net sales increased 14% from last year to 30,719 Million Baht with the acquisition of Quality Construction Products Public Company Limited (Q-CON). EBITDA gained 12% to 5,489 Million Baht and net profit increased 16% to 1,872 Million Baht.

SCG Distribution

In 2010 net sales increased 12% from last year to 96,898 Million Baht following the recovery of the construction sector. EBITDA decreased 9% from last year to 1,440 Million Baht due to increased marketing efforts, and net profit decreased 1% to 1,061 Million Baht.

1.3 Financial Status

Assets

SCG continued financial stability with cash on-hand of 69,827 Million Baht.

Total assets of SCG as at December 31, 2010 was 359,219 Million Baht with an increase of 14% from last year. Key components of total assets are property, plant and equipment at 42%, and cash and cash equivalents at 19%. Ranking of asset values by business units is SCG Chemicals, SCG Cement, and SCG Paper respectively.

Current assets: amounted to 141,395 Million Baht as at December 31, 2010, increased 57% from last year. The main proportion was: cash and cash equivalents, inventories and trade accounts receivable. At December 31, 2010, SCG's cash and cash equivalents was 69,827 Million Baht whereas working capital was 39,356 Million Baht with working capital days at 46 days, improved from 53 days last year, following a result of working capital management.

Property, plant and equipment: amounted to 151,399 Million Baht as at December 31, 2010, while depreciation amounted to 12,118 Million Baht.

Investments in associates and jointly-controlled entity:

amounted to 40,708 Million Baht as at December 31, 2010, decreased 17,982 Million Baht or 31% from last year, with reasons as follows:

- Decreased from divestment of associates amounted to 19,525 Million Baht, which is primarily from sales of investment in PTCH.
- Decreased in investment amounted to 5,098 Million Baht from changes investment status of PTCH from associate to other, thus the investment is presented under other long-term investments.
- Increased from Equity income amounted to 4,384 Million Baht (Net of with dividends received).
- Increased in investments amounted to 2,065 Million Baht, mainly from SCG Chemicals.

Liabilities

Net debt decreased 38,395 Million Baht, while finance costs decreased 979 Million Baht from last year.

Total liabilities as at December 31, 2010 amounted to 199,649 Million Baht, an increase of 8% from last year. The main proportion was long-term debts of 34,854 Million Baht which was loans for the projects such as SCG Chemicals' second naphtha cracker. During the year, SCG issued new debentures amounted to 15,000 Million Baht to replace 15,000 Million Baht in matured debentures. Net debt (interest-bearing debt less cash and cash equivalents) of SCG as at December 31, 2010 decreased 38,395 Million Baht from last year to 83,624 Million Baht, while finance costs was 4,670 Million Baht, a decrease of 979 Million Baht from last year.

1.4 Financial ratios

Significant improvement from the previous year

In 2010, current ratio registered 1.7 times and net debt to EBITDA ratio decreased to 1.8 times, compared to 2.6 times in last year. At the end of 2010, debt to equity ratio decreased to 1.3 times, compared to 1.4 times in last year, reflecting SCG's strong financial status.

Having considered the financial status and the operating results of 2010, the Board of Directors resolved to propose the Annual General Meeting of Shareholders for approval of 2010 dividend payment of 12.50 Baht per share, representing a dividend payout ratio of 40% of consolidated net profit.

SCG has already paid an interim dividend of 4.50 Baht per share on August 26, 2010. The final dividend will be paid at the amount of 8.00 Baht per share on April 27, 2011.

2. Risk Management Policy and Risk Factors

Risk Management

SCG has established extensive risk management procedures to track and respond to risk factors affecting organizational goals and to manage risks to an acceptable level. These procedures are defined in the "SCG Risk Management Manual". In addition, SCG appointed a Business Continuity Management Steering Committee. Our risk management performance in 2010 was highly satisfactory.

Roles and Responsibilities

The Board of Directors is accountable for setting and overseeing SCG's risk management policy and making sure that implementation is effective. To this end, the Audit Committee evaluates risk management performance on a quarterly basis. The management of each business unit appoints a Risk Management Committee responsible for monitoring and controlling key risks or significant changes that could have an impact on business operations. Each committee assesses risks, establishes appropriate response strategies, administers these strategies and prepares quarterly reports for submission to SCG management.

SCG's risk management activities are integrated with the Company's policy to support sustainable development. The Company has specified social and environmental risk indicators relevant to this policy. Each business unit uses these indicators to enhance the efficiency of economic, social and environmental risk assessment. SCG's overall policy and guidelines aiming to create sustainable development in communities and societies where SCG has business operations are set by the Sustainable Development Committee.

In addition, SCG appointed the SCG Business Continuity Management Steering Committee, responsible for defining policy and guidelines for practice on sustaining business during emergencies or unusual situations and minimizing the impact of unexpected circumstances.

Risk Management Process

The risk management process commences when the Risk Management Committee of any business unit

analyzes circumstances which may affect business goals. The Committee prioritizes risks by considering levels of likelihood and significance in order to identify which ones are most important and in need of cautious management. The management and the Committee then develop strategies or measures in order to manage specific risks to the acceptable level. Management and the Committee monitor risk management performance and improve the risk management process on a continuous basis.

SCG's risk management process is in accordance with the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company has applied these standards since 2002, expanding them to encompass COSO Enterprise Risk Management, a process applied throughout the Company in order to achieve strategic, operational, reporting, and compliance objectives. SCG's risk management is recognized internationally. It was classified in the Gold Class level of the Dow Jones Sustainability Indexes (DJSI) in 2010, marking the third consecutive year it won the highest rank.

Key Risks and Risk Management Strategies According to Sustainable Development Guidelines

In 2010, SCG managed risks regarding economy, society, and environment related to sustainable development as follows:

1. Economic Risks

Even though economic problems impacted on SCG's business operations, risks decreased, and risk management performance surpassed the previous year's level, which reflects SCG's efforts to manage risks systematically and on a continuous basis. Critical risks are summarized as follows:

1.1 Fluctuation of coal prices Coal is a primary source of energy for cement and paper production. Average world coal prices showed an upward trend in 2010, increasing by approximately 37% over the previous year due to rising demand in China, while supply diminished owing to transportation problems arising from adverse weather. As a result, manufacturing costs for cement and paper exceeded projections. SCG has taken counteractive measures such as increasing

use of replacement fuels, exploring new sources of fuel, entering into long-term purchase contracts, and hedging prices. It invested in efficient energy generating and consumption projects such as waste-heat power generators (WHGs). The Company completed installation of WHGs in all its cement plants during 2010.

1.2 Fluctuation of product and raw material prices.

The sales prices of SCG Chemical products and its costs for raw materials fluctuate according to global prices. In 2010, the price of naphtha soared by approximately USD 170 per ton, on average, compared to the same period the previous year due to rising crude oil prices, while the price of plastic resin shrank by USD 90 per ton as a result of increasing supply from new entrants. In response, SCG has attempted to preserve market share in countries where strategic customers are located; push sales to foreign markets providing better yields; consistently develop high value-added products and services conforming to customer needs; accelerate forward-selling in order to increase sales opportunities; and prevent risks by entering into hedging transactions.

1.3 Fluctuation of waste paper prices Prices for waste paper, a major raw material used by SCG Paper, fluctuated significantly and showed an upward trend because of limited supply from manufacturers in the US and Latin America, while demand for waste paper rose in ASEAN. SCG Paper responded by purchasing some waste paper directly from users, improving manufacturing processes to enhance efficiency and reduce costs, and closely monitoring price fluctuations.

1.4 Changes in consumer behavior Consumers today increasingly select eco-friendly products. SCG is responding to this risk by focusing on research and development of high value-added products and services and by promoting environmentally friendly products under the "SCG eco value" label. This label is applied to

products that are green in their own right and that have been made using green manufacturing processes. In 2010, sales of high value-added products and services accounted for 29% of total sales, while sales of products labeled SCG eco value were 18% of total sales.

1.5 Fluctuation in foreign exchange rates Many SCG business units are involved in import and export and have loans denominated in foreign currencies. Moreover, SCG has greatly expanded abroad. As a consequence, foreign exchange rate fluctuations are an important factor affecting the Company's costs and revenues. To mitigate this risk, SCG appointed a Finance Committee charged with determining policy and overseeing efficient financial management, including the use of appropriate instruments such as forward contracts and hedges. As a result, risks from foreign exchange fluctuations have declined to a satisfactory level.

2. Social Risks

Concern for social responsibility is one of the four core values of SCG. In order to protect its good reputation and reduce related risks to the acceptable level, the Company must firmly adhere to this value. Over the years, SCG has been effective in undertaking CSR activities that have generally been accepted. To support sustainable development, the Company has organized a number of projects and activities engaging all concerned parties. The Company set three CSR goals: to expand the "Community Partnership Initiative" project for collaboration to new regions in Thailand by 2014; to help young people develop their capabilities in sports, sciences and technology; and to strengthen communities by 2015. Measures in support of these goals are as follows:

- Community Partnership Initiative SCG and five other businesses operating in the Map Ta Phut industrial estate have collaborated to organize the "Community Partnership Initiative" project. The objectives are to earnestly develop clean and green industry; to jointly solve problems on a priority basis; and to enable industry and the community live and grow together with mutual

support and sustainability. The project has expanded to other nearby areas where SCG operates.

- Support for skills development among young people SCG has for several years hosted the Thailand Rescue Robot Championship, providing support to each year's winning team to compete in the world competition. Thailand's representatives have won the World RoboCup Rescue for five consecutive years since 2006. In sports, the Company founded the SCG Badminton Academy for the first time in Thailand to support development of young athletes. SCG also continues to sponsor the Thai National Female Junior Golfers and the SCG Samut Songkram Football Club.

- Disaster relief and support for local communities SCG has organized various projects and activities fostering cooperation among all relevant parties. The Company encourages employees at all levels to volunteer for socially beneficial activities through the "Sharing Opportunities, Drawing the Future" project. In 2010, floods struck many areas in Thailand, causing severe and widespread damage. SCG worked to alleviate the impact both during the emergency period and after flooding subsided. Employees throughout the organization prepared survival packs and sanitary wares made from corrugated paper; donated money; and participated in the "SCG Restoration of 100 Schools and 100 Child Care Centers" project.

In its regional business expansion, SCG places the same importance on CSR as it does in Thailand. SCG focuses on hiring local workers and increasing educational opportunities by providing scholarships without obligation. SCG believes that individuals who receive scholarships will enhance their nation's development while also boosting SCG's local human resources to attain the knowledge and skills meeting our standards.

3. Environmental Risks

Environmental responsibility is one of the three concerns of sustainable development. SCG works to mitigate environmental risks systematically, consistently monitoring results until the risks are within the acceptable level. SCG applies these practices to its foreign units as well.

SCG invited representatives of nearby communities to examine and measure water quality at sites near our factories. Water quality achieved the target outcomes that the Company promised to the communities. As a result, water from these sources can now be used for fisheries and agriculture. Another example is risk management of projects in the Map Ta Phut industrial estate. Environmental conservation is an issue of high and rising concern worldwide. Consumers are gradually moving to favor eco-friendly products and services. Recognizing these trends, SCG aims to conduct business on a green basis. It has set three environmental goals: application for United States Green Building Council (USGBC) certification according to the requirements of Leadership in Energy and Environmental Design (LEED); waste management; and reduction of greenhouse gas emissions. These goals and supporting measures are summarized below:

- Risk management at Map Ta Phut The Central Administrative Court has ordered eight government agencies to temporarily halt projects in the Map Ta Phut industrial estate and neighboring areas. Operations at a total of 18 SCG project were thereby suspended. On September 2, 2010, the Central Administrative Court ruled to revoke permissions to operate granted under Thailand's 2007 constitution. This included 11 projects classified as adversely affecting the local community according to an announcement by the Ministry of Natural Resources and Environment dated August 31, 2010. Only a minority SCG's projects are of types that might be considered as having potential to adversely affect the local community, along the lines of that announcement. SCG management, coordinating with relevant parties, managed to conform to Section 67, Paragraph 2 of the constitution, which requires environmental impact assessments and public

hearings for projects affecting the public. In addition, SCG and other businesses operating at Map Ta Phut collaborated to organize the "Community Partnership Initiative" in order to solve problems on an urgent basis and enable industry and the community to live together and grow with mutual support and sustainability

- LEED certification During 2011, SCG will apply for certification by the United States Green Building Council (USGBC), an organization dedicated to the promotion of energy-saving practices in building design and construction. SCG renovated the building of SCG Trading to serve as a model for energy savings, which won it a "Gold-Label" designation by the Ministry of Energy for the first energy efficient building of excellence in Thailand. SCG added other environmentally friendly features to the energy saving framework, and will renovate the Headquarters and SCG Trading buildings following practices to save energy and reduce environmental impact. The green merits include reduced water consumption and waste, higher air quality, and procurement of green building materials. The renovation process is expected to finish during the month of June 2011, allowing SCG to apply for LEED certification at the Platinum level.
- Industrial waste management SCG has set a goal of zero hazardous and non-hazardous wastes for landfill by 2012. In 2010, hazardous waste accounted for just 1% of landfill wastes. SCG has promoted green business practices encompassing green manufacturing processes and development of green products and services. It has also emphasized efficient consumption of resources and energy, and reduction of waste and pollution.
- Reduction of greenhouse gas emissions Energy used in the production process produces greenhouse gases, impacting on climate change. SCG aims to lower greenhouse gas emissions by 10% by 2020 compared to the baseline year of

2007. Long-term measures include preparation of a greenhouse gases inventory to be used as primary information for reductions; study and development of technology for replacement energy use; and advancement of machines to enable efficient energy consumption. SCG Cement can decrease greenhouse gas emissions by approximately 300,000 tons per year by employing waste heat power generators to produce electricity from excess heat created during the cement manufacturing process.

At the Company's units in ASEAN, SCG is developing policy on safety and environment, while also monitoring progress, evaluating performance, and reviewing indicators, so that overseas operations achieve targets rapidly and efficiently. SCG is expanding its performance audit to encompass the assessment of safety and environmental practices at all of its overseas investments.

3. Shareholders Structure

3.1 First 10 major shareholders as at December 31, 2010

Shareholders	No. of ordinary shares	Percent of total shares
1. THE CROWN PROPERTY BUREAU	360,000,000	30.00
2. THAI NVDR CO., LTD.	134,850,961	11.24
3. CHASE NOMINEES LIMITED 42	44,386,832	3.70
4. BNP PARIBAS SECURITIES SERVICES, LUXEMBOURG	35,375,436	2.95
5. STATE STREET BANK AND TRUST COMPANY	32,797,589	2.73
6. NORTRUST NOMINEES LTD.	25,444,554	2.12
7. CPB EQUITY CO., LTD.	23,220,000	1.94
8. BNP PARIBAS SECURITIES SERVICES, LONDON BRANCH	17,957,200	1.50
9. SOCIAL SECURITY OFFICE	17,139,480	1.43
10. HSBC (SINGAPORE) NOMINEES PTE LTD.	17,088,052	1.42

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 16, 2010, the first major 8 NVDR holders were as follows:

NVDR holders	No. of ordinary shares	Percent of total shares
1. GERLACH & CO.-AGF INVESTMENTS INC. AS MANAGER/ TRUSTEE	10,648,038	0.89
2. HSBC (SINGAPORE) NOMINEES PTE LTD.	10,180,131	0.85
3. THE BANK OF NEW YORK (NOMINEES) LIMITED	8,394,100	0.70
4. CHASE NOMINEES LIMITED 1	8,084,800	0.67
5. STATE STREET BANK AND TRUST COMPANY	8,039,857	0.67
6. NORTRUST NOMINEES LTD.	7,944,968	0.66
7. SOMERS (U.K.) LIMITED	7,482,000	0.62
8. NORBAX INC., 13	7,242,900	0.60

3.2 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, 2010)

Shareholders	No. of ordinary shares	Percent of total shares
1. THE CROWN PROPERTY BUREAU	360,000,000	30.00
2. CPB EQUITY CO., LTD.	23,220,000	1.94

Foreign Limit

The Company has imposed limitations on the number of shares which can be held by the foreigners at 25 percent of fully paid-up capital. As at December 31, 2010, the Company declared that 25 percent 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

Duly authorized directors

Among the Board directors, five have been appointed as authorized directors, namely Mr. Snoh Unakul, Mr. Yos Euarchukiati, Mr. Panas Simasathien, Mr. Pramon Sutivong, and Mr. Kan Trakulhoon. Any two of the authorized directors are authorized to sign jointly on behalf of the Company.

Directors' term of service on Board

At the Annual General Meeting of Shareholders each year, one-third of the total directors must retire from 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, so that those who have served longest are 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 has the following authorities:

1. Fiduciary duty: to act in a fiduciary capacity to administer corporate affairs in shareholders' best interests by closely observing the following:
 - 1.1 Duty of care: to perform its duties cautiously and carefully.
 - 1.2 Duty of loyalty: to perform its duties with faithfulness and honesty.
 - 1.3 Duty of obedience: to observe strictly the laws, objectives, Articles of Association and resolutions of the Shareholders' Meeting.
 - 1.4 Duty of disclosure: to disclose accurate, complete, and transparent information to shareholders.
2. The Board is responsible for establishing the corporate vision and mission statement as well as policy and strategy to align and sustain the interests of all stakeholders and create long-term shareholder value.
3. The Board is responsible for reviewing the operating plan and ensuring maximum competitiveness at the global level.
4. The Board shall oversee and review the performance of SCG as well as evaluate the performance of top executives.
5. The Board maintains proactive risk management systems and oversees and reviews 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 conflict of interest or in competition with the Company or SCG.
7. The Board directs the Company's operations in compliance with laws, 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's corporate governance policy as well as the Stock Exchange of Thailand's Code of Best Practice for Directors of Listed Companies and guidelines of the Securities and Exchange Commission.
9. The Board is responsible for overseeing and monitoring the performance of each business unit and SCG's

overall performance. The Board also sets policies to improve the Company's operations and development of employees.

10. The Board promotes awareness of the importance of business ethics among employees at all levels. It also promotes internal controls and internal audits to ensure that 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 proper equitability. Shareholders can actively exercise their rights and can access corporate information with full disclosure and transparency.

12. Being fully aware of its duties and responsibilities, the Board shall respect the rights of shareholders, treat shareholders and stakeholders fairly and equally, manage the business transparently, and disclose accurate and adequate information.

13. The Board's performance shall be assessed annually in two ways: assessment of the entire Board as a whole; and self-assessment of each individual director. The Board shall review results of both assessments.

14. Directors must attend all Board meetings and shareholder meetings. If due to unavoidable circumstances a director is not able to attend a meeting, he or she must notify the Board chairman or secretary to the Board in advance.

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

The Audit Committee

The Audit Committee of the Company comprises the following four members:

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

The Audit Committee's term on Board

The Audit Committee is subject to a three-year term. 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. Check that the Company has an appropriate financial reporting system and that the Company regularly discloses its financial statements in accordance with the legally defined accounting standard, with transparency, correctness, and adequacy.

2. Support the establishment of financial report development in compliance with international accounting standards.

3. Check that the Company has appropriate and effective internal control and internal audit systems, which comply with internationally accepted approaches and standards.

4. Check that the Company has in place preventive operation systems to enhance operating effectiveness and efficiency.

5. Check the corporate risk management system.

6. Check that the Company is in full compliance with the Securities and Stock Exchange Law, and other laws relating to the Company's business.

7. Check the report on dishonesty and establish preventive measures.

8. Check the correctness and effectiveness of the information technology system relating to internal control, financial reports, and risk management and suggest updates and improvements as needed.

9. Consider connected transactions or those having possible conflict of interest to ensure compliance with all pertinent laws and requirements of the SET.

10. Check that assessment of the entire Audit Committee's performance, and self-assessment of each individual member's performance, take place annually.

11. Review and comment on operations 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 the SET.

13. Consider, select, propose the appointment and remuneration of, and assess the performance of, the Company's auditor.

14. Set up meetings with the Company's auditor, which exclude management, at least once a year.

15. Check that evaluation of the Audit Office is in compliance with international standards.

16. Consider the budgets and manpower of the Audit Office.

17. Provide comments to appoint, remove, transfer or terminate employment of the director of the Audit Office.

18. Consider the independence of the Internal Audit Office based on the scope of work, reports and line of command.

19. Take other actions in compliance with the law or as assigned by the Board of Directors.

To fulfill its duties under its 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 necessary documents. In addition, the Committee may seek external consultation and professional advice from independent consultants or specialists, as deemed appropriate, at the Company's expense.

The Audit Committee performs duties within its 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 case the Audit Committee is informed by the external auditor about suspicious behavior of managing directors or persons responsible for business operation of the Company, which may violate paragraph 2 of Section 281/2, Section 305, 306, 308, 309, 310, 311, 312 or 313 of the Securities and Exchange Act, it is to investigate the case and submit a preliminary report to the Securities and Exchange Commission (SEC), as well as to the external 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) Fraud or irregular events or material flaws in the internal control system.

(3) Violation of law pertaining to the SEC, regulations of the SET, or other laws relating to business operations of the Company.

Should the Board of Directors or management fail to amend the issues within the timeline specified by the Audit Committee, a member of the Audit Committee may report the issue to the 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 policy on SCG's corporate governance and present it to the Board of Directors.

2. Make recommendations and give advice to the Board of Directors regarding best practices in corporate governance.

3. Oversee and monitor the effectiveness of the Company's Board and management with reference to SCG's Corporate Governance Policy.

4. Review the Company's corporate governance affairs and compare them with those of leading international companies. The Committee also recommends

plans for further improvement of the Company's corporate governance from time to time.

5. Review the independence of the Board of Directors for any potential conflicts of interest.

6. Should there be any change in a director's qualifications, the Committee shall review his or her 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 improvement.

8. Annually review the process of assessing the performance of the Board of Directors and the committees.

9. Regularly make a progress report on performance results and submit it to the Board of Directors after the meetings of the Governance and Nomination Committee.

10. Review and give advice on the structure, roles and responsibilities, and practices of the Board of Directors and the committees. Should there be any alteration to the Charter of the Board of Directors and the committees, the Governance and Nomination Committee shall review and make appropriate recommendations in keeping it up-to-date.

11. Perform other duties as assigned by the Board of Directors.

Nomination of directors and top executives

1. Specify qualifications of any person to be nominated for directorship and lay down the director nomination process to replace the retiring director, considering diverse candidates with skills, experience, and expertise.

2. Identify qualified candidates to replace directors retiring at the end of their terms, or whatever the case may be, and submit a list of nominees to the Board of Directors' and/or Shareholders' Meeting for resolution.

3. Recommend a plan for 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 its scope of authority, the Governance and Nomination Committee is authorized to call for and order the management, heads of offices, or employees concerned to give opinions, attend meetings or submit necessary documents. In addition, the committee

may seek external consultation and professional advice from independent consultants or specialists, as deemed appropriate, at the Company's expense.

The Remuneration Committee

The Remuneration Committee of the Company comprises the following three members:

- | | |
|---------------------------|----------|
| 1. Mr. Chumpol NaLamlieng | Chairman |
| 2. Mr. Yos Euarchukiati | 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 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 top executives.

6. Regularly review, study, and track the changes and trends in remuneration for the Board of Directors and top

executives, and report 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 Company's continuing development.

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 and 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 its scope of authority, the Remuneration Committee is authorized to call for and order the management, heads of offices, or employees concerned to give opinions, attend the meetings, or submit the necessary documents. In addition, the committee may seek external consultation and professional advice from independent consultants or specialists, as deemed appropriate, at the Company's expense.

Board of Directors

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

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

Mr. Chirayu Isarangkun Na Ayuthaya

Age 68

Position in SCC Chairman

Education

1964 B.Sc. 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 Limited

Other Current Positions

Since 1987 Director-General,
The Crown Property Bureau
Since 1987 Grand Chamberlain,
The Royal Household Bureau
Since 1987 Chairman, Deves Insurance
Public Company Limited
Since 1998 Chairman, National Institute
of Development Administration
Since 2007 Director, Siam Commercial Bank
Public Company Limited

Air Chief Marshal Kamthorn Sindhvananda

Age 84

Director qualified as an 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	Since 1994	Vice Chairman, The Royal Project Foundation
2000	Honorary Degree, Doctor of Philosophy (Public Administration), The National Institute of Development Administration	Since 2003 Since 2003	Chairman, Tapasa Foundation Chairman, Prajadhipok-Rambhai Barni Foundation
2007	Honorary Degree, Doctor of Liberal Arts, Southeast Bangkok College	Since 2004 Since 2005	Chairman, The Royal Scholarship for Thai Priest Project Chairman, Suan Luang Rama IX Park Foundation
Seminar			
2001	Chairman 2000 Program, Thai Institute of Directors Association	Mr. Snoh Unakul	
2004	Finance for Non-Finance Directors, Thai Institute of Directors Association	Age 79	
2004	Directors Accreditation Program (DAP) 18/2004, Thai Institute of Directors Association	Positions in SCC	Director Member of The Governance and Nomination Committee
2006	Understanding the Fundamental of Financial Statement (UFS), Thai Institute of Directors Association	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, Srinakharinwirot 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
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, The Sai Jai Thai Foundation Under the Royal Patronage		
Since 1987	Privy Councillor		
Since 1989	Chairman, Foundation for Petroleum Institute of Thailand		

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	Deputy Prime Minister
1991 - 1992	Chairman, Council of Burapha University
1992 - 1995	Chairman, Board of Directors and Chairman of the Executive Committee, The Bank of Asia Public Company Limited
2010	Chairman, The First Governor of the Bank of Thailand Selection Committee

Other Current Positions

Since 1984	Chairman, Thailand Development Research Institute Foundation
Since 1992	Director, Dole (Thailand) Company Limited
Since 1993	Director, Board of The Crown Property Bureau
Since 2006	Director, CPB Equity Company Limited
Since 2009	Chairman, Siam Bioscience Company Limited

Mr. Sumet Tantivejkul

Age 71
Director qualified as an 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), Monpellier University, France
1969	Ph.D. (Political Science), Monpellier University, France
1982	Diploma Economic Development EDI, World Bank, Washington D.C., U.S.A.

Seminar

2001	Bankruptcy and Rehabilitation Process: What Directors and Executive should Know? Thai Institute of Directors Association
2001	The Audit Committee... The Expectation Increase and The Responsibility Expansion, The Stock Exchange of Thailand
2003	Directors Certification Program (DCP) 30/2003, Thai Institute of Directors Association
2003	Finance for Non-Finance Directors 5/2003, Thai Institute of Directors Association
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 - 1999	Chairman, Petroleum Authority of Thailand
1997 - 2000	Director, Thai Farmers Bank Public Company Limited	1999 - 2000	Chairman, National Petrochemical Public Company Limited
Other Current Positions		2000 - 2003	Honorary Advisor, National Petrochemical Public Company Limited
Since 1988	Member and Secretary-General, The Chaipattana Foundation	Other Current Positions	
Since 2001	Director, Council of Burapha University	Since 1933	Director, H.C. Starck Company Limited
Since 2002	Chairman, Elephant Reintroduction Foundation	Since 2000	Chairman, Ruamkijaungthong Warehouse Limited
Since 2002	Chairman, The Sirindhorn International Environmental Park	Since 2000	Chairman, Pan-Paper 1992 Company Limited
Since 2004	Chairman, Foundation for a Clean and Transparent Thailand	Since 2001	Specialist Senior Engineering (Industrial Engineer), Council of Engineers
Since 2005	President of the University Council, Thammasat University	Since 2002	Law Councillor of Ministry of Labour
Mr. Pricha Attavipach		Since 2003	Chairman, SIAM P.P. International Public Company Limited
Age 72		Since 2003	Chairman, Tongkah Harbour Public Company Limited
Director qualified as an Independent Director		Since 2003	Chairman, Tungcum Company Limited
Positions in SCC	Director Member of the Audit Committee	Since 2003	Chairman, Cholsin Company Limited
Education		Since 2004	Chairman, Ekaratpattana Company Limited
1960	B.Sc. (Industrial Engineering), Chulalongkorn University	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.)
1964	M.S. (Industrial Engineering & Management), Oklahoma State University, U.S.A.	Since 2004	Independent Director and Chairman of the Audit Committee, Thai Rung Union Car Public Company Limited
Seminar		Since 2007	President of the University Council, Chaopraya University
2004	Directors Certification Program 39/2004, Thai Institute of Directors Association	Since 2008	Chairman and Independent Director, Thai Sugar Terminal Public Company Limited
2004	Finance for Non-Finance Directors, Thai Institute of Directors Association	Since 2008	Chairman, TS Oil Industry Company Limited
2006	Audit Committee Program (ACP), Thai Institute of Directors Association	Since 2008	Chairman, TSG Asset Company Limited
Previous Experience		Since 2008	Chairman, Kaset Thai Sugar Refinery Company Limited
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		

Since 2008	Chairman, TS Flour Mills Public Company Limited	2005	Thai Institute of Directors Association DCP Refresher Course 1/2005,
Since 2009	Chairman, Foundation for Industrial Development		Thai Institute of Directors Association
Since 2010	Chairman, SI Property Company Limited		

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

Mr. Panas Simasathien

Age 78

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

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 2010	Chairman, Union Plastic Public Company Limited

Mr. Yos Euarchukiati

Age 68

Positions in SCC Director
Member of the Remuneration
Committee

Education

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

Since 2001 Director, Siam Piwat Company Limited

Mr. Arsa Sarasin

Age 74

Director qualified as an 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-Laos
Association

1995 - 1999 Vice Chairman of the Board
of Directors, Bangkok Bank
Public Company Limited

1997 Chairman, The Second Asia-Europe
Business Forum (AEBF)

1998 - 2000 Chairman of The Foundation
for International
Human Resources Development

2000 – 2008 Advisor to the Board of Directors,
Bangkok Bank Public Company Limited

Other Current Positions

Since 1993 Chairman, Thai Asia Pacific Brewery
Company Limited

Since 1996 Chairman, Amata City
Company Limited

Since 1998 Chairman, Padaeng Industry
Public Company Limited

Since 1998 Deputy Chairman, 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 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 63

Positions in SCC Director
Chairman,
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 Nimmanhaeminda

Age 65

Director qualified as an 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
Graduate 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 71

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
Company Limited
1981 - 1996 Managing Director, SCT
Company Limited
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
Company Limited
Since 1999 Chairman, Siamcompressor Industry
Company Limited
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 55

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, Cementsai 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)
Since 2010	Member, Board of Trustees, Asia Business Council

Mr. Worapol Jennapar

Positions in SCC Secretary to the Board

Ms. Pornpen Namwong

Positions in SCC Corporate Secretary

Shareholdings of Directors as at December 31, 2010

Directors	The Siam Cement Public Company Limited					Affiliated companies	
	Ordinary shares (shares)			Debentures (units)		Ordinary shares (shares)	
	Held personally	Held by spouses and minor children	Increase (decrease) during financial year	Held personally	Increase (decrease) during financial year	Held personally	Increase (decrease) during financial year
1. Mr. Chirayu Isarangkun Na Ayuthaya	-	-	-	-	-	-	-
2. Air Chief Marshal Kamthon Sindhvananda	28,000	-	-	61,500	-	-	-
3. Mr. Snoh Unakul	30,000	-	-	-	-	-	-
4. Mr. Sumet Tantivejkul	-	-	-	12,000	-	-	-
5. Mr. Pricha Attavipach	4,100	33,500	-	-	-	-	-
6. Mr. Panas Simasathien	100,000	-	-	27,000	-	-	-
7. Mr. Yos Euarchukiati	530,000	-	246,000 Increase personally	-	-	37,767,780*	17,720,000*
8. Mr. Arsa Sarasin	8,900	-	8,900 Increase personally (90,100) Decrease spouse	-	-	40,000*	-
9. Mr. Chumpol NaLamlieng	1,001,000	-	-	9,000	9,000	1,000,000*	-
10. Mr. Tarrin Nimmanahaeminda	-	20,000	10,000 Increase personally	-	-	-	-
11. Mr. Pramon Sutivong	-	45,000	-	6,000	2,000	-	-
12. Mr. Kan Trakulhoon	-	-	-	-	-	37,000*	37,000*

Notes:

- 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).
- 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 percent of issued shares.
- According to SEC regulation, ordinary shares of a company including those held by a spouse and minor children.
- 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.
- The Siam Cement Public Company Limited debentures are 1,000 baht per unit.
- * Ordinary shares of The Thai Plastic and Chemicals Public Company Limited.
- Currently, SCG affiliated companies issue no debentures.

The attendance of the directors in 2010

Directors	Board of Directors	The Audit Committee	The Governance and Nomination Committee	The Remuneration Committee	The 2010 Ordinary General Meeting of Shareholders
	(Total 12 directors) Total 10 times/year	(Total 4 members) Total 8 times/year	(Total 5 members) Total 3 times/year	(Total 3 members) Total 6 times/year	(Total 12 directors) On March 31, 2010
1. Mr. Chirayu Isarangkun Na Ayuthaya	10/10				1/1
2. ACM Kamthon Sindhvananda	9/10	8/8			1/1
3. Mr. Snoh Unakul	10/10		3/3		1/1
4. Mr. Sumet Tantivejkul	10/10	7/8	3/3		1/1
5. Mr. Pricha Attavipach	10/10	8/8			1/1
6. Mr. Panas Simasathien	10/10		3/3		1/1
7. Mr. Yos Euarchukiati	9/10			6/6	1/1
8. Mr. Arsa Sarasin	9/10		2/3		1/1
9. Mr. Chumpol NaLamlieng	10/10			6/6	1/1
10. Mr. Tarrin Nimmanahaeminda	10/10	8/8	3/3		1/1
11. Mr. Pramon Sutivong	10/10			6/6	1/1
12. Mr. Kan Trakulhoon	10/10				1/1

Notes:

- The five independent directors are number 2, 4, 5, 8 and 10.
- The four Audit Committee members are number 2, 4, 5 and 10.
- The five Governance and Nomination Committee members are number 3, 4, 6, 8 and 10.
- The three Remuneration Committee members are number 7, 9 and 11.

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

(As of 1 January 2010)

SCG top executives are comprised of:

- Mr. Kan Trakulhoon
President & CEO, SCG
- Mr. Chaovalit Ekabut
Vice President – Finance and Investment & CFO, SCG
President, SCG Investment
- Mr. Aree Chavalitcheewingul
Vice President – Corporate Administration, SCG

4. Mr. Cholanat Yanaranop
President, SCG Chemicals
5. Mr. Roongrote Rangsiyopash
President, SCG Paper
6. Mr. Pramote Techasupatkul
President, SCG Cement
7. Mr. Pichit Maipoom
President, SCG Building Materials
8. Mr. Kajohndet Sangsuban
President, SCG Distribution

Remarks

Since January 1, 2011, SCG has announced its new organizational structure with some changes as follow.

1. Mr. Roongrote Rangsiyopash was retired from the position of Vice Present & CFO of SCG and was appointed as President of SCG Paper.

2. Mr. Chaovalit Ekabut was retired from the position of President of SCG Paper and was appointed as Vice President - Finance and Investment & CFO of SCG and President of SCG Investment.

3. Mr. Aree Chavalitcheewingul was appointed as Vice President - Corporate Administration of SCG.

4. Mr. Damri Tunshevavong was retired from the position of President of 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 55

Positions in SCG Director
President & CEO, SCG

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, Cemen Thai 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)

Since 2010 Member, Board of Trustees, Asia
Business Council

Mr. Chaovalit Ekabut

Age 52

Positions in SCG Vice President - Finance and
investment & CFO, SCG
President, SCG Investment

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

2010 Role of the Chairman Program (RCP)
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
2005-2010	President, SCG Paper
2005-2010	Chairman, Thai Cane Paper Public Company Limited
2005-2010	Chairman, Thai British Security Printing Public Company Limited

Mr. Aree Chavalitcheewingul

Age 48

Position in SCG Vice President - Corporate Administration, SCG

Education

1985	Bachelor of Engineering (Electrical), Honor, Chiang Mai University
1992	Master of Engineering (Industrial Engineering and Management), Asian Institute of Technology

Previous Experience

2007-2008	Managing Director, The Siam Ceramic Group Industries Co., Ltd.
2008-2010	Managing Director, Thai-German Ceramic Industry Public Company Limited

Other Current Positions

Since 2009	Director, Sосуco Ceramic Co., Ltd.
Since 2009	Director, Sосуco and Group (2008) Co., Ltd.

Mr. Cholanat Yanaranop

Age 51

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
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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, Cement Thai Chemical Company Limited
2005-2010	Director, PTT Chemical Public 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, 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. Roongrote Rangsiyopash

Age 47

Position in SCG President, SCG Paper

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
2005-2010 Director, PTT Chemical Public
Company Limited
2005-2010 Vice President & CFO, The Siam
Cement Public Company Limited

Other Current Positions

Since 2005 Director, Cementsai Ceramics Co., Ltd.
Since 2008 Director, Thai-German Ceramic
Industry Public Company Limited
Since 2010 Director, Quality Construction
Products Public Company Limited
Since 2011 Chairman of the Board of Directors
and Executive Committee, Thai Cane
Paper Public Company Limited
Since 2011 Chairman, Thai British Security
Printing Public Company Limited

Mr. Pramote Techasupatkul

Age 58

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, Cementsai Roofing and
Concrete Products Company Limited
2001-2002 Vice President, The Siam Cement
Public Company Limited

Mr. Pichit Maipoom

Age 54

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

2001-2005 Managing Director, Thai Ceramic
Company Limited
2004-2005 Executive Vice President, Cementsai
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 57

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 (DAP)
2004, Thai Institute of Directors
Association

Previous Experience

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

Other Current Positions

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

Corporate officers in Finance and Accounting

Mr. Padungdej Indralak

Age 56

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
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Other Current Position

Since 2007	Indonesian Executive Directors, SCG
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Mr. Pichit Leelaphantmetha

Age 47

Position in SCG Corporate Accounting Director

Education

1985	Bachelor of Accountancy, Chulalongkorn University
1989	Master of Business Administration, Thammasat University

Previous Experience

2005	Senior Manager, Managerial Reporting and Consolidation, Corporate Accounting Division, The Siam Cement Public Company Limited
2006-2007	Senior Manager, Business Analysis and Reporting Process, SCG Accounting Services Company Limited
2007	General Manager, Supporting Business, Thai Plastic and Chemicals Public Company Limited

Other Current Position

Since 2005	Tax Accounting Committee, Federation of Accounting Professions (FAP) under The Royal Patronage of His Majesty the King
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6. Election of Directors and Executives

Rules and Procedures for the Election of Directors are as follows:

1. Prior to the Annual General Meeting of Shareholders, the Governance and Nomination Committee proposes to the Board the names of persons to replace directors who are retired by rotation. The nominees will then be listed for consideration for election during the Meeting. All shareholders have an equal right to propose other candidates. 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 Meeting. 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. In the directors' election, each shareholder or proxy shall have one vote for each share he/she holds or represents. 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 cause the number of directors to be exceeded, the chairman of the Meeting shall cast the deciding vote.

At the 2010 Annual General Meeting of Shareholders, the four board members who were due to retire by rotation were 1) Mr. Chirayu Isarangkun Na Ayuthaya, 2) Air Chief Marshal Kamthon Sindhvananda, 3) Mr. Tarrin Nimmanahaeminda, and 4) Mr. Pramon Sutivong. According to the Company's Articles of Association, the one-third of directors who have served longest must retire from office. In the nomination process, each director proposes appropriate persons to the Governance and Nomination Committee. The Committee, which excluded Mr. Tarrin Nimmanahaeminda, who had a conflict of interest since he was due to retire by rotation in 2010, considered

a total of seven qualified nominees, each nominated by a director. Four of the seven were retiring directors according to the Agenda, and three were newly qualified nominees. The Committee then nominated four qualified nominees, namely, 1) Mr. Chirayu Isarangkun Na Ayuthaya, 2) Air Chief Marshal Kamthon Sindhvananda, 3) Mr. Tarrin Nimmanahaeminda, and 4) Mr. Pramon Sutivong, all of whom were elected by majority vote as per the resolution passed in the Annual General Meeting of Shareholders held on March 31, 2010.

Nomination and Succession Plan for High-level Executive Positions at SCG

SCG has put in place a proper and transparent nomination process for key management positions at every level in order to ensure that all of our executives are professionals who perform their duties independently from the major shareholder and other shareholders. The succession plan for the chief executive officer and high-level executives is carried out by the Governance and Nomination Committee and considered by the Board of Directors. SCG's nomination process commences with the process of recruiting candidates who possess both talent and integrity. Young talents are the focus of recruitment, so that they can be groomed to become leaders in the future. Qualified employees will undergo a high potential assessment and pursue development courses following individual career development plans. These talents will be assigned challenging tasks, and their positions will be rotated periodically in order to further develop their leadership skills and all-round knowledge in every area of SCG's business. The plan is implemented at every level of employment to ensure that staff are ready to fill any positions that become vacant.

Policy on High-level Executives Holding Directorship in Organizations Outside SCG

The Board of Directors has set a policy that allows high-level executives to hold directorship in organizations outside SCG, and to spend company work hours carrying out the directorship duties, for organizations of certain types:

1. Governmental organizations that are not established for the benefit of political parties, because the executives' service represents their cooperation with the authorities and contribution to the general public;

2. Private organizations that are established for the benefit of the general public such as the Federation of Thai Industries, Thai Chamber of Commerce, Thailand Management Association, and so on.

3. Private organizations that are established for trading purposes; present no conflicts with SCG and; do not consume time to the extent that it is disadvantageous for the Company. (Subject to approval.)

(Source: Resolution No. 5.2 of the Board of Directors Meeting of SCG No. 206 (1/2536): RE: Policy of the Board of Directors regarding employees spending company work hours to work for non-SCG organizations)

7. Director and Executive Remuneration

Director Remuneration

In the 11th Annual General Meeting of Shareholders held on March 24, 2004, a resolution passed concerning the remuneration and bonuses of directors. Monthly remuneration for all directors was set at 1,800,000 Baht, to be distributed among the directors in such manner that they themselves may consider appropriate. Regarding bonuses, permission was granted for the Board itself to determine the appropriate amount, but the amount cannot exceed 0.5% of total dividends paid to shareholders, and should be apportioned among the directors in such manner they themselves may consider appropriate. This took effect from the day the resolution was passed by a vote of the shareholders and remained in effect 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 a fixed fee and attendance fee, as follows:

The Remuneration for the Committees

	Fixed Remuneration (Baht / Person / Year)	Attendance of 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
Chairman	48,000	12,000
The Remuneration Committee		
Chairman	72,000	18,000
Director	48,000	12,000

The Remuneration for the Board of Directors and the Subcommittees Paid in 2010

Directors	Remuneration (Baht)				Directors' Bonus paid in 2010* (Baht)	Total (Baht)
	The Board of Directors	The Audit Committee	The Governance and Nomination Committee	The Remuneration Committee		
1. Mr. Chirayu Isarangkun Na Ayuthaya ¹	2,592,000	-	-	-	6,840,000	9,432,000
2. ACM Kamthon Sindhvananda ²	1,728,000	288,000	-	-	4,560,000	6,576,000
3. Mr. Snoh Unakul	1,728,000	-	84,000	-	4,560,000	6,372,000
4. Mr. Sumet Tantivejkul ³	1,728,000	176,000	126,000	-	4,560,000	6,590,000
5. Mr. Pricha Attavipach	1,728,000	192,000	-	-	4,560,000	6,480,000
6. Mr. Panas Simasathien	1,728,000	-	84,000	-	4,560,000	6,372,000
7. Mr. Yos Euarchukiati	1,728,000	-	-	120,000	4,560,000	6,408,000
8. Mr. Arsa Sarasin	1,728,000	-	72,000	-	4,560,000	6,360,000
9. Mr. Chumpol NaLamlieng ⁴	1,728,000	-	-	180,000	4,560,000	6,468,000
10. Mr. Tarrin Nimmanahaeminda	1,728,000	192,000	84,000	-	4,560,000	6,564,000
11. Mr. Pramont Sutivong	1,728,000	-	-	120,000	4,560,000	6,408,000
12. Mr. Kan Trakulhoon	1,728,000	-	-	-	4,560,000	6,288,000
Total	21,600,000	848,000	450,000	420,000	57,000,000	80,318,000

Notes:

1. Chairman of the Board of Directors
2. Chairman of the Audit Committee
3. Chairman of the Governance and Nomination Committee
4. Chairman of the Remuneration Committee

* The directors' bonus paid in 2010 consisted of the bonus payment based on the final dividend of the year 2009 paid to shareholders on April 28, 2010 and the interim dividend of the year 2010 paid on August 26, 2010 as represented in the item of "Management benefit expenses" on the consolidated statements of income, page 89.

Executive Remuneration

The total remuneration for eight executives in the form of salaries, bonuses, variable pay, and others amounted to 172,077,200 Baht. For 2010, the Company made contributions of 8,291,400 Baht to the provident fund for the executives, because they are employees of the Company.

1. The Remuneration for the Directors and Executives of Subsidiaries, which are SCG's Core Businesses (As at the Year Ended December 31, 2010)

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 executives who are not subject to remuneration paid for being directors. Names of the directors as of December 31, 2010 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 Total remuneration for executives of subsidiaries that are core businesses of SCG

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

2) Other compensation such as provident fund contributions.

Details of compensation are as follows:

Subsidiaries that are core businesses	Number of executives	Total remuneration in the form of money (Baht)	Other compensation (Baht)
1. SCG Chemicals Co., Ltd.	10	34,696,400	2,336,400
2. SCG Paper Public Company Limited	7	24,531,100	1,666,920
3. SCG Cement Co., Ltd.	7	38,473,600	2,436,480
4. SCG Building Materials Co., Ltd.	8	27,878,275	1,877,520
5. SCG Distribution Co., Ltd.	7	20,602,500	1,470,600

Note: The number of executives, and the 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, which are listed on page 74 of the 2010 Annual Report.

SCG's and Subsidiaries' Policy on Payment of Dividends

The Company follows a policy of distributing dividends at a rate of 40% to 50% of the net profit stated in the consolidated financial statement. The Company may consider altering its dividend distribution in case of necessity or special circumstances.

For most subsidiaries that are 100% owned by the Company, The Siam Cement Public Company Limited, also considered their financial structure and investment. The Company did not find any policy that led to transfer of interest, lack of transparency as stated in the principles of corporate governance.

8. Connected Transactions

The Board of Directors emphasizes the importance of review and consideration before granting approval for connected transactions or related transactions or transactions that may cause conflict of interest. The SCG Code of Conduct has set forth a policy regarding such 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 ways as providing services, trading raw materials and products, or providing financial support, technical assistance, human resources, etc. In doing businesses or performing duties related to such matters, all employees and parties concerned are required to comply with the law, the rules and regulations of government agencies, as well as the rules of SCG, in addition to any criteria or conditions prescribed by local communities.

Transactions with Outside Entities

In undertaking transactions with outside entities or other companies, the Company shall proceed by implementing fair methods and complying with terms and conditions as agreed upon honestly. The Company shall also avoid making transactions that may cause trouble or damage to outside parties.

The Company has specified guidelines and procedures on how to consider the granting of approval for connected transactions, related transactions, or transactions with potential conflict of interest, to ensure the Company's best

interest and in accordance with rules and regulations as prescribed by law. The directors and management shall disclose to the Company in advance whether they hold any stakes involving potential conflict of interest. The Company, in turn, shall consider the appropriateness of any transaction, 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' Meeting, 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 considering approval. In any case, the SCG Code of Conduct and SCG Corporate Governance Policy allow the Company to make transaction decisions based on a market price mechanism, which is a standard and efficient tool used throughout the Company's business operations.

Future Connected Transactions

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

Connected transactions

Significant transactions with related parties for the year ended December 31, 2010 are summarized as follows:

1. Asset transactions include

1.1 Investment

1.1.1 A connected transaction between a subsidiary of the Company and a subsidiary of the major shareholder of the Company amounting to 158.62 Million Baht :

- Sale of shares in Nava 84 Co., Ltd. and 84 Co., Ltd. to CPB Equity Co., Ltd., a subsidiary of the Crown Property Bureau, which is the major shareholder of the Company.

1.1.2 A transaction with an external entity amounting to 1,081 Million Baht:

- Purchase of Common Shares in Bangkok Synthetics Co., Ltd. from the Siam Commercial Bank Public Company Limited, whose major shareholder is the Crown Property Bureau group.

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)							Pricing policy
			SCC	SCG Chemicals	SCG Paper	SCG Cement	SCG Building Materials	SCG Distribution	SCG Investment and others	
1. Transactions with associates										
1.1 SCG Chemicals										
Service expenses and others			-	890	-	68	-	10	5	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.	26								
	Thai PET Resin Co., Ltd.	20								
Sales			-	16,532	-	-	-	93	-	Market price applied with third party transactions
	Siam Polyethylene Co., Ltd.	50								
	Grand Siam Composites Co., Ltd.	46								
	Mehr Petrochemical Company	39								
	Bangkok Synthetics Co., Ltd.	26								
	Thai PET Resin Co., Ltd.	20								
	PTT Chemical Public Company Limited	5								
Purchases			-	28,598	3	-	-	39	-	Market price applied with third party transactions
	Siam Styrene Monomer Co., Ltd.	50								
	Siam Polyethylene Co., Ltd.	50								
	MTP HPPO Manufacturing Co., Ltd.	50								
	SCG Plastics (China) Co., Limited	49								
	Thai MMA Co., Ltd.	47								
	Grand Siam Composites Co., Ltd.	46								
	Bangkok Synthetics Co., Ltd.	26								
	Nawacam Co., Ltd.	18								
	Riken (Thailand) Co., Ltd.	16								
	Inter Plastic Co., Ltd.	11								
Loans from			-	43	-	-	-	-	-	Agreed interest rate
	GTC Technology International, LP	25								
Guarantees			1,647	-	-	-	-	-	-	Contract Rate
	Mehr Petrochemical Company	39								
1.2 SCG Paper										
Purchases			-	-	339	-	-	-	-	Market price applied with third party transactions
	Siam Toppan Packaging Co., Ltd.	48								
1.3 SCG Building Materials										
Service expenses and others			-	-	-	-	154	154	163	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 (Nongkøe) Co., Ltd.	36								
	The Siam Gypsum Industry (Saraburi) Co., Ltd.	29								
Sales			-	1	-	-	263	2,125	-	Market price applied with third party transactions
	Sekisui-SCG Industry Co., Ltd.	49								
	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								
	Monier Roofing Co., Ltd.	25								

Type of Transaction	Connected companies / Relationship	Total Direct/ Indirect Holding (%)	Amount (Million Baht)							Pricing policy
			SCC	SCG Chemicals	SCG Paper	SCG Cement	SCG Building Materials	SCG Distribution	SCG Investment and others	
Purchases	Sekisui-SCG Industry Co., Ltd.	49	-	70	501	4	10	141	-	Market price applied with third party transactions
	Mariwasa Siam Ceramic, Inc.	46								
	Siam Sanitary Ware Industry Co., Ltd.	36								
	Siam Sanitary Ware Industry (Nongkhae) Co., Ltd.	36								
	The Siam Gypsum Industry (Saraburi) Co., Ltd.	29								
	The Siam Gypsum Industry (Songkhla) Co., Ltd.	29								
Loans from			405	-	-	-	103	-	-	Agreed interest rate
	Mariwasa Siam Ceramic, Inc.	46								
	PT. M Class Industry	28								

1.4 SCG Distribution

Service income	Jumbo Barges and Tugs Co., Ltd.	27	-	-	-	-	-	1,081	-	Market price applied with third party transactions
Service expenses and others	Thai Prosperity Terminal Co., Ltd.	50	-	-	-	-	-	49	-	Market price applied with third party transactions
Sales	Green Siam Resources Corporation	40	-	-	-	-	-	41	-	Market price applied with third party transactions

1.5 SCG Investment and Others

Service income	IT One Co., Ltd.	20	53	117	102	86	56	180	45	Market price applied with third party transactions
Service expenses and others			203	-	-	4	-	-	317	Market price applied with third party transactions
	Siam Kubota Corporation Co., Ltd.	40								
	Siam Lemmerz Co., Ltd.	30								
Sales	The Siam Nawaloha Foundry Co., Ltd.	25								Market price applied with third party transactions
	Siam Kubota Corporation Co., Ltd.	40						469		
Purchases	Siam Kubota Corporation Co., Ltd.	40	-	-	24	12	-	99	-	Market price applied with third party transactions
	The Nawaloha Industry Co., Ltd.	30								
	Aisin Takaoka Foundry Bangpakong Co., Ltd.	30								
	The Siam Nawaloha Foundry Co., Ltd.	25								
Loans from			427	-	-	-	-	-	-	Contract Rate
	Siam Kubota Metal Technology Co., Ltd.	40								

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	Siam Yamato Steel Co., Ltd.	10	-	6	-	18	-	64	324	Market price applied with third party transactions
	Mr. Damri Tunshevavong / Director Mr. Chaovalit Ekabut / Director									
	The Siam United Steel (1995) Co., Ltd.	5								
	Mr. Damri Tunshevavong / Director									

Type of Transaction	Connected companies / Relationship	Total Direct/ Indirect Holding (%)	Amount (Million Baht)							Pricing policy
			SCC	SCG Chemicals	SCG Paper	SCG Cement	SCG Building Materials	SCG Distribution	SCG Investment and others	
Sales	Siam Yamato Steel Co., Ltd. Mr. Damri Tunshevavong / Director Mr. Chaovalit Ekabut / Director	10	-	-	-	-	-	1,428	-	Market price applied with third party transactions
Purchases	Siam Yamato Steel Co., Ltd. Mr. Damri Tunshevavong / Director Mr. Chaovalit Ekabut / Director	10	-	5	15	208	-	352	-	Market price applied with third party transactions
	Asia Cement Public Company Limited Mr. Pramote Techasupatkul / Director	10								
	The Siam United Steel (1995) Co., Ltd. Mr. Damri Tunshevavong / Director	5								
	Siam Toyota Manufacturing Co., Ltd. Mr. Damri Tunshevavong / Vice-President Mr. Pichart Angchanpen Deputy Managing Director	4								

9. Information Dissemination Channels

SCG places great importance upon transparency and full disclosure of significant financial, operational, and other relevant information, so that it is accurate, complete, and timely. In addition to fulfilling legal and SET reporting requirements, SCG has established its own broad infrastructure of dissemination channels to reach interested parties. These communications channels include:

- The Investor Relations Department, which is responsible for direct communication with both local and international investors.
- Press conferences on a quarterly basis to announce operating results, and regular press briefings to announce significant investment projects and activities.
- Analyst conference to announce quarterly operating results to investors and analysts.
- Activities to disseminate policy and operational guidelines to employees.
- Activities to meet both local and international investors and other stakeholders.
- Speaking opportunities to share knowledge in national and international forums.
- Company visits and plant tours for shareholders, investors, analysts, NGOs, communities, the media, and other stakeholders.
- Systematic distribution to the media of press releases, captioned photographs, news stories and advertisements.
- Periodical publications and media, such as annual reports, sustainability reports, debenture holder journals, customer journals, dealer journals, and employee journals.
- Electronic media for communications with employees, such as intranet, webboards, and e-mail.
- Website: www.scg.co.th

10. Audit Fees

For the fiscal year 2010, The Siam Cement Public Company Limited and its subsidiaries paid an audit fee of 31.72 Million Baht to KPMG Phoomchai Audit Ltd., which the auditors worked for, and to persons or 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 do not have any relationships or interests involving the Company, management, or major shareholders, including their related persons.

Audit fees for the year 2010

1. Annual audit fee for SCC's financial statements.	248,000 Baht
2. Quarterly review fee and annual audit fee of 115 subsidiaries and consolidated financial statements.	31.47 Million Baht
Total audit fees of The Siam Cement Public Company Limited and its subsidiaries	31.72 Million Baht

Non-audit Fee

For this fiscal year, the subsidiaries paid a non-audit fee of 1,120,00 Baht, which was for reviewing compliance with the conditions of the BOI Promotion Certificate to the audit firm and persons or businesses related to the auditors and the audit firm.

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Report on 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 Board considers the accounting policies pursued to be appropriate, and that they have been applied consistently with adequate disclosure of important information in the notes to the financial statements. The Company's 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 a proactive risk management system and the internal control system to ensure that accounting records are accurate, complete, timely, and that the Company's assets are properly safeguarded against fraud, operational irregularities and other risks. The Board has appointed an Audit Committee consisting of independent directors to provide effective and efficient oversight of the financial statements, internal control system, and internal audit. The Audit Committee is also charged with overseeing preparations for the mandated adoption of International Financial Reporting Standards. The Audit Committee's views are reported in its 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 represent the financial position, results of operations, and cash flows accurately.



Chirayu Isarangkun Na Ayuthaya
Chairman



Kan Trakulhoon
President & CEO

The Audit Committee's Report

As assigned by the Board of Directors in accordance with the Charter, the Audit Committee has examined such important matters as the financial reporting system, good corporate governance, evaluation of risk management, internal control systems and internal audit, fraud audit, and the appointment of auditor for 2011. The Committee arranged eight meetings during 2010, at which attendance was 97%, slightly higher than the previous year. The Audit Committee's main activities in 2010 were as follows:

1. Financial reporting system review The Audit Committee reviewed significant information regarding the Siam Cement Public Company Limited quarterly, annual, and consolidated financial statements for 2010. It reviewed material items, special items, as well as explanations and evidence, to ensure that the information was compliant with laws, accounting standards, and sufficient disclosure in notes to financial statements. In addition, the external auditor, the management, and the Internal Audit Office director have confirmed to the Committee that the financial statements, which the auditor reviewed, audited, and approved without reservation, provide sufficient disclosure and conform to accepted accounting standards.

The Audit Committee met with the external auditor in meetings that excluded management so as to independently discuss the material information regarding the preparation of financial statements and disclosure in notes to financial statements in accordance with standards, as well as the usefulness of these statements and disclosure notes. It also discussed potential indications of fraudulent action as per the Security and Exchange Act B.E. 2535. In 2010, the auditor did not discover any material misstatements or indications of fraud. Moreover, the Audit Committee instructed the president to report such fraud indications in accordance with SEC Act B.E. 2535. In this regard, the final meeting in 2010 confirmed that no fraud indications were found. This confirmation corresponds to that of the external auditor. Thus, the preparation of financial statements and consolidated financial statements was conducted with effectiveness, efficiency, transparency, and verifiability.

Moreover, the Audit Committee has reviewed SCG's readiness to prepare financial statements in accordance with International Financial Reporting Standards (IFRS). The Committee found that the Company has set clear accounting procedures to be followed; proposed changes in accounting principles to the Board of Directors for approval; and prepared the 2010 financial statements in accordance with these principles in order to be used for comparison with the 2011 financial statements. The Company will use IFRS from January 1, 2011 onwards.

2. Corporate governance review The Audit Committee reviewed compliance with corporate governance principles and the SCG Code of Conduct, and it affirmed that Board directors and employees are consistently following the stated principles. One indication of this is the fact that the Company has won major governance awards, which are listed in the Annual Report's section on corporate governance. In addition, SCG has strictly complied with Securities and Exchange laws and regulations of the Stock Exchange of Thailand, as well as all other relevant laws and regulations. The Committee also examined related parties' transactions and other transactions that might result in a conflict of interest. It oversaw the report on related directors and made correct and timely disclosures to the Stock Exchange of Thailand.

This year, the Board of Directors has agreed to establish a written stakeholder engagement policy so as to create a clearer picture of its business practices, adding long-term shareholder value. This policy will consider impacts on other stakeholders in order to facilitate sustainable business practices based on true fairness.

In addition, the Audit Committee has evaluated the performances of its collective membership (as a whole) and each individual member (using self-assessment). It concluded that it is very satisfied, similar to the previous year's conclusion. The topics evaluated included directors' preparedness, risk management, financial reporting, Board of Directors' meetings and the performances of the Internal Audit Office and Corporate Secretary Office.

3. Assessment of risk management review On a quarterly basis, the Audit Committee has reviewed the assessment of risk management of all business units according to the principles outlined in the risk management manual. The results showed that risk indicators were identified, levels of likelihood and impact were assessed, the risks were managed, and risk warning signals were monitored compliant with the established principles. Consequently, significant risks are within

the acceptable level. The Company's operating performance and financial status improved compared to the previous year despite problematic economic and political factors. This year the company reached beyond management of risks from economic conditions, to evaluate management of risks associated with social and environmental conditions, in line with our focus on sustainable development. SCG's practices have now been classified in the Gold Class level of the Dow Jones Sustainability Indexes (DJSI) for three consecutive years. The key risk factors and management strategies of each business unit are explained in the risk management section of the Annual Report.

4. Internal control system and internal audit review The Audit Committee has reviewed results of the internal control system assessment, whereby the Internal Audit Office has reported to the Committee on both a monthly and quarterly basis. The results showed that these systems are appropriate to the Company's operations. Moreover, the external auditor's opinion stated that there were no material deficiencies impacting the Company's financial statements. To enhance the efficiency of the internal control systems, the Company has developed fraud prevention guidelines for each business system, implemented control self assessment for information technology, and integrated preventive systems to support sustainable development. Details of these developments are described elsewhere in the Annual Report.

In terms of the internal audit function, the Audit Committee has reviewed operations of the Internal Audit Office according to the medium-term plan and the annual plan, which have already been approved. This evaluation showed that the target KPIs were achieved. On an annual basis, the Committee has reviewed the appropriateness of such key matters as vision; mission; strategy for forming management; the audit process; manpower; and capital expenditure and administrative expense budgets. In addition, the Committee has overseen the implementation of sustainable value-added audit, leveraged the knowledge and competency of auditors, enhanced information technology audit systems and developed audit procedures in accordance with the Total Quality Management (TQM) concept, as detailed elsewhere in the Annual Report.

5. Fraud audit review The Audit Committee has reviewed the results of fraud audits on both a monthly and quarterly basis. In 2010, fraud was immaterial in terms of value, which was lower than the prior year. In addition, the Committee has expressed opinions on preventive measures. It has reviewed fraud prevention guidelines for each work process, fraud audit based on risk assessment, and investigation protocols, to ensure that they are state-of-the-art and appropriate. Regarding the whistleblower system, which facilitates employees' participation in alerting the Company to suspicious activities involving potential fraud, in 2010, there were a total of 15 incidents reported. Audits of all cases have already been completed, and two of which regarded to be instances of fraud. Regarding the instance of a particular employee engaged in embezzlement and forgery of ordinary share certificate forms in 2009, the case is now under civil court trial.

6. Appointment of the external auditor and audit fee review for 2011 KPMG Phoomchai Audit Ltd. has been appointed as the external auditor of SCG for the three-year period from 2009 through 2011. Based on satisfactory results of performance appraisal and review of auditor's qualifications, the Audit Committee recommended it to the Board of Directors and the Board of Directors agreed to seek approval at the Shareholders' Meeting for the appointment of Mr. Supot Singhasaneh, Certified Public Accountant Registration No. 2826, and/or Mr. Winid Silamongkol, Certified Public Accountant Registration No. 3378, and/or Mr. Charoen Phosamritler, Certified Public Accountant Registration No. 4068; and/or Ms. Sureerat Thongarunsang, Certified Public Accountant Registration No. 4409, all of KPMG Phoomchai Audit Ltd., as the Company's auditors for the year 2011, approval of the Company's audit fee for the fiscal year 2011 amounting to 0.25 Million Baht, and acknowledgement of annual and quarterly audit fees for subsidiaries and consolidated financial statements amounting to 32.2 Million Baht.

On behalf of the Audit Committee

Air Chief Marshal

K. Sindhvananda

Kamthon Sindhvananda

Chairman of the Audit Committee

Consolidated Financial Statements

The Siam Cement Public Company Limited and its subsidiaries

Audit Report of Certified Public Accountant

To the Shareholders of The Siam Cement Public Company Limited

I have audited the accompanying consolidated balance sheets of The Siam Cement Public Company Limited and its subsidiaries as at 31 December 2010 and 2009, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial positions of The Siam Cement Public Company Limited and its subsidiaries as at 31 December 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in accordance with generally accepted accounting principles.

D. Singhasaneh

Supot Singhasaneh

Certified Public Accountant

Registration No. 2826

KPMG Phoomchai Audit Ltd.

Bangkok

23 February 2011

The Siam Cement Public Company Limited and its Subsidiaries

Consolidated balance sheets

As at 31 December 2010 and 2009

in thousand Baht			
Assets	Note	2010	2009
Current assets			
Cash and cash equivalents	6	63,827,071	28,937,114
Current investments		6,000,000	-
Trade accounts and notes receivable			
- Related parties	5, 7	2,640,924	3,406,356
- Other companies	7	22,767,262	19,651,879
Receivables from and short-term loans to related parties	5	1,357,919	1,019,229
Inventories	8	36,917,404	31,103,906
Other current assets		7,884,814	5,987,814
Total current assets		141,395,394	90,106,298
Non-current assets			
Investments in associates	9	39,750,575	57,618,240
Investments in jointly-controlled entity	9	957,569	1,071,782
Other long-term investments	10	13,734,888	3,227,938
Long-term loans to related party	5	392,927	436,129
Long-term loans to other companies	31	139,194	1,569,430
Property, plant and equipment	11	151,399,494	150,152,215
Intangible assets	12	4,797,684	4,038,263
Deferred tax assets	13	2,504,331	3,211,563
Other non-current assets	14	4,146,810	4,560,012
Total non-current assets		217,823,472	225,885,572
Total assets		359,218,866	315,991,870

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 2010 and 2009

in thousand Baht

Liabilities and shareholders' equity	Note	2010	2009
Current liabilities			
Bank overdrafts and short-term loans			
from financial institutions	15	8,666,479	2,165,542
Trade accounts payable			
- Related parties	5	2,139,170	2,014,047
- Other companies		20,830,073	15,174,640
Current portion of long-term debts	16	7,210,571	2,611,636
Current portion of debentures	17	24,878,434	14,959,863
Payables to and short-term loans from related parties	5	198,243	774,275
Accrued expenses		6,000,235	6,981,964
Income tax payable		9,802,573	2,713,815
Other current liabilities		3,356,714	4,846,832
Total current liabilities		83,082,492	52,242,614
Non-current liabilities			
Provident funds	25	421,162	415,503
Long-term debts	16	27,643,146	35,695,519
Debentures	17	84,853,756	94,749,874
Deferred tax liabilities	13	2,623,343	387,726
Other non-current liabilities	18	1,024,712	1,079,180
Total non-current liabilities		116,566,119	132,327,802
Total liabilities		199,648,611	184,570,416

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 2010 and 2009

in thousand Baht			
Liabilities and shareholders' equity	Note	2010	2009
Shareholders' equity			
Share capital			
Authorised share capital	19	<u>1,600,000</u>	<u>1,600,000</u>
Issued and paid-up share capital	19	1,200,000	1,200,000
Unrealised gains (deficits)			
Fair value changes on investments	20	3,243,556	(895)
Currency translation differences		(2,064,016)	(1,246,238)
Equity in associates		34,340	(143,637)
Convertible right of the subsidiary's			
subordinated debentures - minority interest	17	3,695	3,946
Retained earnings			
Appropriated			
Legal reserve	20	160,000	160,000
General reserve		10,516,000	10,516,000
Unappropriated			
From operations of the Company, subsidiaries			
and associates		120,027,532	94,020,811
Total equity attributable to the Company's shareholders		<u>133,121,107</u>	<u>104,509,987</u>
Minority interest			
From capital, operations and others		26,449,148	26,911,467
Total shareholders' equity		<u>159,570,255</u>	<u>131,421,454</u>
Total liabilities and shareholders' equity		<u>359,218,866</u>	<u>315,991,870</u>

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 2010 and 2009

in thousand Baht

	Note	2010	2009
Net sales	5	301,323,130	238,664,319
Cost of sales	5	247,915,256	185,456,338
Gross profit		53,407,874	53,207,981
Other income	27	6,383,775	4,291,776
Profit before expenses		59,791,649	57,499,757
Selling expenses	23	13,918,968	11,193,985
Administrative expenses	24	16,146,415	14,258,838
Management benefit expenses	26	260,687	208,448
Total expenses		30,326,070	25,661,271
Profit from operations		29,465,579	31,838,486
Gain (loss) on sales of investments and assets for restructuring, allowance for impairment of investments and others		18,032,608	(51,905)
Share of profit of associates and jointly-controlled entity		8,390,035	7,200,025
Profit before finance costs and income tax expense		55,888,222	38,986,606
Finance costs	28	4,670,176	5,649,136
Profit before income tax expense		51,218,046	33,337,470
Income tax expense	29	13,959,431	5,168,476
Net profit		37,258,615	28,168,994
Profit (loss) attributable to:			
Equity holders of the parent		37,381,873	24,345,502
Minority interest		(123,258)	3,823,492
		37,258,615	28,168,994
Basic earnings per share (in Baht)			
Attributable to equity holders of the parent	30	31.15	20.29

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 2010 and 2009

	Note	Issued and paid-up share capital	Unrealised surpluses (deficits)		
			Fair value changes	Currency translation differences	Equity in associates
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)
Balance at 1 January 2010		1,200,000	(895)	(1,246,238)	(143,637)
Unrealised gains					
Available for sale investments		-	3,244,451	-	387,314
Translation of financial statement differences		-	-	(817,778)	(209,337)
Convertible right of the subsidiary's subordinated debentures - minority interest	17	-	-	-	-
Net income (expense) recognised					
directly in shareholders' equity		-	3,244,451	(817,778)	177,977
Net profit		-	-	-	-
Total recognised income and expense		-	3,244,451	(817,778)	177,977
Dividends	32	-	-	-	-
Increase in minority interest		-	-	-	-
Balance at 31 December 2010		1,200,000	3,243,556	(2,064,016)	34,340

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			
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
3,946	160,000	10,516,000	94,020,811	104,509,987	26,911,467	131,421,454
-	-	-	-	3,631,765	261,750	3,893,515
-	-	-	-	(1,027,115)	(324,740)	(1,351,855)
(251)	-	-	-	(251)	-	(251)
(251)	-	-	-	2,604,399	(62,990)	2,541,409
-	-	-	37,381,873	37,381,873	(123,258)	37,258,615
(251)	-	-	37,381,873	39,986,272	(186,248)	39,800,024
-	-	-	(11,375,152)	(11,375,152)	(808,190)	(12,183,342)
-	-	-	-	-	532,119	532,119
3,695	160,000	10,516,000	120,027,532	133,121,107	26,449,148	159,570,255

The Siam Cement Public Company Limited and its Subsidiaries

Consolidated statements of cash flows

For the years ended 31 December 2010 and 2009

	in thousand Baht	
	2010	2009
Cash flows from operating activities		
Net profit	37,258,615	28,168,994
Adjustments for		
Depreciation and amortisation	12,477,696	12,207,604
Interest income	(484,314)	(432,462)
Interest expense	6,443,676	5,939,723
Unrealised loss (gain) on foreign currency exchange	(1,014,873)	256,006
Allowance for doubtful accounts	46,287	57,669
Reversal of allowance for decline in value, obsolete and slow moving of inventories	(93,530)	(128,535)
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	(18,032,608)	51,905
Negative goodwill	(27,727)	-
Gain on sales of property, plant and equipment	(181,363)	(39,487)
Dividend income	(2,458,868)	(1,083,679)
Share of profit of associates and jointly-controlled entity	(8,390,035)	(7,200,025)
Income tax expense	13,959,431	5,168,476
Profit provided by operating activities before changes in operating assets and liabilities	39,502,387	43,019,071
Decrease (increase) in operating assets		
Trade accounts and notes receivable	(2,169,179)	(3,442,477)
Receivables from related parties	(365,417)	84,956
Inventories	(6,907,884)	(379,443)
Other current assets	(1,830,474)	1,011,655
Other non-current assets	496,469	(644,600)
Net increase in operating assets	(10,776,485)	(3,369,909)

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 2010 and 2009

in thousand Baht

	Note	2010	2009
Increase (decrease) in operating liabilities			
Trade accounts payable		4,272,479	4,697,602
Payables to related parties		(98,061)	(84,810)
Accrued expenses and other current liabilities		934,979	2,130,457
Provision for provident funds		5,659	14,331
Other non-current liabilities		(121,860)	47,355
Net increase in operating liabilities		4,993,196	6,804,935
Cash generated from the operations			
Income tax paid		(5,589,637)	(4,180,058)
Net cash provided by operating activities		28,129,461	42,274,039
Cash flows from investing activities			
Interest received		780,819	382,908
Dividends received		6,507,878	4,232,156
Current investments		(6,000,000)	-
Investments in associates, jointly-controlled entity and other companies		(2,314,914)	(5,423,273)
Investments in subsidiaries			
Net cash inflow (outflow) on acquisition of subsidiaries	4	(1,456,113)	34,161
Excess of cost over equity of subsidiaries		(712)	(39,383)
Minority interest		(489)	(155,276)
Net increase in investments in subsidiaries		(1,457,314)	(160,498)
Proceeds from sales and return of investments		38,228,632	147,624
Purchases of property, plant and equipment		(13,719,981)	(27,938,012)
Proceeds from sales of property, plant and equipment		442,516	275,790
Purchases of intangible assets		(975,694)	(387,395)
Payment received on loans to related parties and other company		1,039,314	-
Currency translation differences		(636,729)	(354,510)
Net cash provided by (used in) investing activities		21,894,527	(29,225,210)

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 2010 and 2009

	in thousand Baht	
	2010	2009
Cash flows from financing activities		
Borrowings		
Interest paid	(7,082,993)	(7,198,877)
Increase (decrease) in bank overdrafts and short-term loans		
from financial institutions	6,213,848	(7,477,262)
Payment of short-term loans from related parties	(176,705)	(69,227)
Proceeds from long-term debts	1,190,607	13,294,920
Repayments of long-term debts	(3,972,229)	(7,129,929)
Proceeds from (payment of) finance lease	589,916	(66,505)
Proceeds from issuance of debentures	14,988,864	29,929,000
Redemption of debentures	(14,964,863)	(24,789,320)
Proceeds from (payment of) debentures held by subsidiary	(2,561)	119,501
Net decrease in borrowings	(3,216,116)	(3,387,699)
Dividends paid		
Dividends paid to equity holders of the parent	(11,375,152)	(6,585,220)
Dividends paid to minority interest of subsidiaries	(814,563)	(931,889)
Total dividends paid	(12,189,715)	(7,517,109)
Increase in minority interest from increase in share capital	271,800	79,362
Net cash used in financing activities	(15,134,031)	(10,825,446)
Net increase in cash and cash equivalents	34,889,957	2,223,383
Cash and cash equivalents at beginning of the year	28,937,114	26,713,731
Cash and cash equivalents at end of the year	63,827,071	28,937,114
Supplementary information for cash flows		
Non-cash transactions		
Outstanding payable from purchases of property	433,592	2,139,065

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 2010 and 2009

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These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the audit committee, as appointed by the Board of Directors of the Company, on 23 February 2011.

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 (%)		Direct/Indirect Holding (%)
SCG Chemicals		SCG Chemicals	
SCG Chemicals Co., Ltd.	100	Alliance Petrochemical Investment (Singapore) Pte. Ltd.	
Thai Polyethylene Co., Ltd.	100	(Incorporated in Singapore)	65
Thai Polypropylene Co., Ltd.	100	Rayong Olefins Co., Ltd.	64
SCG Plastics Co., Ltd.	100	Rayong Olefins (Singapore) Pte. Ltd.	
SCG Performance Chemicals Co., Ltd.	100	(Incorporated in Singapore)	64
SCG Polyolefins Co., Ltd.	100	Flowlab & Service Co., Ltd.	51
Rayong Engineering and Plant Service Co., Ltd.	100	Thai Plastic and Chemicals	
Protech Outsourcing Co., Ltd.	100	Public Company Limited	46
RIL 1996 Co., Ltd.	100	TPC Paste Resin Co., Ltd.	46
Vina SCG Chemicals Co., Ltd.	100	The Nawaplastic Industries (Saraburi) Co., Ltd.	46
SCG Chemicals (Singapore) Pte. Ltd.		Nawa Plastic Industries Co., Ltd.	46
(Incorporated in Singapore)	100	Nawa Intertech Co., Ltd.	46
Tuban Petrochemicals Pte. Ltd.		Chemtech Co., Ltd.	
(Incorporated in Singapore)	100	(Incorporated in Vietnam)	46
Hexagon International, Inc.		Total Plant Service Co., Ltd.	46
(Incorporated in USA)	100	Minh Thai House Component Co., Ltd.	
Rayong Pipeline Co., Ltd.	91	(Incorporated in Vietnam)	37
Map Ta Phut Tank Terminal Co., Ltd.	81	Viet-Thai Plastchem Co., Ltd.	
PT. TPC Indo Plastic & Chemicals		(Incorporated in Vietnam)	33
(Incorporated in Indonesia)	78	TPC Vina Plastic and Chemicals Corporation Co., Ltd.	
Map Ta Phut Olefins Co., Ltd.	67	(Incorporated in Vietnam)	32
		Siam Stabilizers and Chemicals Co., Ltd.	27
SCG Paper		SCG Paper	
SCG Paper Public Company Limited	98	Siam Cellulose Co., Ltd.	98
Thai Paper Co., Ltd.	98	InfoZafe Co., Ltd.	98
Thai Union Paper Public Company Limited	98	The Siam Pulp and Paper Holding Co., Ltd.	98
Siam Kraft Industry Co., Ltd.	98	The Siam Forestry Co., Ltd.	98
Thai Kraft Paper Industry Co., Ltd.	98	Panas Nimit Co., Ltd.	98
Thai Union Paper Industry Co., Ltd.	98	Thai Panason Co., Ltd.	98
United Pulp and Paper Co., Inc.		Thai Panadorn Co., Ltd.	98
(Incorporated in Philippines)	98	Thai Panaram Co., Ltd.	98

	Direct/Indirect Holding (%)		Direct/Indirect Holding (%)
SCG Paper		SCG Paper	
Suanpa Rungsaris Co., Ltd.	98	Thai Containers (TCC) Co., Ltd.	69
Siam Panawes Co., Ltd.	98	Vina Kraft Paper Co., Ltd.	
Thai Panaboon Co., Ltd.	98	(Incorporated in Vietnam)	69
Thai Wanabhum Co., Ltd.	98	TCG Rengo Subang (M) Sdn. Bhd.	
Phoenix Pulp & Paper Public Company Limited	98	(Incorporated in Malaysia)	69
Phoenix Utilities Co., Ltd.	98	TCG Rengo (S) Limited	
Thai Cane Paper Public Company Limited	85	(Incorporated in Singapore)	69
Thai Containers Group Co., Ltd.	69	New Asia Industries Co., Ltd.	
Thai Containers Songkhla (1994) Co., Ltd.	69	(Incorporated in Vietnam)	69
Thai Containers Khonkaen Co., Ltd.	69	Thai British Security Printing	
Thai Containers Rayong Co., Ltd.	69	Public Company Limited	49
Thai Containers Saraburi Co., Ltd.	69	Thai British DPost Co., Ltd.	25
SCG Cement		SCG Cement	
SCG Cement Co., Ltd.	100	Cemthai Building Materials (Singapore) Pte. Ltd.	
The Concrete Products and Aggregate Co., Ltd.	100	(Incorporated in Singapore)	100
The Siam Cement (Kaeng Khoi) Co., Ltd.	100	PT. Semen Jawa	
The Siam Cement (Ta Luang) Co., Ltd.	100	(Incorporated in Indonesia)	95
The Siam Cement (Thung Song) Co., Ltd.	100	Kampot Cement Co., Ltd.	
The Siam Cement (Lampang) Co., Ltd.	100	(Incorporated in Cambodia)	91
Siam Mortar Co., Ltd.	100	CPAC Lao Co., Ltd.	
The Siam White Cement Co., Ltd.	100	(Incorporated in Laos)	70
The Siam Refractory Industry Co., Ltd.	100	Myanmar CPAC Service Co., Ltd.	
Cemthai Energy Conservation Co., Ltd.	100	(Incorporated in Myanmar)	70
SCI Plant Services Co., Ltd.	100	CPAC Cambodia Co., Ltd.	
Siam Research and Innovation Co., Ltd.	100	(Incorporated in Cambodia)	69
SCI Eco Services Co., Ltd.	100	The Concrete Products and Aggregate (Vietnam) Co., Ltd.	
CPAC Concrete Products (Cambodia) Co., Ltd.		(Incorporated in Vietnam)	60
(Incorporated in Cambodia)	100	Kampot Land Co., Ltd.	
		(Incorporated in Cambodia)	45
SCG Building Materials		SCG Building Materials	
SCG Building Materials Co., Ltd.	100	Cemthai Ceramics Philippines Holdings, Inc.	
The Siam Fibre-Cement Co., Ltd.	100	(Incorporated in Philippines)	100
The Fibre-Cement Products (Lampang) Co., Ltd.	100	Sosuco and Group (2008) Co., Ltd.	90
Tip Fibre-Cement Co., Ltd.	100	Saraburirat Co., Ltd.	83
SCG Landscape Co., Ltd.	100	PT. Surya Siam Keramik	
Siam Fiberglass Co., Ltd.	100	(Incorporated in Indonesia)	80
Cemthai Gypsum Co., Ltd.	100	The CPAC Roof Tile Co., Ltd.	75
Cemthai Ceramics Co., Ltd.	100	Thai Ceramic Roof Tile Co., Ltd.	75
Thai Ceramic Co., Ltd.	100	Thai Ceramic Holding Co., Ltd.	75
The Siam Ceramic Group Industries Co., Ltd.	100	CPAC Monier (Cambodia) Co., Ltd.	
Cemthai Home Services Co., Ltd.	100	(Incorporated in Cambodia)	75
Thai Ceramic Power Co., Ltd.	100	CPAC Monier Vietnam Co., Ltd.	
Cemthai Gypsum (Singapore) Pte. Ltd.		(Incorporated in Vietnam)	75
(Incorporated in Singapore)	100	Quality Construction Products	
Cemthai Roof Holdings Philippines, Inc.		Public Company Limited	68
(Incorporated in Philippines)	100	Q-Con Eastern Co., Ltd.	68
Cemthai Ceramic (Singapore) Pte. Ltd.		Thai-German Ceramic Industry	
(Incorporated in Singapore)	100	Public Company Limited	62

	Direct/Indirect Holding (%)		Direct/Indirect Holding (%)
SCG Building Materials		SCG Building Materials	
Sosuco Ceramic Co., Ltd.	54	PT. Siam-Indo Gypsum Industry (Incorporated in Indonesia)	50
SCG-Sekisui Sales Co., Ltd.	51		
CPAC Monier Philippines, Inc. (Incorporated in Philippines)	50	PT. Siam-Indo Concrete Products (Incorporated in Indonesia)	50
SCG Distribution		SCG Distribution	
SCG Distribution Co., Ltd.	100	Cement Thai SCT (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
SCG Trading Co., Ltd. (Formerly: SCT Co., Ltd.)	100	Cement Thai SCT (U.S.A.), Inc. (Incorporated in U.S.A.)	100
SCG Network Management Co., Ltd.	100		
SCG Logistics Management Co., Ltd.	100	SCG Trading (M) Sdn. Bhd. (Incorporated in Malaysia)	100
SCG Trading Services Co., Ltd. (Formerly: SCT Services Co., Ltd.)	100	PT. Cement Thai SCT Indonesia (Incorporated in Indonesia)	100
SCG Sourcing Co., Ltd. (Formerly: SCG Retail Co., Ltd.)	100	SCT Logistics (Vietnam) Co., Ltd. (Incorporated in Vietnam)	100
SCG Experience Co., Ltd.	100		
Cement Thai SCT (Australia) Pty. Ltd. (Incorporated in Australia)	100	SCT (Vientiane) Co., Ltd. (Incorporated in Laos)	100
Cement Thai SCT (Guangzhou) Ltd. (Incorporated in China)	100	Cement Thai SCT (Cambodia) Co., Ltd. (Incorporated in Cambodia)	75
Cement Thai SCT (Hong Kong) Ltd. (Incorporated in China)	100	Cement Thai SCT (Malaysia) Sdn. Bhd. (Incorporated in Malaysia)	69
Cement Thai SCT (Jordan) L.L.C. (Incorporated in Jordan)	100	Siam Cement Myanmar Trading Ltd. (Incorporated in Myanmar)	60
Cement Thai SCT (Middle East) FZE. (Incorporated in United Arab Emirates)	100	Cement Thai SCT Emirates (L.L.C.) (Incorporated in United Arab Emirates)	49
Cement Thai SCT (Philippines) Inc. (Incorporated in Philippines)	100		
SCG investment and others		SCG investment and others	
Cement Thai Holding Co., Ltd.	100	SCG Legal Counsel Limited	100
Cement Thai Property (2001) Public Company Limited	100	Bangsue Management Co., Ltd.	100
Property Value Plus Co., Ltd.	100	Cement Thai Captive Insurance Pte. Ltd. (Incorporated in Singapore)	100
SCG Accounting Services Co., Ltd.	100		

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	SCG Corporation S.A. (Incorporated in Panama)	100
Cement Thai Steel Co., Ltd.	100		
SCG Holding Co., Ltd.	100	Cement Thai Paper (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
The Nawaloha Foundry Bangpakong Co., Ltd.	100		
Bangsue Industry Co., Ltd.	100	Siam TPC Co., Ltd.	78
The Siam Iron and Steel Co., Ltd.	100	Siam TPC (Singapore) Pte. Ltd. (Incorporated in Singapore)	78
Dhara Pipe Co., Ltd.	100		
CMT Services Co., Ltd.	100	Myanmar CPAC Trading Co., Ltd. (Incorporated in Myanmar)	70
Cement Thai Management Services Co., Ltd.	100		
Siam Nawaphan Co., Ltd.	100	Thai Containers Trading Co., Ltd.	69
Siam Paraffins Co., Ltd.	100	ROC Holding Co., Ltd.	64

Most of the above subsidiaries are established in Thailand unless otherwise stated. There was no material change in the percentage of holding from 2009.

In the first quarter of 2010, the Group acquired the ordinary shares of New Asia Industries Co., Ltd. and also acquired for the ordinary shares of Quality Construction Products Public Company Limited and included both companies in the Group's consolidated financial statements in 2010. In addition to this, in the third quarter of 2010, the Group sold entirely its interest in the ordinary shares of SIL Industrial Land Co., Ltd. and its subsidiary 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 Financial Reporting Standards ("TFRS"), guidelines promulgated by the Federation of Accounting Professions ("FAP"), applicable rules and regulations of the Thai Securities and Exchange Commission and with generally accepted accounting principles in Thailand.

During 2010, the FAP announced the re-numbering of the following TFRS.

Former no.	Revised no.	Topic
TAS 11	TAS 101	Doubtful Account and Bad Debts
TAS 26	TAS 102	Income Recognition for Real Estate Business
TAS 40	TAS 105	Accounting for Investment in Debt and Equity Securities
TAS 42	TAS 106	Accounting for Investment Companies
TAS 48	TAS 107	Financial Instruments Disclosure and Presentation

The Group has adopted the revised Framework for the Preparation and Presentation of Financial Statements (revised 2009), which was issued by the FAP during 2010 and effective on 26 May 2010. The adoption of the revised framework does not have any material impact on the consolidated financial statements.

The FAP has issued during 2010 a number of new and revised TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised standards 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 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	5, 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, 10 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 Acquisitions of business and disposals of investments

Year 2010

Acquisitions

In the first quarter of 2010, the Group acquired 100% of the ordinary shares of New Asia Industries Co., Ltd. (a manufacturer and distributor of corrugated containers in Vietnam) for a cash consideration of Baht 500 million. Additionally in the first quarter of 2010, the Group acquired for a 61% interest (increased in the second quarter of 2010 to 67% after the completion of tender offer) in the ordinary shares of Quality Construction Products Public Company Limited (Q-CON) (a manufacturer and distributor of autoclaved lightweight concrete) for an aggregate cash consideration of Baht 1,083 million.

The acquisition qualifies for treatment as a business combination in accordance with TFRS 3 (revised 2007) Business Combinations, which requires that the assets acquired, liabilities and contingent liabilities assumed be recorded at their fair values on acquisition date, together with goodwill, if any. The Company engaged firms of independent appraisers to determine the fair values of the assets acquired and liabilities assumed.

The assets, liabilities and operating results of both companies have been included in the Group's consolidated financial statements as of and for the year ended 31 December 2010.

The subsidiaries' net assets and liabilities at acquisition date comprised the following:

	in million Baht		
	New Asia Industries Co., Ltd.	Quality Construction Products Plc.	Total
Cash and cash equivalents	6	121	127
Trade accounts receivable	129	133	262
Inventories	95	142	237
Other current assets	9	3	12
Property, plant and equipment	189	1,561	1,750
Other non-current assets	9	4	13
Interest-bearing loans and borrowings	(170)	(577)	(747)
Trade accounts payable	(94)	(66)	(160)
Other current liabilities	(13)	(39)	(52)
Other non-current liabilities	(6)	-	(6)
Net carrying amounts of identifiable assets and liabilities	154	1,282	1,436
Add fair value adjustments	48	244	292
Less minority interest	-	(415)	(415)
Recognised value of net assets acquisition	202	1,111	1,313
Goodwill on acquisition	298	(28)	270
Cash consideration	500	1,083	1,583
Cash acquired	(6)	(121)	(127)
Net cash outflow	494	962	1,456

Disposals

In the third quarter of 2010, the Group sold its entire 75% interest in the ordinary shares of SIL Industrial Land Co., Ltd. and its subsidiary to Hemaraj Land and Development Public Company Limited. As a result, the Group recorded a loss before tax amounting to Baht 44 million, which is 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 statement of income for the year ended 31 December 2010.

The subsidiaries' net assets and liabilities at disposal date comprised the following:

	in million Baht
Cash and cash equivalents	35
Trade accounts receivable	19
Land under development held for sale	1,409
Other current assets	2
Property, plant and equipment	37
Interest-bearing loans and borrowings	(380)
Trade accounts payable	(10)
Other current liabilities	(35)
Net carrying amounts of identifiable assets and liabilities	1,077

Year 2009

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
<i>Add fair value adjustments</i>	73
<i>Less minority interest</i>	(295)
<i>Add pre-acquisition loss</i>	186
Recognised net assets' value on acquisition	600
Goodwill on acquisition	25
Cash consideration	625
<i>Less cash paid for investment</i>	(625)
<i>Add cash acquired</i>	34
Net cash inflow	34

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		Pricing policies
	2010	2009	
<i>Associates</i>			
Purchases	19,525	18,789	Market price
Service fee	1,720	1,690	Market price
Sales	29,841	19,815	Market price
Service income and others	795	555	Market price
Management fee and others	1,223	760	Mainly based on percentage of net sales
Dividend income	4,006	3,070	Upon declaration
<i>Others</i>			
Purchases	1,428	1,089	Market price
Sales	580	454	Market price
Service income and others	96	352	Market price
Management fee and others	316	259	Mainly based on percentage of net sales
Dividend income	2,459	1,084	Upon declaration

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

Trade accounts receivable

	in million Baht	
	2010	2009
<i>Associates</i>		
Siam Polyethylene Co., Ltd.	1,157	994
Siam Styrene Monomer Co., Ltd.	367	411
Thai MMA Co., Ltd.	307	30
Bangkok Synthetics Co., Ltd.	288	1,359
Grand Siam Composites Co., Ltd.	100	136
The Siam Gypsum Industry (Saraburi) Co., Ltd.	76	82
SCG Plastics (China) Co., Limited	73	43
Riken (Thailand) Co., Ltd.	30	23
Sekisui-SCG Industry Co., Ltd.	27	-
Mariwasa Siam Ceramic, Inc.	25	25
Siam Toppan Packaging Co., Ltd.	23	39
Siam Mitsui PTA Co., Ltd.	23	19
Siam Sanitary Ware Industry Co., Ltd.	17	18
Nawacam Co., Ltd.	12	22
TOTO Manufacturing (Thailand) Co., Ltd.	-	94
Other companies	52	45
	2,577	3,340

	in million Baht	
	2010	2009
<i>Others</i>		
Siam Yamato Steel Co., Ltd.	45	35
Michelin Siam Co., Ltd.	5	20
Other companies	14	11
	<u>64</u>	<u>66</u>
Total	<u>2,641</u>	<u>3,406</u>

Receivables from and short-term loans to related parties

	in million Baht	
	2010	2009
<i>Current accounts</i>		
<i>Associates</i>		
Siam Kubota Corporation Co., Ltd.	540	-
Thai MMA Co., Ltd.	46	38
Siam Mitsui PTA Co., Ltd.	42	37
Long Son Petrochemicals Co., Ltd.	40	13
Grand Siam Composites Co., Ltd.	38	28
Mariwasa Siam Ceramic, Inc.	33	27
IT One Co., Ltd.	31	-
Siam Sanitary Ware Industry Co., Ltd.	21	15
Thai PET Resin Co., Ltd.	20	13
Thai MFC Co., Ltd.	19	16
Rayong Terminal Co., Ltd.	14	-
The Siam Sanitary Fittings Co., Ltd.	12	6
P&S Holdings Corporation	8	12
Sekisui-SCG Industry Co., Ltd.	5	23
Siam Lemmerz Co., Ltd.	2	90
The Siam Kubota Industry Co., Ltd.	-	257
Other companies	63	70
	<u>934</u>	<u>645</u>
<i>Others</i>		
Michelin Siam Group Co., Ltd.	205	205
Siam Yamato Steel Co., Ltd.	25	19
Other companies	36	31
	<u>266</u>	<u>255</u>
	<u>1,200</u>	<u>900</u>
<i>Short-term loans and notes receivable</i>		
<i>Associates</i>		
PT. M Class Industry	103	114
GTC Technology International, LP	38	-
Other companies	17	5
	<u>158</u>	<u>119</u>
Total	<u>1,358</u>	<u>1,019</u>

Long-term loans to related party

	in million Baht	
	2010	2009
<i>Associate</i>		
Mariwasa Siam Ceramic, Inc.	393	436

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

	in million Baht	
	2010	2009
Short-term		
At 1 January	119	130
Increase	131	2,000
Decrease	(92)	(2,011)
At 31 December	158	119
Long-term		
At 1 January	436	444
Increase	-	6
Decrease	(43)	(14)
At 31 December	393	436

Trade accounts payable

	in million Baht	
	2010	2009
<i>Associates</i>		
Mehr Petrochemical Company	844	368
Siam Polyethylene Co., Ltd.	372	150
Bangkok Synthetics Co., Ltd.	202	394
Siam Kubota Corporation Co., Ltd.	180	-
Jumbo Barges and Tugs Co., Ltd.	127	106
Thai MMA Co., Ltd.	117	-
Thai PET Resin Co., Ltd.	54	24
Sekisui-SCG Industry Co., Ltd.	51	-
The Siam Gypsum Industry (Saraburi) Co., Ltd.	28	62
IT One Co., Ltd.	24	31
Siam Styrene Monomer Co., Ltd.	7	11
The Siam Gypsum Industry (Songkhla) Co., Ltd.	3	12
PTT Chemical Public Company Limited	-	722
The Siam Kubota Industry Co., Ltd.	-	69
Other companies	28	31
	2,037	1,980
<i>Other</i>		
Siam Yamato Steel Co., Ltd.	102	34
Total	2,139	2,014

Payables to and short-term loans from related parties

	in million Baht	
	2010	2009
<i>Current accounts</i>		
<i>Associates</i>		
IT One Co., Ltd.	14	11
Siam Toppan Packaging Co., Ltd.	11	7
PTT Chemical Public Company Limited	-	12
Other companies	15	30
	40	60
<i>Notes payable</i>		
<i>Associate</i>		
Mehr Petrochemical Company	77	-
<i>Others</i>		
PT. Trans-Pacific Polyethylene Indonesia	71	78
The Siam Cement Foundation	-	627
Other companies	10	9
	81	714
	158	714
Total	198	774

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

	in million Baht	
	2010	2009
At 1 January	714	784
Increase	213	65
Decrease	(769)	(135)
At 31 December	158	714

6 Cash and cash equivalents

	in million Baht	
	2010	2009
Cash at banks and on hand	28,263	6,350
Time deposits and promissory notes with original maturities of less than 3 months	35,564	22,587
Total	63,827	28,937

7 Trade accounts and notes receivable

	in million Baht	
	2010	2009
Related parties	2,641	3,406
Other companies	22,720	19,583
Notes receivable	864	1,096
	23,584	20,679
<i>Less</i> allowance for doubtful accounts	817	1,027
Net	22,767	19,652
Total	25,408	23,058
Doubtful debts expenses for the year	46	58

	in million Baht	
	2010	2009
Related parties		
Within credit terms	2,595	3,327
Overdue:		
Less than 3 months	40	20
3 - 6 months	2	-
6 - 12 months	4	-
Over 12 months	-	59
Total	2,641	3,406
Other companies		
Within credit terms	20,457	17,563
Overdue:		
Less than 3 months	2,122	1,896
3 - 6 months	174	129
6 - 12 months	31	66
Over 12 months	800	1,025
	23,584	20,679
<i>Less</i> allowance for doubtful accounts	817	1,027
Net	22,767	19,652
Total	25,408	23,058

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

As at 31 December 2010, the outstanding overdue amounts of above accounts receivable have credit bank guarantees amounting to Baht 533 million (2009: Baht 402 million).

8 Inventories

	in million Baht	
	2010	2009
Finished goods	14,940	13,718
Goods in process	2,442	1,596
Raw materials	8,756	6,152
Spare parts	5,421	5,030
Stores, supplies and others	2,971	2,877
Raw materials and spare parts in transit	3,059	2,472
Total	37,859	31,845
<i>Less allowance for decline in value, obsolete and slow-moving of inventories</i>	672	741
Net	36,917	31,104
Changes in inventories of finished goods and goods in process	(2,068)	(759)
Raw materials used	123,161	89,746

The cost of inventories which is recognised as an expense and included in "cost of sales" for the year ended 31 December 2010 amounted to Baht 236,674 million (2009: Baht 180,595 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	
	2010	2009
At 1 January	58,690	49,598
Share of net profits of investments - equity method	8,390	7,200
Acquisitions	2,065	5,536
Dividend income	(4,006)	(3,070)
Disposals	(19,525)	(68)
Change of the status to other	(5,098)	-
Change of the status to subsidiary	-	(439)
Others	192	(67)
At 31 December	40,708	58,690

Investments in associates and jointly-controlled entity as at 31 December and dividends from these investments in the years ended at the same date are as follows:

	Ownership interest		in million Baht							
	interest (%)		Paid-up capital		Cost method		Equity method		Dividends	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Associates										
SCG Chemicals										
Siam Polyethylene Co., Ltd.	50	50	4,455	4,455	2,183	2,183	6,286	7,189	950	898
Bangkok Synthetics Co., Ltd.	26	22	1,173	1,173	2,036	954	5,336	3,346	458	380
Siam Mitsui PTA Co., Ltd.	50	50	4,800	4,800	2,372	2,372	4,694	2,801	102	-
Thai MMA Co., Ltd.	47	47	5,590	5,590	2,571	2,571	3,958	3,148	486	360
Siam Styrene Monomer Co., Ltd.	50	50	4,755	4,050	2,375	2,022	2,501	2,267	-	-
Siam Synthetic Latex Co., Ltd.	50	50	4,344	3,337	2,065	1,562	2,105	1,714	-	-
Grand Siam Composites Co., Ltd.	46	46	64	64	167	167	875	792	353	281
Siam Polystyrene Co., Ltd.	50	50	995	995	493	493	688	553	-	-
Riken (Thailand) Co., Ltd.	35	35	120	120	42	42	494	472	76	86
Mehr Petrochemical Company	39	41	1,203	1,203	722	722	233	576	-	-
Mitsui Advanced Composites (Zhongshan) Co., Ltd.	20	20	596	596	119	119	230	211	39	25
Thai PET Resin Co., Ltd.	20	20	900	900	180	180	195	173	-	-
GTC Technology US, LLC	25	25	98	98	160	160	169	160	-	-
Thai MFC Co., Ltd.	45	45	200	200	87	87	158	162	14	9
PT. Siam Maspion Terminal	50	50	327	327	163	163	114	98	16	10
SD Group Service Co., Ltd.	50	50	78	78	38	38	105	91	-	-
GTC Technology International, LP	25	25	137	137	107	107	101	107	-	-
PTT Chemical Plc.	-	22	-	15,010	-	14,821	-	23,702	957	511
Other companies			80	80	47	47	97	88	5	5
			29,915	43,213	15,927	28,810	28,339	47,650	3,456	2,565
SCG Paper										
Siam Toppan Packaging Co., Ltd.	48	48	500	500	245	245	367	357	11	10
P&S Holdings Corporation	39	39	263	263	105	105	-	-	-	-
Other companies			25	5	6	1	5	-	-	-
			788	768	356	351	372	357	11	10
SCG Building Materials										
Siam Sanitary Ware Co., Ltd.	36	36	60	60	50	50	594	561	46	47
The Siam Gypsum Industry Co., Ltd.	29	29	150	150	46	46	505	464	87	55
The Siam Sanitary Fittings Co., Ltd.	45	45	200	200	66	66	232	219	43	32
TOTO Manufacturing (Thailand) Co., Ltd.	40	40	550	550	220	220	210	220	-	-
Mariwasa Siam Holdings, Inc.	46	46	1,093	1,093	590	590	81	18	-	-
The Siam Moulding Plaster Co., Ltd.	40	40	125	125	23	23	80	76	-	-
Sekisui-SCG Industry Co., Ltd.	49	49	200	200	98	98	23	94	-	-
CMPI Holding, Inc.	20	20	54	87	11	22	21	41	-	-
PT. M Class Industry	28	28	222	222	106	106	-	-	-	-
Mariwasa Holding, Inc.	40	40	267	267	94	94	-	-	-	-
Other companies			262	292	72	81	20	20	-	-
			3,183	3,246	1,376	1,396	1,766	1,713	176	134
SCG Distribution										
Jumbo Barges and Tugs Co., Ltd.	27	27	365	365	108	108	143	136	5	-
Thai Prosperity Terminal Co., Ltd.	50	50	63	63	31	31	62	63	5	3
Green Siam Resources Corporation	40	40	95	95	38	38	49	46	2	-
Survey Marine Service Co., Ltd.	48	48	37	37	18	18	17	17	-	-
Siam Phulsawat Lighter Co., Ltd.	29	29	34	34	10	10	11	32	22	-
Other companies			22	22	6	6	8	8	1	-
			616	616	211	211	290	302	35	3

	Ownership interest (%)		in million Baht							
	2010	2009	Paid-up capital		Cost method		Equity method		Dividends	
			2010	2009	2010	2009	2010	2009	2010	2009
SCG Investment										
Siam Kubota Corporation Co., Ltd.*	40	-	2,739	-	1,120	-	5,162	-	-	-
Thai Engineering Products Co., Ltd.	30	30	85	85	76	76	1,125	1,028	67	55
Musashi Auto Parts Co., Ltd.	21	21	200	200	42	42	780	761	81	98
Siam AT Industry Co., Ltd.	30	30	240	240	72	72	578	494	57	53
Aisin Takaoka Foundry Bangkokong Co., Ltd.	30	30	475	475	142	142	381	293	51	29
The Nawaloha Industry Co., Ltd.	30	30	300	300	90	90	379	330	22	18
The Siam Nawaloha Foundry Co., Ltd.	25	25	308	308	74	74	316	282	19	18
Siam Lemmerz Co., Ltd.	30	30	107	107	293	293	182	148	-	-
The Siam Kubota Industry Co., Ltd.*	-	40	-	333	-	158	-	3,094	-	58
Siam Kubota Tractor Co., Ltd.*	-	40	-	2,110	-	844	-	929	-	-
			4,454	4,158	1,909	1,791	8,903	7,359	297	329
Others										
IT One Co., Ltd.	20	20	80	80	16	16	80	77	31	29
Nava 84 Co., Ltd.	-	25	-	1,203	-	301	-	160	-	-
			80	1,283	16	317	80	237	31	29
Jointly-controlled entity										
SCG Chemicals										
Long Son Petrochemicals Co., Ltd.	71	71	1,646	1,646	1,170	1,170	958	1,072	-	-
Total			40,682	54,930	20,965	34,046	40,708	58,690	4,006	3,070

* Siam Kubota Corporation Co., Ltd. was the new company formed as the result of the amalgamation of The Siam Kubota Industry Co., Ltd. and Siam Kubota Tractor Co., Ltd.

In the fourth quarter of 2010, the Group sold a 17% interest in the shares of PTT Chemical Public Company Limited (PTTCH) to investors. As a result, the Group recorded a gain before tax amounting to approximately Baht 17,988 million, which is 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 statement of income for the year ended 31 December 2010. As presented, the Group has remaining 4.93% interest in the shares of PTTCH under the caption of "Other long-term investments" in the consolidated balance sheet as at 31 December 2010 as discussed in note 10, following a result of changes in investment status from associate to other.

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

	Ownership (%)	in million Baht								
		Non-current assets			Non-current liabilities		Shareholder's equity		Net profit	
		Current assets	current assets	Total assets	Current liabilities	current liabilities	holder's equity	Total revenues	Total expenses	Net profit (loss)
2010										
Long Son Petrochemicals Co., Ltd.	71	1,173	212	1,385	47	-	1,338	85	(46)	39
2009										
Long Son Petrochemicals Co., Ltd.	71	1,401	131	1,532	23	-	1,509	8	(57)	(49)

10 Other long-term investments

	Ownership interest (%)		in million Baht			
	2010	2009	Investment		Dividends	
			2010	2009	2010	2009
a) At Cost						
SCG Chemicals						
PT. Trans-Pacific Petrochemical Indotama	20	20	2,002	2,002	-	-
PT. Trans-Pacific Polyethylene Indonesia *	39	39	184	184	-	-
PT. Trans-Pacific Polyethylindo *	39	39	131	131	-	-
PT. Trans-Pacific Styrene Indonesia	10	10	31	31	-	-
PT. Trans-Pacific Polypropylene Indonesia	10	10	22	22	-	-
Other companies			33	33	3	2
			2,403	2,403	3	2
* No existence of significant influence						
SCG Paper						
			31	31	-	-
SCG Cement						
Asia Cement Public Company Limited	10	10	942	942	39	39
Holcim (Bangladesh) Co., Ltd.	10	10	361	361	14	-
			1,303	1,303	53	39
SCG Building Materials						
			396	396	8	-
SCG Distribution						
			5	5	-	-
SCG Investment and others						
Toyota Motor Thailand Co., Ltd.	10	10	881	881	2,121	801
Siam Yamato Steel Co., Ltd.	10	10	484	484	-	-
Michelin Siam Group Co., Ltd. - Cumulative preferred shares	10	10	267	267	205	206
Siam Toyota Manufacturing Co., Ltd.	4	4	98	98	67	35
Other companies			26	27	2	1
			1,756	1,757	2,395	1,043
Total			5,894	5,895	2,459	1,084
Less allowance for impairment of investments			2,644	2,667	-	-
Net			3,250	3,228	2,459	1,084
b) At Fair Value (available-for-sale)						
Marketable Securities						
PTT Chemical Public Company Limited	5	-	10,483	-	-	-
Other companies			2	-	-	-
Net			10,485	-	-	-
Total			13,735	3,228	2,459	1,084

The aggregate values of the above investments, based on the latest available audited/reviewed financial statements or the quoted market prices (latest bid price) on the Stock Exchange of Thailand as at 31 December 2010 are as follows:

	in million Baht			
	Cost	Net book value or quoted market price (latest bid price)	Allowance for impairment of investments	Revaluation increase
				from changes in
				valuation of available-for-sale investments in marketable securities
Non-marketable	5,894	8,941	(2,644)	-
Marketable	5,103	10,485	-	5,382
Total	10,997	19,426	(2,644)	5,382

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	Construction in progress	Total
Cost							
At 1 January 2009	15,914	34,772	210,139	4,010	4,883	49,542	319,260
Acquisitions through business combinations	132	575	2,002	10	40	1	2,760
Purchases	90	140	1,075	54	92	25,169	26,620
Disposals/written off	(99)	(196)	(1,025)	(98)	(248)	(31)	(1,697)
Transfers in/(out)	1,009	2,252	10,800	51	289	(14,562)	(161)
Translation differences	(7)	(125)	(985)	(15)	1	(150)	(1,281)
At 31 December 2009	17,039	37,418	222,006	4,012	5,057	59,969	345,501
Acquisitions through business combinations	272	723	2,519	12	99	-	3,625
Decrease from subsidiaries disposals	(350)	(80)	(245)	(13)	(17)	(8)	(713)
Purchases	76	177	1,996	101	119	10,265	12,734
Disposals/written off	(96)	(41)	(1,105)	(52)	(141)	(3)	(1,438)
Transfers in/(out)	716	3,705	53,599	54	(168)	(58,006)	(100)
Translation differences	(54)	(299)	(1,331)	(27)	(22)	(94)	(1,827)
At 31 December 2010	17,603	41,603	277,439	4,087	4,927	12,123	357,782
Accumulated depreciation and impairment losses							
At 1 January 2009	5,179	18,987	151,212	3,479	4,223	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)	(240)	-	(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	4,284	86	195,349
Acquisitions through business combinations	-	294	1,283	9	76	-	1,662
Decrease from subsidiaries disposals	(344)	(67)	(242)	(8)	(15)	-	(676)
Depreciation charge for the year	388	1,676	9,488	172	282	-	12,006
Disposals/written off	(20)	(33)	(1,040)	(47)	(136)	-	(1,276)
Transfers in/(out)	244	(3)	27	(55)	(336)	-	(123)
Translation differences	(13)	(79)	(447)	(27)	6	-	(560)
At 31 December 2010	5,766	22,416	170,347	3,606	4,161	86	206,382
Net book value							
At 31 December 2009	11,528	16,790	60,728	450	773	59,883	150,152
At 31 December 2010	11,837	19,187	107,092	481	766	12,037	151,400

The gross carrying amount of fully depreciated property, plant and equipment that is still in use amounted to Baht 121,658 million as at 31 December 2010 (2009: Baht 116,409 million).

As at 31 December 2010, the Group has none of property, plant and equipment mortgaged as collateral for long-term debts from financial institutions as discussed in note 16 (2009: Baht 3,292 million).

Finance costs incurred in the year ended 31 December 2010, amounting to Baht 320 million (2009: Baht 650 million), rates of interest capitalised at 1.51 % to 4.85 % per annum (2009: 2.670 % to 6.025 % 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 2,605 million as at 31 December 2010 (2009: Baht 1,601 million) and has a net book value of Baht 1,204 million as at 31 December 2010 (2009: Baht 972 million).

12 Intangible assets

	in million Baht				
	Goodwill	Software licenses & license fees	Development cost	Others	Total
At 1 January 2009	809	1,825	682	392	3,708
Additions	63	57	326	4	450
Amortisation charge for the year	-	(311)	-	(30)	(341)
Transfers, net	-	123	(187)	285	221
At 31 December 2009	872	1,694	821	651	4,038
Additions	298	242	341	395	1,276
Amortisation charge for the year	-	(395)	-	(70)	(465)
Transfers, net	-	846	(900)	3	(51)
At 31 December 2010	1,170	2,387	262	979	4,798

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	
	2010	2009
Deferred tax assets	2,504	3,212
Deferred tax liabilities	(2,623)	(388)
Net	(119)	2,824

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

	in million Baht								
	Credited (charged) to			Credited (charged) to			Acquisitions		At
	At	statement	Exchange	At	statement	shareholders'	through	Exchange	31 December
	1 January	of income	differences	31 December	of income	equity	business	differences	31 December
	2009	(note 29)		2009	(note 29)		combinations		2010
Deferred tax assets									
Investments	902	214	-	1,116	(832)	-	-	-	284
Property, plant and Equipment	880	(139)	2	743	(266)	-	-	(5)	472
Loss carry forward	890	(121)	(2)	767	394	-	73	(4)	1,230
Others	488	98	-	586	(68)	-	1	(1)	518
Total	3,160	52	-	3,212	(772)	-	74	(10)	2,504
Deferred tax liabilities									
Other long-term investments	-	-	-	-	-	(1,880)	-	-	(1,880)
Others	(188)	(204)	4	(388)	(366)	-	-	11	(743)
Total	(188)	(204)	4	(388)	(366)	(1,880)	-	11	(2,623)
Net	2,972	(152)	4	2,824	(1,138)	(1,880)	74	1	(119)

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	
	2010	2009
Land and assets not used in operations	1,279	1,757
Deferred factory expenses	1,011	1,161
Land prepayments	762	812
Recoverable tax	200	328
Others	1,335	1,237
Total	4,587	5,295
Less allowance for impairment	440	735
Net	4,147	4,560

15 Bank overdrafts and short-term loans from financial institutions

	in million Baht	
	2010	2009
Loans	7,702	1,421
Promissory notes	830	646
Bank overdrafts	134	99
Total	8,666	2,166

The Group has overdraft lines with several banks amounting to approximately Baht 5,500 million in 2010 (2009: Baht 5,600 million).

16 Long-term debts

	in million Baht	
	2010	2009
Current		
- Secured		
Current portion of long-term debts from financial institutions	-	162
- Unsecured		
Current portion of long-term debts	7,013	2,330
Current portion of finance lease liabilities	198	119
	7,211	2,611
Non-current		
- Unsecured		
Long-term debts	26,829	35,390
Finance lease liabilities	814	306
	27,643	35,696
Total	34,854	38,307

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

	in million Baht	
	2010	2009
Thai Baht	17,967	19,414
US Dollar	15,280	16,982
Euro	1,518	1,816
Peso	75	81
Yen	14	14
Total	34,854	38,307

During the year ended 31 December 2010, the Group has drawn down under the loan agreements made equivalent to Baht 1,191 million (2009: Baht 13,295 million), which mainly used in subsidiaries' investment projects. The average interest rate is approximately 1.07% to 4.85% per annum (2009: 1.32% to 4.65% per annum) and scheduled repayment quarterly to semi-annually. The payment period of 2 - 14 years upto August 2020. 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 1.23% per annum in 2010 (2009: 3.30% 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 33.

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

	in million Baht	
	2010	2009
Within 1 year	7,013	2,493
After 1 year but within 5 years	15,268	19,936
After 5 years	11,561	15,453
Total	33,842	37,882

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

	in million Baht	
	2010	2009
Land and land improvements	-	186
Buildings and building improvements	-	349
Machinery and equipment	-	2,757
Total	-	3,292

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 2010			
Within 1 year	198	26	224
After 1 year but within 5 years	814	47	861
Total	1,012	73	1,085
Year 2009			
Within 1 year	119	1	120
After 1 year but within 5 years	306	9	315
Total	425	10	435

17 Debentures

As at 31 December 2010, the Company had issued unsubordinated and unsecured debentures and the subsidiary had issued subordinated and unsecured convertible debentures totalling Baht 110,944 million (2009: Baht 110,929 million) as follows:

Debentures No.	in million Baht		Interest Rate (% p.a.)	Term	Maturity Date	Fair Value *	
	2010	2009				2010	2009
Debentures - The Siam Cement Public Company Limited							
3/2006	-	10,000	6.00	4 years	1 April 2010	-	1,009
4/2006	-	5,000	6.25	4 years	1 October 2010	-	1,038
1/2007	15,000	15,000	5.75	4 years	1 April 2011	1,020	1,049
2/2007	10,000	10,000	4.50	4 years	1 November 2011	1,024	1,041
1/2008	20,000	20,000	4.25	4 years	1 April 2012	1,031	1,044
2/2008	20,000	20,000	5.35	4 years	1 November 2012	1,046	1,059
1/2009	20,000	20,000	5.15	4 years	1 April 2013	1,044	1,059
2/2009	10,000	10,000	4.15	4 years	1 October 2013	1,031	1,025
1/2010	10,000	-	3.85	4 years	1 April 2014	1,032	-
2/2010	5,000	-	3.85	4 years	1 October 2014	1,037	-
Total	110,000	110,000					
Convertible Debentures - Thai-German Ceramic Industry Public Company Limited **							
1/2008	944	929	1st - 2nd year MLR minus 3.50 3rd - 5th year MLR minus 3.00	5 years	1 August 2013	911	922
Total	110,944	110,929					
Less: Debentures held by subsidiaries							
	1,212	1,219					
Net	109,732	109,710					
Less: Current portion							
	24,878	14,960					
Net	84,854	94,750					

* Latest price (Baht per unit: 1 unit = Baht 1,000) as at 31 December 2010 and 2009.

** 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	
	2010	2009
Deferred revenue	514	596
Accrued dividend	82	72
Payable to Department of Mineral Resources for concessions	68	124
Others	361	287
Total	1,025	1,079

19 Share capital

	Par Value (in Baht)	in million shares/million Baht			
		2010		2009	
		Number of shares	Value	Number of shares	Value
<i>Authorised</i>					
At 1 January					
- ordinary shares	1	1,600	1,600	1,600	1,600
At 31 December					
- ordinary shares	1	1,600	1,600	1,600	1,600
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	1,200	1,200	1,200	1,200
At 31 December					
- ordinary shares	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:

<i>SCG Chemicals</i>	Manufacture and sale of olefins, polyolefins and other chemical products.
<i>SCG Paper</i>	Manufacture and sale of printing and writing paper, gypsum linerboard, industrial paper, corrugated boxes and securities document.
<i>SCG Cement</i>	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, and steel.

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)	
	2010	2009	2010	2009	2010	2009
Consolidated SCG	359,219	315,992	301,323	238,664	45,949	47,116
Business Groups						
SCG Chemicals	165,087	165,964	144,317	101,115	16,024	19,482
SCG Paper	50,127	47,942	51,714	42,729	9,129	7,901
SCG Cement	61,018	60,681	48,954	46,661	10,810	11,616
SCG Building Materials	24,796	22,991	30,719	26,873	5,489	4,907
SCG Distribution	12,177	10,110	96,898	86,641	1,440	1,581
SCG Investment	12,289	12,099	239	307	3,544	1,927

	Net profit (2)		Depreciation and amortisation	
	2010	2009	2010	2009
	Consolidated SCG	37,382	24,346	12,477
Business Groups				
SCG Chemicals	22,609	12,556	4,432	3,016
SCG Paper	3,490	2,286	3,250	3,716
SCG Cement	6,014	6,214	2,286	2,924
SCG Building Materials	1,872	1,617	2,093	2,149
SCG Distribution	1,061	1,077	270	254
SCG Investment	4,674	2,972	30	32

(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

	<i>Business Groups</i>							
	SCG Chemicals		SCG Paper		SCG Cement		SCG Building Materials	
	2010	2009	2010	2009	2010	2009	2010	2009
Information from Balance sheets								
Current assets	38,508	31,458	16,088	13,121	9,699	9,013	9,259	8,677
Investments in shares and long-term loans	39,802	48,744	389	374	1,262	1,255	2,112	2,059
Property, plant and equipment	82,066	81,549	31,816	32,653	48,386	48,678	11,824	10,612
Other non-current assets	4,711	4,213	1,834	1,794	1,671	1,735	1,601	1,643
Total assets	165,087	165,964	50,127	47,942	61,018	60,681	24,796	22,991
Short-term loans	41,854	30,963	13,881	13,981	8,850	5,158	9,052	8,741
Other current liabilities	18,201	15,686	4,741	3,876	5,920	5,715	3,770	3,439
Long-term debts	30,730	49,395	1,243	1,853	1,351	1,237	1,023	1,402
Other non-current liabilities	3,090	954	92	70	243	314	364	334
Total liabilities	93,875	96,998	19,957	19,780	16,364	12,424	14,209	13,916
Total equity attributable to the Company's shareholders and minority interest	71,212	68,966	30,170	28,162	44,654	48,257	10,587	9,075
Total liabilities and shareholders' equity	165,087	165,964	50,127	47,942	61,018	60,681	24,796	22,991

in million Baht

	<i>Business Groups</i>					
	SCG Distribution		SCG Investment		Consolidated SCG	
	2010	2009	2010	2009	2010	2009
Information from Balance sheets						
Current assets	9,196	6,941	835	2,080	141,395	90,106
Investments in shares and long-term loans	292	308	10,646	9,102	54,975	63,923
Property, plant and equipment	1,922	2,064	781	900	151,400	150,152
Other non-current assets	767	797	27	17	11,449	11,811
Total assets	12,177	10,110	12,289	12,099	359,219	315,992
Short-term loans	143	81	-	2,035	40,913	20,452
Other current liabilities	8,303	7,177	75	229	42,170	31,791
Long-term debts	-	-	-	-	112,497	130,445
Other non-current liabilities	104	75	10	15	4,069	1,883
Total liabilities	8,550	7,333	85	2,279	199,649	184,571
Total equity attributable to the Company's shareholders and minority interest	3,627	2,777	12,204	9,820	159,570	131,421
Total liabilities and shareholders' equity	12,177	10,110	12,289	12,099	359,219	315,992

in million Baht

	<i>Business Groups</i>							
	SCG Chemicals		SCG Paper		SCG Cement		SCG Building Materials	
	2010	2009	2010	2009	2010	2009	2010	2009
Information from Statements of Income								
Net sales	144,317	101,115	51,714	42,729	48,954	46,661	30,719	26,873
Cost of sales	(130,555)	(82,757)	(41,152)	(34,538)	(36,664)	(34,851)	(21,998)	(19,400)
Gross profit	13,762	18,358	10,562	8,191	12,290	11,810	8,721	7,473
Other income	912	756	233	263	521	610	486	293
Profit before expenses	14,674	19,114	10,795	8,454	12,811	12,420	9,207	7,766
Operating expenses	(6,538)	(5,213)	(4,927)	(4,279)	(4,287)	(3,728)	(5,987)	(5,142)
Profit from operations	8,136	13,901	5,868	4,175	8,524	8,692	3,220	2,624
Gain (loss) on sales of investments, allowance for impairment and others	17,993	(125)	-	-	18	128	66	79
Profit before finance costs and income tax expense	26,129	13,776	5,868	4,175	8,542	8,820	3,286	2,703
Finance costs	(1,287)	(1,437)	(893)	(923)	(238)	(115)	(534)	(593)
Profit before income tax expense	24,842	12,339	4,975	3,252	8,304	8,705	2,752	2,110
Income tax expense	(9,252)	(1,520)	(1,383)	(888)	(2,295)	(2,496)	(770)	(635)
Profit after income tax expense	15,590	10,819	3,592	2,364	6,009	6,209	1,982	1,475
Share of profit of associates and jointly-controlled entity	6,341	5,234	21	19	-	-	251	320
Net profit	21,931	16,053	3,613	2,383	6,009	6,209	2,233	1,795
Profit (loss) attributable to:								
Equity holders of the parent	22,609	12,556	3,490	2,286	6,014	6,214	1,872	1,617
Minority interest	(678)	3,497	123	97	(5)	(5)	361	178
	21,931	16,053	3,613	2,383	6,009	6,209	2,233	1,795

in million Baht

	<i>Business Groups</i>					
	SCG Distribution		SCG Investment		Consolidated SCG	
	2010	2009	2010	2009	2010	2009
Information from Statements of Income						
Net sales	96,898	86,641	239	307	301,323	238,664
Cost of sales	(89,011)	(79,586)	(128)	(153)	(247,915)	(185,456)
Gross profit	7,887	7,055	111	154	53,408	53,208
Other income	517	566	3,259	1,576	6,384	4,292
Profit before expenses	8,404	7,621	3,370	1,730	59,792	57,500
Operating expenses	(7,269)	(6,298)	(153)	(164)	(30,326)	(25,662)
Profit from operations	1,135	1,323	3,217	1,566	29,466	31,838
Gain (loss) on sales of investments, allowance for impairment and others	-	-	(45)	-	18,032	(52)
Profit before finance costs and income tax expense	1,135	1,323	3,172	1,566	47,498	31,786
Finance costs	338	63	(90)	(77)	(4,670)	(5,649)
Profit before income tax expense	1,473	1,386	3,082	1,489	42,828	26,137
Income tax expense	(426)	(321)	(116)	(47)	(13,959)	(5,168)
Profit after income tax expense	1,047	1,065	2,966	1,442	28,869	20,969
Share of profit of associates and jointly-controlled entity	22	19	1,723	1,545	8,390	7,200
Net profit	1,069	1,084	4,689	2,987	37,259	28,169
Profit (loss) attributable to:						
Equity holders of the parent	1,061	1,077	4,674	2,972	37,382	24,346
Minority interest	8	7	15	15	(123)	3,823
	1,069	1,084	4,689	2,987	37,259	28,169

23 Selling expenses

	in million Baht	
	2010	2009
Freight, sales promotion and advertising expenses	13,008	10,161
Others	911	1,033
Total	13,919	11,194

24 Administrative expenses

	in million Baht	
	2010	2009
Salary, welfare and personnel expenses	10,911	9,192
Professional fees	1,348	1,349
Depreciation and amortisation expense	696	686
Publication	620	408
Tax, license fees and others	488	465
Supplies, repair and maintenance	478	709
Outside wages	379	373
Communication and transportation	230	218
Allowance for impairment of assets	47	353
Others	949	506
Total	16,146	14,259

25 Personnel expenses

	in million Baht	
	2010	2009
Salaries and others	21,119	17,792
Contribution to defined contribution plans	953	764
Early retirement expense	341	347
Total	22,413	18,903

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.

26 Management benefit expenses

Management benefit expenses comprise of the remuneration paid to the directors of The Siam Cement Public Company Limited under the articles of the Company and the remuneration paid to the management as staffs expenses in terms of salary, bonus, others and contribution to defined contribution plans.

27 Other income

	in million Baht	
	2010	2009
Dividend income from other companies	2,459	1,084
Management fee income	1,497	995
Interest income from financial institutions	457	393
Gain on disposals of scrap and others	413	259
Rental and royalty fee income	158	146
Income from penalty/delay payment	137	159
Income from land expropriation	110	-
Gain from financial instruments	85	415
Gain on fixed assets sold	71	39
Others	997	802
Total	6,384	4,292

28 Finance costs

		in million Baht	
	Note	2010	2009
Interest - Thai Baht loans		6,259	6,265
Interest - Foreign loans		649	661
Interest - Provident funds		36	37
Gain on exchange rate		(1,954)	(664)
		4,990	6,299
Capitalised as cost of construction in progress	11	(320)	(650)
Net		4,670	5,649

29 Income tax expense

		in million Baht	
	Note	2010	2009
Current tax		12,821	5,016
Deferred tax	13	1,138	152
Total		13,959	5,168

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:

	in million Baht/million shares	
	2010	2009
Net profit attributable to equity holders of the parent	37,382	24,346
Number of ordinary shares outstanding	1,200	1,200
Basic earnings per share (in Baht)	31.15	20.29

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 2010, 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, three 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 totalling US Dollars 31.5 million. According to the financial support agreement, the Company must comply with the conditions as indicated in the agreement based upon its ownership interest. In the fourth quarter of 2010, the Company received entirely payment of totalling Baht 1,461 million.

32 Dividends

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 Annual General Meeting of the Shareholders of the Company held on 31 March 2010, the shareholders resolved to declare total dividends for the year 2009 at Baht 8.50 per share, totalling approximately Baht 10,200 million. The payment of dividends is divided into 2 installments. The interim dividend was paid at the amount of Baht 3.50 per share to the shareholders entitled to receiving the dividends, totalling Baht 4,190 million, and was paid on 27 August 2009. The final dividend was paid at the amount of Baht 5.00 per share to the shareholders entitled to receiving the dividends, totalling Baht 5,982 million, and was paid on 28 April 2010.

At the Board of Directors' Meeting of the Company held on 28 July 2010, the directors resolved to declare interim dividend for the year 2010 at Baht 4.50 per share to the shareholders entitled to receiving the dividends, totalling Baht 5,393 million, which was paid on 26 August 2010.

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

	Effective interest rates (% p.a.)	in million Baht			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
Year 2010					
Current					
Short-term loans to related parties	2.00 - 10.00 LIBOR3M plus 2.15	158	-	-	158
Non-current					
Long-term loans to related party	2.00 - 5.00	-	58	335	393
Long-term loan to other company	-	-	139	-	139
Total		158	197	335	690
Year 2009					
Current					
Short-term loans to related parties	10.00 SIBOR plus 6.50	119	-	-	119
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

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			
		After 1 year			Total
		Within 1 year	but within 5 years	After 5 years	
Year 2010					
Current					
Bank overdrafts and short-term loans from financial institutions	1.85 - 9.00 / MOR / MMR MLR minus 2.00 / plus 2.00 Cost of fund plus (0.50 - 0.75)	8,666	-	-	8,666
Short-term loans from related parties	0.50	158	-	-	158
Long-term loans from financial institutions	5.10 - 5.25 / MLR minus 2.00 FDR3M plus 2.55 LIBOR plus (0.30 - 0.325) SIBOR plus 0.375 TIBOR plus 1.50 Cost of fund plus 0.75	7,013	-	-	7,013
Finance lease liabilities	1.23 - 10.00 / Flat rate 4.00	198	-	-	198
Debentures	4.50 - 5.75	24,878	-	-	24,878
Non-current					
Long-term loans from financial institutions	3.625 - 5.25 FDR plus (2.25 - 2.55) MLR minus (0.50 - 2.00) EURIBOR plus (0.65 - 0.75) LIBOR plus (0.30 - 1.00) SIBOR plus (0.375 - 1.00) Cost of fund plus 0.75	-	15,268	11,561	26,829
Finance lease liabilities	1.23 - 10.00 / Flat rate 4.00	-	814	-	814
Debentures	3.85 - 5.35	-	84,854	-	84,854
Total		40,913	100,936	11,561	153,410

in million Baht

	Effective interest rates (% p.a.)	After 1 year			Total
		Within 1 year	but within 5 years	After 5 years	
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

Foreign exchange risk

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

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

in million Baht

	Short-term and current portion of long-term		Long-term		Total	
	2010	2009	2010	2009	2010	2009
	US Dollar	1,467	1,313	14,440	16,457	15,907
Euro	217	-	1,301	1,816	1,518	1,816
Peso	374	282	72	78	446	360
Dong	974	353	-	-	974	353
Yen	14	30	-	-	14	30
Others	15	-	-	-	15	-
Total	3,061	1,978	15,813	18,351	18,874	20,329

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 2010 and 2009, 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 assets and liabilities

As at 31 December, the Group had:

	in million Baht	
	2010	2009
a) Guarantees on loans of non-consolidated related parties	2,074	2,136
b) Bank guarantees issued by banks to government, state enterprises and private sectors	859	1,375
c) Unused letters of credit	354	1,448
d) Commitments		
- for purchase of raw material contracts	58,943	46,292
- for rental and service agreements	907	793
- for construction and installation of machinery	464	4,311
e) Contingent liability for the assessment from the Revenue Department and others. (Since the cases are under the consideration of the Courts and the outcome is uncertain, the Group has not yet recorded such contingent liability in the consolidated financial statements)	141	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 of 2009, 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 has started in the year 2010 and the outcome is uncertain, the Company has not yet recorded any provision for compensation in the financial statements for the year ended 31 December 2010.		

- 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, money received from sales of goods and deposit in foreign country. The details of the contracts are as follows:

	in million/million Baht			
	Contract amount - Swap Loan			
	Currency		Equivalent to Baht	
	2010	2009	2010	2009
US Dollar	73	37	2,381	1,301

The above contracts will be gradually due within December 2015 (2009: due within June 2014).

	in million/million Baht							
	Contract amount							
	Forward Receivable				Forward Payable			
	Currency		Equivalent to Baht		Currency		Equivalent to Baht	
	2010	2009	2010	2009	2010	2009	2010	2009
US Dollar	1,096	439	32,808	14,557	37	114	1,149	3,875
Euro	4	11	180	567	13	13	598	643
Yen	18	-	7	-	33	351	13	131
Others	2	69	75	413	-	1	1	20
Total			33,070	15,537			1,761	4,669

The above contracts will be gradually due within December 2011 (2009: due within December 2010).

- 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 404 million (2009: US Dollars 414 million), whereby exchanging floating interest rates based on LIBOR with fixed interest rates from 2.67% to 4.98% per annum. (2009: from 2.67% to 4.98% per annum).
- i) The Group had entered into commodity and freight swap contracts with various local banks and foreign banks to hedge the risk of price changes amounting to US Dollars 112 million, equivalent to Baht 3,402 million (2009: US Dollars 54 million, equivalent to Baht 1,819 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 2,000 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 3% to 4% per annum.
- k) A subsidiary has a contingent asset for Baht 62 million related to an insurance claim for loss damaged machinery from fire.

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 and the Central 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.

On 2 September 2010, the Central Administrative Court delivered its judgment to revoke permits of the projects, for which such permits were issued after the Constitution B.E. 2550 came into force, and fall within the list of 11 types of serious impact projects issued on 31 August 2010 by the Ministry of Natural Resources and Environment. As a result of the judgment, almost all projects of the Group which are considered as non serious impact projects are able to continue operations, except for 1 project of the Group which fall within the list and is now in process to comply with the paragraph 2 of Article 67 of the Constitution B.E. 2550. At present, the plaintiffs and the government authorities have already appealed the judgment of the Central Administrative Court to the Supreme Administrative Court.

37 Events after the reporting period

- 1) At the Board of Directors' Meeting held on 26 January 2011, the directors approved the following matters:
 - a) Submitting for approval at the Annual General Meeting of the Shareholders, the payment of a dividend for 2010 at the rate of Baht 12.50 per share. An interim dividend of Baht 4.50 per share was paid on 26 August 2010, as discussed in note 32. The final dividend will be at the rate of Baht 8.00 per share, payable to shareholders entitled to receive dividends total approximately Baht 9,600 million and is scheduled for payment on 27 April 2011. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 30 March 2011.
 - b) The issuance of new lots of debentures No. 1/2011 on 1 April 2011, named, unsubordinated and unsecured not exceeding Baht 15,000 million. The term of the new debenture is 4 years, maturing on 1 April 2015. The interest rate will be fixed at market rate upon the issue date and payable quarterly. Subscription of debentures will replace the debentures No. 1/2007 amounting to Baht 15,000 million, which will be retired on 1 April 2011.

- 2) On 18 January 2011, the Group gave notice to The Stock Exchange of Thailand that Thai Containers Group Co., Ltd., a subsidiary of SCG Paper, signed an agreement to acquire 100% shares in Alcamax Packaging (Vietnam) Joint Stock Company (manufacturer and distributor of corrugated containers in Vietnam), for a cost, including the resumption of financial liabilities, of Baht 750 million.
- 3) On 14 January 2011, the Group made a capital injection of Baht 201 million of which the Group holds 50% to Siam Synthetic Latex Co., Ltd., which is an associate of SCG Chemicals.

38 Thai Financial Reporting Standards (TFRS) not yet adopted

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

TFRS	Topic	Year effective
TAS 1 (revised 2009)	Presentation of Financial Statements	2011
TAS 2 (revised 2009)	Inventories	2011
TAS 7 (revised 2009)	Statement of Cash Flows	2011
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	2011
TAS 10 (revised 2009)	Events after the Reporting Period	2011
TAS 11 (revised 2009)	Construction Contracts	2011
TAS 12	Income Taxes	2013
TAS 16 (revised 2009)	Property, Plant and Equipment	2011
TAS 17 (revised 2009)	Leases	2011
TAS 18 (revised 2009)	Revenue	2011
TAS 19	Employee Benefits	2011
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TAS 23 (revised 2009)	Borrowing Costs	2011
TAS 24 (revised 2009)	Related Party Disclosures	2011
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements	2011
TAS 28 (revised 2009)	Investments in Associates	2011
TAS 31 (revised 2009)	Interests in Joint Ventures	2011
TAS 33 (revised 2009)	Earnings per Share	2011
TAS 34 (revised 2009)	Interim Financial Reporting	2011
TAS 36 (revised 2009)	Impairment of Assets	2011
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	2011

TFRS	Topic	Year effective
TAS 38 (revised 2009)	Intangible Assets	2011
TAS 40 (revised 2009)	Investment Property	2011
TFRS 3 (revised 2009)	Business Combinations	2011
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	2011
TFRIC 15	Agreements for the Construction of Real Estate	2011

Management has presently determined the effects from adoptions of the new and revised TFRS on the consolidated financial statements of the Group. Those accounting standards that will have direct effect on the Group are as follows:

TAS 16 (revised 2009) – Property, plant and equipment

The principal changes introduced by the revised TAS 16 that will affect the Group is that (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The revised TAS 16 (revised 2009) permits as a transitional provision that these changes may be introduced prospectively from the year of introduction. The Group intends to adopt this transitional provision which the management has already determined will not have any material impact on the financial statements.

TAS 19 – Employee benefits

The accounting standard, Employee Benefits, has been in effect for financial periods beginning on or after 1 January 2011. The Group therefore has not presently accounted for the costs of post-employment benefits under defined benefit plans; other long-term employee benefits; and termination benefits until such costs are incurred. This accounting standard includes the requirements to recognise expenses and provision for employee benefits in the period in which the service is performed. The standard requires actuarial assumptions to measure the obligations and expenses of long-term benefits and to measure on a discounted basis due to the settlement of these benefits would incur in the subsequent years of services. The transitional provisions of TAS 19 permit the transitional liability computed from period of service years of employees prior to its effective date, to be recognised and accounted for in four options. The Group has selected to adjust the amount to the retained earnings at the initial adoption of this standard.

Management has determined that the transitional liability as at 1 January 2011 for employee benefits would be increased Baht 3,400 million and retained earnings for the Group would be decreased Baht 2,400 million.

39 Reclassification of accounts

Certain accounts in 2009 consolidated financial statements have been reclassified to conform to the presentation in the 2010 consolidated financial statements as follows:

	in million Baht		
	Before		After
	reclassification	Reclassification	reclassification
<i>Consolidated balance sheets</i>			
Property, plant and equipment	151,804	(1,652)	150,152
Inventories	30,986	118	31,104
Intangible assets	3,282	756	4,038
Other non-current assets	3,782	778	4,560
<i>Consolidated statements of income</i>			
Administrative expenses	14,401	(142)	14,259
Directors' remuneration	66	(66)	-
Management benefit expenses	-	208	208

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.

Financial Statements

The Siam Cement Public Company Limited

Audit Report of Certified Public Accountant

To the Shareholders of The Siam Cement Public Company Limited

I have audited the accompanying balance sheets of The Siam Cement Public Company Limited as at 31 December 2010 and 2009, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of The Siam Cement Public Company Limited as at 31 December 2010 and 2009, the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

S. Singhasaneh

Supot Singhasaneh

Certified Public Accountant

Registration No. 2826

KPMG Phoomchai Audit Ltd.

Bangkok

23 February 2011

The Siam Cement Public Company Limited

Balance sheets

As at 31 December 2010 and 2009

in thousand Baht			
Assets	Note	2010	2009
Current assets			
Cash and cash equivalents		56,995,280	22,989,626
Current investments		6,000,000	-
Trade accounts receivable	5	-	-
Receivables from and short-term loans to related parties	4	58,506,909	61,663,875
Other current assets		938,571	911,249
Total current assets		122,440,760	85,564,750
Non-current assets			
Investments in subsidiaries	6	53,226,382	43,527,001
Investments in associates	6	703,980	18,184,381
Other long-term investments	7	13,361,933	3,512,915
Receivable from and long-term loans to related parties	4	625,057	436,129
Long-term loan to other company	23	-	1,413,912
Property, plant and equipment	8	1,884,222	2,037,071
Intangible assets	9	156,181	166,071
Deferred tax assets	10	230,807	409,918
Other non-current assets		280,676	52,983
Total non-current assets		70,469,238	69,740,381
Total assets		192,909,998	155,305,131

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 2010 and 2009

in thousand Baht

Liabilities and shareholders' equity	Note	2010	2009
Current liabilities			
Trade accounts payable		68,526	64,983
Current portion of debentures	12	25,000,000	15,000,000
Payables to and short-term loans from related parties	4	5,029,743	2,544,859
Accrued interest expense		1,191,722	1,275,867
Accrued expenses		94,971	26,135
Income tax payable		6,751,426	-
Other current liabilities		158,928	139,405
Total current liabilities		38,295,316	19,051,249
Non-current liabilities			
Debentures	12	85,000,000	95,000,000
Deferred tax liabilities	10	1,958,273	-
Other non-current liabilities		163,478	117,392
Total non-current liabilities		87,121,751	95,117,392
Total liabilities		125,417,067	114,168,641

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

The Siam Cement Public Company Limited

Balance sheets

As at 31 December 2010 and 2009

in thousand Baht

Liabilities and shareholders' equity	Note	2010	2009
Shareholders' equity			
Share capital			
Authorised share capital	13	<u>1,600,000</u>	<u>1,600,000</u>
Issued and paid-up share capital	13	1,200,000	1,200,000
Unrealised gains (deficits)			
Fair value changes on investments	14	4,387,260	(15)
Retained earnings			
Appropriated			
Legal reserve	14	160,000	160,000
General reserve		10,516,000	10,516,000
Unappropriated		51,229,671	29,260,505
Total shareholders' equity		<u>67,492,931</u>	<u>41,136,490</u>
Total liabilities and shareholders' equity		<u>192,909,998</u>	<u>155,305,131</u>

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 2010 and 2009

in thousand Baht

	Note	2010	2009
Revenues			
Dividend income	4	16,660,848	14,053,188
Intellectual property income	4	2,086,193	1,615,949
Management fees for administration	4	1,630,353	1,329,811
Other income	18	1,149,862	591,100
Total revenues		21,527,256	17,590,048
Expenses			
Administrative expenses	15	1,158,336	888,103
Management benefit expenses	17	160,090	136,491
Total expenses		1,318,426	1,024,594
Profit from operations		20,208,830	16,565,454
Gain (loss) on sales of investments and assets for restructuring, allowance for impairment of investments and others	6	22,769,913	(22,555)
Profit before finance costs and income tax expense (benefit)		42,978,743	16,542,899
Finance costs	4, 19	2,451,570	2,765,241
Profit before income tax expense (benefit)		40,527,173	13,777,658
Income tax expense (benefit)	20	7,182,855	(151,365)
Net profit		33,344,318	13,929,023
Basic earnings per share (in Baht)	21	27.79	11.61

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 2010 and 2009

	Note	Issued and paid-up share capital	Fair value changes
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	14	-	-
Dividends	22	-	-
Balance at 31 December 2009		1,200,000	(15)
Balance at 1 January 2010		1,200,000	(15)
Unrealised gains			
Available for sale investments		-	4,387,275
Net profit		-	-
Total recognised income		-	4,387,275
Dividends	22	-	-
Balance at 31 December 2010		1,200,000	4,387,260

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	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
160,000	10,516,000	29,260,505	41,136,490
-	-	-	4,387,275
-	-	33,344,318	33,344,318
-	-	33,344,318	37,731,593
-	-	(11,375,152)	(11,375,152)
160,000	10,516,000	51,229,671	67,492,931

The Siam Cement Public Company Limited

Statements of cash flows

For the years ended 31 December 2010 and 2009

	in thousand Baht	
	2010	2009
Cash flows from operating activities		
Net profit	33,344,318	13,929,023
Adjustments for		
Depreciation and amortisation	113,208	120,074
Interest income	(3,391,180)	(3,329,299)
Interest expense	5,450,801	5,728,374
Unrealised loss on foreign currency exchange	63,250	16,696
Loss (gain) on sales of investments and assets for restructuring, allowance for impairment of investments and others	(22,769,913)	22,555
Gain on sales of property, plant and equipment	(421,438)	(20,414)
Gain on sales of intangible assets	(415)	(68)
Dividend income	(16,660,848)	(14,053,188)
Income tax expense (benefit)	7,182,855	(151,365)
Profit provided by operating activities before changes in operating assets and liabilities	2,910,638	2,262,388
Decrease (increase) in operating assets		
Receivables from related parties	(631,300)	(260,172)
Other current assets	17,132	850
Other non-current assets	8,506	(4,095)
Net increase in operating assets	(605,662)	(263,417)
Increase (decrease) in operating liabilities		
Trade accounts payable	3,543	(3,665)
Payables to related parties	7,854	97,191
Accrued expenses and other current liabilities	88,841	(10,932)
Other non-current liabilities	46,086	(28,914)
Net increase in operating liabilities	146,324	53,680
Cash generated from the operations	2,451,300	2,052,651
Income tax paid	(174,306)	(151,073)
Net cash provided by operating activities	2,276,994	1,901,578

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 2010 and 2009

in thousand Baht

	2010	2009
Cash flows from investing activities		
Interest received	3,701,981	3,271,499
Dividends received	16,622,279	14,053,029
Current investments	(6,000,000)	-
Investments in subsidiaries, associate and other company	(9,950,666)	(1,515,326)
Proceeds from sales and return of investments	36,684,967	3,119,608
Purchases of property, plant and equipment	(50,663)	(42,642)
Proceeds from sales of property, plant and equipment	228,656	29,739
Purchases of intangible assets	(7,757)	(14,784)
Proceeds from sales of intangible assets	1,670	100
Payments received on loans to (loans to) related parties	3,843,519	(2,485,887)
Payments received on loan to other company	1,065,199	-
Net cash provided by investing activities	46,139,185	16,415,336
Cash flows from financing activities		
Borrowings		
Interest paid	(5,532,923)	(5,697,487)
Short-term loans from financial institutions	-	(4,500,000)
Payments of long-term debts	-	(103,553)
Proceeds from (payments of) short-term loans from related parties	2,497,550	(891,222)
Proceeds from issuance of debentures	15,000,000	30,000,000
Redemption of debentures	(15,000,000)	(25,000,000)
Net decrease in borrowings	(3,035,373)	(6,192,262)
Dividends paid	(11,375,152)	(6,585,220)
Net cash used in financing activities	(14,410,525)	(12,777,482)
Net increase in cash and cash equivalents	34,005,654	5,539,432
Cash and cash equivalents at beginning of the year	22,989,626	17,450,194
Cash and cash equivalents at end of the year	56,995,280	22,989,626

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

The Siam Cement Public Company Limited

Notes to the financial statements

For the years ended 31 December 2010 and 2009

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These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the audit committee, as appointed by the Board of Directors of the Company, on 23 February 2011.

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 Financial Reporting Standards ("TFRS"), guidelines promulgated by the Federation of Accounting Professions ("FAP"), applicable rules and regulations of the Thai Securities and Exchange Commission and with generally accepted accounting principles in Thailand.

During 2010, the FAP announced the re-numbering of the following TFRS.

Former no.	Revised no.	Topic
TAS 11	TAS 101	Doubtful Account and Bad Debts
TAS 40	TAS 105	Accounting for Investment in Debt and Equity Securities
TAS 42	TAS 106	Accounting for Investment Companies
TAS 48	TAS 107	Financial Instruments Disclosure and Presentation

The Company has adopted the revised Framework for the Preparation and Presentation of Financial Statements (revised 2009), which was issued by the FAP during 2010 and effective on 26 May 2010. The adoption of the revised framework does not have any material impact on the financial statements.

The FAP has issued during 2010 a number of new and revised TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised standards are disclosed in note 29.

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

The preparation of financial statements in conformity with 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 25	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	3, 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:

Licence fee	term of agreement
Software licences	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		Pricing policies
	2010	2009	
<i>Subsidiaries</i>			
Intellectual property income, management income, services and others	3,582	2,918	Mainly based on percentage of net sales
Dividend income	12,925	12,150	Upon declaration
Gain on sales of assets	294	20	Market price
Interest income	2,984	2,979	Contract rate
Interest expense	16	18	Contract rate
<i>Associates</i>			
Intellectual property income, management income, services and others	215	34	Mainly based on percentage of net sales
Dividend income	1,296	823	Upon declaration
Interest income	14	27	Contract rate
<i>Others</i>			
Intellectual property income, management income, services and others	266	205	Mainly based on percentage of net sales
Dividend income	2,440	1,080	Upon declaration
Interest expense	36	35	Contract rate

In the statement of income for the year ended 31 December 2010, the Company presents finance costs of Baht 2,452 million (2009: Baht 2,765 million), which is comprised of interest expense and financial charges of Baht 5,450 million (2009: Baht 5,771 million) and interest income from related parties of Baht 2,998 million (2009: Baht 3,006 million).

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

Receivables from and short-term loans to related parties

	in million Baht	
	2010	2009
<i>Current accounts</i>		
<i>Subsidiaries</i>		
Map Ta Phut Olefins Co., Ltd.	372	151
Thai Polyethylene Co., Ltd.	198	156
Thai Polypropylene Co., Ltd.	137	65
The Siam Cement (Kaeng Khoi) Co., Ltd.	108	104
The Siam Cement (Ta Luang) Co., Ltd.	105	102
The Concrete Products and Aggregate Co., Ltd.	72	66
The Siam Cement (Thung Song) Co., Ltd.	64	95
SCG Chemicals Co., Ltd.	51	46
The Siam Fibre - Cement Co., Ltd.	50	44
SCG Trading Co., Ltd.		
(Formerly: SCT Co., Ltd.)	42	42
SCG Logistics Management Co., Ltd.	33	29
Thai Ceramic Co., Ltd.	31	37
The Siam Cement (Lampang) Co., Ltd.	30	21
Thai Kraft Paper Industry Co., Ltd.	26	23
SCG Paper Public Company Limited	26	19
Thai Paper Co., Ltd.	25	23
Siam Kraft Industry Co., Ltd.	20	17
SCG Cement Co., Ltd.	18	23
SCG Building Materials Co., Ltd.	16	4
The Siam Refractory Industry Co., Ltd.	16	16
SCG Network Management Co., Ltd.	14	16
Other companies	130	118
	<u>1,584</u>	<u>1,217</u>
<i>Associates</i>		
Siam Kubota Corporation Co., Ltd.	188	-
IT One Co., Ltd.	31	-
Mariwasa Siam Ceramic, Inc.	19	15
Other companies	19	22
	<u>257</u>	<u>37</u>

	in million Baht	
	2010	2009
<i>Others</i>		
Michelin Siam Group Co., Ltd.	205	205
Siam Yamato Steel Co., Ltd.	21	17
Other companies	18	10
	<u>244</u>	<u>232</u>
	<u>2,085</u>	<u>1,486</u>

Notes receivable

Subsidiaries

SCG Chemicals Co., Ltd.	25,960	27,589
SCG Paper Public Company Limited	12,258	12,502
The Siam Fibre - Cement Co., Ltd.	7,287	5,983
The Concrete Products and Aggregate Co., Ltd.	6,926	2,308
Map Ta Phut Olefins Co., Ltd.	1,930	-
Cement Thai Ceramics Co., Ltd.	1,268	2,448
Kampot Cement Co., Ltd.	488	727
Bangsue Management Co., Ltd.	135	150
SCG Distribution Co., Ltd.	86	-
Cement Thai Holding Co., Ltd.	-	8,471
	<u>56,338</u>	<u>60,178</u>

Receivable and short-term loans

Subsidiary

The Siam Cement (Thung Song) Co., Ltd.	72	-
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Associate

Mariwasa Siam Ceramic, Inc.	12	-
	<u>84</u>	<u>-</u>

Total

	<u>58,507</u>	<u>61,664</u>
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Receivable from and long-term loans to related parties

	in million Baht	
	2010	2009

Subsidiary

The Siam Cement (Thung Song) Co., Ltd.	232	-
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	in million Baht	
	2010	2009
<i>Associate</i>		
Mariwasa Siam Ceramic, Inc.	393	436
Total	625	436

Finance lease receivable

The Company entered into a finance lease agreement for machinery and equipment with a related party. Lease terms are for a period of 4 years. The Company presented finance lease receivable net of deferred interest income under the caption of "Receivables from and loans to related parties" as at 31 December are as follows:

	in million Baht		
	Finance lease receivable	Deferred interest income	Net
Year 2010			
Within 1 year	82	10	72
After 1 year but within 5 years	259	27	232
Total	341	37	304

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

	in million Baht	
	2010	2009
Short-term		
At 1 January	60,178	57,698
Increase	28,594	26,733
Decrease	(32,350)	(24,253)
At 31 December	56,422	60,178
Long-term		
At 1 January	436	444
Increase	304	5
Decrease	(115)	(13)
At 31 December	625	436

Payables to and short-term loans from related parties

	in million Baht	
	2010	2009
<i>Current accounts</i>	198	188
<i>Notes payable</i>		
<i>Subsidiaries</i>		
Cementhai Holding Co., Ltd.	2,815	-
The Siam Iron and Steel Co., Ltd.	1,207	1,069
Cementhai Captive Insurance Pte. Ltd.	201	-
Property Value Plus Co., Ltd.	168	78
Bangsue Industry Co., Ltd.	159	1
SCG Accounting Services Co., Ltd.	57	26
Cementhai Ceramic (Singapore) Pte. Ltd.	-	196
SCG Distribution Co., Ltd.	-	60
Cementhai Gypsum (Singapore) Pte. Ltd.	-	4
Other companies	13	28
	<u>4,620</u>	<u>1,462</u>
<i>Other</i>		
The Siam Cement Foundation	-	627
	<u>4,620</u>	<u>2,089</u>
<i>Short-term loans</i>		
<i>Subsidiaries</i>		
Tuban Petrochemicals Pte. Ltd.	212	235
Cementhai Gypsum (Singapore) Pte. Ltd.	-	33
	<u>212</u>	<u>268</u>
Total	<u>5,030</u>	<u>2,545</u>

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

	in million Baht	
	2010	2009
At 1 January	2,357	3,265
Increase	6,325	3,557
Decrease	(3,850)	(4,465)
At 31 December	<u>4,832</u>	<u>2,357</u>

5 Trade accounts receivable

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

	in million Baht	
	2010	2009
Over 1 year	34	65
Less allowance for doubtful accounts	34	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	
	2010	2009
At 1 January	61,711	63,338
Acquisitions and additional investments	9,715	1,515
Disposals and return from capital reduction	(17,496)	(2,898)
Allowance for impairment, net of reversal	-	(244)
At 31 December	53,930	61,711

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							
	2010	2009	At Cost		Impairment		Net		Dividends	
			2010	2009	2010	2009	2010	2009	2010	2009
SCG Chemicals Co., Ltd. and its subsidiaries	100	100	18,915	36,396	-	-	18,915	36,396	8,540	5,553
SCG Paper Public Company Limited and its subsidiaries	98	98	17,143	7,433	-	-	17,143	7,433	676	468
SCG Cement Co., Ltd. and its subsidiaries	100	100	9,518	9,518	-	-	9,518	9,518	4,003	6,215
SCG Building Materials Co., Ltd. and its subsidiaries and associates	100	100	5,096	5,106	526	526	4,570	4,580	607	55
SCG Distribution Co., Ltd. and its subsidiaries	100	100	1,714	1,714	-	-	1,714	1,714	-	370
Companies in SCG Investment	100	100	2,211	2,211	141	141	2,070	2,070	395	312
Total			54,597	62,378	667	667	53,930	61,711	14,221	12,973

In the fourth quarter of 2010, the Company sold a 17% interest in the shares of PTT Chemical Public Company Limited (PTTCH) to investors. As a result, the Company recorded a gain before tax amounting to approximately Baht 22,776 million, which is presented under the caption of "Gain (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 2010. As presented, the Company has remaining 4.42% interest in the shares of PTTCH under the caption of "Other long-term investments" in the balance sheet as at 31 December 2010, following a result of changes in investment status from associate to other.

7 Other long-term investments

	Ownership interest		in million Baht	
	(%)		Investment	
	2010	2009	2010	2009
a) At Cost				
Asia Cement Public Company Limited	10	10	1,119	1,119
Toyota Motor Thailand Co., Ltd.	10	10	881	881
Siam Yamato 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
b) At Fair Value (available-for-sale)				
Marketable Securities				
PTT Chemical Public Company Limited	4	-	9,849	-
Total			13,362	3,513

The aggregate values of the above investments, based on the latest available audited/reviewed statements or the quoted market prices (latest bid price) on the Stock Exchange of Thailand as at 31 December 2010, are as follows:

	in million Baht			
	Cost	Net book value or quoted market price (latest bid price)	Allowance for impairment of investments	Revaluation increase from changes in valuation of available-for-sale investments in marketable securities
Non-marketable	3,522	8,574	(9)	-
Marketable	3,582	9,849	-	6,268
Total	7,104	18,423	(9)	6,268

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 2009	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
Addition	-	-	-	-	2	47	49
Disposals / written-off	(1)	(211)	(963)	(2)	(2)	-	(1,179)
Transfers in / (out)	1	3	2	-	3	(9)	-
At 31 December 2010	1,797	1,185	123	65	362	141	3,673
Accumulated depreciation and impairment losses							
At 1 January 2009	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
Depreciation charge for the year	8	50	7	6	24	-	95
Disposals / written-off	-	(118)	(951)	(1)	(2)	-	(1,072)
At 31 December 2010	186	1,041	110	49	317	86	1,789
Net book value							
At 31 December 2009	1,619	284	30	23	64	17	2,037
At 31 December 2010	1,611	144	13	16	45	55	1,884

The gross carrying amounts of fully depreciated property, plant and equipment that is still in use amounted to Baht 1,238 million as of 31 December 2010 (2009: Baht 2,114 million).

9 Intangible assets

	in million Baht		
	Software		
	licences	Others	Total
Cost			
At 1 January 2009	64	32	96
Addition	11	4	15
Disposals / written-off	(1)	-	(1)
Transfers in	90	-	90
At 31 December 2009	164	36	200
Addition	4	5	9
Disposals / written-off	(1)	-	(1)
At 31 December 2010	167	41	208
Accumulated amortisation			
At 1 January 2009	19	-	19
Amortisation charge for the year	15	-	15
At 31 December 2009	34	-	34
Amortisation charge for the year	16	2	18
At 31 December 2010	50	2	52
Net book value			
At 31 December 2009	130	36	166
At 31 December 2010	117	39	156

10 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	
	2010	2009
Deferred tax assets	231	410
Deferred tax liabilities	(1,958)	-
Net	(1,727)	410

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

	in million Baht					
	At 1 January 2009	Credited (charged) to statement of income (note 20)	At 31 December 2009	Credited (charged) to statement of income shareholders' equity		At 31 December 2010
Deferred tax assets						
Investments in subsidiaries and associate	26	177	203	-	-	203
Loss carry forward	212	(32)	180	(180)	-	-
Others	22	5	27	1	-	28
Total	260	150	410	(179)	-	231
Deferred tax liabilities						
Other long-term investments	-	-	-	-	(1,880)	(1,880)
Finance lease receivable	-	-	-	(77)	-	(77)
Others	(1)	1	-	(1)	-	(1)
Total	(1)	1	-	(78)	(1,880)	(1,958)
Net	259	151	410	(257)	(1,880)	(1,727)

11 Short-term loans from financial institutions

In 2010, the Company has overdraft lines with several local banks amounting to approximately Baht 740 million, bearing interest at the minimum overdraft rate (2009: Baht 740 million).

12 Debentures

As at 31 December 2010, the Company had outstanding unsubordinated and unsecured debentures totalling Baht 110,000 million (2009: Baht 110,000 million) as follows:

Debentures No.	in million Baht		Interest Rate (% p.a.)	Term	Maturity Date	Fair Value *	
	2010	2009				2010	2009
3/2006	-	10,000	6.00	4 years	1 April 2010	-	1,009
4/2006	-	5,000	6.25	4 years	1 October 2010	-	1,038
1/2007	15,000	15,000	5.75	4 years	1 April 2011	1,020	1,049
2/2007	10,000	10,000	4.50	4 years	1 November 2011	1,024	1,041
1/2008	20,000	20,000	4.25	4 years	1 April 2012	1,031	1,044
2/2008	20,000	20,000	5.35	4 years	1 November 2012	1,046	1,059
1/2009	20,000	20,000	5.15	4 years	1 April 2013	1,044	1,059
2/2009	10,000	10,000	4.15	4 years	1 October 2013	1,031	1,025
1/2010	10,000	-	3.85	4 years	1 April 2014	1,032	-
2/2010	5,000	-	3.85	4 years	1 October 2014	1,037	-
Total	110,000	110,000					
<i>Less: Current</i>							
portion	25,000	15,000					
Net	85,000	95,000					

* Latest price (Baht per unit: 1 unit = Baht 1,000) as at 31 December 2010 and 2009.

13 Share capital

	Par Value (in Baht)	in million shares / million Baht			
		2010		2009	
		Number of shares	Value	Number of shares	Value
<i>Authorised</i>					
At 1 January					
- ordinary shares	1	1,600	1,600	1,600	1,600
At 31 December					
- ordinary shares	1	1,600	1,600	1,600	1,600
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	1,200	1,200	1,200	1,200
At 31 December					
- ordinary shares	1	1,200	1,200	1,200	1,200

14 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.

15 Administrative expenses

in million Baht

	2010	2009
Salary, welfares and personnel expenses	1,023	856
Publication	392	157
Professional fees	202	233
Depreciation	97	104
Rent	91	101
Outside wages	73	68
Utility expense	65	66
Repair and maintenance	56	44
Licence fees and others	40	22
Communication and transportation	19	18
Reimbursed amounts	(1,003)	(836)
Others	103	55
Total	1,158	888

16 Personnel expenses

in million Baht

	2010	2009
Salaries and early retirement expense	701	644
Contribution to defined contribution plans	41	36
Others	131	98
Total	873	778

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.

17 Management benefit expenses

Management benefit expenses comprise of the remuneration paid to the directors of The Siam Cement Public Company Limited under the articles of the Company and the remuneration paid to the management as staffs expenses in terms of salary, bonus, others and contribution to defined contribution plans.

18 Other income

	in million Baht	
	2010	2009
Interest income from banks and financial institutions	346	281
Gain on sales of fixed assets	312	20
Guarantee fee income	239	132
Income from land expropriation	110	-
Gain on stores sold and others	72	86
Interest income from other companies	47	43
Others	24	29
Total	1,150	591

19 Finance costs

	in million Baht	
	2010	2009
Interest expense - Thai Baht loans	5,338	5,719
Interest expense (income) - Affiliated companies		
Interest expense - Affiliated companies	52	53
Interest income - Affiliated companies	(2,998)	(3,006)
Interest expense - Provident funds	1	2
Interest expense - Foreign loans	-	3
Loss (gain) on exchange rate	59	(6)
Total	2,452	2,765

20 Income tax expense (benefit)

		in million Baht	
	Note	2010	2009
Current tax		6,926	-
Deferred tax	10	257	(151)
Total		7,183	(151)

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.

21 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	
	2010	2009
Net profit attributable to ordinary shareholders	33,344	13,929
Number of ordinary shares outstanding	1,200	1,200
Basic earnings per share (in Baht)	27.79	11.61

22 Dividends

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 Annual General Meeting of the Shareholders of the Company held on 31 March 2010, the shareholders resolved to declare total dividends for the year 2009 at Baht 8.50 per share, totalling approximately Baht 10,200 million. The payment of dividends is divided into 2 installments. The interim dividend was paid at the amount of Baht 3.50 per share to the shareholders entitled to receiving the dividends, totalling Baht 4,190 million, and was paid on 27 August 2009. The final dividend was paid at the amount of Baht 5.00 per share to the shareholders entitled to receiving the dividends, totalling Baht 5,982 million, and was paid on 28 April 2010.

At the Board of Directors' Meeting of the Company held on 28 July 2010, the directors resolved to declare interim dividend for the year 2010 at Baht 4.50 per share to the shareholders entitled to receiving the dividends, totalling Baht 5,393 million, which was paid on 26 August 2010.

23 Financial support agreement

The Company has a Financial Support Agreement with a local company totalling US Dollars 31.5 million. According to the financial support agreement, the Company must comply with the conditions as indicated in the agreement based upon its ownership interest. In the fourth quarter of 2010, the Company received entirely payment of totalling Baht 1,461 million.

24 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 2010					
Current					
Receivables from and short-term loans to related parties	5.10	56,422	-	-	56,422
Non-current					
Receivable from and long-term loans to related parties	2.00 - 6.25	-	290	335	625
Total		56,422	290	335	57,047
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

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 2010					
Current					
Short-term loans from related parties	0.50	4,832	-	-	4,832
Debentures	4.50 - 5.75	25,000	-	-	25,000
Non-current					
Debentures	3.85 - 5.35	-	85,000	-	85,000
Total		29,832	85,000	-	114,832
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

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	
	2010	2009
	Short-term loans	
US Dollars	212	468

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 2010 and 2009, 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 12).

25 Commitments and contingent liabilities

As at 31 December, the Company had:

	in million Baht	
	2010	2009
a) Guarantees on loans of related parties	24,892	25,773
b) Bank guarantees issued by banks to government, state enterprises and private sectors	56	56
c) Commitments for office buildings improvement of SCG Green Building Project	85	-
d) 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 of 2009, 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 has started in the year 2010 and the outcome is uncertain, the Company has not yet recorded any provision for compensation in the financial statements for year ended 31 December 2010.		
e) 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 2,000 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 3% to 4% per annum.		
f) The Company entered into forward contracts with several local and foreign banks amounting to US Dollars 796 million, equivalent to Baht 23,804 million (31 December 2009: US Dollars 345 million, equivalent to Baht 11,427 million), to hedge against the risk in exchange rates for payment received on loan to a foreign related party and from its cash flows of commercial transactions to the Group of SCG. The contracts will be gradually due within December 2011.		

26 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 others interest's confidence.

27 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 and the Central 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.

On 2 September 2010, the Central Administrative Court delivered its judgment to revoke permits of the projects, for which such permits were issued after the Constitution B.E. 2550 came into force, and fall within the list of 11 types of serious impact projects issued on 31 August 2010 by the Ministry of Natural Resources and Environment. As a result of the judgment, almost all projects of the Group which are considered as non serious impact projects are able to continue operations, except for 1 project of the Group which fall within the list and is now in process to comply with the paragraph 2 of Article 67 of the Constitution B.E. 2550. At present, the plaintiffs and the government authorities have already appealed the judgment of the Central Administrative Court to the Supreme Administrative Court.

28 Events after the reporting period

At the Board of Directors' Meeting held on 26 January 2011, the directors approved the following matters:

- a) Submitting for approval at the Annual General Meeting of the Shareholders, the payment of a dividend for 2010 at the rate of Baht 12.50 per share. An interim dividend of Baht 4.50 per share was paid on 26 August 2010, as discussed in note 22. The final dividend will be at the rate of Baht 8.00 per share, payable to shareholders entitled to receive dividends totalling approximately Baht 9,600 million and is scheduled for payment on 27 April 2011. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 30 March 2011.
- b) The issuance of new lots of debentures No. 1/2011 on 1 April 2011, named, unsecured and unsubordinated not exceeding Baht 15,000 million. The term of the new debenture is 4 years, maturing on 1 April 2015. The interest rate will be fixed at market rate upon the issue date and payable quarterly. Subscription of debentures will replace the debentures No. 1/2007 amounting to Baht 15,000 million, which will be retired on 1 April 2011.

29 Thai Financial Reporting Standards (TFRS) not yet adopted

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

TFRS	Topic	Year effective
TAS 1 (revised 2009)	Presentation of Financial Statements	2011
TAS 7 (revised 2009)	Statement of Cash Flows	2011
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	2011
TAS 10 (revised 2009)	Events after the Reporting Period	2011
TAS 12	Income Taxes	2013
TAS 16 (revised 2009)	Property, Plant and Equipment	2011
TAS 17 (revised 2009)	Leases	2011
TAS 18 (revised 2009)	Revenue	2011
TAS 19	Employee Benefits	2011
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TAS 23 (revised 2009)	Borrowing Costs	2011
TAS 24 (revised 2009)	Related Party Disclosures	2011
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements	2011
TAS 28 (revised 2009)	Investments in Associates	2011
TAS 33 (revised 2009)	Earnings per Share	2011
TAS 34 (revised 2009)	Interim Financial Reporting	2011
TAS 36 (revised 2009)	Impairment of Assets	2011
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	2011
TAS 38 (revised 2009)	Intangible Assets	2011
TAS 40 (revised 2009)	Investment Property	2011
TFRS 3 (revised 2009)	Business Combinations	2011
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	2011

Management has presently determined the effects from adoptions of the new and revised TFRS on the financial statements of the Company. Those accounting standards that will have direct effect on the Company are as follows:

TAS 16 (revised 2009) – Property, plant and equipment

The principal changes introduced by the revised TAS 16 that will affect the Company is that (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual

depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The revised TAS 16 (revised 2009) permits as a transitional provision that these changes may be introduced prospectively from the year of introduction. The Company intends to adopt this transitional provision which the management has already determined will not have any material impact on the financial statements.

TAS 19 – Employee benefits

The accounting standard, Employee Benefits, has been in effect for financial periods beginning on or after 1 January 2011. The Company therefore has not presently accounted for the costs of post-employment benefits under defined benefit plans; other long-term employee benefits; and termination benefits until such costs are incurred. This accounting standard includes the requirements to recognise expenses and provision for employee benefits in the period in which the service is performed. The standard requires actuarial assumptions to measure the obligations and expenses of long-term benefits and to measure on a discounted basis due to the settlement of these benefits would incur in the subsequent years of services. The transitional provisions of TAS 19 permit the transitional liability computed from period of service years of employees prior to its effective date, to be recognised and accounted for in four options. The Company has selected to adjust the amount to the retained earnings at the initial adoption of this standard.

Management has determined that the transitional liability as at 1 January 2011 for employee benefits would be increased Baht 207 million and retained earnings for the Company would be decreased Baht 145 million.

30 Reclassification of accounts

Certain accounts in 2009 financial statements have been reclassified to conform to the presentation in the 2010 financial statements.

	in million Baht		
	Before		After
	reclassification	Reclassification	reclassification
Statements of income			
Administrative expenses	959	(71)	888
Directors' remuneration	66	(66)	-
Management benefit expenses	-	137	137

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.

References

Registrars	Thailand Securities Depository Company Limited
Address	The Stock Exchange of Thailand Building 1 st 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 Registration No. 2826) and/or Mr. Charoen Phosamritlert (Certified Public Accountant Registration No. 4068) and/or Ms. Siripen Sukcharoenyingyong (Certified Public Accountant Registration No. 3636)
Address	Empire Tower 50 th – 51 st Floors, 195 South Sathorn Road Yannawa, Sathorn, Bangkok 10120
Tel.	66-2677-2000
Fax	66-2677-2222
Legal Advisors	SCG Legal Counsel Limited
Address	1 Siam Cement Road, Bangsue, Bangkok 10800
Tel.	66-2586-5777 or 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

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Corporate Headquarters

1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand

Tel: 66-2586-3333, 66-2586-4444 Fax: 66-2586-2974

www.scg.co.th

