



สยามแก๊ส

รายงานประจำปี 2551 ANNUAL REPORT 2008



แก๊สแห่งความภูมิใจของคนไทย

บริษัท สยามแก๊ส แอนด์ ปิโตรเคมีคัลส์ จำกัด (มหาชน) SIAMGAS AND PETROCHEMICALS PUBLIC COMPANY LIMITED



Vision

To be a leading energy operator in South East Asia

Mission

- ◆ To be prepared for the company's business expansion, market growth and future gas price floating
- ◆ To urge business advantages by improving the company's potential in the upstream business and to cover the local and international markets, especially neighbouring countries, with the company's product and service network
- ◆ To come up with plans aimed at increasing facilities, warehouses, gas storehouse, gas station, gas-transporting vessels and gas-transporting trucks
- ◆ To continuously develop human resource for higher operation capability, effectiveness and security
- ◆ To place importance on policies regarding product security, service and practices within organization
- ◆ To focus on well living standard of people by providing premium product and service, especially security and convenience aspects in budget and fair price
- ◆ To emphasize environment preservation, ethical business conduct, responsibility towards society, shareholders and other related parties

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Financial Highlights

	2006	2007	2008
Financial Information ('000 Baht)			
Revenues from sales of goods	12,502,148	14,297,171	19,408,484
Total revenues	13,037,628	14,938,668	20,163,464
Gross profit	900,877	1,260,696	1,962,981
Net profit (loss)	243,961	442,423	1,092,534
Total assets	5,609,143	5,790,955	8,003,489
Total liabilities	5,072,370	4,800,162	3,797,476
Equity	536,773	990,793	4,206,012
Financial Ratio			
Net profit margin (%)	1.87	2.96	5.42
Return on equity (%)	39.94	49.11	42.94
Return on assets (%)	4.25	7.76	15.84
Financial Information per share (Baht)			
Book value per share	0.80	1.48	4.31
Issued and paid-up share capital	670,000,000	670,000,000	950,000,000





Gen. Chaisit Shinawatra
Chairman of the Board

Message from Chairman of the Board

The year 2008 was a remarkable year for the Company with significant milestone to list its shares on the Stock Exchange of Thailand, proving the success and high standard of our management and internal control system according to the stipulated regulations.

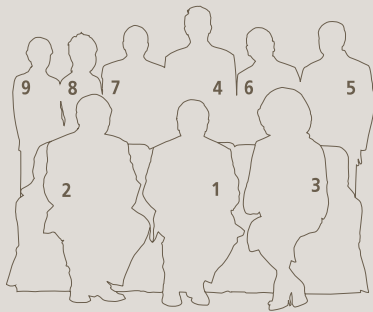
The fund raising from public offering has been carefully utilized for gas and energy business at utmost benefit. The Company acquired land and port in Phrapradang District for its new port, LPG terminal and filling plant. In addition, the Company has started to expand its auto gas station and invested in Ethanol business.

The Company saw an outstanding sales growth in the year 2008, contributable to the escalating demand in LPG as an oil substitution due to its lower price. Filling station of the Company has been spread through out the country to preserve nationwide demand.

Net profit of the Company dramatically grew by 146% from the year 2007 as a result of sales growth and interest expenses reduction due to all loan repayment. The Board has proposed the dividend payment of Baht 0.25 per share for shareholders' meeting approval, totaling of Baht 0.40 per share as the interim dividend was paid by Baht 0.15 per share.

The Board wishes to convey its gratitude to all of the Company's shareholders, clients, suppliers and financial institutions for their commitment and support, and would like to extend special thanks to management and staff for their dedication, diligence and contributions throughout the year. We continually hope to foresee your support and trust bounded to lead to the Company's sustainable development in the future.

Board of Directors



- 1. Gen. Chaisit Shinawatra**
Chairman
- 2. Mr. Worawit Weeraborwornpong**
Vice Chairman
- 3. Mrs. Patchara Weeraborwornpong**
Director
- 4. Mr. Supachai Weeraborwornpong**
Director
- 5. Mr. Suttipong Vasuvanichphan**
Director
- 6. Mr. Viroj Klangboonklong**
Independent Director and
Chairman of the Audit Committee
- 7. Mr. Harn Ciocharn**
Independent Director and
Audit Committee
- 8. Mrs. Sudjit Divari**
Independent Director and
Audit Committee
- 9. Mrs. Jintana Kingkaew**
Secretary to the Board of Directors

Management



Mr. Worawit Weeraborwornpong
Chairman



Mrs. Patchara Weeraborwornpong
Executive Director



Mr. Supachai Weeraborwornpong
Managing Director



Mr. Anuwat Pooantipong
Deputy Managing Director-Sales
and Marketing



Mr. Suttipong Vasuvanichphan
Deputy Managing Director-
Purchasing

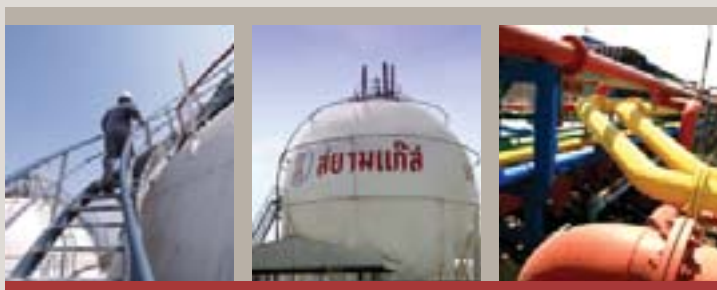


Mrs. Jintana Kingkaew
Deputy Managing Director-Accounting/
Finance/Procurement/Human



Mr. Somchai Koprabsuk
Assistant Managing Director-
Warehouse-Filling Plant

General Information



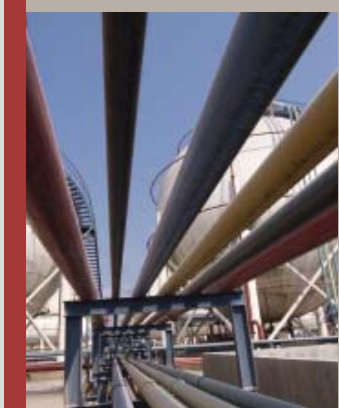
The Company	: SiamGas and Petrochemicals Public Company Limited
Type of Business	: Energy business, i.e. <ol style="list-style-type: none"> 1) trading of liquefied petroleum gas (LPG), ammonia and other petrochemical products 2) Transportation of LPG and other petrochemical products 3) Manufacturing and distribution of LPG cylinder 4) Production and distribution of Ethanol
Head Office	: 498/997-999, Damrongrak Road, Klong Mahanak Sub-district, Pomprab Satrupai District, Bangkok 10100
Company Registration No.	: 0107574800650
Telephone	: 02 - 628 - 1700 - 10
Fax	: 02 - 628 - 1713 - 14, 02 - 628 - 2130
Homepage	: www.siamgas.com
Registered Capital	: Baht 950,000,000
No. of Common Shares	: 950,000,000 shares
Par value	: Baht 1.00
Paid-up Capital	: Baht 950,000,000

Shareholding in subsidiaries and type of business

	Company	Paid-up Capital (Baht Million)	% of Shareholding	Type of Business
1	UGP	105.00	99.51	Filling and distribution of LPG, ammonia and other petrochemical products with the license for gas trader under Section 6 (equivalent to the license for oil trader under Section 7)
2	LCR	70.00	99.99	Land transportation of LPG and fuel with the license for gas and fuel transportation
3	SQS	70.00	99.99	Manufacturing and distribution of LPG cylinder
4	SEEC	400.00	70.00	Production and distribution of Ethanol
5	LMR	65.00	99.99 ¹	Vessel transportation of LPG and fuel with the license for gas and fuel transportation
6	CGT	50.00	99.99 ²	Land transportation of LPG and Ammonia with the license for gas and fuel transportation
7	UMR	40.10	99.99 ²	Vessel transportation of Ammonia with the license for gas and fuel transportation

	Company	Paid-up Capital (Baht Million)	% of Shareholding	Type of Business
8	UTD	10.00	99.99 ²	<ul style="list-style-type: none"> Vessel transportation of LPG with the license for gas and fuel transportation Administrative service provider for UGP UGT UGI and UGC
9	UGI	15.82	99.99 ²	Vessel transportation of LPG with the license for gas and fuel transportation
10	UGC	0.10	99.94 ²	Vessel transportation of ammonia with the license for gas and fuel transportation

- Note
1. The Company indirectly holds shares through LCR
 2. The Company indirectly holds shares through UGP



(A) Registrar

Name Thailand Securities Depository Co., Ltd.
Address 62 The Stock Exchange of Thailand Building,
4th, 6th-7th Floor, The Stock Exchange of Thailand Building
Telephone (662) 229-2800, (662) 654-5599
Fax (662) 359-1259

(B) Trustee

-None-

(C) Auditor

Name Deloitte Touche Tohmatsu Jaiyos Company Limited
Address Rajanakarn Building, 25th Floor
183 South Sathorn Road, Yannawa, Sathorn, Bangkok
Telephone (662) 676-5700
Fax (662) 676-5757

(D) Financial Advisor

Name Advisory Plus Company Limited
Address Thanapoom Building, 10th Floor,
1550 New Petchaburi, Makason, Ratchateevee, Bangkok
Telephone (662) 652-7859-64
Fax (662) 652-7867

Report of the Audit Committee

Siamgas and Petrochemical Public Company Limited passed the resolution “to appoint there qualified independent directors who are not the employee of the company to be Audit Committee. The members are Mr. Viroj Klangboonklong who acts as the Chairman of the Audit Committee, Mr. Harn Chiocharn and Mrs. Sudjit Divari as Audit Committee.

During the year 2008, there were 9 meetings of The Audit Committee with Internal Audit Office, Accounting and Finance executives and the External Auditors every quarter depending on the relevant agenda which can be concluded as follows :

1. Review the company interim and 2008 annual Financial statements With the External Auditors and company executives by questioning, advising and discussing matters and certain issues relating to the company’s financial reports. In opinion of The Audit Committee that the company and its subsidiaries financial statements for 2008 were prepared in accordance with generally accepted accounting principles and presented accurately and fairly with adequate information disclosure.
2. Review performance of internal audit according to annual audit plan, assess, evaluate and review internal audit reports including the evaluation of the adequacy of the company’s internal control system. The Aaudit Committee found the company to have adequate internal control.
3. Review that the company complied with laws pertaining to securities and stock exchange, regulation of the Stock Exchange of Thailand and laws concerning company business. The Audit Committee found the company to comply with relevant rules and regulations.
4. Consider the transaction with related parties and transaction with conflict of interest in line with relevant legislations and regulations. The Audit Committee found the transactions to be in order and one of best interest to the company with adequate information disclosure.
5. Consider, select and recommend fees and nominate the company’s external auditors. The Audit Committee proposed to the Board of Directors to recommend at the annual have holders’ meeting the appointment of Mr. Montri Panichkul, Certified Public Accountant number 3461 from Deloitte Touche Tohmatsu Jaiyos Co, Ltd. As the company’s auditor for fiscal year 2009 as they are independent auditors with the authority, duties and responsibilities set forth by the Securities and Exchange Commission.
6. Other :
 - 6.1 Review the information disclose to the Stock Exchange of Thailand and Securities and Exchange Commission, as disclosed in the Company’s annual report year 2008 (Form 56-2) and in the annual information disclose form as at December 31, 2008 (Form 56-1)
 - 6.2 Report the Audit Committee’s activities to the Board of Directors periodically
 - 6.3 Inyear 2008, the Audit Committee hold one meeting with the internal auditors without the company’s management
 - 6.4 Record of attendance in 2008 of the Audit Committee members is summarized as follows :



On behalf of the Audit Committee

(Mr. Viroj Klangboonklong)

Chairman of the Audit Committee

February 2009

List of Audit Committee			Number of attendance/Total Meeting (times)	
			2007	2008
1.	Mr. Viroj	Klangboonklong	4/4	9/9
2.	Mr. Harn	Chiocharn	4/4	8/9
3.	Mrs. Sudjit	Divari	4/4	9/9

Risk Factors

1 Risks relating to business operation

1.1 Risks relating to the Government Policies



(1) Float-based LPG price policy

Due to the existing semi-floated LPG pricing system in Thailand, ex-refinery price/price at gas separation plant/import price are determined by the government while the wholesale prices at 5 terminals of PTT Public Company Limited (“PTT”), the largest LPG producer in Thailand, located in Lumpang, Nakornsawan, Khonkaen, Surat Thani and Hat Yai is also set to be equal to the ex-refinery price/price at gas separation plant. In contrary, LPG retail price is allowed to float, except LPG cooking gas. Playing an important role in every household’s life, the Department of Internal Trade, Ministry of Commerce, therefore declared the LPG cooking gas as the restricted goods whereby permission from Department of Internal Trade must be obtained prior to any changes in the selling price.

To summarize, wholesale prices at PTT’s 5 terminals throughout the country is set based on the wholesale ex-refinery price/price at gas separation plant as well as the retail LPG price for cooking is manipulated by the Department of Internal Trade, Ministry of Commerce, while the retail LPG price for automobiles and industrial use have been floated.

If the LPG selling price control is lifted and fully deregulated, the LPG price will be adjusted in accordance with the cost as well as world and local market price.

The fully floating base implementation could pose a risk of LPG price fluctuation to various LPG traders as well as the Company which may recognize more profit in case of the price surging and vice versa.

In case of higher LPG price, consumer might consider to use other alternative fuels with lower cost which may adverse affect the LPG consumption and earnings of fuel trader under Section 7, including the Company accordingly.

(2) Free trade policy on cooking gas

In regards to the free trade area under the agreement made with World Trade Organization, tough competition has been expected due to the penetration of leading global LPG operators or local traders with substantial amount of working capital and superior technology.

However, any new comers shall face some barriers to enter the market such as unfamiliarity with local environment, limited experience as well as the difficulties to build relationship with LPG traders and nationwide network, resulting in less opportunity for business achievement in Thailand.



(3) Consumer and environment protection policy

The construction of LPG terminals, filling plants and service stations, is subject to an approval from pertinent government agencies with regular inspection to ensure the highest safety and standard compliance. As the Company and UGP strictly adhere to the relevant rules and regulations, it is assured that their LPG terminals, filling plants and service stations have been maintained in good condition and up to the stipulated standard.

Particular attention on environment and consumer rights is highly anticipated in future prospect. More regulations regarding intense safety for LPG users shall be announced accordingly along with serious environmental campaign which might limit the operational cost and earnings of the Group. To address this risk, stringent surveillance on the safety of their products is always administered by the Company and UGP, as the LPG operator, in accordance with the applicable government requirements for highest security and environmental awareness.



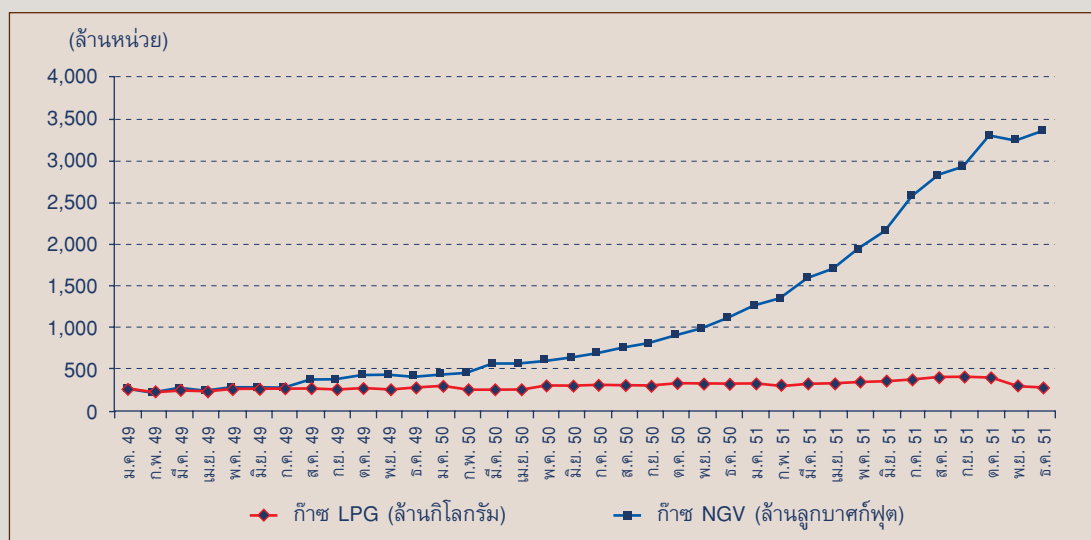
(4) NGV promotion campaign

In the face of upsurge in oil price, LPG local supply for cooking purpose might be squeezed since demand for LPG for transport sector has increased dramatically. Under the circumstance, more import LPG may be procured to counter the rocketing needs. As a consequence, NGV has been promoted as an alternative fuel nationwide due to the domestic production ability and its cleanliness. Thai consumers have been encouraged by the government to turn to NGV, starting from taxi and government agencies vehicles (public bus and waste truck). As a result, more NGV stations will be set up to serve the boosted consumption throughout the country.

Nevertheless, the Company found some drawbacks of NGV over LPG as a fuel for vehicles such as higher cost of engine modification due to the required import parts, more complexity of NGV cylinder installation, time consuming for NGV filling and limited service stations of only 256 compared to 560 LPG stations spread out over the region.

Comparing the LPG and NGV sales volume during January 2006-December 2008, growth of NGV sales volume has no significant effect on that of LPG as follows:

LPG and NGV Sales Volume During January 2006-December 2008



Source : Department of Energy Business (http://www.doeb.go.th/information/stat/sale_m.xls)

As the Company views that NGV is not the perfect substitution of LPG, it is expected that the LPG consumption and the Group's performance shall not confront the material adverse effect from the NGV promotional campaign urged by the government.

However, to lessen the NGV replacement risk, the Company already retrofitted its existing Nuanchan service station to facilitate NGV service in the initial stage.

1.2 Risk relating to the increase of LPG traders

According to the domestic LPG sales volume during 2001-2008, the favorable trend has been seen from 2,394 million kilograms in 2001 to 4,279 million kilograms in 2008, or 1.76-16.5% growth. As a result, more penetration in LPG trading can be expected.

LPG Sales Volume during 2001-2008

Year	Sales Volume (million kilograms)	Growth (%)
2001	2,394	13.62
2002	2,471	3.22
2003	2,559	3.56
2004	2,604	1.76
2005	2,923	12.25
2006	3,212	9.89
2007	3,671	14.29
2008	4,279	16.56

Source : Department of Energy Business, Ministry of Energy

However, any person applying for being fuel trader under Section 7 shall have the qualifications in accordance with the condition prescribed by the Ministry of Commerce. Such qualifications include minimum registered capital and working capital of Baht 50 million and Baht 100 million, respectively, as well as LPG legal reserve at 0.5% of annual trading volume, trading volume per year of 50,000 tons or upwards (by means of importation, purchase, distillation, production or acquisition within 1 year), investment in 1 million LPG cylinders or upwards and owned trademark. In addition, the new comers have to build their reputation in the market and, at the same time, compete with existing operators who have strong customer base on hand. These circumstances might, as a result, be a barrier for new penetration in this business.

1.3 Risk relating to the safety of LPG cylinder

As LPG is inflammable and combustible, explosion of LPG cylinder shall cause serious hazard to life and assets. Therefore, the Company and UGP, as the LPG trader and filling plant owner, are responsible for all damages occur which shall have an adverse effect on the Group's reputation and performance.

Currently, LPG cylinders have undergone regular inspection to ensure the compliance with Thai Industrial Standard (TIS) set by Thai Industrial Standards Institute, Ministry of Industry. Additionally, according to the rule stipulated by the Department of Energy Business, Ministry of Energy, the Hydro Test shall be done on cylinder with more than 5-year usage life while both Hydro Test and Expansion Test shall be done on cylinder with more than 10-year usage life and every 5 years since then. The substandard cylinder must be destroyed accordingly. In addition to the regulation stipulated by government bureau, the Company and UGP also assign a certain internal division to be responsible for cylinder inspection. If the deteriorated cylinders are found, the specialist will be hired to jointly inspect the cylinders with the Department of Energy Business, Ministry of Energy to ensure that LPG cylinders of the Company and UGP in the market are definitely up to the standard set by relevant agencies. During the past 5 years, there were no unfavorable record in regarding to LPG cylinders of the Company and UGP. Therefore, the Company's risk relating to the safety of LPG is considerably minimal.

1.4 Risk relating to the safety of LPG terminals, filling plants and service stations of the Group

Details of LPG terminals, filling plants and service stations owned by the Company and UGP are as follows:

Table shows details of LPG Terminals, Filling Plants and Service Stations owned by the Company and UGP

(หน่วย : แห่ง)

	The Company	UGP	Total
LPG Terminals	5	2	7
LPG Filling Plants	22	13	35
LPG Service Stations	11	-	11

Note : * As of December 31, 2008, the Company owned 8 COCO-based LPG filling plants (Company Own - Company Operate) and 14 CODO-based LPG filling plants (Company Own - Dealer Operate).

Any damages occur to LPG terminals, filling plants and service stations of the Company and/or UGP shall adversely affect the Group's reputation and performance.

The Company ensures the minimal risk encountered since all LPG terminals, filling plants and service stations of the Group were constructed according to the qualifications and conditions imposed by pertinent governing agencies with permission granted by the Department of Energy Business, Ministry of Energy. Moreover, the Company and UGP have undertake an insurance to protect their major operating assets, i.e. LPG terminals, filling plants and service stations, against risks and business interruption with aggregation coverage of Baht 1,298.03 million and third-party damages with aggregation coverage of Baht 60.00 million in order to alleviate an effect of any hazards might occur.

In regards to CODO-based filling plant (Company Own - Dealer Operate), it is clearly declared in the agreement that dealers will be responsible for any damages occur with such assets, including exposure to third-party damages as well as environmental pollution according to their operation. Therefore, the Company and UGP are entitled to claim on any expenses in relation to the actual losses on their plants.

1.5 Risk relating to LPG transportation

Any hazard occurring during products transportation could affect the Group's reputation and business as seven subsidiaries of the Company, namely LCR, LMR, CGT, UMR, UTD, UGI and UGC, have their core business in LPG, ammonia and other petrochemical products transportation service while UGP also holds the facility for LPG transportation according to its trading business.

Being fuel transporter under the license granted by the Department of Energy Business, the regular inspection by Department of Land Transport and Marine department has been undertaken for all transportation facilities of the Company's subsidiaries accordingly, such as road tankers for fuel, LPG, ammonia as well as vessel tankers for LPG and ammonia. To strengthen the confidence, truck drivers and skippers will be equipped with proper training

provided by the Group and grant for the permission license from the Department of Energy business prior to their commencement of responsibility. On top of that, insurance for a total of 17 fuel, LPG and ammonia vessels has been undertaken with the aggregate coverage of Baht 355.50 million (as of December 31, 2008, total book value of such 17 vessels was Baht 352.14 million), coupled with the insurance for a total of 361 fuel, LPG and ammonia road tankers. The said insurances have also covered any damages occur to third party. Consequently, the Group's exposure to an effect from the hazard or unanticipated circumstances is considerably minimal.

1.6 Risk relating to the renewing of leasing contract for LPG terminal at Sathupradit

Most LPG terminals of the Company and UGP are established on their own land, except the Sathupradit terminal. In case that the owner of such land refuses to renew the land leasing contract, the Company might expose to business interruption up to certain extent as it is one of the best strategic distribution hub for its products within Bangkok metropolitan with easy access pathway to the nearby gas separation plant. The adjacent port and express way has also facilitated the gas transportation both by land and sea.

As the current 3-year leasing contract for Sathupradit area will be expired on December 31, 2010, the Company, therefore, acquired 89-3-40 rai land plot in Prapadaeng, Samut Prakarn province during 2008 for its new port and LPG terminal in order to lessen the impact if such contract will not be renewable.

2 Strategic Risks

2.1 Risk relating to having major shareholder who hold more than 75% of total shares

As of October 6, 2008, Weeraborwornpong family holds approximately 66.76% of registered and paid-up capital of the Company which would have sufficient votes to control almost all resolutions of the shareholders' meetings, e.g. the resolution to appoint a director, except for the resolutions that legally require three-fourths of the votes of shareholders. Therefore, minority shareholders face a risk of not having enough votes to check and balance the matters proposed by the group of major shareholders.

However, the Company already appointed 4 non-executive directors, of which 3 are independent / Audit Committee, representing 50% of the Board in order to balance the management power up to certain extent, consider the agenda to be proposed to shareholders' meeting and monitor the performance of the directors and management nominated by major shareholders.

2.2 Risk relating to Subsidiaries' Performance

In addition to the Company's business, performance contributed by the subsidiaries has certain effect to the Group. Therefore, if the subsidiaries confront any business difficulties, it

might adversely affect the whole performance of the Group in the consolidated financial statement. Revenues from UPG in relation to its LPG, ammonia and other petrochemical products trading business accounted for 45.18% of total income while its net profit to total net profit was 32.61% according to the 2008 consolidated financial statement.

However, it can be seen that all companies in the Group, excluding UMR and SEEC, has shown the favorable contribution with appropriate net profit during the year 2008. Furthermore, SEEC is expected to start its commercial operation in April 2009.

To lessen this kind of risk, the measure for business direction determination as well as the proper internal control and monitoring system has been put in place for the whole Group. The Company, in addition, sends its representatives to serve as directors at subsidiaries to ensure the business policy harmonization and maximum benefit for the Group. Moreover, three members of the Audit Committee of the Company have been appointed to be the independent director and audit committee in UGP. Therefore, it shall be assure that the Group will continue their business toward the same direction which will absolutely lead to the highest cost management and operational efficiency.

Business Operation

1. Background and key development

SiamGas and Petrochemicals Public Company Limited was established on January 17, 2001 (formerly VSPP Development Company Limited) with initial registered capital of Baht 500,000 to engage in LPG trading under “Siam Gas” trademark. The Company, at that time, was appointed to be the dealer for Siamgas Industrial Company Limited, the fuel trader under Section 7 of Fuel Trade Act, B.E. 2543 (Weeraborwornpong family, current major shareholder of the Company, was the major shareholder of SGI. However, on June 30, 2006, Weeraborwornpong family sold all SGI shares held to outside parties). The Company started its business in LPG service station and then expanded into LPG filling plants.

The Company further enlarged its interest into LPG and other petroleum products trading and related businesses, such as land and vessel transportation service of petroleum products, by investment in Unique Gas and Petrochemicals Public Company Limited (“UGP”), the trader of LPG, ammonia and other petrochemical products, on December 27, 2004 and investment in Lucky Carrier Company Limited (“LCR”), fuel and LPG road transporter, on March 31, 2005. The Company also acquired main assets in relation to LPG trading from SGI on September 1, 2005, i.e. land, leasehold right, building, machines, equipments, LPG cylinders and terminals, trademark as well as relevant patents.

During 2005, the Company changed its name to SiamGas and Petrochemicals Public Company Limited and has been granted the license to be fuel trader under Section 7. Currently, the Company has its extensive business in LPG, ammonia and other petroleum products trading under “Siam Gas” and “Unique Gas” trademark, coupled with LPG and other petroleum products transportation service. Businesses of the Group have been operated by the Company and 8 subsidiaries, of which 2 are direct subsidiary namely Unique Gas and Petrochemicals Public Company Limited and Lucky Carrier Company Limited while the remaining 6 are indirect subsidiary namely Lucky Marine Company Limited, Chemicals Gas Transport Company Limited, Unique Marine Company Limited, Unique Gas Trading Company Limited, Unique Gas International Company Limited and Unique Gas Carrier Company Limited.

The Company has listed its shares on the Stock Exchange of Thailand under symbol “SGP” since June 3, 2008.

Major changes and development during 2008

- On June 27, 2008, SQS was established by the Company with registered capital of Baht 70 million to acquire the assets related to the production of LPG cylinders of Universal Metal Drum Company Limited from Sukhumvit Asset Management Company Limited in an amount of Baht 123.20 million.

- On October 7, 2008, the Company purchased 28 million shares in Siam Ethanol Export Company Limited at par value of Baht 10 per share, totaling Baht 280 million, from Ratchaburi Energy Company Limited, Vivon Corporation Company Limited and Mr.Krittapong Patcharapinyopong who are not the connected person of the Company, resulting in 70% shareholding in SEEC.

2. Business Operation

The Company and its subsidiaries involve in 4 energy business and related businesses as follows:

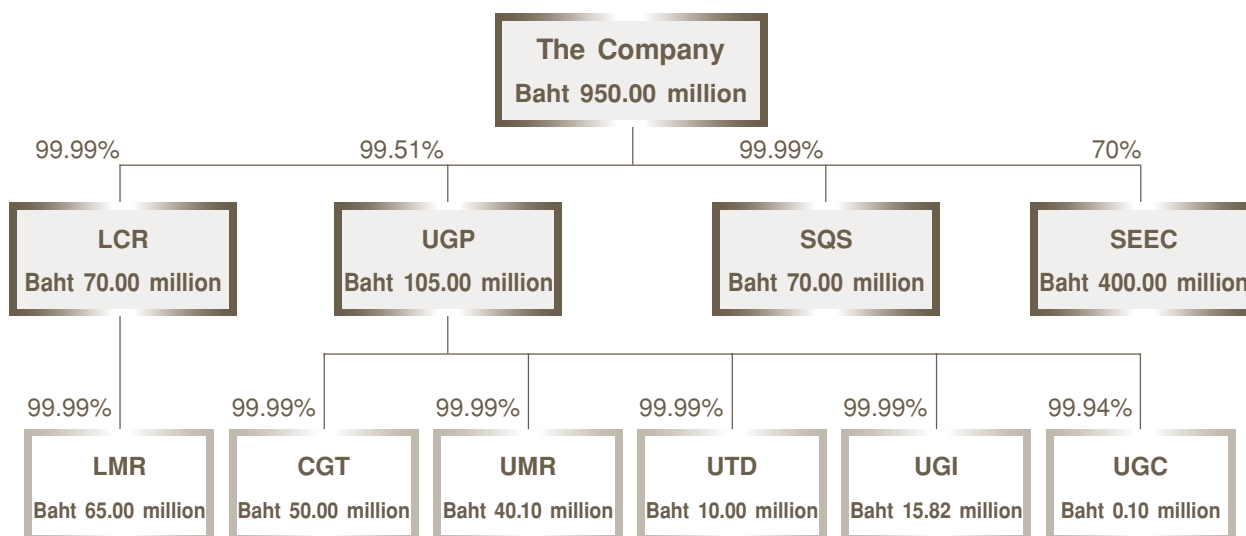
- 1) Trading of liquefied petroleum gas (LPG), ammonia and other petrochemical products operated by the Company and its subsidiaries namely Unique Gas and Petrochemicals Public Company Limited.
- 2) Transportation of LPG, ammonia and other petrochemical products operated by 7 subsidiaries namely Lucky Carrier Company Limited, Lucky Marine Company Limited, Chemicals Gas Transport Company Limited, Unique Marine Company Limited, Unique Gas Trading Company Limited, Unique Gas International Company Limited and Unique Gas Carrier Company Limited.
- 3) Manufacturing and distribution of LPG cylinders operated by Siam Quality Steel Company, the Company's subsidiary.
- 4) Production and distribution of Ethanol operated by Siam Ethanol Export Company Limited, the Company's subsidiary.

Company's business overview

The Company has its core business in LPG, ammonia and other petroleum products trading under "Siam Gas" trademark with owned 22 LPG filling plants, of which 8 are COCO-based plant (Company Own - Company Operate) and 14 are CODO-based plant (Company Own - Dealer Operate). In addition to 11 COCO-based LPG service stations, the Company also sells LPG through 243 DODO-based dealers, of which 50 are LPG filling plant and 193 are LPG service station.

Currently, there are 10 subsidiaries in the Group, of which 4 are direct subsidiaries namely Unique Gas and Petrochemicals Public Company Limited, Lucky Carrier Company Limited, Siam Quality Steel Company and Siam Ethanol Export Company Limited. While the remaining 6 are indirect subsidiaries namely Lucky Marine Company Limited, Chemicals Gas Transport Company Limited, Unique Marine Company Limited, Unique Gas Trading Company Limited, Unique Gas International Company Limited and Unique Gas Carrier Company Limited.

Group's Shareholding Structure



Subsidiaries' Business

Unique Gas and Petrochemicals Public Company Limited ("UGP")

UGP, established on January 12, 1982, has current registered capital of Baht 200 million and paid-up capital of Baht 105 million with the Company as a major shareholder, holding 99.51% of paid-up capital. UGP engages in trading of LPG, ammonia and other petrochemical products such as Butane, Propane and Propylene under "Unique Gas" trademark. UGP has been granted the license for fuel trader under Section 6 of Fuel Act B.E. 2521 (equivalent to the license for fuel trader under Section 7 of Fuel Trade Act, B.E. 2543) as well as the license for fuel transporter trader under Section 12 of Fuel Trade Act, B.E. 2543 from Ministry of Commerce.

At present, UGP owns 2 LPG terminals and 13 COCO-based LPG filling plants (Company Own - Company Operate). Moreover, of 132 DODO-based dealers (Dealer Own - Dealer Operate), 63 are DODO-based LPG filling plants and 69 are DODO-based LPG service stations. Main clients of UGP are LPG filling plants, LPG shops and industrial users. Current facility of UGP includes 1 ammonia vessel with 1,400 ton capacity.

Lucky Carrier Company Limited ("LCR")

LCR, established on August 13, 1991, has current registered and paid-up capital of Baht 70.00 million with the Company as a major shareholder, holding 99.99% of paid-up capital. LCR engages in land transportation of fuel and LPG nationwide upon the license granted for fuel transporter trader under Section 12 of Fuel Trade Act, B.E. 2543. At present, LCR provides most of its LPG transportation services to companies in the Group, i.e. the Company and UGP as well as PTT Public Company Limited as the external customer. Major customer for the company's

fuel transportation services is also PTT Public Company Limited. Current facilities of LCR include 33 fuel road tankers with aggregated 1,060,000 litre capacity and 116 LPG road tankers with aggregated 1,266 ton capacity

Siam Quality Steel Company (“SQS”)

SQS, established on June 27, 2008, has current registered and paid-up capital of Baht 70 million with the Company as a major shareholder, holding 99.99% of paid-up capital. SQS engages in LPG cylinder manufacturing and distribution both for household and auto use purpose. Most of its LPG cylinder products have been provided to the Company and UGP.

Siam Ethanol Export Company Limited (“SEEC”)

SEEC, established on June 23, 2004, has current registered and paid-up capital of Baht 400 million. SEEC engages in Ethanol production based on agricultural products such as molasses and tapioca as well as Ethanol distribution. Its Ethanol-production factory is located at 88 Moo 8 Tumbol Nonglalork, Amphur Bankai, Rayong with 100,000 litre production capacity per day. SEEC started its test and commissioning in November 2008 whereas the commercial operation is expected to commence in April 2009.

Lucky Marine Company Limited (“LMR”)

LMR, established on May 8, 1986, has current registered and paid-up capital of Baht 65.00 million with LCR as a major shareholder, holding 99.99% of paid-up capital. LMR engages in domestic and international vessel transportation of fuel and LPG upon the license granted for fuel transporter trader under Section 12 of Fuel Trade Act, B.E. 2543. At present, LMR provides most of its LPG transportation services to companies in the Group, i.e. the Company and UGP and its fuel transportation services to PTT Public Company Limited and Thai Oil Public Company Limited. Current facilities of LMR include 5 vessels for LPG transportation with aggregated 4,400 ton capacity and 3 vessels for fuel transportation with aggregated 5,000,000 ton capacity.

Chemicals Gas Transport Company Limited (“CGT”)

CGT, established on December 11, 1992, has current registered and paid-up capital of Baht 50.00 million with UGP as a major shareholder, holding 99.99% of paid-up capital. CGT engages in land transportation of LPG and ammonia upon the license granted for fuel transporter trader under Section 12 of Fuel Trade Act, B.E. 2543. At present, CGT provides most of its services to companies in the Group, i.e. the Company and UGP. Current facilities of CGT include 90 LPG road tankers with aggregated 862 ton capacity and 20 ammonia road tankers with aggregated 224 ton capacity.

Unique Marine Company Limited (“UMR”)

UMR, established on November 9, 1994, has current registered and paid-up capital of Baht 40.10 million with UGP as a major shareholder, holding 99.99% of paid-up capital. UMR engages in vessel transportation of LPG and ammonia upon the license granted for fuel transporter trader under Section 12 of Fuel Trade Act, B.E. 2543. At present, UMR provides most of its services to companies in the Group, i.e. the Company and UGP. Current facilities of UMR include 4 vessels for LPG transportation with aggregated 4,050 ton capacity and 1 vessel for ammonia transportation with 750 ton capacity.

Unique Gas Trading Company Limited (“UTD”)

UTD, established on August 6, 1993, has current registered and paid-up capital of Baht 10 million with UGP as a major shareholder, holding 99.99% of paid-up capital. UTD engages in vessel transportation of LPG upon the license granted for fuel transporter trader under Section 12 of Fuel Trade Act, B.E. 2543. At present, UTD provides most of its 550 ton vessel facility to companies in the Group, i.e. the Company and UGP.

Unique Gas International Company Limited (“UGI”)

UGI, established on October 24, 2001, has current registered and paid-up capital of Baht 15.82 million with UGP as a major shareholder, holding 99.99% of paid-up capital. UGI engages in vessel transportation of ammonia upon the license granted for fuel transporter trader under Section 12 of Fuel Trade Act, B.E. 2543. At present, UGI provides most of its 750 ton vessel facility to companies in the Group as well as the vessel management service, i.e. UGP, UGT, UGI and UGC.

Unique Gas Carrier Company Limited (“UGC”)

UGC, established on December 2, 2002, has current registered and paid-up capital of Baht 100,000 with UGP as a major shareholder, holding 99.94% of paid-up capital. UGC engages in vessel transportation of ammonia upon the license granted for fuel transporter trader under Section 12 of Fuel Trade Act, B.E. 2543. At present, UGC provides most of its 750 ton vessel facility to companies in the Group, i.e. UGP and UGC.

Overall businesses of Subsidiaries

	Company	Paid-up Capital (Baht Million)	% of Shareholding	Type of Business
1	UGP	105.00	99.51	Filling and distribution of LPG, ammonia and other petrochemical products with the license for gas trader under Section 6 (equivalent to the license for oil trader under Section 7)
2	LCR	70.00	99.99	Land transportation of LPG and fuel with the license for gas and fuel transportation
3	SQS	70.00	99.99	Manufacturing and distribution of LPG cylinder
4	SEEC	400.00	70.00	Production and distribution of Ethanol
5	LMR	65.00	99.99 ¹	Vessel transportation of LPG and fuel with the license for gas and fuel transportation
6	CGT	50.00	99.99 ²	Land transportation of LPG and Ammonia with the license for gas and fuel transportation
7	UMR	40.10	99.99 ²	Vessel transportation of Ammonia with the license for gas and fuel transportation
8	UTD	10.00	99.99 ²	<ul style="list-style-type: none"> • Vessel transportation of LPG with the license for gas and fuel transportation • Administrative service provider for UGP UGT UGI and UGC
9	UGI	15.82	99.99 ²	Vessel transportation of LPG with the license for gas and fuel transportation
10	UGC	0.10	99.94 ²	Vessel transportation of ammonia with the license for gas and fuel transportation

Note 1. The Company indirectly holds shares through LCR

2. The Company indirectly holds shares through UGP

3. Revenue Structure

The revenue structure of the Company and its subsidiaries during 2006-2008 by type of business is as follows:

	บริษัทที่ดำเนินการ	2006		2007		2008	
		Million Baht	%	Million Baht	%	Million Baht	%
Revenues from sales							
Liquefied petroleum gas	The Company and UGP	11,111.88	85.23	12,950.48	86.69	17,579.82	87.19
Ammonia	UGP	1,097.18	8.42	998.24	6.68	1,414.67	7.02
Other petrochemical products	UGP	293.09	2.25	348.45	2.23	406.18	2.01
LPG cylinder	SQS ²	-	-	-	-	7.81	0.04
Ethanol product	SEEC ³	-	-	-	-	-	-
Total revenues from sales	The Company, UGP, SQS and SEEC	12,502.151	95.59	14,297.17	95.71	19,408.48	96.26
Transportation revenue	LCR LMR CGT UMR UTD UGI and UGC	468.96	3.60	529.99	3.55	613.17	3.04
Service income	The Company and its subsidiaries	28.68	0.22	59.28	0.40	35.93	0.18
Other income	The Company and its subsidiaries	37.84	0.29	52.23	0.35	105.88	0.53
Total revenue	The Company and its subsidiaries	13,037.63	100.00	14,938.67	100.00	20,163.46	100.00

Note : 1 Revenues from sales in 2006 are lower than that shown in the financial statement by Baht 162.84 million as a result of the restatement to be in accordance with 2007 financial statement.

2 On June 27, 2008, SQS was established by the Company to acquire the assets related to the production of LPG cylinders of Universal Metal Drum Co., Ltd. from Sukhumvit Asset Management Co., Ltd. on June 30, 2008.

3. On October 7, 2008, the Company acquired 70% of registered and paid-up shares in SEEC. SEEC started its test and commissioning in November 2008 whereas the commercial operation is expected to commence within the first quarter of 2009

4. Business Goal

To become one of the leading energy operators in Southeast Asia, the Company has enhanced its LPG business by expansion in LPG filling plants and LPG service stations countrywide as well as extended investment in Vietnam with new LPG depots and gas filling plants.

In addition, other energy businesses have been put in the Company's focus such as Ethanol production and distribution with the 70% shares acquisition in Siam Ethanol Exports Co., Ltd. since October 7, 2008.

Legal Disputes

As of December 31, 2008, the Company is neither involved in, nor has any knowledge of any litigation with the outcome of which would, in its discretion, adversely affect the Company in the amount exceeding 5% of the shareholders' equity or adversely affect its business significantly.

Capital Structure

1 Securities Information

As of December 31, 2008, the Company has registered and paid-up capital of Baht 950,000,000, dividing into 950,000,000 ordinary shares at par value of Baht 1 each.

2 Shareholder

The list of the top 10 major shareholders as of October 6, 2008 is as follows:

No.	Shareholder's Name		No. of share held	%
1.	Mr. Worawit	Weeraborwornpong	514,249,999	54.13
2.	Mrs. Patchara	Weeraborwornpong	50,000,000	5.26
3.	Mr. Supachai	Weeraborwornpong	50,000,000	5.26
4.	Ms. Patcharawadee	Weeraborwornpong	20,000,000	2.11
	Total shares held by Weeraborwornpong Group		634,249,999	66.76
5.	Mr. Komol	Jungrungreangkit	28,460,000	3.00
6.	Ms. Phanitnart	Ajchariyahiranchai	20,000,000	2.11
7.	Mrs. Jing	Pipatvech	12,500,000	1.32
8.	Mr. Komsan	Jitnawasathian	10,000,000	1.05
9.	Mr. Vichai	Vachirapong	7,947,900	0.84
10.	Mrs. Suwannee	Prinyapornsakul	7,873,370	0.83

3 Dividend Policy

The Company's dividend policy is a dividend payment of not less than 40 percent of net profit after corporate income tax of the Company's financial statement and after deduction of statutory reserve. The dividend payment shall be less than the determined rate subject to the Company's performance, financial circumstance, liquidity, required working capital, business expansion and other necessity and suitability as deemed appropriate by the Company's Board of Directors and/or shareholders.

Dividend policy of subsidiaries and their subsidiaries, i.e. UGP, LCR, LMR, CGT, UTD, UGI, UMR, UGC, SQS and SEEC is to pay dividend of not less than 40 percent of net profit after corporate income tax of each company's financial statement and after deduction of statutory reserve. Payment of such dividends shall be subject to the Company's Board of Directors.

Management

1 Management Structure

Management structure of the Company as of December 31, 2008 is as follows:



The Company's management structure as of December 31, 2008 comprised of Board of Directors, Executive Board and Audit Committee. Directors and management of the Company are qualified according to the regulations stipulated by the Stock Exchange of Thailand and the Securities and Exchange Commission.

Details of the Company's Board of Directors and other committees are as follows:

2 Board of Directors

As of March 1, 2009 , the Board of Directors consisted of 8 members as follows:

1	Gen. Chaisit Shinawatra	Chairman
2	Mr. Worawit Weeraborwornpong	Vice Chairman
3	Mrs. Patchara Weeraborwornpong	Director
4	Mr. Supachai Weeraborwornpong	Director
5	Mr. Suttipong Vasuvanichphan	Director
6	Mr. Viroj Klangboonklong	Independent Director and Chairman of the Audit Committee
7	Mr. Harn Ciocharn	Independent Director and member of the Audit Committee
8	Mrs. Sudjit Divari	Independent Director and member of the Audit Committee

Mrs. Jintana Kingkaew is the Secretary to the Board of Directors

Authorized signatories

The Company's authorized signatories are any two of Mr. Worawit Weeraborwornpong, Mrs. Patchara Weeraborwornpong, Mr. Supachai Weeraborwornpong, Mr. Suthipong Vasuvanichpan sign jointly with the Company's seal affixed.

Authority and Responsibilities of the Board of Directors:

The Directors shall perform their duties in good faith in accordance with the laws, objectives, Articles of Association and lawful resolution of the shareholders' meeting of the Company which can be summarized as follows:

- 1) Convene the Annual General Shareholders' Meeting within 4 months after the end of the Company's accounting period.
- 2) Convene the Board of Directors' Meeting at a minimum of once every three months.
- 3) Ensure that balance sheet and profit and loss statement of the Company are prepared and audited by the Company's auditor in order to propose to the shareholders' meeting for approval.
- 4) Consider and approve other transactions in relation to the Company as appropriate.
- 5) Entitle to appoint Executive Board to conduct business to act on behalf of the Board of Directors or entitle to delegate the authority in proper manner and within agreed timeframe. Moreover, the Board may cancel, withdraw, make change or amend such authority.

The Board may delegate the authority to Executive Board to conduct business according to the authority and responsibilities of the Executive Board. However, such delegation shall not include any delegation of authority which will enable the Executive Board to approve any transaction in which the Executive Board or person with conflict of interest may have or have conflict of interest in any manner with the Company or its subsidiaries, except for the transactions following the guideline and policy as approved by the Board.

- 6) Define the policy and direction including the financial and risk management as well as institute the monitoring system to ensure that the administration and management is in line with the policy.

Other matters such as increase or decrease the Company's capital, merger or liquidation of the Company, sales or transfers of whole or important parts of the Company's business to other persons; the purchase, acceptance, or transfer of business belonging to other companies; amendments to Company's Memorandum and Articles of Association must obtain resolutions from shareholders' meetings.

The Board has to ensure that the Company conducts its business according to the securities and exchange laws, regulations stipulated by the Stock Exchange of Thailand, for example, the transactions between related parties and sale and purchase of important parts of the business due to the SET rules or other related laws.

- 7) Consider the management structure, including the appointment of the Executive Board, Managing Director and other committees as appropriate.
- 8) Review the Company's operation continuously to ensure that the business is conducted due to the determined plan and budget.
- 9) Director shall not operate any business which has the same nature as and is in competition with the business of the company or become a partner in an ordinary partnership or become a partner with unlimited liability in a limited partnership or become a director of a private company or any other company operating business which has the same nature as and is in competition with the business of the Company, either for his or her own benefit or for the benefit of other persons, unless he or she notifies the meeting of shareholders prior to the resolution for his or her appointment.
- 10) Perform any other act as stipulated by laws.

3 Executive Board

The Executive Board consists of 4 members as follows:

- | | | |
|----|--------------------------------|---------------------------------|
| 1. | Mr. Worawit Weeraborwornpong | Chairman of the Executive Board |
| 2. | Mr. Supachai Weeraborwornpong | Member of the Executive Board |
| 3. | Mrs. Patchara Weeraborwornpong | Member of the Executive Board |
| 4. | Mr. Suttipong Vasuvanichphan | Member of the Executive Board |

Authority and Responsibilities of the Executive Board:

- 1) Conduct business in accordance with the objectives, Articles of Association and resolution of the shareholders' meeting and the Board of Directors' meeting.

- 2) Determine the proper organization structure and management authority to cover the details of recruitment, training, employment and termination of the Company's employees as well as determine the employee's fringe benefit commensurate with current situation, practice and relevant laws.
- 3) Prepare, recommend and determine business goal, policy, strategy as well as authority and responsibilities of Managing Director to grant for an approval from the Board of Directors.
- 4) Determine business plan, management authority as well as approve annual budget and expenses as approved by the Board of Directors. Conduct business according to business and strategy plan which shall be corresponding to the policy and guidelines approved by the Board.
- 5) Consider and approve the normal business transactions, for instance, procurement of products, vehicles, materials and equipments as well as relevant expenses with the amount not exceeding Baht 100 million per transaction.
- 6) Consider and approve the capital expenditure of the Company and its subsidiaries in the amount not exceeding Baht 200 million and Baht 1,000 million in cumulative per annum. In case of exceeding the determined amount, the Executive Board shall propose to the Board for consideration and approval.
- 7) Consider and approve the incurring of any indebtedness or credit by the Company and its subsidiaries, including being the guarantor for subsidiaries in the amount not exceeding Baht 200 million and Baht 1,000 million in cumulative per annum. In case of exceeding the determined amount, the Executive Board shall propose to the Board for consideration and approval.
- 8) Consider and approve to grant loans to subsidiaries with the cumulative amount not exceeding Baht 500 million per annum.
- 9) Entitle to enter into the transaction with financial institution, i.e. account opening with bank and financial institution and request for the guarantee from bank and financial institution for the Company and its subsidiaries in the amount not exceeding Baht 200 million and Baht 1,000 million in cumulative per annum.
- 10) Perform any acts as assigned by the Board of Directors

However, the delegation of authority as referred above shall not include any delegation of authority which will enable the Executive Board or attorneys to approve any transaction in which a member of the Executive Board or person with conflict of interest may have or have conflict of interest (as defined in the notification of the Securities and Exchange Commission and/or the Stock Exchange of Thailand) in any manner with the Company or its subsidiaries.

4 Audit Committee

The Audit Committee consists of 3 members as follows:

1. Mr. Viroj Klangboonklong Chairman of the Audit Committee
 2. Mr. Harn Ciocharn Member of the Audit Committee
 3. Mrs. Sudjit Divari Member of the Audit Committee
- Ms. Oranut Woraphant is the Secretary to the Audit Committee

Authority and Responsibilities of the Audit Committee:

The Audit Committee has been assigned by the Board of Directors to be responsible for the verification of the Company's performance and directly report to the Board in order to ensure the best interest of the Company and shareholders. Scope of responsibility is as follows:

The Audit Committee has an authority in accordance with the regulations stipulated by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand with direct reporting line to the Board of Directors to ensure the best interest of the Company and shareholders with the responsibility as follows:

1. Review the Company's financial reporting process to ensure that it is accurate and adequate;
2. Review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
3. Consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
4. Review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business
5. Review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. Prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
 - (a) an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - (b) an opinion on the adequacy of the Company's internal control system,
 - (c) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - (d) an opinion on the suitability of an auditor,
 - (e) an opinion on the transactions that may lead to conflicts of interests,
 - (f) the number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - (g) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
 - (h) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors
7. Report the Audit Committee's activities to the Company's board of director at least once a year

8. Perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

5 Management Team

As of December 31, 2008, the Management comprises of 5 persons as follows:

1. Mr. Supachai Weeraborwornpong Managing Director
2. Mr. Suttipong Vasuvanichphan Deputy Managing Director-Purchasing
3. Mr. Anuwat Poodsuntipong Deputy Managing Director-Sales and Marketing
4. Mrs. Jintana Kingkaew Deputy Managing Director-Accounting/Finance/
Procurement/ Human
5. Mr. Somchai Koprabsok Assistant Managing Director-Warehouse-Filling
Plant and Transportation

Authority and Responsibilities of Managing Director:

Managing Director has an authority to conduct business as assigned by the Board or the Executive Committee which shall be in compliance with relevant regulations and the Company's Articles of Association. However, the delegation of authority as referred shall not include any delegation of authority which will enable Managing Director or person with conflict of interest to approve any transaction in which such person may have or have conflict of interest in any manner with the Company or its subsidiaries. Authority and responsibilities of Managing Director are as follows:

- 1) Perform in accordance with policy, business plan and strategies as approved by the Board of Directors.
- 2) Designate person to perform duties on behalf of Managing Director in proper manner under the Managing Director's discretion which shall be in accordance with relevant laws and the Company's rules.
- 3) Perform any other act as assigned by the Company's Board of Directors and/or the Executive Board.
- 4) Conduct normal business and approve the normal business transactions, for instance, procurement of products, vehicles, materials and equipments as well as relevant expenses, leasing, write-off of bad debt (according to the policy and procedure of the Company) and appointment of other advisors with the amount not exceeding Baht 50 million per transaction.
- 5) Consider and approve the capital expenditure of the Company and its subsidiaries in the amount not exceeding Baht 100 million and Baht 500 million in cumulative per annum. In case of exceeding the determined amount, Managing Director shall propose to the Executive Board for consideration and approval.
- 6) Consider and approve to grant loans to subsidiaries in the amount not exceeding Baht 50 million per transaction or equivalent with the cumulative amount not exceeding Baht 100 million per annum or equivalent.

6 Directors Nomination

Although no nomination committee has been established, the Company places the guideline and criteria for director and management's nomination. Major shareholders and/or representative of major shareholders, qualified person in related fields and independent director including directors and management of the Company are encouraged to select and propose qualified nominees, with knowledge, experiences, sufficient capability to support the Company's business with qualifications in accordance with the Public Company Limited Act B.E. 2535. Recommended persons will be proposed for shareholders' approval. The criteria for the appointment of directors are as follows:

- **Board of Directors**

- 1) The Company shall have a Board of Directors consisting of at least 5 directors to conduct the business of the Company and not less than half of whom shall reside within the Kingdom.
- 2) The directors shall be elected at the meeting of shareholders in accordance with the following rules and procedures:
 - (1) Each shareholder shall have one vote for each share held.
 - (2) Each shareholder shall exercise all votes applicable under (1) in voting for one or more persons to be directors, provided that a vote shall not be divisible.
 - (3) The candidates shall be ranked in order descending 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. Where there is an equality of votes cast for candidates in descending order causing the number of directors to be exceeded, the Chairman of the meeting shall have the deciding vote.
- 3) At every annual general meeting, one-third (1/3) of the directors, or if the number of directors is not a multiple of three, then the number nearest to one-third (1/3) must retire from office. The directors retiring from office in the first and second years after the registration of the Company shall be selected by drawing lots. In subsequent years, the director who has held office longest shall retire. A director who vacates office under this section may be re-elected.
- 4) Any director wishing to resign from office shall submit his or her resignation letter to the Company and the resignation shall be effective from the date on which the Company receives the resignation letter.
- 5) The shareholders may pass a resolution removing any director from office prior to retirement as a result of the expiration of the director's term of office, by a vote of not less than three quarters (3/4) of the number of shareholders attending the meeting and being entitled to vote and who have aggregated shares of not less than half (1/2) of the number of shares held by the shareholders attending the meeting and being entitled to vote.

- **Audit Committee/Independent Director**

The Company put in place a policy to nominate the Audit Committee/Independent director in accordance with the SEC Regulation No. Gor.Jor. 12/2543 Re: Permission

Application and Permission for Issuance of Newly Issued Shares. The members of Audit Committee shall hold term in office of 3 years. Member of the Audit Committee shall be independent director with qualifications as follows:

- 1) Holding shares not more than 1% of paid-up capital of the Company, parent company, subsidiary company, associated company or related company, which shall be inclusive of the shares held by related persons.
- 2) Not taking part in the management of being an employee, staff member, advisor who receives a regular salary, or has controlling authority in the Company, parent company, subsidiary company, associated company, related company, subsidiary company in the same rank or any juristic persons who might have a conflict of interest.
- 3) Not having an immediate or legalized relationship to the management, major shareholders, controlling party or a person who is nominated to be management or controlling party of the Company or subsidiary company. The relationship includes father, mother, spouse, brother, sister, children, son-in-law and daughter-in-law.
- 4) Not having any business relationship with the Company, parent company, subsidiary company, associated company or any juristic persons who might have a conflict of interest that could be barrier to independent judgment; and not being major shareholders, non-independent director or management of person who have business relationship with the Company, parent company, subsidiary company, associated company or any juristic persons who might have a conflict of interest.
- 5) Not being an auditor of the Company, parent company, subsidiaries, affiliates or juristic person with conflict of interest and not being the major shareholders, non-independent director or management or partner of the audit office of the auditor of the Company, parent company, subsidiary company, associated company or juristic person with conflict of interest.
- 6) Not being the professional services provider, including legal advisor and financial advisor, with professional fee more than Baht 2 million per year from the Company, parent company, subsidiary company, associated company or juristic person with conflict of interest. In case of juristic professional services provider, major shareholders, non-independent director or management or partner of such provider shall be also taken into consideration.
- 7) Being independent from the major shareholders of the Company or other shareholders who are related to the Company's majority shareholders.
- 8) Not having other characteristics that prevent him/her from giving independent opinions towards the Company's operation.
- 9) Not being the director assigned by the Company's Board of Directors to make a decision on the business of the Company, parent company, subsidiary company, associated company and subsidiary company in the same rank.

Additionally, at least 1 committee member must have knowledge, understanding or experience in accounting or finance in order to review the accuracy of the financial statement.

7 Director and Management Remuneration

(1) Financial Remuneration

(a) Director

	Meeting Allowance (Baht)	Year 2008 (Jan-Dec.)
1.	Gen. Chaisit Shinawatra ^{1/}	70,000
2.	Mr. Worawit Weeraborwornpong	90,000
3.	Mrs. Patchara Weeraborwornpong	90,000
4.	Mr. Supachai Weeraborwornpong	90,000
5.	Mr. Suttipong Vasuvanichphan	60,000
6.	Mr. Viroj Klangboonklong ^{2/}	180,000
7.	Mr. Harn Ciocharn ^{2/}	160,000
8.	Mrs. Sudjit Divari ^{2/}	180,000
	Total	920,000

Note : ^{1/} In addition to meeting allowance, the Company paid annual fee of Baht 2,646,000 to Gen. Chaisit Shinawatra in the year 2008

^{2/} In addition to meeting allowance, the Company paid annual fee of Baht 661,500 to each member of the Audit Committee in the year 2008

(b) Management

	Remuneration (Baht)	Year 2008 (Jan-Dec.)
Number of Management		5
- Salary		13,932,696
- Bonus		3,729,848
- Provident fund		557,717.40
- Others		81,000
	Total	18,301,261.40

(2) Other Forms of Remuneration

None

8 Corporate Governance

Board of Directors of the Company has established the policies in accordance with Code of Best Practices set by the Stock Exchange of Thailand covering 5 sections as follows:

Section 1 The Rights of Shareholders

The Company recognizes and respects the basic rights of all shareholders as an investor and owner of the Company. These basic legal rights include buying, selling, or transferring securities held; receiving their rightful portion of Company profits; easily obtaining relevant and adequate information of the Company on a regular basis; and attending and voting in the shareholder meetings to approve the dividend payment, elect or remove members of the Board of Directors, appoint the external auditor, and make decisions on any transactions that significantly affect the company, amend the Company's Memorandum of Association, Articles of Association, etc.

In addition to the abovementioned basic rights, the Company also encourages shareholders to fully and easily exercise their rights by means of:

1. The annual general meeting shall be convened within 4 months of the date ending the accounting period of the Company. Shareholders will receive a notice of the shareholders' meeting and relevant material at least 7 days prior to the meeting date and such notice of the shareholders' meeting shall be published in a daily newspaper for at least 3 days prior to the meeting date. All agenda items shall include the opinions of the Board of Directors in said matters.
2. For shareholders unable to attend the meeting, the Company encourages such shareholders to appoint independent director or any other person as a proxy to attend the meeting on their behalf by using proxy form sent to each shareholder together with a meeting notice.
3. Before the meeting date, the Company invites shareholders to submit opinions, suggestions or questions in advance.
4. In the meeting, the Company shall allocate appropriate time and encourage equal opportunity for shareholders to express their opinions and raise their queries at the meeting as per the agenda. The Company shall endeavor to arrange for all directors, executives of the Company to attend the shareholder meeting to answer the queries. The queries and opinions shall be recorded in the minutes of the meeting for further review.
5. After the meeting, the minutes of shareholders' meeting shall be prepared with accuracy and completeness basis for shareholders' review.

Section 2 The Equitable Treatment of Shareholders

The Company has a policy to treat all shareholders fairly and equally during the shareholders' meeting.

Before the commencement of the meeting, Chairman will inform shareholders of any significant matters, for examples, introducing directors, management and related parties who attend the meeting. Upon the meeting commencement, Chairman will inform details of shareholders who attend the meeting, i.e. number of shares and percentage. In addition, the shareholders will be informed of their voting rights and the voting process for each agenda in order to ensure that all shareholders are able to vote equally.

The shareholders' meeting will be conducted in accordance with the Company's Articles of Association and the order of agenda. Shareholders will be informed all relevant information according to each agenda. The Company will not add any agenda items without notifying other shareholders in advance, especially if it is an issue that will require shareholders to spend a good deal of time to study relevant information before making their decisions. For shareholders unable to attend the meeting, the Company encourages such shareholders to appoint independent director or any other person as a proxy to attend the meeting on their behalf by using proxy form sent to each shareholder together with a meeting notice.

The Non-Disclosure Memorandum has been arranged between the Company and employees, suppliers, service providers and visitors to protect the inside information of the Company and its subsidiaries with the penalty clauses for person who uses the inside information for own interest or in a way that adversely affect the Company. Moreover, no one must sell,

purchase, transfer or accept the transfer of the Company's securities or enter into any transaction by using the Company's confidential information and/or inside information which may significantly affect the Company both directly or indirectly.

The Company has placed the discipline to protect insider trading among related parties, i.e., directors, management and employees who acknowledge the material information (including their spouses and minor children). The mentioned parties are prohibited from trading the Company's shares 1 month before the public disclosure of quarterly and annual financial statements to outsiders.

The Company has informed directors and management of their duty to report to the Company of their possession of shares and penalty clauses according to the Securities and Exchange Act B.E. 2535 and SET regulations. In case of sale or purchase of any Company's securities, directors and management, including their spouses and minor children, shall report such transaction to the SEC to be in compliance with Section 59 of the Securities and Exchange Act B.E. 2535 within 3 business days from the date of the change for further public disclosure.

The Company has a written policy to penalize any person who abuses inside information in ways; such as, for self-benefit or expose information to the public in a harmful way. Penalty includes verbal warning, written warning, probation, or termination of employment.

Section 3 The Role of Stakeholders

The Company recognizes the rights of all stakeholders which include internal stakeholder, i.e. employees and management and external stakeholder such as competitors and customers. Strong support and valuable opinion of all stakeholders have been beneficial to the Company's business and its development. The Company, therefore, strictly commits to operate business in accordance to relevant rules and regulation to ensure that the stakeholders' rights are well protected. The Company also encourages the collaboration with all stakeholders to ensure long-term success as follows:

- Shareholder : The Company is devoted to act as a representative to shareholder in managing the business to ensure maximum satisfaction and long-term success as well as maintain transparency and trust.
- Employee : The Company recognizes and values the dedication and commitment of its staff in carrying out their duties. The Company's goal, therefore, is to equip the employee with the education and training they need to ensure the best benefit of the Company. Additionally, all employees are encouraged to create the organizational culture, teamwork building as well as friendly and secure working environment.
- Competitor : The Company respects fair competition and preserves the good standard practice in competition.
- Customer : The Company strictly ensures client's satisfaction and confidentiality with high-class services.

The Company will strictly adhere to the relevant laws and regulations to ensure the well protection of all stakeholders' right.

Section 4 Disclosure and Transparency

The Company's Board of Directors recognizes the importance of information disclosure, with respect to financial reports and non-financial information as well as important information which shall significantly affect the Company's share price, in an accurate, complete, transparent, equitable, and timely manner, in compliance with the regulations stipulated by the Securities and Exchange Commission and the Stock Exchange of Thailand. The information has been disclosed to shareholders, investors and public through easy access channels including the Company's website (www.siamgas.com) and the information dissemination channels of The Stock Exchange of Thailand.

Currently, there is no investor relationship department. However, the Company has assigned Mr. Supachai Weeraborwornpong and Mrs. Jintana Kingkaew to liaise and provide relevant information to institutional investors, shareholders, analysts and related government sector.

The Board of Directors is responsible for preparing the financial statements and the consolidated financial statements as disclosed in the annual report in accordance with the generally accepted accounting principle of Thailand. The appropriate accounting policy has been consistently adopted and accurate assumptions have been employed in preparation of financial statements under which sufficient disclosure of material information has been made in the notes to the financial statements.

Section 5 Responsibilities of the Board of Directors

1. Board Structure

The Company's Board of Directors, comprising of highly recognized scholar with in-depth knowledge in various fields and extensive experiences, plays a vital role in strategy and policy formulation as well as business monitoring, review and assessment to ensure the compliance to the plan.

The Board of Directors consists of 4 non-management directors, of which 3 are independent directors, resulted in the ability to balance the power in any decision making. Moreover, 3 members of the Audit Committee, who are all independent, shall responsible for the business performance review.

At present, the Board of Directors composes of 8 directors, 4 are non-management director, of which 3 are independent directors, and 4 are management directors.

As stipulated in the Company's Articles of Association, every annual general meeting, one-third (1/3) of the directors, or if the number of directors is not a multiple of three, then the number nearest to one-third (1/3) must retire from office. The directors retiring from office in the first and second years after the registration of the Company shall be selected by drawing lots. In subsequent years, the director who has held office longest shall retire. A director who vacates office under this section may be re-elected.

To optimize the efficiency of its corporate governance, the Board of Directors set up committees to take on tasks that require detailed review or in-depth consideration. Such committees as the Audit Committee and the Executive Board, are entitled to perform their duties depending on the committee's specific charter.

The Company has clearly defined and separated the roles and responsibilities of the Board of Directors and management as the Board is responsible for the policy formulation and overall business monitoring whilst the management is responsible for manage the Company in accordance with the determined policy. Therefore, The Chairman of the Board and Managing Director is not the same person and must be nominated by the Board in order to ensure the most appropriate person.

The Company also appoints the Secretary to the Board to provide appropriate advice in relation to the relevant regulations to all directors, support the Board's activities as well as ensure compliance with the Board's resolutions.

2. Roles and Responsibilities of the Board

The Board comprises of qualified person with solid knowledge, skill and expertise in various field as well as strong leadership. Board of Directors shall participate in the determination of Company's vision, mission, strategy, policy, business guideline and corporate governance to ensure that the compliance to the relevant laws, objectives, Articles of Association and resolution of shareholders' meeting. To optimize the efficiency of its corporate governance, the Board of Directors set up committees to thoroughly oversee and monitor the Company's business.

Corporate Governance Policy

The Company has set forth the written corporate governance policy as approved by the Board of Directors' meeting on February 20, 2009. Such policy shall be reviewed and revised regularly.

Business ethics

The Company has formulated a Code of Ethics for directors, Management and employees to comply with to ensure that they conduct the Company's business with honest and fairness whether dealing with every interest parties including the Company, all stakeholders, public and community, which the monitoring system also has been put in place. The Company also introduced such Code to all employees which it must be strictly adhered to.

Conflict of Interest

The Company's Board of Directors has carefully stipulated the policy relating to connected transactions to ensure that all decision has been made on the maximum benefit of the Company and any potential transaction that may cause a conflict of interest shall be avoided. All involved parties shall declare their relationship in such transaction and shall not be present in the meeting as well as not be entitle to vote for the approval of that agenda.

Should the connected transactions occur, the Audit Committee will thoroughly consider and propose to the Board which the SET rules has been strictly adhered. All connected transactions shall be disclosed in the Company's Annual Report and Registration Statement (Form 56-1).

Internal Control System

The Company places importance on the efficient internal control system at both the management and operational level. Responsibilities and scope of work of each employee, director and management were clearly specified in written, including asset utilization of which is closely monitored and responsibilities segregation of persons responsible for monitoring and assessment in order to ensure appropriate balance and check. The Audit Committee has been also established to ensure an efficient internal control and internal audit system.

Risk Management

During 2009, the Company has assessed the internal control system sufficiency in order to locate the proper improvement for the utmost efficiency performance.

Board of Directors reporting

The Audit Committee has a responsibility to review the Company's financial reporting process to ensure accuracy and adequate disclosure, by coordinating with the external and internal auditor, and quarterly propose to the Board for consideration. The Board of Directors is also responsible for the Company's financial statements and the consolidated financial statement as well as financial information (Statement of the Board of Directors' Responsibility for Financial Statements) disclosed in annual report. The Company's financial statements has been prepared in accordance with the general accepted accounting standard of Thailand and audited by the Company's auditor. The crucial information both financial and non-financial information has been disclosed in an accurate, complete, transparent, equitable, and timely manner.

3. Board of Directors' Meeting

The Board of Directors shall hold the meeting at least once every three months or if deem necessary in order to monitor the regular businesses The Company will send out the notice, including the agenda and relevant information in advance in order to provide adequate time set aside for directors to analyze the important information, unless the urgent matter arises. After meeting, the minutes of the meeting shall be prepared in which all issues, contents, and opinions are properly recorded and kept for inspection.

The Chairman of the Board and the Managing Director shall mutually set the Board meeting agenda and ensure that all important issues are already included. Each director is encouraged to propose an issue for meeting agenda.

During meetings, the Chairman of the Board as the Chairman of the meeting, promotes transparent consideration of each issue with adequate time set aside for directors to thoroughly discuss important matters. Top management of the Company shall be able to attend the Board meeting to present details on the issues that they are directly responsible for. The decisions at the meeting shall be by majority of votes. Each director shall have one vote, but a director who has interests in any matter shall not be entitled to vote on such matter. In the case of an equality of votes, the Chairman of the meeting shall have an additional vote as a casting vote.

In 2008, 9 Board Meetings were convened. Detail of attendance is as follows:

Director	Position	Number of attendance
		Year 2008
1. Gen. Chaisit Shinawatra	Chairman	7/9
2. Mr. Worawit Weeraborwornpong	Director	9/9
3. Mrs. Patchara Weeraborwornpong	Director	9/9
4. Mr. Supachai Weeraborwornpong	Director and Managing Director	9/9
5. Mr. Suttipong Vasuvanichphan	Director and Deputy Managing Director	6/9
6. Mr. Viroj Klangboonklong	Independent Director and Chairman of the Audit Committee	9/9
7. Mr. Harn Ciocharn	Independent Director and member of the Audit Committee	8/9
8. Mrs. Sudjit Divari	Independent Director and member of the Audit Committee	9/9

Meeting documents has been sent to each director in advance of the meeting date in order to provide enough time set aside for directors to analyze the important information.

Secretary to the Board who also attend the meeting has a responsibility to prepare the minutes of meeting and propose to the Chairman of the Board for signatory. The minutes shall then be proposed to the next meeting for ratification and kept for future reference.

4. Remuneration

Remuneration for directors and management should be appropriate, with the performance of the Company is taken into account, and comparable to the general practice in the industry with regard to work experience and commitment, as well as the scope of responsibility of each director and management. The remuneration has been paid in form of meeting allowance and/or salary and bonus

Director's Remuneration

	Meeting Allowance (Baht)	Year 2008 (Jan-Dec.)
1.	Gen. Chaisit Shinawatra ^{1/}	70,000
2.	Mr. Worawit Weeraborwornpong	90,000
3.	Mrs. Patchara Weeraborwornpong	90,000
4.	Mr. Supachai Weeraborwornpong	90,000
5.	Mr. Suttipong Vasuvanichphan	60,000
6.	Mr. Viroj Klangboonklong ^{2/}	180,000
7.	Mr. Harn Ciocharn ^{2/}	160,000
8.	Mrs. Sudjit Divari ^{2/}	180,000
	Total	920,000

Note : ^{1/} In addition to meeting allowance, the Company paid annual fee of Baht 2,646,000 to Gen. Chaisit Shinawatra in the year 2008

^{2/} In addition to meeting allowance, the Company paid annual fee of Baht 661,500 to each member of the Audit Committee in the year 2008

Remuneration for Managing Director and Management

The scale and components of remuneration for management has been carefully determined subject to the principle that such remuneration should be comparable to the general practice in the industry and appealing enough to attract and retain quality resources. Management who are assigned with extra work shall be paid appropriately.

5. Board and Management Training

The Board has a policy to encourage and facilitate training for all internal parties related to corporate governance such as directors, members of the audit committee and management, which will enable them to continuously improve their performances. When a new director is appointed to the Board, management will provide all relevant information and arrange for an orientation regarding the Company's business operations and its directive to provide clear understanding and enable the director to fully perform his/her duties.

9 Control of Internal Information

The Company has placed the discipline to protect insider trading among related parties, i.e., directors, management and employees who acknowledge the material information to use that information for their own interest or third party's interest either directly or indirectly and with or without remuneration. Furthermore, no one must sell, purchase, transfer or accept the transfer of the Company's securities or enter into any transaction by using the Company's confidential information and/or inside information which may significantly affect the Company both directly or indirectly. Directors, management and employees who acknowledge the material information shall not exploit such information for their own interest prior to public disclosure and shall be prohibited from trading the Company's shares 1 month before the public disclosure of quarterly and annual financial statements to outsiders. This discipline also applies to their spouses and minor children.

The Company has informed directors and management of their duty to report their possession of shares and any changes, including their spouses and minor children, to the SEC to be in compliance with Section 59, and penalty clause in Section 275 according to the Securities and Exchange Act B.E. 2535.

The Company has a written policy to penalize any person who abuses inside information in ways; such as, for self-benefit or expose information to the public in a harmful way. Penalty includes verbal warning, written warning, probation, or termination of employment.

10 Human Resources

Number of Employees

As of December 31, 2008, the total number of employees of the Company, UGP and its subsidiaries was 1,918 (excluding management) which can be categorized as follows:

Number of the Company's employees categorized by department as of December 31, 2008

Department	No. of employees
1. Managing Director Office	1
2. LPG Sales and Marketing Department	9
3. Technical Department	19
4. Information Technology Department	6
5. Legal Department	4
6. Warehouse Department-Filling Station	416
7. Accounting/Finance Department	34
8. LPG Procurement Department	1
9. Human Resources Department	11
10. Internal Audit Department	7
11. Investor Relation Department	2
12. Purchasing Department	1
Total	511

Number of UGP employees categorized by department as of December 31, 2008

Department	No. of employees
1. Management	3
2. Warehouse Department	143
3. LPG Department-Regional	140
4. LPG Department-Central	176
5. Corporate Function - Operation	10
6. Chemical Department	6
7. Procurement and Purchasing Department	10
8. Accounting and Cylinder Inventory	38
9. Computer Department	6
10. Engineering Department	14
11. Internal Audit Department	6
12. Legal Department	3
13. Industrial Sales Department	4
14. Human Resources Department	5
Total	564

Details of other subsidiaries' employees (LCR CGT LMR UMR UGT UGI UGC SQS and SEEC)

As of December 31, 2008, the total number of employees of the Company's subsidiaries was 843.

Employee Remuneration (excluding management)

For the year 2008, the Company paid 1,918 employees in the form of salaries, allowances, provident fund contributions, bonus and etc. was Baht 555.69 million.

Provident Fund

The Company has established a Provident Fund on April 20, 2006, managed by TISCO Asset Management Co., Ltd., to encourage employees' dedication and motivation for long-term basis. The Company has contributed its portion since April 2006.

Human Resources Development Policy

Employees are an important resource for the business operation and are the key factor in achieving the goals of the Company. Therefore, the Company supports continuing development of employees to enhance their knowledge, performance, skill and efficiency through the annual internal and external training and development processes in all level according to the Company's training guideline.

Internal Controls

The importance of an internal control system has always been a key focus of the Company and its subsidiaries. The Audit Committee, comprising of independent directors, has been assigned to regularly assess the internal control system with direct reporting from Internal Audit department. The Audit Committee shall independently review the assessment of the adequacy of the Company's internal control system and the business activities to ensure the compliance with relevant securities laws.

In addition, the Audit Committee has a responsibility to select, nominate and recommend remuneration of the Company's external auditor as well as consider the disclosure of information of the Company in case that there is a connected transaction or transaction that may lead to conflict of interest so as to ensure the accurateness and completeness.

The Audit Committee held 9 meetings in Year 2008, where management of the Company were present. The Board and the Audit Committee assessed the Company's internal control system in various aspects: Organizational Control and Environmental Measures, Risk Management Measures, Management Control Activities, Information and Communication Measures, and Monitoring, and of the opinion that the system is adequate with sufficient internal control system for transaction with major shareholders, directors, management and related persons. Furthermore, the Board viewed that the Company maintains the adequate and appropriate internal control system and monitoring system of the affiliated companies to assure the preventive of using the assets of the Company and its affiliated companies for personal benefits.

The Company's financial statements were fairly presented in accordance with generally accepted accounting principles upon an accuracy and trustfulness basis while the Company's business has been conducted in full compliance with securities regulations and relevant laws.

Connected Transactions

1 Summary of Connected Transaction during 2007 and 2008 Nature of connected transaction

The Company and its subsidiaries have engaged in the connected transactions according to the normal business practice and fair conditions as follows:

Related Companies	Relationship with the Company	Descriptions of Transactions	Amount ('000 Baht)		Outstanding amount ('000 Baht)		Necessity and Appropriateness of the Connected Transactions
			2007	2008	2007	2008	
1.1 Universal Metal Drum Company Limited (UMD) Gas cylinder manufacturer	<ul style="list-style-type: none"> Weerabornwong family is a common shareholder with 193,749 million shares held in UMD or 77.49% of registered and paid-up capital 2 common directors, i.e. Mr. Worawit Weerabornwong and Mrs. Patchara Weerabornwong <p>However, a subsidiaries, namely Siam Quality Steel Co., Ltd. ("SQS") was established to acquire land and plant of UMD from Sukhumvit Asset Management Co., Ltd. ("SAM") and receive the transfer of machinery related to the production of LPG cylinders, equipment, office furniture and vehicles from UMD with free of charge, resulting in no further connected transactions with UMD.</p>	<p>Cylinder Purchasing Expenses and Trade Accounts Payable</p> <p>Trade accounts payable was a result of the cylinder purchasing transaction by the Company and UGP from UMD. In the past, the Company and UGP has requested the bidding from various LPG cylinder manufacturers to ensure the most appropriate pricing and proposed to the Audit Committee for further consideration. However, in case that no bidding is submitted, management of the Company and UGP will set the appropriate price according to the actual cost of manufacturing and repairing and the proper mark-up margin. However, a subsidiaries, namely Siam Quality Steel Co., Ltd. ("SQS") was established to acquire land and plant of UMD from Sukhumvit Asset Management Co., Ltd. ("SAM") and receive the transfer of machinery related to the production of LPG cylinders, equipment, office furniture and vehicles from UMD with free of charge, resulting in no further connected transactions with UMD.</p>	50,672	5,092	23	-	<p>The Audit Committee viewed that the selling and repairing price charged by UMD was reasonable, compared to the price quoted by other cylinder manufacturers and/or the production and repairing cost. In addition, the transactions occurred has been charged according to the actual production cost of 4-kgs to 48-kgs LPG cylinder.</p> <p>However, connected transactions with UMD will not longer occur since June 30, 2008 as the Company established SQS to acquire land and plant of UMD from SAM and receive the transfer of machinery related to the production of LPG cylinders, equipment, office furniture and vehicles from UMD with free of charge.</p>

Related Companies	Relationship with the Company	Descriptions of Transactions	Amount ('000 Baht)				Outstanding amount ('000 Baht)		Necessity and Appropriateness of the Connected Transactions
			2007	2008	2007	2008	2007	2008	
		<p>Cylinder repair expenses and Trade Accounts Payable</p> <p>The Company and UGP hired UMD to repair their LPG cylinders. The expense charged was in line with the repair cost of various LPG cylinder size proposed by the Company to the Audit Committee for comparison.</p>	35,759	5,821	1,879	-		The Audit Committee viewed that the cylinder repair expenses were reasonable compared to the repair cost proposed by the Company.	
		<p>Purchasing Expenses- cylinder for vehicle</p> <p>The Company purchased a cylinder from UMD for its own vehicle at the similar price charged to general customer.</p>	-	-	7	-		The Audit Committee viewed that the transaction was reasonable due to the Company's benefit and the similar selling price charged to general customer.	
		<p>Sale gas revenues and Trade Accounts Payable</p> <p>The Company sold LPG to UMD to be used for cylinder manufacturing at the similar selling price charged to general customer.</p>	256	299	-	-		The Audit Committee viewed that the transaction was reasonable due to the Company's normal business and the similar selling price charged to general customer.	
		<p>Electricity Income and Other receivables - Electricity</p> <p>Prior to the cylinder maintenance, UMD has to remove valve from the cylinder at the Company's storage in Chachengsao province. Therefore, the electricity expense has been charged to UMD according to the actual electricity usage for the valve removal. However, UMD, at present, is not allowed to enter such area.</p>	10	-	-	-		The Audit Committee viewed that the transaction was reasonable as the electricity charge was calculated based on the actual usage at the rate charged by the Metropolitan Electricity Authority.	

Related Companies	Relationship with the Company	Descriptions of Transactions	Amount ('000 Baht)			Outstanding amount ('000 Baht)		Necessity and Appropriateness of the Connected Transactions
			2007	2008	2007	2008		
		<p>Deposit for Cylinder Manufacturing</p> <p>Being a company under debt restructuring program, UMD has an inadequate working capital for its own business. Therefore, deposit has been placed by the Company and UGP to UMD to be used as a working capital for cylinder manufacturing. UMD has an extensive relationship with the Company as it delivers high-quality cylinder upon the order quantity in timely manner.</p>	-	-	2,503	-	The Audit Committee viewed that the transaction was reasonable as the deposit can be used as a working capital of UMD and a security for the Company and UGP to ensure the cylinder delivery in the required quantity and timely manner. In the past, the deposit accounted for 50% of the purchasing volume.	
		<p>Transportation Income</p> <p>UMD appointed LCR, the Company's subsidiaries, to deliver empty LPG cylinder of UMD to its clients. LCR charged the transportation fee at the similar rate charged to general customer.</p>	15	5	3	-	However, deposit for cylinder manufacturing to UMD is no longer exists.	
		<p>LPG Cylinder Transportation Expenses</p> <p>UMD was appointed by the Company and UGP to deliver new cylinders and/or repaired cylinders to the Company's LPG filling plant upon the market price.</p>	85	159	4	-	The Audit Committee viewed that the transaction was reasonable due to the LCR's normal business and the similar transportation fee charged to general customer.	
		<p>Other Expenses</p> <p>The Company and its subsidiaries purchased the impact resistant net for gas cylinder protection from UMD at the same price charged to general customer.</p>	982	333	277	-	The Audit Committee opined that the transaction was reasonable due to the similar price charged to general customer.	

Related Companies	Relationship with the Company	Descriptions of Transactions	Amount ('000 Baht)			Outstanding amount ('000 Baht)		Necessity and Appropriateness of the Connected Transactions
			2007	2008	2007	2008		
			2007	2008	2007	2008		
1.2 Prome Development Co., Ltd. ("Prom") Hotel and property developer	<p>Weeraborwornpong family is a common shareholder of the Company and Prom with 634.25 million shares held in the Company or 94.66% of registered and paid-up capital and 1,146,000 shares held in Prom or 81.86% of registered and paid-up capital</p> <ul style="list-style-type: none"> 4 common directors: <ul style="list-style-type: none"> Mr. Worawit Weeraborwornpong and Mrs. Patchara Weeraborwornpong are director of both the Company and Prom Mr. Supachai Weeraborwornpong and Mr. Suttipong Vasuvanichpan are director of Prom and director, executive director and management of the Company 	<p>Sale gas revenues and Trade Accounts Payable</p> <p>The Company sold LPG to Prome Development Co., Ltd. ("Prom") for its own food court in the shopping center and hotel restaurant at the same selling price charged to general customer.</p> <p>Gas Cylinder Deposit</p> <p>Prome paid gas cylinder deposit to the Company for the use in its hotel business.</p> <p>Interest Income</p> <p>During a month, UGP, the Company's subsidiaries, granted 5 loan facilities to Prome (Baht 10-30 million per loan) with the aggregation amount of Baht 80 million. The interest rate was charged at the saving account interest rate + 0.25% per annum. However, all loans were fully repaid to UGP.</p>	5,407	7,332	1,285	1,441	<p>The Audit Committee viewed that the transaction was reasonable due to the Company's normal business and the similar selling price charged to general customer.</p> <p>The Audit Committee viewed that the transaction was reasonable due to the Company's normal business whereas the deposit rate was similar to the rate charged to general customer.</p> <p>The Audit Committee opined that the transactions were due in short term and all loans were fully repaid with interest rate.</p>	

Related Companies	Relationship with the Company	Descriptions of Transactions	Amount ('000 Baht)				Outstanding amount ('000 Baht)		Necessity and Appropriateness of the Connected Transactions
			2007	2008	2007	2008	2007	2008	
		<p>Deposit for building</p> <p>The Company and its subsidiaries, UGP, LCR and LMR, were subject to the building deposit according to the office space rental agreement. The deposit was set at the rate of 1-month rental fee, lower than the normal rate of 2-months collected from other tenants in the same building.</p>	-	-	1,462	1,462	1,462	1,462	The Audit Committee viewed that the transaction was reasonable as it was a normal condition in general rental agreement and the determined deposit was lower than the normal rate collected from other tenants in the same building.
		<p>Rental Expenses and Trade Accounts Payable</p> <p>The Company and its subsidiaries, namely UGP, LCR and LMR, has entered into the office space rental contract with Prom for an aggregation space of 3,105.12 sq.m. at Baht 450-550 per sq.m. for their own offices. Despite the higher rental fee compared to that of nearby office buildings, the offering services were superior such as more parking spaces and less charge for additional parking. Furthermore, air conditional charge after office hour is the same of that during the office hour. Rental fee of nearby office buildings has also been proposed to the Audit Committee for consideration.</p>	13,816	13,816	1,151	1,151	1,151	1,151	The Audit Committee viewed that the transactions and corresponding rental fee were reasonable as the rental space has been used as the office for the Company and its subsidiaries with superior services and conditions provided such as more parking spaces, less charge for additional parking and same air conditional charge either during or after office hour. Furthermore, inadequate space is available for the Company and its subsidiaries in the nearby office buildings.

Related Companies	Relationship with the Company	Descriptions of Transactions	Amount ('000 Baht)				Outstanding amount ('000 Baht)		Necessity and Appropriateness of the Connected Transactions
			2007	2008	2007	2008	2007	2008	
		<p>Administrative Expenses and trade accounts payable</p> <p>According to the office space rental agreement between Prom and the Company and its subsidiaries, namely UGP LCR and LMR, the administrative expenses shall be charged at the normal rate which similar to the rate applies to other tenants.</p>	3,748	3,748	332	332		The Audit Committee viewed that the transaction and corresponding charges were reasonable as it was a normal condition in general rental agreement and the administrative expenses charged by Prom were similar to that charged to other tenants.	
		<p>Signage Expenses/CCTV Installation Expenses</p> <p>Prom provided the signage and CCTV installation service to the Company.</p>	-	-	28	50		The Audit Committee viewed that the transactions and corresponding fees were reasonable due to Prom's capacity and capability with convenient approach.	
		<p>Other Expenses and Other Payable</p> <p>Other Expenses and Other Payable charged to the Company and its subsidiaries were in accordance with the hotel services provided by Prom such as lunch preparation of the Group's employees, customers' entertainment in the hotel's restaurant, hotel reservation for the Group's clients. The rate charged to the Company and its subsidiaries was on arm-length basis.</p>	6,094	7,059	679	1,868		The Audit Committee viewed that the transaction was reasonable as the services provided by Prom were upon its normal course of business and the expensed occurred were similar to that charged to other customers.	

Related Companies	Relationship with the Company	Descriptions of Transactions	Amount ('000 Baht)				Necessity and Appropriateness of the Connected Transactions
			Outstanding amount ('000 Baht)				
			2007	2008	2007	2008	
		<p>Interest Expenses and Long-term Loans:</p> <p>The Company had granted for the financial support of Baht 600 million from Prom, the major shareholder of the Company, for the UGP acquisition in late 2004. Such amount, nevertheless, was primarily originated by the bank to Prom. The loan agreement between the Company and Prom had then been arranged with the interest rate of MLR+0.25% per annum and the condition that the loan repayment to Prom shall be made after the completion of full amount of principal and corresponding interest rate repayment to such bank. The Company, afterward, submitted the letter no. SGP 01-09/07, dated September 20, 2007, requiring the change in the borrower from Prom to the Company which shall result in lower interest rate. As a result, on March 6, 2008, the Company and the bank entered into loan facility agreement of Baht 600 million with carried interest at the rate of MLR per annum. Therefore, no any outstanding loans granted by Prom to the Company.</p>	46,192	7,880	600,000	-	The Audit Committee viewed that the transaction was reasonable due to the Company's lack of funds for UGP acquisition. Furthermore, the interest rate of MLR+0.25% per annum charged to the Company was appropriate due to the interest rate of MLR per annum Prom obliged to the Bank along with relevant fees and taxes occurred from the borrowing.

Related Companies	Relationship with the Company	Descriptions of Transactions	Amount ('000 Baht)		Outstanding amount ('000 Baht)		Necessity and Appropriateness of the Connected Transactions
			2007	2008	2007	2008	
		<p>Electricity and Water expenses</p> <p>The Company and its subsidiaries were subject to the electricity and water charges consumed in their offices. The rate charged to the Company and its subsidiaries was similar to the rate charged to other tenants in the same building and based on actual usage.</p> <p>Telephone expense</p> <p>Subsidiaries of the Company rented the telephone line from Prom, with the rate similar to that charged to other tenants in Bobae Tower. At present, the subsidiaries have their own telephone line so that the phone line with Prom was terminated.</p>	1,304	1,297	179	217	The Audit Committee viewed that the transactions were reasonable as the electricity and water expenses were paid according to the actual usage and the rate charged was similar to that charged to other tenants in the same building.
			13	-	-	-	The Audit Committee viewed that the transactions were reasonable as the telephone expenses were paid according to the actual usage and the rate charged was similar to that charged to other tenants in the same building.

2 Necessity and appropriateness of the connected transactions.

Most of the connected transactions were subject to the normal terms and conditions of business to reflect applicable market prices on an arm-length basis, with no special conditions.

However, some transactions which are not considered as the normal business were engaged due to the necessity with no adversely affect on the Company and/or its subsidiaries. The said transactions are loans from Prommaharaj Land Development Co., Ltd. (“Prom”) and loans to Prom granted by UGP which all principal was fully repaid as well as the office space rental transaction and rental deposit with Prom for the Group.

The Audit Committee has reviewed the abovementioned transactions and opined that all transactions were undertaken for the maximum benefit of the Company and/or its subsidiaries with necessity and appropriateness.

3 Measures or procedures for approval of related party transactions

The connected transactions occurred in the past has been reviewed by the Audit Committee for the best interests of the Company and its subsidiaries.

For the connected transaction may arise, the Company has authorized the Audit Committee to provide an opinion on the reasonableness of the transaction. In case the Audit Committee do not have any expertise in the connected transaction, the Company will hire an expert, such as an accountant or appraiser which is independent and does not have any conflict of interest in the transaction to provide an independent opinion. The opinion of the Audit Committee or the expert will be reviewed by the Board of Directors or the shareholders before a decision to enter into the transaction is made. Details of the connected transactions will be disclosed in the notes to financial statement audited by the Company’s auditor.

Regarding the LPG cylinder purchasing transaction with UMD, the Company welcomed the bidding from at least 2 LPG cylinder manufacturers, other than UMD, in order to ensure the transaction transparency and the best price. In addition, the Company appointed Dharmniti Law Office Co., Ltd. as an independent auditor to perform the special audit on the purchasing and maintenance order of the LPG cylinder as well as the price and quantity quoted by the manufacturers, including the number of cylinder in the stock compared with the purchasing and maintenance order and the structure of production and maintenance cost of LPG cylinder.

The Company will quarterly propose the quotation of all LPG cylinder manufacturers to the Audit Committee for consideration with the independent auditor as one of the participant in the meeting. The audit report from the independent auditor will be considered as the supporting information for the transaction.

The above procedure shall ensure the best LPG cylinder price and the accuracy of cylinder quantity to be ordered every quarter.

However, a subsidiaries, namely Siam Quality Steel Co., Ltd. (“SQS”) was established to acquire land and plant of UMD from Sukhumvit Asset Management Co., Ltd. (“SAM”) and receive the transfer of machinery related to the production of LPG cylinders, equipment, office furniture and vehicles from UMD with free of charge, resulting in no further connected transactions with UMD.

4 Policies or directions of the connected transaction in the future

The Company and/or its subsidiaries anticipate that the connected transactions will continue to be entered under a normal course of business without any special privilege being granted. Such transactions are LPG distribution to Prom for its shopping center and hotel, utility payment as well as catering and other service charges to Prom. The pricing policy shall be transparency and in accordance with the fair market price with maximum benefit to the Company and be reviewed by the Audit Committee.

In the future, the Company might further engage in the transaction with the said similar manner with quarterly report to the Audit Committee.

The office rental transaction with Prom were undertaken to accommodate the necessity in office space of the Company and its subsidiaries. The Company may consider to renew such rental contract upon its expiration. However, the rental price of comparable office space will be taken into account and proposed to the Audit Committee for further consideration.

The purchasing and maintenance of LPG cylinder transaction with UMD will not further occur since the Company already established SQS to acquire land and plant of UMD from SAM and receive the transfer of machinery related to the production of LPG cylinders from UMD since June 30, 2008.

The Company and/or its subsidiaries has no policy to borrow and/or grant any loans to persons with conflict of interest as the Company is able to raise fund through the securities issuance for its business. However, if the inter-company loan is required, the agreement will be arranged with clear and fair condition for utmost benefit of the Group.

As a listed company, the Company has to strictly comply with the securities laws, rules stipulated by the Stock Exchange of Thailand, regulations related to the disclosure of the related parties transaction and sale and purchase of important parts of the business transaction as well as the accounting principles set by the Institute of Certified Accountants and Auditors of Thailand.

Financial Status and Performance

1 Financial Statement

1.1 Auditor

Year	Auditor	Certified Public Accountant No.	Auditor's Office
2006	Mr. Montree Panichakul	3461	Deloitte Touche Tohmatsu Jaiyos Company Limited
2007	Mr. Montree Panichakul	3461	Deloitte Touche Tohmatsu Jaiyos Company Limited
2008	Mr. Montree Panichakul	3461	Deloitte Touche Tohmatsu Jaiyos Company Limited

Summary of Auditor's Report for the year 2006-2008

2006

In 2006, the Company's auditor was changed from Mr. Somchai Kurujitkosol to Mr. Montree Panichakul of Deloitte Touche Tohmatsu Jaiyos Company Limited. The auditor came to an opinion that the Company's financial statements and the consolidated financial statement present fairly, in all material respects, the financial position of the Company and its subsidiaries as at December 31, 2006, and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

In addition, the auditor performed the audit on the reclassification and the adjustment as presented in the notes to the Company's financial statement and the consolidated financial statement no. 3 and no.4 for the restatement of the Company's financial statement and the consolidated financial statement ended December 31, 2005. The auditor came to an opinion that the reclassification and the adjustment are appropriate.

2007

The auditor conducted its audits in accordance with generally accepted auditing standards and came to an opinion that the Company's financial statements and the consolidated financial statement for the year ended December 31, 2006 and 2007, present fairly, in all material respects, the financial position of the Company and its subsidiaries and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles. In addition, for the financial statement ended December 31, 2007, the Company changed the accounting policy regarding the investments in subsidiaries from equity method to cost method employed in the Company's financial statement to be compliance with the announcement of the Federation of Accounting Professions. Furthermore, the Company changed the accounting record regarding the business combination with SGI from business acquisition to the method in a manner

similar to a pooling of interest. The land valuation was also stated in revaluation value instead of cost. The profit and loss statement as well as cashflow statement for the year ended December 31, 2006 and balance sheet as of December 31, 2006 were adjusted accordingly.

2008

The auditor conducted its audits in accordance with generally accepted auditing standards and came to an opinion that the Company's financial statements and the consolidated financial statement for the year ended December 31, 2007 and 2008, present fairly, in all material respects, the financial position of the Company and its subsidiaries and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles. For the financial statement ended December 31, 2008, the Company changed its accounting policy for goodwill and trademark from amortization using the straight-line method, based on the estimated useful lives of 20 years to testing for impairment of goodwill and trademark. The Company applies prospectively for such accounting policy.

1.2 Change in accounting policy during the year 2008

Change in "Intangible Assets" accounting standard

According to Thai accounting Standard No. 43 (Revised 2007) "Business Combination" and Thai Accounting Standard No. 51 (Revised 2007) "Intangible assets" require the goodwill and indefinite useful lives of intangible assets to be tested for impairment annually and no amortization are required. The change in accounting policy is applied prospectively. The company ceased amortization of goodwill and trademark, from amortization using the straight-line method based on the estimated useful lives at 20 years, to testing for impairment by applying the new accounting policy prospectively.

1.3 Summary of Financial Statements

SiamGas and Petrochemicals Public Company Limited

Balance Sheet

As of December 31, 2006-2008

Unit: '000 Baht

	The Company's Financial Statement					
	As of Dec. 31, 2006		As of Dec. 31, 2007		As of Dec. 31, 2008	
	'000 Baht	%	'000 Baht	%	'000 Baht	%
Assets						
<u>Current Assets</u>						
Cash and cash equivalents	135,606	3.87	208,876	5.62	174,844	3.32
Current investments	0	0.00	0	0.00	10,000	0.19
Trade accounts receivable - net	280,952	8.03	354,478	9.54	298,898	5.67
Trade accounts receivable from subsidiaries and related parties - net	6,376	0.18	7,301	0.20	9,199	0.17
Inventories - net	50,171	1.44	57,764	1.55	88,008	1.67
Short-term loans to subsidiaries and related parties	0	0.00	0	0.00	10,000	0.19
Other current assets						
- Accrued interest income from related party	0	0.00	0	0.00	1,074	0.02
- Accrued interest income	2,927	0.08	2,775	0.07	2,095	0.04
- Advance payment for produce cylinders	0	0.00	1,913	0.05	0	0.00
- Other receivable from subsidiaries and related parties	85	0.00	152	0.00	49	0.00
- Prepaid expenses	18,550	0.53	6,348	0.17	7,754	0.15
- Others	5,762	0.17	3,344	0.09	6,443	0.12
Total Current Assets	500,429	14.30	642,951	17.31	608,363	11.54
<u>Non-Current Assets</u>						
Investments in subsidiaries	2,230,000	63.71	2,230,990	60.05	2,524,624	47.89
Long-term loans to subsidiaries	0	0.00	0	0.00	100,000	1.90
Assets for lease - net	62,849	1.80	47,908	1.29	44,631	0.85
Property, plant and equipment - net	679,142	19.40	766,985	20.64	1,972,000	37.41
Non-operating assets - net	3,431	0.10	2,900	0.08	2,900	0.06
Leasehold right - net	4,659	0.13	4,109	0.11	10,166	0.19
Computer software - net	132	0.00	154	0.00	85	0.00
Other non-current assets	19,462	0.56	19,165	0.52	8,664	0.16
Total non-current assets	2,999,675	85.70	3,077,210	82.83	4,663,070	88.46
Total assets	3,500,104	100.00	3,715,161	100.00	5,271,433	100.00

SiamGas and Petrochemicals Public Company Limited

Balance Sheet

As of December 31, 2006-2008

Unit: '000 Baht

	The Company's Financial Statement					
	As of Dec. 31, 2006		As of Dec. 31, 2007		As of Dec. 31, 2008	
	'000 Baht	%	'000 Baht	%	'000 Baht	%
Liabilities and Sharholders' Equity						
<u>Current Liabilities</u>						
Short-term loans from financial institutions	100,000	2.86	0	0.00	0	0.00
Trade accounts payable	420,021	12.00	510,208	13.73	503,181	9.55
Trade accounts payable to subsidiaries and related parties	56,857	1.62	33,126	0.89	36,570	0.69
Current portion of long-term loans	241,400	6.90	228,000	6.14	0	0.00
Short-term loans from subsidiaries	0	0.00	0	0.00	20,000	0.38
Other payables	13,024	0.37	13,602	0.37	19,585	0.37
Other current liabilities						
- Other accounts payable to subsidiaries and related parties	113	0.00	776	0.02	1,722	0.03
- Accrued corporate income tax	5,661	0.16	66,210	1.78	123,659	2.35
- Accrued expenses	9,103	0.26	7,134	0.19	17,695	0.34
- Others	16,928	0.48	28,695	0.77	44,875	0.85
Total current liabilities	863,107	24.66	887,752	23.90	767,286	14.56
<u>Non-Current Liabilities</u>						
Long-term loans from subsidiaries and related parties	1,288,200	36.80	1,621,500	43.65	1,218,000	23.11
Long-term loans	927,100	26.49	604,500	16.27	0	0.00
Cylinder deposits	150,954	4.31	171,881	4.63	213,864	4.06
Other non-current liabilities	1,057	0.03	1,350	0.04	2,001	0.04
Total non-current liabilities	2,367,311	67.64	2,399,231	64.58	1,433,865	27.20
Total Liabilities	3,230,418	92.30	3,286,984	88.47	2,201,151	41.76
Sharholders' Equity						
Authorized share capital - 950,000,000 ordinary shares of Baht 1 each	980,000	28.00	950,000	25.57	950,000	18.02
Paid-up share capital -950,000,000 ordinary shares of Baht 1 each	670,000	19.14	670,000	18.03	950,000	18.02
Premium on ordinary shares	0	0.00	0	0.00	1,874,482	35.56
Revaluation surplus on land	258,484	7.39	270,080	7.27	270,081	5.12
Difference from purchase assets from a business under common control	(660,734)	(18.88)	(660,734)	(17.78)	(660,734)	(12.53)
Retained earnings - appropriated legal reserves	0	0.00	7,345	0.02	38,851	0.74
Retained earnings - unappropriated	1,936	0.06	141,485	3.81	597,602	11.34
Total shareholders' equity	269,686	7.71	428,177	11.53	3,070,281	58.24
Total Liabilities and Sharholders' Equity	3,500,104	100.00	3,715,161	100.00	5,271,433	100.00

SiamGas and Petrochemicals Public Company Limited and its subsidiaries

Balance Sheet

As of December 31, 2006-2008

Unit: '000 Baht

	The Consolidated Financial Statement					
	As of Dec. 31, 2006		As of Dec. 31, 2007		As of Dec. 31, 2008	
	'000 Baht	%	'000 Baht	%	'000 Baht	%
Assets						
<u>Current Assets</u>						
Cash and cash equivalents	377,494	6.73	542,915	9.38	738,026	9.22
Current investments	0	0.00	0	0.00	15,145	0.19
Trade accounts receivable - net	849,022	15.14	968,537	16.72	925,851	11.57
Trade accounts receivable from subsidiaries and related parties - net	691	0.01	1,287	0.02	1,441	0.02
Inventories - net	262,285	4.68	244,961	4.23	414,906	5.18
Other current assets						
- Advance payment for goods	0	0.00	0	0.00	44,975	0.56
- Accrued interest income	4,487	0.08	3,664	0.06	2,953	0.04
- Accounts receivable - Revenue Department	5,132	0.09	984	0.02	4,019	0.05
- Other receivable from subsidiaries and related parties	13	0.00	38	0.00	0	0.00
- Advance payment for produce cylinders	0	0.00	1,913	0.03	0	0.00
- Insurance claim receivable	0	0.00	0	0.00	18,567	0.23
- Prepaid expenses	29,235	0.52	18,559	0.32	17,679	0.22
- Others	15,578	0.28	24,391	0.42	23,230	0.29
Total Current Assets	1,543,937	27.53	1,807,249	31.21	2,206,792	27.57
<u>Non-Current Assets</u>						
Long-term investment	200	0.00	200	0.00	200	0.00
Assets for lease - net	62,849	1.12	47,908	0.83	44,631	0.56
Property, plant and equipment - net	2,749,659	49.02	2,751,753	47.52	4,609,632	57.60
Non-operating assets - net	53,931	0.96	53,400	0.92	53,400	0.67
Trademark - net	564,300	10.06	532,950	9.20	532,950	6.66
Goodwill - net	579,051	10.32	547,871	9.46	513,196	6.41
Leasehold right - net	18,367	0.33	17,548	0.30	20,794	0.26
Computer software - net	5,801	0.10	6,698	0.12	6,643	0.08
Other non-current assets	31,047	0.55	25,378	0.44	15,251	0.19
Total non-current assets	4,065,206	72.47	3,983,705	68.79	5,796,697	72.43
Total assets	5,609,143	100.00	5,790,955	100.00	8,003,489	100.00

SiamGas and Petrochemicals Public Company Limited and its subsidiaries

Balance Sheet

As of December 31, 2006-2008

Unit: '000 Baht

	The Consolidated Financial Statement					
	As of Dec. 31, 2006		As of Dec. 31, 2007		As of Dec. 31, 2008	
	'000 Baht	%	'000 Baht	%	'000 Baht	%
Liabilities and Sharholders' Equity						
<u>Current Liabilities</u>						
Bank overdrafts and short-term loans from financial institutions	100,000	1.78	0	0.00	22,784	0.60
Trade accounts payable to subsidiaries and related parties	4,191	0.08	2,183	0.04	0	0.00
Trade accounts payable	803,096	14.32	925,774	15.99	970,113	12.12
Current portion of long-term loans	298,400	5.32	276,100	4.77	13,667	0.17
Current portion of obligation under finance lease agreements	18,544	0.33	3,757	0.06	158	0.00
Other payables	60,771	1.08	38,341	0.66	86,530	1.08
Other current liabilities						
- Other accounts payable to subsidiaries and related parties	1,630	0.03	2,341	0.04	3,568	0.04
- Current portion of accrued interest expenses of long-term loans from bank	0	0.00	2,600	0.04	8,400	0.10
- Accrued corporate income tax	71,269	1.27	168,712	2.91	259,229	3.24
- Accrued expenses	44,760	0.80	28,655	0.49	75,650	0.95
- Others	17,344	0.31	23,351	0.40	27,476	0.34
Total current liabilities	1,420,005	25.32	1,471,815	25.42	1,467,575	18.34
<u>Non-Current Liabilities</u>						
Long-term loans from subsidiaries and related parties	600,000	10.70	600,000	10.36	0	0.00
Long-term loans	1,023,339	18.24	647,555	11.18	161,667	2.02
Obligation under finance lease agreements	2,246	0.04	0	0.00	66	0.00
Accrued interest expenses of long-term loans from financial institutions	18,590	0.33	16,724	0.29	6,808	0.09
Cylinder deposits	1,999,801	35.65	2,054,914	35.48	2,150,541	26.87
Other non-current liabilities	8,389	0.15	9,154	0.16	10,820	0.14
Total non-current liabilities	3,652,365	65.11	3,328,347	57.47	2,329,901	29.11
Total Liabilities	5,072,370	90.43	4,800,162	82.89	3,797,476	47.45

SiamGas and Petrochemicals Public Company Limited and its subsidiaries

Balance Sheet

As of December 31, 2006-2008

Unit: '000 Baht

	The Consolidated Financial Statement					
	As of Dec. 31, 2006		As of Dec. 31, 2007		As of Dec. 31, 2008	
	'000 Baht	%	'000 Baht	%	'000 Baht	%
Shareholders' Equity						
Authorized share capital - 950,000,000 ordinary shares of Baht 1 each	980,000	17.47	950,000	16.40	950,000	11.87
Paid-up share capital -950,000,000 ordinary shares of Baht 1 each	670,000	11.94	670,000	11.57	950,000	8.37
Premium on ordinary shares	0	0.00	0	0.00	1,874,482	23.42
Revaluation surplus on land	258,485	4.61	270,081	4.66	270,081	3.37
Difference from purchase assets from a business under common control	(660,734)	(11.78)	(660,734)	(11.41)	(660,734)	(8.26)
Difference from taking equity of business under common control	22,583	0.40	22,583	0.39	22,583	0.28
Retained earnings - appropriated legal reserves	0	0.00	7,345	0.13	38,851	0.48
Retained earnings - unappropriated	246,439	4.39	681,518	11.77	1,602,683	20.02
Total Company Shareholders' Equity	536,773	9.57	990,793	17.11	4,097,945	51.20
Minority Interest	0	0.00	0	0.00	108,067	1.35
Total shareholders' equity	536,773	9.57	990,793	17.11	4,206,012	52.55
Total Liabilities and Shareholders' Equity	5,609,143	100.00	5,790,955	100.00	8,003,489	100.00

SiamGas and Petrochemicals Public Company Limited

Profit and Loss Statement

For the year ended December 31, 2006-2008

Unit: '000 Baht

	The Company's Financial Statement					
	As of Dec. 31, 2006		As of Dec. 31, 2007		As of Dec. 31, 2008	
	'000 Baht	%	'000 Baht	%	'000 Baht	%
Revenues						
Revenues from sales of goods	6,796,136	98.05	7,788,669	97.76	10,792,012	97.61
Transportation revenue	68,029	0.98	100,670	1.26	146,518	1.33
Service income	56,430	0.81	59,493	0.75	75,568	0.68
Other income	10,720	0.15	18,054	0.23	41,856	0.38
Total Revenues	6,931,315	100.00	7,966,887	100.00	11,055,954	100.00
Expenses						
Cost of sales and services	6,533,984	94.27	7,363,630	92.43	9,926,144	89.78
Selling and administrative expenses	156,574	2.26	169,491	2.13	204,649	1.85
Total Expenses	6,690,558	96.53	7,533,121	94.56	10,130,793	91.63
Income (loss) before interest expense	240,757	3.47	433,766	5.44	925,161	8.37
Interest expense	(164,422)	(2.37)	(142,660)	(1.79)	(58,312)	(0.53)
Income tax	(7,421)	(0.11)	89,774	(1.13)	(236,726)	(2.14)
Income before extraordinary item	68,914	0.99	201,333	2.52	630,123	5.70
Profit (loss) from land revaluation	0	0.00	(54,437)	(0.68)	0	0.00
Net income	68,914	0.99	146,895	1.84	630,123	5.70

SiamGas and Petrochemicals Public Company Limited and its subsidiaries

Profit and Loss Statement

For the year ended December 31, 2006-2008

Unit: '000 Baht

	The Consolidated Financial Statement					
	As of Dec. 31, 2006		As of Dec. 31, 2007		As of Dec. 31, 2008	
	'000 Baht	%	'000 Baht	%	'000 Baht	%
Revenues						
Revenues from sales of goods	12,502,148	95.89	14,297,171	95.71	19,408,484	96.26
Transportation revenue	468,963	3.60	529,985	3.55	613,174	3.04
Service income	28,678	0.22	59,285	0.40	35,925	0.18
Other income	37,839	0.29	52,227	0.35	105,881	0.53
Total Revenues	13,037,628	100.00	14,938,668	100.00	20,163,464	100.00
Expenses						
Cost of sales and services	12,070,234	92.58	13,566,461	90.81	18,058,676	89.56
Selling and administrative expenses	428,252	3.28	468,681	3.14	493,409	2.45
Total Expenses	12,498,486	95.86	14,035,142	93.95	18,552,085	92.01
Income (loss) before interest expense	539,142	4.14	903,526	6.05	1,611,379	7.99
Interest expense	(171,495)	(1.32)	(135,727)	(0.91)	(38,855)	(0.19)
Income tax	(123,686)	(0.95)	(270,939)	(1.81)	(479,990)	(2.38)
Income before extraordinary item	243,961	1.87	496,860	3.33	1,092,534	5.42
Profit (loss) from land revaluation	0	0.00	(54,437)	(0.37)	0	0.00
Net income	243,961	1.87	442,423	2.96	1,092,534	5.42
Net income (loss) attributable to						
Equity holders of the parent	243,961	1.87	442,423	2.96	1,095,171	5.43
Minority interests	0	0.00	0	0.00	(2,637)	(0.01)

SiamGas and Petrochemicals Public Company Limited and its subsidiaries

Cashflow Statement

For the year ended December 31, 2006-2008

Unit: '000 Baht

	The Company's			The Consolidated		
	Financial Statement			Financial Statement		
	2006	2007	2008	2006	2007	2008
<u>Cashflow from Operating Activities</u>						
Net income	68,914			243,961		
Net income before income tax		236,669	866,849		713,362	1,572,524
<u>Adjustments for :</u>						
Depreciation expenses - assets for lease	3,055	3,235	3,276	3,055	3,235	3,276
Depreciation expenses - property, plant and equipment	37,810	36,753	38,957	349,596	349,674	365,889
Amortization of computer software	51	67	69	1,312	462	471
Allowance for doubtful accounts (reversal)	3,168	985	(56)	2,120	984	8,954
Allowance for devaluation of inventories (reversal)	0	0	0	(731)	(75)	1,198
Withholding income tax written-off	1,024	1,047	0	2,137	2,612	2,659
Unrealized gain on exchange rate	0	0	0	738	10	816
Loss (gain) on sales of property, plant and equipment	0	286	(4,210)	(60)	417	(2,426)
Loss on write-off of equipment - computer software	0	0	0	1,854	1,631	2,141
Gain on sales and lease back	0	0	0	(653)	(61)	0
Loss from revaluation on land	0	54,437	0	0	54,437	0
Amortization of leasehold	1,076	551	442	3,356	3,717	3,254
Amortization of trademark	0	0	0	31,350	31,350	0
Amortization of goodwill	0	0	0	32,266	32,170	0
Other revenue	0	0	0	0	0	(19,464)
Amortization expense	0	0	0	0	0	299
Interest expense	0	142,660	58,312	0	135,727	38,855
Income (loss) from operation before changing in operating assets and liabilities	115,098	476,690	963,639	670,301	1,329,652	1,978,446
(increase) decrease in Trade accounts receivable	(78,579)	(71,383)	55,637	(64,279)	(117,360)	33,731
(increase) decrease in Trade accounts receivable from subsidiaries and related parties	739	(926)	(1,897)	29,180	(597)	(153)
(increase) decrease in Inventories	(21,409)	(7,594)	(30,243)	(100,198)	17,400	(155,664)
(increase) decrease in Accrued interest income from subsidiaries and related party	0	0	0	1,461	0	0
(increase) decrease in Other current assets	62,197	26,678	(7,304)	57,666	15,892	(10,577)
(increase) decrease in Other non-current assets	(13,786)	(9,703)	(10,501)	(7,655)	(9,517)	9,054
<u>Operating liabilities increase (decrease)</u>						
increase (decrease) in Trade accounts payable to subsidiaries and related parties	8,135	(23,731)	3,444	439	(2,031)	(8,004)
increase (decrease) in Trade accounts payable	106,806	90,188	(7,028)	215,800	125,150	43,262
increase (decrease) in Other payables	(3,632)	(2,519)	5,843	(8,181)	(2,268)	45,068
increase (decrease) in Other current liabilities	22,438	965	12,050	21,554	(7,550)	(24)
increase (decrease) in Cylinder deposits	14,541	20,928	41,982	33,653	55,114	95,627
increase (decrease) in Other non-current liabilities	220	293	651	2,855	26	2,405
Cash received from operations	212,769	499,886	1,047,273	852,595	1,403,911	2,033,171

SiamGas and Petrochemicals Public Company Limited and its subsidiaries

Cashflow Statement

For the year ended December 31, 2006-2008

Unit: '000 Baht

	The Company's			The Consolidated		
	Financial Statement			Financial Statement		
	2006	2007	2008	2006	2007	2008
Cash paid for interest	0	(133,163)	(42,675)	0	(136,029)	(43,677)
Cash paid for income tax	0	(29,225)	(179,278)	0	(173,496)	(389,473)
Net cash provided by operating activities	212,769	337,498	825,320	852,595	1,094,386	1,600,020
<u>Cashflow from Investing Activities</u>						
Increase in current investments	0	0	(10,000)	0	0	(10,215)
Cash paid to purchase of investments in subsidiaries	0	(990)	(352,233)	0	(990)	(298,623)
Cash paid to purchase assets	(67,263)	(89)	0	(67,263)	0	0
Cash paid to purchase assets for lease	(5,550)	(92)	0	(5,550)	(92)	0
Cash received from sales of property, plant and equipment	0	919	10,397	183	1,019	3,611
Cash paid for purchase of property, plant and equipment	(28,231)	(161,275)	(1,245,597)	(244,377)	(402,362)	(1,639,069)
Cash paid for purchase of computer software	0	0	0	(4,182)	(1,852)	(405)
Cash paid for short-term loans to subsidiaries and related parties	0	0	(10,000)	0	0	(80,000)
Cash received from investments in a subsidiary	0	0	58,599	0	0	58,599
Cash paid for long-term loan to a subsidiary	0	0	(100,000)	0	0	0
Cash received from short-term loans to subsidiaries and related parties	0	0	0	0	0	80,000
Cash paid for leasehold	0	0	(6,500)	(2,778)	(2,896)	(6,500)
Net cash used in investing activities	(101,044)	(161,527)	(1,655,334)	(323,967)	(407,174)	(1,892,602)
<u>Cashflow from Financing Activities</u>						
Bank overdrafts	0	0	0	0	0	(2,106)
Cash paid for repayment of short-term loans to financial institutions	0	(100,000)	0	0	(100,000)	0
Cash paid for repayment of loans from directors	0	0	0	(4,523)	0	(64)
Cash received from short-term loans from subsidiaries	0	0	20,000	0	0	0
Cash received from long-term loans from subsidiaries and related companies	228,000	1,270,000	395,000	0	600,000	0
Cash paid for long-term loans to subsidiaries and related companies	0	(936,700)	(798,500)	0	(600,000)	(600,000)
Cash received from long-term loans	0	0	600,000	33,000	28,355	600,000
Cash paid for repayment of long-term loans	(304,198)	(336,000)	(1,432,500)	(342,158)	(426,439)	(1,518,322)
Cash paid for obligation under finance lease agreements	0	0	0	(58,212)	(23,707)	(3,797)
Cash received from issuing ordinary shares	0	0	280,000	0	0	280,000
Cash received from premium on ordinary shares	0	0	1,874,482	0	0	1,874,482
Cash paid for dividend	0	0	(142,500)	0	0	(142,500)
Net cash provided by (used in) financing activities	(76,198)	(102,700)	795,982	(371,893)	(521,791)	487,693
Net increase in cash and cash equivalent	35,527	73,270	(34,032)	156,735	165,421	195,111
Cash and cash equivalent at the beginning of the years	100,079	135,606	208,876	220,759	377,494	542,915
Cash and cash equivalent at the ending of the years	135,606	208,876	174,844	377,494	542,915	738,026

SiamGas and Petrochemicals Public Company Limited and its subsidiaries

Financial Ratio for the year 2006-2008

	The Company's Financial Statement			The Consolidated Financial Statement		
	2006	2007	2008	2006	2007	2008
Liquidity Ratio						
- Current ratio (times)	0.58	0.72	0.79	1.09	1.23	1.50
- Quick ratio (times)	0.49	0.64	0.63	0.86	1.03	1.13
- Cash Flow Liquidity ratio (times)	0.25	0.39	1.00	0.64	0.78	1.09
- Account receivable turnover (times)	27.46	23.20	32.66	15.55	15.91	21.11
- Account receivable period (days)	13.11	15.52	11.02	23.15	22.63	17.06
- Inventory turnover (times)	165.56	94.61	136.19	56.98	52.47	54.73
- Inventory period (days)	2.17	3.81	2.64	6.32	6.86	6.58
- Account payable turnover (times)	15.58	14.11	18.33	17.28	14.96	19.03
- Account payable period (days)	23.11	25.52	19.64	20.84	24.06	18.92
- Cash cycle(days)	(7.82)	(6.19)	(5.97)	8.63	5.43	4.71
Profitability Ratio						
- Gross profit margin (%)	4.81	6.72	9.26	6.95	8.53	9.80
- Operating profit margin (%)	3.51	5.50	8.46	4.16	6.09	8.05
- Net profit margin (%)	0.99	1.84	5.70	1.87	2.96	5.42
- Return on equity (%)	14.44	37.88	36.02	39.94	49.11	42.94
Efficiency Ratio						
Return on assets (%)	1.86	4.00	14.02	4.25	7.76	15.84
Return on fixed assets (%)	13.23	23.80	47.49	20.29	28.49	39.22
Assets turnover (times)	1.87	2.17	2.46	2.27	2.62	2.92
Financial Policy Ratio						
Debt to equity ratio (times)	11.98	7.68	0.72	9.45	4.84	0.90
Interest Coverage ratio (times)	2.34	3.96	19.21	6.69	11.07	54.53
Debt service coverage ratio (times)	0.53	0.22	0.22	1.18	1.15	0.46
Per share						
Book value per share	0.40	0.64	3.23	0.80	1.48	4.31
Net profit per share	0.10	0.22	0.66	0.36	0.66	1.15
Dividend per share(%)	0.00	0.00	0.00	0.00	0.00	0.00

Explanation and Analysis of Financial Status and Performance

1. Performance

Revenues

Revenues of the Company and its subsidiaries comprise mainly of revenue from sales of LPG, ammonia, other petrochemical products and LPG cylinder. The average sale revenues during the last 3 year (2006-2008) represented 95.99% of total revenues. The remaining revenues were from LPG and other petrochemical products transportation as well as services and other income which accounted for 33.5% and 0.66% of total revenues, respectively. The Company and its subsidiaries recorded the total revenues growth from Baht 13,037.63 million during the year 2006 to Baht 14,938.67 million and Baht 20,163.46 million during the year 2007 and 2008, respectively.

(1) Revenues from Sales

Revenues from sales can be classified into 4 categories i.e. (1) Revenues from sales of LPG, (2) Revenues from sales of ammonia anhydrous ("ammonia"), (3) Revenues from sales of other petrochemical products and (4) Revenues from sales of LPG cylinders for vehicles.

Table 1 : Revenues from sales of LPG , ammonia and other petrochemical products of the Company and its subsidiaries During 2006-2008

(Unit : million Baht)

	2006	%	2007	%	2008	%
Revenues from sales of LPG and ammonia	12,209.06	97.6	13,948.72	97.56	18,994.49	97.87
Revenues from sales of other petrochemical products	293.09	2.34	348.45	2.44	406.18	2.09
Revenues from sales of LPG cylinders for vehicles	0.00	0.00	0.00	0.00	7.81	0.04
Total revenues from sales	12,502.15	100	14,297.17	100	19,408.48	100.00

Revenues from sales of LPG

Revenues from sales of LPG, contributed by the Company and UGP, were the main income stream for the Group which accounted for 90.58% of total revenues during the year 2008. The Company and UGP sell LPG directly to various distributors, industrial factories and LPG service stations as well as to the dealers for further filling and distribution.

Table 2 : Breakdown of LPG sales revenue by customer types and channels during 2006-2008

(Unit : million Baht)

	2006	%	2007	%	2008	%
Customers who use LPG as cooking gas	7,042.06	63.37	7,721.83	59.63	9,292.14	52.86
Customers who use LPG as fuel	2,999.33	26.99	3,812.30	29.44	6,343.83	36.09
Industrial LPG users	1,070.49	9.63	1,416.35	10.94	1,943.85	11.06
Total	11,111.88	100.00	12,950.48	100.00	17,579.82	100.00

LPG sales revenues have shown a continuous sign of improvement from Baht 11,111.88 million in 2006 to Baht 12,950.48 million and Baht 17,579.82 million in 2007 and 2008, respectively, owing to higher LPG demand as a result of soaring rise of fuel price. The consumption of LPG for vehicles has been increased from 214.38 million kilograms in 2006 to 266.07 million kilograms and 389.07 million kilograms in 2007 and 2008, respectively. Whilst the industrial utilization has been grown from 75.85 million kilograms in 2006 to 98.24 million kilograms in 2007 and 122.87 million kilograms in 2008. The household consumption has also been risen from 522.55 million kilograms in 2006 to 567.64 million kilograms in 2007 and 628.42 million kilograms in 2008. In addition, the increase in sales was due to an increase in average selling price per kilogram from Baht 13.90 in 2007 to Baht 15.42 in 2008.

Revenues from sales of ammonia anhydrous (“ammonia”)

Revenues from sales of ammonia have been contributed solely by UGP who imports and sells ammonia as a raw material to industrial customers such as monosodium glutamate manufacturers and rubber business.

The UGP’s ammonia sales was Baht 1,097.18 million in 2006 and decreased to Baht 998.24 million in 2007 as a result of the reduction in ammonia sale volume to rubber manufacturers. According to the Thai Baht appreciation, rubber export price has been escalated compared to that of foreign competitors which resulting in less competitiveness and slowdown of export volume. Ammonia sales volume of UGP, therefore, has been declined accordingly. Nevertheless, due to higher demand from monosodium glutamate business and increase in selling price per unit in consequence of higher cost of good sold, the ammonia sales grew to Baht 1,414.67 million in 2008.

Revenues from sales of other petrochemical products

Sales of other petrochemical products, i.e. butane, propane, propylene and diesel oil, has been managed by UPG with the 2006-2008 average selling revenues of only 2.18% of total revenues. However, the sales growth has been seen from Baht 293.09 million in 2006 to Baht 348.45 million in 2007 and 406.18 million in 2008.

Revenues from sales of LPG cylinders for vehicles

As SQS, handling LPG cylinders for vehicle business, was established in mid-2008, only the half-year revenue of Baht 7.81 million was realized.

(2) Transportation revenue

Transportation revenue has been contributed by 2 groups : 1) 5 subsidiaries of UGP, i.e. CGT UMR UGT UGI and UGC and 2) LCR and its subsidiary, namely LMR. Transportation service has been offered to the Company, UGP and external clients. However, the inter-company transactions shall be eliminated from the consolidated financial statement, according

to the accounting principle. The transportation revenue arose from external clients has tended to increase from Baht 468.96 million in 2006 to Baht 529.98 million and Baht 613.17 million, respectively, which can be broke down as follows:

Table 3 : Land and Vessel Transportation Service to External Clients during 2006-2008

(Unit : million Baht)

	2006		2007		2008	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>External Clients</u>						
Revenues from land transportation	309.87	66.08	402.50	75.95	522.53	85.22
Revenues from vessel transportation	159.10	33.93	127.48	24.05	90.64	14.78
Total transportation revenue	468.96	100.00	529.98	100.00	613.17	100.00

Revenues from land transportation for LPG and fuel, contributed by LCR and CGT, amounted to Baht 309.87 million in 2006 and rose to Baht 402.50 million in 2007 and Baht 522.53 million in 2008. This was primarily due to the continuous growth in LPG sales volume to external customers, resulting in the increase of land transportation volume from 539.26 million kilograms in 2006 to 622.94 million kilograms and 848.11 million kilograms in 2007 and 2008, respectively.

Revenues from vessel transportation for LPG and fuel across the country and oversea, contributed by 5 companies, i.e. LMR, UMR, UGT, UGI and UGC, was recorded at Baht 159.10 million in 2006 and declined to Baht 127.48 million in 2007 and Baht 90.64 million in 2008. The 2007 declining partly was a result of the LPG shortage prevention measure announced by the Energy Policy and Planning Office in November 2006. According to the measure, LPG exporters shall pay certain amount to the Oil Fund to subsidize local gas traders, causing the thin price gap for exporting. Due to the subsequent gas export slowdown coupled with competitors' pricing strategy, the revenues from vessel transportation in 2007 declined accordingly. Nevertheless, the companies have gained more revenues since April 2007 due to the return customers as a result of superior and high standard services. In addition, since March 2007, some of vessels have been leased to serve as an offshore storage under the short-term agreements which were gradually expired in May and June 2007. As the revenues from vessel leasing of Baht 30.12 million shall be considered as the service income, the 2007 transportation revenue declined accordingly compared to the same period of the previous year.

The 2008 vessel transportation revenues also recorded as low as Baht 90.64 million since most facilities was provided to the companies in the Group as a result of overall growth in LPG, ammonia and other petrochemical products sales volume as well as the temporary reduction in transportation capacity due to the maintenance schedule.

(3) Service Income

In the year 2006, the Company recognized service income of Baht 28.68 million, comprising Baht 19.41 million port service charge at Sathupradit port, Baht 4.82 million gas cylinder maintenance income, Baht 2.94 million cylinder replacement and quality seal charge and Baht 1.51 million other fees. The year 2007 has seen the dramatic improvement of service income to Baht 59.28 million as a result of vessel leasing fee of Baht 30.12 million. However, income from service provided during 2008 was declined to Baht 35.93 million with no revenues from vessel leasing service.

(4) Other Income

Other income includes interest income, leasing revenue, gain (loss) from foreign exchange, loss (gain) on sales of assets and utility charges from the clients who lease the filling plant from the Company. In 2006, other income was Baht 37.84 million and recorded at Baht 52.22 million in 2007 due to higher LPG vessel leasing revenue of Baht 12.78 million and an increase in interest income compared to the same period of the previous year.

For the year 2008, Baht 105.88 million other income was seen as it rose by Baht 53.65 million compared to the same period of the previous year. This was mainly contributed by the interest income growth of Baht 2.01 million in 2007 to Baht 19.19 million in 2008 as a result of loan repayment and bond investment with significant source of fund raising through the 280 million shares public offering in May 2008 which amounted to Baht 2,240 million. Additionally, during mid-2008, SQS received the transfer of machinery related to the production of LPG cylinders from Universal Metal Drum Company Limited with free of charge, resulting in revenue recognition of Baht 18.72 million. Moreover, gain from foreign exchange and leasing revenues of the Group increased by Baht 6.37 million and Baht 3.61 million, respectively.

Expenses

Cost of sales and services

Cost of sales and services of the Company and its subsidiaries can be classified into 2 main groups, i.e. cost of sales and cost of transportation service which saw a tendency to increase from Baht 12,070.23 million in 2006 to Baht 13,566.46 million and Baht 18,058.68 million in 2007 and 2008, respectively.

(1) Cost of sales

Cost of sales according to the consolidated financial statement composes of LPG, ammonia and other petrochemical cost.

Since 2006, LPG and ammonia cost has shown the upward trend from Baht 11,486.48 million to Baht 12,940.54 million in 2007 and Baht 17,329.18 million in 2008. This mainly was from sales volume growth from 812.78 million kilograms in 2006 to 931.95 million kilograms in 2007 and 1,140.36 million kilograms in 2008. In addition, the average cost per kilogram has been grown from Baht 13.20 in 2007 to Baht 14.20 in 2008 as a result of higher fuel cost for gas transportation.

The cost of other petrochemical products was reported at Baht 231.63 million in 2006, Baht 268.33 million in 2007 and Baht 315.82 million in 2008 whilst LPG cylinder cost for the second half of year 2008 was Baht 3.60 million.

(2) Cost of transportation service

Cost of transportation service, recorded by LCR CGT LMR UMR UGT UGI and UGC, includes fuel cost, personal cost, facilities maintenance cost, depreciation, utility charges and others. The transportation cost arose from both land and vessel transportation business.

The cost of transportation service in 2006 was Baht 352.40 million, Baht 352.46 million in 2007 and Baht 410.08 million in 2008. Such increment was due to the rise of fuel price and fuel consumption as a result of higher transportation volume.

Land transportation cost

Land transportation cost for the year 2006 was reported at Baht 234.52 million and increased to Baht 264.73 million in 2007 and Baht 361.53 million in 2008 due to higher transportation volume. As the incremental of transportation service charge was higher than that of transportation cost, the land transportation cost to revenue has declined accordingly from 75.68% in 2006 to 65.77%. However, the land transportation cost to revenue slightly rose to 69.19% in 2008 due to economic turmoil so that the service charge was not increased as much as the transportation cost.

Vessel transportation cost

In 2006, vessel transportation cost amounted to Baht 117.88 million and continuously declined to Baht 87.73 million in 2007 and Baht 48.55 million in 2008. The 2007 cost declining partly was a result of the LPG shortage prevention measure and intense pricing strategy which led to lower vessel transportation volume, coupled with less maintenance cost of Baht 8.05 million compared to Baht 16.03 million in 2006. The year 2008 still experienced the continually decrease in vessel transportation cost due to rising of transportation volume which had an effect on lower fixed cost per unit. Moreover, as most vessel facilities were provided to the Group, capacity for external clients was diminished which resulting in the significant decrease in the cost for year 2008.

Selling and administrative expenses

The key elements of selling and administrative expenses are human resources expense, depreciation, leasing fee, amortization of trademark and leasehold right, banking fee and other utility charges. The Company had foreseen the upward trend of these expenses from Baht 428.25 million in 2006 to Baht 468.68 million in 2007, mainly contributable to higher human resources expense, utility and other expenses.

Selling and administrative expenses for the year 2008 amounted to Baht 493.41 million, or grew by Baht 24.73 million compared to the same period of the previous year. This was primarily due to the higher personal cost from Baht 190.67 million in 2007 to Baht 269.67 million or Baht 79.00 million increasing as a result of salary and bonus adjustment and more employees to support the service station expansion. Nevertheless, as the Company changed its accounting policy for intangible assets, requiring the goodwill and indefinite useful lives of intangible assets to be tested for impairment annually and no amortization are required, the depreciation and amortization was drastically declined from Baht 89.32 million in 2007 to Baht 25.15 million in 2008.

It can be seen that selling and administrative expenses of the Company and its subsidiaries to total revenues has been continuously decreased from 3.28% to 3.14% and 2.45% in 2006-2008, respectively due to the efficient resources utilization for utmost benefit.

Interest Expense

Interest expense was reported at Baht 171.50 million in 2006 and decreased to Baht 135.73 million in 2007 due to lower cost of fund whereas MLR has seen the downward trend from 7.00%-8.00% per annum to 7.125%-7.50% per annum. The year 2008 recorded the significant reduction in interest expense to Baht 38.86 million, mainly as a result of the repayment of all outstanding long-term loans on May 23, 2008 with source of fund raising through the public offering. Hence, the Company exposed to no burden from any long-term loans during the second half of year 2008.

Operating profit & Net profit

Gross profit of the year 2006 was Baht 900.88 million and rose to Baht 1,260.70 million in 2007 and 1,962.98 million in 2008, resulting in gross profit margin of 6.95%, 8.50% and 9.80% during 2006-2008, respectively.

Net profit (loss) before extraordinary items was found at Baht 243.96 million in 2006, Baht 496.86 million in 2007 and Baht 1,092.53 million in 2008, or representing 1.87%, 3.33% and 5.42% of total revenues during 2006-2008, respectively. The heavy burden was arose from loans of Baht 1,700 million in 2004 for investment in UGP by the Company and Prom and Baht 800 million in 2005 for asset acquisition from SGI. However, the financial obligation was significantly decreased from Baht 135.73 million in 2007 to Baht 38.86 million in 2008 as a result of the repayment of all outstanding loans in May 2008. Accordingly, the Company was subject to higher corporate income tax of Baht 479.99 million in 2008 compared to Baht 270.94 million in 2007, thereby resulting in net profit of Baht 1,092.53 million in 2008.

Net profit (loss) for the year 2006-2008 was equal to net profit (loss) before extraordinary items, except year 2007 as it recorded loss from land revaluation of Baht 54.44 million, resulting in net profit of Baht 442.42 million.

2. Financial Status

Total Assets

As of December 31, 2006, 2007 and 2008, total assets of the Company and its subsidiaries amounted to Baht 5,609.14 million, Baht 5,790.95 million and Baht 8,003.49 million, respectively. Non-current assets represented 68%-72% of total assets due to the heavy investment in gas tanks, filling plants, gas service station as well as vehicles according to its businesses. The remaining of 28-32% was current assets, comprises mostly of trade receivables with details as follows:

Current Assets

Trade accounts receivable - net

As of December 31, 2006, 2007 and 2008, trade accounts receivable - net was recorded at Baht 849.02 million, Baht 968.54 million and Baht 925.85 million, respectively.

Table 4 : Trade accounts receivable - net classified by aging

(Unit: '000 Baht)

	The Consolidated Financial Statement					
	As of Dec. 31, 2006		As of Dec. 31, 2007		As of Dec. 31, 2008	
	'000 Baht	%	'000 Baht	%	'000 Baht	%
Current	630,430	84.00	736,921	85.15	735,230	89.39
Overdue :						
Less than 3 months	89,595	11.94	65,715	7.59	26,067	3.17
3 - 6 months	6,963	0.93	23,465	2.71	170	0.02
6 - 12 months	1,675	0.22	3,768	0.44	2,147	0.26
More than 12 months	21,832	2.91	35,614	4.11	58,925	7.16
Total	750,495	100.00	865,483	100.00	822,539	100.00
<u>Less</u> Allowance for doubtful accounts	(32,585)	(4.34)	(33,569)	(3.88)	(42,523)	(5.17)
Provision for credit notes	(18,014)	(2.40)	(18,014)	(2.08)	(16,751)	(2.04)
Trade accounts receivable - net	699,897	93.26	813,901	94.04	763,264	92.79
Notes receivable	149,125	-	154,636	-	162,587	-
Trade accounts receivable - net	849,022	-	968,537	-	925,851	-

According to the above table, 89.39% of 2008 trade accounts receivable was the current receivables, the remaining of 3.17%, 0.02%, 0.26% and 7.16% was the receivables with overdue less than 3 months, 3-6 months, 6-12 months and more than 12 months, respectively. The Company and its subsidiaries already made an allowance for doubtful accounts in regards to the receivables with overdue more than 12 months of Baht 42.52 million and provision for credit notes of Baht 16.75 million. Normally, the Company has a policy to make an allowance for doubtful accounts at the end of each period based on a review of the current status of existing receivables where the allowance for the receivables with overdue more than 1 year shall be fully made.

The provision for credit notes of Baht 18.01 million at the end of 2006 and 2007 was an additional allowance for doubtful accounts in regards to the receivables with overdue not more than 12 months. Such provision arose from the 4-kg LPG cylinder pricing quotation by UGP, prior to the SiamGas Group acquisition, which was not acceptable by the LPG fillers. The current management of UGP, therefore, has decided to forgive such amount whilst no payment has yet been made. During 2008, this provision, classified as the receivables with overdue more than 12 months, was low as Baht 16.75 million as UGP was able to issue the credit notes in corresponding with some of tax invoices in accordance with the Revenue Code. The remaining, however, shall still be recorded as the provision in the company's account.

The average collection period during 2006-2008 has been declined from 24 days in 2006 to 23 days in 2007 and 17 days in 2008 owing to the tightening of credit term gave to some clients such as industrial customer and dealer.

Inventories

The 2008 inventories of the Company and its subsidiaries mainly composed of LPG and petrochemical products, ammonia, oil products, finished goods, supplies and others, raw materials, goods in transit (LPG, ammonia and other petrochemical products) and work in process which representing 29.06%, 25.76%, 4.01%, 7.34%, 5.56%, 4.16%, 21.96% and 2.15%, respectively, with the average inventories turnover period of 6-7 days.

Table 5 : Details of inventories-net

(Unite: '000 Baht)

	The Company's Financial Statement			The Consolidated Financial Statement		
	As of Dec. 31,	As of Dec. 31,	As of Dec. 31,	As of Dec. 31,	As of Dec. 31,	As of Dec. 31,
	2006	2007	2008	2006	2007	2008
LPG and petrochemical products	49,845	24,763	50,688	94,162	123,254	121,155
Ammonia	0	0	0	102,082	60,611	107,375
Oil products	0	0	0	0	22,823	16,714
Finished goods	0	0	0	0	0	30,576
Raw material	0	0	0	0	0	17,336
Supplies and others	326	263	391	20,727	31,287	23,182
Goods in transit	0	32,738	36,929	46,130	7,727	91,557
Work in process	0	0	0	0	0	8,949
Total	50,171	57,764	88,008	263,101	245,702	416,845
<u>Less</u> Allowance for diminution						
in value of inventories	0	0	0	(816)	(741)	(1,939)
Inventories - net	50,171	57,764	88,008	262,285	244,961	414,906

Net inventories of the Company and its subsidiaries on December 31, 2007 declined to Baht 244.96 million from Baht 262.29 million on December 31, 2006 due to the decrease of ammonia value to Baht 60.61 million from Baht 102.08 million. During 2007, UGP purchased high volume of oil products, amounting to Baht 22.82 million, with low cost in order to resell to the Group for further usage. The net inventories at the end of 2008 was as high as Baht 414.91 million as a result of ammonia cost due to the 68.33% increasing in ammonia import price per unit.

During 2006-2008, 70.02% of group's products on average were LPG, ammonia and other petrochemical products which are considered as unobsolete product. Therefore, the allowance for obsolete inventories s at the end of 2006-2009 was only Baht 0.82 million, Baht 0.74 million and Baht 1.94 million, respectively.

Other current assets

The key elements of other current assets are accrued interest income from subsidiaries and related parties, accounts receivable - Revenue Department, other receivable from subsidiaries and related parties, advance payment for goods, prepaid expenses, accrued interest income and others as follows:

Table 6 : Details of other current assets

(Unite: '000 Baht)

	The Company's Financial Statement			The Consolidated Financial Statement		
	As of Dec. 31, 2006	As of Dec. 31, 2007	As of Dec. 31, 2008	As of Dec. 31, 2006	As of Dec. 31, 2007	As of Dec. 31, 2008
Accrued interest income from subsidiaries and related parties	0	0	1,074	0	0	0
Accounts receivable - Revenue Department	0	0	0	5,132	984	4,019
Other receivable from subsidiaries and related parties	85	152	49	13	38	0
Advance payment for goods	0	0	0	0	0	44,977
Advance payment for produce cylinders	0	1,913	0	0	1,913	0
Prepaid expenses	18,551	6,348	7,754	29,235	18,559	17,679
Accrued interest income	2,927	2,775	2,095	4,487	3,664	2,953
Insurance claim receivable	0	0	0	0	0	18,567
Others	5,762	3,344	6,443	15,578	24,391	23,230
Total	27,325	14,532	17,415	54,445	49,549	111,423

Other current assets was reported at Baht 54.45 million, Baht 49.55 million and Baht 111.42 million as of December 31, 2006-2008, respectively. The remarkably increasing of other current assets at the end of year 2008 arose mainly from the insurance claim. On November 25, 2008, UMR claimed loss on damages and compensation from the insurance companies in regard to the damage of vessel

caused by electric shock circuit, resulting in being temporarily halted of that vessel operation. On November 20, 2008, UMR recorded such loss in amount of Baht 18.57 million as insurance claim receivable. The management believes that the insured amounts sufficiently cover all damages and loss, as such no allowance for such loss is recorded. However, as at December 31, 2008, the subsidiary is in the process of negotiation to settle that claims. The increasing of other current assets also coupled with the prepaid for goods of Baht 44.98 million where Baht 43.21 million of which was prepaid for oil products of UGP.

Non-Current Assets

Assets for lease-net

The Company is the owner of all assets for lease, i.e. land, building, storage tank, filling station and gas service station, which amounted to Baht 62.85 million in 2006. During 2007, the Company invested more in storage tank for lease of Baht 0.09 million with the depreciation of Baht 3.23 million, thereby resulting in net assets for lease of Baht 89.71 million. Concurrently, UK Valuation and Agency Co., Ltd, was appointed to perform inspection and valuation on 7 land plots of the the Company. The appraisal found the loss on land revaluation of Baht 11.80 million, causing in the adjustment of book value of land from Baht 34.07 million to Baht 22.27 million. Therefore, the Company recorded the net assets for lease of Baht 47.91 million as at December 31, 2007. During 2008, no any increase in assets for lease but the depreciation of Baht 3.28 million, resulting in net assets for lease of Baht 44.63 million as of December 31, 2008.

Table 7 : Details of assets for lease-net of the Company and and its subsidiaries as of December 31, 2006-2008

(Unit : million Baht)

Assets		As of Dec. 31, 2006	As of Dec. 31, 2007	As of Dec. 2008
1	Land for lease	34.07	34.07	22.27
2	Building for lease	3.08	2.92	2.77
3	Storage tank for lease	5.53	5.34	4.99
4	Equipment - gas stations for lease	5.36	4.60	3.85
5	Gas station and filling stations for lease	14.77	12.76	10.75
6	Office equipment for lease	0.04	0.01	0.00
Total		62.85	59.71	44.63
Add Gain (loss) from revalue on land Land		0	(11.80)	0
Assets for Lease-net		62.85	47.91	44.63

Property, plant and equipment-net

Property, plant and equipment-net of the Company and its subsidiaries compose of land, storage tank, LPG cylinder and warehouse, vessels, vehicles and others.

The Company and its subsidiaries reported net property, plant and equipment of Baht 2,749.66 million and Baht 2,751.75 million, as of December 31, 2006 and 2007, respectively. During 2007, the Company purchased 2 land plots amounting of Baht 107.80 million for additional LPG service stations while UMR invested more of Baht 27.74 million in 30-year 2,369 tonnes gross vessel, Baht 13.53 million in 31-year 1,154 tonnes gross vessel, Baht 68.74 million in dry dock maintenance and oil tank installation as well as new fuel system, Baht 129.38 million in gas storage tank and cylinder and Baht 41.12 million in vehicles and others. However, depreciation of Baht 349.67 million and loss from land revaluation of Baht 30.51 million was also reported, resulting in the increase of net property, plant and equipment to Baht 2,751.75 million at the end of year 2007.

Table 8 : Details of property, plant and equipment-net of the Company and its subsidiaries as of December 31, 2006-2008

(Unit : million Baht)

Assets	As of Dec. 31, 2006	As of Dec. 31, 2007	As of Dec. 2008
1 Land	598.19	705.99	1,950.07
2 Land improvement	36.36	35.36	45.66
3 Building	103.41	106.60	282.31
4 Vehicles	356.22	327.34	314.66
5 Machine	0	0	299.53
6 Structure and factory system	0	0	55.29
7 Warehouse and storage tank	307.46	395.69	321.70
8 Equipment - gas stations	7.73	5.85	4.51
9 Gas station and filling stations	11.14	9.40	87.53
10 Vessels	376.82	415.54	352.14
11 Cylinders	816.17	685.06	687.54
12 Equipment and tools	7.75	6.50	8.45
13 Furniture and fixtures	28.43	21.97	17.14
14 Office equipment	18.71	15.44	16.93
15 Construction in process	81.26	51.52	166.17
Total	2,749.66	2,782.26	4,609.63
Add Gain (loss) from revalue on land Land	0	(30.51)	0
Property, plant and equipment-net	2,749.66	2,751.75	4,609.63

As of December 31, 2008, net property, plant and equipment increased by Baht 1,857.88 million from the end of 2007 to Baht 4,609.63 million, mainly due to:

1. The investment acquisition in SEEC during the 4th quarter and the establishment of new subsidiaries, namely SQS, to engage in gas cylinder business, with total net property amount of Baht 557.60 million.
2. The additional acquisition of certain property, plant and equipment of Baht 1,669.48 million by the Company and its subsidiaries. Of which, Baht 1,251.06 million was invested by the Company with details as follows:
 - Aggregate of Baht 1,117.27 million for 6 land plots for a new port, 2 gas storages, 1 filling gas station and 2 service stations
 - Baht 15.35 million for building, equipment and vehicles
 - Baht 15.14 million for storage and relevant equipment
 - Baht 47.68 million for gas cylinders and
 - Baht 55.62 for construction in process
3. The amortization and depreciation amount of Baht 3.31 million and 365.89 million, respectively.

Non-operating assets

As of December 31, 2006, non-operating assets of Baht 53.93 were recorded, mainly comprised of 2 vacant land plots with total value of Baht 8.93 million in Nakorn Pathom province and Chantaburi province which each owned by the Company and UGP, respectively, and building of Baht 45 million. At the end of year 2007, property, plant and equipment was lowered to Baht 53.40 million due to loss from land revaluation in Nakorn Pathom province of Baht 0.53 million, as appraised by the independent appraiser. The value of non-operating assets as of December 31, 2008 remained unchanged at Baht 53.40 million as a result of no more additional acquisition or disposition.

Trademark

Owing to the investment in UGP in December 2004, the Company has the right to use "UNIQUE GAS" trademark with the acquisition value of Baht 627 million. This amount has been gradually amortized, using the straight-line method based on the estimated useful lives of 20 years, to Baht 564.30 million at the end of year 2006. During 2007, no additional investment in trademark but the annual amortization of Baht 31.35 million, resulting in Baht 532.95 million trademark value. Starting from the beginning of 2008, the Company changed its accounting policy for intangible assets from amortization using the straight-line method based on the estimated useful lives of 20 years to testing for impairment of trademark. The Company applies prospectively for such accounting policy. Therefore, the trademark value of Baht 532.95 million remained unchanged at the end of year 2008.

Goodwill

Goodwill, arising on the premium from investment acquisition in UGP over its fair value, has been amortized on a straight-line basis over the estimated useful lives of 20 years. Hence, the value of goodwill shall be declined in accordance with the amortization amount of each period. The Company recorded the goodwill of Baht 579.05 million and Baht 547.87 million at the end of 2006 and 2007, respectively.

As a result of the change in amortization of goodwill accounting policy since the beginning of 2008, the Company discontinued to amortize the goodwill accordingly. With respect to UGP Share Sales and Purchase Agreement in 2004, on April 5, 2005, the Company claimed for the damages of Baht 72.69 million that occurred subsequent to payment for the investment because the former shareholder (seller) breached the agreement. As at June 30, 2008, the Arbitral Tribunals unanimously decided that the former shareholder (seller) shall pay the sum of Baht 58.60 million and interest at the rate of 7.50% per annum from the date of said award until it is fully paid. On August 6, 2008, the Company received money from the claim including interest. Thus, the investment in subsidiary was reduced by Baht 58.60 million from the transaction to Baht 489.27 million. Nevertheless, during the last quarter of 2008, the Company purchased investment in Siam Quality Steel Company Limited, resulting in the additional goodwill of Baht 23.93 million. Therefore, the outstanding value of goodwill as of December 31, 2008 was Baht 513.20 million.

Leasehold Right

The Company and its subsidiaries have leased certain plots of land with building of Baht 18.37 million for their LPG service station as of December 31, 2006 which was reduced to Baht 17.55 million at the end of 2007. The declining in leasehold right in 2007 was due to the amortization of Baht 3.72 million eventhough the subsidiaries engaged in additional Baht 2.90 million leasehold right. As of December 31, 2008, leasehold right rose to Baht 20.79 million due to a new lease of service station in Chonburi province by Baht 6.50 million and the annual amortization of Baht 3.25 million.

Liabilities

Current Liabilities

Bank overdrafts and short-term loans from financial institutions

As of December 31, 2006, the Company acquired short-term loan under 3-month promissory note in the principal amount of Baht 100 million carried interest of MLR per annum for its working capital. The said loan was fully repaid in 2007, resulting in no outstanding promissory note.

As of December 31, 2008, a subsidiary had short-term loan under promissory note with a local bank for prepayment of raw material in amount of Baht 20 million carried interest of MLR interest rate -1.00 per annum and bank overdrafts of Baht 2.78 million, resulting in totaling bank overdrafts and short-term loans from financial institutions of Baht 22.78 million.

Trade accounts payable

Trade accounts payable mainly are petroleum and petrochemical products distributor, namely PTT Public Company Limited, Esso (Thailand) Company Limited and Thai Oil Public Company Limited, with credit term of 19-30 days.

The upward trend of trade accounts payable has been experienced from Baht 803.10 million at the end of 2006, to Baht 925.77 million and Baht 970.11 million at the end of 2007 and 2008, respectively, due to the favourable sales growth. All trade accounts payable have been paid by the due date as the accounts payable period was only 19-25 days during 2006-2008.

Other Current Liabilities

Other current liabilities consist of accounts payable for assets purchasing, other accounts payable to subsidiaries and related parties, accrued corporate income tax, accrued expenses and others, with details as follows:

Table 9 : Details of other current liabilities

(Unit : '000 Baht)

	The Company's Financial Statement			The Consolidated Financial Statement		
	As of Dec. 31,	As of Dec. 31,	As of Dec. 31,	As of Dec. 31,	As of Dec. 31,	As of Dec. 31,
	2006	2007	2008	2006	2007	2008
other accounts payable to subsidiaries and related parties	113	776	1,722	1,629	2,341	3,568
Current portion of accrued interest expenses of long-term loans from bank	0	0	0	0	2,600	8,400
accrued corporate income tax	5,661	66,211	123,659	71,269	168,712	259,229
accrued expenses	9,103	7,134	17,695	44,760	28,656	75,650
Others	16,928	28,695	44,875	17,344	23,351	27,476
Total	31,805	102,816	187,950	135,002	225,660	374,322

The Company and its subsidiaries reported their other current liabilities of Baht 135.00 million, Baht 225.66 million and Baht 374.32 million on December 31, 2006-2008, respectively, attributable to higher accrued corporate income tax and accrued expenses which composing of accrued bonus, accrued audit fee, accrued social security contribution, in line with superior business performance.

Non-current Liabilities

Current portion of long-term loans and Long-term loans of the Company and its subsidiaries

Current portion of long-term loans and long-term loans of the Company and its subsidiaries was Baht 1,321.74 million as of December 31, 2006. During 2007, UMR acquired long-term loan facility of Baht 28.36 million for LPG vessel investment. Due to the repayment schedule, long-term loans of the Company and its subsidiaries was declined to Baht 923.66 million at the end of 2007.

	As of Dec. 31, 2006	As of Dec. 31, 2007	As of Dec. 2008
The Company	1,168.50	832.50	0.00
UMR	68.10	66.30	0.00
UGI	0.00	0.00	0.00
LCR	39.94	0.00	0.00
LMR	45.20	24.86	7.00
SEEC	0.00	0.00	168.33
Total	1,321.74	923.66	175.33

In the year 2008, UMR repaid the remaining principal amount while LMR still had long-term loan from another company by Baht 7.00 million as of December 31, 2008. In addition, long-term loan facility acquired by SEEC of Baht 168.33 million was the main factor causing total long-term loan of Baht 175.33 million at the end of 2008.

Current portion of accrued interest expenses of long-term loans from bank

Regardless of the on-time loan repayment of the Company and its subsidiaries, accrued interest expenses of long-term loans from bank of Baht 18.59 million, Baht 19.32 million and Baht 15.21 million was recorded at the end of 2006-2008, respectively, which belongs to LMR, the subsidiary of LCR. Since 2002, LMR has entered in to debt restructuring program with a certain bank amounting to Baht 43.50 million principal. The first installment commenced in February 2002 and the loan is due for full repayment by April 2010, carried interest at the rate of MLR per annum. Each installment would be reduced the principal before reducing the accrued interest as stated in clause (2).

LMR paid all principal of such loan on June 26, 2008, while the remainin accrued interest totaling of Baht 15.21 million was still recorded according to loan agreement. The interest payment conditions are as follows:

- (1) Accrued interest of Baht 8.14 million will be forgiven if all conditions of debt restructuring program have been complied.
- (2) The remaining accrued interest of Baht 10.45 million, Baht 11.18 million and 7.06 million as of December 31, 2006-2008, respectively, shall be paid upon the the full principal repayment.

Therefore, the accrued interest of LMR is in accordance with debt restructuring program with financial institution, not the default interest.

LPG cylinder Deposits

LPG cylinder deposits are recorded as liabilities due to customers and will be individually settled when a customer returns the related receipt and cylinders to the Company and UGP. The said deposits has be grown from Baht 1,999.80 million at the end of 2006 to Baht 2,054.91 million and Baht 2,150.54 million at the end of 2007 and 2008, respectively, due to higher demand in new LPG cylinder. The Company and UGP also have no policy to recognize the cylinder deposits as revenues.

Commitments and Contingent Liabilities

1. As of December 31, 2008, the Company and its subsidiaries had contingent liabilities with commercial bank in form of bank guarantee for LPG and petrochemical products procurement of Baht 1,854.73 million, with shares in subsidiaries, certain plots of land and building and vessels, according to notes to financial statement ended December 31, 2008 no. 9-11, as well as personl guarantee by directors as the collateral.
2. As of December 31, 2008, the Company and its subsidiaries were obliged to the property and building leasing agreement of Baht 44.08 million.

Shareholders' Equity

Due to the retained earning growth of Baht 442.42 million and gain from land revaluation of Baht 11.60 million during 2007, the Company recorded shareholders' equity of Baht 990.79 million on December 31, 2007, compared to Baht 536.77 million on December 31, 2006.

The equity as of December 31, 2008 rose by Baht 3,215.22 million to Baht 4,206.01 million due to the Company's initial public offering of 280 million shares with par value of Baht 1.00 per share at the offering price of Baht 8.00 per share, totaling Baht 2,240 million fund raising. All newly issued shares was fully paid on May 22, 2008, dividing in to registered and paid-up capital of Baht 280 million and premium on shares after relevant expenses of Baht 1,874.48 million. In addition, more factors affecting the 2008 retained earning growth were the superior net profit of Baht 1,095.17 million for the year and minority interest of Baht 108.07 million, resulting in shareholders' equity of Baht 4,348.51 million. However, during 2008, Baht 142.50 million dividend was paid. Therefore, total shareholders' equity as of December 31, 2008 was finally reported at Baht 4,206.01 million.

Auditor's Fee

The Company and its subsidiaries paid audit fee to Deloitte Touche Tohmatsu Jaiyos Company Limited for the year 2007 and 2008 with total remuneration of Baht 5.73 million and Baht 6.55 million, respectively. The auditor and its office, including related persons, has no direct or indirect benefit or interest in the Company and its subsidiaries, including their related persons.

Table 10 : Details of auditor's fee for the year 2007 and 2008

(Unit : million Baht)

	The Company		The Company and its subsidiaries	
	2007	2008	2007	2008
Examination of the Company's financial statement for the year ending December 31	0.82	0.86	3.41	3.99
Examination of the consolidated financial statement for the year ending December 31	0.09	0.08	0.09	0.08
Review of the Company's interim financial statements for quarter 1-3	0.63	0.67	2.07	2.32
Review of the consolidated interim financial statements for quarter 1-3	0.16	0.16	0.16	0.16
Total	1.70	1.79	5.73	6.55

Factors that may have affected the Company's financial condition and results of operation

1. LPG Floating Price Scheme

Current LPG selling price is upon a semi-controlling scheme, meaning that ex-refinery price/LPG import price and LPG wholesale price quoted at the PTT storage has been regulated by the government while the retail price has been floated. If the floating price scheme is in place, the Company and other LPG traders shall experience the LPG price fluctuation. In contrary, gas traders also gain the opportunity to set the retail LPG price in accordance with the actual cost. Therefore, pricing war will be seen instead of quality and service campaign which will directly affect the Company in the future.

Details of Directors, Management and Controlling Persons of the Company

Name	Position	Age (Year)	Education	Family Relationship with Other Management	Company Shareholding (%)	Work Experience within 5 years		
						Period	Position	Company/Type of Business
1 Gen. Chaisit Shinawatra	Independent Director and Chairman of the Board	64	<ul style="list-style-type: none"> - Chulachomklao Royal Military Academy, Class 16 - Command and General Staff College, Class 57 - National Defence College, Class 40 - Army Engineer course Fort Belvoir, Virginia, USA. 	-	-	2008-Present	Honorable Advisor	Thai Samsung Electronics Co., Ltd.
						2006-Present	Independent Director and Chairman of the Board	SiamGas and Petrochemicals Plc.
						2003-2006	Vice Chairman of The Board	TMB Bank Plc.
						2002-2006	Director	Provincial Electricity Authority
						2005-Present	Vice Chairman of The Board	Olympic Committee of Thailand under Royal Patronage
						2003-2006	Director	Sports Authority of Thailand
						2003-Present	Honorable Director	National Council of Boy Scouts
						2003-Present	Chairman of the Board	World Muaythai Federation
						2004-2005	Chief of Defence Forces	Royal Thai Armed Forces
						2003-2004	Commander-in-Chief of the Royal Thai Army	Royal Thai Armed Forces
2 Mr. Worawit Weerabornwong	Vice Chairman of the Board	63	<ul style="list-style-type: none"> - Secondary Education, Sitabutrbumrung School - Director Accreditation Program (DAP) Thai Institute of Directors Association 	<ul style="list-style-type: none"> Husband of Mrs. Patchara Weerabornwong and Father of Mr. Supachai Weerabornwong 	54.13	2008-Present	Director	Siam Quality Steel Co., Ltd.
						2008-Present	Director	Siam Ethanol Export Co., Ltd.
						2005-Present	Vice Chairman of the Board	SiamGas and Petrochemicals Plc.
						2004-Present	Chairman of the Board	Unique Gas and Petrochemicals Plc.
						1994-Present	Chairman of the Board	Prince Palace Hotel Co., Ltd.
						1992-Present	Chairman of the Board	Prommaharaj Land Development Co., Ltd.
						1975-2005	Chairman of the Board	Gas Siam Industry Co., Ltd.
						1995-2006	Director	Bang-na Green Lake Co., Ltd.
						1995-2006	Director	Bang-na Green Land Co., Ltd.
						1994-Present	Director	Bobae Tower Co., Ltd.
1995-2006	Director	Siam Green Lake Co., Ltd.						
1995-Present	Director	Talad-Noi Complex Co., Ltd.						
1995-2006	Director	Bang-na Green Ville Co., Ltd.						

Name	Position	Age (Year)	Education	Family Relationship with Other Management	Company Shareholding (%)	Work Experience within 5 years		
						Period	Position	Company/Type of Business
3 Mrs. Patchara Weerabonwong	Director	60	- High School Education Wat Tat Tong School - Director Accreditation Program (DAP) Thai Institute of Directors Association	Wife of Mr. Worawit Weerabonwong and Mother of Mr. Supachai Weerabonwong	5.26	1994-Present	Director	Phrom Maharaj Construction Co., Ltd.
						1996-Present	Director	Phrom Maharaj Chemicals Co., Ltd.
						1988-Present	Director	Phrom Maharaj Co., Ltd.
						1997-Present	Director	Phrom Maharaj Pratarn Co., Ltd.
						1996-2006	Director	Phrom Maharaj Golden Land Co., Ltd.
						1997-Present	Director	Phrom Saen Larn Co., Ltd.
						1992-Present	Director	Bangkok International Trade and Exhibition Co., Ltd.
						1995-2006	Director	Siam Green Park Co., Ltd.
						1998-May 2007	Director	Siam Environment and Power Co., Ltd.
						2008-Present	Director	Siam Ethanol Export Co., Ltd.
						2005-Present	Director	SiamGas and Petrochemicals Plc.
						2004-Present	Director	Unique Gas and Petrochemicals Plc.
						1994-Present	Vice Chairperson	Prince Palace Hotel Co., Ltd.
						1992-Present	Managing Director	Prommaharaj Land Development Co., Ltd.
4 Mr. Supachai Weerabonwong	Director and Managing Director	36	- B.S Civil Engineering Michigan State University, U.S.A. - M.B.A. Sasin Graduate Institute of Chulalongkorn University - Director Accreditation Program (DAP) Thai Institute of Directors Association	Son of Mr. Worawit Weerabonwong and Mrs. Patchara Weerabonwong	5.26	1984-2005	Director	Gas Siam Industry Co., Ltd.
						1995 -Present	Director	Bang-na Green Land Co., Ltd.
						1994 -Present	Director	Bobae Tower Co., Ltd.
						1994-Present	Director	Phrom Maharaj Construction Co., Ltd.
						1995-Present	Director	Siam Green Park Co., Ltd.
						2008-Present	Director	Siam Quality Steel Co., Ltd.
						2008-Present	Director	Siam Ethanol Export Co., Ltd.
						2005-Present	Director and Managing Director	SiamGas and Petrochemicals Plc.
						2004-Present	Director and Managing Director	Unique Gas and Petrochemicals Plc.
						2003-2005	Director	Gas Siam Industry Co., Ltd.
2002-Present	Director and Deputy Managing Director	Prommaharaj Land Development Co., Ltd.						
1996-2002	Deputy Managing Director	Talad-Noi Complex Co., Ltd.						

Name	Position	Age (Year)	Education	Family Relationship with Other Management	Company Shareholding (%)	Work Experience within 5 years		
						Period	Position	Company/Type of Business
5 Mr. Suttipong Vasuvanichphan	Director and Deputy Managing Director-Purchasing	59	- Vocational Certificate Chetupon Commercial College - Director Accreditation Program (DAP) Thai Institute of Directors Association	-	-	2008-Present	Director	Siam Quality Steel Co., Ltd.
						2008-Present	Director	Siam Ethanol Export Co., Ltd.
						2005-Present	Director and Deputy Managing Director-Purchasing	SiamGas and Petrochemicals Plc.
						2004-Present	Director and Deputy Managing Director-Purchasing	Unique Gas and Petrochemicals Plc.
						1992-Present	Director	Prommaharaj Land Development Co., Ltd.
6 Mr. Viroj Klangboonklong	Independent Director and Chairman of the Audit Committee	65	- B.Eng Chulalongkorn University - M.Eng Asian Institute of Technology (AIT) - MBA Thammasat University - Directors Certificate Program (DCP) Thai Institute of Directors Association	-	0.12	1997-Present	Director	Prince Water Gate Co., Ltd.
						1975-2005	Purchasing Manager	Gas Siam Industry Co., Ltd.
						2008-Present	Independent Director and Chairman of the Audit Committee	Unique Gas and Petrochemicals Plc.
						2006-Present	Independent Director and Chairman of the Audit Committee	SiamGas and Petrochemicals Plc.
						2003-2006	Audit Committee	Ratchaburi Electricity Generating Holding Plc.
						2002-2005	Director General	Department of Energy Business, Ministry of Energy
						2001-2002	Senior Chief Engineer	Department of Public Works, Ministry of Interior
1997-2001	Chief Engineer	Department of Public Works, Ministry of Interior						
1992-1997	Director, Fuel Storage Safety Control Division	Department of Public Works, Ministry of Interior						

Name	Position	Age (Year)	Education	Family Relationship with Other Management	Company Shareholding (%)	Work Experience within 5 years		
						Period	Position	Company/Type of Business
7	Mr. Harm Ciocham Independent Director and member of the Audit Committee	64	- LL.B. (Law) Thammasat University - Joint State-Private Sectors Regular Course Certificate, Class 6 National Defence College - Director Accreditation Program (DAP) Thai Institute of Directors Association	-	0.11	2008-Present	Independent Director and member of the Audit Committee	Unique Gas and Petrochemicals Plc.
						2006-Present	Independent Director and member of the Audit Committee	SiamGas and Petrochemicals Plc.
						2005-Present	Independent Director and member of the Audit Committee	Thai Industrial and Engineering Service Plc.
						May06-May07	Managing Director	Bangkok First Investment & Trust Plc.
						Feb06-May06	Advisor	Bangkok First Investment & Trust Plc.
						Jul05-Oct05	Assistant Managing Director and Acting Managing Director	Asset Management Corporation
						May05-Jul05	Acting Managing Director	Asset Management Corporation
						2003-2005	- Assistant Managing Director	Asset Management Corporation
						2000-2003	Director, Collateral and Legal Department	Asset Management Corporation
8	Mrs. Sudjit Divari Independent Director and member of the Audit Committee	62	- BBA (Accounting) Faculty of Commerce and Accountancy, Chulalongkorn University - MBA (Business Administration) Faculty of Commerce and Accountancy, Chulalongkorn University	-	0.19	2008-Present	Independent Director and member of the Audit Committee	Unique Gas and Petrochemicals Plc.
						2008-Present	Independent Director and member of the Audit Committee	Credit Foncier Lynn Phillips Mortgage Co., Ltd.

Name	Position	Age (Year)	Education	Family Relationship with Other Management	Company Shareholding (%)	Work Experience within 5 years		
						Period	Position	Company/Type of Business
			- MBA State University of California at Fresno, U.S.A. - Directors Certificate Program (DCP) Directors Accreditation Program (DAP) Audit Committee Program (ACP) Thai Institute of Directors Association			2006-Present	Independent Director and member of the Audit Committee	SiamGas and Petrochemicals Plc.
						2004-Present	Director and member of the Audit Committee	Rasa Property Development Plc.
						2004-March 2007	Director and Chairperson of the Audit Committee	Sun Wood Industries Plc.
						1997-Present	Executive Director	United Factoring (1999) Co., Ltd.
						1999-Present	Director and Chairperson of the Audit Committee	CVD Entertainment Plc.
9	Mr. Anuwat Poosuntipong	46	- B.Eng Chulalongkorn University - MBA National Institute of Development Administration	-	-	2004-Present	Deputy Managing Director- Sales and Marketing	SiamGas and Petrochemicals Plc.
						2004-Present	Deputy Managing Director- Sales and Marketing	Unique Gas and Petrochemicals Plc.
						2004-2005	Deputy Managing Director- Sales and Marketing	Gas Siam Industry Co., Ltd.
						2003-2004	Assistant Managing Director	Gas Siam Industry Co., Ltd.
						1998-2002	Sales Manager	Gas Siam Industry Co., Ltd.
						1995-1997	Assistant Sales Manager	Gas Siam Industry Co., Ltd.

Name	Position	Age (Year)	Education	Family Relationship with Other Management	Company Shareholding (%)	Work Experience within 5 years		
						Period	Position	Company/Type of Business
10 Mrs. Jintana Kingkaew	Deputy Managing Director-Accounting/ Finance/ Procurement/ Human Resources	50	- B.Acc. (Auditing) University of the Thai Chamber of Commerce - MBA Kaseisart University	-	-	2003-Present	Deputy Managing Director-Accounting/Finance/ Procurement/ Human Resources	SiamGas and Petrochemicals Plc.
						2004-Present	Deputy Managing Director- Procurement/ Human Resources	Unique Gas and Petrochemicals Plc.
						1989-2003	Deputy Managing Director	Gas Siam Industry Co., Ltd.
						1983-1989	Assistant Managing Director	Gas Siam Industry Co., Ltd.
						1981-1983	Accounting and Finance Manager	Gas Siam Industry Co., Ltd.
11 Mr. Somchai Korprasobsuk	Assistant Managing Director	47	6 th Grade High School Diploma Trong Jitra Wittaya School	-	0.37	2005-Present	Assistant Managing Director	SiamGas and Petrochemicals Plc.
						2004-Present	Director and Assistant Managing Director	Unique Gas and Petrochemicals Plc.
						1992-2004	Warehouse Department Manager	Gas Siam Industry Co., Ltd.
						1984-1991	Warehouse Manager (Surat Thani)	Gas Siam Industry Co., Ltd.
						1981-1983	Warehouse Manager (Surat Thani)	Gas Siam Industry Co., Ltd.
						2005-Present	Director	Lucky Carrier Co., Ltd.
						2005-Present	Director	Lucky Marine Co., Ltd.
						2004-Present	Director	Chemicals Gas Transport Co., Ltd.
						2004-Present	Director	Unique Gas International Co., Ltd.
						2004-Present	Director	Unique Marine Co., Ltd.
						2004-Present	Director	Unique Gas Trading Co., Ltd.
						2004-Present	Director	Unique Carrier Co., Ltd.

2. Details of Directors, Management and Controlling Persons of the Company in Subsidiaries

	Name	SGP	Subsidiaries				Subsidiaries of Subsidiaries					
			UGP	LCR	SQS	SEEC	LMR	CGT	UGI	UMR	UTD	UGC
1	Gen. Chaisit Shinawatra	x										
2	Mr. Worawit Weeraborwornpong	/, //	x		/	/						
3	Mrs. Patchara Weeraborwornpong	/, //	/		/	/						
4	Mr. Supachai Weeraborwornpong	/, //, ///	/, ///		/	/						
5	Mr. Suttipong Vasuvanichphan	/, //, ///	/, ///		/	/						
6	Mr. Viroj Klangboonkrong	xx	xx									
7	Mr. Harn Ciocharn	xx	xx									
8	Mrs. Sudjit Divari	xx	xx									
9	Mr. Anuwat Phoosantipong	///	///									
10	Mrs. Jintana Kingkaew	///	///									
11	Mr. Somchai Korprasobsuk	///	/, ///			/, ///	/, ///	/, ///	/, ///	/, ///	/, ///	/, ///

Note : X = Chairman of the Board XX = Audit Committee / = Director // = Executive Director /// = Management

