To be a leading energy provider in East Asia



"toward a NEW HORIZON"



+

...tep forward as a leading energy provider in East Asia

╡

...ntegrity, we keep focus on product and service with standard principle and security

...dvantage of reliability in commitment in developing and optimize success

...asterful human resource for effectivenes

...ain more and Green more good environment in the world

...chievement of good service and good product for better living

...upport your needs and good facilities

" To be the Leading Energy Provider in East Asia

Mission

Vision

- To be the 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 countries in East Asia, and ever higher level of the product supply chain 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 towords society, shareholders and other related parties



Our steps to be a leading energy provider in East Asia.

Our goal is not only the domestic market in Thailand, but we also eye on the expansion oversea in order to enhance our substantial trowh. We aim to be ther leader of energy business in East Asian countries such as Vietnam, Singapore, China, and Malaysia.



Contents

Financial Conclusion	3
Message from Chairman of the board	5
Message from Executive Chairman	7
Report of the Audit Comittee	9
Board of Directors	13
Management Team	15
Board of Director, Executives, and control authorities	16
Risk Factors	24
Company Information	30
Nature of business	34
Legal Disputes	42
Capital Structures	43
Management	45
Internal Control	63
Connected Transactions	64
Financial Status and Operating Performance	69
Management's Discussion and Analysis of Financial Status and Performance	80
Financial Status	85
SIAMGAS AND PETROCHEMICALS PUBLIC COMPANY LIMITED CONSOLIDATED AND	
COMPANY FINANCIAL STATEMENTS 31 DECEMBER 2010	94
Siamgas and Petrochemicals Public Company Limited Notes to the Consolidated and	
Company Financial Statements For the years ended 31 December 2010 and 2009	104



SGP places a high priority in safety and quality of its products and services. Moreover, SGP has a mission to protect the environment, incorporating business ethics, corporate governance, showing responsibility toward the community, and stakeholders.

2

.

Financial Conclusion

	2007	2008	2009
Financial information (thousand baht)			
revenue from sales	19,721,568	18,953,273	21,388,669
total revenue	20,166,363	19,455,300	21,999,588
gross profit	2,001,806	2,211,316	2,239,149
net profit (loss)	1,095,170	1,254,595	1,179,198
total asset	7,999,470	9,505,761	15,698,737
total liabilities	3,793,457	4,729,725	10,250,475
shareholder's equity	4,206,013	4,776,036	5,448,262
financial ratio			
net profit margin (%)	5.42	6.45	5.36
return on shareholder's equity (%)	42.94	27.94	23.07
return on asset (%)	15.84	14.33	9.36
financial data per share (baht)			
book value per share	4.31	4.94	5.66
number of share issued and paid	950,000,000	950,000,000	950,000,000

г – ¬

Total revenue







unit = `000 Million baht

3 L

J



We commit to develop our business toward to great of benefits. SGP will continue to step forward with holding our quality and safety policy as well as our the future stability in expanding its business for all stakeholders' trust ever after.

Message from Chairman of the board



Since the last 3 years, SGP has been listed in the Stock Exchange of Thailand, the company has had great opportunities in expanding the business, especially investment in oversea in 2010. However, the company still means to continue the domestic business as its core in order to enhance its strengths and synergirs.

In 2010, SGP has been continuously growing with higher than 13% of increase in its revenue comparing with that of 2009. The total revenue in 2010 is 21,999.00 million baht or with an increase of more than 2,500 million baht, which is contributed by the growth of domestic business higher than 1 billion baht. Allthough, the company emphasizes on expanding its invesment especially in 2010, the company still holds the Corparate Governance policy and its internal control to meet the standards as the top priority hoping to be trusted by all parties.

In this occasion, on be half of the board of directors, I would like to express my sincere thanks to all parties, who have been contributing and given wonder cooperation and support to our business, including shareholdrrs, customers, partners, financial institutions, mangement team, and all staff. And I truly hope that this would lead to our properity and success in the future.

No. F

Chaisit Shinawatra Chairman





Competent human resource is the component that drivers the company to its success, so SGP provides continuous knowledge and proper training to employees working in various functions for example LPG Knowledge, Basic Handing and Filling, Chemicals Plant Supervision, and Retail Outlet Supervision.

Message from Executive Chairman



Year 2010 is the year of SGP in talking a big step as a fully interna; trading firm with sush acquisitions of LPG business in various countries as Vietnam, Singapore, and China. We have had a cler vision to be the leading nergy provider in East Asia since we were first listen in the Stock Exchange of Thailand as we believe that our strengths including nationwide network, land logistics, marine logistic, and continuous expansion of terminals and auto-gas stations would prove the potential of our future sustainable growth only in domestic market but also across the region.

In 2011, we aim to achieve in making profit from the businesses we have invested since 2010 with our experience, knowhow, skill, and potential in order to satisfy and bring confidence to all stakeholders fairly. In 2010, the company could build up its revenue with an increase more than 2,500 million baht, or 13% or with a total revenue of 22,000 million baht. Therefore, the board of directors proposed the shareholders' meeting that the company pay the final dividend of 0.30 baht per share or the total devidend of 0.50 baht per share for the year 2010 including interim devidend.

In this occasion, I am strongly confident that the true commitment of all directors, executives, and all employees would contribute the maximum profit to the company. The company will continue to emphasize on safety, Quality, Clean Environment, and Social Responsibility, and to stanby grow together side by side with all stakeholders and related parties, Thank you all.

> Worawit Weeraborwornpong Executive Chairman

Liad





GAIN MORE

MAN Land

and Green more good environment for our world

To give more green environment to the world, SGP, not only, strives to differentiate the way of doing business in creative ways such as raising safety standard, and quality of products and services, but also expresses clear intention to be responsible for the community with its continues cooperate social responsibility activities carried out with both government and private parties in order to make the environment and our world more green.

Report of the Audit Comittee



The Board of Directors of Siamgas and Petrochemical Public Company Limited passed the resolution to appoint three qualified independent directors who are not employed by the company to be Audit Commitee. The members are Mr.Viroj Klangboonkrong who acts as the Chairman of ther Audit Commitee, Mr. Harn Chiocharn and Mrs.Sudit Divari as the Audit Committee members.

During the years 2010, there were 16 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 following :

- Review the company interim and 2010 annual Financial statements with the External Auditors and Company Excutives 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 statement for 2010 were prepared in accordance with generally accepted accounting principles and presented accurately and fiarly 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 ther company's internal system. The Audit committee found the company to have adequate internal control
- 3. Review that the company complied with laws pertaining to securities and stock exchange, regulations of the Stock Exchange of Thailand and laws concerning company business. The Audit Committee found the company comples 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 were reasonable and were to the Company's maximum benefits 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 shareholder's meeting the appointment of Mr.Chanchai Chaiprasit Certified Public Accountant No.3760, and/or Mr.Vichien Khingmontri CPA No.3977, and/or Mr.Prasit Yuengsrilul CPA No.4174 and/or Mr.Chaisiri Ruangritchai CPA No.4526 all of PricewaterhouseCoopers ABAS Co.,Ltd. As the company's auditor for fiscal year 2011 as they are independent auditors with the authority. duties and responsibilities set forth by the Securities Exchange Commission.
- 6. Other
 - 6.1 Review the information disclose to the Stock Exchange of Thailand and Securities and Exchange Commision, as disclosed in the company's annual report year 2010 (Form 56-2) and in the annual information disclose form as at December 31, 2010 (Form 56-1)
 - 6.2 Report the Audit Committee's activeties to the Board of Directors periodically.
 - 6.3 In year 2010, the Audit Committee held one meeting with the External Auditors without the company's management.
 - 6.4 Record of attendance of the Audit Committee members is summarized as follows:

List of Audit Committee	Number ofattendance/To	tal Meeting (times)
List of Audit Committee	YEAR 2009	YEAR 2010
1. Mr.Viroj Klangboonkrong	8/8	15/16
2. Mr.Harn Chiocharn	8/8	16/16
3. Mrs. Sudjit Divari	7/8	15/16

On behalf of the Audit Committee

Shu a.

(Mr. Viroj Klangboonkrong)

Chairman of the Audit Committee



We will relentlessly raise standard of quality of products and services with new innovations in order to satisfy needs of all customers as well as expand our networks to reach all areas.



- Gen. Chaisit Shinnawattra Chairman
- 2. Mr.Worawit Weeraborwornpong Vice Chairman
- 3. Mrs.Patchara Weeraborwornpong Director
- 4. Mr.Supachai Weeraborwornpong Director
- 5. Mr.Suttipong Vasuvanichphan Director
- Mr.Viroj Klangboonklong
 Independent Director and Chairman of Audit Committee



- Mr.Harn Cheawcharn
 Independent Director and Member of Audit Committee
- Mrs.Sudjit Divari
 Independent Director and Member of
 Audit Committee
- 9. Mrs.Jintana Kingkaew Secretary to the Board of Directors

L J







We support and satisfy all customers' needs with our fully integrated operations including full range of LPG products in cylinders and bulk and all applications such as cooking, automotive, industrial, and LPG for forklift trucks.

4

Management Team



Mr.Worawit Weeraborwornpong Chairman



Mrs.Patchara Weeraborwornpong Executive Director



Mr.Supachai Weeraborwornpong Managing Director



Mr.Suttipong Vasuvanichphan Deputy Managing director (purchasing)



Mrs.Jintana Kingkaew Deputy Managing Director (Accounting, finance, procurement, human resource)



Mr.Anuwat Poohsantipong Deputy Managing Director (sales and Marketing)



Mr.Somchai Korprasorbsuk Assistant Managing Director (warehouse , filling plant)

15

L

Board of Director, Executives, and control authorities

Name-last nam	ne	Gen,	Chaisit Shinawattra	
Position		Indep	endent Director and Chair	man of Director
Age			66	
education bac	kground		- Chulachomklao Royal M	Ailitary Academy Class 16
			- Command and Genero	ıl Staff College Class 57
			- National Defence Colle	ge Class 40
			- Engineer Course Class o	at Colonel Fort Cow Bell, Virginia USA
relationship bet	tween family a	nd executive	-	
shareholding ro	atio		-	
(percentage) v	vorking experie	nce in last 5 ye	ears	
Period		position		Company/type of business
2008- pi	resent	Honorary Ac	dvisory	Thai Sumsung Electronics Co.,LTd.
2006-pre	esent	Independen	t Director and Chairman	Siam Gas and Petrochemical PCL
2003-20	06	Vice Chairm	nan	Thai Military Bank PCL
2002-20	06	Director		Provincial Electricity Authority
2005- pi	resent	Vice Chairm	nan	Olympic of Thailand under Royal Patronage
2002.00	04	Discolor		Coart Authority of Thailand
2003-20		Director		Sport Authority of Thailand
2003-pre	esent	Honorary Ac	dvisory	National Council of Boy Scouts
2003-pre	esent	Chairman		Muay Thai Federation
2004-20	05	Chief of Def	end Forces	Royal Thai Armed Forces
2003-20	03	Commande	r in Chief	Royal Thai Armed Forces
2002-20	03	Assistant Co	mmander in Chief	Royal Thai Armed Forces

16

Г

٦

Name-last name		Mr.Worawit Weeraborwornpong
Position		Vice Chairman
Age		65
education background		- Middle school at Sitabutrbamrung School
		- Certificate of Thai Institute of Directors(IOD)
		- Directors Accreditation Program (DAP)
relationship between fo	amily and executive	Husband of Mrs.Patchara Weeraborwornpong,
		and father of Mr.Supachai Weeraborwornpong
shareholding ratio		54.13
(percentage) working e	experience in last 5 y	ears
Period	Position	Company/type of business
2010-present	Director	SINO SIAM GAS AND PETROCHEMICALS Co., Ltc
2010-present	Director	UNITED GAS & PETROCHEMICALS SDN.BHD.
2010-present	Director	SIAMGAS HK CO., LTD.
2010-present	Director	Singgas (LPG) pte Ltd.
2010-present	Director	SUPERGAS CO., LTD.
2008-present	Director	Siam Quality Steel Co., Ltd.
2008-present	Director	Siam Ethanol Export Co., Ltd.
2005-present	Vice Chaim	nan Siam Gas and Petrochemical PCL
2004-present	Chairman	Unique Gas and Petrochemical PCL
1994- present	Chairman	Prince Palace Hotel Co., Ltd.
1992-present	Chairman	Prom Maharaj Land Development Co., Ltd.
1994- present	Director	Bobae Tower Co., Ltd.
1995-present	Director	Tarad Noi Complex Co., Ltd.
1994-present	Director	Prom Maharaj Construction Co., Ltd.
1996-present	Director	Prom Maharaj Chemical Co., Ltd.
1988-present	Director	Prom Maharaj Co., Ltd.
1997-present	Director	Prom Maharaj Pratan Co., Ltd.
1997-present	Director	Prom San Larn Co., Ltd.
1992-present	Director	Exhibition and International Conference
		(Thailand) Co., Ltd.
1998-May,2007	Director	Siam Environment and Power

٦ 17 ь. а.

E.

Name-last name		Mrs. Patchra Weeraborw	ornpong
Position		Director	
Age		62	
Age		- High school, Watthattho	ng school
		- Certificate of Thai Institu	te of Directors (IOD),
		Director Accreditation P	rogram
relationship between family	y and executive	Wife of Mr.Worawit Weerc	aborwornpong ,
		and mother of Mr.Supach	ai Weeraborwornpong
shareholding ratio		5.26	
(percentage) working expe	erience in last 5 y	ears	
Period	Position		Company/type of business
2008-present	Director		Siam Ethanol Export Co.,Ltd.
2005-present	Director		Siam Gas and Petrochemical PCL
2004-present	Director		Unique Gas and Petrochemical PCL
1994-present	Vice Chaim	nan	Prince Palace Hotel Co.,Ltd.
1992-present	Managing [Director	Prom Maharaj Land Development Co.,Ltd.
1995-present	Director		Bangna Green Land Co.,Ltd.
1994-present	Director		Boe Bay Tower Co.,Ltd.
1994-present	Director		Prom Maharaj Construction Co.,Ltd.
1995-present	Director		Siam Green Lake Co.,Ltd.
Name-last name		Mr.Supachai Weeraborwo	propong
Position		' Director (Committee) and	
Age		38	
education background		- B.S Civil Engineering , M	lichigan State University , USA
-		- M.B.A. Sasin Graduate I	nstitute of Chulalongkorn university
		- Certificate of Thai Institu	
		Director Accreditation F	Program (DAP)
relationship between famil	y and executive		Ars. Patchara Weeraborwornpong
shareholding ratio		5.26	
(percentage) working exp	erience in last 5 y	/ears	
Period	Position		Company/type of business
2010-present	Director		SINO Siam Gas and Petrochemicals co.,Lt
2010-present	Director		United Gas & Petrochemicals SDN.BHD.
2010-present	Director		Siam Gas HK Co.,Ltd.
2010-present	Director		SINGGAS (LPG) PTE LTD.
2010-present	Director		Supergas Co.,Ltd.
2008-present	Director		Siam Quality Steel Co.,Ltd.
2008-present	Director		Siam Ethanol Export Co.,Ltd.
2005-present		nd Managing Director	Siam Gas and Petrochemical PCL
2004-present			Unique Gas and Petrochemical PCL
1		nd Managing Director	
2002-present	Director and	d deputy Managing Director	Prom Maharaj Land Development Co.,Ltc

Name-last name		Mr.Suttipong Vasuvanich	phan
Position		Director and deputy pur	chasing manager
Age		61	
education background		- Professional certificate - Certificate of Thai Instit	from Chetupon Commercial College iute of Director (IOD)
		- Directors Accreditation	Program (DAP)
relationship between family	and executive	-	
shareholding ratio		0.12	
(percentage) working expe	ience in last 5 y	/ears	
Period	Position		Company/type of business
2008-present	Director		Siam Quality Steel Co.,Ltd.
2008-present	Director		Siam Ethanol Export Co.,Ltd.
2005-present	Director c	ind Deputy Managing	Siam Gas and Petrochemical PCL
	director P	urchasing department	
2004-present	Director c	ind Deputy Managing	Unique Gas and petrochemical PCL
	Director ir	n purchasing Department	
1992-present	Director		Prom Maharaj Land Development
			Co.,Ltd.
1997-present	Director		Prince Water Gate Co.,Ltd.
Name-last name		Mr.Viroj KlangboonKlong	
Position		Independence director	and chairman of auditing committee
Age		67	
education background		- Bachelor degree in Eng	gineering faculty of Chulalongkorn University
		- M.Eng Asian Institute o	f Technology (AIT)
		- MBA Thammasat Unive	prsity
		- Certificate of Thai Insti	tute of Directors (IOD) ,
		Director Certificate Pro	pgram(DCP)
relationship between family	and executive	-	

Period	Position	Company/type of business
2008-present	Independent director and chairman of audit committee	Unique Gas and Petrochemical PCL
2006-present	Independent director and chairman of audit committee	Siam Gas and Petrochemical PCL
2003-2006	Independent director and chairman of audit committee	Ratchaburi Electricity Generating Holding PCL
2002-2005	Director General	Department of Energy , 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 of Division control	Department of Public works, Ministry of Interior

٦

ы.

Mr. Harn Chaewcharn
Independent committee and member of audit committee
66
- Bachelor degree in law faculty at Thammasat University
- Degree in government with private class 6, National Defence college
- Diploma of Thai Institute of Director (IOD), Directors Accreditation
Program (DAP)

relationship between family and	relationship between family and executive -			
shareholding ratio	0.02			
(percentage) working experience	e in last 5 years			
Period	Position	Company/type of business		
2008-present	Independent director and member of	Unique Gas and Petrochemical PCL		
	audit committee			
2006-present	Independent director and member of	Siam Gas Petrochemical PCL		
	audit committee			
2005-present	Independent director and member of	Thai Industry and engineering Service PCL		
	audit committee			
May,2006-May,2007	Managing Director	Bangkok First Invesment & Trust PCL		
Feb,2006-May,2006	Advisor	Bangkok First Invesment & Trust PCL		
July , 2005- October	Deputy Manager acting managing	Asset Management Corporation		
, 2005	director and Acting Managing Director			
May, 2005- July,2005	Acting Managing Director	Asset Management Corporation		
2003-2005	Assistant Managing Director	Asset Management Corporation		
2000-2003	Director of Corporate security and	Asset Management Corporation		
	legal document			

Г

L.

٦

Name-last name		Mrs.Sudjit Tiwaree	
Position		Independent director and	member of audit committee
Age		64	
education backg	ound	- Bachelor degree of acco	ounting, faculty of Commerce and Accounting
-		Chulalongkorn University	
		- Master degree of Business	Administration , Faculty of Commerce and
		Accounting , Thammasat	University
		- MBA State University of Co	alifornia at Fresno, USA
		- Diploma of Thai Institute o	f Director (IOD),
		- Directors Certificate Progr	am (DCP),
		- Directors Accreditation Pro	ogram (DAP),
		- Audit Committee Program	n (ACP)
relationship betwe	en family	and executive -	
shareholding ratio		0.16	
(percentage) wor	king exper	ience in last 5 years	
Period		Position	Company/type of business
2008-pres	ent	Independent director and member of aud committee	it Unique Gas and Petrochemical PCL
2008-pres	ent	Independent director and member of aud committee	it Credit Foncier Lynn Phillip Mortgage Co.,L
2006-pres	ent	Independent director and member of aud committee	it Siam Gas and Petrochemical PCL
2004-pres	ent	Director and member of audit committee	Rosa Property Development PCL
2004- Ma	rch,2007	Director and president of audit committee	Sunwood Industry PCL
1997- pre		Executive director	United Factoring (1993) Co.,Ltd.
1999-pres	ent	Director and president of audit committee	Wave Entertainment PCL
Name-last name		Mr.Anuwat Poosantipong	
Position		Deputy marketing —sales	manager
Age		48	
education backg	ound	- Bachelor degree of Engi	neering at Chulalongkorn University
		- Master degree of Busine	ss Administration , NIDA
relationship betwe	en family		
shareholding ratio		-	
(percentage) wor	king exper	ience in last 5 years	
Period	Position		Company/type of business
2004-present	Deputy	managing director in sales-marketing	Siam Gas and Petrochemical PCL
	departr	nent	
2004-present		managing director in sales-marketing	Unique Gas and Petrochemical PCL
	Dopury		

L

Name-last name	Mrs. Jintana Kingkaew	
Position	Deputy managing direc	tor account/financial/HR department
Age	52	
education background	- Bachelor degree of Ac	counting and Auditing , The university of The
	Chamber of Commerc	
	-	ness Administration , Kasetsart University
relationship between family	- MBA in Finance, Kasets	sart University
shareholding ratio	0.04	
(percentage) working expe		
Period	Position	Company/type of business
2003-present	Deputy managing director accounting/	Siam Gas and Petrochemical PCL
F	financial/Human Resource/Procurement	
2004-present	Deputy managing director/Human	Unique Gas and Petrochemical
	Resource/Procurement	PCL
Name-last name	Mr.Somchai Korprasobsu	k
Position	Assistant Managing Direc	ctor
Age	49	
education background	High school Grade 12 th ,	Thongjit Wittaya School
relationship between family	/ and executive -	
shareholding ratio	-	
(percentage) working expe	prience in last 5 years	
(percentage) working expe Period	erience in last 5 years Position	Company/type of business
	·	
Period	Position	
Period 2010-present	Position Director	SINO Siam Gas and Petrochemicals Co.,Ltd.
Period 2010-present 2005-present	Position Director Assistant of Managing Director	SINO Siam Gas and Petrochemicals Co.,Ltd. Siam Gas and Petrochemical PCL
Period 2010-present 2005-present	Position Director Assistant of Managing Director Director and Assistant of	SINO Siam Gas and Petrochemicals Co.,Ltd. Siam Gas and Petrochemical PCL
Period 2010-present 2005-present 2004-present	Position Director Assistant of Managing Director Director and Assistant of Managing Director	SINO Siam Gas and Petrochemicals Co.,Ltd. Siam Gas and Petrochemical PCL Unique Gas and Petrochemical PCL
Period 2010-present 2005-present 2004-present 2005-present	Position Director Assistant of Managing Director Director and Assistant of Managing Director Director	SINO Siam Gas and Petrochemicals Co.,Ltd. Siam Gas and Petrochemical PCL Unique Gas and Petrochemical PCL Lucky Carrier Co.,Ltd.
Period 2010-present 2005-present 2004-present 2005-present 2005-present	Position Director Assistant of Managing Director Director and Assistant of Managing Director Director Director	SINO Siam Gas and Petrochemicals Co.,Ltd. Siam Gas and Petrochemical PCL Unique Gas and Petrochemical PCL Lucky Carrier Co.,Ltd. Lucky Marine Co.,Ltd.
Period 2010-present 2005-present 2004-present 2005-present 2005-present 2004-present	Position Director Assistant of Managing Director Director and Assistant of Managing Director Director Director Director	SINO Siam Gas and Petrochemicals Co.,Ltd. Siam Gas and Petrochemical PCL Unique Gas and Petrochemical PCL Lucky Carrier Co.,Ltd. Lucky Marine Co.,Ltd. Chemical Gas Transportation Co.,Ltd.
Period 2010-present 2005-present 2004-present 2005-present 2005-present 2004-present 2004-present	Position Director Assistant of Managing Director Director and Assistant of Managing Director Director Director Director Director	SINO Siam Gas and Petrochemicals Co.,Ltd. Siam Gas and Petrochemical PCL Unique Gas and Petrochemical PCL Lucky Carrier Co.,Ltd. Lucky Marine Co.,Ltd. Chemical Gas Transportation Co.,Ltd. Unique Gas International Co.,Ltd.

/ control
authority
e and
executive
of
position
The
0

	Name					Sul	Subsidiaries	Sé					Sub	Sub of Subsidiaries	idiaries		
		SGP	UGP	LCR	SQS	SEEC	SGHK	SUPERGAS	SGHK SUPERGAS SINGGAS UNITED	UNITED	LMR	CGT	NGI	UMR	UTD	ngc	UGC SINOSIAM
0	Gen. Chaisit Shinnawattra	×															
Z N	Mr.Worawit Weerabavompong	1/'1	×		~	/	/	/	-	/							/
ε S	Mrs.Patchara Weerabavompong	1,11	~			/											
4 2	Mr.Supachai Weerabavompong	111,11,1	1/1/		/	/	/	~	_	/							/
2 2	Mr.Sudtipong Wasuwanichpan	111,11,1	111,11	/	/	/					/	~	`	<u> </u>			
ک و	Mr.Viroj Klangboonklong	XX	××														
Z Z	Mr.Harn Cheawcharn	XX	××														
8	Mrs.Sudjit Tiwaree	XX	×														
2 6	Mr.Anuwat Poohsantipong																
0l M	Mrs.Jintana Kingkaew																
N N	Mr.Somchai Korprasorbsuk	111	111,1	_		////					111,1	////	1///	////	////	////	_

Remark : X = president of director XX = audit committee / = director // = executive director /// = executive

L

٦

J,

Risk Factors

1. Risks from our Businesses and Operations

1.1 Risks from the government's policy

(1) LPG price deregulation policy

Currently LPG price in Thailand is semi-controlled. The government regulates LPG price by fixing wholesale price with subsidy from oil fund, and setting maximum retail price only for cooking use. However the retail prices for automotive and industrial uses are not capped, but driven by the market. Therefore, LPG is lifted from all wholesale supply points at the same price, or we can say that the LPG wholesale price is the same for any lifting from refineries, gas separation plants, and 5 PTT's depots in Lampang. Nakornsawan, Konkaen, Suratthanee, and Hadyai. In this regard, the government uses PTT as its regulating arm due to the fact that PTT is the biggest LPG producer in Thailand. The Department of Internal Trade, Ministry of Commerce considers LPG as necessity goods for Thai people, so LPG becomes a controlled commodity. Any LPG traders who would like to adjust their selling price, must submit the request for consent and approval from The Internal Trade Department.

In the future, if the government has a policy to deregulate LPG price or to fully liberalize LPG market in Thailand, the selling price of LPG in Thailand will move along with the LPG world price, and reflect its real cost.

The possible consequence of LPG market liberalization may be risk of traders. Some traders may experience loss, reduced earning. On the other hand, some of them may have higher profit depending on the trend of the world price.

If LPG price rises and becomes much higher than any other fuels, some LPG users may consider to switch their energy source to others with lower cost. Thus, this may result in declining demand of LPG as well as less earning of LPG traders including us.

(2) LPG Free Trade Policy for domestic use

According to the World Trade Organization (WTO) agreement related to the Free Trade, this may encourage large-scale foreign corporations with strong financial capability and technologies to enter the local market and result in higher competition. However, those foreign investors or local ones may face some problems in doing LPG business as they are not familiar with market and have no experience in LPG business. Moreover, relations and networks would also be critical factors and their entrance barrier.

(3) Consumer and Environmental Protection Policy

SGP and UGP are regularly required to get permits in constructing and commissioning their facilities, e.g. terminals, LPG filling plants, and LPG autogas stations from the government. This regulation is stipulated in order to ensure that all of LPG facilities meet safety standard required by the government. In this regard, all operations of SGP and UGP have been strictly complying with the government regulations. Therefore, all of our terminals, LPG filling plants, and LPG autogas stations are well maintained in good condition and meet the standards of the government at all time.

In the future, environmental issues and consumer rights will become more and more essential. Therefore, the government may legislate additional regulations in enhancing safer condition of using LPG for consumers and

encourage environmental protection. This may impact our operating profits in the future. However, SGP and UGP, as major LPG operators, have been considered these issues as high priority, and the companies have continuously been developing their product quality and their operational practices to meet safety standard. The companies' LPG cylinders, storage tanks, terminal facilities, LPG filling plants, and LPG autogas stations are safe and for consumers and environment as all these meet the standards and regulations stipulated by the government at all time.

(4) The government policy in encouraging NGV consumption

Due to the continuous rising oil price, more people have switched to use LPG for their vehicles resulting in shortage of overall LPG local supply for the country, and the import of LPG is needed to fill up the gap. Therefore, the government encourages more Thai people to use NGV for vehicles with the reason being that NGV can be produced locally, NGV needs no import from other countries, and NGV helps reduce air pollution. Currently, the government has begun the program by starting to convert vehicles in the fleets of the government and state owned agencies, garbage trucks of the Bangkok Metropolitan Administration and mass transit vehicles to NGV, as well as launching a campaign to induce conversion in taxis. Also, the government targets to capture other potential segment of vehicles and to increase number of NGV service stations at the same time in order to meet the increase demand in the future.

However, the companies has thoroughly considered the impact of such policy, and found that NGV has still lots of disadvantage and limitations comparing with LPG for example higher cost of imported NGV conversion kits, more complication in installing NGV system for vehicle, longer refueling time, and the total number of current NGV stations is 425 which is still far behind that of LPG which is 879 nationwide.

1.2 Risk from increasing number of LPG traders

Considering domestic LPG consumption (excluding petrochemicals feedstock) in Thailand during 2002-2010, it increased from 2,096 tons in 2002 to 3,885 tons in 2010 or the average growth rate was 7.75%. However, if we consider the market growth during the past 5 years or since 2005, the average growth rate was even higher at 10.72%. This growth trend may induce new players or higher competition in domestic LPG market.

Year	Sales Volume (million kilogram)	Growth rate (%)
2002	2,096	4.12
2003	2,147	2.40
2004	2,179	1. 51
2005	2,357	8.15
2006	2,691	14.18
2007	3,058	13.65
2008	3,557	16.31
2009	3,483	-2.08
2010	3,885	11.54

LPG Sales Volume during 2002-2010

Source of data : Policy and Planning Office

In quarter 4, 2010, there were 4 new LPG traders under section 7 of Fuel Trade Act, B.E. 2543 entering the market. Most of them have converted themselves from owners of LPG auto-gas stations to LPG traders by complying with regulations and requirements, and meeting specific qualification prescribed by the Ministry of Commerce, for minimum registered capital of 50 million baht, and having a minimum working capital of 100 million baht, having storage tanks to keep with minimum reserved balance inventory of 0.5 % of total annual sales, and minimum annual trade (by means of import, procurement, refining, production, or acquisition) of 50,000 tons. However, the new LPG traders need to use capital to invest in creating their brand awareness, competing with the existing traders, as well as meeting the new required reserve balance of 1.0 % of annual sales by law effective from September 1, 2011. In this regard, the new LPG traders need double capital in obtaining the additional inventory. However, if the new LPG traders want to play in the cooking segment, they also need to invest in their new 1 million LPG cylinders at minimum for circulation in the market which requires a large amount of investment not less than a billion baht. These requirements are considered as barrier to entry of Thailand LPG market.

1.3 Risk from Safety of LPG cylinders+

LPG is flammable, so LPG explosion is dangerous and can cause damage to properties and injuries to people. SGP and UGP, as LPG traders and owner of filling plants are liable to any damage of incidents, so this probably has an impact on the corporate image.

However, the processes of LPG cylinder manufacturing are required to meet or comply with the Thai Industrial Standard (TIS) which are stipulated by the Thai Industrial Standard Institute (TISI), Ministry of Industry. Moreover, the Department of Energy Business, Ministry of Energy requires LPG traders to have their cylinders undergone hydrostatic pressure test every 5 years. And every 10 years, each cylinder has to undergo both cylinder hydrostatic pressure test and cylinder expansion test. If any cylinders do not pass the test, they will be no longer usable and need to be scrapped. Therefore, SGP considers the risk from LPG cylinders safety is minor.

Not only following strictly the laws and regulations, SGP and UGP also provide a cylinder inspection unit in order to sort out damaged and unusable cylinders from the circulation. SGP also hires the independent third party who is an expert in cylinder inspection together with officers from the Department of Energy Business to inspect SGP's and UGP's cylinders in order to ensure that all cylinders circulating in the market are in safe condition. For the past 5 years, SGP and UGP have never experienced any problems or incidents caused by the cylinders, so SGP is quite confident that the risk from safety of cylinders is little.

1.4 Risk from Accidents in LPG Terminals, LPG Filling Plants, and LPG Auto-gas Stations

SGP and UGP have their own LPG terminals, LPG filling plants, and LPG auto-gas stations which are considered as assets of SGP and UGP as follows:

	(Unit : site	<i>35)</i>
SGP	UGP	Total
5	2	7
22	14	36
27	-	27
	5 22	SGP UGP 5 2 22 14

Table of Assets of SGP and	d UGP — LPG	Ferminals,	LPG Filling	Plants, and	LPG Auto-gas Stations
					(Unit + Sitos)

<u>Remarks</u>: * As of December 31, 2010, SGP had 7 filling plants which were company owned - company operated type (COCO) and rented out the other 12 sites to third party or agents to operate or company owned — company operated type (CODO).

In case there is any accident in the LPG terminals, LPG filling plants, or LPG auto-gas stations of SGP and/or UGP, it may cause a negative impact on the corporate image.

However, SGP and UGP strictly design and set standards on construction specifications by following the requirement or regulations of the government. Also each single construction project must be approved by the Department of Energy Business, Ministry of Energy. Moreover, SGP and UGP have insured the property including LPG terminals, LPG filling plants, and LPG autogas stations to reduce risk from their operations. The insurance also has coverage for third party. Therefore, SGP and UGP will able to minimize their liability from the accident.

For other filling plants that SGP rents out to the agents, SGP and UGP have written specific clauses in the contract that any damages or losses to the property, third party, and environment caused by operations of the agents, all liabilities are responsible by the agents.

1.5 Risks from Transportation of LPG

SGP and UGP have their own fleets of road tanker and vessel tankers to transport petroleum, LPG, ammonia, as other petrochemicals products which are operated under SGP's 7 subsidiaries, i.e. LCR, LMR, CGT, UMR, UTD, CGI and UGC. Therefore, SGP and UGP have risk exposure from unexpected accidents that may affect SGP's corporate image or the group's business operations.

However, all of the 7 subsidiaries above who operate the fleets are registered as Fuel Transportation Providers with licenses granted by the Department of Energy Business. All of the vehicles including petroleum road tankers, LPG road tankers, ammonia road tankers, petroleum vessel tankers, LPG vessel tankers, and ammonia vessel tankers are legally licensed and regularly inspected by the Department of Land Transport, and the Marine Department. All truck drivers and vessel crew members must be regularly trained by in-house trainers, and obtain their licenses from the Department of Energy Business. This practice will improve their competency and operational skills in such a way to ensure safe operations and their strictly compliance with the laws and regulations. Moreover, the subsidiary transportation companies have insured all of their 20 vessel tankers (Total book value of 20 vessels as at December 31, 2011 was 817.86 million baht), and also for all of their 303 road tankers for petroleum, LPG and ammonia which also have liability coverage for third party. In this regard, SGP would be able to minimize loss from accidents or unexpected incidents from these vehicles.

1.6 Risk from being unable to renew land leasing contract for Satupradit Terminal

All LPG terminals of SGP and UGP are situated on their own estates, except for the piece of land under leasing contract where Satupradit Terminal is. If the land lord of Satupradit Terminal does not renew the contract, SGP's operation will be interrupted and its business will be impacted as Satupradit Terminal is the strategic facility and the only terminal of SGP which is located in Bangkok Metropolitan. This is considered as a competitive edge of SGP being the center in distributing LPG to high consumption market in Bangkok, and peripheral areas. Moreover, Satupradit Terminal is not too far from refineries and gas separation plant in Sriracha and Rayong, and the express-way access is close, so carrying LPG from the supply sources and land distribution LPG to customers are convenient. The leasing contract is on is a 3-year term recently expiring on December 31, 2010. However, the contract was renewed and extended to 3 more years and it will expire on December 31, 2013.

Therefore SGP's mitigation to reduce this risk and to meet the future growing business was the acquisition of a 89-3-40 rai piece of land in Phrapradaeng district, Samutprakarn province in 2008 for constructing new jetty and LPG terminal. SGP has passed the environmental impact assessment (EIA) for construction since November 2010, and SGP will start the construction of LPG terminal which is expected to start commissioning around the end of 2011.

2. Risk from Business Management

2.1 Risk from having a group of shareholders holding more than 75% shares

As at August 31, 2010, the Weeraborwornpong Group was the major shareholder holding 66.76% of the total paid-up capital. This made the Weeraborwornpong Group have collectively control and influence on SGP decisions which required the consents from the shareholders' meeting, except for the regulations or the articles of association require the three fourths votes of from the shareholders' meeting. Therefore, the other shareholders have the risk of being unable to collect sufficient votes to check and balance the matters proposed for the shareholders' consideration by the major shareholders.

However, SGP has appointed 4 nonexecutive members on the board of directors, and 3 of them are independent directors and members of audit committee, and the other one is a non-executive director out of all of total 8 company's directors or 50% in order to have check-and-balance power over the management, to consider the agenda proposed to the

shareholders' meeting, and to scrutinize performance of the directors or the management members who represent the major shareholders.

2.2 Risk of impact from the subsidiaries' operational performance

The group or consolidated performance of SGP does not rely on SGP's performance itself, but also the subsidiaries' performance. If any of the subsidiaries are facing problems in their operations, the overall performance will be affected especially in the consolidated financial result. In 2010, the revenue of UGP, a company's subsidiary operating as an LPG, ammonia and other petrochemical businesses, contributed 44.43% of the consolidated performance, and its net profit contributed 54.28%.

However, the overall operation performance of the group in 2010 was profitable, except for that of LM and SEEC. In 2010, SEEC was in the period of machinery improvement for the production of 99% (fuel grade) ethanol used in transportation segment. Previously, the plant could produce only 95% (food grade) ethanol for export as raw material in beverage production. SEEC will be able to start its commissioning around quarter 2, 2011.

The group also has solid measures and guidelines in policy-making of SGP as well as its subsidiaries in order to control and audit operations of the subsidiaries by appointing SGP's representatives to be members of the board of directors. These representatives will work in the interest of SGP and help protect SGP's benefits. Under SGP's measures, the 3 independent directors and members of the audit committee of UGP are the same of those of SGP's in order to ensure that all the group members are working in the common direction toward to efficiency maximization in cost and operational management.



Company Information

÷		
	- 1	h

Name	: Siamgas and Petrochemicals Public Company Limited
Initial	SGP
Major Business	 Energy Providing Businesses : 1) Trading and distribution of LPG, Ammonia, and other petrochemical products 2) Transporting LPG and other petroleum products 3) Manufacturing and distributing LPG cylinders 4) Manufacturing and distribution ethanol
Head Quarter Address	: 498/997-999 Dumrongrak Road, Klong-Mahanak Pomprab-satrupai, Bangkok 10100
Registered Number	: 0107574800650
Telephone	: +662 628 1700-10
Fax	: +662 628 1713-14, +662 628 2130
Web Site	: www.siamgas.com
Registered Capital	: 950,000,000 baht
Common Shares	: 950,000,000 shares
Par Value	: 1.00 baht/share
Paid-up Capital	: 950,000,000 baht

4

Г

E.

Shareholding proportion in subsidiaries and business detail

	Company	Paid-up Capital	Shareholding	Turbo of Burshors
	Company	(million baht)	Portion (%)	Type of Business
1.	UGP	105.00	99.51	Filling and distributing LPG, ammonia and other
				petrochemicals under the license as an LPG Trader
				under Section 6 (Fuel Trader under Section 7)
2.	LCR	70.00	99.99	Land transportation of LPG and petroleum under
				the license as LPG and Petroleum Transportation
				Service Provider
3.	SQS	70.00	99.99	Manufacturing and distributing LPG cylinders and
				auto-gas tanks
4.	SEEC	400.00	70.00	Manufacturing and distributing ethanol
5.	LMR	65.00	99.99 ¹	LPG and oil transportation by vessel tankers under
				the fuel transportation license
6.	CGT	50.00	99.99 ²	LPG and ammonia transportation by road tankers
				under the fuel transportation license
7.	UMR	40.10	99.99 ²	Ammonia transportation by vessel tankers under
				the fuel transportation license
8.	UTD	10.00	99.99 ²	LPG transportation by vessel tankers under the
				fuel transportation license
				Vessel fleet management services for UGP UGT
				UGI and UGC
9.	UGI	15.82	99.99 ²	LPG transportation by vessel tankers under the
				fuel transportation license
10.	UGC	0.10	99.94 ²	Ammonia transportation by vessel tankers under the
				fuel transportation license

	Company	Paid-up Capital (million baht)	Shareholding Portion (%)	Type of Business
11.	SGHK	2,155.20	100.00	Holding company and petroleum distribution — Hongkong
12.	SUPERGAS	133.45	100.00	LPG and petroleum distribution — Vietnam
13.	SINGGAS	336.00	95.00 ⁴	LPG and petroleum distribution — Singapore
14.	UNITED	9.53	100.00	LPG and petroleum distribution — Malaysia
15.	SINOSIAM	1,100.47	100.00 ³	Full scale of LPG and petroleum distribution including
				bulk-breaking terminal and jetties for import and
				re-export by vessel tankers, and facilities for domes-
				tic sales in cylinders through filling plant, and in bulk
				by road tankers — Zhuhai City, South China
16.	SNTL	0.50	50.00	Joint Venture — transportation by Very Large Crude
				Oil Carrier (VLCC)

Remarks 1. SGP holds shares through LCR

2. SGP holds shares through UGP

3. SGP holds shares through SGHK

4. On December 29, 2010, SGP sold 5% of its common shares to a third party, so the portion of company's investment capitsal in SingGas (LPG) Pte Ltd reduced from 100% to 95%.

32

٦



Registrar

Kegisirdi		
	Name:	Thailand Securities Depository Company Limited
	Address:	$4^{\text{th}}, 6^{\text{th}}-7^{\text{th}}$ Floor SET Building,
		62 Ratchdapisek Road, Klongtoey, Bangkok 10500
	Telephone:	+662 359 1200-1
	Fax:	+662 359 1259
Trustee		
	- None -	
Auditor		
	Name:	PricewaterhouseCoopers ABAS Limited
	Address:	15th Floor Bangkok City Tower
		179/74-80 South Sathorn Road, Bangkok 10120
	Telephone:	+662 344 1000
	Fax:	
Financial Advisor		
	Name:	Advisory Plus Company Limited
	Address:	10th Floor Thanapoom Tower
		1550 New Petchburi Road, Makkasan, Rachathewi,
		Bangkok 10400
	Telephone:	+662 652 7859-64
	Fax:	+662 652 7867

L

J,

Nature of Business

1. History and Key Development

Siamgas and Petrochemicals Public Company Limited, formerly known as VSPP Development Company Limited, was established on January 17, 2001 with initial registered capital of 500,000 baht, and the objective to trade and distribute liquefied petroleum gas (LPG) under the trademark of "SIAMGAS". SGP was appointed an agent for Siam Gas Industry Company Limited (SGI) which was a fuel trader under section 7 of the Fuel Trade Act, B.E. 2543. At that time, the Weeraborwornpong Group was the major shareholder of SGP and also SGI. However, the Weeraborwornpong Group has sold all SGI shares to outsiders later on June 30, 2006. SGP started its business from LPG auto-gas station, and then expanded to LPG filling plant business.

SGP has continuously restructured its business by expanding its operations to trading of LPG and other petrochemical products, as well as other related businesses for example transportation of petroleum by both road tankers and vessel tankers. With regard to its expansion, on December 27, 2004, SGP acquired the business of Unique Gas and Petrochemicals Public Company Limited (UGP), who operated LPG, ammonia, and other petrochemicals business. On March 31, 2005, SGP invested in Lucky Carrier Company Limited (LCR) who was the Oil and LPG transportation service provider. Then, on September 1, 2005, SGP purchased all major assets for LPG business operations from SGI such as lands, property lease rights, buildings, equipments, tools, LPG cylinders, LPG terminals, trademark, and patents.

Since 2005, SGP has changed the name to Siamgas and Petrochemicals Public Company Limited, and obtained the license as a Fuel Trader under section 7 trading LPG, ammonia, and other petrochemicals under the trademark of "SIAMGAS" and "UNIQUE GAS", and transporting LPG and other products. SGP has altogether 8 subsidiaries which are the directly held subsidiaries — Unique Gas and Petrochemicals Public Company Limited and Lucky Carrier Company Limited and other 6 companies of which shares are held through the subsidiaries including 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.

Since 2008, SGP has been listed in the Stock Exchange of Thailand, starting to trade its shares under the symbol of "SGP" on June3, 2008, and have major development as follows:

• SGP established Siam Quality Steel Company Limited (SQS) with the registered capital of 70 million baht on June 27, 2008 with the purpose to purchase all assets for the operations of LPG cylinder manufacturing and distribution of Universal Metal Drum Company Limited from Sukhumvit Asset Management Company Limited in an amount of 123.30 million baht.

• SGP acquired 28 million shares of Siam Ethanol Export Company Limited (SEEC) (par value 10 baht) in the total amount of 280 million baht from Vivon Corporation Company Limited, and Mr.Kritpong Patcharapinyopong who are not related to SGP. Therefore, SGP has become the major shareholder holding 70% equity stakes in SEEC since October 7, 2008.

• SGP purchased a piece of land for new terminal construction from Thai Krieng Group Public Company Limited on December 30, 2008. The purchased estate comprises 89-3-40 rais land, and buildings located at 33 Moo 4, Suksawad Road, Bangchak, Phrapradaeng, Samutprakarn.
• SGP completed the deal in acquiring 100% equity interest in Chevron Ocean Gas & Energy Limited (COGEL) from Chevron China Limited through Siamgas HK Company Limited, a wholly owned subsidiary of SGP, and placed a deposit on September 29, 2009. However, the handover is expected to be completed in the 2nd of 2011.

Major Changes and Development in 2010

• SGP purchased 100% equity interest in Super Gas Company Limited (SPGV) from Shanghai Crown Company Limited on March 2, 2010.

• SGP purchased 100% share capital of Shell Gas (LPG) Singapore Private Limited (SGLS) from Shell Gas (LPG) Holdings B.V. on July 15, 2010. Shell Gas (LPG) Singapore Private Limited (SGLS) has been renamed to SingGas (LPG) Private Limited (SINGGAS). On December 28, 2010, SGP sold its 5% equity stake to Thousand Stars Corporate Limited.

• SGP purchased 100% share capital of United Gas and Petrochemicals SDN. BHD. in the portion in quarter 3, 2010.

• SGP and Siam Nathalin Company Limited jointly formed a joint venture of which 50% share capital held by SGP in guarter 3 of 2010.

• SGP agreed to purchase 100% of equity interest in BP Zhuhai LPG Limited (BPZH) a wholly owned by Shine Top International Investment Limited (SHINE TOP) (49%) and BP Global Investments Limited (BP GLOBAL) (51%) through Siamgas HK Company Limited on September 29, 2010, and the transaction was completed on December 24, 2010. The company is now renamed to Sino Siam Gas and Petrochemicals Company Limited.

2. Business Operations

SGP and its subsidiaries' core businesses are energy and related businesses.

Domestic operations include 4 businesses as follows:

1) Trading of LPG, ammonia, and other petrochemicals — operated under SGP and Unique Gas and Petrochemicals Public Company Limited, its subsidiary.

2) Transportation of petroleum, LPG, ammonia, and other petrochemicals — operated under the 7 subsidiaries as follows: 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) LPG Cylinder and Auto-gas tank manufacturing — operated by Siam Quality Steel Company Limited, a subsidiary of SGP.

4) Ethanol Manufacturing and Trading — operated by Siam Ethanol Export Company Company Limited, a subsidiary of SGP.

Offshore operations include 4 businesses as follows:

1) LPG trading in China — operated by a wholly owned subsidiary, Sino Siam Gas and Petrochemicals Company Limited.

2) LPG trading in Vietnam - operated by a wholly owned subsidiary, Super Gas Company Limited.

3) LPG trading in Singapore - operated by a wholly owned subsidiary, SingGas (LPG) Private Limited.

4) Petrochemicals trading in Malaysia - operated by a wholly owned subsidiary, United Gas and Petrochemicals Company Limited.

35

SGP's Core Business

The core business of SGP is LPG distribution under "SIAMGAS" trademark through its 22 LPG filling plants including those 7 locations owned and operated by the company (COCO, company owned — company operated filling plants), 15 locations where the property rented to agents (CODO, company owned — dealer operated filling plants), and also through 70 agent filling plants for cooking segment. SGP also distributes LPG to auto-gas users through 27 company owned — company operated auto-gas stations (COCO), and other 267 dealer owned — dealer operated auto-gas stations (DODO).

At present, SGP has altogether 15 subsidiaries in the group including 8 wholly owned companies as follows: Unique Gas and Petrochemicals Public Company Limited, Lucky Carrier Company Limited, Siam Quality Steel Company Limited, Siam Ethanol Export Company Limited, Siamgas HK Company Limited, Super Gas Company Limited, SingGas (LPG) Private Limited, and United Gas and Petrochemicals Company Limited. Also, there are 7 companies owned through SGP's subsidiaries including Lucky Marine Company Limited, Chemicals Gas Transport Company Limited, Unique Marine Company Limited, Unique Gas Transport Company Limited, and Sino Siam Gas and Petrochemicals Company Limited.

SGP's and its subsidiaries' Business Structure



Business Operations of SGP's Subsidiaries

Unique Gas and Petrochemicals Public Company Limited (UGP)

UGP, established on January 12, 1982, has its current registered capital of 200 million baht and paid-up capital of 105 million baht. SGP is its current major shareholder holding 99.51 % of the paid-up capital. The business of UGP is filling and distributing LPG, ammonia, and other petrochemicals such as butane, propane, and propellant under "Unique Gas" trademark, and UGP operates its business as a trader under section 7 of Fuel Trade Act, B.E. 2543.

At present, UGP has 2 LPG terminals, 14 company owned — company operated filling plants, 73 dealer owned — dealer operated filling plants, and 120 dealer owned — dealer operated auto-gas stations. Most of UGP customers are LPG filling plants, LPG retailers, LPG auto-gas stations, and industrial users. UGP also has a license for oil transportation under section 12 of Fuel Trade Act, B.E. 2543 with a 1,288-ton vessel tanker in its fleet.

Lucky Carrier Company Limited (LCR)

LCR was established on August 13, 1991 with its current registered and paid-up capital of 70 million baht. SGP is the major shareholder holding 99.99% of the paid-up capital. The business of LCR is transportation of LPG and oil by road tankers under section 12 of Fuel Trade Act, B.E. 2543. LCR provides LPG transportation services nationwide to its customers who are mainly SGP and UGP. Moreover, LCR also provides oil transportation service for customer outside SGP group such as PTT Public Company Limited. The fleet of LCR is comprised of 28 oil road tankers with combined capacity of 948,000 liters, 159 LPG road tankers with combined capacity of 1,820 tons, and 2 road tankers for other chemical products with combined capacity of 68,000 liters.

Siam Quality Steel Company Limited (SQS)

SQS was established on June 27, 2008 with registered and paid-up capital of 70 million baht with SGP as its major shareholder holding 99.99% of the paid-up capital. The business of SQS are manufacturing and distributing LPG containers including LPG cylinders for cooking usage and LPG canisters for automobiles. Most of SQS business is manufacturing LPG cylinders for SGP and UGP.

Siam Ethanol and Export Company Limited (SEEC)

SEEC was established on June 23, 2004 with its current registered and paid-up capital of 400 million baht. SGP is its major shareholder holding 70% interest in equity. The business of SEEC are producing and distributing ethanol from agricultural feed stocks such as molasses and cassava. The plant of SEEC is located at 88 Moo 8, Tumbol Nonglalok, Umphur Ban-Kai, Rayong province. SEEC plant is capable of producing 100,000 liters of 95% or food grade ethanol per day for export.

SEEC had its machines test-run in November 2008 and started commissioning to produce 95% ethanol in March 2009. Until 2010, SEEC had a major machinery development for its plant for the production of 99.5% or fuel grade ethanol used in transportation sector which is expected to start commissioning in the 2nd quarter 2011.

Lucky Marine Company Limited (LMR)

LMR, founded on May 8, 1986, has its current registered and paid-up capital of 65 million baht. The major shareholder of LMR is LCR with a portion of 99.99% of the paid-up capital. LMR operates its business by providing marine LPG and oil transportation services locally and internationally with a license as an oil transportation service provider under section 12 of Fuel Trade Act, B.E. 2543. The majority of its LPG customers are in SGP group such as SGP and UGP. Its oil-transportation customers are PTT Public Company Limited and Thai Oil Public Company Limited. At present, the fleet of LMR is comprised of 9 LPG vessel tankers with combined capacity of 11,445 DWT, and another 2,300,000-liter oil vessel tanker.

Chemicals Gas Transport Company Limited (CGT)

CGT was established on December 11, 1992 with its current registered and paid-up capital of 50 million baht. UGP is the major shareholder holding 99.99% of its paid-up capital. The business of CGT is transporting LPG and ammonia by road tankers under a license as oil transportation service provider under section 12 of Fuel Trade Act, B.E. 2543. The major customers of CGT are SGP and UGP. The fleet of CGT is comprised of 92 LPG road tankers with combined capacity of 894 tons and 22 ammonia road tankers with combined capacity of 244 tons.

Unique Marine Company Limited (UMR)

UMR, established on November 9, 1992, has its current registered and paid-up capital of 40.10 million baht of which 99.99% paid-up capital held by UGP. UMR operates its business under a license as an oil transportation service provider under section 12 of Fuel Trade Act, B.E. 2543 providing LPG and ammonia marine transportation for SGP and UGP. At present, UMR has 4 LPG vessel tankers with combined capacity of 3,860 tons and 2 ammonia vessel tankers with combined capacity of 1,800 tons.

Unique Gas Trading Company Limited (UTD)

UTD, established on August 6, 1993 has its current registered and paid-up capital of 10 million baht of which 99.99% paid-up capital held by UGP. UTD operates its business under a license as an oil transportation service provider under section 12 of Fuel Trade Act, B.E. 2543 providing LPG marine transportation for SGP and UGP. At present, UTD has 1 LPG vessel tanker with capacity of 550 tons.

Unique Gas International Company Limited (UGI)

UGI, established on October 24, 2001 has its current registered and paid-up capital of 15.82 million baht of which 99.99% paid-up capital held by UGP. UGI operates its business under a license as an oil transportation service provider under section 12 of Fuel Trade Act, B.E. 2543 providing ammonia marine transportation for UGP. At present, UGI has 1 ammonia vessel tanker with capacity of 550 tons. The other business of UGI is providing vessel fleet management services for UGP, UTD, UGI and UGC.

Unique Gas Carrier Company Limited (UGC)

UGC, established on December 2, 2002 has its current registered and paid-up capital of 100,000 baht of which 99.94% paid-up capital held by UGP. UTD operates its business under a license as an oil transportation service provider under section 12 of Fuel Trade Act, B.E. 2543 providing ammonia marine transportation for UGP. At present, UGC has 1 ammonia vessel tanker with capacity of 780 tons.

SIAMGAS HK LIMITED. ("SGHK")

SGHK was established on August 20, 2009 with its current registered and paid-up capital of 2,155.20 million baht. SGP holds 100% equity interest in SGHK. SGHK operates as a holding and petroleum trading company. SGHK was set up for business investment in China by firstly purchasing 100% share interest in Chevron Ocean Gas & Energy Limited (COGEL) from Chevron China Limited. In this acquisition, a amount of deposit was placed on September 29, 2009. Secondly SGHK invested in another project by purchasing 100% equity interest in BP Zhuhai LPG Limited (BPZH) from Shine Top International Investment Limited (SHINE TOP) holding 49% shares and from BP Global Investment Limited (BP GLOBAL) holding 51% shares, and the share transfer transaction was completed on December 29, 2010.

SUPERGAS COMPANY LIMITED. ("SUPERGAS")

SUPERGAS is a subsidiary which SGP holds 100% shares. SUPERGAS is a registered company operating LPG business in Vietnam. SGP has acquired SUPERGAS since March 2, 2010.

SingGas (LPG) Private Limited (SINGGAS)

SINGGAS, formerly known as Shell Gas (LPG) Singapore Private Limited is a subsidiary registered in Singapore to operate LPG distribution business. On July 30, 2010, SGP purchased 100% shares from Shell Gas (LPG) Singapore Private Limited, then 5% of registered capital was sold to outsider on December 29, 2010.

United Gas & Petrochemicals Sendirian Berhad (UNITED)

UNITED, registered to operate petrochemicals distribution business in Malaysia, is an SGP's subsidiary which 100% shares was purchased and have been held by SGP since quarter 3 2010.

Sino Siam Gas and Petrochemicals Company Limited (SINOSIAM)

SINOSIAM is a subsidiary which SGP indirectly holds 100% shares. SINOSIAM is a fully integrated petroleum distribution business in China. The facilities of SINOSIAM include depot, jetty for importing, exporting, and throughput, facilities for distribution by vessel tankers and road tankers, and an LPG cylinder filling plant. SGP purchased 100% equity interest of BP Zhuhai Limited on December 24, 2010, and now operates the business under SINOSIAM.

Siam Nathalin Company Limited (SNTL)

SNTL is a joint venture company registered in Thailand with registered capital of 1 million baht to operate a petroleum transportation business by very large carrier (vessel). SGP with Nathalin Company Limited set up SNTL by holding 50% or 0.50 million baht of registered and paid-up capital in quarter 3 2010. However, SNTL has not started to run the business yet.

Overview of SGP's subsidiaries

No.	Company	Paid-up Capital (million baht)	Share Holding Portion (percent)	Business
1	UGP	105.00	99.51	Filling and distributing LPG, ammonia, and other petrochemical products — operating
				with a license as an LPG trader under section 7 of Fuel Trade Act, B.E. 2543
2	LCR	70.00	99.99	Transporting LPG and oil by road tankers — with a license as a fuel transportation
				service provider
3	SQS	70.00	99.99	Manufacturing and distributing LPG cylinders
4	SEEC	400.00	70.00	Manufacturing and distributing ethanol
5	LMR	65.00	99.99 ¹	Transporting LPG and oil by vessel tankers — with a license as a fuel transportation
				service provider
6	CGI	50.00	99.99 ²	Transporting LPG and ammonia by road tankers — with a license as a fuel transportation
_			2	
7	UMR	40.10	99.99 ²	Transporting ammonia by vessel tankers — with a license as a fuel transportation service provider
8	UTD	10.00	99.99 ²	
0	UTD	10.00	99.99	Transporting LPG by vessel tankers — with a license as a fuel transportation service provider — Providing fleet management for UGP, UGT, UGI and UGC
9	UGI	15.00	99.99 ²	
Ŷ	UGI	15.82	99.99	Transporting LPG and oil by vessel tankers — with a license as a fuel transportation service provider
10	UGC	0.10	99.99 ²	Transporting ammonia by vessel tankers — with a license as a fuel transportation
				service provider
11	SGHK	2,155.20	100.00	A holding company — trading petroleum, located in Hongkong
12	SUPERGAS	133.45	100.00	Distributing petroleum, located in Vietnam
13	SINGGAS	336.00	95.00 ⁴	Distributing petroleum, located in Singapore
14	UNITED	9.53	100.00	Distributing petroleum, located in Malaysia
15	SINOSIAM	1,100.47	100.00 ³	Fully integrated petroleum distribution business with jetty for importing, exporting,
				and throughput, facilities for distribution by vessel tankers and road tankers, and an
				LPG cylinder filling plant, located in Zhuhai city, China
16	SNTL	0.50	50.00	Joint venture business in transportation by very large carrier
				<u> </u>

Remarks:

1

1. SGP holds shares indirectly via LCR / 2. SGP holds shares indirectly via UGP / 3. SGP holds shares indirectly via SGHK

4. On December 29, 2010, SGP sold 5% shares to outsider resulting in reduction of current investment of SGP in SINGGGAS from 100% to 95%

Г

L

3. Revenue Structure

Revenue structure of SGP and subsidiaries on 2008 - 2010 by business

		2008		2009		2010	
Category	Company	Value (MB)	Per Cent	Value (MB)	Per Cent	Value (MB)	Per Cent
Sales Revenue							
LPG (Domestic)	SGP & UGP	17,579.82	87.19	16,273.05	83.64	17,635.29	80.61
Ammonia	UGP	1,414.67	7.02	1,320.84	6.79	1,295.89	5.89
Other Petrochemicals	UGP	406.18	2.01	445.15	2.29	499.15	2.27
LPG cylinders	SQS ¹	7.81	0.04	2.16	0.01	8.51	0.04
Ethanol	SEEC ²	-	-	43.20	0.22	-	-
LPG (Oversea)	SUPERGAS & SINGGAS			585.50	3.01	1,647.79	7.49
Total Sales Revenue		19,408.48	96.26	18,669.90	95.96	21,086.63	95.85
Logistic Revenue	LCR, LMR, CGT, UMR,	613.17	3.04	629.98	3.24	637.43	2.90
	UTD, UGI and UGC						
Service Revenue	SGP & Subsidiaries	35.93	0.18	33.44	0.17	136.46	0.62
Other Revenue	SGP & Subsidiaries	105.88	0.53	121.98	0.63	139.08	0.63
Grand Total		20,163.46	100.00	19,455.30	100.00	21,999.60	100.00

4. Business Goal

SGP has a clear vision to become a leading energy operator in East Asia. SGP has been continuously expanding its business by increasing number of LPG filling plants as well as LPG auto-gas stations. The recent major expansion is investment in oversea business, especially is Southeast Asia by purchasing LPG terminals and LPG filling plants in Vietnam, Singapore, and China.

Moreover, SGP also expanded its business by diversifying to related energy business such as ethanol, and coal. In the future, if there are good opportunities in NGV and/or LNG business, and other petrochemical businesses, SGP is also interested and ready to step in.

As of December 31, 2010, SGP had no legal disputes in such away that would have had adverse effect higher than 5% of shareholders' equity and no legal disputes that would have had significant adverse impact on SGP business operations.



Capital Structure

1. SGP's Securities

As of December 31, 2010, SGP had registered and paid-up capital of 950,000,000 baht consisting of 950,000,000 common shares at 1 baht per share.

2. SGP's Equity Structure

As of August 31, 2010, the top 14 major shareholders are as follows:

No.	Shareholder's Name	Shares	Per Cent
1.	Mr.Worawit Weeraborwornpong	514,249,999	54.13
2.	Mrs.Patchara Weeraborwornpong	50,000,000	5.26
3.	Mr.Supchai Weeraborwornpong	50,000,000	5.26
4.	Ms.Patcharawadee Weeraborwornpong	20,000,000	2.11
	Total Shares of Weeraborwornpong family	634,249,999	66.76
5.	Siamgas and Petrochemicals PLC	31,068,500	3.27
6.	Mr.Komol Jungrungruengkit	25,000,000	2.63
7.	Mr.Sompong Cholkadeedumrongkul	18,173,900	1.91
8.	Thai NVDR Co.,Ltd.	13,474,100	1.42
9.	Mrs.Suwannee Parinyapornkul	8,874,870	0.93
10.	Mr.Maitri Yimyam	8,500,000	0.89
11.	Morgan Stanley & Co. International PLC	8,210,000	0.86
12.	Mr.Sukjint Jungsakul	7.175,000	0.76
13.	Mr.Sorat Vanichwarakij	7,162,400	0.75
14.	Mrs.Suteera Boonmalert	6,800,000	0.72

Source: The Stock Exchange of Thailand

43

L

3. Dividend Policy

44

According to SGP's dividend payment policy, the Company shall allocate not less than 40 % of its individual annual net profit after taxation and reserve fund required by law. However, the dividend payment may be made at the lower rate than stated earlier depending on its performance, financial status, liquidity, capital required in investment opportunities, and other related factors required in business operations which will be considered by board of directors and/or shareholders as appropriate.

For the subsidiary companies including UGP, LCR, LMR, CGT, UTD, UGI, UMR, UGC, SQS, SEEC, SGHK, SUPERGAS, SINGGAS, UNITED, and SINOSIAM, they also have a dividend policy to allocate not less than 40% of subsidiary group's annual net profit after taxation and reserve fund by law, and the dividend payment will be approved by the company board of directors.





SGP's management structure as of December 31, 2010



J

L

Management structure of the company as of December 31, 2010 consists of Board of Director, Executive Board and audit committee. The Board of Director and executives of the company are qualified according to the regulations stipulated by SET and SEC.

Detail of Board of Directors and other committee of the company are as following :

2. Board of Directors

On December 31, 2010 Board of Directors composed of 8 members are follow :

On December 31, 2010 Board of Directors composed of 8 members are follow :

1. Gen.Chaisit	Shinnawatra	Chairman
2. Mr.Worawit	Weeraborwornpong	Vice-Chairman
3. Mrs.Patchara	Weeraborwornpong	Director
4. Mr.Supachai	Weeraborwornpong	Director
5. Mr.Suthipong	Vasuvanichphan	Director
6. Mr.Viroj	Klangboonklong	Independent Director and Chairman of audit committee
7. Mr.Harn	Choicharn	Independent Director and audit committee
8. Mrs.Sudjit	Divari	Independent Director and audit committee

By having Mrs.Jintana Kingkaew as the secretary of The Board of Directors.

The Company's authorized signatories

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

Authority of Board of Directors

Board of Directors has the authority to oversea operation in accordance with legal regulation by aim of the meeting resolution, summarize authority and responsibility as important.

- 1) Provide the Annual General shareholders' meeting within four months from the accounting ended period.
- 2) Provide the Board of Directors' meeting at a minimum of once every three months.

3) Provide balance sheet and financial statement of the company at the accounting — ended period which the auditors already have been checking and proposed to the shareholder's meeting to considerate.

4) Consider and approve in other transactions related to the key for company or appropriate to operate them for beneficial of the company.

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 of Directors may delegate the authority to Executive board to conduct the 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 beneficial with the company or subsidiaries, except it is the approval to be policy or regulation that approved by the Board.

6) Determine the policy and strategic direction, financial management, risk management of the business. The company has provided control system to ensure that the management process in accordance with policies set forth as efficiency and effectiveness unless authority to perform the following action, only when received approved by the shareholders before proceeding, including the law requires the resolution of the meeting, increasing capital or reducing its capital, merger or liquidation of the company in all or some important parts to the other persons or take receiving liquidation of other company or private companies to become the part of company, amendment of memorandum or article of associate etc.

In addition, the Board of Directors has scope of duties for overseeing the company's compliance, as law on Securities and Exchange Commission(SEC), term of the exchange, including making each transaction and the purchase and sale of significant assets under the rules of The Stock Exchange of Thailand or law relating to corporation business.

7) To consider the structure of administrative to appoint the managing director, Executive Board and other directors

as its considered.

8) Tracking performance according to plan and budget as continuously.

9) Directors shall not operate the same conditions and to compete with company's business or join as a part of partnership or unlimited liability partnership or a director of private company or other company that operate same condition and to complete with the company's business. Whether they will do to benefit for themselves or to benefit for others, unless inform the shareholder's meeting prior to the appointed.

10) Any other matter required by law.

3. Executive Board

The Executive Board consists of four persons as following :

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

Authority of the Executive Board

- Conduct business in accordance with the objective, articles of association and resolution of the shareholder's meeting and the board of Directors' meeting.
- 2) Determine the corporate management structure to cover all the details of selection, training, hiring, and dismissal of employees, including the appropriate employees benefit with traditional practices and circumstances and consistent with existing law.

- 3) Prepare to recommend and set goals and guideline business policy and the company's strategy as well as authority and responsibilities of Managing Director to grant for an approval from the Board of Directors.
- 4) Determine the strategic business plan to approval budget for corporate business and annual expenditure budget as approved by the Board of Directors. Conduct the business strategic and plan of business by all operated of Executive Board with consistent to the policy and business way that approved by Board of Directors.
- 5) Consider and approve of authorized operation to normal business transaction such as purchasing goods, motor vehicles, supplies, equipment, and appliances etc. within the approved cost limit for each items not exceeding 100 Million baht.
- 6) Consider and approve expenditure in the financial department capital assets, capital expenditure of the company and its subsidiaries in the amount of 200 Million baht and accumulated up to 1,000 million baht per year. If it exceed the determined amount, the Executive Board shall purpose to the Board of Directors for considerate approval.
- 7) Has the power to approve the requested loan or any loan of the company and its subsidiaries, including the guarantor to its subsidiaries in the amount of 200 million baht and accumulated up to 1,000 million baht per year in the case of requested loan or exceed the guaranteed limits specified. The Management Directors present to Board of Directors for consideration and approval.
- 8) Consider and approve loans to subsidiaries by the total cumulative amount of borrowing up to 500 million baht per year.
- 9) Entitle to have business transaction with financial institution, open the bank account with financial institution and obtain guarantees from bank and financial institution, the company and its subsidiaries in the amount of 500 million baht and accumulated up to 1,500 million baht per year.
- 10) Perform the other duties as assigned in each time by Board of Directors.

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 (according to regulation of the company and by the SEC and/or The Stock Exchange of Thailand) in any manner with the Company or its subsidiaries.

4. Audit Committee

Audit committee for the company composed of 3 persons which are :

- 1. Mr.Viroj Klangboonklong Chairman of audit committee
- 2. Mr.Harn Chiocharn Member of audit committee
- 3. Mrs.Sudjit Divari Member of audit committee

By having Mr.Kriengkrai Srisermsap is the secretary to audit committee.

Authority of the audit committee

The audit committee has been delegated by the Board of Directors to responsible for checking operation of the company and report to the Board of Directors to operate the standard that will maximum benefit to the company and its subsidiaries. The scope of responsibility are as following :

Audit committee has the duty to check and responsible as the determination and regulation of SEC and The Stock Exchange of Thailand and to report to the Board of Directors to operate standard that will cause benefit to the company and its shareholders the scope of supervision are as following :

- 1. Ensure the company's financial reporting accuracy and adequacy.
- 2. Review the company's internal control and internal audit appropriate and effective and consider the independence of audit internal unit as well as to approve the appointment, transfer, termination of internal chief agencies or other organization responsible for internal audit.
- 3. To select and nominate which is to serve as independent auditors of the company and remuneration of such person, including meeting with auditors without executive attended at least one time per year.
- 4. Ensure compliance with law requirements of Securities and Exchange Commission(SEC), stock exchange regulation and the law relating to its business.
- 5. View the related transaction or translations that may have a conflict of interest compliance with the law and regulation of stock exchange. This is to ensure that items is such reasonable and the best interest for the company.
- 6. Report of audit committee and disclosure in annual report of company which report must be signed by the president of audit committee and must contain at least herein after.
 - (a) An opinion on the accuracy and completeness of a reliable financial report of company.
 - (b) An opinion on the adequacy of its internal control system.

(c) An opinion on compliance with Securities and Exchange Commission (SEC) requirement or law-related company's business.

- (d) Comment on the appropriateness of auditors.
- (e) Comment about items that may have conflict of interest.
- (f) The number of the audit committee meetings, and the attendance of such meeting by each committee member.
- (g) Overall comment or observation of audit committee from practicing in the duties as charter.
- (h) Other transactions, according to the audit committee's opinion that shareholders, general investors should know under the duties and responsibilities assigned by the Board of Directors.
- 7. Report audit committee's activities to Board of Directors at least once a year.
- 8. Any actions assigned by the Board of Directors appointed with approval from audit committee.

5. Management

As of December 31, 2010 management of the company has 5 persons as following :

1. Mr.Supachai Weeraborwornpong Managing Director 2. Mr.Suthipong Vasuvanichphan Director Managing Director - Purchasing 3. Mr.Anuwat Phoosantipong Director Managing Director - Sale and Marketing 4. Mrs.Jintana Kingkaew Director Managing Director — Accounting and Financial / Procurement / Human Resource 5. Mr.Somchai Korprasobsuk Assistant Director Managing Director — Terminal / Filling Plant

Authority of Managing Director

Managing Director have authorized to operate business as assigned by the Board of Director or Executive Board which is under the rules and regulation of company. 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. The Managing Director have the limit of duties as following:

- Operate and administrate the business as the policy of business plan and strategic of business that Board of Directors already approved.
- 2) To provide authorized or assigned the other who managing director agree to doing the duty instead of managing director as necessary and appropriate to the discretion of executive board under the rules, laws and regulation of company.
- 3) Perform other duties as assigned by the Board of Director or executive board in each time.
- 4) Operate and merge of the company's business as usual and can approve the transaction as normal such as procurement of goods, vehicles, equipment, supplies, appliance. Expenditure approval of lease, to approve the write-off (to comply with policies and procedure of company) and hire consultants and etc. The value for each items doesn't exceed 50 million baht.
- 5) Consider and approve capital expenditure of the company and its subsidiaries in the amount of 100 million baht and accumulated not more than 500 million baht per year. If there is exceed amount, it provide to executive board to consideration and approval.
- 6) The authority to approve loans to subsidiaries, each not exceeding 50 million baht or equivalent by the total cumulative amount of loans not exceeding 100 million baht per year or equivalent.

6. Directors Nomination

The company does not establish the nominating committee to select individual for serving as a director and executive. The Company places guideline and criteria for director and management' nominate. Major shareholder 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 and sufficient capability to support the Company's business with qualification in accordance with the Public Company Limited Act. 1992. Recommended persons will be proposed for shareholder's approval. The criteria for the appointment of directors are as follow:

Board of Directors

1) Board of Directors consist of at least 5 directors and more than half of directors must be resident in the Kingdom.

- 2) At the shareholder's meeting shall appoint directors, using the following criteria:
 - (1) Each shareholder shall have one vote for each share held.
 - (2) Each shareholder will exercise all the votes applicable under (1) to elect one or more person as directors, provided that a vote shall not be divisible.



(3) The candidate shall be ranked in order descending from the highest number of vote received to the lowest and shall be appointed as directors in that order, until all of the director position are filled. Where there is an equality of vote 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 of the directors, or if the number of directors is not a multiple of three, then the number nearest to one-third must retire from office. The directors retiring from office in the first and second year after the registration of the Company shall be selected by drawing lots. In subsequent year, the directors who has held office longest shall retire. A director who vacates office under this section maybe re-elected.
- 4) Any directors will resign from the position, they might submit the registration letter to the company and the resignation shall be effective from the date on which the Company receive the resignation letter.
- 5) The shareholder's meeting may vote for any director to resign from the position prior to retirement as a resulted of the expiration of the directors' term of office with vote not less than three in fourth of number of shareholders attending at the meeting and entitled to vote and its share combined not less than half of the number of shareholders attending the meeting and being entitled to vote.

Audit Committee / Independent director

The company has policy to nominate audit committee and independent directors announced by Securities and Exchange Commission that KRB.12/2000 on the application and allow the offering to sell the new stock issued by the Board of Director's meeting authorized in establishment audit committee and assigned to audit committee in three year by each audit committee must be independent directors and have qualified as the independent directors as following :

1) Holding shares not more than one percent of total shares voting right of major company, subsidiaries, point venture or entities that may conflict. The count of share holding of relevant independent committee.

2) Not participate as directors who manage, employee, consultant has a regular salary or authority corporate control of major company, subsidiaries, joint venture and subsidiaries same order or the entity that may have conflict.

3) A person who is not a blood relationship or by registration in law in type of father, mother, spouse, brother, sister or spouse of children of management or major shareholders who have authority to control or individual who will be offered to the management or control of company or subsidiaries.

4) No business relationship with company or subsidiaries or individual whom might be conflict in manner that may obstruct freedom to use their discretion and not as a major shareholder, the directors who is not as independent directors or executives of those with business relationship with major corporation, subsidiaries, or entities that may conflict.

5) Not being an auditor of a major company, subsidiaries, affiliate or individual that may have conflict and not being major shareholders, non- independent directors, executives or partnership manager of audit company which having auditors of company, subsidiaries, joint venture or entities that may be under the conflict.

6) Not being a professional in any service, including providing service as a legal consultant or financial consultant who received service charge more than 2 million baht a year from company, subsidiaries, joint venture, entities who might have conflict. In the case of professional service is legal entity including major shareholder who are not independent executive or partnership of that professional service.

7) Being independent from the major shareholders of the Company or other shareholders who are related to the Company's majority shareholders.

8) No other feature that could not be commented freely about the company's operation.

9) Not being a director who has been assigned by the Board of Directors to decide on the operation of the company, subsidiaries, joint venture, subsidiary, company in the same order or entities that may conflict and not directors of list company which is a big company, subsidiaries, joint venture, subsidiaries in the same order.

In addition, 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

No.	name	Meeting fee (Baht) January-December, 2010
1	Gen.Chaisit Shinnawatra ¹	60,000
2	Mr.Worawit Weeraborwornpong	70,000
3	Mrs.Patchara Weeraborwornpong	60,000
4	Mr.Supachai Weeraborwornpong	70,000
5	Mr.Suttipong Vasuvanichpan	70,000
6	Mr.Viroj Klangboonkrong ²	220,000
7	Mr.Harn Chiocharn ²	240,000
8	Mr. Sudjit Divari2	230,000
	Total	1,020,000

- Remark : 1Company remunerate annual allowance in addition to Gen.Chaisit Shinawatra amount of 2,778,300baht in year 2010
 - 2 Company remunerate annual allowance in addition to audit committee for the meeting fees each person of 694,575 baht in year 2010

(B) Executives

The return premium (Baht)	January-December, 2010
Total persons	7
- salary	27,194,016
- bonus	4,431,181
- contribution fund	895,903.80
- other	108,000
Total	32,629,100.80

(2) Other compensation

- None -

8. Corporate Governance

Board of Directors has set the principle of corporate governance which comply with guideline corporate governance required by the Stock Exchange Thailand. There are five principles to corporate governance as following:

Section1 The right of shareholders

Company recognizes and focuses on basic right of shareholders as an investor in securities and owner such as right to buy and sell, transfer the securities, the right of receiving returning profit from the company, the right to receiving the adequate information of company, right in the shareholder's meeting in giving opinion and also making decision in something important such as providing dividend, the appointment or removal directors, appointment of auditors, the transaction which is important and affect the direction of business, the amendment of article of association, regulation of company etc.

In addition to the above fundamental rights, to company has operations in various to enhance and facilitate to using the right of shareholders as following:

1. The company will provide for the annual general meeting each year, it will be held within four months after the ended-financial statement. In each meeting, the company will provide the meeting invitation with the information attached in the meeting book as in occasion for shareholders to receive advance notice before the meeting seven days and announcement in the report printed on pre-meeting for three consecutive days before the meeting date, each agenda meeting is opinion of the Board of Directors.

2. In case the shareholders cannot attend the meeting by themselves, the company open an opportunity to the shareholders to give authorize to independent directors or any person as an 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 the shareholders to give opinion and ask questions in advance of meeting day

4. In the meeting, company open an opportunity to shareholders to questioning and giving opinion to the meeting in any topic with equalization. In the shareholders' meeting, there are directors and executives who related to attend the meeting to answer in the meeting, including there are recording questioning and important opinion in the meeting report for shareholders to check it out.

5. After the meeting finished, the company shall prepare the meeting report by displaying the data correctly so that shareholders can review.

Section 2 The equality treatment of shareholders.

Company's policy is to create equality happen to shareholders in all segments. In each conducting shareholders' meeting, the company will provide the opportunity for shareholders equally to all. Before the meeting started, Chairman will provide important information to shareholders i.e. the introduction the directors, executives, and related to the attending. The chairman of the meeting announced for opening the meeting by inform the total number /proportion of shareholders and who received the authorized from the shareholders, who attend the meeting. The chairman informs the practical way in voting and counting the vote to the shareholder before voting time. Shareholders are able to vote evenly.

The meeting is conducted in accordance with company regulations, as respectively agenda. There are proposed details in each agenda. There are showing data into consideration explicitly and will not promote the agenda of meeting without report to shareholders prior notice. The only important agenda that shareholders need to take education information before making decision. In the event that shareholders cannot attend the meeting in person, the company open the opportunity to shareholders can appoint independent directors or any person to be proxy in their attending by any proxy form that the company sent along with meeting letter.

The company has made a memorandum of confidentiality agreements for employees, contractors, suppliers, providers including those who visit the company's business to prevent disclosure of information or news which are the secret of company and subsidiaries and penalties for those who take advantage of inside information for personal use or used in a way that the company has been deterioration or damage and must not be traded, transferred or receiving transferred securities of company by using confidential or / and inside information or/and enter into any other legal document by using secret and/or inside information of company that cause of damage to company whether in direct or indirect.

The company has placed to protect insider trading among related parties i.e. executives, directors and employees who acknowledge the material information (including spouse, 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 statement to outsiders.

The company has given the information to the directors and executives about their duties that must have to report the shareholding in the company and penalties as in the securities and stock exchange act of year 1992 and requirement of the stock exchange of Thailand. In the case of executives or directors trade the company's securities of the company, they must report shareholding of themselves, spouse, minor children as section 59 of securities and exchange act year 1992 within three day from the date of the change for the further public disclosure.

The company has determined disciplinary action for bringing the benefit of information of the company to be used or disclosed until the company could be damaged. Penalties includes verbal warning, a written warning, probation and dismissal as dismissed from the staff fired or laid off as the case etc.

Section3 The role of stakeholders

The company has focused on the right of all interested groups. Whether they are internal stakeholder such as employees, executives of the company or external stakeholder such as competitor, customer etc. The company recognized that supporting and commenting from all stakeholders will be advantage for the operation and development of the business, Therefore, the company will practice as law and regulation determined related the right of such stakeholders with well care, besides, the company encourage to corporate between companies and group of stakeholders to secure for the company under the following guideline.

Shareholder:	the company is committed to better represent the shareholders in business to create maximum
	satisfaction for shareholders by taking into account of the growth of value of company in long-term
	and actions reveal information in a transparent and credible.
Employee:	the company recognized the importance of employees. This is a valuable resource of company. It
	aims to support the capacity development of human resources for maximum benefit. The company
	also encourage employees to participate in well creating corporate culture and team building and
	the atmosphere felling safe at work.
Competitors:	the company will comply to competitor in a frame of fairly rule by keeping standard of practical to
	the competitors.
Clients:	the company committed to meet and serve goods for satisfaction and confidence to customers.
	The company will comply with requirement of laws and regulations related to the right of stakeholders
	to be taken care well.

Section 4 Disclosure and transparency

Board of Directors recognized the important of sharing information, including financial data, general information in an accurate and complete and transparent, equitable, and time manner accordance with the rules of SEC and SET(Thailand) and other key information affecting the company's stock price, which all influence process in a decision making of investors and stakeholders of the company. The company has disclosed the information technology of company to shareholders and investors and public via media and publishing information of the stock exchange of Thailand and the company's website is www.siamgas.com

In the part of investors related to the company have not set up the specific unit but we assigned Mr.Supachai Weeraborwornpong and Mrs.Jintana Kingkaew to communicate with institution of investors, shareholders and also analyst and government related.

Board of Directors is responsible for consolidated financial statement of the company and its subsidiaries and financial information appearing in the annual report. Such financial statement prepared in accordance with general accepted accounting standard in Thailand by selection of appropriate accounting policies and compliance on a regular basis as well as disclosure adequate in the financial statement which in this audit committee will review the quality of reporting of financial and internal control systems, including, adequate disclosure of important information in the notes of financial statement.

Section 5 Responsibilities of the Board of Directors

1. Board Structure

Directors of company composed of persons who have knowledge, ability, with important role in determined the policy and overall picture of the organization and play an important role in monitoring and supervision, evaluation of operation to be as planned independently.

Structure of Board of Directors consists of 4 non-executive, of which three 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 currently, Board of Directors composed of eight directors, 4 are non-executive and feature 3 members of independent directors and 4 are executive board. The article of company requires that the annual general meeting, one—third of the directors, or if the number of directors is not a multiple of three, then the number nearest to one-third must retired from office. The directors retiring from office in the first and second year 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.

In addition, the Board of Directors has appointed various sub-committee such as audit committee and executive board to do the specific duty and propose the topic to the Board of Directors to considered or acknowledged. The subcommittee have right and duty as set forth in authority.

The company has divided roles for responsible between Board and executives as clearly by the Board of Directors acted in policy formulation and monitoring of the executive level's operation while the executive function in the management areas in accordance with the policy. Therefore, the Chairman of Board of directors and managing director is not the same person by both position have been selected by the Board to ensure that individuals are the best appropriate.

The company has secretary of the Board which will provide advice on regulation that Board of Directors must know and follow to in charge of activities of the Board, including with co-ordination to compliance with the resolution of committee.

2. Roles , Duties , and Responsibilities of the Board

The Board of Directors comprised of people with knowledge, a variety of skill and expertise and a leadership that is acceptable. The board of directors will participate in the vision, mission, strategic policy approach to business and supervise the performance to comply the law, objective, regulations and resolution of the shareholder's meeting. To follow and supervise operation of company closely, the company have appointed the committee to follow and supervise the operation of company.

Corporate Governance Policy

Company has established corporate governance policies of the company in written which the meeting of the Board of Directors on Febuary 20, 2009 has approved such policy, The directors will provide policy review and implementation of such policies on a regular basis.

Business ethics

The company has set about the ethical practices of the Board of Directors, executives and employees to all relevant guidance in the performance of its mission with integrity and equitable treatment to company and all groups of stakeholders and public social including determination tracking system to comply with these guideline on a regular basis.

The company has announced and informed to all employees to know and practice strictly, including with the practical way to inform to all employees to know and comply with strictly.

Conflict of interest

The Board of Directors has a policy about conflict of interest in any making decision to operate the business which must do for the highest interest for the company and avoid actions that cause a conflict of interest. According to those involve or associate with the items being considered must notify the company or related to the relationship of themselves in these items and must not participate in decision, including no authority to approve such transaction

The audit committee will propose the Board about items related and items that conflict in interest which will be considerate appropriate and practice as the rule of stock exchange of Thailand including with disclosure in the annual report and annual statement (Form56-1)

Internal control system

The company provide an important in internal control both in executive level and practical operation level to be effective. Therefore, it determined the duties, authority in operation to the employees and executives in written as clearly. They are controlling in using the assets of company to be beneficial. The operational duties separate in monitoring and evaluation of control from each other. The company has been appointed the audit committee to review the inside controlling system and checking inside as appropriate and effective.

Risk management

In year 2009, the company has assessed the adequacy of existing internal control system for considering in the way to improve operation practical.

Board of Directors Reporting

Audit committee will review financial report. The accounting department and auditors attended the meeting together and present financial report to the Board of Director every quarter. Board of Directors is responsible for consolidated financial statement of the company and its subsidiaries, including financial information (report of committee responsible for financial reporting) that appear in annual report. Such financial statement prepared in accordance with accounting standard and audited by certified auditors. The disclosure of important information, and financial information and non—financial operation based on the facts and fully consistent.

3. Board of directors Meeting

Board meetings are usually scheduled every three months and maybe a special meeting in case of necessary by setting a clear agenda. The documents prepare before the meeting in advance for the Board to have adequate time to study before the meeting except in the case of urgent necessity and the meeting were recorded and collected the document to consolidate the certified document in reference and accountability.



In the meeting, the chairman of the Board and managing director are together determined the time for the meeting and consideration in agenda topics. They open opportunity to each directors to propose in any topic to considerate in the term of meeting.

In consideration the topic of meeting, the chairman of the Board will do the duty in the meeting by letting the directors to propose their opinion freely. Sometimes, it might be high level of executives to attend the meeting for giving the additional benefit details as the related and also receive the direct policy to implement efficiency. The decision at the meeting shall be by majority of votes. Each directors shall have one vote, but a director who have interest 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.

	Name	position	Attended the meeting
Year 2010			Year 2010
1.	Gen.Chaisit Shinawatra	Chairman	6/8
2.	Mr.Worawit Weeraborwornpong	Vice-Chairman	7/8
3.	Mrs.Patchara Weeraborwornpong	Director	6/8
4.	Mr.Supachai Weeraborwornpong	Director and Managing director	7/8
5.	Mr.Suttipong Vasuvanichphan	Director	7/8
6.	Mr.Viroj Klangboonkrong	Independent director and Chairman of audit committee	7/8
7.	Mr.Harn Chiocharn	Independent director and Audit committee	8/8
8.	Mrs.Sudjit Divari	Independent director and Audit committee	7/8

In year 2010, the company held nine meeting of the director s with detail of attendance of each directors as follow:

In each meeting were sent document attached the agenda in advance for the directors to have time to learn their issues adequately.

In each meeting of Board of directors, the secretary of the Board will attend the meeting to record the meeting report and submit it to the chairman of the Board to sign signature to certify the correctly. By the secretary propose to the meeting to certify in the first agenda of next meeting and also being information collectors and document collector about the meeting for facilitate in searching.

4. Remuneration

The company have policy to remuneration to directors and executives in appropriate by concerned about the operation of business and consistent with the same business or industry and also concerned about the duties and responsibilities of each director and executives in matter of remuneration, meeting fee and salary and bonus.

The remuneration for the directors

	Meeting fee (Baht)	Year 2010 (January-December)
1.	Gen.Chaisit Shinawatra ¹	60,000
2.	Mr.Worawit Weeraborwornpong	70,000
3.	Mrs.Patchara Weeraborwornpong	60,000
4.	Mr.Supachai Weeraborwornpong	70,000
5.	Mr.Suttipong Vasuvanichpan	70,000
6.	Mr.Viroj Klangboonkrong ²	220,000
7.	Mr.Harn Chiocharn ²	240,000
8.	Mrs.Sudjit Divari ²	230,000
	Total Total	1,020,000

Remark: 1. A company set annual fee in addition to allowance to Gen.Chaisit Shinawatra amount of 2,917,215 baht in year 2010

2. Company determined the annual remuneration in addition to meeting fee to each audit committee 729,304 baht per person.

Remuneration to managing director and management

The company provide the caution in paying compensation to executive of the company and subsidiaries in appropriate manner by competitive with the same business for taking care and sustain the quality of executives. The executive who assigned duties and responsibilities will be increased by adding the appropriate compensation as the duties and responsibilities entrusted increased.

5. Development of Directors and executives

The Board of Directors has the policy of implementation and facilitate in training and provide the knowledge to related directors in administrative governance system of the company such as directors, inspected directors etc. for improve the practical continuously. In case of changing the director or directors in management department, they will provide the beneficial information to the performance of new director as well as provide referral business nature and business practices of the company to new directors.

9. Control of Internal information

The company has regulations for the directors, executives and officers and employees to maintain confidentiality and /or information within the company, not to bring confidential and/or information within the company to disclose or seek for their own benefit or for the other's benefit, whether by direct or indirect. Whether they will get return or not and shall not transfer or sale or received transfer of securities by using confidential and /or inside information and/or enter into any other legal document in using confidential and /or inside information which cause the damage to the company whether indirect or direct way. In addition, executives, directors, employees and officers in agencies that receive the data within the company must not use advantage of such information prior to public disclosure and not related parties to transaction securities of the company within one month prior to announced the quarterly financial statement and annual financial statement. The regulation shall include the spouses and minors of executive and employee of the company.

Besides, the company has notified the directors and executives to understand the obligation to report holding securities of their spouses and minor in the company as well as the change in holding such securities to the office of the Securities and Exchange Commission under section 59 and penalties under section 275 of the Securities and Exchange Act 1992.

The company has determined the penalties for the person who seeking beneficial for bringing the inside information to be used or disclosed until the company could be damaged by consideration should be punished according to the case, including verbal warning, warning in written, probation and dismissal as dismissed from being employees as a result of laid off or fired as the case etc.

Staff

Number of employees

As of December 31, 2010 SGP UGP and group have number of employees(not including executives) total number of 2,112 were divided into department of UGP and its affiliates are

	Department	Number of staff
1	Office of managing director	4
2	LPG Sale Department	8
3	Engineering Department	17
4	IT Department	5
5	Corporate law and legal Department	3
6	Warehouse — Filling gas Department	474
7	Accounting / Financial Department	34
8	Procurement of LPG Department	1
9	HR Department	9
10	Internal Audit Department	6
11	Investor Relation Department	1
12	Coal Sales Department	3
13	International Department	13
14	Development business Department	1
	Total	595

UGP staff divided by the parties as at December 31,2010

	Department	Number of staff
1	Warehouse Department	140
2	LPG Sales Department	330
3	NH3 Sales Department	6
4	Industrial Sales Department	5
5	Central Administration Department	8
6	Administration Transport Department	1
7	Procurement of LPG Department	5
8	Accounting and Financial Department	38
9	IT Department	6
10	Engineering Department	12
11	Internal Audit Department	5
12	Corporate law and legal Department	3
13	HR Department	5
14	Business development and marketing Department	1
15	Employee development Department	2
16	Marine Transportation Department	17
17	Purchasing Department	6
	Total	590

Employees to other subsidiaries are LCR, CGT, LMR, UMR, UGT, UGI, UGC, SQS, SEEC SUPERGAS SINGGAS AND UNITED As of December 31, 2010 have staff a group of subsidiaries combined total 927 persons.

Employee remuneration (excluding executive)

In year 2010 the company paid compensation to employees 2,112 person total amount of 490.35 million baht as compensation in salary, fund, allowances, bonus and others.

Contribution fund

The company has established the contribution fund on April 20,2006 under the management of TISCO asset management company by the purpose of building morale and encouraging to the employees and to motivate the employees to work long term. the company has started to join in the contribution fund since April ,2006.

Human resource development policy

The company realized the important of employees because the appropriate knowledgeable for employee and working position is the main mechanism in successful of organization therefore, the company provide the employees to have knowledge, skill and experience to use in work performance efficiently. The company have training program for every employee levels which are a systematic formal training of the operating company.

62

٦

Internal control

The Board of Directors provided the importance of internal control continuously by assign the audit committee which composed of independent directors to assess internal control system. The internal audit report directly to the audit committee to review the internal system to considerate whether the company have operation in internal control system as appropriate or not and review the performance of the company to comply the law on Securities and Exchange Commission.

The audit committee have duties to select and appoint auditors, including the compensation to the auditor and consider the disclosure of information in case that related items or transaction that may conflict.

In year 2010 the audit committee held the meeting 16 times by the management of the company attended every time. The Board of directors and audit committee has assessed the internal control system which are organization and environment, risk management, the control of information technology and information media and tracking system. In their opinion, there are internal control system about the business transaction with the major shareholders, executives and related in appropriate way. For the other internal control of the internal control system in their opinion, there is sufficient and appropriate in internal control system and tracking and monitoring to control the operation of the company to be able to protect the assets of company and joint management of the lead used in improperly or without the authority.

The company's financial report prepared in accordance with generally accepted accounting principle, disclosure of information in the report, and financial accuracy and reliability. The company's operation comply with law on securities and stock exchange and other laws.



Connected Transactions

1. Summary of transactions between SGP, its subsidiaries and person who might have conflicts in quarter 4 2009 and 2010

Nature of Transactions

SGP and its subsidiaries had connected transactions in accordance with normal business operations and fair-trade practices as follows:

Concerned			Va	Value	Outstanding	nding	
Person/Legal	Relationship	Description	(Kbaht)	aht)	(Kbaht)	iht)	Justification
Entity			2009	2010	2009	2010	
1.1 Phrom	Weeraborwornpong family is	Weeraborwompong family is Revenue from LPG sales and Trade Accounts receivable	6,180	6,052	1,167	1,220	The Audit Committee considers that these
Maharaj Land	the major shareholder of both	the major shareholder of both PHROM purchased LPG from SGP for its food court, and the hotel kitchens with					transactions were carried out on normal basis
Development	SGP and PHROM who is holding	SGP and PHROM who is holding the same price as that sold to general customers.					of SGP's business and also the price was the
Co.,Ltd. (PHROM)	634.25 million shares or 66.76% of						same as that sold to general customers.
— real estate	SGP's share equity and 1.146 Interest Income	Interest Income	I	ı	ı	ī	Therefore, such transactions were considered
and hotel	million shares or 81.86% of	million shares or 81.86% of UGP provided a short-term loan to PHROM due to its financial liquidity problem					appropriate and reasonable.
business	PHROM's share equity.	in quarter 2 and 3 with the amount of 30 and 10 million baht by charging					
		interest at 0.25% per year. The repayment of loan was settled within the quarters					
		of loan.					
		Other Incomes and Receivable	4	I	4	ı	
		Training Fee was the income which SGP and subsidiaries collect as other					
		incomes such as the training and seminar services provided to PHROM.					

Г

Ē

1

Concerned			Value	en	Outstanding	nding	
Person/Legal	Relationship	Description	(Kbaht)	lht)	(Kbaht)	iht)	Justification
Entity			2009	2010	2009	2010	
	SGP and PHROM have 4 directors	Offlice Space Leasing Deposit	ı	ı	3,311	3,608	The Audit Committee considered that the
	in common. There are 2 directors of	SGP and its subsidiaries, i.e. UGP, LCR, and UMR rent their office space from PHROM.					office space rental deposit placed by SGP
	PHROM including Mr.Worawit	In this regard, SGP and its subsidiaries needed to place deposit to PHROM at the					and its subsidiary was general practice of
	Weeraborwornpong and Mrs.	Weeraborwornpong and Mrs. I rate of one-month rental fee instead of charging normal deposit rate of two-month					office building business. Moreover, SGP and
	Patchara Weeraborwompong who	rental fee. The office rental deposit was general practice of office building, but					its subsidiaries could place the deposit at $\boldsymbol{\alpha}$
	both are also the directors of SGP.	SGP and its subsidiaries paid at a lower rate.					lower rate than normal case. Therefore, such
	And the other 2 directors of PHROM						transaction was considered appropriate and
	including Mr.Supachai						reasonable.
	Weeraborwornpong and Mr.						
	Suthipong Vasuvanichpan who are						
	directors, executive directors, and						
	management of SGP.						
		Other Services	ő	1.115	ı		
		SGP and its subsidiaries also hired PHROM for their office decorations and other	6	2			
		services.					

65 _

٦

г

L

r				Value	Ð	Outstanding	nding	
٦ 56	Concerned Person/Legal	Relationship	Description	(Kbaht)	ht)	(Kbaht)	ht)	Justification
_	Entity			2009	2010	2009	2010	
			Rental Payment and Account Payable	15,737	17,346	1,345	1,566	The Audit Committee considered that office
			These transactions were office rental fee of SGP and its subsidiaries i.e. UGP, LCR,					space rental of SGP and its subsidiaries was
			and UMR paid to PHROM for the total space of 3,105.12 m^2 at the rate of 450-					normal practice in running business, although
			550 baht per m^2 expiring at the end of July 2009. And the rental contract was					the rental rate of PHROM was higher than those
			renewed effective from August 1, 2010 for the total space of $3.457.12~{ m m}^2$ at the					of other office buildings nearby. Also, the
			rate of 467.50-572.50 baht per m^2 . However, the rates were higher than those					available space of other office buildings nearby
			quoted by office buildings in the same area, but their available space was not					was smaller and not suitable for using as offices
			sufficient for SGP and its subsidiaries. PHROM also provided better offerings and					of SGP and its subsidiaries. Considering better
			services than others such as more parking space, cheaper parking fee for					offerings of PHROM such as more parking
			parking exceeding the limit, and the same air conditioning charge during for off-					space, cheaper parking fee for parking
			hour period as the for office-hour period. In this regard, SCP had submitted both					exceeding the limit, and the same air
			rental fees of other office buildings in the nearby area and that of PHROM to the					conditioning charge during for off-hour period
			Audit Committee for consideration.					as the for office-hour period, the Audit
								Committee considered this transaction was
								appropriate and the rental fee was reasonable.
								- - - - - - - - - - - - - - - - - - -
			Pool Property Service Fee and Account Payable	3,748	4,037	332	362	The Audit Committee's opinion was that the
			SGP and its subsidiaries, i.e. UGP, LCR, and UMR rent their office space from					pool property service fee was general practice
			PHROM, so they also have to pay for pool property service fee in accordance					of office building, and the fee charged to SGP
			with the contract which is general practice, and the fee charged to SGP and					and subsidiaries was the same as that charged
			subsidiaries is the same as that charged to other tenants.					to other tenants, so such transaction was
								appropriate and reasonable.

E.

Concerned Person/Legal	Relationship	Description	Value (Kbaht)	e (tr	Outstanding (Kbaht)	ht)	Justification
Entity							
		Other Expenses and Account Payable	2009 6,083	2 UIU 8,114	781	2010 1,134	1,134 The Audit Committee's opinion was that the
		These expenses were incurred as SGP and its subsidiaries used various kinds of					services provided by PHROM to SGP and its
		services of PHROM's hotel such as staff's lunch, customerreception and entertaining,					subsidiary including staff's lunch, customer
		and hotel room accommodation which were charged at the same rate as general					reception and entertaining, hotel room
		guests.					accommodation and other services were the
							general services of PHROM as a shopping
							center and hotel. And the services charge
							for SGP and its subsidiaries were the same as
							those for general guests, so such transactions
							were appropriate and reasonable.
		Interest Expense and Debt Balance	I	I	1	I	The Audit Committee's opinion was that the
		In late 2004, PHROM granted loan as financial support to SGP amount of 600 million					loan from PHROM was made due to the
		baht in acquiring LPG business of UGP. This amount was the loan from bank borrowed					necessity to fund the business acquisition from
		by PHROM, then subsequently provided to SGP at the rate of MLR +0.25% per annum					UGP due to the period SGP ran short of fund.
		on the condition that the loan repayment to PHROM would be made after SGP					Therefore, PHROM borrowed the loan from a
		had settled all principle and interest to the bank. However, SGP submitted a letter					commercial BANK with an MLR interest to
		(no.SGP 01-09/07)					subsequently lend SGP with an interest rate
							of MLR +0.25% as PHROM had to pay for bank
							fee
		-					

ANNUAL REPORT 2010 SIAMGAS AND PETROCHEMICALS PUBLIC COMPANY LIMIED

67

L

Concerned Person/Legal	Relationship	Description	Value (Kbaht)	Outs (K	Outst anding (Kbaht)	Justification
Entity			2009 2010	10 2009	2010	
		dated September 20, 2007 to the bank requesting to change the borrower from PHROM to SCP which resulted in reduction of interest rate. Then, on March 6, 2008, SCP entered into loan agreement of 600 million baht at interest rate of MLR. Therefore, there had been no more outstanding loan from PHROM to SCP.				and tax. Therefore, such transaction was considered as appropriate and reasonable.
		Electricity and Water Supply Expenses SCP and its subsidiaries paid for electricity and water supply expenses for their offices at the same rate as PHROM charged to other tenants.	1,539	5 28 88	207	The Audit Committee's opinion was that the electricity and water supply expenses SCP and its subsidiaries paid to PHROM were the same as that PHROM charged to other tenants, so such transactions were appropriate and reasonable.

E.

ч

Financial Status and Operating Performance

1 Financial Statements

1.1 Auditor

Year	Auditor's Name	Certified Public	Audit Company
		Accountant No.	
2008	Mr.Montree Panichakul	3461	Deloitte Touche Tohmatsu Jaiyos Company Limited
2009	Mr.Montree Panichakul	3461	Deloitte Touche Tohmatsu Jaiyos Company Limited
2010	Mr. Vichien Khingmontri	3977	PricewaterhouseCoopers ABAS Limited

Summary of auditor's report for year 2008 to 2010

Year 2008

The auditor conducted the audit in accordance with generally accepted auditing standards and expressed opinion on SGP's financial statements and the consolidated financial statements, and the financial status of SGP and its subsidiaries as at December 31, 2007 and 2008 that the operating results and cash flow as at year end of each year were appropriately and correctly recorded in accordance with generally accepted accounting principles. In addition, the financial statements for the year end as at December 31, 2008, SGP had changed its accounting policy related to its goodwill and trademarks from 20-year straight-line amortization to testing impairment at each reporting date.

Year 2009

The auditor conducted the audit in accordance with generally accepted auditing standards and expressed opinion on SGP's financial statements and the consolidated financial statements, and the financial status of SGP and its subsidiaries as at December 31, 2008 and 2009 that the operating results and cash flow as at year end of each year were appropriately and correctly recorded in accordance with generally accepted accounting principles

Year 2010

The auditor conducted the audit in accordance with generally accepted auditing standards and expressed opinion on SGP's financial statements and the consolidated financial statements, and the financial status of SGP and its subsidiaries as at December 31, 2010 that the operating results and cash flow as at year end of each year were appropriately and correctly recorded in accordance with generally accepted accounting principles

1.2 Major change in accounting in 2008

Change in policy related to "intangible assets"

According to the accounting standard No.43 (revision 2007) related to the business combination and the accounting standard No.51 (revision 2007) on intangible assets requiring that goodwill and intangible assets with uncertain useful life be tested for impairment on yearly basis and be not allowed to for amortization. Such change was not retroactive for the previous year financial statements. Therefore, SGP switched from applying the 20-year straight line amortization method for goodwill and trade marks to testing impairment at each reporting date.

1.3 Major change in Acounting in 2009

- None -

1.4 <u>Summary of Financial Statements</u>

Siamgas and Petrochemicals Public Company Limited

Balance Sheet

As at 31 December 2008 - 2010

Units : `000 Baht

			Compar	iy		
	31 Dec 2	008	31 Dec 2	2009	31 Dec 2	010
	`000 Baht	%	`000 Baht	%	`000 Baht	%
ASSET						
Current Assets						
Cash and cash equivalents	174,844	3.3	311,217	5.0	233,898	2.1
Short-term investment	10,000	0.2	-	-	-	-
Trade accounts receivable, net	298,898	5.7	355,465	5.7	322,219	2.9
Trade accounts receivable from related parties	9,199	0.2	10,645	0.2	173,802	1.6
Inventories, net	800,88	1.7	96,490	1.5	1,116,789	10.2
Current portion of long-term loans to related parties	10,000	0.2	100,000	1.6	-	-
Other current assets						
- Advance payment	-	-	69,812	1.1	4,470	0.0
- Accrued interest income on loan to subsidiaries	1,074	0.0	1,892	0.0	13,900	0.1
- Refundable corporate income tax	-	-	25,613	0.4	25,612	0.2
- Accrued income	2,095	0.0	954	0.0	320	0.0
- Other receivable from relates parties	49	0.0	165	0.0	14,536	0.1
- Prepaid expenses	7,754	0.1	9,745	0.2	30,900	0.3
- Others	6,443	0.1	4,379	0.1	2,677	0.0
Total current assets	608,364	11.5	986,377	15.7	1,939,123	17.7
Non-current assets						
Investment in subsidiaries	2,524,624	47.9	2,726,164	43.5	5,500,976	50.1
Investment in a joint venture	-	-	-	-	500	0.0
Long-term loans to related parties, net	100,000	1.9	115,000	1.8	552,981	5.0
Property, plant and equipment, net	2,019,531	38.3	2,402,995	38.3	2,913,623	26.5
Land and port Leasehold rights	10,166	0.2	9,025	0.1	7,883	0.1
Computer Software	85	0.0	76	0.0	45	0.0
Other non-current assets	8,664	0.2	27,849	0.4	63,345	0.6
Total non-current assets	4,663,070	88.5	5,281,109	84.3	9,039,353	82.3
Total assets	5,271,434	100.0	6,267,486	100.0	10,978,476	100.0

٦

-
Balance Sheet

As at 31 December 2008 - 2010

Units : `000 Baht

	Company					
	31 Dec 20	008	31 Dec 2	2009	31 Dec 2	010
	`000 Baht	%	`000 Baht	%	`000 Baht	%
Liabilities and shareholders' equity						
Current liabilities						
Bank overdrafts and short-term loans from	-	-	-	-	1,047,451	9.5
financial institution	-	-	-	-	1,047,451	9.5
Trade accounts payable	503,181	9.5	516,345	8.2	1,140,764	10.4
Trade accounts payable to related parties	36,570	0.7	28,911	0.5	32,970	0.3
Current portion of long-term loans	-	-	120,000	1.9	604,356	5.5
Current portion of long-term loans to related parties	20,000	0.4	-	-	-	-
Other payables	19,585	0.4	19,942	0.3	20,351	0.2
Other current liabilities						
- Other account payable to subsidiaries and	123,659	2.3	127,182	2.0	97,497	0.9
related parties	1,722	0.0	1,297	0.0	8,359	0.1
- Accrued corporate income tax	123,659	2.3	127,182	2.0	97,497	0.9
- Account payable — revenue department	-	-	8,939	0.1	7,791	0.1
- Accrued expense	17,695	0.3	12,069	0.2	12,501	0.1
- Others	44,875	0.9	9,349	0.1	9,185	0.1
Total current liabilities	767,287	14.6	844,034	13.5	2,981,225	27.2
Non-current liabilities						
Long-term loans from related parties	1,218,000	23.1	825,000	13.2	1,310,000	11.9
Long-term loans from financial institution, net	-	-	390,000	6.2	1,756,368	16.0
Cylinder deposits	213,864	4.1	258,155	4.1	305,967	2.8
Other non-current liabilities	2,001	0.0	2,038	0.0	1,784	0.0
Total non-current liabilities	1,433,865	27.2	1,475,193	23.5	3,374,119	30.7
Total liabilities	2,201,152	41.8	2,319,227	37.0	6,355,344	57.9
Shareholders' equity						
Authorized share capital 950 Mil.Share @ 1 Baht	950,000		950,000		950,000	
Issued and paid-up share capital 950 Mil.Share						
@ 1 Baht	950,000	18.0	950,000	15.2	950,000	8.7
Premium on share capital	1,874,482	35.6	1,874,482	29.9	1,874,482	17.1
Revaluation surplus on land	270,081	5.1	281,220	4.5	281,220	2.6
Diff from a business combination						
under common control	(660,734)	(12.5)	(660,734)	(10.5)	(660,734)	(6.0)
Retain earning — Legal reserve	38,851	0.7	116,864	1.9	162,089	1.5
Retain earning — Reserve for treasury stock	-	-	272,143	4.3	272,143	2.5
Retain earning — Un appropriated	597,602	11.3	1,386,427	22.1	2,016,075	18.4
Total shareholders' equity	3,070,282	58.2	4,220,402	67.3	4,895,275	44.6
Less Reserve for treasury stock	-	-	(272,143)	(4.3)	(272,143)	(2.5)
Total shareholders' equity, net	3,070,282	58.2	3,948,259	63.0	4,623,132	42.1
Total liabilities and shareholders' equity	5,271,434	100.0	6,267,486	100.0	10,978,475	100.0

Balance Sheet

As at 31 December 2008 - 2010

Consolidated 31 Dec 2008 31 Dec 2009 31 Dec 2010 `000 Baht `000 Baht `000 Baht % % % ASSET Current Assets Cash and cash equivalents 737.527 9.2 1,331,089 14.0 938,780 6.0 0.1 Short-term investment 15,145 0.2 10,111 Trade accounts receivable, net 925,851 11.6 1,021,005 10.7 1,136,366 7.2 Trade accounts receivable from related parties 1,441 0.0 1,167 0.0 1,220 0.0 Inventories, net 414,906 5.2 392,304 4.1 1,909,951 12.2 Other current assets - Advance payment 73,549 0.8 88,067 0.6 _ 44,975 - Advance payment for goods 0.6 _ - Accrued income 2,953 0.0 0.0 324 0.0 1.145 - Receivable from Revenue Department 34,559 0.2 _ 0.2 - Refundable corporate income tax 25,613 _ 25,613 0.3 -- Other receivable from relates parties 0.0 _ 4 - Insurance claim receivable 0.3 22,823 18.567 0.2 24,159 0.1 - Prepaid expenses 17,679 0.2 21,039 0.2 48,800 0.3 - Others 23,230 0.3 24,342 0.3 60,839 0.4 2,202,274 Total current assets 27.5 2,925,527 30.8 4,267,342 27.2 Non-current assets Long-term investment 200 0.0 200 0.0 200 0.0 Investment in a joint venture 500 0.0 Property, plant and equipment, net 4,657,163 55.2 9,240,078 58.2 5,251,690 58.9 Non-operating assets held for sales 50,500 50,500 0.6 0.5 Intangible assets 1,046,146 13.1 1,046,146 11.0 1,596,791 10.2 Land and port Leasehold rights 20,794 0.3 18,290 0.2 246,861 1.6 Computer Software 6,643 0.1 6,730 0.1 8,429 0.1 Deposit for investment 165,521 1.7 150,756 1.0 Other non-current assets 15,751 0.2 41,157 0.4 187,779 1.2 Total non-current assets 5,797,197 72.5 6,580,234 69.2 11,431,394 72.8 Total assets 7,999,471 100.0 9,505,761 100.0 15,698,736 100.0

Units : `000 Baht

Balance Sheet

As at 31 December 2008 - 2010

Units : `000 Baht

	Consolidated					
	31 Dec 20	008	31 Dec 2	009	31 Dec 2	010
	`000 Baht	%	`000 Baht	%	`000 Baht	%
Liabilities and shareholders' equity						
Current liabilities						
Bank overdrafts and short-term loans from	22,784	0.3	20,000	0.2	2,171,598	13.8
financial institution	22,784	0.3	20,000	0.2	2,171,598	13.8
Trade accounts payable	970,113	12.1	1,047,862	11.0	1,732,666	11.0
Trade accounts payable to related parties	-	-	-	-	-	-
Current portion of long-term loans	13,667	0.2	186,059	2.0	688,747	4.4
Others payable	86,530	1.1	54,021	0.6	101,639	0.6
Other current liabilities						
- Other account payable to subsidiaries and						
related parties	3,568	0.0	2,720	0.0	3,268	0.0
- Accrued corporate income tax	259,229	3.2	327,875	3.4	265,153	1.7
- Account payable — revenue department	7,800	0.1	16,473	0.2	-	-
- Accrued expense	75,650	0.9	49,119	0.5	95,729	0.6
- Others	24,215	0.3	18,276	0.2	64,730	0.4
Total current liabilities	1,467,556	18.3	1,722,405	18.1	5,123,530	32.6
Non-current liabilities						
Long-term loans from financial institution, net	161,667	2.0	747,736	7.9	2,200,806	14.0
Obligation under finance lease agreement	66	0.0	-	-	-	-
Accrued interest expenses of long-term loans from	-	-	-	-	469,276	3.0
Financial institutions	6,808	0.1	-	-	-	-
Cylinder deposits	2,150,541	26.9	2,254,070	23.7	2,433,207	15.5
Total purchase consideration in acquiring subsidiary	3,793,458	47.4	4,729,724	49.8	10,250,473	65.3
less than its net assets at book value	-	-	-	-	469,276	3.0
Other non-current liabilities	10,820	0.1	5,513	0.1	23,654	0.2
Total non-current liabilities	2,329,902	29.1	3,007,319	31.6	5,126,943	32.7
Total liabilities	3,793,458	47.4	4,729,724	49.8	10,250,473	65.3
Shareholders' equity						
Authorized share capital 950 Mil.Share @ 1 Baht	950,000		950,000		950,000	
lssued and paid-up share capital 950 Mil.Share	22,583	0.3	22,583	0.2	22,583	0.1
@ 1 Baht	950,000	11.9	950,000	10.0	950,000	6.1
Premium on share capital	1,874,482	23.4	1,874,482	19.7	1,874,482	11.9
Revaluation surplus on land	270,081	3.4	310,444	3.3	310,444	2.0
Diff from a business combination						
under common control	1,602,683	20.0	2,081,718	21.9	2,754,063	17.5
Diff from taking equity of a business combination		20.0 (8.3)	2,081,718 (660,734)	21.9 (7.0)	2,754,063 (660,734)	17.5 (4.2)
under common control	1,602,683					
	1,602,683		(660,734)	(7.0)	(660,734)	(4.2)
Currency translation differences	1,602,683 (660,734) -	(8.3) -	(660,734) (272,143)	(7.0) (2.9)	(660,734) (272,143)	(4.2) (1.7)
	1,602,683 (660,734) -	(8.3) -	(660,734) (272,143) 22,583	(7.0) (2.9) 0.2	(660,734) (272,143) 22,583	(4.2) (1.7) 0.1
Currency translation differences	1,602,683 (660,734) - 22,583 -	(8.3) - 0.3 -	(660,734) (272,143) 22,583 (2,950)	(7.0) (2.9) 0.2 0.0	(660,734) (272,143) 22,583 (32,001)	(4.2) (1.7) 0.1 (0.2)
Currency translation differences Retain earning — Legal reserve Retain earning — Reserve for treasury stock	1,602,683 (660,734) - 22,583 -	(8.3) - 0.3 -	(660,734) (272,143) 22,583 (2,950) 116,864 272,143	(7.0) (2.9) 0.2 0.0 1.2	(660,734) (272,143) 22,583 (32,001) 162,089 272,143	(4.2) (1.7) 0.1 (0.2) 1.0
Currency translation differences Retain earning — Legal reserve Retain earning — Reserve for treasury stock Retain earning — Un appropriated	1,602,683 (660,734) - 22,583 - 38,851 - 1,602,683	(8.3) - 0.3 - 0.5 - 20.0	(660,734) (272,143) 22,583 (2,950) 116,864 272,143 2,081,718	 (7.0) (2.9) 0.2 0.0 1.2 2.9 21.9 	(660,734) (272,143) 22,583 (32,001) 162,089 272,143 2,754,063	(4.2) (1.7) 0.1 (0.2) 1.0 1.7 17.5
Currency translation differences Retain earning — Legal reserve Retain earning — Reserve for treasury stock Retain earning — Un appropriated Total parent's shareholders' equity	1,602,683 (660,734) - 22,583 - 38,851 -	(8.3) - 0.3 - 0.5 -	(660,734) (272,143) 22,583 (2,950) 116,864 272,143 2,081,718 4,964,550	(7.0) (2.9) 0.2 0.0 1.2 2.9 21.9 52.2	(660,734) (272,143) 22,583 (32,001) 162,089 272,143 2,754,063 5,653,069	(4.2) (1.7) 0.1 (0.2) 1.0 1.7 17.5 36.0
Currency translation differences Retain earning — Legal reserve Retain earning — Reserve for treasury stock Retain earning — Un appropriated Total parent's shareholders' equity Treasury stock	1,602,683 (660,734) - 22,583 - 38,851 - 1,602,683 4,097,946 -	(8.3) - 0.3 - 0.5 - 20.0 51.2 -	(660,734) (272,143) 22,583 (2,950) 116,864 272,143 2,081,718 4,964,550 (272,143)	(7.0) (2.9) 0.2 0.0 1.2 2.9 21.9 52.2 (2.9)	(660,734) (272,143) 22,583 (32,001) 162,089 272,143 2,754,063 5,653,069 (272,143)	(4.2) (1.7) 0.1 (0.2) 1.0 1.7 17.5 36.0 (1.7)
Currency translation differences Retain earning — Legal reserve Retain earning — Reserve for treasury stock Retain earning — Un appropriated Total parent's shareholders' equity Treasury stock Total parent's shareholders' equity, net	1,602,683 (660,734) - 22,583 - 38,851 - 1,602,683 4,097,946 - 4,097,946	(8.3) - 0.3 - 0.5 - 20.0 51.2 - 51.2	(660,734) (272,143) 22,583 (2,950) 116,864 272,143 2,081,718 4,964,550 (272,143) 4,692,407	(7.0) (2.9) 0.2 0.0 1.2 2.9 21.9 52.2 (2.9) 49.4	(660,734) (272,143) 22,583 (32,001) 162,089 272,143 2,754,063 5,653,069 (272,143) 5,380,926	(4.2) (1.7) 0.1 (0.2) 1.0 1.7 17.5 36.0 (1.7) 34.3
Currency translation differences Retain earning — Legal reserve Retain earning — Reserve for treasury stock Retain earning — Un appropriated Total parent's shareholders' equity Treasury stock	1,602,683 (660,734) - 22,583 - 38,851 - 1,602,683 4,097,946 -	(8.3) - 0.3 - 0.5 - 20.0 51.2 -	(660,734) (272,143) 22,583 (2,950) 116,864 272,143 2,081,718 4,964,550 (272,143)	(7.0) (2.9) 0.2 0.0 1.2 2.9 21.9 52.2 (2.9)	(660,734) (272,143) 22,583 (32,001) 162,089 272,143 2,754,063 5,653,069 (272,143)	(4.2) (1.7) 0.1 (0.2) 1.0 1.7 17.5 36.0 (1.7)

۳ 73

г

Statement of Income

As at 31 December 2008 - 2010

Units	000	Baht
UTILIS	000	DUIII

			Compan	ıУ		
	31 Dec 20	800	31 Dec 2	009	31 Dec 2	010
	`000 Baht	%	`000 Baht	%	`000 Baht	%
Revenue						
Revenue from sales	10,941,429	98.9	10,235,294	90.2	11,487,867	93.8
Revenue from services	75,568	0.7	69,747	0.6	74,664	0.6
Dividend income	-	-	993,382	8.8	627,399	5.1
Other income	41,856	0.4	52,540	0.5	53,311	0.4
Total revenue	11,058,853	100.0	11,350,963	100.0	12,243,241	100.0
Selling and administrative expenses						
Cost of sales and services	(9,926,144)	(89.8)	(9,315,637)	(82.1)	(10,601,880)	(86.6)
Selling and Administrative	(196,863)	(1.8)	(231,217)	(2.0)	(259,112)	(2.1)
Total expenses	(10,123,007)	(91.5)	(9,546,854)	(84.1)	(10,860,992)	(88.7)
Profit before finance costs and income tax	935,846	8.5	1,804,109	15.9	1,382,249	11.3
Financial costs	(68,997)	(0.6)	(27,621)	(0.2)	(43,873)	(0.4)
Income Tax	(236,726)	(2.1)	(216,221)	(1.9)	(204,472)	(1.7)
Net profit	630,123	5.7	1,560,267	13.7	1,133,901	9.3

74

Г

٦

Statement of Income

As at 31 December 2008 - 2010

Units : `000 Baht

			Consolidat	ted		
	2008		2009		2010	
	`000 Baht	%	`000 Baht	%	`000 Baht	%
Revenue						
Revenue from sales	19,721,568	97.8	18,953,273	97.4	21,388,669	97.2
Revenue from services	302,989	1.5	346,609	1.8	335,384	1.5
Dividend income	35,925	0.2	33,442	0.2	136,457	0.6
Other income	105,881	0.5	121,976	0.6	139,078	0.6
Total revenue	20,166,363	100.0	19,455,300	100.0	21,999,588	100.0
Selling and administrative expenses						
Cost of sales and services	(18,058,676)	(89.5)	(17,122,007)	(88.0)	(19,621,361)	(89.2)
Selling and Administrative	(472,968)	(2.3)	(498,792)	(2.6)	(601,558)	(2.7)
Total expenses	(18,531,644)	(91.9)	(17,620,799)	(90.6)	(20,222,919)	(91.9)
Profit before finance costs and income tax	1,634,719	8.1	1,834,501	9.4	1,776,669	8.1
Financial costs	(62,196)	(0.3)	(43,629)	(0.2)	(66,589)	(0.3)
Income Tax	(479,990)	(2.4)	(560,713)	(2.9)	(553,094)	(2.5)
Net profit	1,092,534	5.4	1,230,159	6.3	1,156,986	5.3
Attributable to :						
Equity holders of the parent	1,095,171	5.4	1,254,596	6.4	1,179,199	5.4
Minority interests	(2,637)	(0.0)	(24,437)	(0.1)	(22,213)	(0.1)

75

Statement of Cash Flows

As at 31 December 2008 - 2010

Consolidated Company 2008 2009 2010 2008 2009 2010 Cash flows from operating activities Net profit before income tax 866,849 1,776,489 1,338,375 1,572,524 1,790,871 1,710,080 Adjustments for : Depreciation expenses - property, plant and equipment 42,233 50,323 61,725 369,165 415,903 451,217 Amortization expenses 511 1,191 1,173 3,725 3,471 9,080 Allowance for doubtful debts (reversal) 8,954 727 (56) (547) (356) (166) Provision for diminution in value of inventories 1,198 1,584 (2,776) (reversal) _ 1,198 1,584 (2,776) Withholding tax written-off 2,659 Unrealized (gain) loss on exchange 357 808 816 (415) 1,186 (Gain) loss on sales/written off of property, (21,090) (20,740) plant and equipment, net (4,210) 24 (1,146) (285) 1,799 (22,172) Reversal of loss from land revaluation (21,090) (20,740) Other revenue (19,464) Amortization expense 299 Dividends received (993,382) (627,399) Interest expenses 58,312 12,584 27,935 38,855 18,387 42,384 963,639 825,949 801,115 1,978,446 2,211,587 2,188,834 Changes in operating working capital : Trade accounts receivable 55,637 (56,436) 33,603 33,731 (96,320) (27,359) Trade accounts receivable from related parties (1,897) (1,446) (163,157) (153) 273 (53) Inventories (30,243) (8,483) (1,020,298) (155,664) 21,017 (1,101,883) Other current assets (7,304) (69,832) 47,940 (7,542) (40,133) 80.794 Other non-current assets (10,501) (19,186) (10,664) 8,554 (27,865) (107,113) Trade accounts payable to related parties 3,444 (7,659) (501) (8,004) 230 Trade accounts payable (7,028) 13,148 624,418 43,262 78,455 511,358 Other payable 5,843 147 (2,361) 45,068 750 4,258 Other current liabilities 12,050 (4,100) 7,995 (3,059) (22,603) (30,744) Cylinder deposits 41,982 44,291 47,811 95,627 103,528 145,625 Other non-current liabilities 651 37 (254) 2,405 (5,306) 4,457 Cash flows receipts from operating activities before interest and income tax paid 1,047,275 716,430 365,647 2,032,671 2,223,613 1,668,174 Interest paid (42,675) (44,522) (29,736) (43,677) (33,494) (37,997) Income tax paid (179,278) (238,310) (234,160) (389,473) (517,679) (623,818) 825,322 433,598 101,751 1,599,521 1,672,440 1,006,359 Net cash receipts from operating activities

Units : `000 Baht

Statement of Cash Flows

As at 31 December 2008 - 2010

Units : `000 Baht

		Company			Consolidated		
	2008	2009	2010	2008	2009	2010	
Cash flows from investing activities							
Proceeds from disposals of short-term							
investments	(10,000)	10,000	-	(10,215)	5,034	10,111	
Net cash paid for the acquisitions of							
subsidiaries	(352,233)	(201,540)	(2,796,875)	(298,623)	-	(1,063,541)	
Payment for investment in joint venture	-	-	(500)	-	-	-	
Proceeds from disposals of property, plant and							
equipment	10,397	2,441	21,940	3,611	4,380	39,907	
Deposits paid for acquisition of investment	-	-	-	-	(165,520)	-	
Purchases of property, plant and equipment	(1,245,597)	(400,038)	(638,455)	(1,639,069)	(980,831)	(1,401,720)	
Purchases of intangible assets	-	(40)	-	(405)	(680)	(1,200)	
Payment for short-term loans to related parties	(10,000)	(183,131)	-	(80,000)	-	-	
Cash received from investments in subsidiary	58,599	-	-	58,599	-	-	
Receipt from short-term loans from related							
parties	-	183,131	-	-	-	-	
Payment for long-term loans to related parties	(100,000)	(105,000)	(506,506)	-	-	-	
Proceed from disposal of investment in a							
subsidiary	-	-	22,063	-	-	22,063	
Receipt from long-term loans from related							
parties	-	-	168,525	-	-	-	
Received for short-term loans to related parties	-	-	-	80,000	-	-	
Dividends received	-	993,382	627,399	-	-	-	
Payment for leasehold right	(6,500)	-	-	(6,500)	-	-	
Net cash receipts (payments) from investing activities	(1,655,334)	299,206	(3,102,409)	(1,892,602)	(1,137,617)	(2,394,380)	



Statement of Cash Flows

As at 31 December 2008 - 2010

Units : 'U						s : `000 Baht
		Company			Consolidated	
	2008	2009	2010	2008	2009	2010
Cash flows from financing activities						
Proceed from (payments on) short-term loan						
from financial institution	-	-	1,046,643	(2,106)	(2,784)	1,046,643
Payment for repayment of loans from directors	-	-	-	(64)	-	-
Repayments on short-term loans from related						
parties	-	(20,000)	-	-	-	-
Received on short-term loans from related						
parties	20,000	-	-	-	-	-
Proceeds from long-term loans from related						
parties	395,000	825,000	1,110,000	-	-	-
Repayment on long-term loans from related						
parties	(798,500)	(1,218,000)	(625,000)	(600,000)	-	-
Proceed from long-term loans from financial						
institutions	600,000	600,000	1,990,000	600,000	873,930	2,151,525
Payments to subsidiary's former shareholder						
for transfer of its loan to the Group	-	-	-	-	-	(1,554,661)
Repayments on long-term loans from financial						
institutions	(1,432,500)	(90,000)	(139,275)	(1,518,322)	(115,468)	(195,767)
Repayment for liabilities under hire purchase						
agreement	-	-	-	(3,797)	(158)	(66)
Received from issuing ordinary share	280,000	-	-	280,000	-	-
Received from premium on ordinary share	1,874,482	-	-	1,874,482	-	-
Payment for purchase of treasury stocks	-	(272,143)	-	-	(272,144)	-
Dividends payments	(142,500)	(421,286)	(459,028)	(142,500)	(425,404)	(461,629)
Net cash receipts (payments) from financing						
activities	795,982	(596,429)	2,923,340	487,693	57,972	986,045
Exchange gain(loss) on cash and cash						
equivalents	-	-	-	-	767	(378)
Net (decrease) increase in cash and cash						
equivalents	(34,032)	136,373	(77,319)	194,612	592,796	(401,976)
Cash and cash equivalents at the beginning of						
the years	208,876	174,844	311,217	542,915	737,526	1,331,089
Cash and cash equivalents at the ending of						
the years	174,844	311,217	233,898	737,526	1,331,089	928,734

Units : `000 Baht

78

Г

٦

As at 31 December 2008 - 2010

		Company			Consolidated			
	2008	2009	2010	2008	2009	2010		
Liquidity Ratio								
Current ratio (times)	0.79	1.17	0.65	1.50	1.70	0.83		
Quick ratio (times)	0.63	0.80	0.24	1.13	1.37	0.41		
Cash flow liquidity ratio (times)	1.00	0.54	0.05	1.09	1.05	0.29		
Account receivable turnover (times)	32.66	30.36	26.65	21.11	19.80	20.12		
Average collection period (Days)	11.02	12.02	13.70	17.06	18.43	18.14		
Inventory turnover (times)	136.19	100.98	17.48	54.73	42.42	17.05		
Average days sales (Days)	2.64	3.61	20.89	6.58	8.60	21.41		
Account payable turnover (times)	18.33	17.58	11.29	19.03	15.89	12.33		
Average payment period (Days)	19.64	20.77	32.33	18.92	22.98	29.60		
Cash cycle (Days)	(5.97)	(5.13)	2.25	4.71	4.06	9.96		
Profitability Ratio								
Gross profit margin (%)	9.26	8.99	7.71	9.80	11.28	9.68		
Operating profit margin (%)	8.46	17.63	12.03	8.05	9.51	8.18		
Net profit margin (%)	5.70	13.75	9.26	5.42	6.45	5.36		
Return on Equity (ROE : %)	36.02	44.46	26.46	42.94	27.94	23.07		
Efficiency Ratio								
Return on Assets (ROA : %)	14.02	27.04	13.15	15.84	14.33	9.36		
Return on Fixed assets (%)	47.49	72.84	44.98	39.22	34.05	22.58		
Asset turnover (times)	2.46	1.97	1.42	2.92	2.22	1.75		
Financial Polity Ratio								
Debt to Equity ratio (times)	0.72	0.59	1.37	0.90	0.99	1.88		
Interest coverage ratio (times)	19.21	52.64	11.96	54.53	52.25	24.42		
Dividend payout Ratio (%)	22.61	27.00	40.48	13.01	33.91	39.15		
Per share								
Book value per share	3.65	4.21	5.03	5.00	5.09	5.93		
Earning per share	0.75	1.66	1.23	1.30	1.34	1.28		

a,

1. Performance

Revenue

The majority of revenue of SGP and its subsidiaries came from sales of LPG, ammonia, other petrochemicals, and LPG canisters for vehicle taking portion of 96.02% on average of the past 3 years (2008-2010) of total revenue. The remaining portions were revenue from transportation of LPG and other petrochemicals taking portion of 3.05%, and revenue from services and others taking portion of 0.93%. SGP's total revenue reduced from 20,166.36 million baht in 2008 to 19,455.30 million baht in 2009 and increased to 21,999.59 million baht in 2010.

(1) Sales Revenue

Sales revenue was categorized into 4 parts: (1) revenue from sales of LPG, and ammonia, (2) revenue from sales of other petrochemicals, (3) revenue from sales of LPG canisters for vehicle, and (4) revenue from sales of ethanol.

					(unit :	million baht)
Category	2008	%	2009	%	2010	%
Sales revenue of LPG and ammonia	18,994.49	97.87	18,179.00	97.37	20,578.97	97.57
Sales revenue of other petrochemicals	406.18	2.09	445.18	2.38	499.15	2.37
Sales revenue of LPG canister for vehicles	7.81	0.04	2.16	0.01	8.51	0.04
Sales revenue of ethanol	0.00	0.00	43.20	0.23	0.00	0.00
Total Sales Revenue	19,408.48	100.00	18,669.93	100.00	21,086.62	100.00

Table 12.1: Consolidated revenue from sales of LPG ammonia and other petrochemicals in 2008 -2009

Sales Revenue of LPG

LPG Sales revenue of SGP and UGP was considered as major portion contributing 87.65% of 2010 total revenue. SGP and UGP sold LPG to LPG filling agents, LPG retailers, industrial users, and LPG auto-gas stations.

Table 12.2: Structure of domestic LPG Sales Revenue by segment in 2008 -2009

(unit : million baht)

Segment	2008	%	2009	%	2010	%
Cooking	9,880.41	56.20	9,818.30	60.33	11,001.30	62.38
Automotive	6,343.83	36.09	5,314.00	32.66	5,102.31	28.93
Industry	1,355.57	7.71	1,140.75	7.01	1,531.68	8.69
Total	17,579.82	100.00	16 <i>,</i> 273.05	100.00	17,635.29	100.00

LPG Sales revenue reduced from 17,579.82 million baht in 2008 to 16,858.55 million baht in 2009 due to the huge decline of oil price continuously resulting in lower growth rate of LPG auto-gas consumption. In 2010, Sales increased to 17,635.29 million baht due to the increasing demand for cooking usage from 659.06 million kilogram in 2009 to 739.61 million kilogram in 2010, and increase demand from industrial usage from 73.40 million kilogram in 2009 to 98.76 million kilogram in 2010.

Sales Revenue of Ammonia

The revenue from sales of ammonia came from the business of UGP who imported ammonia from oversea for distributing to various industries who used ammonia as their raw material such as MSG manufacturers, rubber industry, etc.

UGP had its revenue from ammonia of 1,414.60 million baht in 2008, and decreased to 1,320.84 million baht in 2009 as the economic downturn in 2008 had continuous impact in 2009 till the first 6 months of 2010. Therefore, consumption of ammonia declined as the industrial sector who used ammonia slowed down their activities resulting in decrease in sales to 1,295.89 million baht. In 2010, rubber industry, the major group of UGP's customers was affected due to the flood in Southern part of Thailand and their production output was below expectation.

Sales Revenue of Other Petrochemicals

The revenue from other petrochemicals was from sales of butane, propane, propellant, diesel, and coal which were under the operations of SGP and its subsidiaries. The revenue from other petrochemicals in 2008-2010 contributed only 2.19% of total revenue or 406.18 million baht. In 2009 and 2010, the sales increased to 445.15 million baht and 499.15 million baht respectively.

Sales Revenue of LPG Canisters for Vehicle

The revenue from sales of LPG canisters for vehicle was under the business of SQS, the subsidiary established during mid 2008, was 7.81 million baht in 2008, and decreased in 2009 to 2.16 million baht due to the significant drop in oil price during the end of 2008. This had continuous consequence in 2009 which resulted in slow down of auto-gas consumption. However, in 2010, the revenue of LPG canisters sales increased to 8.51 million baht as the oil price started to pick up continuously again, hence LPG consumers in transportation sector started to switch to substituting fuel or LPG again.

Sales Revenue of Ethanol

The sales revenue of ethanol was under the business of SEEC, a subsidiary of SGP of which 70% equity interest acquired by SGP in quarter 4 2008. SEEC is a ethanol manufacturer producing 95% ethanol for food industry. The construction of SEEC manufacturing plant was just completed at the end of 2008, and it was on process of test-run, so revenue was not realized during this period. The plant started commissioning in March 2009, and it began to realize the revenue in quarter 2 2009 of 43.20 million baht in 2009. In 2010, there was no sales revenue as the inventory of 95% ethanol was retained for the test-run of 99.5% ethanol manufacturing process. The test-run of 99.5% plant was expected to complete in quarter 2 2011.

(2) Transportation Revenue

The transportation revenue came from the business of 2 groups: 1) subsidiaries of UGP which included 5 companies, i.e. CGT, UMR, UGT, UGI and UGC 2) LCR and LMR (a subsidiary of LCR). These subsidiaries provided transportation services to both SGP and UGP, and customers. The financial statement showed on transportation revenue incurred from services provided to other customers only which had a rising trend from 613.17 million baht in 2008 to 629.98 million baht in 2009 and 637.43 million baht in 2010. The transportation revenue was divided into 2 categories — transportation by road tankers and transportation by vessel tankers with details as follows:

(unit : million baht)

Category	2008	2008 2009			2010	2010		
	Amount	%	Amount	%	Amount	%		
Customers outside SGP Group								
Transportation by road tankers	552.53	85.22	498.44	79.12	544.51	85.42		
Transportation by vessel tankers	90.64	14.78	131.54	20.88	92.92	14.58		
Total Transportation Revenue	613.17	100.00	629.98	100.00	637.43	100.00		

The land transportation revenue by road tankers from the business of LCR and CGT who provided LPG and oil transportation services was 522.50 million baht in 2008 and decreased to 498.44 million baht due to the decline in consumption, sales and deliveries in auto-gas and industrial sectors. In 2010, the revenue increased to 544.51 million baht due to the increase in sales to cooking and industrial sectors.

The marine transportation revenue by vessel tankers was the performance of 5 subsidiaries as follows: LMR, UMR, UGT, UGI and UGC which came from transportation of LPG and oil locally and oversea. This revenue was 90.64 million baht in 2008, and increased to 131.54 million baht in 2009 as there were 2 vessels purchased and added to the fleet for higher volume of oversea transportation services. In 2010, the revenue decreased to 92.92 million baht as 5 vessels were under dry-docking and maintenance services. This resulted in reduction of transportation capacity as well as decrease in revenue from oversea business.

(3) Service Revenue

The service revenue mainly was comprised of cylinder-repair fee, throughput fee, and others. In 2008, the service revenue was 35.93 million baht, decreased to 33.44 million baht on 2009, and increased to 136.46 million baht in 2010 as the group of marine transportation companies rent the vessels as floating storage and had the extra revenue of 117.61 million baht, but other service revenue was close to that of 2009.

(4) Other Revenue

Other revenue included interest income, rental fee, gain from foreign exchange, gain from sales of assets, and utility fees collected from filling plant tenants which were altogether 105.88 million baht in 2008, increased to 121.98 million baht in 2009, and increased to 139.08 million baht in 2010. In 2010, SGP and its subsidiaries realized increasing gain from sales of assets of 24.59 million baht compared with the same period of previous year.



Expenditure

Cost of sales

The cost of sales of SGP and its subsidiaries was divided into major parts: cost of goods sold and transportation cost which was 18,058.68 million baht, 17,122.01 million baht and 19,621.36 million baht in 2008-2010 respectively.

(1) Cost of Goods Sold

Cost of goods sold according to the financial statement was comprised of cost of goods sold of LPG, ammonia, and other petrochemicals. The combined cost of goods sold of LPG and ammonia of SGP and its subsidiaries reduced from 17,329.18 million baht on 2008 to 16,320.36 million baht in 2008, and increased to 18,836.77 million baht in 2010. The decrease in cost of goods sold in 2009 was in line with the decrease in sales volume from 1,140.36 million kilogram in 2008 to 1,081.61 million kilogram in 2009, and the increase in sales volume in 2010 to 1,236.95 million kilogram because the consolidation of the financial statements of oversea businesses such as SUPER GAS and SINGGAS began in 2010.

The cost of goods sold of other petrochemicals was 318.33 million baht in 2008, increased to 321.96 million baht in 2009, and 334.52 million baht in 2010. The cost of goods sold of LPG canisters for vehicle in 2009 was 1.80 million baht, and increased to 6.76 million baht in 2010. For ethanol business, the cost of goods sold in 2009 was 99.29 million baht, and decreased to 49.55 million baht due to no sales in 2010.

(2) Transportation cost

The transportation cost incurred from the business of LCR, CGT, LMR, LMR, UGT, UGI and UGC in providing services to SGP, UGP and customers was comprised of fuel, labor cost, maintenance and repair costs, depreciation, utilities, and others.

Transportation cost was divided mainly into land transportation by road tankers and marine transportation by vessel tankers. Transportation cost was 410.08 million baht, 378.50 million baht, and 393.76 million baht in 2008, 2009 and 2010 respectively.

Land Transportation Cost

The land transportation cost was 361.53 million baht in 2008, decreased to 286.29 million baht in 2009 and increased to 319.76 million baht in 2010 in line with sales volume. However, the ratio of transportation cost to transportation revenue was 69.19% in 2008, decreased to 57.44% in 2009 and increased to 58.72% in 2010 which was mainly caused by the swing in fuel cost, and LPG sales volume.

Marine Transportation Cost

The marine transportation cost was 48.55 million baht in 2008, increased to 92.30 million baht in 2009, and decreased to 74.00 million baht in 2010. The marine transportation cost in 2010 decreased while overall transportation volume increased compared with 2009 because most of volume in 2010 came from the services provided to SGP group resulting in decrease in transportation volume and costs provided to outside customers.

Selling, General and Administrative expenses and Directors' Remuneration

Selling, General and Administrative expenses and Directors' Remuneration (overhead expenses) of SGP and its subsidiaries comprised human resource expenses, depreciation, rental, amortization of trademark and leasehold right, bank fee, and other utilities expenses. These expenses increased from 472.97 million baht in 2008 to 498.79 million baht on 2009 due mainly to the incremental expenses related to human resources, utilities and others.

In 2010, the Selling, General and Administrative expenses and Directors' Remuneration of SGP increased to 601.56 million baht as the consolidated financial statements of 2010 had already included the overhead expenses of oversea subsidiaries, i.e. SUPER GAS, and SINGGAS of which businesses were acquired in 2010.

Considering the Selling, General and Administrative expenses and Directors' Remuneration vs. revenue, the ratios continuously had increased which were 2.35%, 2.56% and 2.73% in 2008, 2009 and 2010 respectively.

Interest Expense and Bank Fees

The financial cost in 2008 was 62.20 million baht decreased to 43.63 million baht in 2009 as SGP signed contract with a bank in fixing the interest rate at 4.95% per annum, and a portion of interest expense was booked as cost of assets. In 2010, the financial cost, increased to 66.59 million baht from increase in the bank loan for business expansion investment in Thailand and oversea.

Operating and Net Profit

SGP's gross profit from sales and transportation was 1,962.98 million baht, increased to 2,177.87 million baht and 2,102.69 million baht with the proportion to revenue of 9.80%, 11.18% and 10.89% in 2008-2010 respectively.

The operating profit, combining gross profit and services revenue less overhead, was 1,634.72 million baht in 2008, increased to 1,834.50 million baht in 2009 and decreased to 1,776.67 million baht in 2010, or at the proportion to revenue of 8.11%, 9.42% and 8.08% respectively.

The net profit was 1,092.53 million baht in 2008, increase to 1,230.16 million baht in 2009 and decreased to 1,156.99 million baht in 2010, or at the proportion to revenue of 5.42%, 6.32% and 5.26% respectively. SGP's financial cost rapidly reduced from 62.20 million baht in 2008 to 43.63 million baht in 2009 as the total balance of long-term loan from financial institution had been repaid in 2008, so SGP had reduced burden from interest expense until 2009. In 2010, SGP and its subsidiaries had incremental financial cost to 66.59 million baht due to SGP's additional loan from financial institutions for business acquisition from 3 companies oversea, and also its subsidiaries' loan for purchasing fixed assets. Therefore, the net profit was reduced to 1,156.99 in 2010.

Financial Status

Total Assets

The total assets of SGP and its subsidiaries had had increasing trend during the past 3 years. The value of total assets was 7,999.47 million baht as of December 31, 2008, 9,505.76 million baht as of December 31, 2009, and 15,698.74 million baht as of December 31, 2010. Most of assets were comprised of non-current assets amounted to 69%-72% of total assets as LPG business and its related logistics needed to have high investment in facilities like terminals, filling plants, auto-gas stations, and vehicles. The remaining parts were current assets accounting for 28%-31% of total assets, which mostly trade accounts receivable, and inventories as follows:

Current Assets

Trade accounts receivable and Promissory Notes

The net trade accounts receivable was 925.85 million baht as of December 31, 2008, 1,021.01 million baht as of December 31, 2009, and 1,136.37 million baht as of December 31, 2010.

					(ann i m			
	Consolidated							
	Dec 31	, 08	Dec 31	, 09	Dec 31	, 10		
	Amount	%	Amount	%	Amount	%		
Current:	897,573	91.11	967,135	89.64	1,013,695	84.89		
Overdue:								
- less than 3 months	26,274	2.67	49,023	4.54	104,684	8.77		
- 3 — 12 months	2,353	0.24	5,848	0.54	17 <i>,</i> 873	1.50		
- over than 12 months	58,925	5.98	56,893	5.27	57,842	4.84		
Total Trade Accounts Receivable	985,125	100.00	1,078,899	100.00	1,194,094	100.00		
Less Allowance for doubtful accounts	(42,523)	(4.32)	(41,143)	(3.81)	(40,977)	(3.43)		
Provision for discount receivable	(16,751)	(1.70)	(16,751)	(1.55)	(16,751)	(1.40)		
Net Trade Accounts Receivable	925,851	93.98	1,021,005	94.63	1,136,366	95.17		

Table 12.8 : Net trade accounts receivable classified by aging

According to the table above, 84.89% of the trade accounts receivable of SGP's and its subsidiaries in 2010 was current receivable, the remaining amount was divided into less than 3 months overdue of 8.77%, 3-12 months overdue of 1.50% and over 12 months overdue of 4.84% of total amount. In this regard, SGP and its subsidiaries had raised reserve for total doubtful debt amount by dividing into allowance for doubtful accounts debt for general customers of 40.98 million baht, and provision for discount receivable of 16.75 million baht which SGP and its subsidiaries had been following up and expected to be able to collect. Normally, SGP and its subsidiaries has a policy in raising the allowance for doubtful debt at the end of each period base on historical collection records and customers' financial status. In the over 1-year overdue accounts, the full amount would be raised at allowance for doubtful debt.

(unit : million baht)

The account receivable of 16.75 million baht incurred during 2008-2010 was the additional reserve raised to the doubtful debt because, in the past, the former UGP's management had overcharged filling plant customers by raising the price of 4 kg LPG which the customers did not accept and would not pay for the increment. However, in 2008, the current management of UGP had decided to forgive such amount whilst no payment had yet been made, and the amount of 1.26 million baht was reduced from the credit notes issued in corresponding with the tax invoices in accordance with the Revenue Code. Then the balance of 16.75 million baht expected to be settled was recorded as the provision for discount receivable.

The average collection period during 2008-2010 was 17-18 days.

Inventories

Most of the inventories of SGP and its subsidiaries in 2010 were finished products comprised LPG and other petrochemicals 83.12%, ammonia 2.62%, petroleum 1.64%, other finished products 3.04%, other parts and materials 2.38%, remaining raw materials 3.29%, and goods in transit (LPG, ammonia, and petrochemicals) 2.61% and goods in process 1.29%. The average inventory turnover was about 6-8 days sale in 2008 and 2009, and was 21 days in 2010.

					(Unit : th	nousand baht)
		SGP			Consolidated	
	Dec 31, 08	Dec 31, 09	Dec 31, 10	Dec 31, 08	Dec 31, 09	Dec 31, 10
LPG, and other petrochemicals	50,688	48,212	1,078,090	121,155	125,788	1,588,215
Ammonia	0	0	0	107,375	47,482	50,059
Oil / Petroleum	0	0	0	16,714	36,168	31,395
Finished products	0	16,133	0	30,576	45,792	58,120
Remaining raw materials	0	0	0	17,336	23,732	62,932
Other parts and materials	391	434	444	23,182	42,598	45,570
Goods in transit	36,929	31,711	38,255	91,557	59,548	49,852
Goods in process	0	0	0	8,949	14,719	24,556
Total	800,88	96,490	1,116,789	416,844	395,827	1,910,699
Less — Allowance for diminution in value of	0	0	0	(1,938)	(3,523)	(748)
inventories						
Net Inventories	88,008	96,490	1,116,789	414,906	392,304	1,909,951

Table 12.9 : Net Balance of Inventories

The net inventories of SGP and its subsidiaries was 414.91 million baht as of December 31, 2008, and decreased to 392.30 million baht as of December 31, 2009 due to the decrease of ammonia inventory from 107.38 million baht to 47.48 million baht. However, in 2009, the oil inventory increased to 36.17 million baht as UGP purchased great volume of oil from supplier in order to manage its cost efficiency as well as to sell to other companies in SGP group. In 2010, the total inventories increased to 1,909.95 million baht which mainly were the inventories of the product stored at recently acquired SGP's subsidiaries operating LPG and petrochemicals business, as of the end account period, in Zhuhai China, Vietnam, and Singapore. Therefore, this resulted in the increasing inventories as of December 31, 2010.

In addition, 78% or most of the products of SGP and its subsidiaries in 2008-2010 comprising LPG ammonia, oil, and other petrochemicals were rarely obsolete or expired, so SGP and its subsidiaries had set a provision for unusable products, and those which had value below costs in a very little amount which was 1.94 million baht, 3.52 million baht, 0.75 million baht as of the end of 2008 – 2010 respectively.

Other Current Assets

The other current assets comprised accrued interest from the subsidiaries, and related businesses, account receivable of the Revenue Department, account receivable of related businesses, deposit in purchased assets, advanced expenses, accrued revenue, and others as follows:

					·		
		SGP		Consolidated			
	Dec 31, 08	Dec 31, 09	Dec 31, 10	Dec 31, 08	Dec 31, 09	Dec 31, 10	
Accrued interest receivable from the	1,074	1,892	13,900	0	0	0	
subsidiaries & related businesses							
Revenue tax claim receivable	0	25,613	25,613	0	25,613	25,613	
Account receivable from Revenue Dept.	0	0	0	0	0	34,559	
Account receivable from related businesses	49	165	14,536	0	4	0	
Advanced payment for goods	0	0	0	44,975	0	0	
Advanced expenses	7,754	9,745	30,900	17,679	21,039	48,800	
Accrued revenue	2,095	954	0	2,953	1,145	324	
Insurance claim receivable	0	0	0	18,567	24,159	22,823	
Others	6,443	74,191	7,147	23,230	97,891	148,906	
Total	17,415	112,560	92,096	107,404	169,851	281,025	

Table 12.10 : Other Current Assets

The total value of other current assets was 107.40 million baht as of December 31, 2008, increased to 169.85 million baht as of December 31, 2009, and 281.03 million baht as of December 31, 2010. The increase in other current assets in 2009 was caused by advanced payment in purchasing fixed asset of 46.24 million baht, and revenue tax claim receivable of 25.61 million baht. As of the end of 2010, the current assets had increased in large amount as the financial statements of the oversea subsidiaries acquired in 2010 were consolidated, and it resulted in the increasing advanced expenses, other receivable, and advanced payment.

Non Current Assets

Net property, plant and equipment

The core assets used for the business operations of SGP and its subsidiaries are property, plant, constructions, terminals and storage equipments for LPG, LPG cylinders, LPG vessel tankers, vehicles, and so on.

87

(unit : thousand baht)

Table 12.12 : Details of Net Property and Equipment of SGP and its subsidiaries as of December 31, 2008 -2010

(unit : million baht)

			•
Category	As of Dec 31,08	As of Dec 31,09	As of Dec 31,10
1. Lands	1,759.60	1,873.67	2,115.32
2. Buildings, facilities, and improvement	386.02	405.93	2,205.72
3. Terminals, filling plants, service stations, and storage	433.33	482.53	714.94
4. Vessel tankers	352.14	661.12	970.01
5. Cylinders	687.54	663.63	832.66
6. Machines and Plant equipments	299.53	275.60	1,282.12
7. Decorations, installations, and office equipments	42.53	37.89	52.88
8. Vehicles	314.66	342.64	405.15
9. Construction work in process	1,759.60	231.93	384.54
Total	4,441.52	4,974.94	8,963.34
Plus Increased value of land from appraisal	270.08	310.44	310.44
Less Decreased value of land from appraisal	(54.44)	(33.69)	(33.69
Net Land and Equipments	4,657.16	5,251.69	9,240.09

SGP and its subsidiaries had property and equipment of 4,657.16 million baht as of December 31, 2008, and increased to 5,251.69 million baht as of December 31, 2009 due to the acquisition of additional assets of 955.51 million baht during the year including the major items:

1. 4 pieces of land for construction of 2 auto-gas stations, and 2 terminals with total amount of 134.49 million baht

2. buildings and construction work in process of 96.46 million baht, storage equipments including work in process of 107.08 million baht

3. 2 vessel tanks purchased by LMR (1st Vessel tanker — capacity: 4,002 tons gross, age: 13 years, and value: 193.54 million baht and 2nd vessel tanker — capacity: 3,493 tons gross, age: 19 years, and value: 141.02 million baht)

4. 10 road tankers purchased by LCR (7 six-wheelers, and 20 trailers including bulk tanks of 10 tons, and 6 tons) with value of 78.76 million baht

5. 1 ammonia vessel tankers purchased by UMR with capacity of 1,255 tons gross, age of 33 years, and value of 17.70 million baht

6. Increase in the purchased of LPG cylinders by SGP and its subsidiaries of 87.06 million baht In 2009, SGP and its subsidiaries had their lands appraised with increase in value of 61.11 million baht

In 2009, SGP and its subsidiaries had total value of sale and amortization of their propertiess and equipments increased to 6.10 million baht, asset depreciation of 415.90 million baht.

As of December 31, 2010, SGP and its subsidiaries had an increase in propertiess and equipment upto 9,240.09 million baht with the following reasons:

1. Increase in properties and equipments of SUPER GAS, SINGGAS, and SINO SIAM, the companies operating LPG and petrochemicals business which SGP acquired during the year with total amount of 3,076.19 million baht.

2. The additional lands and equipments of SGP and its subsidiaries purchased during the year of 1,395.94 million baht consisting of 3 pieces of land for constructing auto-gas stations, and another terminal and filling plant at the amount of 232.71 million baht, building and work-in-process building of 67.85 million baht, storage equipments and work-in-process of 198.46 million baht, 2 vessel tankers purchased by LMR (1st Vessel tanker — capacity: 3,499 tons gross, age: 12 years, and value: 230.52 million baht and 2nd vessel tanker — capacity: 3,901 tons gross, age: 21 years, and value: 101.82 million baht), 30 semi-trailers with 16-ton bulk tanks of 127.74 million baht, and additional LPG cylinders of 222.93 million baht.

3. In 2010, SGP and its subsidiaries had amortization of net assets of 17.73 million baht and depreciation during the year of 451.22 million baht.

Non-Current Assets holding for sale

As of December 31, 2009, SGP and its subsidiaries had the non current assets holding for sale of 50.50 million baht including 2 pieces of vacant land of 8.50 million baht: 1.) SGP's land of 4-rai - 87-square wah in Nakornpathom province and 2.) UGP's land of 4-rai - 245-square wah in Chantaburi province, and building of 42 million baht. During 2010, SGP and its subsidiaries recorded such non-current assets as lands, buildings, and equipments as the management had considered that such assets were not suitable to record as non-current assets for sale during the reported year.

Intangible Assets

As of December 31, 2008 and 2009, the intangible assets comprising of trademark, and goodwill was 1,046.15 million baht, and was 1,596.79 million baht as of December 31, 2010

Trademark

The "Unique Gas" trademark was derived from acquiring business of UGP in December 2004 with the beginning value of 627 million baht, and had been respectively amortized to the balance of 532.95 million baht. In 2008. SGP had changed its accounting policy related to its goodwill and trademarks from 20-year straight-line amortization to testing impairment at each reporting date. Therefore the balance value of UGP's trademark was the same at 532.95 million baht as of December 31, 2008, 2009, and 2010.

Goodwill of Deferred Account

As of December 31, 2008 and 2009, the goodwill was 513.20 million baht derived from the amount of investment in UGP and SEEC was above the fair value of the assets. As of December 2010, it increased to 1,063.84 million baht from the following



transactions:

- In quarter 1, 2010, SGP invested in acquiring 100% equity of Super Gas company Limited which operated LPG business in Vietnam, and made the purchase payment higher than the fair value of assets, so there was goodwill of 208.27 million baht.

- In quarter 2, 2010, SGP invested in acquiring 100% equity of SingGas (LPG) Pte., Ltd. which operated LPG business in Singapore, and made the purchase payment higher than the fair value of assets, so there was goodwill of 358.52 million baht. And on December 29, 2010, SGP sold 5% shares of SingGas to outsider at the value of 22.06 million baht resulting in the decrease in SGP's share investment to 95%. Therefore, the goodwill of SINGGAS as of December 31, 2010 was reduced to 347.37 million baht.

Leasehold right of Deferred Account

SGP and its subsidiaries had leased land with building for construction of auto-gas station of 20.79 million baht as of December 31, 2008, and decreased to 18.29 million baht as of December 31, 2009 as during the year it was amortized at the amount of 2.50 million baht. Then as of December 31, 2010, the amount increased to 246.86 million baht due to the 100% share investment in SINO SIAM which had the leasehold right on land where the operation site was located. The leasehold right covered the utilization of land above ground, under ground, and sea, and was amounted to 210.95 million baht. Therefore, the leasehold right of deferred account as of the end of 2010 rose to 246.86 million baht.

Liabilities

Current Liabilities

Bank Overdrafts and Short-Term loan from Financial Institutions

An SGP subsidiary had short-term loan from commercial bank in form of bill of exchange with the interest rate at MLR-1.00% per annum in order to pay for the raw material of 20 million baht, and the subsidiary had overdrafts of 2.78 million baht. The combined amount was 22.78 million baht as of December 31, 2008. Later in 2009, the subsidiary made a full amount repayment for overdrafts of 2.78 million baht. Therefore, the balance as of December 31, 2010 was 20 million baht.

As of December 31, 2010, SGP and its subsidiaries had additional short-term loan increased to 2,161.55 million baht as there was a short-term loan with interest rate of 2.09-5.23 per annum, and at MLR-0.50. The purpose of this loan was for investment in oversea business.

As of December 31, 2010, a subsidiary had overdraft amount increased to 10 million baht with interest rate of MOR-1.00 per annum.

Trade Accounts Payable

Most liabilities were payable to suppliers of petroleum and petrochemicals which were PTT PLC, Esso (Thailand) PLC, Thaioil PLC, etc. The credit term was about 19-30 days.

The trade accounts payable had an increasing trend from 970.11 million baht as of December 31, 2008 to 1,047 million baht as of December 31, 2009, and 1,732.67 million baht as of December 31, 2010. The increase in trade accounts payable was in line with the trend of increasing sales. Since the past, SGP and its subsidiaries had made payment for the supplied goods on due, so the average payment period of SGP and its subsidiaries in 2008-2010 was around 19-29 days which was close to the credit term of suppliers.

9(

Other Current Liabilities

The other current liabilities were comprised of accounts payable for assets, accounts payable to the subsidiaries and related parties, accrued tax income, accrued expenses, and so as follows:

					(unit : th	nousand Baht)
		SGP			Consolidated	
	Dec 31, 08	Dec 31, 09	Dec 31, 10	Dec 31, 08	Dec 31, 09	Dec 31, 10
Other accounts payable to subsidiaries and	1 700	1 007			0.700	
related parties	1,722	1,297	8,359	3,568	2,720	3,268
Accrued interest payment from financial institution long-term loan mature in 1 year	0	0	0	0,400	101	0
, ,	Ū	0	0	8,400		U
Payable to Revenue Department	7,704	8,939	7,791	7,800	16,473	0
Accrued expenses	17,695	12,069	12,501	75,650	49,119	95,729
Others	37,171	9,349	9,185	24,215	18,276	64,730
Total	64,292	31,654	37,836	111,233	86,588	163,727

Table 12.13 : Details of Other Current Liabi

The other current liabilities of SGP and its subsidiaries was 111.23 million baht as of December 31, 2008, decreased to 86.59 million baht as December 31, 2009, and increased to 163.73 million baht as of December 31, 2010 as a subsidiary received an advanced payment for goods of 33.56 million baht, and in 2010 there were additional subsidiaries which resulted in increasing other current liabilities.

Non Current Liabilities

Long-term Liabilities with maturity of 1 year and Long-term Liabilities of SGP and its subsidiaries

The long-term liabilities with maturity of 1 year and Long-term Liabilities of SGP and its subsidiaries was 175.33 million baht as of December 31, 2008, increased to 933.79 million baht, and 2,889.54 million baht as of Dec 31, 2009 and 2010 respectively as follows:

	As of Dec 31, 08	As of Dec 31, 09	As of Dec 31, 10
SGP	0.00	510.00	2,360.72
LMR	7.00	233.93	361.19
SEEC	168.33	189.86	167.63
Total	175.33	933.79	2,889.54

In 2009, SGP and its subsidiaries had additional loan from financial institutions as follows:

1. SGP had additional loan from financial institution of 600 million baht used in purchasing property including building for the construction of jetty facilities.

2. LMR had additional loan from financial institution of 243.93 million baht in order to purchase 2 LPG vessel tankers.

3. SEEC had additional loan from financial institution of 30 million baht for land development, plant construction, and machines

In addition, during 2009, SGP and its subsidiaries had made repayment to the financial institution in accordance with the contract resulting in the balance of long-term loan of SGP and its subsidiaries was 933.79 million baht.

Then, in 2010, SGP had another loan from financial institution of 1,990 million baht in order to use for investment in 3 oversea companies including SUPERGAS, SINGGAS, and SINO SIAM. LMR had additional loan from institution of 161.53 million baht to purchase another LPG vessel tanker. During the year, SGP and its subsidiaries had made repayment to the financial institution in accordance with the contract resulting in the balance of long-term loan of SGP and its subsidiaries was 2,889.54 million baht.

LPG Cylinder Deposit

The deposit for LPG cylinders of SGP and UGP is normally recorded as liabilities, and payable to customers. When customer returns cylinder to the companies with receipt, such transaction will reduce the liabilities. The cylinder deposit has been increasing every year as the net deposit from outgoing and returning of cylinders becomes higher each year. Moreover, SGP and UGP have no policy in recording cylinder deposit as revenue. The cylinder deposit value was 2,150.54 million baht, 2,254.07 million baht, and 2,433.21 million baht as of December 31, 2008-2010 respectively.

Obligation and Possible Liabilities

1. As of December 31, 2010, SGP and its subsidiaries had obligations with financial institution which were mainly bank guarantees used in purchasing LPG and petrochemicals at the amount of 1,761.92 million baht, and letters of credit used in purchasing LPG of 349.29 million baht. In this regard, the companies had placed collateral with land with construction, and vessels (ref. note#13), and co-guarantee personally by SGP's director.

2. As of December 31, 2010, SGP group had credit line for letters of credit and trust receipt, discount cheques, bank guarantee, future foreign-exchange trading, and credit line for loan from other financial institution which were totally amounted to 7,289.54 and unused. Such credit lines are guaranteed by shares of subsidiaries (ref. note#19), part of property and buildings (ref. note #13), and co-guarantee personally by SGP's director.

3. SGP was the guarantor for an oversea subsidiary in acquiring shares of Chevron Ocean Gas and Energy Limited.

4. As of December 31, 2010, SGP and its subsidiaries had obligation with property lease-hold contracts payable in the future at the amount of 84.01 million baht.

Shareholders' Equities

Shareholders' equity as of December 31, 2008 was 4,206.01 million baht, increased to 4,776.04 million baht as of December 31, 2009 or the increase of 570.03 million baht due to the fact that, in 2009, the net profit was from the major companies of 1,254.60 million baht, and the loss of 24.44 million baht from the minor shareholder. SGP also had an appraisal of its lands with the value appreciation of 40.36 million baht, resulting in the increase of equity up to 5,476.53 million baht. However, during 2009, SGP paid the dividend of 425.40 million baht, SGP had repurchased its shares back of 272.14 million baht, and there was a loss of 2.95 million baht from the conversion of foreign exchange in Siamgas HK Limited, a wholly owned subsidiary of SGP. Therefore, the shareholders' equity as of December 31, 2009 was 4,776.04 million baht.

(unit : million baht)

Audit Fee

The audit fees paid to Deloitte Touche Tohmatsu Jaiyos Co., Ltd., the auditor in 2009, and to PricewaterhouseCoopers ABAS Thailand Ltd in 2010 of SGP and its subsidiaries were 7.34 million baht and 5.75 million baht respectively. The auditors did not have any interest and relationship with SGP or its subsidiaries.

Table 12.14	: Details of	Audit Fees	in 2009	and 2010

	SG	∋P	SGP & Subsidiaries	
	2009	2010	2009	2010
Examination of the financial statements as of year end	1.07	0.9	4.56	3.87
Review of the financial statements as of quarter 1-3	0.90	0.7	2.78	1.88
Total	1.97	1.60	7.34	5.75

Factors that may affect the company's financial performance and status in the future

LPG Price Deregulation

At present, the government's LPG pricing policy is semi-controlling that means the government controls the ex-refinery price, import price, and wholesales price at each depot of PTT Public Company Limited, but the retail price is not controlled. In the future, if the government deregulates or fully floats the LPG price, this will result in either increasing or decreasing LPG cost to LPG traders, and the traders will be liberalized to set their retail prices to reflect their real costs. Such change would cause the different business practices in the way that traders compete by using pricing strategy, and the company's business will be affected.



SIAMGAS AND PETROCHEMICALS PUBLIC COMPANY LIMITED CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS 31 DECEMBER 2010

AUDITOR'S REPORT

To the Shareholders of Siamgas and Petrochemicals Public Company Limited

I have audited the accompanying consolidated and company balance sheets as at 31 December 2010 and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the year then ended of Siamgas and Petrochemicals Public Company Limited and its subsidiaries, and of Siamgas and Petrochemicals Public Company Limited and its subsidiaries, and of Siamgas and Petrochemicals Public Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated and company financial statements for the year ended 31 December 2009 of Siamgas and Petrochemicals Public Company Limited and its subsidiaries, and of Siamgas and Petrochemicals Public Company Limited and its subsidiaries, and of Siamgas and Petrochemicals Public Company Limited and its subsidiaries, and of Siamgas and Petrochemicals Public Company Limited and its subsidiaries, and of Siamgas and Petrochemicals Public Company Limited and its subsidiaries, and of Siamgas and Petrochemicals Public Company Limited, respectively were audited by another auditor whose report dated 24 February 2010, expressed an unqualified opinion on those statements.

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

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 31 December 2010, and the consolidated and company results of operations, and cash flows for the year then ended of Siamgas and Petrochemicals Public Company Limited and its subsidiaries, and of Siamgas and Petrochemicals Public Company Limited, respectively in accordance with generally accepted accounting principles.

Vichien Khingmontri Certified Public Accountant (Thailand) No. 3977 PricewaterhouseCoopers ABAS Limited

> Bangkok 28 February 2011

~

Siamgas and Petrochemicals Public Company Limited Balance Sheets As at 31 December 2010 and 2009

		Consc	blidated	Compo	any
		2010	2009	2010	2009
	Notes	Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	7	938,779,913	1,331,089,140	233,897,855	311,217,065
Short-term investments		-	10,110,800	-	-
Trade accounts receivable, net	8	1,136,366,487	1,021,004,688	322,218,606	355,465,546
Trade accounts receivable from	30	1,220,442	1,167,242	173,802,014	10,645,289
related parties					
Current portion of long-term loans to	30	-	-	-	100,000,000
related parties					
Inventories, net	9	1,909,950,976	392,303,621	1,116,788,944	96,490,542
Other current assets	10	_281,024,720	169,851,606	92,415,449	<u>112,559,379</u>
Total current assets		4,267,342,538	2,925,527,097	1,939,122,868	986,377,821
Non-current assets					
Investments in subsidiaries	12	-	-	5,500,975,854	2,726,163,608
Investment in a joint venture	12	500,000	-	500,000	-
Long-term investment		200,000	200,000	-	-
Long-term loans to related parties, net	30	-	-	552,981,300	115,000,000
Property, plant and equipment, net	13	9,240,078,285	5,251,690,534	2,913,622,576	2,402,995,482
Non-operating assets held for sales	14	-	50,500,135	-	-
Intangible assets	15	1,852,080,940	1,071,165,788	7,927,894	9,100,523
Deposit for investment	16	150,756,500	165,520,625	-	-
Other non-current assets	17	187,778,523	41,157,036	63,344,922	27,849,214
Total non-current assets		11,431,394,248	6,580,234,118	9,039,352,546	5,281,108,827
Total assets		15,698,736,786	9,505,761,215	10,978,475,414	6,267,486,648

The notes to the consolidated and company financial statements from pages 10 to 50 are an integral part of these financial statements.

Siamgas and Petrochemicals Public Company Limited Balance Sheets As at 31 December 2010 and 2009

		Conso	olidated	Com	pany
		2010	2009	2010	2009
	Notes	Baht	Baht	Baht	Baht
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	18	2,171,598,180	20,000,000	1,047,450,650	-
Trade accounts payable		1,732,665,770	1,047,861,763	1,140,763,480	516,345,484
Trade accounts payable to related parties	30	-	-	32,969,531	28,911,254
Current portion of long-term loans	19	688,746,676	186,058,664	604,356,250	120,000,000
Other payables		101,639,331	54,021,027	20,350,956	19,941,810
Accrued corporate income tax		265,153,543	327,874,701	97,497,335	127,182,403
Other current liabilities	20	163,727,560	86,588,957	37,836,450	31,653,091
Total current liabilities		5,123,531,060	1,722,405,112	2,981,224,652	844,034,042
Non-current liabilities					
Long-term loans from					
financial institutions, net	19	2,200,806,074	747,736,549	1,756,368,279	390,000,000
Long-term loans from					
related parties	30	-	-	1,310,000,000	825,000,000
Cylinder deposits	21	2,433,207,268	2,254,069,677	305,966,623	258,155,078
Total purchase consideration in acquiring					
subsidiary less than its net assets					
at book value	11	469,275,939	-	-	-
Other non-current liabilities		23,654,408	5,513,645	1,783,778	2,038,198
Total non-current liabilities		5,126,943,689	3,007,319,871	3,374,118,680	1,475,193,276
Total liabilities		10,250,474,749	4,729,724,983	6,355,343,332	2,319,227,318

The notes to the consolidated and company financial statements from pages 10 to 50 are an integral part of these financial statements.

96

٦

Balance Sheets

As at 31 December 2010 and 2009

		Consc	blidated	Company		
		2010	2009	2010	2009	
	Notes	Baht	Baht	Baht	Baht	
Liabilities and shareholders' equity (continu	ied)					
Shareholders' equity						
Share capital	22					
Authorised share capital						
950,000,000 ordinary shares						
with a par value of Baht 1 per share		950,000,000	950,000,000	950,000,000	950,000,000	
Issued and paid-up share capital						
950,000,000 ordinary shares						
of Baht 1 each, fully paid		950,000,000	950,000,000	950,000,000	950,000,000	
Premium on share capital	22	1,874,481,829	1,874,481,829	1,874,481,829	1,874,481,829	
Revaluation surplus on land		310,443,917	310,443,917	281,220,466	281,220,460	
Difference from a business combination						
under common control		(660,734,022)	(660,734,022)	(660,734,022)	(660,734,022	
Difference from taking equity of a business						
combination under common control		22,582,995	22,582,995	-	-	
Currency translation differences		(32,001,088)	(2,950,397)	-	-	
Retained earnings						
Appropriated						
- Legal reserve	24	162,088,663	116,864,254	162,088,663	116,864,254	
- Reserve for treasury stock	25	272,143,445	272,143,445	272,143,445	272,143,44	
Unappropriated		2,754,063,123	2,081,717,838	2,016,075,146	1,386,426,803	
Less Treasury stock	22, 25	(272,143,445)	(272,143,445)	(272,143,445)	(272,143,445	
Total parent's shareholders' equity		5,380,925,417	4,692,406,414	4,623,132,082	3,948,259,330	
Minority interests		67,336,620	83,629,818	_	-	
Total shareholders' equity		5,448,262,037	4,776,036,232	4,623,132,082	3,948,259,330	
Total liabilities and shareholders' equity		15,698,736,786	9,505,761,215	10,978,475,414	6,267,486,648	

The notes to the consolidated and company financial statements from pages 10 to 50 are an integral part of these financial statements.

Siamgas and Petrochemicals Public Company Limited Statements of Income For the years ended 31 December 2010 and 2009

		Consc	blidated	Company		
		2010	2009	2010	2009	
	Notes	Baht	Baht	Baht	Baht	
Revenue						
Revenue from sales		21,388,669,015	18,953,272,541	11,487,867,101	10,235,294,104	
Revenue from transportation		335,383,594	346,609,244	-	-	
Revenue from services		136,457,310	33,441,855	74,664,085	69,746,759	
Total revenue	30	21,860,509,919	19,333,323,640	11,562,531,186	10,305,040,863	
Cost of sales and services		(19,621,360,818)	(17,122,007,437)	(10,601,879,608)	(9,315,636,800)	
Gross profit		2,239,149,101	2,211,316,203	960.651.578	989,404,063	
Dividend income		-	-	627,399,240	993,382,130	
Other income	26	139,078,473	121,976,105	53,310,830	52,540,223	
Total other income		139,078,473	121.976,105	680,710,070	1,045,922,353	
Profit before expenses		2,378,227,574	2,333,292,308	1,641,361,648	2,035,326,416	
Selling expenses		(58,913,704)	(30,460,657)	(30,944,537)	(20,980,959)	
Administrative expenses		(501,311,018)	(426,028,704)	(203,623,813)	(184,935,404)	
Management's remuneration		(41,333,796)	(42,302,002)	(24,544,598)	(25,300,849)	
Total expenses		(601,558,518)	(498,791,363)	(259,112,948)	(231,217,212)	
Profit before finance costs and income tax	27	1,776,669,056	1,834,500,945	1,382,248,700	1,804,109,204	
Finance costs		(66,588,611)	(43,629,436)	(43.873.162)	(27,620,593)	
Profit before income tax		1,710,080,445	1,790,871,509	1,338,375,538	1,776,488,611	
Income tax	28	(553,094,588)	(560,712,963)	(204,474,676)	(216,220,846)	
Net profit for the year		1,156,985,857	1.230,158.546	1,133,900,862	1,560,267,765	
Attributable to:						
Equity holders of the parent		1,179,198,624	1,254,595,989	1,133,900,862	1,560,267,765	
Minority interests		(22,212,767)	(24,437,443)			
Net profit for the year		1,156,985,857	1,230,158,546	1,133,900,862	1,560,267,765	
Earnings per share for profit						
attributable to the equity holders						
of the parent	29					
Basic earnings per share (Baht)		1.28	1.34	1.23	1.66	

The notes to the consolidated and company financial statements from pages 10 to 50 are an integral part of these financial statements.

Siamgas and Petrochemicals Public Company Limited	Statements of Changes in Shareholders' Equity	For the years ended 31 December 2010 and 2009
---	---	---

							Consolidated						
						Attributable	Attributable to equity holders of the parent	s of the parent					
									Retained earnings	ırnings			
	Notes	lssued and paid-up share capital Baht	Premium Aremium an share capital Baht	Revaluation surplus on land Baht	Difference from a business combination under common control Baht	Difference from taking equity of a business combination under common control Baht	Currency Currency translation differences Baht	Legal reserve Baht	Reserve for treasury stock Baht	Unappropri- ated retained earnings Baht	Treasury stock Bant	Minority interests Baht	Total Baht
Opening balance													
1 January 2010		950,000,000	1,874,481,829	310,443,917	(660,734,022)	22,582,995	(2,950,397)	116,864,254	272,143,445	272,143,445 2,081,717,838 (272,143,445)	(272,143,445)	83,629,818	4,776,036,232
Currency translation differences		I	ı	ı	ı	ı	(29,050,691)	ı	ı	I	I	I	(29,050,691)
Dividends paid	23	I	ı	ı	ı	ı	I	I	I	(461,628,930)	I	I	(461,628,930)
Legal reserve	24	I	I	I	I	I	I	45,224,409	I	(45,224,409)	I	I	I
Net profit for the year		ı	ı	ı	ı	ı	ı	ı	ı	1,179,198,624	ı	(22,212,767)	1,156,985,857
Minority interests		ı	ı	ı	I	ı	I	ı	1	I	ı	5,919,569	5,919,569
Closing balance													
31 December 2010		950,000,000	1,874,481,829	310,443,917	(660,734,022)	22,582,995	(32,001,088)	162,088,663	272,143,445	2,754,063,123	(272,143,445)	67,336,620	5,448,262,037
Opening balance													
1 January 2009		950,000,000	1,874,481,829	270,080,940	(660,734,022)	22,582,995	I	38,850,866	ı	1,602,682,622	I	108,067,261	4,206,012,491
Revaluation surplus on land	13	I	ı	40,362,977	I	ı	I	I	I	I	I	I	40,362,977
Currency translation differences		I	ı	I	I	ı	(2,950,397)	I	I	I	ı	I	(2,950,397)
Dividends paid	23	ı	ı	ı	ı	ı	I	ı	ı	(425,403,940)	ı	I	(425,403,940)
Legal reserve	24	I	ı	ı	ı	ı	I	78,013,388	I	(78,013,388)	I	ı	I
Treasury stock reserve	25	I	ı	ı	I	ı	I	1	272,143,445	(272,143,445)	I	I	I
Treasury stock	25	I	ı	ı	ı	ı	I	I	I	I	(272,143,445)	I	(272,143,445)
Net profit for the year		ı	ı	ı	ı		I	ī	ı	1,254,595,989	ı	(24,437,443)	1,230,158,546
Closing balance													
31 December 2009		950,000,000	950,000,000 1,874,481,829	310,443,917	(660,734,022)	22,582,995	(2,950,397)	(2,950,397) 116,864,254	272,143,445	272,143,445 2,081,717,838 (272,143,445)	(272,143,445)	83,629,818	4,776,036,232

The notes to the consolidated and company financial statements from pages 10 to 50 are an integral part of these financial statements.

ANNUAL REPORT 2010 SIAMGAS AND PETROCHEMICALS PUBLIC COMPANY LIMIED

L

٦

Siamgas and Petrochemicals Public Company Limited For the years ended 31 December 2010 and 2009 Statements of Changes in Shareholders' Equity

						Total	Baht
						Treasury stock	Baht
				Unappropriated	retained	earnings	Baht
	Company Retained earnings				Reserve for	treasury stock	Baht
Compan						Legal reserve	Baht
		Difference	from a business	combination	under common	control	Baht
				Revaluation	surplus	on land	Baht
				Premium	on share	capital	Baht
				Issued and	paid-up	share capital	Baht
							Notes

balance	
Opening	

1 January 2010		950,000,000	1,874,481,829	281,220,466	(660,734,022)	116,864,254	272,143,445	1,386,426,803	(272,143,445)	3,948,259,330
Dividends paid	23	I	I	ı	ı	ı	ı	(459,028,110)	ı	(459,028,110)
Legal reserve	24	I	I	ı	ı	45,224,409	ı	(45,224,409)	ı	ı
Net profit for the year		1	I			T	ī	1,133,900,862	ı	1,133,900,862
Closing balance										
31 December 2010		950,000,000	1,874,481,829	281,220,466	(660,734,022)	162,088,663	272,143,445	2,016,075,146	(272, 143, 445)	4,623,132,082
Opening balance	÷									
1 January 2009		950,000,000	1,874,481,829	270,080,940	(660,734,022)	38,850,866	I	597,601,821	I	3,070,281,434
Revaluation surplus on land	13	ı	I	11,139,526	ı	ı	ı	1	ı	11,139,526
Dividends paid	23	I	I	I	I	I	ı	(421,285,950)	ı	(421,285,950)
Legal reserve	24	I	ı	ı	ı	78,013,388	ı	(78,013,388)	ı	ı
Treasury stock reserve	25	I	I	I	ı	I	272,143,445	(272,143,445)	I	I
Treasury stock	25	I	ı	ı	ı	ı	ı	ı	(272,143,445)	(272,143,445)
Net profit for the year		1	I	I	I	I	I	1,560,267,765	I	1,560,267,765
Closing balance										
31 December 2009		950,000,000	1,874,481,829	281,220,466	(660,734,022)	116,864,254	272,143,445	1,386,426,803	(272,143,445)	3,948,259,330

The notes to the consolidated and company financial statements from pages 10 to 50 are an integral part of these financial statements.

7

Г

E.

Siamgas and Petrochemicals Public Company Limited Statements of Cash Flows For the years ended 31 December 2010 and 2009

		Conso	lidated	Company	
		2010	2009	2010	2009
	otes	Baht	Baht	Baht	Baht
Cash flows from operating activities					
let profit before income tax		1,710,080,445	1,790,871,509	1,338,375,538	1,776,488,611
Adjustments for:					
Depreciation expenses - property, plant					
and equipment	13	451,216,943	415,902,704	61,724,814	50,322,951
Amortisation expenses		9,080,158	3,471,130	1,172,629	1,190,674
Interest expenses		42,384,089	18,387,401	27,934,574	12,584,152
Allowance for doubtful debts (reversal)		(166,076)	727,522	(356,414)	(547,126)
Provision for diminution in value of					
inventories (reversal)		(2,775,855)	1,584,771	-	-
Unrealised (gain) loss on exchange rate		1,186,085	(415,531)	807,727	356,900
(Gain) loss on sales/written off of property, plant					
and equipment, net		(22,172,146)	1,798,681	(1,146,490)	24,331
Reversal of loss from land revaluation		-	(20,740,370)	-	(21,090,370)
Dividends received		-	-	(627,399,240)	(993,382,130)
		2,188,833,643	2,211,587,817	801,113,138	825,947,993
Changes in operating working capital					
- trade accounts receivable		(27,358,564)	(96,320,544)	33,603,354	(56,436,444)
- trade accounts receivable from related parties		(53,201)	273,426	(163,156,725)	(1,446,364)
- inventories	(1,101,883,405)	21,017,869	(1,020,298,402)	(8,482,907)
- other current assets		80,794,311	(40,133,885)	47,940,455	(69,832,011)
- other non-current assets		(107,113,257)	(27,865,296)	(10,663,593)	(19,185,580)
- trade accounts payable		511,358,209	78,455,692	624,417,996	13,147,695
- trade accounts payable to related parties		-	230,139	(501,323)	(7,658,733)
- other payables		4,258,544	750,265	(2,360,831)	146,942
- cylinder deposits		145,625,300	103,528,532	47,811,545	44,291,348
- other current liabilities		(30,743,921)	(22,603,087)	7,995,453	(4,100,405)
- other non-current liabilities		4,456,696	(5,306,171)	(254,420)	37,000
Cash flows receipts from operating activities					
before interest and income tax paid		1,668,174,355	2,223,614,757	365,646,647	716,428,534
- Interest paid		(37,996,703)	(33,494,011)	(29,735,969)	(44,521,762)
- Income tax paid		(623,818,392)	(517,679,446)	(234,159,744)	(238,309,814)
let cash receipts from operating activities		1,006,359,260	1,672,441,300	101,750,934	433,596,958

Siamgas and Petrochemicals Public Company Limited Statements of Cash Flows (continued) For the years ended 31 December 2010 and 2009

		Cor	nsolidated	Company	
		2010	2009	2010	2009
	Notes	Baht	Baht	Baht	Baht
Cash flows from investing activities					
Proceeds from disposals of short-term investments		10,110,800	5,034,174	-	10,000,000
Receipt from short-term loans from related parties	30	-	-	-	183,130,967
Payment for short-term loans to related parties	30	-	-	-	(183,130,967)
Receipt from long-term loans from related parties	30	-	-	168,525,000	-
Payment for long-term loans to related parties	30	-	-	(506,506,300)	(105,000,000)
Proceeds from disposal of investment in a subsidiary	12	22,062,790	-	22,062,790	-
Net cash paid for the acquisitions of subsidiaries	11, 12	(1,063,541,211)	-	(2,796,875,035)	(201,540,000)
Payment for investment in joint venture	12	-	-	(500,000)	-
Purchases of property, plant and equipment		(1,401,720,229)	(980,831,160)	(638,454,955)	(400,037,975)
Proceeds from disposals of property, plant and					
equipment		39,907,118	4,380,738	21,939,774	2,441,492
Purchases of intangible assets		(1,199,560)	(680,360)	-	(39,900)
Deposits paid for acquisition of investment		-	(165,520,625)	-	-
Dividends received			-	627,399,240	993,382,130
Net cash receipts (payments) from investing activities		(2,394,380,292)	(1,137,617,233)	(3,102,409,486)	299,205,747
Cash flows from financing activities					
Proceed from (payments on) short-term loan					
from financial institution		1,046,642,923	(2,784,254)	1,046,642,923	-
Repayments on short-term loans from related parties		-	-	-	(20,000,000)

102

٦

Siamgas and Petrochemicals Public Company Limited Statements of Cash Flows (continued) For the years ended 31 December 2010 and 2009

		Con	solidated	Company	
		2010	2009	2010	2009
	Notes	Baht	Baht	Baht	Baht
Proceeds from long-term loans from related parties	30	-	-	1,110,000,000	825,000,000
Repayments on long-term loans from related parties	30	-	-	(625,000,000)	(1,218,000,000)
Proceeds from long-term loans from financial institutions	19	2,151,525,000	873,930,000	1,990,000,000	600,000,000
Payments to subsidiary's former shareholder					
for transfer of its loan to the Group	11 (c)	(1,554,660,944)	-	-	-
Repayments on long-term loans from financial institutions	19	(195,767,462)	(115,468,122)	(139,275,471)	(90,000,000)
Repayments for liabilities under hire purchase agree	ment	(66,025)	(158,460)	-	-
Payment for purchase of treasury stocks	25	-	(272,143,445)	-	(272,143,445)
Dividends payments	23	(461,628,930)	(425,403,940)	(459,028,110)	(421,285,950)
Net cash receipts (payments) from financing activities		986,044,562	57,971,779	2,923,339,342	(596,429,395)
Net (decrease) increase in cash and cash equivalents	;	(401,976,470)	592,795,846	(77,319,210)	136,373,310
Cash and cash equivalents - opening balance		1,331,089,140	737,525,823	311,217,065	174,843,755
Exchange gains (loss) on cash and					
cash equivalents		(378,357)	767,471	-	_
Cash and cash equivalents - closing balance	7	928,734,313	1,331,089,140	233,897,855	311,217,065
Non-cash items					
Payable for purchase of property, plant and equipm	nent				
(included in other accounts payable at the end o	of year)	34,738,916	22,493,171	11,434,536	4,115,657
Receivable for disposals of property, plant and equi (included in other accounts receivable at the end		_	_	13,184,726	_
Advance payments for property, plant and equipme (included in other current assets at the end of year)		19,251,816	1,164,330	39,653,914	210,000

The notes to the consolidated and company financial statements from pages 10 to 50 are an integral part of these financial statements.

103

Siamgas and Petrochemicals Public Company Limited Notes to the Consolidated and Company Financial Statements For the years ended 31 December 2010 and 2009

1 General information

Siamgas and Petrochemicals Public Company Limited (the "Company") is a public limited company incorporated and resident in Thailand. The address of the Company's registered office is 498/997-999, Damrongrak Road, Klongmahanak, Pomprabsatroopai, Bangkok.

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as the "Group".

The Group has main business in trading liquefied petroleum gas (LPG) and petrochemical, transportation services by land and ship, and ethanol production.

These consolidated and company financial statements were authorised by the Board of Directors on 28 February 2011.

2 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated and company financial statements are set out below.

2.1 Basis of preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and company financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

An English version of the consolidated and company financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2 Accounting policies (continued)

2.2 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards and accounting framework

The following new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (collectively "the accounting standards") and amendments to accounting framework are endorsed by the Government Gazette during 2010.

a) Effective on 26 May 2010

The amendment of accounting framework

b) Effective for the accounting periods beginning on or after 1 January 2011

TAS 1	(Revised 2009)	Presentation of Financial Statements
TAS 2	(Revised 2009)	Inventories
TAS 7	(Revised 2009)	Statement of Cash Flows
TAS 8	(Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	(Revised 2009)	Events after the Reporting Period
TAS 11	(Revised 2009)	Construction Contracts
TAS 16	(Revised 2009)	Property, Plant and Equipment
TAS 17	(Revised 2009)	Leases
TAS 18	(Revised 2009)	Revenue
TAS 19		Employee Benefits
TAS 23	(Revised 2009)	Borrowing Costs
TAS 24	(Revised 2009)	Related Party Disclosures
TAS 26		Accounting and Reporting by Retirement Benefit Plans
TAS 27	(Revised 2009)	Consolidated and Separate Financial Statements
TAS 28	(Revised 2009)	Investments in Associates
TAS 29		Financial Reporting in Hyperinflationary Economies
TAS 31	(Revised 2009)	Interests in Joint Ventures
TAS 33	(Revised 2009)	Earnings per Share
TAS 34	(Revised 2009)	Interim Financial Reporting
TAS 36	(Revised 2009)	Impairment of Assets
TAS 37	(Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets

TAS 38	(Revised 2009)	Intangible Assets
TAS 40	(Revised 2009)	Investment Property
TFRS 2		Share-base Payment
TFRS 3	(Revised 2009)	Business Combinations
TFRS 5	(Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6		Exploration for and Evaluation of Mineral Resources
TFRIC 15		Agreements for the Construction of Real Estate

The Group will apply the aforementioned accounting standards from 1 January 2011. The Group's management assessed and determined that there are no significant impacts to financial statements being presented except the following accounting standards.

- TAS 1 (Revised 2009) states that an entity shall present all items of income and expense recognised in a period in a single statement (the statement of comprehensive income) or in two statements (the separate income statement and statement of comprehensive income). In addition, this revised standard requires an entity to present a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when the entity makes a retrospective restatement or reclassifies items in the financial statements. However, for the financial statements which period begins on or after 1 January 2011 and are the first period apply the revised standard, an entity can choose to present statement of financial position only two statements without the statement of financial position as at the beginning comparative period. The Group decides to present both the separate income statement and statement of comprehensive income as the two statements.

- TAS 16 (Revised 2009) requires that the cost of an item of property, plant and equipment includes the costs of its dismantlement, removal or restoration, the obligation for which an entity incurs as a consequence of installing the item. Each significant component of property, plant and equipment is required to be separately identified and depreciated if the useful life of each significant component differs from other components. In addition, useful lives and residual values of the property, plant and equipment are required to be reviewed and adjusted, if appropriate, at least annually. The management is currently assessing the impact of applying this standard.

- TAS 19 deals with accounting for employee benefit. The standard classifies employee benefit into 4 categories: a) short-term employee benefits b) post-employment benefits (including defined contribution plan and defined benefit plan) c) other long-term employee benefits and d) termination benefits. The standard requires the entity to measure the defined benefit plan and other long-term employee benefits by using the Projected Unit Credit method (PUC). An entity can choose to recognise any actuarial gain or loss for defined benefit plan either in other comprehensive income or profit and loss. Actuarial gain or loss for other long-term employee benefit shall recognise in profit and loss. The Group will apply this standard from 1 January 2011. The management is currently assessing the impact of applying this standard.
- TAS 24 (Revised 2009) expands the definition of related party to include parties with joint control over the entity, joint venture in which the entity is a venturer and post-employment benefit plan for the benefit of employees of an entity. This revised accounting standard may impact only to the disclosure of related party information in the notes to financial statements.

- TAS 27 (Revised 2009) prescribes an accounting for changes in ownership interest in a subsidiary. The revised standard requires changes in a parent's ownership interest in a subsidiary, including all transactions with non-controlling interests that do not result in the loss of control to be accounted for in equity. When the entity loses control of a subsidiary, any investment retained in the former subsidiary is measured at its fair value and any gain or loss is recognised in profit or loss. The accounting for such changes in ownership interest shall be applied prospectively.

- TAS 31 (revised 2009) requires that when an investor ceased to have joint control over an entity, it shall account for any remaining investment at fair value and recognise any gain or loss in profit and loss.

- TAS 40 (Revised 2009) prescribes the accounting and disclosure for investment property. An entity is required to present an investment property separately in the statement of financial position. The entity may choose to measure the investment property either the cost model or the fair value model. Under fair value model, any changes in fair value are recognised in profit or loss. The management is currently assessing the impact of applying this standard.

- TFRS 3 (Revised 2009) continues to apply the acquisition method to business combinations, unless it is a combination involving entities or businesses under common control. Examples of significant changes in the revised standard are (a) all payments to a business acquisition, including contingent considerations shall be recognised at fair value on the acquisition date and changes in fair value of contingent consideration classified as a liability are recognised in profit or loss, (b) for each business combination, the acquirer shall measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and (c) all acquisition-related costs should be expensed in the periods in which the costs are incurred, etc. The revised accounting standard shall be applied prospectively to business combinations from 1 January 2011.

c) Effective for the accounting periods beginning on or after 1 January 2013

TAS 12		Income Taxes
TAS 20	(Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21	(Revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Group will apply the aforementioned accounting standards from 1 January 2013. The Group's management is currently assessing the impact of applying these standards.



2.3 Group accounting - investments in subsidiaries and interests in joint ventures

2.3.1 Investments in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. The accounting policy on goodwill is explained in Note 2.10.1.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the company financial statements, investments in subsidiaries are accounted for using the cost method of accounting. Under the cost method, income from investments in subsidiaries will be recorded when dividends are declared.

A list of the Group's subsidiaries and the financial effects of the acquisitions and disposals of subsidiaries are shown in Note 12.

2.3.2 Interests in joint ventures

The Group's interests in jointly controlled entities are initially recorded at cost and accounted for using the equity method in the consolidated financial statements. The Group has recognised interests in joint ventures including goodwill (net of accumulated amortisation). The Group's share of its joint ventures' post-acquisition profits or losses is recognised in the consolidated income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the interests in joint ventures.

When the Group's share of losses in joint ventures equals or exceeds its interests in joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

In the company financial statements, interests in jointly controlled entities are accounted for using the cost method of accounting. Under the cost method, income from interests in joint ventures will be recorded when dividends are declared.

A list of the Group's joint venture and the financial effects of the acquisitions and disposals of joint venture are shown in Note 12.

2.4 Foreign currency translation

Items included in the financial statements of each entity in the Group are measured using the reporting currency of that entity. The consolidated financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Thai Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated and company statements of income.

Statements of income and cash flows of foreign entities are translated into the Group's reporting currency at the weighted average exchange rates for the year and balance sheets are translated at the exchange rates prevailing on the balance sheet date. Currency translation differences arising from the retranslation of the net investment in foreign entities are taken to shareholders' equity. On disposal of a foreign entity, accumulated currency translation differences are recognised in the consolidated statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the exchange rate prevailing at the date of the transaction.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less from the date of acquisition and bank overdrafts. Bank overdrafts are included in current liabilities on the balance sheet.

2.6 Short-term investments

Short-term investments are fixed deposits at financial institutions which have maturity over three months but less than one year.

2.7 Trade accounts receivables

Trade accounts receivables are recognised initially at original invoice amount and subsequently measured at the remaining amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount and the amount expected to be collectible. Bad debts are recognised in the consolidated and company statements of income as part of selling expenses.

2.8 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost of petroleum and petrochemical products are determined by the weighted average method. Cost of oil product and other finished goods is determined by the first-in, first-out method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow moving and defective inventories.

2.9 Property, plant and equipment

Land is shown at fair value, based on valuations every five years by external independent valuers. All other plant and equipment are stated at cost less accumulated depreciation.

Increases in the carrying amount arising on revaluation of property are credited to the revaluation reserve (included in fair value reserves) in shareholders' equity. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to the statement of income.

Land is not depreciated. Depreciation is calculated on the straight line basis to write off the cost (or the revalued amount) of each asset to its residual value over the estimated useful life as follows:

Land improvement	10	years
Buildings and infrastructure	15 - 32	years
Terminals, gas filling and service stations and gas storage tanks	5 - 20	years
Gas vessels	6 - 25	years
Gas cylinders	10 - 15	years
Machine, factory tools and equipment	5 - 25	years
Furniture, fixtures and office equipment	3 - 7	years
Vehicles	5 - 15	years

Overhaul expenses of ship, gas storage tanks and gas equipment are capitalised in the year that it is incurred and are amortised on a straight-line basis over a required inspection period within 2.5 years for ship and 3 - 5 years for gas storage tanks and gas equipment.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of cost of the asset, during the period of time required to complete and prepare the property for its intended use. All other borrowing costs are expensed.

2.10 Intangible assets

2.10.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary undertaking or joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries and joint ventures is reported as an intangible asset and included in interests in joint ventures respectively in the consolidated balance sheet.

Recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

2.10.2 Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives (three to ten years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight line basis over their useful lives, not exceeding a period of ten years.

2.10.3 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation. Leasehold rights are amortised on a straightline basis over the leasehold period.

2.11 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower end of the carrying amount and fair value less cost to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

2.12 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.13 Leases - where a Group company is the lessee

Leases of property, plant or equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the

useful life of the asset or the lease term.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Leases - where a Group company is the lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.14 Deferred income taxes

The Group does not recognise income taxes payable or receivable in future periods with respect to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on plant and equipment, revaluations of certain non-current assets, tax losses carried forward of subsidiaries and allowances for diminution of assets.

2.15 Employee benefits

The Group operates a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund. The provident fund is funded by payments from employees and by the relevant Group companies. Contributions to the provident fund are charged to the statement of income in the year to which they relate.

2.16 Provisions

Provisions, excluding the provisions for employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.



2.17 Cylinder deposits

Cylinder deposits are recorded as liabilities from customers and will be settled with each customer when customer return the cylinders together with related original receipt as evidence of the deposits to the Group.

2.18 Share Capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company or its subsidiaries purchases the Company's equity share capital, the consideration paid including any attributable incremental external costs is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service net of output tax, rebates and discounts, and after eliminating sales within the Group for the consolidated financial statements. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Transportation revenue is recognised in proportion to the lapsed time of the voyage, and services revenue are recognised when the services are rendered.

Revenue from rental is recognised over the period of lease agreement. Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group. Dividends are recognised when the right to receive payment is established.

2.20 Dividends

Dividends are recorded in the consolidated and company financial statements in the period in which they are approved by the related shareholders for annual dividends and by the Board of Directors of a company for interim dividends.

2.21 Segment reporting

Business segments are the distinguishable components of an entity each engaged in providing a different product or service, or a different group of related products or services.

Geographical segments are the distinguishable components of an entity engaged in operations in individual country or group of countries within particular geographical areas. The Group does not disclose geographical segments because the aggregated operating results of overseas entities are lower than ten percent.

2.22 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.23 Financial instruments

Financial assets carried in the balance sheets include cash and cash equivalents, short-term investments, trade accounts receivables and short-term and long-term loans. Financial liabilities carried in the balance sheet include bank overdrafts and short-term loans from financial institutions, trade accounts payables, long-term loans, other payables and cylinder deposits. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Group is also a party to financial instruments that reduce exposure to fluctuations in interest rates. The instrument, is interest rate swap contract, is not recognised in the consolidated and company financial statements on inception.

Interest rate swap contracts protect the Group from movements in interest rates. Any differences to be paid or received on interest rate swap contracts are offset with the interest expenses arising from related loan agreement. Gains and losses on early termination of interest rate swaps or on repayment of the borrowing are taken to the statement of income.

2.24 Comparative figures

Comparative figures have been adjusted to conform with changes in the presentation in the current and the announcement of the Department of Business Development Regulation 2009 dated 30 January 2009 as follows:

- Balance sheet as at 31 December 2010 included goodwill, leasehold rights, and computer program to present as one account under intangible assets. In addition, Management also considered to classify trademark as goodwill because this transaction is a part of goodwill. However, the new classification is not impact to the financial statements under intangible assets.

- The statements of income for the year ended 31 December 2010 have been presented by function-multiple steps. Management has considered that this format present more relevant information to users.

- Segment information for the year ended 31 December 2009 additionally included operating profit by business which is not audited (Note 6).



- The revenue from transportation for the year ended 31 December 2009 was reclassified as revenue from sales of gas because selling price of gas sales includes the transportation service.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps to hedge certain exposures.

Risk management is carried out by a central treasury department (the Group Treasury) under policies approved by the Board of Directors. The Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

3.1.1 Foreign exchange risk

Foreign exchange risk arises from the change in foreign currency exchange rate to have an effect on the Group in the current reporting period and in future years. The Group has not entered into the hedging contracts because the Group assesses that the changes in exchange rates will not significantly affect assets and liabilities dominated in foreign currencies.

3.1.2 Interest rate risk

Interest rate risk arises from change in interest rates, which may have an impact on the Group's and Company's operations in the current reporting period and in future years. Liabilities which are affected from interest rate risk are as follow

	Consolidated		Company		Interest rate per annum	
	2010	2009	2010	2009	2010	2009
	Million Baht	Million Baht	Million Baht	Million Baht	% p.a.	% p.a.
Short-term loan from commercial banks	2,171.60	20.00	1,047.45	-	MLR-0.5 and	MLR-0.5
DOLIKS					2.50 - 5.23	
Long-term loan from commercial banks	2,908.83	933.80	2,380.00	510.00	MLR,	MLR-1.00
					MLR-1,	และ 4.95
					MLR-2,	
					4.95 and	
					4.11	
Long-term loan from subsidiaries	-	-	1,310.00	825.00	Fixed	Fixed
					deposits + 0.25	deposits ⁺ 0.25
					0.25	0.25

In order to manage the interest rate risk, the Company entered into an interest rate swap agreement with local bank (see Note 19) to swap interest at 3 months for a fixed interest rate at 4.95% per annum, commencing from 12 February 2009 to 12 February 2014.

3.1.3 Credit risk

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

3.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

3.2 Fair value

Financial assets carried in the balance sheets include cash and cash equivalents, short-term investments, trade accounts receivables, trade accounts receivable from related parties and short-term and long-term loans. Financial liabilities carried in the balance sheet include bank overdrafts and short-term loans from financial institutions, trade accounts payables, long-term loans, other payables and cylinder deposits.

The carrying amounts of the financial assets and financial liabilities approximate their fair values.

The fair value of interest rate swap contract has been calculated using rate quoted by the Group's commercial banker to terminate the contract at the balance sheet date. As at 31 December 2010, the notional amount and the fair value of financial instrument are as follows: (31 December 2009: obligation at Baht 5.76 million).

	_				Unit: Million Baht	
	Consolidated and Company Financial Statements					
		Notional amount				
	Less than 1 year	Within 1-5	More than	Total	(Obligation)	
		years	5 years		(ez.iganen)	
Interest rate swap contract (see Note 19)	-	390	-	390	(4.64)	

4 Critical accounting estimates, assumptions and judgements

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.10.1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The value-in-use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit in order to calculate present value. Significant estimates and assumptions used are growth rate and discount rate which reflect risk of the particular cash-generating unit.

Determination of the assumptions is necessary for the impairment testing. During the year 2010, the Group has recognised goodwill on business acquisitions of overseas entities. The Group has just operated these subsidiaries, therefore, the actual results may be varied from the Group's estimates.

(b) Plant, equipment and intangible assets

Management determines the estimated useful lives and residual values of the Group's plant, equipment and intangible assets. The management will review depreciation and amortisation expenses where the estimated useful life and residual value differ from the previous estimation or there is written-off for technically obsolete or non-used assets by sales or abandon.

4.2 Critical judgements in applying the entity's accounting policies

Allowance for doubtful accounts

The determination of the allowance for doubtful accounts requires the use of various assumptions and judgements by the management, which includes the estimated collection losses on receivables, based on the Group's collection experience together with a review of the financial position of the debtors. The management reviews these estimates and assumptions on a regular basis.

5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company does not apply any financial ratios to monitor its capital. However, the Company has monitored its debt covenants as specified in the loan agreements (see Note 19).

6 Segment information

The Group presents segment information in accordance with business segment in the internal financial report within the Group.

The significant business segments are as follows:

Petroleum and petrochemical products	Petroleum trading for household cooking, industry and transportation business, and petrochemical trading
Transportation services	Transportation services by land and ship
Other segment	Cylinder manufacturing and ethanol production



Financial information by business segment						
Consolidated						
For the year ended 31 December 2010	Petroleum and petrochemical products	Transportation services	Other business segment	Elimination entries	Total	
	Baht	Baht	Baht	Baht	Baht	
Sales and service income	21,816,046,284	1,390,922,288	164,216,509	(1,510,675,162)	21,860,509,919	
Cost of goods sold and services	(19,831,018,949)	(1,046,609,476)	(198,744,263)	1,455,011,870	(19,621,360,818)	
Operating profit	1,985,027,335	344,312,812	(34,527,754)	(55,663,292)	2,239,149,101	
Unallocated income/(expenses)					(1,059,950,477)	
Net profit for the year for the parent's company					<u>1,179,198,624</u>)	
Segment fixed assets	7,094,963,299	1,289,182,748	629,360,285	<u>_226,571,95</u> 3	9,240,078,285	
Unallocated assets					6,458,658,501	
Consolidated total assets					15,698,736,786	

Financial information by business segment							
Consolidated							
For the year ended 31 December 2009	Petroleum and petrochemical products	Transportation services	Other business segment	Elimination entries	Total		
	Baht	Baht	Baht	Baht	Baht		
Sales and service income	19,096,065,171	1,192,305,134	149,946,045	(1,104,992,710)	19,333,323,640		
Cost of goods sold and services	(17,129,256,144)	(858,561,608)	(195,297,617)	1,061,107,932	(17,122,007,437)		
Operating profit	1,966,809,027	333,743,526	(45,351,572)	(43,884,778)	2,211,316,203		
Unallocated income/(expenses)					(956,720,214)		
Net profit for the period for the parent's company					1,254,595,989		
Segment fixed assets	3,527,965,543	865,755,886	654,002,535	203,966,570	5,251,690,534		
Unallocated assets					4,254,070,681		
Consolidated total assets					9,505,761,215		

7 Cash and cash equivalents

	Consolidated		Company		
	2010 2009		2010	2009	
	Baht	Baht	Baht	Baht	
Cash on hand	9,580,970	9,157,637	6,778,180	7,383,587	
Deposits held at call with banks	929,198,943	1,321,931,503	227,119,675	303,833,478	
Cash and bank balances	938,779,913	1,331,089,140	233,897,855	311,217,065	

The average interest rate on short-term bank deposits was 0.25% (2009: 0.50%).

For the purposes of cash flow statement, the cash and cash equivalents comprise the following:

	Consol	idated	Company		
	2010 2009		2010	2009	
	Baht	Baht	Baht	Baht	
Cash and bank balances	938,779,913	1,331,089,140	233,897,855	311,217,065	
Bank overdrafts (Note 18)	(10,045,600)				
Cash and cash equivalents	928,734,313	1,331,089,140	233,897,855	311,217,065	

8 Trade accounts receivable, net

	Consol	idated	Company		
	2010 2009		2010	2009	
	Baht	Baht	Baht	Baht	
Trade accounts receivable	1,194,094,874	1,078,899,151	325,412,429	359,015,783	
Less Allowance for doubtful accounts	(40,976,988)	(41,143,064)	(3,193,823)	(3,550,237)	
Provision for discount receivable	(16,751,399)	(16,751,399)			
Trade accounts receivable, net	1,136,366,487	1,021,004,688	322,218,606	355,465,546	

The age analysis of the trade accounts receivable is as follows:

	Consol	idated	Company		
	2010	2009	2010	2009	
	Baht	Baht	Baht	Baht	
Trade accounts receivable					
Within credit term	1,013,695,719	967,135,169	299,575,998	306,772,034	
Overdue					
- below 3 months	104,684,343	49,022,452	19,583,843	45,195,886	
- 3 months to 12 months	17,872,843	5,848,065	2,733,883	3,573,563	
- more than 12 months	57,841,969	56,893,465	3,518,705	3,474,300	
Total trade accounts receivable	1,194,094,874	1,078,899,151	325,412,429	359,015,783	
Less Allowance for doubtful accounts	(40,976,988)	(41,143,064)	(3,193,823)	(3,550,237)	
Provision for discount receivable	(16,751,399)	(16,751,399)			
Trade accounts receivable, net	1,136,366,487	1,021,004,688	322,218,606	355,465,546	

122

Г

L.

٦

9 Inventories, net

	Consolidated		Company	
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Petroleum products	1,588,214,703	125,788,110	1,078,090,128	48,212,385
Petrochemical products	50,059,270	47,482,439	-	-
Oil products	31,394,811	36,168,164	-	-
Finished goods	58,120,156	45,792,445	-	16,132,952
Raw material	62,932,374	23,731,703	-	-
Supplies and others	45,570,269	42,597,942	443,875	433,675
Goods in transit	49,851,747	59,547,636	38,254,941	31,711,530
Work in process	24,555,508	14,718,899		-
Total	1,910,698,838	395,827,338	1,116,788,944	96,490,542
Less Allowance for diminution in value of inventories	(747,862)	(3,523,717)		
Inventories, net	1,909,950,976	392,303,621	1,116,788,944	96,490,542

According to regulations issued by the Ministry of Energy, the Group and the Company are required to reserve crude oil and petroleum products at 0.5% of the total trading volume in each period. As at 31 December 2010, the inventories included minimum mandatory reserve on crude oil and petroleum products amounting to Baht 97.95 million in the consolidated financial statements, and Baht 45.66 million in the company financial statements (31 December 2009: Baht 83.02 million and Baht 42.97 million, respectively), which were net of allowance for net realisable value.



10 Other current assets

	Consoli	idated	Comp	bany
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Advance payment	88,067,534	73,549,572	4,470,160	69,811,786
Prepaid expenses	48,799,805	21,039,210	30,900,116	9,744,831
Refundable corporate income tax	25,612,567	25,612,567	25,612,567	25,612,567
Receivable from Revenue Department	34,558,868	-	-	-
Insurance claim receivable	22,822,791	24,159,086	-	-
Other receivable from related parties	-	3,852	14,536,117	165,126
Accrued interest income on loan to subsidiaries	-	-	13,900,078	1,891,826
Accrued income	324,307	1,145,395	319,652	954,492
Others	60,838,848	24,341,924	2,676,759	4,378,751
	281,024,720	169,851,606	92,415,449	112,559,379

Insurance claim receivable

On 25 November 2008, the Group claimed the compensation from an insurance company in relation to the loss from a damaged vessel from fire and its temporarily out-of-services. The Group recognised insurance claim receivable of Baht 22.82 million (2009: Baht 24.16 million). However, in 2009 the insurance company denied the claim of Baht 22.82 million. The Group has filed a lawsuit against the insurance company with the Trial Court. The case is being considered by the court. The Group's management expects that the outcome will be in favour to the Group.

124

11 Business acquisition

a) Business acquisition of Super Gas Co., Ltd.

On 2 March 2010, the Group acquired 100% of the capital of Super Gas Co., Ltd. which distributes petroleum products and is incorporated in Vietnam. The total consideration of Baht 384 million was settled in cash (the first payment of Baht 381 million and additional payment of Baht 3 million were settled in the first quarter and the second quarter of 2010, respectively). The fair value of the net identifiable assets of Super Gas Co., Ltd. appraised by an independent valuer at the date of acquisition was Baht 176 million and goodwill resulted from acquisition of Baht 208 million. Goodwill is attributable to the potential growth in business in Vietnam by using the Group's synergy.

Details of net assets acquired and goodwill are as follows:

	Baht
Property, plant and equipment, net	139,518,604
Intangible assets	21,096,374
Other assets less liabilities	15,150,007
Fair value of net assets	175,764,985
Goodwill	208,269,546
Total purchase consideration	384,034,531
Less Cash and cash equivalents of the subsidiary	(17,127,208)
Net cash paid for the acquisition	366,907,323

b) Business acquisition of SingGas (LPG) Pte. Ltd.

On 30 July 2010, the Group acquired 100% of the share capital of SingGas (LPG) Pte. Ltd. which distributes petroleum products and is incorporated in Singapore. The total consideration of Baht 449 million was settled in cash.

Details of net assets acquired are as follows:

	Book value Baht
Property, plant and equipment, net	86,797,224
Intangible assets	25,217,459
Other assets less liabilities	(21,035,122)
Net assets at book value	90,979,561
Purchase consideration exceeded net assets at book value	358,518,943
Total purchase consideration	449,498,504
Less Cash and cash equivalent of the subsidiary	(68,724,200)
Net cash paid for the acquisition	380,774,304

The net book value of identifiable assets was Baht 91 million and purchase consideration exceeded net assets at book value of Baht 358 million. Goodwill is attributable to the potential growth in business in Singapore by using the Group's synergy. As at 31 December 2010, SingGas (LPG) Pte. Ltd. is under the process of determining fair value of the acquired net assets and reviewing purchase price allocation.

As at 29 December 2010, the Group partially sold 5% of share capital of SingGas (LPG) Pte. Ltd. to a third party with the value of Baht 22 million. As a result of the selling, the Group's investment in SingGas (LPG) Pte. Ltd. was reduced from 100% to 95%.

c) Business acquisition of Sino Siam Gas and Petrochemical Co.,Ltd.

As at 24 December 2010, the Group acquired 100% of the share capital of Sino Siam Gas and Petrochemical Co., Ltd. (formerly BP Zhuhai LPG Limited) which is incorporated in The People's Republic of China and fully-integrated LPG business with terminal designed to import, store and throughput propane and butane, distribute to the market via barges, tank trucks and cylinders. The total consideration of the acquisition is USD 65.2 million or Baht 1,961.3 million minus the loan to former shareholders of USD 51.5 million or Baht 1,554.7 million in Sino Siam Gas and Petrochemical Co., Ltd. As a result, the loan is transferred from the former shareholder to the Group on the acquisition date.

Details of net assets acquired are as follows:

	Book value Baht
Property, plant and equipment, net	2,790,831,377
Intangible assets	229,227,532
Other assets less liabilities	(2,144,208,005)
Net assets at book value	875,850,904
Purchase consideration in acquiring subsidiary less than its net assets at book value	(469,275,939)
Total purchase consideration	406,574,965
Less Cash and cash equivalents of the subsidiary	(90,715,380)
Net cash paid for the acquisition	315,859,585

The net book value of identifiable assets was Baht 876 million and purchase consideration less than net assets at book value of Baht 469 million. As at 31 December 2010, Sino Siam Gas and Petrochemical Co.,Ltd. is under the process of determining fair value of the acquired net assets and reviewing purchase price allocation. As a result, assets and liabilities of the subsidiary may be subject to fair value adjustments and the result of the PPA, which is expected to be finalised within 12 months from the acquisition date. The difference between total purchase consideration and net assets at book value is presented under non-current liabilities in the balance sheet. The Group has not recognised the difference in profit and loss account because the Group is reconsidering the fair value measurement of assets and liabilities acquired from the subsidiary.

As a result of business acquisitions of Super Gas Co., Ltd., SingGas (LPG) Pte. Ltd., and Sino Siam Gas and Petrochemical Co., Ltd., acquired businesses contributed total revenue of Baht 615.46 million and total operating net profit of Baht 3.91 million to the Group for the period from the date of acquisition to 31 December 2010.

12 Investments in subsidiaries and interests in a joint venture

The movement in investment in subsidiaries and a joint venture can be analysed as follows:

	Consol	idated	Comp	bany
	2010	2009	2010	2009
	Baht Baht		Baht	Baht
At 1 January	-	-	2,726,163,608	2,524,623,608
Acquisitions (Note 11)	-	-	2,796,875,036	201,540,000
Disposals (Note 11)			(22,062,790)	
At 31 December			5,500,975,854	2,726,163,608

128

Г

٦

	Country of	% ownersh	ip interest	
	incorporation	2010	2009	Type of business
Direct Subsidiaries Unique Gas and Petrochemicals Public Company Limited	Thai	99.59	99.59	Petroleum and petrochemical products distribution
Lucky Carrier Company Limited	Thai	99.99	99.99	Transportation and distribution
Siam Quality Steel Company Limited	Thai	99.99	99.99	Manufacturing and distribution of LPG cylinders
Siam Ethanol Export Company Limited	Thai	70.00	70.00	Manufacturing of ethanol products
Siamgas Hongkong Company Limited	Hongkong	100.00	100.00	Holding business and trading petroleum products
Super Gas Company Limited	Vietnam	100.00	-	Petroleum products distribution
SingGas (LPG) Pte. Ltd	Singapore	95.00	-	Petroleum products distribution
United Gas & Petrochemicals Sdn. Bhd.	Malaysia	100.00	-	Petroleum products distribution

The principal subsidiaries and joint venture are as follows:

	Country of	% owners	hip interest	
	incorporation	2010	2009	Type of business
Indirect Subsidiaries (holding by Unique Gas and Petrochemicals Public Company Limited)				
Unique Gas Trading Company Limited	Thai	99.99	99.99	Transportation and management services
Chemical Gas Transportation Company Limited	Thai	99.99	99.99	Transportation services
Unique Marine Company Limited	Thai	99.99	99.99	Transportation services
Unique Gas International Company Limited	Thai	99.99	99.99	Transportation services
Unique Gas Carrier Company Limited	Thai	99.94	99.94	Transportation services

L

	Country of	% ownersh	nip interest	Turo o of humin oo
	incorporation	2010	2009	Type of business
Indirect Subsidiary (holding by Lucky Carrier Company Limited) Lucky Marine Company Limited	Thai	99.99	99.99	Transportation services
Indirect Subsidiaries (holding by Siamgas Hongkong Co., Ltd.) Sino Siam Gas and Petrochemical Co. Ltd.	The People's Republic of China	100.00	-	Transportation services Petroleum and petrochemical products distribution
Direct Joint Venture Siam Nathalin Co., Ltd.	Thai	50.00	-	Transportation for medium range size up very large crude oil carrier (VLCC)

		Com	pany		
	Paid-u	o Capital	Cost N	1ethod	
	2010 Baht	2009 Baht	2010 Baht	2009 Baht	
Siamgas Hongkong Company Limited	2,155,203,607	201,540,000	2,155,167,129	201,540,000	
Unique Gas and Petrochemicals Public Company Limited	105,000,000	105,000,000	2,104,623,678	2,104,623,678	
SingGas (LPG) Pte. Ltd.	336,007,104	-	427,435,715	_	
Super Gas Company Limited	133,453,535	-	384,034,531	-	
Siam Ethanol Export Company Limited	400,000,000	400,000,000	280,000,000	280,000,000	
Lucky Carrier Company Limited	70,000,000	70,000,000	70,000,000	70,000,000	
Siam Quality Steel Company Limited	70,000,000	70,000,000	69,999,930	69,999,930	
United Gas & Petrochemicals Sdn. Bhd.	9,534,200	-	9,714,871		
			5,500,975,854	2,726,163,608	

2

Г

E.

In the fourth quarter of 2010, the Company invested in additional ordinary shares of Siamgas Hongkong Company Limited which is incorporated in Hongkong at the same proportion of 100% amounting to Baht 1,953.6 million.

In the third quarter of 2010, the Company acquired 100% of the share capital of United Gas & Petrochemicals Sdn. Bhd. which is incorporated in Malaysia. The number of acquired share is 2 shares of Ringgit 1 each, amounting to a total of Ringgit 2 or approximate Baht 20. In the last quarter of 2010, the Company invested in additional ordinary shares of the subsidiary amounting to Baht 9.7 million. The subsidiary has not commenced its operation yet.

Investment in a joint venture

Detail of investment in a joint venture is as follow:

			Consol	idated	Com	pany
	Paid-up (the Group	Capital o's portion)	Equity 1	Method	Cost N	1ethod
	2010	2009	2010	2009	2010	2009
	Baht	Baht	Baht	Baht	Baht	Baht
Siam Nathalin Co., Ltd.	500,000		500,000			

In the third quarter of 2010, the Group acquired 50% of the share capital of Siam Nathalin Co., Ltd. which is incorporated in Thailand. Total number of acquired shares are 0.5 million at Baht 1 each, amounting to Baht 0.5 million. The joint venture has not commenced its operation yet.



ዀ
ne.
_
÷
ቻ
٣
S
<u>.</u>
<u> </u>
aduip
Φ
σ
and
σ
+
⊆
plant
۵
1
≁
ጆ
do
õ
ř
ш.
ო
÷.

				Consolidated						
	Land	Buildings, infrastructure and land improvement	Terminals, gas filling and service stations and gas storage tanks	Gas Vessels	Gas cylinders	Machine, factory tools and equipment	Furniture, fixtures and office equipment	Vehicles	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
At 1 January 2009										
Cost - Historical cost	1 ,759,595,582	488,846,901	1,013,279,924	850,566,756	2,538,642,520	305,845,910	193,404,168	904,010,810	166,173,862	8,220,366,433
- Revaluation	215,644,052		I					,		215,644,052
	1,975,239,634	488,846,901	1,013,279,924	850,566,756	2,538,642,520	305,845,910	193,404,168	904,010,810	166,173,862	8,436,010,485
Less Accumulated depreciation		(102,823,237)	(579,946,633)	(498,431,237)	(1,851,099,622)	(6,316,856)	(150,882,533)	(589,347,110)	1	(3,778,847,228)
Net book value	1,975,239,634	386,023,664	433,333,291	352,135,519	687,542,898	299,529,054	42,521,635	314,663,700	166,173,862	4,657,163,257
Year ended 31 December 2009										
Opening net book value	1,975,239,634	386,023,664	433,333,291	352,135,519	687,542,898	299,529,054	42,521,635	314,663,700	166,173,862	4,657,163,257
Land revaluation	61,103,347		I	I		ı		1	1	61,103,347
Additions	134,970,369	17,512,602	8,359,950	383,647,731	87,056,766	44,620	8,821,146	11,862,354	303,229,819	955,505,357
Transfer in / out	(20,770,000)	30,883,432	111,829,147	18,725,968	(54,504)	8,655,169	3,339,677	81,973,242	(234,711,634)	(129,503)
Disposals, net	(130,350)		(1,306,093)	I			(3)	(1,852,774)	(2,760,000)	(6,049,220)
Depreciation charge		(28,491,485)	(69,690,949)	(93,389,225)	(110,911,223)	(32,625,643)	(16,792,492)	(64,001,687)		(415,902,704)
Closing net book value	2,150,413,000	405,928,213	482,525,346	661,119,993	663,633,937	275,603,200	37,889,963	342,644,835	231,932,047	5.251,690.534
At 31 December 2009										
Cost - Historical cost	1,873,665,601	537,206,126	1,128,971,746	1,252,940,455	2,619,940,201	314,582,509	205,303,474	994,577,644	231,932,047	9,159,119,803
- Revaluation	276,747,399	I	I	1	I		I	1		276,747,399
	2,150,413,000	537,206,126	1,128,971,746	1,252,940,455	2,619,940,201	314,582,509	205,303,474	994,577,644	231,932,047	9,435,867,202
Less Accumulated depreciation	•	(131,277,913)	(646,446,400)	(591,820,462)	(1,956,306,264)	(38,979,309)	(167,413,511)	(651,932,809)	1	(4,184,176,668)
Net book value	2,150,413,000	405,928,213	482,525,346	661,119,993	663,633,937	275,603,200	37,889,963	342,644,835	231,932,047	5,251,690,534

132 7

Г

L

(continued)
net
equipment,
and
plant (
perty,
Pr
13

				Consolidated						
	Land	Buildings, infrastructure and land improvement	Terminals, gas filling and service stations and gas storage tanks	Gas Vessels	Gas cylinders	Machine, factory tools and equipment	Fumiture, fixtures and office equipment	Vehicles	Construction in progress	Total
	Baht	Baht	Baht	Bah†	Baht	Baht	Baht	Baht	Baht	Baht
Year ended 31 December 2010										
Opening net book value	2,150,413,000	405,928,213	482,525,346	661,119,993	663,633,937	275,603,200	37,889,963	342,644,835	231,932,047	5,251,690,534
Additions	233,155,478	7,624,739	4,126,832	403,126,105	222,928,035	ı	13,011,620	13,411,342	498,560,362	1,395,944,513
Acquisition of subsidiaries (Note 11)	ı	1,759,128,817	100,124,038		46,591,900	1,041,814,071	17,587,687	12,631,300	39,269,392	3,017,147,205
Transfer in / out	I	32,561,315	202,700,733	37,160,607	ı	199,763	2,712,576	103,313,644	(378,648,638)	ı
Reclassification (Note 14)	8,500,135	42,000,000	I		ı	ı	ı	,	1	50,500,135
Disposals, net	I	(133,222)	(3)	(12,533,026)	(94,874)	I	(645,006)	(64,463)	(4,264,378)	(17,734,972)
Currency translation differences	1	(234,385)	(2,720,718)	ı	(346,491)	I	(245,234)	(395,396)	(2,309,963)	(6,252,187)
Depreciation charge	ı	(41,154,072)	(71,819,402)	(118,862,785)	(100,056,526)	(35,492,813)	(17,436,179)	(66,395,166)	ı	(451,216,943)
Closing net book value	2,392,068,613	2,205,721,405	714,936,826	970,010,8 94	832,655,981	1.282.124.221	52,875,427	405,146,096	384,538,822	9.240.078.285)
At 31 December 2010										
Cost - Historical cost	2,115,321,214	2,863,051,147	1,496,115,740	1,610,754,222	2,915,247,384	1,588,454,104	257,371,960	1,120,425,391	384,538,822	14,351,279,984
- Revaluation	276,747,399							ı		276,747,399
	2,392,068,613	2,863,051,147	1,496,115,740	1,610,754,222	2,915,247,384	1,588,454,104	257,371,960	1,120,425,391	384,538,822	14,628,027,383
Less Accumulated depreciation		(657,329,742)	(781,178,914)	(640,743,328)	(2,082,591,403)	(306,329,883)	(204,496,533)	(715,279,295)	-	(5,387,949,098)
Net book value	2,392,068,613	2,205,721,405	714,936,826	970,010,894	832,655,981	1,282,124,221	52,875,427	405,146,096	384,538,822	9,240,078,285

ANNUAL REPORT 2010 SIAMGAS AND PETROCHEMICALS PUBLIC COMPANY LIMIED

Г

L

٦

J,

			Company					
	Land	Buildings, infrastructure and land improvement	Terminals, gas filling and service stations and gas storage tanks	Gas cylinders	Furniture, fixtures and office equipments	Vehicles	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
At 1 January 2009								
Cost - Historical cost	1,371,539,033	68,093,617	119,238,932	315,267,299	9,453,657	28,887,547	59,689,740	1,972,169,825
- Revaluation	215,644,052	1	1				ı	215,644,052
	1,587,183,085	68,093,617	119,238,932	315,267,299	9,453,657	28,887,547	59,689,740	2,187,813,877
Less Accumulated depreciation		(15,129,669)	(55,125,738)	(77,622,669)	(4,844,801)	(15,559,574)	ı	(168,282,451)
Net book value	1,587,183,085	52,963,948	64,113,194	237,644,630	4,608,856	13,327,973	59,689,740	2,019,531,246
Year ended 31 December 2009								
Opening net book value	1,587,183,085	52,963,948	64,113,194	237,644,630	4,608,856	13,327,973	59,689,740	2,019,531,426
Land revaluation	32,229,896	ı	I	I	ı	ı		32,229,896
Additions	134,487,369	16,608,570	8,265,950	46,729,031	2,807,212	4,423,845	190,625,260	403,947,237
Transfer in / out	(20,770,000)	29,830,487	24,432,861		2,984,214	ı	(36,477,562)	ı
Disposals, net	(130,350)			(54,500)	(1)	(337,315)	(1,867,960)	(2,390,126)
Depreciation charge		(5,995,006)	(8,816,282)	(30,089,429)	(2,022,092)	(3,400,142)	,	(50,322,951)
Closing net book value	1,733,000,000	93,407,999	87,995,723	254,229,732	8,378,189	14,014,361	211,969,478	2,402,995,482

г

Ē

134

(continued)
net
equipment,
and
plant
Property,
13

			Company					
	Land	Buildings, infrastructure and land improvement	Terminals, gas filling and service stations and gas storage tanks	Gas cylinders	Furniture, fixtures and office equipments	Vehicles	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
At 31 December 2009								
Cost - Historical cost	1,485,126,052	114,532,674	151,937,743	361,941,829	15,229,537	32,931,392	211,969,478	2,373,668,705
- Revaluation	247,873,948	1	ı	ı			ı	247,873,948
	1,733,000,000	114,532,674	151,937,743	361,941,829	15,229,537	32,931,392	211,969,478	2,621,542,653
Less Accumulated depreciation		(21,124,675)	(63,942,020)	(107,712,097)	(6,851,348)	(18,917,031)		(218,547,171)
Net book value	1,733,000,000	93,407,999	87,995,723	254,229,732	8,378,189	14,014,361	211,969,478	2,402,995,482
Year ended 31 December 2010								
Opening net book value	1,733,000,000	93,407,999	87,995,723	254,229,732	8,378,189	14,014,361	211,969,478	2,402,995,482
Additions	232,705,478	6,121,877	2,028,500	100,229,373	2,359,727	4,444,734	258,440,229	606,329,918
Transfer in / out	ı	25,797,615	128,284,616	I	107,782	ı	(154,190,013)	ı
Disposals, net		(13,662)	I	(28,141,056)	(264,995)	ı	(5,558,297)	(33,978,010)
Depreciation charge		(7,621,697)	(13,977,899)	(33,421,625)	(2,524,739)	(4,178,854)	ı	(61,724,814)
Closing net book value	1,965,705,478	117,692,132	204,330,940	292,896,424	8,055,964	14,280,241	310,661,397	2,913,622,576
At 31 December 2010								
Cost - Historical cost	1,717,831,530	146,438,195	282,250,861	433,430,650	17,388,431	37,376,126	310,661,397	2,945,377,190
- Revaluation	247,873,948	ı	,		ı		ı	247,873,948
	1,965,705,478	146,438,195	282,250,861	433,430,650	17,388,431	37,376,126	310,661,397	3,193,251,138
Less Accumulated depreciation		(28,746,063)	(17,919,921)	(140,534,226)	(9,332,467)	(23,095,885)		(279,628,562)
Net book value	1,965,705,478	117,692,132	204,330,940	292,896,424	8,055,964	14,280,241	310,661,397	2,913,622,576

L

As at 31 December 2010, the Company's land, building including those under construction machine and equipment with net book value of Baht 1,753.59 million (2009: Baht 1,202.72 million) have been used as collateral for credit facilities and loan from a local commercial bank (see Notes 18 and 19).

As at 31 December 2010, the subsidiaries have used certain plots of land and building with net book value of Baht 423.69 million (2009: Baht 426.43 million) as collateral for credit facilities of the Company (see Note 19) and have used land, building, machine and vessels with net book value of Baht 1,013.25 million (2009: Baht 484.72 million) as collateral for credit facilities and loans of a subsidiary with local commercial banks (see Notes 18 and 19).

Cost of fixed assets which are fully depreciated and still in use in the Consolidated and Company financial statements as at 31 December 2010 are approximately Baht 2,098.61 million and Baht 27.67 million, respectively (As at 31 December 2009: Baht 2,015.99 million and Baht 25.83 million, respectively).

During the year 2009, the Group's external independent appraiser had appraised land using the market value method. The change of land at revaluation was as follows:

Appraised land increment (decrement)	Consolidated	Company
	Baht	Baht
At 1 January 2009	270,080,940	270,080,940
Increment from land appraisal	40,362,977	11,139,526
Decrement from land appraisal		
At 31 December 2009	310,443,917	281,220,466
Land appraisal		
At 31 December 2010	310,443,917	281,220,466

Borrowing costs of Baht 46.71 million (2009: Baht 24.48 million), arising from financing specifically entered into for the construction of a new factory port and gas terminal at Suksawat, were capitalised during the year and are included in 'Additions'. A capitalisation rate of 4.95% (2009: 4.95%) was used representing the actual borrowing cost of the loan used to finance the project.

14 Assets of disposal group classified as held-for-sale

Non-current assets held for sales consist of:

	Conso	idated
	2010	2009
	Baht	Baht
Land	-	8,500,135
Building		42,000,000
Total		50,500,135

As at 31 December 2009, the above non-current assets held for sale were used as collateral for credit facilities of the Company. (see Notes 18 and 19)

During the year 2010, the Group reclassified the entire non-current assets held for sales amounting to Baht 50.5 million to property, plant and equipment (see Note 13) because the Group's management has considered and determined that the assets were not met criteria to present as non-current assets held for sales in the current accounting period.



15 Intangible assets - net

Construction Computer						
Goodwil Goodwil Software strivare rights Software strivare strivare strivare Software strivare strivare strivare Software strivare strivare Software strivare strivare Software strivare strivare Software strivare strivare Software strivare strivare Software strivare strivare A1 January 2009 1236.704.370 34.430.901 13.501.876 3.4971.40 1288.244.287 Less Accumulated anortisation .(190.558.522) .(13.546.971) .(10.556.236) .2124.661.729 Net book value .(190.558.522) .(13.540.971) .(10.556.236) .2124.661.729 Net book value .(190.558.522) .(13.540.971) Qpaning net book value .1046.145.848 .20.793.930 .2.945.440 .3.697.140 .1073.582.580 Additions			Consolidated			
At 1 January 2009 Image: Cost 1.236,704,370 3.43,40,901 1.35,01,876 3.697,140 1.288,244,287 Less Accumulated amortisation .(190,558,522)		Goodwill	leasehold		software - installation	Total
Cost 1236,704,370 34,340,90 13,501,876 3,697,140 1289,242,87 Less Accumulated amortisation .(195,558,522) .(10,558,220)		Baht	Baht	Baht	Baht	Baht
Less Accumulated amortisation Lipods 585.222 (13.546.971) (10.556.236)	At 1 January 2009					
Net book value 1.046.145.848 2.0.793.920 2.945.640 3.697.140 1.073.582.588 Year ended 31 December 2009 3.697.140 1.073.582.588 Additions - 1.036.145.848 20.793.920 2.945.640 3.697.140 1.073.582.588 Additions - 1.036.145.848 20.793.920 2.945.640 3.697.140 1.073.582.588 Additions - 1.036.145.848 20.793.920 2.945.640 3.697.140 1.073.582.588 Additions - 1.036.350 900.860 1.054.360 Anortisotion charge _ 2.132.370 4.598.000 1.027.165.788 At 31 December 2009 I I I.236.704.370 2.721.573 13.655.376 4.598.000 1.027.165.788 Less Accounulated I I.046.145.848 I.8289.570 2.132.370 4.598.000 1.071.165.788 Vear ended 31 December 2010 I I.046.145.848 I.8289.570 2.132.370		1,236,704,370	34,340,901	13,501,876	3,697,140	1,288,244,287
Year ended 31 December 2009 Vera ended 31 December 2009 Opening net book value 1.046.145.48 20.793.930 2.945.640 3.697.140 1.073.582.586 Additions - - 153.500 900.860 1.054.360 Amortisation charge		(190,558,522)	(13,546,971)	(10,556,236)		<u>(214,661,729)</u>
Opening net book value 1.046.145.848 20.793.930 2.945.640 3.697.140 1.073.582.588 Additions - - 153.500 900.860 1.054.360 Anortisction charge	Net book value	1,046,145,848	20,793,930	2,945,640	3,697,140	1,073,582,558
Additions - 153.00 900.800 1.054.300 Amortisation charge	Year ended 31 December 2009					
Amortisation charge	Opening net book value	1,046,145,848	20,793,930	2,945,640	3,697,140	1,073,582,558
Closing net book value 1.046.145.848 18.289.570 2.132.370 4.598.000 1.071.165.788 At 31 December 2009 Image: Contemport 2010 Image: Contemport 2010 <thimage: 2010<="" contemport="" th=""> Image: Contemport 2010<!--</td--><td>Additions</td><td>-</td><td>-</td><td>153,500</td><td>900,860</td><td>1,054,360</td></thimage:>	Additions	-	-	153,500	900,860	1,054,360
At 31 December 2009 Image: Construct of the system of the sy	Amortisation charge		(2,504,360)	(966,770)		(3,471,130)
Cost 1,236,704,370 27,721,573 13,655,376 4,598,000 1,282,679,319 Less Accumulated Image: Cost of the second sec	Closing net book value	1,046,145,848	18,289,570	2,132,370	4,598,000	1,071,165,788
Less Accumulated Image: Constraint of the second seco	At 31 December 2009					
Image: Constraint of the second sec	Cost	1,236,704,370	27,721,573	13,655,376	4,598,000	1,282,679,319
Net book value 1.046,145,848 18,289,570 2.132,370 4.598,000 1.071,165,788 Year ended 31 December 2010 1.046,145,848 18,289,570 2.132,370 4.598,000 1.071,165,788 Opening net book value 1.046,145,848 18,289,570 2.132,370 4.598,000 1.071,165,788 Exchange differences - - (3,504) - (3,504) Additions - - (3,504) - (3,504) Acquisition of subsidiary 550,645,268 231,989,967 2.688,833 - 785,324,068 Amortisation charge	Less Accumulated					
Year ended 31 December 2010 Pear ended 31 December 2010 Opening net book value 1,046,145,848 18,289,570 2,132,370 4,598,000 1,071,165,788 Exchange differences - - (3,504) - (3,504) Additions - - (3,504) - (3,504) Additions - - (3,504) - (3,504) Acquisition of subsidiary 550,645,268 231,989,967 2,688,833 - 785,324,068 Amortisation charge - (3,419,000) (986,412) - (4,405,412) Closing net book value 1,596,791,116 246,860,537 8,429,287 - 1,852,080,940 At 31 December 2010 I 1,596,791,116 341,914,896 27,505,544 - 1,966,211,556 Less Accumulated amortisation - (95,054,359) (19,076,257) - (114,130,616)	amortisation	(190,558,522)	(9,432,003)	(11,523,006)	-	(211,513,531)
Opening net book value 1.046,145,848 18,289,570 2.132,370 4.598,000 1.071,165,788 Exchange differences - - (3,504) - (3,504) Additions - - (4,598,000) (4,598,000) - Acquisition of subsidiary 550,645,268 231,989,967 2,688,833 - 785,324,068 Amortisation charge - (3,419,000) (986,412) - (4,405,412) Closing net book value 1,596,791,116 246,860,537 8,429,287 - 1,852,080,940 Cost 1,596,791,116 341,914,896 27,505,544 - 1,966,211,556 Less Accumulated amortisation - (95,054,359) (19,076,257) - (114,130,616)	Net book value	1,046,145,848	18,289,570	2,132,370	4,598,000	1,071,165,788
Link Link <thlink< th=""> Link Link <thl< td=""><td>Year ended 31 December 2010</td><td></td><td></td><td></td><td></td><td></td></thl<></thlink<>	Year ended 31 December 2010					
Additions - - 4,598,000 (4,598,000) - Acquisition of subsidiary 550,645,268 231,989,967 2,688,833 - 785,324,068 Amortisation charge (3,419,000) (986,412) (4,405,412) Closing net book value 1,596,791,116 246,860,537 8,429,287 1,852,080,940 At 31 December 2010	Opening net book value	1,046,145,848	18,289,570	2,132,370	4,598,000	1,071,165,788
Acquisition of subsidiary 550,645,268 231,989,967 2,688,833 - 785,324,068 Amortisation charge (3,419,000) (986,412) (4,405,412) Closing net book value 1,596,791,116 246,860,537 8,429,287 1,852,080,940 At 31 December 2010	Exchange differences	-	-	(3,504)	-	(3,504)
Amortisation charge	Additions	-	-	4,598,000	(4,598,000)	-
Closing net book value 1.596,791,116 246,860,537 8.429,287 - 1.852,080,940 At 31 December 2010 Image: Cost in the state of	Acquisition of subsidiary	550,645,268	231,989,967	2,688,833	-	785,324,068
At 31 December 2010 Image: Cost description Image: Cost descri	Amortisation charge		(3,419,000)	(986,412)	-	(4,405,412)
Cost 1.596,791,116 341,914,896 27,505,544 - 1.966,211,556 Less Accumulated amortisation (95,054,359) (19,076,257) (114,130,616)	Closing net book value	1,596,791,116	246,860,537	8,429,287		1,852,080,940
Less Accumulated amortisation (95,054,359) (19,076,257) (114,130,616)	At 31 December 2010					
	Cost	1,596,791,116	341,914,896	27,505,544	-	1,966,211,556
Net book value 1,596,791,116 246,860,537 8,429,287 - 1,852,080,940	Less Accumulated amortisation		(95,054,359)	(19,076,257)		(114,130,616)
	Net book value	1,596,791,116	246,860,537	8,429,287		1,852,080,940

138

٦

ч

Г

L.

	Company		
	Land and port leasehold rights	Computer software	Total
	Baht	Baht	Baht
At 1 January 2009			
Cost	13,368,095	344,400	13,712,495
Less Accumulated amortisation	(3,202,033)	(259,165)	(3,461,198)
Net book value	10,166,062	85,235	10,251,297
Year ended 31 December 2009			
Opening net book value	10,166,062	85,235	10,251,297
Additions	-	39,900	39,900
Amortisation charge	(1,141,551)	(49,123)	(1,190,674)
Closing net book value	9,024,511	76,012	9,100,523
At 31 December 2009			
Cost	11,315,319	384,300	11,699,619
Less Accumulated amortisation	(2,290,808)	(308,288)	(2,599,096)
Net book value	9,024,511	76,012	9,100,523
Year ended 31 December 2010			
Opening net book value	9,024,511	76,012	9,100,523
Amortisation charge	(1,141,550)	(31,079)	(1,172,629)
Closing net book value	7,882,961	44,933	7,927,894
At 31 December 2010			
Cost	11,315,319	384,300	11,699,619
Less Accumulated amortisation	(3,432,358)	(339,367)	(3,771,725)
Net book value	7,882,961	44,933	7,927,894

16 Deposit for investment

On 29 September 2009, a foreign subsidiary has entered into an equity interest transfer agreement with a foreign company to purchase the interest of Chevron Ocean Gas & Energy Ltd. with consideration of USD 51 million. The said subsidiary has paid deposit of USD 5 million or approximate Baht 151 million (see Note 31). The Company also entered into a guarantee agreement with the foreign company to guarantee the payment by the foreign subsidiary to the foreign company. The Group's management is in discussion with the shareholder of Chevron Ocean Gas & Energy Ltd. to complete the transfer of shares by 2011.

139

L

17 Other non-current assets

Other non-current assets are as follows:

	Consoli	dated	Comp	bany
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Deposits at bank used as collateral	2,554,361	2,551,036	290,471	287,146
Deposits	107,124,873	14,683,613	4,852,626	4,514,871
Down payment - Cylinders	-	748,890	24,832,114	-
Deferred Charges	37,018,690	-	-	-
Others	41,080,599	23,173,497_	33,369,711	23,047,197
Total	187,778,523	41,157,036	63,344,922	27,849,214

18 Bank overdrafts and short-term loans from financial institutions

	Consol	idated	Com	pany
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Bank overdrafts	10,045,600	-	-	-
Short-term loans from financial institutions	2,161,552,580	20,000,000	1,047,450,650	
Total	2,171,598,180	20,000,000	1,047,450,650	

As at 31 December 2010, the Group and the Company have short-term promissory notes from financial institutions of Baht 2,161.55 million and Baht 1,047.45 million, respectively. The promissory notes bear interest at the rates of 2.50% - 5.23% per annum and MLR-0.50% per annum (2009: 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-0.50% per annum). The promissory notes are secured by land, machine and equipment of the Group and the Company (see Note 13).

As at 31 December 2010 and 2009, a subsidiary has bank overdrafts from a local commercial bank of Baht 10 million carried interest at the rate of MOR-1.00% per annum. The subsidiary uses land, machine and equipment as collateral. The overdrafts are also guaranteed by the subsidiary's directors based on equity proportion (see Note 13).

19 Long-term loans from financial institutions, net

	Consol	idated	Com	pany
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Current portion of long-term loans, net				
Thai Baht	693,590,426	186,058,664	609,200,000	120,000,000
Less Deferred financing fee	(4,843,750)		(4,843,750)	-
	688,746,676	186,058,664	604,356,250	120,000,000
Long-term loans, net				
Thai Baht	2,215,237,795	747,736,549	1,770,800,000	390,000,000
Less Deferred financing fee, net	(14,431,721)		(14,431,721)	
	2,200,806,074	747,736,549	1,756,368,279	390,000,000
Total long-term loans, net	2,889,552,750	933,795,213	2,360,724,529	510,000,000

The movement of long-term loans from financial institutions during the year can be analysed as follows:

	Consolidated	Company
	Baht	Baht
For the year ended 31 December 2010		
Opening balance	933,795,213	510,000,000
Addition	2,151,525,000	1,990,000,000
Repayments and financing fee	(195,767,463)	(139,275,471)
Ending balance	2,889,552,750	2,360,724,529

141 L As at 31 December 2010 and 2009, the long-term loans represented long-term loans from local commercial banks as follows:

The Company

The Company has long-term loans with commercial banks to finance its overseas investment. As at 31 December 2010, the outstanding balance is Baht 1,820 million carried interest at the rate of 4.11% per annum. Principal repayments are made on installment basis, i.e. every 3 months in the amount of Baht 113.75 million per installment from the first drawdown. The loans are secured by share certificates of foreign subsidiaries.

The Company has long-term loan with a commercial bank to purchase land including building and facilities to finance new port facility at 31 December 2010, the outstanding balance is Baht 390 million carried interest at the rate of Reuters plus 2% per annum (2009: Baht 510 million). Principal repayments are made on installment basis, i.e. every 3 months in the amount of Baht 30 million per installment from the first drawdown. The Company has used land including all building and fixtures constructed and to be constructed thereon the port facility as collateral (see Note 13). Subsequently, the Company entered into an interest rate swap agreement with the commercial bank for fixed interest rate at 4.95% per annum which are calculated by reference to such long-term loan agreement, commencing from 12 February 2009 to 12 February 2014 (see Note 3.1.2).

The Company has long-term loan with a commercial bank to purchase land, machine and construction of service stations. As at 31 December 2010, the outstanding balance is Baht 170 million carried interest at MLR-2% per annum. Principal is repayable on a monthly basis; of which the 1st - 58th installments are not lower than Baht 2.85 million per installment and the last installment is the remaining unpaid amount. The loan shall be due for full repayment by December 2015. The Company has used land including all building constructed and to be constructed thereon, machine and equipment as collateral.

The subsidiaries

As at 31 December 2010, Lucky Marine Company Limited has long-term loans from local commercial banks as follows;

Long-term loan of Baht 111.81 million (2009: Baht 132.52 million) carries interest at the rate of MLR-1.00% per annum. Principal is repayable on a monthly basis; of which the 1st - 83rd installments are Baht 1.70 million per installment, the 84th installments are Baht 1.40 million. The first installment commenced in October 2009 and the loan shall be due for full repayment by September 2016. The subsidiary has used its vessels as collateral (see Note 13). In addition, the loan is also guaranteed by Lucky Carrier Company Limited.
Long-term loan of Baht 87.95 million (2009: Baht 101.42 million) carries interest at the rate of MLR-1.00% per annum. Principal is repayable on a monthly basis; of which the 1st - 83rd installments are Baht 1.54 million per installment and the last installment is the remaining unpaid amount. The loan is due for full repayment by April 2017. The subsidiary has used its vessels as collateral (see Note 13). In addition, the loan is also guaranteed by Lucky Carrier Company Limited and Siamgas and Petrochemicals Public Company Limited.

Long-term loan of Baht 161.43 million (2009: Nil) carries interest at the rate of MLR-1.00% per annum. The repayments of principal and interest totalling of Baht 2.20 million are made on monthly installment basis. The remaining balance is repayable in the last month. The subsidiary has used its vessels as collateral (see Note 13). In addition, the loan is also guaranteed by Lucky Carrier Company Limited and Siamgas and Petrochemicals Public Company Limited.

As at 31 December 2010, Siam Ethanol Exports Company Limited has long-term loans from local commercial banks as follows;

Long-term loan of Baht 140.97 million (2009: Baht 159.86 million) carries interest at the rate of MLR-1.00% per annum. The subsidiary has mortgaged its land, building, machine and equipment (see Note 13). The loan is also guaranteed by some directors based on equity proportion.

Long-term loan of Baht 26.67 million (2009: Baht 30 million) carries interest at the rate of MLR per annum. The subsidiary has mortgaged its land, building, machine and equipment (see Note 13). The loan is also guaranteed by some directors based on equity proportion.

Under terms and conditions as specified in the loan agreements, the Group and the Company are not permitted to use pledged assets as collateral for other obligation without prior formal approval from the banks. The Group and the Company have to comply with the conditions, including certain debt covenants as specified in the agreements.

The interest rate exposure on the long-term loans of the Group after taking into account interest rate swap contract is as follows:

	Consolidated		Company		
	2010	2009	2010	2009	
	Baht	Baht	Baht	Baht	
Long-term loans, net					
- at fixed rates	390,000,000	510,000,000	390,000,000	510,000,000	
- at floating rates	2,499,552,750	423,795,213	1,970,724,529	-	
Total long-term loans, net	2,889,552,750	933,795,213	2,360,724,529	510,000,000	

After taking into account of interest rate swaps, the weighted average effective interest rates of the long-term loans of the Group were approximately 5.26% per annum (2009: 5.17% per annum).

After taking into account of interest rate swaps, the weighted average effective interest rate of the long-term loans of the Company was 4.83% per annum for Thai Baht loans. (2009: 4.95% per annum).

Maturity of long-term loans is as follows:

	Consolidated		Company	
	2010 2009		2010	2009
	Baht	Baht	Baht	Baht
Within 1 year	688,746,676	186,058,664	604,356,250	120,000,000
Later than 1 year but not later than 5 years	2,111,026,813	663,914,019	1,756,368,279	390,000,000
Later than 5 years	89,779,261	83,822,530		
Total long-term loans, net	2,889,552,750	933,795,213	2,360,724,529	510,000,000

Credit facilities

As at 31 December 2010, the Group has the available credit loan facilities from financial institutions amounted of Baht 2,780 million (2009: Nil).

20 Other current liabilities

Other current liabilities consist of:

	Consolidated		Company	
	2010 2009		2010	2009
	Baht	Baht	Baht	Baht
Accounts payable - Revenue Department	-	16,473,407	7,791,212	8,938,665
Accrued expenses	95,728,777	49,119,513	12,501,316	12,068,660
Other accounts payable to subsidiaries				
and related parties (see Note 30)	3,268,545	2,719,725	8,359,293	1,297,317
Others	64,730,238	18,276,312	9,184,629	9,348,449
Total	163,727,560	86,588,957	37,836,450	31,653,091

21 Cylinder deposits

Cylinder deposits consist of:

	Consolidated		Company	
	2010 2009		2010	2009
	Baht	Baht	Baht	Baht
Book value as at the beginning	2,254,069,677	2,150,541,146	258,155,078	213,863,729
Acquisition of subsidiaries	32,918,907	-	-	-
Cylinder deposits/transfer in	165,055,934	104,460,131	57,428,435	44,351,899
Refund deposits/transfer out	(18,837,250)	(931,600)	(9,616,890)	(60,550)
Book value as at the ending	2,433,207,268	2,254,069,677	305,966,623	258,155,078

The Company has obligation for cylinder deposits which was transferred from the business acquisition of Siam Gas Industries Co., Ltd. on 27 April 2005 at net book value. The obligation will arise when customers return the cylinder together with original receipt in exchange for the deposit. Net book value of cylinder deposits of Baht 133 million was the remaining balance after being amortised over the useful life of cylinders until the date of the acquisition. If the Company had recognised the deposits at gross amount before amortisation, the Company may have additional cylinder deposits liabilities. However, the Company and management determine that the rate of deposits refund is very low based on the last five-year information (Note 31). The significant refund of deposits will occur when gas business operations significantly decline.

22 Share capital

	Number of share	Ordinary share	Share premium	Treasury stock	Total
		Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht11
As at 1 January 2009	950,000,000	950,000	1,874,482	-	2,824,482
Issue of ordinary shares				(272,143)	(272,143)
As at 31 December 2009	950,000,000	950,000	1,874,482	(272,143)	2,552,339
Issue of ordinary shares					
As at 31 December 2010	950,000,000	950,000	1,874,482	(272,143)	2,552,339

As at 31 December 2010, the total authorised number of shares were 950 million shares with a par value of Baht 1 per share (31 December 2009: 950 million shares with a par value of Baht 1 per share). All shares were issued and fully paidup with the share premium of Baht 1,874 million and treasury stock of Baht 272 million (Note 25).

23 Dividends paid

The Company

At the Board of Directors' meeting of the Company held on 11 August 2010, the Board of Directors approved the appropriation of interim dividends for the operating results for the six-month period ended 30 June 2010 at Baht 0.20 per share, totalling of Baht 183.79 million. The interim dividends have been paid in full amount on 10 September 2010.

At the Annual General Shareholders' meeting of the Company held on 23 April 2010, the shareholders passed a resolution for the dividend payment for the year 2009 at Baht 0.50 per share, totalling of Baht 459.47 million. The Company paid dividend payments according to the shareholders' resolution through interim dividends payment at Baht 0.20 per share, totalling Baht 183.79 million on 20 October 2009; and dividends payment at Baht 0.30 per share, totalling Baht 275.24 million on 30 April 2010.

At the meeting of the Board of Directors of the Company held on 23 September 2009, the Board of Directors approved the appropriation of interim dividends from the net income of the separate statements of the six-month period ended 30 June 2009 in amount of Baht 0.20 per share, totalling Baht 183.79 million. The interim dividends have been paid in full amount on 20 October 2009.

On 24 April 2009, the ordinary shareholders' meeting of the Company has passed a resolution for the dividend payment of the year 2008 in amount of Baht 0.40 per share, totalling Baht 380 million. The Company paid dividend payments according to the shareholders resolution through interim dividends payment at Baht 0.15 per share, amounting to Baht 142.50 million on 17 October 2008; and dividends payment at Baht 0.25 per share, amounting to Baht 237.50 million on 30 April 2009.

The subsidiaries

At the Annual General Shareholders' meeting of a subsidiary held on 20 April 2010, the shareholders passed the resolution for the dividend payment for the year 2009 at Baht 60 per share, totalling Baht 630 million. These dividends were paid to the shareholders on 27 April 2010.

At the Annual General Shareholders' meeting of a subsidiary held on 19 April 2010, the shareholders passed the resolution for the dividend payment for the year 2009 at Baht 10 per share, totalling Baht 50 million. These dividends were paid to the shareholders on 12 May 2010.

On 22 April 2009, the ordinary shareholders' meeting of a subsidiary has passed a resolution for dividend payment of the year 2008 of Baht 95 per share, totalling Baht 997.50 million. The dividends have been fully paid on 11 May 2009.

On 27 April 2009, the ordinary shareholders' meeting of a subsidiary has passed a resolution for dividend payment of the year 2008 of Baht 20 per share, totalling Baht 100 million. The dividends have been fully paid on 15 May 2009.

24 Legal reserve

Under the Public Companies Act, the Company is required to set aside as a statutory reserve at least 5% of its net profit after deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. Dividend cannot be paid out of the legal reserve.

Under the provision of the Civil and Commercial Code of Thailand, the subsidiary companies in Thailand are required to set aside as a legal reserve at least 5% of their net profit each time a dividend is declared until the reserve reaches 10% of registered capital, such reserve is not available for dividend distribution until the company is finally wound up.

25 Treasury stock reserve

Under the Notification of the Office of the Securities and Exchange Commission No. Gor. Lor. Tor. Chor. Sor. (Wor.) 2/2005 and the Notification of the Federation of Accounting Professions No. Sor. Sor. Wor. Bor. Chor. 016/2005, issued a guideline that public companies buying back their own shares (treasury shares) must have retained earnings in an amount not less than the outstanding balance of the treasury shares, and if retained earnings are appropriated for dividend payment, the balance of retained earnings remaining after such payment must likewise be no less than the balance of the treasury shares. The Company proceeded in accordance with these guidelines and appropriated an amount of retained earnings to the treasury stock reserve equal to the amount paid to acquire the shares.

As at 31 December 2009, the Company had set aside the treasury stock reserve of Baht 272.14 million from its retained earnings.

At the Board of Directors' meeting No. 5/2009 held on 17 July 2009, the Board of Directors passed a resolution to approved treasury stock not more than 90 million shares of the Company's ordinary shares or not exceed 10% of the total issued and paid-up share capital with the maximum amount not exceed Baht 720 million and the Company's retained earnings. The buy back period started from 3 August 2009 to 2 February 2010. The objective of the treasury stock is to manage the financial liquidity.

	Consolidated		Company	
	2010 2009		2010	2009
	Baht	Baht	Baht	Baht
Value of treasury stock (Baht)	272,143,445	272,143,445	272,143,445	272,143,445
Number of treasury stock (Shares)	31,068,500	31,068,500	31,068,500	31,068,500
Average cost per share (Baht)	8.76	8.76	8.76	8.76
Percentage of number of treasury stock to				
the share capital issued by the Company	3.27	3.27	3.27	3.27

Details of treasury stock are as follows:

26 Other operating income

	Consolidated		Company	
	2010 2009		2010	2009
	Baht	Baht	Baht	Baht
For the year ended 31 December				
Rental income	53,508,280	45,554,813	13,116,177	10,997,851
Interest income	4,979,455	10,877,959	17,819,514	10,129,475
Profit on disposal of property, plant and equipment	24,802,631	1,468,835	1,263,892	30,170
Others	55,788,107	64,074,498	21,111,247	31,382,727
	139,078,473	121,976,105	53,310,830	52,540,223

27 Expenses by nature

The following expenditure items have been charged in arriving at net profit:

	Consolidated		Company	
	2010 2009		2010	2009
	Baht	Baht	Baht	Baht
For the year ended 31 December				
Depreciation & amortisation expenses	460,297,101	419,373,834	62,897,443	51,513,625
Staff expenses	627,101,437	555,829,116	150,380,039	139,004,996
Management's remuneration	41,333,796	42,302,002	24,544,598	25,300,849
Rental expenses		48,377,957	41,243,400	29,785,303

28 Income tax

According to the Royal Decree No. 475 B.E. 2551 issued under the Revenue Code regarding the corporate income tax rate deduction effective on 7 August 2008, the corporate income tax for listed companies in the Stock Exchange of Thailand has been reduced from 30% to 25% of net profit which does not exceed Baht 300 million. This will remain in effect for three consecutive accounting periods beginning on or after 1 January 2008. The Company applies the rate of 25% to calculate corporate income tax for the years ended 31 December 2010 and 2009.

29 Earnings per share

Basic earnings per share attributable to equity holders of the parent is calculated by dividing the net profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares issued during the period after deduction of treasury stock.

	Consolidated		Company	
	2010 2009		2010	2009
	Baht	Baht	Baht	Baht
For the year ended 31 December				
Net profit for the period attributable to				
parent company (Baht)	1,179,198,624	1,254,595,989	1,133,900,862	1,560,267,765
Weighted average number of ordinary shares after deduction of treasury stock (Shares)	918,931,500	937,552,662	918,931,500	937,552,662
Earnings per share (Baht/Share)	1.28	1.34	1.23	1.66

There are no potential dilutive ordinary shares in issue during the year.

30 Related party transactions

As at 31 December 2010, the major shareholders of the Company are shareholders in Weeraborwornpong family, which own 66.77% of the Company's share capital.

Details of subsidiaries and a joint venture present in Note 12.

The significant pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Revenue from sale of gas and throughput income	Prices are determined in accordance with prices under terms and normal
	course of business conditions.
Wharfing service income and transportation expenses	Prices are determined in accordance with prices under terms
	and normal course of business conditions.
Purchase of cylinder	Prices are determined by cost plus margin basis.
Rental income and expenses	Rental rates are determined in contract which prices are determined under
	the terms and conditions in the normal course of business.
Interest income and interest expenses	Interest rates are based on the rates determined in loan agreements.

The following material transactions were carried out with related parties:

i) Outstanding balances arising from sales and purchases of goods/services

	Consolidated		Comp	bany
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Trade accounts receivable				
Subsidiaries	-	-	173,428,167	10,265,380
Other related parties - the same shareholders				
and directors	1,220,442	1,167,242	373,847	379,909
Total	1,220,442	1,167,242	173,802,014	10,645,289
Other receivable				
Subsidiaries	-	-	14,536,117	161,274
Other related parties- the same shareholders				
and directors		3,852		3,852
Total		3,852	14,536,117	165,126
Accrued interest income				
Subsidiaries		-	13,900,078	1,891,826
Cylinder deposits				
Subsidiaries		-	1,982,130	1,982,130
Deposits for purchase of cylinders				
Subsidiaries		-	24,832,114	_
Deposits for building				
Other related parties- the same				
shareholders and directors	3,607,665	3,311,037	1,150,210	1,150,210

	Consol	Consolidated		oany
	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Trade accounts payable				
Subsidiaries			32,969,531	28,911,254
Other payable				
Subsidiaries	-	-	-	200,000
Other related parties- the same shareholders				
and directors	3,268,545	2,719,725	8,359,293	1,097,31
Total	3,268,545	2,719,725	8,359,293	1,297,317
Interest payable				
Subsidiaries		-	61,731	3,427,397
Cylinder deposits payable				
Subsidiaries			1,220	1,220

ii) Loans from/to related parties

Short-term loans to subsidiaries

	Company		
For the year ended 31 December	2010	2009	
	Baht	Baht	
Additions	-	183,130,967	
Proceeds	-	(183,130,967)	
Reclassify to long-term loans		(10,000,000)	
Ending balance			

During the year 2009, the Company had short-term loan to a subsidiary with interest rate of 5.25% per annum. The subsidiary had fully repaid the loan principal, and transferred the remaining loan to be long-term loan under a new arrangement.

	Company			
For the year ended 31 December	2010	2009		
	Baht	Baht		
Opening balance	215,000,000	100,000,000		
Additions	506,506,300	105,000,000		
Proceeds	(168,525,000)	-		
Reclassify from short-term loans		10,000,000		
Ending balance	552,981,300	215,000,000		
Current portion of long-term loans		(100,000,000)		
Ending balance - net	552,981,300	115,000,000		

Long-term loans to subsidiaries

153

L

As at 31 December 2010, the Company has long-term loans to subsidiaries with interest rates as follows:

- Interest rate at 5.25% per annum (2009: 5.25% per annum) is charged for loans of Baht 288.48 million (2009: Baht 45 million). The loans shall be due by 2013 or when the subsidiary has sufficient working capital.
- Interest rate of average fixed deposit account for 12 months for three Thai commercial banks plus 0.25% per annum (2009: the same interest rate with 2010) is charged for loan of Baht 100 million (2009: Baht 100 million). The loan shall be due by 2014.
- Interest rate of average MLR for three Thai commercial banks plus 0.50% per annum (2009: the same interest rate with 2010) is charged for loan of Baht 164.50 million (2009: Baht 70 million). The loan shall be due when the subsidiary can borrow a loan from financial institution.

	Company		
For the year ended 31 December	2010	2009	
	Baht	Baht	
Opening balance	825,000,000	1,218,000,000	
Additions	1,110,000,000	825,000,000	
Repayments	(625,000,000)	(1,218,000,000)	
Ending balance	1,310,000,000	825,000,000	

Long-term loans from subsidiaries

As at 31 December 2010, the Company has loans from a subsidiary with interest rate of average fixed deposit account of four Thai commercial banks plus 0.25% per annum. The loans are repayable within 2015.

iii) Sales of goods and services, interest income and other income

	Consolidated		Company	
For the year ended 31 December	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Sales of gas				
Subsidiaries	-	-	165,845,608	560,764
Other related parties - the same shareholders				
and directors	6,051,680	6,180,194	1,921,564	1,894,210
Total	6,051,680	6,180,194	167,767,172	2,454,974
Wharfing service income				
Subsidiaries			41,311,985	36,019,511
Other income				
Subsidiaries	-	-	1,427,788	90,600
Other related parties - the same shareholders				
and directors		3,600		3,600
Total		3,600	1,427,788	94,200
Dividend income				
Subsidiaries			627,399,240	993,382,130
Interest income				
Subsidiaries			16,502,932	5,959,919
Sell asset/equipment				
Subsidiaries	-	-	35,120,631	2,166,068

L

iv) Purchases of goods and services and interest expenses

	Consolidated		Company	
For the year ended 31 December	2010	2009	2010	2009
	Baht	Baht	Baht	Baht
Purchase of goods				
Subsidiaries			862,024	639,682
Purchase of assets and equipment				
Subsidiaries	-	-	73,154,974	57,184,975
Other related parties - the same shareholders				
and directors	1,114,606	88,900	149,280	88,900
Total	1,114,606	88,900	73,304,254	57,273,875
Transportation expenses				
Subsidiaries	_		363,950,218	339,094,517
Wharfing expenses				
Subsidiaries			17,076,364	14,777,816
Rental expenses				
Subsidiaries	-	-	2,448,000	1,341,000
Other related parties - the same shareholders				
and directors	17,345,649	15,737,127	5,605,633	5,473,37
Total	17,345,649	15,737,127	8,053,633	6,814,37
Interest expenses				
Subsidiaries			12,945,397	12,436,302
Other expenses				
Subsidiaries	-	-	4,944,367	7,576,470
Other related parties - the same shareholders				
and directors	13,759,731	11,370,312	5,317,411	4,635,349
Total	13,759,731	11,370,312	10,261,778	12,211,819

Г

L

٦

31 Commitments and contingent liabilities

a) Letter of guarantee

As at 31 December 2010 and 2009, the Company has bank guarantees issued on its behalf as follows:

	Consolidated		Company	
	2010	2009	2010	2009
	million Baht	million Baht	million Baht	million Baht
Letter of guarantee	1,763	1,565	863	761
Letter of credit	349	28.20	349	28.20

As at 31 December 2010, bank letters of guarantees are secured by certain plots of land, land improvement and vessels as mentioned in Notes 13, and personally guaranteed by the Company's directors.

As at 31 December 2010, the Company and subsidiaries have available credit facilities for letter of credit, trust receipt, cheque discounted, letter of guarantee, forward contract, of Baht 7,289.54 million (2009: Baht 4,466.01 million). Credit facilities are secured by subsidiaries' shares as mentioned in Note 19, certain plots of land, land improvement and vessels as mentioned in Notes 13, and personal guarantees by the Company's directors.

b) The Company is guarantor for its subsidiary in relation to the acquisition of Chevron Ocean Gas & Energy Ltd. as mentioned in Note 16.



c) As at 31 December 2010 and 2009, the Company and subsidiaries have commitment from long-term land and building lease agreements as follows:

	Consolidated		Company	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	Baht	Baht	Baht	Baht
Within 1 year	33,950,809	37,173,664	16,696,261	22,205,261
During 2 - 5 years	41,010,506	48,935,718	20,287,785	26,160,546
Later than 5 years	9,047,069	9,230,915	2,053,000	1,141,000
Total	84,008,384	95,340,297	39,037,046	49,506,807

d) During year 2004, the Company had entered into the Asset Sales and Purchase agreement with Siam Gas Industries Co., Ltd. On 27 April 2005, the Company has entered into cylinder deposit repayment agreement with Siam Gas Industries Co., Ltd. According to the agreement, Siam Gas Industries Co., Ltd. agrees to pay cylinder deposits to customer who has deposit receipts prior to the date of the Asset Sales and Purchase agreement, if aggregated refunds asked from customers are in excess of the amount specified in the Asset Sales and Purchase agreement. However, Siam Gas Industries Co., Ltd. has currently ceased the operation, and please see Note 21 in relation to contingent liabilities from cylinder deposits.

32 Post balance sheet events

On 28 February 2011, at the Board of Directors' meeting of the Company, it passed a resolution to propose dividend payment of the year 2010 in amount of Baht 0.30 per share, totalling Baht 276 million. The proposed dividends are subject to shareholders' approval.

On 28 February 2011, at the Board of Directors' meeting of a subsidiary, it passed a resolution to propose dividend payment of the year 2010 in amount of Baht 60 per share, totalling Baht 630 million. The proposed dividends are subject to shareholders' approval.



www.siamgas.com

Siamgas and Petrochemicals Public Company Limited

498/997-999 FL. 8 Bobae Tower 2 Dumrongrak Road, Mahanak, Pomprabsattruphai, Bangkok 10100 Phone. 02-628-1700-10 Fax. 02-628-1718