

**- Translation -**

TSTH 116/2008 SC/ AG/ CI/ WS

July 21, 2008

To: President  
The Stock Exchange of Thailand

Subject: Clarification of the Company's Operating Results for the first quarter of 2008-2009  
(April - June 2008)

Tata Steel (Thailand) Public Company Limited ("Company") would like to clarify the Company's operating results for the first quarter of 2008-2009 (April - June 2008) as the followings:

**1. Operating Results**

**1.1 Net Sales**

In Q1/2008-2009, the Company recorded net sales of Baht 11,180 million, occurred from the sales volume of 351,000 tons (Q4/2007-2008: Baht 10,156 million from sales volume of 388,000 tons), representing an increase of 10% and decrease of 10%, respectively. The average selling price of this quarter was Baht 31,900 per ton or increased by Baht 5,700 per ton. Global demand for billets have made international billet prices soaring and availability scarce, resulting in simultaneous shift upwards in scrap, finished rebar and wire-rod prices. The lower sales volume against the previous is primarily due to slower off-take on account of rainy season.

When compared to net sales of Baht 5,773 million from sales volume of 299,000 tons in Q1/2007-2008, it is an increase of 94% and 17%, respectively. The sales volume was increased by 52,000 tons and average selling price increased by Baht 12,600 per ton, respectively. The main reasons were billet scarcity and resultant high price, for both billet and finished goods. The company not being dependent on outside billets and having its own steel making facilities, could leverage the billet scarcity situation and retain a strong market demand for its products.

**1.2 Net Profit (Loss)**

Net profit of Q1/2008-2009 was Baht 2,121 million (Q4/2007-2008: Baht 1,491 million), representing an increase of Baht 630 million or 42% against the previous quarter. The main reason was due to the increased selling price of Baht 5,700 per ton while cost of goods sold increased by Baht 2,600 per ton which mainly due to the increase of scrap price. However, the operation has been improved by increasing of production volume by 11,500 tons over the last quarter which assisted in maximizing the buoyancy in the market.

When compared to net profit of Baht 426 million in Q1/2007-2008, the increase in profit represented 398%. The main reason was due to the increase of average selling

price by Baht 12,600 per ton while cost of goods sold increased by Baht 6,100 per ton, resulting in gross margin increase of Baht 6,500 per ton, suitably assisted by an additional sales of 52,000 tons.

## **2. Financial Status**

### **2.1 Assets**

As on June 30, 2008, the total assets were Baht 27,547 million, an increase of Baht 4,124 million when compared with the previous quarter. This was mainly due to cash and cash in bank and trade accounts receivable which were increased by Baht 898 million and Baht 686 million, respectively. These were resulted from the increase of net sales. Inventory increased by Baht 2,332 million due to the increase of raw material by Baht 1,049 million while finished goods increased by Baht 836 million, to ensure uninterrupted production feed-stock and consistent supply to the market.

### **2.2 Liabilities and Shareholders' Equity**

As on June 30, 2008, the total liabilities were Baht 8,709 million, an increased of Baht 1,997 million or an increase of 30% from the end of the previous quarter. The main reason was due to the increase in bank overdrafts and trade accounts payable which were increased by Baht 749 million and Baht 558 million, respectively. There were resulted from the higher scrap procurement. Moreover, income tax payable increased by Baht 718 million while long-term loans decreased by Baht 150 million because of loan repayment.

The shareholders' equity as on June 30, 2008 was Baht 18,838 million, an increase by Baht 2,127 million or 13% against Q4/2007-2008. This was resulted from the net profit of Baht 2,121 million generated in this quarter.

Please be informed accordingly.

Sincerely yours,

Tata Steel (Thailand) Public Company Limited

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(Mr. Santi Charnkolrawee)

President