

A Stronger Growth

Well Positioned for
Strong Future



Our Growth

- 
- A map of Southeast Asia with red location pins indicating business expansion. The pins are located in Thailand, China, Singapore, Malaysia, Vietnam, and Myanmar.
- THAILAND
 - CHINA
 - SINGAPORE
 - MALAYSIA
 - VIETNAM
 - MYANMAR

+ Business Expanding

The Company expanded PLG business in Asia by investing in China, Malaysia, Singapore, Vietnam, and Myanmar. The Company is also looking for expansion to other energy business opportunities such as electrical energy and natural gas in order to operate business in a sustainable manner.

Contents

4	6	8	18	35	42
Financial Conclusion	Message from the Chairman	Audit Committee Report	Policy and Overview of Business Operations	Business Operations	Revenue Structure
44	55	56	57	59	67
Risk Factors	Company Information	Capital Structure	Dividend Policy	Management	Corporate Governance
81	87	89	98	108	132
Social Responsibility	Internal Control and Risk Management	Connected Transactions	Significant Financial Information	Analysis and Discussion of the Management	Report of the Board of Directors' Accountability to Financial Report
133	138				
Independent Auditor's Report	Statement of Financial Position				

Investor can further study our information from annual registration statement (Form 56-1) as shown in www.sec.or.th or www.siamgas.com



Vision

To be the Leading Energy Provider in East Asia.

Mission

- To be prepared for the company's business expansion, market growth and future gas price floating. To urge business advantages by improving the company's potential in the upstream business and to cover the local and international markets, especially 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

FINANCIAL DATA

		2015	2016	2017
Asset	Million Baht	29,098.45	28,556.85	31,457.97
Liabilities	Million Baht	19,323.69	18,756.99	20,149.53
Equity	Million Baht	9,774.76	9,799.86	11,308.44
Paid-up capital	Million Baht	918.93	918.93	918.93
Revenue from sales	Million Baht	57,581.63	47,693.79	58,743.41
Total revenue	Million Baht	58,339.07	48,377.99	59,629.42
Gross Profit	Million Baht	3,036.56	2,890.93	4,946.71
EBITDA	Million Baht	2,854.01	2,860.09	5,193.07
Net Profit	Million Baht	1,115.92	1,118.72	2,811.10
EPS	Baht	1.21	1.22	3.06

FINANCIAL RATIO

Net profit margin	Percent	1.96	2.41	4.76
Return on equity (R.O.E.)	Percent	11.69	11.89	25.11
Return on asset (R.O.A.)	Percent	3.93	4.08	9.03
Debt to equity ratio	Times	1.98	1.91	1.78
Interest bearing debt ratio	Times	1.07	0.97	0.95
Liquidity ratio	Times	0.97	1.16	1.33

STOCK DATA

Shareprice as of 31 December	Baht/share	10.40	12.20	24.30
Market capitalization	Million Baht	9,556.87	11,210.96	22,330.04
Book value	Baht/share	10.51	10.53	12.12
Dividend paid	Baht/share	0.50	0.50	1.50

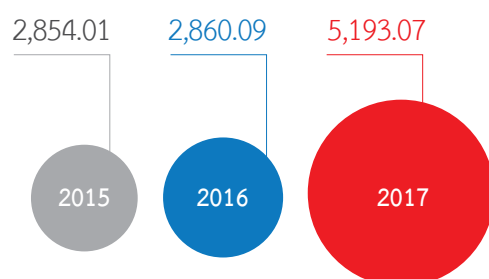
Total revenue

Million Baht



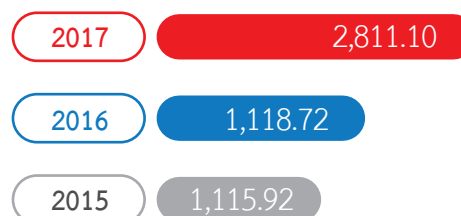
EBITDA

Million Baht



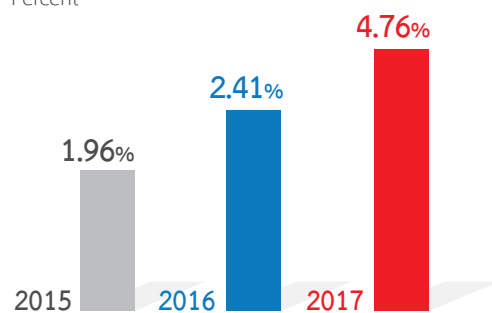
Net profit

Million Baht



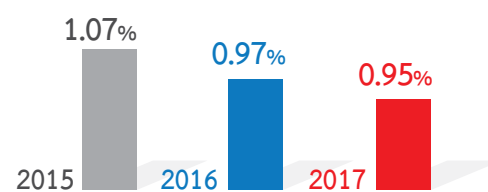
Net profit margin

Percent



IBD ratio

Percent



Message from the Chairman



Year 2017 is the year that Siamgas Group recorded the highest profit since year 2010. The net profit was at 2,811 million baht compare to 1,832 million baht in year 2010. This was fruitful from the Company's business expansion in LPG in Asia since 2010 by investing in China, Malaysia, Singapore, Vietnam, and Myanmar. The Company tried to increase sales volume and sales revenue in all countries that the Company invested in. Therefore, the Company realized higher profit than in the past in which the Company operated LPG business only in Thailand. In addition, the Company is also looking for expansion to other energy business opportunities such as electrical energy and natural gas, both domestically and overseas, expansion of network in the companies that the Company has invested, and expansion of business in other Asian countries with high growth potential in order to operate business in a sustainable manner and generate consistent profits for the shareholders. For the previous year, the performance of the Company and subsidiaries in Thailand and overseas could be summarized as follow:

For the business in Thailand, year 2017 is the first year that the Company has imported LPG for distribution to domestic markets following the government's liberalization of LPG import. The Company became the first private company to import LPG since February 2017. Due to the specification of LPG by the Company match the need of all sector of customers, thus, it resulted in an increase in LPG domestic sales. In addition, the Company proactively penetrated into household and industrial sectors continually to compensate the reduction volume of LPG tanks for automotive sector due to the decrease of gasoline prices that some automotive users switched back to gasoline.

For overseas business, in 2017, the Company's overseas sales volume increased which results from continual overseas business expansion in recent years. In addition, LPG prices in the global markets have risen from \$ 400 at the end of 2016 to \$ 580 at the end of 2017 which was partly due to the increase in oil prices after the OPEC countries have been able to maintain their capacity reduction agreement throughout 2017 in combination with the rising demand for LPG. This lead to an increase in overseas' revenues compared to year 2016, which was as per the target set by the Company.

Due to improvement of sales volume of LPG domestically and overseas plus efficiently management, total revenues in 2017 of the Company and its subsidiaries were 59,629 million baht, increasing from 48,378 million baht, or 23.26 percent from 2016. Net profit in 2017 of the parent company was 2,811 million baht, increasing by 151.28 percent from 2016 which was recorded at 1,118 million baht. Thus, the Board of Directors proposed to the shareholders' meeting to consider on dividend payout at 1.00 Baht per share. When combining with interim dividend payout already paid at 0.50 Baht per share, total amount of dividend payout was 1.50 baht per share.

For prediction of 2018, the Company expected that LPG prices in the world markets will be stable and total LPG sales volume of the Group will grow further from 2017. Therefore, it is anticipated that the Group can continue generating operating profit from both domestic and overseas businesses and can achieve the target sets to respond to expectations of all shareholders and stakeholders.

On behalf of the Board of Directors, I would like to express my sincere gratitude to all shareholders, investors, partners, customers, employees, and other relevant parties including the financial institutions in Thailand and overseas for their continual and valuable supports which greatly contribute to the successful businesses of the Company today. 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 grows together with Thailand and Asia, pursuant our vision statement.



Mr. Worawit Weeraborwornpong
Chairman

Audit Committee Report

The Audit Committee of Siamgas and Petrochemicals Public Company Limited appointed by the Board of Directors, comprises of 3 (three) independent directors who possess completed qualifications set forth by the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), namely:

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

During 2017, the Audit Committee held 16 meetings and all of its members attended the meetings together with the officer from the Internal Audit Office and the Management and the External Auditor to review the audit's plans and scope, including to acknowledge results of the audit works. In addition, the Audit Committee also held 1 meeting without the presence of the Management to discuss and listen to independent opinion of the External Auditors.

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

1. Review accuracy and adequacy of financial reports:

- Reviewed the interim and 2017 annual financial statements of the Company and its subsidiaries with the External Auditor and the Management by questioning, discussing and advising on certain issues and matters relating to the Company and its subsidiaries' financial reports. The External Auditor confirmed that he/she performed the works independently and obtained a kind cooperation with the Management. Deputy Managing Director & Chief Financial Officer confirmed that the Company's accounting systems were effective

and data had been correctly and completely recorded pursuant to the International Financial Reporting Standards.

2. Review suitability and efficiency of 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 and 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 from internal audit report proposed by the Internal Audit Office and opinion of the External Auditors.
- Reviewed the adequacy of internal control system for the year 2017 pursuant to the evaluation form issued by the Office of SEC.

3. Review risk management system:

The Risk Management Committee is responsible for consideration and approval of draft risk management policy and framework, risk analysis and assessment procedures for the Group of Companies including review adequacy of risk management system. While the Audit Committee is responsible for monitoring the Company's risk management system, including actions taken to mitigate significant risk which may impact the Company's operations to ensure that they will be in acceptable levels as per Company's risk appetite.

4. Review compliance with laws pertaining to securities and the stock exchange, regulations of the Stock Exchange of Thailand and laws concerning the Company's businesses :

- Attended the meeting with the Management and the officers from the Internal Audit Office to review the Company's 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 Auditor that there are no issues to be presented to the Audit Committee according to Section 89/25 of the Securities and Exchange Act.

5. Consider, select, recommend remuneration 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 Ms. Amornrat Pearmpoonvatanasuk, Certified Public Accountant (Thailand) No. 4599, or Mr. Pongthavee Ratanakoses, Certified Public Accountant (Thailand) No. 7795 or Mr. Boonrueng Lerdwisetwit, Certified Public Accountant (Thailand) No. 6552, auditors of PricewaterhouseCoopers ABAS Co., Ltd. (PwC) as the Company and its subsidiaries' auditor for fiscal year 2018, and determination of the remuneration. The Audit Committee is of the view that the External Auditors of the Company have independence, possess professional skills, suitable experiences and qualifications set forth by the Office of SEC.

6. 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 transactions and transactions with conflict of interest pursuant to the measures specified by the Office of SEC.

7. Others:

- Reviewed anti-corruption policy. The Audit Committee considered and approved policy and practice for anti – corruption. Reviewed self-evaluation form regarding anti-corruption measurement as the prerequisite before entering into approving process of the Private

Sector Collective Action Coalition Against Corruption (CAC). Consequently, the Company was certified as a member of the CAC on March 9, 2017.

- Reviewed the information disclosed to the SET and the Office of SEC, as disclosed in the Company's annual report for year 2017 (Form 56-2) and in the annual information disclosure form as at December 31, 2017 (Form 56-1).
- Reported the Audit Committee's activities to the Board of Directors periodically.
- Conducted the Audit Committee self - assessment by completed the questionnaire prepared by audit committee members in respect to the efficiency of the Audit Committee's performance.
- Number of meetings and attendance of the Audit Committee are as follows:

Operating Company	No. of Meeting/ Attendance	No. of Meeting/ Attendance
	2016	2017
1. Mr. Viroj Klangboonkrong	16/16	15/16
2. Mr. Harn Chiocharn	16/16	16/16
3. Mrs. Sudjit Divari	16/16	16/16

In conclusion, The Audit Committee has fully performed its duties as specified in the Audit Committee's Charter as approved by the Board of Directors. The Audit Committee is of the opinion that the Company's report on financial information is correct in compliance with the financial reporting standards, with effective and proper internal control system, risk management and internal audit. In addition, the Company's operations have been complied with applicable laws and regulations relating to the Company's businesses.

On behalf of the Audit Committee,



(Mr. Viroj Klangboonkrong)
Chairman of the Audit Committee
February 22, 2018

Board of Director



1. **Mr. Worawit Weeraborwornpong**
Chairman
2. **Mrs. Patchara Weeraborwornpong**
Director
3. **Mr. Supachai Weeraborwornpong**
Director



4. **Miss Patcharawadee Weeraborwornpong**
Director
5. **Mr. Viroj Klangboonklong**
Independent Director
and Chairman of Audit Committee
6. **Mr. Harn Chiocharn**
Independent Director
and Member of Audit Committee



7. **Mrs. Sudjit Divari**
Independent Director
and Member of Audit Committee
8. **Mr. Somchai Ko-prasobsuk**
Director
9. **Mrs. Jintana Kingkaew**
Secretary of the Board of Directors

Management Team



1. **Mr. Worawit Weeraborwornpong**
Executive Director Chairman
2. **Mrs. Patchara Weeraborwornpong**
Executive Director
3. **Mr. Supachai Weeraborwornpong**
Managing Director



4. **Miss Patcharawadee Weeraborwornpong**
Deputy Managing Director
5. **Mrs. Jintana Kingkaew**
Deputy Managing Director
6. **Mr. Anuwat Poosantipong**
Deputy Managing Director



7. **Mr. Somchai Ko-prasobsuk**
Assistant Managing Director

Board of Director, Executives, and Control Authorities

Siamgas and Petrochemicals Public Company Limited

Mr. Worawit Weeraborwornpong Age 73 years

Position : Chairman

Educational Credential : An honorary doctorate of Rajamangala University of technology Thanyaburi
Bachelor's degree of Bangkok Thonburi University

Other Academic

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

Relationship in Management Family

Husband of Mrs. Patchara Weeraborwornpong
and Father of Mr. Supachai Weeraborwornpong

Working experience

Since 2017	MSN INTERNATIONAL LIMITED
Since 2017	ASIATECH ENERGY PTE. LTD.
Since 2017	MYANMAR LIGHTING IPP (COMPANY) LTD.
Since 2016	SIAMGAS J&J INTERNATIONAL LTD.
Since 2016	SIAMGAS BANGLADESH LTD.
Since 2016	Director SIAMGAS GLOBAL INVESTMENT PTE.LTD
Since 2016	Director SIAMGAS POWER PTE.LTD.
Since 2015	Director SIAMGAS MYANMAR CONSORTIUM PTE.LTD.
Since 2014	Director FAREAST PETROLEUM SON.BHD
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.

Share holder ratio (As of 31 December 2017)

Common share 441,881,599 shares (48.09% of total shares)

Mr. Supachai Weeraborwornpong Age 45 years

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 2017	MSN INTERNATIONAL LIMITED
Since 2017	ASIATECH ENERGY PTE. LTD.
Since 2017	MYANMAR LIGHTING IPP (COMPANY) LTD.
Since 2017	PT SIAMINDO DJOJO TERMINAL
Since 2016	SIAMGAS J&J INTERNATIONAL LTD.
Since 2016	SIAMGAS BANGLADESH LTD.
Since 2016	Director SIAMGAS GLOBAL INVESTMENT PTE.LTD.
Since 2016	Director SIAMGAS POWER PTE.LTD
Since 2015	Director SIAMGAS MYANMAR CONSORTIUM PTE.LTD.
Since 2014	Director FAREAST PETROLEUM SON.BHD
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 2017)

Common share 51,371,000 shares (5.59% of total shares)

Mrs. Patchara Weeraborwornpong Age 69 years

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
and Miss Patcharawadee 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 2017)

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

Miss Patcharawadee Weeraborwornpong Age 30 years

Position : Deputy Managing Director

Educational Credential : M.A. Business Management with
Finance, Regents Business School
London
B.S.C. Applied Business Management,
Imperial College

Other Academic

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

Relationship in Management Family

Daughter of Mr. Worawit Weeraborwornpong and
Mrs. Patchara Weeraborwornpong

Working experience

Since 2011	Prom Maharaj Land Development Co., Ltd.
Since 2011	Great China Millenium (Thailand) Co., Ltd.
Since 2011	Borwornpong Co., Ltd.
Since 2011	Thavornpattana Co., Ltd.

Share holder ratio (As of 31 December 2017)

Common share 20,000,000 shares (2.17% of total shares)

Mr. Somchai Korprasobsuk	Age 57 years
---------------------------------	---------------------

Position : Director / Assistant Managing Director

Educational Credential : Bachelor degree in Business Administration faculty of The University of the Thai Chamber of Commerce

Other Academic

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

Relationship in Management Family

- None -

Working experience

Since 2017	PT SIAMINDO DJOJO TERMINAL
Since 2016	SIAMGAS GLOBAL INVESTMENT PTE. LTD.
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 2017)

- None -

Mr. Viroj Klangboonklong	Age 75 years
---------------------------------	---------------------

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

Share holder ratio (As of 31 December 2017)

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

Mr. Harn Chiocharn**Age 73 years**

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 Uniquegas and Petrochemicals PCL.

Since 2006 Independent director and Member of Audit Committee Siamgas and Petrochemicals PCL.

Since 2006 Independent director and Member of Audit Committee Thai industry and engineering service PCL.

2006 - 2007 Managing Director Bangkok First Investment & Trust PCL.

Feb - May 2006 Advisor Bangkok First Investment & Trust PCL.

July - Oct 2005 Deputy Managing Director Asset Management Corporation

May - July 2005 (Acting) Managing Director Asset Management Corporation

2003 - 2005 Assistant Managing Director Asset Management Corporation

2000 - 2003 Director of Corporate security and Legal document Asset Management Corporation

Share holder ratio (As of 31 December 2017)

Common share 20,000 shares (0.002% of total shares)

Mrs. Sudjit Divari**Age 72 years**

Position : Independent director Member of Audit Committee

Educational Credential : Bachelor degree in Accounting, Faculty of Commerce and Accounting at Chulalongkorn University
Master degree in Business Administration, Faculty of Commerce and Accounting at Thammasat University
MBA State University of California at Fresno, U.S.A.

Other Academic

Certificate of Thai Institute of Director (IOD)
Directors Accreditation Program (DAP)
Directors Certificate Program (DCP)
Audit Committee Program (ACP)

Relationship in Management Family

- None -

Working experience

Since 2008 Independent director and Member of Audit Committee Uniquegas and Petrochemicals PCL.

Since 2008 Independent director and Chairman of Audit Committee Credit Foncier Lynn Phillip Mortgage Co., Ltd.

Since 2006 Independent director and Member of Audit Committee Siamgas and Petrochemicals PCL.

Sep. - Nov. 2014 Director and Member of Audit Committee Singha Estate PCL.

2004 - Sep.2014 Director and Member of Audit Committee Rasa Property Development PCL.

1999 - 2011 Director and Chairman of Audit Committee Wave Entertainment PCL.

1999 - 2011 Executive Director United Factoring (1993) Co., Ltd.

2004 - 2007 Director and Chairman of Audit Committee Sunwood industry PCL.

Share holder ratio (As of 31 December 2017)

- None -

Mrs. Jintana Kingkaew	Age 59 years
------------------------------	---------------------

Position : Secretary of the Board
Deputy Managing Director

Educational Credential : Bachelor degree in Accountancy in Auditing Major at The University of the Thai Chamber of Commerce
Master degree in Business Administration at Kasetsart University
Master degree in Finance at Kasetsart University
Certificate of Capital Market Academy (CMA)

Other Academic

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

Relationship in Management Family

- None -

Working experience

Since 2004 Deputy Managing Director
Uniquogas and Petrochemical PCL.
Since 2003 Deputy Managing Director
Siamgas and Petrochemical PCL.

Share holder ratio (As of 31 December 2017)

Common share 458,000 shares (0.05% of total shares)

Mr. Anuwat Poosantipong	Age 55 years
--------------------------------	---------------------

Position : Deputy Managing Director

Educational Credential : Bachelor degree in Engineering at Chulalongkorn University
Master degree of Business Administration at NIDA

Other Academic

- None -

Relationship in Management Family

- None -

Working experience

Since 2004 Deputy Managing Director
Uniquogas and Petrochemical PCL.
Since 2004 Deputy Managing Director
Siamgas and Petrochemical PCL.

Share holder ratio (As of 31 December 2017)

- None -



Policy and Overview of Business Operations

1. Policy and Overview of Business Operations

1.1 Overview of Vision, Objective, Target or Strategic Operation of SGP and Group of Companies

SGP targets to be one of the leading energy operators in East Asia. 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 vessel tankers. With regard to overseas business, SGP has purchased LPG terminal with filling plants to operate LPG business in Vietnam, China, Singapore, Malaysia and etc. SGP also looks for investment opportunity for LPG business in more companies of East Asia.

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.

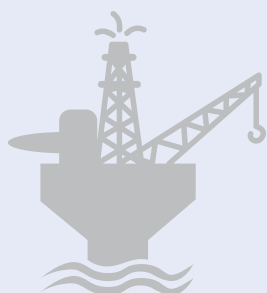
Vision

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 services distribution networks with nationwide coverage and expanded business to the neighboring countries. For such development, SGP puts emphasis on the followings:

- 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 achievement operations results with efficiency and safety.
- Place importance on 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.
- Perform business in ethical manner pursuant to governance principles and against all types and kinds of corruption, place importance on environment preservation as well as having responsibilities to society, community as well as shareholders and all related parties





1.2 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.
- 2) Transportation of petroleum, LPG, ammonia, and other petrochemicals – operated under the 2 subsidiaries as follows: Lucky Carrier Co., Ltd., and Siam Lucky Marine 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.
- 5) Oil retail business – operated by Siam Suksawat Co., Ltd., a subsidiary of SGP.
- 6) Container terminal service business - operated by SGP.
- 7) Joint venture business – operated by a joint venture company, Siam Nathalin Co., Ltd., by engaging in food and beverage distribution business.

Overseas operations include 8 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 a joint venture company, Citygas North Co., Ltd.
- 3) LPG trading in Singapore - operated by a wholly owned subsidiary, SingGas (LPG) Pte. Ltd., SiamGas Trading Pte. Ltd.
- 4) Petrochemicals trading in Malaysia - operated by a wholly owned subsidiary, Mygaz Sdn. Bhd., and Far East Petroleum Sdn. Bhd. and direct joint venture SGGAS SDN.BHD. ("SGG")
- 5) LPG Trading in Bangladesh - operated by indirect subsidiary, SIAMGAS J&J INTERNATIONAL LTD. ("SJJ") and SIAMGAS BANGLADESH LTD. ("SGB")
- 6) LPG Trading in Indonesia – operated by Indirect joint venture, PT SIAMINDO DJOJO TERMINAL ("SID")
- 7) Combine Cycle Power Plant – operated by Indirect Associate which are MYANMAR LIGHTING (IPP) CO., LTD. ("MLP"), MSN INTERNATIONAL LIMITED ("MSN") and ASIATECH ENERGY PTE. LTD. ("AEP")

- 8) Holding company business (Business where main revenues derive from being the holding company) operated by SGP's subsidiaries, i.e. SIAM GAS HK LTD., SIAMGAS MYANMAR CONSORTIUM PTE. LTD., SIAMGAS POWER PTE. LTD. and SIAMGAS GLOBAL INVESTMENT PTE. LTD.
- 9) Power Plant and transmission line operated by Indirect associate which are Southern Myanmar Development Co., Ltd. ("SMD"), Asiatech Infrastructure Co., PTE. LTD. ("AIC"), and TSM CO., LTD. ("TSM")

SGP's Core Business

The core business of SGP is LPG distribution under "SIAMGAS" trademark through its 25 LPG filling plants including those 12 locations owned and operated by the company (COCO, company owned – company operated filling plants), 13 locations where the property rented to agents (CODO, company owned – dealer operated filling plants), and also through 61 agent filling plants for cooking segment. SGP also distributes LPG to auto-gas users through 43 company owned – company operated auto-gas stations (COCO), and other 406 dealer owned – dealer operated auto-gas stations (DODO).

At present, SGP has altogether 26 subsidiaries in the group including directly owned companies as follows:

1. Unique Gas and Petrochemicals PCL. ("UGP"),
2. Lucky Carrier Co., Ltd. ("LCR"),
3. SiamQuality Steel Co., Ltd. ("SQS"),
4. Siam Ethanol Export Co.,Ltd. ("SEE"),
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. MYGAZ Sdn. Bhd. ("MGM"),
12. Siamgas Myanmar Consortium Pte. Ltd. ("SGM")
13. Siamgas Power Pte. Ltd. ("SPW")
14. Siamgas Global Investment Pte. Ltd. ("SGI")
15. Far East Petroleum Sdn. Bhd. ("FAREAST")

Also, there are 4 companies owned through SGP's subsidiaries including

16. Sino Siam Gas and Petrochemicals Co., Ltd. ("SINOSIAM")
17. Siam Ocean Gas and Energy Ltd. ("SOGEL").
18. SIAMGAS J&J INTERNATIONAL LTD. ("SJJ")
19. SIAMGAS BANGLADESH LTD. ("SGB")

The Company has 3 joint venture companies which are

20. SGGAS Sdn. Bhd. ("SGG")
21. Citygas North Co., Ltd. ("CITYGAS NORTH")
22. Siam Natalin Co., Ltd. ("SNTL")

6 Indirect Associates which are

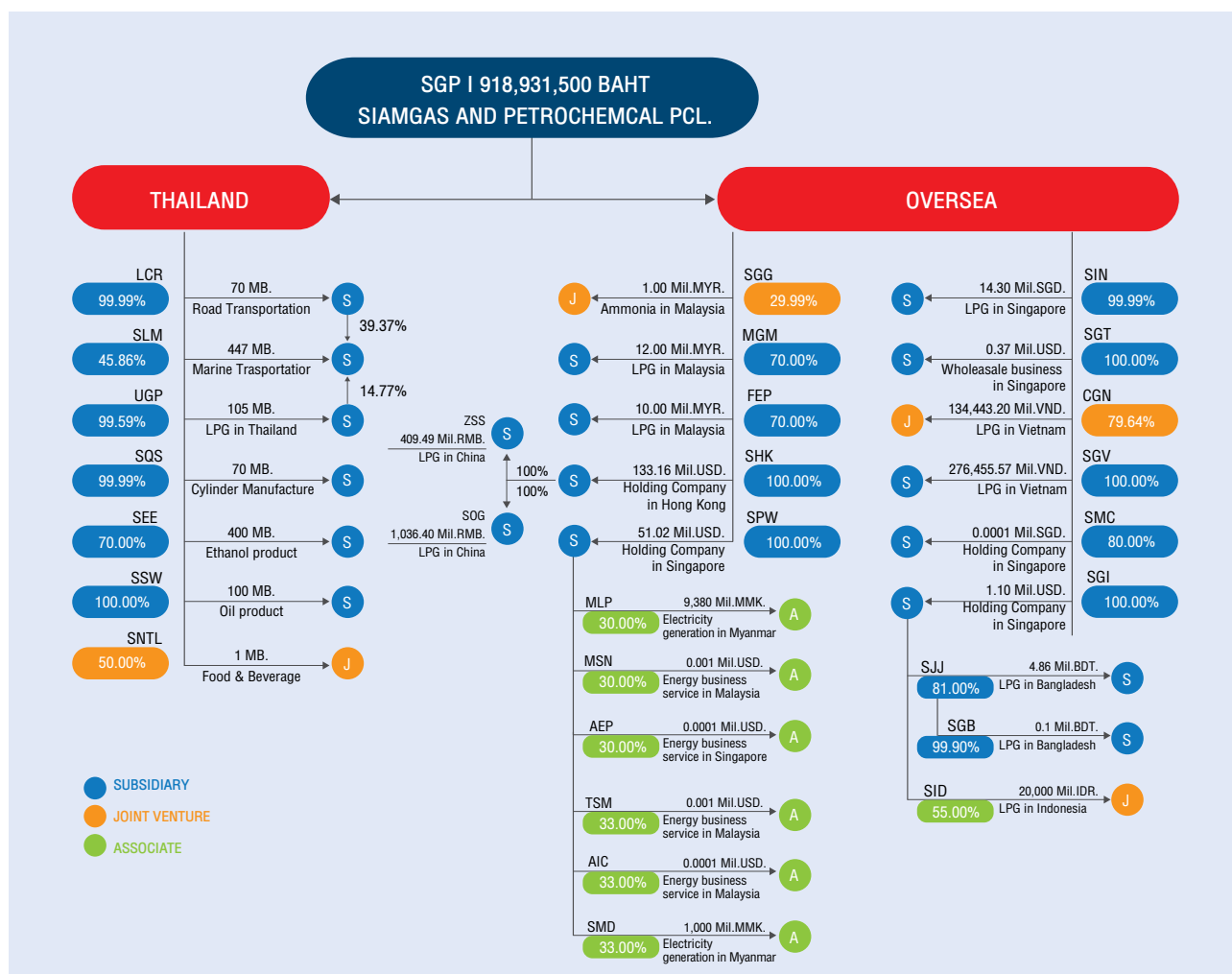
23. MYANMAR LIGHTING (IPP) CO., LTD. ("MLP")
24. MSN INTERNATIONAL LIMITED ("MSN")
25. ASIATECH ENERGY PTE. LTD. ("AEP")
26. SOUTHERN MYANMAR DEVELOPMENT CO., LTD. ("SMD")
27. ASIATECH INFRASTRUCTURE CO., PTE. LTD. ("AIC")
28. TSM CO., LTD. ("TSM")

1 Indirect joint venture is

29. PT SIAMINDO DOJO TERMINAL ("SID")



1.3 SGP's and its subsidiaries' Business Structure



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, 16 company owned – company operated filling plants, 87 dealer owned – dealer operated filling plants, and 95 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 ("SEE")

SEE 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 SEE are producing and distributing ethanol from agricultural feed stocks such as molasses and cassava. The plant of SEE is located at 88 Moo 8, Tumbol Nonglalo, Umphur Ban-Kai, Rayong province. SEE plant is capable of producing 100,000 liters of 95% or food grade ethanol per day for export.

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

SEE ceased its business operation since 2013 due to excessive cost of feedstock used for production as a result of low volume of raw materials, i.e. sugarcane and cassava produced and available in the market. In addition, when comparing with the selling price, it would not worth to keep on running the plant, so the operation has been ceased and it is currently under the business disposition.

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.

On March 26, 2013, SLM has registered for capital increase by issuing 8.0 million new ordinary shares at par value of 10 baht in order to comply with criteria of the Board of Investment (BOI) on tax privilege. After such capital increase, the current registered capital and paid-up capital are 422.02 million baht and shareholding proportion of SGP, LCR and UGP, the subsidiaries, are 42.7%, 41.7% and 15.6%, respectively.

In addition, on April 25, 2016, SLM has registered for capital increase by issuing 2.5 million new ordinary shares at par value of 10 baht in order to comply with criteria of the Board of Investment (BOI) on tax privilege. After such capital increase, the current registered capital and paid-up capital are 447.02 million baht and shareholding proportion of SGP, LCR and UGP, the subsidiaries, are 45.9%, 39.4% and 14.7%, respectively.

SLM operates marine transportation of petroleum and LPG in Thailand and overseas, 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 21 LPG tanker vessels with the combined loading capacity of 195,282 tons, and 3 ammonia tanker vessels with the combined loading capacity of 2,573 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 business of distribution of gasoline for automobile. SSW realized revenue from distribution of gasoline under the brand "Bangchak" since April 2016.

SIAMGAS HK LIMITED ("SHK")

SHK 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 SHK. SHK operates as a holding and petroleum trading company. SHK 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 SHK 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.

SUPERGAS COMPANY LIMITED (“SGV”)

SGV is a subsidiary which SGP holds 100% shares. SGV is a registered company operating LPG business in Vietnam. SGP purchased 100% share SGV from SHANGHAI CROWN LIMITED on March 2, 2010.

On October 19, 2015 SUPERGAS CO., LTD. (“SGV”) and CITYGAS CO., LTD. (“CGV”) are subsidiaries of SGP. They have consolidation and operation on behalf of SGV. The purpose of merger aims to strengthen of business operation in Vietnam; however, net of asset, liabilities and obligation of CGV has been transfer to SGV comply by commercial law governing mergers of company limited in Vietnam. After merger, registered capital of SGV is at 425.50 million baht.

SINGGAS (LPG) PRIVATE LIMITED (“SIN”)

SIN, 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 registered capital was sold to outsider on December 29, 2010.

SIAM GAS TRADING PTE. LTD. (“SGT”)

SGT is a subsidiary which SGP holds 100% shares and registered in Singapore with the capital of 500,000 Singapore Dollar. SGT operates LPG trading business.

SINO SIAMGAS AND PETROCHEMICALS COMPANY LIMITED (“ZSS”)

ZSS is a subsidiary which SGP indirectly holds 100% shares. ZSS is a fully integrated petroleum distribution business in China. The facilities of ZSS 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 ZSS.

SIAM OCEAN GAS & ENERGY LTD. (“SOG”)

SOG is a subsidiary which SGP indirectly holds 100% shares and is registered in China. SOG is a fully integrated petroleum distribution business in China. The facilities of SOG include depot, jetty for importing, exporting, and throughput, facilities for distribution by vessel tankers and road tankers, and SGP purchased 100% equity interest of SOG on June 30, 2011

SIAM NATHALIN COMPANY LIMITED (“SNL”)

SNL 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 SNL by holding 50% or 0.50 million baht of registered and paid-up capital in quarter 3 of 2010. However, presently the marine transportation business has not yet been operated. Furthermore, during 2016, business objectives of SNL have been added to include distribution of all kinds of food and beverage. Presently, SNL has revenues from selling food and beverages under “Café Amazon” brand.

SG GAS SDN. BHD. (“SGG”)

SGG is a holding company registered in Malaysia with total registered capital of 100,000 Malaysian Ringgit which SGP holds 29.99% shares interest. SGG 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 SGG from the previous registered capital of 100,000 Malaysian ringgits to 1,000,000 Malaysian ringgits.

MYGAZ SDN. BHD. (“MGM”)

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. MYGAS 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.

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 149.90 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”.

FAR EAST PETROLEUM SDN. BHD. (“FAR EAST”)

The meeting of the Board of Directors on November 7, 2014 has approved to establish Far East Petroleum Sdn. Bhd. in Malaysia with registered capital of 400,000 Malaysian Ringgit and wholly owned by SGP. Far East operates liquefied petroleum distribution business. Later on February 24, 2015, the meeting of the Board

of Directors has approved for an increase of registered capital in Far East to 10,000,000 Malaysian ringgit and SGP’s investment ratio was changed to 70%, so it become a joint venture investment. Such capital increase has been completed on August 24, 2015.

Later on August 10, 2016, the meeting of the Board of Directors has passed a resolution to purchase shares of Far East Petroleum Sdn. Bhd. (Joint Venture) at ratio of 30% for 3.00 million shares, at par value of 1.00 Malaysian Ringgit, totally 3.00 million Malaysian Ringgit, or equivalent to 25.76 million baht from the existing shareholder. Consequently, SGP now hold 100% shares in Far East and Far East now becomes SGP’s subsidiary.

On 23 January 2017, the Company entered into the share sales agreement in Far East Petroleum Sdn. Bhd. with third parties in the portion of 30% for 3.00 million shares at a par value of MYR 1.00 each, totalling MYR 3.00 million (approximately Baht 23.97 million). Currently, the shares transfer is still in the process and is expected to be completed in the first quarter 2017. As a result, the Company’s ownership interest will decrease from 100.00% to 70.00% and Far East Petroleum Sdn. Bhd. still remains a subsidiary of the Group



SIAMGAS MYANMAR CONSORTIUM PTE. LTD. ("SGM")

SGM registered as a juristic person in Singapore on November 18, 2015 with 100 shares at par value of 1 Singapore dollar. SGP holds 80% of total shares or 80 Singapore dollar or equivalent to 2,041 baht, with objective to be a holding company.

SIAMGAS POWER PTE. LTD. ("SPW")

SPW registered as a juristic person in Singapore on July 5, 2016 with 24,010,000 shares at par value of 1 Singapore dollar. SGP holds 100% of registered capital and paid-up share with objective to be a holding company in electrical energy business.

SPW acquired 30% of investments in 230 MW combined cycle power plant from Myanmar Lighting (IPP) Co., Ltd. ("MLIPP"), in Myanmar. Total investments were 48 million US dollar (or approximately 1,688.16 million baht, by referring to average exchange rate of the Bank of Thailand as of July 15, 2016 where 1 US dollar equaled to 35.17 baht). Sales and Purchase Agreement has been executed on July 18, 2016.

On 22 February 2017, at the Board of Directors' meeting of the Company, the board passed a resolution to approve an increase in share capital of Siam Gas Power Pte. Ltd, incorporated in Singapore with 24.00 million shares at par value of USD 1 each or approximately Baht 859.94 million. The number of shares increased from 24.01 million shares to 48.01 million shares (with a par value of USD 1 each). As a result, the Company's ownership interest remains unchanged at 100%. The registered was completed on 2 March 2017.

MYANMAR LIGHTING (IPP) CO., LTD. ("MLP")

MLP is an indirect associate which the Company holds shares indirectly through SPW in the proportion of 30% of registered capital of MLP. Currently, MLP registered in Myanmar with 93,800 shares at par value of Kyat 100,000 per share or approximately baht 224.18 million. MLP operates combine cycle power plant with capacity of 230 MW in Myanmar

MSN INTERNATIONAL LIMITED ("MSN")

MSN is an indirect associate which the Company holds shares indirectly through SPW in the proportion of 30% of registered capital of MSN. Currently, MSN registered in Malaysia with 1,000 shares at par value of USD 1.00 or approximately baht 0.03 million. MSN is a service company on energy business.

ASIATECH ENERGY PTE. LTD. (“AEP”)

AEP is an indirect associate which the Company holds shares indirectly through SPW in the proportion of 30% of registered capital of AEP. Currently, AEP registered in Singapore with 100 shares at par value of SGD 1.00 or approximately baht 0.003 million. AEP is service company for energy business.

SIAMGAS GLOBAL INVESTMENT PTE. LTD. (“SGI”)

SGB registered as a juristic person in Singapore on August 25, 2016 with 1 share at par value of 1 Singapore dollar. SGP holds 100% of registered capital and paid-up shares with objective to be a holding company. On 2 December 2016, SGB had Increase in share capital from 1 share to 50,000 shares The Company’s ownership interest remains unchanged at 100%

SGI has increased share capital in the amount of 0.05 million shares with par value of USD 1 each, approximately baht 1.70 million. The number of shares (with par value of USD 1 each) increased from 0.05 million shares to 0.10 million shares As a result, the Company’s ownership interest at 100% remains unchanged as at July 10, 2017.

SGI has increased share capital in the amount of 1.00 million shares with par value of USD 1 each, approximately baht 33.22 million. The number of shares (with par value of USD 1 each) increased from 0.10 million shares to 1.10 million shares As a result, the Company’s ownership interest at 100% remains unchanged as at September 12, 2017.

SIAMGAS J&J INTERNATIONAL LTD. (“SJJ”)

SJJ is an indirect subsidiary which the Company holds shares indirectly through SGI (100% subsidiary) in the proportion of 80% of the registered capital of SJJ. Currently SJJ registered in Bangladesh with 48,625 shares at par value of 100 BDT. SJJ was set up for selling petroleum and petrochemical product in Bangladesh.

SIAMGAS BANGLADESH LTD. (“SGB”)

SGB is an indirect subsidiary which the Company holds shares indirectly through SJJ (80% subsidiary) in the proportion of 99.90% of the registered capital of SGB. Currently SGB registered in Bangladesh with 1,000 shares at par value of 100 BDT. SGB was set up for selling petroleum and petrochemical product in Bangladesh.

PT SIAMINDO DJOJO TERMINAL. (“SID”)

SID is an indirect joint venture which the Company holds shares indirectly through SGI (100% subsidiary) in the proportion of 55% of the registered capital of SID. Currently SID registered in Indonesia with 20,000 shares at par value of 1 million IDR. SID was set up for selling petroleum product in Indonesia.

SOUTHERN MYANMAR DEVELOPMENT CO., LTD. (“SMD”)

SMD is an indirect associate which the Company holds shares indirectly through SPW in the proportion of 33% of registered capital of SMD. Currently, SMD registered in Myanmar with 10,000 shares at par value of Kyat 10,000 per share or approximately baht 2.39 million. SMD operates power plant and transmission line in Myanmar

ASIATECH INFRASTRUCTURE CO., PTE. LTD. (“AIC”)

AIC is an indirect associate which the Company holds shares indirectly through SPW in the proportion of 33% of registered capital of AIC. Currently, AIC registered in Singapore with 100 shares at par value of SGD 1.00 or approximately baht 0.0002 million. AIC is service company for energy business.








TSM CO., LTD. (“TSM”)








TSM is an indirect associate which the Company holds shares indirectly through SPW in the proportion of 33% of registered capital of TSM. Currently, TSM registered in Malaysia with 1,000 shares at par value of USD 1.00 or approximately baht 0.032 million. TSM is a service company on energy business.
















สยามแก๊ส



Overview of SGP's Subsidiaries

Company		Type of Business	
	Paid-up Capital (Million Baht) 105.00	Share holding portion 99.95	Filling and distributing LPG, ammonia and other petrochemicals under the license as an LPG Trader under Section 6 (Fuel Trader under Section 7)
	Paid-up Capital (Million Baht) 70.00	Share holding portion 99.99	Land transportation of LPG and petroleum under the license as LPG and Petroleum Transportation Service Provider
	Paid-up Capital (Million Baht) 70.00	Share holding portion 99.99	Manufacturing and distributing LPG cylinders and auto-gas tanks
	Paid-up Capital (Million Baht) 400.00	Share holding portion 70.00	Manufacturing and distributing ethanol (business close down)
	Paid-up Capital (Million Baht) 447.02	Share holding portion 45.86 54.14¹	LPG Ammonia and oil transportation by vessel tankers under the fuel transportation license
	Paid-up Capital (Million Baht) 100.00	Share holding portion 100.00	Direct subsidiary – Petroleum distribution (retail distribution of gasoline for automobile under “Bangchak” brand).
	Paid-up Capital (Million Baht) 4,087.68	Share holding portion 100.00	Holding company and petroleum distribution – Hong Kong

Company		Type of Business	
SGV		Paid-up Capital (Million Baht) 425.25	Share holding portion 100.00 LPG and petroleum distribution – Vietnam
SIN		Paid-up Capital (Million Baht) 336.01	Share holding portion 95.00² LPG and petroleum distribution – Singapore
ZSS		Paid-up Capital (Million Baht) 2,086.86	Share holding portion 100.00³ 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
SOG		Paid-up Capital (Million Baht) 4,938.45	Share holding portion 100.00³ 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
SNL		Paid-up Capital (Million Baht) 1.00	Share holding portion 50.00 Joint Venture – Food and beverage distribution business under “Café Amazon” brand.
SGT		Paid-up Capital (Million Baht) 12.83	Share holding portion 100.00 LPG trading in Singapore
SGG		Paid-up Capital (Million Baht) 9.99	Share holding portion 29.99 Direct Joint Venture – Petroleum distribution in Malaysia

Company		Type of Business	
	Paid-up Capital (Million Baht) 120.66	Share holding portion 70.00	Direct subsidiary – Petroleum distribution in Malaysia
	Paid-up Capital (Million Baht) 188.22	Share holding portion 79.64	Joint venture – Petroleum distribution in Vietnam.
	Paid-up Capital (Million Baht) 88.71	Share holding portion 100.00	Direct Subsidiary - Petroleum distribution in Malaysia.
	Paid-up Capital (Million Baht) 0.0026	Share holding portion 80.00	Holding Company Petroleum business in Singapore
	Paid-up Capital (Million Baht) 1,687.50	Share holding portion 100.00	Holding Company in Singapore
	Paid-up Capital (Million Baht) 224.18	Share holding portion 30.00⁶	Indirect Associate – Combine Cycle Power plant in Myanmar
	Paid-up Capital (Million Baht) 0.03	Share holding portion 30.00⁶	Indirect Associate – Service Company on energy business

Company		Type of Business	
AEP	 สยามแก๊ส	Paid-up Capital (Million Baht) 0.003	Share holding portion 30.00⁶ Indirect Associate - Service Company on energy business
SGI	 สยามแก๊ส	Paid-up Capital (Million Baht) 36.68	Share holding portion 100.00 Holding Company in Singapore
SJJ	 สยามแก๊ส	Paid-up Capital (Million Baht) 2.14	Share holding portion 80.00⁴ Indirect Subsidiary - Selling petroleum and petrochemical product in Bangladesh
SGB	 สยามแก๊ส	Paid-up Capital (Million Baht) 0.04	Share holding portion 99.90⁵ Indirect Subsidiary Selling petroleum and petrochemical product in Bangladesh
SID	 สยามแก๊ส	Paid-up Capital (Million Baht) 50.00	Share holding portion 55.00⁴ Indirect Joint Venture - Selling petroleum product in Indonesia
SMD	 สยามแก๊ส	Paid-up Capital (Million Baht) 2.39	Share holding portion 33.00⁶ Indirect Associate - Power plant and transmission line in Myanmar

Company		Type of Business	
AIC	 สยามแก๊ส	Paid-up Capital (Million Baht) 0.0002	Share holding portion 33.00⁶ Indirect Associate - Service Company on energy business
TSM	 สยามแก๊ส	Paid-up Capital (Million Baht) 0.032	Share holding portion 33.00⁶ Indirect Associate - Service Company on energy business

Note ¹ The Company holds share indirectly through LCR and UGP.

² As of December 29, 2010, the Company sold 5% shares to a third party. As a result, the proportion of investment in Singas (LPG) Pte. Ltd. decreased from 100% to 95%.

³ The Company holds share indirectly thorough SGHK

⁴ The Company holds share indirectly thorough SGI

⁵ The Company holds share indirectly thorough SJJ

⁶ The Company holds share indirectly thorough SPW

1.3 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 invested in Lucky Carrier Company Limited (LCR)

who was the Oil and LPG transportation service provider. Then, on September 1, 2005, SGP purchased all major assets for LPG business operations from SGI such as lands, property lease rights, buildings, equipments, tools, LPG cylinders, LPG terminals, trademark, and patents.

Since 2005, SGP has changed the name to Siamgas and Petrochemicals Public Company Limited, and obtained the license as a Fuel Trader under section 7 trading LPG, ammonia, and other petrochemicals under the trademark of "SIAMGAS" and "UNIQUE GAS", and transporting LPG and other products. SGP has altogether 8 subsidiaries which are the directly held subsidiaries – Unique Gas and Petrochemicals Public Company Limited and Lucky Carrier Company Limited and other 6 companies of which shares are held through the subsidiaries including Lucky Marine Company Limited, Chemicals Gas Transport Company Limited, Unique Marine Company Limited, Unique Gas Trading Company Limited, Unique Gas International Company Limited, and Unique Gas Carrier Company Limited. Since 2008, SGP has been listed in the Stock Exchange of Thailand, starting to trade its shares under the symbol of "SGP" on June 3, 2008, and have major development as follows:

year
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 (SEE) (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 SEE 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.

year
2009

- SGP established Siam Gas HK Limited ("SHK"), 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.

year
2010

- SGP purchased 100% equity interest in Super Gas Company Limited (SGV) 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 (SIN). 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.

year 2011

- 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 ("ZSS") ZSS 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.

- 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 ("SOG"). SOG 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.

year 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.

year 2013

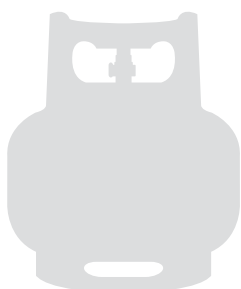
- SGP reduced its registered capital by repurchasing 31,068,500 shares. Schedule for share repurchase project was from August 3, 2009 to February 2, 2010 and schedule to dispose such repurchased shares was from February 3, 2010 to February 2, 2013. Pursuant to the ministerial regulation of the Ministry 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. ("MGM"). MGM 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.

year 2014

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

year 2015

- SGP issued subordinated, unsecured bonds with bondholder representative totally 2,000 million baht on January 26 - 29, 2015 with objective for business operation and expansion including for refinancing.
- Merging of two of SGP's subsidiaries, SUPERGAS CO., LTD. ("SGV") and CITYGAS CO., LTD. ("CGV"), in Vietnam had completed on October 19, 2015, and SGV has operated business on SGP's behalf with objective to strengthen of business operation in Vietnam. However, all of assets, liabilities and obligations of CGV have been transferred to SGV in order to comply with the civil and commercial Code law governing mergers of company limited in Vietnam.
- SGP had established SIAMGAS MYANMAR CONSORTIUM PTE. LTD. ("SMC") as subsidiary of SGP with total registered capital of 100 Singapore dollar or approximately 2,566 baht (Exchange rate at 25.66 baht per 1 Singapore dollar). SGP holds 80% of registered capital and paid-up shares. SMC had registered as a juristic person in Singapore on November 30, 2015 with objective to be a holding company.
- SGP had established FAR EAST PETROLEUM SDN. BHD. ("FEP") as subsidiary of SGP with total registered capital of 400,000 Malaysian Ringgit and holding 100% of shares on November 7, 2015. On February 24, 2015, SGP increased registered capital and paid-up shares of FEP from 400,000 Malaysian Ringgit to 10,000,000 Malaysian Ringgit with objective to operate petroleum distribution business and warehouse in Malaysia. Such capital increase made NAS GAS SDN. BHD. ("NAS GAS"), a non-related company with SGP, became a joint investor in the proportion of 30% of paid up capital, or in the amount of MYR 3,000,000 or equivalent to 25,380,000 baht. Thus, the Company's proportion of registered capital and paid-up shares in FEP is 70% or in the amount of MYR 7,000,000 or equal to 59,220,000 baht (Exchange rate is MYR 1 = 8.46 baht). This joint investment is considered as a joint venture (under joint venture contract)



year 2016

- SGP issued subordinated, unsecured bonds with bondholder representative totally 3,000 million baht on January 28-29, 2016 with objective for business operation and expansion including repayment of existing subordinated bonds.
- SIAMGAS POWER PTE. LTD. ("SPW"), as subsidiary that SGP holds 100% of registered capital and paid-up shares with total investments of 24 million US dollar, or equivalent to approximately 844.08 million baht (exchange rate is 1 US dollar = 35.17 baht). SPW has registered as a juristic person in Singapore on July 5, 2016 with objective to be a holding company in electrical energy business.
- On 18 July 2016, Siam Gas Power Pte. Ltd. ('SPW'), which is a subsidiary of the Company, entered into a share purchase agreement for investment in the combined cycle power plant in Myanmar, with a total consideration of USD 48 million or approximately Baht 1,688.16 million. SPW has purchased shares of two companies which are MSN International Limited ('MSN') and Asiatech Energy Pte. Ltd. ('AEPL') at the same proportion of 30% of registered and paid up capital in each company, for the purpose of holding shares in the combined cycle power plant directly.
- SGP established SIAMGAS GLOBAL INVESTMENT PTE. LTD. ("SGB"), a subsidiary, that SGP holds 100% of registered capital and paid-up shares with total investment of 1 Singapore dollar, or equivalent to approximately 26.34 baht (exchange rate is 1 Singapore dollar = 26.34 baht). SGB has registered as a juristic person in Singapore on August 25, 2016 with objective to be a holding company.

year 2017

- During the period from 23 - 25 January 2017, 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.
- On 23 January 2017, the Company entered into the share sales agreement to dispose shares of Far East Petroleum Sdn. Bhd. to third parties in the portion of 30% or 3.00 million shares at a par value of MYR 1.00 each, totalling MYR 3.00 million. The Company made a loss from the disposal of investment in a subsidiary amounting to Baht 3.08 million. As a result, the Company's ownership interest decreased from 100.00% to 70.00% and Far East Petroleum Sdn. Bhd. still be a subsidiary of the Group.
- On 6 February 2017, Siamgas Global Investment Pte. Ltd., established Siamgas J&J International Ltd. (SJJ), incorporated in Bangladesh, with 48,625 shares at a par value of BDT 100.00 each. The business objective is petroleum and petrochemical product distribution in Bangladesh. The Company's ownership is 80% with paid-up capital of BDT 3.89 million or approximately Baht 1.71 million.

year 2017

- On 22 February 2017, at the Board of Directors' meeting of the Company, the board passed a resolution to approve an increase in share capital of Siam Gas Power Pte. Ltd, incorporated in Singapore with 24.00 million shares at par value of USD 1 each or approximately Baht 859.94 million. The number of shares increased from 24.01 million shares to 48.01 million shares (with a par value of USD 1 each). As a result, the Company's ownership interest remains unchanged at 100%.
- On 23 May 2017, the transfer of shares in MLP was completed. This has led MSN, AEP and MLP to become indirect associates of the Group in the second quarter of 2017.
- On 6 June 2017, Siamgas Global Investment Pte. Ltd., who is a subsidiary of the Company, entered into a Joint Venture Agreement with a third party to establish PT Siamindo Djojo Terminal, incorporated in Indonesia, with 0.06 million shares at a par value of IDR 1 million each. The business objective is petroleum product distribution in Indonesia. The Group's ownership is 55% with paid-up capital of IDR 11,000 million or approximately Baht 27.50 million.
- On 23 June 2017, Siam gas Global Investment Pte. Ltd., who is a subsidiary of the Company, entered into a Joint Venture Agreement with a third party to establish KMA Siam Ltd. The business objective is petroleum product distribution in Myanmar. The group paid an advance payments for investment of USD 0.10 million or approximately Baht 3.25 million in August 2017. As at 30 September 2017, the Group recorded the transaction in other non-current assets and KMA Siam Ltd. is under registration process.
- On 7 July 2017, the subsidiary registered an increase of its share capital of 0.05 million shares at a par value of USD 1 each or approximately Baht 1.70 million. The number of shares increased from 0.05 million to 0.10 million with a par value of USD 1 each. The Company has already paid the capital increase to SGI. As a result, the Company's ownership remains unchanged at 100%.
- On 16 July 2017, Siamgas J&J International Ltd. which is an indirect subsidiary was established Siamgas Bangladesh Ltd. ("SGB") incorporated in Bangladesh, with 1,000 shares at par value of BDT 100.00 each. The objectives of the business is petroleum and petrochemical product distribution in Bangladesh. The Company's ownership interest is 99.90% with paid-up the capital amounting to BDT 99,900 or approximately Baht 40,679.
- On 12 September 2017, the subsidiary registered an increase of its share capital of 1.00 million shares at par value of USD 1 each or approximately Baht 33.22 million. The number of shares increased from 0.10 million to 1.10 million with a par value of USD 1 each. The Company has already paid the capital increase to SGI. As a result, the Company's ownership remains unchanged at 100%.

Revenue Structure

Revenue structure of SGP and subsidiaries in 2015 – 2017 by business

Operating Company		2015		2016		2017	
		Value (Mil. Baht)	%	Value (Mil. Baht)	%	Value (Mil. Baht)	%
Revenue from Sales							
LPG products	SGP & UGP	20,992.59	35.98	17,863.71	36.93	18,268.16	30.64
Ammonia products	UGP	1,193.69	2.05	1,066.67	2.20	1,039.99	1.74
Other petrochemical products	UGP	734.26	1.26	707.72	1.46	715.61	1.20
LPG cylinders	SQS	0.27	0.00	1.72	0.00	9.14	0.02
Ethanol products	SEE	0.00	0.00	17.19	0.04	0.00	0.00
Gasoline products	SSW			134.96	0.28	307.47	0.52
LPG product in oversea	SGP SGV SIN ZSS SOG SGT CITYGAS CGN and MGM	34,660.82	59.41	27,901.83	57.68	38,403.04	64.40
Total revenue from sales		57,581.63	98.70	47,693.79	98.59	58,743.40	98.51
Transportation	LCR SLM	344.28	0.59	441.40	0.91	395.07	0.66
Service income	SGP/Subsidiaries	156.10	0.27	26.22	0.06	13.78	0.02
Dividend income	SGP	5.02	0.01	6.69	0.01	2.85	0.00
Other incomes	SGP/Subsidiaries	252.05	0.43	209.89	0.43	474.31	0.80
Total revenue	SGP/Subsidiaries	58,339.07	100.00	48,377.99	100.00	59,629.41	100.00



Risk Factors



Risks from Businesses Operations

1. Risks from the government's policy

(1) LPG price deregulation policy

Currently LPG price in Thailand is semi-controlled. The government regulates LPG price by fixing wholesale price with subsidy from oil fund, and setting maximum retail price only for cooking use. However the retail prices for automotive and industrial uses are not capped, but driven by the market. Therefore, LPG is lifted from all wholesale supply points at the same price, or we can say that the LPG wholesale price is the same for any lifting from refineries, gas separation plants, and 5 PTT's depots in Lampang, Nakornsawan, Konkaen, Suraththanee, 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.

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 1st 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 kg. and 3.04 baht per kg. 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.

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.

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 causes the LPG cooking and automotive to increase from baht 23.13 kg. to baht 24.16 per kg. to reflect the real market price.

On April 4, 2015, Energy Regulatory Commission approved new LPG price structure from April 2015. Due to the CP Saudi Aramco price (CP) in April is at USD 464 per ton, declined from previous month at USD 20 per ton while the exchange rate slightly depreciated. This resulted in

the ex-refinery price which is a precursor price of LPG, using weight average cost at refinery and procurement to calculate, drop by baht 0.37 per kg. This brought the ex-refinery price down from baht 16.58 per kg. to baht 16.21 per kg. , and lead the retail LPG price to decline by baht 0.20 per kg. from baht 24.16 per kg. to baht. 23.96 per kg. In this regards, the government will collect baht 0.19 per kg. for energy stabilization fund as a reserve in the fluctuation time. (source: www.eppo.co.th)

On August 4, 2015, Energy Regulatory Commission announced to reduce the retail LPG price for all sector by another baht 1.00 per kg. This causes retail LPG price decrease from baht 23.95 per kg. to baht 22.96 per kg.

On September 8, 2015, Energy Regulatory Commission announced to reduce the retail LPG price for all sector by another baht 0.67 per kg. This causes retail LPG price decrease from baht 22.96 per kg. to baht 22.29 per kg.

On February 3, 2016, Energy Regulatory Commission announced to reduce the retail LPG price for all sector by another baht 2.00 per kg. This causes retail LPG price decrease from baht 22.29 per kg. to baht 20.29 per kg.

On February 6, 2017, Energy Regulatory Commission announced to increase the retail LPG price for all sector by baht 0.67 per kg. This causes retail LPG price increase from baht 20.29 per kg. to baht 20.96 per kg.

On May 1, 2017, Energy Regulatory Commission announced to reduce the retail LPG price for all sector by baht 0.47 per kg. This causes retail LPG price decrease from baht 20.96 per kg. to baht 20.49 per kg.

On September 5, 2017, Energy Regulatory Commission announced to increase the retail LPG price for all sector by baht 0.66 per kg. This causes retail LPG price increase from baht 20.49 per kg. to baht 21.15 per kg.

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.

(2) LPG Free Trade Policy for domestic use

According to the World Trade Organization (WTO) agreement related to the Free Trade, this may encourage large-scale foreign corporations with strong financial capability and technologies to enter the local market and result in higher competition.

However, those foreign investors or local ones may face some problems in doing LPG business as they are not familiar with market and have no experience in LPG business. Moreover, relations and networks would also be critical factors and their entrance barrier.

(3) Consumer and Environmental Protection Policy

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



condition and meet the standards of the government at all time.

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

(4) The government policy in encouraging NGV consumption

Due to the continuous rising oil price, more people have switched to use LPG for their vehicles resulting in shortage of overall LPG local supply for the country, and the import of LPG is needed to fill up the gap. Therefore, the government encourages more Thai people to use NGV for vehicles with the reason being that NGV can be produced locally, NGV needs no import

from other countries, and NGV helps reduce air pollution. Currently, the government has begun the program by starting to convert vehicles in the fleets of the government and state owned agencies, garbage trucks of the Bangkok Metropolitan Administration and mass transit vehicles to NGV, as well as launching a campaign to induce conversion in taxis. Also, the government targets to capture other potential segment of vehicles and to increase number of NGV service stations at the same time in order to meet the increase demand in the future.

However, the companies has thoroughly considered the impact of such policy, and found that NGV has still lots of disadvantage and limitations comparing with LPG for example higher cost of imported NGV conversion kits, more complication in installing NGV system for vehicle, longer refueling time, and the total

number of current NGV stations is 476 which is still far behind that of LPG which is 1,855 nationwide.

2. Risk from increasing number of LPG traders

Considering domestic LPG consumption (excluding petrochemicals feedstock) in Thailand during 2002 - 2013, it increased from 2,179 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 2004 - 2017

Year	Sales Volume (million kilogram)	Growth rate (%)
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	-0.01
2015	4,419	-6.75
2016	4,187	-5.25
2017	4,120	-1.60

Source of data: Energy Policy and Planning Office

In 2017, domestic sales volume of LPG reduced by 1.60 percent from 4,187 million kilograms to 4,120 million kilograms when compared with 2016. The reason for reduction of sales volume of LPG during 2014 - 2017 was that requirements of LPG in automotive sector had drastically reduced because domestic oil prices have considerably reduced, so many LPG consumers for automotive use switched to use oil instead. In addition, the public sector has adjusted structure of domestic LPG prices to make them reflect LPG costs in the world market, hence, differences between LPG prices and oil prices did not as high as they were in the past.

In year 2010 - 2016, there were 10 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.

3. Risk from Safety of LPG cylinders

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

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

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

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

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

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

(Unit : Sites)

	SGP	UGP	TOTAL
LPG Terminal	7	2	9
LPG Filling Plant	25	18	43
LPG Autogas station	43	-	43

Note: * As at December 31, 2017, the Company operates 12 LPG filling plants by itself (COCO – Company own – Company operate) and another 13 filling plants are operate by dealers (CODO – Company own – Dealer operate).

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.

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.

5. Risks from Transportation of LPG

SGP and UGP have their own fleets of road tanker and vessel tankers to transport petroleum, LPG, ammonia, as other petrochemicals products which are operated under SGP's 2 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 2 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 25 vessel tankers (Total book value of 25 vessels as at December 31, 2017 was 2,534.72 million baht). Total sum insured in case of damage were 2,280.70 million baht. The Company has purchased insurance coverage for all vessels and also for all of their 332 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.

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

All LPG terminals of SGP and UGP are situated on their own estates, except for the piece of land under leasing contract where Satupradit Terminal is 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, 2016. However, the contract was renewed and extended to 3 more years and it will expire on December 31, 2019.

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 approved to construct LPG tank in December 2015. The Company started operating the Terminal in November 2016. In the initial stage, it can supply LPG to road tankers only.

7. 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.

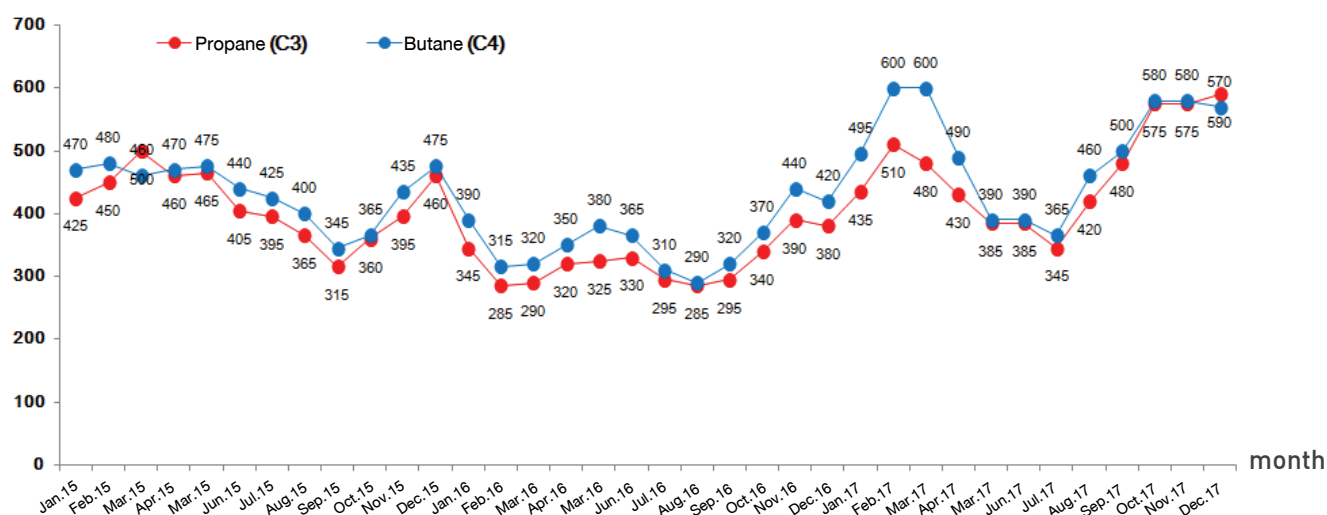
8. Risk from investment in overseas businesses

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

Information on changes of LPG prices by based on world markets from 2015 - 2017

Usd/ton



- 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 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.

Financial Risks

1. Financial risk factors

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.

2. Risk from foreign currency exchange

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. In 2017, SGT's revenues from sales of LPG to companies within the group were approximately 26.90 percent of total revenue of the group of companies. 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.

3. Risk from fluctuations in interest rates

Financial cost had classified into 3 main parts which are debenture, short-term loan and long-term loan. Short-term loan had fixed rate of interest; therefore, it does not affect if interest rate changes.

Long-term loan has both fixed and floating interest rate. The proportion of long-term loan with floating interest rate of company's group is 7.9 percent of loan in foreign currencies. In addition the group has partially entered into an interest rate swap contract to reduce risk from interest rate fluctuation and mitigate interest rate risk.

4. Risk from Unable to comply with a financial institution

The loan agreement between company and financial institution had conditions such as maintain of financial ratio which company must follow or might have to receive consent from lender prior to enter into some transaction including incremental loan, capital reduction, change of capital structure, adjust or change plan to use capital, expand business, providing guarantees, mergers or acquisitions of other companies etc.

Currently the only loan agreement which the company has to comply as mention above is loan for purchasing vessels under SLM. SLM must comply with the requirement such as maintain of financial ratio, company must receive consent from lender before enter into transaction and etc. Currently, SLM can comply with all



requirement from financial institution and according to agreement of financial institution, SLM can maintain financial ratio under the agreement.

5. Risk from debt with financial institution

At the end of December 31, 2017, the company had debt with financial institution totally 3,536 Million Baht which divided into 2 parts. First, a secured debt was 1,190 Million Thai Baht which equal to 3.78 percent of total asset. Second, the remaining was short-term loan. A secured debt was less than total assets; therefore, if necessity, the company will have sufficient cash flow for repay to bondholders by selling company's assets.

Risk from Business Management

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

As at August 28, 2017, the Weeraborwornpong Group was the major shareholder holding 61.25% 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 3 nonexecutive members on the board of directors, and 3 of them are independent directors and members of audit committee, and the other one is a non-executive director out of all of total 8 company's directors 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.



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
- 5) Retail distribution of gasoline
- 6) Container terminal service
- 7) Joint venture

Head Quarter Address

553 The Palladium Bldg 30th Fl., Ratchaprarop Road, Makkasan,
Ratchathewi, Bangkok 10400 Thailand
Registered Number : 0107548000650
Telephone : +66 2120 9999
Fax : +66 2250 6008
Web Site : www.siamgas.com
Registered Capital : 918,931,500 baht (As of 31 December 2017)
Common Shares : 918,931,500 shares
Par Value : 1.00 baht/share
Paid-up Capital : 918,931,500 baht (As of 31 December 2017)

Registrar

Thailand Securities Depository Company Limited

SET Building 93 Ratchadaphisek Road, Klongtoey, Bangkok 10400
Telephone : +66 2009 9000
Fax : +66 2009 9991

Trustee

- None -

Auditor

PricewaterhouseCoopers ABAS Limited

15th Floor Bangkok City Tower
179/74-80 South Sathorn Road, Bangkok 10120
Telephone : +66 2344 1000

Financial Advisor

Advisory Plus Company Limited

10th Floor Thanapoom Tower
1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400
Telephone : +66 2652 7859-64
Fax : +66 2652 7867

Frequently use Financial Institution

Krungthai Bank Pcl.

35 Sukumvit rd. N. Klongton Vadhana Bangkok 10110
UOB bank Pcl. 191 South Sathorn rd. Bangkok 10120

Capital Structure

1. SGP's Securities

As of December 31, 2017, SGP had registered and paid-up capital of 918,931,500 baht consisting of 918,931,500 common shares at 1 baht per share.

2. SGP's Equity Structure

As of August 28, 2017, the major shareholders are as follows:

No.	Shareholders' Name	Shares	%
1.	Weeraborwornpong Family		
	Mr. Worawit Weeraborwornpong	441,881,599	48.09
	Mr. Supachai Weeraborwornpong	51,371,000	5.59
	Mrs. Patchara Weeraborwornpong	50,000,000	5.44
	Miss Patcharawadee Weeraborwornpong	20,000,000	2.18
	Total shares held by Weeraborwornpong Family	563,252,599	61.29
2.	Uob Kayhian Private Limited	77,408,400	8.42
3.	Thai NVDR Co., Ltd.	52,856,865	5.75
4.	State Street Bank Europe Limited	9,385,200	1.02
5.	Mr. Chavalit Wisarankul	9,222,900	1.00
6.	Hsbc (Singapore) Nominees Pte.Ltd.	9,213,700	1.00
7.	Mr. Kiat Srijomkwan	7,541,600	0.82
8.	Mr. Niti Vanichjiratkan	6,260,800	0.68
9.	East Fourteen Limited-Dimensional Emermkt Value Fd	6,249,500	0.68
10.	Miss Warangkana Kamolthip	6,200,100	0.67
	Total	747,591,664.00	81.33

Source: The Stock Exchange of Thailand

3. Issue of other securities

A) Debenture bond

1st Time	: Total value of debenture bonds is 2,000.0 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 26-27, 2015 for institution investors and/or investors who are holder debenture bond 1 st time of year 2012 set No.2 of Siam Gas and Petrochemicals Public Co., Ltd. that maturity date on year 2015 (Debenture bond No. SGP152A) January 28-29, 2015 for institution investors and/or investors whether holder debentures bond No. SGP152A or not.

3 years bond	1 st - 3 rd interest rate	4.70% p/a	Maturity date	Jan. 30, 2018
--------------	---	-----------	---------------	---------------

2nd Time	: Total value of debenture bonds is 3,000.0 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 28 - 29, 2016 for institution investors and/or investors who are holder debenture bond 1 st time of year 2012 set No.3 of Siam Gas and Petrochemicals Public Co., Ltd. that maturity date on year 2016 (Debenture bond No. SGP162A) February 1 - 2, 2016 for institution investors and/or investors whether holder debentures bond No. SGP162A or not.

3 years bond	1 st - 3 rd interest rate	4.30% p/a	Maturity date	Feb. 3, 2019
--------------	---	-----------	---------------	--------------

3rd Time	: Total value of debenture bonds is 2,000.0 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 23 - 25, 2017

3 years bond	1 st - 3 rd interest rate	3.95% p/a	Maturity date	Jan. 26, 2020
--------------	---	-----------	---------------	---------------

B) Bill of Exchange

As of December 31, 2017, Siam Gas and Petrochemicals Public Co., Ltd. has no outstanding Bill of Exchange

Dividend Policy

The Company has 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

1. Board of directors

Management structure of the company as of December 31, 2017 consists of Board of Director, Executive Board and Risk Management Committee and audit committee. The Board of Director and executives of the company are qualified according to the regulations stipulated by SET and SEC.

Name		Position
1. Mr. Worawit	Weeraborwornpong	Chairman
2. Mrs. Patchara	Weeraborwornpong	Director
3. Mr. Supachai	Weeraborwornpong	Director and Managing Director
4. Miss. Patcharawadee	Weeraborwornpong ^{1/}	Director
5. Mr. Somchai	Ko-prasobsuk	Director
6. Mr. Viroj	Klangboonkrong	Independent director and Chairman of audit committee
7. Mr. Harn	Chiocharn	Independent director and Audit committee
8. Mrs. Sudjit	Divari	Independent director and Audit committee

Mrs. Jintana Kingkaew is a Company Secretary.

Note: ^{1/} Miss Patcharawadee Weeraborwornpong has been appointed as the Company's director on May 12, 2017, replacing Mr. Suttipong Vasuvanichpan who passed away.

The Company's authorized signatories

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

Detail of Board attendance in the year 2016 and 2017

Name		2016		2017	
		No. of meeting	No. of attending	No. of meeting	No. of attending
1. Gen. Chaisit	Shinawatra ^{1/}	6	3 ^{2/}	-	-
2. Mr. Worawit	Weeraborwornpong	6	5	5	4
3. Mrs. Patchara	Weeraborwornpong	6	6	5	5
4. Mr. Supachai	Weeraborwornpong	6	5	5	5
5. Mr. Suttipong	Vasuvanichphan	6	6	-	-
6. Miss. Patcharawadee	Weeraborwornpong ^{3/}	-	-	5	3
7. Mr. Somchai	Ko-prasobsuk	6	6	5	5
8. Mr. Viroj	Klangboonkrong	6	6	5	3
9. Mr. Harn	Chiocharn	6	6	5	5
10. Mrs. Sudjit	Divari	6	6	5	5

Note: ^{1/} General Chaisit Shinawatra resigned from the position of Director and Chairman on May 12, 2016.

^{2/} From January 1, 2016 to May 12, 2016, the Company held three Board of Directors meetings, General Chaisit Shinawatra attended three meetings.

^{3/} Miss Patcharawadee Weeraborwornpong was appointed as the Company's director on May 12, 2017, replacing Mr. Suttipong Vasuvanichphan who passed away

2. 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	Klangboonkrong	Chairman of audit committee
2. Mr. Harn	Chiocharn	Member of audit committee
3. Mrs. Sudjit	Divari ^{1/}	Member of audit committee

By having Mrs. Chantira Srimoungpan is the secretary to the audit committee

Note: ^{1/} Audit Committee who has adequate knowledge and experiences to audit financial statement of the Company

3. 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. Miss. Patcharawadee	Weeraborwornpong ^{1/}	Member of Executive Board

Note: ^{1/} Miss Patcharawadee Weeraborwornpong was appointed as member of Executive Board on May 12, 2017, replacing Mr. Suttipong Vasuvanichphan who passed away

4. Risk Management Committee

On November 14, 2016, the Board of Director meeting No. 6/2016 has appointed Risk Management Committee members compose of 12 members as follow:

Name		Position
1. Mr. Supachai	Weeraborwornpong	Chairman
2. Mrs. Jintana	Kingkaew	Vice Chairman
3. Mr. Somchai	Ko-prasobsuk	Member
4. Mr. Winai	Krajangyao	Member
5. Mrs. Wansiri	Pakamathawee	Member
6. Mr. Wirat	Jaruchaiyakul	Member
7. Mr. Methawin	Mekchai	Member
8. Mrs. Piyachai	Wetcha	Member
9. Mr. Choosit	Srisubun	Member
10. Mr. Thitipong	Chitdacha	Member
11. Mr. Adisorn	Chackaew	Member
12. Mrs. Supattra	Srisubun	Member

Mr. Watcharapong Jittapirom is a Risk Management Committee secretary.

5. Management

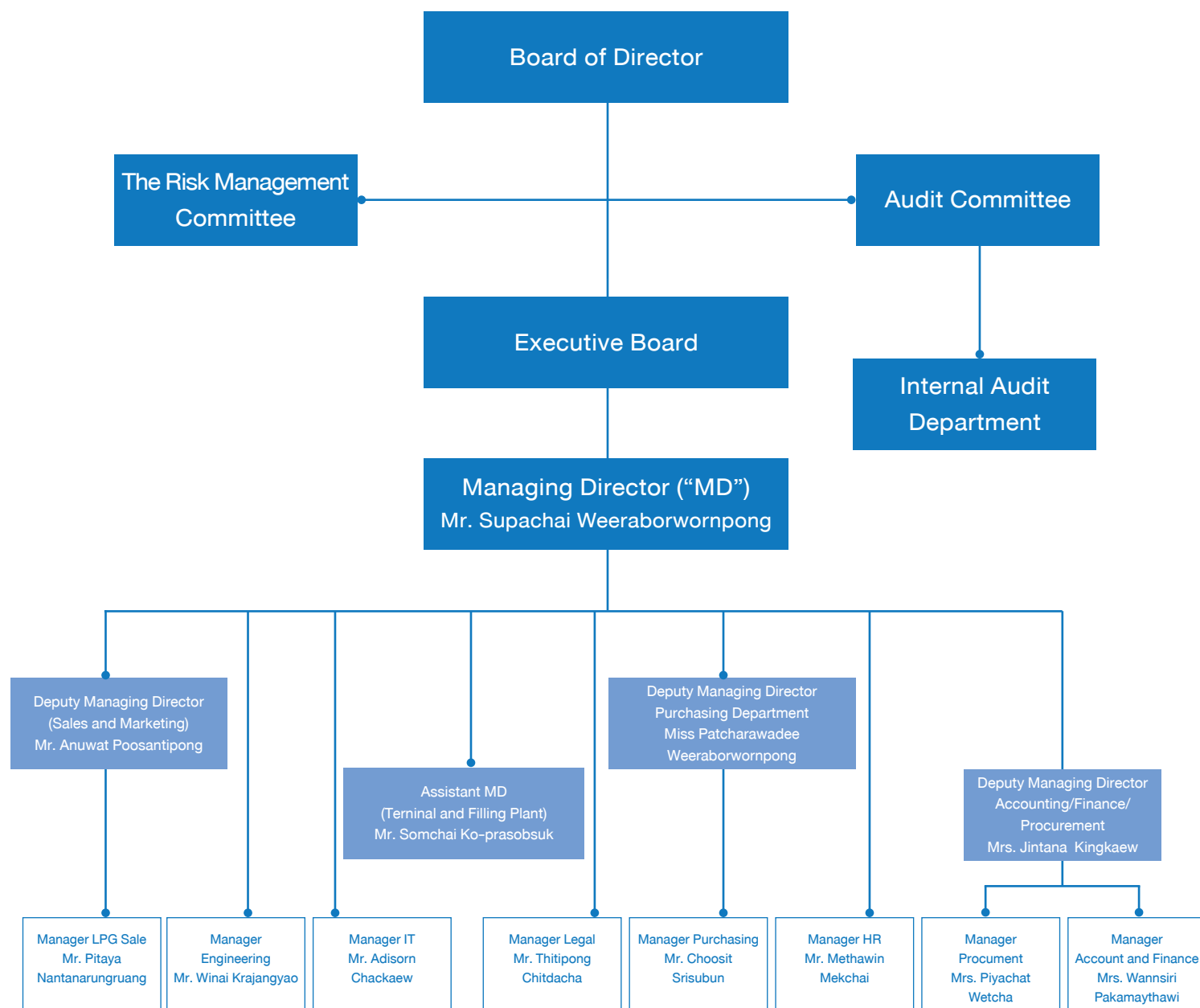
As of December 31, 2017 management of the company has 5 persons as following:

Name		Position
1. Mr. Supachai	Weeraborwornpong	Managing Director
2. Miss. Patcharawadee	Weeraborwornpong ^{1/}	Deputy Managing Director – Purchasing
3. Mr. Anuwat	Phoosantipong	Deputy Managing Director – Sale and Marketing
4. Mrs. Jintana	Kingkaew	Deputy Managing Director – Accounting and Financial/Procurement
5. Mr. Somchai	Ko-prasobsuk	Assistant Managing Director – Terminal/Filling Plant

Note: ^{1/} Miss Patcharawadee Weeraborwornpong was appointed as Deputy Managing Director on May 12, 2017, replacing Mr. Suttipong Vasuvanichphan who passed away

Management Structure

SGP's Management Structure as of December 31, 2017



6. Company Secretary

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

7. Director and Management Remuneration

(a) Financial Remuneration

• Director

The resolution of the shareholders in the year 2017 as of April 21, 2017 annual general meeting has approved the remuneration for Board of Directors and Audit Committee as follow:

	Meeting allowance (baht/person/time)	Annual remuneration
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

		2016		2017	
		Director	Audit Committee	Director	Audit Committee
1. Gen. Chaisit	Shinawatra ^{1/}	30,000		-	
2. Mr. Worawit	Weeraborwornpong	50,000		40,000	
3. Mrs. Patchara	Weeraborwornpong	60,000		50,000	
4. Mr. Supachai	Weeraborwornpong	50,000		50,000	
5. Mr. Suttipong	Vasuvanichphan	60,000		-	
6. Miss. Patcharawadee	Weeraborwornpong ^{2/}	-	-	30,000	
7. Mr. Somchai	Ko-prasobsuk	60,000		50,000	
8. Mr. Viroj	Klangboonkrong ^{3/}		230,000		180,000
9. Mr. Harn	Chiocharn ^{3/}		230,000		210,000
10. Mrs. Sudjit	Divari ^{3/}		230,000		210,000
Total		310,000	690,000	220,000	600,000

Note : ^{1/} General Chaisit Shinawatra resigned from the position of Director and Chairman on May 12, 2016. Therefore, the Company remunerate annual allowance until May 12, 2016 in the amount of 1,175,826 baht.

^{2/} Miss Patcharawadee Weeraborwornpong was appointed as the company's director on May 12, 2017, replacing Mr. Suttipong Vasuvanichphan who passed away.

^{3/} The Company remunerate additional annual allowance to audit committee in the amount of 804,058 baht.

- Executives

Remuneration (baht)	2016	2017
Total persons	7	7
- Salary	41,857,440	42,056,888
- Bonus	3,488,120	5,232,565
- Provident fund	1,325,243	1,253,755
- Other	117,000	110,250
Total	46,787,803	48,653,458

(b) Other compensation

- None -

8. Staff

Number of employees

As of December 31, 2017 SGP and UGP have number of employees (not including executives) total 1,167 employees

Employees to other subsidiaries

As of December 31, 2017, total staff of a group of subsidiaries is 1,249 persons.

Employee remuneration (excluding executive)

In year 2016 the company paid compensation to employees 2,416 person total amount of 751.05 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 provides the employees to have knowledge, skill and experience to use in work efficiently. The Company set up several internal staff trainings for different staff levels to train staff regularly



Corporate Governance

1. 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 o attend the meeting to answer in the meeting, including there are recording questioning and important opinion in the meeting report for shareholders to check it out.
5. After the meeting finished, the Company shall prepare the meeting report by displaying the data correctly so that shareholders can review.

Section 2 The equality treatment of shareholders.

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

The meeting is conducted in accordance with company regulations, as respectively agenda. There are proposed details in each agenda. There are showing data into consideration explicitly and will not promote the agenda of meeting without report to shareholders prior notice. The only important

agenda that shareholders need to take education information before making decision. In the event that shareholders cannot attend the meeting in person, the Company open the opportunity to shareholders can appoint independent directors or any person to be proxy in their attending by any proxy form that the Company sent along with meeting letter.

Section 3 The role of stakeholders

The Company has focused on the right of all interested groups, whether they are internal stakeholder such as employees, executives of the Company or external stakeholder such as competitor, customer etc. The Company recognized that supporting and commenting from all stakeholders will be advantage for the operation and development of the business,

Therefore, the Company will practice as law and regulation determined related the right of such stakeholders with well care, besides, the Company encourage to corporate between companies and group of stakeholders to secure for the Company under the following guideline.

Shareholder : The Company is committed to better represent the shareholders in business to create maximum satisfaction for shareholders by taking into account of the growth of value of company in long-term and actions reveal information in a transparent and credible.

Employee : The Company recognized the importance of employees. This is a valuable resource of company. It aims to support the capacity development of human resources for maximum benefit. The company also encourage employees to participate in well creating corporate culture and team building and the atmosphere felling safe at work.

Competitors : The Company will comply to competitor in a frame of fairly rule by keeping standard of practical to the competitors.

Clients : The Company committed to meet and serve goods for satisfaction and confidence to customers.

The Company will comply with requirement of laws and regulations related to the right of stakeholders to be taken care well.

Section 4 Disclosure and transparency

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

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

Section 5 Responsibilities of the Board of Directors

5.1 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 3 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 eight directors, 3 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 and Risk Management Committee 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.

5.2 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.

5.3 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 (Form 56-2) and annual statement (Form 56-1)

5.4 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

5.5 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.

5.6 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.

5.7 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.

5.8 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.

2. Anti-Corruption Policy

The Company has been certified as a member of the Collective Action Coalition Against Corruption (CAC) on March 9, 2017. The Company has a policy against corruption, as follows:

The Company's directors, executives and employees are prohibited to request, offer and accept any and all forms of corruption, directly and indirectly and this policy also applies to all relevant departments. The Company has established anti-corruption procedures and compliance of this anti-corruption policy has been constantly reviewed to make it consistent to the changes in business, law, policy, rules, notification, regulations and to preserve reputation of the Company. All directors, executives and employees shall strictly comply with this policy as follows:

1. The Company's directors, executives and employees determine to build corporate culture which adheres to zero tolerance policy for corruption when dealing business with the public sector and private sector or any individual person.
2. The directors and the management are well aware of importance on dissemination of knowledge and understandings concerning anti-corruption policy and practices, including matters of law of Thailand to the persons who shall deal business with the Company and the Company's stakeholders.
3. The directors, executives and employees at all levels must strictly comply with the anti-corruption policy and code of conduct and must not get involved in any and all forms of corruption - directly or indirectly.
4. The Company has specified a policy when conducting any activity which might be exposed to corruption to be observed by all directors, executives and employees as follows:
 - 4.1 Political assistance. The Company has a policy not to provide any political assistance as it has a political neutrality policy and does not give preference to any political party or group. It will not support any political activities of any particular political party and it will not support or provide assistance to any candidate for public office - directly or indirectly.
 - 4.2 Charitable donation and fundraising with purposes for social, economic and cultural development; for building up good reputation of the Company and for strengthening business relations. The Company has a policy to oversee and supervise the charitable donation and fundraising activities to ensure that they are conducted with transparency and full compliance with applicable laws and regulations, and they must not be used as a means of bribery and corruption. For these purposes, clear, precise and effective operating guidelines have been established and all evidencing document must be able to be verified.
 - 4.3 Giving or receiving gift and business entertainment to the person or public and private sectors must be correctly and transparently conducted pursuant to the operating practices. They shall not be conducted with purposes for the return of benefits or others which may be considered as corruption. Request for approval and criteria for consideration shall be as per the specified Gift and Business Entertainment Procedures.

- 4.4 The Company must not pay or receive any facilitation payment or bribery for conducting current or potential business via the person acting on behalf of the Company, the advisor, the broker, the counterparty, the business partner or the middleman who are under the Company's control.
- 4.5 The Company has stipulated regulations on payment, gifts or assets by specifying applicable limits and approval authority and also specified that clear evidencing document for such payment must be presented to ensure that disbursement of money, giving of gift or assets shall not be made with purpose of corruption. Information and details must be inspected to ensure compliance with the specified operating practices.
- 4.6 Sales and marketing. The Company has sales and marketing inspection process in place to ascertain that such activities have been correctly and transparently conducted and there will not be any room for corruption.
- 4.7 Procurement and employment: The Company has inspection process for procurement and employment to make sure that such activities have been conducted with transparency, integrity and compliance with applicable laws including the Company's procurement and employment regulations.
- 4.8 Human resources management: Processes for personnel recruitment, promotion, training, performance evaluation must be able to reflect the Company's intention and practices on anti-corruption policy.
5. Implementation of anti-corruption policy
 - 5.1 Communicate anti-corruption policy and practices to the directors, executives and employees as well as to the person who will act on the Company's behalf, the advisor, the broker, the counterparty, the business partner including the subsidiaries, the associated companies and other companies that the Company has controlling power for their implementation via the specified channels.
 - 5.2 There must be transparent and correct financial reporting preparation procedures in place. In addition, corruption risk assessment procedures must be specified and included as a part of the enterprise risk factors and appropriated and effective internal control system must be established to prevent unappropriated operations.
 - 5.3 Secure and accessible channel must be provided for the employees and other persons for requesting for recommendation on compliance with the anti-corruption policy and practices and to send information on misconduct or compliant by ensuring that the informant must be appropriated protected.
 - 5.4 The Company's employees shall not neglect or ignore when witnessing any act which could be regarded as corruption related to the Company. He or she should inform a clue or file a complaint via the channel specified by the Company and provide cooperation in finding the fact. When in doubt or require any recommendation, employees should consult with the designated party/entity via the channel provided by the Company.
 - 5.5 The Company shall provide equitable treatment and protection and shall not demote, impose penalty or negative result to the employee who rejects to inform a clue or file a complaint on corruption relevant to the Company. There must be a protection measure for the informant, the complainant or the person who cooperates on reporting the corruption act as per specified.

- 5.6 Any person who fails to comply with the Company's anti-corruption policy or practices shall be imposed with disciplinary penalty pursuant to the regulations specified by the Company, which shall include termination of employment, if the Company deems necessary, and shall also be penalized pursuant to the relevant laws.

3. Sub-Committee

Management structure of the Company consists of Board of Director, Executive Board, Risk Management Committee and audit committee. The Board of Director and executives of the Company are qualified according to the regulations stipulated by SET and SEC.

3.1 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. Specify anti-corruption policy and practices; supervise, oversee and drive such policy and practices for actual implementation. The Administration Department shall be assigned to implement such policy and ensure that the management and the employees place importance on anti-corruption and adherence to it.
11. Any other matter required by law.

3.2 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:

The 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 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. Review the policy, measures and guidelines for combating corruption, overseeing the implementation of anti-corruption and anti-corruption policies and ensure that the Company operation does not conflict with the policy.
9. Any actions assigned by the Board of Directors appointed with approval from audit committee.

3.3 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. Promote and support anti-corruption policy and practices, review appropriateness of such anti-corruption policy and practices to make them conform to the changes in business, policy, rules, notifications, regulations and legal requirements.
11. Perform the other duties as assigned in each time by Board of Directors.
12. 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.

3.4 Scope of duties and responsibility of the Risk Management Committee

1. Consider and approve a draft enterprise risk management policy and framework before proposing to the Board of Directors for consideration and approval. Assign the management to comply with the prescribed policy and guidelines and specify that the management must report the operating results to the Risk Management Committee.

2. Consider and give opinion on determination of risk appetite and risk tolerance which must be consistent with the organizational strategy.
3. Review and improve the Company's risk management system to make it effectively and efficiently on continued basis and specify that risk management must be constantly evaluated and monitored to make it in line with the specified policy and guidelines.
4. Conduct systematically and continually assessment and analysis of material risks in various aspects which must be in line with the current situations to ensure that such risk assessment covers all procedures of business operations pursuant to the criteria related to corporate governance principles. Give recommendation on preventive measures in case risk level is not as per specified or reduce it to be under risk appetite level.
5. Review risk management report, increase monitoring work for risks which are materially to organization and arrange to ensure that the organization has appropriated risk management in place.
6. Consider anti-corruption risks of the organization, review the appropriateness of anti-corruption operating guidelines to make them conform to the changes in business, policy, rules, notifications, regulations and requirements.
7. Other tasks as per assigned by the Board of Directors.

3.5 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.
2. To provide authorized or assigned the other who managing director agree to doing the duty instead of managing director as necessary and appropriate 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.

4. Nomination and Appointment of Director and Top Executives

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:

Audit Committee / Independent director

The Company has policy to nominate audit committee and independent directors announced by Securities and Exchange Commission that torjor 39/2559 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 no more than 1% of total voting shares of the parent company, subsidiary, affiliate, major shareholder(s), or controlling parties of the company. This include the shareholding of persons related to the independent directors.
2. Not currently be or never been the company's executive director, worker, employee, salaried consultant, or controlling parties*. Exception: It has been at least two years after the person has held the position.
3. Not by blood related with other directors, executives, major shareholders, controlling parties, or persons who will be nominated as directors, executives, or controlling parties of the Company or subsidiary.
4. Not currently having or never had any relations with the Company* in the way that such relation may impede the person from having independent views. Also, the person should not currently be or never be a significant shareholder or controlling person for persons having business relations with the Company*. Exception: It has been at least two years after the person has held the position.
5. Not currently being or never been the Company's auditor*. Also, the person should not currently be or never be a significant shareholder, controlling person, or partners of current auditor's auditing firm*. Exception: It has been at least two years after the person has held the position.
6. Not currently be providing or never provided professional services, legal consulting, nor financial consulting services to the company with a fee more than 2 million baht per year*. Also, the person should not currently be or never be a significant shareholder, controlling person, or partners of current service providers. Exception: It has been at least two years after the person has held the position.
7. Not currently a director appointed to represent the Company's directors, major shareholders, or the shareholder related to major shareholder.
8. Not currently be operating under similar business nature and significant competition to the Company or subsidiary; or not a significant partner of the partnership, executive director, salaried worker, employee, or consultant; or holding more than 1% of voting shares of any other companies operating under similar business nature and significant competition to the Company and subsidiary.
9. Not under any conditions that may impede the person from having independent views towards the company's operations.

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.

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.

5. 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.

6. 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 wrongfully 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 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

7. Audit Fee

Total audit fee paid in 2017 to PricewaterhouseCoopers ABAS Ltd., the auditing company which the auditors of the Company and domestic subsidiaries work for, was 6.03 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



1. 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.

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 anticorruption 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. The Company also specified anti-fraud and anti-corruption policy in the Company's code of business ethics handbook and post at the board in the Company's offices, depots, and LPG station. The policies are as follows:

The Company's directors, executives and employees are prohibited to request, offer and accept any and all forms of corruption, directly and indirectly and this policy also applies to all relevant departments. The Company has established anti-corruption procedures and compliance of this anti-corruption policy has been constantly reviewed to make it consistent to the changes in business, law, policy, rules, notification, regulations and to preserve reputation of the Company. All directors, executives and employees shall strictly comply with this policy as follows:

1. The Company's directors, executives and employees determine to build corporate culture which adheres to zero tolerance policy for corruption when dealing business with the public sector and private sector or any individual person.
2. The directors and the management are well aware of importance on dissemination of knowledge and understandings concerning anti-corruption policy and practices, including matters of law of Thailand to the persons who shall deal business with the Company and the Company's stakeholders.
3. The directors, executives and employees at all levels must strictly comply with the anti-corruption

policy and code of conduct and must not get involved in any and all forms of corruption - directly or indirectly.

4. The Company has specified a policy when conducting any activity which might be exposed to corruption to be observed by all directors, executives and employees as follows:

4.1 Political assistance. The Company has a policy not to provide any political assistance as it has a political neutrality policy and does not give preference to any political party or group. It will not support any political activities of any particular political party and it will not support or provide assistance to any candidate for public office - directly or indirectly.

4.2 Charitable donation and fundraising with purposes for social, economic and cultural development; for building up good reputation of the Company and for strengthening business relations. The Company has a policy to oversee and supervise the charitable donation and fundraising activities to ensure that they are conducted with transparency and full compliance with applicable laws and regulations, and they must not be used as a means of bribery and corruption. For these purposes, clear, precise and effective operating guidelines have been established and all evidencing document must be able to be verified.

- 4.3 Giving or receiving gift and business entertainment to the person or public and private sectors must be correctly and transparently conducted pursuant to the operating practices. They shall not be conducted with purposes for the return of benefits or others which may be considered as corruption. Request for approval and criteria for consideration shall be as per the specified Gift and Business Entertainment Procedures.
- 4.4 The Company must not pay or receive any facilitation payment or bribery for conducting current or potential business via the person ting on behalf of the Company, the advisor, the broker, the counterparty, the business partner or the middleman who are under the Company's control.
- 4.5 The Company has stipulated regulations on payment, gifts or assets by specifying applicable limits and approval authority and also specified that clear evidencing document for such payment must be presented to ensure that disbursement of money, giving of gift or assets shall not be made with purpose of corruption. Information and details must be inspected to ensure compliance with the specified operating practices.
- 4.6 Sales and marketing. The Company has sales and marketing inspection process in place to ascertain that such activities have been correctly and transparently conducted and there will not be any room for corruption.
- 4.7 Procurement and employment : The Company has inspection process for procurement and employment to make sure that such activities have been conducted with transparency, integrity and compliance with applicable laws including the Company's procurement and employment regulations.
- 4.8 Human resources management: Processes for personnel recruitment, promotion, training, performance evaluation must be able to reflect the Company's intention and practices on anticorruption policy.
5. Implementation of anti-corruption policy
 - 5.1 Communicate anti-corruption policy and practices to the directors, executives and employees as well as to the person who will act on the Company's behalf, the advisor, the broker, the counterparty, the business partner including the subsidiaries, the associated companies and other companies that the Company has controlling power for their implementation via the specified channels.
 - 5.2 There must be transparent and correct financial reporting preparation procedures in place. In addition, corruption risk assessment procedures must be specified and included as a part of the enterprise risk factors and appropriated and effective internal control system must be established to prevent unappropriated operations.
 - 5.3 Secure and accessible channel must be provided for the employees and other persons for requesting for recommendation on compliance with the anti-corruption policy and practices and to send information on misconduct or compliant by ensuring that the informant must be appropriated protected.
 - 5.4 The Company's employees shall not neglect or ignore when witnessing any act which could be regarded as corruption related to the Company. He or she should inform a clue or file a complaint via the channel specified by the Company and provide cooperation in finding the fact. When in doubt or require any recommendation, employees should consult with the designated party/entity via the channel provided by the Company.
 - 5.5 The Company shall provide equitable treatment and protection and shall not demote, impose penalty or negative result to the employee who rejects to inform a clue or file a complaint on corruption relevant to the Company. There must be a protection measure for the informant, the complainant or the person who cooperates on reporting the corruption act as per specified.
 - 5.6 Any person who fails to comply with the Company's anti-corruption policy or practices shall be imposed with disciplinary penalty pursuant to the regulations specified by the Company, which shall include termination of employment, if the Company deems necessary, and shall also be penalized pursuant to the relevant laws.



Internal Control and Risk Management

1. 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. 1/2018 held on February 22, 2018 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 and follow risk management pursuant to COSO (The Committee of Sponsoring Organization of Treadway Commission) guideline. In conclusion, from assessment of 5 components of internal control system, comprising of control environment, risk assessment control, control activities, information & communication and monitoring activities, 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 adequate specified. The Board of Directors also deemed that measures on internal control system of other topics also adequate.

2. Opinions of the Board of Directors on risk management system

The Company has set up risk management committee to consider and approve a draft enterprise risk management policy and framework, consider and give opinion on determination of risk appetite and risk tolerance which must be consistent with the organizational strategy, review and improve the Company's risk management system to make it effectively and efficiently on continued basis and specify that risk management must be constantly evaluated and monitored to make it in line with the specified policy and guidelines, conduct systematically and continually assessment and analysis of material risks in various aspects which must be in line with the current situations to ensure that such risk assessment covers all procedures of business operations pursuant to the criteria related to corporate governance principles, review risk management report, increase monitoring work for risks which are materially to organization and arrange to ensure that the organization has appropriated risk management in place, consider anti-corruption risks of the organization, and review the appropriateness of anti-corruption operating guidelines to make them conform to the changes in business, policy, rules, notifications, regulations and requirements. Furthermore, the Audit Committee monitors risk management system under significant change environment which may affect the Company's operation to be under risk appetite level.

3. 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, PricewaterhouseCoopers ABAS Ltd., as well as from jointly assessment with the Board of Directors during the meeting No. 1/2018 on February 22, 2018. In the auditor report, there is no significant issue regarding internal control of Accounting and Finance. The Audit Committee has the same opinion with the Board of Directors that the Company's internal control was appropriated.

4. 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 under Thai Institute of Directors (IOD) which are

Company Secretary Program (CSP 11/2005), Anti-Corruption: The Practical Guide (ACPG 20/2015), Director Accreditation Program (DAP 137/2017), Advanced Audit Committee (AACP 27/2017), How to Develop a Risk Management Plan (HRP 15/2017). In addition, she also attended other risk management courses 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

1. Summary of transactions between SGP, its subsidiaries and other people who might have conflicts during 2017 and 2016

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
			2017	2016	2017	2016		
1.Great China Millennium (Thailand) Company Limited (“Great China”) Property and Hotel Business	<ul style="list-style-type: none">SGP and Great China Millennium (Thailand) Company Limited have the same major shareholder who is Weerabornwong family. Weerabornwong family holds 563.25 million shares or 61.30 per cent of paid-up capital of SGP and holds directly and indirectly 28.71 million shares 92.69 per cent of paid-up capital of Great China Millennium (Thailand) Company Limited	LPG Sales Revenue and Account Receivable 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 Office Rental Deposit 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.	5,485	3,904	1,226	855	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 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) and #33 (D) <

Connected Person/ Legal Entity	Relationship	Description	Value (000 Baht)		Outstanding (000 Baht)		Justification	Reference : Notes of Financial Statement
			2017	2016	2017	2016		
	<ul style="list-style-type: none"> SGP and Great China Millennium (Thailand) Company Limited have the same directors who are Mr. Worawit Weerabornwornpong and Mrs. Patchara Weerabornwornpong 	<p>Rental Fee, Common Service Fee and Account Payable</p> <p>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 9,048.36 square meters or at the rate 419.29 Baht per square meter. The period of rental contract is from 1 September 2015 to 31 August 2018 (3 years rental period). This rental fee charged by Great China was lower than that of charged by other office buildings in the same area</p>	45,550	45,550	-	-	<p>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.</p>	Note # 33 (E)

Connected Person/ Legal Entity	Relationship	Description	Value (000 Baht)		Outstanding (000 Baht)		Justification	Reference : Notes of Financial Statement
			2017	2016	2017	2016		
		Other Expenses and Other Account Payable 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	12,579	19,248	4,310	4,324	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 (E)
		Electricity, Water Supply and other Account Payable 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.	1,273	1,294	94	101	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 33 (E)

Connected Person/ Legal Entity	Relationship	Description	Value (000 Baht)		Outstanding (000 Baht)		Justification	Reference : Notes of Financial Statement
			2017	2016	2017	2016		
		Rental and Pooled Office Service Fee Advanced Payment 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.	-	-	30,367	75,916	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)
2. Phrom Maharaj Land Development Co., Ltd. (PHROM) – real estate and hotel business	• Weeraborwornpong family is the major shareholder of both SGP and PHROM who is holding 563.25 million shares or 61.30 % of SGP's share equity and 131.39 million shares or 90.43 of PHROM's share equity.	Revenue from LPG sales and Trade Accounts receivable PHROM purchased LPG from SGP for its food court, and the hotel kitchens with the same price as that sold to general customers.	8,299	8,390	1,705	1,602	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)

Connected Person/ Legal Entity	Relationship	Description	Value (000 Baht)		Outstanding (000 Baht)		Justification	Reference : Notes of Financial Statement
			2017	2016	2017	2016		
<ul style="list-style-type: none"> SGP and PHROM have 4 directors in common. There are 2 directors of PHROM including Mr. Worawit Weerabornwornpong and Mrs. Patchara Weerabornwornpong who both are also the directors of SGP, and the other 2 directors of PHROM including Mr. Supachai Weerabornwornpong and Mr. Suthipong Vasuvanichpan who are directors, executive directors, and management of SGP 		<p>Office Space Leasing Deposit</p> <p>SGP and its subsidiaries, i.e. UGP, LCR, and SLM 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. 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>	-	-	309	309	The Audit Committee considered that the office space rental deposit placed by SGP and its subsidiaries were general practice for office rental 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
			2017	2016	2016	2017	2016	2016		
		<p>Pooled Office Service Fee and Account Payable</p> <p>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, 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</p>	3,056	3,056	3,056	166	166	166	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 # 33 (A) and 33 (E)

Connected Person/ Legal Entity	Relationship	Description	Value (000 Baht)		Outstanding (000 Baht)		Justification	Reference : Notes of Financial Statement
			2017	2016	2017	2016		
		Other Expenses and Account Payable 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.	1,017	1,255	254	140	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 (E)

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 for its shopping center and hotel, utility payment as well as catering and other service charges to Great China.

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.



Significant Financial Information

1. FINANCIAL STATEMENT

1.1 AUDITOR

Year	Auditor Name	Certified Public Accountant No.	Audit Company
2015	Mr.Chaisiri Ruangritchai	4526	PricewaterhouseCoopers ABAS Ltd.
2016	Mr.Chaisiri Ruangritchai	4526	PricewaterhouseCoopers ABAS Ltd.
2017	Ms. Amornrat Pearmpoonvatanasuk	4599	PricewaterhouseCoopers ABAS Ltd.

SUMMARY OF AUDITOR REPORT, YEAR 2015-2017

Year 2015 The auditor conducted the audit in accordance with generally accepted auditing standards and expressed opinion on the separate financial statements, the related consolidated financial statement and the statement of financial position of Siamgas and Petrochemicals Public Company Limited and its subsidiaries as at December 31, 2015, as well as the related separate and consolidated statements of income, statement of comprehensive income, consolidated and separate statement of cash flows, for each of the years then ended, that material information were appropriately and correctly recorded in accordance with the financial reporting standards.

Year 2016 The auditor conducted the audit in accordance with generally accepted auditing standards and expressed opinion on the separate financial statements, the related consolidated financial statement and the statement of financial position of Siamgas and Petrochemicals Public Company Limited and its subsidiaries as at December 31, 2016, as well as the related separate and consolidated statements of income, statement of comprehensive income, consolidated and separate statement of cash flows, for each of the years then ended, that material information were appropriately and correctly recorded in accordance with the financial reporting standards.

Year 2017 The auditor conducted the audit in accordance with generally accepted auditing standards and expressed opinion on the separate financial statements, the related consolidated financial statement and the statement of financial position of Siamgas and Petrochemicals Public Company Limited and its subsidiaries as at December 31, 2017, as well as the related separate and consolidated statements of income, statement of comprehensive income, consolidated cash flow and separate cash flows, for each of the years then ended, that material information were appropriately and correctly recorded in accordance with the financial reporting standards.

1.2 MAJOR CHANGE IN ACCOUNTING

Major Change in Accounting in 2015-2017

- None -

1.3 SUMMARY TABLE ON FINANCIAL STATEMENT

Siamgas and Petrochemicals Public Co., Ltd. and Its Subsidiaries

Statement of Financial Position

As at 31 December

Unit: 1,000 Baht

	Consolidated Financial Statements					
	2015		2016		2017	
	Amount	%	Amount	%	Amount	%
ASSET						
CURRENT ASSETS						
Cash and cash equivalents	2,270,150	7.80	1,879,333	6.58	2,590,205	8.23
Short-term investments	307,516	1.06	108,039	0.38	99,393	0.32
Trade and other receivables - net	3,294,788	11.32	3,089,255	10.82	4,061,755	12.91
Inventories, net	4,375,300	15.04	3,345,261	11.71	4,069,918	12.94
Other current assets	338,368	1.16	497,715	1.74	375,795	1.19
TOTAL CURRENT ASSETS	10,586,122	36.38	8,919,603	31.23	11,197,066	35.59
NON-CURRENT ASSETS						
Investments in associates	-	-	-	-	1,640,924	5.22
Investments in joint ventures	148,771	0.51	101,372	0.35	107,775	0.34
Long-term loans to related parties	43,796	0.15	36,593	0.13	20,757	0.07
Property, plant and equipment - net	15,246,465	52.40	15,731,579	55.09	15,645,860	49.74
Goodwill - net	1,537,801	5.28	1,537,801	5.39	1,516,111	4.82
Other intangible assets - net	181,303	0.62	140,747	0.49	108,206	0.34
Deferred tax asset - net	360,479	1.24	421,867	1.48	151,017	0.48
Other non-current assets	993,711	3.42	1,667,285	5.84	1,070,256	3.40
TOTAL NON-CURRENT ASSETS	18,512,326	63.62	19,637,244	68.77	20,260,906	64.41
TOTAL ASSETS	29,098,448	100.00	28,556,847	100.00	31,457,972	100.00

Statement of Financial Position (Cont'd)

As at 31 December

Unit: 1,000 Baht

	Consolidated Financial Statements					
	2015		2016		2017	
	Amount	%	Amount	%	Amount	%
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings from financial institutes - net	4,885,506	16.79	1,726,730	6.05	1,500,520	4.77
Trade and other payables	4,010,234	13.78	4,030,654	14.11	3,987,757	12.68
Current portion of long-term loans from financial institutes - net	296,061	1.02	485,634	1.70	583,453	1.85
Current portion of bonds - net	1,499,837	5.15	1,299,905	4.55	1,999,882	6.36
Accrued income tax	107,014	0.37	78,283	0.27	244,597	0.78
Other current liabilities	64,152	0.22	83,808	0.29	88,434	0.28
TOTAL CURRENT LIABILITIES	10,862,804	37.33	7,705,014	26.97	8,404,643	26.72
NON-CURRENT LIABILITIES						
Long-term loans from financial institutes - net	370,606	1.27	886,146	3.10	1,452,830	4.62
Long-term loans from related parties	3,000	0.01	3,000	0.01	3,000	0.01
Bonds - net	3,295,757	11.33	4,993,956	17.49	4,994,680	15.88
Cylinder deposits	4,228,584	14.53	4,627,110	16.21	4,744,880	15.08
Employee benefit obligations	134,312	0.46	145,050	0.51	155,883	0.50
Deferred tax liabilities- net	415,736	1.43	377,568	1.32	377,069	1.20
Other non-current liabilities	12,892	0.04	19,147	0.07	16,548	0.05
TOTAL NON-CURRENT LIABILITIES	8,460,887	29.07	11,051,977	38.71	11,744,890	37.34
TOTAL LIABILITIES	19,323,691	66.40	18,756,991	65.68	20,149,533	64.06
EQUITY						
Authorised share capital - ordinary share	918,932	3.16	918,932	3.22	918,932	2.92
Issued and paid-up share capital - ordinary share	918,932	3.16	918,932	3.22	918,932	2.92
Premium of share capital	1,874,482	6.44	1,874,482	6.56	1,874,482	5.96
Retained earnings						
Appropriated						
- Legal reserve	162,089	0.56	162,089	0.57	162,089	0.51
Unappropriated	5,492,886	18.88	6,199,187	21.71	8,229,199	26.16
Other components of equity	1,207,855	4.15	521,802	1.83	(45,724)	(0.15)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	9,656,244	33.19	9,676,492	33.89	11,138,978	35.40
Non-controlling interest	118,513	0.41	123,364	0.43	169,461	0.54
TOTAL EQUITY	9,774,757	33.60	9,799,856	34.32	11,308,439	35.94
TOTAL LIABILITIES AND EQUITY	29,098,448	100.00	28,556,847	100.00	31,457,972	100.00

Statement of Income

As at 31 December

Unit: 1,000 Baht

	Consolidated Financial Statements					
	2015		2016		2017	
	Amount	%	Amount	%	Amount	%
REVENUE FROM OPERATION						
Revenue from sales	57,581,629	98.70	47,693,791	98.59	58,743,412	98.51
Revenue from transportation	344,278	0.59	441,401	0.92	395,073	0.66
Revenue from service	156,104	0.27	26,217	0.05	13,776	0.02
Dividend income	5,015	0.01	6,695	0.01	2,850	0.01
Other income	252,049	0.43	209,886	0.43	474,311	0.80
Total revenue	58,339,075	100.00	48,377,990	100.00	59,629,422	100.00
EXPENSES FROM OPERATION						
Cost of sales and services	(54,805,628)	(93.94)	(44,889,720)	(92.79)	(53,843,942)	(90.30)
Cost of transportation	(239,820)	(0.41)	(380,756)	(0.79)	(361,612)	(0.61)
Selling and administrative expense	(1,503,172)	(2.58)	(1,431,537)	(2.96)	(1,424,691)	(2.39)
Total expenses	(56,548,620)	(96.93)	(46,702,013)	(96.54)	(55,630,245)	(93.30)
Share of profit / (loss) of associates and joint ventures	(12,648)	(0.02)	7,824	0.02	(36,513)	(0.06)
Profit before finance costs and income tax	1,777,807	3.05	1,683,801	3.48	3,962,664	6.64
Finance cost	(410,469)	(0.70)	(411,396)	(0.85)	(461,140)	(0.77)
Income tax revenue (expenses)	(224,998)	(0.39)	(107,492)	(0.22)	(662,079)	(1.11)
Net profit for the year	1,142,340	1.96	1,164,913	2.41	2,839,445	4.76
PROFIT ATTRIBUTABLE TO						
Owners of the parent	1,115,925	1.91	1,118,723	2.31	2,811,104	4.71
Non-controlling interest	26,415	0.05	46,190	0.10	28,341	0.05
NET PROFIT FOR THE YEAR	1,142,340	1.96	1,164,913	2.41	2,839,445	4.76

Statement of Comprehensive Income

As at 31 December

Unit: 1,000 Baht

	Consolidated Financial Statements					
	2015		2016		2017	
	Amount	%	Amount	%	Amount	%
PROFIT FOR THE YEAR	1,142,340	1.96	1,164,913	2.41	2,839,445	4.76
Other comprehensive income (expense), net of tax :						
Items that will be reclassified subsequently to profit or loss						
- Share of other comprehensive expense from associates and joint venture for using the equity method	-	-	-	-	(21,384)	(0.04)
- Currency translation difference	633,527	1.09	(693,880)	(1.43)	(545,783)	(0.91)
Items that will not be reclassified subsequently to profit or loss						
- Remeasurements of post-employment benefit obligations	-	-	1,367	0.00	-	-
<u>Less</u> Income tax relating to remeasurements of post-employment benefit obligations	-	-	(272)	(0.00)	-	-
Total other comprehensive income (expense), net of tax	633,527	1.09	(692,785)	(1.43)	(567,167)	(0.95)
Total comprehensive income for the year	1,775,867	3.05	472,128	0.98	2,272,278	3.81
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
Owners of the parent	1,766,192	3.03	433,765	0.90	2,243,578	3.76
Non-controlling interests	9,675	0.02	38,363	0.08	28,700	0.05
TOTAL	1,775,867	3.05	472,128	0.98	2,272,278	3.81

Statement of Cash Flow

For the years ended 31 December

Unit: 1,000 Baht

	Consolidated Financial Statements		
	2015	2016	2017
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before income tax	1,367,338	1,272,405	3,501,524
Adjustments to reconcile profit before income tax :			
Depreciation expenses - buildings and equipment	992,329	1,118,428	1,176,365
Amortisation expenses - intangible assets and other assets	83,872	57,864	54,045
Loss (Gain) on sales and write-offs of equipment – net	(33,383)	9,321	(5,112)
Gain on change in fair value of short-term investments	(5,129)	(523)	(2,854)
Loss from disposal of investment in a subsidiary	-	-	-
Share of loss (profit) of associates and joint ventures	12,648	(7,824)	36,513
Allowance for doubtful debts (reversal)	(550)	1,307	(2,188)
Provision for diminution in value of inventories (reversal)	(17,853)	(53,684)	158
Impairment charge on equipment	-	-	28,000
Impairment charge on goodwill	-	-	21,691
Dividend income	(5,015)	(6,695)	(2,850)
Employee benefit expenses	12,677	13,640	14,593
Unrealised loss (gain) on exchange rates, net	(42,066)	16,355	(2,048)
Amortization-expense-front end fee	5,036	-	-
Interest income	(26,452)	(20,346)	(16,567)
Finance costs	410,469	411,396	461,140
GAIN FROM OPERATING ACTIVITIES BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES	2,753,921	2,811,644	5,262,410

Statement of Cash Flow (Cont'd)

For the years ended 31 December

Unit: 1,000 Baht

	Consolidated Financial Statements		
	2015	2016	2017
CHANGES IN OPERATING ASSETS AND LIABILITIES			
- Trade and other receivables	756,725	131,814	(1,066,082)
- Inventories	(764,553)	1,008,751	(823,721)
- Other current-assets	(70,439)	(156,093)	145,477
- Other non-current assets	(53,488)	474,492	(48,965)
- Trade and other payables	286,719	(53,130)	(133,383)
- Other current liabilities	26,011	17,777	2,477
- Cylinder deposit	206,917	398,526	117,770
- Other non-current liabilities	(4,369)	5,826	(3,001)
- Employee benefits paid	(5,770)	(1,535)	(4,853)
Net cash from operating activities	3,131,674	4,638,072	3,448,130
- Financial cost paid	(407,801)	(400,534)	(444,730)
- Income tax paid	(229,453)	(268,955)	(271,093)
Net cash from operating activities	2,494,420	3,968,583	2,732,307

Statement of Cash Flow (Cont'd)

For the years ended 31 December

Unit: 1,000 Baht

	Consolidated Financial Statements		
	2015	2016	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received (paid) for short-term investment - net	(50,000)	200,000	11,500
Cash received from long-term loan to related business	69,524	5,810	11,986
Long-term loan to related business	-	-	-
Payment for purchase of investments in associates	-	-	(817,787)
Advance payment for purchase of investments in associates	-	(859,937)	(97,253)
Payment for purchase of investments in joint venture	(62,950)	-	(27,500)
Advance payment for purchase of investments in joint venture	-	-	(3,186)
Cash received from acquisition of a subsidiary	-	47,764	-
Cash received from disposition of investments in a subsidiary	-	-	23,367
Purchase of property, plant and equipment	(846,130)	(2,068,546)	(1,523,726)
Advance payments for purchase of equipment	(123,941)	(340,012)	(154,227)
Cash received from disposition of property, plant and equipment	300,793	30,836	13,880
Purchase of intangible assets	(1,430)	(1,232)	(8,716)
Interest received	31,531	26,437	16,274
Dividend received	5,015	6,695	2,850
NET CASH FROM (USED IN) INVESTING ACTIVITIES	(677,588)	(2,952,185)	(2,552,539)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash paid from short-term loan from financial institution - net	(1,461,218)	(3,142,635)	(124,349)
Cash received from long-term loan from financial institution - net	129,998	1,076,478	1,329,919
Repayment of long-term loan from financial institution	(304,965)	(387,345)	(578,164)
Repayment for bond redemption	(1,500,000)	(1,500,000)	(1,300,000)
Cash received from issue of bond - net	1,995,690	2,993,560	1,995,690
Cash received from acquisition of non-controlling intesests	-	-	428
Dividend paid	(370,172)	(447,030)	(790,735)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	(1,510,667)	(1,406,972)	(532,788)
Increase (decrease) in cash and cash equivalents - net	306,165	(390,574)	712,556
Cash and cash equivalent - at the beginning of the year	1,956,407	2,270,150	1,879,333
Exchange gains (loss) on cash and cash equivalents	7,578	(243)	(1,683)
CASH AND CASH EQUIVALENTS - AT THE END OF THE YEAR	2,270,150	1,879,333	2,590,206

Financial Ratio

	Consolidated Financial Statements		
	2015	2016	2017
LIQUIDITY RATIO			
Current ratio (times)	0.97	1.16	1.33
Quick ratio (times)	0.57	0.72	0.85
Cash flow liquidity ratio (times)	0.21	0.24	0.31
Account receivable turnover (times)	19.00	19.05	23.20
Average collection period (days)	19.21	19.16	15.73
Inventory turnover (times)	13.86	11.63	14.52
Average days sales (days)	26.34	31.39	25.13
Account payable turnover (times)	14.32	13.59	18.77
Average payment period (days)	25.49	26.86	19.45
Cash cycle (days)	20.06	23.69	21.42
PROFITABILITY RATIO			
Gross profit margin (%)	5.23	6.00	8.36
Operating profit margin (%)	3.06	3.50	6.70
Net profit margin (%)	1.96	2.41	4.76
Return on equity (%)	11.69	11.89	25.11
EFFICIENCY RATIO			
Return on assets (%)	3.93	4.08	9.03
Return on fixed assets (%)	14.55	14.88	26.01
Asset turnover (times)	3.83	3.08	3.81
FINANCIAL POLICY RATIO			
Interest - Bearing debt to equity ratio (times) ⁽¹⁾	1.07	0.97	0.95
Total debt ratio to equity (times)	1.98	1.91	1.78
Interest coverage ratio (times)	4.33	4.09	8.59
Solvency ratio (times)	0.53	0.45	0.50
Divident payout ratio (%)	32.40	38.37	27.85
PER SHARES (PORTION OF PARENT COMPANY)			
Book value per share	10.51	10.53	12.12
Net earning (loss) per shares	1.21	1.22	3.06

Remark: ⁽¹⁾ 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).



Analysis and Discussion of the Management

The following discussion and analysis of operational results and financial positions of 2017 was prepared by compared with operational results and financial positions of 2016 and 2015, respectively.

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 2015-2017 was the largest portion or 99% of total revenue, followed by combined revenue from LPG logistics business & other petrochemicals including revenue from service provision which were approximately 1% of total revenue. Total revenue of the Company and its subsidiaries decreased from 58,339 million baht in 2015 to 48,378 million baht in 2016 then increased to 59,629 million baht in 2017. Main reason for the decreased revenue in 2016 was due to reduction of revenues from sales of overseas LPG business which was in line with reduction of LPG prices in the world market (CP SAUDI ARAMCO) which was lower than in 2015 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. However in 2017, total revenue was higher than previous year because LPG prices in the world market (CP SAUDI ARAMCO) began to increase since early of 2017 and overall sales volume of the Group was also higher than the past year.

Sales Revenue

Sales Revenue was divided into 4 categories:

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

Table 14.1: Revenue from sales of SPG and its subsidiaries from 2015 - 2017 (Unit: Million Baht)

	Consolidated Financial Statements					
	2015		2016		2017	
	Amount	%	Amount	%	Amount	%
Revenue from sales of LPG and ammonia	56,847	98.72	46,828	98.19	57,711	98.24
Revenue from sales of other petrochemicals	735	1.28	712	1.49	716	1.22
Revenue from sales of LPG tanks for automotive	-	-	2	-	9	0.02
Revenue from sales of other products	-	-	152	0.32	307	0.52
Total Revenues from Sales	57,582	100.00	47,694	100.00	58,743	100.00

REVENUE FROM SALES

Revenue from sales was considered as major portion of revenue of the Company and its subsidiaries, as more than 98-99% of total revenue during 2015 – 2017 mainly came from sales of LPG and ammonia. The Company and its subsidiaries distributed LPG to each of LPG commission agents for filling LPG into cylinders for retailers and end-users and direct distribution to dealers, industrial manufacturing plants, LPG stations for automotive, and so on.

Revenue from sales for 2016 was 47,694 million Baht, decreasing by 9,888 million Baht or 17.17% comparing with the same period of 2015 which was at 57,582 million baht. The main reason was the reduction of revenue from sales of domestic and overseas LPG businesses. Reduction of revenue from sales of domestic LPG business was due to reduction of sales volume, while for overseas LPG business, it was mainly due to the significantly decrease of LPG prices in the world market (CP SAUDI ARAMCO) when compared with the same period of 2015.

Revenue from sales for 2017 was 58,743 million Baht, increasing by 11,049 million Baht or 23.17% comparing with the same period of 2016 which was at 47,694 million baht. The main reason was due to the increased revenue from sales of both domestic and overseas LPG businesses as sales volume has increased and LPG prices in the world market (CP SAUDI ARAMCO) were higher when compared with the previous year.

Table 14.2: Structure of revenue from sales of LPG of the Company and its subsidiaries categorized by customer types and distribution channel during 2015 - 2017.

(Unit: Million Baht)

	Consolidated Financial Statements					
	2015		2016		2017	
	Amount	%	Amount	%	Amount	%
Domestic customers						
• Household use customers	12,355	22.20	11,087	24.23	11,509	20.31
• Fuel use customers	6,229	11.19	4,582	10.01	4,307	7.60
• Industrial use customers	2,408	4.33	2,191	4.79	2,452	4.33
Overseas customers	34,661	62.28	27,902	60.94	38,403	67.76
Total	55,653	100.00	45,762	100.00	56,671	100.00

1. Revenue from sales of LPG

Revenue from sales of LPG in 2016 of the Group was 45,762 million baht, decreasing by 9,891 million baht or 17.77% comparing with the same period of last year which was at 55,653 million baht, mainly due to the decreased revenue from sales of LPG to domestic and overseas customers. Reduction of revenue from sales of domestic LPG business was attributable to reduction of sales volume. While revenue from sales of overseas LPG business decreased by 6,759 million baht, or 19.50% was mainly due to the decrease of LPG prices in the world market (CP SAUDI ARAMCO) since 2014. Overall LPG prices in the world market for 2016 and 2015 were averagely at 340 USD per metric ton and 426 USD per metric ton, respectively, so it significantly impacted to revenue from sales of overseas LPG business.

Revenue from sales of LPG in 2017 of the Group was 56,671 million baht, increasing by 10,909 million baht or 23.84% comparing with the year 2016 which was at 45,762 million baht, mainly due to the increased revenue from sales of domestic and overseas LPG businesses. The increased revenue from sales of domestic LPG businesses was attributable to the increased sales volume, while main reason for the increased revenue from sales of overseas LPG businesses amounted to 10,501 million baht or 37.64% was because LPG prices in the world market (CP SAUDI ARAMCO) has been increased, when compared with the previous year. Overall LPG prices in the world market for 2017 and 2016 were averagely at 485 USD per metric ton and 340 USD per metric ton, respectively.

2. Revenue from sales of ammonia

In 2016, revenue from sales of ammonia of UGP, the subsidiary, was 1,066 million baht, decreasing by 128 million baht or 10.72% comparing to the same period in 2015 which was at 1,194 million baht, as a result from continued slowdown of Para rubber industry and prices of Para rubber in the market as well as decreased demand of ammonia, as raw material, which was in line with the overall economic situations.

In 2017, revenue from sales of ammonia of UGP, the subsidiary, was 1,040 million baht, decreasing by 26 million baht or 2.44% comparing to the same period in 2016 which was at 1,066 million baht, as a result from continued slowdown of Para rubber industry and prices of Para rubber in the market as well as decreased demand of ammonia, as raw material which was in line with the overall economic situations.

3. Revenue from sales of other petrochemicals

Revenue from sales of other petrochemicals such as propellant, diesel oil, coal, etc. was under the operations of the Company and UGP, the subsidiary. Average sales revenue of other petrochemicals during 2015 - 2017 accounted for 1-2% of total revenue from sales of the Group.

In 2016, revenue from sales of other petrochemicals was 712 million baht, or decreasing by 23 million baht, or 3.13% when comparing to the year 2015 which was at 735 million baht, as a result of the continued slowdown of overall economic situations. In 2017, revenue from sales of other petrochemicals was 716 million baht, or increasing by 4 million baht, or 0.56% when comparing to the year 2016 which was at 712 million baht, because the economic conditions began to get better when compared with the previous year.

4. Revenue from sales of other products

Revenue from sales of other products in 2016 was 154 million baht, primarily derive from gasoline distribution business of SSW, the subsidiary, of 135 million baht, when compared with the same period of 2015 of which this business has not yet been commenced, and revenue from sales of raw material of ethanol business which was at 17 million baht.

Revenue from sales of other products in 2017 was 316 million baht, increasing by 162 million baht, or 105.19% when compared with 2016, which was at 154 million baht. Main revenue derived from gasoline distribution business of SSW, the subsidiary, of 307 million baht, when compared with 2016 which was at 135 million baht. SSW began to generate revenue from gasoline distribution since April 2016.

REVENUE FROM TRANSPORTATION

The revenue from transportation business was generated under operations of LCR and SLM, the Group's subsidiaries. LCR and SLM provide transportation services to the Group and customers outside the Group. The revenue from transportation shown in the consolidated financial statement was only the revenue from transportation services provided to customers outside the group only. Revenue from transportation services to outside customers in 2015 was 344 million baht, then increased to 441 million baht in 2016 and decreased to 395 million baht in 2017. Such transportation revenue was categorized by road transportation and marine transportation services as follows:

Table 14.3: Revenue from Road Transportation and Marine Transportation services provided to customers outside the Group during 2015- 2017

(Unit: Million Baht)

	Consolidated Financial Statements					
	2015		2016		2017	
	Amount	%	Amount	%	Amount	%
Customers outside of the Group						
Revenue from road transportation	309	89.83	206	46.71	123	31.14
Revenue from marine transportation	35	10.17	235	53.29	272	68.86
Total Revenue from Transportation	344	100.00	441	100.00	395	100.00

Revenue from road transportation

In 2016, revenue from road transportation was 206 million baht, a decrease by 103 million baht, or 33.33% when comparing with the year 2015 which was at 309 million baht because it emphasized on providing more transportation services to the Group. In 2017, revenue from road transportation was 123 million baht, a decrease by 83 million baht, or 40.29% when comparing with the year 2016 which was at 206 million baht because it emphasized on providing more transportation services to the Group.

Revenue from marine transportation

The revenue from marine transportation was from SLM, the subsidiary, which comprised revenues from provision of transportation of LPG and petroleum products, both in Thailand and overseas. In 2016, revenue from marine transportation to

customers outside the Group was 235 million baht, an increase by 200 million baht, or 571.43% when comparing with the year 2015 which was at 35 million baht, mainly due to SLM has increased revenue from LPG transportation services to overseas customers outside the Group when comparing with the previous year.

In 2017, revenue from marine transportation was 272 million baht, an increase by 37 million baht, or 15.74% when comparing with the year 2016 which was at 235 million baht, mainly due to SLM, the subsidiary, has increased revenue from LPG transportation services to overseas customers outside the Group when comparing with the same period of last year.

SERVICE REVENUE

Service Revenue comprised of revenue from cylinder repair, throughput service, container terminal service, LPG reserve storage service and others.

In 2016, service revenue of the Group was 26 million baht, decreasing by 130 million baht or 83.33% when compared with the year 2015, which was at 156 million baht because revenue gained from throughput service, container terminal services and cylinder repair from the customers outside the Group declined which was in line with the slowdown economic conditions of the customers outside the Group.

In 2017, service revenue of the Group was 14 million baht, decreasing by 12 million baht or 46.15% when compared with the year 2016 which was at 26 million baht because revenue gained from throughput service, container terminal services and cylinder repair from the customers outside the Group declined which was in line with the slowdown economic conditions of the customers outside the Group.

OTHER REVENUE

Other revenues comprised of gain on currency exchange, interest received, rental revenue, profit from sales of property, plant and equipment and etc. Other revenues of the Group in 2016 were 210 million baht, decreasing by 42 million baht or 16.67% comparing with the year 2015 which was at 252 million baht. Main reason was due to the decrease of profit from sales of assets of the Group by 38.52 million baht, when compared with the previous year. Other revenues of the Group in 2017 was 474 million baht, an increase by 264 million baht or 125.71% comparing with the year 2016 which was at 210 million baht. Main reason was due to the increase of gain on currency exchange of the Group by 140 million baht.

EXPENSES

Cost of sales, services and transportation

Cost of sales, services and transportation of SGP and its subsidiaries were divided into 2 major categories: cost of sales & services and cost of transportation.

In 2016, total cost of sales, services and transportation of SPG and its subsidiaries was 45,271 million baht, a decrease by 9,775 million baht or 17.76% when comparing with the year 2015 which was at 55,046 million baht. This was mainly due to the decrease of revenue from overseas LPG business which was pursuant to reduction of LPG prices in the world market (CP SAUDI ARAMCO), which made cost varied as per the decreased sales volume, as per mentioned in Revenue from sales of LPG above.

In 2017, total cost of sales, services and transportation of SPG and its subsidiaries was 54,206 million baht, an increase by 8,935 million baht or 19.74% when comparing with the year 2016 which was at 45,271 million baht. This was mainly due to the cost which varied pursuant to the increased sales volume of domestic from overseas LPG business and the increase of LPG prices in the world market (CP SAUDI ARAMCO), as per mentioned in Revenue from sales of LPG above.

COST OF SALES AND SERVICES

Cost of sales and services according to the consolidated financial statement 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.

Cost of LPG and ammonia sales

In 2016 of the Company and its subsidiary was 44,186 million baht, decreased by 10,062 million baht or 18.55%, when comparing to the year 2015 which was at 54,248 million baht. Main reason was due to reduction of sales of LPG to overseas customers as a result of the continual decreased price of LPG in the world market since 2015. Consequently, cost of sales of overseas LPG business was significantly lower than the previous year.

In 2017, cost of LPG and ammonia sales of the Company and its subsidiary was 52,988 million baht, increased by 8,802 million baht or 19.92%, when comparing to the year 2016 which was at 44,186 million baht. Main reason was due to increased sales of LPG to overseas customers as a result of the increased price of LPG in the world market since early of 2017. Consequently, cost of sales of overseas LPG business was increased which was significantly in line with the increased LPG prices.

Cost of sales of other petrochemical products

In 2016 was 550 million baht, decreasing 8 million baht or 1.43% compared with the cost in 2015 which was at 558 million baht. The cost was varied according to sales volume of propellant of the group which decreased pursuant to overall industrial and economic condition.

In 2017, cost of sales of other petrochemical products was 545 million baht, decreasing by 5 million baht or 0.91% compared with the cost in 2016 which was at 550 million baht. The cost was varied according to sales volume of propellant of the group which decreased pursuant to overall industrial and economic condition.

Cost of sales of other products

Cost of sales of other products of the Company and its subsidiaries in 2016 was 152 million baht, primarily come from gasoline distribution business of SSW, the subsidiary which commenced its business on April 2016, which was at 135 million baht, when compared with the same period of 2015 which has not yet commenced its business, and the increased cost of sales of raw material of ethanol business amounted to 17 million baht.

In 2017, cost of sales of other products was 303 million baht, an increase by 151 million baht, or 99.34%, when comparing with 2016 which was at 152 million baht, primarily derived from gasoline distribution business of SSW, the subsidiary.

COST OF TRANSPORTATION

Costs of transportation comprised of fuel, personnel, vehicle & vessel maintenance and repair, depreciation, utilities and others. Cost of transportation in the consolidated financial statement was only the part of transportation provided to customers outside the Group.

Cost of transportation was 240 million baht, 381 million baht and 362 million baht in 2015, 2016 and 2017, respectively. Such increase mainly derived from an increase of marine transportation cost which was in line with the revenue. Costs of transportation could be divided into cost of road transportation and marine transportation, with details as follows:

Cost of road transportation

In 2016, cost of road transportation was 150 million baht, decreasing by 61 million baht, or 28.91% when compared with 2015 which was at 211 million baht. Such cost was varied according to reduced revenue from road transportation rendered to the customers outside of the Group, as per mentioned in the revenue from road transportation above.

In 2017, cost of road transportation was 93 million baht, decreasing by 57 million baht, or 38.00% when compared with 2016 which was at 150 million baht. Such cost was varied according to reduced revenue from road transportation rendered to the customers outside of the Group, as per mentioned in the revenue from road transportation above.

Cost of marine transportation

Cost of marine transportation in 2016 was 231 million baht, increasing by 202 million baht or 696.55% comparing with 2015 which was at 29 million baht which was an adjustment in line with the increased revenue from marine transportation services that SLM rendered to the customers outside of the Group, as per mentioned above.

Cost of marine transportation in 2017 was 269 million baht, increasing by 38 million baht or 16.45% comparing with 2016 which was at 231 million baht

which was an adjustment in line with the increased revenue from marine transportation services that SLM rendered to the customers outside of the Group, as per mentioned above.

SELLING AND ADMINISTRATION EXPENSES

Selling and administration expenses of SGP and its subsidiaries mainly 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 2016, selling and administration expenses was 1,431 million baht, decreasing by 72 million baht or 4.79%, comparing to the year 2015 which was at 1,503 million baht which was mainly due to the decrease of loss from currency exchange.

In 2017, selling and administration expenses was 1,425 million baht, decreasing by 6 million baht or 0.42%, comparing to the year 2016 which was at 1,431 million baht which was mainly due to the reduction of consultancy fees of the Group when comparing with the past year.

Depreciation and Amortization

In 2016, depreciation and amortization of the Group was 1,176 million baht, increased by 100 million baht or 9.29% from that of 2015 which was at 1,076 million baht as the Group realized increased depreciation from LPG storage terminals, LPG filling plants and service stations and LPG vessel tanks due to business expansion of the Group.

In 2017, depreciation and amortization of the group was 1,230 million baht, increased by 54 million baht or 4.59% from that of 2016 which was at 1,176 million baht as the Group realized increased depreciation from LPG storage terminals, LPG filling plants and service stations and LPG vessel tanks due to business expansion of the Group.

Finance Costs

In 2016, the Group had finance costs of 411 million baht, which was slightly increased or 1 million baht or 0.24% when compared with that of 2015 which was at 410 million baht, primarily because the Group repaid a large amount of short-term loan and long-term loan during the year and the decreased loan interest rate was lower than the previous year as a result from the financial management of the Group. In 2017, the Group had financial costs of 461 million baht, increased by 50 million baht or 12.17% from that of 2016 which was at 411 million baht, primarily because the Group had additional short-term loan and long-term loan as the result from investing activities for electrical energy business in Myanmar amounted to USD 15.60 million or accounting to 543 million baht, with LIBOR 3M interest rate plus 3.42% per year and repayment period of 3 years. Other investment was to purchase ocean liner and dry dock amounted to 794 million baht, at average interest rate of 4.20-4.94% per year, with repayment period of 5 years.–

GROSS PROFIT, OPERATING PROFIT AND NET PROFIT

Gross Profit

In 2016, the Group's total gross profit was 2,891 million baht, decreasing by 146 million baht, or 4.80% when compared with the year 2015 which was at 3,037 million baht. In addition, gross profit margin of the Group increased to 6.00% when compared with the year 2015 which was 5.23% as a result of the decreased prices of LPG in the world market (CP SAUDI ARAMCO) when compared with the same period of last year.

In 2017, the Group's gross profit was 4,947 million baht, increasing by 2,056 million baht, or 71.12% when compared with the year 2016 which was at 2,891 million baht. In addition, gross profit margin of the Group increased to 8.36% when compared with the year of 2016 which was 6.00% as a result of the increased prices of LPG in the world market (CP SAUDI ARAMCO) when compared with the same period of last year.

Operating Profit

(Profit before finance cost and corporate tax) in 2015 was 1,778 million baht and in 2016 was 1,684 million baht, decreased by 94 million baht. Profit in 2017 was 3,963 million baht, increasing by 2,279 million baht when compared with the year 2016, or accounting for ratio of operating profit per revenue from sales, services and transportation of 3.06%, 3.50% and 6.70% in 2015, 2016 and 2017, respectively.

Net Profit

In 2016 was 1,165 million baht, increasing by 23 million baht from 2015 which was at 1,142 million baht. Main reason was due to gain from overseas LPG business.

Net Profit in 2017 was 2,839 million baht, increasing by 1,674 million baht from 2016 which was at 1,165 million baht. Main reason was due to gain from overseas LPG business as a result from the increased sales volume and increase of LPG prices in the world market (CP SAUDI ARAMCO) of overseas LPG business since early of 2017. Ratio of net profit to total revenue (excluding dividend income) of the Company and its subsidiaries was 1.96%, 2.41% and 4.76% in 2015, 2016 and 2017, respectively.

2. FINANCIAL POSITION

TOTAL ASSETS

Total assets of the Company and its subsidiaries had increased during the past 3 years, for instance total assets as at December 31, 2015 was 29,098 million baht, as at December 31, 2016 was 28,557 million baht and as at December 31, 2017 was 31,458 million baht. Most of total assets as of December 31, 2017 or equaled to 64.41% of the total assets were non-current assets because LPG trading and logistics businesses required high investment to be used in LPG storage terminals, LPG filling plants, LPG service stations, LPG and ammonia vessel tanks and transporting vehicles. The remaining or 35.59% of total assets were current assets which mostly were trade account receivable and inventories as per the following details:

TRADE AND OTHER RECEIVABLES - NET

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

Table 14.4 : Details of trade and other receivable-net of the Company and its subsidiaries

(Unit: Million Baht)

	Consolidated Financial Statements					
	Dec. 31, 2015		Dec. 31, 2016		Dec. 31, 2017	
	Amount	%	Amount	%	Amount	%
Trade accounts receivables net	2,616	73.39	2,337	75.66	2,654	65.34
Trade receivables from related parties	56	1.70	49	1.58	59	1.45
Prepayments	226	6.86	182	5.89	151	3.72
Advance payments	192	5.83	173	5.60	119	2.93
Receivables on subsidies for liquefied						
Petroleum gas from government	189	5.74	343	11.10	1,057	26.02
Other receivables	16	0.48	5	0.17	22	0.54
Total Trade and Other Receivables – Net	3,295	100.00	3,089	100.00	4,062	100.00

Referring to Table 14.4 there were changes in trade and other receivables as follows:

As at December 31, 2015, trade and other receivables decreased by 719 million baht, when compared with the same period of 2014 mainly due to the decrease of other receivables caused by reduction of overseas trade account receivables of 821 million baht as a result of the reduction of LPG prices in the world market (CP SAUDI ARAMCO) which were lower than the previous year. In addition, selling prices as at December 31, 2015 was lower than the prices as at December 31, 2014, hence, amount of trade account receivables has reduced accordingly.

As at December 31, 2016, trade and other receivables decreased by 206 million baht, when compared with the same period of 2015 mainly due to the reduction of overseas trade account receivable caused by impact from reduction of LPG prices in the world market (CP SAUDI ARAMCO) which were lower than the previous year. Therefore, selling prices during the year was lower, when compared with the prices as at December 31, 2015, consequently amount of trade account receivables has reduced accordingly.

As at December 31, 2017, trade and other receivables increased by 973 million baht when comparing with the same period of 2016. Main reason for such increase was because the Company imported LPG from overseas as the government allowed free trade on LPG, so the Company has additional receivables on subsidies for LPG from government amounted to 714 million baht, when compared with the previous year.

Table 14.5 : Trade account receivables of the Company and its subsidiaries, classified by aging:

(Unit: Million Baht)

	Consolidated Financial Statements					
	Dec. 31, 2015		Dec. 31, 2016		Dec. 31, 2017	
	Amount	%	Amount	%	Amount	%
Current	2,165	80.85	1,753	73.04	2,131	78.49
Overdue :						
- less than 3 months	379	14.15	319	13.29	328	12.08
- 3 to 12 months	36	1.34	239	9.96	179	6.59
- over 12 months	98	3.66	89	3.71	77	2.84
Total Trade Accounts Receivable	2,678	100.00	2,400	100.00	2,715	100.00
Less Allowance for doubtful account	(62)	(2.32)	(63)	(2.63)	(61)	(2.25)
Trade Account Receivable - Net	2,616	97.68	2,337	97.37	2,654	97.75

Referring to Table 14.5 above, 78.49% of the trade accounts receivables of the Company and its subsidiaries as at December 31, 2017 was current. The remaining receivables were divided into: less than 3 months overdue of 12.08%, 3-12 months overdue of 6.59% and over 12 months overdue of 2.84% of total other receivables. In this regard, the Company and its subsidiaries set aside almost fully allowance for doubtful account for account receivables with over 12 months overdue. In addition, the Company and its subsidiaries had a policy in reserving allowance for doubtful accounts at the end of each period for account receivable expected to be unable to collect based on historical collection records and customers' financial status. In the over 1-year overdue accounts, the full amount would be reserved as allowance for doubtful accounts. Average collection period of the company and its subsidiaries during 2015 until December 31, 2017 was not longer than 19 days.

INVENTORY

Most inventories of SGP and its subsidiaries as at 31 December 2017 was finished goods - petroleum products (LPG), SGP's main business, which was at 90.61%. Average inventory turnover was 25-31 days sales during 2015 to 2017.

Table 14.6 : Inventories-net of the Company and its subsidiaries

(Unit: Million Baht)

	Consolidated Financial Statements					
	Dec 31, 2015	%	Dec 31, 2016	%	Dec 31, 2017	%
Raw materials	39	0.89	25	0.75	26	0.64
Work in progress	21	0.48	16	0.47	16	0.39
Finished goods						
• Petroleum products (LPG)	3,305	75.54	2,922	87.35	3,688	90.61
• Petrochemical products	37	0.85	23	0.69	28	0.69
• Oil products	91	2.08	119	3.56	93	2.29
• Others	11	0.25	16	0.48	11	0.27
• Goods in transit	835	19.09	137	4.10	117	2.87
Supplies and others	103	2.35	100	2.99	104	2.56
Total Inventories	4,442	101.53	3,358	100.39	4,083	100.32
Less Allowance for diminution in value of inventories	(67)	(1.53)	(13)	(0.39)	(13)	(0.32)
Inventory - Net	4,375	100.00	3,345	100.00	4,070	100.00

As at December 31, 2015,

Net inventory of SGP and its subsidiaries was 4,375 million baht, increased from 2014 by 840 million baht which mainly due to an increase of inventory in overseas business pursuant to cost management strategy to maintain inventory level suitable with seasonal and market demands.

As at December 31, 2016,

Net inventory of SGP and its subsidiaries was 3,345 million baht, decreased from 2015 by 1,030 million baht which mainly due to reduction of inventory in overseas business pursuant to cost management strategy to maintain inventory level suitable with seasonal and market demands. In addition, LPG prices were also lower than the previous year.

For the year ended December 31, 2017,

Net inventory of SGP and its subsidiaries was 4,070 million baht, increased from 2016 by 725 million baht. Main reason was because beginning from February 2017, SPG has imported LPG from overseas as the government began to allow for free trade of LPG and cost management strategy to maintain inventory level suitable with seasonal and market demands. In addition, LPG prices in the world market were much higher than the previous year.

OTHER CURRENT ASSETS

Other current assets comprised of value added tax refundable, corporate income tax refundable, deposits for products, deposits at bank used as collateral and etc. as per following details:

Table 14.7 : Details of other current assets of SGP and its subsidiaries

(Unit : Million Baht)

	Consolidated Financial Statements		
	As at Dec. 31, 2015	As at Dec. 31, 2016	As at Dec. 31, 2017
Value added tax refundable	151	182	247
Corporate income tax refundable	8	18	16
Deposits for products	15	13	-
Deposits for tariff customs	76	182	60
Deposits at bank used as collateral	-	59	-
Others	88	44	53
Total	338	498	376

As at December 31, 2015,

Other current assets of the Group was 338 million baht, increased by 75 million baht when compared with December 31, 2014, mainly due to an increase of other receivables of 87 million baht which came from advance payment of import tax to the Customs Department as at ending period of SOGEL, a subsidiary in China.

As at December 31, 2016,

Other current assets of the Group was 498 million baht, increased by 160 million baht when compared with December 31, 2015, mainly came from the increased deposits for tariff customs amounted to 106 million baht of SOGEL, a subsidiary in China, and the increased deposits at bank used as collateral amounted to 59 million baht of Supergas, a subsidiary in Vietnam.

As at December 31, 2017,

Other current assets of the group was 376 million baht, decreased by 122 million baht when compared with December 31, 2016, mainly came from the reduction of deposits for tariff customs by 122 million baht of SOGEL, a subsidiary in China, and the reduction of deposits at bank used as collateral by 59 million baht of Super Gas, a subsidiary in Vietnam, and the increased value added tax refundable of the company amounted to 60 million baht.

INVESTMENTS IN ASSOCIATES

Details on investments in associates pursuant to equity method for the year ended as at December 31, 2017 are as follows:

<u>Indirect Associates</u> (held by SPW, the subsidiary)	<u>Country of Incorporation</u>	<u>% Ownership Interest</u>	<u>Million Baht</u>
<u>Combined cycle power plant business</u>			
MSN International Limited	Malaysia	30	328
Asiatech Energy Pte. Ltd.	Singapore	30	1
Myanmar Lighting (IPP) Co., Ltd.	Myanmar	30	1,312
<u>Power plant and transmission line business</u>			
Southern Myanmar Development Co., Ltd.	Myanmar	33	-
Asiatech Infrastructure Co. Pte. Ltd.	Singapore	33	-
TSM Co., Ltd.	Malaysia	33	-
Total			1,641

On 18 July 2016,

Siam Gas Power Pte. Ltd. (SPW), the Company's subsidiary, entered into a share purchase agreement for investment in Myanmar Lighting (IPP) Co., Ltd. (MLIPP), which is the combined cycle power plant in Myanmar, with a total consideration of USD 48 million or equivalent to 1,677 million baht. The source of fund is from the net working capital of the Group and borrowing from financial institution. SPW has purchased shares of three companies which are MSN International Limited (MSN), Asiatech Energy Pte. Ltd. (AEPL) and Myanmar Lighting (IPP) Co., Ltd. (MLIPP), at the same proportion of 30% of registered and paid up capital in each company. As a result, MSN, AEPL and MLIPP became the new indirect associates of the Group in the year 2017. As of Q2/2017, the Group was still under process of assessment of fair value of net properties acquired and it is expected that such assessment will be completed within 12 months from the acquisition date.

Later, on 1 November 2017,

SPW entered into a share purchase agreement for investment in a combined cycle power plant in Myanmar. SPW has additionally purchased shares of three companies which are Myanmar Lighting (IPP) Co., Ltd. (MLIPP), MSN International Limited (MSN) and Asiatech Energy Pte. Ltd. (AEPL) in the same proportion of 6.1% of registered and paid up capital in each company, with a total consideration of USD 9.76 million (equivalent to 318.96 million baht). The funds come from the net working capital of the Group. The payment of investment was divided into two tranches. Under the first tranche, SPW paid USD 2 million, equivalent to 65.36 million baht, to acquire 6.1% of registered and paid up capital shares in MSN and AEPL which were paid in November 2017, and

under the second tranche, SPW paid the remaining USD 7.76 million, equivalent to 253.60 million baht in January 2018, to acquire 6.1% of registered and paid up capital shares in MLIPP. As a result, SPW's ownership interest will be the portion of 36.10% of registered and paid-up shares and names of shareholders have also been changed in January 2018. As at 31 December 2017, the Group recorded the payment as a deposit for investment in associates.

On 9 November 2017,

Siam Gas Power Pte. Ltd. (SPW), the Company's subsidiary, established a joint company to operate power plant and electric transmission line business in Myanmar. SPW has investments for three companies which are Southern Myanmar Development Co. Ltd. (SMD), TSM Co. Ltd. ("TSM") and Asiatech Infrastructure Co. Pte. Ltd. (AIC) in the same proportion of 33.00% of registered and paid up capital in each company, with a total consideration of USD 0.03 million or equivalent to 0.80 million baht. The funds come from the net working capital of the Group.

PROPERTY, PLANT AND EQUIPMENT - NET

The major assets used for 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 14.8 : Details of property, plant and equipment - net of SPG and its subsidiaries are as follows:

(Unit : Million Baht)

CATEGORY / DESCRIPTION	Consolidated Financial Statements		
	As at Dec. 31, 2015	As at Dec. 31, 2016	As at Dec. 31, 2017
1 Land	2,165	2,403	2,399
2 Building, infrastructure and land improvement	3,512	3,553	3,283
3 Terminal, gas filling and service stations and equipment	1,114	1,473	1,452
4 LPG tanker vessels	2,319	2,771	2,933
5 LPG cylinders	1,875	2,047	2,189
6 Machines and plant equipment	1,333	1,100	948
7 Furniture, fixtures and office equipment	269	256	247
8 Vehicles	504	597	602
9 Construction in progress	913	290	379
TOTAL	14,004	14,490	14,432
<u>Plus</u> Increased value from land valuation-net	1,242	1,242	1,242
<u>Less</u> Provision for impairment	-	-	(28)
Property, Plant and Equipment - Net	15,246	15,732	15,646

As at December 31, 2015,

value of property, land and equipment of SGP and its subsidiaries increased by 126 million baht from 2014, because the Group has purchased additional operating assets and transferred during the period of 858 million baht (most of them were to increase LPG cylinders of 206 million baht and construction work in progress from the LPG tank vessel dockyard of 396 million baht). Assets had decreased from disposal of net assets of 266 million baht, depreciation of assets during the year of 992 million baht. Value of assets had increased resulting from currency translation differences of financial statement of 526 million baht.

As at December 31, 2016,

value of property, land and equipment of SGP and its subsidiaries increased by 486 million baht from 2015, because the Group has purchased additional operating assets and transferred during period of 1,915 million baht, (most of them are to increase land of 238 million baht, LPG cylinders of 391 million baht and purchase of LPG tanker vessel of 392 million

baht and construction in progress of 709 million baht). In addition, the increase also came from transfer of assets during construction of 137 million from Far East, a Company's subsidiary, depreciation of assets during the year of 1,118 million baht, and reduction of currency translation differences of financial statements of 409 million baht.

As at December 31, 2017,

value of property, land and equipment of SGP and its subsidiaries decreased by 86 million baht from 2017, the Group has purchased additional operating assets and transferred during period of 1,538 million baht, (most of them are to increase LPG cylinders of 354 million baht, purchase LPG tanker vessel of 937 million baht and vehicle of 59 million baht and assets during construction of 99 million baht). In addition, the decrease was the combined results of assets disposition during the period of 25 million baht, depreciation of assets during the year of 1,177 million baht, currency translation differences of financial statements of 388 million baht and provision for impairment of equipment of SEEC, the subsidiary, of 28 million baht.

GOODWILL

Table 14.9 : Details of goodwill are as follows:

(Unit: Million Baht)

	Consolidated Financial Statements		
	As at Dec. 31, 2015	As at Dec. 31, 2016	As at Dec. 31, 2017
UGP, the subsidiary	1,152	1,152	1,152
SEEC, the subsidiary	22	22	-
SingGas, the subsidiary	137	137	137
SuperGas, the subsidiary	227	227	227
Total Goodwill	1,538	1,538	1,516

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, 2015 to as at December 31, 2016 was 1,538 million baht. However, as at December 31, 2017, goodwill was at 1,516 million baht, decreased by 22 million Baht from 2016 due to provision for impairment of SEEC, the subsidiary.

OTHER NON-CURRENT ASSETS

Table 14.10 : Details of other non-current assets of the Company and the subsidiaries are as follows:

(Unit : Million Baht)

	Consolidated Financial Statements		
	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017
Accrued interest income on loan to related business	7	-	-
Deposits at bank used as collateral	18	18	74
Deposits	28	28	17
Corporate income tax refundable	59	60	113
Advance payments for purchase of equipment	189	102	233
Deposits for investments in associates	-	860	97
Deferred charges	22	14	23
Prepaid rental	542	477	414
Leasehold right	88	66	45
Others	41	42	54
Total Other Non-current Assets	994	1,667	1,070

As at December 31, 2015, other non-current assets increased by 189 million baht from the year 2014 with mainly reason was that during 2015, advance payments for purchase of equipment for business operations increased by 189 million baht.

As at December 31, 2016, other non-current assets increased by 673 million baht from the year 2015 which were due to the following main reasons:

- The increase deposits for investments in associates of 860 million baht: On July 18, 2016, Siam Gas Power Pte. Ltd. (SPW), which is a subsidiary of the Company, entered into a

share purchase agreement for investment in the combined cycle power plant in Myanmar, with a total consideration of USD 48 million or approximately 1,688.16 million baht. The source of fund is from the net working capital of the Group and borrowing from financial institution. SPW has purchased shares of two companies which are MSN International Limited (MSN) and Asiatech Energy Pte. Ltd. (AEPL) at the same proportion of 30% of registered and paid up capital in each company, for the purpose of holding shares in the combined cycle power

plant directly. The payment of investment is divided into two tranches: the first tranche, SPW will pay USD 24 million or 860 million baht to acquire 30% of registered and paid up capital shares in MSN and AEPL, and such amount has been paid on July 29, 2016, and the second tranche, SPW will pay the remaining amount to the seller when SPW is granted permission from the relevant authorities in Myanmar to hold shares in the combined cycle power plant directly, and become one of the investors in joint venture of the power plant. The second tranche expects to be completed in 2017. If the direct holding of shares in the power plant is not successfully, SPW has the right to terminate the share purchase agreement and refund all payments as above. Therefore, the Group has recorded the payment as deposit for investment in joint ventures as of December 31, 2016.

- Other non-current assets were decreased during the year as follows: Advance payment for purchase of equipment decreased by 87 million baht, prepaid rental decreased by 65 million baht, and leasehold right decreased by 22 million baht, when compared with the previous year.
- For the year 2017, other non-current assets decreased by 597 million baht from 2016 due to the following reasons:
- The increase of advance payments for entering into a share purchase agreement for investment in the combined cycle power plant in Myanmar. SPW has additionally purchased shares of three companies which are Myanmar Lighting (IPP) Co., Ltd. (MLIPP), MSN International Limited (MSN) and Asiatech Energy Pte. Ltd. (AEPL) in the same proportion of 6.1% of registered and paid up capital in each company, in order to increase the shares in the combined cycle power plant, with a total consideration of USD 9.76 million or equivalent to 319 million baht.

- The decrease of deposits for investments in associates of 860 million baht. During the period, the Company has registered to be the shareholder at the proportion of 30% of registered and paid up capital of the 3 companies and recognised as investments in associates.

LIABILITIES

Short-term Loan from Financial Institutions - Net

As at December 31, 2015,

short-term loans from commercial banks of SGP and its subsidiaries decreased to 4,886 million baht with interest rates in the range of 0.99 - 3.30% per annum because loan repayment has been paid during the period.

As at December 31, 2016,

short-term loans from commercial banks of SGP and its subsidiaries decreased to 1,727 million baht with interest rates in the range of 1.20 - 2.75% per annum because loan repayment has been paid during the period.

As at December 31, 2017,

short-term loans from commercial banks of SGP and its subsidiaries decreased to 1,501 million baht with interest rates in the range of 1.25 - 1.85% per annum because loan repayment has been paid during the period.

Trade and Other Accounts Payable

Main trade accounts payable in Thailand and abroad were the suppliers of petroleum and petrochemicals and most of them had credit term of approximately 19-30 days.

As at December 31, 2015, trade and other accounts payables of SGP and its subsidiaries increased to 4,010 million baht, as at December 31, 2016, it increased to 4,031 million baht and as at December 31, 2017, it decreased to 3,988 million baht.

As at December 31, 2017, trade and other account payables decreased by 43 million baht from the previous year, which was a reduction from normal operation. During the past period, SGP and its subsidiaries had made payments to the trade account payables on time, so average payment period of SGP and its subsidiaries during 2015 to 2017 was approximately 19-27 days which was within credit term ranges granted by trade account payables.

As at December 31, 2015 to December 31, 2017, the Company did not have any outstanding payment on contribution into the Oil Fund because in 2015, the government changed collection method of contribution, by changing to fixing LPG price and by combining part of contribution to Oil Fund into purchase price instead, so prices to be purchased by the Group would be higher.

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

Table 14.11 : Details of current portion of long-term loan and long-term loan from financial institutions:

(Unit : Million Baht)

	Consolidated Financial Statements		
	As at Dec. 31,2015	As at Dec. 31,2016	As at Dec. 31,2017
Within 1 year	296	486	583
Later than 1 year but not later than 5 years	371	886	1,453
Total long-term loan - net	667	1,372	2,036

During the year 2015, long-term loan decreased by 135 million baht because SLM, the subsidiary, has gradually repaid such loan pursuant to conditions specified in relevant loan agreement. For the year 2016, long-term loan increased by 705 million baht when comparing to previous year due to:

The Company : During the year, the Company has entered into a long-term loan agreement with one domestic financial institution in the amount of USD 31.20 million. The company made a drawdown in the amount of 15.60 million baht or equivalent to 537 million baht to invest in the combined cycle power plant in Myanmar. The investment was made through SPW, a subsidiary of the Company, with repaid loan of 35 million baht under the loan agreement during the year.

The Subsidiary : During the year, SLM, the subsidiary, has entered into a loan agreement with the financial institution in the amount of 540 million baht for purchasing of a tanker vessel and dry-docking expense. SLM has repaid loan of 352 million baht during the year.

For the year 2017, long-term loan increased by 664 million baht when comparing to previous year due to:

The Company : During the year 2017, the company has made a drawdown from a domestic financial institution in the amount of 15.60 million baht or equivalent to 543 million baht. Such loan was part of investments in the combined cycle power plant in Myanmar for the 2nd share payment to the sellers. The investment was made through SPW, a subsidiary of the Company, with repaid loan of 142 million baht under the loan agreement during the year.

The Subsidiary : During the year, SLM, the subsidiary, has entered into a loan agreement with the financial institution in the amount of 794 million baht for purchasing of a tanker vessel and dry-docking expense. SLM has repaid loan of 436 million baht under the loan agreement during the year.

BONDS - NET

Table 14.12 : Details of bonds are as follows:

(Unit: Million Baht)

	Consolidated Financial Statements		
	As at Dec. 31, 2015	As at Dec. 31, 2016	As at Dec. 31, 2017
Bonds			
Bonds (Thai baht currency)	4,800	6,300	7,000
Less Deferred financing fee	(4)	(6)	(5)
Total Bonds - Net	4,796	6,294	6,995

On January 2017, SGP had issued and offered unsubordinated and unsecured bonds at fixed interest rate with every 3 months interest payment. The total value of bonds is 2,000 million baht. Some portion has been used to refinance the bond of 1,300 million baht that was due in January 2017. In addition, 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 some financial ratio, i.e. interest-bearing debts to equity ratio to be not more than 2 times. However, financial ratios of the group in each year as mentioned above were pursuant to the bond issuance conditions (as per table on financial ratio above).

As at December 31, 2017, total remaining bonds of SGP are as per below table:-

Bond Issued and Offered	Maturity	Value (Million Baht)	Interest Rate per Annum	TRIS Rating
January 2015	3 Years	2,000	4.70 %	BBB (Stable)
February 2016	3Years	3,000	4.30 %	BBB (Stable)
January 2017	3 Years	2,000	3.95 %	BBB (Stable)
Total		7,000		

PAYABLES FOR LPG CYLINDER DEPOSIT

Deposits for LPG cylinders of SGP and its subsidiaries are normally recorded as liabilities of the company and then repaid 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 net deposit from outgoing and returning cylinders becomes higher each year. Moreover, SGP and its subsidiaries did not have policy in recognizing cylinder deposit as revenue which was pursuant to International Financial Reporting Standards (IFRS). Hence, payables for LPG gas cylinders deposits of SGP and its subsidiaries shall be increased every year.

Payables for LPG cylinder deposits as at December 31, 2015 were 4,229 million baht, as at December 31, 2016 was 4,627 million baht and as at December 31, 2017 was 4,745 million baht.

SHAREHOLDERS' EQUITY

As at December 31, 2015,

was 9,775 million baht, an increase of 1,406 million baht from the year 2014 because net profit during 2015 of the parent was at 1,116 million baht, net profit of non-controlling interests was at 26 million baht, and dividend payment of parent and non-controlling interest during 2015 was at 367 million baht and 3

million baht, respectively. Moreover, as the Company invested in overseas subsidiaries, i.e. in China, Hong Kong, Vietnam, Singapore, and Malaysia, so financial statements of such subsidiaries had to be converted, hence, the parent gained from currency translation differences of such financial statements of 650 million baht and the non-controlling interest loss from currency translation differences of such financial statement of 16 million baht.

As at December 31, 2016

was 9,800 million baht, an increase of 25 million baht from 2015 because net profit during 2016 of the parent was at 1,119 million baht, net profit of non-controlling interests was at 46 million baht, dividend payment of parent and non-controlling interest during 2016 was at 414 million baht and 33 million baht, respectively. Moreover, as the Company invested in overseas subsidiaries, so financial statements of such subsidiaries had to be converted, hence, the parent loss

from currency translation differences of such financial statement of 686 million baht and the non-controlling interest loss from currency translation differences of such financial statement of 8 million baht.

As at December 31, 2017

was 11,308 million baht, an increase of 1,508 million baht from 2016 because net profit during 2017 of the parent was at 2,811 million baht, net profit of non-controlling interests was at 28 million baht, dividend payment of parent and non-controlling interest during 2017 was at 781 million baht and 10 million baht, respectively. Moreover, as the Company invested in overseas subsidiaries, i.e. in China, Hong Kong, Vietnam, Singapore, Malaysia, Bangladesh and Myanmar, so financial statements of such subsidiaries had to be converted, hence, the parent loss from currency translation differences of such financial statement of 567 million baht. Such increase was also due to the increase of investment proportion of one subsidiary of 27 million baht.

ANALYSIS OF FINANCIAL RATIO

Table 14.13 : Details of Financial Ratio

	Consolidated Financial Statement		
	2015	2016	2017
PROFITABILITY RATIO			
Gross profit margin (%)	5.23	6.00	8.36
Net profit margin (%)	1.96	2.41	4.76
Return on equity (%)	11.69	11.89	25.11
FINANCIAL POLICY RATIO			
Interest-bearing debt to equity ratio (times)*	1.07	0.97	0.95
Total debt ratio to equity (times)	1.98	1.91	1.78
Interest coverage ratio (times)	4.33	4.09	8.59
Leverage ratio (times)	0.53	0.45	0.50

GROSS PROFIT MARGIN

of the Group for the year ended December 31, 2015 equaled 5.23%, an increase by 3.88% from the year 2014, for the year ended December 31, 2016 equaled 6.00%, and increased by 0.77% from the year 2015, and for the year ended December 31, 2017, equaled 8.36%, an increase by 2.36% from the year 2016 as a result of the increase of LPG prices in the world market (CP SAUDI ARAMCO) when compared with the previous years. Upon calculation of LPG prices adjustment of LPG, in 2017 they increased throughout the year by 180 US dollar per ton, when compared with 2016 which decreased throughout the year by (68) US dollar per ton and in 2015 they decreased throughout the year by (93) US dollar per ton.

NET PROFIT MARGIN

of the Group for the year ended December 31, 2015 equaled 1.96%, an increase by 2.83% from the year 2014, for the year ended December 31, 2016 equaled 2.41%, an increase by 0.45% from the year 2015 and for the year ended December 31, 2017 equaled 4.76%, an increase by 2.35% from the year 2016 due to an increase of LPG Prices in the world market (CP SAUDI ARAMCO) as per mentioned above.

RETURN ON EQUITY

of the Group for the year ended December 31, 2015 equaled 11.69%, an increase by 18.11% from the year 2014, for the year ended December 31, 2016, equaled to 11.89%, an increase by 0.20% from the year 2015, for the year ended December 31, 2017, equaled to 25.11%, an increase by 13.22% from the year 2016 due to an increase of net profit margin as per mentioned above.

INTEREST-BEARING DEBT TO EQUITY RATIO

of the Group for the year ended December 31, 2015 equaled 1.07 times, a decrease by 0.32 time from the year 2014, with main reason due to repayment of short-term loan to the financial institutes during the year, for the year ended December 31, 2016 equaled

0.97 time, a decrease by 0.10 time from the year 2015, with main reason due to repayment of short-term loan to the financial institutes during the year, and for the year ended December 31, 2017 equaled 0.95 time, a decrease by 0.02 time from the year 2016, with main reason due to the increased equity ratio as a result of the increase of operating profit.

[*The Company must maintain this interest-bearing debt to equity ratio of the Group to not more than 2 times, pursuant to the requirement of rights and obligations of bond holders, Clause 7.3 (h) and the group can maintain such financial ratio as per specified.]

TOTAL DEBT RATIO TO EQUITY

of the Group for the year ended December 31, 2015 equaled 1.98 times, a decrease by 0.39 time from the year 2014, for the year ended December 31, 2016 equaled 1.91, a decrease by 0.07 time from the year 2015, and for the year ended December 31, 2017 equaled 1.78 times, a decrease by 0.13 time from the year 2016 with main reason due to the increased equity ratio as a result of the increase of operating profit.

INTEREST COVERAGE RATIO

of the Group for the year ended December 31, 2015 equaled 4.33 times, an increase by 4.33 times from the year 2014, for the year ended December 31, 2016 equaled 4.09 times, a decrease by 0.24 time from the year 2015, and for the year ended December 31, 2017 equaled 8.59 times, an increase by 4.50 times from the year 2016 with main reason due to the increased operating profit when compared with the previous year.

LEVERAGE RATIO

of the Group for the year ended December 31, 2015 equaled 0.53 time, a decrease by 0.19 time from the year 2014, for the year ended December 31, 2016 equaled 0.45 time, a decrease by 0.08 time from the year 2015, and for the year ended December 31, 2017 equaled 0.50 time, an increase by 0.05 time from the year 2016. However, the Management of the Group manages to ensure that the Group will have sufficient

cash flow from operation to pay for the contingent liability in the future. In addition, the Management will consider prudently for the investment which will cause contingent liability to maximize return to the shareholders.

EVENTS AFTER THE DATE OF FINANCIAL STATEMENT

a) DIVIDEND PAYMENT

THE COMPANY

On February 22, 2018, the meeting of the Board of Directors has passed a resolution to propose for dividend payout for performance of 2017 at the rate of 1.50 baht per share at total amount of 1,378.40 million baht. This amount included interim dividend paid from performance of the first six month period of 2017 at the rate of 0.50 baht per share, at total amount of 459.47 million baht. Such interim dividend has been paid on September 7, 2017. The Board of Directors shall further propose to the shareholders' meeting for approval of such dividend later.

THE SUBSIDIARIES

On February 22, 2018, the meeting of the Board of Directors of Unique Gas and Petrochemicals Public Company Limited has passed a resolution to propose for dividend payout for performance of 2017 at the rate of 65 baht per share at total amount of 682.50 million baht. This amount included interim dividend paid from retained earning brought forward and performance of the first six month period of 2016. Such interim dividend has been paid at 30.00 baht per share, at total amount of 315.00 million baht on September 5, 2017 and it is expected that the remaining dividend of 367.50 million baht will be paid in May 2018.

b) ISSUANCE OF BONDS

During February 22, 2018, the meeting of the Board of Directors of SGP had passes a resolution to issue and offer 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 A (stable) and important details are as follows:

**5-year bond
Fixed Interest
Interest Rate of 3.03% per Annum**

c) INCREASE IN SHARE CAPITAL OF SIAM GAS POWER PTE. LTD.

On January 12, 2018, Siam Gas Power Pte. Ltd. ("SPW") has registered an increase of its share capital of 1.00 million shares at par value of USD 1 each or approximately to 32.68 million baht. In addition, on February 5, 2018, SPW has registered an increase of its share capital of 8.26 million shares at par value of USD 1 each or approximately 269.94 million baht. The number of shares increased from 51.02 million at par value of USD 1 each to 60.28 million at par value of USD 1 each. The Company has already paid the capital increase to SPW. As a result, the Company's ownership remains unchanged at 100%.

d) EVALUATION OF CORPORATE INCOME TAX AND VALUE ADDED TAX

On January 20, 2018, one of the Company's subsidiaries has received a notice on evaluation of additional corporate income tax for the tax year of 2013 and value added tax of February to April 2013 from the Revenue Department because the amount submitted was lower than the evaluated amount. The additional amount including penalty fee totaled 55.31 million baht.

On February 15, 2018, such subsidiary has made partial tax payment amounted to 20.45 million Baht, and the remaining unpaid amount was the part of penalty fee of 34.86 million baht and it also undertook to stay of collecting tax debt until the decision of the Appeal Tax Commission has been made.

On February 19, 2018, such subsidiary has appealed to the Appeal Tax Commission of the Revenue Department. Such appeal is now under consideration process by the Appeal Tax Commission.

e) INCREASE IN SHARE CAPITAL OF SIAM GLOBAL INVESTMENT PTE. LTD.

On January 2018, Siamgas Global Investment Pte. Ltd. ("SGI"), the subsidiary, has entered into a joint venture agreement to operate business of petroleum distribution in Bangladesh at the proportion of 90% of registered and paid up capital. The source of fund is from net working capital of the Group. Therefore on February 22, 2018, the meeting of Company's Board of Directors passed a resolution to approve an increase in share capital of SGI, of 16.00 million shares at par value of USD 1 each or approximately to 522.89 million baht. The number of shares increased from 1.10 million with a par value of USD 1 each to 17.10 million with a par value of USD 1 each. The Company's ownership remains unchanged at 100%.

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 2015 to 2017 was 5.74 million baht, 5.74 million baht, and 6.03 million baht, respectively. Person or business related to the auditor or the auditing company shall not be the person or the business related to the Company and its subsidiaries.

Table 14.13 : Details on auditor's remuneration during 2015 to 2017

(Unit: Million Baht)

	The Company			The Company and its Subsidiaries in Thailand		
	2015	2016	2017	2015	2016	2017
Auditing fee for annual financial statement	0.98	0.98	1.03	2.99	2.99	3.14
Reviewing fee for quarterly financial statement (Q1-Q3)	0.96	0.96	1.01	2.75	2.75	2.89
TOTAL	1.94	1.94	2.04	5.74	5.74	6.03



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.



Mr. Worawit Weeraborwornpong
Chairman



Mr. Supachai Weeraborwornpong
Managing Director

Independent Auditor's Report

To the shareholders of Siamgas and Petrochemicals Public Company Limited

My opinion

In my opinion, the consolidated financial statements of Siamgas and Petrochemicals Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of income for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then end; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<p>Goodwill impairment assessment</p> <p>Refer to Note 4 (a) Estimated impairment of goodwill and Note 14 Goodwill.</p> <p>The Group has recognised goodwill of Baht 1,538 million less a provision for impairment of Baht 22 million, as resulting in net book value of Baht 1,516 million, which represented 5% of total consolidated assets. The goodwill of Baht 1,516 million arose from the acquisition of a trading of petroleum business in Thailand and the remaining Baht 22 million arose from the acquisitions of manufacturing of ethanol business in Thailand. The Group recognised an impairment loss amounting to Baht 22 million in the 2017 consolidated financial statements.</p> <p>The management tests the impairment of goodwill annually at the level of a cash generating unit ("CGU") and assesses its recoverable amount by applying the value-in-use model which involves the significant management judgements in respect to the future operating results of business, projected cash flows and the discount rate to be applied to the projected cash flows. Key assumptions applied in assessing the value-in-use model are:</p> <ul style="list-style-type: none"> • revenue growth rates, and expected changes to overhead costs in the business. • discount rates calculated from capital structure, market risk and beta from available information in its industry. <p>I focused on the valuation of goodwill arising from the acquisition of a trading of petroleum business in Thailand due to the significant value and the fact that the determination of value-in-use depends on a number of assumptions (e.g. revenue growth rates, expected changes to overhead costs to the businesses, and the discount rates). Those assumptions involve significant judgement made by the management in assessing the possibility of future business plans.</p>	<p>I carried out the following procedures to assess the impairment test of goodwill which prepared by management.</p> <ul style="list-style-type: none"> • Satisfied myself as to the appropriateness of management's identification of the CGUs and the continued satisfactory operation of the Group's control over the impairment test process. • Held discussions with the management to understand the basis for the assumptions applied and evaluated whether the goodwill impairment testing process and assumptions had been applied consistently across the Group. • Challenged management's significant assumptions used in goodwill impairment testing, especially in respect to the revenue growth rates and expected changes to overhead costs to the business. My procedures included comparing those assumptions to the underlying agreements, external sources and the approved business plan. • Assessed reasonableness of the business plan by comparing the plans of 2017 with actual results. • Assessed the discount rate, taking into account independently obtained data from available public information of companies in the industry to see whether the discount rate used by the management was within the acceptable range. • Tested the sensitivity analysis over key assumptions in the projected cash flow prepared by the management such as revenue growth rate and discount rate in order to assess factors to be sensitive to assumptions and potential impact of a range possible outcomes. <p>As a result of the procedures performed, none of the items noted above resulted in a change to the impairment charge recorded by the management and noted that the key assumptions used by management in assessing the possibility of future business plans are within the reasonable range.</p>

Key audit matter	How my audit addressed the key audit matter
<p>Acquisition of investments in associates</p> <p>As disclosed in note 12 - Investments in subsidiaries, associates and joint ventures, the Group paid cash consideration for investment in associates amounting to Baht 1,677 million to acquire 30% of ordinary shares of three entities, which are MSN International Limited ("MSN"), Asiatech Energy Pte. Ltd. ("AEPL") and Myanmar Lighting (IPP) Co., Ltd. ("MLIPP") (collectively "the power plant in Myanmar"), which engages in electricity generation and energy related business services. Management identified the acquisition of MSN AEPL and MLIPP as investments in associates by applying the definition in TAS 28 (revised 2016) "Investments in Associates and Joint Venture" and the accounting standard requires the management to apply the concepts in TFRS 3 (revised 2016) "Business Combination" for the purpose of determining fair value of the net identifiable assets acquired and reviewing purchase price allocation ("PPA").</p> <p>The management engaged the external valuer to determine the fair value of the net identifiable assets acquired. The valuer determined that the fair value of the identifiable assets acquired is Baht 1,287 million, mainly comprised Baht 2,034 million relating to trade receivables and finance lease receivable, Baht 1,491 million relating to intangible asset (Right in power purchase agreement) and Baht 2,224 million relating to long-term loans. The valuations of total identifiable assets acquired were performed as a part of the purchase price allocation.</p> <p>The valuation of the intangible assets is being performed and as of the reporting date the value of the intangible assets has only been provisionally determined in accordance with TFRS 3.</p> <p>I focused on the identification of the fair values of finance lease receivable amount of Baht 1,067 million and the intangible assets amount of Baht 1,491 million which arise from the acquisition of MLIPP because the valuation methodology and assumptions used in the financial model involves significant judgments made by the management. Key assumptions used for the valuation of finance lease receivable and intangible assets include electricity tariffs, assumed capacity of the power plants, profit growth rates, expected changes to operating expenditures, future capital structure and market risk obtained from available public information.</p>	<p>I performed the following procedures in order to obtain evidence of the management's assessment of acquisition of investment in the power plant in Myanmar and determination of fair value of net identifiable assets acquired:</p> <ul style="list-style-type: none"> Reviewed management's assessment that the acquisition of investment in the power plant in Myanmar should be accounted for as the investment in associates and determined that it was appropriately performed in accordance with the definition and requirement set out in TAS 28. Assessed the appropriateness of the identifiable assets acquired and the liabilities assumed at the acquisition date. I also evaluated management's procedures for determining the fair values of the net identifiable assets acquired. Evaluated the competency, qualifications and past experience of management's experts. Tested the calculation of fair values of the finance lease receivable and intangible asset. In addition, I challenged management's judgement in relation to the following: <ul style="list-style-type: none"> the key assumptions used in the cash flow forecasting, include revenue and profit, growth rates and expected changes to overhead costs and discounted rate to the business, by comparing them to past performance; and the discounted rate by assessing the model of cost of capital and other inputs in the model. <p>As a result of the procedure performed, none of the items noted above resulted in a change to identification of the fair values of finance lease receivable and intangible asset. In addition, I did not identify any significant exceptions were noted in the accounting for the purchase price allocation.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group's and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

Amornrat Pearmpoonvatanasuk
 Certified Public Accountant (Thailand) No. 4599
 Bangkok
 22 February 2018

Statement of Financial Position

As at 31 December 2017

		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
	Notes	Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	7	2,590,205,366	1,879,332,545	301,442,589	260,283,175
Short-term investments	8	99,392,802	108,038,765	99,392,802	108,038,765
Trade and other receivables, net	9	4,061,754,624	3,089,255,021	1,152,811,246	431,878,531
Inventories, net	10	4,069,918,488	3,345,261,308	888,017,252	165,033,877
Other current assets	11	375,795,031	497,714,852	71,244,943	22,233,135
Total current assets		11,197,066,311	8,919,602,491	2,512,908,832	987,467,483
Non-current assets					
Investments in subsidiaries, net	12	-	-	9,593,796,979	8,641,914,406
Investments in associates	12	1,640,924,220	-	-	-
Investments in joint ventures	12	107,774,427	101,372,253	23,577,992	23,577,992
Long-term loans to related parties	33	20,757,300	36,592,920	1,203,266,043	1,821,451,432
Property, plant and equipment, net	13	15,645,859,987	15,731,578,545	5,058,408,188	5,073,115,582
Goodwill, net	14	1,516,110,663	1,537,801,207	-	-
Intangible assets, net	15	108,206,380	140,746,804	3,692,496	1,022,482
Deferred tax assets, net	16	151,017,029	421,867,415	-	-
Other non-current assets	17	1,070,255,918	1,667,285,440	548,506,783	378,462,740
Total non-current assets		20,260,905,924	19,637,244,584	16,431,248,481	15,939,544,634
Total assets		31,457,972,235	28,556,847,075	18,944,157,313	16,927,012,117

The notes to the consolidated and separate financial statements from pages 15 to 72 are an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Short-term borrowings					
from financial institutions, net	18	1,500,520,025	1,726,730,219	1,232,536,645	567,998,088
Trade and other payables	19	3,987,757,324	4,030,654,237	814,890,760	605,250,989
Current portion of long-term loans					
from financial institutions, net	20	583,453,062	485,634,153	145,992,919	145,790,770
Current portion of bonds, net	22	1,999,881,918	1,299,904,959	1,999,881,918	1,299,904,959
Accrued income tax		244,596,656	78,282,688	-	-
Other current liabilities	21	88,433,761	83,807,352	6,123,773	12,948,395
Total current liabilities		8,404,642,746	7,705,013,608	4,199,426,015	2,631,893,201
Non-current liabilities					
Long-term loans from financial institutions, net	20	1,452,829,779	886,146,494	704,928,558	375,169,916
Long-term loans from related parties	33	3,000,000	3,000,000	690,000,000	534,463,223
Bonds, net	22	4,994,679,838	4,993,956,054	4,994,679,838	4,993,956,054
Cylinder deposits	23	4,744,880,577	4,627,110,283	976,351,099	883,660,898
Employee benefit obligations	24	155,883,311	145,050,209	55,691,231	53,227,587
Deferred tax liabilities, net	16	377,069,051	377,567,972	91,129,021	87,806,559
Other non-current liabilities		16,548,183	19,147,079	3,468,598	2,324,619
Total non-current liabilities		11,744,890,739	11,051,978,091	7,516,248,345	6,930,608,856
Total liabilities		20,149,533,485	18,756,991,699	11,715,674,360	9,562,502,057

The notes to the consolidated and separate financial statements from pages 15 to 72 are an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2017

		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
	Notes	Baht	Baht	Baht	Baht
Liabilities and equity (continued)					
Equity					
Share capital	25				
Authorised share capital					
918,931,500 ordinary shares					
with a par value of Baht 1 each		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	25	1,874,481,829	1,874,481,829	1,874,481,829	1,874,481,829
Retained earnings					
Appropriated					
- Legal reserve	27	162,088,663	162,088,663	162,088,663	162,088,663
Unappropriated		8,229,199,519	6,199,186,615	4,124,820,953	4,260,848,060
Other components of equity	32	(45,723,545)	521,802,484	148,160,008	148,160,008
Equity attributable to owners					
of the parent		11,138,977,966	9,676,491,091	7,228,482,953	7,364,510,060
Non-controlling interests		169,460,784	123,364,285	-	-
Total equity		11,308,438,750	9,799,855,376	7,228,482,953	7,364,510,060
Total liabilities and equity		31,457,972,235	28,556,847,075	18,944,157,313	16,927,012,117

The notes to the consolidated and separate financial statements from pages 15 to 72 are an integral part of these financial statements.

Statement of Income

For the year ended 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017 Baht	2016 Baht	2017 Baht	2016 Baht
Revenue					
Revenue from sales		58,743,411,828	47,693,791,441	10,383,639,757	8,383,826,624
Revenue from transportation		395,072,691	441,400,582	-	-
Revenue from services		13,775,897	26,217,216	124,306,181	110,638,791
Total revenue		59,152,260,416	48,161,409,239	10,507,945,938	8,494,465,415
Cost of sales and services		(53,843,942,450)	(44,889,720,298)	(10,012,872,811)	(8,030,893,483)
Cost of transportation		(361,611,637)	(380,755,457)	-	-
Total cost of sales, services and transportation		(54,205,554,087)	(45,270,475,755)	(10,012,872,811)	(8,030,893,483)
Gross profit		4,946,706,329	2,890,933,484	495,073,127	463,571,932
Dividend income		2,850,000	6,695,000	681,684,762	602,666,500
Other income	28	474,310,935	209,886,056	272,531,859	159,350,723
Profit before expenses		5,423,867,264	3,107,514,540	1,449,289,748	1,225,589,155
Selling expenses		(188,545,803)	(177,865,367)	(44,827,176)	(43,713,398)
Administrative expenses		(1,236,144,591)	(1,253,671,731)	(384,081,586)	(413,934,055)
Total expenses		(1,424,690,394)	(1,431,537,098)	(428,908,762)	(457,647,453)
Share of profit (loss) of associates and joint ventures	12	(36,513,486)	7,823,919	-	-
Profit before finance costs and income tax	29	3,962,663,384	1,683,801,361	1,020,380,986	767,941,702
Finance costs		(461,139,631)	(411,396,012)	(371,994,906)	(337,242,012)
Profit before income tax		3,501,523,753	1,272,405,349	648,386,080	430,699,690
Income tax revenue (expenses)	30	(662,078,753)	(107,492,547)	(3,322,462)	22,834,505
Profit for the year		2,839,445,000	1,164,912,802	645,063,618	453,534,195
Profit attributable to:					
Owners of the parent		2,811,103,629	1,118,722,954	645,063,618	453,534,195
Non-controlling interests		28,341,371	46,189,848	-	-
Profit for the year		2,839,445,000	1,164,912,802	645,063,618	453,534,195
Earnings per share for profit attributable to the owners of the parent	31				
Basic earnings per share		3.06	1.22	0.70	0.49

The notes to the consolidated and separate financial statements from pages 15 to 72 are an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2017

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Baht	Baht	Baht	Baht
Profit for the year	2,839,445,000	1,164,912,802	645,063,618	453,534,195
Other comprehensive income (expense), net of tax				
Items that will be reclassified subsequently to profit or loss				
- Share of other comprehensive expense from joint ventures and associates for using the equity method	(21,383,810)	-	-	-
- Currency translation difference	(545,783,558)	(693,879,908)	-	-
Items that will not be reclassified subsequently to profit or loss				
- Remeasurements of post-employment benefit obligations	-	1,367,177	-	744,980
<u>Less</u> Income tax relating to remeasurements of post-employment benefit obligations	-	(272,023)	-	(148,996)
Total other comprehensive income (expense), net of tax	(567,167,368)	(692,784,754)	-	595,984
Total comprehensive income for the year	2,272,277,632	472,128,048	645,063,618	454,130,179
Total comprehensive income attributable to:				
Owners of the parent	2,243,577,600	433,765,152	645,063,618	454,130,179
Non-controlling interests	28,700,032	38,362,896	-	-
	2,272,277,632	472,128,048	645,063,618	454,130,179

The notes to the consolidated and separate financial statements from pages 15 to 72 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2017

Consolidated financial statements										
Attributable to equity holders of the parent										
Note	Issued and paid-up share capital	Baht	Premium on share capital	Baht	Retained earnings		Total other components of equity	Baht	Non-controlling interests	Total equity
					Legal reserve	Unappropriated				
					Baht	Baht		(Note 32)	Baht	
Opening balance - 1 January 2017										
Dividends paid	26	918,931,500	-	-	162,088,663	6,199,186,615	521,802,484		123,364,285	9,799,855,376
Total comprehensive income (expense) for the year		-	-	-	-	(781,090,725)	-		(9,644,640)	(790,735,365)
Received from acquisition of non-controlling interests		-	-	-	-	2,811,103,629	(567,526,029)		28,700,032	2,272,277,632
Disposal of investment in a subsidiary by not losing control		-	-	-	-	-	-		427,507	427,507
		-	-	-	-	-	-		26,613,600	26,613,600
Closing balance - 31 December 2017										
		918,931,500	1,874,481,829		162,088,663	8,229,199,519	(45,723,545)		169,460,784	11,308,438,756
Opening balance - 1 January 2016										
Dividends paid		918,931,500	1,874,481,829		162,088,663	5,492,886,107	1,207,855,440		118,513,889	9,774,757,428
Total comprehensive income (expense) for the year		-	-	-	-	(413,517,600)	-		(33,512,500)	(447,030,100)
		-	-	-	-	1,119,818,108	(686,052,956)		38,362,896	472,128,048
Closing balance - 31 December 2016										
		918,931,500	1,874,481,829		162,088,663	6,199,186,615	521,802,484		123,364,285	9,799,855,376

The notes to the consolidated and separate financial statements from pages 15 to 72 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2017

	Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Total other components of equity Baht (Note 32)	Total equity Baht
				Legal reserve Baht	Unappropriated Baht		
Opening balance - 1 January 2017		918,931,500	1,874,481,829	162,088,663	4,260,848,060	148,160,008	7,364,510,060
Dividends paid	26	-	-	-	(781,090,725)	-	(781,090,725)
Total comprehensive income for the year		-	-	-	645,063,618	-	645,063,618
Closing balance - 31 December 2017		<u>918,931,500</u>	<u>1,874,481,829</u>	<u>162,088,663</u>	<u>4,124,820,953</u>	<u>148,160,008</u>	<u>7,228,482,953</u>
Opening balance - 1 January 2016		918,931,500	1,874,481,829	162,088,663	4,220,235,481	148,160,008	7,323,897,481
Dividends paid		-	-	-	(413,517,600)	-	(413,517,600)
Total comprehensive income for the year		-	-	-	454,130,179	-	454,130,179
Closing balance - 31 December 2016		<u>918,931,500</u>	<u>1,874,481,829</u>	<u>162,088,663</u>	<u>4,260,848,060</u>	<u>148,160,008</u>	<u>7,364,510,060</u>

The notes to the consolidated and separate financial statements from pages 15 to 72 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2017

	Notes	Consolidated financial statements		Separate financial statements	
		2017 Baht	2016 Baht	2017 Baht	2016 Baht
Cash flows from operating activities					
Profit before income tax		3,501,523,753	1,272,405,349	648,386,080	430,699,690
Adjustments to reconcile profit before income tax					
Depreciation expenses - buildings and equipment	13	1,176,364,735	1,118,428,290	114,742,120	86,451,496
Amortisation expenses - intangible assets and other assets		54,045,385	57,863,658	399,426	759,166
Loss (gain) on sales and write-offs of equipment, net		(5,111,512)	9,320,882	(444,836)	10,029,618
Gain on change in fair value of short-term investments		(2,854,037)	(522,915)	(2,854,037)	(522,915)
Loss from disposal of investment in a subsidiary		-	-	3,082,200	-
Share of loss (profit) of associates and joint ventures	12	36,513,486	(7,823,919)	-	-
Allowance for doubtful debts (reversal)		(2,188,365)	1,306,392	-	-
Provision for diminution in value of inventories (reversal)		158,342	(53,684,121)	-	-
Impairment charge on equipment	13	28,000,000	-	-	-
Impairment charge on goodwill	14	21,690,543	-	-	-
Dividends income		(2,850,000)	(6,695,000)	(681,684,762)	(602,666,500)
Employee benefit expenses	24	14,592,757	13,640,385	5,739,854	4,915,158
Unrealised loss (gain) on exchange rates, net		(2,047,541)	16,355,188	(6,894,503)	81,439,352
Interest income	28	(16,567,495)	(20,346,139)	(54,649,967)	(70,655,722)
Finance costs		461,139,631	411,396,012	371,994,906	337,242,012
		5,262,409,682	2,811,644,062	397,816,481	277,691,355
Changes in operating assets and liabilities					
- Trade and other receivables		(1,066,081,732)	131,814,262	(721,161,346)	109,278,921
- Inventories		(823,720,690)	1,008,751,334	(722,983,375)	8,438,739
- Other current assets		145,477,205	(156,093,593)	(31,405,963)	738,644
- Other non-current assets		(48,965,391)	474,492,106	(15,328,847)	15,580,898
- Trade and other payables		(133,382,876)	(53,130,225)	205,911,372	(2,594,084)
- Other current liabilities		2,477,336	17,777,174	(6,824,622)	(862,577)
- Cylinder deposits		117,770,293	398,526,114	92,690,201	76,210,095
- Other non-current liabilities		(3,001,042)	5,826,372	1,143,979	(209,450)
- Employee benefits paid		(4,852,690)	(1,535,162)	(3,276,210)	(688,422)
Cash generated from (used in) operations		3,448,130,095	4,638,072,444	(803,418,330)	483,584,119
- Finance costs paid		(444,730,105)	(400,534,067)	(357,634,518)	(330,733,479)
- Income tax paid		(271,092,902)	(268,955,563)	(17,634,044)	(41,812,804)
Net cash received from (used in) operating activities		2,732,307,088	3,968,582,814	(1,178,686,892)	111,037,836

The notes to the consolidated and separate financial statements from pages 15 to 72 are an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2017

		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
	Notes	Baht	Baht	Baht	Baht
Cash flows from investing activities					
Proceeds (payments) of short-term investments, net	8	11,500,000	200,000,000	11,500,000	200,000,000
Proceeds from long-term loans from related parties	33	11,986,360	5,809,639	1,001,378,251	858,936,184
Payments for long-term loans to related parties	33	-	-	(445,000,000)	(70,000,000)
Payment for acquisitions of investments in associates	12	(817,786,890)	-	-	-
Advance payments for purchase of investments in associates	17	(97,253,195)	(859,936,800)	-	-
Payment for purchase of investments in joint venture	12	(27,500,000)	-	-	-
Advance payment for purchase of investments in joint venture		(3,186,388)	-	-	-
Net cash received from acquisition of a subsidiary		-	47,763,803	-	-
Payments for investment in subsidiaries	12	-	-	(978,496,173)	(895,769,802)
Proceed from disposal of investment in a subsidiary	12	23,366,641	-	23,366,641	-
Purchases of property, plant and equipment		(1,523,725,546)	(2,068,546,411)	(112,471,575)	(178,688,587)
Advance payments for purchase of equipment		(154,227,394)	(340,012,282)	(128,941,950)	(323,974,926)
Proceeds from sales of property, plant and equipment		13,879,727	30,836,529	6,014,311	24,843,840
Purchases of intangible assets		(8,716,335)	(1,231,453)	(632,000)	-
Interest received		16,273,601	26,437,126	31,487,372	71,048,046
Dividends received		2,850,000	6,695,000	681,684,762	602,666,500
Net cash received from (used in) investing activities		(2,552,539,419)	(2,952,184,849)	89,889,639	289,061,255
Cash flows from financing activities					
Proceeds from (repayments for) short-term loans from financial institutions, net		(124,348,538)	(3,142,635,372)	664,538,557	(2,058,942,285)
Proceeds from long-term loans from financial institutions, net	20	1,329,919,064	1,076,478,063	537,875,520	536,515,200
Repayments for long-term loans from financial institutions	20	(578,164,469)	(387,344,958)	(142,441,790)	(34,741,900)
Proceeds from long-term loans from related parties	33	-	-	820,000,000	490,000,000
Repayments for long-term loans from related parties	33	-	-	(664,463,223)	(525,536,777)
Repayment for bond redemption	22	(1,300,000,000)	(1,500,000,000)	(1,300,000,000)	(1,500,000,000)
Proceeds from issue of bonds, net	22	1,995,690,000	2,993,560,000	1,995,690,000	2,993,560,000
Cash received from acquisition of non-controlling interests		427,500	-	-	-
Dividends paid	26	(790,735,365)	(447,030,100)	(781,090,725)	(413,517,600)
Net cash received from (used in) financing activities		532,788,192	(1,406,972,367)	1,130,108,339	(512,663,362)
Net increase (decrease) in cash and cash equivalents		712,555,861	(390,574,402)	41,311,086	(112,564,271)
Cash and cash equivalents at the beginning of the year		1,879,332,545	2,270,150,454	260,283,175	372,372,585
Exchange gain (loss) on cash and cash equivalents		(1,683,040)	(243,507)	(151,672)	474,861
Cash and cash equivalents at the end of the year	7	2,590,205,366	1,879,332,545	301,442,589	260,283,175
Non-cash transactions					
Payables for purchase of property, plant and equipment (included in other payables)		72,133,184	76,025,185	11,002,710	13,113,215
Receivable from disposal of equipment (included in trade and other receivables)		-	-	7,986,087	-
Increase in construction in process as a result of advance payment for construction		1,000,000	-	1,000,000	-

The notes to the consolidated and separate financial statements from pages 15 to 72 are an integral part of these financial statements.

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2017

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, 30th 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 petroleum and petrochemical and transportation services by land and ship.

These consolidated and separate financial statements were authorised by the Board of Directors on 22 February 2018.

2 Accounting policies

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

2.1 Basis of preparation

The consolidated and separate 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 separate 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 separate financial statements, are disclosed in Note 4.

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

2 Accounting policies (continued)

2.2 Revised financial reporting standards and accounting standards and related interpretations (collectively “the accounting standards”)

2.2.1 The accounting standards are effective for accounting periods beginning on or after 1 January 2017

The Group adopted the accounting standards, which are effective for accounting period beginning on or after 1 January 2017. There is no significant impact to the financial statements being present from the adoption of those standards by the Group.

2.2.2 The accounting standards are effective for accounting periods beginning on or after 1 January 2018 and not early adopted by the Group

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

- TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.
- TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:
 - A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
 - An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profits.
 - Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
 - Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.
- TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale according to TFRS 5 (revised 2017), except for the summarised financial information.

The Group's management has assessed and considered that the above revised standards will not have a material impact on the Group except for disclosure.

2.3 Group accounting - investments in subsidiaries and associates and in joint arrangements

2.3.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations except business combination under common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree 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.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measured are recognised in profit or loss.

2 Accounting policies (continued)

2.3 Group accounting - investments in subsidiaries and associates and in joint arrangements (continued)

2.3.1 Subsidiaries (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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 identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured 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 on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. 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 12.1.

2.3.2 Transactions with 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.

2.3.3 Disposal of subsidiaries

When the Group ceases to have control it shall ceased to consolidate its subsidiaries. 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.

2.3.4 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

A list of the Group's associates is shown in Note 12.2.

2.3.5 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangements.

Joint operations

A joint operation is a joint arrangement whereby the Group has rights to the assets, and obligations for the liabilities relating to the arrangement. The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Joint venture

A joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement. Interests in joint ventures are accounted for using the equity method presented in consolidated financial statements.

A list of the Group's joint ventures is shown in Note 12.3.

2 Accounting policies (continued)

2.3 Group accounting - investments in subsidiaries and associates and in joint arrangements (continued)

2.3.6 Accounting under equity method

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in associates and joint ventures 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. Profit or loss from reduction of the ownership interest in an associate and joint ventures is recognised in profit or loss.

The Group's share of its associates and 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 associates and joint ventures equals or exceeds its interest in the associates and joint ventures, together with any long-term interests that, in substance, form part of the entity's net investment in the associates or joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates and joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investments in the associates and joint ventures are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investments and its carrying value and recognises the amount adjacent to share of profit (loss) of associates and joint ventures in profit or loss.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3.7 Separate financial statement

In the separate financial statements, investments in subsidiaries, associates and joint ventures 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 Group will test for impairment for investments in subsidiaries, associates and joint ventures is carried out when there is a factor indicating that investments might be impaired. If the carrying value of the investments is higher than its recoverable amount, impairment loss is charged to the profit or loss.

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 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 or loss, any exchange component of that gain or loss is recognised in profit or loss.

2 Accounting policies (continued)

2.4 Foreign currency translation (continued)

c) Group companies

The results and financial position of all the Group's 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 income and statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income in statement of comprehensive income.

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 separate statements 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 but excludes restricted deposits with banks and short-term investments. In the consolidated and separate statements 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.

- (1) 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.
- (2) Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity.

2 Accounting policies (continued)

2.8 Investments (continued)

- (3) 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.
- (4) 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 profit or loss.

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 Property, plant and equipment

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

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 land are credited to other comprehensive income and shown as gain on asset revaluation in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against gain on asset revaluation directly in equity; all other decreases are charged to profit or loss.

Land is not depreciated. Depreciation on other assets is calculated using the straight line to allocate their cost to their residual values over their estimated useful lives, 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 - 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

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 profit or loss. When revalued assets are sold, the amounts included in gain on asset revaluation are transferred to retained earnings.

2 Accounting policies (continued)

2.10 Goodwill

Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position. Goodwill on acquisitions of investments in associates or joint ventures are included to investments in associates or joint ventures (note 2.3).

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.

2.11 Intangible assets

2.11.1 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 ten years.

2.11.2 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 not over ten years.

2.12 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment 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 Accounting policies (continued)

2.13 Leases - where the Group 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 the Group 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.

2.14 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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as expense in the period in which they are incurred.

2 Accounting policies (continued)

2.15 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 and its subsidiaries 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 nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively 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, associates and joint ventures, 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.

2.16 Employee benefits

The group companies operate various retirement benefits schemes. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a retirement 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. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act, B.E. 2530. 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.

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement 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 retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually 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 retirement liability.

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

Past-service costs are recognised immediately in profit or loss.

2 Accounting policies (continued)

2.17 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.

2.18 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.

2.19 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.

2.20 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to the compensation of costs are deferred and recognised in profit or loss when the Group recognised the revenue/costs which they are intended to compensate.

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 Revenue from rendering services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

Revenue from rental is recognised on a straight-line basis over the lease term. Interest income is recognised on accrual Basis. Dividends are recognised when the right to receive payment is established.

2.22 Dividends

Dividend distribution to the Company's shareholders is recognised in the consolidated and separate financial statements in the period in which the dividends are approved by the Company's shareholders and the interim dividends are approved by the Board of Directors.

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.

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. The Group uses derivative financial instruments to hedge certain exposures.

Risk management is carried out by a central treasury department (the Group treasury) under policies approved by the Board of Directors. The Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment excess liquidity.

3.1.1 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD. Foreign exchange risk arises from future commercial transactions and borrowing. Management provides the principles for overall risk management to the operating currency. Entities in the Group use forward contracts to hedge their exposure to foreign currency risk in connection with measurement currency of commercial transactions and borrowing. Foreign exchange risk arise from future commercial transactions that is not the currency of the Group's operation.

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 financial statements		Separate financial statements		Interest rate per annum	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht	2017 % p.a.	2016 % p.a.
Long-term loans from commercial banks						
- Fixed interest rates	814	630	-	-	2.57 - 3.00	3.60 - 4.45
- Floating interest rates	1,222	742	851	521	MLR - 1.00% BIBOR+2.15% THBFIX 6M +2.22% LIBOR 1M +3.00% LIBOR 3M +3.42% LIBOR 3M +3.10%	MLR-1.00%, LIBOR 3M +4.25% LIBOR 1M + 3.00% LIBOR 3M +3.42% LIBOR 3M + 3.10%
Long-term loans from related parties	3	3	690	534	0.25 Fixed deposits + 0.5	1.75 Fixed deposits + 0.50
Bonds	6,995	6,294	6,995	6,294	3.95 - 4.70	4.30 - 5.20

The Group borrows at fixed and floating rates and uses interest rate swaps as cash flow hedges of future interest payments as disclosed in Note 35 because the Group assesses that the changes in interest rate will 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 Financial risk management (continued)

3.2 Accounting for derivative financial instruments and hedging activities

The Group is party to derivative financial instruments, which mainly comprise foreign currency forward contracts and interest rate swap contracts and cross currency swap contracts. Such instruments are not recognised in the financial statements on inception.

Foreign currency forward contracts protect the Group from movements in exchange rates. The Group enters into contract establishing the rate at which a foreign currency asset will be realised or a foreign currency liability will be settled in the future. The Group does not recognise foreign currency forward contracts transaction in the financial statements until the contracts are settled. The realised gain (loss) from the settlement of foreign currency forward contracts will be included in gain (loss) on exchange rate in profit or loss. The fee incurred in establishing each agreement is amortised over the contract period, if any.

Interest rate swap contracts protect the Group from movements in interest rates. Any differential to be paid or received on an interest rate swap agreement is recognised as a component of interest revenue or expense over the period of the contracts. Gains and losses on early termination of interest rate swaps or on repayment of the borrowing are taken to profit or loss.

Disclosures about derivative financial instruments to which the Group is a party are provided in note 35.

3.3 Fair value estimation

Financial assets and liabilities carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

3.3.1 Financial assets and liabilities that are recognised at fair value

The following table presents the Group's financial assets that are measured at fair value at 31 December 2017 and 2016.

	Consolidated and separate financial statements			
	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	Total Million Baht
Financial assets at fair value through profit or loss as at 31 December 2017				
Short-term investments	99	-	-	99
Financial assets at fair value through profit or loss as at 31 December 2016				
Short-term investments	108	-	-	108

The fair value of short-term investments are based on net asset value of individual mutual fund using quoted prices (unadjusted) in active markets for identical assets. The fair values are within level 1 of the fair value hierarchy.

There were no transfers between levels 1 and level 2 during the year.

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

3.3.2 Financial assets and liabilities that are not recognised at fair value

Financial assets carried in the statement of financial position include cash and cash equivalents, short-term investments, trade and other receivables and long-term loans. Financial liabilities carried in the statement of financial position include short-term loans from financial institutions, trade and other payables, long-term loans, bonds, accrued corporate income tax, 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 with interest charged at the fixed rates, and cylinder deposits are uncertain, the Group cannot estimate a reliable repayment period, therefore the fair value cannot be reliably estimated.

(a) Long-term loans from financial institutions and bond

The Group disclosed fair values of long-term loans from financial institutions and bond which bear fixed interest rate as follows:

The book value and fair value of long-term loans from financial institutions are as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Long-term loans from financial institutions, net				
- Book value	814	630	-	-
- Fair value	806	626	-	-

The fair values of long-term loans from financial institutions which bear fixed interest rates are based on discounted cash flows using discount rates based upon market interest rates for borrowing in the same risk level at the date of the financial statements. The rates are interval from 2.98% - 3.98% (2016 : 3.48% - 4.51%). The fair values are within level 2 of the fair value hierarchy. The fair values of long-term loans from financial institutions which bear floating interest rates approximate the carrying amounts.

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

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Million Baht	Million Baht	Million Baht	Million Baht
Bonds, net				
- Book Value	6,995	6,294	6,995	6,294
- Fair Value	7,098	6,403	7,098	6,403

The fair values of bonds which bear fixed interest rate are based on discounted cash flows using discount rates based upon the bond rates at the date of the financial statements. The rates are interval from 2.98% - 3.52% (2016: 3.48% - 3.78%). The fair values are within level 2 of the fair value hierarchy.

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

3.3.2 Financial assets and liabilities that are not recognised at fair value (continued)

(b) The financial instruments

The fair values of the financial instruments that the Group has not recognised in the statements of financial position are as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Interest rate and cross currency swap contracts - assets (liabilities)	31	(21)	3	8

The fair values of forward foreign exchange contracts and interest rate and cross currency swap contracts were calculated using the rates quoted by the Group's bankers which were based on market conditions existing at the statement of financial position date, and are within level 2 of the fair value hierarchy.

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.

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) Estimation of impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.12. 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 14). Determination of the assumptions is necessary for the goodwill impairment testing.

(b) Estimate of the acquisition of investment in an associate

The Group recognised the investment in an associate by determining fair value of the net identifiable assets acquired and reviewing purchase price allocation in accordance with the concepts in TFRS 3 (revised 2016) "Business Combination". The fair value of the net identifiable assets acquired mainly related to account receivable and finance lease receivables, intangible asset and long-term loan from financial institutions which are presented as part of investment cost as described in Note 12.2.

The fair value of these acquired identifiable assets is based on valuation techniques. The valuation models require significant judgement and assumptions made by the management. Key assumptions used for the valuation revenues and profit growth rates, expected changes to overhead costs and discounted rates. The management must also make assumptions in estimating the method used to calculate the cost of capital.

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 Group does not apply any financial ratios to monitor its capital. However, the Group has monitored its debt covenants as specified in the loan agreements and bond prospectus (Note 20 and 22).

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 of the Group 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 2017	Consolidated financial statements				
	Petroleum and petrochemical products Million Baht	Transportation services Million Baht	Other business segment Million Baht	Elimination entries Million Baht	Total Million Baht
Sales and service income	83,077	2,181	199	(26,305)	59,152
Cost of goods sold and services	(78,480)	(2,021)	(169)	26,464	(54,206)
Gross profit	4,597	160	30	159	4,946
Other income	628	11	28	(190)	477
Profit before operating expenses	5,225	171	58	(31)	5,423
Unallocated expenses					(2,547)
Share of loss from associates and joint ventures					(37)
Net profit for the year					2,839

For the year ended 31 December 2016	Consolidated financial statements				
	Petroleum and petrochemical products Million Baht	Transportation services Million Baht	Other business segment Million Baht	Elimination entries Million Baht	Total Million Baht
Sales and service income	68,160	2,065	193	(22,257)	48,161
Cost of goods sold and services	(65,426)	(1,889)	(160)	22,204	(45,271)
Gross profit	2,734	176	33	(53)	2,890
Other income	330	59	(15)	(157)	217
Profit before operating expenses	3,064	235	18	(210)	3,107
Unallocated expenses					(1,950)
Share of profit from joint ventures					8
Net profit for the year					1,165

6 Segment information (continued)

Geographical information

In presenting geographical information, revenue is based on the geographical location of control in operation management and non-current assets are based on the geographical location of the assets.

For the year ended 31 December	Consolidated financial statements	
	Revenue from sales and services	
	2017 Million Baht	2016 Million Baht
Domestic	21,356	20,650
Overseas	37,796	27,511
Total	59,152	48,161

As at 31 December	Consolidated financial statements	
	Non-current assets	
	2017 Million Baht	2016 Million Baht
Domestic	11,280	11,095
Overseas	4,366	4,637
Total	15,646	15,732

For the year ended 31 December 2017 and 2016, the Group did not have any major customer who generates revenue more than 10% of total revenue.

7 Cash and cash equivalents

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Cash on hand	11	9	3	3
Deposits held at call with banks	2,579	1,870	298	257
Cash and cash equivalents	2,590	1,879	301	260

The average interest rate on deposits held at call with banks was ranged between 0.05% to 5.50% per annum (2016: 0.05% to 4.30% per annum).

8 Short-term investments

Short-term investments comprise trading 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	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Opening amount	108	308	108	308
Additions	500	1,750	500	1,750
Redemptions	(512)	(1,950)	(512)	(1,950)
Gain on change in fair value of short-term investments	3	-	3	-
Closing balance	99	108	99	108

9 Trade and other receivables, net

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Trade receivables	2,715	2,400	288	275
<u>Less</u> Allowance for doubtful accounts	(61)	(63)	(5)	(5)
Trade receivables, net	2,654	2,337	283	270
Trade receivables from related parties (Note 33)	59	49	207	19
Other receivables from related parties (Note 33)	-	-	98	89
Prepayments	151	182	35	45
Advance payments	119	173	1	1
Accrued income	22	3	-	-
Receivables on subsidies for liquefied petroleum gas from government	1,057	343	528	-
Other receivables	-	2	1	8
Trade and other receivables, net	4,062	3,089	1,153	432

The age analysis of trade receivables is as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Trade receivables				
Current	2,131	1,753	232	231
Overdue				
- less than 3 months	328	319	42	33
- 3 months to 12 months	179	239	5	1
- more than 12 months	77	89	9	10
Total	2,715	2,400	288	275
<u>Less</u> Allowance for doubtful accounts	(61)	(63)	(5)	(5)
Trade receivables, net	2,654	2,337	283	270

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

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Trade receivables from related parties				
Current	59	49	207	19
Overdue				
- less than 3 months	-	-	-	9
Trade receivables from related parties	59	49	207	19

10 Inventories, net

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Raw material	26	25	-	-
Work in progress	16	16	-	-
Finished goods				
- Petroleum products	3,688	2,922	874	141
- Petrochemical products	28	23	-	-
- Oil products	93	119	-	-
- Others	11	16	-	1
- Goods in transit	117	137	-	23
Supplies and other	104	100	14	-
Total	4,083	3,358	888	165
<u>Less</u> Allowance for diminution in value of inventories	(13)	(13)	-	-
Inventories, net	4,070	3,345	888	165

The cost of inventories recognised as expense and included in 'cost of sales' amounting to Baht 49,052 million (2016: Baht 40,351 million) in the consolidated financial statements and amounting to Baht 9,409 million (2016: Baht 7,521 million) in the separate 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 1% of the total trading volume of petroleum products and crude oil in Thailand in each period, respectively (2016: 1% and 1%, respectively). As at 31 December 2017, the inventories included minimum mandatory reserve on petroleum products and crude oil amounting to Baht 184 million in the consolidated financial statements, and Baht 87 million in the separate financial statements (2016: Baht 172 million in the consolidated financial statements, and Baht 77 million in the separate financial statements), which were net of allowance for net realisable value.

11 Other current assets

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
VAT refundable	247	182	62	-
Corporate income tax refundable	16	18	-	15
Deposits for tariff customs	60	182	-	-
Deposits at bank used as collateral	-	59	-	-
Others	53	57	9	7
Other current assets	376	498	71	22

12 Investments in subsidiaries, associates and joint ventures, net

12.1 Investments in subsidiaries, net

The movement in investments in subsidiaries are as follows:

For the year ended 31 December	Separate financial statements	
	2017 Million Baht	2016 Million Baht
Opening balance, net	8,642	7,683
Acquisitions	979	896
Disposal of investment	(24)	-
Loss from disposal of investment	(3)	-
Transfer from investment in joint venture	-	63
Closing balance, net	9,594	8,642

The principal subsidiaries are as follows:

	Country of incorporation	% ownership interest		Type of business
		2017	2016	
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)
Siam Lucky Marine Company Limited	Thailand	45.86%	45.86%	Transportation services
Siam Suksawat Company Limited	Thailand	100.00%	100.00%	Transportation and discharge goods, petroleum product distribution
Siamgas Hongkong Co.,Ltd.	Hong Kong	100.00%	100.00%	Holding business
Super Gas Co.,Ltd.	Vietnam	100.00%	100.00%	Petroleum products distribution
SingGas (LPG) Pte. Ltd.	Singapore	95.00%	95.00%	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
Siamgas Myanmar Consortium Pte. Ltd. ⁽⁴⁾	Singapore	80.00%	80.00%	Holding business
Siam Gas Power Pte. Ltd. ⁽¹⁾	Singapore	100.00%	100.00%	Holding business
Siamgas Global Investment Pte. Ltd. ⁽²⁾	Singapore	100.00%	100.00%	Holding business
Far East Petroleum Sdn. Bhd. ⁽³⁾	Malaysia	70.00%	100.00%	Petroleum products distribution, warehousing and storage service

12 Investments in subsidiaries, associates and joint ventures, net (continued)

12.1 Investments in subsidiaries, net (continued)

The principal subsidiaries are as follows: (continued)

	Country of incorporation	% ownership interest		Type of business
		2017	2016	
Indirect Subsidiary				
Siam Lucky Marine Company Limited Held by - Unique Gas and Petrochemicals Public Company Limited - Lucky Carrier Co., Ltd.	Thailand	14.77% 39.37%	14.77% 39.37%	Transportation services
Sino Siam Gas and Petrochemical Co., Ltd. Held by: - Siamgas Hongkong Co., Ltd.	The People's Republic of China	100.00%	100.00%	Petroleum and petrochemical products distribution
Siam Ocean Gas and Energy Co., Ltd. Held by: - Siamgas Hongkong Co., Ltd.	The People's Republic of China	100.00%	100.00%	Petroleum and petrochemical products distribution
Siamgas-J&J International Ltd. ⁽⁵⁾ Held by: - Siamgas Global Investment Pte. Ltd.	Bangladesh	80.00%	-	Petroleum and petrochemical products distribution
Siamgas Bangladesh Ltd. ⁽⁶⁾ Held by: - Siamgas-J&J International Ltd.	Bangladesh	99.90%	-	Petroleum and petrochemical products distribution

12 Investments in subsidiaries, associates and joint ventures, net (continued)

12.1 Investments in subsidiaries, net (continued)

The principal subsidiaries are as follows: (continued)

Details of investments in subsidiaries is as follows:

As at 31 December	Separate financial statements	
	Cost Method	
	2017 Million Baht	2016 Million Baht
Unique Gas and Petrochemicals Public Company Limited	2,105	2,105
Lucky Carrier Company Limited	70	70
Siam Quality Steel Company Limited	70	70
Siam Ethanol Export Company Limited	280	280
Siam Lucky Marine Company Limited	205	205
Siam Suksawat Company Limited	100	100
Siamgas Hongkong Co., Ltd.	4,088	4,088
Super Gas Co., Ltd.	388	388
SingGas (LPG) Pte. Ltd.	427	427
Siam Gas Trading Pte. Ltd.	12	12
MyGaz Sdn. Bhd.	84	84
Siam Gas Power Pte. Ltd. ⁽¹⁾	1,787	843
Siamgas Myanmar Consortium Pte. Ltd. ⁽⁴⁾	-	-
Siamgas Global Investment Pte. Ltd. ⁽²⁾	37	2
Far East Petroleum Sdn. Bhd. ⁽³⁾	62	89
Total investment in subsidiaries	9,715	8,763
<u>Less</u> Impairment charge	(121)	(121)
Investments in subsidiaries, net	9,594	8,642

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

Subsidiaries

- (1) During the year 2017, at the Board of Directors' meeting of the Company, the board passed a resolution to approve an increase in share capital of Siam Gas Power Pte. Ltd. ("SPW"), incorporated in Singapore, of 27.01 million shares at par value of USD 1 each or approximately to Baht 943.58 million. The number of shares increased from 24.01 million shares to 51.02 million shares with a par value of USD 1 each. The Company has already paid the capital increase to SPW. As a result, the Company's ownership interest remains unchanged at 100%. The registration was completed during the year.
- (2) On 11 May 2017, the Company's Board of Directors' meeting passed a resolution to approve an increase in the share capital of its subsidiary Siamgas Global Investment Pte. Ltd. ("SGI"), of 10.95 million shares. The subsidiary registered detail are as follows:
- On 7 July 2017, the subsidiary registered an increase of its share capital of 0.05 million shares at a par value of USD 1 each or approximately Baht 1.70 million. The number of shares increased from 0.05 million to 0.10 million with a par value of USD 1 each. The Company has already paid the capital increase to SGI. As a result, the Company's ownership remains unchanged at 100%.
 - On 12 September 2017, the subsidiary registered an increase of its share capital of 1.00 million shares at par value of USD 1 each or approximately Baht 33.22 million. The number of shares increased from 0.10 million to 1.10 million with a par value of USD 1 each. The Company has already paid the capital increase to SGI. As a result, the Company's ownership remains unchanged at 100%.

12 Investments in subsidiaries, associates and joint ventures, net (continued)

12.1 Investments in subsidiaries, net (continued)

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

- (3) On 23 January 2017, the Company entered into the share sales agreement to dispose shares of Far East Petroleum Sdn. Bhd. to third parties in the portion of 30% or 3.00 million shares at a par value of MYR 1.00 each, totalling MYR 3.00 million. The Company made a loss from the disposal of investment in a subsidiary amounting to Baht 3.08 million. As a result, the Company's ownership interest decreased from 100.00% to 70.00% and Far East Petroleum Sdn. Bhd. still be a subsidiary of the Group. The Company received cash proceeds from the disposal of investment amounting to MYR 3.00 million (or equivalent to Baht 23.37 million) during the year.
- (4) On 18 October 2017, the Company's Board of Directors' meeting passed a resolution to approve the liquidation of its subsidiary Siamgas Myanmar Consortium Pte. Ltd. The subsidiary completed a liquidation process on 5 February 2018.

Indirect Subsidiaries

- (5) On 6 February 2017, Siamgas Global Investment Pte. Ltd., established Siamgas J&J International Ltd. (SJJ), incorporated in Bangladesh, with 48,625 shares at a par value of BDT 100.00 each. The business objective is petroleum and petrochemical product distribution in Bangladesh. The Company's ownership is 80% with paid-up capital of BDT 3.89 million or approximately Baht 1.71 million during the year.
- (6) On 16 July 2017, Siamgas J&J International Ltd., which is an indirect subsidiary was established Siamgas Bangladesh Ltd. ("SGB") incorporated in Bangladesh, with 1,000 shares at par value of BDT 100.00 each. The objectives of the business is petroleum and petrochemical product distribution in Bangladesh. The Company's ownership interest is 99.90% with paid-up the capital amounting to BDT 99,900 or approximately Baht 40,679 during the year.

12.2 Investments in associates

The movement in investments in associates are as follows:

For the year ended 31 December	Consolidated financial statements	Separate financial statements
	Equity method Million Baht	Cost method Million Baht
Opening balance	-	-
Acquisitions	1,677	-
Share of loss	(32)	-
Currency translation differences	(4)	-
Closing balance	1,641	-

Details of investments in associates are as follows:

	Country of incorporation	% ownership interest		Type of business
		2017	2016	
Indirect associates				
(held by: Siam Gas Power Pte. Ltd.) MSN International Limited ⁽⁷⁾	Malaysia	30.00%	-	Energy related business services
Asiatech Energy Pte. Ltd. ⁽⁷⁾	Singapore	30.00%	-	Energy related business services
Myanmar Lighting (IPP) Co., Ltd. ⁽⁷⁾	Myanmar	30.00%	-	Electricity generating business
Southern Myanmar Development Co., Ltd. ⁽⁸⁾	Myanmar	33.00%	-	Electricity generating business
Asiatech Infrastructure Co. Pte. Ltd. ⁽⁸⁾	Singapore	33.00%	-	Energy related business services
TSM Co., Ltd. ⁽⁸⁾	Malaysia	33.00%	-	Energy related business services

12 Investments in subsidiaries, associates and joint ventures, net (continued)

12.2 Investments in associates (continued)

Details of investments in associates are as follows: (continued)

As at 31 December	Consolidated financial statements		Separate financial statements	
	Equity Method		Cost Method	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
MSN International Limited ⁽⁷⁾	328	-	-	-
Asiatech Energy Pte. Ltd. ⁽⁷⁾	1	-	-	-
Myanmar Lighting(IPP) Co., Ltd. ⁽⁷⁾	1,312	-	-	-
Southern Myanmar Development Co., Ltd. ⁽⁸⁾	-	-	-	-
Asiatech Infrastructure Co. Pte. Ltd. ⁽⁸⁾	-	-	-	-
TSM Co., Ltd. ⁽⁸⁾	-	-	-	-
Total	1,641	-	-	-

⁽⁷⁾ On 18 July 2016, Siam Gas Power Pte. Ltd. ("SPW"), who is a subsidiary of the Company, entered into a share purchase agreement for investment in Myanmar Lighting (IPP) Co., Ltd. ("MLIPP"), which is the combined cycle power plant in Myanmar, with a total consideration of USD 48 million or equivalent to Baht 1,677 million. The source of fund is from the net working capital of the Group and borrowing from financial institution. SPW has purchased shares of two companies which are MSN International Limited ("MSN") and Asiatech Energy Pte. Ltd. ("AEPL") at the same proportion of 30% of registered and paid up capital in each company, for the purpose of holding shares in the combined cycle power plant directly. The payment of investment is divided into two tranches: the first tranche, SPW paid USD 24 million to acquire 30% of registered and paid up capital shares in MSN and AEPL, which was paid on 29 July 2016, and the second tranche, SPW paid the remaining amount USD 24 million to the seller on 23 February 2017 to acquire 30% of registered and paid up shares capital in MLIPP and become one of the investors of the combined cycle power plant. Under the condition of the share purchase agreement, if the direct holding of shares in MLIPP is not successfully, SPW has the rights to terminate the share purchase agreement and refund all payments. The transfer of shares was completed on 23 May 2017. As a result, MSN, AEPL and MLIPP became the new indirect associates of the Group in the year 2017.

On 1 November 2017, SPW entered into a share purchase agreement for investment in a combined cycle power plant in Myanmar. SPW has additionally purchased shares of three companies which are Myanmar Lighting ("IPP") Co., Ltd. ("MLIPP"), MSN International Limited (MSN) and Asiatech Energy Pte. Ltd. ("AEPL") in the same proportion of 6.1% of registered and paid up capital in each company, in order to increase the shares in the combined cycle power plant, with a total consideration of USD 9.76 million (equivalent to Baht 318.96 million). The funds come from the net working capital of the Group. The payment of investment was divided into two tranches. Under the first tranche, SPW paid USD 2 million, equivalent to Baht 65.36 million, to acquire 6.1% of registered and paid up capital shares in MSN and AEPL which were paid in November 2017, and under the second tranche, SPW paid the remaining USD 7.76 million, equivalent to Baht 253.60 million in January 2018, to acquire 6.1% of registered and paid up capital shares in MLIPP. As a result, SPW's ownership interest will be the portion of 36.10% of registered and paid-up shares in January 2018. As at 31 December 2017, the Group recorded the payment as a deposit for investment in associates (note 17).

⁽⁸⁾ Investment in the power and transmission line in Myanmar

On 9 November 2017, Siam Gas Power Pte. Ltd. ("SPW"), who is a subsidiary of the Company, established a power plant and electric transmission line in Myanmar. SPW has investment for three companies which are Southern Myanmar Development Co.Ltd. ("SMD"), TSM Co. Ltd. ("TSM") and Asiatech Infrastructure Co. Pte. Ltd. ("AIC") in the same proportion of 33.00% of registered and paid up capital in each company, with a total consideration of USD 0.03 million or equivalent to Baht 0.80 million. The funds come from the net working capital of the Group.

12 Investments in subsidiaries, associates and joint ventures, net (continued)

12.2 Investments in associates (continued)

Key financial information of the Group's in Myanmar Lighting (IPP) Co., Ltd. are as follows:

For the period from 23 May 2017 (date of share transfer complete) to 31 December 2017	Financial information* Million Baht	Investment Group proportion Million Baht
Total assets	8,706	2,612
Total liabilities	5,575	1,673
Revenue	621	186
Net profit	85	26

*The information above reflects the amounts presented in the financial statements of the associate adjusted for differences in accounting policies between the Group and the associate (and not the Group's share of those amounts).

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates.

Summarised financial information

	Myanmar Lighting (IPP) Co., Ltd. Million Baht
Net assets at the end of the year	3,131
Proportion of the Group:	
Interest in associates	939
Goodwill	373
Carrying value	1,312

Details of total purchase consideration and estimated fair value of net assets acquired based on proportion of investment at 30.00% of each associates are as follows:

	MSN International Limited Million Baht	Asiatech Energy Pte. Ltd. Million Baht	Myanmar Lighting (IPP) Co., Ltd. Million Baht	Total Million Baht
Trade receivables	904	-	63	967
Other receivable from related parties	35	-	-	35
Finance lease receivable	-	-	1,067	1,067
Right in power purchase agreement *	-	-	1,491	1,491
Long-term loans to related parties	-	1,377	-	1,377
Other payables to related parties	-	(888)	-	(888)
Borrowings from financial institutions	-	(473)	-	(473)
Borrowings from related party	(555)	-	(1,196)	(1,751)
Deferred income tax liabilities	-	-	(373)	(373)
Liabilities less other assets	(3)	(16)	(146)	(165)
Total fair value of net assets acquired	381	-	906	1,287
Goodwill (Presented as a part of investments in associates)	17	-	373	390
Total purchase consideration	398	-	1,279	1,677

* As at 31 December 2017, the Group is assessing the fair value of intangible asset from the acquisition of the investment, which is right in power purchase agreement. The assessment is expected to be completed within 12 months from the acquisition date. The Group will be amortised right in power purchase agreement by straight-line method over the estimated useful life of the power plant of MLIPP in 27 years.

12 Investments in subsidiaries, associates and joint ventures, net (continued)

12.3 Investments in joint ventures

The movement in investments in joint ventures are as follows:

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Opening balance	101	149	24	87
Acquisitions	28	-	-	-
Transfer to investment in a subsidiary	-	(56)	-	(63)
Share of profit (loss)	(5)	8	-	-
Currency translation differences	(16)	-	-	-
Closing balance	108	101	24	24

The joint ventures are as follows:

	Country of incorporation	% ownership interest		Type of business
		2017	2016	
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%	Vessel transportation food and beverage
Indirect Joint Ventures (held by Siamgas Global Investment Pte. Ltd.)				
PT Siamindo Djojo Terminal	Indonesia	55.00%	-	Petrochemical product distribution

On 6 June 2017, Siamgas Global Investment Pte. Ltd., who is a subsidiary of the Company, entered into a Joint Venture Agreement with a third party to establish PT Siamindo Djojo Terminal, incorporated in Indonesia, with 0.06 million shares at a par value of IDR 1 million each. The business objective is petroleum product distribution in Indonesia. The Group's ownership is 55% with paid-up capital of IDR 11,000 million or approximately Baht 27.50 million during the year.

The shareholder agreements of PT Siamindo Djojo Terminal has determined the management structure including strategic financial decisions and operations, with voting rights from the shareholders or the representative of each party, so this is classified as investments in joint ventures.

Details of investments in joint ventures is as follow:

As at 31 December	Consolidated financial statements		Separate financial statements	
	Equity Method		Cost Method	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Direct Joint Ventures				
Citygas North Co., Ltd.	81	100	20	20
SG Gas Sdn. Bhd.	-	-	3	3
Siam Nathalin Co., Ltd.	1	1	1	1
	82	101	24	24
Indirect Joint Ventures				
PT Siamindo Djojo Terminal	26	-	-	-
	26	-	-	-
Total investment in joint ventures	108	101	24	24

12 Investments in subsidiaries, associates and joint ventures, net (continued)

12.3 Investments in joint ventures (continued)

Individually immaterial joint ventures

In addition to the interests in joint ventures disclosed above, the Group also has interests in a number of individually immaterial joint ventures that are accounted for using the equity method.

For the year ended 31 December

	2017 Million Baht	2016 Million Baht
Aggregate carrying amount of individually immaterial joint ventures	108	101
Aggregate amounts of the Group's share of:		
Profit from continuing activities	12	10
Other comprehensive income (expense)	(16)	-
Total comprehensive income (expense)	(4)	10

13 Property, plant and equipment, net

Consolidated financial statements										
	Land Million Baht	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 2016										
Cost - Historical cost	2,165	7,949	2,295	3,537	5,359	2,686	2,123	1,345	913	28,372
- Revaluation surplus	1,242	-	-	-	-	-	-	-	-	1,242
Less: Accumulated depreciation										
	3,407	7,949	2,295	3,537	5,359	2,686	2,123	1,345	913	29,614
	-	(4,437)	(1,181)	(1,218)	(3,484)	(1,353)	(1,854)	(841)	-	(14,368)
Net book value	3,407	3,512	1,114	2,319	1,875	1,333	269	504	913	15,246
For the year ended 31 December 2016										
Opening net book value	3,407	3,512	1,114	2,319	1,875	1,333	269	504	913	15,246
Additions	238	10	29	392	391	33	16	97	709	1,915
Transferred of assets from changing investment in joint venture to	-	-	-	-	-	-	-	-	137	137
Investment in subsidiary	-	506	401	476	2	-	14	33	(1,432)	-
Transfer	-	(4)	-	-	(3)	-	-	-	(32)	(39)
Write-offs and disposals, net	-	(302)	(1)	5	(14)	(76)	(16)	-	(5)	(409)
Currency translation differences	-	(169)	(70)	(421)	(204)	(190)	(27)	(37)	-	(1,118)
Depreciation charge										
	3,645	3,553	1,473	2,771	2,047	1,100	256	597	290	15,732
Closing net book value										
As at 31 December 2016										
Cost - Historical cost	2,403	8,398	2,723	4,326	5,757	2,679	2,146	1,465	290	30,187
- Revaluation surplus	1,242	-	-	-	-	-	-	-	-	1,242
Less: Accumulated depreciation										
	3,645	8,398	2,723	4,326	5,757	2,679	2,146	1,465	290	31,429
	-	(4,845)	(1,250)	(1,555)	(3,710)	(1,579)	(1,890)	(868)	-	(15,697)
Net book value	3,645	3,553	1,473	2,771	2,047	1,100	256	597	290	15,732

13 Property, plant and equipment, net (continued)

Consolidated financial statements										
	Land	Buildings, infrastructure and land improvement	Terminals, gas filling and service stations and gas storage tanks	Gas vessels	Gas cylinders	Machine, factory tools and equipment	Furniture, fixtures and office equipment	Vehicles	Construction in progress	Total
	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 2017										
Opening net book value	3,645	3,553	1,473	2,771	2,047	1,100	256	597	290	15,732
Additions	-	-	11	750	348	12	18	52	347	1,538
Transfer	-	9	32	187	6	-	7	7	(248)	-
Reclassify to other asset	(4)	(1)	(1)	-	-	-	-	-	-	(6)
Write-offs and disposals, net	-	-	-	(2)	(3)	-	(2)	(8)	(10)	(25)
Currency translation differences	-	(104)	(4)	(231)	(20)	(22)	(7)	-	-	(388)
Impairment charge	-	-	-	-	-	(28)	-	-	-	(28)
Depreciation charge	-	(174)	(59)	(542)	(189)	(142)	(25)	(46)	-	(1,177)
Closing net book value	3,641	3,283	1,452	2,933	2,189	920	247	602	379	15,646
As at 31 December 2017										
Cost - Historical cost	2,399	8,038	2,743	4,585	5,460	2,384	2,050	1,484	379	29,522
- Revaluation surplus	1,242	-	-	-	-	-	-	-	-	1,242
Less Accumulated depreciation	3,641	8,038	2,743	4,585	5,460	2,384	2,050	1,484	379	30,764
Less Provision for impairment	-	(4,755)	(1,291)	(1,652)	(3,271)	(1,436)	(1,803)	(882)	-	(15,090)
	-	-	-	-	-	(28)	-	-	-	(28)
Net book value	3,641	3,283	1,452	2,933	2,189	920	247	602	379	15,646

13 Property, plant and equipment, net (continued)

Separate financial statements								
	Land Million Baht	Buildings, infrastructure and land improvement Million Baht	Terminals, gas filling 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
As at 1 January 2016								
Cost - Historical cost	1,773	308	661	868	47	80	798	4,535
- Revaluation	940	-	-	-	-	-	-	940
Less Accumulated depreciation	2,713	308	661	868	47	80	798	5,475
	-	(60)	(165)	(386)	(19)	(40)	-	(670)
Net book value	2,713	248	496	482	28	40	798	4,805
For the year ended 31 December 2016								
Opening net book value	2,713	248	496	482	28	40	798	4,805
Additions	225	1	1	66	2	3	90	388
Transfer	-	495	296	-	2	-	(793)	-
Write-offs and disposals, net	-	(3)	-	-	-	-	(31)	(34)
Depreciation charge	-	(13)	(18)	(47)	(4)	(4)	-	(86)
Closing net book value	2,938	728	775	501	28	39	64	5,073
As at 31 December 2016								
Cost - Historical cost	1,998	801	958	934	51	83	64	4,889
- Revaluation	940	-	-	-	-	-	-	940
Less Accumulated depreciation	2,938	801	958	934	51	83	64	5,829
	-	(73)	(183)	(433)	(23)	(44)	-	(756)
Net book value	2,938	728	775	501	28	39	64	5,073

Separate financial statements

	Corporate financial statements						
	Land Million Baht	Buildings, infrastructure and land improvement Million Baht	Terminals, gas filling 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						
For the year ended 31 December 2017							
Opening net book value	2,938	728	775	501	28	39	64
Additions	-	-	5	73	2	16	17
Transfer	-	4	7	-	-	-	(11)
Write-offs and disposals, net	-	-	-	(1)	-	(2)	(10)
Depreciation charge	-	(28)	(26)	(51)	(5)	(5)	-
Closing net book value	2,938	704	761	522	25	48	60
As at 31 December 2017							
Cost - Historical cost	1,998	802	969	1,006	53	96	60
- Revaluation	940	-	-	-	-	-	-
<u>Less Accumulated depreciation</u>	2,938	802	969	1,006	53	96	60
	-	(98)	(208)	(484)	(28)	(48)	-
Net book value	2,938	704	761	522	25	48	60

13 Property, plant and equipment, net (continued)

Fair value of land

The table below analyses non financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Consolidated financial statements			
Fair value measurements at 31 December 2017			
	Level 1	Level 2	Level 3
	Million Baht	Million Baht	Million Baht
Recurring fair value measurements			
Land	-	3,641	-
Separate financial statements			
Fair value measurements at 31 December 2017			
	Level 1	Level 2	Level 3
	Million Baht	Million Baht	Million Baht
Recurring fair value measurements			
Land	-	2,938	-

There were no transfers between levels 1 and level 2 during the year.

Level 2 fair values of land have been derived using the market comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square wah.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Process of land appraisal of the Group

The Group's finance department includes a team that performs the valuations of land required for financial reporting purposes. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held among the CFO, the valuation team and independent valuer at least five years a time.

Assets pledged as collateral

As at 31 December 2017, certain of gas vessels of a subsidiary with net book value of Baht 2,424.61 million (2016: Baht 1,657.81 million) have been pledged as collateral for loans from local commercial banks (Note 20).

Borrowing costs attributable to the acquisition of qualifying assets

In the year 2017, there is no borrowing costs (2016: Baht 4.07 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 0% (2016: 4.88%) was used, representing the average borrowing cost of bonds.

14 Goodwill, net

The movement of goodwill can be analysed as follows:

For the year ended 31 December	Consolidated financial statements	
	2017 Million Baht	2016 Million Baht
Goodwill	1,538	1,538
<u>Less</u> Provision for impairment	(22)	-
Goodwill, net	1,516	1,538

The Group's management considered the business of petroleum and petrochemical products located in each country as a cash generation unit ("CGU").

A segment-level summary of the goodwill allocation is presented below.

	Consolidated financial statements			
	Thailand	Vietnam	Singapore	2017 Total
Goodwill allocation (Million Baht)	1,152	227	137	1,516

	Consolidated financial statements			
	Thailand	Vietnam	Singapore	2016 Total
Goodwill allocation (Million Baht)	1,174	227	137	1,538

Impairment tests for goodwill

Goodwill arising from the acquisition of investment in the business of petroleum and petrochemical products in each country is tested annually for impairment by comparing the carrying amount to the recoverable amount for each cash-generating unit which 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.

	Thailand	Vietnam	Singapore
Growth rate	1.00%	2.60%	2.50%
Discount rate	9.16%	14.00%	9.46%

If the assumptions used in the calculation on impairment tests for goodwill change, the business growth rate decreased by 1.00% per annum or discount rate increased by 1.00% per annum, there is still no impairment of goodwill.

15 Intangible assets, net

As at 1 January

Cost	
<u>Less</u> Accumulated amortisation	
Net book amount	

For the year ended 31 December

Opening net book amount	
Additions	
Amortisation charge	
Currency translation differences	
Closing net book amount	

As at 31 December

Cost	
<u>Less</u> Accumulated amortisation	
Net book amount	

Consolidated financial statements

2017

Customer relationship Million Baht	Computer software Million Baht	Total Million Baht
255	84	339
(122)	(76)	(198)
133	8	141
133	8	141
-	9	9
(32)	(2)	(34)
(8)	-	(8)
93	15	108
244	52	296
(151)	(37)	(188)
93	15	108

Consolidated financial statements

2016

Customer relationship Million Baht	Computer software Million Baht	Total Million Baht
263	87	350
(92)	(77)	(169)
171	10	181
171	10	181
-	1	1
(35)	(3)	(38)
(3)	-	(3)
133	8	141
255	84	339
(122)	(76)	(198)
133	8	141

15 Intangible assets, net (continued)

	Separate financial statements	
	2017	2016
	Computer software Million Baht	Computer software Million Baht
As at 1 January		
Cost	14	14
<u>Less</u> Accumulated amortisation	(13)	(12)
Net book amount	<u>1</u>	<u>2</u>
For the year ended 31 December		
Opening net book amount	1	2
Additions	3	-
Amortisation charge	(1)	(1)
Closing net book amount	<u>3</u>	<u>1</u>
As at 31 December		
Cost	17	14
<u>Less</u> Accumulated amortisation	(14)	(13)
Net book amount	<u>3</u>	<u>1</u>

16 Deferred income taxes, net

Deferred tax assets and deferred tax liabilities in statement of financial position are as follows:

	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Deferred tax assets	151	422	-	-
Deferred tax liabilities	(377)	(378)	(91)	(88)
Deferred tax assets (liabilities), net	<u>(226)</u>	<u>44</u>	<u>(91)</u>	<u>(88)</u>

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

	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Deferred tax assets:				
Deferred tax asset to be recovered within 12 months	34	63	24	25
Deferred tax asset to be recovered after more than 12 months	165	411	37	37
	<u>199</u>	<u>474</u>	<u>61</u>	<u>62</u>
Deferred tax liabilities:				
Deferred tax liability to be settled within 12 months	-	-	-	-
Deferred tax liability to be settled after more than 12 months	(425)	(430)	(152)	(150)
	<u>(425)</u>	<u>(430)</u>	<u>(152)</u>	<u>(150)</u>
Deferred tax assets (liabilities), net	<u>(226)</u>	<u>44</u>	<u>(91)</u>	<u>(88)</u>

16 Deferred income taxes, net (continued)

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

	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
As at 1 January	44	(56)	(88)	(110)
(Charged)/credited to profit or loss (Note 30)	(259)	119	(4)	23
(Charged)/credited directly to other comprehensive income	(11)	(19)	1	(1)
As at 31 December	(226)	44	(91)	(88)

The movement in deferred tax assets and liabilities during the year 2017 and 2016, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Consolidated financial statements					
	Charged/credited to			Charged/credited to		
	As at 1 January 2016 Million Baht	Profit or loss Million Baht	Comprehensive income Million Baht	As at 31 December 2016 Million Baht	Profit or loss Million Baht	Comprehensive income Million Baht
Deferred tax assets						As at 31 December 2017 Million Baht
Allowance for doubtful accounts	5	-	-	5	(1)	4
Allowance for diminution in value of inventories	12	(12)	-	-	-	-
Employee benefit obligation	26	2	-	28	3	31
Remeasurements of post-employment benefit obligations	-	-	(1)	(1)	-	-
Unrealised gain on sales of goods/assets within the Group	50	26	-	76	(26)	50
Tax loss carried forwards	263	102	-	365	(252)	113
Others	2	(1)	-	1	-	1
Deferred tax assets, gross	358	117	(1)	474	(276)	199
Deferred tax liabilities						
Differences on depreciation	(129)	(19)	-	(148)	(16)	(164)
Fair value adjustments from business acquisition	(55)	-	-	(55)	3	(52)
Valuation surplus on land	(197)	-	-	(197)	-	(197)
Effect of currency translation on tax base	(32)	20	(18)	(30)	33	(9)
Others	(1)	1	-	-	(3)	(3)
Deferred tax liabilities, gross	(414)	2	(18)	(430)	17	(425)
Deferred tax assets (liabilities), net	(56)	119	(19)	44	(259)	(226)

16 Deferred income taxes, net (continued)

The movement in deferred tax assets and liabilities during the year 2017 and 2016, is as follows:

	Separate financial statements					
	Charged/credited to			Charged/credited to		
	As at 1 January 2016 Million Baht	Profit or loss Million Baht	Comprehensive income Million Baht	As at 31 December 2016 Million Baht	Profit or loss Million Baht	Comprehensive income Million Baht
Deferred tax assets						
Allowance for doubtful accounts	1	-	-	1	-	-
Provision for impairment from investment of subsidiaries	25	(1)	-	24	-	-
Employee benefit obligation	10	1	-	11	-	-
Remeasurements of post-employment benefit obligations	-	-	(1)	(1)	-	1
Loss carried forwards	-	25	-	25	(2)	-
Others	2	-	-	2	-	-
Deferred tax assets, gross	38	25	(1)	62	(2)	1
Deferred tax liabilities						
Differences on depreciation	(10)	(2)	-	(12)	(2)	-
Valuation surplus on land	(138)	-	-	(138)	-	-
Deferred tax liabilities, gross	(148)	(2)	-	(150)	(2)	-
Deferred tax assets (liabilities), net	(110)	23	(1)	(88)	(4)	1

Deferred income tax assets are recognised for tax losses and carried forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred tax assets of Baht 69 million (2016: Baht 99 million) in respect of losses amounting to Baht 347 million (2016: Baht 497 million) that can be carried forward against future taxable income within 2017 to 2021.

17 Other non-current assets

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Accrued interest income on loans to subsidiaries (Note 33)	-	-	188	158
Deposits at bank used as collateral	74	18	-	-
Deposits	17	28	7	8
Corporate income tax refundable	113	60	92	59
Advance payments for purchases of equipment	233	102	224	97
Deposits for investment in associates (Note 12.2)	97	860	-	-
Deferred charge	23	14	-	-
Prepaid rental	414	477	37	52
Leasehold	45	66	-	-
Others	54	42	1	4
Other non-current assets	1,070	1,667	549	378

18 Short-term loans from financial institutions, net

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Short-term loans from financial institutions, net	1,501	1,727	1,233	568

As at 31 December 2017, the Group and the Company have short-term promissory notes and trust receipts from local commercial banks amounting to Baht 1,501 million and Baht 1,233 million, respectively, bear interest rates at the range of 1.25%-1.85% per annum and 1.25%-1.80% per annum, respectively (2016: amounting to Baht 1,727 million and Baht 568 million bear interest rates at the range of 1.20%-2.75% per annum and 1.95%-2.75% per annum, respectively).

19 Trade and other payables

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Trade payables	3,068	2,707	568	420
Trade payables to related parties (Note 33)	-	-	46	36
Other payables	170	259	82	44
Other payables to related parties (Note 33)	5	5	13	21
Advance received from customers	319	419	-	-
Accrued interest	65	58	64	59
Accrued expenses	361	583	42	25
Trade and other payables	3,988	4,031	815	605

20 Long-term loans from financial institutions, net

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Current portion of long-term loans, net				
Thai Baht	327	187	-	-
US Dollar	259	302	148	148
<u>Less</u> Deferred financing fee	(3)	(3)	(2)	(2)
	583	486	146	146
Long-term loans, net				
Thai Baht	693	378	-	-
US Dollar	767	512	710	378
<u>Less</u> Deferred financing fee	(7)	(4)	(5)	(3)
	1,453	886	705	375
Total long-term loans, net	2,036	1,372	851	521

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

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Opening balance, net	1,372	667	521	-
Additions	1,337	1,084	543	542
Repayments	(578)	(389)	(142)	(36)
Financing fees on addition loans	(7)	(7)	(5)	(5)
Amortised deferred financing fees	4	2	3	1
Unrealised loss (gain) from exchange rate	(8)	12	(69)	19
Currency translation differences	(84)	3	-	-
Closing balance, net	2,036	1,372	851	521

As at 31 December 2017 and 2016, the Group and the Company have long-term loans from local commercial banks as follows:

The Company

Balance of loan, net (Million Baht)		Interest rate per annum	Repayments of principal and interest	Security
2017	2016			
851 (26.10 Million US Dollar)	521 (14.60 Million US Dollar)	LIBOR 3M+3.42%	Principal and interest repayments are made on quarterly basis. The loan is due for full repayment by July 2019.	A Subsidiary

20 Long-term loans from financial institutions, net (continued)

As at 31 December 2017 and 2016, The Group and the Company have long-term loans from local commercial banks as follows: (continued)

Subsidiaries

Balance of loan, net (Million Baht)		Interest rate per annum	Repayments of principal and interest	Security
2017	2016			
84	122	BIBOR +2.15%	Principal and interest repayments are made on monthly basis. The loan is due for full repayment by February 2020.	Vessel (Note 13) and also guaranteed by the Company
69 (2.12 Million US Dollar)	127 (3.54 Million US Dollar)	MLR-1.50%	Principal and interest repayments are made on monthly basis. The loan is due for full repayment by June 2019.	
24 (0.72 Million US Dollar)	60 (1.68 Million US Dollar)	LIBOR 1M+3.00%	Principal and interest repayments are made on monthly basis. The loan is due for full repayment by September 2018.	
2	45	MLR-1.00%	Principal and interest repayments are made on monthly basis. The loan is due for full repayment by January 2018.	Vessels (Note 13) and also guaranteed by the Company and another subsidiary
5	15	MLR-1.00%	Principal and interest repayments are made on monthly basis. The loan is due for full repayment by June 2018.	
-	7 (0.18 Million US Dollar)	LIBOR 3M+4.25%	Principal and interest repayments are made on quarterly basis. The loan is due for full repayment by February 2017.	
-	17 (0.48 Million US Dollar)	LIBOR 3M+4.25%	Principal and interest repayments are made on quarterly basis. The loan is due for full repayment by February 2017.	
75 (2.30 Million US Dollar)	77 (2.17 Million US Dollar)	LIBOR 3M+3.10%	Principal and interest repayments are made on monthly basis. The loan is due for full repayment by October 2019.	

20 Long-term loans from financial institutions, net (continued)

As at 31 December 2017 and 2016, The Group and the Company have long-term loans from local commercial banks as follows: (continued)

Subsidiary (continued)

Balance of loan, net (Million Baht)		Interest rate per annum	Repayments of principal and interest	Security
2017	2016			
99	-	2.57%	Principal and interest repayments are made on monthly basis The loan is due for full repayment by January 2020.	Vessels (Note 13) and also guaranteed by the Company and another two subsidiaries
448	-	2.73%	Principal and interest repayments are made on monthly basis The loan is due for full repayment by July 2022.	
112	-	THBFIX 6M +2.22%	Principal and interest repayments are made on monthly basis The loan is due for full repayment by December 2022.	
60	79	3.00%	Principal and interest repayments are made on monthly basis The loan is due for full repayment by February 2021.	
79	139	3.00%	Principal and interest repayments are made on monthly basis The loan is due for full repayment by April 2019.	
128	163	2.57%	Principal and interest repayments are made on monthly basis The loan is due for full repayment by September 2021.	
<u>2,036</u>	<u>1,372</u>			

During the year 2017, the Group entered into the interest rate and cross currency swap contracts with the financial institutions, the Group disclosed the interest rate and cross currency swap contracts with the financial institutions as at 31 December 2017 in note 35.

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

20 Long-term loans from financial institutions, net (continued)

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

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Long-term loans, net				
- at fixed rates	814	630	-	-
- at floating rates	1,222	742	851	521
Total long-term loans, net	2,036	1,372	851	521

As at 31 December 2017, the weighted average effective interest rate of the long-term loans of the Group and the Company were approximately 4.67% and 4.64% per annum respectively. (2016: 4.81% and 4.24% per annum respectively).

Maturity of long-term loans is as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Within 1 year	583	486	146	146
Later than 1 year but not later than 5 years	1,453	886	705	375
Total long-term loans, net	2,036	1,372	851	521

Credit facilities

As at 31 December 2017, 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 25,253 million (2016: Baht 24,375 million).

21 Other current liabilities

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Tax payables	29	26	3	9
Withholding tax payable	5	5	-	-
Others	54	53	3	4
Other current liabilities	88	84	6	13

22 Bonds, net

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Current portion of long-term bonds, net				
Thai Baht	2,000	1,300	2,000	1,300
Long-term bonds, net				
Thai Baht	5,000	5,000	5,000	5,000
<u>Less</u> Deferred financing fees	(5)	(6)	(5)	(6)
	4,995	4,994	4,995	4,994
Total bonds, net	6,995	6,294	6,995	6,294

The movements of bonds can be analysed as follows:

For the year ended 31 December 2017	Consolidated financial statements Million baht	Separate financial statements Million Baht
Opening balance, net	6,294	6,294
Repayment	(1,300)	(1,300)
Issue of bond	2,000	2,000
Financing fee on issue of bond	(4)	(4)
Amortised financing fees	5	5
Closing balance, net	6,995	6,995

During the period from 23 – 25 January 2017, the Company had proposed to issue and offer unsubordinated and unsecured debenture bond. The 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:

Type of bond	Fixed interest rate
3-year bond	3.95% per annum

The Company has successfully issued the bond of Baht 2,000 million to refinance the bond of Baht 1,300 million that was due in January 2017. 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:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Within 1 year	2,000	1,300	2,000	1,300
Later than 1 year but not later than 5 years	4,995	4,994	4,995	4,994
Total bonds, net	6,995	6,294	6,995	6,294

23 Cylinder deposits

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Cylinder deposits	4,745	4,627	976	884

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 significant refund of deposits will occur when gas business operations significantly decline.

24 Employee benefit obligations

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Present value of obligations	156	145	56	53
Liability in the statement of financial position	156	145	56	53

Movements in employee benefit obligations are as follows:

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Opening balance	145	134	53	50
Current service costs	11	9	4	3
Interest costs	5	4	2	2
Remeasurements of post-employment benefit obligations	-	(1)	-	(1)
Benefit paid	(5)	(1)	(3)	(1)
Closing balance	156	145	56	53

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

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Current service costs	11	9	4	3
Interest costs	5	4	2	2
Total	16	13	6	5

24 Employee benefit obligations (continued)

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

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Cost of sales and services	7	7	3	2
Administrative expenses	9	6	3	3
Total	16	13	6	5

The principal actuarial assumptions used were as follows:

	2017	2016
Discount rate	3.1%	3.1%
Salary increase rate	4.5 - 7%	4.5 - 7%
Turnover rate	0.0 - 35%	0.0 - 35%

	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2017	2016	2017	2016	2017	2016
Discount rate	1%	1%	Decrease by 6.97%	Decrease by 7.54%	Increase by 7.93%	Increase by 8.57%
Salary increase rate	1%	1%	Increase by 9.20%	Increase by 8.81%	Decrease by 8.22%	Decrease by 7.90%
Turnover rate	20%	20%	Decrease by 7.68%	Decrease by 8.18%	Increase by 9.31%	Increase by 9.94%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not significantly change compared to the previous period.

As at 31 December 2017, the weighted average duration of the defined benefit obligation of the Group is 19 years (2016: 20 years).

25 Share capital

	Number of share Million shares	Ordinary share Million Baht	Share premium Million Baht	Total Million Baht
As at 1 January 2016	919	919	1,875	2,794
Issue of ordinary shares	-	-	-	-
As at 31 December 2016	919	919	1,875	2,794
Issue of ordinary shares	-	-	-	-
As at 31 December 2017	919	919	1,875	2,794

As at 31 December 2017, total authorised number of shares was 919 million shares with a par value of Baht 1 per share (2016: 919 million shares with a par value of Baht 1 per share). All 919 million shares were issued and fully paid-up with the share premium of Baht 1,875 million.

26 Dividends paid

The Company

On 21 April 2017, at the Annual General Shareholders' meeting of the Company, the shareholders passed a resolution to approve the payment of dividend for the year 2016 amounting to Baht 0.50 per share, totalling Baht 459.47 million, inclusive of interim dividends for the first nine months 30 September 2016 amounting to Baht 0.15 per share, totalling Baht 137.84 million. The interim dividends had already been paid on 8 September 2016. The remaining dividends of Baht 0.35 per share, totalling Baht 321.63 million, had already been paid to the shareholders on 18 May 2017.

On 10 August 2017, at the Board of Directors' meeting of the Company, the board passed a resolution to approve the payment of interim dividends from retained earnings and operating results for the six-month period ended 30 June 2017 at Baht 0.50 per share, for 918.32 million shares, totalling Baht 459.47 million. The interim dividends had already been paid to the shareholders on 7 September 2017.

The Subsidiaries

On 19 April 2017, at the Annual General Shareholders' meeting of Unique Gas and Petrochemicals Public Company Limited, the shareholders passed a resolution to approve dividend payment for the year 2016 from opening retained earnings and the operating results for the year ended 31 December 2016 in an amount of Baht 55.00 per share, for 10.50 million shares, totalling Baht 577.50 million, inclusive of interim dividends amounting to Baht 25.00 per share, totalling Baht 262.50 million. The interim dividends had already been paid on 5 September 2016. The remaining dividends of Baht 30.00 per share of Baht 315.00 million, had already been paid to the shareholders on 16 May 2017.

On 29 May 2017, at the Board of Directors' meeting of MyGaz Sdn. Bhd., the board passed a resolution to approve the payment of interim dividends from retained earnings at MYR 0.25 per share or Baht 1.96 per share, for 12.00 million shares, totalling MYR 3.00 million or Baht 23.48 million. The Company recognised the dividend income in the separate statement of income amounting to MYR 2.10 million or Baht 16.44 million. The remaining dividends of MYR 0.90 million or Baht 7.04 million were dividend of non-controlling interests. The interim dividends had been paid in 22 June 2017.

On 10 August 2017, at the Board of Directors' meeting of Unique Gas and Petrochemicals Public Company Limited, the board passed a resolution to approve the payment of interim dividends from retained earnings and operating results for the six-month period ended 30 June 2017 at Baht 30.00 per share, for 10.50 million shares, totalling Baht 315.00 million. The dividends had already been paid to the shareholders on 5 September 2017.

On 24 August 2017, at the Board of Directors' meeting of Lucky Carrier Company Limited, the board passed a resolution to approve the payment of interim dividends from operating results for the six-month period ended 30 June 2017 at Baht 5.00 per share, for 7.00 million shares, totalling Baht 35.00 million. The interim dividends had already been paid to the shareholders on 1 September 2017.

27 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.

28 Other income

	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
For the year ended 31 December				
Rental income	23	24	21	24
Interest income	17	20	55	71
Gain on disposals of property, plant and equipment	9	3	1	1
Gain on exchange rates	140	-	110	-
Others	285	163	86	63
Other income	474	210	273	159

29 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
For the year ended 31 December				
Depreciation and amortisation expenses	1,230	1,176	115	87
Staff costs	1,399	1,185	292	282
Directors' and key management's remuneration	57	55	29	31
Impairment charges on goodwill	22	-	-	-
Impairment charges on equipment	28	-	-	-
Loss on exchange rates	-	60	-	35

30 Income tax

	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
For the year ended 31 December				
Current tax	403	226	-	-
Deferred tax (Note 16)	259	(119)	4	(23)
Total tax expense	662	107	4	(23)

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 financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
For the year ended 31 December				
Profit before tax	3,502	1,272	648	431
Tax calculated at a tax rate of 10% - 25% (2016: 10% - 25%)	715	255	130	86
Tax effect of:				
Income not subject to tax	(136)	(135)	(136)	(120)
Expenses not deductible for tax purpose	68	18	8	10
Utilisation of previously unrecognised tax losses	(4)	(72)	-	-
Tax losses for which no deferred income tax asset was recognised	22	108	2	-
Others	(3)	(67)	-	1
Tax charge	662	107	4	(23)

31 Earnings per share

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

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net profit attributable to owner of the parent (million Baht)	2,811	1,119	645	454
Weighted average number of ordinary shares in issue during the year (million shares)	919	919	919	919
Basic earnings per share (Baht per share)	3.06	1.22	0.70	0.49

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

32 Other components of equity

	Consolidated financial statements				
	Revaluation surplus on land Million Baht	Difference arising from business acquisition under common control Million Baht	Difference from taking equity of a business combination under common control Million Baht	Share of other comprehensive expense from joint ventures and associates for using the equity method Million Baht	Total other component of equity Million Baht
Opening balance - 1 January 2017	969	(609)	22	-	522
Total comprehensive expense for the year	-	-	-	(21)	(568)
Closing balance - 31 December 2017	969	(609)	22	(21)	(46)
Opening balance - 1 January 2016	969	(609)	22	-	1,208
Total comprehensive expense for the year	-	-	-	-	(686)
Closing balance - 31 December 2016	969	(609)	22	-	522

	Separate financial statements		
	Revaluation surplus on land Million Baht	Difference arising from business acquisition under common control Million Baht	Total other component of equity Million Baht
Opening balance - 1 January 2017	757	(609)	148
Total comprehensive income for the year	-	-	-
Closing balance - 31 December 2017	757	(609)	148
Opening balance - 1 January 2016	757	(609)	148
Total comprehensive income for the year	-	-	-
Closing balance - 31 December 2016	757	(609)	148

33 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.

As at 31 December 2017, the major shareholders of the Company are shareholders in Weeraborwornpong family, which own 61.30% of the Company's share capital.

Details of subsidiaries, associates 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

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Trade accounts receivable				
Subsidiaries	-	-	205	18
Joint ventures	56	46	-	-
Other related parties - the same shareholders and directors	3	3	2	1
Total	59	49	207	19
Other receivables				
Subsidiaries	-	-	98	89
Cylinder deposits				
Subsidiaries	-	-	2	2
Deposits for building				
Other related parties - the same shareholders and directors	7	7	3	3
Prepayment for building				
Other related parties - the same shareholders and directors	30	76	12	31
Trade accounts payable				
Subsidiaries	-	-	46	36
Other payables				
Subsidiaries	-	-	11	19
Other related parties - the same shareholders and directors	5	5	2	2
Total	5	5	13	21

33 Related party transactions (continued)

The significant related party transactions are as follows: (continued)

ii) Long-term loans to related parties

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Long-term loans to related parties				
Subsidiaries	-	-	1,182	1,784
Joint ventures	21	37	21	37
Total	21	37	1,203	1,821
Accrued interest income				
Current portion				
Joint ventures	-	-	1	8
Non current portion (Note 17)				
Subsidiaries	-	-	188	158
Total	-	-	189	166

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

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Opening balance	37	44	1,821	2,672
Additions	-	-	445	70
Proceeds	(12)	(6)	(1,001)	(859)
Unrealised loss on exchange rates	(4)	(1)	(62)	(62)
Closing balance	21	37	1,203	1,821

33 Related party transactions (continued)

The significant related party transactions are as follows: (continued)

ii) Long-term loans to related parties (continued)

As at 31 December 2017, the details of long-term loans to subsidiaries and joint ventures are as follows:

Balance of long-term loans to related parties (Million Baht)		Interest rate per annum	Repayment of principal and interest
2017	2016		
751	446	4.95%	The loan is due for full repayment in 2024.
-	24	4.95%	The loan is due for full repayment in 2024.
5	5	4.95%	The loan is due for full repayment in 2020.
357	356	Average MLR of three Thai commercial banks plus 0.50%	The loan dues when the subsidiary has sufficient working capital.
74 (2.29 Million US Dollar)	363 (10.19 Million US Dollar)	4.95%	The loan is due for full repayment in 2020.
16 (0.50 Million US Dollar)	32 (0.90 Million US Dollar)	4.95%	The loan is due for full repayment in 2020.
-	26 (0.72 Million US Dollar)	5.45%	The loan is due for full repayment in 2020.
-	569 (15.95 Million US Dollar)	4.95%	The loan is due for full repayment in 2020.
<u>1,203</u>	<u>1,821</u>		

iii) Long-term loans from related parties

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Long-term loans				
Subsidiaries	-	-	690	534
Other related parties - the same shareholders and directors	3	3	-	-
Total	<u>3</u>	<u>3</u>	<u>690</u>	<u>534</u>
Accrued interest expenses				
Subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>

33 Related party transactions (continued)

The significant related party transactions are as follows: (continued)

iii) Long-term loans from related parties (continued)

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

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Opening balance	3	3	534	570
Additions	-	-	820	490
Repayments	-	-	(664)	(526)
Closing balance	3	3	690	534

As at 31 December 2017, the details of long-term loans from 2 subsidiaries are as follows:

- Interest rate of average fixed deposit interest rate of four Thai commercial banks plus 0.50% per annum (2016: plus 0.50% per annum) is charged for a loan of Baht 670 million (2016: Baht 470 million). The loan is due for payment in 2020.
- Interest rate of 0.25% per annum (2016: 1.75% per annum) is charged for a loan of Baht 20 million (2016: Baht 64 million). The loan is due for payment in 2024.

As at 31 December 2017, the Group has loan from directors of Baht 3 million with no interest. The loan is due when the subsidiary has sufficient working capital.

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

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Sales of gas				
Subsidiaries	-	-	1,733	24
Joint ventures	408	339	-	-
Other related parties - the same shareholders and directors	14	12	7	6
Total	422	351	1,740	30
Wharfing service income				
Subsidiaries	-	-	41	40
Interest income				
Subsidiaries	-	-	52	68
Joint ventures	1	2	2	2
Total	1	2	54	70
Other income				
Subsidiaries	-	-	77	69
Dividend income				
Subsidiaries	-	-	679	596

33 Related party transactions (continued)

The significant related party transactions are as follows: (continued)

v) Purchases of goods and services and interest expenses

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Purchase of goods				
Subsidiaries	-	-	186	3
Purchase of equipment				
Subsidiaries	-	-	62	56
Transportation expenses				
Subsidiaries	-	-	291	232
Wharfing expenses				
Subsidiaries	-	-	32	19
Rental expenses				
Subsidiaries	-	-	3	3
Other related parties - the same shareholders and directors	30	30	12	12
Total	30	30	15	15
Interest expenses				
Subsidiaries	-	-	9	10
Other expenses				
Subsidiaries	-	-	9	7
Other related parties - the same shareholders and directors	33	40	15	19
Total	33	40	24	26

vi) Directors' and key management remunerations

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Short-term employee benefits	55	54	28	31
Post-employment benefits	2	1	1	-
Total	57	55	29	31

34 Commitments and contingent liabilities

a) Contingent liabilities

The first assessment of value added tax

On 19 June 2011, the Revenue Department issued a notice of value added tax underpayment, including penalty and surcharge, for the period from October to December 2010 totaling Baht 8.85 million to a subsidiary. The assessment was issued because the subsidiary did not pay value added tax on transportation service income arising from time charter party contracts. The Revenue Department deemed that this service is classified as property rental, not transportation which is exempt for value added tax.

On 19 July 2011, the subsidiary appealed the assessment to the Administrative Appeal Committee of the Revenue Department. On 18 November 2014, the Administrative Appeal Committee issued a judgement agreeing with the Revenue Department's assessment. The subsidiary paid the value added tax assessment including penalty and surcharge in March 2015 in accordance with the Administrative Appeal Committee's assessment. However, this payment did not mean that the subsidiary accepted the assessment.

On 26 March 2015, the subsidiary filed a petition to the Central Tax Court to withdraw the judgment. On 25 May 2016, the Central Tax Court judged for the Revenue Department to return value added tax and a penalty and surcharge totalling Baht 5,539,038 with interest rate at 7.5% per annum since 12 March 2015 until the full settlement to the subsidiary. The Revenue Department also has to correct the assessment on value added tax and the assessment of the Administrative Appeal Committee in relation to service income arising from time charter party contracts. The Revenue Department filed the appeal to the Central Tax Court on 19 August 2016. However, the subsidiary filed the defending to the Central Tax Court on 2 December 2016. The Central Tax Court accepted the defending from the subsidiary and processed the appeal and the defending of both parties to the Supreme Court. The final judgement will be made by the Supreme Court. As at 31 December 2017, the case is currently being reviewed by the Supreme Court.

The second assessment of value added tax

On 5 June 2017, the Revenue Department issued an additional notice of value added tax underpayment, including penalty and surcharge for the period from May to December 2012 totaling Baht 11.62 million to the subsidiary. The assessment was issued because the subsidiary did not pay value added tax on transportation service income arising from time charter party contracts. The Revenue Department deemed that this service is classified as property rental, not transportation which is exempt for value added tax.

On 26 June 2017, the subsidiary filed a partial tax payment of Baht 3.88 million, with VAT underpayment, including penalty and surcharge totalling Baht 7.74 million, and was approved to withhold unpaid taxes until the Administrative Appeal Committee issues a judgement.

On 5 July 2017, the subsidiary appealed against the assessment to the Administrative Appeal Committee of the Revenue Department. The case is currently being reviewed by the Administrative Appeal Committee.

As a result of the judgement by the Central Tax Court of the first assessment of value added tax, the Group's management considers that if the case is appealed to the Supreme Court, the outcome will be favourable to the Group. Therefore, the Group didn't recognise the expense and contingent liability relating to the value added tax, penalty and surcharge on service income arising from the time charter party contracts from 2010 to date in the financial statements.

Corporate income tax assessment

On 3 November 2017, the subsidiary received a notification letter from the Revenue Department for the additional assessment of the corporate income tax for the tax fiscal year 2012 and 2014. The additional corporate income tax including penalty and surcharge were totaling Baht 58.47 million and Baht 33.81 million, respectively.

On 30 November 2017, the subsidiary filed a partial tax payment of Baht 34.61 million, with corporate tax underpayment, including penalty and surcharge totalling Baht 57.63 million, and was approved to withhold unpaid taxes until the Administrative Appeal Committee issues a judgement.

On 1 December 2017, the subsidiary appealed against the assessment to the Administrative Appeal Committee of the Revenue Department. The case is currently being reviewed by the Administrative Appeal Committee.

34 Commitments and contingent liabilities (continued)

b) Letter of guarantee

As at 31 December 2017 and 2016, the Group and the Company have bank guarantees issued on its behalf as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Letter of guarantee	1,231	2,310	323	921
Letter of credit	3,707	2,313	460	-

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.

c) Operating lease commitments

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

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Within 1 year	82	59	19	17
During 2 - 5 years	132	130	64	61
Later than 5 years	282	284	87	102
Total	496	473	170	180

d) 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:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2017 Million Baht	2016 Million Baht	2017 Million Baht	2016 Million Baht
Property, plant and equipment	923	1,031	458	597

e) Contingent liabilities from cylinder deposits

During the year 2004, the Company had entered into the Business 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 Business Purchase agreement, if aggregated refunds to customers are in excess of the amount specified in the Business Purchase agreement. However, Siam Gas Industries Co., Ltd. has currently ceased the operation, and please see Note 23 in relation to contingent liabilities from cylinder deposits.

35 Financial instruments

Interest rate and cross currency swap contracts

The interest rate and cross currency swap contracts are entered to manage the exposure on fluctuation in interest rates and foreign currency exchange rate on specific transaction. The Group and the Company have the interest rate and cross currency swap contracts with financial institutions as at 31 December 2017 as follows:

Interest rate swap contracts

Interest rate swap contracts are entered into to manage exposure to fluctuations in interest rates. The Company entered into interest rate swap contracts by converting floating rates to fixed rates for the total amount of long-term loans of US Dollar 10.50 million (which equivalent to Baht 342.36 million). A subsidiary of the Company entered into interest rate swap contracts by converting floating rates to fixed rate for the total amount of long-term loans of Baht 112.00 million and total amount of long-term loans of US Dollar 2.12 million (which equivalent to Baht 69.13 million).

Cross currency swaps contracts

Cross currency swaps contract are entered into to manage exposure to fluctuations in currency exchange rates and interest rates by foreign exchange rates and exchange rates in advance. A subsidiary of the Company entered into such contract for total amount of long-term loans of Baht 901.32 million which equivalent to US Dollar 26.18 million.

36 Events after the reporting date

a) Dividend payment

The Company

On 22 February 2018, at the Board of Directors' meeting of the Company, the board passed a resolution to propose the payment of dividends from retained earnings and operating results for the year 2017 amounting to Baht 1.50 per share, totalling Baht 1,378.40 million, inclusive of interim dividends for the first six-month of 2017. The Company had already paid interim dividend from retained earnings and operating results for the six-month period of the year 2017 amounting to Baht 0.50 per share, totalling Baht 459.47 million on 7 September 2017. The board will propose the shareholders at the shareholders' meeting to get an approval for dividend payment.

Subsidiary

On 22 February 2018, at the Board of Directors' meeting of Unique Gas and Petrochemicals Public Company Limited, the board passed a resolution to propose dividend payment for the year 2017 in an amount of Baht 65 per share, totalling Baht 682.50 million, inclusive of interim dividends from retained earnings and operating results for the six-month period of the year 2017, amounting to Baht 30.00 per share, totalling Baht 315.00 million. The interim dividends had already been paid on 5 September 2017. The remaining dividend of Baht 367.50 million will be paid in May 2018.

b) Issue of bond

On 22 February 2018, at the Board of Directors' meeting of the Company, the board passed a resolution to propose to issue and offer unsubordinated and secured 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 A (Stable) by TRIS. The details of the bond are as follows:

Type of bond	Fixed Interest rate
5-year bond	3.03% per annum

36 Events after the reporting date (continued)

c) Increase in share capital of Siam Gas Power Pte. Ltd.

On 12 January 2018, Siam Gas Power Pte. Ltd. ("SPW") registered an increase of its share capital of 1.00 million shares at a par value of USD 1 each or approximately Baht 32.68 million. On 5 February 2018, SPW registered an increase of its share capital of 8.26 million shares at a par value of USD 1 each or approximately Baht 269.94 million. The number of shares increased from 51.02 million to 60.28 million with a par value of USD 1 each. The Company has already paid the capital increase to SPW. As a result, the Company's ownership remains unchanged at 100%.

d) The assessments of corporate income tax and value added tax

On 20 January 2018, a subsidiary has received a notification letter from the Revenue Department for the additional assessment of the corporate income tax for the tax fiscal year 2013 and value added tax underpayment for the period from February to April 2013. The additional tax including penalty and surcharge were totaling Baht 55.31 million.

On 15 February 2018, the subsidiary filed a partial tax payment of Baht 20.45 million, with tax underpayment, including penalty and surcharge totaling Baht 34.86 million, and processed to withhold unpaid taxes until the appeal to the Administrative Appeal Committee issues a judgement.

On 19 February 2018, the subsidiary appealed against the assessment to the Administrative Appeal Committee of the Revenue Department. The case is currently being reviewed by the Administrative Appeal Committee.

e) Increase in share capital of Siamgas Global Investment Pte. Ltd.

In January 2018, Siamgas Global Investment Pte. Ltd. ("SGI"), who is a subsidiary of the Company, entered into a joint venture agreement for trading of petroleum products in Bangladesh. SGI's ownership interest will be 90% of registered and paid up capital. The source of fund is from the net working capital of the Group. As a result, on 22 February 2018, the Board of Directors' meeting of the Company passed a resolution to approve an increase in the share capital of SGI of 16.00 million shares at a par value of USD 1 each or approximately Baht 522.89 million. The number of shares increased from 1.10 million shares to 17.10 million shares with a par value of USD 1 each. The Company's ownership remains unchanged at 100%.



SIAMGAS AND PETROCHEMICALS PUBLIC COMPANY LIMITED

553 The Palladium Tower A, Floor 30th, Ratchaprarop Road,
Makkasan, Ratchathewi, Bangkok 10400
Tel. 0-2120-9999 Fax. 0-2250-6008

www.siamgas.com