

# Content

2	Financial Conclusion
4	Message from the Chairman and Executive Chairman
16	Policy and Overview of Business Operation
30	Business Operation
36	Risk Factors
49	Company Information
51	Capital Structure
53	Dividend Policy
55	Management
60	Corporate Governance
72	Social Responsibility
77	Internal Control and Risk Management
78	Connected Transaction
85	Financial Status and Operating Performance
96	Management Discussion and Analysis
116	Report of the Board of Directors' Accountability to Financial Report
117	Auditor's Report
118	Year-End Financial Statements as of December 31, 2014

---

# Vision

“ To be the Leading Energy Provider  
in East Asia. ”



To be prepared for the company's business expansion, market growth and future gas price floating. To urge business advantages by improving the company's potential in the upstream business and to cover the local and international markets, especially countries in East Asia, and even in higher level of the product supply chain with the company's product and service network

To come up with plans aimed at increasing facilities, storage terminals, filling plants, service stations, transporting vessels and transporting trucks

To continuously develop human resource for higher operation capability, effectiveness and security

To place importance on policies regarding product security, service and practices within organization

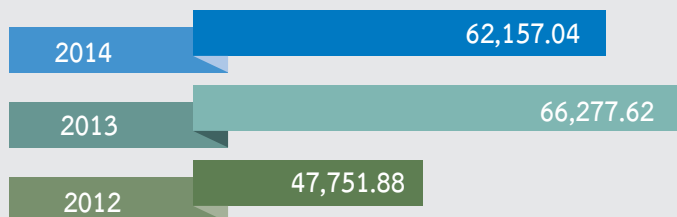
To focus on well living standard of people by providing premium product and service, especially security and convenience aspects in budget and fair price

To emphasize environment preservation, ethical business conduct, responsibility towards society, shareholders and other related parties

# FINANCIAL CONCLUSION

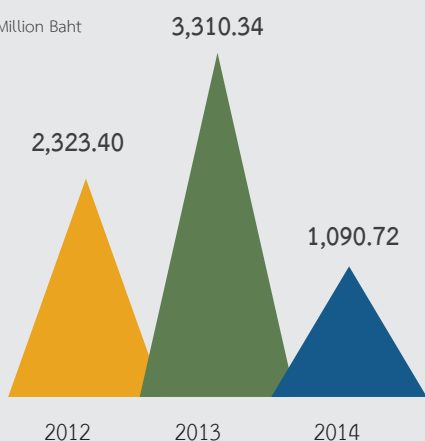
		2012	2013	2014
<b>OPERATING</b>				
Revenue from sales	Million Baht	46,628.22	64,308.12	61,177.30
Total revenue	Million Baht	47,751.88	66,277.62	62,157.04
EBITDA	Million Baht	2,323.40	3,310.34	1,090.72
Gross profit	Million Baht	2,073.79	2,339.45	834.37
Net profit	Million Baht	823.56	1,602.26	(514.30)
<b>FINANCIAL</b>				
Total asset	Million Baht	28,095.01	29,602.09	28,243.29
Total Liabilities	Million Baht	20,773.67	20,518.50	19,874.22
Shareholders' Equity-net	Million Baht	7,321.34	9,083.58	8,369.06
<b>FINANCIAL RATIO</b>				
Net Profit Margin	Percent	1.68	2.49	(0.86)
Return on Equity (R.O.E.)	Percent	11.17	18.15	(6.42)
Return on Asset (R.O.A.)	Percent	2.86	5.57	(1.90)
Net Debt to Equity Ratio	Times	2.84	2.26	2.37
Interest bearing Debt to Equity Ratio	Times	1.86	1.44	1.39
Interest Coverage Ratio	Times	4.26	5.44	-
Liquidity Ratio	Times	1.03	0.96	0.84
<b>STOCK DATA</b>				
Book Value	Baht/share	7.93	9.77	8.99
Paid-up Capital	Million Baht	950.00	918.93	918.93
Last Price at the end of period	Baht/share	13.80	15.80	9.50
Market Capitalization	Million Baht	13,110.00	14,519.12	8,729.85
Dividend paid	Baht/share	0.40	0.60	0.35
Dividend Yield	Percent	3.26	2.53	6.32

Total revenue  
Million Baht



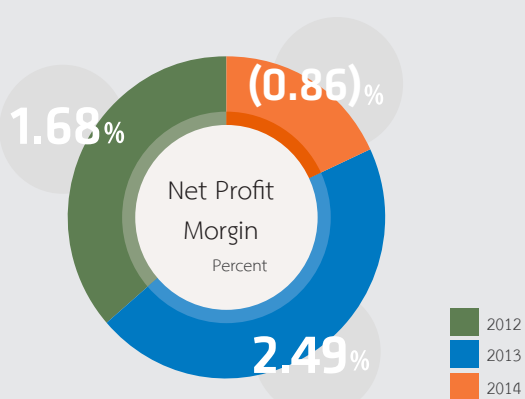
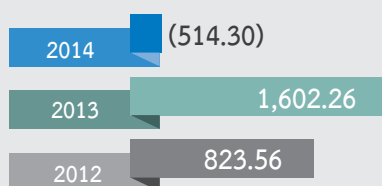
EBITDA

Million Baht



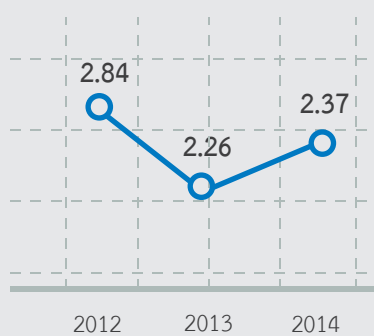
Net profit

Million Baht



Net Debt to Equity Ratio

Times



# Message from the Chairman and Executive Chairman



Mr. Worawit Weeraborwornpong  
Executive Chairman of the management

Gen. Chaisit Shinawatra  
Chairman of the Board



The company has readiness with regards to personnel and experiences on LPG business operations, both domestically and abroad. Moreover, the Company is confident that road and marine transportation system (“logistics”) of the Company as well as its capability on LPG procurement from LPG production countries can make the company be able to expand its business in AEC.



Thai economy in 2014 expanded at slower pace when comparing with 2013 owing to both internal and external factors. Internal factors were impacts from negative political situations during the first half of 2014 coupled with revenue reduction from agricultural sector caused by decreased prices of agricultural products, thus consumption spending was lessening. Nonetheless, the political situations began to recover during the latter half of the year and inflation rate tended to reduce, therefore, consumer confidence began to resume and spending was increased.

With regards to domestic energy situation, during December 2014, the National Energy Policy Council approved to define LPG prices for cooking sector, automotive sector and industrial sector to be the same to prevent unbalanced LPG prices.

Global economic problems in 2014 included economic slowdown in European Union despite of its expansion but unemployment rate was still high, and deceleration of Chinese economy. However, the United States of America's economy has expanded continually with diminished unemployment problems. Those global economy slowdown impacted Thailand's exportation, which is one of the important economic mechanism drivers.

In view of global energy situations in 2014, global petroleum prices were constantly going down as a result of the decision made by the OPEC to maintain petroleum production capacity, the increased export of crude oil by Iraq and capability to product crude oil from shale oil by the United States of America. Those circumstances made demand of petroleum in the world markets swamp and it indirectly reduced LPG prices.

In 2014, the Company has operated its business as planned. For domestic businesses, the company increase manufactured various sizes of LPG cylinders to make them adequate with demand of the household customers as well as expansion of LPG stations in every region of Thailand, so that LPG vehicle users can easier access to LPG.

In light of overseas business, during the past year SGP did not expand its business to more overseas country, but instead, it focused on development of management system within the group, so that business can be performed with more efficiency. Nonetheless, SGP also looked for opportunity to expand its business to ASEAN Economic Community ("AEC")

which shall be formed at the end of 2015. The company has readiness with regards to personnel and experiences on LPG business operations, both domestically and abroad. Moreover, the Company is confident that road and marine transportation system ("logistics") of the Company as well as its capability on LPG procurement from LPG production countries can make the company be able to expand its business in AEC.

Reduction of LPG prices in 2014 also impacted the company's performance. However, with cautious and careful management guidelines, SGP can reduce impact from such volatile LPG prices. Total revenues in 2014 of the company and its subsidiaries were recorded at 62,157.04 million baht, decreasing from 66,277.62 million baht, or decreasing 6.21 percent from 2013. Net loss from parent company was 514.30 million baht, decreasing from 2013 which has net profit of 1,602.26 million baht or decreasing 132.09 percent. Such decreased revenue was caused by the continued reduction of LPG prices in the global market since early of 2014 which made revenues from overseas business declined and the group recorded loss. However, the Board of Directors deemed that the company also has enough financial liquidity to make dividend payment, so it proposed to the shareholders' meeting to consider on dividend payout at 0.20 Baht per share. When combining with interim dividend which already paid at 0.15 Baht per share, total amount of dividend payout was 0.35 baht per share.

For projection of 2015, the Company expected that LPG prices in the world markets shall be recovered and sales amount of LPG sales domestically shall be increased. Therefore, it is anticipated that the group can generate profit from both domestic and overseas businesses and can achieve the target sets to respond to expectation of all shareholders and stakeholders.

On behalf of the Board of Directors, we would like to express our sincere gratitude to all shareholders, investors, partners, customers, employees, and other parties including the financial institutions in Thailand and overseas who have been providing valuable supports and contribution to the company's success at all time. Please rest assured that we shall operate business prudently, carefully and under code of ethics and corporate governance for sustainable development to maximize profits for all related parties with aims to become the prosperous organization that grow together with Thailand and South East Asia, pursuant our vision statement.

# Audit Committee Report

The Audit Committee of Siamgas and Petrochemicals Public Company Limited appointed by the Board of Directors, comprises of three independent directors with the authority, duties and responsibilities set forth by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The Company's Audit Committee consists of :

- |                             |                                 |
|-----------------------------|---------------------------------|
| 1. Mr. Viroj Klangboonkrong | Chairman of the Audit Committee |
| 2. Mr. Harn chiocharn       | Audit Committee Member          |
| 3. Mrs. Sudjit Divari       | Audit Committee Member          |

During the year 2014, the Audit Committee held sixteen meetings and all of its members directors attended the meetings together with the Internal Audit Office and the Management. They also attended five meetings with the External Auditors to review the auditor's plans and audit scope, and discuss the results of the audit works. In addition, the Audit Committee had a meeting with the External Auditors without the presence of the Management for inquiring about the various issues and ensuring the auditor's independence.

The Audit Committee independently worked and expressed their opinions in accordance with the roles and responsibilities assigned by the Board of Directors. They oversaw the operation according to the principles, the standards and the regulations which relevant to the company's businesses. Major activities of the Audit Committee in the year 2014 were concluded as follows:

**1. Review accurate and adequate financial reports:**

- Reviewed the interim and 2014 annual financial statements of the company and its subsidiaries with the External Auditors and the Management by questioning, discussing and advising on certain issues

and matters relating to the company and its subsidiaries' financial reports. The External Auditors confirmed that they performed the engagements independently and obtained a kind cooperation with the Management. Deputy Managing Director & Chief of Financial Officer confirmed that the company's accounting systems were effective. The recording data was complied with International Financial Reporting Standards.

The Audit Committee is of the opinion that the financial statements of the company and its subsidiaries for the year 2014 were prepared in accordance with International Financial Reporting Standards and were presented accurately and fairly with adequate information disclosure.

**2. Review suitable and efficient internal control and internal audit systems:**

- Reviewed the independence of the Internal Audit Office, its scope of responsibilities and annual audit plan as well as considered the audit report and monitored the implementation of solutions as mentioned in the audit report. Gave advice to improve the audit performance and considered the appropriateness of the budget, workforce, training , personnel development as well as approved on appointment, transfer and dismissal of Chief Audit Executive.
- Assessed the adequacy and effectiveness of internal control system by considering the internal audit report and the opinion of the External Auditors.
- Reviewed the adequacy of internal control system for the year 2014 in compliance with the self - evaluation forms issued by the SEC.



The Audit Committee is of the opinion that the Company and its subsidiaries have appropriate internal control and internal audit systems.

3. Review compliance with laws pertaining to securities and the stock exchange, regulations of the Stock Exchange of Thailand and laws concerning company business:

- Attended the meeting with the Management and the Internal Audit Office to review the company operations in order to ensure that the company operated its business in compliance with related laws and regulations.
- Monitored progress of litigation involving the Company.
- Acknowledged reports from the External Auditors that there are no issues to be presented to the Audit Committee according to section 89/25 of the Securities and Exchange Act.

The Audit Committee is of the opinion that the Company has complied with relevant laws and regulations.

4. Consider, select, recommend fees and nominate the company's auditors:

- The Audit Committee proposed to the company's Board of Directors to recommend at the Annual General Meeting of shareholders for the appointment of Mr. Chaisiri Ruangritchai Certified Public Accountant (Thailand) No.4526 or Mr.Somchai Jinnovart Certified Public Accountant (Thailand) No.3271 or Mr. Prasit Yuengsrikul Certified Public Accountant (Thailand) No. 4174 or Miss Amornrat Pearmpoonvatanasuk Certified Public Accountant (Thailand) No. 4599, auditors of PricewaterhouseCoopers ABAS Co., Ltd. (PwC) as the company and its subsidiaries' auditors for fiscal year 2015, together with their fees.

The Audit Committee is of the opinion that the External Auditors of the company are independent auditors with their professional practices, relevant experience and qualifications set forth by the Office of SEC.

5. Consider the connected transactions and transactions with conflict of interest in line with relevant legislations and regulations:

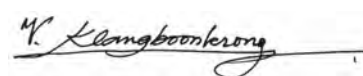
- The Audit Committee acknowledged reports from the Management on the connected transaction and transaction with conflict of interest pursuant to the measures specified by the Office of SEC.

The Audit Committee is of the opinion that the Company complied with relevant laws and regulations.

6. Others :

- Reviewed the information disclosed to the SET and the Office of SEC, as disclosed in the company's annual report for year 2014 (Form 56-2) and in the annual information disclosure form as at December 31, 2014 (Form 56-1).
- Reported the Audit Committee's activities to the Board of Directors periodically.
- The Audit Committee performed Audit Committee self-assessment by completed the questionnaire prepared by audit committee members in respect to the efficiency of the Audit Committee.

On behalf of the Audit Committee



(Mr. Viroj Klangboonkrong)

Chairman of the Audit Committee

24 February 2015

# Board of Director



1. Gen. Chaisit Shinawatra  
Chairman

2. Mr.Worawit Weeraborwornpong  
Vice Chairman

3. Mrs.Patchara Weeraborwornpong  
Director

4. Mr.Supachai Weeraborwornpong  
Director

5. Mr.Suttipong Vasuvanichphan  
Director

6. Mr.Viroj Klangboonklong  
Independent Director and Chairman of Audit Committee

7. Mr.Harn Chiocharn  
Independent Director and Member of Audit Committee

8. Mrs.Sudjit Divari  
Independent Director and Member of Audit Committee

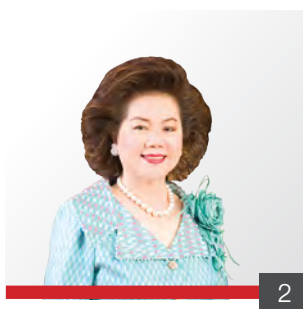
9. Mr. Somchai Korprasobsuk  
Director

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

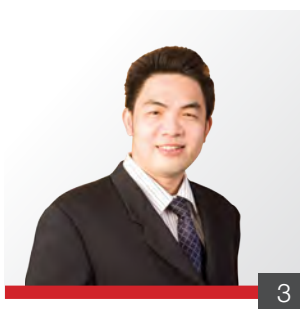
# Management Team



1



2



3



4



5



6



7

1. Mr.Worawit Weeraborwornpong  
Chairman

2. Mrs.Patchara Weeraborwornpong  
Executive Director

3. Mr.Supachai Weeraborwornpong  
Managing Director

4. Mr.Suttipong Vasuvanichphan  
Deputy Managing director

5. Mrs.Jintana Kingkaew  
Deputy Managing director

6. Mr.Anuwat Poosantipong  
Deputy Managing director

7. Mr.Somchai Korprasorbsuk  
Assistant Managing Director

## Board of Director, Executives, and Control Authorities

Gen.Chaisit Shinawatra	Mr.Worawit Weeraborwornpong																																																
Age 70 year	Age 69 year																																																
<p><b>Position :</b> Independent Director and Chairman</p> <p><b>Educational Credential</b></p> <ul style="list-style-type: none"> <li>- Chulachomklao Royal Military Academy Class 16</li> <li>- Command and General Staff College Class 57</li> <li>- National Defence College Class 40</li> <li>- Engineer Course Class at Colonel Fort Cow Bell, Virginia USA</li> </ul> <p><b>Other Academic</b></p> <ul style="list-style-type: none"> <li>- Certificate of Thai Institute of Director (IOD)</li> <li>Directors Accreditation Program (DAP)</li> </ul> <p><b>Relationship in Management family</b></p> <ul style="list-style-type: none"> <li>- None -</li> </ul> <p><b>Working experience</b></p> <table border="0"> <tr> <td>Since 2008</td><td>Honorary Advisory   Thai Sumsung Electronic Co., Ltd.</td></tr> <tr> <td>Since 2006</td><td>Independent Director and Chairman   Siamgas and Petrochemicals PCL.</td></tr> <tr> <td>Since 2005</td><td>Vice Chairman   Olympic of Thailand under Royal Patronage</td></tr> <tr> <td>Since 2003</td><td>Chairman   Muay Thai Federation</td></tr> <tr> <td>Since 2003</td><td>Honorary Advisory   National Council of Boy Scouts</td></tr> <tr> <td>2002 - 2003</td><td>Assistant Commander in Chief   Royal Thai Armed Forces</td></tr> <tr> <td>2003 - 2004</td><td>Commander in Chief   Royal Thai Armed Forces</td></tr> <tr> <td>2004 - 2005</td><td>Chief of Defend Forces   Royal Thai Armed Forces</td></tr> <tr> <td>2003 - 2006</td><td>Director   Sport Authority of Thailand</td></tr> <tr> <td>2002 - 2006</td><td>Director   Provincial Electricity Authority</td></tr> <tr> <td>2003 - 2006</td><td>Vice Chairman   Thai Military Bank PCL.</td></tr> <tr> <td>2011 - 2013</td><td>Advisor to The Prime Minister</td></tr> </table> <p><b>Share holder ratio (As of 31 December 2014)</b></p> <ul style="list-style-type: none"> <li>- None -</li> </ul>	Since 2008	Honorary Advisory   Thai Sumsung Electronic Co., Ltd.	Since 2006	Independent Director and Chairman   Siamgas and Petrochemicals PCL.	Since 2005	Vice Chairman   Olympic of Thailand under Royal Patronage	Since 2003	Chairman   Muay Thai Federation	Since 2003	Honorary Advisory   National Council of Boy Scouts	2002 - 2003	Assistant Commander in Chief   Royal Thai Armed Forces	2003 - 2004	Commander in Chief   Royal Thai Armed Forces	2004 - 2005	Chief of Defend Forces   Royal Thai Armed Forces	2003 - 2006	Director   Sport Authority of Thailand	2002 - 2006	Director   Provincial Electricity Authority	2003 - 2006	Vice Chairman   Thai Military Bank PCL.	2011 - 2013	Advisor to The Prime Minister	<p><b>Position :</b> Vice Chairman / CEO</p> <p><b>Educational Credential</b></p> <ul style="list-style-type: none"> <li>- Bachelor's degree of Bangkok Thonburi University</li> </ul> <p><b>Other Academic</b></p> <ul style="list-style-type: none"> <li>- Certificate of Thai Institute of Director (IOD)</li> <li>Directors Accreditation Program (DAP)</li> </ul> <p><b>Relationship in Management family</b></p> <p>Husband of Mrs.Patchara Weeraborwornpong and Father of Mr.Supachai Weeraborwornpong</p> <p><b>Working experience</b></p> <table border="0"> <tr> <td>Since 2013</td><td>Director   MYGAZ SND. BHD.</td></tr> <tr> <td>Since 2013</td><td>Director   CITYGAS NORTH CO., LTD.</td></tr> <tr> <td>Since 2013</td><td>Director   CITYGAS CO., LTD.</td></tr> <tr> <td>Since 2012</td><td>Director   Siam Suksawat Co., Ltd.</td></tr> <tr> <td>Since 2010</td><td>Director   SIAM OCEAN GAS AND ENERGY LIMITED</td></tr> <tr> <td>Since 2010</td><td>Director   SINO SIAMGAS AND PETROCHEMICALS CO., LTD.</td></tr> <tr> <td>Since 2010</td><td>Director   SIAMGAS HK Company Limited</td></tr> <tr> <td>Since 2010</td><td>Director   SINGGAS (LPG) PTE Limited</td></tr> <tr> <td>Since 2010</td><td>Director   SUPERGAS Company Limited</td></tr> <tr> <td>Since 2008</td><td>Director   Siam Quality Steel Co., Ltd.</td></tr> <tr> <td>Since 2005</td><td>Vice Chairman   Siamgas and Petrochemicals PCL.</td></tr> <tr> <td>Since 2004</td><td>Chairman   Uniquegas and Petrochemicals PCL.</td></tr> </table> <p><b>Share holder ratio (As of 31 December 2014)</b></p> <p>Common share 441,881,599 shares (48.09% of total shares)</p>	Since 2013	Director   MYGAZ SND. BHD.	Since 2013	Director   CITYGAS NORTH CO., LTD.	Since 2013	Director   CITYGAS CO., LTD.	Since 2012	Director   Siam Suksawat Co., Ltd.	Since 2010	Director   SIAM OCEAN GAS AND ENERGY LIMITED	Since 2010	Director   SINO SIAMGAS AND PETROCHEMICALS CO., LTD.	Since 2010	Director   SIAMGAS HK Company Limited	Since 2010	Director   SINGGAS (LPG) PTE Limited	Since 2010	Director   SUPERGAS Company Limited	Since 2008	Director   Siam Quality Steel Co., Ltd.	Since 2005	Vice Chairman   Siamgas and Petrochemicals PCL.	Since 2004	Chairman   Uniquegas and Petrochemicals PCL.
Since 2008	Honorary Advisory   Thai Sumsung Electronic Co., Ltd.																																																
Since 2006	Independent Director and Chairman   Siamgas and Petrochemicals PCL.																																																
Since 2005	Vice Chairman   Olympic of Thailand under Royal Patronage																																																
Since 2003	Chairman   Muay Thai Federation																																																
Since 2003	Honorary Advisory   National Council of Boy Scouts																																																
2002 - 2003	Assistant Commander in Chief   Royal Thai Armed Forces																																																
2003 - 2004	Commander in Chief   Royal Thai Armed Forces																																																
2004 - 2005	Chief of Defend Forces   Royal Thai Armed Forces																																																
2003 - 2006	Director   Sport Authority of Thailand																																																
2002 - 2006	Director   Provincial Electricity Authority																																																
2003 - 2006	Vice Chairman   Thai Military Bank PCL.																																																
2011 - 2013	Advisor to The Prime Minister																																																
Since 2013	Director   MYGAZ SND. BHD.																																																
Since 2013	Director   CITYGAS NORTH CO., LTD.																																																
Since 2013	Director   CITYGAS CO., LTD.																																																
Since 2012	Director   Siam Suksawat Co., Ltd.																																																
Since 2010	Director   SIAM OCEAN GAS AND ENERGY LIMITED																																																
Since 2010	Director   SINO SIAMGAS AND PETROCHEMICALS CO., LTD.																																																
Since 2010	Director   SIAMGAS HK Company Limited																																																
Since 2010	Director   SINGGAS (LPG) PTE Limited																																																
Since 2010	Director   SUPERGAS Company Limited																																																
Since 2008	Director   Siam Quality Steel Co., Ltd.																																																
Since 2005	Vice Chairman   Siamgas and Petrochemicals PCL.																																																
Since 2004	Chairman   Uniquegas and Petrochemicals PCL.																																																

**Mr.Supachai Weeraborwornpong**

Age 42 year

**Position :** Director / Managing Director**Educational Credential**

- M.B.A. Sasin Graduate Institute of Chulalongkorn University
- B.S. Civil Engineering Michigan State University, U.S.A.

**Other Academic**

- Certificate of Thai Institute of Director (IOD)  
Directors Accreditation Program (DAP)

**Relationship in Management family**

Son of Mr.Supachai Weeraborwornpong and Mrs.Patchara Weeraborwornpong

**Working experience**

Since 2013	Director   MYGAZ SND. BHD.
Since 2013	Director   CITYGAS NORTH CO., LTD.
Since 2013	Director   CITYGAS CO., LTD.
Since 2012	Director   Siam Suksawat Co., Ltd.
Since 2010	Director   SIAM OCEAN GAS AND ENERGY LIMITED
Since 2010	Director   SINO SIAMGAS AND PETROCHEMICALS CO., LTD.
Since 2010	Director   SIAMGAS HK Company Limited
Since 2010	Director   SINGGAS (LPG) PTE Limited
Since 2010	Director   SUPERGAS Company Limited
Since 2008	Director   Siam Quality Steel Co., Ltd.
Since 2005	Managing Director   Siamgas and Petrochemicals PCL.
Since 2004	Managing Director   Uniquegas and Petrochemicals PCL.

**Share holder ratio (As of 31 December 2014)**

Common share 50,871,000 shares (5.54% of total shares)

**Mrs.Patchara Weeraborwornpong**

Age 66 year

**Position :** Director / Executive director**Educational Credential**

- High school

**Other Academic**

- Certificate of Thai Institute of Director (IOD)  
Directors Accreditation Program (DAP)

**Relationship in Management family**

Wife of Mr.Worawit Weeraborwornpong and Mother of Mr.Supachai Weeraborwornpong

**Working experience**

Since 2005	Director   Siamgas and Petrochemicals PCL.
Since 2004	Director   Uniquegas and Petrochemicals PCL.
Since 1994	Director   Bobae Tower Co., Ltd.
Since 1992	Managing Director   Prom Maharaj Land Development Co., Ltd.
Since 1992	Director   Exhibition and International Conference (Thailand) Co., Ltd.

**Share holder ratio (As of 31 December 2014)**

Common share 50,000,000 shares (5.44% of total shares)

**Mr.Suttipong Vasuvanichphan**

Age 65 year

**Position :** Director / Deputy Managing Director

**Educational Credential**

- Vocational Diploma | Chetupon Commercial College

**Other Academic**

- Certificate of Thai Institute of Director (IOD)  
Directors Accreditation Program (DAP)

**Relationship in Management family**

- None -

**Working experience**

Since 2012	Director   Siam Suksawat Co., Ltd.
Since 2008	Director   Siam Quality Steel Co., Ltd.
Since 2008	Director   Siam Ethanol Export Co., Ltd.
Since 2005	Deputy Managing Director   Siamgas and Petrochemicals PCL.
Since 2004	Deputy Managing Director   Uniquegas and Petrochemicals PCL.

**Share holder ratio (As of 31 December 2014)**

Common share 233,001 shares (0.02% of total shares)

**Mr.Somchai Korprasobsuk**

Age 53 year

**Position :** Director / Assistant Managing Director

**Educational Credential**

- Bachelor degree in Business Administration faculty of The  
University of the Thai Chamber of Commerce

**Other Academic**

- None -

**Relationship in Management family**

- None -

**Working experience**

Since 2011	Director   Siam Lucky Marine Co., Ltd.
Since 2005	Assistant Managing Director   Siamgas and Petrochemicals PCL.
Since 2005	Director   Lucky Carrier Co., Ltd.
Since 2004	Assistant Managing Director   Uniquegas and Petrochemicals PCL.

**Share holder ratio (As of 31 December 2014)**

- None -

**Mr.Viroj Klangboonklong**

Age 71 year

**Position :** Independent director /  
Chairman of Audit Committee

**Educational Credential**

- Bachelor degree in Engineering faculty of Chulalongkorn University
- Master degree in Business Administration of Thammasat University
- Mechanical Engineering of Asian Institute of Technology (AIT)

**Other Academic**

- Certificate of Thai Institute of Director (IOD)
- Directors Accreditation Program (DAP)

**Relationship in Management family**

- None -

**Working experience**

- |             |  |
|-------------|--|
| Since 2008  | Independent director and Chairman of Audit Committee I<br>Uniquegas and Petrochemicals PCL.            |
| Since 2006  | Independent director and Chairman of Audit Committee I<br>Siamgas and Petrochemicals PCL.              |
| 2003 - 2006 | Independent director and Member of Audit Committee I<br>Ratchaburi Electricity Generating Holding PCL. |
| 2002 - 2005 | Director General  <br>Department of Energy, Ministry of Energy   |
| 2001 - 2002 | Senior Chief Engineer<br>Department of Public works, Ministry of Interior                              |
| 1997 - 2001 | Chief Engineer Department of Public works, Ministry of Interior  |
| 1992 - 1997 | Director of Division control<br>Department of Public works, Ministry of Interior                       |

**Share holder ratio (As of 31 December 2014)**

Common share 975,000 shares (0.10% of total shares)

**Mr.Harn Chiocharn**

Age 70 year

**Position :** Independent director /  
Member of Audit Committee

**Educational Credential**

- Bachelor degree in Law faculty at Thammasat University
- Degree in government with private class 6, National Defence College

**Other Academic**

- Certificate of Thai Institute of Director (IOD)
- Directors Accreditation Program (DAP)

**Relationship in Management family**

- None -

**Working experience**

- |                 |  |
|-----------------|--|
| Since 2008      | Independent director and Member of Audit Committee I<br>Uniquegas and Petrochemicals PCL.          |
| Since 2006      | Independent director and Member of Audit Committee I<br>Siamgas and Petrochemicals PCL.            |
| Since 2006      | Independent director and Member of Audit Committee I<br>Thai Industry and engineering service PCL. |
| 2006 - 2007     | Managing Director  <br>Bangkok First Investment & Trust PCL.                                       |
| Feb - May 2006  | Advisor  <br>Bangkok First Investment & Trust PCL.   |
| July - Oct 2005 | Deputy Managing Director  <br>Asset Management Corporation   |
| May - July 2005 | (Acting) Managing Director  <br>Asset Management Corporation                                       |
| 2003 - 2005     | Assistant Managing Director  <br>Asset Management Corporation                                      |
| 2000 - 2003     | Director of Corporate security and Legal document I<br>Asset Management Corporation                |

**Share holder ratio (As of 31 December 2014)**

Common share 30,000 shares (0.003% of total shares)

<b>Mrs.Sudjit Divari</b>	<b>Mrs.Jintana Kingkaew</b>
Age 68 year	Age 56 year
<b>Position</b> : Independent director /	<b>Position</b> : Secretary of the Board /
Member of Audit Committee	Deputy Managing Director
<b>Educational Credential</b>	<b>Educational Credential</b>
- Bachelor degree in Accounting, Faculty of Commerce and Accounting at Chulalongkorn University	- Bachelor degree in Accountancy in Auditing Major at The University of the Thai Chamber of Commerce
- Master degree in Business Administration, Faculty of Commerce and Accounting at Thammasat University	- Master degree in Business Administration at Kasetsart University
- MBA State University of California at Fresno, U.S.A.	- Master degree in Finance at Kasetsart University
<b>Other Academic</b>	<b>Other Academic</b>
- Certificate of Thai Institute of Director (IOD)	- None -
Directors Accreditation Program (DAP)	<b>Relationship in Management family</b>
Directors Certificate Program (DCP)	- None -
Audit Committee Program (ACP)	<b>Working experience</b>
<b>Relationship in Management family</b>	Since 2004 Deputy Managing Director
- None -	Uniquegas and Petrochemical PCL.
<b>Working experience</b>	Since 2003 Deputy Managing Director
Since 2008 Independent director and Member of	Siamgas and Petrochemical PCL.
Audit Committee I	<b>Share holder ratio (As of 31 December 2014)</b>
Uniquegas and Petrochemicals PCL.	Common share 458,000 shares (0.05% of total shares)
Since 2008 Independent director and Chairman of	
Audit Committee I	
Credit Foncier Lynn Phillip Mortgage Co., Ltd.	
Since 2006 Independent director and Member of	
Audit Committee I	
Siamgas and Petrochemicals PCL.	
2004 - 2007 Director and Chairman of Audit Committee	
Sunwood Industry PCL.	
1999 - 2011 Executive Director	
United Factoring (1993) Co., Ltd.	
1999 - 2011 Director and Chairman of Audit Committee I	
Wave Entertainment PCL.	
2004 – Sep.2014 Director and Member of Audit Committee I	
Rasa Property Development PCL.	
Sep.-Nov. 2014 Director and Member of Audit Committee I	
Singha Estate PCL.	
<b>Share holder ratio (As of 31 December 2014)</b>	
Common share 700,000 shares (0.07% of total shares)	



## The position of executive and authority control

Name	Direct Subsidiaries										Indirect Subsidiaries					Joint Venture			
	SGP	UGP	LCR	SQS	SEEC	SGHK	SSW	SUPERGAS	SLM	SINGGAS	UNITED	SGT	MYGAZ	CITYGAS	SINOSIAM	SOGEL	SNTL	SG GAS	CITYGAS NORTH
1. Gen.Chaisit Shinawatra	x																		
2. Mr.Worawit Weeraborwornpong	/, //	x		/		/	/			/	/	/	/		/	/	/	/	
3. Mrs.Patchara Weeraborwornpong	/, //	/																	
4. Mr.Supachai Weeraborwornpong	/, //, ///	/, ///		/	/	/	/			/	/	/	/		/	/	/	/	
5. Mr.Suthipong Vasuvanichphan	/, //, ///	/, ///	/	/	/		/	/											
6. Mr.Viroj KlangboonKlong	xx	xx																	
7. Mr. Harn Chaewcharn	xx	xx																	
8. Mrs.Sudjit Divari	xx	xx																	
9. Mr.Anuwat Poosantipong	///	///																	
10. Mrs.Jintana Kingkaew	///	///													/	/	/		
11. Mr.Somchai Korpasobsuk	/, ///	/, ///	/, ///		/, ///			/, ///							/	/	/		

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

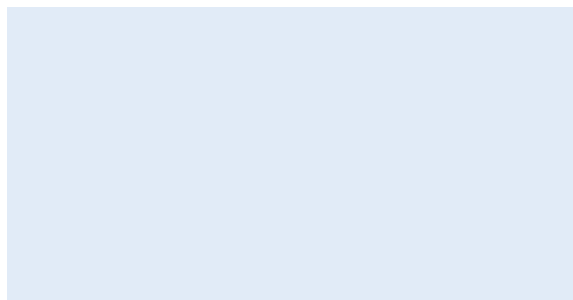


# Policy and Overview of Business Operations

## 1. Overview of Vision, Objective, Target or Strategic Operation of SGP and Group of Companies

SGP targets to be the one of the leading energy operators of East Asia plans. For business in Thailand, the Company has investment plans to expand LPG business by increasing number of LPG filling stations and LPG filling plants as well as to expand marine transportation business by purchasing more LPG road tankers. With regard to overseas business, SGP has purchased LPG tank farms and LPG filling plants to undertake LPG business in Vietnam, China, Singapore, Malaysia and etc. SGP also looks for investment opportunity for LPG business in East Asia as well.





Moreover, SGP also seeks opportunity to expand business in other energy related business, for instance, expansion in LNG or NGV business, including petrochemicals and other energy fields. For the past period, SGP has invested in Ethanol and coal.

## Vision

SGP Group determines to be the regional leader in energy business.

## Mission

SGP has advantages and readiness to support business expansion, for instance, the growth of the market and gas floating price in the market. Regarding to creating of business competitive edge, SGP has developed potentials of upstream business and built effective products and service distribution networks with nationwide coverage and expanded business to the neighboring countries. SGP emphasized on important parts of such developments as follows:

- Plan to increase facilities, warehouses, gas filling plants and service stations including gas tankers and gas trucks.
- Develop human resources continually to develop potential and increase capability for operations to make yield successful results with efficiency and safety.

- Place importance policy concerning product safety, service rendering including operations within the organization.
- Focus on well livelihood of the public by providing excellent products and services people, particularly on safety, convenience and at reasonable and fair prices.
- Pay attention to environment preservation, ethnical business operations pursuant to governance principles with responsibilities to society, community as well as shareholders and all related parties

## Business Operations

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

- 1) **Trading of LPG, ammonia, and other petrochemicals – operated** under SGP and Unique Gas and Petrochemicals PCL., its subsidiary.
- 2) **Transportation of petroleum, LPG, ammonia, and other petrochemicals** – operated under the 3 subsidiaries as follows: Lucky Carrier Co., Ltd., Siam Lucky Marine Co., Ltd. and Chemicals Gas Transport Co., Ltd.
- 3) **LPG Cylinder and Auto-gas tank manufacturing** – operated by Siam Quality Steel Co., Ltd., a subsidiary of SGP.
- 4) **Ethanol Manufacturing and Trading** – operated by Siam Ethanol Export Company Co., Ltd., a subsidiary of SGP.



## Business Operations

- 1) Trading of LPG, ammonia, and other petrochemicals
- 2) Transportation of petroleum, LPG, ammonia, and other petrochemicals
- 3) LPG Cylinder and Auto-gas tank manufacturing
- 4) Ethanol Manufacturing and Trading



### Oversea operations include 4 businesses as follows:

- 1) LPG trading in China – operated by a wholly owned subsidiary, Sino Siam Gas and Petrochemicals Co., Ltd. and Siam Ocean Gas and Energy Co., Ltd.
- 2) LPG trading in Vietnam - operated by a wholly owned subsidiary, Super Gas Co., Ltd. and Citygas Co., Ltd.. And a joint venture company, Citygas North Co., Ltd.
- 3) LPG trading in Singapore - operated by a wholly owned subsidiary, SingGas (LPG) Pte. Ltd. and Siam Gas Trading Pte. Ltd.
- 4) Petrochemicals trading in Malaysia - operated by a wholly owned subsidiary, United Gas and Petrochemicals Sdn. Bhd., SGGAS Sdn. Bhd. and Mygaz Sdn. Bhd.

### 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), SGP also distributes LPG to auto-gas users through 38 company owned – company operated auto-gas stations (COCO), and other 430 dealer owned – dealer operated auto-gas stations (DODO). 61 are agent filling plants and 369 are DODO gas station.

At present, SGP has altogether 18 subsidiaries in the group including 13 wholly owned companies as follows:

1. Unique Gas and Petrochemicals PCL. (“UGP”)
2. Lucky Carrier Co., Ltd. (“LCR”)
3. Siam Quality Steel Co., Ltd. (“SQS”)
4. Siam Ethanol Export Co., Ltd. (“SEEC”)
5. Siam Suksawat Co., Ltd. (“SSW”)
6. Siam Lucky Marine Co., Ltd. (“SLM”)
7. Siamgas HK Co., Ltd. (“SGHK”)
8. Super Gas Co., Ltd. (“SUPERGAS”)
9. SingGas (LPG) Pte. Ltd. (“SINGGAS”)

10. Siam Gas Trading Pte. Ltd. (“SGT”)
11. United Gas and Petrochemicals Co., Ltd.(“UNITED”)
12. MYGAZ Sdn. Bhd. (“MYGAZ”)
13. Citygas Co., Ltd. (“CITYGAS”)

Also, there are 2 companies owned through SGP’s subsidiaries including

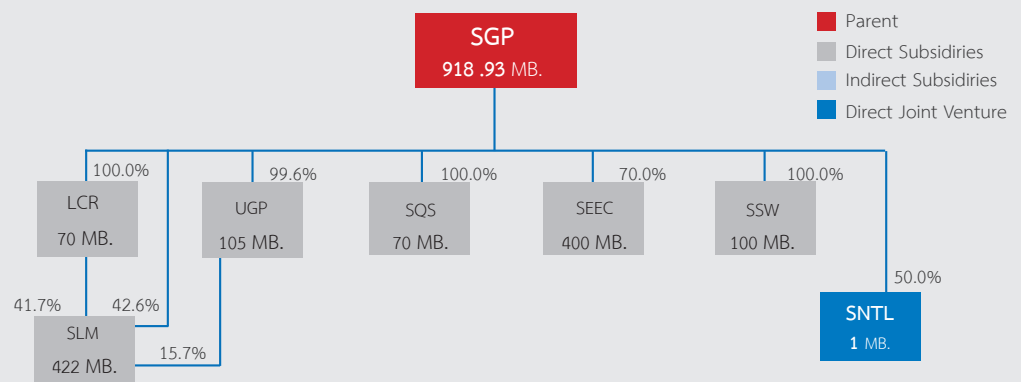
14. Sino Siam Gas and Petrochemicals Co., Ltd.(“SINOSIAM”)
15. Siam Ocean Gas and Energy Ltd.(“SOGEL”)

A joint venture company.

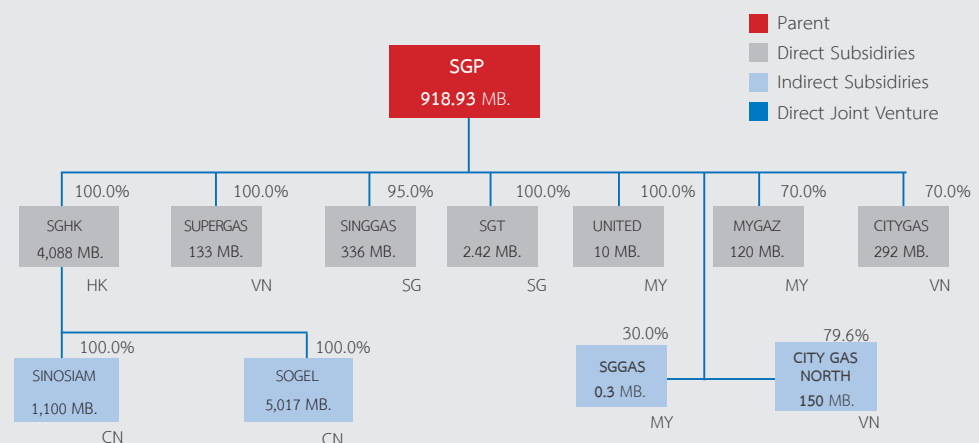
16. SGGAS Sdn. Bhd.(“SGGAS”)
17. Citygas North Co., Ltd.(“CITYGAS NORTH”)
18. Siam Natalin Co., Ltd.(“SNTL”)

## SGP's and its subsidiaries' Business Structure

### Thailand business structure



### Oversea business structure



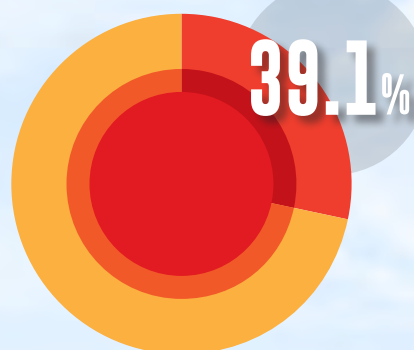


# THAILAND

SIAMGAS AND PETROCHEMICALS  
PUBLIC COMPANY LIMITED



SIAMGAS



REVENUE PORTION 39.1%



SIAMGAS AND PETROCHEMICALS PUBLIC COMPANY LIMITED

LOCAL LPG TRADER  
BANGKOK, THAILAND

---

**Business  
Operations of  
SGP's Subsidiaries**

**UNIQUEGAS 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, 13 company owned – company operated filling plants, 82 dealer owned – dealer operated filling plants, and 149 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, 280 LPG road tankers with combined capacity of 3,143 tons, and 2 road tankers for other chemical products with combined capacity of 68,000 liters. On June 29, 2012, CGT's business was transferred to LCR to be under the same group.

---

**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 Nonglalo, 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 2<sup>nd</sup> quarter 2011.

---

**SIAM LUCKY MARINE  
COMPANY LIMITED  
("SLM")**

SLM is a business merger of 5 marine transportation companies including Lucky Marine Company Limited, Unique Marine Company Limited, Unique Gas Trading Company Limited, Unique Gas International Company Limited, and Unique Gas Carrier Company Limited which was completed on June 1, 2011 with the paid up capital of 242.02 million baht in which LCR and UGP hold shares of 72.7% and 27.2% respectively. In order to comply with criteria of the Board of Investment (BOI) on tax privilege, on July 19, 2012, SLM has issued 10.0 million new shares at par value of 10 baht. After such capital increase, the current registered capital and paid-up capital are 342.02 million baht. SGP, LCR and UGP, the subsidiaries, hold 29.2%, 51.5% and 19.3% of shares respectively.

SLM operates marine transportation of petroleum and LPG in Thailand and oversea, and has a license for oil transportation under section 12 of Fuel Trade Act, B.E. 2543. Most of LPG customers include SGP and UGP, and most of petroleum customers are PTT Public Company Limited and Thai Oil Public Company Limited. Currently, SLM has 16 LPG tanker vessels with the combined loading capacity of 73,486 tons, and 4 ammonia tanker vessels with the combined loading capacity of 3,342 tons

---

**SIAM SUKSAWAT  
COMPANY LIMITED  
("SSW")**

SSW was established on August 28, 2012 with its current registered and paid-up capital of 100 million baht. SGP is its major shareholder holding 99.99% of shares with objective to render container terminal service which is now under construction process.

---

**SIAMGAS HK LIMITED  
("SGHK")**

SGHK was established on August 20, 2009 with its current registered and paid-up capital of 4,087.68 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, transfer transaction was completed on June 30, 2011. 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 24, 2010.

---

**SUPER GAS COMPANY  
LIMITED ("SUPERGAS")**

SUPERGAS is a subsidiary which SGP holds 100% shares. SUPERGAS is a registered company operating LPG business in Vietnam. SGP purchased 100% share SUPERGAS from SHANGHAI CROWN LIMITED on 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 of Shell Gas (LPG) Singapore Private Limited from SHELL GAS (LPG) HOLDINGS B.V., then 5% of



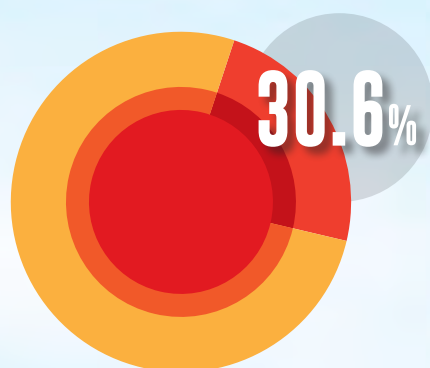
SIAM GAS TRADING PTE. LTD. ("SGT")	<p>registered capital was sold to outsider on December 29, 2010.</p> <p>SGTRADING is a subsidiary which SGP holds 100% shares and registered in Singapore with the capital of 100,000 Singapore Dollar. SGTRADING operates LPG trading business.</p>
UNITED GAS & PETROCHEMICALS SENDIRIAN BERHAD ("UNITED")	<p>UNITED is a subsidiary which SGP holds 100% shares to operate petroleum products distribution and is registered in Malaysia on May 14, 2009. Currently, this subsidiary is now under process for dissolution of company because according to regulations on energy business operations in Malaysia, the foreign business which holds 100% shares is prohibited. Hence, for benefit and appropriateness on management, the resolution of meeting of the Board of Directors No. 3/2013 has approved UNITED to dissolve on August 9, 2013.</p>
SINOSIAMGAS AND PETROCHEMICALS COMPANY LIMITED ("SINOSIAM")	<p>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.</p>
SIAM OCEAN GAS & ENERGY LTD. ("SOGEL")	<p>SOGEL is a subsidiary which SGP indirectly holds 100% shares and is registered in China. SOGEL is a fully integrated petroleum distribution business in China. The facilities of SOGEL include depot, jetty for importing, exporting, and throughput, facilities for distribution by vessel tankers and road tankers, and SGP purchased 100% equity interest of SOGEL on June 30, 2011</p>
SIAM NATHALIN COMPANY LIMITED ("SNTL")	<p>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 of 2010. However, SNTL has not started to run the business yet.</p>
SG GAS SDN. BHD. ("SGGAS")	<p>SGGAS is a holding company registered in Malaysia with total registered capital of 100,000 Malaysian Ringgit which SGP holds 29.99% shares interest. SGGAS operates petroleum distribution business. In addition, on August 9, 2013, the meeting of the Board of Directors has approved for an increase of investment in SGGAS from the previous registered capital of 100,000 Malaysian ringgit to 1,000,000 Malaysian ringgit.</p>
MYGAZ SDN. BHD. ("MYGAZ")	<p>MYGAZ is a subsidiary which SGP directly holds 70.0% shares and is registered in Malaysia to operate petroleum distribution business with registered capital equals to 12.0 million Malaysian ringgit. MYGAZ has purchased assets and liquefied petroleum gas business of Shell Timur SDN. BHD. ("STSB") in East Malaysia at 10.0 million ringgit. Deposit has been placed on October 3, 2012 and asset and liquefied petroleum have already been transferred on May 29, 2013.</p>

# SINGAPORE

- SIAM GAS TRADING PTE. LTD.
- SINGGAS (LPG) PTE. LTD.



SIAMGAS



REVENUE PORTION 30.6%



**SIAM GAS TRADING PTE. LTD.**  
*WHOLESALE LPG TRADER | SINGAPORE*

**SINGGAS (LPG) PTE. LTD.**  
*LOCAL LPG TRADER | SINGAPORE*



---

CITYGAS COMPANY  
LIMITED (“CITYGAS”)








CITYGAS is a subsidiary which SGP directly holds 100% shares and is registered in Vietnam to operate liquefied petroleum gas distribution business with registered capital of 292.0 million baht. SGP has purchased ordinary shares of Shell Gas (LPG) Vietnam Limited at ratio of 100% of registered capital of Shell Gas (LPG) Holding B.V. at 0.1 million USD and all transactions have completed on January 18, 2013. Later, “Shell Gas (LPG) Vietnam Limited” has been renamed to “CITYGAS Company Limited”.

---

CITYGAS NORTH  
COMPANY LIMITED  
 (“CITYGAS NORTH”)

CITYGAS NORTH is a joint venture which SGP holds 79.6% shares and is registered in Vietnam to operate liquefied petroleum gas distribution business with registered capital of 150.0 million baht. SGP purchased all of issued share capital of Shell Gas Haiphong Limited from Shell Gas (LPG) Holding B.V. at 0.3 million USD and all transactions have completed on January 18, 2013. Later, “Shell Gas Haiphong Limited” has been renamed to “CITYGAS NORTH Company Limited”.

## Overview of SGP's subsidiaries

Company	Type of Business	
 UGP	<div>Paid-up Capital (million baht)</div> <div>105.00</div>	<div>Shareholding Portion (%)</div> <div>99.95</div> <div>Filling and distributing LPG, ammonia and other petrochemicals under the license as an LPG Trader under Section 6 (Fuel Trader under Section 7)</div>
 LCR	<div>Paid-up Capital (million baht)</div> <div>70.00</div>	<div>Shareholding Portion (%)</div> <div>99.99</div> <div>Land transportation of LPG and petroleum under the license as LPG and Petroleum Transportation Service Provider</div>
 SQS	<div>Paid-up Capital (million baht)</div> <div>70.00</div>	<div>Shareholding Portion (%)</div> <div>99.99</div> <div>Manufacturing and distributing LPG cylinders and auto-gas tanks</div>
 SEEC	<div>Paid-up Capital (million baht)</div> <div>400.00</div>	<div>Shareholding Portion (%)</div> <div>70.00</div> <div>Manufacturing and distributing ethanol</div>
 SLM	<div>Paid-up Capital (million baht)</div> <div>442.00</div>	<div>Shareholding Portion (%)</div> <div>42.60   57.4<sup>2</sup></div> <div>LPG Ammonia and oil transportation by vessel tankers under the fuel transportation license</div>
 SSW	<div>Paid-up Capital (million baht)</div> <div>100.00</div>	<div>Shareholding Portion (%)</div> <div>99.99</div> <div>Direct subsidiary – container terminal service rendering business in Thailand</div>
 SIAMGAS Siamgas HK Limited	<div>Paid-up Capital (million baht)</div> <div>4,087.68</div>	<div>Shareholding Portion (%)</div> <div>100.00</div> <div>Holding company and petroleum distribution – Hong Kong</div>

## Company

## ลักษณะการประกอบธุรกิจ



Paid-up Capital  
(million baht)

**133.45**

Shareholding  
Portion (%)

**100.00**

LPG and petroleum distribution – Vietnam



Paid-up Capital  
(million baht)

**336.00**

Shareholding  
Portion (%)

**95.00<sup>3</sup>**

LPG and petroleum distribution – Singapore



Paid-up Capital  
(million baht)

**9.35**

Shareholding  
Portion (%)

**100.00**

LPG and petroleum distribution – Malaysia



Paid-up Capital  
(million baht)

**1,100.47**

Shareholding  
Portion (%)

**100.00<sup>1</sup>**

Full scale of LPG and petroleum distribution including bulk-breaking terminal and jetties for import and re-export by vessel tankers, and facilities for domestic sales in cylinders through filling plant, and in bulk by road tankers – Zhuhai City, South China



Paid-up Capital  
(million baht)

**5,017.32**

Shareholding  
Portion (%)

**100.00<sup>1</sup>**

Full scale of LPG and petroleum distribution including bulk-breaking terminal and jetties for import and re-export by vessel tankers, and in bulk by road tankers – Shantou City, South China



Paid-up Capital  
(million baht)

**0.50**

Shareholding  
Portion (%)

**50.00**

Joint Venture – transportation by Very Large Crude Oil Carrier (VLCC)



Paid-up Capital  
(million baht)





**2.0**

Shareholding  
Portion (%)

**100.00**

LPG trading in Singapore



Company	Type of Business	
	Paid-up Capital (million baht) <b>0.3</b>	Shareholding Portion (%) <b>29.99</b> Holding company - Petroleum distribution in Malaysia
	Paid-up Capital (million baht) <b>120.0</b>	Shareholding Portion (%) <b>70.0</b> Direct subsidiary – Petroleum distribution in Malaysia
	Paid-up Capital (million baht) <b>292.0</b>	Shareholding Portion (%) <b>100.0</b> Direct subsidiary – Petroleum distribution in Vietnam
	Paid-up Capital (million baht) <b>150.0</b>	Shareholding Portion (%) <b>79.64</b> Joint venture – Petroleum distribution in Vietnam.

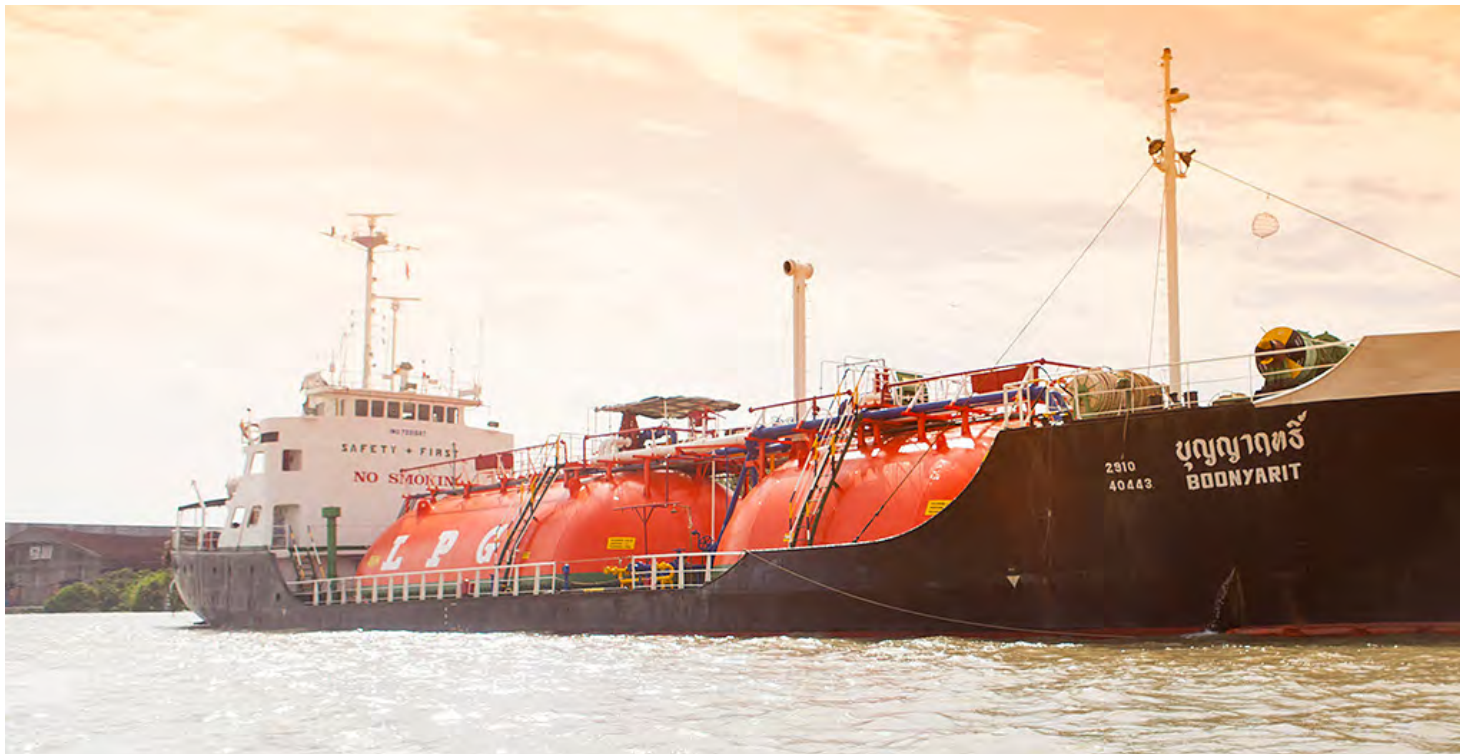
Note :

1. SGP holds indirectly shares via SGHK.
2. SGP holds indirectly shares via LCR and UGP.
3. As of December 29, 2010, SGP sold 5% of its ordinary shares to third party, which made SGP's investment ratio in Singas (LPG) Pte. Ltd. decreased from 100% to 95%.

### Relationship with the business of the major shareholders

The Company and its subsidiaries structure are not related , depended, or competed with the other businesses of the major shareholders.





# Business Operations

## 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







SGP targets to be one of the leading energy operators in East Asia. For business in Thailand, the Company plans to expand LPG business by increasing number of gas stations and LPG filling plants as well as to expand marine and road transportation.

## 22 LPG

filling plants including those 7 locations

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.

### History



Since 2008, SGP has been listed in the Stock Exchange of Thailand, starting to trade its shares under the symbol of “SGP” on June 3, 2008, and have major development as follows:

#### 2008

- 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.

## 2009

- SGP established Siam Gas HK Limited (“SGHK”), a direct subsidiary, in which SGP holds 100% share interest, was incorporated in Hong Kong Special Administrative Region of the People’s Republic of China on August 20, 2009. Its primary objectives are a holding company and trading of petroleum product.

## 2010

- SGP purchased 100% equity interest in Super Gas Company Limited (SPGV) from Shanghai Crown Company Limited at 11.5 million USD and SGP directly holds 100% of registered and paid-up capital on March 2, 2010.
- SGP purchased 100% share capital of Shell Gas (LPG) Singapore Private Limited (SGLS) from Shell Gas (LPG) Holdings B.V. at 15.0 million SGD and SGP directly holds 100% of registered and paid-up capital 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 established UNITED GAS & PETROCHEMICALS SDN. BHD. (“UNITED”) as its subsidiary in which SGP holds 100% share interest. UNITED was registered in Malaysia in quarter 3 of 2010 in order to operate and distribute petroleum products in Malaysia. On August 9, 2013, the meeting of the Board of Directors has resolution to dissolve UNITED because this subsidiary has not yet operated any business and for purposes of managerial benefits and appropriateness. Dissolution of UNITED shall not have any impact to operations of the Company.
- SGP and Siam Nathalin Company Limited jointly formed a joint venture of which 50% share capital held by SGP in quarter 3 of 2010.
- SGP purchased 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%) at 101.0 USD 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 (SINOSIAM) SINOSIAM was registered in China in order to operate the integrated LPG business comprising of storage terminal, jetties for import and export, terminal throughput services, as well as bulk breaking for redistribution via vessel tankers, road tankers, and cylinder filling plant.





## 2011

- SGP purchased 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, at 51.0 USD and placed a deposit of September 29, 2009. However, the business handover was completed on June 30, 2011. The Company is now renamed to Siam Ocean Gas and Energy Limited (SOGEL). SOGEL was registered in China in order to operate the integrated LPG business comprising of storage terminal, jetties for import and export, terminal throughput services, as well as bulk breaking for redistribution via vessel tankers and road tankers
- SGP established Siam Gas Trading Private Limited (SGT) of which 100% share capital owned by SGP. SGT was registered in Singapore on May 27, 2012 with the purpose to do import and export LPG business in foreign countries. Business operation has been commenced since January 2013.
- SGP had completed merging its 5 marine transportation subsidiaries including Lucky Marine Company Limited, Unique Gas Trading Company Limited, Unique Gas International Company Limited, and Unique Gas Carrier Company Limited into Siam Lucky Marine Company Limited which SGP holds shares directly through its subsidiaries 99.99% of paid up registered capital since June 1, 2011.

## 2012

- SGP issued subordinated, unsecured bonds with bond holder representative totally 4,500.0 million baht on February 6-8, 2012 with objective to reduce loan interest burden and to release all of collateral SGP placed with the financial institutions.
- SGP established Siam Suksawat Co., Ltd. as its subsidiary on August 28, 2012 of which 99.99% of its registered and paid-up capital held by SGP with purpose to render container terminal services.

## 2013

- SGP reduced its registered capital by repurchasing 31,068,500 shares. Schedule for share repurchase project was from August 3, 2009 to February 2, 2010 and schedule to dispose such repurchased shares was from February 3, 2010 to February 2, 2013. Pursuant to the ministerial regulation of the Ministry of Commerce Re: "Rules and procedures governing a company repurchasing its own shares, disposing of such repurchased shares, and writing off such repurchased shares B.E. 2544", it is specified that upon completion of disposition period of 3 years, if the company cannot dispose all of such repurchased shares or does not dispose them, the company must reduce its paid-up capital by writing off such repurchased share which have not been disposed. Therefore, SGP has a resolution to reduce its registered capital of 31,068,500 shares on February 22, 2013 from totally 950,000,000 ordinary shares to be 918,931,500 shares. Such capital reduction has been registered with the Ministry of Commerce already on March 6, 2013.
- SGP purchased 79.64% of ordinary shares of Shell Gas Hai Phong Limited ("SGH") at 0.3 million USD from Shell Gas (LPG) Holding B.V. Deposit has been placed on



October 3, 2012 and business handover was completed on January 18, 2013. This company is renamed to “Citygas North Company Limited” with objective to expand liquefied petroleum gas business in Vietnam.

- SGP purchased 100% of ordinary shares of Shell Gas (LPG) Vietnam Ltd. (“SGV”) from Shell Gas (LPG) Holding B.B. at 0.1 million USD. Deposit has been placed on October 3, 2012 and business handover was completed on January 18, 2013. This company is renamed to “Citygas Company Limited” with objective to expand liquefied petroleum gas business in Vietnam.
- SGP purchased assets and liquefied petroleum gas business of Shell Timur SDN. BHD. (“STSB”) in East Malaysia at 10.0 million Malaysian ringgit through Mygas SDN. BHD. (“MYGAZ”). MYGAZ is a subsidiary which SGP directly holds 70% of registered and paid-up capital and is registered in Malaysia to operate liquefied petroleum gas business in Malaysia. Deposit has been placed on October 3, 2012. Handover of all assets and liquefied petroleum gas business have been completed on May 29, 2013.

## 2014

- SGP issued subordinated, unsecured bonos with bondholder representative totally 1,300 million baht on January 27-29 January 2014 with objective to use for business operation and refriancing

## Revenue Structure



Revenue structure of SGP and subsidiaries in 2012 – 2014 by business

		2012		2013		2014	
		Value (Mil. Baht)	%	Value (Mil. Baht)	%	Value (Mil. Baht)	%
Revenue from Sales							
Liquefied petroleum products	SGP and UGP	20,832.08	43.54	21,291.80	32.39	22,164.19	35.66
Ammonia products	UGP	1,605.72	3.43	1,358.84	2.07	1,236.77	1.99
Other petrochemical products	UGP	885.79	1.87	826.30	1.26	871.02	1.40
LPG cylinders	SQS	10.26	0.02	5.20	0.01	2.28	0.00
Ethanol products	SEEC	177.52	0.37	4.3	0.00	-	0.00
Liquefied petroleum gas (Abroad)	SGP SUPERGAS SINGGAS SINOSIAM SOGEL SGT CITYGAS CITYGAS NORTH และ MYGAZ	23,116.85	48.41	40,821.60	62.09	36,903.04	59.37
Income from Sales		46,628.22	97.65	64,308.12	97.81	61,177.30	98.4
Transportation fees	LCR SLM	616.16	1.29	623.66	0.95	421.26	0.7
Income from service rendered	SGP/Subsidiaries	93.09	0.19	89.56	0.14	160.26	0.3
Other incomers	SGP/Subsidiaries	414.41	0.87	725.04	1.10	398.23	0.6
Total	SGP/Subsidiaries	47,751.88	100.00	65,746.38*	100.00	62,157.04	100.0

Remark: \*/ Exclude profit from business acquisition. The Company's profit from business acquisition was 531.23 million baht in 2013.





# Risk Factors

## Risks from Businesses Operations

### Risks from the government's policy

#### 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.





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.

## Cooking Gas

cooking gas is gradually increase from September, 2013

Since late 2011, the government announced to restructure energy prices including the price of Natural Gas for Vehicle (NGV) as well as that of LPG. Since July 2011, industrial use was the 1<sup>st</sup> sector of which price has been gradually lifted. Followed by automotive use, its price has also gradually been lifted since January 2012. The raised portion of the prices is collected by LPG Traders including SGP and UGP and returned to the government oil fund.

As at the end of December 2012, the amount of raised portion of LPG prices were at 11.22 baht per kilogram and 3.04 baht per kilogram for the industrial and automotive uses consecutively. Currently, the price of industrial use is moving in line with the LPG world price.

In the year 2013, the government plan to lift LPG cooking price gradually by increasing the price baht 0.50 per month from September 2013 until the price reach baht 24.82 per kg.

### History



#### In the year 2014, the government has increased LPG price as follow:

On June 1, 2014, the government announced to hold the LPG price lifting for cooking gas. This causes the price to stall in June instead of increasing by another baht 0.50 per kg. The cooking price is hold at baht 22.63 per kg.

On October 1, 2014, the government announced to lift the LPG price for automotive sector by baht 0.62 per kg from baht 21.38 per kg. to baht 22.00 per kg. by increasing the fee contribute to oil fund from baht 3.0374 per kg. to baht 3.6168 per kg. The lifting is aim to adjust the price to reflect real market price, reduce the cross category sale, reduce the oil fund burden, and reduce the oil fund contribution from gasoline user.

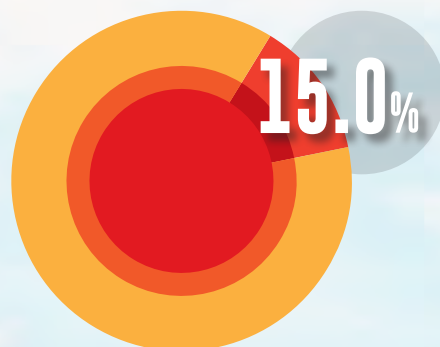


# CHINA

- SINOSIAMGAS AND PETROCHEMICALS COMPANY LIMITED
- SIAM OCEAN GAS AND ENERGY COMPANY LIMITED



SIAMGAS



REVENUE PORTION 15.0%



**SINOSIAMGAS AND PETROCHEMICALS COMPANY LIMITED**  
LOCAL LPG TRADER | ZHUHAI, CHINA

**SIAM OCEAN GAS AND ENERGY COMPANY LIMITED**  
LOCAL LPG TRADER | SHANTOU, CHINA







On October 21, 2014, the government announced to lift the LPG price for automotive sector by another baht 0.63 per kg. This causes the automotive LPG price increase from baht 22 per kg. to baht 22.63 per kg. The lifting is aim to reduce the cross category sale.

On November 18, 2014, the government announced to reduce the subsidy for LPG cooking gas and automotive gas by baht 0.4673 per kg. to reflect the real market price. This causes the LPG price increase by baht 0.50 per kg. and lift the price from baht 22.63 per kg. to baht 23.13 per kg.

On December 3, 2014, the government has announced to lift the price of cooking and automotive LPG by another baht 1.03 per kg. This cause the LPG cooking and automotive to increase from baht 23.13 kg. to baht 24.16 per kg. to reflect the real market price.

In the future, LPG prices for all sectors including cooking sector in Thailand are likely to be deregulated and oil fund will no longer be used for the price subsidy.

When the government deregulates LPG price or fully liberalizes LPG market in Thailand, the selling prices of LPG in Thailand will move along with the LPG world price, and reflect the 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.

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.

## LPG Free Trade Policy for domestic use

---

## Consumer and Environmental Protection Policy



---

## The government policy in encouraging NGV consumption



---

## Risk from increasing number of LPG traders

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.

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 476 which is still far behind that of LPG which is 1,855 nationwide.

Considering domestic LPG consumption (excluding petrochemicals feedstock) in Thailand during 2002-2013, it increased from 2,096 tons in 2002 to 4,784 tons in 2013 or the average growth rate was 7.63%. However, if we consider the market growth during the past 5 years or since 2008, the average growth rate was even higher at 9.25%. This growth trend may induce new players or higher competition in domestic LPG market.

#### LPG Sales Volume during 2002-2014

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
2011	4,294	10.53
2012	4,721	9.96
2013	4,784	1.33
2014	4,739	(0.94)

Source of data: Energy Policy and Planning Office

When comparing domestic sales volume of LPG of 2014 with volume of 2013, it has been decreased by 0.94% or from 4,784 million kilograms to 4,739 million kilograms.

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.



#### 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.

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

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.

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:

Table of Assets of SGP and UGP – LPG Terminals, LPG Filling Plants, and LPG Auto-gas Stations

(Unit : Sites)

	SGP	UGP	Total
LPG Terminal	5	2	7
LPG Filling Plant	22	13	35
LPG Auto-gas Station	38	-	38

*Remarks : As of December 31, 2014, SGP had 7 filling plants which were company owned - company operated type (COCO) and rented out the other 15 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 auto-gas 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. The total insurance coverage is 1,418.55 million baht.

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.





## 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 3 subsidiaries, i.e. LCR and SLM. In addition, UGP of which its core businesses are to operate LPG, ammonia and other petrochemical products distribution business also has its own fleets of LPG road tankers. 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 3 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 21 vessel tankers (Total book value of 21 vessels as at December 31, 2014 was 1,792.61 million baht). The Company has purchased insurance coverage for all vessels and also for all of their 316 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.

## 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 situated. 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, 2016.

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 construction plan for 2,000 ton liquefied petroleum gas tank farm shall commence after all permits have been obtained. It is estimated construction period shall take approximately 6 months.

## Risk from the volatility of the world price of LPG

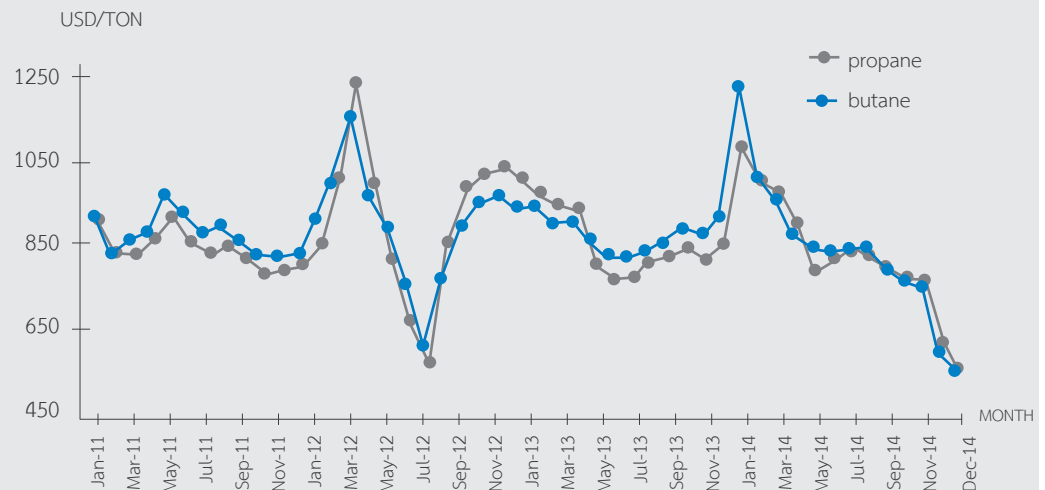
The supply cost and the selling price of LPG that SGP and its subsidiaries trade in overseas markets are moving along with the LPG world price. Recently, the LPG world price was moving in high volatility fashion resulted by the factors beyond control of SGP, and unavoidably affected SGP. The major factors that had impact on the volatility of the LPG world price were as follows:



- Global and regional economic situations
- Demand, supply, and reserved volume of LPG in global market
- Movement of crude oil price
- Political stability of major petroleum producers and exporters, especially those in the middle east
- Climate changes
- Competition of substituted energy

The management of SGP had a mitigation policy to manage the risk of LPG supply cost and selling price by entering the purchase and sales agreement with its business partner by fixing price, volume and period as appropriated and to be in line with its business plans. Inventory has been managed to make them adequately for supply in the following month without stocking them in order to reduce risks from changing of LPG prices in the world markets which have been changed every month.

Information on changes of LPG prices by based on world markets from 2011-2014



### Risk from investment in overseas businesses

The company has an investment plan in overseas energy businesses with main objective to expand its business as well as its long term growth. At present, the company has continuously been invested in business overseas, especially in the countries where SGP has never had businesses. Therefore, there may be risks in such investment involved with the following factors:

- Economic situation of the target countries, including that of their trading partners
- Changes in Government Administration of the countries resulting in policy favoring foreign investment, laws, tax regulations, and others related to investment
- Volatility of foreign currency exchange rates
- Know-how of investment & business operations in certain countries
- Investment in green-field projects may need tremendous capital of investment and takes longer time in development as well as longer pay-back period.

In order to mitigate such risk, the company has a policy in performing research and analysis in laws, regulations, government's policy, taxes, and other factors said above in order to derive the assessment of possible impact on the business to be invested, and apply the assessment results in business feasibility and investment project justification. Regarding the post investment

## Financial Risks

### Financial risk factors



## Risk from foreign currency exchange

period, the company has set up the system in continuous monitoring the project performance as well as its ongoing risks factor. Moreover, the company has been developing its capability and personnel competencies in order to meet its expansion and future investment in foreign countries.

SGP and its subsidiaries are exposing to various financial risks such as effect of changes in foreign currency exchange and changes in interest rates. The overall risk management plan of the company related to its finance is to emphasize in the volatility of foreign exchange and to explore effective measures in mitigating risks. The company also selectively considers financial derivatives as tools in reducing risks as appropriate.

The company risk management is performed by the central financial management (Group's financial management) in line with the policy approved by the Board of Directors. The group's financial management team has duties to raise issues, assess, and mitigate risks with close coordination with other functions.

The risks from foreign currency exchange are caused by the movement of foreign currency exchange rates which have impact on the company's and its subsidiaries' financial results this year and the followings. The company and its subsidiaries did not enter into the foreign currency hedging contracts as the impact of changes in foreign currency exchange did not have significant effect on the company's asset and liability in foreign currency. The exchange risk can be separated into two major parts which are

1. The Company sell LPG to customer outside the group through SGT which is a company wholly owned subsidiary. The Company does not expose to currency exchange risk because both purchase and sell transaction are in US dollars currency.
2. The Company sell LPG to subsidiaries in the group through SGT. (not include Thailand since the Company in Thailand procure LPG from Thai gas separation plant) SGT sells LPG to other subsidiaries in US dollar currency while the subsidiaries in foreign countries sell LPG in local currency. Thus, when the subsidiaries pay for LPG price to SGT, they have to exchange local currency to US dollar. This lead to currency exchange risk. Nonetheless, the finance department monitors and manages the currency exchange in the group to maximize the highest benefit to the group.

## Risk from Business Management



### 1. Risk from having a group of shareholders holding more than 75% shares

As at August 25, 2014, the Weeraborwornpong Group was the major shareholder holding 61.22% 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 9 company's directors 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. Risk of impact from the subsidiaries' operational performance**

The group or consolidated performance of SGP does not only 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.

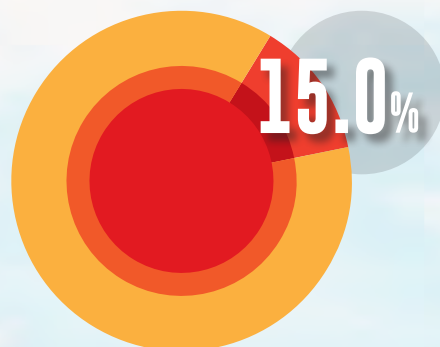
The group has solid measures and guidelines in policy-making of SGP as well as its subsidiaries in order to control and audit operations of the subsidiaries by appointing SGP's representatives to be members of the board of directors. These representatives will work in the interest of SGP and help protect 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.

# CHINA

- SINOSIAMGAS AND PETROCHEMICALS COMPANY LIMITED
- SIAM OCEAN GAS AND ENERGY COMPANY LIMITED



SIAMGAS



REVENUE PORTION 15.0%



**SINOSIAMGAS AND PETROCHEMICALS COMPANY LIMITED**  
LOCAL LPG TRADER | ZHUHAI, CHINA

**SIAM OCEAN GAS AND ENERGY COMPANY LIMITED**  
LOCAL LPG TRADER | SHANTOU, CHINA





# Company Information

Siamgas and Petrochemicals Public Company Limited

---

## Major Businesses

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

553 The Palldium Bldg 30th FL., Ratchaprarop Road, Makkasan, Ratchathewi, Bangkok 10400 Thailand

Registered Number : 0107574800650

Telephone : +662 120 9999

Fax : +662 250 6008

Web Site : [www.siamgas.com](http://www.siamgas.com)

Registered Capital : 918,931,500 baht

Common Shares : 918,931,500 shares

Par Value : 1.00 baht/share

Paid-up Capital : 918,931,500 baht

---

## Registrar

**Thailand Securities Depository Company Limited**

4<sup>th</sup>, 6<sup>th</sup>-7<sup>th</sup> Floor SET Building,

62 Ratchadaphisek Road, Klongtoey, Bangkok 10110

Telephone : +662 229 2800

Fax : +662 359 1259

---

## Trustee

- None -

---

## Auditor

**PricewaterhouseCoopers ABAS Limited**

15<sup>th</sup> Floor Bangkok City Tower

179/74-80 South Sathorn Road, Bangkok 10120

Telephone : +662 344 1000

---

## Financial Advisor

**Advisory Plus Company Limited**

10<sup>th</sup> Floor Thanapoom Tower

1550 New Petchburi Road, Makkasan, Rachathewi, Bangkok 10400

Telephone : +662 652 7859-64

Fax : +662 652 7867

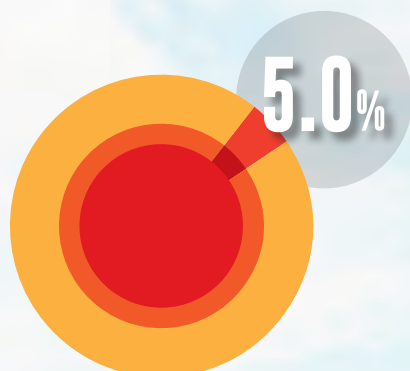


# MALAYSIA

MYGAZ SDN. BHD.



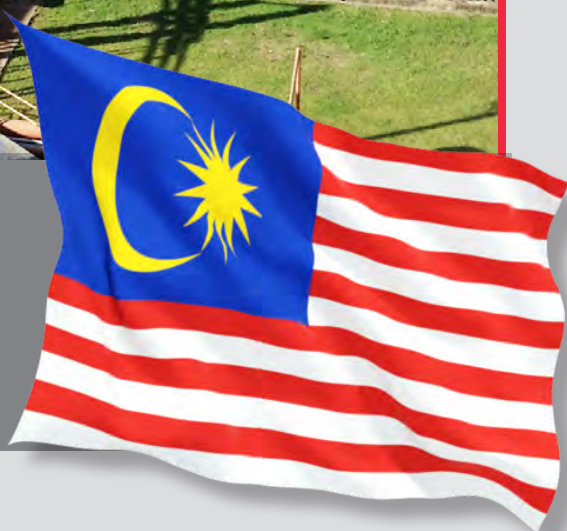
SIAMGAS



REVENUE PORTION 5.0%



MYGAZ SDN. BHD.  
LOCAL LPG TRADER  
EAST MALAYSIA







# Capital Structure

## SGP's Securities

As of December 31, 2014 , SGP had registered and paid-up capital of 918,931,500 baht consisting of 918,931,500 common shares at 1 baht per share.

## SGP's Equity Structure

A) As of March 12, 2015, the major shareholders are as follows:

No.	Shareholder's Name	Shares	%
1.	Weeraborwornpong Family		
	Mr.Worawit Weeraborwornpong	441,881,599	48.09
	Mr.Supachai Weeraborwornpong	50,871,000	5.54
	Mrs.Patchara Weeraborwornpong	50,000,000	5.44
	Ms.Patcharawadee Weeraborwornpong	20,000,000	2.18
	<b>Total shares held by Weeraborwornpong family</b>	<b>562,752,599</b>	<b>61.25</b>
2.	UOB KAYHIAN PRIVATE LIMITED	70,000,000	7.62
3.	Mr. Komol Jungrunruengkit	24,380,700	2.65
4.	Thai NVDR Co., Ltd.	15,121,100	1.65
5.	State Street Bank and Trust Company	9,232,700	1.00
6.	HSBC (SINGAPORE) NOMINEES PTE LTD	7,256,200	0.79
7.	Mr. Kieat Srijormkwan	7,141,600	0.78
8.	Ms. Warangkana Kamolthip	5,650,100	0.61
9.	State Street Bank Europe Limited	5,301,600	0.58
10.	Mr. Thanasilp Pipatkittikun	5,200,000	0.57
	<b>Total</b>	<b>712,036,599</b>	<b>77.50</b>

Source: The Stock Exchange of Thailand

## Issue of other securities

### A) Debenture bond

Siam Gas and Petrochemicals Public Co., Ltd. offered debentures with details as follows:

1<sup>st</sup> Time: Total value of debenture bonds is 4,500 million baht. They are rated at BBB+ (affirmed by TRIS Rating)

Type of debenture bond : Unsubordinated, unsecured debenture bonds with bond holding representatives.

Offered date : February 6-8, 2012

2-years bond	>	1 <sup>st</sup> year interest rate 2 <sup>nd</sup> year interest rate	>	4.75% p/a 5.00% p/a	>	Maturity date Maturity date	>	Feb 9, 2014
3-years bond	>	1 <sup>st</sup> - 2 <sup>nd</sup> year interest rate 2 <sup>nd</sup> year interest rate	>	5.00% p/a 5.50% p/a	>	Maturity date Maturity date	>	Feb 9, 2015
4-years bond	>	1 <sup>st</sup> - 2 <sup>nd</sup> year interest rate 3 <sup>rd</sup> year interest rate 4 <sup>th</sup> year interest rate	>	5.00% p/a 5.50% p/a 5.90% p/a	>	Maturity date Maturity date Maturity date	>	Feb 9, 2016

2<sup>nd</sup> Time: Total value of debenture bonds is 1,300.0 million baht. They are rated at BBB (affirmed by TRIS Rating)

Type of debenture bond : Unsubordinated, unsecured debenture bonds with bond holding representatives.

Offered date : January 27-29, 2014

3 years bond	>	1st-3rd year interest rate	>	5.20% p/a	>	Maturity date	>	Jan 30, 2017
--------------	---	----------------------------	---	-----------	---	---------------	---	--------------

#### B. Bill of Exchange

As of December 25, 2014, Siam Gas and Petrochemicals Public Co., Ltd. has outstanding Bill of Exchange with issue term not over 270 days amount baht 1,805 million.



## Dividend Policy

The Company has the policy of paying dividend to shareholders at no less than 40% of net profit according to the Company's separate financial statement after deduction of corporate income tax, legal reserve and other reserves. However, the Company may pay the dividend less than the above rate, depending on operating results, financial position, liquidity and the necessity of working capital use for business expansion and other factors relating to the business operation and management as the Board of Directors and/or the shareholders deem appropriated.





# Management

## Board of directors

Management structure of the company as of December 31, 2014 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.

On December 31, 2014 Board of Directors composed of 9 members are follow :

Name		Position
1. Gen.Chaisit	Shinawatra	Chairman
2. Mr.Worawit	Weeraborwornpong	Vice-Chairman
3. Mrs.Patchara	Weeraborwornpong	Director
4. Mr.Supachai	Weeraborwornpong	Director and Managing Director
5. Mr.Suttipong	Vasuvanichphan	Director
6. Mr.Somchai	Korprasobsuk	Director
7. Mr.Viroj	Klangboonkrong	Independent director and Chairman of audit committee
8. Mr.Harn	Chiocharn	Independent director and Audit committee
9. Mrs.Sudjit	Divari	Independent director and Audit committee

Mrs. Jintana Kingkaew is the Company Secretary.

## The Company's authorized signatories



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

Detail of Board attendance in the year 2014

Name		2014	
		No. of meeting	No. of attending
1. Gen.Chaisit	Shinawatra	5	4
2. Mr.Worawit	Weeraborwornpong	5	5
3. Mrs.Patchara	Weeraborwornpong	5	5
4. Mr.Supachai	Weeraborwornpong	5	3
5. Mr.Suttipong	Vasuvanichphan	5	5
6. Mr.Somchai	Korprasobsuk	5	5
7. Mr.Viroj	Klangboonkrong	5	4
8. Mr.Harn	Chiocharn	5	5
9. Mrs.Sudjit	Divari	5	4



## Audit Committee



The Audit Committee has been delegated by the Board of Directors to responsible for auditing the quality and reliability of accounting system, internal audit, and financial reporting process.

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

Name		Position
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.Chantira Srimoungpan is the secretary to audit committee.

*\*/ Mrs. Sudjit Divari is the audit committee who has adequate knowledge and experiences to audit financial statement of the Company*

## Executive Board

The Executive Board consists of four persons as following :

Name		Position
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.Suttipong	Vasuvanichphan	Member of Executive Board

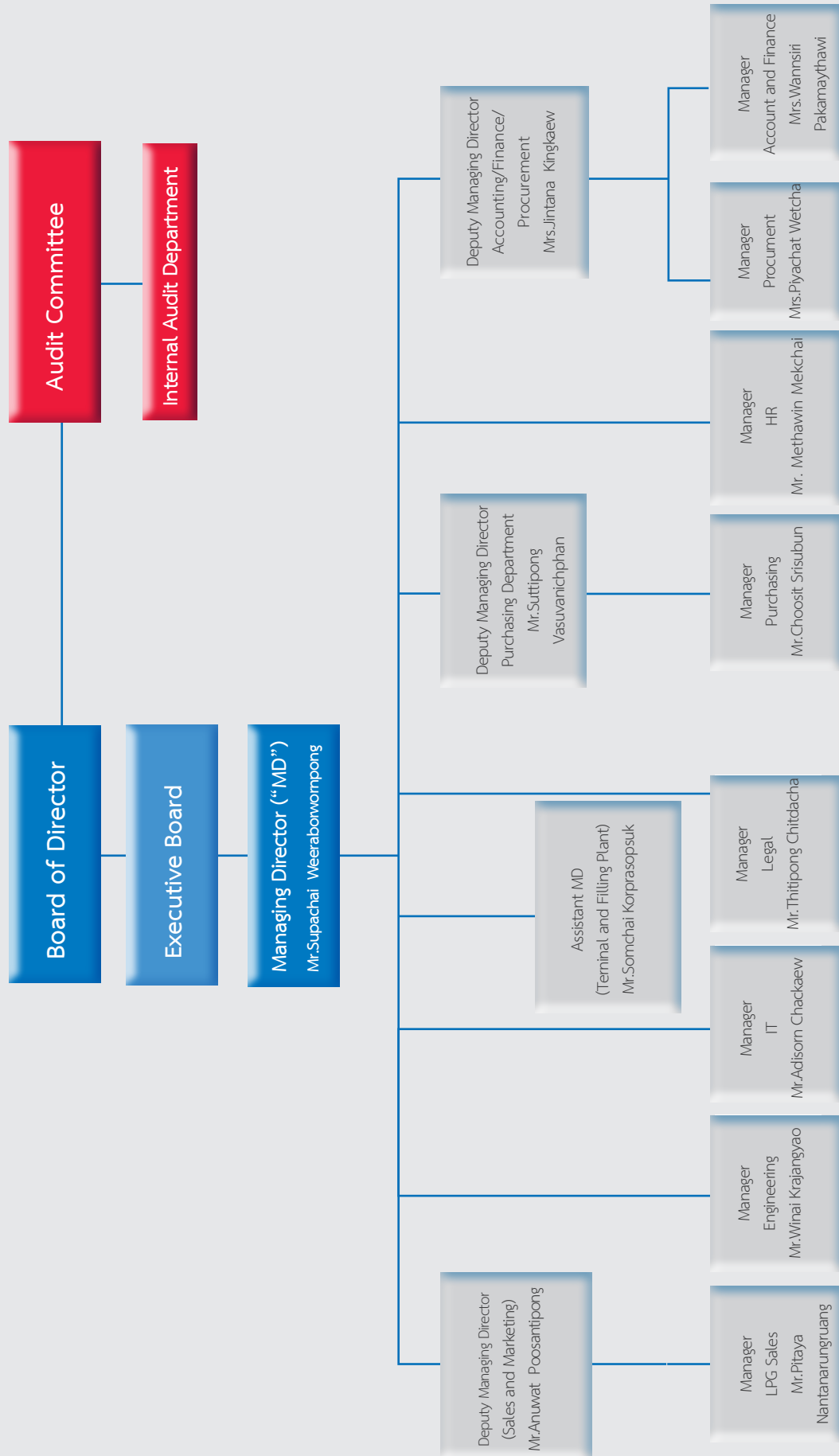
## Management

As of December 31, 2014 management of the company has 5 persons as following :

Name		Position
1. Mr.Supachai	Weeraborwornpong	Managing Director
2. Mr.Suttipong	Vasuvanichphan	Deputy Managing Director - Purchasing
3. Mr.Anuwat	Phoosantipong	Google Deputy Managing Director Sale and Marketing
4. Mrs.Jintana	Kingkaew	Deputy Managing Director - Accounting and Financial/Procurement
5. Mr.Somchai	Korprasobsuk	Assistant Managing Director - Terminal / Filling Plant

## Management Structure

SGP's management structure as of December 31, 2014



## Company Secretary

The Board of Directors has resolution to appoint Mrs. Jintana Kingkaew as the Company Secretary on August 8, 2008.

## Director and Management Remuneration



### (1) Financial Remuneration

#### (a) Director

The resolution of the shareholders in the year 2014 annual general meeting has approved the remuneration for Board of Directors and Audit Committee as follow:

	Meeting allowance (baht/person/time)	Annual remuneration
Chairman	10,000	3,216,230
Chairman of Audit Committee	10,000	804,058
Audit Committee	10,000	804,058
Director	10,000	-

The Company does not have any remuneration for other sub-committee such as Executive Board

Meeting allowance (baht)	2014	
	Director	Audit Committee
1. Gen.Chaisit Shinawatra <sup>1/</sup>	40,000	
2. Mr.Worawit Weeraborwornpong	50,000	
3. Mrs.Patchara Weeraborwornpong	50,000	
4. Mr.Supachai Weeraborwornpong	30,000	
5. Mr.Suttipong Vasuvanichphan	50,000	
6. Mr.Somchai Korprasobsuk	50,000	
7. Mr.Viroj Klangboonkrong <sup>2/</sup>		200,000
8. Mr.Harn Chiocharn <sup>2/</sup>		210,000
9. Mrs.Sudjit Divari <sup>2/</sup>		200,000
<b>Total</b>	<b>270,000</b>	<b>610,000</b>

Note : 1/ Company remunerate annual allowance to Gen. Chaisit Shinawatra amount baht 3,216,230 in year 2014

2/ Company remunerate annual allowance to audit committee amount baht 804,058 per person in year 2014

### (B) Executives

Remuneration (baht)	2014
Total persons	7
- salary	37,264,800
- bonus	7,501,725
- Provident fund	1,180,193
- Other	117,000
<b>Total</b>	<b>46,063,718</b>

### (2) Other compensation

- None-

## Staff



### Number of employees

As of December 31, 2014 SGP and UGP have number of employees (not including executives) total 1,348 employees

#### SGP's staff as at 31 December 2014

Field	31 December 2014
Staff at Head Quarter	153
Staff at depot and filling plant	624
	777

#### UGP's staff as at 31 December 2014

Field	31 December 2014
Staff at Head Quarter	118
Staff at depot and filling plant	453
	571

### Employees to other subsidiaries

As of December 31, 2014, total staff of a group of subsidiaries is 1,196 persons.

### Employee remuneration (excluding executive)

In year 2014 the company paid compensation to employees 2,544 person total amount of 663.62 million baht as compensation in salary, fund, allowances, bonus and others.

### Provident fund

The company has established the provident fund from April 2006 with objectives to build morale and encouraging to the employees and to motivate them to work with the Company for a long term.

### Human resource development policy

The company realized the important of employees because the appropriate knowledgeable for employee and working position are 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.



# Corporate Governance

## Policy on Corporate Governance

The Board of directors recognizes the roles and responsibilities under the authority delegated by the shareholders to manage the Company efficiently and transparently. This is to build the confidence to all stakeholders. The company conducts business under the principles of good corporate governance as follow.

### 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 operation 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 opens 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



### Section 3 The role of stakeholders



### Section 4 Disclosure and transparency

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 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.

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](http://www.siamgas.com)

Section 5  
Responsibilities of the  
Board of Directors

In the part of investors related to the company have not set up investor relation department 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.

### 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.

Currently, Board of Directors composed of nine directors, 4 are non-executive and feature 3 members of independent directors and 5 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 sub-committee 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. Role, Duties, and Responsibility of the Board of Directors

The Board of Directors follow the code of conduct guidance from Stock Exchange of Thailand. The Board of Directors understand the role, duties, and responsibility and will comply with the law, objective, article of association and shareholders' resolution. The Board of Directors will work for the company benefit and will monitor the management to manage under the policy and plan within the approving budget for the best benefit of the company and shareholders.

## 3. Conflict of interest policy

The Board of Directors has set up conflict of interest policy to avoid the Company, subsidiaries, or related persons to approve any transaction which they have conflict of interest. The board of directors will follow the rule and regulation under the Securities and Exchange act or acquisition and disposal notification and disclosure of information regarding connected transaction notification.

The audit committee will inform the Board of Directors on connected transaction and conflict of interest in which the Board of Directors will consider the appropriateness and practice under the rule of stock exchange of Thailand. The connected transaction will be disclosed in the annual report and annual statement (Form 56-1)

## 4. Internal control system

The company gives priority to internal control system both in executive level and practical operation level. Therefore, the company set up the duties, authority in operation to the employees and executives in written notice. This includes the controlling usage of company asset to be beneficial. The operational duties were separated in monitoring and evaluation of control from each other. The company has appointed internal audit department to monitor the internal control system. The internal audit set schedule to audit the operation of depot and filling plant at least once a year. This is to ensure the effectiveness of internal control

## 5. The Board of Director meeting

The company has a policy to call a Board of Director meeting at least once every three months. The company may call an extra meeting if necessary. The company will send the invitation letter with complete relating information to the directors at least seven days prior to the meeting. This is to give appropriate time for the directors to consider the information prior to the meeting. The minutes are properly prepared and the approval minutes are kept for the directors to review when needed.



## 6. The compensation to directors and management

The Company has set up an appropriate compensation for directors and management. The compensation rate is in an appropriate level to keep the directors and management to work with the company. The factors used to consider the compensation rate are experience, duties, scope of work and responsibilities. The payment of compensation will follow the policy set forth by the board of directors.

## 7. The training for directors and management

The Board of Directors encourages all training related to corporate governance issue. This includes applying for Thai Institution of Director's training course for directors, audit committee, management, and company secretary.

## 8. Following the corporate governance in other issue

### Business Ethic

The company has set up guideline on business ethic for board of directors, management, and employees to follow. The guideline will assist the management and employees to work honestly and equality to all stakeholders and public. The company announced the guideline to employees and encouraged employees to follow strictly.

### Conflict of interest

The Board of Directors has set up conflict of interest policy on the basis that all decision making should be for the highest benefit of the Company and should avoid the action which may cause the conflict of interest. The company requires all related person to report the relationship or its related transaction and the related person is not allowed to join the meeting to approve the said transaction.

The audit committee will inform the Board of Directors on connected transaction and conflict of interest in which the Board of Directors will consider the appropriateness and practice under the rule of stock exchange of Thailand. The connected transaction will be disclosed in the annual report and annual statement (Form 56-1)

### 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.

## Sub-Committee



Management structure of the company 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.

### 1. Authority of Board of Directors

Board of Directors has the authority to manage the Company in accordance with law, objective, article of association, and resolution of shareholders as follow.

- 1) Provide the Annual General shareholders' meeting within four months from the end of accounting period
- 2) Provide the Board of Directors' meeting at least once every three months.
- 3) Provide balance sheet and financial statement of the company at end of accounting period which the auditors have been audited and proposed to the shareholder's meeting to consider.
- 4) Consider and approve other important transactions related to the company or any transaction which is beneficial to 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.

## 2. 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 independent auditors of the company and consider a remuneration of such person, including meeting with auditors without executive attended at least one time per year.
4. Ensure compliance with law requirements under Securities and Exchange Act, Stock Exchange of Thailand regulation and the law relating to its business.
5. Consider the related transaction or translations that may have a conflict of interest and ensure that it is comply with the law and regulation of the Stock Exchange. This is to ensure that the transaction is reasonable with best interest for the company.
6. Disclose audit committee report in company annual report, in which the report must be signed by the chairman of audit committee and must contain content at least as follow.
  - (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.

### 3. Authority of the Executive Board

- 1) 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.
- 11) 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. Authority of Managing Director

Managing Director has authorized to operate business as assigned by the Board of Director or Executive Board under the rules and regulation of the 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:

- 1) Operate and administrate the business as the policy of business plan and strategic of business that Board of Directors already approved.

## Nomination and Appointment of Director and Top Executives



- 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.

The Company does not have the nomination committee to select person to hold position of director or top executive. However, it has nomination process for selection person to hold such position where the major shareholder and/or representative of major shareholder in each group, the qualified person in each relevant field and the independent director as well as the director and executive of the Company shall jointly nominate the qualified, capable and experienced person to support business operations of the Company and who has qualifications specified by the Public Limited Company Act B.E. 2535 for the initial stage. After that such person shall be proposed to the shareholders' meeting for consideration and selection pursuant to the Company's articles of associations as follows:

### (1) 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) 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.
- 9) No other feature that could not be commented freely about the company's operation.

#### **Nomination Criteria and Qualifications of the Audit Committee**

1. Must be appointed by the Board of Directors or the shareholders' meeting
2. Must be the independent director and is qualified to be the independent director, and
  - 2.1 Must not be the director who has been authorized by the Board of Directors to make decision on business operations of the Company, parent company, subsidiary, associate company, subsidiary in the same level, major shareholders or the controlling person of the Company and,
  - 2.2 Must not be the director of parent company or subsidiary in the same level of the listed company only.
3. Must perform similar duties as per specified in the announcement of the Stock Exchange of Thailand Re: Qualification and scope of work of the audit committee,
4. Must possess adequate knowledge to be able to perform duties as the audit committee, in addition, at least one member of the audit committee must have adequate knowledge and experiences to audit credibility of financial statement.

#### **(2) 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 received 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.

### Supervision on Operations of the Subsidiary and the Associate Company



The Company specified that the nomination and exercise of right to vote for selection of person to be the director of the subsidiary and the associated company is required to be approved by the Company's Board of Directors. The person appointed as the director in the subsidiary and the associate company must perform duties for the best interest of such subsidiary or associate company. The Company also specified that such appointed person must be firstly granted approval from the Company's Board of Directors before he/she could pass resolution or vote in significant matter in the same level which is required to have an approval from the Board of the Director if such operation is operated by the company. Moreover, the appointment of director to be the representative in such subsidiary or associate company must be pursuant to shareholding proportion of the Company.

Furthermore, in case of subsidiary, the Company specified that such appointed person must oversee to ensure that the subsidiary has complete and correct regulations with regards to connect transaction, acquisition and disposal of assets or undertaking of other significant transactions of such company. In addition, criteria relevant to disclosure of information and the above transaction must be applied in the same manner as those of the Company's criteria. Supervision on maintenance of information and accounting record of the subsidiary for purpose of inspection and for compilation of the consolidated financial statement on timely manner must also be specified.

### Supervision on Usage of Inside Information



The Company supervises on usage of inside information by preparing a confidentiality agreement for the employee, contractor, supplier, service provider including guest who visits the Company's business to prevent disclosure of information or confidential news of the Company and its subsidiaries. In addition, penalty clause has been imposed to those who exploit inside information for personal gain or use such information which would damage reputation of the Company. Additional, they must not purchase, sell, transfer to receive transfer of the Company's securities by using confidential and/or inside information and/or to enter into any other legal act by using confidential and/or inside information of the Company which can cause damage to the Company's reputation, whether directly or indirectly.



The Company has imposed measures to prevent wrongful use of inside information by the related person who included the director, executive and employees in the function whose work related to inside information (including his/her spouse and child under legal age). The related person is prohibited to sell or purchase the Company's securities within 1 month prior to disclosure of quarterly and annual financial statement.

The Company provided information to the directors and the executives on their obligations to report their holding of the Company's securities including penalty clause pursuant to the Securities and Exchange Act B.E. 2535 and the requirements of the Stock Exchange of Thailand. In the event when the director or the executive purchases or sells the Company's securities, he/she is obligated to report his/her securities holding including securities holding by his/her spouse and child under legal age to the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand pursuant to Clause 59 of the Securities and Exchange Act B.E. 2535 within 3 working days, for its acknowledgement and for further dissemination to the public.

Moreover, the Company imposed disciplinary penalty against people who exploit usage of or disclose inside information which would cause damage to the Company. Various penalties have been considered as appropriated, such as verbal warning, written warning, probation and termination of employment, by firing or discharging, as the case may be

#### Audit Fee



Total audit fee paid in 2014 to PricewaterhouseCoopers ABAS Ltd., the auditing company which the auditors of the Company and domestic subsidiaries work for, was 5.69 million baht. Person or business related to the auditor and the auditing company is not the same person or is the business related to the Company and its subsidiaries.



# Social Responsibility

The Company has policy to operate business with social, environment and stakeholder responsibility.

## Overall policy

Siam Gas and Petrochemicals Public Co., Ltd. determines to operate business under good corporate governance principles, with morality and responsibility for society, communities, environment, stakeholders and all parties related to the Company. The Company realizes that as we engage in business of supply and distribution of liquefied petroleum gas, petrochemical products and related businesses, it is required to obtain maximum trust and confidence on safety. The Company also has policy to strictly comply with related laws, regulations, standards and requirements.

The Company places utmost importance to social responsibility and it has been regulated in the Company's mission. In addition, some part of budget has been allocated for social activities and disbursement of such budget shall be considered by the high level executives.





The Company continually encourages and supports social and environmental activities, particularly on livelihood development of the communities in the remote areas to make them have better living.

## SIAMGAS

To put emphasis on product safety policy

### Core vision and mission of the Company are as follows:

- To plan to increase facilities, warehouses, gas filling plants and service stations including gas tankers and gas trucks.
- To constantly develop human resources in order to develop their potentials and operating capability, so that their works can be successfully, efficiently and safely achieved.
- To put emphasis on product safety policy, service rendering including internal operations.
- To give emphasis to well-being of the people by providing excellent products and services, especially on safety, convenience and at reasonable and fair prices.
- To place importance to environmental conservation and ethically business operations pursuant to governance principle and with responsibility to society, community as well as all shareholders and relevant parties.

The Company is always aware that for business of liquefied petroleum gas, petrochemical products and related business, responsibility is the most crucial part, as it shall cause impact to all parties and sectors, from employees, executives, business partners, communities to societies, particularly on personal welfares, safety and environmental conservation. As a result, the management has specified policies and operating guidelines as follows

### Fair Competition

The Company shall treat its business competitors pursuant to the relevant laws and business ethics principles, including fair rules on competitions by maintaining competitive code of conducts as follows:

- Do not take advantage of business competitors by misleading business information which might cause impact to reputation of the competitors.
- Refrain from making an agreement or discussion with the competitors' employees about marketing or business plans which can impact to business.





### Anti-corruption

The Company established anti-corruption policy to be applied for both inside and outside of the organization. The Company cooperates with various organizations to counter all kinds of corruption and bribery, as well as enhances the employees to be well aware of anti-corruption policy by not asking for, giving any unlawful trading benefits to the business partners or the third party.

### Fair Labor Practices

The Company recognizes importance of employees as the Company's most valuable assets. Thus, it intends to develop potentials of its human resources for maximum benefits of the Company and it also encourages its employees to jointly participate in creation of good corporate culture, team work and to enhance safety atmosphere and workplace. Moreover, The Company also equally listens to opinions and recommendations from the employees at all levels. In addition, the Company also provides welfare to the employees' family by granting scholarships to the employees' offspring who have good academic records from elementary level to university level. The object is to encourage the employees' offspring to pay attention to education, so they could become the capable people for their family and the country as a whole.

The Company encourages the employees to enhance their knowledge, capabilities, skill and experiences so that they can perform their works effectively. The Company arranges various employee training courses at all levels pursuant to annual training programs which shall be systematically arranged in accordance with regulations on employees' training practices of the Company. Besides, the Company also dispatches the employees to attend training programs outside of the Company to increase their knowledge in various aspects related to their works, for instance training on newly accounting standards, computer network system and etc.

### Consumer Responsibility and Environmental Conservation

The Company determines to be the management excellence in terms of safety, health and environment. No other mission shall be more important than to create health and safety atmosphere for employees, customers, business partners and communities and to prevent environmental impact which may incur. Such continued development and improvement shall be important and sustainable benchmark for our growth and it can also drive for continuity and harmony on integrating projects and processes on business operations together. Our strong determination to become management excellence on safety, health and environment are performed by adhering to the following policies:

1. To comply with the written regulations and spirit of law concerned, industrial standards as well as to provide full cooperation with the officials to develop and improve such regulations.
2. To main workplaces to make them on par with standards on safety, occupational health and environment by adhering to the best operating practices as its guidelines.
3. To set up target on zero accident from work because we believe that loss of life, injury and incident can be prevented.
4. To constantly review operations and procedures, then develop suitable projects to support for improvement of our potentials on continued basis.
5. All of our employees must take part in safety, health and environment responsibility activities and they must behave themselves in harmony with and pursuant to intention of this policy, by specifying as key performance indicators that must be achieved as per targeted.
6. All employees must cooperate with and encourage business partners and contractors who deal business with us to be responsible for safety and do not cause impact to environment.
7. To develop and supply safety and environmental friendly products when they are properly used and to provide necessary information in order to achieve such expectation.

The above policies are regarded as the core of operating strategy as well as the framework for formulation of business plans and objects of all departments. These policies must be reviewed and monitored in order to put them into practices together with the formulation of consumer responsibility and environmental conservation policy. The Company has arranged activities to promote compliance with such policies as follows:

- To arrange trainings on general information of the products, particularly liquefied petroleum gas products, and safety usage, loading and product maintenance to the employees, customers and the third parties, such as communities, government agencies and etc.
- To arrange emergency drill plan at the operating workplaces, such as gas warehouses and gas filling plants where the government officials and community representatives may observe as necessary.
- To arrange 5 Sor. activities in the workplace.
- To provide knowledge by arranging safety exhibitions.

### Contribution to Community and Society

The Company has arranged community and social development activities which included:

- Contribution to society by assisting flood victims, donation of supplies to the communities, donation of money to build religious places, schools, hospitals and participation in environmental conservation campaigns and more.
- Arrangement of activities to cultivate environmental conservation spirit, for instance a campaign to use used paper in the office and etc.

### CSR After Process

The Company continually encourages and supports social and environmental activities, particularly on livelihood development of the communities in the remote areas to make them have better living. One of the activities is to provide budget for construction of pipe water system to the villagers in Sinchai Village, Padaeng Village, Sunti Vana Village and Pakia Village of Chai Prakarn District, Chiang Mai Province to make villagers in 4 villages have consumption and usage water. Such activity has followed the royal initiatives of Her Majesty Queen Sirikit which emphasized on mitigation of water shortage crisis.

### Practical guidelines to prevent involvement in corruption acts

The Company determines to conduct business under good corporate governance principles by declaring intention on prevention on involvement of corruption. In addition, the Company also has responsibility to society and environment as well as all stakeholders. The Company also specified anti-fraud and anti-corruption policy in the Company's code of business ethics under the topic of "Code of Business Ethic" and "Conflict of Interest Policy" which can be summarized as follows:

#### Code of business ethic

The Company takes into consideration integrity on conducting business and mutual benefits of the business partners and the creditors by:

- Do not ask for or accept, or give any unlawful benefits from or to the business partners or the third party
- Do not receive gift, inducement or accept an invitation to the party or reception particularly arranged privately or for group of people by the business partners
- To maintain business relationship with fairness and justice.

#### Conflict of interest policy

The Company and the subsidiaries specified policy that all employees shall not perform any act which may cause conflict of interest, especially accepting money or other award under any circumstances or accepting anything, which is

- Gift or rebate with high value
- Entertainment party
- Sponsored travel
- Other remunerations









# Internal Control and Risk Management

---

## Opinions of the Board of Directors on internal control system

The Board of Directors puts emphasis that the Company shall have proper and efficient internal control system, hence it has assigned authority, duty and responsibility to Audit Committee to review and ensure that the Company has adequate and appropriate internal control and internal audit system in place. Internal audit function which shall directly report to the Audit Committee shall inspect and review internal control system including performance of the Company on compliance with the laws on securities and exchange.

The Audit Committee also has duties to consider, select, appoint the auditor and fix remuneration as well as to consider on disclosure of correct and complete information in case of connected transaction or transaction which might have conflict of interest.

At the Board of Directors' meeting No. 1/2015 held on February 24, 2015 where all 3 members of the Audit Committee attended, the meeting has assessed the Company's internal control system by enquiring information from the management. In conclusion, from assessment of 5 components of internal control system, comprising of organization & environmental condition, risk management, control on performance of the management, information technology system & communication and monitoring system, the Board of Directors deemed that the Company's internal control system was adequately and appropriately. The Company has provided adequate personnel to effectively perform operations pursuant to the system and it also has monitoring system to oversee operations of the subsidiaries to prevent wrongly use or unauthorized use of properties of the Company and its subsidiaries by the director or the executive. Furthermore, measures on transaction with person who might have conflict of interest or the connected person have been adequately specified. The Board of Directors also deemed that measures on internal control system of other topics also adequate.

---

## Opinions of the Audit Committee

The Audit Committee has assessed adequacy and efficiency of internal control system by considering from result of auditing report proposed by the internal audit function and opinions of the auditor, as well as from jointly assessment with the Board of Directors during the meeting No. 1/2015 on February 24, 2015. The Audit Committee has the same opinion with the Board of Directors that the Company's internal control was appropriated.

---

## Head of Internal Audit Office



At the Board of Directors' meeting No. 7/2012 held on June 14, 2012, the meeting has resolution to appoint Mrs. Chantira Srimoungpan as the head of internal audit office with effective from July 2, 2012. Mrs. Chantira has experiences on performing internal audit task and as a secretary of the Audit Committee of the listed company. She also attended various courses concerning internal audit operations, such as risk management pursuant to COSO ERM guidelines, company secretary program and internal audit function management and etc. Consequently, it is deemed appropriated to appoint her to perform such duties.

In addition, the Company has specified that for consideration on approval, appointment, transfer and dismissal of the Company's head of internal audit office must require to have consent or approval from the meeting of the Audit Committee.



## Connected Transactions

Summary of transactions between SGP, its subsidiaries and other people who might have conflicts during 2013 and 2014

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

Connected Person/Legal Entity	Relationship	Description	Value ('000 Baht)			Outstanding ('000 Baht)			Justification	Reference : Notes of Financial Statement
			2014	2013	2013	2014	2014	2013		
1. Great China Millennium (Thailand) Company Limited ("Great China")	• SGP and Great China Millennium (Thailand) Company Limited have the same major shareholder who is	LPG Sales Revenue and Account Receivable	3,463	1,578		903	558		The Audit Committee considered that these were common sales transactions of SGP and the selling price was the same as that of general customers, so these transactions were considered appropriate and reasonable	Note# 33 (A) and #33 (C)
	Weerabornwong family.	Great China Millennium (Thailand) Company Limited purchased LPG from SGP to supply to its food court in the shopping building at the same price SGP sells to general customers								
	Property and Hotel Business									
Property and Hotel Business	Weerabornwong family holds 562.55 million shares or 61.22 per cent of paid-up capital of SGP and holds 26.48 million shares 97.35 per cent of paid-up capital of Great China Millennium (Thailand) Company Limited	<u>Office Rental Deposit</u> SGP and its subsidiaries including UGP, LCR and SLM rent the office space of the Palladium World project from Great China Millennium (Thailand) Company Limited for their business offices. The period of rental contract is from 1 September 2012 to 31 August 2015. According to the contract, SGP and its subsidiaries are required to place the deposit as guarantee for rental and services. This deposit charged by Great China was the common practice of general office buildings	-	-		6,935	6,935		The Audit Committee considered that this rental deposit placement of SGP and its subsidiaries was general practice, and these transactions considered appropriate and reasonable	Note# 33 (A)

Connected Person/Legal Entity	Relationship	Description	Value ('000 Baht)			Outstanding ('000 Baht)			Justification	Reference : Notes of Financial Statement
			2014	2013		2014	2013			
			45,310	40,238	-	-	-	-		
• SGP and Great China Millennium (Thailand) Company Limited have the same directors who are Mr. Worawit Weerabornwong and Mrs. Patchara Weerabornwong		<u>Rental Fee, Common Service Fee and Account Payable</u>							The Audit Committee considered that office space rental of SGP and its subsidiaries was normal practice in running business, although the rental rate of Great China was lower than those of other office buildings nearby. Also, the available space of other office buildings nearby with Phrom Maharaj Land Development Co., Ltd. expired on 31 August 2012. Moreover, the space of previous office was not sufficient and unable to expand to accommodate SGP and its subsidiaries' staff while the Palladium Office Build could serve the long-term future office expansion of SGP and its subsidiaries, so these transactions considered appropriate and reasonable.	Note # 33 (A) and 33 (D)
		These transactions were space rental fee, services fee and account payable that SGP and its subsidiaries including UGP, LCR and SLM rent the office from Great China Millennium (Thailand) Company Limited with total space of 7,218.20 square meters or at the rate 461.79 Baht per square meter. The period of rental contract is from 1 September 2012 to 31 August 2015(3 years rental period). On 1 July 2014 SGP and UGP rent additional office space totaling 1,830.16 sq. meters with the rental period from 1 July 2014 to 31 August 2015.. This increase the total office space rental to 9,048.36 sq. meters This rental fee charged by Great China was lower than that of charged by other office buildings in the same area	16,141	4,194	3,031	934				
		<u>Other Expenses and Other Account Payable</u>							The Audit Committee's opinion was that the services provided by Great China were the general services and the rates were charged at the same rate as that of general customers and tenants, so such transactions were appropriate and reasonable.	Note # 33 (A) and 33 (D)
		Other expenses and other account payable were incurred as SGP and its subsidiaries were serviced by Great China Millennium (Thailand) Company Limited and the services charged by Great China were at the same rate charged to general customers or tenants								



Connected Person/Legal Entity	Relationship	Description	Value ('000 Baht)			Outstanding ('000 Baht)		Justification	Reference : Notes of Financial Statement
			2014	2013	2013	2014	2013		
		<u>Electricity, Water Supply and other Account Payable</u>	1,350	1,750	221	129	221	The Audit Committee considered that the electricity and water supply expenses SGP and its subsidiaries paid to Great China were the same as that Great China charged to other tenants, so such transactions were appropriate and reasonable.	Note# 33 (A) and (D)
		SGP and its subsidiaries paid for electricity and water supply for their offices to Great China Millennium (Thailand) Company Limited which was charged at the same rate charged to other tenants in the building.							
		<u>Rental and Pooled Office Service Fee Advanced Payment</u>	-	-	170,236	67,064		The Audit Committee considered that the Advanced Payments for rental and office services made to Great China were in accordance with general office rental contract, so such transactions were appropriate and reasonable.	Note # 33 (A)
		SGP and its subsidiaries paid the advanced rental and office service fee to Great China Millennium (Thailand) Company Limited in accordance with the office rental contract. On 1 July 2014 SGP and its subsidiaries has renewed the office rental contract with the total space of 9,048.36 or at the rate baht 417.38 per sq. meter with the advanced payment for the rental period from 1 September 2015 to 31 August 2018 (3 years rental period)							



Connected Person/Legal Entity	Relationship	Description	Value ('000 Baht)			Outstanding ('000 Baht)			Justification	Reference : Notes of Financial Statement
			2014	2013		2014	2013			
2. Phrom Maharaj Land Development Co., Ltd. (PHROM) - real estate and hotel business	<ul style="list-style-type: none"><li>Weerabonwornpong family is the major shareholder of both SGP and PHROM who is holding 562.55 million shares or 61.22 % of SGP's share equity and 961,000 shares or 87.36 of PHROM's share equity.</li><li>SGP and PHROM have 4 directors in common. There are 2 directors of PHROM including Mr. Worawit Weerabornwong and Mrs. Patchara Weerabornwong who both are also the directors of SGP, and the other 2 directors of PHROM including</li></ul>	<p>Revenue from LPG sales and Trade Accounts receivable</p> <p>PHROM purchased LPG from SGP for its food court, and the hotel kitchens with the same price as that sold to general customers.</p> <p>Office Space Leasing Deposit</p> <p>SGP and its subsidiaries, i.e. UGP, LCR, and UMR rent their office space from PHROM. In this regard, SGP and its subsidiaries needed to place deposit to PHROM at the rate of one-month rental fee instead of charging normal deposit rate of two-month rental fee. The office rental deposit was general practice of office building, but SGP and its subsidiaries paid at a lower rate.</p> <p>However, SGP and its subsidiaries had terminated the office rental with PHROM on 31 August 2012, but continue to rent storage for document, so the outstanding guarantee was used as rental fee for such storage rented areas</p>	8,314	7,076		1,749	1,284	The Audit Committee considers that these transactions were carried out on normal basis of SGP's business and also the price was the same as that sold to general customers. Therefore, such transactions were considered appropriate and reasonable.	Note # 33 (A) and 33 (C)	
			-	-		1,932	1,932	The Audit Committee considered that the office space rental deposit placed by SGP and its subsidiary was general practice of office building business. Moreover, SGP and its subsidiaries could place the deposit at a lower rate than normal case. Therefore, such transaction was considered appropriate and reasonable	Note # 33 (A)	

Connected Person/Legal Entity	Relationship	Description	Value ('000 Baht)			Outstanding ('000 Baht)			Justification	Reference : Notes of Financial Statement
			2014	2013		2014	2013	2013		
Mr. Supachai Weeraborwornpong and Mr. Suthipong Vasuvanichpan who are directors, executive directors, and management of SGP	Pooled Office Service Fee and Account Payable	These transactions were rental and office services that SGP and its subsidiaries including UGP, LCR and SLM rent office space and document storage of PHROM with total space of 877.43 square meters – rental fee at the rate of 229.66 – 350.00 baht per square meter for document storage.	3,056	3,056		236	236		The Audit Committee considered that office space rental of SGP and its subsidiaries was normal practice in running business, although the rental rate of PHROM was higher than those of other office buildings nearby. Also, the available space of other office buildings nearby was smaller and not suitable for using as offices of SGP and its subsidiaries. Considering better offerings of PHROM such as more parking space, cheaper parking fee for parking exceeding the limit, and the same air conditioning charge during for off-hour period as the for office-hour period, the Audit Committee considered this transaction was appropriate and the rental fee was reasonable	Note # (A) and 33 (D)

Connected Person/Legal Entity	Relationship	Description	Value ('000 Baht)		Outstanding ('000 Baht)		Justification	Reference : Notes of Financial Statement
			2014	2013	2014	2013		
		<u>Other Expenses and Account Payable</u> These expenses were incurred as SGP and its subsidiaries used various kinds of services of PHROM's hotel such as staff's lunch, customer reception and entertaining, and hotel room accommodation which were charged at the same rate as general guests.	3,167	6,983	166	291	The Audit Committee's opinion was that the services provided by PHROM to SGP and its subsidiary including staff's lunch, customer reception and entertaining, hotel room 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.	Note # 33 (A) and 33 (D)

---

## 2. Policies or directions of the connected transaction in the future

The Company and its subsidiaries anticipate that the connected transactions will continue to be entered under a normal course of business without any special privilege being granted. Such transactions are LPG distribution to Great China and PHROM for its shopping center and hotel, utility payment as well as catering and other service charges to Great China. However, The Company anticipate that the transaction related to utility payment and catering service between the Company and PHROM will discontinue after the Company had terminated the office rental with PHROM on August 31, 2012.

The pricing policy shall be transparency and in accordance with the fair market price with maximum benefit to the Company and be reviewed by the Audit Committee.

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

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

For the office rental transaction with PHROM, the contract had been terminated on August 31, 2012, but continue to rent some areas for document storage.

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

For the connected transaction that may occur in the future, the Company has to strictly comply with the securities laws, rules stipulated by the Stock Exchange of Thailand, regulations related to the disclosure of the related parties transaction and sale and purchase of important parts of the business transactions well as the accounting principles set by Federation of Accounting.



# Financial Status and Operating Performance

## Significant Financial Information

### 1. Auditor

Year	Auditor Name	Certified Public Accountant No.	Audit Company
2012	Mr.Chaisiri Ruangritchai	4526	PricewaterhouseCoopers ABAS Ltd.
2013	Mr.Chaisiri Ruangritchai	4526	PricewaterhouseCoopers ABAS Ltd.
2014	Mr.Chaisiri Ruangritchai	4526	PricewaterhouseCoopers ABAS Ltd.

#### 1.1 Summary of Auditor Report, Year 2012-2014

##### Year 2012

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, 2012 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 2013

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, 2013 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 2014

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, 2014 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 2012**

-None-

## **1.3 Major Change in Accounting in 2013**

Siamgas and Petrochemicals Public Co., Ltd. had adopted accounting standard of TAS 12 which became effective for accounting period of January 1, 2013. This adoption had impacted financial statement because at present, deferred tax asset and deferred tax liability must be recognized. In addition, income expense for the previous period which was calculated from tax rate pursuant to applicable taxation laws for the countries the group operates business and has incurred tax profit which must be paid to the tax office of each country has been changed where tax expense for the period must comprise of tax expense which is calculated pursuant to the above criteria and added with movement of deferred tax asset and deferred tax liability between period. So the group must use retroactively adjustment method which was pursuant to this accounting standard. Results from recording of such transaction had impacted to consolidated financial status as at December 31, 2011 (as at January 1, 2012) and as at December 31, 2012, including statement of comprehensive income for the year ended as at December 31, 2012 which presented by compared with comprehensive financial status as at December 31, 2013 and statement of comprehensive income for the year ended as at December 31, 2013, as per details in Note # 2.3 to the financial statement for the year ended December 31, 2013.

## **1.4 Major Change in Accounting in 2014**

-None-

## 2 Summary Table on Financial Statement

### Statement of Financial Positions

As at 31 December 2012 - 2014

(Unit: '000 Baht)

	Consolidated Financial Statement					
	As at 31 Dec. 2012 (Revised)		As at 31 Dec. 2013		As at 31 Dec. 2014	
	Amount	%	Amount	%	Amount	%
<b>Asset</b>						
<b>Current Assets</b>						
Cash and cash equivalents	1,461,277	5.20	1,689,573	5.71	1,956,407	6.93
Short-term investments	-	0.00	-	0.00	252,387	0.89
Trade and other receivables	2,876,347	10.24	4,703,771	15.89	4,013,995	14.21
Inventories, net	8,143,195	28.99	5,250,055	17.73	3,535,405	12.52
<b>Other current assets :</b>	<b>132,286</b>	<b>0.47</b>	<b>403,934</b>	<b>1.37</b>	<b>263,483</b>	<b>0.93</b>
<b>Total current assets</b>	<b>12,613,105</b>	<b>44.90</b>	<b>12,047,333</b>	<b>40.70</b>	<b>10,021,677</b>	<b>35.48</b>
<b>Non-current assets</b>						
Investments in joint ventures	804	0.00	170,601	0.58	109,328	0.39
Long-term investment	200	0.00	200	0.00	200	0.00
Long-term investment to related business -net	-	0.00	35,746	0.12	110,204	0.39
Investment property- net	25,742	0.09	21,601	0.07	1,030	0.01
Property, plant and equipment – net	12,860,754	45.78	14,435,272	48.77	15,120,856	53.54
Goodwill	1,537,801	5.47	1,537,801	5.19	1,537,801	5.44
Other intangible assets	19,524	0.07	273,072	0.92	233,986	0.83
Deferred tax asset	149,944	0.53	235,254	0.79	303,600	1.07
Other non-current assets	887,137	3.16	845,207	2.86	804,604	2.85
<b>Total non-current assets</b>	<b>15,481,906</b>	<b>55.10</b>	<b>17,554,754</b>	<b>59.30</b>	<b>18,221,609</b>	<b>64.52</b>
<b>Total assets</b>	<b>28,095,011</b>	<b>100.00</b>	<b>29,602,087</b>	<b>100.00</b>	<b>28,243,286</b>	<b>100.00</b>

Statement of Financial Positions  
As at 31 December 2012 – 2014

(Unit: '000 Baht)

	Consolidated Financial Statement					
	As at 31 Dec. 2012 (Revised)		As at 31 Dec. 2013		As at 31 Dec. 2014	
	Amount	%	Amount	%	Amount	%
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Bank overdraft and short-term loan from financial institutes	7,585,073	27.00	7,337,962	24.79	6,346,724	22.47
Trade and other payables	4,181,482	14.88	3,123,712	10.55	3,750,633	13.28
Current portion of long-term loans	202,783	0.72	285,775	0.97	265,829	0.94
Current portion of finance lease liabilities	50,557	0.18	33,283	0.11	-	0.00
<b>Current portion of bonds</b>	<b>-</b>	<b>0.00</b>	<b>1,499,675</b>	<b>5.07</b>	<b>1,499,783</b>	<b>5.31</b>
<b>Accrued income tax</b>	<b>173,274</b>	<b>0.62</b>	<b>179,499</b>	<b>0.61</b>	<b>82,554</b>	<b>0.29</b>
Other current liabilities	95,229	0.34	123,430	0.42	38,984	0.14
<b>Total current liabilities</b>	<b>12,288,398</b>	<b>43.74</b>	<b>12,583,336</b>	<b>42.52</b>	<b>11,984,507</b>	<b>42.43</b>
<b>Non-current liabilities</b>						
Long-term loans	740,075	2.63	779,116	2.63	536,499	1.91
Long-term loans from related parties	3,000	0.01	3,000	0.01	3,000	0.01
Finance lease liabilities	34,459	0.12	813	0.00	-	0.00
Bonds	4,487,918	15.97	2,994,673	10.12	2,795,945	9.90
Cylinder deposits	3,021,470	10.75	3,805,016	12.85	4,021,668	14.24
Employee benefit obligations	85,227	0.31	117,407	0.40	127,404	0.45
Deferred tax	97,977	0.35	213,670	0.72	387,770	1.37
Other non-current liabilities	15,149	0.06	21,472	0.07	17,430	0.06
<b>Total non-current liabilities</b>	<b>8,485,275</b>	<b>30.20</b>	<b>7,935,167</b>	<b>26.80</b>	<b>7,889,716</b>	<b>27.94</b>
<b>Total liabilities</b>	<b>20,773,673</b>	<b>73.94</b>	<b>20,518,503</b>	<b>69.32</b>	<b>19,874,223</b>	<b>70.37</b>

Statement of Financial Position  
As at 31 December 2012 - 2014

(Unit: '000 Baht)

	Consolidated Financial Statement					
	As at 31 Dec. 2012 (Revised)		As at 31 Dec. 2013		As at 31 Dec. 2014	
	Amount	%	Amount	%	Amount	%
<b>Shareholders' equity</b>						
Issued capital -950 million ordinary share @ 1 Baht	950,000	3.38	918,932	3.10	918,932	3.25
Paid-up capital- 950 ordinary share @ 1 Baht	950,000	3.38	918,932	3.10	918,932	3.25
Premium of share capital	1,874,482	6.67	1,874,482	6.33	1,874,482	6.64
Retained earnings						
Appropriated						
- Retained earning - Legal reserve	162,089	0.58	162,089	0.55	162,089	0.57
- Retained earning - Allocation for repurchasing	272,143	0.97	-	0.00	-	0.00
- Retained earning - Unappropriated	4,563,092	16.24	5,873,078	19.84	4,744,532	16.80
Other components of equity						
- Revaluation surplus on land	248,355	0.88	248,355	0.84	968,415	3.43
- Difference from purchase of assets from a business combination under common control	(609,037)	(2.17)	(609,037)	(2.06)	(609,037)	(2.16)
- Difference from taking Equity of Business under common control	22,583	0.08	22,583	0.08	22,583	0.08
- Currency translation difference	77,556	0.28	505,528	1.71	175,627	0.62
- Unrealised loss from estimation pursuant actuarial science principle	-	0.00	(20,462)	(0.07)	-	0.00
<b>Total parent's shareholders' equity</b>	<b>7,561,263</b>	<b>26.91</b>	<b>8,975,548</b>	<b>30.32</b>	<b>8,257,623</b>	<b>29.23</b>
Repurchase shares	(272,143)	(0.97)	-	0.00	-	0.00
<b>Total parent's shareholders' equity – net</b>	<b>7,289,120</b>	<b>25.94</b>	<b>8,975,548</b>	<b>30.32</b>	<b>8,257,623</b>	<b>29.23</b>
Non-controlling interest	32,218	0.12	108,036	0.36	111,440	0.40
<b>Total shareholders' equity</b>	<b>7,321,338</b>	<b>26.06</b>	<b>9,083,584</b>	<b>30.68</b>	<b>8,369,063</b>	<b>29.63</b>
<b>Total liabilities and shareholders' equity</b>	<b>28,095,011</b>	<b>100.00</b>	<b>29,602,087</b>	<b>100.00</b>	<b>28,243,286</b>	<b>100.00</b>

**Statement of Income**  
**As at 31 December 2012 - 2014**

(Unit: '000 Baht)

	Consolidated Financial Statement					
	As at 31 Dec. 2012 (Revised)		As at 31 Dec. 2013		As at 31 Dec. 2014	
	Amount	%	Amount	%	Amount	%
<b>Revenue from operation :</b>						
Revenue from sales	46,628,220	97.65	64,308,123	97.03	61,177,300	98.42
Revenue from transportation	616,159	1.29	623,659	0.94	421,259	0.68
Revenue from service	93,089	0.19	89,562	0.14	160,256	0.26
Gain on business acquisition	-	0.0	531,234	0.80	-	0.00
Other incomes	414,408	0.87	725,043	1.09	398,225	0.64
<b>Total revenue</b>	<b>47,751,876</b>	<b>100.00</b>	<b>66,277,621</b>	<b>100.00</b>	<b>62,157,040</b>	<b>100.00</b>
<b>Expenses from operation :</b>						
Cost of sales and services	(44,815,304)	(93.85)	(62,217,393)	(93.87)	(60,589,172)	(97.48)
Cost of transportation	(448,371)	(0.94)	(464,498)	(0.70)	(335,268)	(0.54)
Selling and administrative expense	(926,467)	(1.94)	(1,231,355)	(1.85)	(1,223,976)	(1.97)
Loss sharing from joint venture	-	0.0	(10,246)	(0.02)	(7,273)	(0.01)
<b>Total expenses</b>	<b>(46,190,142)</b>	<b>(96.73)</b>	<b>(63,923,492)</b>	<b>(96.44)</b>	<b>(62,155,689)</b>	<b>100.00</b>
<b>Profit before finance costs and income tax</b>	<b>1,561,734</b>	<b>3.27</b>	<b>2,354,129</b>	<b>3.56</b>	<b>1,351</b>	<b>0.00</b>
Finance cost	(434,279)	(0.91)	(494,063)	(0.75)	(440,682)	(0.71)
Income tax	(324,144)	(0.68)	(211,280)	(0.32)	(98,000)	(0.16)
<b>Net profit</b>	<b>803,311</b>	<b>1.68</b>	<b>1,648,786</b>	<b>2.49</b>	<b>(537,331)</b>	<b>(0.87)</b>
Attributable to equity holder of the parent	823,556	1.72	1,602,263	2.42	(514,304)	(0.83)
Non-controlling interest	(20,245)	(0.04)	46,523	0.07	(23,027)	(0.04)



**Statement of Income**  
**As at 31 December 2012 – 2014**

(Unit: '000 Baht)

	Consolidated Financial Statement					
	As at 31 Dec. 2012 (Revised)		As at 31 Dec. 2013		As at 31 Dec. 2014	
	Amount	%	Amount	%	Amount	%
<b>Net profit (loss) for the year</b>	803,311	1.68	1,648,786	2.49	(537,331)	(0.87)
<b>Other comprehensive income (expenses) :</b>						
- Currency translation difference	(125,062)	(0.26)	427,972	0.65	(329,901)	(0.53)
- Actuarial loss on employee benefit obligation	-	0.00	(25,784)	(0.04)	-	0.00
- Revaluation surplus on land	-	0.00	-	0.00	942,251	1.52
- Income tax relating to components of other comprehensive income (expenses)	-	0.00	5,323	0.01	(188,450)	(0.30)
<b>Total other comprehensive income (expenses)</b>	<b>(125,062)</b>	<b>(0.26)</b>	<b>407,511</b>	<b>0.61</b>	<b>423,900</b>	<b>0.69</b>
<b>Total comprehensive income (expenses) for the year</b>	<b>678,249</b>	<b>1.42</b>	<b>2,056,297</b>	<b>3.10</b>	<b>(113,431)</b>	<b>(0.18)</b>
<b>Total comprehensive income (expenses) attributable to:</b>						
- Owners of the parent	698,493	1.46	2,009,774	3.03	(120,729)	(0.19)
- Non-controlling interests	(20,244)	(0.04)	46,523	0.07	7,298	0.01
<b>Total</b>	<b>678,249</b>	<b>1.42</b>	<b>2,056,297</b>	<b>3.10</b>	<b>(113,431)</b>	<b>(0.18)</b>

**Statement of Cash Flow**  
**For the years ended 31 December 2012 – 2014**

(Unit: '000 Baht)

	Consolidated Financial Statement		
	As at 31 Dec. 2012 (Revised)	As at 31 Dec. 2013	As at 31 Dec. 2014
<b><u>Cash flow from operating activities</u></b>			
Net profit before income tax	1,127,455	1,860,066	(439,331)
<b><u>Adjustment of net profit as cash from (used in) operating activities</u></b>			
Depreciation- property, plant and equipment	776,646	951,432	1,027,978
Amortisation – intangible assets and other assets	52,715	66,047	61,395
Interest expenses	366,583	432,798	440,682
Allowance for doubtful debts (reversal)	1,588	13,854	(5,072)
Reversal of provision for diminution in value of inventories	(12,235)	6,409	73,445
Adjustment of net assets from business acquisition	-	-	(63,060)
Written off assets as expenses	1,919	15,022	2,477
Unrealised (gain) loss on exchange rate	(9,345)	52,054	(15,496)
Gain (Loss) on sales/written off of fixed property – net	(8,259)	(4,011)	(40,134)
Gain on sales of investment property	-	-	(57,316)
Reversal of loss on land revaluation	-	-	(26,797)
Gain on business acquisition	-	(531,234)	-
Loss sharing from joint venture	-	10,246	7,273
Employee benefit obligations	8,485	8,589	11,749
Bad debt write-off	16	-	-
Amortization-expense-front end fee	20,542	7,165	5,438
Interest received	(11,849)	(15,218)	(31,604)
<b>Gain (Loss) from operating activities before changes in asset and operating liabilities</b>	<b>2,314,261</b>	<b>2,873,219</b>	<b>951,627</b>

**Statement of Cash Flow**  
**For the years ended 31 December 2012 - 2014**

(Unit: '000 Baht)

	Consolidated Financial Statement		
	As at 31 Dec. 2012 (Revised)	As at 31 Dec. 2013	As at 31 Dec. 2014
<b>Cash Flow from Operating Activities (Cont'd)</b>			
(Increase) Decrease in trade and other receivables	(700,184)	(1,821,486)	628,586
(Increase) Decrease inventories	(3,285,865)	2,928,708	1,557,222
(Increase) Decrease in other current assets	162,461	(250,661)	151,773
(Increase) Decrease in other non-current assets	(154,271)	27,157	(58,227)
<b>Increase (Decrease) of Operating liabilities</b>			
Increase (Decrease) in trade and other payables	1,629,926	(1,114,513)	465,429
Increase (Decrease) in cylinder deposit	322,722	283,190	216,651
Increase (Decrease) in other current liabilities	(23,568)	(65,385)	(30,831)
Increase (Decrease) in other non-current liabilities	(6,147)	6,183	(4,455)
Employee benefit obligations paid	(2,337)	(2,193)	(1,752)
<b>Cash flow from (used in) operating activities before interest and income tax</b>	<b>256,998</b>	<b>2,864,219</b>	<b>3,876,023</b>
Interest paid	(326,003)	(423,408)	(444,040)
Income tax paid	(311,494)	(203,922)	(288,510)
<b>Cash flow from (used in) operating activities</b>	<b>(380,499)</b>	<b>2,236,889</b>	<b>3,143,473</b>
<b>Cashflow from investment activities</b>			
Proceeds from long-term loans to related parties	-	8,989	-
Payment for long-term loans to related parties	-	(38,221)	(4,500)
Cash paid from long-term loan to related business	-	-	(252,387)
Purchase investment in subsidiaries	-	(57,188)	(8,336)
Purchase investment in joint venture	(304)	(7,803)	-
Cash paid for property, plant and equipment	(1,506,912)	(1,364,229)	(661,109)
Advance payments for equipment	-	(69,377)	(22,257)
Cash received from disposition of property, plant and equipment	45,058	36,634	136,097
Purchase intangible assets	(2,491)	(3,230)	(1,554)
Interest received	11,849	15,218	24,295
<b>Net case from (used in) investment activities</b>	<b>(1,452,800)</b>	<b>(1,479,207)</b>	<b>(789,751)</b>

**Statement of Cash Flow**  
**For the years ended 31 December 2012 - 2014**

(Unit: '000 Baht)

	Consolidated Financial Statement		
	As at 31 Dec. 2012 (Revised)	As at 31 Dec. 2013	As at 31 Dec. 2014
<b>Cash flows from financing activities</b>			
Cash received (paid) from short-term loan from financial institution	1,712,944	(305,711)	(983,901)
Cash received from long-term loan from related business	3,000	-	-
Cash received from long-term loans from financial institution	299,250	351,120	22,294
Repayment of long-term loan from financial institution	(4,359,601)	(229,822)	(286,722)
Cash received from issue of bonds	4,482,175	-	1,296,531
Repayment for bond redemption, net	-	-	(1,500,000)
Capital increase in subsidiaries with non-controlling interest	6,038	30,440	-
Cash received (paid) for repayment of liabilities under finance lease agreement	50,081	(50,920)	(34,096)
Divident payment	(418,828)	(324,524)	(601,091)
<b>Net cash from (used in) financing activities</b>	<b>1,775,059</b>	<b>(529,417)</b>	<b>(2,086,985)</b>
Net cash increase (decrease) in cash and cash equivalents	(58,240)	228,265	266,737
<b>Cash and cash equivalent – opening balance</b>	<b>1,519,561</b>	<b>1,461,276</b>	<b>1,689,573</b>
Exchange gains (loss) on cash and cash equivalents	(45)	32	97
<b>Cash and cash equivalents in closing balance</b>	<b>1,461,276</b>	<b>1,689,573</b>	<b>1,956,407</b>

## Financial Ration 2012 – 2014

	Consolidated Financial Statement		
	As at 31 Dec. 2012 (Revised)	As at 31 Dec. 2013	As at 31 Dec. 2014
<b>Liquidity Ratio</b>			
- Current ratio (times)	1.03	0.96	0.84
- Quick ratio (times)	0.35	0.54	0.54
- Cash flow liquidity ratio (times)	(0.03)	0.13	0.16
- Account receivable turnover (times)	20.21	19.73	16.78
- Average collection period (days)	18.06	18.50	21.75
- Inventory turnover (times)	7.47	9.29	13.79
- Average days sales (days)	48.87	39.29	26.46
- Account payable turnover (times)	17.16	17.03	17.76
- Average payment period (days)	21.27	21.43	20.55
- Cash cycle (days)	45.66	36.36	27.66
<b>Profitability Ratio</b>			
- Gross profit margin (%)	4.38	3.60	1.35
- Operating profit margin (%)	3.30	2.80	-
- Net profit margin (%)	1.68	2.49	(0.86)
- Return on equity (%)	11.17	18.15	(6.42)
<b>Efficiency Ratio</b>			
Return on assets (%)	2.86	5.57	(1.90)
Return on fixed assets (%)	12.69	18.47	3.65
Asset turnover (times)	3.71	4.59	4.11
<b>Financial Policy Ratio</b>			
Interest - Bearing debt to equity ratio (times)	1.86	1.44	1.39
Total debt ratio to equity (times)	2.84	2.26	2.37
Interest coverage ratio (times)	4.26	5.44	-
Solvency ratio (times)	(0.20)	0.94	0.72
Divident payout ration (%)	52.14	19.68	(111.87)
<b>Per shares (portion of parent company)</b>			
Book value per share	7.93	9.77	8.99
Earning per shares	0.90	1.74	(0.56)

Remark: : The above Interest – Bearing debt to equity ratio is the financial ratio that the SGP must maintain at ratio to be not more than 2 times pursuant to regulations on rights and obligation of bond issuer in Clause 7.3 (H)





# Management Discussion and Analysis

The following discussion and analysis of operational results and financial status for 2014 was prepared by compared total operational results and consolidated financial statement of 2013 and 2012 (revised version), respectively. Financial statement for the year 2012 has been revised based on results from recording of asset and deferred tax liability and recording of tax expense for the additional period with movement during period of deferred tax liability by means of retroactively adjustment which was pursuant to the Thai Accounting Standard of TAS 12: Income Taxes. SGP and its subsidiaries had complied with such accounting standards for the accounting period of January 1, 2013.

## 1. Operational Results

### Revenue

The revenue of the company and its subsidiaries was mainly derived from sales of LPG, ammonia, other petrochemicals, LPG tanks for automotive and other products. The average sales revenue for 3 years backdated from 2012-2014 was the largest portion or 97-98% of total revenue, followed by total revenue was from LPG logistics business, other petrochemicals, and other service revenue which was approximately 1% of total revenue. Total revenue of the company and its subsidiaries increased from 47,752 million baht in 2012 to 66,278 million baht in 2013. The main reason of the increase in revenue was the result of the LPG business expansion overseas including re-exporting business and domestic sales in China, Singapore, Vietnam and Malaysia. In 2014, total revenue decreased to 62,157 million baht with mainly reason attributable to reduction of LPG prices in the world market (CP SAUDI ARAMCO) since February 2014 as they have been impacted from the world market condition because the production amount exceeded market requirements and reduction of energy prices pursuant to the world economic slowdown.

### (1) Sales Revenue

Sales Revenue was divided into 4 categories:

- (1) Revenue from sales of LPG and anhydrous ammonia ("ammonia"),
- (2) Revenue from sales of other petrochemicals,
- (3) Revenue from sales of LPG tanks for automotive, and
- (4) Revenue from sales of other products.

**Table 13.1: Revenue from LPG, ammonia, other petrochemicals, and other products of the consolidated financial statement from 2012 – 2014**

(Unit : Million Baht)

	2012	%	2013	%	2014	%
Revenue from sales of LPG and ammonia	45,555	97.70	63,472	98.70	60,300	98.56
Revenue from sales of other petrochemicals	885	1.90	827	1.28	875	1.44
Revenue from sales of LPG tanks for automotive	10	0.02	5	0.01	2	0.00
Revenue from sales of other products	178	0.38	4	0.01	-	0.00
Total Sales Revenue	46,628	100.00	64,308	100.00	61,177	100.00

## Revenue from sales

Revenue from sales was considered as the major portion of revenue of the company and its subsidiaries which was approximately 97-98% of total revenue. The above table showed that over 98% of the total revenue during 2012 – 2014 mainly came from sales of LPG and ammonia anhydrous (“ammonia”). The company and its subsidiaries distributed LPG to LPG agents filling LPG into cylinders for retailers and end-users, industrial manufacturing plants, LPG stations for automotive, and so on.

Sales revenue for 2013 was 64,308 million Baht, increasing 17,680 million Baht or 37.92% comparing to the same period of 2012 which was at 46,628 million baht. The main reason of the increase in revenue was the result of the LPG business expansion overseas.

Sales revenue for 2014 was 61,177 million baht, decreasing 3,131 million baht or 4.86% comparing to the same period of 2013 which posted at 64,308 million baht. Main reason was due to the decreased revenues from sales of LPG business overseas pursuant to reduction of LPG prices in the world market (CP SAUDI ARAMCO).

**Table 13.2 : Structure of revenue from sales of LPG of the company and its subsidiaries - categorized by customer types and distribution channel during 2012 - 2014.**

(Unit : Million Baht)

	2012	%	2013	%	2014	%
Domestic use customers (for cooking)	13,488	30.69	11,355	18.28	12,393	20.98
Fuel use customers	4,877	11.09	7,119	11.46	6,973	11.81
Industrial use customers	2,468	5.62	2,817	4.54	2,794	4.73
Overseas customers	23,117	52.60	40,822	65.72	36,903	62.48
Total	43,950	100.00	62,113	100.00	59,063	100.00

## Revenue from sales of LPG

Sales revenue of LPG in 2013 was 62,113 million baht, increasing 18,163 million baht or 41.33% comparing to the same period of 2012 (43,950 million Baht) as a result of the increase in demand of LPG for Automotive Fuel and massive growth in overseas customers and domestic sales in China, Singapore, Vietnam and Malaysia. According to the group’s policy, the group fully entered into domestic sales in foreign countries in 2012 and massive expansion in 2013. In year 2013, the group had acquired three companies engaging in gas business. Revenue and expenses of the two companies were included in the 2013 consolidated financial statement as follows:

1. In Q1 2013, the group had acquired 100% shares of City Gas Co., Ltd. (previously named Shell Gas (LPG) Vietnam Ltd.), which is registered in Vietnam, from Shell Gas (LPG) Holding B.V. The acquisition was completed on January 18, 2013.
2. In Q1 2013 the group had acquired 79.64% shares of City Gas North Co., Ltd. (previously named Shell Gas Hai Phong Ltd.), which is registered in Vietnam from Shell Gas (LPG) Holding B.V. The acquisition was completed on January 18, 2013. Operational results of City Gas North Co., Ltd. were recognized in “Profit (Loss) Sharing from Joint Venture”.

3. In Q2 2013, the group had acquired gas business and some assets of Shell Timur Sdn. Bhd. in East Malaysia through its subsidiary namely MyGaz Sdn. Bhd. which is registered in Malaysia. The group owned 70% shares of MyGaz Sdn. Bhd. The acquisition was completed on May 29, 2013.

### Revenue from sales of anhydrous ammonia (ammonia)

The revenue of UGP, the company's subsidiary, from sales of ammonia in 2013 was 1,359 million baht or decreasing 246 million baht or 15.33% comparing to the same period in 2012 (1,605 million baht). The main reason of the decrease was Para rubber price decreasing and no sign of improving in Para rubber industry for the whole year, resulting to lessen demand of ammonia.

For 2014, the revenue of UGP from sales of ammonia was 1,237 million baht, decreasing 122 million baht or 8.98% comparing to the same period in 2013 (1,359 million baht), as a result from continued decreasing price of Para rubber industry and Para rubber prices in the market, resulting to lessen demand of ammonia which was in line with the Para rubber industrial condition and overall economic situation.

### Revenue from sales of other petrochemicals

The revenue from sales of other petrochemicals included sales of propellant, diesel oil, coal, etc. which were under the operations of the company and UGP. The average sales revenue of other petrochemicals during 2012– 2014 took the portion of 1% of the total revenue which was 885 million baht in 2012 and 827 million baht in 2013. This reduction was in line with the overall industry and economic situation. However, in 2014 revenue from sales of other petrochemicals was increased to 875 million baht, or increasing 48 million baht (5.80%) comparing to the same period of 2013 (827 million baht), as a result of slightly recovery of economic situation from the past year.

### Revenue from sales of LPG tanks for automotive

The revenue from sales of LPG tanks for automotive was generated under the operations of SQS, the subsidiary. The revenue from sales of LPG tanks for automotive was 10 million Baht in 2012, and decreased to 5 million baht in 2013 and 2 million baht in 2014, respectively because the gasoline price was stable during the year and resulted in decreasing demand for LPG tanks for automotive. (The sales volume of LPG tanks for automotive decreased from 5,538 pieces in 2012 to 2,671 in 2013 and to 1,124 in 2014). Additionally, SQS produced more LPG tanks for companies in the group.

---

## (2) Revenue from transportation

---

The revenue from transportation business was generated under operations of LCR and SLM, the group's subsidiaries. LCR and SLM provide services to the company, UGP and other customers outside the group. The revenue from transportation shown in the consolidated financial statement was only the revenue from transportation services provided to other customers outside the group only. The revenue from transportation provided to other customers outside the group was 616 million baht in 2012, 624 million baht in 2013 and down to 421 million baht in 2014. The transportation revenue was generated from road transportation and marine transportation services as follows:

**Table 13.3: Revenue from Road Transportation and Marine Transportation services provided to customers outside the group during 2012- 2014**

(Unit : Million Baht)

	2012		2013		2014	
	Amount	%	Amount	%	Amount	%
<u>Customers outside the group</u>						
Road Transportation	347	56.33	373	59.77	355	84.32
Marine Transportation	269	43.67	251	40.23	66	15.68
<b>Total Revenue from Transportation</b>	<b>616</b>	<b>100.00</b>	<b>624</b>	<b>100.00</b>	<b>421</b>	<b>100.00</b>

### Revenue from road transportation

Previously, the revenue from transportation business was from the operations of LCR and CGT, the company's subsidiaries. On 29 June 2012 CGT, which is a subsidiary of the group had transferred its business to LCR and had registered the company's liquidation with Department of Business Development, Ministry of Commerce. The business transfer within the same group of business did not affect to the consolidated financial statements. The revenue from road transportation, which was from both LPG and petroleum transportation, was 347 million Baht in 2012 and increased to 373 million baht in 2013 due to slightly business expansion of gas stations of the customers outside the group. However, in 2014 the revenue was decreased to 355 million baht, because services provided to the group has increased, resulting in decrease of revenue from road transportation services provided to the customers outside the group.

### Revenue from marine transportation

The revenue from marine transportation was from SLM, the subsidiary, which comprised revenues from provision of transportation services for LPG and petroleum products in Thailand and overseas. Total revenue from marine transportation services provided to customers outside the group was 269 million baht in 2012 and decreased to 251 million baht in 2013, then to 66 million baht in 2014 because SLM focused to provide more services to SGP and the subsidiaries in the group of which business were in abroad and had been growing, so SLM had less opportunity to provide services to other customers. Subsequently, the revenue from marine transportation services provided to customers outside the group was decreased since 2012.

### (3) Service Revenue

Service Revenue was comprised of revenue from cylinder repair, throughput service, LPG reserve storage service and others. In 2012, total service revenue was 93 million Baht and decreased to 89 million baht in 2013. Main reason for this was the decreasing throughput service for customers outside the group and the increasing of services for the group to cope with the LPG business expansion overseas.

In 2014, service revenue of the group was 160 million baht, increasing 71 million baht or 79.78% when compared with the same period of 2013, which was at 89 million baht due to the increased service revenues from throughput service and cylinder repair to the customers outside the group.

### (4) Other Revenue

Other revenue was comprised of gain on currency exchange, interest received, rental revenue, profit from sales of property, plant and equipment. The other revenue was 414 million baht in 2012 and increased to 725 million baht in 2013. The significant increase in other revenue from 2012 was caused by the gain on foreign exchange of overseas LPG business of 473 million baht in 2013.

Other revenue of the group for 2014 was 398 million baht, decreasing 327 million baht or 45.10% comparing with 2013. Main reason was due to the decrease of gain from foreign exchange from overseas LPG business. Previously, overseas LPG business was under operations of the company and recorded as foreign currency and profit (loss) from foreign exchange was recorded in statement of income, however presently, overseas LPG business is under operations of Siam Gas Trading Pte. Ltd., the overseas subsidiary, and the trading transactions were recorded in foreign currency which shall not incur significant profit (loss) from foreign exchange in the statement of income.

---

#### (5) Gain from Business Acquisition

In 2012, the group did not realized from business acquisition when compared with 2013 of which the group gained from business acquisition of 531 million baht, composing of:

- In Q1 2013, the group gained totally 282 million baht profit from the acquisition of City Gas Co., Ltd. (previously named Shell Gas (LPG) Vietnam Ltd.) and City Gas North Co., Ltd. (previously named Shell Gas Hai Phong Ltd) which are registered in Vietnam.
- In Q2 2013, the group gained 249 million baht profit from the acquisition of gas business and some assets of Shell Timur Sdn. Bhd. in East Malaysia through MyGaz Sdn. Bhd. which is registered in Malaysia and 70% owned by the group.

For the year 2014, the group did not have such transaction at all.

---

#### Costs

##### Cost of Sales, Services and Transportation

The cost of sales, services, and transportation of SGP and its subsidiaries were divided into 2 major categories: cost of sales and services, and cost of transportation. Total cost of sales, services and transportation was 45,264 million baht in 2012, increased to 62,582 million baht in 2013 and to 62,682 million baht in 2013. The increasing in 2013 was 17,418 million baht, or increasing 38.48% comparing to the same period of 2012. This was mainly the result of the increase in cost of overseas LPG business as described in Sale Revenue section.

In 2014, total cost of sales, services and transportation of the company and its subsidiaries was 60,924 million baht, or decreasing 1,758 million baht or 2.80% comparing to the same period of 2013 which was at 62,682 million baht. This was mainly the result of the decrease of revenue from overseas LPG business which was in line with the reduction of LPG prices in the world market (CP SAUDI ARAMCO), which made cost vary pursuant to the reduction of sales volume.

##### (1) Cost of Sales and Services

Cost of sales and services according to the consolidated financial statement was comprised of cost of LPG sales, cost of ammonia sales, cost of sales of other petrochemicals, cost of LPG tanks for automobile, and cost of other products. **The costs of LPG and ammonia sales** increased from 43,900 million baht in 2012 to 61,565 million baht in 2013. This was mainly due to expansion of LPG trading business overseas and volatile LPG world price. These were the major factors that made on the group's gross profit in 2013 drop to 3.60% compared with the gross profit of 2012 at 4.38%.

Costs of LPG and ammonia sales in 2014 was 59,903 million baht, decreased 1,662 million baht or decreased 2.70% comparing to the same period of 2013 (61,565 million baht). Main reason was due to the reduction of sales of overseas LPG business which varied according to the reduced overseas sales volume. Additionally, LPG price in the world market was significantly reduced continually since

early of 2014 until December 2014 which made cost of sales of overseas LPG business and the group's gross profit margin drop to 1.35% in 2014, compared with the gross profit margin at 3.60% of 2013.

The cost of other petrochemical products was 699 million baht in 2012, and decreased to 643 million baht in 2013. The cost was varied according to sales volume of Propellant of the group. Same as the cost of LPG tanks for vehicle which was at 8 million baht in 2012 and decreased to 5 million baht in 2013 as it varied according to decreased sales volume in each year.

The cost of other petrochemical products in 2014 was 683 million baht, increasing 40 million baht or 6.22% compared with the cost in 2013 which was at 643 million baht. The cost was varied according to sales volume of propellant of the group which increased pursuant to industrial condition. The cost of LPG tanks for vehicle in 2014 was 3 million baht, decreased by 2 million baht when compared with the cost in 2013 as it varied according to reduced sales volume.

## **(2) Cost of Transportation Businesses**

The costs of transportation businesses for providing services to the group and the customers outside the group were comprised of fuel, personnel, vessel maintenance and repair, depreciation, utilities, and others. The costs of transportation business were divided into costs of road transportation and marine transportation.

The cost of transportation businesses was 448 million baht in 2012, and increased to 464 million baht in 2013. The cost was varied according to the sale volume of services provided to customers outside the group of each year. The ratio of cost of transportation businesses was 0.94% and 0.70% of total costs in 2012 and 2013 respectively.

In 2014, the cost of transportation businesses was 335 million baht, decreasing 129 million baht or 27.80% compared with 2013 which was at 464 million baht. The cost was varied according to the sale volume of services provided to customers outside the group which was reduced because transportation services were mainly rendered to the group, as per mentioned in the revenue from transportation above. The ratio of cost of transportation businesses was 0.54% of total costs.

### **Road Transportation Cost**

The road transportation cost was 216 million baht in 2012 and increased to 251 million baht in 2013. This was mainly due to the increasing cost of fuel during 2012-2013 which encouraged more consumers to switch to LPG, and thus resulted in increasing of our transportation services provided to customers outside the group.

In 2014, the road transportation cost was 244 million baht, decreasing 7 million baht or 2.79% when compared with 2013 which was at 251 million baht. The cost was varied according to reduced revenues from road transportation of the customers outside of the group, as per mentioned in revenue from road transportation above.



### **Marine Transportation Cost**

The cost of marine transportation in 2012 was 232 million baht and decreased to 213 million baht in 2013. This was mainly due to the decreasing of sales volume of marine transportation service provided to customers outside the group and increasing of marine transportation services mainly provided to companies within the group, as a result from continuously expansion of LPG trading in abroad since 2012.

The cost of marine transportation in 2014 was 91 million baht, decreasing 122 million baht or 57.28% comparing with 2013 which was at 213 million baht. This was mainly due to the decreasing of sales volume of marine transportation service provided to customers outside the group and increasing of marine transportation services mainly provided to companies within the group as a result from continuously expansion of LPG trading in abroad.

### **Selling and Administration Cost**

The selling and administration costs of SGP and its subsidiaries were comprised of expenses related to employees, director and executive's remuneration, depreciation, rental, amortization of leasehold right, intangible assets and other assets, utilities, and others.

In 2013 the selling and administration costs was 1,231 million baht, increased 305 million baht or increased 32.94%, comparing to the same period of 2012 (926 million baht) due to the consolidation of the selling and administration cost of 2 additional oversea subsidiaries – MyGaz Sdn. Bhd. and City Gas Co., Ltd. as described in Sales Revenue section; increasing of selling cost that varied according to increasing of sale volume; and increasing expenses related to employees in accordance with the group's policy.

In 2014 the selling and administration costs was 1,224 million baht, decreased 7 million baht or 0.57%, comparing to the same period of 2013 (1,231 million baht) due to the decreasing of selling cost that varied according to decreasing of sale volume from LPG business of the group.

### **Depreciation and Amortization**

In 2013, the group had depreciation and amortization of 1,017 million baht, increase from 829 million baht in 2012 or increased 188 million baht as during the year 2013 the group realized more depreciation and amortization from the acquisition of gas business and some assets of Shell Timur Sdn. Bhd. through MyGaz Sdn. Bhd., the group's subsidiary, of which the acquisition completed on May 29, 2013; from the acquisition of Citygas North Co., Ltd. of which completed on January 18, 2013 (the increased depreciation and amortization from acquisition of Citygas North Co., Ltd. which completed on January 18, 2013 has been realized in net profit (loss) sharing from joint venture). Additionally, realization of depreciation from the expansion of terminal and filling plants and vessel tanks also increased pursuant to business expansion of the group.

In 2014, the group had depreciation and amortization of 1,089 million baht, increased by 72 million baht from that of 2013 due to the group business expansion as previously mentioned.

### Financial Costs

In 2013, the company had financial costs of 494 million baht, increased by 60 million baht from that of 2012 which was 434 million baht. The increase portion was comprised of increased long-term loan from financial institutions to expand the group's business and short-term loan for using as working capital for purchase and sales transaction of overseas LPG which has been increased.

In 2014, the group had financial costs of 441 million baht, decreased by 53 million baht from that of 2013 which was at 494 million baht primary due to the group repaid a large amount of short-term loan and long-term loan during the year and the decreased loan interest rate when comparing with the past year.

### Gross Profit, Operating Profit and Net Profit

Total gross profit of the group was 2,074 million baht in 2012 and 2,339 million baht in 2013. The gross profit was increased according to the increasing of LPG sales volume, especially from overseas as described in Revenue from Sales of LPG section. However, if analyzed the ratio to total revenue, it was found that the ratio to total revenue was at 4.38% and 3.60% in 2012 – 2013 respectively.

The main reason for the decreasing gross profit during 2013 when compared with that of 2012 was the volatility of LPG world price which had significant decreased and had affected on the cost of overseas LPG trading, and the gross profit of the group.

In 2014, the group's gross profit was 834 million baht, or 1.35% when compared with that of 2013 which was at 2,339 million baht primary due to the reduction of overseas LPG business pursuant to the slowdown economic conditions since February 2014.

The operating profit (before financial cost and corporate tax) of the group in 2012 was 1,562 million baht and increased to 2,354 million baht in 2013, or increased 792 million baht, and operating profit in 2014 was 1 million baht or at the ratio to total revenue (excluding other revenue) of 3.30%, 3.62% and 0.00% in 2012 – 2014 respectively.

The net profit of the group was 803 million baht in 2012 (adjusted), and increased to 1,649 million baht in 2013, or increased by 846 million baht and net loss in 2014 was 537 million baht, decreasing by 1,112 million baht from 2013 due to loss performance of overseas LPG business which had been impacted from the decreased LPG price, as per described in Sales Revenue section. The ratio of net profit to total revenue (excluding other revenue) was 1.70%, 2.54% and (0.87%) in 2012-2014 respectively.

---

## 2. Financial Position

---

### Total Assets

The total assets of the company and its subsidiaries had increased during the past 3 years. The value of total assets as at December 31, 2012 was 28,095 million baht, as at December 31, 2013 was 29,602 million baht and as at December 31, 2014 was 28,243 million baht. Most of total assets as of December 31, 2014 or equaled to 64.52% of the total assets were non-current assets with high investment which were essential for LPG and logistics businesses such as LPG storage terminals, LPG filling plants, LPG service stations, LPG vessel tanks, ammonia and transporting vehicles. The remaining or 35.48% of the total assets were current assets which mostly included trade account receivable and inventories as follows:

### Current Assets

#### Trade and other receivable - net

Details on trade and other receivable - net are as follows:

Table 13.4: Details of trade and other receivable-net of the company and its subsidiaries

(Unit : Million Baht)

	As at Dec. 31, 2012		As at Dec. 31, 2013		As at Dec. 31, 2014	
	Amount	%	Amount	%	Amount	%
Trade Accounts Receivable – Net	2,671	92.88	3,917	83.27	3,437	85.63
Trade Accounts Receivable – Related Business	1	0.03	2	0.04	6	0.15
Prepaid Expenses	113	3.93	137	2.91	206	5.13
Advance Payment	90	3.13	91	1.94	73	1.82
Other Receivable	1	0.03	557	11.84	292	7.27
Total Trade and Other Receivable – Net	2,876	100.00	4,704	100.00	4,014	100.00

Table 13.5: Trade accounts receivables classified by aging according to consolidated financial statement

(Unit : Million Baht)

	As at Dec. 31, 2012		As at Dec. 31, 2013		As at Dec. 31, 2014	
	Amount	%	Amount	%	Amount	%
Current	2,483	91.15	3,700	92.85	3,191	91.20
Overdue :						
- less than 3 months	174	6.39	197	4.94	186	5.32
- 3 –12 months	16	0.59	21	0.53	50	1.43
- over 12 months	51	1.87	67	1.68	72	2.05
<b>Total Trade Accounts Receivable</b>	<b>2,724</b>	<b>100.00</b>	<b>3,985</b>	<b>100.00</b>	<b>3,499</b>	<b>100.00</b>
Less Allowance for doubtful account	(53)	(1.95)	(68)	(1.71)	(62)	(1.77)
<b>Trade Accounts Receivable - Net</b>	<b>2,671</b>	<b>98.05</b>	<b>3,917</b>	<b>98.29</b>	<b>3,437</b>	<b>98.23</b>

According to the table 13.5 above, 91.20% of the trade accounts receivable of the company and its subsidiaries as at December 31, 2014 was current, the remaining amount was divided into less than 3 months overdue of 5.32%, on average of 3-12 months overdue of 1.43% and over 12 months overdue of 2.05% of total amount. In this regard, the company and its subsidiaries had raised reserve for total doubtful accounts which had been following up and expected to be able to collect. Normally, the company and its subsidiaries had a policy in raising the allowance for doubtful accounts 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 accounts.

The trade accounts receivable as at December 31, 2012 increased by 658 million baht from 2011 mainly due to the increase in oversea LPG business. In 2012, the advanced payment increased by 40 million baht from 2011. This amount was mainly comprised of advanced payment for ship management (SLM) increasing by 28 million baht resulting from higher ship management and the rest was the advanced payment for LPG assets and business acquisition (MyGaz) from Shell Timur Sdn. Bhd. ("STSB") in East Malaysia of 2 million Malaysian Ringgit.

In 2013, the trade accounts receivable increased 1,246 million baht mainly due to increasing of LPG sale volume from overseas and adding of trade accounts receivable of MyGaz in Malaysia and City Gas in Vietnam into consolidated financial statement on May 29, 2013 and January 18, 2013 respectively. As at December 31, 2013, the prepaid expenses increased 24 million baht, the other receivable increased 556 million baht, due the acquisition of MyGaz and City Gas. Majority of other receivable in an amount of 470 million baht was from MyGaz's receivable from government sector resulting from compensation of LPG price for domestic use in Malaysia.

As at December 31, 2014, trade and other receive decreased by 690 million baht, comparing to the same period of 2013 mainly due to the reduction of trade account receive of 480 million baht as a result of decrease of sales volume from 2013.

#### Inventory - Net

Most inventories of SGP and its subsidiaries as at 31 December 2014 were finished goods including LPG of 74.77%, petrochemicals of 1.39%, petroleum 1.53%, other finished goods of 0.42%, remaining raw material of 1.33%, material and spare parts and others of 4.27%. Most of goods in transit were LPG, ammonia, and petrochemicals of 18.13%, and work in process of 0.57%. The average inventory turnover was 26-49 days sales during 2012 – 2014.

**Table 13.6: Inventories – Net of SGP and its subsidiaries**

(Unit : Million Baht)

	As at Dec. 31, 2012	As at Dec. 31, 2013	As at Dec. 31, 2014
Petroleum Products	7,290	4,762	2,643
Petrochemical Products	60	28	49
Oil Products	32	41	54
Other Finished Goods	13	16	15
Remaining Raw Materials	65	62	47
Material and Spare Parts	75	111	151
Goods in Transit	594	219	641
Work in Process	19	22	20
<b>Total</b>	<b>8,148</b>	<b>5,261</b>	<b>3,620</b>
<u>Less</u> Allowance for devaluation of inventories	(5)	(11)	(85)
<b>Inventory - Net</b>	<b>8,143</b>	<b>5,250</b>	<b>3,535</b>

The net inventory of SGP and its subsidiaries as at December 31, 2012 was 8,143 million baht, increased from 2011 by 3,304 million baht which was part of cost management strategy to maintain inventory level suitable for seasonal and market demands.

The net inventory balance of SGP and its subsidiaries as at December 31, 2013 was 5,250 million baht, decreased from 2011 by 2,893 million baht which was part of cost management strategy to maintain inventory level suitable for seasonal and market demands.

The net inventory balance of SGP and its subsidiaries as at December 31, 2014 was 3,535 million baht, decreased from 2013 by 1,715 million baht which was part of cost management strategy to maintain inventory level suitable for seasonal and market demands.

Moreover, 95.82% of inventories of SGP and its subsidiaries as at December 31, 2014 included that of LPG, petrochemical products, and petroleum products which would not be obsoleted. Therefore, the group set aside allowance for devaluation of inventories in insignificant amount.

### Other Current Assets

The other current assets were comprised of value added tax receivable, corporate tax receivable, deposit, insurance claimed receivable, and others as follows:

**Table 13.7: Details of other current assets of SGP and its subsidiaries**

(Unit : Million Baht)

	As at Dec. 31, 2012	As at Dec. 31, 2013	As at Dec. 31, 2014
Value Added Tax Receivable	56	224	180
Corporate Tax Receivable	-	31	-
Deposit	22	76	6
Others	54	73	77
<b>Total</b>	<b>132</b>	<b>404</b>	<b>263</b>

As at December 31, 2012, other current assets of the group was 132 million Baht decreased by 161 million Baht as the group classified the corporate tax receivable of 87 million baht as other non-current assets. Also, SOGEL, a subsidiary in China, had received the deposit of LPG import tax and value added tax paid to the custom department of 157 million baht during December 2011. In 2012, SOGEL had no such transaction as there was not import petroleum during the year end.

As at December 31, 2013, other current assets of the group was 404 million baht, increased by 272 million baht from December 31, 2012, mainly from value added tax receivable from public sector of SOGEL and SINO, subsidiaries in China.

As at December 31, 2014, other current assets of the group was 263 million baht, decreased by 141 million baht from December 31, 2013, mainly due to the decrease of value added tax receivable from public sector and deposits of SOGEL and SINO, subsidiaries in China.

### Non-Current Assets

#### Property, Plant and Equipment - Net

The major assets used for the business operations of SGP and its subsidiaries are property, plant, terminals, LPG filling plants, LPG stations and storage equipments for LPG, LPG cylinders, LPG vessel tankers, vehicles, and others.

Table 13.8: Details of property, plant and equipment - net of SGP and its subsidiaries

(Unit : Million Baht)

Category / Description	As at Dec. 31, 2012	As at Dec. 31, 2013	As at Dec. 31, 2014
1. Land	2,107	2,136	2,159
2. Building, Infra-structure, and Land Improvement	3,406	3,591	3,405
3. Terminal, Filling and Service Stations, and Equipment	966	1,159	1,133
4. Tanker Vessels	1,905	2,099	1,921
5. LPG Cylinders	1,159	1,860	1,893
6. Machines and Plant Equipment	1,597	1,633	1,480
7. Fittings, Fixtures and Office Equipment	237	253	473
8. Vehicles	478	534	532
9. Construction Work-in-process	729	893	882
<b>Total</b>	<b>12,584</b>	<b>14,158</b>	<b>13,878</b>
<u>Plus</u> Increased value of land from appraisal	310	310	1,248
<u>Less</u> Decreased value of land from appraisal	(33)	(33)	(6)
<b>Property, Plant and Equipment - Net</b>	<b>12,861</b>	<b>14,435</b>	<b>15,120</b>

As at December 31, 2012, property, land and equipment of SGP and its subsidiaries was 12,861 million baht, increased to 14,435 million baht as at December 2013 and increased to 15,120 million baht as at December 31, 2014 mainly due to the following reasons:

1. The increase in equipment of Siam Suksawat Co, Ltd (SSW), which is a subsidiary in Thailand, was established on 28 August 2012, operates container port and terminal business with value of 27 million baht.
2. The increase in property, land and equipment of SGP and its subsidiaries which was purchased and transferred in (out) during the year of 1,499 million baht. The major transactions were transfer of building and LPG terminal and investment for LPG terminal expansion, and building under construction with value of 333 million baht, 2 vessel tankers purchased by SLM of 434 million baht including 1. LPG Vessel tanker with capacity of 3,028 tons gross, 32 years old, value 52 million baht, 2. Ammonia Vessel tanker with capacity of 22,472 tons gross, 21 years old, value 382 million baht, 20 tractors purchased by LCR value 69 million baht. During 2013, SLM had incremental cost related to old vessel tanker value approximately 146 million baht. Moreover, SGP and its subsidiary purchased new LPG cylinders of 303 million baht and additional construction work in progress value 133 million baht.
3. During 2012, SGP and its subsidiaries had amortization of 35 million baht and depreciation of assets of 774 million baht, including decreasing value of property, land and equipment resulting from differentiation of financial budget at net value 111 million baht.



As at December 31, 2013, SGP and its subsidiaries had an increase in property, land and equipment from 2012 of 1,574 million baht mainly due to the following reasons:

1. The increase in property and equipment of Citygas Company Limited, a subsidiary registered in Vietnam, purchased by SGP on January 18, 2013, operates LPG trading business with value 201 million baht.
2. The increase in machinery and equipment from purchasing of gas business and some assets of Shell Timur Sdn. Bhd. through MyGaz, a subsidiary registered in Malaysia, on May 29, 2013, operates LPG trading business with value 482 million baht.
3. The increase in property, land and equipment of SGP and its subsidiaries which was purchased and transferred in (out) during 2013 with value 1,414 million baht with the following main items:
  - 3.1 Purchased and transferred of additional land value 29 million baht
  - 3.2 Transferred of building and LPG terminal and investment for LPG terminal expansion, and building under construction with value of 552 million baht .
  - 3.3 SLM purchased a LPG vessel tanker with capacity 39,088 tons gross, 26 years old, value 345 million baht. During 2013, SLM had incremental cost related to old vessel tanker value approximately 144 million baht.
  - 3.4 LCR purchased vehicles and equipment for transportation value 67 million baht.
  - 3.5 SGP and its subsidiaries purchased new LPG cylinders of 277 million baht.
4. During 2013, SGP and its subsidiaries had disposed net assets of 48 million baht and depreciation of assets of 947 million Baht, including increasing value of property, land and equipment resulting from differentiation of financial budget at net value 472 million baht.

As at December 31, 2014, SGP and its subsidiaries had an increase in property, land and equipment from 2013 of 685 million baht mainly due to the following reasons:

During 2014, the company and its subsidiaries disposed and transferred out net assets of 26 million baht and depreciation of asset during the period of 1,027 million baht, including decreasing value of property, land and equipment resulting from differentiation of financial budget of 13 million baht. In 2014, the company and its subsidiary realized additional land appraisal of 969 million baht in the consolidated financial statement and operating assets have been purchased during the period of 756 million baht (most of them are to increase LPG cylinders of 239 million baht) with net asset disposal of 26 million baht.

Land has been reappraised by UK Valuations and Agency Co., Ltd., an independent valuation firm, during January 2, 2014-February 18, 2014. Criteria used for appraisal is market comparison approach.

#### **Investment Property**

The subsidiaries had investment property comprising vacant land, office building and vehicles with the book value of 25 million baht as at December 31, 2012, decreased to 22 million baht as at December 31, 2013 due to the depreciation of each of the asset useful life, and decreased to 1 million baht as at December 31, 2014 because UGP, the subsidiary, disposed investment property by selling them at 79 million baht, so it had total profit from disposal of investment property of 60 million baht.

## Goodwill

Table 13.9: Details of goodwill are as follows:

(Unit : Million Baht)

Category / Description	As at Dec. 31, 2012	As at Dec. 31, 2013	As at Dec. 31, 2014
UGP, the subsidiary	1,025	1,152	1,152
SEEC, the subsidiary	22	22	22
SingGas, the subsidiary	95	137	137
SuperGas, the subsidiary	208	227	227
<b>Total Goodwill</b>	<b>1,350</b>	<b>1,538</b>	<b>1,538</b>

Goodwill is the cost of investment which is higher than fair value of investment that the group has sharing in net assets of the subsidiaries as of the acquisition date. Goodwill from acquisition of the subsidiaries shall be presented as separate item in the consolidated financial statement.

Goodwill as at December 31, 2011 and as at December 31, 2012 had been adjusted from the previous amount of 1,350 million baht to 1,538 million baht, an increase by 188 million baht. Such increased amount was due to retroactively adjustment after the Group started to apply TAS 12: Income Taxes for the first time for the fiscal period beginning from January 1, 2012. Details are as per Note # 2.3 of financial statement for the year ended December 31, 2013.

Goodwill as at December 31, 2014 was 1,538 million baht.

## Other Intangible Assets – Net

Other intangible assets of SGP and subsidiaries as at December 31, 2012 was 20 million baht due to SGP and subsidiaries had additional investment in computer program and accounting program with straight line amortization approach during the period of 5-10 years.

For the year ended December 31, 2013, other intangible assets of SGP and subsidiaries increased to 273 million baht mainly due to:

1. An increase of intangible assets under Customer Relationships amounting to 85 million baht of Citygas Company Limited, a subsidiary registered in Vietnam to operate business of distribution to liquefied petroleum products acquired by the group at ratio of 100% from Shell Gas (LPG) Holding B.V. and the business handover was completed on January 18, 2013.
2. An increase of intangible assets under Customer Relationships amounting to 195 million baht of MyGas SDN. BHD., a subsidiary registered in Malaysia to operate business of distribution to liquefied petroleum products of which its ratio of 70% held by SGP. The group acquired business and some part of gas business in Shell Timur SDN.BHD. in East Malaysia via MyGaz. Business handover of such business and assets was completed on May 29, 2013

The above intangible assets under Customer Relationship of Citygas and MyGaz were obtained from assessment of fair value of net assets obtained from business acquisition and such fair value was assessed by the independent expert.

3. During 2013, SGP and subsidiaries had amortized other intangible assets totaled 31 million baht.

For the year ended December 31, 2014, other intangible assets – net of SGP and subsidiaries decreased to 39 million baht mainly because SGP and its subsidiaries had amortized other intangible assets – net totaled 43 million baht.

#### Deferred Tax Asset

Deferred tax asset of SGP and subsidiaries for the year ended as at December 31, 2012 (revised) and as at December 31, 2013 equaled to 150 million baht and 235 million baht, respectively. Deferred tax asset for the year ended as at December 31, 2014 was 304 million baht. Such increased amount was due to retroactively adjustment after the Group started to apply TAS 12: Income Taxes for the first time for the fiscal period beginning from January 1, 2012. Details are as per Note # 2.3 of financial statement for the year ended December 31, 2013.

For the movement of deferred tax asset incurred during 2013-2014 is as per Note # 17: Deferred Tax of financial statement for the year ended December 31, 2014.

#### Other Non-Current Assets

**Table 13.10: Details of other non-current assets of the company and the subsidiaries as follows:**

(Unit : Million Baht)

	As at Dec. 31, 2012	As at Dec. 31, 2013	As at Dec. 31, 2014
Accrued interest from loan provided to related business	-	2	4
Restricted bank deposit	26	26	27
Deposits	69	89	38
Corporate tax claimed receivable	87	59	59
Deferred expenses	20	14	9
Advance lease payment	535	540	540
Leasehold right	124	108	92
Others	26	7	36
<b>Total Other Non-current Assets</b>	<b>887</b>	<b>845</b>	<b>805</b>

As at December 31, 2014, deposits were reduced from 2013 with primary reason was that during 2014, cylinders have been transferred from deposits for cylinder production account to fix assets account amounting to 51 million baht.

#### Liabilities

##### Current Liabilities

##### Short-term Loan from Financial Institutions - Net

As at December 31, 2012, short-term loans from financial institution of SGP and its subsidiaries had increased to 7,585 million baht with interest rates in the range of 0.80-3.85 percent per annum with objectives for working capital of SGP and its subsidiaries.

As at December 31, 2013, short-term loans from financial institution of SGP and its subsidiaries had decreased to 7,338 million baht with interest rates in the range of 0.83-3.90 percent per annum because loan repayment has been paid during the period.

As at December 31, 2014, short-term loans from financial institution of SGP and its subsidiaries had decreased to 6,347 million baht with interest rates in the range of 3.20-3.35 percent per annum because loan repayment has been paid during the period.

### **Trade and Other Accounts Payable**

Main trade accounts payable in Thailand were the suppliers of petroleum and petrochemicals such as PTT Public Company Limited, Esso (Thailand) Public Company Limited, Thailoil Public Company Limited and IRPC Public Company Limited and most of them had credit term of approximately 19-30 days.

Main foreign trade accounts payable were the suppliers of petroleum and petrochemicals, such as SHELL, VITOL, ASTOMOS, ITOCHU and etc, and most of them had credit term of approximately 20-30 days.

Trade and other accounts payables of SGP and its subsidiaries had tendency to decrease from 4,181 million baht as at December 31, 2012 to 3,124 million baht as at December 31, 2013 and it increased to 3,751 million baht as at December 31, 2014 which was varied pursuant to balance of inventory in each year. During 2012-2014, SGP and its subsidiaries had made payments to the suppliers in time with average payment days of 21 days which was within credit term ranges granted by trade account payables.

Moreover, the payable of contributions to the Oil Fund increased from 343 million baht as at December 31, 2012 to 594 million baht as at December 31, 2013 and increased to 827 million baht as at December 31, 2014 due to the increase in sales volume as well as the increase in rate of the contributions compared with that of previous year.

### **Current Portion of Long-term Loan and Long-term Loan from Financial Institutions – Net**

Current portion of long-term loan and long-term loan from financial institutions by SGP and its subsidiaries was 943 million baht as at December 31, 2012, and it increased to 1,065 million baht as at December 31, 2013, and as at December 31, 2014, it decreased to 802 million baht which is the remaining loan by SLM, the subsidiary.

In 2012, SGP had issued and public offering of senior unsecured bonds with total value of 4,500 million baht at par value and offered prices at 1,000 baht per unit and every 3 months interest payment. SGP could sell all of such bonds and money from the sale of bonds was used for repayment of long-term loans from financial institutions and all guarantees have been released from such financial institutions.

Likewise, SEEC, the subsidiary, also paid-off long-term loan to financial institutions and all guarantees have been released from such financial institutions.

However, during 2012 and 2013, SLM, a subsidiary, had a loan from financial institution of 300 million baht and baht 351 million respectively to purchase LPG and ammonia vessel tankers for business expansion and SLM has made repayment pursuant to conditions specified in relevant loan agreement.

### **Financial Lease Liabilities**

As at December 31, 2012, financial lease liabilities that the group made with the financial institution arose from truck leasing contract and truck leasing contract of LCR, the subsidiary, was 85 million baht and such subsidiary made repayment pursuant to financial lease, hence such financial lease liabilities was decreased to 34 million baht as of December 31, 2013 and as of December 31, 2014, such liabilities have been paid-off.

## Bonds - Net

Table 13.11: Details of long-term bonds

(Unit : Million Baht)

	As at Dec. 31, 2012	As at Dec. 31, 2013	As at Dec. 31, 2014
<b>Long-term Bond</b>			
Bond (Thai baht currency)	4,500	4,500	4,300
Less Arranger fee	(12)	(6)	(4)
<b>Total net bond</b>	<b>4,488</b>	<b>4,494</b>	<b>4,296</b>

During February 6-8, 2012, SGP had issued and public offering of senior unsecured bonds with due date in 2-4 years with total value of 4,500 million baht and at par value and offered price of 1,000 baht per unit with every 3 months interest payment. TRIS has rated this bond at BBB+ (Stable). SGP can sell of such bonds and money from sale of such bonds was used for prepayment of long-term loan in February 2012. In addition, sales conditions of such bond was that SGP must comply with regulations on rights and duties of bond issuer and bond holders, as well as to maintain financial ratios, i.e. interest-bearing debts to equity ratio at not more than 2 times. As at December 31, 2012, as at December 31, 2013, and as at December 31, 2014, financial ratio of SGP was 1.86 times, 1.44 times and 1.39 times, respectively which was pursuant to bond issuance conditions.

During January 27-29, 2014, SGP had issued and public offering of senior unsecured bonds with total value of 1,300 million baht and at par value and offered price of 1,000 baht per unit with every 3 months interest payment. TRIS has rated this bond at BBB (Stable), with details as follows:

3-year bond	Fixed Interest	Interest Rate of 5.20% per Annum
-------------	----------------	----------------------------------

SGP could sell all of such bonds at 1,300 million baht and money from the sale of bonds was used for repayment of bonds amount 1,500 million baht which were due on February 2014. Conditions specified in such bond offering was that SGP must comply with regulations on rights and obligations of bond issuers and bond holders, as well as to maintain financial ratio as per described in the part of bond above.

### Payable for LPG Cylinder Deposit

The deposit for LPG cylinders of SGP and its subsidiaries: UGP, SuperGas, SingGas, Sino, CityGas and MyGas 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 cylinders becomes higher each year. Moreover, SGP and its subsidiaries did not have policy in recognized cylinder deposit as revenue which was pursuant to International Financial Reporting Standards (IFRS). Hence, payable for LPG gas cylinders deposits of SGP and its subsidiaries shall be increased every year. Payable for LPG cylinder deposit was 3,021 million baht and 3,805 million baht as at December 31, 2012-2013 respectively. (The group has combined the financial statements of City Gas and MyGas as of the end of business purchase date, which has deposit for LPG gas cylinder of 120 million baht and 380 million baht, respectively or approximately totaled 500 million baht into the consolidated financial statement for the year ended December 31, 2013). Payable for LPG cylinder deposit as at December 31, 2014 was 4,022 million baht.

### Deferred Tax Liabilities

Deferred tax liabilities for the year ended December 31, 2012 (revised) and as at December 31, 2013 equaled to 98 million baht and 214 million baht respectively and equaled to 388 million baht for the year ended as at December 31, 2014. These were results from adoption of TAS 12. Such increased amount was due to an retroactively adjustment after the group started to apply TAS 12: Income Taxes for the first time for the fiscal period beginning from January 1, 2012. Details are as per Note # 2.3 of financial statement for the year ended December 31, 2013 and impact for adoption of new accounting policy for movement of deferred tax liabilities during 2013-2014 are as per Note # 17: Deferred Tax of financial statement for the year ended December 31, 2014.

### Commitments and contingent liabilities

#### a) Bank Guarantee

As at December 31, 2014 and 2013, the group has bank guarantees issued on its behalf as follows:

	Consolidated Financial Statement	
	2014	2013
	Million Baht	Million Baht
Bank Guarantee	2,103	2,136
Letter of Credit	1,048	891

The guarantees that the group have comprised of letter of credit or trust receipt, CQ discount, letter of guarantee, credit for foreign currency forward contract and such credits were guaranteed by the subsidiaries and co-guarantee personally by the company's director.

#### b) Obligations under Operating Lease

Obligations under operating lease of the group and SGP which could not be cancelled for long term land and building lease agreement are as follows:

	Consolidated Financial Statement	
	2014	2013
	Million Baht	Million Baht
Within 1 years	23	31
During 2-5 years	70	74
More than 5 years	72	77
<b>Total</b>	<b>165</b>	<b>182</b>



### c) Obligation of Capital Expenditure

The group and SGP had obligation of Capital Expenditure as at the reporting date of financial statement, but unrealized as following:

	Consolidated Financial Statement	
	2014	2013
	Million Baht	Million Baht
Property, land and equipment	38	54

### d) Contingent Liabilities from Cylinder Deposit

During 2004, the company had entered an asset sales contract with Siam Gas Industry Company Limited. On April 27, 2005, the company also had entered a cylinder deposit payment contract with Siam Gas Industry Company Limited by which Siam Gas Industry Company Limited will reimburse cylinder deposit upon the presentation of deposit slip dated prior to the contract date by customers for the excess amount stated in the asset sales contract. Current, Siam Gas Industry Company Limited has stopped running its business already (ref. note #24, related Possible Liabilities from Cylinder Deposit).

## Event after the Date of Financial Statement

### a) Dividend Payment

On February 24, 2015, the meeting of the Board of Directors has passed a resolution to pay dividend for performance of 2014 at the rate of 0.35 baht per share at total amount of 321.63 million baht. This amount included interim dividend paid from performance of the first six month period of 2014 which have paid at 0.15 baht per share, at total amount of 137.84 million baht. Such interim dividend has been paid on September 4, 2014. The Board of Directors shall further propose to the shareholders' meeting for approval of such dividend later.

### b) Issuance of Bonds

During January 26-29, 2015, SGP had issued and public offering of senior unsecured bonds with total value of 2,000 million baht at par value and offered prices at 1,000 baht per unit and every 3 months interest payment. TRIS has rated this bond at BBB (stable) and important details are as follows:

3-year bond	Fixed Interest	Interest Rate of 4.70% per Annum
-------------	----------------	----------------------------------

SGP could sell all of such bonds at 2,000 million baht and money from the sale of bonds was used for repayment of bonds amount 1,500 million baht which were due on February 2015. Conditions specified in such bond offering was that SGP must comply with regulations on rights and obligations of bond issuers and bond holders, as well as to maintain financial ratio as per described in the part of bond above.

## Shareholders' Equity

Shareholders' equity as at December 31, 2012 (revised by impact from adoption of TAS 12: Income Taxes (Note No. 2.3) was 7,321 million baht. It was increased by 265 million from 2011 because in 2012, net profit of the parent was 823 million baht, net loss of non controlling interests (20)

million baht and dividend payment of the parent and the non-controlling interest in 2012 was (417) million baht and (2) million baht, respectively. As the parent invested in overseas subsidiaries, i.e. in China, Hong Kong, Vietnam, Singapore and Malaysia, so variance from converting such financial statements amounted to (125) million baht. There was also transaction of additional investment in the subsidiary, MyGaz, by non controlling interest during 2012 of 6 million baht.

Shareholders' equity as at December 31, 2013 was 9,083 million baht, an increase of 1,762 million baht from 2012 because the net profit in 2013 of the parent was at 1,602 million baht, net profit of non controlling interests at 47 million baht, dividend payment of parent and non controlling interest during 2013 at (323) million baht and (1) million baht, respectively. The variance from converting financial statement of the overseas subsidiaries in China, Hong Kong, Vietnam, Singapore, and Malaysia was at 428 million baht. In addition the group has additional investment in the subsidiary, MyGaz, by non controlling interest during 2013 of 30 million baht. Moreover, the group has adjusted loss from estimation pursuant to actuarial science incurred from adjustment or change of assumption of realization of statement of comprehensive income under topic of "Other components of shareholders' equity" with net income tax of (21) million baht.

Shareholders' equity as at December 31, 2014 was 8,369 million baht, a decrease of 714 million baht from 2013 because of net loss in 2014 of the parent at (514) million baht, net loss of non controlling interests at (23) million baht, dividend payment of parent and non controlling interest during 2014 at 597 million baht and 4 million baht, respectively. The variance from converting financial statement of the overseas subsidiaries in China, Hong Kong, Vietnam, Singapore, and Malaysia was at (330) million baht. In addition the group has realized surplus from net appraisal of land from deferred tax amounting to 754 million baht in the comprehensive consolidated statement of income.

#### Auditor's Remuneration

Auditor's remuneration paid to PricewaterhouseCoopers ABAS Ltd., the auditing company which is the auditor of the company and its subsidiaries in Thailand, for 2012-2014 was 5.93 million baht, 5.32 million baht and 5.69 million baht, respectively. Person or business related to the auditor or the auditing company shall not be the same person or the business related to the company and its subsidiaries.

**Table 13.12: Details on auditor's remuneration for 2012-2014**

(Unit : Million Baht)

	The Company			The Company and its Subsidiaries in Thailand		
	2012	2013	2014	2012	2013	2014
Auditing fee for annual financial statement	1.17	0.99	0.98	3.71	2.98	2.90
Reviewing fee for quarterly financial statement (Q1-Q3)	0.88	0.81	0.96	2.22	2.34	2.79
<b>Total</b>	<b>2.05</b>	<b>1.80</b>	<b>1.94</b>	<b>5.93</b>	<b>5.32</b>	<b>5.69</b>



# Report of the Board of Directors' Accountability to Financial Report

The consolidated financial statements of Siamgas and Petrochemicals Public Company Limited and its subsidiaries were prepared in accordance with the Securities Exchange Commission under the Securities and Exchange Act B.E. 2535 and under the accounting act B.E. 2543.

The Company's Board of Directors is responsible for financial report of Siamgas and Petrochemicals Public Company Limited and its subsidiaries in providing reasonable assurance that the financial standards present fairly financial position, financial performance and cash flows. The accounting data is sufficiently and accurately recorded to preserve the Company's assets and prevent fraud and irregularity. The financial report has been prepared accordingly to appropriate accounting policy and consistency practices, and in accordance with Thai Financial Reporting Standards. Significant information has been sufficiently disclosed in notes to financial statements, where the auditor expressed an opinion on the financial statements of Siamgas and Petrochemicals Public Company Limited and its subsidiaries in the auditor's report.

Gen. Chaisit Shinawatra  
Chairman of the Board

Mr. Worawit Weeraborwornpong  
Executive Chairman of the Mangement



# Auditor's Report

## To the Shareholders of Siamgas and Petrochemicals Public Company Limited

I have audited the accompanying consolidated and company financial statements of Siamgas and Petrochemicals Public Company Limited and its subsidiaries, and of Siamgas and Petrochemicals Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the related consolidated and company statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

### An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### 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 of Siamgas and Petrochemicals Public Company Limited and its subsidiaries, and of Siamgas and Petrochemicals Public Company Limited as at 31 December 2014, and its consolidated and company results of operations and its consolidated and company cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Chaisiri Ruangritchai

Certified Public Accountant (Thailand) No. 4526

PricewaterhouseCoopers ABAS Ltd.

Bangkok

24 February 2015

## Statement of Financial Position

As at 31 December 2014

	Notes	Consolidated		Company	
		31 December	31 December	31 December	31 December
		2014	2013	2014	2013
		Baht	Baht	Baht	Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	1,956,407,049	1,689,573,399	204,767,821	232,687,422
Short-term investments	8	252,387,112	-	252,387,112	-
Trade and other receivables, net	9	4,013,994,893	4,703,770,559	518,651,517	2,976,199,019
Inventories, net	10	3,535,404,818	5,250,055,079	145,887,077	121,001,940
Other current assets	11	263,483,074	403,934,178	18,687,276	39,025,154
<b>Total current assets</b>		<b>10,021,676,946</b>	<b>12,047,333,215</b>	<b>1,140,380,803</b>	<b>3,368,913,535</b>
<b>Non-current assets</b>					
Investments in subsidiaries, net	12	-	-	7,688,959,904	7,736,659,904
Investments in joint ventures	12	109,328,591	170,601,097	23,577,992	23,577,992
Other long-term investment		200,000	200,000	-	-
Long-term loans to related parties, net	33	110,204,127	35,745,428	1,609,108,728	1,652,412,895
Investment property, net	13	1,029,821	21,601,471	-	-
Property, plant and equipment, net	14	15,120,856,515	14,435,271,766	4,928,588,458	3,947,086,044
Goodwill	15	1,537,801,207	1,537,801,207	-	-
Intangible assets, net	16	233,985,696	273,071,878	4,458,941	5,619,457
Deferred tax assets, net	17	303,599,509	235,254,383	-	70,654,577
Other non-current assets	18	804,603,531	845,206,561	414,415,771	381,069,454
<b>Total non-current assets</b>		<b>18,221,608,997</b>	<b>17,554,753,791</b>	<b>14,669,109,794</b>	<b>13,817,080,323</b>
<b>Total assets</b>		<b>28,243,285,943</b>	<b>29,602,087,006</b>	<b>15,809,490,597</b>	<b>17,185,993,858</b>

The notes to the consolidated and company financial statements from pages 128 to 185 are an integral part of these financial statements.

## Statement of Financial Position

As at 31 December 2014

		Consolidated		Company	
		31 December	31 December	31 December	31 December
		2014	2013	2014	2013
Notes		Baht	Baht	Baht	Baht
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term borrowings from					
financial institutions, net	19	6,346,724,015	7,337,962,271	1,792,239,917	4,051,522,630
Trade and other payables	20	3,750,633,048	3,178,252,761	1,071,238,725	1,327,252,131
Current portion of long-term loans, net	21	265,829,356	285,774,449	-	-
Current portion of finance lease liabilities	21	-	33,283,247	-	-
Current portion of bonds, net	23	1,499,783,151	1,499,674,875	1,499,783,151	1,499,674,875
Accrued income tax		82,554,103	179,499,046	692,544	-
Other current liabilities	22	38,983,659	68,889,076	31,750,349	14,936,503
<b>Total current liabilities</b>		<b>11,984,507,332</b>	<b>12,583,335,725</b>	<b>4,395,704,686</b>	<b>6,893,386,139</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institution	21	536,498,473	779,116,398	-	-
Long-term loans from related parties	33	3,000,000	3,000,000	1,020,000,000	786,000,000
Finance lease liabilities, net	21	-	813,218	-	-
Bonds, net	23	2,795,945,218	2,994,672,928	2,795,945,218	2,994,672,928
Cylinder deposits	24	4,021,667,514	3,805,016,274	719,383,741	627,180,581
Employee benefit obligations	25	127,404,365	117,407,284	46,223,904	42,282,023
Deferred tax liabilities, net	17	387,770,287	213,669,438	111,054,248	-
Other non-current liabilities		17,430,295	21,471,434	7,904,597	11,084,999
<b>Total non-current liabilities</b>		<b>7,889,716,152</b>	<b>7,935,166,974</b>	<b>4,700,511,708</b>	<b>4,461,220,531</b>
<b>Total liabilities</b>		<b>19,874,223,484</b>	<b>20,518,502,699</b>	<b>9,096,216,394</b>	<b>11,354,606,670</b>

The notes to the consolidated and company financial statements from pages 128 to 185 are an integral part of these financial statements.



## Statement of Financial Position

As at 31 December 2014

	Notes	Consolidated		Company	
		31 December	31 December	31 December	31 December
		2014	2013	2014	2013
		Baht	Baht	Baht	Baht
<b>Liabilities and shareholders' equity (continued)</b>					
<b>Shareholders' equity</b>					
Share capital	26				
Authorised share capital 918,931,500 ordinary shares with a par value of Baht 1 per share		918,931,500	918,931,500	918,931,500	918,931,500
Issued and paid-up share capital					
918,931,500 ordinary shares, fully paid-up of Baht 1 each		918,931,500	918,931,500	918,931,500	918,931,500
Premium on share capital	26	1,874,481,829	1,874,481,829	1,874,481,829	1,874,481,829
Retained earnings					
Appropriated					
- Legal reserve	28	162,088,663	162,088,663	162,088,663	162,088,663
Unappropriated		4,744,532,209	5,873,078,149	3,609,612,203	3,267,136,350
Other components of equity		557,588,252	146,967,866	148,160,008	(391,251,154)
<b>Total parent's shareholders' equity</b>		<b>8,257,622,453</b>	<b>8,975,548,007</b>	<b>6,713,274,203</b>	<b>5,831,387,188</b>
Non-controlling interests		111,440,006	108,036,300	-	-
<b>Total shareholders' equity</b>		<b>8,369,062,459</b>	<b>9,083,584,307</b>	<b>6,713,274,203</b>	<b>5,831,387,188</b>
<b>Total liabilities and shareholders' equity</b>		<b>28,243,285,943</b>	<b>29,602,087,006</b>	<b>15,809,490,597</b>	<b>17,185,993,858</b>

The notes to the consolidated and company financial statements from pages 128 to 185 are an integral part of these financial statements.

## Statement of Income

For the year ended 31 December 2014

	Notes	Consolidated		Company	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
<b>Revenue</b>					
Revenue from sales		61,177,299,810	64,308,123,372	12,275,495,223	23,343,755,089
Revenue from transportation		421,259,060	623,659,055	-	-
Revenue from services		160,255,667	89,562,150	169,714,083	133,057,034
<b>Total revenue</b>		<b>61,758,814,537</b>	<b>65,021,344,577</b>	<b>12,445,209,306</b>	<b>23,476,812,123</b>
Cost of sales and services		(60,589,171,462)	(62,217,393,247)	(11,665,898,520)	(23,612,052,554)
Cost of transportation		(335,268,456)	(464,497,511)	-	-
<b>Total cost of sales, services and transportation</b>		<b>(60,924,439,918)</b>	<b>(62,681,890,758)</b>	<b>(11,665,898,520)</b>	<b>(23,612,052,554)</b>
<b>Gross profit (loss)</b>		<b>834,374,619</b>	<b>2,339,453,819</b>	<b>779,310,786</b>	<b>(135,240,431)</b>
Dividend income	33	-	-	700,976,365	461,651,603
Gain on business acquisition		-	531,233,779	-	-
Other income	29	398,225,055	725,043,281	275,802,302	511,389,342
<b>Total other income</b>		<b>398,225,055</b>	<b>1,256,277,060</b>	<b>976,778,667</b>	<b>973,040,945</b>
<b>Profit before expenses</b>		<b>1,232,599,674</b>	<b>3,595,730,879</b>	<b>1,756,089,453</b>	<b>837,800,514</b>
Selling expenses		(140,252,118)	(168,849,893)	(49,689,338)	(51,119,580)
Administrative expenses		(1,083,723,719)	(1,062,505,290)	(389,479,420)	(382,460,265)
Loss sharing from joint ventures	12	(7,272,789)	(10,246,131)	-	-
<b>Total expenses</b>		<b>(1,231,248,626)</b>	<b>(1,241,601,314)</b>	<b>(439,168,758)</b>	<b>(433,579,845)</b>
<b>Profit before finance costs and income tax</b>	30	<b>1,351,048</b>	<b>2,354,129,565</b>	<b>1,316,920,695</b>	<b>404,220,669</b>
Finance costs		(440,682,643)	(494,063,211)	(318,732,019)	(357,585,646)
<b>Profit (loss) before income tax</b>		<b>(439,331,595)</b>	<b>1,860,066,354</b>	<b>998,188,676</b>	<b>46,635,023</b>
Income tax	31	(97,999,653)	(211,280,114)	(54,741,973)	65,909,345
<b>Net profit (loss) for the year</b>		<b>(537,331,248)</b>	<b>1,648,786,240</b>	<b>943,446,703</b>	<b>112,544,368</b>
<b>Attributable to:</b>					
Equity holders of the parent		(514,303,832)	1,602,263,090	943,446,703	112,544,368
Non-controlling interests		(23,027,416)	46,523,150	-	-
<b>Net profit (loss) for the year</b>		<b>(537,331,248)</b>	<b>1,648,786,240</b>	<b>943,446,703</b>	<b>112,544,368</b>
<b>Earnings per share for profit (loss) attributable to the equity holders of the parent</b>	32				
Basic earnings (loss) per share (Baht)		(0.56)	1.74	1.03	0.12

The notes to the consolidated and company financial statements from pages 128 to 185 are an integral part of these financial statements.

## Statement of Comprehensive Income

For the year ended 31 December 2014

	Notes	Consolidated		Company	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
Net profit (loss) for the year		(537,331,248)	1,648,786,240	943,446,703	112,544,368
Other comprehensive income (expenses):					
- Currency translation difference		(329,901,394)	427,972,395	-	-
- Actuarial loss on employee benefit obligatio	25	-	(25,784,734)	-	(8,988,019)
- Revaluation surplus on land	14	942,251,934	-	669,545,934	-
- Income tax relating to components of other comprehensive income (expenses)	31	(188,450,387)	5,323,061	(133,909,187)	1,797,604
Total other comprehensive income (expenses)		423,900,153	407,510,722	535,636,747	(7,190,415)
<b>Total comprehensive income (expenses) for the year</b>		<u>(113,431,095)</u>	<u>2,056,296,962</u>	<u>1,479,083,450</u>	<u>105,353,953</u>
<b>Total comprehensive income (expenses) attributable to:</b>					
Owners of the parent		(120,729,119)	2,009,773,812	1,479,083,450	105,353,953
Non-controlling interests		7,298,024	46,523,150	-	-
		<u>(113,431,095)</u>	<u>2,056,296,962</u>	<u>1,479,083,450</u>	<u>105,353,953</u>

The notes to the consolidated and company financial statements from pages 128 to 185 are an integral part of these financial statements.

# Statement of Changes in Equity

For the year ended 31 December 2014

	Consolidated																										
	Attributable to equity holders of the parent																										
	Other components of equity																										
	Issued and paid-up share capital		Premium on share capital	Legal reserve		Retained earnings		Revaluation surplus on land		Difference from purchase of assets from a business combination under common control		Difference from taking equity of a business combination under common control		Unrealised actuarial losses on employee benefit plans		Total other components of equity		Treasury stock		Non-controlling interests		Total equity					
Baht		Baht		Baht		Baht		Baht		Baht		Baht		Baht		Baht		Baht		Baht		Baht					
Opening balance 1 January 2014	918,931,500		1,874,481,829		162,088,663		-		5,873,078,149		(609,037,112)		248,355,134		22,582,995		505,528,522		(20,461,673)		146,967,866		-		108,036,300		9,083,584,307
Reclassification																											
-Unrealised actuarial losses on employee benefit plans	-		-		-		-		(20,461,673)		-		-		-		-		20,461,673		20,461,673		-		-		-
Dividends paid (Note 27)	-		-		-		-		(597,196,435)		-		-		-		-		-		-		-		(3,894,318)		(601,090,753)
Reversal revaluation surplus on disposal of land	-		-		-		-		3,416,000		(3,416,000)		-		-		-		-		(3,416,000)		-		-		-
Total comprehensive income (expenses) for the year	-		-		-		-		(514,303,832)		-		723,476,107		-		(329,901,394)		-		393,574,713		-		7,298,024		(113,431,095)
Closing balance 31 December 2014	918,931,500		1,874,481,829		162,088,663		-		4,744,532,209		(609,037,112)		968,415,241		22,582,995		175,627,128		-		557,588,252		-		111,440,006		8,369,062,459
Opening balance 1 January 2013	950,000,000		1,874,481,829		162,088,663		272,143,445		4,563,091,901		(609,037,112)		248,355,134		22,582,995		77,556,127		-		(260,542,856)		(272,143,445)		32,218,191		7,321,337,728
Decrease in share and reduction of treasury stock	(31,068,500)		-		-		-		(241,074,945)		-		-		-		-		-		-		272,143,445		-		-
Reversal of reserve for treasury stock	-		-		-		(272,143,445)		272,143,445		-		-		-		-		-		-		-		-		-
Dividends paid (Note 27)	-		-		-		-		(323,345,342)		-		-		-		-		-		-		-		(1,178,200)		(324,523,542)
Capital contributions from holder of non-controlling interest	-		-		-		-		-		-		-		-		-		-		-		-		30,473,159		30,473,159
Total comprehensive income for the year	-		-		-		-		1,602,263,090		-		-		-		427,972,395		(20,461,673)		407,510,722		-		46,523,150		2,056,296,962
Closing balance 31 December 2013	918,931,500		1,874,481,829		162,088,663		-		5,873,078,149		(609,037,112)		248,355,134		22,582,995		505,528,522		(20,461,673)		146,967,866		-		108,036,300		9,083,584,307

The notes to the consolidated and company financial statements from pages 128 to 185 are an integral part of these financial statements.

# Siamgas and Petrochemicals Public Company Limited

## Statement of Changes in Equity

For the year ended 31 December 2014

	Company									
				Other components of equity						
				Revaluation surplus on land	Difference from purchase of assets from a business combination under common control	Unrealised actuarial losses on employee benefit plans	Total other components of equity	Treasury stock	Total equity	
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b>Opening balance 1 January 2014</b>	918,931,500	1,874,481,829	162,088,663	-	3,267,136,350	224,976,373	(609,037,112)	(7,190,415)	(391,251,154)	5,831,387,188
Reclassification										
-Unrealised actuarial losses on employee benefit plans	-	-	-	-	(7,190,415)	-	-	7,190,415	7,190,415	-
Dividends paid (Note 27)	-	-	-	-	(597,196,435)	-	-	-	-	(597,196,435)
Reversal revaluation surplus on disposal of land	-	-	-	-	3,416,000	(3,416,000)	-	-	(3,416,000)	-
Total comprehensive income for the year	-	-	-	-	943,446,703	535,636,747	-	-	535,636,747	1,479,083,450
<b>Closing balance 31 December 2014</b>	918,931,500	1,874,481,829	162,088,663	-	3,609,612,203	757,197,120	(609,037,112)	-	148,160,008	6,713,274,203
<b>Opening balance 1 January 2013</b>	950,000,000	1,874,481,829	162,088,663	272,143,445	3,445,136,142	224,976,373	(609,037,112)	-	(384,060,739)	6,047,645,895
Decrease in share and reduction of treasury stock	(31,068,500)	-	-	-	(241,074,945)	-	-	-	-	272,143,445
Reversal of reserve for treasury stock	-	-	-	(272,143,445)	272,143,445	-	-	-	-	-
Dividends paid (Note 27)	-	-	-	-	(321,612,660)	-	-	-	-	(321,612,660)
Total comprehensive income for the year	-	-	-	-	112,544,368	-	-	(7,190,415)	(7,190,415)	105,353,953
<b>Closing balance 31 December 2013</b>	918,931,500	1,874,481,829	162,088,663	-	3,267,136,350	224,976,373	(609,037,112)	(7,190,415)	(391,251,154)	5,831,387,188

The notes to the consolidated and company financial statements from pages 128 to 185 are an integral part of these financial statements.

## Statement of Cash Flows

For the year ended 31 December 2014

	Notes	Consolidated		Company	
		2014 Baht	2013 Baht	2014 Baht	2013 Baht
<b>Cash flows from operating activities</b>					
Net profit (loss) before income tax		(439,331,595)	1,860,066,354	998,188,676	46,635,023
Adjustments for:					
Depreciation expenses - investment property					
property, plant and equipment	13, 14	1,027,977,993	951,431,685	101,732,716	85,075,760
Amortisation expenses - intangible assets					
and other assets		61,394,761	66,046,756	3,753,207	3,659,841
Interest expenses		440,682,643	432,798,147	318,732,019	337,976,888
Allowance for doubtful debts (reversal)		(5,071,826)	13,853,935	-	1,841,310
Reversal of provision for diminution					
in value of inventories		73,445,035	6,409,267	-	-
Impairment charge on investment in subsidiaries	12	-	-	47,700,000	45,000,000
Adjustment of net assets from business acquisition		(63,060,082)	-	(63,060,082)	-
Written off of property, plant and equipment		2,477,541	15,021,575	555,180	3,462,506
Unrealised (gain) loss on exchange rate		(15,496,135)	52,054,122	(9,505,988)	2,935,925
Gain on sales/written off of property,					
plant and equipment, net		(40,134,379)	(4,010,903)	(33,336,823)	(1,519,577)
Gain on sales of investment property		(57,316,170)	-	-	-
Reversal of loss on land revaluation		(26,796,518)	-	(26,446,518)	-
Gain from business acquisition		-	(531,233,777)	-	-
Loss sharing from joint ventures		7,272,789	10,246,131	-	-
Employee benefit obligations	25	11,748,941	8,588,524	4,076,931	2,472,125
Amortisation of front-end fee expenses		5,438,313	7,165,473	4,849,567	6,429,918
Interest received	29	(31,603,749)	(15,217,892)	(75,784,527)	(68,450,609)
Dividends received	33	-	-	(700,976,365)	(461,651,603)
		951,627,562	2,873,219,397	570,477,993	3,867,507
Changes in operating working capital					
- Trade and other receivables		628,585,982	(1,821,486,296)	2,467,427,409	(1,189,910,470)
- Inventories		1,557,221,712	2,928,708,368	(24,885,137)	6,672,851,267
- Other current assets		151,773,293	(250,661,008)	19,661,787	(1,568,036)
- Other non-current assets		(58,226,470)	27,156,529	(14,941,842)	296,558
- Trade and other payables		465,428,781	(1,114,513,195)	(230,917,781)	(1,470,523,825)
- Cylinder deposits		216,651,240	283,190,296	92,203,160	74,071,061
- Other current liabilities		(30,831,473)	(65,385,938)	16,813,846	1,890,682
- Other non-current liabilities		(4,455,197)	6,183,569	(3,180,402)	3,358,802
- Employee benefit paid		(1,751,860)	(2,192,580)	(135,050)	-
Cash flows receipts from operating					
activities before interest and income tax paid		3,876,023,570	2,864,219,142	2,892,523,983	4,094,333,546
- Interest paid		(444,039,554)	(423,408,160)	(322,615,751)	(322,440,980)
- Income tax paid		(288,510,425)	(203,922,069)	(6,267,418)	(84,159,044)
Net cash receipts from operating activities		3,143,473,591	2,236,888,913	2,563,640,814	3,687,733,522

The notes to the consolidated and company financial statements from pages 128 to 185 are an integral part of these financial statements.



## Statement of Cash Flows (continued)

For the year ended 31 December 2014

		Consolidated		Company	
		2014	2013	2014	2013
	Notes	Baht	Baht	Baht	Baht
<b>Cash flows from investing activities</b>					
Proceeds from long-term loans to related parties	33	-	8,988,721	156,287,900	138,988,721
Payment for long-term loans to related parties	33	(4,500,000)	(38,220,315)	(40,525,000)	(127,904,120)
Purchases of short-term investments, net		(252,387,112)	-	(252,387,112)	-
Acquisitions of subsidiaries		(8,335,785)	(57,187,993)	(8,335,785)	(142,931,543)
Acquisition of joint ventures		-	(7,803,168)	-	(11,738,857)
Purchases of property, plant and equipment		(661,108,902)	(1,364,228,497)	(356,915,269)	(543,166,803)
Advance payments for equipment		(22,256,877)	(69,377,178)	(21,435,775)	(61,365,858)
Proceeds from disposals of property, plant and equipment		136,096,638	36,634,053	50,943,984	3,409,357
Purchases of intangible assets		(1,554,357)	(3,230,528)	(1,451,140)	-
Interest received		24,295,236	15,217,892	7,132,873	3,522,846
Dividends received	33	-	-	700,976,365	461,651,603
Net cash receipts from (payments for) investing activities		(789,751,159)	(1,479,207,013)	234,291,041	(279,534,654)
<b>Cash flows from financing activities</b>					
Repayments for short-term loans from financial institutions, net		(983,901,155)	(305,710,805)	(2,259,282,713)	(3,592,146,513)
Proceeds from long-term loans from related parties	33	-	-	1,620,000,000	1,090,000,000
Repayments of long-term loans from related parties	33	-	-	(1,386,000,000)	(555,000,000)
Proceeds from long-term loans from financial institutions	21	22,293,948	351,120,000	-	-
Repayments of long-term loans from financial institutions	21	(286,722,029)	(229,822,321)	-	-
Proceeds from issue of bonds, net	23	1,296,531,000	-	1,296,531,000	-
Repayment for bond redemption, net	23	(1,500,000,000)	-	(1,500,000,000)	-
Capital contributions from holder of non-controlling interest		-	30,439,500	-	-
Payments for liabilities under finance lease agreement		(34,096,466)	(50,919,993)	-	-
Dividends payments	27	(601,090,772)	(324,523,542)	(597,196,435)	(321,612,660)
Net cash payments from financing activities		(2,086,985,474)	(529,417,161)	(2,825,948,148)	(3,378,759,173)
<b>Net increase (decrease) in cash and cash equivalents</b>					
		266,736,958	228,264,739	(28,016,293)	29,439,695
Cash and cash equivalents - opening balance		1,689,573,399	1,461,276,267	232,687,422	203,215,334
Exchange gains on cash and cash equivalents		96,692	32,393	96,692	32,393
<b>Cash and cash equivalents - closing balance</b>	7	1,956,407,049	1,689,573,399	204,767,821	232,687,422

The notes to the consolidated and company financial statements from pages 128 to 185 are an integral part of these financial statements.

## Statement of Cash Flows (continued)

For the year ended 31 December 2014

	Consolidated		Company	
	2014	2013	2014	2013
	Baht	Baht	Baht	Baht
<b>Non-cash items</b>				
Payable for purchase of investments in subsidiaries (included in other payables)	-	-	-	529,859
Payable for purchase of investments in joint venture (included in other payables)	-	11,034,736	-	11,034,736
Payables for purchase of property, plant and equipment (included in other payables)	74,502,569	43,738,745	24,080,958	36,957,065

The notes to the consolidated and company financial statements from pages 128 to 185 are an integral part of these financial statements.

# Notes to the Consolidated and Company Financial Statements

For the year ended 31 December 2014

## 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 553, 30<sup>th</sup> Floor, The Palladium Building, Ratchaprarop Road, Makkasan, Ratchathewi, 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 and transportation services by land and ship.

These consolidated and company financial statements were authorised by the Board of Directors on 24 February 2015.

## 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 the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant, to the consolidated and company financial statements, are disclosed in Note 4.

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.

## 2.2 New/Revised accounting standards and interpretations

New/Revised accounting standards and interpretations that are effective for the accounting periods beginning on or after 1 January 2015 and have not been early adopted by the Group are as follows:

TAS 1 (revised 2014)	Presentation of financial statements
TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of cash flows
TAS 8 (revised 2014)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2014)	Events after the reporting period
TAS 11 (revised 2014)	Construction contracts
TAS 12 (revised 2014)	Income taxes
TAS 16 (revised 2014)	Property, plant and equipment
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 19 (revised 2014)	Employee benefits
TAS 20 (revised 2014)	Accounting for government grants & disclosure of government assistance
TAS 21 (revised 2014)	The effects of changes in foreign exchange rates
TAS 23 (revised 2014)	Borrowing costs
TAS 24 (revised 2014)	Related party disclosures
TAS 26 (revised 2014)	Accounting and reporting by retirement benefit plans
TAS 27 (revised 2014)	Separate financial statements
TAS 28 (revised 2014)	Investments in associates and joint ventures
TAS 29 (revised 2014)	Financial reporting in hyperinflationary economies
TAS 33 (revised 2014)	Earnings per share
TAS 34 (revised 2014)	Interim financial reporting
TAS 36 (revised 2014)	Impairment of assets
TAS 37 (revised 2014)	Provisions, contingent liabilities and contingent assets
TAS 38 (revised 2014)	Intangible assets
TAS 40 (revised 2014)	Investment property
TFRS 2 (revised 2014)	Share-based payment
TFRS 3 (revised 2014)	Business combinations
TFRS 5 (revised 2014)	Non-current asset held for sale and discontinued operations
TFRS 6 (revised 2014)	Exploration for and evaluation of mineral resources
TFRS 8 (revised 2014)	Operating segments

TFRS 10	Consolidated financial statements
TFRS 11	Joint arrangements
TFRS 12	Disclosure of interests in other entities
TFRS 13	Fair value measurement
TSIC 10 (revised 2014)	Government assistance - No specific relation to operating activities
TSIC 15 (revised 2014)	Operating leases - Incentives
TSIC 25 (revised 2014)	Income taxes - Changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2014)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 29 (revised 2014)	Service concession arrangements: Disclosures
TSIC 31 (revised 2014)	Revenue - Barter transactions involving advertising services
TSIC 32 (revised 2014)	Intangible assets - Web site costs
TFRIC 1 (revised 2014)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2014)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2014)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2014)	Applying the restatement approach under TAS 29 Financial reporting in hyperinflationary economies
TFRIC 10 (revised 2014)	Interim financial reporting and impairment
TFRIC 12 (revised 2014)	Service concession arrangements
TFRIC 13 (revised 2014)	Customer loyalty programmes
TFRIC 14 (revised 2014)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2014)	Agreements for the construction of real estate
TFRIC 17 (revised 2014)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2014)	Transfers of assets from customers
TFRIC 20	Stripping costs in the production phase of a surface mine

The Group's management has determined that the new/revised accounting standards and interpretations will not significantly impact the interim financial information being presented.

## 2.3 Group Accounting - Investments in subsidiaries and interests in joint ventures

### 2.3.1 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 are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of the Group's subsidiaries is shown in Note 12.

### 2.3.2 Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or



financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

### 2.3.3 Joint ventures

Investments in joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in joint ventures includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its joint ventures' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in joint ventures equals or exceeds its interest in the joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in joint ventures are recognised in the profit or loss.

In the Company's separate financial statements, investments in joint ventures are accounted for using the cost method.

A list of the Group's principal joint ventures is set out in Note 12.

## 2.4 Foreign currency translation

### a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the Company's functional and the group's presentation currency.

### b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

**c) Group companies**

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income or income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## **2.5 Cash and cash equivalents**

In the consolidated and company statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated and company statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

## **2.6 Trade accounts receivable**

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any 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 of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within operating expenses.

## **2.7 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, including selling expenses. Allowance is made, where necessary, for obsolete, slow moving and defective inventories.

## 2.8 Investments

Investments other than investments in subsidiaries, associates and interests in joint ventures are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- (a) Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
- (b) Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
- (c) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
- (d) Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available for sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date. The unrealised gains and losses of trading investments are recognised in income statement. The unrealised gains and losses of available for sale investments are recognised in equity.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the income statement.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

## 2.9 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Land is not depreciated. Depreciation on investment properties (Buildings) is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives over periods of 20 - 30 years.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

## 2.10 Property, plant and equipment

Land is shown at fair value, based on valuations by external independent valuers every five years or when the fair value of a revalued asset differs materially from its carrying amount. All other plant and equipment are stated at cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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 recognised in other comprehensive income and 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 of each asset to its residual value over the estimated useful life as follows:

Land improvement	5 - 10 years
Leasehold improvement	contract period
Buildings and infrastructure	5 - 32 years
Terminals, gas filling and service stations and gas storage tanks	3 - 50 years
Gas vessels	2.5 - 32 years
Gas cylinders	10 - 20 years
Machine, factory tools and equipment	5 - 32 years
Furniture, fixtures and office equipment	5 - 20 years
Vehicles	5 - 30 years
Dry-docking	2.5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gain or losses, net" in statement of income. When revalued assets are sold, the amounts included in gain on asset revaluation are transferred to retained earnings.

## 2.11 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 at the date of acquisition. Goodwill on acquisitions of subsidiaries is reported as an intangible asset and included in interests in joint ventures respectively in the consolidated statement of financial position.

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 groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

## 2.12 Intangible assets

### 2.12.1 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 between five to ten years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use or sell it;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 10 years.

#### **2.12.2 Contractual customer relationships**

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship.

### **2.13 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 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. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### **2.14 Leases - where a Group company is the lessee**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.



The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially 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 and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss 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 and the lease term.

#### **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. Initial direct costs are included in initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. 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.

### **2.15 Borrowings**

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

### **2.16 Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 2.17 Employee benefits

Group companies operate various employee benefit schemes. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of employee benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related employee benefit liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in equity in the period in which they arise.

Past-service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly administered employee benefit insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## 2.18 Provisions

Provisions for legal claims and constructive obligation 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 the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## 2.19 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.

## 2.20 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 any company in the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

## 2.21 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 on a straight-line basis over the lease term. Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the 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.

## 2.22 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

## 2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's board of directors who makes strategic decisions.

## 2.24 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.

## 2.25 Financial instruments

Financial assets carried in the statement of financial position include cash and cash equivalents, short-term investments, trade and other 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 and other payables, long-term loans, bonds, other payables and cylinder deposits. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

# 3 Financial risk management

## 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. 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.

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 significant interest rate risk are as follows:

	Consolidated		Company		Interest rate per annum	
	2014	2013	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht	% p.a.	% p.a.
Long-term loans from commercial banks	802	1,065	-	-	MLR-1, MLR-1.5	MLR-1, MLR-1.5
Long-term loans from related parties	3	3	1,020	786	Fixed/ Savings deposits + 0.25	Fixed/ Savings deposits + 0.25

The Group sometimes borrows at floating rates but does not use interest rate swaps as cash flow hedges of future interest payments because the Group assesses that the changes in interest rate will not significantly affect to the Group's operation.

### 3.1.3 Credit risk

The credit risk of the Group is export sales to primarily customers in overseas. However, the Group has no significant concentrations of credit risks for local sales. 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 amount of committed credit facilities and also issue of bond in the financial market, the Group treasury aims at maintaining flexibility in funding by keeping committed credit facilities available for the operating and investing purpose of the Group in future.

### 3.2 Fair value

Financial assets carried in the statement of financial position include cash and cash equivalents, trade and other receivables, trade receivables from related parties and long-term loans. Financial liabilities carried in the statement of financial position include short-term loans from financial institutions, trade and other payables, trade payables to related parties, long-term loans, finance lease liabilities, bonds and cylinder deposits.

The carrying amounts of the financial assets and financial liabilities approximate their fair values. Long-term loans from financial institutions, and long-term loans to/from related parties with interest charged at the floating rates, the carrying amount of such loans approximates the fair value. The terms to maturity of long-term loans from related parties, and cylinder deposits are uncertain, the Group cannot estimate a reliable repayment period, therefore the fair value cannot be reliably estimated. Bonds which have fixed interest rates, the Group disclosed their fair values below.

The book value and fair value of bonds are as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Bonds, net				
- Book Value	4,339	4,533	4,339	4,533
- Fair Value	4,405	4,588	4,405	4,588

The fair values of bonds which bear fixed interest rate are based on discounted cash flows using discount rates based upon the bond rates which the management expects would be available to the Group and the Company at the date of the financial statements. The carrying amounts of long-term loans with the floating interest rate and finance lease liabilities approximate their fair values.

## 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) Plant and equipment and intangible assets**

Management determines the estimated useful lives and residual values of the Group's plant and equipment and intangible assets. The management reviews the calculations of 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.

**(b) Estimation of impairment of goodwill and investments in subsidiaries and joint ventures**

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.13. 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 (Note 15). Determination of the assumptions is necessary for the goodwill impairment testing.

The Group tests whether investment has suffered any impairment when indicators of impairment trigger. The recoverable amounts of cash-generating units have been determined based on the fair value net selling cost or value-in-use calculations as mentioned above. The determination is calculated based on the best available information.

**(c) Retirement benefits**

The present value of the retirement obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for retirement benefit include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of retirement benefit obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement liability.

Other key assumptions for retirement benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 25.

**(d) 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 and bond prospectus (Note 19, 21, and 23).

## 6 Segment information

Segment information is presented in respect of the Group operating segments which are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The operating segments are as follows:

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

For the year ended 31 December 2014	Consolidated				Total Million Baht
	Petroleum and petrochemical products Million Baht	Transportation services Million Baht	Other business segment Million Baht	Elimination entries Million Baht	
Sales and service income	79,843	2,534	206	(20,824)	61,759
Cost of goods sold and services	(79,686)	(2,136)	(179)	21,077	(60,924)
Operating profit	157	398	27	253	835
Other income	479	34	70	(185)	398
Net income before operating expenses	636	432	97	68	1,233
Unallocated expenses					(1,763)
Loss sharing from joint ventures					(7)
Net loss for the year					(537)

For the year ended 31 December 2013	Consolidated				
	Petroleum and petrochemical products	Transportation services	Other business segment	Elimination entries	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Sales and service income	86,872	2,246	260	(24,357)	65,021
Cost of goods sold and services	(84,945)	(1,847)	(212)	24,322	(62,682)
Operating profit	1,927	399	48	(35)	2,339
Other income	843	27	16	(161)	725
Net income before operating expenses	2,770	426	64	(196)	3,064
Unallocated expenses					(1,936)
Gain on business combination					531
Loss sharing from joint ventures					(10)
Net profit for the year					1,649

## 7 Cash and cash equivalents

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Cash on hand	8	10	2	3
Deposits held at call with banks	1,948	1,679	203	230
Total	1,956	1,689	205	233

The average interest rate on deposits held at call with banks was ranged between 0.01% - 3.25% per annum (2013: 0.01% - 3.25% per annum).

## 8 Short-term investments

Short-term investments comprise investments in units of mutual funds. The purpose of these investments is to invest short-term excess cash to achieve a competitive rate of return with low risk.

The movements of short-term investments can be analysed as follows:

For the year ended 31 December 2014	Consolidated Million baht	Company Million Baht
Opening amount	-	-
Additions	3,002	3,002
Redemptions	(2,750)	(2,750)
Closing amount	252	252

## 9 Trade and other receivables, net

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Trade receivables	3,499	3,985	444	426
<u>Less</u> Allowance for doubtful accounts	(62)	(68)	(5)	(5)
Trade receivables - net	3,437	3,917	439	421
Trade receivables from related parties (Note 33)	6	2	21	2,488
Other Receivables	258	472	-	-
Prepayments	206	137	43	60
Advance payment	73	91	7	7
Accrued revenue	1	14	-	-
Other receivables from related parties (Note 33)	33	71	9	-
Total	4,014	4,704	519	2,976

An aging analysis of the trade receivable is as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
<b>As at 31 December</b>				
<b>Trade receivable</b>				
Current	3,191	3,700	297	297
Overdue				
- below 3 months	186	197	96	105
- 3 months to 12 months	50	21	37	20
- more than 12 months	72	67	14	4
Total	3,499	3,985	444	426
<u>Less</u> Allowance for doubtful accounts	(62)	(68)	(5)	(5)
<b>Trade receivable, net</b>	3,437	3,917	439	421

The age analysis of trade receivables from related parties is as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
<b>As at 31 December</b>				
<b>Trade receivables from related parties</b>				
Current	6	2	21	2,488
<b>Trade receivables from related parties</b>	6	2	21	2,488

## 10 Inventories, net

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Raw material	47	62	-	-
Work in progress	20	22	-	-
Finished goods				
- Petroleum products	2,643	4,762	122	94
- Petrochemical products	49	28	-	-
- Oil products	54	41	-	-
- Others	15	16	1	1
- Goods in transit	641	219	23	26
Supplies and other	151	111	-	-
Total	3,620	5,261	146	121
<u>Less</u> Allowance for diminution in value				
of inventories	(85)	(11)	-	-
Inventories, net	3,535	5,250	146	121

The cost of inventories recognised as expense and included in 'cost of sales' amounted to Baht 52,747 million (2013: Baht 56,674 million) in the consolidated financial statements and amounted to Baht 11,146 million (2013: Baht 23,071 million) in the company financial statements.

According to regulations issued by the Ministry of Energy, the Group and the Company are required to reserve petroleum products and crude oil at 1% and 6% of the total trading volume of petroleum products and crude oil in Thailand in each period, respectively. As at 31 December 2014, the inventories included minimum mandatory reserve on petroleum products and crude oil amounting to Baht 184.23 million in the consolidated financial statements, and Baht 81.94 million in the company financial statements (31 December 2013: Baht 195.25 million in the consolidated financial statements, and Baht 90.19 million in the company financial statements), which were net of allowance for net realisable value.

After the statement of financial position date, the market price of petroleum and petrochemical products had continuously decreased as the global market condition. However, these inventories are stated at the lower of cost or net realisable value based on the market price on the statement of financial position date.

## 11 Other current assets

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
VAT refundable	180	224	-	-
Corporate income tax refundable	-	31	7	31
Deposits	6	76	-	1
Others	77	73	12	7
Total	263	404	19	39

## 12 Investments in subsidiaries and joint ventures, net

### 12.1 Investments in subsidiaries, net

The movement in investments in subsidiaries are as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Opening balance - net	-	-	7,737	7,629
Acquisitions	-	-	-	153
Less Impairment charge	-	-	(48)	(45)
Closing balance - net	-	-	7,689	7,737

The principal subsidiaries are as follows:

	Country of incorporation	% ownership interest		Type of business
		2014	2013	
Direct Subsidiaries				
Unique Gas and Petrochemicals Public Company Limited	Thailand	99.59%	99.59%	Petroleum and petrochemical products distribution
Lucky Carrier Company Limited	Thailand	99.99%	99.99%	Transportation and distribution
Siam Quality Steel Company Limited	Thailand	99.99%	99.99%	Manufacturing and distribution of LPG cylinders
Siam Ethanol Export Company Limited	Thailand	70.00%	70.00%	Manufacturing of ethanol products (ceased its operation)

	Country of incorporation	% ownership interest		Type of business
		2014	2013	
Siam Lucky Marine Company Limited	Thailand	42.65%	42.65%	Transportation services
Siam Suksawat Company Limited	Thailand	100.00%	100.00%	Transportation and distribution
Siamgas Hongkong Company Limited	Hongkong	100.00%	100.00%	Holding business
Super Gas Company Limited	Vietnam	100.00%	100.00%	Petroleum products distribution
SingGas (LPG) Pte. Ltd.	Singapore	95.00%	95.00%	Petroleum products distribution
United Gas & Petrochemicals Sdn. Bhd.	Malaysia	100.00%	100.00%	Petroleum products distribution
Siam Gas Trading Pte. Ltd.	Singapore	100.00%	100.00%	Petroleum products distribution
MyGaz Sdn. Bhd.	Malaysia	70.00%	70.00%	Petroleum products distribution
Citygas Company Limited	Vietnam	100.00%	100.00%	Petroleum products distribution

**Indirect Subsidiaries (holding by  
Unique Gas and Petrochemicals  
Public Company Limited)**

Siam Lucky Marine Company Limited	Thailand	15.65%	15.65%	Transportation services
-----------------------------------	----------	--------	--------	-------------------------

**Indirect Subsidiary (holding  
by Lucky Carrier Company  
Limited)**

Siam Lucky Marine Company Limited	Thailand	41.70%	41.70%	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%	100.00%	Petroleum and petrochemical products distribution
Siam Ocean Gas and Energy Co., Ltd.	The People's Republic of China	100.00%	100.00%	Petroleum and petrochemical products distribution

Detail of investments in subsidiaries is as follows:

	Company			
	Paid-up Capital		Cost Method	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Siamgas Hongkong Co., Ltd.	4,088	4,088	4,088	4,088
Unique Gas and Petrochemicals Public Company Limited	105	105	2,105	2,105
SingGas (LPG) Pte. Ltd.	336	336	427	427
Super Gas Co., Ltd.	133	133	384	384
Siam Ethanol Export Company Limited	400	400	280	280
Lucky Carrier Company Limited	70	70	70	70
Siam Quality Steel Company Limited	70	70	70	70
United Gas & Petrochemicals Sdn. Bhd.	10	10	10	10
Siam Suksawat Co., Ltd.	100	100	100	100

	Company			
	Paid-up Capital		Cost Method	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Siam Lucky Marine Company Limited	422	422	180	180
Citygas Company Limited	292	292	4	4
MyGaz Sdn. Bhd.	121	121	84	84
Siam Gas Trading Pte. Ltd.	2	2	2	2
Total investment in subsidiaries			7,804	7,804
Less Impairment charge			(115)	(67)
Investment in subsidiaries, net			7,689	7,737

Changes of investments in subsidiaries during the year are as follows:

In 2014, the Company recognised impairment loss on investment in Siam Ethanol Export Company Limited amounting to Baht 43 million (as at 31 December 2014, the impairment charge balance of this investment was Baht 110 million) because the ethanol business operation had not run as plan and stopped its operation. The impairment testing was determined based on the fair value net selling cost. The fair value is determined by Group's management.

In August 2013, the Company's management approved the dissolution of United Gas & Petrochemicals Sdn. Bhd. in order to manage the business properly. This subsidiary has not started its operation and the dissolution does not have any impact on the Company's business operation. In 2014, the Company recognised impairment loss on this investment amounting to Baht 5 million.

On 7 November 2014, at the Board of Directors' meeting of the Company, it passed a resolution to approve the registration of Far East Petroleum Sdn. Bhd., a wholly owned subsidiary incorporated in Malaysia, with the registered capital amounting to Malaysian Ringgit 400,000. Its business is trading of petroleum products.

## 12.2 Investments in joint ventures

The movement in investments in joint ventures are as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
For the year ended 31 December				
Opening balance	171	1	24	1
Acquisitions	-	23	-	23
Fair value acquired from business acquisition	-	161	-	-
Loss sharing from joint ventures	(7)	(10)	-	-
Difference from translations	(55)	(4)	-	-
Closing balance	109	171	24	24



The joint ventures are as follows:

	Country of incorporation	% ownership interest		Type of business
		2014	2013	
Direct Joint Ventures				
Citygas North Co., Ltd.	Vietnam	79.64%	79.64%	Petrochemical products distribution
SG Gas Sdn. Bhd.	Malaysia	29.99%	29.99%	Petrochemical products distribution
Siam Nathalin Co., Ltd.	Thailand	50.00%	50.00%	Transportation for medium range size up very large crude oil carrier (VLCC)

Detail of investment in joint ventures is as follow:

	Paid-up Capital (the Group's portion)		Consolidated Equity Method		Company Cost Method	
	2014	2013	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Citygas North Co., Ltd.	150	150	109	167	20	20
SG Gas Sdn. Bhd.	3	3	-	3	3	3
Siam Nathalin Co., Ltd.	1	1	-	1	1	1
	<u>154</u>	<u>154</u>	<u>109</u>	<u>171</u>	<u>24</u>	<u>24</u>

Key financial information as proportion of the Group's interest in Citygas North Co., Ltd. and SG Gas Sdn. Bhd. are as follows:

Total assets	Total liabilities	Total revenue	Net loss	% ownership interest
Million Baht	Million Baht	Million Baht	Million Baht	

For the year ended

**31 December 2014**

Citygas North Co., Ltd.	344	235	363	(5)	79.64%
SG Gas Sdn. Bhd.	3	3	3	(2)	29.99%
	<u>347</u>	<u>238</u>	<u>366</u>	<u>(7)</u>	

For the year ended

**31 December 2013**

Citygas North Co., Ltd.	377	209	393	(10)	79.64%
SG Gas Sdn. Bhd.	3	1	-	-	29.99%
	<u>380</u>	<u>210</u>	<u>393</u>	<u>(10)</u>	

As at 31 December 2014, Siam Nathalin Co., Ltd. has not commenced their operations.

### 13 Investment property, net

	Consolidated		
	Land	Buildings	Total
	Million Baht	Million Baht	Million Baht
<b>As at 1 January 2013</b>			
Cost	11	83	94
<u>Less</u> Accumulated depreciation	-	(69)	(69)
<b>Net book amount</b>	<b>11</b>	<b>14</b>	<b>25</b>
<b>For the year ended 31 December 2013</b>			
Opening net book amount	11	14	25
Depreciation	-	(3)	(3)
Closing net book amount	11	11	22
<b>As at 31 December 2013</b>			
Cost	11	83	94
<u>Less</u> Accumulated depreciation	-	(72)	(72)
<b>Net book amount</b>	<b>11</b>	<b>11</b>	<b>22</b>
<b>For the year ended 31 December 2014</b>			
Opening net book amount	11	11	22
Disposals, net	(10)	(11)	(21)
Depreciation	-	-	-
Closing net book amount	1	-	1
<b>As at 31 December 2014</b>			
Cost	1	18	19
<u>Less</u> Accumulated depreciation	-	(18)	(18)
<b>Net book amount</b>	<b>1</b>	<b>-</b>	<b>1</b>

As at 31 December 2014, the fair value of land was Baht 1.45 million.

The Group's investment properties at fair value were appraised based on the recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions, locations and categories of the investment properties valued.

Amounts recognised in the statement of income that are related to investment property are as follows:

	Consolidated	
	2014	2013
	Million Baht	Million Baht
Rental income	0.05	0.05
Direct operation expense arise from investment property, that generated rental income	-	3

## 14 Property, plant and equipment, net

	Consolidated									
	Buildings, Infrastructure and land improvement Million Baht	Terminals, gas filling stations and gas storage tanks Million Baht	Gas vessels Million Baht	Gas cylinders Million Baht	Machine, factory tools and equipment Million Baht	Furniture, fixtures and office equipment Million Baht	Vehicles Million Baht	Construction in progress Million Baht	Total Million Baht	
As at 1 January 2013										
Cost	2,107	7,214	1,920	2,645	3,415	2,195	1,929	1,234	729	23,388
- Revaluation	277	-	-	-	-	-	-	-	-	277
	2,384	7,214	1,920	2,645	3,415	2,195	1,929	1,234	729	23,665
Less Accumulated depreciation	-	(3,808)	(954)	(740)	(2,256)	(598)	(1,692)	(756)	-	(10,804)
Net book value	2,384	3,406	966	1,905	1,159	1,597	237	478	729	12,861
For the year ended										
31 December 2013										
Opening net book value	2,384	3,406	966	1,905	1,159	1,597	237	478	729	12,861
Business acquisition	-	-	1	-	572	109	-	1	-	683
Additions	29	3	6	-	277	5	28	58	1,008	1,414
Transfer	-	27	266	489	-	(6)	2	61	(839)	-
Disposals, net	-	-	(1)	(5)	(6)	-	(3)	(28)	(5)	(48)
Currency translation differences	-	332	5	-	21	96	18	-	-	472
Depreciation charge	-	(177)	(84)	(290)	(163)	(168)	(29)	(36)	-	(947)
Closing net book value	2,413	3,591	1,159	2,099	1,860	1,633	253	534	893	14,435
As at 31 December 2013										
Cost	2,136	7,806	2,204	3,065	4,921	2,631	2,116	1,319	893	27,091
- Revaluation	277	-	-	-	-	-	-	-	-	277
	2,413	7,806	2,204	3,065	4,921	2,631	2,116	1,319	893	27,368
Less Accumulated depreciation	-	(4,215)	(1,045)	(966)	(3,061)	(998)	(1,863)	(785)	-	(12,933)
Net book value	2,413	3,591	1,159	2,099	1,860	1,633	253	534	893	14,435

Consolidated																	
Buildings, Infrastructure and land improvement		Terminals, gas filling stations and gas storage tanks		Gas vessels		Gas cylinders		Machine, factory tools and equipment		Furniture, fixtures and office equipment		Vehicles in progress		Construction in progress		Total	
Land	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
For the year ended																	
31 December 2014																	
Opening net book value		2,413	3,591	1,159	2,099	1,860	1,633	253	534	893	14,435						
Revaluation surplus on land		969	-	-	-	-	-	-	-	-	969						
Additions		37	2	7	4	239	2	21	9	435	756						
Transfer		-	27	44	101	-	1	241	31	(445)	-						
Disposals, net		(18)	-	-	-	(1)	(2)	(1)	(3)	(1)	(26)						
Currency translation differences		-	(1)	(2)	-	(9)	31	(5)	(1)	-	13						
Depreciation charge		-	(214)	(75)	(283)	(196)	(185)	(36)	(38)	-	(1,027)						
Closing net book value		3,401	3,405	1,133	1,921	1,893	1,480	473	532	882	15,120						
As at 31 December 2014																	
Cost - Historical cost		2,159	7,769	2,250	3,086	5,160	2,659	2,327	1,351	882	27,643						
- Revaluation		1,242	-	-	-	-	-	-	-	-	1,242						
Less Accumulated depreciation		3,401	7,769	2,250	3,086	5,160	2,659	2,327	1,351	882	28,885						
		-	(4,364)	(1,117)	(1,165)	(3,267)	(1,179)	(1,854)	(819)	-	(13,765)						
Net book value		3,401	3,405	1,133	1,921	1,893	1,480	473	532	882	15,120						

## Company

	Land Million Baht	Buildings, Infrastructure and land improvement Million Baht	Terminals, gas filling and service stations and gas storage tanks Million Baht	Gas cylinders Million Baht	Furniture, fixtures and office equipment Million Baht	Vehicles Million Baht	Construction in progress Million Baht	Total Million Baht
<b>As at 1 January 2013</b>								
Cost - Historical cost	1,721	177	417	615	22	49	604	3,605
- Revaluation	248	-	-	-	-	-	-	248
	1,969	177	417	615	22	49	604	3,853
<u>Less</u> Accumulated depreciation	-	(39)	(110)	(222)	(12)	(28)	-	(411)
Net book value	1,969	138	307	393	10	21	604	3,442
<b>For the year ended 31 December 2013</b>								
Opening net book value	1,969	138	307	393	10	21	604	3,442
Additions	27	3	2	109	5	45	404	595
Transfer	-	22	203	-	1	-	(226)	-
Disposals, net	-	-	-	-	(2)	-	(3)	(5)
Depreciation charge	-	(6)	(20)	(53)	(2)	(4)	-	(85)
Closing net book value	1,996	157	492	449	12	62	779	3,947
<b>As at 31 December 2013</b>								
Cost - Historical cost	1,748	202	622	724	26	94	779	4,195
- Revaluation	248	-	-	-	-	-	-	248
	1,996	202	622	724	26	94	779	4,443
<u>Less</u> Accumulated depreciation	-	(45)	(130)	(275)	(14)	(32)	-	(496)
Net book value	1,996	157	492	449	12	62	779	3,947

	Company							
	Land	Buildings, Infrastructure and land improvement	Terminals, gas filling and service stations and gas storage tanks	Gas cylinders	Furniture, fixtures and office equipment	Vehicles	Construction in progress	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
For the year ended 31 December 2014								
Opening net book value	1,996	157	492	449	12	62	779	3,947
Revaluation surplus on land	696	-	-	-	-	-	-	696
Additions	37	2	5	77	6	8	268	403
Transfer	-	22	11	-	237	-	(270)	-
Disposals, net	(16)	-	-	-	-	(1)	-	(17)
Depreciation charge	-	(7)	(18)	(58)	(11)	(6)	-	(100)
Closing net book value	2,713	174	490	468	244	63	777	4,929
As at 31 December 2014								
Cost	1,773	226	638	801	269	101	777	4,585
- Historical cost	940	-	-	-	-	-	-	940
- Revaluation								
	2,713	226	638	801	269	101	777	5,525
Less Accumulated depreciation	-	(52)	(148)	(333)	(25)	(38)	-	(596)
Net book value	2,713	174	490	468	244	63	777	4,929

The Group's external independent appraiser had appraised land using the market value method during 27 January 2014 to 18 February 2014. The Group's land was revalued by UK Valuations and Agency Co., Ltd., an independent valuer. The revaluation method is market comparison approach

Land as at 31 December 2014 and 31 December 2013 can be detailed as follows:

	Consolidated				
	31 December 2013 Million Baht	Increase valuation Million Baht	Disposal Million Baht	Addition Million Baht	31 December 2014 Million Baht
Land - historical cost	2,136	-	(14)	37	2,159
- valuation surplus	277	969	(4)	-	1,242
Total	2,413	969	(18)	37	3,401

	Company				
	31 December 2013 Million Baht	Increase valuation Million Baht	Disposal Million Baht	Addition Million Baht	31 December 2014 Million Baht
Land - historical cost	1,748	-	(12)	37	1,773
- valuation surplus	248	696	(4)	-	940
Total	1,996	696	(16)	37	2,713

During year 2014, The Group and the Company have recognised the fair value of land during the period of Baht 969 million and Baht 696 million, respectively and recognised the reversal of the loss on land revaluation previously recognised in profit or loss of Baht 27 million and Baht 26 million in the consolidated and company statements of income, respectively. In addition, the Group and the Company have also recognised the reversal of valuation surplus resulting from the disposal of related land during the period amounting to Baht 4 million in retained earnings.

Therefore, the Group and the Company have recognised the revaluation surplus net of deferred taxes of Baht 754 million and Baht 536 million in the consolidated and company statements of comprehensive income, respectively (Note 31).

As at 31 December 2014, certain of gas vessels of a subsidiary with net book value of Baht 1,563.61 million (2013: Baht 1,654 million) have been pledged as collateral for loans from local commercial banks (Note 21).

Borrowing costs of Baht 10.17 million (2013: Baht 5.60 million), arising from bonds issued to refinance the long-term loans 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 5.23% (2013: 4.88%) was used, representing the average borrowing cost of bonds.

Leased assets included above, where the Group is a lessee under finance lease, are trucks. The cost of leased assets is Baht 119.43 million, accumulated depreciation of Baht 14.73 million, at net book value of Baht 104.70 million (2013: the cost of leased assets is Baht 119.43 million, accumulated depreciation of Baht 9.76 million, at net book value of Baht 109.67 million).



## 15 Goodwill

As at 31 December	Consolidated	
	2014	2013
	Million Baht	Million Baht
Goodwill	1,538	1,538

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

The key assumptions used for value-in-use calculations are as follows:

	Average rate (%)
Gross margin	0.82 - 15.91
Growth rate	4.98 - 7.35
Discount rate	5.18 - 17.17

## 16 Intangible assets, net

	Consolidated		
	2014		
	Customer relationship Million Baht	Computer software Million Baht	Total Million Baht
<b>As at 1 January</b>			
Cost	283	80	363
Less Accumulated amortisation	(26)	(64)	(90)
Net book amount	257	16	273
<b>For the year ended 31 December</b>			
Opening net book amount	257	16	273
Difference from translations	2	-	2
Additions	-	2	2
Amortisation charge	(38)	(5)	(43)
Closing net book amount	221	13	234
<b>As at 31 December</b>			
Cost	283	82	365
Less Accumulated amortisation	(62)	(69)	(131)
Net book amount	221	13	234

	Consolidated		
	2013		
	Customer relationship Million Baht	Computer software Million Baht	Total Million Baht
<b>As at 1 January</b>			
Cost	-	79	79
<u>Less</u> Accumulated amortisation	-	(59)	(59)
Net book amount	-	20	20

**For the year ended 31 December**

Opening net book amount	-	20	20
Additions	283	1	284
Amortisation charge	(26)	(5)	(31)
Closing net book amount	257	16	273

**As at 31 December**

Cost	283	80	363
<u>Less</u> Accumulated amortisation	(26)	(64)	(90)
Net book amount	257	16	273

	Company	
	2014	2013
	Computer software Million Baht	Computer software Million Baht
<b>As at 1 January</b>		
Cost	13	13
<u>Less</u> Accumulated amortisation	(7)	(5)
Net book amount	6	8

**For the year ended 31 December**

Opening net book amount	6	8
Additions	1	-
Amortisation charge	(3)	(2)
Closing net book amount	4	6

**As at 31 December**

Cost	14	13
<u>Less</u> Accumulated amortisation	(10)	(7)
Net book amount	4	6

## 17 Deferred income taxes

The analysis of deferred tax assets and deferred tax liabilities are as follows:

	Consolidated		Company	
	2014 Million Baht	2013 Million Baht	2014 Million Baht	2013 Million Baht
Deferred tax assets	304	235	-	71
Deferred tax liabilities	(388)	(214)	(111)	-
Deferred tax assets (liabilities), net	(84)	21	(111)	71

The gross movement and the deferred income tax account is as follows:

	Consolidated		Company	
	2014 Million Baht	2013 Million Baht	2014 Million Baht	2013 Million Baht
<b>Deferred tax assets:</b>				
Deferred tax asset to be recovered				
within 12 months	14	52	-	-
Deferred tax asset to be recovered after				
more than 12 months	461	342	87	133
	475	394	87	133
<b>Deferred tax liabilities:</b>				
Deferred tax liability to be settled within				
12 months	4	-	-	-
Deferred tax liability to be settled after				
more than 12 months	555	373	198	62
	559	373	198	62
<b>Deferred tax assets (liabilities), net</b>	<b>(84)</b>	<b>21</b>	<b>(111)</b>	<b>71</b>

The gross movement of the deferred income tax account is as follows:

	Consolidated		Company	
	2014 Million Baht	2013 Million Baht	2014 Million Baht	2013 Million Baht
At 1 January	21	51	71	3
Charged/(credited) to profit or loss (Note 31)	84	(35)	(48)	66
Tax charged/(credited) directly to				
other comprehensive income (Note 31)	(189)	5	(134)	2
At 31 December	(84)	21	(111)	71

The movement in deferred tax assets and liabilities during the year 2014 and 2013, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Consolidated					
	Charged/credited to			Charged/credited to		
	As at 1 January 2013 Million Baht	Profit and loss Million Baht	Comprehensive income Million Baht	As at 31 December 2013 Million Baht	Profit and loss Million Baht	Comprehensive income Million Baht
						As at 31 December 2014 Million Baht
<b>Deferred tax assets</b>						
Allowance for doubtful accounts	4	1	-	5	(1)	-
Allowance for diminution in value of inventories	-	-	-	-	7	-
Provision for impairment of value added tax	22	(22)	-	-	-	-
Provision for impairment of fixed assets	87	7	-	94	(6)	-
Employee benefit obligation	17	1	-	18	7	-
Unrealised actuarial losses on employee benefits plan	-	-	5	5	(5)	-
Unrealised gain on sales of goods/assets within the group	24	27	-	51	(18)	-
Loss carried forwards	62	97	-	159	57	-
Difference from purchase of assets from a business combination under common control	52	-	-	52	-	-
Others	1	9	-	10	40	-
<b>Deferred tax assets, gross</b>	<b>269</b>	<b>120</b>	<b>5</b>	<b>394</b>	<b>81</b>	<b>-</b>
						<b>475</b>

	Consolidated					
	Charged/credited to			Charged/credited to		
	As at		As at		As at	
	1 January 2013 Million Baht	Profit and loss Million Baht	Comprehensive income Million Baht	31 December 2013 Million Baht	Profit and loss Million Baht	Comprehensive income Million Baht
						31 December 2014 Million Baht
<b>Deferred tax liabilities</b>						
Differences on depreciation	(56)	(21)	-	(77)	(61)	-
Finance lease liabilities, net	(7)	(9)	-	(16)	(6)	-
Fair value adjustments from business acquisition	(91)	(125)	-	(216)	94	-
Valuation surplus on land	(62)	-	-	(62)	2	(189)
Others	(2)	-	-	(2)	(26)	-
<b>Deferred tax liabilities, gross</b>	(218)	(155)	-	(373)	3	(189)
<b>Deferred income taxes, net</b>	51	(35)	5	21	84	(189)

	Company					
	Charged/credited to			Charged/credited to		
	As at 1 January 2013 Million Baht	Profit and loss Million Baht	Comprehensive income Million Baht	As at 31 December 2013 Million Baht	Profit and loss Million Baht	Comprehensive income Million Baht
						As at 31 December 2014 Million Baht
<b>Deferred tax assets</b>						
Allowance for doubtful accounts	1	-	-	1	-	1
Provision for impairment from investment of subsidiaries	4	9	-	13	10	23
Employee benefit obligation	6	1	-	7	2	9
Unrealised actuarial losses on employee benefits plan	-	-	2	2	-	2
Loss carried forwards	-	53	-	53	(53)	-
Difference from a business combination						
under common control	52	-	-	52	-	52
Others	-	5	-	5	(5)	-
<b>Deferred tax assets, gross</b>	63	68	2	133	(46)	87

	Company					
	Charged/credited to			Charged/credited to		
	As at 1 January 2013 Million Baht	Profit and loss Million Baht	Comprehensive income Million Baht	As at 31 December 2013 Million Baht	Profit and loss Million Baht	Comprehensive income Million Baht
						As at 31 December 2014 Million Baht
<b>Deferred tax liabilities</b>						
Differences on depreciation	(4)	(2)	-	(6)	(2)	-
Valuation surplus on land	(56)	-	-	(56)	-	(134)
<b>Deferred tax liabilities, gross</b>	(60)	(2)	-	(62)	(2)	(134)
<b>Deferred income taxes, net</b>	3	66	2	71	(48)	(134)
						(111)



## 18 Other non-current assets

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Accrued interest income on loans to subsidiaries (Note 33)	4	2	256	194
Deposits at bank used as collateral	27	26	-	-
Deposits	38	89	23	74
Corporate income tax refundable	59	59	59	59
Deferred charge	9	14	-	-
Prepaid rental	540	540	55	48
Leasehold	92	108	-	-
Others	36	7	21	6
Total	805	845	414	381

## 19 Short-term loans from financial institutions, net

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Short-term loans from financial institutions	6,347	7,338	1,792	4,052
Total	6,347	7,338	1,792	4,052

As at 31 December 2014, the Company has short-term promissory notes and trust receipts from local commercial banks amounting to Baht 1,792 million, bear interest rates at the range of 3.20% - 3.35% per annum (31 December 2013 : trust receipts and short-term promissory notes from local commercial banks amounting to USD 67 million and Baht 1,849 million, bear interest rates at the range of 0.83% - 3.90% per annum).

## 20 Trade and other payables

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Trade payables	2,024	1,860	384	512
Trade payables to related parties (Note 33)	-	-	51	347
Other payables	406	134	56	58
Other payables to related parties (Note 33)	4	2	51	94
Accrued interest	51	54	56	60
Accrued expenses	439	534	26	33
Energy fund payable	827	594	447	223
Total	3,751	3,178	1,071	1,327

## 21 Long-term loans from financial institutions, net

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
<b>Current portion of long-term loans, net</b>				
Thai currency	267	286	-	-
Less Financing fee	(1)	-	-	-
	266	286	-	-
<b>Long-term loans, net</b>				
Thai currency	537	781	-	-
Less Financing fee	(1)	(2)	-	-
	536	779	-	-
Total long-term loans, net	802	1,065	-	-

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

For the year ended 31 December	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Opening balance	1,065	943	-	-
Additions	22	351	-	-
Repayments	(286)	(229)	-	-
Difference from translations	1	-	-	-
Closing balance	802	1,065	-	-

As at 31 December 2014 and 2013, the long-term loans represented long-term loans from local commercial banks as follows:

#### The subsidiaries

As at 31 December 2014, Siam Lucky Marine Company Limited has long-term loans from local commercial banks as follows:

Long-term loan of Baht 30.21 million (2013: Baht 50.61 million) carries interest at the rate of MLR-1.00% per annum. Principal is repayable on a monthly basis; of which the 1st - 83rd instalments are Baht 1.70 million per instalment, the 84th and final instalments are Baht 1.40 million. The first instalment commenced in October 2010 and the loan shall be due for full repayment by September 2016. The loan is secured by the subsidiary's vessel (Note 14) and also guaranteed by Lucky Carrier Company Limited.

Long-term loan of Baht 29.62 million (2013: Baht 45.71 million) carries interest at the rate of MLR-1.00% per annum. Principal is repayable on a monthly basis; of which the 1st - 83rd instalments are Baht 1.54 million per instalment and the last instalment is the remaining unpaid amount. The loan is due for full repayment by April 2017. The loan is secured by the subsidiary's vessels (Note 14). In addition, the loan is also guaranteed by Lucky Carrier Company Limited and Siamgas and Petrochemicals Public Company Limited.

Long-term loan of Baht 89.75 million (2013: Baht 109.89 million) carries interest at the rate of MLR-1.00% per annum. The repayments of principal and interest totalling Baht 2.20 million are made on a monthly basis. The remaining balance is repayable in the last installment. The loan is secured by the subsidiary's vessels (Note 14). In addition, the loan is also guaranteed by Lucky Carrier Company Limited and Siamgas and Petrochemicals Public Company Limited.

Long-term loan of Baht 35.51 million (2013: Baht 45.65 million) carries interest at the rate of MLR-1.00% per annum. The repayments of principal and interest totalling Baht 0.85 million are made on a monthly basis. The remaining balance is repayable in the last installment. The loan is secured by the subsidiary's vessels (Note 14). In addition, the loan is also guaranteed by Lucky Carrier Company Limited and Siamgas and Petrochemicals Public Company Limited.

Long-term loan of USD 4.28 million carries interest at the rate of 4.4836% per annum. The repayments of USD 0.47 million are made on a quarterly basis. The remaining balance is repayable in the last installment (2013: Long-term loan of Baht 203.77 million carries interest at the rate of MLR-1.50% per annum. The repayments of Baht 15.67 million are made on a quarterly basis. The remaining balance is repayable in the last installment). The loan is secured by the subsidiary's vessels (Note 14). In addition, the loan is also guaranteed by Lucky Carrier Company Limited and Siamgas and Petrochemicals Public Company Limited.

Long-term loan of USD 0.70 million carries interest at the rate of 4.4836% per annum. The repayments of USD 0.26 million are made on a quarterly basis. The remaining balance is repayable in the last installment. The loan is secured by the subsidiary's vessels (Note 14). In addition, the loan is also guaranteed by Lucky Carrier Company Limited and Siamgas and Petrochemicals Public Company Limited.

Long-term loan of Baht 207.60 million (2013: Baht 253.80 million) carries interest at the rate of MLR-1.50% per annum. Principal is repayable in 78 instalments of Baht 3.85 million per instalment and the last instalment is the remaining unpaid amount. The first instalment commenced in January 2013. The loan is secured by the subsidiary's vessels (Note 14). In addition, the loan is also guaranteed by Siamgas and Petrochemicals Public Company Limited.

Long-term loan of Baht 200.31 million (2013: Baht 239.07 million) carries interest at the rate of BIBOR+2.15% per annum. Principal is repayable in 84th installments of Baht 3.23 million per installment and the last installment is the remaining unpaid amount. The first installment commenced in September 2013. The loan is secured by the subsidiary's vessels (Note 14). In addition, the loan is also guaranteed by Siamgas and Petrochemicals Public Company Limited.

Long-term loan of Baht 46.67 million (2013: Baht 86.67 million) carries interest at the rate of BIBOR per annum. Principal is repayable in 36th installments of Baht 3.33 million per installment and the last installment is the remaining unpaid amount. The first installment commenced in September 2013. The loan is secured by the subsidiary's vessels (Note 14). In addition, the loan is also guaranteed by Siamgas and Petrochemicals Public Company Limited.

Under the terms and conditions as specified in the loan agreements, the subsidiary is not permitted to use pledged assets as collateral for other obligations without prior formal approval from the banks. The subsidiary has to comply with the conditions, including certain debt covenants as specified in the agreement.

The interest rate risk of long term loans of the Group are shown below:

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Long-term loans, net				
- at floating rates	802	1,065	-	-
Total long-term loans, net	802	1,065	-	-

As at 31 December 2014, the weighted average effective interest rate of the long-term loans of the Group was approximately 4.98% per annum (2013: 6.00% per annum).

Maturity of long-term loans is as follows:

	Consolidated	
	2014	2013
	Million Baht	Million Baht
Within 1 year	266	286
Later than 1 year but not later than 5 years	536	711
Later than 5 years	-	68
Total long-term loans, net	802	1,065

#### Finance lease liabilities

A subsidiary has finance lease agreements for trucks and hire purchase agreements for trucks with financial institutions. As at 31 December, the outstanding of finance lease liabilities were as follows:

	Consolidated	
	2014	2013
	Million Baht	Million Baht
Finance lease liabilities	-	34
<u>Less</u> Deferred interest	-	-
Total finance lease liabilities - net	-	34

Maturity of finance lease is as follows:

	Consolidated	
	2014	2013
	Million Baht	Million Baht
Current portion of finance lease liabilities - net	-	33
Long term portion of finance lease liabilities - net	-	1
	-	34

#### Credit facilities

As at 31 December 2014, the Group has available unused credit facilities with commercial banks for letter of credit, trust receipt, cheque discounted, letter of guarantee, and forward contract, of Baht 20,473 million (2013: Baht 20,159 million).

## 22 Other current liabilities

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
VAT payable	-	-	29	12
Accrued withholding tax expense	4	-	-	-
Others	35	69	3	3
Total	39	69	32	15

## 23 Bonds, net

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Thai Baht bonds	4,300	4,500	4,300	4,500
<u>Less</u> Financing fees	(4)	(6)	(4)	(6)
Total bonds, net	4,296	4,494	4,296	4,494

The movements of bonds can be analysed as follows:

	Consolidated	Company
For the year ended 31 December 2014	Million baht	Million Baht
Opening balance, net	4,494	4,494
Repayment	(1,500)	(1,500)
Issue of bond	1,300	1,300
Financing fee on issue of bond	(3)	(3)
Amortised financing fees	5	5
Closing balance, net	4,296	4,296

According to the Annual General Shareholders' meeting 2013 held on 23 April 2013, it approved the issuance of bonds and/or promissory note in the amount which is not exceeding Baht 20,000 million. In addition to the previous approval on the issuance of bonds and/or promissory note which was approved at the Annual General Shareholders' meeting 2009 held on 24 April 2009 in amount of Baht 3,000 million and the Extraordinary meeting of Shareholders No. 1/2011 held on 7 October 2011 in amount of Baht 10,000 million, the total limit of the issuance of bonds and/or promissory note is not more than Baht 33,000 million.

During the period from 27 to 29 January 2014, the Company had proposed to issue and offer unsubordinated and unsecured debenture bond. Total value of debenture bond is Baht 1,300 million. The par value is equal to offering price at Baht 1,000 per unit. Interest is repayment every 3 months.

The bonds are rated at BBB (Stable) by TRIS. The details of the bond are as follows:

<u>Type of bond</u>	<u>Fixed interest rate</u>
3 - years bond	5.20% per annual

The Company has successfully issued the bond of Baht 1,300 million to refinance the bond of Baht 1,500 million that was due in February 2014. Under the rights and responsibility of the issuer and the holders of bond, the Company has to comply with the conditions, including certain financial covenants.

Maturity of bonds is as follows:

	<u>Consolidated</u>		<u>Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>Million Baht</u>	<u>Million Baht</u>	<u>Million Baht</u>	<u>Million Baht</u>
Within 1 year	1,500	1,500	1,500	1,500
Later than 1 year but not later than 5 years	2,796	2,994	2,796	2,994
Total long-term loans, net	<u>4,296</u>	<u>4,494</u>	<u>4,296</u>	<u>4,494</u>

## 24 Cylinder deposits

	<u>Consolidated</u>		<u>Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>Million Baht</u>	<u>Million Baht</u>	<u>Million Baht</u>	<u>Million Baht</u>
As at 31 December				
Cylinder deposits	<u>4,022</u>	<u>3,805</u>	<u>719</u>	<u>627</u>

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 34). The Company believes that significant refund of deposits will occur when gas business operations significantly decline.



## 25 Employee benefit obligations

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Present value of obligations	127	117	46	42
Liability in the statement of financial position	127	117	46	42

Movements in employee benefit obligations are as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
<b>For the year ended 31 December</b>				
Opening balance	117	85	42	31
Current service costs	8	6	3	2
Interest costs	3	2	1	-
Actuarial loss	-	26	-	9
Benefit paid	(1)	(2)	-	-
Closing balance	127	117	46	42

Costs of employee benefits recognised in the statement of income are as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
<b>For the year ended 31 December</b>				
Current service costs	8	6	3	2
Interest costs	3	2	1	-
Total	11	8	4	2

The amounts recognised in cost of sales and services and administrative expenses are as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
<b>For the year ended 31 December</b>				
Cost of sales and services	4	5	-	-
Administrative expenses	7	3	4	2
Total	11	8	4	2

The principal actuarial assumptions used were as follows:

	2014	2013
Discount rate	4.2%	4.2%
Inflation rate	3.0%	3.0%
Salary increase rate	5% - 7%	5% - 7%
Pre-retirement mortality rate	0.08% - 1.03%	0.08% - 1.03%

## 26 Share capital

	Number of share Million shares	Ordinary share Million Baht	Share premium Million Baht	Treasury stock Million Baht	Total Million Baht
As at 1 January 2013	950	950	1,875	(272)	2,553
Issue of ordinary shares	(31)	(31)	-	272	241
As at 31 December 2013	919	919	1,875	-	2,794
Reduction of ordinary shares	-	-	-	-	-
As at 31 December 2014	919	919	1,875	-	2,794

As at 31 December 2014, total authorised number of shares was shares 919 million with a par value of Baht 1 per share (31 December 2013: shares 919 million with a par value of Baht 1 per share). All shares 919 million were issued and fully paid-up with the share premium of Baht 1,875 million.

## 27 Dividends paid

### The Company

On 8 August 2014, at the Board of Directors' meeting of the Company, it passed a resolution to propose the payment of interim dividend for retained earnings as at 30 June 2014 in amount of Baht 0.15 per share, totalling Baht 137.84 million. The Company paid interim dividend from the operating results for the six-month period ended 30 June 2014 on 4 September 2014.

On 25 April 2014, the Annual General Shareholders' meeting of the Company, the shareholders passed a resolution to approve the payment of dividend for the year 2013 at Baht 0.60 per share, totalling Baht 551.36 million. The Company paid interim dividend from the operating results for the six-month period of year 2013 at Baht 0.10 per shares, totalling Baht 91.89 million, on 5 September 2013. The remaining dividend will be paid at Baht 0.50 per share, totalling Baht 459.36 million, on 15 May 2014.

## The Subsidiaries

On 8 August 2014, at the Board of Directors' meeting of Unique Gas and Petrochemical Public Company Limited, it passed a resolution to approve dividend payment from the operating results for the six-month period ended 30 June 2014 at Baht 30 per shares, for 10.5 million shares, totalling Baht 315 million. The Company had already paid interim dividend on 3 September 2014.

On 5 August 2014, at Board of Director's meeting of Lucky Carrier Company Limited, it passed a resolution to approve dividend payment from the operating results for six months ended 30 June 2014 at Baht 3 per share, for 7 million shares, totalling Baht 21 million. The company had already paid interim dividend on 14 August 2014.

On 18 April 2014, at the Annual General Shareholders' meeting of Lucky Carrier Company Limited, it passed a resolution to approve dividend payment from the operating results for the year ended 31 December 2013 at Baht 7 per share, for 7 million shares, totalling Baht 49 million, inclusive of interim dividends for the first six months of 2013 at Baht 3 per shares, for 7 million shares, totalling Baht 21 million. The subsidiary had already paid interim dividend on 16 September 2013. The remaining dividend payment at Baht 4 per shares, totalling Baht 28 million had already been paid to the shareholders on 2 May 2014.

On 23 April 2014, at the Annual General Shareholders' meeting of Unique Gas and Petrochemical Public Company Limited, it passed a resolution to approve dividend payment from the operating results for the year ended 31 December 2013 at Baht 60 per share, for 10.5 million shares, totalling Baht 630 million, inclusive of interim dividends for the first six months of 2013 at Baht 30 per shares, for 10.5 million shares, totalling Baht 315 million. The Company had already paid interim dividend on 25 June 2013. The remaining dividend payment at Baht 30 per shares, totalling Baht 315 million had already been paid to the shareholders on 29 April 2014.

On 21 April 2014, at the Extraordinary Shareholders' meeting of SingGas (LPG) Pte. Ltd., a resolution was passed to approved dividends payment from the operating results for the year ended 31 December 2013 at SGD 0.07 per share or Baht 1.81 per share, for 14.30 million shares, totalling SGD 1.00 million or Baht 25.87 million. The Company received the dividends and recognised as income with the amount of Baht 24.58 million in the company statement of income. The remaining dividends of Baht 1.29 million were paid to non-controlling interests and recognised as a dividend payment in the statement of changes in shareholders' equity.

## 28 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.

## 29 Other income

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
For the year ended 31 December				
Rental income	39	46	38	40
Interest income	32	15	76	68
Gain on disposals of property, plant and equipment and investment property	100	7	33	2
Gain on exchange rates	32	473	44	354
Others	195	184	85	47
<b>Total other income</b>	<b>398</b>	<b>725</b>	<b>276</b>	<b>511</b>

## 30 Expenses by nature

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
For the year ended 31 December				
Depreciation and amortisation expenses	1,089	1,017	105	89
Staff costs	1,185	1,074	279	234
Directors' and key management's remuneration	57	54	32	31
Impairment charge on investment in subsidiaries	-	-	48	45

## 31 Income tax

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
For the year ended 31 December				
Current tax	182	176	7	-
Deferred tax	(84)	35	48	(66)
<b>Total tax expense (income)</b>	<b>98</b>	<b>211</b>	<b>55</b>	<b>(66)</b>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the company as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Profit (loss) before tax	(439)	1,860	998	47
Tax calculated at a tax rate of 10% - 25% (2013 : 10% - 25%)	25	364	200	9
Tax effect of:				
Income not subject to tax	(157)	(164)	(140)	(99)
Expenses not deductible for tax purpose	11	33	12	24
Utilisation of previously unrecognised tax losses	(19)	(48)	(18)	-
Tax losses for which no deferred income tax asset was recognised	262	26	-	-
Others	(24)	-	1	-
Tax charge	98	211	55	(66)
Average effective tax rate	(22.31%)	11.36%	5.48%	(141.33%)

The tax (charge)/credit relating to component of other comprehensive income are as follows:

	Consolidated					
	2014			2013		
	Tax (charge)			Tax (charge)		
	Before tax	credit	After tax	Before tax	credit	After tax
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Actuarial loss on retirement benefit obligations	-	-	-	(25)	5	(20)
Revaluation surplus on land	943	(189)	754	-	-	-
	943	(189)	754	(25)	5	(20)

	Company					
	2014			2013		
	Tax (charge)			Tax (charge)		
	Before tax	credit	After tax	Before tax	credit	After tax
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Actuarial loss on retirement benefit obligations	-	-	-	(9)	2	(7)
Revaluation surplus on land	670	(134)	536	-	-	-
	<u>670</u>	<u>(134)</u>	<u>536</u>	<u>(9)</u>	<u>2</u>	<u>(7)</u>

### 32 Earnings (loss) per share

Basic earnings (loss) per share attributable to equity holders of the parent is calculated by dividing the net profit (loss) for the period attributable to equity holders of the parent by the weighted average number of ordinary shares issued during the period.

For the year ended 31 December	Consolidated		Company	
	2014	2013	2014	2013
Net profit (loss) for the period attributable to the parent company (Million Baht)	(514)	1,602	943	113
Weighted average number of ordinary shares after deduction of treasury stock (Million Shares)	919	919	919	919
Basic earnings (loss) per share (Baht/Share)	(0.56)	1.74	1.03	0.12

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

### 33 Related party transactions

As at 31 December 2014, the major shareholders of the Company are shareholders in Weeraborwornpong family, which own 61.22% of the Company's share capital.

Details of subsidiaries and joint ventures are presented in Note 12.

The significant related party transactions are as follows:

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

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
<b>Trade accounts receivable</b>				
Subsidiaries	-	-	20	2,487
Joint ventures	3	-	-	-
Other related parties - the same shareholders and directors	3	2	1	1
<b>Total</b>	<b>6</b>	<b>2</b>	<b>21</b>	<b>2,488</b>
<b>Other receivables</b>				
Subsidiaries	-	-	2	-
Joint ventures	33	71	7	-
<b>Total</b>	<b>33</b>	<b>71</b>	<b>9</b>	<b>-</b>
<b>Cylinder deposits</b>				
Subsidiaries	-	-	2	2
<b>Deposits for building</b>				
Other related parties - the same shareholders and directors	9	9	3	3
<b>Prepayment for building</b>				
Other related parties - the same shareholders and directors	170	67	69	26
<b>Trade accounts payable</b>				
Subsidiaries	-	-	51	347
<b>Other payables</b>				
Subsidiaries	-	-	50	93
Other related parties - the same shareholders and directors	4	2	1	1
<b>Total</b>	<b>4</b>	<b>2</b>	<b>51</b>	<b>94</b>



ii) Loans from/to related parties

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
<b>Long-term loans to related parties</b>				
Subsidiaries	-	-	1,499	1,616
Joint ventures	110	36	110	36
<b>Total</b>	<b>110</b>	<b>36</b>	<b>1,609</b>	<b>1,652</b>
<b>Accrued interest income</b>				
Subsidiaries	-	-	252	192
Joint ventures	4	2	4	2
<b>Total</b>	<b>4</b>	<b>2</b>	<b>256</b>	<b>194</b>

The movement of long-term loans to related parties can be analysed as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
<b>As at 31 December</b>				
Opening balance	36	-	1,652	1,608
Additions	5	38	41	128
Adjustment for net assets from business acquisition	63	-	63	-
Proceeds	-	(9)	(156)	(139)
Unrealised loss on exchange rates	6	7	9	55
Closing balance	<b>110</b>	<b>36</b>	<b>1,609</b>	<b>1,652</b>

As at 31 December 2014, the details of long-term loans to subsidiaries are as follows:

- Interest rate of 5.25% per annum (2013: 5.25% per annum) is charged for a loan of Baht 376.47 million (2013: Baht 362.47 million). These loans are due when the subsidiary has sufficient working capital.
- Interest rate of 5.25% per annum (2013: 5.25% per annum) is charged for a loan of Baht 50.00 million (2013: Baht 95 million). The loan dues in 2015.
- Interest rate of average MLR rate for three Thai commercial banks plus 0.50% per annum (2013: 0.50% per annum) is charged for a loan of Baht 370.00 million (2013: Baht 367.98 million). The loan dues when the subsidiary has sufficient working capital.

- Interest rate of 5.25% per annum (2013: 5.25% per annum) is charged for a loan of Baht 32.81 million (2013: Baht 32.67 million). The loans dues when the subsidiary has sufficient working capital.
- Interest rate of Thai Baht fixed deposit plus 3.1% per annum (2013: Thai Baht fixed deposit plus 3.10% per annum) is charged for a loan of Baht 669.61 million (2013: Baht 699.56 million). The loan dues when the subsidiary has sufficient working capital.
- Interest rate of 5.25% per annum is charged for loans of Baht None million (2013: Baht 59 million). The loan dues when the subsidiary has sufficient working capital.
- Interest rate of 5.25% per annum is charged for loans of Baht 35.89 million (2013: Baht 35.75 million).
- Interest rate of 5.75% per annum is charged for loans of Baht 4.50 million.
- Interest rate of 5.50% per annum is charged for loans of USD 2.128 million.

#### Long-term loans from subsidiaries

	Consolidated		Company	
	2014	2013	2014	2013
As at 31 December	Million Baht	Million Baht	Million Baht	Million Baht
Long-term loans from subsidiaries				
Subsidiaries	-	-	1,020	786
Accrued interest expenses				
Subsidiaries	-	-	6	7

The movement of long-term loans from related parties can be analysed as follows:

	Consolidated		Company	
	2014	2013	2014	2013
For the year ended 31 December	Million Baht	Million Baht	Million Baht	Million Baht
Opening balance	3	3	786	251
Additions	-	-	1,620	1,090
Repayments	-	-	(1,386)	(555)
Closing balance	3	3	1,020	786

As at 31 December 2014, the details of loans from 2 subsidiaries are as follows:

- Interest rate of average saving deposit interest rate of four Thai commercial banks plus 0.25% per annum (2013: 0.5% per annum) is charged for a loan of Baht 950 million (2013: Baht 718 million). The loans dues in 2015.
- Interest rate of average fixed deposit interest rate of three Thai commercial banks plus 0.25% per annum is charged for a loan of Baht 70 million (2013: Baht 68 million). The loan dues when the Company is able to borrow a loan from a financial institution.

As at 31 December 2014, the Group has loan from directors of Baht 3 million with no interest. The loan dues when the subsidiary has sufficient working capital.

iii) **Revenues from sales of goods and services, interest income and other income**

	Consolidated		Company	
	2014	2013	2014	2013
For the year ended 31 December	Million Baht	Million Baht	Million Baht	Million Baht
<b>Sales of gas</b>				
Subsidiaries	-	-	1,558	9,366
Other related parties - the same shareholders and directors	12	9	6	3
<b>Total</b>	<b>12</b>	<b>9</b>	<b>1,564</b>	<b>9,369</b>
<b>Wharfing service income</b>				
Subsidiaries	-	-	43	50
<b>Other income</b>				
Subsidiaries	-	-	66	59
<b>Dividend income</b>				
Subsidiaries	-	-	701	462
<b>Interest income</b>				
Subsidiaries	-	-	65	67
Joint ventures	7	-	7	-
<b>Total</b>	<b>7</b>	<b>-</b>	<b>72</b>	<b>67</b>

iv) Purchases of goods and services and interest expenses

	Consolidated		Company	
	2014	2013	2014	2013
For the year ended 31 December	Million Baht	Million Baht	Million Baht	Million Baht
<b>Purchase of goods</b>				
Subsidiaries	-	-	3	1,262
<b>Purchase of equipment</b>				
Subsidiaries	-	-	67	125
<b>Transportation expenses</b>				
Subsidiaries	-	-	294	336
<b>Wharfing expenses</b>				
Subsidiaries	-	-	18	89
<b>Rental expenses</b>				
Subsidiaries				
Other related parties - the same	-	-	2	2
shareholders and directors	29	26	11	10
<b>Total</b>	<b>29</b>	<b>26</b>	<b>13</b>	<b>12</b>
<b>Interest expenses</b>				
Subsidiaries	-	-	17	12
<b>Other expenses</b>				
Subsidiaries	-	-	5	7
Other related parties - the same				
shareholders and directors	40	30	18	13
<b>Total</b>	<b>40</b>	<b>30</b>	<b>23</b>	<b>20</b>
<b>Directors' and key management remunerations</b>				
Short-term employee benefits	56	53	32	30
Post-employment benefits	1	1	-	1
<b>Total</b>	<b>57</b>	<b>54</b>	<b>32</b>	<b>31</b>

## 34 Commitments and contingent liabilities

### a) Letter of guarantee

As at 31 December 2014 and 2013, the Company has bank guarantees issued on its behalf as follows:

	Consolidated		Company	
	2014	2013	2014	2013
	Million Baht	Million Baht	Million Baht	Million Baht
Letter of guarantee	2,103	2,136	856	889
Letter of credit	1,048	891	-	323

The Group has available credit facilities with commercial banks for letter of credit, trust receipt, cheque discounted, letter of guarantee, forward contract. Credit facilities are secured by the subsidiaries and personal guarantees by the Company's directors.

### b) Commitments - operating leases

The Group and the Company have commitments from long-term land and building lease agreements as follows:

	Consolidated		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	Million Baht	Million Baht	Million Baht	Million Baht
Within 1 year	23	31	15	20
During 2 - 5 years	70	74	53	57
Later than 5 years	72	77	71	71
Total	165	182	139	148

### c) Capital commitments

The Group and the Company have capital commitments at the statements of financial position date but not recognised in the financial statements as follows:

	Consolidated		Company	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	Million Baht	Million Baht	Million Baht	Million Baht
Property, plant and equipment	38	54	38	54

d) **Relation to contingent liabilities from cylinder deposits**

During the year 2004, the Company had entered into the Asset 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 to 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 24 in relation to contingent liabilities from cylinder deposits.

### 35 **Post statement of financial position event**

a) **Dividend payment**

On 24 February 2015, at the Board of Directors' meeting of the Company, it passed a resolution to propose the payment of dividend for the year 2014 amounting to Baht 0.35 per share, totalling Baht 321.63 million, inclusive of interim dividends for the first six months of 2014. The Company had already paid interim dividend for the operating result for the six-months period of the year 2014 amounting to Baht 0.15 per share, totalling Baht 137.84 million on 4 September 2014. The Board of Directors will propose the shareholders at their meeting to get an approval for dividend payment.

b) **Issuance of bond**

During the period from 26 to 29 January 2015, the Company had proposed to issue and offer unsubordinated and unsecured debenture bond. Total value of debenture bond is Baht 2,000 million. The par value is equal to offering price at Baht 1,000 per unit. Interest is repayment every 3 months.

The bonds are rated at BBB (Stable) by TRIS. The details of the bond are as follows:

<u>Type of bond</u>	<u>Interest rate</u>
3 - years bond	4.70% per annum

The Company has successfully issued the bond of Baht 2,000 million and already used the proceeds from the bond to repay another bond of Baht 1,500 million due in February 2015. Under the rights and responsibility of the issuer and the holders of bond, the Company has to comply with the conditions, including certain financial covenants.



**SIAMGAS**

Siamgas and Petrochemicals Public Company Limited

553 The Palladium Tower A, Floor 30, Ratchaprarop Road,

Makkasan, Ratchathewi, Bangkok 10400

Tel. 0-2120-9999 Fax. 0-2250-6008

[www.siamgas.com](http://www.siamgas.com)