

Annual Report 2009

Siam Pan Group Public Company Limited

Content

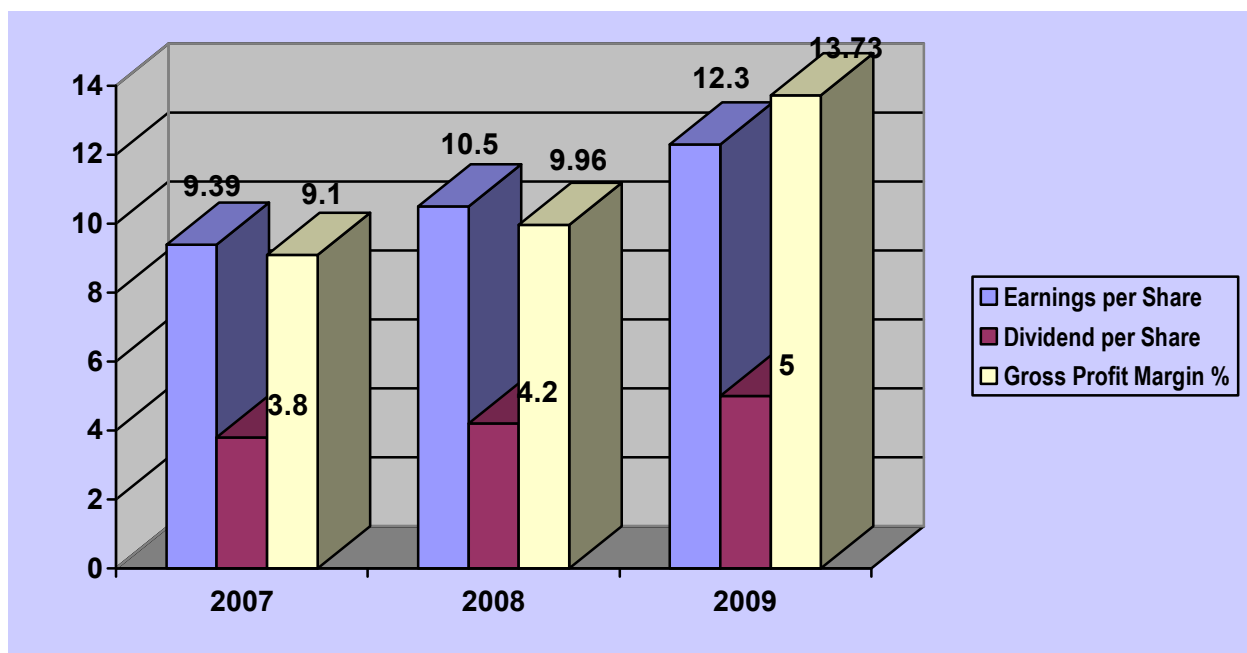
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Financial Summary for the Fiscal Year

Siam Pan Group Public Company Limited Consolidated

	Year 2007	Year 2008	Year 2009
Sales (million Baht)	3,500.16	3,564.04	3,065.70
Total Revenue (million Baht)	3,574.69	3,659.14	3,107.89
Net Profit for Shareholders (million Baht)	323.85	362.21	424.43
Earnings per Share (Baht)	9.39	10.50	12.30
Shareholders' Equity (million Baht)	2,423.58	2,656.66	2,938.90
Dividend per Share (Baht)	3.80	4.20	5.00*
Book Value per Share (Baht)	69.86	76.55	84.67
Net Profit Margin (%)	9.10	9.96	13.73
Return on Equity (%)	14.05	14.26	15.17

Note: * Proposed by the Board of Directors and pending approval from shareholders' meeting on 8 April 2010



Chairman's Message

Dear Shareholders,

In 2009 the company group has total revenue of 3,066 million baht, a decrease of 498 million baht compared to the year 2008. The reason was the global economic recession which affected to the decrease in purchasing power of both domestic and foreign customers, as well as the unstable political situation in the country. However, with the intention and carefulness in working of the committee, management and employees under good corporate governance, transparency, auditable and responsible for all shareholders and stakeholders. The company also takes into account the product quality and customers' satisfaction for long-term growth. Thus the group company had the net profit for shareholders of 424 million baht increased by 62 million baht when compared to 362 million baht in 2008 and earnings per share increased from 10.50 to 12.30 baht.

The trend for 2010 points to a recovery of global economic, but higher competition will also be seen. The group company has intention to increase the sales of battery, lubricant and grease both domestic and export markets in order to bring satisfied remuneration to all stakeholders as before.

As the company's Chairman of the Board, I confirm that SPG will continue its operation under the principle: "The company products must meet customers' satisfaction and acceptance in terms of good quality, standard, various purposes, safety for use, with warm and quick service, and bring the highest returns to all stakeholders." The directors and management are ready to give full support in order to achieve the goal.

I would like to take this opportunity to express my sincere gratitude for all our clients, consumers, shareholders as well as accounting auditors and audit committee members, along with the management and all our employees.

Muk Rotrakarn
Chairman of the Board
12 February 2010

The Audit Committee Report

Dear Shareholders,

The Audit Committee is independent in performing their duties and responsibilities including assignments from Board of Directors. The important responsibilities consist of financial statement review, effective internal control system, transparent business operation under good corporate governance, no conflict of interest among all stakeholders, including nomination of accounting auditor.

In 2009 the Audit Committee had conducted as follows:

1. Reviewed the financial statements of 2008 and quarterly financial statements of 2009 which were approved by accounting auditor on accounting standardization, adequate and in-time disclosure of financial information;
2. Reviewed the internal audit result monthly in 2009 and continuously followed up the significant issues by setting up an agenda of unfinished tasks follow-up in every meeting in order to support the appropriate and better internal audit control system;
3. Reviewed the internal audit plan in 2010 to be consistent with the company's operation plan for transparent and effective result;
4. Reviewed the disclosure of related transactions and others that might cause any conflict of interest by emphasizing on correctness and trustworthy of information under the regulations of Stock Exchange of Thailand;
5. Proposed to the Board of Directors meeting to appoint Mr. Supoj Singa-nae, certified public accountant No. 2826 or Mr. Vichien Thamtrakul, certified public accountant No. 3183 or Mr. Eakasit Chuthamsatit, certified public accountant No. 4195 of KPMG Phoomchai Holdings Co., Ltd. as the company's auditor in 2009 since they have audited the group companies on accounting standardization and given advices to the company regularly.
6. In 2009 there were 4 quarterly meetings of Audit Committee and 5 meetings of the Board of Directors, totally 9 meetings.
7. Attended the annual ordinary general meeting of the shareholders for the year 2009 to supervise that every shareholders were equally treated and to answer the relevant questions;
8. Gave advice on risk management to protect any damage which might affect the company and all stakeholders;

The Audit Committee opines that, with full intention of company's Board of Directors and management in administrating and concentrating on risk management which then rewarded by satisfactory return to all stakeholders under good corporate governance and sufficient internal audit, there is no significant deficiency at all.

Ampol Hotrakitya
Chairman of the Audit Committee
9 February 2010

General Information and Operational Overview

Company Name	Siam Pan Group Public Co., Ltd.
Registered number	0107539000111
Business	Distributor of lubricants, lubricating greases and automotive batteries
Head Office	488 Nakornsawan Road, Si-Yak Mahanak, Dusit, Bangkok
Telephone	0-2280-0202-17 (16 lines)
Fax	0-2280-6305
Web site	http://www.siampangroup.com
Warehouse	101 Moo 2, Samkoke-Sena Road, Tambol Klongkwai, Ampur Samkoke, Pathumthani
Telephone	0-2977-2695, 0-2977-2698
Email address	suthirat@siampangroup.com

The company and its 3 subsidiaries' details of business are as followed:

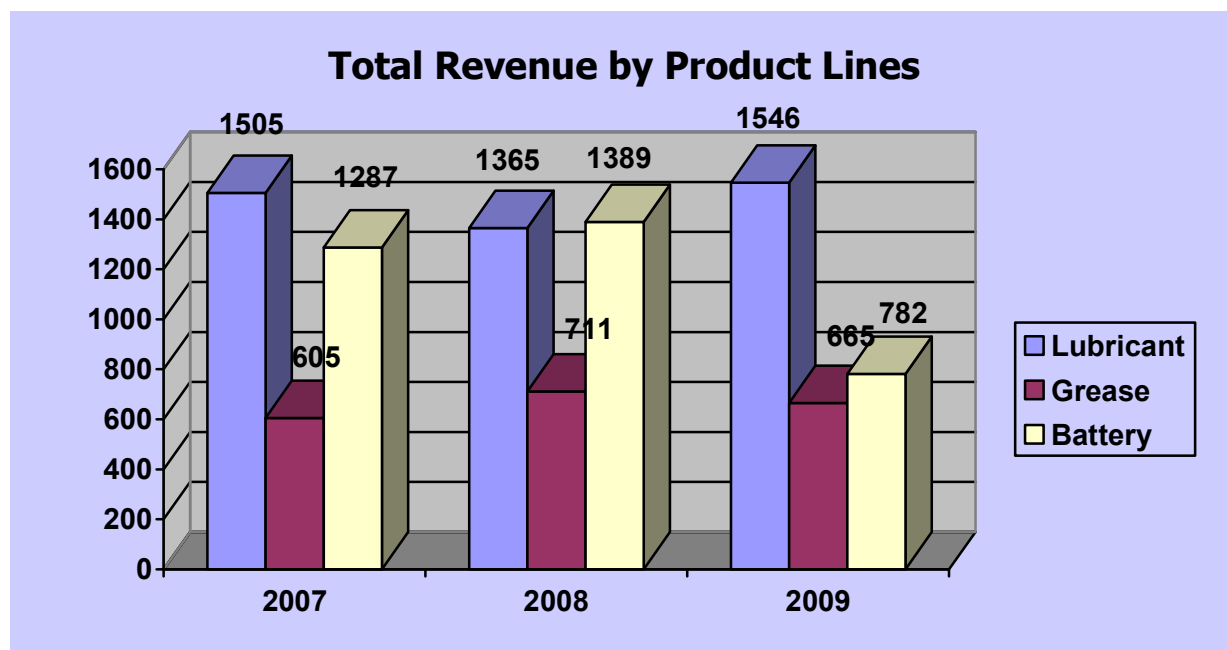
Company	Registered paid-up Capital	Percentage Of Shareholding	Description of Business
▪ Siam Pan Group Public Company Limited	345 million baht	-	Distributor and wholesaler for lubricant under the brand "Trane", lubricating greases under the brands "Trane" and "Crocodile", and automotive batteries under the brand "Boliden"
▪ Premier Lubricant Company Limited 28/13 Moo 3, Soi Jai-ua, Tambol Bangkayang, Ampur Muang, Pathumthani	70 million baht	99.99	Manufactures and sells lubricating oils for all types of engineering under the brand "Trane", or under other brands as per customers' orders. Also manufactures plastic containers and storage items.
▪ Siam Lubricant Industry Company Limited 28/8 Moo 3 Soi Jai-ua, Tambol Bangkayang, Ampur Muang, Pathumthani	50 million baht	99.99	Manufactures and sells lubricating greases for all kinds of lubricating works under the brands "Trane", "Crocodile" as well as customers' specified brands.
▪ Siam Battery Industry Company Limited 28/7 Moo 3, Soi Jai-ua, Tambol Bangkayang, Ampur Muang, Pathumthani	60 million baht	95.61	Manufactures and sells automotive batteries under the brands "Boliden", "Trane" and other brands as well as customers' specified brands

Revenue Structure and Sales Volume in 2009

(Unit : million baht)

Revenue Type	2007		2008		2009	
	Mil. Baht	%	Mil. baht	%	Mil. baht	%
Sales Revenue						
<i>Domestic Sales Revenue</i>						
Lubricant	1,181.68	33.06	1,045.14	28.88	1,052.64	33.87
Grease	421.45	11.79	451.89	12.49	476.08	15.32
Battery	260.08	7.28	199.53	5.51	185.06	5.95
Others	103.79	2.90	86.32	2.39	63.86	2.05
Total Domestic Sales	1,967.00	55.03	1,782.88	49.26	1,777.64	57.20
<i>Export Revenue</i>						
Lubricant	323.30	9.04	319.77	8.84	493.19	15.87
Grease	183.32	5.13	259.04	7.16	188.42	6.06
Battery	1,026.54	28.72	1,189.50	32.87	596.94	19.21
Others	0.00	0.00	12.85	0.36	9.51	0.31
Total Export	1,533.16	42.89	1,781.16	49.22	1,288.06	41.44
<i>Total Sales Revenue</i>						
Lubricant	1,504.98	42.10	1,364.91	37.71	1,545.83	49.74
Grease	604.78	16.92	710.93	19.64	664.50	21.38
Battery	1,286.62	35.99	1,389.03	38.38	782.00	25.16
Others	103.79	2.90	99.17	2.74	73.37	2.36
Other Revenues	74.52	2.08	55.02	1.52	42.19	1.36
Total	3,574.69	100.00	3,619.06	100.00	3,107.89	100.00

Remarks: - Other revenues are interest, profit from exchange rate, export freight and insurance.
 - Other sales are selling of base oils, lead, plastic and containers.



Summary for the Past Years

▪ Products

Battery: The company group has sales revenue of 782 million baht which decreases by 43.70 per cent compared to the preceding year resulting from the global economic recession which affects to the decrease of export sales from 1,189 to 597 million baht YOY which equals to 49.82 per cent.

Lubricant: The company group has sales revenue of 1,546 million baht which increased by 13.26 per cent compared to the preceding year. This is because the company has efficiently improved its marketing strategies for both domestic and border markets.

Grease: The company group has sales revenue of 665 million baht which decreases by 6.53 per cent compared to the preceding year. Even though the domestic sales increase by 5.53 per cent or 24 million baht, but the export sales decreases by 71 million baht or 27.26 per cent because of the worldwide economic crisis.

▪ Market and Competition

1. Lubricant: Major oil companies who own gas stations have big market shares in lubricating oils for passenger cars. The company group has to adjust its marketing strategy by emphasizing on market channels outside gas stations as well as bordering countries market; and competing on good quality, reasonable price and sales promotion plan that directly reaches consumers.

2. Grease: The company group is one of the five biggest manufactures of Thailand. Its products are well known and accepted in good standard and quality. Domestic market competition is higher as there are many new brands. Its market channels are outside gas stations, border trade and export markets.

3. Battery: The company emphasizes on export market which is not highly compatible. But due to the global economic recession, the customers' purchasing power has decreased. In high competition countries, the consumers are familiar with the battery brand installed in the cars which mostly are Japanese. The company's strategy is to develop battery quality to have higher efficiency, longer life with the goal of consumers' most satisfaction.

▪ Machine and Equipment

SPG did not significantly invest anything in the preceding year.

▪ Building and Facility

SPG considered to stop the new plant construction project temporarily due to unfavorable economic status.

▪ Raw Materials Procurement

There was no problem in raw materials procurement.

Summary of Financial Information

(Unit : 1,000 baht)

Balance Sheet	Consolidated Statement			The Company only		
	2007	2008	2009	2007	2008	2009
Current Assets :						
Case and cash equivalents	558,855	1,018,970	1,595,883	239,387	500,156	1,011,561
Current investments	297,608	-	-	198,935	-	-
Trade accounts and notes receivable	299,526	110,889	127,041	51,203	24,576	32,104
Inventories	1,131,598	1,051,035	962,489	101,092	157,264	115,274
Total Current Assets	2,366,410	2,252,454	2,750,466	878,083	889,164	1,184,403
Non-Current Assets :						
Property, plant and equipment	601,577	642,712	577,691	250,265	234,578	237,212
Total Non-Current Assets	622,492	664,756	607,822	439,541	424,335	425,501
Total Assets	2,988,902	2,917,210	3,358,288	1,317,625	1,313,499	1,609,904
Current Liabilities :						
Bank overdrafts and short-term loans	214,847	22,465	77,835	300	-	-
Trade accounts payable	167,276	95,689	138,044	123,158	86,926	131,775
Income tax payable	87,121	66,781	115,950	45,042	22,934	81,775
Total Current Liabilities	553,140	247,494	410,764	207,309	149,516	249,622
Total Non-Current Liabilities	12,185	13,056	8,625	432	37	-
Total Liabilities	565,325	260,550	419,389	207,741	149,553	249,622
Shareholders' Equity :						
Issued and paid-up share capital	345,000	345,000	345,000	345,000	345,000	345,000
Share premium	297,300	297,300	297,300	297,300	297,300	297,300
Accumulative Profit	1,733,581	1,964,690	2,244,217	433,433	487,778	683,493
Total Shareholders' Equity	2,423,578	2,656,661	2,938,899	1,109,884	1,163,946	1,360,283

Profit and Loss	Consolidated Statement			The Company only		
	2007	2008	2009	2007	2008	2009
Revenue:						
Revenue from sales of goods and rendering of services	3,500,162	3,564,044	3,065,698	1,965,573	1,845,519	2,242,171
Total Revenue	3,574,685	3,619,058	3,107,890	2,007,327	1,881,637	2,322,940
Expense :						
Cost of sales of goods and rendering of services	2,760,889	2,786,229	2,172,559	1,521,026	1,386,105	1,626,702
Total Expense	3,115,914	3,112,291	2,515,221	1,762,540	1,632,843	1,877,400
Profit before Income Tax	458,772	502,917	591,553	244,787	248,794	445,540
Net Profit for Shareholders	323,855	362,209	424,427	172,053	185,445	340,615
Net Profit per Share (baht)	9.39	10.50	12.30	4.99	5.38	9.87

(Unit : 1,000 baht)

Cash Flow	Consolidated Statement			The Company only		
	2007	2008	2009	2007	2008	2009
Cash Flow from Operation	(8,738)	614,026	696,640	203,918	104,386	434,050
Cash Flow from Investment	(360,190)	174,209	(28,299)	(359,244)	287,783	222,255
Cash Flow from Money Provision	125,362	(327,963)	(90,721)	(85,960)	(131,400)	(144,900)
Cash Flow and Equivalent Items at the end of the year	558,855	1,018,970	1,595,883	239,387	500,156	1,011,561

Ratio Analysis	Consolidated Statement			The Company only		
	2007	2008	2009	2007	2008	2009
ACTIVITY RATIO						
RECEIVABLE TURNOVER (TIMES)	16.82	17.37	25.77	39.47	48.71	79.12
COLLECTION PERIOD (DAYS)	21.41	20.73	13.97	9.12	7.39	4.55
ACCOUNT PAYABLE TURNOVER(TIMES)	16.29	21.19	18.59	13.54	13.20	14.88
PAYMENT PERIOD (DAYS)	22.10	16.99	19.37	26.59	27.28	24.20
INVENTORY TURNOVER (TIMES)	2.78	2.55	2.16	15.78	10.73	11.94
INVENTORY TURNOVER PERIOD (DAYS)	129.7	141.0	166.8	22.81	33.55	30.16
FIXED ASSET TURNOVER (TIMES)	5.69	5.73	5.02	7.85	7.61	9.50
CASH CYCLE (DAYS)	128.9	144.7	161.4	5.34	13.66	10.51
LIQUIDITY RATIO						
CURRENT RATIO (TIMES)	4.30	9.10	6.70	4.24	5.99	4.74
QUICK RATIO (TIMES)	2.11	4.57	4.19	2.38	3.56	4.18
PROFITABILITY RATIO						
GROSS PROFIT MARGIN (%)	21.12	21.82	29.13	22.62	24.89	27.45
NET PROFIT MARGIN (%)	9.10	9.96	13.73	8.57	9.79	14.66
RETURN ON EQUITY (%)	14.05	14.26	15.17	15.93	16.31	26.99
EFFICIENCY RATIO						
RETURN ON TOTAL ASSET (%)	11.90	12.34	13.60	13.78	14.09	23.30
RETURN ON FIXED ASSET (%)	69.41	75.23	85.49	77.04	86.49	154.3
ASSET TURNOVER (TIMES)	1.31	1.24	0.99	1.59	1.44	1.59
LEVERAGE RATIO						
TT LIABILITIES / TT EQUITY (TIMES)	0.23	0.10	0.14	0.19	0.13	0.18
PER SHARE						
PAR VALUE (BAHT)	10.00	10.00	10.00	10.00	10.00	10.00
BOOK VALUE* (BAHT)	70.25	77.00	85.19	32.17	33.74	39.43
EARNING PER SHARE (BAHT)	9.39	10.50	12.30	4.99	5.38	9.87
DIVIDEND PER SHARE (BAHT)	3.80	4.20	5.00*	3.80	4.20	5.00*

Remark: *Proposed by the Board of Directors on 24 February 2010 and pending approval from shareholders' meeting on 8 April 2010

Risk Factor

In 2009 the global economic recession affected to the decrease of revenue from export of battery and grease by 49.82% and 27.26% respectively when compared to the year 2008. There is no other risk which may significantly affect the company.

Shareholder Structure and Management

Shareholder

Shareholders No. of Persons as of 03/04/09	Shareholding (%)					
	31 January 1992 – 27 March 1996		27 March 1996		3 April 2009	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
1. Rotrakarn group : 8 persons (Management group)	24,000	80.00	19,284,000	80.35	17,505,100	50.74
2. Jittivanich group : 2 persons	6,000	20.00	4,716,000	19.65	5,608,000	16.26
3. Shareholder > 5% and the related						
- Banc of Am erica Securities LLC-Customer	-	-	-	-	4,410,789	12.78
- Banc Boston Investments INC.,	-	-	-	-	1,800,000	5.22
4. Others 265 persons	-	-	-	-	5,176,111	15.00
Total 258 persons	30,000	100.00	24,000,000	100.00	34,500,000	100.00
Authorized share (million Bht)	30.00		345.00		345.00	
Issued and paid (million Bht)	30.00		240.00		345.00	

Remark : **Rotrakarn group** consists of 1. Mr. Muk Rotrakarn 2. Mrs. Porntip Rotrakarn 3. Mrs. Chalam Rotrakarn 4. Mrs. Orasri Thipayaboonthong 5. Mrs. Ratchanee Rotrakarn 6. Mr. Addisorn Rotrakarn 7. Mr. Pongrapee Thipayaboonthong 8. Miss Prangsiri Thipayaboonthong

Jittivanich group consists of 1. Mr. Lert Jittivanich 2. Mrs. Boonyong Jittivanich

Management

■ **Management Structure** There are 3 sets of Committees

1. Board of Directors

1. Mr. Muk	Rotrakarn	Chairman
2. Mrs. Orasri	Thipayaboonthong	Director
3. Mr. Addisorn	Rotrakarn	Director
4. Mr. Paiboon	Jittivanich	Director
5. Miss Dusadee	Rotrakarn	Director
6. Miss Prangsiri	Thipayaboonthong	Director
7. Mr. Ampol	Hotrakitya	Independent Director
8. Mr. Pairin	Wongwantanee	Independent Director
9. Mr. Samit	Hunsa	Independent Director

2. Executive Directors Committee

1. Mr. Muk	Rotrakarn	Chairman
2. Mr. Addisorn	Rotrakarn	Managing Director
3. Mrs. Orasri	Thipayaboonthong	Director - Accounting and Finance
4. Mr. Paiboon	Jittivanich	Director - Risk Management
5. Miss Dusadee	Rotrakarn	Director - Sales and Marketing
6. Miss Prangsiri	Thipayaboonthong	Director - International Business

3. Audit Committee

- | | | |
|---------------|--------------|-------------------------------|
| 1. Mr. Ampol | Hotrakitya | Chairman |
| 2. Mr. Pairin | Wongwantanee | Member of the Audit Committee |
| 3. Mr. Samit | Hunsa | Member of the Audit Committee |

▪ Scope of Duties and Responsibilities of the Committees

1. Board of Directors

Represents the shareholders in managing the company as follows:

- 1) The company affairs comply with law, regulations and social conduct.
- 2) The company meets its objectives as set forth in the company's Memorandum and Articles of Association.
- 3) The company abides its code of conduct.
- 4) The company activities are conducted in accordance with the resolution of the shareholders in the shareholder meetings.
- 5) Appoint Managing Director to manage the company overall activities.
- 6) Appoint the Management Committees to assist Managing Director in the overall activities.
- 7) Establish scope of duties and responsibilities of Executive Director Committee.
- 8) Establish the direction, goal, business plan and budget of the company.
- 9) Supervise Executive Directors Committee and management to operate efficiently and successfully towards the plan.
- 10) Manage to have internal control system, internal audit and risk management system.

2. Executive Directors Committee

The Chairman :

Chairs the management in setting up the company policies and objectives.

The Executive Director :

1. Establish company policies and objectives.
2. Plan the company strategies and implement such strategies to reach the set objectives.
3. Appoint management officers.
4. Establish scope of duties and responsibilities of the Managing Director.
5. Report the operating result and financial position to Board of Directors quarterly.
6. Manage to have systematic reciprocal control and audit.
7. Co-ordinate, support and assist Audit Committee under corporate governance.
8. Consider risk factors and manage the risk not to be significantly affected to the company.
9. Hire particular consultant or professional such as legal advisor, marketing consultant appropriately and necessarily.
10. Follow the concerned laws and regulations as well as all commitments made to government office, creditor and outside people.

Managing Director :

1. Provide recommendation and guideline to the Executive Director committee.
2. Plan and take appropriate action toward the company operations as set by the Executive Director Committee.
3. Set scope of duties and responsibilities for senior management.
4. Summarize operating performance and report to Executive Director Committee.

Assistant Managing Director - Sales and Marketing :

1. Set strategies for product development.
2. Establish policies, sales and marketing strategies for Managing Director.
3. Establish policies for evaluation of Sales and Marketing efficiency and performance.
4. Evaluate Sales and Marketing performances.

Assistant Managing Director – Management :

1. Recommend management policies to the Managing Director.
2. Analyze the operating results and report to the Managing Director.
3. Plan for the overall safety for employees, facilities and the public.

3. Audit Committee

1. Review the financial reports to be in accordance with accounting standardization.
2. Review the appropriateness and effectiveness of internal control policy and internal audit function. Consider the independence of internal audit team, and also appoint or remove internal audit team leader or other section who is responsible for internal audit.

3. Review the compliance with Securities and Exchange Acts, regulations of the SET and other governing laws.
4. Select and propose the internal auditor of the company, and audit fee by considering in the trustworthy, quantity of auditing jobs as well as the experiences of the authorized personnel to do the accounting audit. Attend meeting with accounting auditors without the attendance of management at least once a year.
5. Disclose connected transactions and conflict of interest in accordance with Securities and Exchange Acts and regulations of the SET to ensure those transactions are reasonable and most beneficial to the company.
6. Carry out assigned tasks from the Board of Directors which are approved by the Committee.
7. Produce auditor's comments in Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2) and get approval and sign by Chair of Audit Committee. The following information must at least be shown:
 - 7.1. Opinion in correctness, completion and trustworthy of financial reports.
 - 7.2. Opinion in sufficient internal control policy.
 - 7.3. Opinion in the compliance with Securities and Exchange Acts, regulations of the SET and other governing laws.
 - 7.4. Opinion in appropriateness of accounting auditor.
 - 7.5. Opinion in transactions that may have conflict of interest.
 - 7.6. Number of Audit Committee meetings and attendance of each member.
 - 7.7. Overall opinions or notices which Audit Committee receives during operation.
 - 7.8. Other issues that should be informed to shareholders and investors under scope of duties and responsibilities assigned by the Board of Directors.
8. Arrange Audit Committee meeting at least once per quarter.
9. Give advice to Executive Directors Committee about risk management and good corporate governance.

▪ Committee Meeting

In 2009 the company has 7 times of Board of Directors meeting and 4 times of Audit Committee meeting. Every director has participated as follows:

Meeting in 2009			Director Meeting	Audit Committee Meeting
1. Mr. Muk	Rotrakarn	Chairman	7 / 7	-
2. Mrs. Orasri	Thipayaboonthong	Director	6 / 7	3 / 4
3. Mr. Addisorn	Rotrakarn	Director	7 / 7	-
4. Mr. Paiboon	Jittivanich	Director	4 / 7	-
5. Miss Prangsiri	Thipayaboonthong	Director	7 / 7	-
6. Mr. Ampol	Hotrakitya	Audit Committee	5 / 7	4 / 4
7. Mr. Pairin	Wongwantanee	Audit Committee	5 / 7	4 / 4
8. Mr. Samit	Hunsa	Audit Committee	4 / 7	4 / 4
9. Miss Dusadee*	Rotrakarn	Director	6 / 7	-

Details of Directors and Management								
(1)	(2)	(3)	(4)	(5)	(6)	(7)		
Name	Title	Age (year)	Education	% held on SPG's Stock	Relation	Working experiences in the past 5 years		
						Time	Title	Business
1. Mr. Muk Rotrakarn	<ul style="list-style-type: none"> Chairman Consultant of Purchasing and International Marketing 	90	Certificate of Commerce and Accounting	50.74 %		1996 – Present 1990 – Present 1972 – Present	as (2) Director General Partner	Siam Pan Group PCL. Karnjanalab Co., Ltd. Rojpaisan Ltd., Part.
2. Mrs. Orasri Thipayaboonthong	<ul style="list-style-type: none"> Director Executive Director Assistant Managing Director-Management & Accounting & Finance Dept., Purchasing Dept., Personnel and Administration Dept. Manager 	66	Master's Degree of Accounting San Francisco State University USA.	Include in No.1's	Daughter of No. 1	1970 – Present 1990 – Present 1986 – Present 1979 – Present 1972 – Present	as (2) Director Director Director Managing Partner	Siam Pan Group PCL. Karnjanalab Co., Ltd. Premier Lubricant Co., Ltd. Siam Battery Industry Co.,Ltd. and Siam Lubricant Industry Co., Ltd. Rojpaisan Ltd., Part.
3. Mr. Addisorn Rotrakarn	<ul style="list-style-type: none"> Managing Director Executive Director Assistant Managing Director – Export Sales & Marketing 	61	MBA Cornell University USA.	Include in No.1's	Son of No. 1	1979 – Present 1990 – Present 1987 – Present 1979 – Present 1972 – Present	as (2) Director Director Director General Partner	Siam Pan Group PCL. Karnjanalab Co., Ltd. Premier Lubricant Co., Ltd. Siam Battery Industry Co., Ltd. and Siam Lu-bricant Industry Co.,Ltd. Rojpaisan Ltd., Part.
4. Miss Prangsiri Thipayaboonthong	<ul style="list-style-type: none"> Director Executive Director Assistant Overseas Business Dept. Manager - lubricant/ grease 	33	Master's Degree of Economics University of Missouri U.S.A.	Include in No.1's	Daughter of No. 2	2003 – Present	as (2)	Siam Pan Group PCL.
5. Mr. Paiboon Jittivanich	<ul style="list-style-type: none"> Director Executive Director Risk Management Consultant 	61	Doctor of Medicine- Mahidol University MBA-Sasin University	-	-	1996 – Present 1996 – Present	as (2) Executive Director	Siam Pan Group PCL. Vichaiyut Hospital
6. Mr. Ampol Hotrakitya	<ul style="list-style-type: none"> Independent Director Chairman of Audit Committee 	80	MBA The Ohio State University USA.	-	-	1999 – Present	as (2)	Siam Pan Group PCL.
7. Mr. Pairin Wongwantanee	<ul style="list-style-type: none"> Independent Director Audit Committee 	72	Bachelor's Degree of Commerce & Accounting/ Laws- Thammasat University	-	-	1999 – Present 2006 – Present	as (2) Independent Director	Siam Pan Group PCL. Titikorn Public Co., Ltd. (leasing business)
8. Mr. Samit Hunsana	<ul style="list-style-type: none"> Independent Director Audit Committee 	69	Master's Degree of Physics Ball State University USA.	-	-	1999 – Present	as (2)	Siam Pan Group PCL.
9. Miss Dusadee Rotrakarn	<ul style="list-style-type: none"> Director Executive Director Assistant Managing Director – Domestic and Border Trade Sales & Marketing 	44	<ul style="list-style-type: none"> MBA-Sasin University MSC Honors Biochemistry, University of British Columbia, Canada. 	-	Daughter of No. 1	2008 – Present 2001 – 2003	as (2) Software Engineer	Siam Pan Group PCL. Aeroinfo Systems Inc. Canada
10. Mr. Boonsri Tantipanichapan	<ul style="list-style-type: none"> Warehouse and Transportation Dept. Manager 	63	Certificate of High Vocational School Bangkok Business College	-	-	1983 – Present	as (2)	Siam Pan Group PCL.

▪ **The Management**

- | | | | |
|----|----------------|------------------|--|
| 1. | Mr. Muk | Rotrakarn | Chairman
Consultant of Purchasing and International Marketing |
| 2. | Mr. Addisorn | Rotrakarn | Managing Director
Assistant Managing Director - Export Sales & Marketing |
| 3. | Mrs. Orasri | Thipayaboonthong | Assistant Managing Director – Management
Accounting and Financial Dept. Manager
Personnel and Administration Dept. Manager |
| 4. | Miss Dusadee | Rotrakarn | Assistant Managing Director – Domestic and Border
Trade Sales & Marketing |
| 5. | Miss Prangsiri | Thipayaboonthong | Assistant Overseas Business Dept. Manager –
lubricant/grease |
| 6. | Mr. Boonsri | Tantipanichapan | Warehouse & Transportation Dept. Manager |

• **The company's directors and management**

are in accordance with Section 68 Public Company Act of 1992 and comply with Stock Exchange Committee and Stock Exchange of Thailand in rules, conditions, and procedures of the new offers as of May 18, 1992.

• **The three independent directors**

are persons with qualifications and outside people. They do not involve in company administration, neither major shareholders nor shareholders with more than 0.5% percent of the company's voting stock. They are not employees or staffs with salary. And they are not related people or relatives to company management or major shareholders of the company, subsidiary company and related party. They are independent and two thirds have knowledge and experience in financial statement audit.

• **Directors who can authoritatively sign on behalf of the company**

are Mrs. Orasri Thipayaboonthong, Mr. Addisorn Rotrakarn, Mr. Paiboon Jittivanich, Miss Dusadee Rotrakarn and Miss Prangsiri Thipayaboonthong. Two of four directors need to co-sign and affix the company seal.

• **Training history about the duty and skill of the director and management**

The company directors who were trained in Directors Accreditation Program (DAP) are Mrs. Orasri Thipayaboonthong, Mr. Addisorn Rotrakarn, Mr. Paiboon Jittivanich, Miss Prangsiri Thipayaboonthong, Mr. Pairin Wongwantanee, Mr. Ampol Hotrakitya, Mr. Samit Hunsu and Miss Dusadee Rotrakarn, totally 8 persons.

• **Board of Directors Nominee**

1. The Board of Directors comprises of no less than 5 directors. No less than half of the committee must reside in the country. Board of Directors must have required qualification.
2. The Shareholder's meeting need to appoint the board with majority of the vote by:
 - 2.1. One share, one vote basis.
 - 2.2. One shareholder can use all votes for one director as per 2.1 or many directors, but shall not give more votes to one than the other.
 - 2.3. Persons who get most votes consequently will be appointed as directors equal to the number of available seats in such election. In cases the vote ties, the Chairman will arbitrate.
3. Each of the annual meetings, one third of the board member has to resign. If the number can not be divided into three equivalent parts, the number of directors closely approximately one-third of the whole group will resign. In the first and second year after the public company registration, the resignation of the board member will be done by drawing lots method. Thereafter, the board member who has been in the position the longest will resign. However, the resigned board member may get re-elected at the same time.
4. Besides resignation, Board member may no longer by member if
 - 4.1 Death
 - 4.2 Resignation
 - 4.3 Lack of qualification or prohibited by the law
 - 4.4 Shareholder's resolution

4.5 Court's order

5. In case the member is empty due to reason other than occasional leave, then the Board of Director shall select a qualify person who are not legally prohibited as directors for the next meeting unless the tenure is less than two months.

The Board of Directors resolution has to comprise no less than three out of four of the remaining directors but the appointed person shall have tenure no longer than the director he replaced.

6. The Shareholders meeting may reach a resolution to oust any directors of the position before his tenure ends by achieving no less than three-fourth of the attended shareholders and no less than half of the voting share.
7. A director can not run similar business or become partnership or shareholder of the company which directly compete with the company unless he formerly informed the shareholder's committee prior to the director election.
8. Any effort exerted by the company's director, whether under his name or on behalf of another party to buy the Company's assets or sell any assets to the company shall not legally be binding the company, unless prior consent has been given by the Board of Directors.

• **Directors and Management Remuneration**

Cash Remuneration

- 1) The remunerations for 9 Directors in 2009 ending December 31, 2009 are

Name	Surname	Position	Meeting Allowance (Baht)
1. Mr. Muk	Rotrakarn	Chairman	100,000
2. Mrs. Orasri	Thipayaboonthong	Director and Executive Director	88,000
3. Mr. Addisorn	Rotrakarn	Director and Executive Director	88,000
4. Mr. Paiboon	Jittivanich	Director and Executive Director	88,000
5. Miss Dusadee	Rotrakarn	Director and Executive Director	88,000
6. Miss Prangsiri	Thipayaboonthong	Director and Executive Director	88,000
7. Mr. Ampol	Hotrakitya	Independent Director and Audit Committee	375,000
8. Mr. Pairin	Wongwantanee	Independent Director and Audit Committee	348,000
9. Mr. Samit	Hunsa	Independent Director and Audit Committee	348,000
Total 9 persons		Total	1,611,000

- 2) The remuneration for Executive Directors and management members in 2009 ending December 31, 2009 is 73.85 million baht in total.

The Siam Pan Group Public Company limited has the policies regarding Board of Directors and management compensation increase of up to 10% per year and is in accordance with the operating results and the proxy of its peer group.

Other Remuneration - None -

• **Company's Secretary**

Mrs. Suthirat Wannarat

Corporate Governance

In 2009 the company has operated in accordance with the good corporate governance conduct as follows:-

1. Shareholders' Rights

- 1.1 The company did not act whatsoever to restrict the shareholders' basic rights.
- 1.2 The company had completely sent meeting invitation letters, meeting documents and regulations to all shareholders not less 30 days before shareholders' meeting date and generally announced in the newspaper.
- 1.3 The Chairman of the meeting arranged enough time and proceeded the meeting with clarity. During the meeting, in considering dividend, appointing directors and accounting auditor, etc., all questions and advices from shareholders were welcome before voting of each issue.
- 1.4 Shareholders who attended the meeting lately also had the rights to vote for issues which are under consideration.
- 1.5 All directors and accounting auditor attended shareholder's meeting. The director who has position in the specific Committee will explain and reply the questions concerning to involved issue.
- 1.6 Arranged snacks, drinks and souvenirs for all shareholders who attended the meeting.
- 1.7 Always informed shareholders about the company's news through the Stock Exchange of Thailand, media, publication as well as company website.
- 1.8 Provided various channel for minor shareholders to directly contact the company i.e. Executive Directors' e-mail address, telephone or fax transmission to company's secretary.
- 1.9 Efficiently operate for growth and prosperity to the organization and to give appropriate remuneration to shareholders.

2. Equally Treating Shareholders

- 2.1 Gave an opportunity to shareholders to propose any additional issue and candidate for company director. This was announced through the Stock Exchange of Thailand and company's website.
- 2.2 Selected Rajadamneon room, Royal Princess hotel, Lan Luang Road, Bangkok which is well-known and convenient for traveling as the meeting place.
- 2.3 Attached a letter of attorney to the invitation letter in the selectable format that shareholder could transfer the right to vote to other person or any of 3 independent directors.
- 2.4 Used high technology equipment in presenting the meeting issues so that all shareholders could see information clearly.
- 2.5 Arranged to use election card for electing directors.
- 2.6 The company gave an opportunity to shareholders to use their rights to elect individual director.
- 2.7 Accounting and finance department of the company kept financial and important internal information and not allow inside people to know. The company made a notice to directors, management and employees not to use information, which significantly affected company's stock value and not be announced to public, for personal or others' benefits.
- 2.8 The company disclosed the structure of committees, management, shareholding and position in SPG, its affiliated and related companies so that the shareholders were confident in transparency of the company.
- 2.9 Directors and management must quarterly report and approve with signatures on their numbers of shares held.
- 2.10 Company's management who also was shareholders had not added any new issue during the past shareholders' meeting.

3. Roles of Stakeholders

- 3.1 **Customers:** Bring the most satisfaction to customers by selling good quality and standardized products with good, before and after, services. There is a service team who quickly solves customers' complaints and keep their secrets.
- 3.2 **Employees:** SPG and its affiliated clearly announced their business goal in accordance with corporate governance to every level of employees. The company has training plans for employees with allocated budget every year so that employees can improve their capabilities. Give suitable remuneration to employees compared to other similar sized company. Support activities of employee welfare committee, health and environment committee. Give opportunities to employee's representative to inform or ask the company management for everything. SPG's yearly activities are giving education fund to employees' children, organizing new year's party as well as frequently improving risk protection to meet standard.

3.3 Business partners and creditors: The company purchased products and service under business condition and agreement. Avoid any dishonest method.

3.4 Shareholders: Doing business for good results, growth and prosperity, capability of competition to bring good remuneration to shareholders for long-term. Disclose information appropriately with transparency and morality

3.5 Environment, Community and Society: Environment committee of SPG and its affiliated is responsible for social, public and environment both inside and outside the company by following the laws and regulations concerning social and environment such as water pollution checking, air and noise pollutions.

3.6 Government: Give full co-operation and strictly act according to the laws i.e. supporting the price freezing policy.

3.7 Competitors: Have moral principles in competition. Do not persecute the competitors.

3.8 Independent accounting auditor: Disclose transparent, clear and correct information and give full assistance for quick and efficient audit, listen to auditor's advices and follow them correctly according to accounting principle; and also consider fair and appropriate auditing fees.

3.9 Receiving clues: The company has objective in doing business permanently so its reputation and image are deeply concerned. If the stakeholders find any clues concerning illegal performing, incorrectly informing financial statements, deficiency in organization, etc, the company is willing to receive complaints, ideas or advices from all stakeholders by informing directly to executive directors, independent directors or members of audit committee by mail to the address: Siam Pan Group Public Co., Ltd. 488 Nakornsawan Road, Kwang Si-yak Mahanak, Dusit, Bangkok 10300, Telephone no. 0-2280-0202-17, Fax no. 0-2280-6305 and E-mail address: suthirat@siampangroup.com. The company will keep all complaints confidentially and quickly consider in Board of Directors' meeting for solution.

4. Disclosure and Transparency

In 2009 the company disclosed information which must be submitted to the Stock Exchange of Thailand and shareholders under correctness, quickness, adequacy and equality. The company's secretary was responsible as follows:-

5. Directors' Responsibilities

5.1 Leadership and vision policy

Review company policy to set operating plan as well as to set goal for each department such as sale, manufacturing and delivery department, etc. Improve report format of each department as well as the way to follow up under supervision of internal audit team. There are monthly analysis and marketing strategy adjustment in order to be up to date.

5.2 Conflict of interest policy

The company has a strict non-disclosure policy where financial statements are only disclosed internally until it is disclosed to public. Both the company financial statements and annual report clearly disclose the related transactions so as to show the transparency and disallow the potential conflict of interest. The Internal Audit Committee also look after the internal audit company to consequently inspect the group companies' internal information as shown in monthly summary report.

5.3 Business ethics policy

Committee and employees strictly follow the policy of integrity, honestly, transparency, duties and responsibilities and understand their roles, duties and responsibilities. They will treat all stakeholders equally and fairly.

5.4 Committee structure and balancing of non-executive directors policy

There are 9 company's directors consisting of:

- | | |
|------------------------|-----------|
| 1. Executive Directors | 6 persons |
| 2. Audit Committees | 3 persons |

All 3 Audit Committees are independent directors which equal 33.3 per cent of company's directors.

5.5 Committee and management remuneration policy

The director remuneration which is defined clearly and transparently consists of fixed rate meeting allowance and bonus which varies upon business operation in standard rate of similar business. The policy about the management remuneration is set up by the Board of Directors considering from the business operation and outside economic status information and the managing director will consider the appropriate rate.

5.6 Committee meeting policy

There is at least on meeting of each committee per quarter. The corporate secretary has distributed meeting invitation along with meeting materials at least 7 days in advance to give directors

an opportunity to review such materials prior to the meeting in order to facilitate active and informed discussion at the meeting. All directors must attend the important-agenda meeting. Each director can add a new agenda and shares idea freely. The meeting memorandum is then noted, approved and appropriately filed and can later be shown to the Board of Directors and related parties for checking.

5.7 Independent Director policy

The Board of Directors has appointed an Independent Director committee which comprised of 3 auditors whose duties and responsibilities involve auditing and governing the overall company business and activities as set forth in the scope of duties and responsibilities of audit committee disclosed in the company annual report.

Other committees:-

The Committees	In 2008	Reasons
1. Risk Management Committee	Not established	Consider the agenda in audit committee meeting and propose to Board of Directors.
2. Remuneration Considering Committee	Not established	Committee and Directors co-consider.
3. Director and Top Management Searching Committee	Not established	Committee and Directors co-consider.

5.8 Internal control and audit policy

Improve the goal and regulations of working to be clear and up to date. Hire the internal audit company to check and evaluate the company's operation. This internal audit team is always changed and is under supervision of independent audit committee which consists of 3 committees who do not hold any management position.

5.9 Risk management policy

Monthly analyze and evaluate the company's operating results from financial statements. Find the source of the potential risks to prevent and control them such as old fashioned inventory, etc.

5.10 Committee report policy

The Board of Director is responsible for the financial statements of the company and its affiliated including the financial information which is disclosed quarterly and in financial report. Enough important information is also disclosed in the financial statement remarks.

The Audit Committee is responsible for the quality of all quarterly financial statements and check the internal control system as well as giving their consent independently about inspecting each information shown in the Audit Committee report which attached to every annual report.

5.11 Investor relation policy

The Company is aware of the correctness, adequacy and transparency of the information disclosure to investors and related parties as well as the timeliness of such annual report, financial report, and general data including all the important information as set by the Stock Exchange of Thailand and Securities and Exchange Commission as well as information which can potentially affects the stock value. Investors, analyst and related parties have the right to access such information through various media accommodated by the Stock Exchange of Thailand, company's website, request to company's officers or make appointment with management by mail to 488 Nakornsawan Road, Kwang Si-yak Mahanak, Dusit, Bangkok 10300, or by telephone no. 0-2280-0202-17 (16 lines) ext: 203, or fax no. 0-2280-6305, or e-mail address: suthirat@siamgroup.com.

5.12 Social and environment responsibilities policy

There are environment committee and health and environment committee who will supervise and work strictly under concerning regulations.

5.13 Director and management development policy

Directors have always attend the seminar, training and meeting with Thai-IOD, the Stock Exchange of Thailand, Securities and Exchange Commission and also other institutes inside and outside the country; and bring all knowledge to utilize its organization carefully to get satisfactory remuneration to all stakeholders.

Internal Control

Boards of Directors are confident that the company's internal control system is solid and sound. As operators, authorizers and controllers' roles are clearly defined and segregated; the systems are checked and balanced. Independent auditors are also engaged to monthly evaluate such systems. In the past, auditor's report has demonstrated no materials loopholes. All company's personnel are instilled of the working ethics and disciplines which help prevent any potential corruption and in turn add most value to the company. The past success operating results demonstrate an excellent cooperation and willful of each and every personnel in the organization. Audit Committee gave its conclusion about internal control, risk management and corporate governance in aforementioned "Audit Committee report".

Dividend Policy

The company has the policy to pay dividend to shareholders in the ratio of not less than 40 per cent of net profit after tax in each year. Dividend will be paid in the following year if there is no other necessary reason, and dividend payment will not significantly affect normal business operation. The subsidiaries have the policy to pay dividend to shareholder in the ratio of 20 per cent of net profit after tax in each year. Dividend will be paid in the following year if there is no other necessary reason, and dividend payment will not significantly affect normal business operation and loan paying back to financial institutes.

Related Persons and Transactions

Land lease from major shareholder

SPG has entered into a land lease agreement with Mr. Muk Rotrakarn, one of SPG's directors and the major shareholder. The lease agreement started on 1st July 1996. The land is for the warehouse at Tambol Bangkayang, Ampur Muang, Patumthani. Total area is 4 rai 3 ngan 29 square wa. The monthly lease rate is 236,000 baht.

Land lease from related entity

SPG and its affiliated have entered into a land lease agreement with Rojpaisarn Ltd. Part. whose major shares held by SPG's major shareholder. The land is used for current location of warehouse as well as plant expansion. The address is at Tambol Klongkwai, Ampur Samkoke, Patumthani. Total area is 108 rai 2 ngan 92 square wa. The land lease agreement started on 1st January 1998. The lease rates are:

	Land Area	Lease Rates (baht)
Rented by Siam Pan Group Public Co., Ltd.	35 rai 2 ngan 92 square wa	246,000
Rented by Premier Lubricant Co., Ltd.	33 rai	228,000
Rented by Siam Lubricant Industry Co., Ltd.	16 rai	110,400
Rented by Siam Battery Industry Co., Ltd.	24 rai	165,600

Explanation, Financial Status Analysis and Performance

● Overview of Past Performance

Business Operating Result in 2009

1. Revenue: An increase of 397 million baht (21.49%) shown in the company only statement resulted from the quick and efficient improvement of marketing strategy for both domestic and border business. While in consolidated statement, it increased by 498 million baht (13.98%). This comes from the decrease of 593 million baht (49.82%) in export sales of battery and 71 million baht (27.26%) in export sales of grease. This is because of the global economic recession which affected to purchasing power of customers.

2. Gross Profit: 27.45% in the company only statement and 29.13% in consolidated statement in 2009 were higher than the preceding year which were 24.89% and 21.82% respectively. This resulted from price decrease of leads and base oils.

3. Sales and Administration Expenses: 251 million baht shown in company only statement increased by 3.95 million baht compared to 2008. 318 million baht in consolidated statement decreased by 7.94 million baht because the commission and expenses from export decreased as per revenue from export sales.

4. Net Profit: The net profit in the company only increased by 155.17 million baht, the profit ratio increased from 9.79% to 14.66% YOY. This resulted from the decrease of raw material cost as well as dividend of 48.74 million baht received from subsidiaries. In consolidated statement, the net profit increased by 62.31 million baht or 13.73% from 9.96% of the preceding year. The net profit ratio was still less than gross profit ratio because the subsidiary had loss of 24.54 million baht from depreciation of building and equipment since it stopped the new plant project.

5. Shareholders' Remuneration: The Board of Directors agrees to pay the dividend for 2009 to the company's shareholders in the ration of 5 baht per share or 40.65% of profit per share. This is in accordance with the dividend policy that the company has to pay dividend to shareholders in the ratio of not less than 40 per cent. This will be proposed for approval from shareholders' meeting on 8 April 2010.

● Financial Status Analysis

1. Assets

The significant change in assets - At the end of 2009 the company's current assets increased from 2,252 to 2,750 million baht YOY. The reason was the increase of cash flow and equivalent items which resulted from good business operation.

Return on assets (R.O.A.) increased from 14.09% in 2008 to 23.30% in 2009 in the company only statement and from 12.34% to 13.60% YOY in the consolidated statement.

Debtor – Collection period ratio of the company group reduced from 20.73 to 13.97 days because the company added new payment channel which is by credit card from customers.

Inventory – As shown n the company only statement, inventory turnover period ratio was around 30 days while in consolidated statement, it increased from 141 to 167 days because the company increased stock of finished products due to the uptrend of raw material cost at the end of year.

Depreciation - The company group recorded price reduction reserve, old-fashioned and depreciation and then evaluated each asset value after depreciation expense for 2009 at 31.80 million baht which increased by 30.19 million baht compared to 2008. The reason was that the group company stopped the new plant construction project because of the unfavorable economic status. (The occurred transaction was the invested amount of 24.54 million baht for construction pillars.)

2. Liabilities and Source of Capital

Appropriateness of capital structure

As of December 31, 2009, the shareholders' equity was 2,939 million baht, but the total liabilities were only 419 million baht. This demonstrated the company had sufficient capital that outside loan was not necessary.

3. Liquidity

Cash flow from other activities

In 2009 the cash flow from business operation is 697 million baht and 91 million baht was used for money provision activity because the dividend for shareholders was 144.9 million baht.

Liquidity Ratio

As of December 31, 2009, the company resulted in a current ratio of 4.74 and 6.70 and quick ratio of 4.18 and 4.19 for the company only and consolidated statement respectively. In summary, the company group had high liquidity and sufficient capital for business operation.

• Factors that affect the Company Performance and Future Financial Status

1. Contingent Liabilities

The company and subsidiaries had no commitment which may significantly affect to business operation.

2. The Company's Future Plan

The trend for 2010 points to the recovery of global and domestic economic. The domestic and border markets of lubricant and grease will be potentially increased. And also the company has improved the product packaging to be more attractive to consumers. For the export market of battery and grease in 2010, the company expects the market will be much better than 2009. The company will emphasize on keeping the good quality and standard of the products.

Financial Statements, Conclusion of Auditors & Notes

1. Financial statements and auditor's report

As attached.

2. Conclusion of auditors

Year	Auditor's Name	Registration No.	Company	Conclusion in Report
2009	Mr. Eakasit Chuthamsatit	4195	KPMG Phoomchai Holdings Co., Ltd.,	No condition
2008	Mr. Eakasit Chuthamsatit	4195	KPMG Phoomchai Holdings Co., Ltd.,	No condition
2007	Mr. Eakasit Chuthamsatit	4195	KPMG Phoomchai Holdings Co., Ltd.,	No condition

3. Auditor Remuneration

■ Audit fee

(Unit : Baht)

	Consolidated Financial Statement			The Company only		
	2007	2008	2009	2007	2008	2009
Audit fee	1,707,000	1,707,000	1,746,800	744,000	750,000	750,000

■ Non-Audit fee

None