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TSTH 019/2009 SC/ PS/ CI/ WS

January 19, 2009

To: President
The Stock Exchange of Thailand

Subject: Clarification of the Company's Operating Results for the third quarter of 2008 - 2009
(October - December 2008)

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

Preamble

The US sub-prime crisis leading to a sudden global financial turmoil and economic meltdown during the last one and a half month of previous quarter, saw prices and market demand collapse from a peak at the beginning of the previous quarter, nose-dive to a rock-bottom trough at the previous quarter end, prompting all Central Banks of leading economies to come forward with bail-out options to ward off a possible global recession. In this backdrop of economic slowdown, the industrial scenario has not left the Company unscratched. Therefore, this result is still effecting to company at the present.

1. Operating Results

1.1 Net Sales

In Q3/2008-2009, the Company recorded net sales of Baht 4,632 million, occurred from the sales volume of 253,000 tons (Q2/2008-2009: Baht 9,457 million from sales volume of 278,000 tons), representing a decrease of 51% and 9%, respectively. The main reason is on account of falling demand in global steel market which continuously effected from the global economy crisis of the previous quarter. However, the company could increase export sales volume (Rebar) by 79% over the previous quarter. The selling price of this quarter was Baht 18,300 per ton or decrease of Baht 15,700 per ton from the last quarter. The lower selling price was due to the continually falling of scrap and billet price and there are the intense domestic price competition so the customer tried to order only minimum volume.

When compared to net sales of Baht 8,128 million from sales volume of 383,000 tons in Q3/2007-2008, it is a decrease of 43% and 34%, respectively. The lower sale volume is on account of the dropping of steel demand and uncertainty of domestic political. The average selling price decreased by Baht 2,900 per ton.

1.2 Net Profit (Loss)

Net loss of Q3/2008-2009 was Baht 2,266 million (Q2/2008-2009: Net profit in Baht 207 million), representing a decrease of Baht 2,473 million or 1,195% against the previous quarter. The main reason was due to (i) decrease in selling price by 15,700 per

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ton while cost of goods sold decreased by Baht 3,400 per ton; (ii) the company wrote down inventory by Baht 1,063 million from "marked-to-market" valuation.

When compared to net profit of Baht 617 million in Q3/2007-2008, the decrease in profit represented 467%. The main reason was due to cost of goods sold increase by Baht 6,000 per ton and average selling price decreased by Baht 2,900 per ton while, resulting in gross margin decrease of Baht 8,900 per ton.

2. Financial Status

2.1 Assets

As on December 31, 2008, the total assets were Baht 23,274 million, decrease of Baht 4,275 million or 16% from the previous quarter. This was mainly due to inventory decrease by Baht 4,846 million that consist of finished goods, billet and scrap by Baht 2,221 million, Baht 1,258 million and Baht 1,327 million, respectively. The trade account receivables were decreased by Baht 1,068 million. These were mainly due to a resultant of decrease in net sales and receivable purchasing from bank by Baht 376 million. While Properties, Plant and Equipment were increased by Baht 906 million, it resulted from an increase of Mini Blast Project by Baht 1,050 million. Cash and Cash in Bank were increased by Baht 432 million.

2.2 Liabilities and Shareholders' Equity

As on December 31, 2008, the total liabilities were Baht 7,143 million, decrease of Baht 2,004 million or 22% from the previous quarter. The main reason was due to the decrease in trade accounts payables and bank over draft and short term loan by Baht 1,559 million and Baht 665 million, respectively. The income tax payables were decreased by Baht 733 million. While Long-term loan was increased by Baht 908 million due to Mini Blast Project drawdown by Baht 1,058 million and repay loan by Baht 150 million.

The shareholders' equity as on December 31, 2008 was Baht 16,131 million, a decrease of Baht 2,271 million or 12% against Q2/2008-2009. This was resulted from the net loss of Baht 2,266 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