



SIAMGAS

Global Vision for Expanding Value



Annual Report 2018

+ Business Expanding



Thailand



China



Malaysia



Vietnam



Singapore



Myanmar

The Company expanded LPG 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.

China

SINO SIAMGAS AND PETROCHEMICALS CO.,LTD
SIAM OCEAN GAS & ENERGY CO.,LTD



LPG Storage Terminal
300,000 Tons



Zhuhai Port
Shantou Port



Malaysia

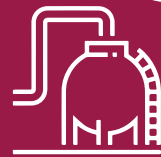
MYGAZ SDN. BHD.

Petroleum Business



LPG Storage Terminal

3,000 Tons



Vietnam

SUPERGAS CO., LTD.
CITYGAS NORTH CO., LTD.



LPG Storage terminal
3,000 Tons



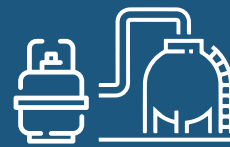
Singapore

SINGGAS (LPG) PTE. LTD.

Gas Filling Station



75 Tons



Myanmar

SIAMGAS POWER PTE. LTD.



Power Plant at
MAVLAMYING
230 MW

Power Plant at
ANIN
10 MW



NEW PROJECTS
LPG Storage and Port
3,000 Tons



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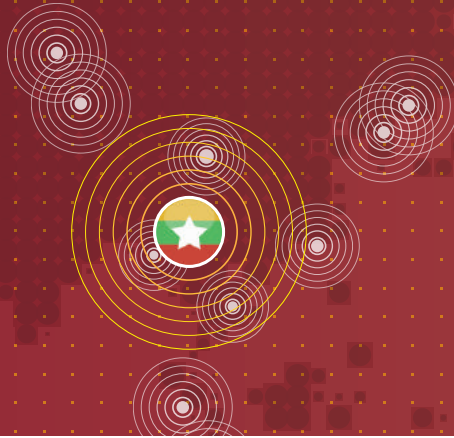
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Statement of Financial Position

SIAMGAS POWER PTE. LTD.



MYANMAR LIGHTING (IPP) CO., LTD. (MLIPP)

Combine Cycle Power Plant, Production Capacity of 230 Megawatts



230 MW
**COMBINE CYCLE
POWER PLANT**



HOLD SHARES

41.1%

Siamgas power Pte. Ltd. invests in Myanmar Lighting (IPP) Co., Ltd. and Southern Myanmar Development Co., Ltd. which operates a 230 MW combined cycle power plant and a 10 MW diesel power plant in Myanmar respectively. The power plant are already operated. Such investment brings consistent income to the Company.



FUTURE
PROJECT



LPG Storage and port

Size

3,000 Tons

Vision

“ To be a Leading
Energy Provider in
Asia ”



Mission

To be prepared for the company's business expansion, market growth and future gas price floating. To urge business advantage 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



We are ready to develop our potential in all aspects.



We have two large LPG storages in China



We adhere to the principles of good corporate governance and conduct business with transparency

Thailand



Financial Conclusion

FINANCIAL DATA		2016	2017	2018
Asset	Million Baht	28,556.85	31,457.97	35,804.44
Liabilities	Million Baht	18,756.99	20,149.53	25,675.63
Equity	Million Baht	9,799.86	11,308.44	10,128.81
Paid-up capital	Million Baht	918.93	918.93	918.93
Revenue from sales	Million Baht	47,693.79	58,743.41	68,263.97
Total revenue	Million Baht	48,377.99	59,629.42	68,522.48
Gross Profit	Million Baht	2,890.93	4,946.71	2,260.43
EBITDA	Million Baht	2,860.09	5,193.07	2,651.50
Net Profit (owners of the parent)	Million Baht	1,118.72	2,811.10	871.18
EPS	Baht	0.61	1.53	0.47
FINANCIAL RATIO				
Net profit margin	Percent	2.41	4.76	1.26
Return on equity (R.O.E.)	Percent	11.89	25.11	8.11
Return on asset (R.O.A.)	Percent	4.04	8.82	2.59
Debt to equity ratio	Times	1.91	1.78	2.53
Interest bearing debt ratio	Times	0.97	0.95	1.63
Liquidity ratio	Times	1.16	1.33	1.05
STOCK DATA				
Shareprice as of 31 December *	Baht/share	6.1	12.15	8.50
Market capitalization	Million Baht	11,210.96	22,330.04	15,621.84
Book value *	Baht/share	5.27	6.06	5.43
Dividend paid *	Baht/share	0.25	0.75	0.45

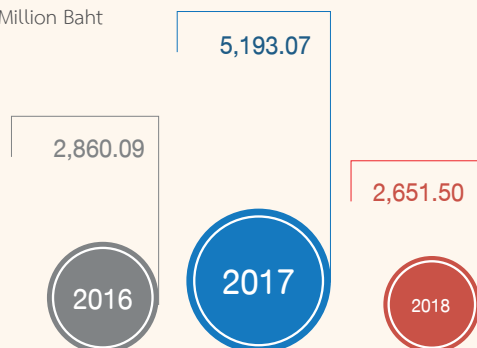
Total revenue

Million Baht



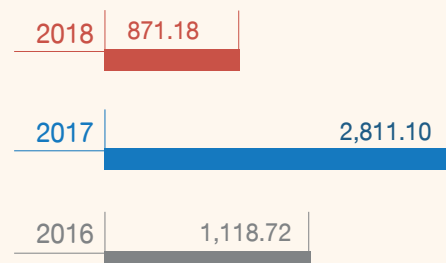
EBITDA

Million Baht



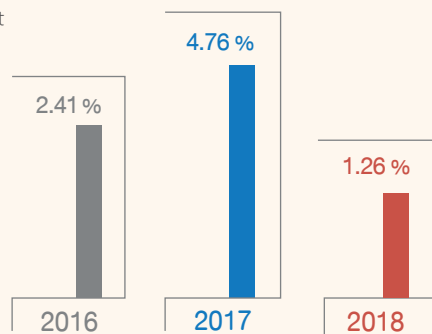
Net profit

Million Baht



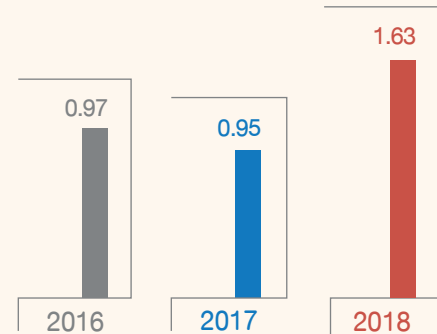
Net profit margin

Percent



IBD ratio

Times



Message from the Chairman



In year 2018, the Company realizes growth in sales volume which is resulted from its focus in expansion to other countries in Asia, as well as, expansion to other energy business. The Company can generate sales volume of 3.43 million tons, an increase of around 8 percent from previous year with 72 percent of sales volume comes from overseas sales. The Company also has income from investment in 230 MW combined cycle power plant and 10 MW diesel power plant in Myanmar.

However, in the year 2018, CP Saudi Aramco price, which is a standard LPG trading price, decreases USD 150 per ton. Although sales volume and sales revenue increase, but net profit decrease due to effect from inventory cost.

The Company has total revenue in 2018 amount 68,522 million baht, increasing from 59,629 million baht, or 14.91%. Net profit attributable to the owners of the parent is 871 million baht. The Board of Directors consider and view that the business operation is still growing and impact from reduce in LPG price is a short term impact without any affect to the Company cash flow. The Board of Directors propose to the shareholders' meeting to consider on dividend payout at 0.20 baht per share for the second-half-year operations of 2018 (1 July – 31 December 2018). When including the interim dividend for the first-half-year of 2018 at the rate of 0.25 baht per share, the total dividend paid for the year 2018 is 0.45 baht per share.

For prediction of 2019, the Company expects that the LPG sales volume will continue to grow since the Company will open a new LPG storage and filling plant in North Port, Malaysia during second quarter of 2019.

In addition, the Company expects new customers from West Asia region, which has a high demand growth. This will assist the Company to increase sales volume.

In terms of reducing the impact of CP Saudi Aramco price, the Company aims to expand LPG business in retail market, especially household sector and industrial sector in every countries that it already

invested, in order to increase profit margin per unit and reduce impact of the decline in CP Saudi Aramco Price. In addition, the management try to manage inventory at an appropriate level for sale in each period in order to reduce impact from decrease in inventory cost which has to be adjusted every month.

The Company can generate sales volume of 3.43 million tons, an increase of around 8 percent from previous year with 72 percent of sales volume comes from overseas sales. The Company also has income from investment in 230 MW combined cycle power plant and 10 MW diesel power plant in Myanmar.



Committed to continuous develop with aim to be a leading energy operator in Asia with international standard



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.

A handwritten signature in black ink.

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 2018, 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 Auditors 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. Financial Statements :

- Reviewed the interim financial information and 2018 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. Internal Control and Risk Management :

- The Audit Committee reviewed the adequacy of the internal control systems of the Company and its subsidiaries by considering the reports from internal auditors and external auditors that assessed effectiveness and adequacy of the internal control systems, risk management including compliance with policies and approved authority of its management practices.

3. 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.

4. Legal and Regulatory Compliance:

- 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 is no issues to be presented to the Audit Committee according to Section 89/25 of the Securities and Exchange Act.

5. Nomination and Remuneration of External Auditors for 2019 :

- The Audit Committee proposed to the Company's Board of Directors to recommend at the Annual General Meeting of Shareholders for the appointment of 1. Chaisiri Ruangritchai, Certified

Public Accountant (Thailand) No. 4526 and/or 2. Ms.Amornrat Pearmpoonvatanasuk, Certified Public Accountant (Thailand) No. 4599 and/or 3. Mr.Pongthavee Ratanakoses, Certified Public Accountant (Thailand) No. 7795 and/or 4. Mr. Boonrueng Lerdwiseswit, Certified Public Accountant (Thailand) No. 6552, auditors of PricewaterhouseCoopers ABAS Co., Ltd.(PwC) as the Company and its subsidiaries' auditor for fiscal year 2019, 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. Related Party Transactions and transactions with conflict of interest :

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

7. Self – Assessment :

- The Audit Committee conducted collective self - assessment by completed the questionnaire prepared by audit committee members in respect to the efficiency of the Audit Committee's performance. The self-assessment showed that The Audit Committee performed mainly of their duties in accordance with the entire scope of responsibilities.

8. 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 2018 (Form 56-2) and in the annual information disclosure form as at December 31, 2018 (Form 56-1).
- Reported the Audit Committee's activities to the Board of Directors periodically.
- Number of meetings and attendance of the Audit Committee are as follows:

Name of the Audit Committee	No. of Meeting/ Attendance	No. of Meeting/ Attendance
	Year 2017	Year 2018
1. Mr. Viroj Klangboonkrong	15/16	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 their 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 appropriate 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 21, 2019

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 Klangboonkrong**
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 Kor - 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 Kor - prasobsuk**
Assistant Managing Director

Board of Director, Executives, and Control Authorities

Siamgas and Petrochemicals Public Company Limited

Mr. Worawit Weeraborwornpong

Age 72 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
and Miss Patcharawadee Weeraborwornpong

Working experience

Since 2018 Director SIAM LNG COMPANY LTD.
Since 2018 Director PACIFIC GAS BANGLADESH LTD.
Since 2017 Director ASIATECH INFRASTRUCTURE CO., LTD.
Since 2017 Director SIAMGAS J&J INTERNATIONAL LTD.
Since 2017 Director SIAMGAS BANGLADESH LTD.
Since 2017 Director MSN INTERNATIONAL LIMITED
Since 2017 Director ASIATECH ENERGY PTE. LTD.
Since 2017 Director MYANMAR LIGHTING IPP (COMPANY) LTD.
Since 2016 Director SIAMGAS J&J INTERNATIONAL LTD.
Since 2016 Director 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 2018)

Common share 883,763,198 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. Worawit Weeraborwornpong
and Mrs. Patchara Weeraborwornpong

Working experience

Since 2018 SIAM LNG COMPANY LTD.
Since 2018 PACIFIC GAS BANGLADESH LTD.
Since 2017 TSM COMPANY LIMITED
Since 2017 ASIATECH INFRASTRUCTURE CO., LTD
Since 2017 SOUTHERN MYANMAR DEVELOPMENT CO., LTD.
Since 2017 MSN INTERNATIONAL LIMITED
Since 2017 ASIATECH ENERGY PTE. LTD.
Since 2017 MYANMAR LIGHTING IPP (COMPANY) LTD.
Since 2017 PT SIAMINDO DOJO 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 2018)

Common share 102,742,000 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
Uniquogas 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 2018)

Common share 100,000,000 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 Director Prom Maharaj Land Development
Co., Ltd.

Since 2011 Director Great China Millenium (Thailand)
Co., Ltd.

Since 2011 Director Borwornpong Co., Ltd.

Since 2011 Director Thavornpattana Co., Ltd.

Share holder ratio (As of 31 December 2018)

Common share 40,000,000 shares (2.18% of total shares)

Mr. Somchai Kor – prasobsuk

Age 56 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 2018 SIAM LNG COMPANY LTD.
 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 2018)

- None -

Mr. Viroj Klangboonkrong

Age 74 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)
Directors Certificate Program (DCP)
Audit Committee Program (ACP)
Finance for Non-Finance Director (FND)**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 2018)

Common share 1,890,000 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.
2006	Director Expressway Authority of Thailand Ministry of Transport
July - Oct 2005	Deputy Managing Director Asset Management Corporation
May - July 2005	(Acting) Managing Director Asset Management Corporation
2005	Director Market Organization Ministry of Interior
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 2018)

Common share 40,000 shares (0.002% of total shares)

Mrs. Sudjit Divari

Age 71 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 ndustry PCL.

Share holder ratio (As of 31 December 2018)

- 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 2018)

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 2018)

- None -

Shantou, China



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 Combined Cycle Power Plant and Diesel Power Plant in Myanmar.



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.
- 8) Trading of Natural Gas and Liquefied natural gas operated by Siam LNG Co., Ltd., a subsidiary of SGP.

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. ("ZSS") and Siam Ocean Gas and Energy Ltd. ("SOG")
- 2) LPG trading in Vietnam operated by a wholly owned subsidiary, Super Gas Co., Ltd. ("SGV") And a joint venture company, Citygas North Co., Ltd. ("CGN")
- 3) LPG trading in Singapore operated by a wholly owned subsidiary, SingGas (LPG) Pte. Ltd. ("SIN"), SiamGas Trading Pte. Ltd. ("SGT")
- 4) Petrochemicals trading in Malaysia operated by a wholly owned subsidiary. Mygaz Sdn. Bhd. ("MGM"), and Far East Petroleum Sdn. Bhd. ("FEP") 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") and PACIFIC GAS BANGLADESH LTD. ("PGB")
- 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. ("SHK"), SIAMGAS POWER PTE. LTD. ("SPW") and SIAMGAS GLOBAL INVESTMENT PTE. LTD. ("SGI")
- 9) Power Plant and transmission line operated by Indirect associate which are Southern Myanmar Development Co., Ltd. ("SMD"), Asiotech Infrastructure Co., PTE. LTD. ("AIC"), and TSM CO., LTD. ("TSM")

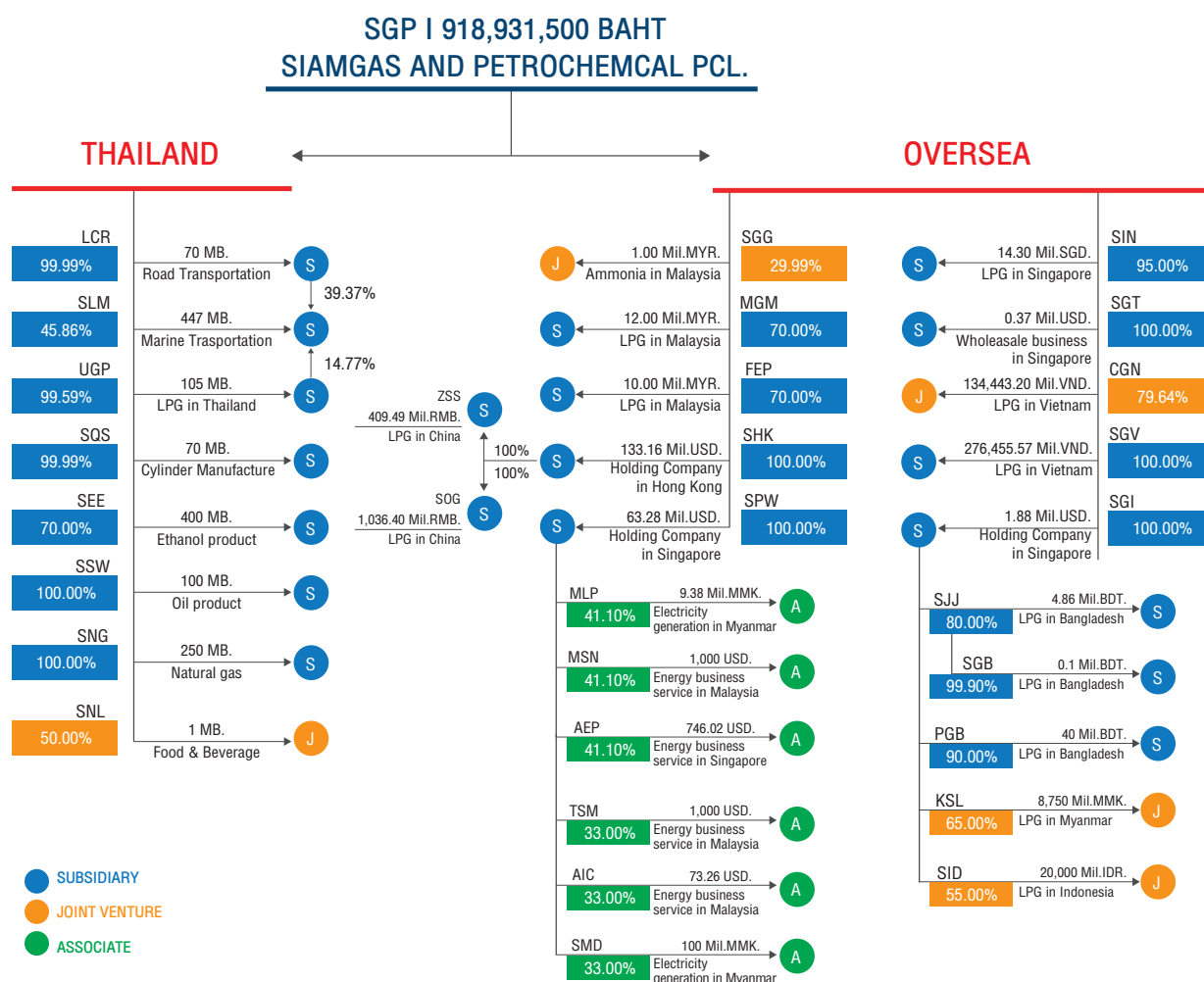
SGP's Core Business

The core business of SGP is LPG distribution under "SIAMGAS" trademark through its 24 LPG filling plants including those 14 locations owned and operated by the company (COCO, company owned - company operated filling plants), 10 locations where the property rented to agents (CODO, company owned - dealer operated filling plants), and also through 461 agent filling plants for cooking segment. SGP also distributes LPG to auto-gas users through 44 company owned - company operated auto-gas stations (COCO), and other 417 dealer owned - dealer operated autogas stations (DODO).

At present, SGP has altogether 31 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. ("SHK"),
 8. Super Gas Co., Ltd. ("SGV"),
 9. SingGas (LPG) Pte. Ltd. ("SIN"),
 10. Siam Gas Trading Pte. Ltd. ("SGT"),
 11. MYGAZ Sdn. Bhd. ("MGM"),
 12. Siamgas Power Pte. Ltd. ("SPW")
 13. Siamgas Global Investment Pte. Ltd. ("SGI")
 14. Far East Petroleum Sdn. Bhd. ("FEP")
 15. Siam LNG Co., Ltd. ("SNG")
- Also, there are 5 companies owned through SGP's subsidiaries including**
16. Sino Siam Gas and Petrochemicals Co., Ltd. ("ZSS")
 17. Siam Ocean Gas and Energy Ltd. ("SOG").
 18. SIAMGAS J&J INTERNATIONAL LTD. ("SJJ")
 29. SIAMGAS BANGLADESH LTD. ("SGB")
 20. PACIFIC GAS BANGLADESH LTD. ("PGB")
- The Company has 3 joint venture companies which are**
21. SGGAS Sdn. Bhd. ("SGG")
 22. Citygas North Co., Ltd. ("CGN")
 23. Siam Natalin Co., Ltd. ("SNL")
- 1 Indirect joint venture is**
24. PT SIAMINDO DJOJO TERMINAL ("SID")
- 7 Indirect Associates which are**
25. MYANMAR LIGHTING (IPP) CO., LTD. ("MLP")
 26. MSN INTERNATIONAL LIMITED ("MSN")
 27. ASIATECH ENERGY PTE. LTD. ("AEP")
 28. SOUTHERN MYANMAR DEVELOPMENT CO., LTD. ("SMD")
 29. ASIATECH INFRASTRUCTURE CO., PTE. LTD. ("AIC")
 30. TSM CO., LTD. ("TSM")
 31. KMA SIAM LIMITED ("KSL")

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

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.

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.

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 Group.

SIAM ETHANOL 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 Nonglalok, 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. Currently, SLM has 25 LPG tanker vessels with the combined loading capacity of 244,036 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 (“CGN”)

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

On August 6, 2018, the Company entered into the share purchase agreement with a third party to acquire an 25% shareholding interest or 2.5 million shares of Far East Petroleum Sdn. Bhd. At a par value of MYR 1 each totaling MYR 2.5 million or baht 20.47 million. The payment was made in August 2018. As a result, the Company's ownership interest increased from 70% to 95%.

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.

On November 1, 2017, SPW entered into a share purchase agreement for acquisition of additional 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 Co., Ltd., ("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 baht 305.89 million. As a result, SPW ownership interest will be the portion of 36.1% of registered and paid up shares and the transfer of shares was completed of February 1, 2018.

On January 12, 2018, SPW, incorporated in Singapore, registered an increased of its capital of 1 million shares with a par value of USD 1 each or approximately baht 31.72 million. The number of shares increased from 51.02 million shares to 52.02 million shares with a par value of USD 1 each. The Company has already paid the increase to SPW. As a result, the Company's ownership interest remains unchanged at 100%.

On February 5, 2018, SPW, incorporated in Singapore, registered an increased of its capital of 8.26 million shares with a par value of USD 1 each or approximately baht 262.02 million. The number of shares increased from 52.02 million shares to 60.28 million shares with a par value of USD 1 each. The Company has already paid the increase to SPW. As a result, the Company's ownership interest remains unchanged at 100%.

On August 20, 2018, SPW, incorporated in Singapore, registered an increased of its capital of 3.00 million shares with a par value of USD 1 each or approximately baht 100.06 million. The number of shares increased from 60.28 million shares to 63.28 million shares with a par value of USD 1 each. The Company has already paid the increase to SPW. As a result, the Company's ownership interest remains unchanged at 100%.

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.

SGI has increased share capital in the amount of 0.68 million shares with par value of USD 1 each, approximately baht 21.27 million. The number of shares (with par value of USD 1 each) increased from 1.10 million shares to 1.78 million shares. As a result, the Company’s ownership interest at 100% remains unchanged as at May 17, 2018.

SGI has increased share capital in the amount of 0.10 million shares with par value of USD 1 each, approximately baht 3.34 million. The number of shares (with par value of USD 1 each) increased from 1.10 million shares to 1.88 million shares. As a result, the Company’s ownership interest at 100% remains unchanged as at August 20, 2018.

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.

PACIFIC GAS BANGLADESH LTD. (“PGB”)

PGB was established in Bangladesh with registered share capital amount 400,000 shares at a par value of BDT 10,000 each. PGB is an indirect subsidiary which the Company holds shares indirectly through SGI (100% subsidiary) in the proportion of 90% of registered share capital of PGB. The business objective is petroleum product distribution in Bangladesh.

KMA SIAM LIMITED (“KSL”)



KSL was established in Myanmar with registered share capital amount 1.5 million shares at a par value of USD 10 each. KSL is an indirect joint venture which the Company holds shares indirectly through SGI (100% subsidiary) in the proportion of 65% of registered share capital of KSL. The business objective is petroleum product distribution in Myanmar.








SIAM LNG COMPANY LIMITED. (“SNG”)







On May 3, 2018, the Company has established Siam LNG Company Limited (“SNG”), in Thailand, with 10 million shares at par value of baht 100, totaling baht 1,000 million. The Company owned 100% of total shares. The business objective is petroleum product, natural gas, and LNG distribution.











OVERVIEW OF SGP'S SUBSIDIARIES

Company	Type of Business		
<div>UGP</div> 	Paid-up Capital (Million Baht) 105.00	Share pholding portion 99.59	Filling and distributing LPG, ammonia and other petrochemicals under the license as an LPG Trader under Section 6 (Fuel Trader under Section 7)
<div>LCR</div> 	Paid-up Capital (Million Baht) 70.00	Share pholding portion 99.99	Land transportation of LPG and petroleum under the license as LPG and Petroleum Transportation Service Provider
<div>SQS</div> 	Paid-up Capital (Million Baht) 70.00	Share pholding portion 99.99	Manufacturing and distributing LPG cylinders and auto-gas tanks
<div>SEE</div> 	Paid-up Capital (Million Baht) 400.00	Share pholding portion 70.00	Manufacturing and distributing ethanol (business close down)
<div>SLM</div> 	Paid-up Capital (Million Baht) 447.02	Share pholding portion 45.86 54.14¹	LPG and Ammonia transportation by vessel tankers under the fuel transportation license
<div>SSW</div> 	Paid-up Capital (Million Baht) 100.00	Share pholding portion 100.00	Direct subsidiary - Petroleum distribution (retail distribution of gasoline for automobile under “Bangchak” brand).
<div>SHK</div> 	Paid-up Capital (Million Baht) 4,087.68	Share pholding portion 100.00	Holding company and petroleum distribution - Hong Kong

Company		Type of Business	
SGV 	Paid-up Capital (Million Baht)	Share pholding portion	LPG and petroleum distribution - Vietnam
	425.50	100.00	
SIN 	Paid-up Capital (Million Baht)	Share pholding portion	LPG and petroleum distribution - Singapore
	336.01	95.00²	
ZSS 	Paid-up Capital (Million Baht)	Share pholding portion	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
	2,086.86	100.00³	
SOG 	Paid-up Capital (Million Baht)	Share pholding portion	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
	4,938.45	100.00³	
SNL 	Paid-up Capital (Million Baht)	Share pholding portion	Joint Venture - Food and beverage distribution business under "Café Amazon" brand.
	1.00	50.00	
SGT 	Paid-up Capital (Million Baht)	Share pholding portion	LPG trading in Singapore
	12.83	100.00	
SGG 	Paid-up Capital (Million Baht)	Share pholding portion	Direct Joint Venture - Petroleum distribution in Malaysia
	9.99	29.99	

Company		Type of Business	
MGM 	Paid-up Capital (Million Baht) 120.66	Share pholding portion 70.00	Direct subsidiary - Petroleum distribution in Malaysia
CGN  สยามแก๊ส	Paid-up Capital (Million Baht) 188.22	Share pholding portion 79.64	Joint venture - Petroleum distribution in Vietnam.
FEP  สยามแก๊ส	Paid-up Capital (Million Baht) 88.71	Share pholding portion 100.00	Direct Subsidiary - Petroleum distribution in Malaysia.
SPW  สยามแก๊ส	Paid-up Capital (Million Baht) 2,180.62	Share pholding portion 100.00	Holding Company in Singapore
MLP 	Paid-up Capital (Million Baht) 235.44	Share pholding portion 41.10⁶	Indirect Associate - Combine Cycle Power Plant in Myanmar
MSN  สยามแก๊ส	Paid-up Capital (Million Baht) 0.03	Share pholding portion 41.10⁶	Indirect Associate - Service Company on energy business

Company		Type of Business		
AEP	 สยามแก๊ส	Paid-up Capital (Million Baht) 0.024	Share pholding portion 41.10 ⁶	Indirect Associate - Service Company on energy business
SGI	 สยามแก๊ส	Paid-up Capital (Million Baht) 61.28	Share pholding portion 100.00	Holding Company in Singapore
SJJ	 สยามแก๊ส	Paid-up Capital (Million Baht) 2.14	Share pholding portion 80.00 ⁴	Indirect Subsidiary - Selling petroleum and petrochemical product in Bangladesh
SGB	 สยามแก๊ส	Paid-up Capital (Million Baht) 0.04	Share pholding portion 99.90 ⁵	Indirect Subsidiary Selling petroleum and petrochemical product in Bangladesh
SID	 สยามแก๊ส	Paid-up Capital (Million Baht) 50.00	Share pholding portion 55.00 ⁴	Indirect Joint Venture - Selling petroleum product in Indonesia
SMD		Paid-up Capital (Million Baht) 2.39	Share pholding portion 33.00 ⁶	Indirect Associate - Diesel power plant and power line in Myanmar

Company			Type of Business	
AIC	 สยามแก๊ส	Paid-up Capital (Million Baht) 0.002	Share pholding portion 33.00⁶	Indirect Associate – Service Company on energy business
TSM	 สยามแก๊ส	Paid-up Capital (Million Baht) 0.032	Share pholding portion 33.00⁶	Indirect Associate – Service Company on energy business
PGB	 สยามแก๊ส	Paid-up Capital (Million Baht) 15.25	Share pholding portion 90.00⁴	Indirect Subsidiary Selling petroleum and petrochemical product in Bangladesh
KSL	 สยามแก๊ส	Paid-up Capital (Million Baht) 186.62	Share pholding portion 65.00⁴	Indirect Joint Venture - Selling petroleum product in Indonesia
SNG	 สยามแก๊ส	Paid-up Capital (Million Baht) 250.00	Share pholding portion 100.00	Direct Subsidiary - Petroleum product, natural gas, and LNG distribution.

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

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.

Thailand



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 (IGS) 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 IGS. However, the Weeraborwornpong Group has sold all IGS 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 IGS 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:

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.

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.

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.

2011

- SGP and Siam Nathalin Company Limited jointly formed a joint venture of which 50% share capital held by SGP in quarter 3 of 2010. • SGP purchased 100% of equity interest in BP Zhuhai LPG Limited (BPZH) a wholly owned by SHINE TOP INTERNATIONAL INVESTMENT LIMITED ("SHINE TOP") (49%) and BP Global Investments Limited (BP GLOBAL) (51%) at 101.0 USD through Siamgas HK Company Limited on September 29, 2010, and the transaction was completed on December 24, 2010. The Company is now renamed to Sino Siam Gas and Petrochemicals Company Limited ("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.

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.

2012

- SGP established Siam Suksawat Co., Ltd. as its subsidiary on August 28, 2012 of which 99.99% of its registered and paid-up capital held by SGP with purpose to render container terminal services.

2013

- SGP reduced its registered capital by repurchasing 31,068,500 shares. Schedule for share repurchase project was from August 3, 2009 to February 2, 2010 and schedule to dispose such repurchased shares was from February 3, 2010 to February 2, 2013. Pursuant to the ministerial regulation of the Ministry of Commerce Re: “Rules and procedures governing a company repurchasing its own shares, disposing of such repurchased shares, and writing off such repurchased shares B.E. 2544”, it is specified that upon completion of disposition period of 3 years, if the company cannot dispose all of such repurchased shares or does not dispose them, the company must reduce its paid-up capital by writing off such repurchased share which have not been disposed. Therefore, SGP has a resolution to reduce its registered capital of 31,068,500 shares on February 22, 2013 from totally 950,000,000 ordinary shares to be 918,931,500 shares. Such capital reduction has been registered with the Ministry of Commerce already on March 6, 2013.
- SGP purchased 79.64% of ordinary shares of Shell Gas Hai Phong Limited (“SGH”) at 0.3 million USD from Shell Gas (LPG) Holding B.V. Deposit has been placed on October 3, 2012 and business handover was completed on January 18, 2013. This company is renamed to “Citygas North Company Limited” with objective to expand liquefied petroleum gas business in Vietnam.
- SGP purchased 100% of ordinary shares of Shell Gas (LPG) Vietnam Ltd. (“SGV”) from Shell Gas (LPG) Holding B.B. at 0.1 million USD. Deposit has been placed on October 3, 2012 and business handover was completed on January 18, 2013. This company is renamed to “Citygas Company Limited” with objective to expand liquefied petroleum gas business in Vietnam.
- SGP purchased assets and liquefied petroleum gas business of Shell Timur SDN. BHD. (“STSB”) in East Malaysia at 10.0 million Malaysian ringgit through Mygas SDN. BHD. (“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.

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.

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)

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.

2016

- 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.

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.
- 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 registration was completed on 2 March 2017.
- 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.

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, SIAMGAS 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 3.24 million in August 2017.
- On 7 July 2017, SIAMGAS GLOBAL INVESTMENT PTE. LTD., 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%.
- 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 305.89 million). As a result, SPW's ownership interest will be the portion of 36.10% of registered and paid-up shares and the transferring was completed on 1 February 2018.
- On 9 November 2017, SPW 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% 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.

2018

- SGP issued unsubordinated, unsecured, and partially guaranteed bonds with bondholders' representative totally 2,000 million baht on February 26 - 27, 2018 to institutional and/or high net worth investors with objective for using as working capital which is not related to the investment in asset of the Company.
- On January 12, 2018, SPW, incorporated in Singapore, registered an increased of its capital of 1 million shares with a par value of USD 1 each or approximately baht 31.72 million. The number of shares increased from 51.02 million shares to 52.02 million shares with a par value of USD 1 each. The Company has already paid the increase to SPW. As a result, the Company's ownership interest remains unchanged at 100%.
- On February 5, 2018, SPW, incorporated in Singapore, registered an increased of its capital of 8.26 million shares with a par value of USD 1 each or approximately baht 262.02 million. The number of shares increased from 52.02 million shares to 60.28 million shares with a par value of USD 1 each. The Company has already paid the increase to SPW. As a result, the Company's ownership interest remains unchanged at 100%.
- On May 3, 2018, the Company has established Siam LNG Company Limited ("SNG"), in Thailand, with 10 million shares at par value of baht 100, totaling baht 1,000 million. The Company owned 100% of total shares. The business objective is petroleum product, natural gas, and LNG distribution.
- On May 16, 2018, SGI, which is a 100% subsidiary, has established Pacific Gas Bangladesh Ltd. ("PGB") in Bangladesh with registered share capital amount 400,000 shares at a par value of BDT 10,000 each. PGB is an indirect subsidiary which the Company holds shares indirectly through SGI (100% subsidiary) in the proportion of 90% of registered share capital of PGB. The business objective is petroleum product distribution in Bangladesh.
- SGI has increased share capital in the amount of 0.68 million shares with par value of USD 1 each, approximately baht 21.27 million. The number of shares (with par value of USD 1 each) increased from 1.10 million shares to 1.78 million shares. As a result, the Company's ownership interest at 100% remains unchanged as at May 17, 2018.
- SGI has increased share capital in the amount of 0.10 million shares with par value of USD 1 each, approximately baht 3.34 million. The number of shares (with par value of USD 1 each) increased from 1.10 million shares to 1.88 million shares. As a result, the Company's ownership interest at 100% remains unchanged as at August 20, 2018.

2018

- On August 20, 2018, SPW, incorporated in Singapore, registered an increased of its capital of 3.00 million shares with a par value of USD 1 each or approximately baht 100.06 million. The number of shares increased from 60.28 million shares to 63.28 million shares with a par value of USD 1 each. The Company has already paid the increase to SPW. As a result, the Company's ownership interest remains unchanged at 100%.
- On August 6, 2018, the Company entered into the share purchase agreement with a third party to acquire an 25% shareholding interest or 2.5 million shares of Far East Petroleum Sdn. Bhd. At a par value of MYR 1 each totaling MYR 2.5 million or baht 20.47 million. The payment was made in August 2018. As a result, the Company's ownership interest increased from 70% to 95%.
- SGP issued unsubordinated, unsecured, and partially guaranteed bonds with bondholders' representative totally 2,000 million baht on December 4 - 6, 2018 to institutional and/or high net worth investors with objective for using as working capital which is not related to the investment in asset of the Company.

REVENUE STRUCTURE

Revenue structure of SGP and subsidiaries in 2016 – 2018 by business

Operating Company		2016		2017		2018	
		Value (Mil.Baht)	%	Value (Mil.Baht)	%	Value (Mil.Baht)	%
Revenue from sales							
LPG products	SGP & UGP	17,863.71	36.93	18,268.16	30.64	18,528.41	26.81
Ammonia products	UGP	1,066.67	2.20	1,039.99	1.74	1,071.27	1.55
Other petrochemical products	UGP	707.72	1.46	715.61	1.20	710.71	1.03
LPG cylinders	SQS	1.72	0.00	9.14	0.02	0.00	0.00
Ethanol products	SEE	17.19	0.04	0.00	0.00	0.00	0.00
Gasoline products	SSW	134.96	0.28	307.47	0.52	623.94	0.90
LPG product in oversea	SGP UGP SGV SIN ZSS SOG SGT CITYGAS CGN AND MGM	27,901.83	57.68	38,403.04	64.40	47,329.03	68.49
Total revenue from sales		47,693.79	98.59	58,743.40	98.51	68,263.36	98.78
Transportation	LCR SLM	441.40	0.91	395.07	0.66	249.38	0.36
Service income	SGP/Subsidiaries	26.22	0.06	13.78	0.02	9.44	0.01
Dividend income	SGP	6.69	0.01	2.85	0.00	3.60	0.01
Other incomes	SGP/Subsidiaries	209.89	0.43	474.31	0.80	577.46	0.84
Total revenue	SGP/Subsidiaries	48,377.99	100.00	59,629.41	100.00	69,103.24	100.00

Thailand



SIAM GAS

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ใบอนุญาตประกอบกิจการบรรจุก๊าซเลขที่ กท กย 1023
ซึ่งได้รับใบอนุญาต 11/3/57 กรมธุรกิจพลังงาน

กรมธุรกิจพลังงาน

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, Suratthanee, and Hadyai. In this regard, the government uses PTT as its regulating arm due to the fact that PTT is the biggest LPG producer in Thailand. The Department of Internal Trade, Ministry of Commerce considers LPG as necessity goods for Thai people, so LPG becomes a controlled commodity. Any LPG traders who would like to adjust their selling price, must submit the request for consent and approval from The Internal Trade Department.

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 2, 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.

Later, Energy Regulatory Commission (“ERC”) announced LPG price restructure in order to make the price announcement reflect the trading price during the month similar to oil market. As well as reflecting the rapid market trading in the spot market and in accordance with the liberalization of LPG business. In order to achieve full competition, ERC agreed to change rules for LPG import price reference from CP price announce monthly to Platt Spot Cargo (FOB Arab Gulf) which announce weekly. (that is, the import price = LPG Cargo + import expenses (X)) The price is announced on a weekly basis every Monday through the EPPPO website (www.eppo.go.th) for public acknowledgment Starting from November 2017.

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.

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 - 2018

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
2018	4,022	-2.38

Source of data : Energy Policy and Planning Office

For domestic LPG sales volume in 2018 compared to 2017, sales volume decreased by 2.38% from 4,120 million kilograms to 4,022 million kilograms.

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	24 ¹	19	43
LPG Autogas station	44	-	44

Note : ¹ As at December 31, 2018, the Company operates 14 LPG filling plants by itself (COCO - Company own - Company operate) and another 10 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 29 vessel tankers (Total book value of 29 vessels as at December 31, 2018 was 2,932.91 million baht). Total sum insured in case of damage were 2,246.53 million baht. The Company has purchased insurance coverage for all vessels and also for all of their 502 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 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 2015. At present, the company uses a 1,870 tons LPG storage as an LPG reserve warehouse.

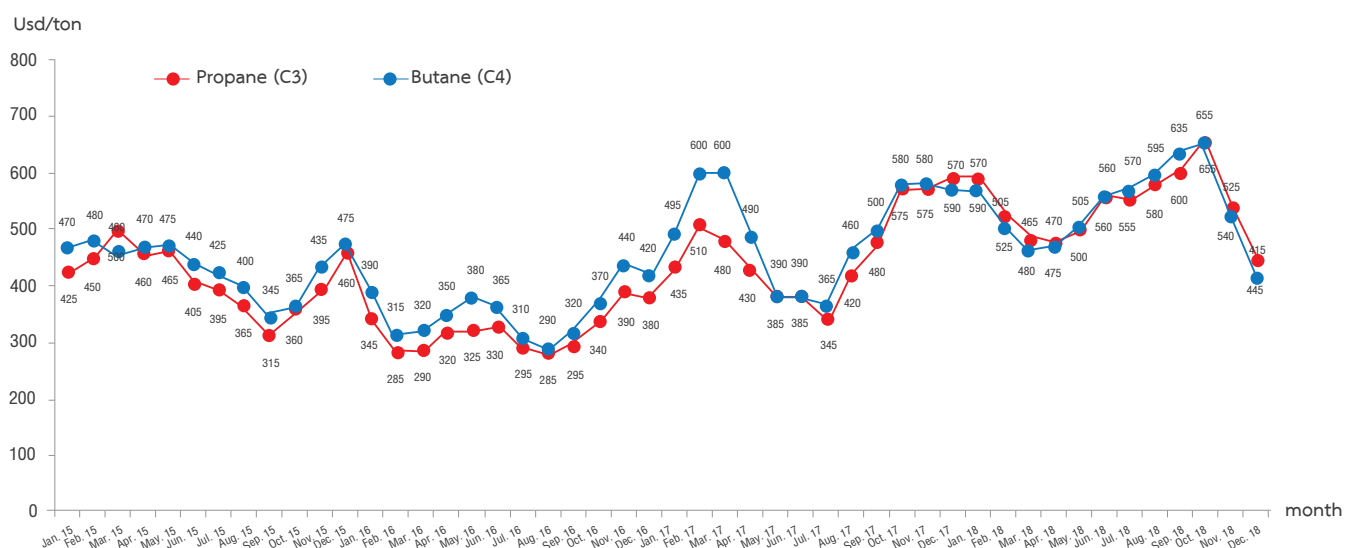
7. Risk from the volatility of the world price of LPG

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.

Information on changes of LPG prices by based on world markets from 2015 – 2018



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
- 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 2018, SGT's revenues from sales of LPG to companies within the group were approximately 39.10 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 8.09 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, 2018, the company had debt with financial institution totally 7,301 Million Baht which divided into 2 parts. First, a secured debt was 2,312 Million Thai Baht which equal to 6.46 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 December 31, 2018, the Weeraborwornpong Group was the major shareholder holding 61.29% 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 policymaking 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.

Thailand



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
- 8) Trading and distribution of LNG

Head Quarter Address

553 The Palldium 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 2018)

Common Shares : 1,837,863,000 shares

Par Value : 0.50 baht/share

Paid-up Capital : 918,931,500 baht (As of 31 December 2018)

Registrar

Thailand Securities Depository Company Limited

SET Building 93 Ratchadaphisek Road, Dindaeng, 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, Rachathewi, 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, 2018, SGP had registered and paid-up capital of 918,931,500 baht consisting of 1,837,863,000 common shares at 0.50 baht per share.

2. SGP's Equity Structure

As of August 28, 2018, the major shareholders are as follows:

No	Shareholders' Name	Share	%
1.	Weeraborwornpong Family		
	Mr. Worawit Weeraborwornpong	883,763,198	48.09
	Mr. Supachai Weeraborwornpong	102,742,000	5.59
	Mrs. Patchara Weeraborwornpong	100,000,000	5.44
	Miss Patcharawadee Weeraborwornpong	40,000,000	2.18
	Total shares held by Weeraborwornpong Family	1,126,505,198	61.29
2.	UOB KAYHIAN PRIVATE LIMITED	158,016,000	8.60
3.	Thai NVDR Co., Ltd.	103,964,844	5.66
4.	STATE STREET BANK EUROPE LIMITED	14,442,590	0.79
5.	EAST FOURTEEN LIMITED-DFA EMERG MARKET CORE EQ PORT	14,403,000	0.78
6.	Miss Warangkana Kamolthip	13,263,000	0.72
7.	Mr. Sunthorn Darnchalermnon	12,470,000	0.68
8.	Mr. Chavalit Wisarankul	11,126,500	0.61
9.	Miss Pichanya Kanjanaporn	10,084,000	0.55
10.	SE ASIA (TYPE B) NOMINEE LLC	9,591,700	0.52
	TOTAL	1,473,866,832	80.19

Source: The Stock Exchange of Thailand

3. Issue of other securities

A) Debenture bond

1st Time : Total value of debenture bonds is 3,000.0 million baht. They are rated at BBB (affirmed by TRIS Rating on issued date)

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 1st 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	1st - 3rd interest rate	4.30% p/a	Maturity date	Feb. 3, 2019
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2nd Time : Total value of debenture bonds is 2,000.0 million baht. They are rated at BBB (affirmed by TRIS Rating on issued date)

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

Offered date : January 23 - 25, 2017 for institution investors and/or investors

3 years bond	1st - 3rd interest rate	3.95% p/a	Maturity date	Jan. 26, 2020
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3rd Time : Total value of debenture bonds is 2,000.0 million baht. They are rated at A (affirmed by TRIS Rating on issued date)

Type of debenture bond : Unsubordinated, unsecured and partially guaranteed bounds (85%) with bondholders' representative.

Offered date : February 26 - 27, 2018 for institution investors and/or High network

5 years bond	1st - 5th interest rate	3.03% p/a	Maturity date	Feb.28, 2023
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4th Time : Total value of debenture bonds is 2,000.0 million baht. They are rated at A (affirmed by TRIS Rating on issued date)

Type of debenture bond : Unsubordinated, unsecured and partially guaranteed bounds (70%) with bondholders representative

Offered date : December 4 - 6, 2018 for institution investors and/or High network

5 years bond	1st - 5th interest rate	3.85% p/a	Maturity date	Dec.7, 2023
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B) Bill of Exchange

As of December 31, 2018, 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, 2018 consists of Board of Director, Executive Board and Risk Management Committee and audit committee.

The Board of Directors and the management of the Company are qualified persons with full qualifications according to Section 68 of the Public Company Limited Act BE 2535 and according to the Notification of the Capital Market Supervisory Board No. TorJor. 39/2559 :Application for Approval and Granting of Approval for Offering of Newly Issued Shares, dated 30 September 2016 in all respects. As of December 31, 2018, the Board of Directors consists of 8 persons as follow:

Name		Position
1. Mr. Worawit	Weeraborwornpong	Chairman
2. Mrs. Patchara	Weeraborwornpong	Director
3. Mr. Supachai	Weeraborwornpong	Director
4. Miss Patcharawadee	Weeraborwornpong	Director
5. Mr. Somchai	Kor - 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.

The Company's authorized signatories

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

Detail of Board attendance in the year 2017 and 2018

Name	2017		2018	
	No. of meeting	No. of attending	No. of meeting	No. of attending
1. Mr. Worawit Weeraborwornpong	5	4	5	5
2. Mrs. Patchara Weeraborwornpong	5	5	5	5
3. Mr. Supachai Weeraborwornpong	5	5	5	5
4. Miss Patcharawadee Weeraborwornpong	5	3	5	4
5. Mr. Somchai Kor - prasobsuk	5	5	5	3
6. Mr. Viroj Klangboonkrong	5	3	5	5
7. Mr. Harn Chiocharn	5	5	5	4
8. Mrs. Sudjit Divari	5	5	5	5

Note : Miss Patcharawadee Weeraborwornpong has been appointed as company's director on May 12, 2017, replacing Mr. Suttipong Vasuvanichphan who passed away, Miss Patcharawadee attended all three board meeting after she was appointed.

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

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 4 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	Member of Executive Board

4. Risk Management Committee

As of December 31, 2018 Risk Management Committee members compose of 11 members as follow:

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

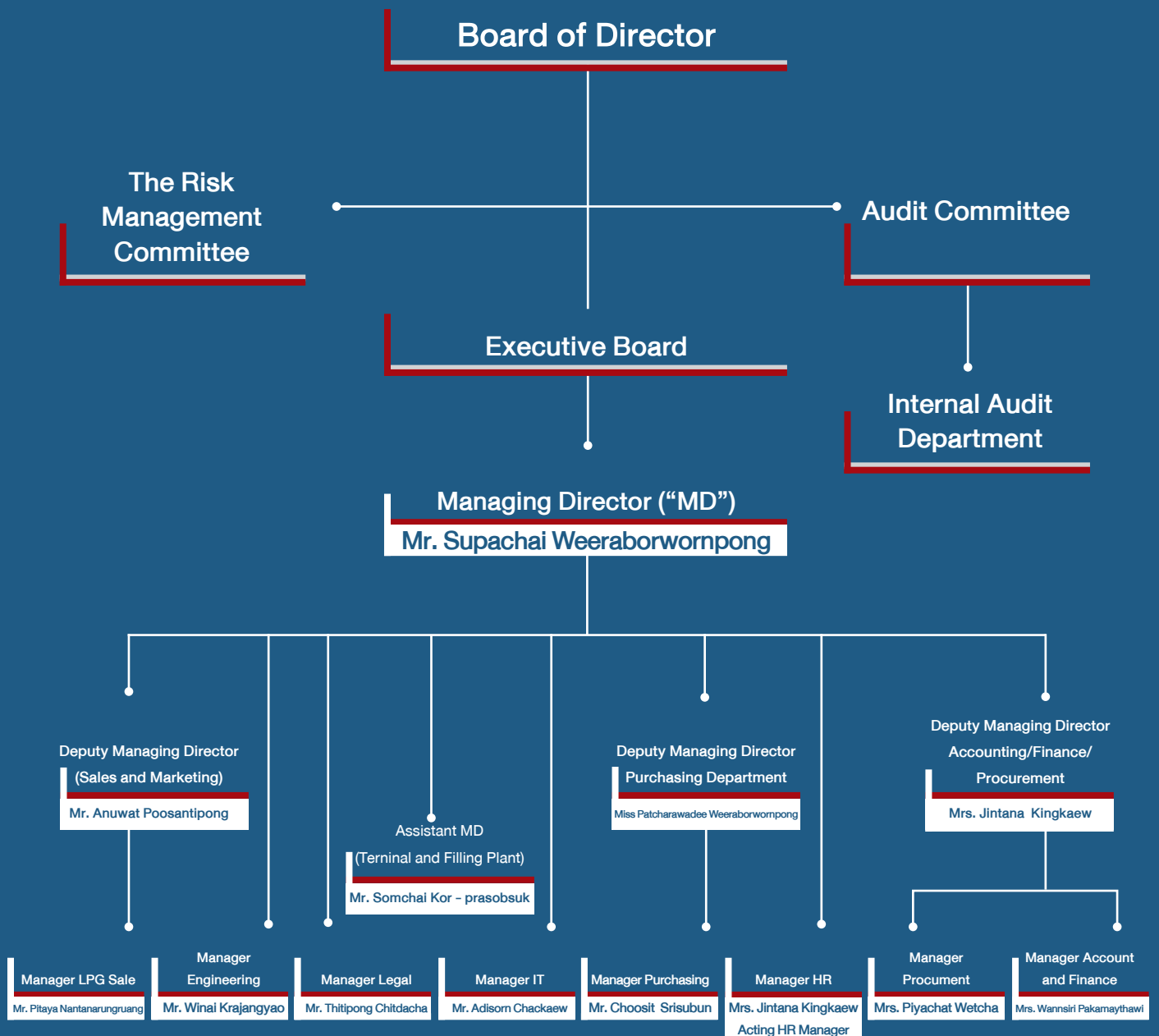
Mr. Watcharapong Jittapirom is a Risk Management Committee secretary.

5. Management

As of December 31, 2018 management of the company has 5 persons as following :

Name		Position
1. Mr. Supachai	Weeraborwornpong	Managing Director
2. Miss Patcharawadee	Weeraborwornpong	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	Kor - prasobsuk	Assistant Managing Director - Terminal / Filling Plant

SGP's management structure as of December 31, 2018



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 2018 as of April 27, 2018 annual general meeting has approved the remuneration for Board of Directors and Audit Committee as follow:

	Meeting allowance (baht/person/time)	Annual remuneration
Chairman	10,000	-
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 and Risk Management Committee

Meeting allowance (baht)		2017		2018	
		Director	Audit Committee	Director	Audit Committee
1. Mr. Worawit	Weeraborwornpong	40,000		50,000	
2. Mrs. Patchara	Weeraborwornpong	50,000		50,000	
3. Mr. Supachai	Weeraborwornpong	50,000		50,000	
4. Miss Patcharawadee	Weeraborwornpong	30,000		40,000	
5. Mr. Somchai	Kor - prasobsuk	50,000		30,000	
6. Mr. Viroj	Klangboonkrong ^{1/}		180,000		200,000
7. Mr. Harn	Chiocharn ^{1/}		210,000		200,000
8. Mrs. Sudjit	Divari ^{1/}		210,000		210,000
Total		220,000	600,000	220,000	610,000

Note : ¹ The Company remunerate additional annual allowance to audit committee in the amount of 804,058 baht.

• Executives

Remuneration (baht)	2017	2018
Total persons	7	7
Salary	42,056,888	44,830,110
Bonus	5,232,565	10,796,836
Provident fund	1,253,755	1,283,272
Other	110,250	108,000
Total	48,653,458	57,018,218

(B) Other compensation

- None -

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.

8. Staff

Number of employees

As of December 31, 2018 SGP and UGP have number of employees (not including executives) total 1,111 employees

Employees to other subsidiaries

As of December 31, 2018, total staff of a group of subsidiaries is 1,291 persons.

Employee remuneration (excluding executive)

In year 2018 the company paid compensation to employees 2,402 person total amount of 793.61 million baht as compensation in salary, fund, allowances, bonus and others.

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

MING ZHU Vessel, Thailand



Corporate Governance

SGP conducts business with fairness, honesty, and transparency, adhering to the Principles of Good Corporate Governance under the guidelines of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). In performing duties, all directors also adhered to best practices of the directors of the listed company (Fiduciary duty) by observing the following four main practices with objectives to strengthen confidence of the investors and all group of stakeholders:

1. Performing duties with responsibility and all due circumspection and caution (Duty of Care);
2. Performing duties with faithfulness and honesty (Duty of Loyalty);
3. Performing duties in compliance with laws, objectives, Articles of Association, the resolutions of the Board of Directors and resolutions of Shareholders' Meetings (Duty of Obedience); and
4. Disclosing information to shareholders accurately, completely, and transparently with verification and timeliness (Duty of Disclosure).

The Board of Directors always puts emphasis on corporate governance policies and anti-corruption policies by declaring its intention to join Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) to express its commitment to operate business with honesty, transparency and accountability which can be accepted by all SGP's stakeholders. The CAC Board of Directors approved the Company to be a member by granting a certificate on March 9, 2017.

1. Policy on Corporate Governance

The Board of Directors recognizes its roles and responsibilities under the authority delegated by the shareholders to manage the Company efficiently and transparently to enhance confidence of all stakeholders. The Company conducts business under the principles of good corporate governance. Therefore, the corporate governance policies have

been established and used as standard practices of the Company which cover the important principles as follows:

- Treat all shareholders and stakeholders equally and fairly.
- Perform duties with honesty, morality, and prudence to achieve the Company's goals and to maximize the shareholders' benefit as well as to prevent conflicts of interest.
- The Board together with the management shall play important role in formulation of vision, strategy, policy and material work plans as well as establishment of management structure which conforms to and fairly relevance to the Board, the management and the shareholders including planning for suitable management guidelines and business operations.
- The Board of Directors, management, and all employees shall perform duty with determination, dedication and responsibilities for the best interests of the Company and also abide by the corporate governance policy and business ethics of the Company.
- Perform duty with transparently under the internal audit and internal control system. Information must be adequately, on timely and verifiable disclosed to the shareholders and all relevant parties, so that they can be equally well-informed.
- Control and manage risks to be in suitable level with business operations of the Company.
- Operate business with integrity under the legal framework, business ethics and with environment conservation.

The Board also specified that the corporate governance policy must be constantly reviewed to make it consistent to the change in business environment, conditions and regulations of the Stock Exchange of

Thailand. In addition, the Board has considered and reviewed on implementation of Corporate Governance Code (CG Code) of the Office of the Securities and Exchange Committee with the Company's business context. Any practice which cannot or has not yet been implemented will be recorded with reason explained as per a part of the directors' resolution, so that they can be used as reference and practice guidelines of the directors, the executives and the employees. The Company also announced the application of anti-corruption policy which has been certified to be the member of the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) since 2017.

Good corporate governance policy comprises of 5 sections as follows:

Section 1 The rights of shareholders

The 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 receive the adequate information of the 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 the auditors, the transactions which is important and affect the direction of business, the amendment of article of association, regulation of the Company etc. In addition to the above fundamental rights, to company has operation in various to enhance and facilitate to use the right of shareholders as following:

1. The Company will arrange the annual general meeting of shareholders every year which will be within four months after the end of the fiscal year. In each meeting, the Company will provide the meeting invitation together with meeting agenda

and adequate details of such agenda, including opinion of the Board to the shareholders 7 (seven) days before the meeting date and it shall be published in the newspaper for 3 (three) consecutive days before the meeting date.

2. In case the shareholders cannot attend the meeting by themselves, the Company opens 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 invitation.
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, the Company opens an equal opportunity to shareholders to questioning and giving opinion to the meeting in any topic. In the shareholders' meeting, the directors and executives whose business concerned with the meeting agenda shall attend the meeting to answer in the meeting. Important questions and opinion shall be recorded in the minute of meeting which will be available to be inspected by the shareholders.
5. After the meeting, the Company shall prepare the minute of meeting with correct and complete information and it will be available to be inspected by the shareholders.

Section 2 The equitable treatment of shareholders.

The Company has a policy to provide equality to all shareholders. During each shareholders' meeting, the Company will provide the equal opportunity to all shareholders. Before commencement of the meeting, the chairman of the meeting will provide important information to shareholders i.e. the introduction of the directors, executives, and related person who attending the meeting. The chairman of the meeting

announced for opening the meeting by informing the total number/proportion of shareholders and proxies who attend the meeting. The chairman shall inform the voting and counting method to the shareholders before voting time. All shareholders can equally exercise their vote right.

The meeting shall be conducted in accordance with the Company's Article of Association and pursuant to sequence of meeting agenda. Detailed information of each agenda shall be presented with clear supporting information for consideration. No meeting agenda shall not added without informing the shareholders in advance, particularly, the important agenda which required more time to study before making decision. In the event that shareholders cannot attend the meeting in person, the Company open the opportunity to shareholders to proxy the independent director or any person to attend on their behalf, by using one of the proxy forms attached with the meeting invitation.

Section 3 The role of stakeholders

The Company has focused on the right of all interested groups, whether they are internal stakeholders such as employees, executives of the Company or external stakeholders such as competitor, customer, and etc. The Company recognized that supporting and commenting from all stakeholders will be beneficial to operation and development of the business. Therefore, the Company will comply with the relevant laws and regulations to preserve the rights of all stakeholders. Besides, the Company also encourages cooperation between the Company and group of stakeholders to strengthen stability of the Company, pursuant to the following guidelines:

Shareholders : 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 competitors 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 Information and transparency

The Board of Directors recognized the importance on disclosure of correct, complete and transparent information, which include information of the financial report and general information pursuant to the criteria of SEC and SET (Thailand) and other key information which can affect the Company's stock price and can influence decision-making process of investors and stakeholders of the Company. The Company has disclosed its information technology to shareholders, and investors and the public via media and channel of the Stock Exchange of Thailand and the Company's website, www.siamgas.com.

In the part of investor relations, the Company has established the investor relations department to communicate with the shareholders, the investors, the analysts and other agencies, so that they can conveniently and equally access to the Company's information.

The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries and financial information appearing in the annual report. Such financial statements have been prepared in accordance with general accepted accounting standard and Thai Financial Reporting Standards by selecting the appropriated accounting policies and comply with such policies on a regular basis as well as adequately disclosure of information in the financial statements. In this regards, the Audit Committee will review quality of the financial reports and internal control systems, including, the adequate disclosure of important information in the notes of financial statement.

Section 5 Responsibilities of the Board of Directors

5.1 Board Structure

The Board has policy which specified that the Board's component must be diversified because it believes that the board diversity is an important element to strengthen balance on idea, quality of work and decision-making efficiency which will be beneficial to the Company's business operations. Hence, the Board's component shall consist of personnel who are knowledgeable, capable, experienced and possess skills in various fields which are in line with strategy of the Company's business operations. In addition, they must have business ethics, good attitude towards the organization, leadership, wide-vision, sufficient time to perform duty, and without having any gender, race and religion restriction. Moreover, the Company has specified 10 board skill matrixes that the Board should have knowledge, as follows:

1. Energy business
2. Engineering
3. Marketing and competition strategy
4. Accounting, finance and banking
5. International marketing
6. Legal
7. Economics
8. Internal control and risk management
9. Corporate governance
10. Business administration

The Company's Board of Directors must be composed of members who have knowledge, ability, and expertise in various fields and acceptable leadership skills. The Board shall take part in determining objectives, targets, vision, mission, policy and guidelines on business operations and supervision of the Company's performance to ensure compliance with the laws, objectives, regulations and resolution of the shareholders' meeting so that they can closely monitor and supervise the Company's operations. Hence, the Board has appointed the committees to follow-up and supervise operations of the Company.

Currently, Board of Directors composed of 8 directors, 3 of them are non-executive and independent directors and 5 are executive directors.

The 3 non-executive and independent directors are members of the Audit Committee to balance power on consideration of any matters as well as to review financial reports, internal control systems and etc. as per specified by the supervisory body.

The Company's article of association requires that at the annual general meeting, one-thirds 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 the sub-committees, such as the Audit Committee, the Executive Board and the Risk Management Committee to perform specific duties and propose to the Board of Directors for consideration or acknowledgement. The sub-committees have right and duty as set forth in the relevant charters. The Company has clearly divided roles and responsibilities between the Board and the executives whereas the Board of Directors has responsibility on policy formulation and supervise the management at the policy's level while the executive shall manage the work in accordance with the specified policy. Therefore, the Chairman of Board of Directors and Managing Director is not the same person and by both positions have been selected by the Board to ensure that the most suitable individuals will be appointed.

The Company has the Company Secretary who will provide advice on regulations that Board of Directors must know and oversee activities of the Board, including to coordinate and ensure compliance with the Board's resolutions.

5.2 Roles, Duties, and Responsibilities 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 specified the measure to prevent the conflict of interest policy which may occur from transaction between the Company, or the subsidiaries, and the person who might have conflict of interest. Any person with interest shall not be able to approve such transaction. The Board will supervise the Company's operations to make sure that it strictly follows the rules and regulations under the Securities and Exchange Act and regulations, announcement, order concerning information disclosure, or acquisition and disposal of material assets of the Company, as well as the accounting standards and Thai Financial Reporting Standards specified by the Federation of Accounting Professions.

In addition, the Company has assigned the Audit Committee or the auditor or the independent expert, as the case may be, to audit and provide opinion on appropriateness of prices and reasonableness of transactions. The connected transaction will be disclosed in the annual report (Form 56-2) and annual registration 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 office to monitor the internal control system. The internal audit office will set schedule to audit the operations of depot, filling plants and gas service stations including other relevant systems, both within the country and abroad at least once a year to make sure that the operations shall be transparently and prudently. The Internal Audit Office will directly report to the Audit Committee.

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 the directors and the management to attend all training courses related to corporate governance issue. This includes training courses of the Thai Institute of Directors' training courses for directors, audit committee, management, and the Company secretary.

List of training courses arranged by Thai Institute of Directors (IOD) attended by the Board of Directors

Name of Directors		Program			
		Director	Director	Audit	Finance for
		Accreditation	Certification	Committee	Non-Finance
		Program (DAP)	Program (DCP)	Program (ACP)	Directors (FND)
		IOD	IOD		
1. Mr. Worawit	Weeraborwornpong	Class 50/2006			
2. Mrs. Patchara	Weeraborwornpong	Class 50/2006			
3. Mr. Supachai	Weeraborwornpong	Class 49/2006			
4. Miss Patcharawadee	Weeraborwornpong	Class 140/2017			
5. Mr. Viroj	Klangboonkrong	Class 6/2003	Class 66/2005	Class 3/2004	Class 17/2005
6. Mr. Harn	Chiocharn	Class 37/2005			
7. Mrs. Sudjit	Divari	Class 34/2005	Class 31/2003	Class 5/2005	
8. Mr. Somchai	Ko-prasobsuk	Class 122/2015			

5.8 Following the corporate governance in other issue Business Ethic

The Company has set up practical guideline on business ethic for the Board of Directors, the management, and the employees, so that they can adhere for performing duties with integrity, honestly and fairly towards the Company, all stakeholders, public and society, as a whole. The Company publicly announced the guideline and encouraged all employees to strictly follow by. In case of violation or non-compliance with such guideline, the appropriated penalty clause shall be imposed.

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 the action which may cause the conflict of interest must be avoided. The Company specified that any person who is regarded as the related or connected person of the transaction to be considered must report the Company about such relationship or connection and such person is not allowed to join the meeting to consider or approve the said transaction.

The Audit committee will propose the connected transaction and the transaction which may have conflict of interest which have already been thoroughly considered pursuant to the criteria specified by the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) to the Board of Directors and they will also be disclosed in the annual report (Form 56-2) and annual registration statement (Form 56-1)

The Board of Directors Reporting

The 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. The 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, he 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 the Board of Directors, the Executive Board, and the Audit Committee. The Board of Directors and executives of the Company are qualified pursuant to Section 68 of the Public Company Act B.E. 2535, the law on Security and Exchange and notification of the SEC. In addition, the Company has appointed the Risk Management Committee where the Managing Director is the Chairman and Deputy Managing Director, Accounting/Finance/Procurement is the vice-chairman of the Risk Management Committee. Scope of duty and responsibility of each sub-committee is as follows:

3.1 Authority of Board of Directors

The 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. Arrange the Annual General shareholders' meeting within four months from the end of accounting period
2. Arrange 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. Authority to appoint the Executive Board to conduct one or more businesses on behalf of the Board of Directors or may authorize any person to perform duty as per the Board deemed fit within the appropriated time frame. Moreover, the Board may cancel, withdraw, change or amend such authority whenever it is deemed appropriated.

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 will have conflict of interest with the Company or subsidiaries, except it is the approval of the policy or criteria which has already been approved by the Board.

6. Determine the policy and strategic direction, financial management, risk management of the business. Provide control system to ensure that the management shall be followed by pursuant to the specified policy effectively and efficiently. Except the following authority which required to be approved by the shareholders before proceeding: the matter which specified by the law that it must receive the shareholders' resolution, capital increase or decrease of the Company, merger or liquidation of the Company, disposition or transfer of material parts or total parts of the Company to other persons, acquisition or receipt of transfer of business of other company or the private company to be the Company's business, amendment of memorandum or article of associate etc.

In addition, the Board also oversee to ensure that the Company shall comply with the law on securities and exchange, regulation of the Stock Exchange of Thailand, such as entering into the connected transactions and the purchase and sale of significant assets under the rules of The Stock Exchange of Thailand or law relating to the Company's business.

7. To consider the management structure, the appointment of the Executive Board, the Managing Director and other directors as appropriated.
8. Follow-up operating results to ensure that they are according to plan and budget on continued basis.
9. Directors shall not perform any business which is similar to or 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 operates similar and complete with the Company's business, whether it is for benefit for themselves or others, unless they inform the shareholder's meeting prior to the appointment.

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 matters required by law.

3.2 Authority of the audit committee

The Audit Committee has been assigned by the Board of Directors to be responsible for review of the financial reports, operations of the Company and compliance with the regulations and criteria of the SEC and the SET. The Audit Committee will directly report to the Board of Directors for the sake of transparency and for maximum benefits to the Company and its shareholders. Scope of duty and responsibility is as per the following:

1. Ensure the Company's financial reporting is accuracy and adequacy.
2. Review the Company's internal control and internal audit appropriate and effective and consider the independence of audit internal office 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 once a year.
4. Ensure compliance law requirements under Securities and Exchange Act, Stock Exchange of Thailand and the laws relating to its business.
5. Consider the related transaction or translations that may have a conflict of interest and ensure that it is compliance 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 at least contain information as follows:
 - (a) An opinion on the accuracy, completeness and reliability of 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 to the 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 tasks assigned by the Board of Directors with approval from audit committee.

The Audit Committee who has knowledge and experiences to audit the Company's financial statements is Mrs. Sudjit Divari, who has more than 20 years experiences on audit the financial statements of the listed companies.

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 item 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 Scope of duties and responsibility of the Chairman of the Board of Directors

1. Set Board meeting agenda jointly with the Managing Director and oversee to ensure Board members receive accurate, complete, timely, and clear information prior to the meeting so that they can be used for making decision appropriately.
2. Be a leader of the Board and preside at the Board meetings.
 - 2.1 Conduct a Board meeting according to the agenda, the Company's Articles of Association, and applicable laws.
 - 2.2 Allocate sufficient time and encourage each Board member to discuss and express their free and frank opinion with due circumspection and concern for all stakeholders.
 - 2.3 Conclude resolution of the Board meeting and actions to be taken clearly.
3. Preside at the shareholder's meeting and ensure the meeting are conducted in accordance with the agenda, the Company's Articles of Association, and relevant laws by allocating time appropriately along with providing opportunities for shareholders to express their opinions equitably and ensuring ensure that shareholders' inquiries are responded to appropriately and transparently.
4. Support and be a role model in compliance with the good corporate governance principles and business ethics.
5. Foster a positive working relationship between the Board of Directors and the Management and support operations of the Managing Director and the Management in accordance with the Company's policy.

6. Oversee to ensure the transparent disclosure of information and management in the event of conflicts of interest.
7. Oversee to ensure the Board of Directors has appropriate structure and composition.
8. Oversee to ensure the Board of Directors as a whole, Sub-committee members, and each individual director perform their duties effectively and efficiently.

3.6 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. Undertake and manage routine operations of the Company and have power to approve the normal business transactions, such as procurement of goods, vehicles, equipment, supplies, tools and appliance, expenditure, sale, hire-purchase, write-off a bad debt (pursuant to policies and procedure

of Company) and employment of consultants and etc. The value for each transaction shall not 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 500million 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 but 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 Company Limited Act B.E. 2535 for the initial stage. After that such person shall be proposed to the shareholders' meeting for consideration and selection pursuant to the Company's articles of associations as follows:

1. Audit Committee / Independent director

The Company has policy to nominate the Audit Committee/ and independent directors pursuant to Notification of the Capital Market Supervisory Board,

No. Tor. Jor. 39/2559 Re: Application for approval and granting of approval for offering of newly issued shares. The Board of Director's meeting shall approve the establishment of the Audit Committee and term of office of the Audit Committee shall be three year. The Audit Committee must be the independent director and fully qualified as per prescribed criteria as follows:

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 related by blood 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.

2. Board of Directors

1. Board of Directors consists 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:
 - 2.1 Each shareholder shall have one vote for each share held.
 - 2.2 Each shareholder will exercise all the votes applicable under 2.1 to elect one or more person as directors, provided that a vote shall not be divisible.
 - 2.3 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. When any directors resign from the position, they shall 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 the expiration of the directors' term of office with vote not less than three-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.

3. Self-assessment of the Board

The Board and the Committees shall perform self-assessment at least once every year, so that the Board shall jointly consider the operating results and problems in order to solve the problems or improve performance by using the self-evaluation of the Board form prepared by the Stock Exchange of Thailand (SET) as guideline for the whole Board. Such assessment form consists of the 4 main questions concerning operations and duties of the Board as follows:

1. Structure and qualifications of the Board
2. The Board's meeting and duty performed by the Board
3. Roles, duty and responsibilities of the Board
4. Other matters, i.e. relationship between the Board and the Management, self-development of the directors and development of the management and etc.

For self-assessment of the Audit Committee, which is the sub-committee, the 3 following topic should be assessed:

1. Structure and qualifications of the sub-committee
2. The sub-committee's meeting
3. Roles, duties and responsibilities of the sub-committee

In addition, the Audit Committee also reviews additional duties performed every year by using the Self-revision of duties performed of the Audit Committee Form as a tool to assist them to review their self-assessment during the past year. Such review form consists of 2 parts as follows:

Part 1: Overall duties performed of the Audit Committee

Part 2: Specific duties performed of the Audit Committee

- (1) Review the Company's financial reports to ensure accuracy and adequacy;
- (2) Review to ensure that the Company has effective and efficient internal control system, internal audit system, and risk management and consider on independence of the internal audit unit as well as provide approval on consideration for appointment, transfer or dismissal of chief of Internal Audit Unit or other unit responsible for the internal audit;
- (3) Review the Company's compliance with the laws on the Stock Exchange of Thailand and the laws relevant to the Company's business;
- (4) Consider on selection and nomination of the independent person to be the Company's auditor and consider and propose audit fee as well as attend the meeting with the auditor without participation of the Company's Management at least once a year;

- (5) Consider the connected transaction or the transaction which might have conflict of interest to ensure their compliance with the laws and regulations of Stock Exchange of Thailand with aims to make sure that such transactions are reasonable and for the best interests of the Company; and
- (6) Prepare the Audit Committee report and disclose in the Company's annual report. Such report shall be signed by the Chairman of the Audit Committee and it must at least contain details as per specified in the regulation of the SET on qualification and scope of work of the Audit Committee.

Criteria for The Board of Directors and Sub-Committee assessment are as follows:

over 85%	=	Excellent
over 75%	=	Very Good
over 65%	=	Good
over 50%	=	Fair
below 50%	=	Need Improvement

Details on overall assessment results are as follows:

Self-assessment of the Board and the Sub-committee	Average Score	Qualified under
1. The Board of Directors	84.48 %	Very Good
2. Sub-committee	90.83 %	Excellent

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 and must in line with the parent company. The Company also specified scope of authority and duty of the director and the management who is the Company's representative 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 the representative to be the director, the management or the controlling person 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 disclose financial positions and operating results, as well as has complete and correct regulations with regards to connect transaction, acquisition and disposal of assets or undertaking of other significant transactions of such company with the connect person. 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. The Company has specified appropriated and adequate conciseness of the internal control system of the subsidiary and such internal control system must have been reviewed by the Internal Audit Unit pursuant to the annual audit plan. The Company also specified that it must disclose financial position and operating results including

criteria for approval of material transactions, such as capital increase or decrease. The dissolution of the subsidiary is also required to have approval from the Company's Board of Directors.

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

- (1) Total audit fee paid in 2018 to Pricewaterhouse Coopers ABAS Ltd., the auditing company which the auditors of the Company and domestic subsidiaries work for, was 6.05 million baht. Person or business related to the auditor and the auditing company including the following persons shall not be the same person or has the business related to the Company and its subsidiaries:
- (a) Spouse and child who is dependent or under custody of the auditor;
 - (b) Business which has controlling power of the auditing company, business which is under control of the auditing company and business under the same control, irrespective of directly or indirectly, of the auditing company;

- (c) Business under material influence of the auditing company;
- (d) Partner or equivalent of the auditing company;
- (e) Spouse and child who is dependent or under custody of the person under (d);
- (f) Business that the auditor, the person under (a), (d) or (e) has controlling power or has material influence, whether directly or indirectly;

For benefit on consideration on control and material influence nature which can be regarded as the person or business related to the auditor and the auditing company as mentioned above, the definition of the accounting standards Re: Disclosure of information related to the connected person or business, can be applied.

- (2) Non-auditing fee -None-

8. Implementation of Corporate Governance Code 2017

The Company places importance on implementation of the Corporate Governance Code 2017 (CG Code 2017) prepared by the Office of the Securities and Exchange Commission (Office of the SEC). The Company has reviewed compliance with corporate governance principles with objectives as follows:

- (1) To make the Company comply with the Corporate Governance Principle 2012 of the Stock Exchange of Thailand and the Corporate Governance Principle 2017 of the Office of the Securities and Exchange Commission (Office of the SEC).
- (2) To make that Company be able to specify the Corporate Governance Policy with process to review the implementation of the Corporate Governance Code 2017 with its business context appropriately at least once a year.

For determination of success on business operations, apart from financial performance, the Company has also considered about ethics and social and environmental impacts. In this regards, the Company's Board of Directors has vital role in creating corporate culture with ethics and being a role model as the leader for corporate governance operations.

9. Compliance with the Corporate Governance in other matters

The Company has complied with other principles on corporate governance, for instance, review and improve the charters of the Board of Directors and the Sub-committees to make them conform to the Corporate Governance Principles. Furthermore, the Board also specified that there must be Board Skill Matric, which places importance on guidelines on development of knowledge and capability of the directors in the important aspects or aspects which is still lack (Board Development), so that the directors shall have suitable qualifications and conform to directions of the Company's business operations.



Social Responsibility



Overall policy

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

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

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.

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.

Participation in tree planting activities and non-degradable garbage collection at Bird Island which is close to the company's LPG terminal in Bangpakong District, Chachoengsao Province. The Company participate with the Department of Marine and coastal Resources every year in order to conserve the environment and restoring marine and coastal resources

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 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 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.

MING LONG Vessel, Singapore
Very Large Gas Carrier (VLGC)



Internal Control and Risk Management

Opinions of the Board of Directors on internal control system

The Board of Directors emphasized that the Company must 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 with objectives to oversee the efficient operations pursuant to targets, objectives, relevant laws and regulations as well as prepare the correct, credible financial reports with adequate information disclosure. 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, including the relevant regulations.

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 pursuant to the specified criteria.

At the Board of Directors' meeting No. 1/2019 held on February 21, 2019 where all 3 members of the Audit Committee attended, the Board has assessed the Company's internal control system by using the assessment form on adequacy of the internal control system developed by the Office of the Securities and Exchange Commission (SEC) pursuant to the concept of COSO (The Committee of Sponsoring Organization of Treadway Commission). The assessment has been made by considering 5 components, such as control environment, risk assessment, control activities,

information & communication and monitoring activities and each component has been expanded to include 17 sub-principles. After applying this assessment form as guideline for self-assessment on adequacy of the Company's internal control system, the Board of Directors deemed that the Company's internal control system was appropriately. The Company has provided adequate personnel to effectively perform operations pursuant to the system and it also has monitoring system to oversee operations of the subsidiaries to prevent wrongly use or unauthorized use of properties of the Company and its subsidiaries by the director or the executive. Furthermore, measures on transaction with person who might have conflict of interest or the connected person have been adequately specified. The Board of Directors also deemed that measures on internal control system of other topics also adequate.

Opinions of the 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 both from internal and external factors, 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. In addition, it is specified that risk management must be constantly evaluated and monitored to make it in line with the specified policy and guidelines, material risks must be assessed and analyzed 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. The risk management shall also 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, as well as 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 legal requirements. Furthermore, the Audit Committee has appointed the risk management working group where top management of each department or the department manager shall be members of the working group. Duties and responsibilities of the working group are to assess and analyze material risks as well as risk management measures to keep risks under risk appetite level.

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 from PricewaterhouseCoopers ABAS Ltd., the auditor of the financial reports of the Group for 2018, which stated that there was no significant issue regarding internal control of Accounting and Finance. The Audit Committee also jointly conducted assessment with the Board of Directors during the meeting No. 1/2019 on February 21, 2019, by using the assessment form on adequacy of the internal control system developed by the Office of the Securities and Exchange Commission (SEC) as guideline for self-assessment on adequacy of the Company's internal control system. The Audit

Committee has the same opinion with the Board of Directors that the Company's internal control was appropriated.

Head of Internal Audit Office

At the Board of Directors' meeting No. 7/2012 held on June 14, 2012, the meeting has resolution to appoint Mrs. Chantira Srimoungpan as the head of internal audit office as well as to establish the charter of the internal audit office to specify scope of duties and responsibilities of the head of internal audit office with effective from July 2, 2012.

The Audit Committee has considered qualifications of Mrs. Chantira Srimoungpan and deemed that her qualifications were adequately and appropriately to perform such duties due to her independence, knowledge and experiences on performing duties as the head of internal audit office and the secretary of the Audit Committee for more than 20 years. Moreover, the Audit Committee also supervises to ensure that the person holding position of head of internal audit office shall have educational background, experiences and trainings suitably and adequately for performing such duties. In addition, the Company has specified that 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.

Qualifications of the Head of Internal Audit Office

Details of the Head of Internal Audit Office

- | | |
|------------------|--|
| 1. Name | Mrs. Chantira Srimoungpan |
| Current position | Head of Internal Audit Office and Secretary of the Audit Committee |

2. Educational background

Bachelor of Accounting
Faculty of Commerce and Accountancy,
Thammasat University

3. Working experiences and relevant training courses

3.1 Working experiences

2012-Present	Head of Internal Audit Office and Secretary of the Audit Committee Siamgas and Petrochemicals Public Co., Ltd.
1998-2012	Director of Internal Audit Department and Secretary of the Audit Committee Wave Entertainment Public Co., Ltd.

3.2 Trainings courses attended

3.2.1 Training courses arranged by the Thai Institute of Directors (IOD)

- Board Nomination and Compensation Program (BNCP) Class of 4/2018
- Advanced Audit Committee (AAP), Class of 28/2018
- How to Develop a Risk Management Plan (HRP), Class of 15/2017
- Director Accreditation Program (DAP), Class of 13/2017
- Anti-Corruption : The Practical Guide (ACPG), Class of 20/2015
- Company Secretary Program (CSP), Class of 11/2005

3.2.2 Training courses arranged by The Institute of Internal Auditors of Thailand, the Federation of Accounting Professions under the Royal Patronage, the Stock Exchange of Thailand and others for more than 20 courses concerning the internal control, risk management and internal audit, such as:

- Good Corporate Governance and Audit Committee
- Risk Management pursuant to COSO ERM
- Internal Control Unit Management
- Fraud Audit
- Leadership Skill for Auditors
- Audit Project Management
- Risk Based Audit
- Audit Manager Tools and Techniques

Connected Transactions

Summary of transactions between SGP and its subsidiaries with person who might have conflicts of interest during 2017 and 2018

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
			2018	2017	2017	2018	2018	2017		
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 1,126.51 million shares or 61.30 per cent of paid-up capital of SGP and holds directly and indirectly 38.79 million shares or 94.66 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	6,345	5,485		1,441	1,226		The Audit Committee considered that these were common sales transactions of SGP and the selling price was the same as that of general customers, so these transactions were considered appropriate and reasonable	Note# 3 (A) and #34 (D)
		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. According to the contract, SGP and its subsidiaries are required to place the deposit as guarantee for rental and	-	-		6,935	6,935		The Audit Committee considered that this rental deposit placement of SGP and its subsidiaries was general practice, and these transactions considered appropriate and reasonable	Note# 34 (A)

Connected Person/Legal Entity	Relationship	Description	Value ('000 Baht)		Outstanding ('000 Baht)		Justification	Reference : Notes of Financial Statement
			2018	2017	2018	2017		
		services. This deposit charged by Great China was the common practice of general office buildings.						
	<ul style="list-style-type: none"> SGP and Great China Millennium (Thailand) Company Limited have the same directors who are Mr. Worawit Weeraborwornpong and Mrs. Patchara Weeraborwornpong 	<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 with rental rate and service fee at 350 Baht and 250 Baht per square meter respectively. The period of rental contract is from 1 September 2018 to 31 August 2021 (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>	52,173	45,550	-	-	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. while the Palladium Office Building could serve the long-term future office expansion of SGP and its subsidiaries, so these transactions considered appropriate and reasonable.	Note # 34 (E)

Connected Person/Legal Entity	Relationship	Description	Value ('000 Baht)			Outstanding ('000 Baht)			Justification	Reference : Notes of Financial Statement
			2018	2017	2016	2018	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	10,861	12,579	4,310	2,912	4,310		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 # 34 (A) and 34 (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.	1,288	1,273	94	80			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# 34 (A) and 34 (E)

Connected Person/Legal Entity	Relationship	Description	Value ('000 Baht)		Outstanding ('000 Baht)		Justification	Reference : Notes of Financial Statement
			2018	2017	2018	2017		
		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.	-	-	174,452	30,367	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 # 34 (A)

Connected Person/ Legal Entity	Relationship	Description	Value ('000 Baht)			Outstanding ('000 Baht)			Justification	Reference : Notes of Financial Statement
			2018	2017	2017	2018	2018	2017		
2. Phrom Maharaj Land Development Co., Ltd. (PHROM) – real estate and hotel business	<ul style="list-style-type: none">Weerabornwong family is the major shareholder of both SGP and PHROM who is holding 1,126.51 million shares or 61.30 % of SGP's share equity and 136.39 million shares or 90.75% 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.	8,965	8,299		1,816	1,705	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 # 34 (A) and 34 (D)	
		Office Space Leasing Deposit SGP and its subsidiaries, i.e. UGP, LCR, and SLM rent their document storage 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,	-	-		309	309			The Audit Committee considered that the document storage rental deposit placed by SGP and its subsidiary was general practice of office building business. Moreover, SGP and its subsidiaries could place the deposit at a lower rate than normal case.

Connected Person/Legal Entity	Relationship	Description	Value ('000 Baht)			Outstanding ('000 Baht)			Justification	Reference : Notes of Financial Statement
			2018	2017	2018	2017	2018	2017		
	<ul style="list-style-type: none"> SGP and PHROM have 4 directors in common which are Mr. Worawit Weeraborwornpong Mrs. Patchara Weeraborwornpong Mr. Supachai Weeraborwornpong and Miss Patcharawadee Weeraborwornpong 	Pooled Office Service Fee and Account Payable These transactions were rental and office services that SGP and its subsidiaries including UGP, LCR and SLM rent document storage of PHROM with total space of 877.43 square meters – rental fee at the rate of 229.66 – 350.00 baht per square meter for document storage.	3,056	3,056	166	166			Therefore, such transaction was considered appropriate and reasonable	Note # 34 (A) and 34 (E)

Connected Person/Legal Entity	Relationship	Description	Value ('000 Baht)			Outstanding ('000 Baht)			Justification	Reference : Notes of Financial Statement
			2018	2017	2016	2018	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 customer reception and entertaining, and hotel room accommodation which were charged at the same rate as general guests.	1,981	1,017	254	373			The Audit Committee's opinion was that the services provided by PHROM to SGP and its subsidiary including 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 # 34 (A) and 34 (E)

Policies or directions of the connected transaction in the future

The Company and its subsidiaries anticipate that the connected transactions will continue to be entered under a normal course of business without any special privilege being granted. Such transactions are LPG distribution to Great China and Phrom for its shopping center and hotel, utility payment as well as catering and other service charges to Great China.

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.

Thailand



Significant Financial Information

Financial Statements

Auditor

Year	Auditor Name		Certified Public Accountant No.	Audit Company
2016	Mr.Chaisiri	Ruangritchai	4526	PricewaterhouseCoopers ABAS Ltd.
2017	Ms. Amornrat	Pearmpoonvatanasuk	4599	PricewaterhouseCoopers ABAS Ltd.
2018	Ms. Amornrat	Pearmpoonvatanasuk	4599	PricewaterhouseCoopers ABAS Ltd.

Summary of Auditor Report, Year 2016-2018

Year 2016

The auditor conducted the audit in accordance with generally accepted auditing standards and opined that the above consolidated financial statements of Siamgas and Petrochemicals Public Company Limited (the Company) and its subsidiaries and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and the Company as at December 31, 2016, as well as the consolidated and separate operating results including its consolidated and separate statement of cash flows, for the year then ended, in accordance with Thai Financial Reporting Standards.

Year 2017

The auditor conducted the audit in accordance with generally accepted auditing standards and opined that the above consolidated financial statements of Siamgas and Petrochemicals Public Company Limited (the Company) and its subsidiaries and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and the Company as at December 31, 2017, as well as the consolidated and separate operating results including its consolidated and separate statement of cash flows, for the year then ended, in accordance with Thai Financial Reporting Standards.

Year 2018

The auditor conducted the audit in accordance with generally accepted auditing standards and opined that the above consolidated financial statements of Siamgas and Petrochemicals Public Company Limited (the Company) and its subsidiaries and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and the Company as at December 31, 2018, as well as its consolidated and separate financial performance and its consolidated and separate statement of cash flows, for the year then ended, in accordance with Thai Financial Reporting Standards.

Major Change in Accounting

Major Change in Accounting in 2016

- None -

Major Change in Accounting in 2017

Goodwill impairment assessment

Refer to Notes to Financial Statement on Estimated impairment of goodwill and Goodwill, the Group has recognized 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 asset. The goodwill of Baht 1,516 million arose from the acquisition of a trading of petroleum business and the remaining Baht 22 million arose from the acquisition of

manufacturing of ethanol business in Thailand. The Group recognised impairment loss of goodwill of Baht 22 million in the 2017 consolidated financial statements.

The management tested the impairment of goodwill annually at the level of a cash generating unit (CGU) and assessed 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:

- Revenue growth rates, and expected changes to overhead costs in the petroleum business.
- Discount rates calculated from capital structure, market risk and beta from available information in its industry.

Result of goodwill impairment test by the management showed that none was resulted in a change to the impairment charge of goodwill.

Investments in associate

As per mentioned in Notes to Financial Statement on Investments in subsidiaries, associate and joint ventures, the Group paid investments in associates of Baht 1,677 million to acquire 30% of ordinary share of three companies, namely MSN International Limited ("MSN"), Asiatech Energy Pte. Ltd. ("AEPL") and Myanmar Lighting (IPP) Co., Ltd. ("MLIPP") (collectively referred to as "Power Plants in Myanmar"). For business operations on electricity generation and services related to energy business, the management of the Group assessed that payment for investments in such companies were regarded as investment in associates, as per definition in the accounting standards no. 28 (revised 2016) on Investment in

associates and joint venture. In addition, such accounting standards specified that the management shall determine fair value of net identifiable assets acquired and reviewing purchase price allocation ("PPA") pursuant to the Thai Financial Reporting Standards No. 3 (Revised 2016) on Business Combinations.

The management appointed an independent valuer to appraise fair value of the net identifiable assets acquired of the Power Plants in Myanmar. Fair value of the net assets acquired net identifiable was Baht 1,287 million, and most of them are trade account receivables and finance lease receivables of Baht 2,034 million, intangible assests (right in long-term power purchase agreements) of Baht 1,491 million, long-term loans of Baht 2,224 million. The valuations of total identifiable assets acquired were performed as a part of the purchase price allocation. At as December 31, 2017, the management was still under assessment of fair value of intangible assets as per requirements of the Thai Financial Reporting Standards No. 3. Hence, fair value of intangible assets specified in the financial report was the estimation of fair value.

Major Change in Accounting in 2018

Goodwill impairment assessment

Refer to Note 4 (a): Estimated impairment of goodwill and Note 15. Goodwill, 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 4% of total assets in the consolidated financial statements. The goodwill of Baht 1,516 million arose from the acquisition of a trading of petroleum business and the remaining Baht 22 million arose from the acquisition of manufacturing of ethanol business in Thailand. The

Group did not recognize additional impairment loss of goodwill in the 2018 consolidated financial statements.

The management tested the impairment of goodwill annually (as per method specified in year 2017), result from such goodwill impairment test by the management showed that none was resulted in a change to the impairment charge recorded of goodwill.

Impairment assessment of investment in a subsidiary and its assets

Refer to Note 4 (b): Estimated impairment of investments in subsidiaries and its assets, Note 12: Investments in subsidiaries, associate and joint venture and Note 13: Property, plant and equipment

The Company has recognized additional provision for impairment loss on an investment in Siam Ethanol Export Co., Ltd. (the subsidiary) of Baht 129 million against its investment at net book value of Baht 159 million in the separate statement of income for the year ended 31 December 2018. In addition, the Group has recognized additional provision for impairment loss on the subsidiaries's equipment of Baht 93 million against its net book value of Baht 234 million in the consolidated statements of income for the year then ended. This is because the operating results of ethanol business did not meet its original plan and the subsidiary has ceased operation.

Management has recognized the provision for impairment loss on the investment in Siam Ethanol Export Co., Ltd. (the subsidiary) and provision for impairment loss on the subsidiary's equipment by applying the fair value less costs to disposal in year 2018. The management appointed an independent valuer to appraise fair value of the subsidiary's assets. Major of the subsidiary's assets are property, plant and equipment. The calculation of fair value less costs to disposal involves significant judgement and assumptions of the management in respect to characteristics and conditions of individual asset, expected disposal period, including the list of total assets expected to be disposed to third parties. The management provided such information to the independent valuer in appraising fair values of assets.

Result of impairment test by the management, it is noted that recording of the provision for impairment loss on investment in Siam Ethanol Export Co., Ltd., and the subsidiary's equipment, totaling Baht 250 million and Baht 121 million, respectively were sufficient.

Summary Table on Financial Statement

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

Statement of Financial Position

As at 31 December

Unit: '000 Baht

	Consolidated Financial Statements					
	2016		2017		2018	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets						
Cash and cash equivalents	1,879,333	6.58	2,590,205	8.23	2,848,742	7.96
Short-term investments	108,039	0.38	99,393	0.32	132,959	0.37
Trade and other receivables, net	3,089,255	10.82	4,061,755	12.91	5,444,878	15.21
Inventories, net	3,345,261	11.71	4,069,918	12.94	4,817,783	13.46
Other current assets	497,715	1.74	375,795	1.19	466,000	1.30
Total current assets	8,919,603	31.23	11,197,066	35.59	13,710,362	38.30
Non-current assets						
Investments in associates	-	-	1,640,924	5.22	2,375,577	6.63
Investments in joint ventures	101,372	0.35	107,775	0.34	107,513	0.30
Long-term loans to related parties	36,593	0.13	20,757	0.07	133,433	0.37
Property, plant and equipment, net	15,731,579	55.09	15,645,860	49.74	16,666,294	46.55
Investment property, net	-	-	-	-	127,815	0.36
Goodwill, net	1,537,801	5.39	1,516,111	4.82	1,516,111	4.23
Other intangible assets, net	140,747	0.49	108,206	0.34	72,690	0.20
Deferred tax assets, net	421,867	1.48	151,017	0.48	242,374	0.68
Other non-current assets	1,667,285	5.84	1,070,256	3.40	852,271	2.38
Total non-current assets	19,637,244	68.77	20,260,906	64.41	22,094,078	61.70
Total assets	28,556,847	100.00	31,457,972	100.00	35,804,440	100.00

Siamgas and Petrochemicals Public Co., Ltd. and Its Subsidiaries
Statement of Financial Position (Cont'd)
As at 31 December

Unit: '000 Baht

	Consolidated Financial Statements					
	2016		2017		2018	
	Amount	%	Amount	%	Amount	%
Liabilities and equity						
Current liabilities						
Short-term borrowings from financial institutions, net	1,726,730	6.05	1,500,520	4.77	4,988,585	13.93
Trade and other payables	4,030,654	14.11	3,987,757	12.68	3,514,764	9.82
Current portion of long-term loans from financial institutions, net	485,634	1.70	583,453	1.85	1,349,030	3.77
Current portion of bonds, net	1,299,905	4.55	1,999,882	6.36	2,999,800	8.38
Accrued income tax	78,283	0.27	244,597	0.78	110,351	0.31
Other current liabilities	83,808	0.29	88,434	0.28	140,145	0.39
Total current liabilities	7,705,014	26.97	8,404,643	26.72	13,102,675	36.60
Non-current liabilities						
Long-term loan from financial institutions, net	886,146	3.10	1,452,830	4.62	963,399	2.69
Long-term loans from related parties	3,000	0.01	3,000	0.01	3,000	0.01
Bonds, net	4,993,956	17.49	4,994,680	15.88	5,983,201	16.71
Cylinder deposits	4,627,110	16.21	4,744,880	15.08	5,054,053	14.12
Employee benefit obligations	145,050	0.51	155,883	0.50	166,127	0.46
Deferred tax liabilities, net	377,568	1.32	377,069	1.20	340,972	0.95
Other non-current liabilities	19,147	0.07	16,548	0.05	62,202	0.17
Total non-current liabilities	11,051,977	38.71	11,744,890	37.34	12,572,954	35.11
Total liabilities	18,756,991	65.68	20,149,533	64.06	25,675,629	71.71
Equity						
Issued and paid-up share capital	918,932	3.22	918,932	2.92	918,932	2.57
Premium on share capital	1,874,482	6.56	1,874,482	5.96	1,874,482	5.23
Retained earnings						
Appropriated						
Legal reserve	162,089	0.57	162,089	0.51	162,089	0.45
Unappropriated	6,199,187	21.71	8,229,199	26.16	7,722,361	21.57
Other components of equity	521,802	1.83	(45,724)	(0.15)	(691,188)	(1.93)
Equity attributable to owners of the parent	9,676,492	33.89	11,138,978	35.40	9,986,676	27.89
Non-controlling interests	123,364	0.43	169,461	0.54	142,135	0.40
Total equity	9,799,856	34.32	11,308,439	35.94	10,128,811	28.29
Total liabilities and equity	28,556,847	100.00	31,457,972	100.00	35,804,440	100.00

Siamgas and Petrochemicals Public Co., Ltd. and Its Subsidiaries
Statement of Income
For the year ended 31 December

Unit: '000 Baht

	Consolidated Financial Statements					
	2016		2017		2018	
	Amount	%	Amount	%	Amount	%
Operating Revenue						
Revenue from sales	47,693,791	98.59	58,743,412	98.51	68,263,970	98.79
Revenue from transportation	441,401	0.92	395,073	0.66	249,074	0.36
Revenue from services	26,217	0.05	13,776	0.02	9,438	0.01
Other revenues						
Dividend income	6,695	0.01	2,850	0.01	3,599	0.01
Other income	209,886	0.43	474,311	0.80	577,455	0.83
Total revenue	48,377,990	100.00	59,629,422	100.00	69,103,536	100.00
Operating expenses						
Cost of sales and services	(44,889,720)	(92.79)	(53,843,942)	(90.30)	(66,061,607)	(95.60)
Transportation cost	(380,756)	(0.79)	(361,612)	(0.61)	(200,442)	(0.29)
Administrative and selling expenses	(1,431,537)	(2.96)	(1,424,691)	(2.39)	(1,505,191)	(2.18)
Total expenses	(46,702,013)	(96.54)	(55,630,245)	(93.30)	(67,767,241)	(98.07)
Share of profit (loss) of associated and joint venturer	7,824	0.02	(36,513)	(0.06)	177,649	0.26
Profit before finance costs and income tax	1,683,801	3.48	3,962,664	6.64	1,513,945	2.19
Finance cost	(411,396)	(0.85)	(461,140)	(0.77)	(492,864)	(0.71)
Income tax revenue (expense)	(107,492)	(0.22)	(662,079)	(1.11)	(151,359)	(0.22)
Profit for the year	1,164,913	2.41	2,839,445	4.76	869,722	1.26
Profit (loss) attributable to:						
Owners of the parent	1,118,723	2.31	2,811,104	4.71	871,184	1.26
Non-controlling interests	46,190	0.10	28,341	0.05	(1,462)	(0.00)
Net profit for the year	1,164,913	2.41	2,839,445	4.76	869,722	1.26

Siamgas and Petrochemicals Public Co., Ltd. and Its Subsidiaries
Statement of Comprehensive Income
For the year ended 31 December

Unit: '000 Baht

	Consolidated Financial Statements					
	2016		2017		2018	
	Amount	%	Amount	%	Amount	%
Net profit for the year	1,164,913	2.41	2,839,445	4.76	869,722	1.26
Other comprehensive income (expense), net of tax						
Items that will not be reclassified subsequently to profit or loss						
- Reversal of revaluation surplus on land	-	-	-	-	(463)	(0.00)
Less income tax related to revaluation surplus on land	-	-	-	-	93	0.00
- Share of other comprehensive expense from associates and joint ventures for accounted using equity method	-	-	(21,384)	(0.04)	(34,005)	(0.05)
- Currency translation difference	(693,880)	(1.43)	(545,783)	(0.91)	(614,978)	(0.89)
Items that will not be reclassified subsequently to profit or loss						
- Remeasurements of post-employment benefit obligation	1,367	0.00	-	-	-	-
Less Income tax relating to remeasurements of post-employment benefit obligations	(272)	(0.00)	-	-	-	-
Total comprehensive income (expense) for the year, net of tax	(692,785)	(1.43)	(567,167)	(0.95)	(649,353)	(0.94)
Total comprehensive income for the year	472,128	0.98	2,272,278	3.81	220,369	0.32
Total comprehensive income (expense) attributable to:						
Owners of the parent	433,765	0.90	2,243,578	3.76	229,451	0.33
Non-controlling interests	38,363	0.08	28,700	0.05	(9,082)	(0.01)
TOTAL	472,128	0.98	2,272,278	3.81	220,369	0.32

Siamgas and Petrochemicals Public Co., Ltd. and Its Subsidiaries
Statement of Cash Flows
For the year ended 31 December

Unit: '000 Baht

	Consolidated Financial Statements		
	2016	2017	2018
Cash flows from operating activities			
Profit before income tax	1,272,405	3,501,524	1,021,081
Adjustments to reconcile profit before income tax			
Depreciation expenses – buildings and equipment	1,118,428	1,176,365	1,083,738
Amortisation expenses – intangible assets and investment property	57,864	54,045	53,812
Gain (loss) on disposals and write-offs of equipment, net	9,321	(5,112)	(33,535)
Loss (gain) on change in fair value of short-term investments	(523)	(2,854)	34
Share of (profit) loss in associates and joint ventures	(7,824)	36,513	(177,649)
Allwance for doubtful debts (reversal)	1,307	(2,188)	166
Provision for diminuation in value of inventories (reversal)	(53,684)	158	278,665
Impairment charged on equipment	-	28,000	93,000
Impairment charged on goodwill	-	21,691	-
Dividends income (from short-term investments)	(6,695)	(2,850)	(3,599)
Employee benefit expenses	13,640	14,593	17,117
Unrealised loss (gain) on exchange rates, net	16,355	(2,048)	43,549
Interest income	(20,346)	(16,567)	(16,822)
Finance costs	411,396	461,140	492,864
Operating profit before changes in operating assets and liabilities	2,811,644	5,262,410	2,852,421
Changes in operating assets and liabilities			
- Trade and other receivables	131,814	(1,066,082)	(1,569,478)
- Inventories	1,008,751	(823,721)	(1,175,915)
- Other current assets	(156,093)	145,477	(79,824)
- Other non-current assets	474,492	(48,965)	(55,091)
- Trade and other payables	(53,130)	(133,383)	(560,224)
- Other current liabilities	17,777	2,477	47,366
- Cylinder deposits	398,526	117,770	309,173
- Other non-current liabilities	5,826	(3,001)	43,725
- Employee benefits paid	(1,535)	(4,852)	(6,874)
Cash generated from (used in) operations	4,638,072	3,448,130	(194,721)
- Interest paid	(400,534)	(444,730)	(486,675)
- Income tax paid	(268,955)	(271,093)	(445,392)
Net cash received from (used in) operating activities	3,968,583	2,732,307	(1,126,788)

Siamgas and Petrochemicals Public Co., Ltd. and Its Subsidiaries
Statement of Cash Flows (Cont'd)
For the year ended 31 December

Unit: '000 Baht

	Consolidated Financial Statements		
	2016	2017	2018
Cash flows from investing activities			
Proceeds from (payment for) short-term investments, net	200,000	11,500	(33,600)
Proceeds from long-term loans to related parties	5,810	11,986	-
Payment for long-term loans to related parties	-	-	(112,790)
Payment for investments in associates	-	(817,787)	(503,053)
Advance payment for acquisition of investments in associates	(859,937)	(97,253)	-
Payment for acquisition of investments in joint venture	-	(27,500)	(21,091)
Advance payment for acquisition of investments in joint venture	-	(3,186)	-
Proceeds from acquisition of subsidiary	47,764	-	-
Proceeds from disposal of investment in a subsidiary	-	23,367	-
Purchase of property, plant and equipment	(2,068,546)	(1,523,726)	(2,309,434)
Advance payments for purchase of equipment	(340,012)	(154,228)	(61,080)
Proceeds from disposal of property, plant and equipment	30,836	13,880	89,487
Purchase of intangible assets	(1,232)	(8,716)	(163)
Interest received	26,437	16,273	16,029
Dividends received	6,695	2,850	3,599
Net cash received from (used in) investing activities	(2,952,185)	(2,552,540)	(2,932,096)
Cash flows from financing activities			
Proceeds from (payments for) short-term loans from financial institutions, net	(3,142,635)	(124,349)	3,490,962
Proceeds from long-term loans from financial institutions, net	1,076,478	1,329,919	1,015,981
Repayments for long-term loans from financial institutions	(387,345)	(578,165)	(771,637)
Repayment for bond redemption	(1,500,000)	(1,300,000)	(2,000,000)
Proceeds from issue of bonds, net	2,993,560	1,995,690	3,982,813
Proceeds from subsidiaries of non-controlling interests	-	428	1,525
Payment for investment in a subsidiary from non-controlling interests	-	-	(20,466)
Dividends paid	(447,030)	(790,735)	(1,381,426)
Net cash received from (used in) financing activities	(1,406,972)	532,789	4,317,752
Net increase (decrease) in cash and cash equivalents	(390,574)	712,555	258,868
Cash and cash equivalents at the beginning of the year	2,270,150	1,879,333	2,590,205
Exchange loss on cash and cash equivalents	(243)	(1,683)	(331)
Cash and cash equivalents at the end of the year	1,879,333	2,590,205	2,848,742

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

Financial Ratio

Unit: '000 Baht

	Consolidated Financial Statements		
	2016	2017	2018
Liquidity Ratio			
- Current ratio (times)	1.16	1.33	1.05
- Quick ratio (times)	0.66	0.80	0.64
- Cash flow liquidity ratio (times)	0.24	0.31	0.22
- Account receivable turnover (times)	19.05	23.20	19.65
- Average collection period (days)	19.16	15.73	18.58
- Inventory turnover (times)	11.63	14.52	14.87
- Average days sales (days)	31.39	25.13	24.55
- Account payable turnover (times)	13.59	18.77	24.07
- Average payment period (days)	26.86	19.45	15.16
- Cash cycle (days)	23.69	21.42	27.97
Profitability Ratio			
- Gross profit margin (%)	6.00	8.36	3.30
- Operating profit margin (%)	3.50	6.70	2.21
- Net profit margin (%)	2.41	4.76	1.26
- Net debt to EBITDA ratio	2.63	1.53	5.07
- Return on equity (%)	11.89	26.90	8.11
Efficiency Ratio			
- Return on assets (%)	4.04	8.82	2.59
- Return on fixed assets (%)	14.96	25.74	12.31
- Asset turnover (times)	1.68	1.85	2.06
Financial Policy Ratio			
- Interest - Bearing debt to equity ratio (times) ⁽¹⁾	0.97	0.95	1.63
- Total debt ratio to equity (times)	1.91	1.78	2.53
- Interest coverage ratio (times)	6.95	11.26	5.38
- Debt service coverage ratio (times)	0.81	1.27	0.28
- Interest bearing debt due in 1 year ratio to total interest bearing debt Ratio (times)	0.37	0.39	0.57
- Loan from financial institution to total liabilities (times)	0.17	0.18	0.28
- Divident payout ratio (%)	38.37	27.85	158.84
Per shares (portion of parent company)			
- Book value per share	5.27	6.06	5.43
- Net earning (loss) per shares	0.61	1.53	0.47

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).

Malaysia



Management Discussion and Analysis

The following discussion and analysis of operational results and financial positions of 2018 was prepared by compared with operational results and financial positions of 2017 and 2016, 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 2016-2018 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 increased from

48,378 million baht in 2016 to 59,629 million baht in 2017 then increased to 69,104 million baht in 2018. Main reason for the increased total revenue in 2017 was 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. The reason for the increase of total revenue in 2018 was due to the increase of overseas LPG businesses attributable to the increased sales volume and the increase of LPG prices in the world market (CP SAUDI ARAMCO) which were higher than the previous year.

(1) 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, and
- (4) Revenue from sales of other products

Table 1.1: Revenue from sales of the Company and its subsidiaries from 2016 – 2018

(Unit: Million Baht)

	Consolidated Financial Statements					
	2016		2017		2018	
	Amount	%	Amount	%	Amount	%
Revenue from sales of LPG and ammonia	46,828	98.19	57,711	98.24	66,929	98.05
Revenue from sales of other petrochemicals	712	1.49	716	1.22	711	1.04
Revenue from sales of LPG tanks for automotive	2	-	9	0.02	-	-
Revenue from sales of other products	152	0.32	307	0.52	624	0.91
Total Revenues from Sales	47,694	100.00	58,743	100.00	68,264	100.00

Revenue from sales

Revenue from sales was considered as major portion of revenue of the Company and its subsidiaries, as more than 99% of total revenue during 2016 – 2018 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 plants, LPG stations for automotive, and so on.

Revenue from sales in 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 for such growth 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.

Revenue from sales of 2018 was 68,264 million Baht, increasing by 9,521 million Baht or 16.21% comparing

with the same period of 2017 which was at 58,743 million baht. The main reason for such growth 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 1.2: Structure of revenue from sales of LPG of the Company and its subsidiaries – categorized by customer types and distribution channel during 2016 – 2018.

(Unit: Million Baht)

	Consolidated Financial Statements					
	2016		2017		2018	
	Amount	%	Amount	%	Amount	%
Domestic customers						
Household use customers	11,087	24.23	11,509	20.31	11,464	17.41
Fuel use customers	4,582	10.01	4,307	7.60	4,355	6.61
Industrial use customers	2,191	4.79	2,452	4.33	2,709	4.11
Overseas customers	27,902	60.97	38,403	67.76	47,330	71.87
Total	45,762	100.00	56,671	100.00	65,858	100.00

Revenue from sales of LPG

In 2017, revenue from sales of LPG 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 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) were 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.

In 2018, revenue from sales of LPG of the Group was 65,858 million baht, increasing by 9,187 million baht or 16.21% comparing with the year 2017 which was at 56,671 million baht. In overall, the increased revenue was from overseas LPG businesses thanks to the rise of sales volume and LPG prices in the world market (CP SAUDI ARAMCO) which were higher than the previous year. Overall LPG prices in the world market for 2018 and 2017 were averagely at 541 USD per metric ton and 485 USD per metric ton, respectively.

Revenue from sales of ammonia

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 of 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 the decreased demand of ammonia, as raw material which was in line with overall economic situations.

In 2018, revenue from sales of ammonia of UGP, the subsidiary, was 1,071 million baht, increasing by 31 million baht or 2.98% comparing to the same period of 2017 which was at 1,040 million baht, due to the increased prices of Para rubber in the market as well as increased demand of ammonia, as raw material.

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 revenue from sales of other petrochemicals during 2016 - 2018 accounted for 1% of total revenue from sales of the Group.

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.

In 2018, revenue from sales of other petrochemicals was 711 million baht, decreasing by 5 million baht, or 0.70% when comparing to the year 2017 which was at 716 million baht, as a result of the continued slowdown of overall economic situations.

Revenue from sales of other products

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 sales of other products in 2018 was 624 million baht, increasing by 308 million baht, or 97.47% when compared with 2017, which was at 316 million baht. Main revenue derived from gasoline distribution business of SSW, the subsidiary, and the number of gasoline stations had been expanded when compared with the previous year.

(2) Revenue from transportation

The revenue from transportation business was generated under operations of LCR and SLM, the Group's subsidiaries. LCR and SLM provide transportation services to the Group and customers outside the Group. The revenue from transportation shown in the consolidated financial statement was revenue from transportation services provided to customers outside the Group only. Revenue from transportation services to outside customers in 2016 was 441 million baht, then decreased to 395 million baht in 2017 and decreased to 249 million baht in 2018. Such transportation revenue was categorized by road transportation and marine transportation services as follows:

Table 1.3: Revenue from road transportation and marine transportation services provided to customers outside the Group during 2016-2018

(Unit: Million Baht)

	Consolidated Financial Statements					
	2016		2017		2018	
	Amount	%	Amount	%	Amount	%
Customers outside of the Group						
Revenue from road transportation	206	46.71	123	31.14	91	36.55
Revenue from marine transportation	235	53.29	272	68.86	158	63.45
Total Revenue from Transportation	441	100.00	395	100.00	249	100.00

Revenue from road transportation

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 transportation services to the Group.

In 2018, revenue from road transportation was 91 million baht, a decrease by 32 million baht, or 26.02% when comparing with the year 2017 which was at 123 million baht because it emphasized on providing 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 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 because SLM, the subsidiary, has additional revenue from LPG transportation services to overseas customers outside the Group when comparing with the same period of last year.

In 2018, revenue from marine transportation was 158 million baht, a decrease by 114 million baht, or 41.91% when comparing with the year 2017 which was at 272 million baht, mainly because SLM, the subsidiary, focused on providing LPG transportation services for the Group, both within the country and overseas.

(3) Service Revenue

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

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.

In 2018, service revenue of the Group was 9 million baht, decreasing by 5 million baht or 35.71% when compared with the year 2017 which was at 14 million baht because the Group's 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.

(4) Other Revenues

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 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.

Other revenues of the Group in 2018 was 578 million baht, an increase by 104 million baht or 21.94% comparing with the year 2017 which was at 474 million baht. Main reason was due to the increased gain from adjustment of inventories prices of the Group by 123 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 2017, total cost of sales, services and transportation of SGP 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 from both domestic and overseas LPG business and the increased LPG prices in the world market (CP SAUDI ARAMCO), as per mentioned in Revenue from sales of LPG above.

In 2018, total cost of sales, services and transportation of SGP and its subsidiaries was 66,262 million baht,

an increase by 12,056 million baht or 22.24% when comparing with the year 2017 which was at 54,206 million baht. This was mainly due to the cost which varied pursuant to the increased sales volume from both domestic and overseas LPG business and the increased LPG prices in the world market (CP SAUDI ARAMCO), as per mentioned in Revenue from sales of LPG above.

(1) Cost of sales and services

Cost of sales and services according to the consolidated financial statements comprised of cost of LPG sales, cost of ammonia sales, cost of sales of other petrochemicals, cost of sales of LPG tanks for automobile and cost of sales of other products.

Cost of LPG and ammonia sales 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 overseas businesses 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 significantly increased.

In 2018, cost of LPG and ammonia sales of the Company and its subsidiary was 64,920 million baht, increased by 11,932 million baht or 22.52%, when comparing to the year 2017 which was at 52,988 million baht. Main reason was due to increased sales volume of LPG overseas businesses and the increased price of LPG in the world market (CP SAUDI ARAMCO) when compared with the previous year. Consequently, the cost of sales and services has been varied pursuant to the increased sales volume of the Group, as per mentioned in Revenue from Sales above.

Cost of sales of other petrochemical products in 2017 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.

In 2018, cost of sales of other petrochemical products was 529 million baht, decreasing by 16 million baht or 2.94% compared with the year 2017 which was at 545 million baht. Such cost was varied pursuant to the decreased sales volume of propellant of the Group which was in line with the overall industrial and economic conditions.

Cost of sales of other products

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

In 2018, cost of sales of other products was 613 million baht, an increase by 310 million baht, or 102.31%, when comparing with 2017 which was at 303 million baht, primarily due to expansion of number of gasoline distribution branches of SSW, the subsidiary. Consequently, cost has been varied pursuant to the increased sales volume as per mentioned in Revenue from sales of other products.

(2) Cost of transportation

Costs of transportation comprised of fuel, personnel, vehicle & vessel maintenance and repair, depreciation, utilities fees and others. Cost of transportation in the

consolidated financial statements was for cost of transportation provided to customers outside the Group only.

Cost of transportation in 2016, 2017 and 2018 was 381 million baht, 362 million baht and 200 million baht, respectively. Such decrease mainly derived from a decrease of marine transportation cost which has been adjusted in line with the revenue. Cost of transportation was divided into cost of road transportation and cost of marine transportation, with details as follows:

Cost of road transportation

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.

In 2018, cost of road transportation was 70 million baht, decreasing by 23 million baht, or 24.73% when compared with 2017 which was at 93 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 2017 was 269 million baht, increasing by 38 million baht or 16.45% comparing with 2016 which was at 231 million baht. This cost has been adjusted in line with the increased revenue from marine transportation services that SLM rendered to customers outside of the Group, as per mentioned in Revenue from marine transportation above.

Cost of marine transportation in 2018 was 130 million baht, decreasing by 139 million baht or 51.67% comparing with 2017 which was at 269 million baht. This cost has been adjusted in line with the decreased revenue from marine transportation services as SLM rather emphasized on provision of services to the Group, both within and outside of the country, as per mentioned in Revenue from marine transportation above.

Selling and administrative expenses

Selling and administrative 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 fees, and others.

In 2017, selling and administrative 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. Such decrease was due to the reduction of consultancy fees of the Group when comparing with the past year.

In 2018, selling and administrative expenses was 1,505 million baht, an increase by 80 million baht or 5.61%, comparing to the year 2017 which was at 1,425 million baht. Such increase was mainly due to the impairment charged on equipment of one subsidiary which ceased operation in the past amounting to 65 million baht.

Finance Costs

In 2017, the Group had finance 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.

In 2018, the Group had finance costs of 493 million baht, increased by 32 million baht or 6.94% when compared from that of 2017 which was at 461 million baht, primarily due to the additional short-term loan and long-term loan from financial institutions to be used as working capital for business operations of the Group.

Gross profit, operating profit and net profit

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 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 previous year.

In 2018, the Group's gross profit was 2,260 million baht, decreasing by 2,687 million baht, or 54.31% when compared with the year 2017 which was at 4,947 million baht. In addition, gross profit margin of the Group also decreased to 3.30% when compared with the year 2017 which was 8.36% as a result of the higher cost of goods available for sales when compared with the last year.

Operating profit (profit before finance cost and corporate tax) in 2016 was 1,684 million baht, and in 2017 was 3,963 million baht, increasing by 2,279 million

baht when compared with the year 2016. Profit in 2018 was 1,514 million baht, decreasing by 2,449 million baht when compared with the year 2017, or accounting for ratio of operating profit per revenue from sales, services and transportation of 3.50%, 6.70% and 2.21% in 2016, 2017 and 2018, respectively.

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 businesses as a result from the increased sales volume and increased LPG prices in the world market (CP SAUDI ARAMCO) since early of 2017.

Net Profit in 2018 was 870 million baht, decreasing by 1,969 million baht from 2017 which was at 2,839 million baht. Main reason was due to the decreased profit of the Group's overseas businesses as a result from the increased cost of goods available for sales when compared with the year 2017. Ratio of net profit to total revenue (excluding dividend income) of the Company and its subsidiaries was 2.41%, 4.76% and 1.26% in 2016, 2017 and 2018, 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, 2016 was 28,557 million baht, as at December 31, 2017 was 31,458 million baht and as at December 31, 2018 was 35,804 million baht. Most of total assets as of December 31, 2018 or equivalent to 61.70% of 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 38.30% of total assets were current assets of which mostly were trade account receivables and inventories as per the following details:

Trade account and other receivables - net

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

Table 2.1: Details of trade account and other receivables - net of the Company and its subsidiaries

(Unit: Million Baht)

	Consolidated Financial Statements					
	As at Dec. 31, 2016		As at Dec. 31, 2017		As at Dec. 31, 2018	
	Amount	%	Amount	%	Amount	%
Trade accounts receivables – net	2,337	75.66	2,654	65.34	4,242	77.91
Trade receivables from related parties	49	1.58	59	1.45	20	0.37
Prepayments	182	5.89	151	3.72	230	4.22
Advance payments	173	5.60	119	2.93	164	3.01
Receivables on subsidies for liquefied Petroleum gas from government						
Other receivables	343	11.10	1,057	26.02	783	14.38
Trade accounts receivables – net	5	0.17	22	0.54	6	0.11
Total trade account and other receivables – Net	3,089	100.00	4,062	100.00	5,445	100.00

Referring to Table 2.1, there were changes in trade account and other receivables as follows:

At ending of 2016, trade account 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 receivables caused by impact from reduction of LPG prices in the world market (CP SAUDI ARAMCO) which were lower than the previous year. Consequently, selling prices during the year was lower, when compared with the prices at the ending of 2015, consequently, value of outstanding receivables has decreased accordingly.

At ending of 2017, trade account and other receivables increased by 973 million baht when comparing with the same period of 2016. Main reason for such increase was because in 2017 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 the government amounted to 714 million baht, when compared with the previous year.

As at December 31, 2018, trade account and other receivables increased by 1,383 million baht, when compared with the same period of 2017 mainly due to sales volume at the ending period of overseas trade account receivables was higher than the previous year coupled with the increase of LPG prices in the world market (CP Saudi Aramco) which were higher than the previous year. Therefore, selling prices during the period was higher, when compared with the prices at ending of 2017, consequently value of outstanding receivables has increased accordingly.

Table 2.2: Other receivables - net of the Company and its subsidiaries, classified by aging:

(Unit: Million Baht)

	Consolidated Financial Statements					
	As at Dec. 31, 2016		As at Dec. 31, 2017		As at Dec. 31, 2018	
	Amount	%	Amount	%	Amount	%
Current	1,753	73.04	2,131	78.49	3,550	82.50
Overdue :						
- less than 3 months	319	13.29	328	12.08	315	7.32
- 3 –12 months	239	9.96	179	6.59	364	8.46
- over 12 months	89	3.71	77	2.84	74	1.72
Total Trade Accounts Receivables	2,400	100.00	2,715	100.00	4,303	100.00
Less Allowance for doubtful account	(63)	(2.63)	(61)	(2.25)	(61)	(1.42)
Other Receivables - Net	2,337	97.37	2,654	97.75	4,242	98.58

Referring to Table 2.2 above, 82.50% of trade accounts receivables of the Company and its subsidiaries as at December 31, 2018 was current. The remaining receivables were divided into: less than 3 months overdue of 7.32%, 3-12 months overdue of 8.46% and over 12 months overdue of 1.72% 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 2016 - 2018 was not longer than 19 days.

Inventory

Most inventories or accounting for 98.30% of the Company and its subsidiaries as at 31 December 2018 was finished goods – petroleum products (LPG), the Company's main business. Average inventory turnover was 24-31 days during 2016 to ending of 2018.

Table 2.3: Inventories – net of the Company and its subsidiaries

(Unit: Million Baht)

	Consolidated Financial Statements					
	Dec. 31, 2016	%	Dec. 31, 2017	%	Dec. 31, 2018	%
Raw materials inventory	25	0.75	26	0.64	33	0.68
Work in progress	16	0.47	16	0.39	20	0.42
Finished goods						
- Petroleum products (LPG)	2,922	87.35	3,688	90.61	4,736	98.30
- Petrochemical products	23	0.69	28	0.69	40	0.83
- Oil products	119	3.56	93	2.29	131	2.72
- Others	16	0.48	11	0.27	12	0.25
- Goods in transit	137	4.10	117	2.87	46	0.95
Supplies and others	100	2.99	104	2.56	92	1.91
Total Inventories	3,358	100.39	4,083	100.32	5,110	106.06
Less Allowance for diminution in value of inventories	(13)	(0.39)	(13)	(0.32)	(292)	(6.06)
Inventory - Net	3,345	100.00	4,070	100.00	4,818	100.00

Net inventory of the Company and its subsidiaries as at December 31, 2016 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.

Net inventory of the Company and its subsidiaries as at December 31, 2017 was 4,070 million baht, increased from 2016 by 725 million baht. Main reason was because since beginning from February 2017, the Company has imported LPG from overseas as the government began to allow for free trade of LPG and due to implementation of 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.

Net inventory of the Company and its subsidiaries for the year ended December 31, 2018 was 4,818 million baht, increased from 2017 by 748 million baht which mainly due to increase 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 higher than the previous year.

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 2.4: Details of other current assets of the Company and its subsidiaries

(Unit : Million Baht)

	Consolidated Financial Statements		
	As at Dec. 31, 2016	As at Dec. 31, 2017	As at Dec. 31, 2018
Value added tax refundable	182	247	279
Corporate income tax refundable	18	16	3
Deposits for products	13	-	-
Deposits for tariff customs	182	60	138
Deposits at bank used as collateral	59	-	-
Others	44	53	46
Total	498	376	466

As at December 31, 2016, other current assets of the Group was 498 million baht, increased by 160 million baht when compared with the year 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 Super Gas, 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.

For the period ended December 31, 2018, other current assets of the Group was 466 million baht, increased by 90 million baht when compared with the ending period of 2017, mainly came from the increased deposits for tariff customs amounted to 78 million baht of SOGEL, a subsidiary in China.

Investments in Associates

Details on investments in associates pursuant to equity method for the year ended as at December 31, 2018 are as follows:

		As at Dec. 31, 2017		As at Dec. 31, 2018	
		%		%	
	Country of Incorporation	Ownership Interest	Million Baht	Ownership Interest	Million Baht
Combined cycle power plant business					
MSN	Malaysia	30.00	328	41.10	513
AEPL	Singapore	30.00	1	41.10	2
MLIPP	Myanmar	30.00	1,312	41.10	1,857
Power plant and transmission line business					
SMD	Myanmar	33.00	-	33.00	-
AIC	Singapore	33.00	-	33.00	-
TSM	Malaysia	33.00	-	33.00	4
Total			1,641		2,376

On July 18, 2016, Siam Gas Power Pte. Ltd. ("SPW"), the Company's subsidiary, has entered into a share purchase agreement for investment in Myanmar Lighting (IPP) Co., Ltd. ("MLIPP"), which engaged in business of 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 second quarter of 2017.

Later, on November 1, 2017, SPW has entered into a share purchase agreement for additional investment in a combined cycle power plant in Myanmar. SPW has additionally purchased shares of three companies as mentioned above 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 or equivalent to 305.89 million baht. The funds come from the net working capital of the Group. The payment of investments has been fully paid and names of shareholders have also been changed on February 1, 2018. As a result, SPW's ownership interest has been increased to 36.10% of registered and paid-up capital of such companies.

In addition on August 15, 2018, SPW entered into a share purchase agreement for additional investment in a combined cycle power plant in Myanmar. SPW has additionally purchased shares of three companies

as mentioned above in the same proportion of 5.00% of registered and paid up capital in each company, with a total consideration of USD 8 million or equivalent to 262.07 million baht. The funds come from the net working capital of the Group. The payment of investment was divided into two tranches: 1) SPW paid USD 2.4 million, or equivalent to 62.18 million baht, to acquire 5.00% of registered and paid up capital in MSN and AEPL, in August 2018, and 2) SPW paid the remaining USD 5.60 million, or equivalent to 199.89 million baht in November 2018, to acquire 5.00% of registered and paid up capital shares in MLIPP. As a result, SPW's ownership interest has been increased to 41.10% of registered and paid-up capital of such companies and names of shareholders have already been changed on December 12, 2018.

Power plant and transmission line businesses

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 the Company and its subsidiaries are property, plant, terminals, LPG filling plants, LPG stations and storage equipments for LPG, LPG cylinders, LPG vessel tankers, vehicles, and etc.

Table 2.5: Details of property, plant and equipment - net of the Company and its subsidiaries are as follows:

(Unit : Million Baht)

	Consolidated Financial Statements		
	As at Dec. 31, 2016	As at Dec. 31, 2017	As at Dec. 31, 2018
1. Land	2,403	2,399	3,219
2. Building, infrastructure and land improvement	3,553	3,283	3,138
3. Terminal, gas filling and service stations and equipment	1,473	1,452	1,455
4. LPG tanker vessels	2,771	2,933	3,105
5. LPG cylinders	2,047	2,189	2,306
6. Machines and plant equipment	1,100	948	892
7. Furniture, fixtures and office equipment	256	247	267
8. Vehicles	597	602	602
9. Construction in progress	290	379	615
Total	14,004	14,432	15,599
Plus Increased value from land valuation-net	1,242	1,242	1,188
Less Provision for impairment	-	(28)	(121)
Property, Plant and Equipment - Net	15,246	15,646	16,666

As at December 31, 2016, value of property, land and equipment of the Company 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 the Company and its subsidiaries decreased by 86 million baht from 2017, primarily because 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 period 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.

For the year ended December 31, 2018, value of property, land and equipment of the Company and its subsidiaries increased by 1,020 million baht from 2017, mainly because the Group has purchased additional operating assets and transferred during period of 2,506 million baht, (most of them are the increase of property of 890 million baht, plant and equipment of 53 million baht; terminal, gas filling and service stations and equipment of 118 million baht; LPG cylinders of 337 million baht; purchase of LPG tanker vessel of 686 million baht; machines and plant

equipment and office equipment of 125 million baht, vehicle of 51 million baht and construction in progress of 246 million baht). In addition, there were decreases from disposition of assets during the period of 56 million baht and from transfer of assets to investment properties of 113 million baht; depreciation of assets during the period of 1,084 million baht, provision for impairment of equipment of SEEC, a subsidiary company, of 93 million baht and reduction of currency translation differences of financial statements of 140 million baht.

Goodwill

Table 2.6: Details of goodwill are as follows:

(Unit: Million Baht)

	Consolidated Financial Statements		
	As at Dec. 31, 2016	As at Dec. 31, 2017	As at Dec. 31, 2018
UGP, the subsidiary	1,152	1,152	1,152
SEEC, the subsidiary	22	-	-
SingGas, the subsidiary	137	137	137
SuperGas, the subsidiary	227	227	227
Goodwill	1,538	1,516	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 ending of 2016 was 1,538 million baht and at at ending of 2017-2018 was 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 2.7: Details of other non-current assets of the Company and the subsidiaries are as follows:

(Unit : Million Baht)

	Consolidated Financial Statements		
	As at Dec. 31, 2016	As at Dec. 31, 2017	As at Dec. 31, 2018
Deposits at bank used as collateral	18	74	37
Deposits	28	17	19
Corporate income tax refundable	60	113	140
Advance payments for purchase of equipment	102	233	86
Deposits for investments in associates	860	97	-
Deferred charges	14	23	50
Prepaid rental	477	414	494
Leasehold right	66	45	25
Others	42	54	1
Total Other Non-current Assets	1,667	1,070	852

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: 1) 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 was paid on

July 29, 2016, and 2) 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 associate of the power plant. The second tranche expects was 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 associate 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.

As at ending of year on December 31, 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.

As at ending of year on December 31, 2018, other non-current assets decreased by 218 million baht from 2017 primarily due to the following reasons:

- The decrease of advance payments for purchase of equipment of 147 million baht because during the period, advance payments for purchase of equipment account had been transferred to property, plant and equipment account.
- The decrease of deposits for investments in associate of 97 million baht because during the period, the transfer of ownership in shares has been completed, therefore, deposits for investments in associate has been transferred to investments in associate account.

Liabilities

Short-term Loan from Financial Institutions - net

As at December 31, 2016, short-term loans from commercial banks of the Company 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 the Company 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.

As at December 31, 2018, short-term loans from commercial banks of the Company and its subsidiaries increased to 4,989 million baht with interest rates in the range of 1.90 - 2.77% per annum, primarily due to the increase of short-term loans in category of Trust Receipt and Promissory Note of the Company and its subsidiaries of 3,088 million baht and 400 million baht, respectively.

Trade Accounts and Other Payables

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

Main trade accounts payable in foreign countries were major suppliers of petroleum and petrochemicals and most of them had credit term of approximately 20-30 days.

As at December 31, 2016, trade accounts payables increased to 4,031 million baht, as at December 31, 2017 they increased to 3,988 million baht and as at December 31, 2018, they decreased to 3,515 million baht.

As at December 31, 2018, trade accounts and other payables decreased by 473 million baht from the previous year, which was mainly due to changes of trade account payables pursuant to inventories amount in each year. During the past period, the Company and its subsidiaries had made payments to the trade account payables on time, so average payment period of the Company and its

subsidiaries during 2016 to the period ended on December 31, 2018 was approximately 15-27 days which was within credit term ranges granted by trade account payables.

As at December 31, 2016 to as at December 31, 2018, 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 2.8: 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, 2016	As at Dec. 31, 2017	As at Dec. 31, 2018
Within 1 year	486	583	1,349
Later than 1 year but not later than 5 years	886	1,453	963
Total long-term loan - net	1,372	2,036	2,312

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, and amount of 35 million baht under the loan agreement had been paid 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 paid 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 USD 15.60 million or equivalent to 543 million baht. Such loan was part of investments in the combined cycle power plant in Myanmar and paid to the seller for the 2nd tranche of share payment. The investment was made through SPW, a subsidiary of the Company, and amount of 142 million baht under the loan agreement had been paid 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 paid amount 436 million baht under the loan agreement during the year.

For the period ended December 31, 2018, long-term loan increased by 276 million baht when comparing to previous year due to:

The Company: During 2018, the Company has entered into a loan agreement with one domestic financial institution in the amount of 550 million baht to purchase land for business expansion and amount of 248 million baht has been paid 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 467 million baht for purchasing of a tanker vessel and dry-docking expense. SLM has paid amount loan of 524 million baht under the loan agreement during the year.

Bonds - Net

Table 2.9: Details of bonds are as follows:

(Unit: Million Baht)

	Consolidated Financial Statements		
	As at Dec. 31, 2016	As at Dec. 31, 2017	As at Dec. 31, 2018
Bonds			
Bonds (Thai baht currency)	6,300	7,000	9,000
Less Deferred financing fee	(6)	(5)	(17)
Total Bonds - Net	6,294	6,995	8,983

During 2018, SGP issued and offered unsubordinated and secured debenture bonds totaled 4,000 million baht, at par value equal to offering price of 1,000 baht per unit and with interest repayment every 3 months to repay long-term loan to the financial institution and to refinance the bonds. In addition, under the rights and responsibilities of the issuer and the holders of

bonds, SGP has to comply with the conditions including certain financial covenants, 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, 2018, total remaining bonds were as per below table:

Bond Issued and Offered	Maturity	Value (Million Baht)	Interest Rate per Annum	TRIS Rating
February 2016	3 Years	3,000	4.30%	BBB (Stable)
January 2017	3 Years	2,000	3.95%	BBB (Stable)
February 2018	5 Years	2,000	3.03%	A (Stable)
December 2018	5 Years	2,000	3.85%	A (Stable)
Total		9,000		

Payables for LPG Cylinder Deposit

Deposits for LPG cylinders of SGP and its subsidiaries are recorded as liabilities of the Company and they will repay to customers then record reduction in such liabilities when the customer returns cylinders to the Company with deposit receipt. The LPG cylinder deposits have been increasing every year pursuant to increased amount of new LPG cylinders less reduction of deposits when the customers return LPG cylinders together with deposit receipts. 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, 2016 were 4,627 million baht, as at December 31, 2017 were 4,745 million baht, and as at December 31, 2018 were 5,054 million baht.

Shareholders' Equity

Shareholders' equity 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 the parent and non-controlling interest during 2016 was at 414 million baht and 33 million baht, respectively. Moreover, as the Company invested in oversea subsidiaries, so financial statements of such subsidiaries had to be converted, hence, the parent lose from currency translation differences of such financial statement of 686 million baht and the non-controlling interest lose from currency translation differences of such financial statement of 8 million baht.

Shareholders' equity 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 the parent and non-controlling interest during 2017 was at 781 million baht and 10 million baht, respectively. Moreover, as the Company invested in oversea 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 lose 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.

Shareholders' equity as at December 31, 2018 was 10,129 million baht, a decrease of 1,179 million baht from 2017 mainly due to during the period for the year ended December 31, 2018, net profit included the part of the parent was 871 million baht, net loss of non-controlling interests was 1 million baht, dividend payment of the parent and non-controlling interest during 2018 was 1,378 million baht and 3 million baht, respectively. Moreover, as the Company invested in oversea 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 lose from currency translation differences of such financial statement of 642 million baht and the non-controlling interests lose from currency translation differences of 8 million baht. Such decrease was also due to conversion of investment proportion of one subsidiary belonging to the parent of 4 million baht and non-controlling interests of 14 million baht.

Analysis of Financial Ratio

Table 2.10: Details of Financial Ratio are as follows:

	Consolidated Financial Statement		
	2016	2017	2018
Profitability Ratio			
Gross profit margin (%)	6.00	8.36	3.30
Net profit margin (%)	2.41	4.76	1.26
Return on equity (%)	11.89	26.90	8.11
Financial Policy Ratio			
Interest-bearing debt to equity ratio (times)*	0.97	0.95	1.63
Total debt ratio to equity (times)	1.91	1.78	2.53
Interest coverage ratio (times)	6.95	11.26	5.38
Leverage ratio (times)	0.81	1.27	0.28

Gross Profit Margin of the Group for the year ended December 31, 2016 equaled 6.00%, for the year ended December 31, 2017 equaled 8.36%, an increased by 2.36% from the year 2016, and for the year ended December 31, 2018, equaled 3.30%, an decrease by 5.06% from the year 2017 as a result of a higher cost of goods available for sale when compared with the previous year.

Net Profit Margin of the Group for the year ended December 31, 2016 equaled 2.41%, for the year ended December 31, 2017 equaled 4.76%, an increase by 2.35% from the year 2016 and for the year ended December 31, 2018 equaled 1.26%, a decrease by 3.50% from the year 2017, mainly due to higher cost of goods available for sale when compared with the previous year.

Return on Equity of the Group for the year ended December 31, 2016, equaled to 11.89%, for the year ended December 31, 2017, equaled to 26.90%, an increase by 15.01% from the year 2016, and for the year ended

December 31, 2018 equaled 8.11%, a decrease by 18.79% from the year 2017, mainly due to the decrease of net profit from higher cost of goods available for sale when compared with the previous year.

Interest-Bearing Debt to Equity Ratio of the Group for the year ended December 31, 2016 equaled 0.97 time, for the year ended December 31, 2017 equaled 0.95 time, a decrease by 0.02 time from the year 2016, and for the year ended December 31, 2018 equaled 1.63 time, an increase by 0.68 time from the year 2017 with main reason due to the increased loans from the financial insitutions of 3,764 million and and the Company's issuance of additional bonds of 1,988 million baht.

(*The Company must maintain this interest-bearing debt to equity ratio of the Group to not more than 2 times, pursuant to the requirements of rights and obligations of bond issuer, 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, 2016 equaled 1.91 times, for the year ended December 31, 2017 equaled 1.78 times, a decrease by 0.13 time from the year 2016, and for the year ended December 31, 2018 equaled 2.53 times, an increase by 0.75 time from the year 2017 with main reason due to the increased loans from the financial institution and the increased bond issued during the period, as per explained in the above topic.

Interest Coverage Ratio of the Group for the year ended December 31, 2016 equaled 6.95 times, for the year ended December 31, 2017 equaled 11.26 times, an increase by 4.31 times from the year 2016, and for the year ended December 31, 2017 equaled 5.38 times, a decrease by 5.88 times from the year 2017 as a result from the decreased operating profit when compared with the previous year, as per explained in the topic "Net Profit Margin" above.

Leverage Ratio of the Group for the year ended December 31, 2016 equaled 0.81 time, for the year ended December 31, 2017 equaled 1.27 time, an increase by 0.46 time from the year 2016, and for the year ended December 31, 2018 equaled 0.28 time, a decrease by 0.99 time from the year 2017. Main reason was due to the increased short-term loans from the previous year of 5,253 million baht which caused reduction of leverage ratio accordingly. However, the Management of the Group manages to ensure that the Group will have sufficient cash flow to pay for the obligation and contingent liability in the future. In addition, the Management will consider prudently for the investment which will cause obligation and contingent liability in the future to maximize return to the shareholders.

Events after the reporting date

a) Dividend Payment

The Company

On February 21, 2019, at the Board of Directors' meeting of the Company, the Board passed a resolution to propose the payment of dividends from operating results for the year 2018 amounting to 0.45 baht per share, totalling 827.04 million baht, inclusive of interim dividends from operating results for the first six-month period of 2018 amounting to 0.25 baht per share, totalling 459.47 million baht. Such interim dividend has already been paid on September 5, 2018. The Board will further propose to the shareholders at the shareholders' meeting to get approval of such dividend payment.

The Subsidiaries

On February 21, 2019, at the Board of Directors' meeting of Unique Gas and Petrochemicals Public Company Limited, the Board passed a resolution to propose for dividend payment from operating results for the year 2018 amounting to 70.00 baht per share, totalling 735.00 million baht, inclusive of interim dividends from operating results for the first six-month period of the year 2018, amounting to 35.00 baht per share, totaling 367.50 million baht. Such interim dividends had already been paid on September 3, 2018 and it is expected that the remaining dividend of 367.50 million baht will be paid in May 2019.

On February 21, 2019, at the Board of Directors' meeting of Lucky Carrier Company Limited, the Board passed a resolution to propose for dividend payment from operating results for the year 2018 amounting to 7.00 baht per share, totaling 49.00 million baht, inclusive of interim dividends from operating results for the first six-month period of the year 2018,

amounting to 3.00 baht per share, totaling 21.00 million baht. Such interim dividends had already been paid on September 3, 2018 and it is expected that the remaining dividend of 28.00 million baht will be paid in May 2019.

b) Issuance of Bond

On January 25-29, 2019, SGP issued and offered unsubordinated and unsecured debenture bond. Total value of debenture bond is 3,000 million baht. The par value is equal to offering price at 1,000 baht per unit. Interest is repaid every 3 months.

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

3-year bond

Fixed interest rate

Interest rate at 4.10% per annum

c) Loans a subsidiary

On February 15, 2019, the Company entered into a contract with a subsidiary to loan USD 4.50 million or subsidiaries.

equivalent to 146.02 million baht, with interest rate of 4.55% per annum. The loan is due for payment in 2020.

d) Capital increase of a subsidiary

On February 21, 2019, at the Board of Directors' meeting, the Board passed a resolution to approve the increase of share capital of a subsidiary to entitle to the privileges of the Board of Investment. The capital increase is of Bath 40 million with 4 million shares at par value of 10 baht each. The Group still maintains 100% ownership interest in the subsidiary. The registration for capital increase will be completed in February 2019.

Auditor's Remuneration

Auditor's remuneration paid to Pricewaterhouse Coopers ABAS Ltd., the auditor of the Company and its subsidiaries in Thailand, for 2016 to 2018 was 5.74 million baht, 6.03 million baht, and 6.05 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

Table 2.11: Details on auditor's remuneration during 2016 to 2018

	(Unit : Million Baht)					
	The Company			The Company and its Subsidiaries in Thailand		
	2016	2017	2018	2016	2017	2018
Auditing fee for annual financial statements	0.98	1.03	1.03	2.99	3.14	3.15
Reviewing fee for quarterly financial statements (1st – 3rd)	0.96	1.01	1.01	2.75	2.89	2.90
Total	1.94	2.04	2.04	5.74	6.03	6.05

Anin Myanmar

Diesel Power Plant



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 2018, 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 2018;
- 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 ended; 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 15 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 4% of total consolidated assets. The goodwill of Baht 1,516 million arose from the acquisition of a trading of petroleum business and the remaining Baht 22 million arose from the acquisition of manufacturing of ethanol business in Thailand. The Group did not recognise an additional impairment loss in the 2018 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 petroleum 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 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 2018 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>Impairment assessment of investment in a subsidiary and its assets</p> <p>Refer to Note 4 (b) Estimated impairment of investments in subsidiaries and its assets, Note 12 Investments in subsidiaries, associate and joint ventures and Note 13 Property, plant and equipment.</p> <p>The Company has recognised additional provision for impairment loss on an investment in Siam Ethanol Export Co., Ltd. (the subsidiary) of Baht 129 million against its investment at net book value of Baht 159 million in the separate statement of income for the year ended 31 December 2018 and the Group has recognised additional provision for impairment loss on the subsidiary's equipment of Baht 93 million against its net book value of Baht 234 million in the consolidated statement of income for the year then ended. This is because the operating results of ethanol business did not meet its original plan and the subsidiary has ceased operation.</p> <p>Management has recognised the provision for impairment loss on the investment in Siam Ethanol Export Co., Ltd and provision for impairment loss on the subsidiary's equipment by applying the fair value less costs to disposal. In year 2018 the management appointed an independent valuer to appraise fair value of the subsidiary's assets. Major of the subsidiary's assets are property, plant and equipment.</p> <p>The calculation of fair value less costs to disposal involves significant judgements and assumptions of the management in respect to characteristics and conditions of individual asset, expected disposal period, including the list of total assets expected to be disposed to third parties. The management provided these information to the independent valuer in appraising fair values of assets.</p> <p>As the result of impairment test by the management, it is noted that recording of the provision for impairment loss on investment in Siam Ethanol Export Co., Ltd. and the subsidiary's equipment, totalling Baht 250 and Baht 121 million, respectively is sufficient.</p> <p>I focused on this area due to the significance of the carrying value of the investment in a subsidiary and a subsidiary's equipment being assessed, and various assumptions used to assess the impairment testing which involve significant management's judgments.</p>	<p>I evaluated the impairment calculation of the investment and equipment which prepared by the management and assessed the assumptions used in the fair value calculation. I performed the following procedures:</p> <ul style="list-style-type: none"> • Challenged management and the independent valuer on the characteristics of individual asset and its overall quality, geographic location, expected disposal period, the list of total assets expected to be disposed to the third parties and desirability as a whole. • Assessed the methodologies used by both the management and the independent valuer to estimated fair values. • Evaluated the competencies and capabilities of the independent valuer including terms of engagement to determine whether there were any matters that might affect its objectivity or impose scope limitations upon its work. • Tested, on a sample basis, the accuracy and relevance of the input data provided by the management. • Considered the appropriateness of the fair values estimated by the independent valuer and challenged the management on significant movements in the valuations. <p>As a result of the procedures performed, I noted that the key assumptions used by management in assessing the fair value less cost to disposal are within the reasonable range.</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

21 February 2019

Siamgas and Petrochemicals Public Company Limited

Statement of Financial Position

As at 31 December 2018

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Notes		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	7	2,848,742,459	2,590,205,366	1,011,127,479	301,442,589
Short-term investments	8	132,959,041	99,392,802	99,359,041	99,392,802
Trade and other receivables, net	9	5,444,877,816	4,061,754,624	891,623,995	1,152,811,246
Inventories, net	10	4,817,782,926	4,069,918,488	906,152,816	888,017,252
Other current assets	11	466,000,153	375,795,031	127,721,040	71,244,943
Total current assets		13,710,362,395	11,197,066,311	3,035,984,371	2,512,908,832
Non-current assets					
Investments in subsidiaries, net	12	-	-	10,581,831,560	9,593,796,979
Investments in associates	12	2,375,576,517	1,640,924,220	-	-
Investments in joint ventures	12	107,513,300	107,774,427	23,577,992	23,577,992
Long-term loans to related parties	34	133,432,778	20,757,300	1,180,660,228	1,203,266,043
Property, plant and equipment, net	13	16,666,293,953	15,645,859,987	5,153,646,030	5,058,408,188
Investment property, net	14	127,814,734	-	669,546,460	-
Goodwill, net	15	1,516,110,663	1,516,110,663	-	-
Intangible assets, net	16	72,690,137	108,206,380	2,912,553	3,692,496
Deferred tax assets, net	17	242,374,349	151,017,029	-	-
Other non-current assets	18	852,270,673	1,070,255,918	527,375,389	548,506,783
Total non-current assets		22,094,077,104	20,260,905,924	18,139,550,212	16,431,248,481
Total assets		35,804,439,499	31,457,972,235	21,175,534,583	18,944,157,313

The notes to the consolidated and separate financial statements from pages 16 to 79 are an integral part of these financial statements.

Siamgas and Petrochemicals Public Company Limited

Statement of Financial Position

As at 31 December 2018

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Notes		Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Short-term borrowings					
from financial institutions, net	19	4,988,584,958	1,500,520,025	600,000,000	1,232,536,645
Trade and other payables	20	3,514,763,435	3,987,757,324	1,004,142,322	814,890,760
Current portion of long-term loans					
from financial institutions, net	21	1,349,029,932	583,453,062	886,159,938	145,992,919
Current portion of bonds, net	23	2,999,800,218	1,999,881,918	2,999,800,218	1,999,881,918
Accrued income tax		110,351,226	244,596,656	-	-
Other current liabilities	22	140,145,205	88,433,761	5,550,357	6,123,773
Total current liabilities		13,102,674,974	8,404,642,746	5,495,652,835	4,199,426,015
Non-current liabilities					
Long-term loans from financial institutions, net	21	963,399,362	1,452,829,779	274,000,000	704,928,558
Long-term loans from related parties	34	3,000,000	3,000,000	997,678,001	690,000,000
Bonds, net	23	5,983,201,331	4,994,679,838	5,983,201,331	4,994,679,838
Cylinder deposits	24	5,054,053,315	4,744,880,577	1,077,872,642	976,351,099
Employee benefit obligations	25	166,126,708	155,883,311	61,785,901	55,691,231
Deferred tax liabilities, net	17	340,971,631	377,069,051	26,177,492	91,129,021
Other non-current liabilities		62,201,685	16,548,183	2,385,598	3,468,598
Total non-current liabilities		12,572,954,032	11,744,890,739	8,423,100,965	7,516,248,345
Total liabilities		25,675,629,006	20,149,533,485	13,918,753,800	11,715,674,360

The notes to the consolidated and separate financial statements from pages 16 to 79 are an integral part of these financial statements.

Siamgas and Petrochemicals Public Company Limited

Statement of Financial Position

As at 31 December 2018

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
	Notes	Baht	Baht	Baht	Baht
Liabilities and equity (continued)					
Equity					
Share capital	26				
Authorised share capital					
1,837,863,000 ordinary shares					
with a par value of Baht 0.50 each					
(As at 31 December 2017 :					
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					
1,837,863,000 ordinary shares,					
fully paid-up of Baht 0.50 each					
(As at 31 December 2017 :					
918,931,500 ordinary shares,					
fully paid-up of Baht 1 each)		918,931,500	918,931,500	918,931,500	918,931,500
Premium on share capital	26	1,874,481,829	1,874,481,829	1,874,481,829	1,874,481,829
Retained earnings					
Appropriated					
- Legal reserve	28	162,088,663	162,088,663	162,088,663	162,088,663
Unappropriated		7,722,361,219	8,229,199,519	4,153,488,853	4,124,820,953
Other components of equity	33	(691,188,358)	(45,723,545)	147,789,938	148,160,008
Equity attributable to owners					
of the parent		9,986,674,853	11,138,977,966	7,256,780,783	7,228,482,953
Non-controlling interests		142,135,640	169,460,784	-	-
Total equity		10,128,810,493	11,308,438,750	7,256,780,783	7,228,482,953
Total liabilities and equity		35,804,439,499	31,457,972,235	21,175,534,583	18,944,157,313

The notes to the consolidated and separate financial statements from pages 16 to 79 are an integral part of these financial statements.

Siamgas and Petrochemicals Public Company Limited

Statement of Income

For the year ended 31 December 2018

	Notes	Consolidated financial statements		Separate financial statements	
		2018 Baht	2017 Baht	2018 Baht	2017 Baht
Revenue					
Revenue from sales		68,263,969,971	58,743,411,828	11,063,204,372	10,383,639,757
Revenue from transportation		249,073,879	395,072,691	-	-
Revenue from services		9,438,316	13,775,897	156,438,603	124,306,181
Total revenue		68,522,482,166	59,152,260,416	11,219,642,975	10,507,945,938
Cost of sales and services		(66,061,606,945)	(53,843,942,450)	(10,846,233,262)	(10,012,872,811)
Cost of transportation		(200,441,779)	(361,611,637)	-	-
Total cost of sales, services and transportation		(66,262,048,724)	(54,205,554,087)	(10,846,233,262)	(10,012,872,811)
Gross profit		2,260,433,442	4,946,706,329	373,409,713	495,073,127
Dividend income		3,599,000	2,850,000	1,734,257,744	681,684,762
Other income	29	577,455,157	474,310,935	223,056,368	272,531,859
Profit before expenses		2,841,487,599	5,423,867,264	2,330,723,825	1,449,289,748
Selling expenses		(177,027,506)	(188,545,803)	(42,935,064)	(44,827,176)
Administrative expenses		(1,328,164,325)	(1,236,144,591)	(571,155,874)	(384,081,586)
Total expenses		(1,505,191,831)	(1,424,690,394)	(614,090,938)	(428,908,762)
Share of profit (loss) of associates and joint ventures	12	177,649,134	(36,513,486)	-	-
Profit before finance costs and income tax	30	1,513,944,902	3,962,663,384	1,716,632,887	1,020,380,986
Finance costs		(492,863,746)	(461,139,631)	(374,894,335)	(371,994,906)
Profit before income tax		1,021,081,156	3,501,523,753	1,341,738,552	648,386,080
Income tax revenue (expenses)	31	(151,359,439)	(662,078,753)	64,951,528	(3,322,462)
Profit for the year		869,721,717	2,839,445,000	1,406,690,080	645,063,618
Profit (loss) attributable to:					
Owners of the parent		871,183,880	2,811,103,629	1,406,690,080	645,063,618
Non-controlling interests		(1,462,163)	28,341,371	-	-
Profit for the year		869,721,717	2,839,445,000	1,406,690,080	645,063,618
Earnings per share for profit attributable to the owners of the parent	32				
Basic earnings per share		0.47	1.53	0.77	0.35

The notes to the consolidated and separate financial statements from pages 16 to 79 are an integral part of these financial statements.

Siamgas and Petrochemicals Public Company Limited

Statement of Comprehensive Income

For the year ended 31 December 2018

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Profit for the year	869,721,717	2,839,445,000	1,406,690,080	645,063,618
Other comprehensive income (expense), net of tax				
Items that will not be reclassified subsequently to profit or loss				
- Reversal of revaluation surplus on land	(462,587)	-	(462,587)	-
Less Income tax related to revaluation surplus on land	92,517	-	92,517	-
Items that will be reclassified subsequently to profit or loss				
- Share of other comprehensive expense from associates and joint ventures for accounted using the equity method	(34,004,770)	(21,383,810)	-	-
- Currency translation difference	(614,978,149)	(545,783,558)	-	-
Total other comprehensive income (expense), net of tax	(649,352,989)	(567,167,368)	(370,070)	-
Total comprehensive income for the year	220,368,728	2,272,277,632	1,406,320,010	645,063,618
Total comprehensive income (expense) attributable to:				
Owners of the parent	229,451,341	2,243,577,600	1,406,320,010	645,063,618
Non-controlling interests	(9,082,613)	28,700,032	-	-
	220,368,728	2,272,277,632	1,406,320,010	645,063,618

The notes to the consolidated and separate financial statements from pages 16 to 79 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2018

Attributable to equity holders of the parent										Consolidated financial statements	
Note	Issued and paid-up share capital	Baht	Premium on share capital	Baht	Retained earnings		Total other components of equity	Baht	Non-controlling interests	Baht	Total equity
					Legal reserve	Unappropriated					
					Baht	Baht					
Opening balance as at 1 January 2018											
27	Dividends paid	918,931,500	-	1,874,481,829	-	162,088,663	8,229,199,519	(45,723,545)	169,460,784	11,308,438,750	
	Total comprehensive income (expense) for the year	-	-	-	-	(1,378,392,250)	-	-	(3,034,256)	(1,381,426,506)	
	Capital contributions by non-controlling interests of subsidiaries	-	-	-	-	871,553,950	-	(641,732,539)	(9,082,613)	220,738,798	
	Acquisition of investment in a subsidiary from non-controlling interests	-	-	-	-	-	-	-	1,525,200	1,525,200	
		-	-	-	-	-	-	(3,732,274)	(16,733,475)	(20,465,749)	
Closing balance as at 31 December 2018											
		918,931,500	-	1,874,481,829	-	162,088,663	7,722,361,219	(691,188,358)	142,135,640	10,128,810,493	
Opening balance as at 1 January 2017											
	Dividends paid	918,931,500	-	1,874,481,829	-	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)	
	Capital contributions by non-controlling interests of subsidiaries	-	-	-	-	-	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 as at 31 December 2017											
		918,931,500	-	1,874,481,829	-	162,088,663	8,229,199,519	(45,723,545)	169,460,784	11,308,438,750	

The notes to the consolidated and separate financial statements from pages 16 to 79 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2018

	Note	Separate financial statements					
		Issued and paid-up share capital	Premium on share capital	Retained earnings		Total other components of equity	Total equity
		Baht	Baht	Legal reserve	Unappropriated	Baht	Baht
				Baht	Baht	(Note 33)	
Opening balance as at 1 January 2018		918,931,500	1,874,481,829	162,088,663	4,124,820,953	148,160,008	7,228,482,953
Dividends paid	27	-	-	-	(1,378,392,250)	-	(1,378,392,250)
Total comprehensive income (expense) for the year		-	-	-	1,407,060,150	(370,070)	1,406,690,080
Closing balance as at 31 December 2018		<u>918,931,500</u>	<u>1,874,481,829</u>	<u>162,088,663</u>	<u>4,153,488,853</u>	<u>147,789,938</u>	<u>7,256,780,783</u>
Opening balance as at 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		-	-	-	(781,090,725)	-	(781,090,725)
Total comprehensive income for the year		-	-	-	645,063,618	-	645,063,618
Closing balance as at 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>

The notes to the consolidated and separate financial statements from pages 16 to 79 are an integral part of these financial statements.

Siamgas and Petrochemicals Public Company Limited

Statement of Cash Flows

For the year ended 31 December 2018

	Notes	Consolidated financial statements		Separate financial statements	
		2018 Baht	2017 Baht	2018 Baht	2017 Baht
Cash flows from operating activities					
Profit before income tax		1,021,081,156	3,501,523,753	1,341,738,552	648,386,080
Adjustments to reconcile profit before income tax					
Depreciation expenses - buildings and equipment	13	1,083,737,849	1,176,364,735	118,538,476	114,742,120
Amortisation expenses - intangible assets and investment property		53,812,126	54,045,385	1,283,452	399,426
Gain on disposals and write-offs of equipment, net		(33,534,923)	(5,111,512)	(32,890,928)	(444,836)
Loss (gain) on change in fair value of short-term investments		33,761	(2,854,037)	33,761	(2,854,037)
Loss from disposal of investment in a subsidiary		-	-	-	3,082,200
Share of (profit) loss of associates and joint ventures	12	(177,649,134)	36,513,486	-	-
Allowance for doubtful debts (reversal)		165,931	(2,188,365)	-	-
Provision for diminution in value of inventories		278,665,474	158,342	-	-
Impairment charged on equipment	13	93,000,000	28,000,000	-	-
Impairment charged on goodwill		-	21,690,543	-	-
Impairment charged on investment in a subsidiary	12	-	-	129,000,000	-
Dividends income from short-term investments		(3,599,000)	(2,850,000)	(3,599,000)	(2,850,000)
Dividends income from subsidiaries		-	-	(1,730,658,744)	(678,834,762)
Employee benefit expenses	25	17,117,036	14,592,757	6,488,380	5,739,854
Unrealised loss (gain) on exchange rates, net		43,549,279	(2,047,541)	6,903,581	(6,894,503)
Interest income	29	(16,821,989)	(16,567,495)	(37,321,798)	(54,649,967)
Finance costs		492,863,746	461,139,631	374,894,335	371,994,906
		2,852,421,312	5,262,409,682	174,410,067	397,816,481
Changes in operating assets and liabilities					
- Trade and other receivables		(1,569,478,569)	(1,066,081,732)	263,231,385	(721,161,346)
- Inventories		(1,175,915,228)	(823,720,690)	(18,135,565)	(722,983,375)
- Other current assets		(79,824,030)	145,477,205	(33,542,180)	(31,405,963)
- Other non-current assets		(55,090,802)	(48,965,391)	(65,102,102)	(15,328,847)
- Trade and other payables		(560,223,540)	(133,382,876)	199,727,720	205,911,372
- Other current liabilities		47,365,953	2,477,336	(573,416)	(6,824,622)
- Cylinder deposits		309,172,739	117,770,293	101,521,543	92,690,201
- Other non-current liabilities		43,724,810	(3,001,042)	(1,083,000)	1,143,979
- Employee benefits paid		(6,873,639)	(4,852,690)	(393,710)	(3,276,210)
		(194,720,994)	3,448,130,095	620,060,742	(803,418,330)
Cash generated from (used in) operations					
- Interest paid		(486,674,789)	(444,730,105)	(369,715,096)	(357,634,518)
- Income tax paid		(445,392,325)	(271,092,902)	(22,933,918)	(17,634,044)
		(1,126,788,108)	2,732,307,088	227,411,728	(1,178,686,892)
Net cash received from (used in) operating activities					

The notes to the consolidated and separate financial statements from pages 16 to 79 are an integral part of these financial statements.

Siamgas and Petrochemicals Public Company Limited

Statement of Cash Flows

For the year ended 31 December 2018

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
	Notes	Baht	Baht	Baht	Baht
Cash flows from investing activities					
Proceeds from (payments for) of					
short-term investments, net	8	(33,600,000)	11,500,000	-	11,500,000
Proceeds from long-term loans to related parties	34	-	11,986,360	172,875,469	1,001,378,251
Payments for long-term loans to related parties	34	(112,790,378)	-	(155,000,000)	(445,000,000)
Advance payment for acquisition of investments in joint venture		-	(3,186,388)	-	-
Advance payments for acquisitions of investments in associates	18	-	(97,253,195)	-	-
Advance payments for acquisitions of investments in subsidiaries	18	-	-	(36,079,000)	-
Payment for acquisition of investments in joint venture		(21,090,578)	(27,500,000)	-	-
Payments for acquisitions of investments in associates	12	(503,053,014)	(817,786,890)	-	-
Payments for investments in subsidiaries	12	-	-	(1,117,034,582)	(978,496,173)
Proceeds from disposal of investment in a subsidiary	12	-	23,366,641	-	23,366,641
Purchases of property, plant and equipment		(2,309,433,855)	(1,523,725,546)	(149,086,312)	(112,471,575)
Advance payments for purchase of equipment		(61,079,754)	(154,227,394)	(57,208,400)	(128,941,950)
Purchases of investment property	14	-	-	(555,469,215)	-
Proceeds from disposals of property and equipment		89,487,225	13,879,727	57,750,607	6,014,311
Purchases of intangible assets		(163,374)	(8,716,335)	-	(632,000)
Interest received		16,029,341	16,273,601	7,026,338	31,487,372
Dividends received from short-term investments		3,599,000	2,850,000	3,599,000	2,850,000
Dividends received from subsidiaries		-	-	1,730,658,744	678,834,762
Net cash received from (used in) investing activities		(2,932,095,387)	(2,552,539,419)	(97,967,351)	89,889,639
Cash flows from financing activities					
Proceeds from (payments for) short-term loans					
from financial institutions, net		3,490,962,356	(124,348,538)	(631,534,242)	664,538,557
Proceeds from long-term loans from financial institutions, net	21	1,015,981,000	1,329,919,064	550,000,000	537,875,520
Repayments for long-term loans from financial institutions	21	(771,637,761)	(578,164,469)	(248,338,550)	(142,441,790)
Proceeds from long-term loans from related parties	34	-	-	1,046,014,520	820,000,000
Repayments for long-term loans from related parties	34	-	-	(740,000,000)	(664,463,223)
Repayment for bond redemption	23	(2,000,000,000)	(1,300,000,000)	(2,000,000,000)	(1,300,000,000)
Proceeds from issue of bonds, net	23	3,982,813,022	1,995,690,000	3,982,813,022	1,995,690,000
Proceeds from subsidiaries of non-controlling interests		1,525,200	427,500	-	-
Payment for investment in a subsidiary from non-controlling interests		(20,465,750)	-	-	-
Dividends paid		(1,381,426,506)	(790,735,365)	(1,378,392,250)	(781,090,725)
Net cash received from financing activities		4,317,751,561	532,788,192	580,562,500	1,130,108,339

The notes to the consolidated and separate financial statements from pages 16 to 79 are an integral part of these financial statements.

Siamgas and Petrochemicals Public Company Limited

Statement of Cash Flows

For the year ended 31 December 2018

	Note	Consolidated financial statements		Separate financial statements	
		2018 Baht	2017 Baht	2018 Baht	2017 Baht
Net increase in cash and cash equivalents		258,868,066	712,555,861	710,006,877	41,311,086
Cash and cash equivalents at the beginning of the year		2,590,205,366	1,879,332,545	301,442,589	260,283,175
Exchange loss on cash and cash equivalents		(330,973)	(1,683,040)	(321,987)	(151,672)
Cash and cash equivalents at the end of the year	7	<u>2,848,742,459</u>	<u>2,590,205,366</u>	<u>1,011,127,479</u>	<u>301,442,589</u>
Non-cash transactions					
Payables for purchase of property, plant and equipment (included in other payables)		60,967,908	72,133,184	7,362,370	11,002,710
Increase in equipment as a result of advance payment for purchase of equipment (included in other non-current assets)		208,448,732	-	208,448,732	-
Receivable from disposal of equipment (included in trade and other receivables)		372,200	-	677,955	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 16 to 79 are an integral part of these financial statements.

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2018

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 21 February 2019.

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 New financial reporting standards, revised financial reporting standards and related interpretations

2.2.1 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018

Commencing from 1 January 2018, the Group adopted the revised financial reporting standards effective for annual periods beginning on or after 1 January 2018 and relevant to the Group. The adoption of these standards do not have significant impact on the Group.

2.2.2 New financial reporting standard is effective for annual periods beginning on or after 1 January 2019. The Group has not yet adopted this standard.

Thai Financial Reporting Standard (TFRS) 15 “Revenue from contracts with customers” provides the requirements for the recognition of revenue. This standard will supersede the following standards:

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards.

An entity recognises revenue in accordance with that core principle by applying the following steps:

- 1) Identify the contract(s) with a customer
- 2) Identify the performance obligations in the contract
- 3) Determine the transaction price
- 4) Allocate the transaction price to the performance obligations in the contract
- 5) Recognise revenue when (or as) the entity satisfies a performance obligation

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) - minimum amounts must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements.
- As with any new standard, there are also increased disclosures.

Entities will have the choice to apply this standard retrospectively in accordance with TAS 8 ‘Accounting Policies’, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period, which includes the date of initial application with additional disclosures. The Group’s management is currently assessing the impact of initial adoption of this financial reporting standards.

2 Accounting policies (continued)

2.2 New financial reporting standards, revised financial reporting standards and related interpretations (continued)

2.2.3 Revised financial reporting standards are effect for annual periods beginning on or after 1 January 2019 and are relevant to the Group. The Group has not yet adopt these standards.

TFRS 2 (revised 2018)	Share-based Payment
TFRS 4 (revised 2018)	Insurance Contracts
TAS 28 (revised 2018)	Investments in Associates and Joint Ventures
TAS 40 (revised 2018)	Investment Property
TFRIC 22	Foreign Currency Transactions and Advance Consideration

TFRS 2 (revised 2018) "Share-based Payment", the amendments clarify;

- The measurement basis for cash-settled share-based payments, vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, vesting conditions, other than market conditions, shall be taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction.
- Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature, and
- The accounting for modifications that change an award from cash-settled to equity-settled.

TFRS 4 (revised 2018) has been amended to provide insurance companies an optional exemption from compliance with TFRS 9 and TFRS 7. The exemption is temporarily effective and not mandatory. Entities who choose to use the exemption must follow the 'financial instruments and disclosure for insurance companies' accounting guidelines to be issued by the Federation of Accounting Professions (upon announcement) until TFRS 17 becomes effective.

TAS 28 (revised 2018) "Investments in Associates and Joint Ventures", the amendment clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

TAS 40 (revised 2018) "Investment Property", the amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

The TFRIC 22 interpretation provides guidance for determining the exchange rate to be used on the initial recognition of a related asset, expense or income where an entity pays or receives an advance consideration in a foreign currency. The interpretation requires an entity to use the exchange rate at the date on which an entity recognises the non-monetary assets, such as prepayments and advances, or non-monetary liability, such as deferred income arising from the advance consideration. If there are multiple advance payments or receipts of payments, the exchange rate is to be used on the date when each non-monetary asset or liability is recognised.

The management of the group is in the process of evaluating the impact from implementing such financial standards.

2.2.4 The Group of financial instruments reporting standards are effective for annual periods beginning on or after 1 January 2020. The Group has not yet adopted these standards.

TAS 32	Financial Instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

2 Accounting policies (continued)

2.2 New financial reporting standards, revised financial reporting standards and related interpretations (continued)

2.2.4 The Group of financial instruments reporting standards are effective for annual periods beginning on or after 1 January 2020. The Group has not yet adopted these standards. (continued)

The above new standards and interpretations will supersede the following standards:

TAS 101	Bad and Doubtful Debts
TAS 103	Disclosures in the Financial Statements of Bank and Similar Financial Institutions
TAS 104	Accounting for Troubled Debt Restructuring
TAS 105	Accounting for Investment in Debts and Equity securities
TAS 106	Accounting for Investment Companies
TAS 107	Financial Instruments: Disclosure and Presentation

TAS 32 “Financial Instruments: Presentation”, provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

TFRS 7 “Financial Instruments: Disclosures”, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

TFRS 9 “Financial Instruments”, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follow:

- Classification and measurement:
 - The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
 - Equity instrument financial assets shall be measured at fair value through profit or loss. An entity can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
 - Financial liabilities are classified and measured at amortised cost. An entity can choose to measure a liability at fair value through profit or loss when the conditions are met.
 - Derivatives are classified and measured at fair value through profit or loss.
- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three stage approach. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. Except for trade receivables and contractual assets which apply in TFRS 15 and are no significant financial components and lease receivables, they are permitted to measure by simplified approach for credit impaired consideration.
- The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

2 Accounting policies (continued)

2.2 New financial reporting standards, revised financial reporting standards and related interpretations (continued)

2.2.4 The Group of financial instruments reporting standards are effective for annual periods beginning on or after 1 January 2020. The Group has not yet adopted these standards. (continued)

TFRIC 16 “Hedges of a Net Investment in a Foreign Operation”, clarifies the accounting treatment in respect of net investment hedging, provides guidance on identifying the foreign currency risks that qualify as a hedged risk. Clarifying that hedging instruments that are hedges of a net investment in a foreign operation may be held anywhere in the group not only by the parent. This includes the guidance on how an entity should determine the amount to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

TFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”, provides the requirements for accounting treatment when the entity issues equity instruments to a creditor to extinguish all or part of a financial liability. The equity instruments issued shall be measured at fair value. The entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when it is extinguished in accordance with TFRS 9. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the fair value of equity instruments issued shall be recognised in profit or loss.

The Group’s management is currently assessing the impact of initial adoption of these standards.

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.

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 Accounting policies (continued)

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

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 Accounting policies (continued)

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 Company'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.

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 administrative expenses.

2 Accounting policies (continued)

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.
- (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 other comprehensive income.

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 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 Accounting policies (continued)

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). The costs of property, plant and equipment comprise both the purchase price and any costs directly attributable to bringing the assets to location and condition necessary for them to be capable of operating in the manner intended by management. Their costs also include the initial estimate of the costs of dismantling and removing the item and restoring the site on which they are located, the obligation for which the Group incurs either when the items are acquired or as a consequence of having used the items during a particular period.

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

2.10 Investment property

Property that is held to earn rentals or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

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

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

2 Accounting policies (continued)

2.10 Investment property (continued)

Land is not depreciated. Depreciation on other investment properties is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 - 30 years
Equipment	5 - 20 years

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

2.11 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.

2.12 Intangible assets

2.12.1 Computer software

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

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

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

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

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

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

2 Accounting policies (continued)

2.12 Intangible assets (continued)

2.12.2 Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship not over ten years.

2.13 Impairment of assets

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

2.14 Leases - where 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 Accounting policies (continued)

2.15 Borrowings

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

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.

2.16 Current and deferred income taxes

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company 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 Accounting policies (continued)

2.17 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. 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.

2.18 Provisions

Provisions for legal claims and constructive obligation are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

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

2.19 Cylinder deposits

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

2.20 Share capital

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

2.21 Other reserves

Other reserves of the Group comprise of the reserves of subsidiaries in the People's Republic of China. These reserves are in accordance with the regulation of a government unit in the People's Republic of China with the objective of safety.

2 Accounting policies (continued)

2.22 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.

2.23 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.

2.24 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.

2.25 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 Financial risk management

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 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	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht	2018 % p.a.	2017 % p.a.
Long-term loans from commercial banks						
- Fixed interest rates	995	814	-	-	2.57-3.00	2.57-3.00
- Floating interest rates	1,317	1,222	1,160	851	MLR-1.50	MLR-1.00
					MLR-3.275	BIBOR+2.15
					BIBOR+2.15	THBFIX 6M
					THBFIX 6M	+2.22
					+2.22	LIBOR 1M
					LIBOR 3M	+3.00
					+3.42	LIBOR 3M
						+3.42
						LIBOR 3M
						+3.10
Long-term loans from related parties	3	3	998	690	1.67 or	0.25
					Fixed deposits	Fixed deposits
					+0.5	+0.5
Bonds	8,983	6,995	8,983	6,995	3.03-4.30	3.95-4.70

The Group borrows at fixed and floating rates and uses hedging contracts as disclosed in Note 36 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, 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 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 36.

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 2018 and 2017.

	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 2018				
Short-term investments	99	-	-	99
Financial assets at fair value through profit or loss as at 31 December 2017				
Short-term investments	99	-	-	99

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 borrowings from financial institutions, trade and other payables, long-term loans, bonds, and cylinder deposits.

The carrying amounts of the financial assets and financial liabilities approximate their fair values. Long-term loans from financial institutions, and long-term loans to/from related parties with interest charged at the floating rates, the carrying amount of such loans approximates the fair value. The terms to maturity of long-term loans from related parties 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 related parties and bonds

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

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

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Long-term loans from financial institutions, net				
- Book value	995	814	-	-
- Fair value	1,030	806	-	-
Long-term loans from related parties				
- Book value	-	-	690	20
- Fair value	-	-	627	16

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 2.80% to 3.99% (2017: 2.98% - 3.98%). 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 fair values of long-term loans from related parties 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 2.80% to 3.99% (2017: 2.98% - 5.13%). The fair values are within level 2 of the fair value hierarchy. The fair values of long-term loans from related parties 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	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Bonds, net				
- Book Value	8,983	6,995	8,983	6,995
- Fair Value	9,017	7,098	9,017	7,098

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)

(a) Long-term loans from financial institutions and related parties and bonds (continued)

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 2.80% to 3.99% (2017: 2.98% - 3.52%). The fair values are within level 2 of the fair value hierarchy.

(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	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Interest rate swap contracts	-	(1)	-	-
- unfavourable				
Cross currency swap contracts				
- favourable	25	31	2	3

The fair values of 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) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.11. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The value-in-use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit in order to calculate present value. Significant estimates and assumptions used are growth rate and discount rate which reflect risk of the particular cash-generating unit (Note 15). Determination of the assumptions is necessary for the goodwill impairment testing.

b) Estimated impairment of investment in subsidiary and its assets

The Group tests impairment of investment in subsidiary whenever and its assets events or changes in circumstances indicate that these carrying amounts are greater than these estimated recoverable amounts. The calculation of fair value less costs to disposal involves significant judgements and assumptions of the management in respect to characteristics and conditions of individual asset, expected disposal period, including the list of total assets expected to be disposed.

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 issuances (Note 21 and 23).

6 Segment information

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

The operating segments 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 2018	Consolidated financial statements				
	Petroleum and petrochemical products Million Baht	Transportation services Million Baht	Other segment Million Baht	Elimination entries Million Baht	Total Million Baht
Sales and service income	98,911	2,276	264	(32,929)	68,522
Cost of goods sold and services	(97,379)	(1,844)	(237)	33,198	(66,262)
Gross profit	1,532	432	27	269	2,260
Other income	545	61	12	(37)	581
Profit before operating expenses	2,077	493	39	232	2,841
Unallocated expenses					(2,149)
Share of profit of associates and joint ventures					178
Net profit for the year					870

For the year ended 31 December 2017	Consolidated financial statements				
	Petroleum and petrochemical products Million Baht	Transportation services Million Baht	Other 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 of associates and joint ventures					(37)
Net profit for the year					2,839

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	
	2018 Million Baht	2017 Million Baht
Domestic	21,739	21,356
Overseas	46,783	37,796
Total	68,522	59,152

As at 31 December	Consolidated financial statements	
	Non-current assets	
	2018 Million Baht	2017 Million Baht
Domestic	12,602	11,280
Overseas	4,192	4,366
Total	16,794	15,646

For the year ended 31 December 2018 and 2017, 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	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Cash on hand	13	11	3	3
Deposits held at call with banks	2,836	2,579	1,008	298
Total cash and cash equivalents	2,849	2,590	1,011	301

The average interest rate on deposits held at call with banks was ranged between 0.05% to 3.00% per annum (2017: 0.05% to 5.50% per annum).

8 Short-term investments

Short-term investments comprise deposits at financial institutions with maturities over three months but not later than one year and 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.

Deposits at financial institutions

The deposits at financial institutions of the Group mainly comprise deposits at financial institutions issued by overseas financial institutions. As at 31 December 2018, total value of deposits at financial institutions is Baht 34 million with interest at 7% per annum (2017: nil).

8 Short-term investments (continued)

Trading investments

The movement of trading investments is as follows:

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Opening balance	99	108	99	108
Additions	550	500	550	500
Redemptions	(550)	(512)	(550)	(512)
Gain on change in fair value of short-term investments	-	3	-	3
Closing balance	99	99	99	99

9 Trade and other receivables, net

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Trade receivables	4,303	2,715	362	288
<u>Less</u> Allowance for doubtful accounts	(61)	(61)	(5)	(5)
Trade receivables, net	4,242	2,654	357	283
Trade receivables from related parties (Note 34)	20	59	76	207
Other receivables from related parties (Note 34)	-	-	94	98
Prepayments	230	151	56	35
Advance payments	164	119	4	1
Accrued income	3	22	2	-
Receivables on subsidies for liquefied petroleum gas from government	783	1,057	303	528
Other receivables	3	-	-	1
Total trade and other receivables, net	5,445	4,062	892	1,153

The age analysis of trade receivables is as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Trade receivables				
Current	3,550	2,131	243	232
Overdue				
- less than 3 months	315	328	90	42
- 3 months to 12 months	364	179	21	5
- more than 12 months	74	77	8	9
Total	4,303	2,715	362	288
<u>Less</u> Allowance for doubtful accounts	(61)	(61)	(5)	(5)
Total trade receivables, net	4,242	2,654	357	283

9 Trade and other receivables, net (continued)

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

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Trade receivables from related parties				
Current	20	59	76	207
Total trade receivables from related parties	20	59	76	207

10 Inventories, net

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Raw material	33	26	-	-
Work in progress	20	16	-	-
Finished goods				
- Petroleum products	4,736	3,688	892	874
- Petrochemical products	40	28	-	-
- Oil products	131	93	-	-
- Others	12	11	-	-
- Goods in transit	46	117	-	-
Supplies and others	92	104	14	14
Total	5,110	4,083	906	888
<u>Less</u> Allowance for diminution in value of inventories	(292)	(13)	-	-
Total inventories, net	4,818	4,070	906	888

The cost of inventories recognised as expense and included in cost of sales amounting to Baht 60,564 million (2017: Baht 49,052 million) in the consolidated financial statements and amounting to Baht 10,200 million (2017: Baht 9,409 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 (2017: 1% and 1%, respectively). As at 31 December 2018, the inventories included minimum mandatory reserved on petroleum products and crude oil amounting to Baht 184 million in the consolidated financial statements, and Baht 83 million in the separate financial statements (2017: Baht 184 million in the consolidated financial statements, and Baht 87 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	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
VAT refundable	279	247	125	62
Corporate income tax refundable	3	16	-	-
Deposits for tariff customs	138	60	-	-
Others	46	53	3	9
Total other current assets	466	376	128	71

12 Investments in subsidiaries, associates and joint ventures, net

12.1 Investments in subsidiaries, net

The movement in investments in subsidiaries is as follows:

For the year ended 31 December	Separate financial statements	
	2018 Million Baht	2017 Million Baht
Opening balance, net	9,594	8,642
Acquisitions	1,117	979
Disposal of investment	-	(24)
Loss from disposal of investment	-	(3)
Impairment charged on investment	(129)	-
Closing balance, net	10,582	9,594

Details of investments in subsidiaries are as follows:

	Country of incorporation	% ownership interest		Type of business
		2018	2017	
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 Co., Ltd.	Thailand	99.99	99.99	Manufacturing and distribution of LPG cylinders
Siam Ethanol Exports Co., Ltd. ⁽⁸⁾	Thailand	70.00	70.00	Manufacturing of ethanol products (ceased its operation)
Siam Lucky Marine Co., Ltd. ⁽⁷⁾	Thailand	56.00	45.86	Transportation services
Siam Suksawat Co., Ltd.	Thailand	100.00	100.00	Transportation and discharge goods, petroleum product distribution
Siam LNG Company Limited ⁽⁴⁾	Thailand	99.99	-	Petroleum products distribution
Siam Gas HK Limited	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. ⁽¹⁾	Singapore	-	80.00	Holding business
Siam Gas Power Pte. Ltd. ⁽²⁾	Singapore	100.00	100.00	Holding business
Siamgas Global Investment Pte. Ltd. ⁽³⁾	Singapore	100.00	100.00	Holding business
Far East Petroleum Sdn. Bhd. ⁽⁶⁾	Malaysia	95.00	70.00	Petroleum products distribution, warehousing and storage service

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

12.1 Investments in subsidiaries, net (continued)

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

	Country of incorporation	% ownership interest		Type of business
		2018	2017	
Indirect Subsidiaries				
Siam Lucky Marine Co., Ltd. Held by: - Unique Gas and Petrochemicals Public Company Limited - Lucky Carrier Company Limited	Thailand	12.00 32.00	14.77 39.37	Transportation services
Sino Siam Gas and Petrochemical Co., Ltd. Held by: - Siam Gas HK Limited	The People's Republic of China	100.00	100.00	Petroleum and petrochemical products distribution
Siam Ocean Gas & Energy Limited Held by: - Siam Gas HK Limited	The People's Republic of China	100.00	100.00	Petroleum and petrochemical products distribution
Siamgas-J&J International Ltd. Held by: - Siamgas Global Investment Pte. Ltd.	Bangladesh	80.00	80.00	Petroleum and petrochemical products distribution
Siamgas Bangladesh Ltd. Held by: - Siamgas-J&J International Ltd.	Bangladesh	99.90	99.90	Petroleum and petrochemical products distribution
Pacific Gas Bangladesh Ltd. ⁽⁵⁾ Held by: - Siamgas Global Investment Pte. Ltd.	Bangladesh	90.00	-	Petroleum and petrochemical products distribution

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

12.1 Investments in subsidiaries, net (continued)

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

As at 31 December	Separate financial statements	
	Cost Method	
	2018 Million Baht	2017 Million Baht
Unique Gas and Petrochemicals Public Company Limited	2,105	2,105
Lucky Carrier Company Limited	70	70
Siam Quality Steel Co., Ltd.	70	70
Siam Ethanol Exports Co., Ltd. ⁽⁸⁾	280	280
Siam Lucky Marine Co., Ltd. ⁽⁷⁾	308	205
Siam Suksawat Co., Ltd.	100	100
Siam LNG Company Limited ⁽⁴⁾	385	-
Siam Gas HK Limited	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. ⁽²⁾	2,366	1,787
Siamgas Myanmar Consortium Pte. Ltd. ⁽¹⁾	-	-
Siamgas Global Investment Pte. Ltd. ⁽³⁾	66	37
Far East Petroleum Sdn. Bhd. ⁽⁶⁾	83	62
Total investment in subsidiaries	10,832	9,715
<u>Less</u> Impairment charge	<u>(250)</u>	<u>(121)</u>
Total investments in subsidiaries, net	<u>10,582</u>	<u>9,594</u>

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

- (1) On 18 October 2017, the Company's Board of Directors' meeting passed a resolution to approve the liquidation of Siamgas Myanmar Consortium Pte. Ltd. Such subsidiary completed a liquidation process on 5 February 2018.
- (2) During the year 2018, Siam Gas Power Pte. Ltd. ("SPW"), incorporated in Singapore, registered an increase of its share capital of 17.86 million shares at par value of USD 1 each or approximately to Baht 579.02 million. The number of shares increased from 51.02 million shares to 68.88 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.
- (3) During the year 2018, Siamgas Global Investment Pte. Ltd. ("SGI") entered into a joint venture agreement for trading of petroleum products in Bangladesh. SGI's ownership interest is 90% of registered and paid up capital. The source of fund is from the net working capital of the Group. 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 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%.

As at 31 December 2018, SGI partially registered an increase of its share capital of 0.93 million shares or Baht 29.55 million. The remaining are still in the process.

- (4) On 3 May 2018, the Company established Siam LNG Company Limited, in Thailand, with 10 million shares at par value of Baht 100, totalling Baht 1,000 million. The Company owns 99.99% of total shares. During the year 2018, The Company partially paid for 10 million shares at Baht 38.50 per share, amounting to Baht 385 million. The business objective of the subsidiary is petroleum products distribution.

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)

- (5) On 16 May 2018, Siamgas Global Investment Pte. Ltd., the subsidiary of the Company, established Pacific Gas Bangladesh Ltd. ("PGB"), in Bangladesh, with 400,000 shares at a par value of BDT 10,000 each. The business objective is petroleum product distribution in Bangladesh. The Group's ownership interest is 90.00% with paid-up capital of BDT 36 million or approximately Baht 13.73 million during the year.
- (6) On 6 August 2018, the Company entered into the share purchase agreement with a third party to acquire an 25% shareholding interest in or 2.50 million shares of Far East Petroleum Sdn. Bhd. at a par value of MYR 1.00 each, totalling MYR 2.50 million or Baht 20.47 million. The payment was made in August 2018. As a result, the Company's ownership interest increased from 70.00% to 95.00%.
- (7) On 7 August 2018, at the Board of Directors' meeting of the Company, it passed a resolution to approve the increase of share capital of Siam Lucky Marine Co., Ltd. to entitle to the privileges of the Board of Investment. The capital increase is of Baht 103 million with 10.30 million shares at par value of Baht 10 each. The Group still maintains 100% ownership interest in the subsidiary. The registration was completed in October 2018.
- (8) As at 31 December 2018, the Company recognised impairment loss on investment in Siam Ethanol Exports Co., Ltd. amounting to Baht 129 million because the ethanol business operation did not operate as plan and has ceased its operation. The major assets of this subsidiary are property, plant and equipment. In management's assessment of the impairment testing, the recoverable amount of investment in the subsidiary is based on the fair value less costs to disposal of net assets.

12.2 Investments in associates

The movements in investments in associates are as follows:

For the year ended 31 December 2018

	Consolidated financial statements Equity method Million Baht
Opening balance	1,641
Acquisitions	568
Share of profit	192
Currency translation differences	(25)
Closing balance	<u>2,376</u>

Details of investments in associates are as follows:

	Country of incorporation	% ownership interest		
		2018	2017	Type of business
Indirect associates				
(held by: Siam Gas Power Pte. Ltd.)				
MSN International Limited ⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾	Malaysia	41.10	30.00	Energy related business services
Asiatech Energy Pte. Ltd. ⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾	Singapore	41.10	30.00	Energy related business services
Myanmar Lighting (IPP) Co., Ltd. ⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾	Myanmar	41.10	30.00	Electricity generating business
Southern Myanmar Development Co., Ltd.	Myanmar	33.00	33.00	Electricity generating business
Asiatech Infrastructure Co. Pte. Ltd.	Singapore	33.00	33.00	Energy related business services
TSM Co., Ltd.	Malaysia	33.00	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	
	Equity Method	
	2018 Million Baht	2017 Million Baht
MSN International Limited ⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾	513	328
Asiatech Energy Pte. Ltd. ⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾	2	1
Myanmar Lighting (IPP) Co., Ltd. ⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾	1,857	1,312
Southern Myanmar Development Co., Ltd.	-	-
Asiatech Infrastructure Co. Pte. Ltd.	-	-
TSM Co., Ltd.	4	-
Total	2,376	1,641

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

- ⁽⁹⁾ The Group's details of total purchase consideration and estimated fair value of net assets acquired based on proportion of investment at 30.00% of each associate which the Group acquired in May 2017 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 party	35	-	-	35
Finance lease receivable	-	-	1,067	1,067
Right in power purchase agreement	-	-	1,330	1,330
Long-term loans to related party	-	1,377	-	1,377
Other payables to related party	-	(888)	-	(888)
Borrowings from financial institutions	-	(473)	-	(473)
Borrowings from related parties	(555)	-	(1,196)	(1,751)
Deferred income tax liabilities	-	-	(297)	(297)
Liabilities less other assets	(3)	(16)	(146)	(165)
Total fair value of net assets acquired	381	-	821	1,202
Goodwill (Presented as a part of investments in associates)	17	-	458	475
Total purchase consideration	398	-	1,279	1,677

During the year 2018, the Group had completely measured the fair value of the identifiable assets acquired and liabilities assumed of three associates to comply with the measurement period for a business combination stated in TFRS 3 (Revised 2017) "Business combinations". The determination of fair value does not materially impact to the consolidated financial statements for the year ended 31 December 2017. The Group amortises the right in power purchase agreement by straight-line method over the remaining period of the power purchase agreement of MLIPP which is 27 years.

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

12.2 Investments in associates (continued)

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

- (10) In November 2017, SPW entered into a share purchase agreement for acquisition of additional 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 or equivalent to Baht 305.89 million. The funds come from the net working capital of the Group. SPW paid for shares capital to sellers of USD 2 million or equivalent to Baht 65.36 million in November 2017 and paid for the remaining balance of USD 7.76 million or equivalent to Baht 240.53 million to sellers in January 2018. As a result, SPW's ownership interest was increased to 36.10% of registered and paid-up shares and the transfer of shares was completed on 1 February 2018.

The details of investment and estimated fair value of net assets acquired based on proportion of investment at 6.10% of each associate are described below:

	MSN International Limited Million Baht	Asiatech Energy Pte. Ltd. Million Baht	Myanmar Lighting (IPP) Co., Ltd. Million Baht	Total Million Baht
Trade receivables	162	-	8	170
Finance lease receivable	-	-	225	225
Right in power purchase agreement	-	-	247	247
Long-term loans to related party	-	247	-	247
Other payables to related parties	-	(172)	(45)	(217)
Borrowings from financial institutions	-	(79)	-	(79)
Borrowings from related parties	(102)	-	(214)	(316)
Deferred income tax liabilities	-	-	(57)	(57)
Liabilities less other assets	-	4	4	8
Total fair value of net assets acquired	60	-	168	228
Goodwill (Presented as a part of investments in associates)	13	-	65	78
Total purchase consideration	73	-	233	306

During the year 2018, the Group had completely measured the fair value of the identifiable assets acquired and liabilities assumed of three associates to comply with the measurement period for a business combination stated in TFRS 3 (Revised 2017) "Business combinations". The Group amortises the right in power purchase agreement by straight-line method over the remaining period of the power purchase agreement of MLIPP which is 26 years.

- (11) In August 2018, SPW entered into a share purchase agreement for acquisition of additional 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 5% 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 8 million or equivalent to Baht 262.07 million. The funds come from the net working capital of the Group. SPW paid for shares capital to sellers of USD 2.4 million or equivalent to Baht 62.18 million in August 2018 and paid for the remaining balance of USD 5.60 million or equivalent to Baht 199.89 million to sellers in November 2018. As a result, SPW's ownership interest was increased to 41.10% of registered and paid-up shares and the transfer of shares was completed on 12 December 2018.

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

12.2 Investments in associates (continued)

The details of investment and estimated fair value of net assets acquired based on proportion of investment at 5% of each associate are described below:

	MSN International Limited Million Baht	Asiatech Energy Pte. Ltd. Million Baht	Myanmar Lighting (IPP) Co., Ltd. Million Baht	Total Million Baht
Trade receivables	-	-	4	4
Other receivables from related parties	188	-	-	188
Finance lease receivable	-	-	235	235
Right in power purchase agreement	-	-	211	211
Long-term loans to related party	-	192	(49)	143
Other payables to related parties	-	(150)	-	(150)
Borrowings from financial institutions	-	(42)	-	(42)
Borrowings from related parties	(130)	-	(150)	(280)
Deferred income tax liabilities	-	-	(52)	(52)
Liabilities less other assets	3	-	1	4
Total fair value of net assets acquired	61	-	200	261
Goodwill (Presented as a part of investments in associates)	1	-	-	1
Total purchase consideration	62	-	200	262

During the year 2018, the Group had completely measured the fair value of the identifiable assets acquired and liabilities assumed of three associates to comply with the measurement period for a business combination stated in TFRS 3 (Revised 2017) "Business combinations". The Group amortises the right in power purchase agreement by straight-line method over the remaining period of the power purchase agreement of MLIPP which is 25 years.

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

For the year ended 31 December 2018	Financial information* Million Baht	Investment Group proportion Million Baht
Current assets	4,061	1,669
Non-current assets	4,113	1,691
Total assets	8,174	3,360
Current liabilities	1,047	431
Non-current liabilities	3,881	1,595
Total liabilities	4,928	2,026
Net assets	3,246	1,334
Revenue	1,159	476
Net profit	283	117
Other comprehensive expense	(30)	(13)
Total comprehensive income	253	104

* 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).

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

12.2 Investments in associates (continued)

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	3,246
Proportion of the Group:	
Interest in associates	1,334
Goodwill	523
Carrying value	1,857

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	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Opening balance	108	101	24	24
Acquisitions	23	28	-	-
Share of loss	(14)	(5)	-	-
Currency translation differences	(9)	(16)	-	-
Closing balance	108	108	24	24

Details of investments in joint ventures are as follows:

	Country of incorporation	% ownership interest		Type of business
		2018	2017	
Direct joint ventures				
Citygas North Co., Ltd. *	Vietnam	79.64	79.64	Petroleum 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	55.00	Petroleum products distribution
KMA Siam Limited ^{(12)*}	Myanmar	65.00	-	Petroleum products distribution

* According to Joint Venture Agreement with a third party has determined the management structure including strategic financial decisions and operations, with voting rights from all shareholders or the representative of each party, so this is classified as investments in joint ventures of the Group

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

12.3 Investments in joint ventures (continued)

Details of investments in joint ventures are as follows: (continued)

As at 31 December	Consolidated financial statements		Separate financial statements	
	Equity Method		Cost Method	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Direct joint ventures				
Citygas Noth Co., Ltd.	67	81	20	20
SG Gas Sdn. Bhd.	-	-	3	3
Siam Nathalin Co., Ltd.	1	1	1	1
	<u>68</u>	<u>82</u>	<u>24</u>	<u>24</u>
Indirect joint ventures				
PT Siamindo Djojo Terminal	25	26	-	-
KMA Siam Limited ⁽¹²⁾	15	-	-	-
	<u>40</u>	<u>26</u>	<u>-</u>	<u>-</u>
Total investments in joint ventures	<u>108</u>	<u>108</u>	<u>24</u>	<u>24</u>

⁽¹²⁾ In March 2018, Siamgas Global Investment Pte. Ltd. ("SGI"), which is a subsidiary of the Company, established KMA Siam Limited, a joint venture, incorporated in Myanmar with 1.51 million shares at a par value of USD 10 each. The subsidiary entered into a Joint Venture Agreement with a third party. The business objective is petroleum products distribution in Myanmar. The Group's ownership is 65.00% of total share capital. The joint venture agreement of KMA Siam Limited has determined the management structure including strategic financial decisions and operations, with voting rights from all shareholders or the representative of each party, so this is classified as investments in joint ventures of the Group. As at 31 December 2018, SGI paid-up capital of USD 0.70 million or approximately Baht 22.79 million during the year and the remainings are still in the registration process.

Individually immaterial joint ventures

The Group has interests in a immaterial joint ventures that are accounted for using the equity method.

For the year ended 31 December

	2018 Million Baht	2017 Million Baht
Aggregate carrying amount of individually immaterial joint ventures	<u>108</u>	<u>108</u>
Aggregate amounts of the Group's share of:		
Profit from continuing activities	4	12
Other comprehensive expense	(9)	(16)
Total comprehensive expense	<u>(5)</u>	<u>(4)</u>

13 Property, plant and equipment, net

	Consolidated financial statements									
	Land Million Baht	Buildings, infrastructure and land improvement Million Baht	Terminals, gas filling and service 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 2017										
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
	3,645	8,398	2,723	4,326	5,757	2,679	2,146	1,465	290	31,429
Less Accumulated depreciation	-	(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
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
Transfers	-	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
	3,641	8,038	2,743	4,585	5,460	2,384	2,050	1,484	379	30,764
Less Accumulated depreciation	-	(4,755)	(1,291)	(1,652)	(3,271)	(1,436)	(1,803)	(882)	-	(15,090)
Less Provision for impairment	-	-	-	-	-	(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)

	Consolidated financial statements									
	Land Million Baht	Buildings, infrastructure and land improvement Million Baht	Terminals, gas filling stations and service 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
For the year ended										
31 December 2018										
Opening net book value	3,641	3,283	1,452	2,933	2,189	920	247	602	379	15,646
Additions	883	45	23	578	334	38	24	31	550	2,506
Transfers	7	8	95	108	3	36	27	20	(304)	-
Reclassify to Investment property, net	(104)	(3)	(6)	-	-	-	-	-	-	(113)
Write-offs and disposals, net	(20)	(2)	(11)	(1)	(3)	-	(4)	(10)	(5)	(56)
Currency translation differences	-	(37)	(1)	(21)	(20)	(45)	(11)	-	(5)	(140)
Impairment charge	-	-	-	-	-	(93)	-	-	-	(93)
Depreciation charge	-	(156)	(97)	(492)	(197)	(85)	(16)	(41)	-	(1,084)
Closing net book value	4,407	3,138	1,455	3,105	2,306	771	267	602	615	16,666
As at 31 December 2018										
Cost - Historical cost	3,219	7,776	2,804	5,154	5,756	2,386	1,987	1,511	615	31,208
- Revaluation surplus	1,188	-	-	-	-	-	-	-	-	1,188
Less Accumulated depreciation	4,407	7,776	2,804	5,154	5,756	2,386	1,987	1,511	615	32,396
Less Provision for impairment	-	(4,638)	(1,349)	(2,049)	(3,450)	(1,494)	(1,720)	(909)	-	(15,609)
Net book value	4,407	3,138	1,455	3,105	2,306	771	267	602	615	16,666

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 2017								
Cost - Historical cost	1,998	801	958	934	51	83	64	4,889
- Revaluation	940	-	-	-	-	-	-	940
Less Accumulated depreciation								
	2,938	801 (73)	958 (183)	934 (433)	51 (23)	83 (44)	64	5,829 (756)
Net book value	2,938	728	775	501	28	39	64	5,073
For the year ended 31 December 2017								
Opening net book value	2,938	728	775	501	28	39	64	5,073
Additions	-	-	5	73	2	16	17	113
Transfers	-	4	7	-	-	-	(11)	-
Write-offs and disposals, net	-	-	-	(1)	-	(2)	(10)	(13)
Depreciation charge	-	(28)	(26)	(51)	(5)	(5)	-	(115)
Closing net book value	2,938	704	761	522	25	48	60	5,058
As at 31 December 2017								
Cost - Historical cost	1,998	802	969	1,006	53	96	60	4,984
- Revaluation	940	-	-	-	-	-	-	940
Less Accumulated depreciation								
	2,938	802 (98)	969 (208)	1,006 (484)	53 (28)	96 (48)	60	5,924 (866)
Net book value	2,938	704	761	522	25	48	60	5,058

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
For the year ended 31 December 2018								
Opening net book value	2,938	704	761	522	25	48	60	5,058
Additions	24	4	5	90	2	12	217	354
Transfers	-	1	8	-	-	-	(9)	-
Reclassify to Investment property, net	(104)	(3)	(8)	-	-	-	-	(115)
Write-offs and disposals, net	(20)	(2)	-	(1)	(1)	(1)	(1)	(26)
Depreciation charge	-	(25)	(25)	(57)	(4)	(7)	-	(118)
Closing net book value	2,838	679	741	554	22	52	267	5,153
As at 31 December 2018								
Cost - Historical cost	1,955	799	940	1,095	54	106	267	5,216
- Revaluation	883	-	-	-	-	-	-	883
Less Accumulated depreciation	2,838	799	940	1,095	54	106	267	6,099
	-	(120)	(199)	(541)	(32)	(54)	-	(946)
Net book value	2,838	679	741	554	22	52	267	5,153

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 2018			
	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht
Recurring fair value measurements			
Land	-	4,407	-
Separate financial statements			
Fair value measurements at 31 December 2018			
	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht
Recurring fair value measurements			
Land	-	2,838	-

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 2018, certain of gas vessels of a subsidiary with net book value of Baht 2,221.00 million (2017: Baht 2,424.61 million) have been pledged as collateral for loans from local commercial banks (Note 21).

14 Investment property, net

For the year ended 31 December	Consolidated financial information 2018 Million Baht	Separate financial information 2018 Million Baht
Opening net book amount	-	-
Additions	-	555
Transfers from property, plant and equipment	113	115
Transfers from other assets	15	-
Depreciation for the period	-	-
Closing net book amount	128	670
As at 31 December 2018		
Cost	165	707
<u>Less</u> Accumulated depreciation	(37)	(37)
Net book value	128	670
Fair value	128	670

15 Goodwill, net

The movement of goodwill can be analysed as follows:

For the year ended 31 December	Consolidated financial statements	
	2018 Million Baht	2017 Million Baht
Goodwill	1,538	1,538
<u>Less</u> Provision for impairment	(22)	(22)
Goodwill, net	1,516	1,516

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			
	2018			
	Thailand	Vietnam	Singapore	Total
Goodwill allocation (Million Baht)	1,152	227	137	1,516
	Consolidated financial statements			
	2017			
	Thailand	Vietnam	Singapore	Total
Goodwill allocation (Million Baht)	1,152	227	137	1,516

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%	2.98%	2.77%
Discount rate	9.38%	8.38%	9.17%

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.

16 Intangible assets, net

As at 1 January

Cost
Less Accumulated amortisation

Net book amount

For the year ended 31 December

Opening net book amount
 Amortisation charge
 Currency translation differences

Closing net book amount

As at 31 December

Cost
Less Accumulated amortisation

Net book amount

Consolidated financial statements

2018

Customer relationship Million Baht	Computer software Million Baht	Total Million Baht
244	52	296
(151)	(37)	(188)
93	15	108
93	15	108
(32)	(2)	(34)
-	(1)	(1)
61	12	73
240	52	292
(179)	(40)	(219)
61	12	73

Consolidated financial statements

2017

As at 1 January

Cost
Less 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
Less Accumulated amortisation

Net book amount

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

16 Intangible assets, net (continued)

	Separate financial statements	
	2018	2017
	Computer software Million Baht	Computer software Million Baht
As at 1 January		
Cost	17	14
<u>Less</u> Accumulated amortisation	(14)	(13)
Net book amount	<u>3</u>	<u>1</u>
For the year ended 31 December		
Opening net book amount	3	1
Additions	-	3
Amortisation charge	(1)	(1)
Closing net book amount	<u>2</u>	<u>3</u>
As at 31 December		
Cost	17	17
<u>Less</u> Accumulated amortisation	(15)	(14)
Net book amount	<u>2</u>	<u>3</u>

17 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	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Deferred tax assets	243	151	-	-
Deferred tax liabilities	(341)	(377)	(26)	(91)
Deferred tax assets (liabilities), net	<u>(98)</u>	<u>(226)</u>	<u>(26)</u>	<u>(91)</u>

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

	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Deferred tax assets:				
Deferred tax asset to be recovered within 12 months	2	34	4	24
Deferred tax asset to be recovered after more than 12 months	327	165	124	37
	<u>329</u>	<u>199</u>	<u>128</u>	<u>61</u>
Deferred tax liabilities:				
Deferred tax liability to be settled within 12 months	(8)	-	-	-
Deferred tax liability to be settled after more than 12 months	(419)	(425)	(154)	(152)
	<u>(427)</u>	<u>(425)</u>	<u>(154)</u>	<u>(152)</u>
Deferred tax liabilities, net	<u>(98)</u>	<u>(226)</u>	<u>(26)</u>	<u>(91)</u>

17 Deferred income taxes, net (continued)

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

	Consolidated financial statements		Separate Financial statements	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
As at 1 January	(226)	44	(91)	(88)
(Charged)/credited to profit or loss (Note 31)	135	(259)	65	(4)
(Charged)/credited directly to other comprehensive income	(7)	(11)	-	1
As at 31 December	<u>(98)</u>	<u>(226)</u>	<u>(26)</u>	<u>(91)</u>

17 **Deferred income taxes, net** (continued)

The movement in deferred tax assets and liabilities during the year 2018 and 2017, 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 2017 Million Baht	Profit or loss Million Baht	Comprehensive income Million Baht	As at 31 December 2017 Million Baht	Profit or loss Million Baht	Comprehensive income Million Baht
Deferred tax assets						As at 31 December 2018 Million Baht
Allowance for doubtful accounts	5	(1)	-	4	(1)	-
Allowance for diminution in value of inventories	-	-	-	-	3	-
Employee benefit obligation	28	3	-	31	2	-
Remeasurements of post-employment benefit obligations	(1)	-	1	-	-	-
Gain on sales of goods/assets within the Group	76	(26)	-	50	(14)	-
Tax loss carried forwards	365	(252)	-	113	137	-
Others	1	-	-	1	3	-
Deferred tax assets, gross	474	(276)	1	199	130	-
Deferred tax liabilities						
Differences on depreciation	(148)	(16)	-	(164)	(23)	-
Fair value adjustments from business acquisition	(55)	3	-	(52)	7	-
Valuation surplus on land	(197)	-	-	(197)	-	-
Effect of currency translation on tax base	(30)	33	(12)	(9)	18	(7)
Others	-	(3)	-	(3)	3	-
Deferred tax liabilities, gross	(430)	17	(12)	(425)	5	(7)
Deferred tax assets (liabilities), net	44	(259)	(11)	(226)	135	(98)

17 **Deferred income taxes, net** (continued)

The movement in deferred tax assets and liabilities during the year 2018 and 2017, is as follows:

	Separate financial statements					
	Charged/credited to			Charged/credited to		
	As at 1 January 2017 Million Baht	Profit or loss Million Baht	Comprehensive income Million Baht	As at 31 December 2017 Million Baht	Profit or loss Million Baht	Comprehensive income Million Baht
Deferred tax assets						As at 31 December 2018 Million Baht
Allowance for doubtful accounts	1	-	-	1	-	1
Provision for impairment from investment of subsidiaries	24	-	-	24	26	50
Employee benefit obligation	11	-	-	11	1	12
Remeasurements of post-employment benefit obligations	(1)	-	1	-	-	-
Loss carried forwards	25	(2)	-	23	40	63
Others	2	-	-	2	-	2
Deferred tax assets, gross	62	(2)	1	61	67	128
Deferred tax liabilities						
Differences on depreciation	(12)	(2)	-	(14)	(2)	(16)
Valuation surplus on land	(138)	-	-	(138)	-	(138)
Deferred tax liabilities, gross	(150)	(2)	-	(152)	(2)	(154)
Deferred tax assets (liabilities), net	(88)	(4)	1	(91)	65	(26)

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 82 million (2017: Baht 69 million) in respect of losses amounting to Baht 409 million (2017: Baht 347 million) that can be carried forward against future taxable income within 2022.

18 Other non-current assets

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Accrued interest income on loans to related companies (Note 34)	-	-	217	188
Deposits at bank used as collateral	37	74	-	-
Deposits	19	17	7	7
Corporate income tax refundable	140	113	114	92
Advance payments for purchases of equipment	86	233	73	224
Deposits for investment in associates (Note 12.2)	-	97	-	-
Prepayment for investments in subsidiaries	-	-	36	-
Deferred charge	50	23	-	-
Prepaid rental	494	414	80	37
Leasehold	25	45	-	-
Others	1	54	-	1
Total other non-current assets	852	1,070	527	549

19 Short-term loans from financial institutions, net

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Short-term loans from financial institutions, net	4,989	1,501	600	1,233

As at 31 December 2018, the Group has short-term trust receipts and promissory notes from commercial banks with unsecured represented in US Dollar amounting to USD 135.24 million, which is equivalent to Baht 4,389 million, and Thai Baht amounting to Baht 600 million for the Group and Thai Baht amounting 600 million for the Company, which bear interest rates at the range of 1.90% - 2.77% per annum and 1.90% per annum, respectively. (31 December 2017: represented in USD amounting to USD 20.01 million, which is equivalent to Baht 656 million and Thai Baht amounting to Baht 845 million for the Group and represented in USD amounting to USD 11.81 million, which is equivalent to Baht 388 million and Thai Baht amounting to Baht 845 million for the Company, which bear interest rates at the range of 1.25% - 1.85% per annum and 1.25% - 1.80% per annum, respectively).

20 Trade and other payables

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Trade payables	2,435	3,068	781	568
Trade payables to related parties (Note 34)	2	-	49	46
Other payables	121	170	50	82
Other payables to related parties (Note 34)	4	5	3	13
Advance received from customers	374	319	-	-
Accrued interest	60	65	60	64
Accrued expenses	519	361	61	42
Total trade and other payables	3,515	3,988	1,004	815

21 Long-term loans from financial institutions, net

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Current portion of long-term loans, net				
Thai Baht	625	327	184	-
US Dollar	727	259	704	148
<u>Less</u> Deferred financing fee	(3)	(3)	(2)	(2)
	1,349	583	886	146
Long-term loans, net				
Thai Baht	965	693	274	-
US Dollar	-	767	-	710
<u>Less</u> Deferred financing fee	(2)	(7)	-	(5)
	963	1,453	274	705
Total long-term loans, net	2,312	2,036	1,160	851

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

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Opening balance, net	2,036	1,372	851	521
<u>Cash flows information</u>				
Additions	1,017	1,337	550	543
Repayments	(772)	(578)	(248)	(142)
Financing fees on addition loans	(1)	(7)	-	(5)
<u>Non-cash movements</u>				
Amortised deferred financing fees	5	4	4	3
Unrealised loss (gain) from exchange rate	20	(8)	3	(69)
Currency translation differences	7	(84)	-	-
Closing balance, net	2,312	2,036	1,160	851

As at 31 December 2018 and 2017, 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
2018	2017			
458	-	MLR-3.27%	Principal and interest repayments are made on quarterly basis. The loan is due for full repayment by June 2021.	A Subsidiary
702 (21.60 Million US Dollar)	851 (26.10 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

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

As at 31 December 2018 and 2017, The Group and the Company have long-term loans from local commercial banks as follows: (continued)

The subsidiaries

Balance of loan, net (Million Baht)		Interest rate per annum	Repayments of principal and interest	Security
2018	2017			
45	84	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
23 (0.70 Million US Dollar)	69 (2.12 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)	LIBOR 1M+3.00%	Principal and interest repayments are made on monthly basis. The loan is full repayment during the year 2018.	
89	112	THBFIX 6M +2.22%	Principal and interest repayments are made on monthly basis. The loan is due for full repayment by December 2022.	
-	2	MLR-1.00%	Principal and interest repayments are made on monthly basis. The loan is full repayment during the year 2018.	Vessels (Note 13) and also guaranteed by the Company and another subsidiary
-	5	MLR-1.00%	Principal and interest repayments are made on monthly basis. The loan is full repayment during the year 2018.	
-	75 (2.30 Million US Dollar)	LIBOR 3M+3.10%	Principal and interest repayments are made on monthly basis. The loan is full repayment during the year 2018.	

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

As at 31 December 2018 and 2017, The Group and the Company have long-term loans from local commercial banks as follows: (continued)

The subsidiary (continued)

Balance of loan, net (Million Baht)		Interest rate per annum	Repayments of principal and interest	Security
2018	2017			
52	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
350	448	2.73%	Principal and interest repayments are made on monthly basis The loan is due for full repayment by July 2022.	
41	60	3.00%	Principal and interest repayments are made on monthly basis The loan is due for full repayment by February 2021.	
20	79	3.00%	Principal and interest repayments are made on monthly basis The loan is due for full repayment by April 2019.	
94	128	2.57%	Principal and interest repayments are made on monthly basis The loan is due for full repayment by September 2021.	
339	-	3.00%	Principal and interest repayments are made on monthly basis The loan is due for full repayment by August 2023.	
99	-	3.00%	Principal and interest repayments are made on monthly basis The loan is due for full repayment by August 2023.	
<u>2,312</u>	<u>2,036</u>			

During the year 2018, 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 2018 in note 36.

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.

21 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	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Long-term loans, net				
- at fixed rates	995	814	-	-
- at floating rates	1,317	1,222	1,160	851
Total long-term loans, net	2,312	2,036	1,160	851

As at 31 December 2018, the weighted average effective interest rate of the long-term loans of the Group and the Company were approximately 4.91% and 4.90% per annum respectively. (2017: 4.67% and 4.64% per annum respectively).

Maturity of long-term loans is as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Within 1 year	1,349	583	886	146
Later than 1 year but not later than 5 years	963	1,453	274	705
Total long-term loans, net	2,312	2,036	1,160	851

Credit facilities

As at 31 December 2018, 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 24,512 million (2017: Baht 25,253 million).

22 Other current liabilities

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Tax payables	91	29	4	3
Withholding tax payable	8	5	-	-
Others	41	54	2	3
Total other current liabilities	140	88	6	6

23 Bonds, net

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Current portion of long-term bonds, net				
Thai Baht	3,000	2,000	3,000	2,000
Long-term bonds, net				
Thai Baht	6,000	5,000	6,000	5,000
Less Deferred financing fees	(17)	(5)	(17)	(5)
	5,983	4,995	5,983	4,995
Total bonds, net	8,983	6,995	8,983	6,995

The movements of bonds can be analysed as follows:

For the year ended 31 December 2018

	Consolidated financial statements Million baht	Separate financial statements Million Baht
Opening balance, net	6,995	6,995
Cash flows information		
Repayment	(2,000)	(2,000)
Issue of bond	4,000	4,000
Financing fee on issue of bond	(17)	(17)
Non-cash movements		
Amortised financing fees	5	5
Closing balance, net	8,983	8,983

During the year 2018, the Company had proposed to issue and offer unsubordinated and secured debenture bond. Total value of debenture bond is Baht 4,000 million. The par value is equal to offering price at Baht 1,000 per unit. Interest is repayment every 3 months.

The bond is rated at A (Stable) by TRIS. The detail of the bond is as follows:

Type of bond	Fixed interest rate
5-year bond	3.03% per annum
5-year bond	3.85% per annum

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	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Within 1 year	3,000	2,000	3,000	2,000
Later than 1 year but not later than 5 years	5,983	4,995	5,983	4,995
Total bonds, net	8,983	6,995	8,983	6,995

24 Cylinder deposits

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Cylinder deposits	5,054	4,745	1,078	976

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 recognized 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 35). The significant refund of deposits will occur when gas business operations significantly decline.

25 Employee benefit obligations

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Present value of obligations	166	156	62	56
Liability in the statement of financial position	166	156	62	56

Movements in employee benefit obligations are as follows:

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Opening balance	156	145	56	53
Current service costs	12	11	5	4
Interest costs	5	5	2	2
Benefit paid	(7)	(5)	(1)	(3)
Closing balance	166	156	62	56

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	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Current service costs	12	11	5	4
Interest costs	5	5	2	2
Total	17	16	7	6

25 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	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Cost of sales and services	7	7	2	3
Administrative expenses	10	9	5	3
Total	17	16	7	6

The principal actuarial assumptions used were as follows:

	2018	2017
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	
	2018	2017	2018	2017	2018	2017
Discount rate	1%	1%	Decrease by 6.53%	Decrease by 6.97%	Increase by 7.42%	Increase by 7.93%
Salary increase rate	1%	1%	Increase by 9.73%	Increase by 9.20%	Decrease by 8.66%	Decrease by 8.22%
Turnover rate	20%	20%	Decrease by 7.33%	Decrease by 7.68%	Increase by 8.87%	Increase by 9.31%

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 2018, the weighted average duration of the defined benefit obligation of the Group is 18 years (2017: 19 years).

26 Share capital

	Number of share Million shares	Ordinary share Million Baht	Share premium Million Baht	Total Million Baht
As at 1 January 2017	919	919	1,875	2,794
Issue of ordinary shares	-	-	-	-
As at 31 December 2017	919	919	1,875	2,794
Shares split	919	-	-	-
As at 31 December 2018	1,838	919	1,875	2,794

At the Annual General Meeting of Shareholders for the year 2018 on 27 April 2018, the shareholders approved a registered its change in par value with Ministry of Commerce from that of Baht 1 to that of Baht 0.50 per share by splitting 1 ordinary share at a par value of Baht 1 into 2 ordinary shares at a par value of Baht 0.50 per share and approved a change in the Company's Memorandum of Association to record this change in the par value of the Company's shares on 11 May 2018.

As at 31 December 2018, total authorised number of shares was 1,838 million shares with a par value of Baht 0.50 per share (2017: 919 million shares with a par value of Baht 1 per share). All 1,838 million shares were issued and fully paid-up with the share premium of Baht 1,875 million.

27 Dividends paid

The Company

On 27 April 2018, at the Annual General Shareholders' meeting of the Company, the shareholders passed a resolution to approve the payment of dividends for the year 2017 amounting to Baht 1.50 per share, totalling Baht 1,378.40 million, inclusive of interim dividends from retained earnings and operating result for the six-month period ended 30 June 2017 amounting to Baht 0.50 per share, totalling Baht 459.47 million. The interim dividends had already been paid on 7 September 2017. The remaining dividends of Baht 1.00 per share, totalling Baht 918.93 million, had already been paid on 9 May 2018.

On 7 August 2018, at the Board of Directors' meeting of the Company, the board passed a resolution to approve the payment of interim dividends from operating results for the six-month period ended 30 June 2018 at Baht 0.25 per share, for 1,837.86 million shares, totalling Baht 459.47 million. The dividends had been paid on 5 September 2018.

The Subsidiaries

In January 2018, at the Board of Directors' meeting of Siam Gas Trading Pte. Ltd., the board passed a resolution to approve the payment of interim dividends from retained earnings at USD 60 per share or Baht 31.89 per share, for 0.50 million shares, totalling USD 30.00 million or Baht 956.69 million. The Company recognised the dividend income in the separate statement of income. The interim dividends had been paid on 12 January 2018.

On 24 April 2018, at the Annual General Shareholders' meeting of Lucky Carrier Company Limited, the shareholders passed a resolution to approve the payment of dividends for the year 2017 in an amount of Baht 8.00 per share, for 7.00 million shares, totalling Baht 56.00 million, inclusive of interim dividends amounting to Baht 5.00 per share, totalling Baht 35.00 million. The interim dividends had already been paid on 1 September 2017. The remaining dividends of Baht 3.00 per share, totalling Baht 21.00 million, had already been paid on 2 May 2018.

On 25 April 2018, at the Annual General Shareholders' meeting of the Unique Gas and Petrochemical Public Company Limited, the shareholders passed a resolution to approve the payment of dividends for the year 2017 from operating results for the year 2017 in an amount of Baht 65.00 per share, for 10.50 million shares, totalling Baht 682.50 million, inclusive of interim dividends 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 dividends of Baht 35.00 per share, totalling Baht 367.50 million, The dividends had already been paid on 7 May 2018.

On 7 August 2018, at the Board of Directors' meeting of Unique Gas and Petrochemical Public 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 2018 at Baht 35.00 per share, for 10.50 million shares, totalling Baht 367.50 million. The dividends had already been paid on 3 September 2018.

On 14 August 2018, at the Board of Directors' meeting of Lucky Carrier Company Limited, the board passed a resolution to approve the payment of interim dividends from net profit for the six-month period ended 30 June 2018 at Baht 3.00 per share, for 7.00 million shares, totalling Baht 21.00 million. The dividends had already been paid on 3 September 2018.

28 Legal reserve

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

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

29 Other income

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Rental income	29	23	22	21
Interest income	17	17	37	55
Gain on disposals of property, plant and equipment	37	9	33	1
Gain on exchange rates	91	140	24	110
Gain on revaluation of inventory	131	8	-	-
Others	272	277	107	86
Total other income	577	474	223	273

30 Expenses by nature

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Depreciation and amortisation expenses	1,138	1,230	120	115
Staff costs	1,475	1,399	333	292
Directors' and key management's remuneration	65	57	33	29
Impairment charges on goodwill	-	22	-	-
Impairment charges on equipment	93	28	-	-
Impairment charges on investment	-	-	129	-

31 Income tax

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Current tax	286	403	-	-
Deferred tax (Note 17)	(135)	259	(65)	4
Total tax expense	151	662	(65)	4

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:

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	Million Baht	Million Baht	Million Baht	Million Baht
Profit before tax	1,021	3,502	1,342	648
Tax calculated at a tax rate of 20% (2017: 20%)	204	700	268	130
Tax effect of:				
Difference in overseas tax rate	251	15	-	-
Income not subject to tax	(366)	(136)	(346)	(136)
Expenses not deductible for tax purpose	69	68	10	8
Utilisation of previously unrecognised tax losses	(7)	(4)	-	-
Tax losses for which no deferred income tax asset was recognised	12	22	-	2
Others	(12)	(3)	3	-
Tax charge	151	662	(65)	4

32 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	
	2018	2017	2018	2017
Net profit attributable to owner of the parent (million Baht)	871	2,811	1,407	645
Weighted average number of ordinary shares in issue during the year (million shares)	1,838	1,838	1,838	1,838
Basic earnings per share (Baht per share)	0.47	1.53	0.77	0.35

There are no potential dilutive ordinary shares in issue during the year 2018. Weighted average number of ordinary shares for the period ended 31 December 2018 was revised from potential dilutive ordinary shares in issue as there was revised in the beginning of 2017.

33 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	Currency translation differences Million Baht	Discount from Shareholding Interests in subsidiaries Million Baht	Total other component of equity Million Baht
Opening balance - 1 January 2018	969	(609)	22	(21)	(407)	-	(46)
Acquisition of investment in a subsidiary from non-controlling interests	-	-	-	-	-	(4)	(4)
Total comprehensive expense for the year	-	-	-	(34)	(607)	-	(641)
Closing balance - 31 December 2018	969	(609)	22	(55)	(1,014)	(4)	(691)
Opening balance - 1 January 2017	969	(609)	22	-	140	-	522
Total comprehensive expense for the year	-	-	-	(21)	(547)	-	(568)
Closing balance - 31 December 2017	969	(609)	22	(21)	(407)	-	(46)
	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 2018	757	(609)					148
Total comprehensive income for the year	-	-					-
Closing balance - 31 December 2018	757	(609)					148
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 2018
Total comprehensive income for the year

Closing balance - 31 December 2018

Opening balance - 1 January 2017
Total comprehensive income for the year

Closing balance - 31 December 2017

34 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 2018, 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:

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

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Trade accounts receivable				
Subsidiaries	-	-	74	205
Joint ventures	17	56	-	-
Other related parties - the same shareholders and directors	3	3	2	2
Total	20	59	76	207
Other receivables				
Subsidiaries	-	-	94	98
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	174	30	71	12
Trade accounts payable				
Subsidiaries	-	-	49	46
Joint ventures	2	-	-	-
Total	2	-	49	46
Other payables				
Subsidiaries	-	-	1	11
Other related parties - the same shareholders and directors	4	5	2	2
Total	4	5	3	13

34 Related party transactions (continued)

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

b) Long-term loans to related parties

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Long-term loans to related parties				
Subsidiaries	-	-	1,160	1,182
Associates	112	-	-	-
Joint ventures	21	21	21	21
Total	133	21	1,181	1,203
Accrued interest income				
Current portion				
Joint ventures	1	-	1	1
Non-current portion (Note 18)				
Subsidiaries	-	-	217	188
Total	1	-	218	189

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	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Opening balance	21	37	1,203	1,821
Additions	113	-	155	445
Proceeds	-	(12)	(173)	(1,001)
Unrealised loss on exchange rates	(1)	(4)	(4)	(62)
Closing balance	133	21	1,181	1,203

34 Related party transactions (continued)

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

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

As at 31 December 2018, 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
2018	2017		
783	751	The maximum of bond rates +0.25	The loan is due for full repayment in 2023.
5	5	The maximum of bond rates +0.25	The loan is due for full repayment in 2020.
357	357	MLR +0.50	The loan dues when the subsidiary has sufficient working capital.
-	74 (2.29 Million US Dollar)	The maximum of bond rates +0.25	The loan is full repayment during the year 2018.
16 (0.50 Million US Dollar)	16 (0.50 Million US Dollar)	The maximum of bond rates +0.25	The loan is due for full repayment in 2020.
20	-	The maximum of bond rates +0.25	The loan is due for full repayment in 2023.
1,181	1,203		

c) Long-term loans from related parties

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Long-term loans				
Subsidiaries	-	-	998	690
Other related parties - the same shareholders and directors	3	3	-	-
Total	3	3	998	690

34 Related party transactions (continued)

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

c) 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	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Opening balance	3	3	690	534
Additions	-	-	1,046	820
Repayments	-	-	(740)	(664)
Unrealise loss from exchange rate	-	-	2	-
Closing balance	3	3	998	690

As at 31 December 2018, the details of long-term loans from 2 subsidiaries are as follows:

- Loan of Baht 690 million (2017: Baht 670 million) with interest rate of 1.67% per annum or Interest rate of average fixed deposit interest rate of four Thai commercial banks plus 0.50% per annum (2017: Interest rate of average fixed deposit interest rate of four Thai commercial banks plus 0.50% per annum). The loan is dues for payment in 2023.
- Loan of Baht 20 million for 2017 with Interest rate of 0.25% per annum. The loan is full repayment during the year 2018.
- Loan of Baht 308 million (2017: nil) with no interest. The loan is no due date.

As at 31 December 2018, the Group has loan from directors of Baht 3 million with no interest. The loan dues when the subsidiary has sufficient working capital.

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

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Sales of gas				
Subsidiaries	-	-	2,469	1,733
Joint ventures	122	408	-	-
Other related parties - the same shareholders and directors	15	14	8	7
Total	137	422	2,477	1,740
Wharfing service income				
Subsidiaries	-	-	41	41
Interest income				
Subsidiaries	-	-	35	52
Joint ventures	1	1	1	2
Total	1	1	36	54
Other income				
Subsidiaries	-	-	118	77
Dividend income				
Subsidiaries	-	-	1,731	679

34 Related party transactions (continued)

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

e) Purchases of goods and services and interest expenses

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Purchase of goods				
Subsidiaries	-	-	1,010	186
Purchase of equipment				
Subsidiaries	-	-	82	62
Transportation expenses				
Subsidiaries	-	-	292	291
Wharfing expenses				
Subsidiaries	-	-	35	32
Rental expenses				
Subsidiaries	-	-	3	3
Other related parties - the same shareholders and directors	34	30	13	12
Total	34	30	16	15
Interest expenses				
Subsidiaries	-	-	12	9
Other expenses				
Subsidiaries	-	-	17	9
Other related parties - the same shareholders and directors	36	33	15	15
Total	36	33	32	24

f) Directors' and key management remunerations

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Short-term employee benefits	63	55	32	28
Post-employment benefits	2	2	1	1
Total	65	57	33	29

35 Commitments and contingent liabilities

a) Contingent liabilities

The assessments of value added tax

A subsidiary received a notice of assessment letter for value added tax underpayment, including a penalty and surcharge from the Revenue Department. 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. The notification letters of value added tax underpayment are as follows:

- In June 2011, a notice of assessment letter was received for the underpayment of value added tax, including a penalty and surcharge, for the period from October to December 2010 totalling Baht 8.85 million. In August 2018, the subsidiary received a favourable ruling from the Supreme Court. Then, in February 2019, the subsidiary received a value added tax refund together with the interest totalling Baht 7.12 million from the Revenue Department.
- In June 2017, a notice of assessment letter was received for the underpayment of value added tax, including a penalty and surcharge, for the period from May to December 2012 totalling Baht 11.62 million. The subsidiary filed a partial tax payment of Baht 3.94 million and recorded this as expense in the same year. The remaining of Baht 7.68 million was the penalty and surcharge. As at 31 December 2018, the case was being reviewed by the Administrative Appeal Committee.
- In January 2018, a notice of assessment letter was received for the underpayment of value added tax, including a penalty and surcharge, for the period from February to April 2013 totalling Baht 4.03 million. The subsidiary filed a partial tax payment of Baht 1.28 million and recorded this as expense in the period. The remaining of Baht 2.75 million was the penalty and surcharge. As at 31 December 2018, the case was being reviewed by the Administrative Appeal Committee.

The assessments of corporate income tax

The subsidiary received a notification letters for corporate income tax underpayment, including penalty and surcharge from the Revenue Department. The assessment was issued because transportation service income arising from the subsidiary's time charter party contracts had been granted promotional privileges by the Office of the Board of Investment under promotion certificates, and according to the notification of the Director-General of the Revenue Department (No.72) - Rules, procedures and conditions for exemption from income tax on a company or juristic partnership for international marine shipping. The Revenue Department classified this service as property rental, which is not granted promotional privileges under the certificates. The notification letters of corporate income tax underpayment are as follows:

- In November 2017, a notice of assessment letter was received for the underpayment of corporate income tax, including a penalty and surcharge, for the year 2012 and 2014 totalling Baht 58.47 million and Baht 33.81 million, respectively. The subsidiary filed a partial tax payment of Baht 34.61 million and recorded this as expenses in the same year. The remaining of Baht 57.67 million was the penalty and surcharge. As at 31 December 2018, the cases were being reviewed by the Administrative Appeal Committee.
- In January 2018, a notice of assessment letter was received for the underpayment of corporate income tax, including a penalty and surcharge, for the year 2013 totalling Baht 51.28 million. The subsidiary filed a partial tax payment of Baht 19.17 million and recorded this as expense in the period. The remaining of Baht 32.11 million was the penalty and surcharge. As at 31 December 2018, the case was being reviewed by the Central Tax Court.

35 Commitments and contingent liabilities (continued)

a) Contingent liabilities (continued)

The assessments of corporate income tax (continued)

As a result of the judgement by the Supreme Court of the assessment of value added tax from October to December 2010, the Group's management considers that the outcome from the Administrative Appeal Committee will match with the judgement from the Supreme Court. Therefore, the Group didn't recognize the expense and contingent liability relating to the value added tax and corporate income tax including, penalty and surcharge on transportation service income arising from the time charter party contracts from 2010 to date in the financial information.

b) Letter of guarantee

As at 31 December 2018 and 2017, the Group and the Company have bank guarantees issued on its behalf as follows:

As at 31 December	Consolidated financial statements		Separate financial statements	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Letter of guarantee	1,164	1,231	310	323
Letter of credit	928	3,707	-	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	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Within 1 year	92	82	20	19
During 2 - 5 years	229	132	63	64
Later than 5 years	582	282	76	87
Total	903	496	159	170

35 Commitments and contingent liabilities (continued)

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	
	2018 Million Baht	2017 Million Baht	2018 Million Baht	2017 Million Baht
Property, plant and equipment	1,034	923	597	458

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 24 in relation to contingent liabilities from cylinder deposits.

36 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 2018 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 6.00 million which equivalent to Baht 195.68 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 89.60 million and total amount of long-term loans of US Dollar 0.70 million (which equivalent to Baht 22.96 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 1,043 million which equivalent to US Dollar 30.75 million.

37 Events after the reporting date

a) Dividend payment

The Company

On 21 February 2019, at the Board of Directors' meeting of the Company, the board passed a resolution to propose the payment of dividends from operating results for the year 2018 amounting to Baht 0.45 per share, totalling Baht 827.04 million, inclusive of interim dividends for the first six-month of 2018. The Company had already paid interim dividend from operating results for the six-month period of the year 2018 amounting to Baht 0.25 per share, totalling Baht 459.47 million on 5 September 2018. The board will propose the shareholders at the shareholders' meeting to get an approval for dividend payment.

Subsidiary

On 21 February 2019, 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 2018 in an amount of Baht 70.00 per share, totalling Baht 735.00 million, inclusive of interim dividends from operating results for the six-month period of the year 2018, amounting to Baht 35.00 per share, totalling Baht 367.50 million. The interim dividends had already been paid on 3 September 2018. The remaining dividend of Baht 367.50 million will be paid in May 2019.

On 21 February 2019, at the Board of Directors' meeting of Lucky Carrier Company Limited, the board passed a resolution to propose dividend payment for the year 2018 in an amount of Baht 7.00 per share, totalling Baht 49.00 million, inclusive of interim dividends from operating results for the six-month period of the year 2018, amounting to Baht 3.00 per share, totalling Baht 21.00 million. The interim dividends had already been paid on 3 September 2018. The remaining dividend of Baht 28.00 million will be paid in May 2019.

b) Issue of bond

On 25 - 29 January 2019, at the Board of Directors' meeting of the Company, the board passed a resolution to propose to issue and offer unsubordinated and unsecured debenture bond. Total value of debenture bond is Baht 3,000 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	4.10% per annum

c) Loans a subsidiary

On 15 February 2019, The Company enters into contract with a subsidiary to loan of USD 4.50 million or equivalent to Baht 146.02 million, with interest rate of 4.55% per annum. The loan is dues for payment in 2020.

d) Increase capital of a subsidiary

On 21 February 2019, at the Board of Directors' meeting of the Company, it passed a resolution to approve the increase of share capital of a subsidiary to entitle to the privileges of the Board of Investment. The capital increase is of Baht 40 million with 4 million shares at par value of Baht 10 each. The Group still maintains 100% ownership interest in the subsidiary. The registration will be completed in February 2019.





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