



TIPCO ASPHALT PUBLIC COMPANY LIMITED

TO BE A GLOBALLY PREFERRED INTEGRATED

ASPHALT AND PETROLEUM RELATED PRODUCT COMPANY

ANNUAL
REPORT
2015



INTRODUCTION

TIPCO ASPHALT PUBLIC COMPANY LIMITED

Tipco Asphalt Public Company Limited was established in 1979. The Company, its subsidiaries and associated companies ("Tipco Asphalt Group") are the leading manufacturers and distributors of asphalt products in Thailand and Asia-Pacific region.

Tipco Asphalt products are used for building and maintaining roads, highways and airport runways. The Group also sells non-asphalt products, such as Naphtha, Gas Oil and Fuel Oil from crude refining processes to traders, road contractor and manufacturing companies in Thailand and countries in Southeast Asia.

With the cooperation of one of its major shareholders, Colas S.A. of France (the world's leading road construction company), Tipco Asphalt Group is able to deliver the highest quality and innovative products to its customers.



MISSION

TO BE A GLOBALLY PREFERRED
INTEGRATED ASPHALT AND
PETROLEUM RELATED PRODUCT
COMPANY

VISION

TO DISTRIBUTE 6 MILLION TONS
OF ASPHALT AND PETROLEUM
PRODUCTS ACROSS 5 CONTINENTS
BY 2020 IN A SUSTAINABLE AND
RESPONSIBLE MANNER





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FINANCIAL HIGHLIGHTS

	2011	2012	2013	2014	2015
Financial Highlights (THB million)					
Total Revenue	23,054	38,414	34,140	46,249	37,580
Gross Profit	1,214	1,101	1,740	2,005	7,504
EBITDA	1,395	1,504	1,789	2,630	6,375
Net Profit	736	642	831	1,200	5,079
Assets	15,521	18,670	20,274	15,145	16,869
Liabilities	11,078	13,627	14,383	9,020	6,305
Shareholders' Equity	3,850	4,425	5,242	5,955	10,329
Total number of shares issued (shares) ^{1/}	1,525,480,680	1,525,480,680	1,525,808,680	1,532,779,570	1,543,850,070
Financial Ratio					
Book value per share (Baht) ^{1/}	2.52	2.90	3.44	3.89	6.84
Earnings per share (Baht) ^{1/}	0.48	0.42	0.55	0.78	3.30
Dividends per share (Baht) ^{1/}	0.13	0	0.10	0.20	0.90 ^{2/}
Net profit margin (%)	3.19	1.67	2.44	2.60	13.51
Return on equity (%)	21.33	15.52	17.20	21.44	62.38
Return on assets (%)	5.60	3.76	4.27	6.78	40.83
Debt to Equity Ratio	2.49	2.70	2.44	1.47	0.60

^{1/} 2011 – 2014 figures are adjusted based on par value at Baht 1 per share

^{2/} Include propose final dividend at Baht 0.4 per shares which is subjected to AGM No.1/2016 approval

2015 HIGHLIGHTS



Tons 2.3 million
Highest sales volume ever

Baht 5,079 million
Highest net profit ever



523%
2nd Best Performed Stock Price
increase in SET

Joining SET 50 Index
Joining FTSE SET Mid Cap
A- (THA) Fitch Credit Rating



"Very Good"
IOD's Corporate Governance Score
Anti-Corruption: Level 3 ("Established")
ISO 26000 (CSR)

BUSINESS ACQUISITION

On 13 May 2015, the Board of Directors resolved to approve the new Mission and Vision statements for 2020. The new Mission is: "to be a globally preferred, integrated asphalt and petroleum related products company", while the new Vision is "to distribute six million tons of asphalt and petroleum products across five continents by 2020 in a sustainable and responsible manner". One of the key strategies in achieving Vision 2020 is to expand the current asphalt market in countries that have growth potential, and in which the Company has some sort of presence already.

Based on these considerations, the Board of Directors resolved that the Company should acquire a total of eight companies in Thailand, Vietnam, Indonesia, and Singapore from Colas S.A., for a total consideration of 61.8 million USD. These eight companies are involved in asphalt sales (wholesale and retail), and in distribution activities in their respective countries. The purchase will give the Company immediate access to additional sales of 300,000 tons of asphalt products in Vietnam and Indonesia, two countries that have shown strong growth in the past two years.

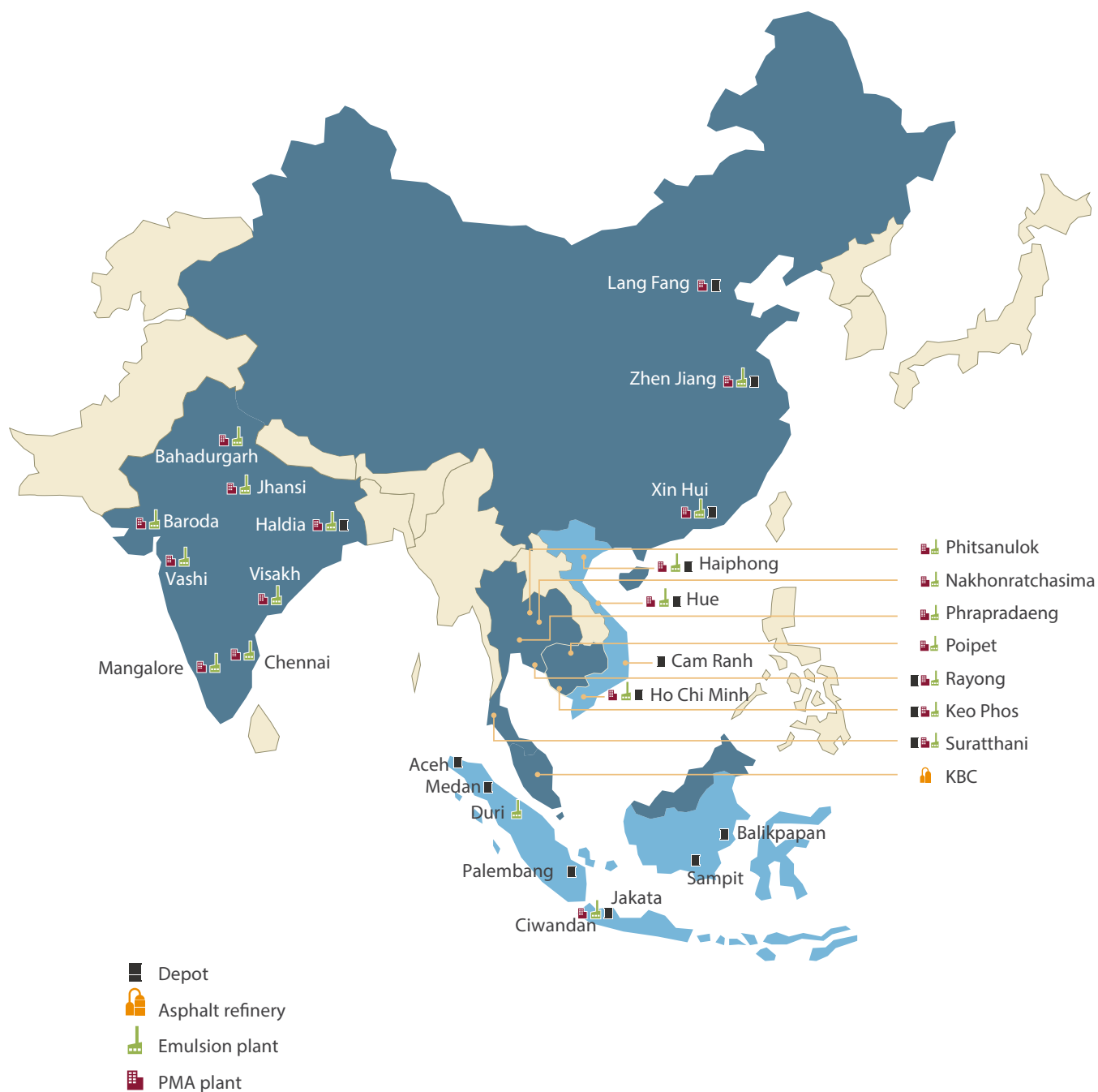
Details of the acquisition can be summarized as follows:

The Acquirer	The Targets	Percentage of shareholding to Acquire	Value of shares (USD mm)	Value of loan (USD mm)
Asphalt-related Business				
The Company and/or subsidiaries	Raycol Asphalt Co., Ltd. ("Raycol")	38	7.00	
	PT Asphalt Bangun Sarana ("ABS") ^{1/}	100	9.50	
	Highway Resources Pte Ltd. ("HR") ^{2/}	100	20.0	
Vessel Business				
The Company and/or subsidiaries	AD Shipping Pte Ltd. ("ADS")	100	12.0	4.5
	Reta Link Pte Ltd. ("RTL")	100	0.8	8.0
		Total	49.3	12.5

^{1/} wholly own in PT Saranaraya Reka Cipta ("SRC") and 49% in PT Sarana Distribusi Aspal Nusantara ("SDAN")

^{2/} wholly own in asphalt seller in Vietnam Asphalt Distribution Co., Ltd. ("ADCo")

PRODUCTION FACILITIES, OIL AND ASPHALT TERMINALS



MESSAGE FROM THE CHAIRMAN

WE DID IT AGAIN. We have outperformed beyond everyone's expectation! Tipco Asphalt shares price shot up from 6.5 Baht to 40.5 Baht, an incremental rise of 523%, a development reflecting the Group's overall exceptional performance in 2015.

It is my great pleasure, therefore, to report that Tipco Asphalt Group has achieved an overwhelming and impressive highest- ever net operating profit attributable to Equity Shareholders of 5.1 billion Baht, this is an incremental rise of 323% , by comparison with a year ago which was 1.2 billion Baht. As a result, the return on equity (ROE) improved from 21.44% to 62.38% in 2015. The Group sold 2.3 million tons of asphalt products in 2015, which was also the highest sales volume in our history. Another significant achievement was that the net cash flow generated from operations also hit a record high of 6.4 billion Baht as compared to 2.6 billion Baht in 2014. By mid- 2015, the FITCH Rating Agency upgraded our short- term loan rating from BBB- to A-, reflecting this exceptional performance. I am proud to mention that the Group achieved all these new records, despite the subdued domestic economy and intense competition in the international market.

In order to revive and stimulate the weak economy, the Thai Government implemented special infrastructure budgets during the year 2015, which the Group was well positioned to capture and from which it has benefited greatly. As a result, the Group's domestic asphalt sales volume outperformed 2014's by 53%. At the international level, total export sales volume remained at record levels, with a slight increase of about 6%, this development supported by abundant bitumen supply from our refinery, but also constrained by limited, logistic vessel availability. However, the lower sales revenue of 2015 was the result of the lower selling price, which was in line with lower crude oil price.

One of the most challenging tasks of the Group has been managing the market risk relating to crude oil and inventory

value. The world crude oil price recovered to \$67/bbl in the first half of 2015, and then plunged to \$37/bbl by the end of the year. Given this extremely volatile condition, the Group has proven itself again in managing this market risk effectively. I am pleased to highlight the fact that our hedging strategy contributed another significant gain of 922 million Baht in 2015, as a consequence of protecting the revenue of pre-sales contracts and crude inventory. The Group is confident that the current hedging strategy will protect our crude oil procurement and inventory in this highly volatile commodity market.

In 2015, the Group procured and supplied 12.0 million barrels of heavy crude oil for our refinery in Malaysia. This highest-ever level of crude supply has increased the utilization, throughput and revenue of the refinery. In 2015, construction of two floating-roof crude oil storage tanks and two asphalt storage tanks was completed, thereby increasing total storage capacity for both products by 30%. The new storage tanks will provide much-needed flexibility for the refinery and improve its ability to handle market demand fluctuations in a more robust manner.

As announced in November 2015, the Group has embarked upon an ambitious expansion programme through the purchase of eight asphalt related companies with a strong local market presence in Thailand, Singapore, Vietnam and Indonesia. I am most pleased to add that the purchase was made solely with internally generated funds and no bank loan. The revenue and profits of these companies will be reflected in the consolidated performance of the Group within the first quarter of 2016. I am also pleased to announce that our new 50/50 joint venture with SK Energy,



"Asia Bitumen Trading Pte.Ltd". has performed well during 2015. All these investment initiatives will further strengthen the Group's long-term competitiveness in the asphalt industry. Similarly, the Group will continue to focus on its long term strategy concerning human capital investment and enterprise risk management, thereby supporting our new Vision of "to distribute 6 million tons of asphalt and petroleum products across 5 continents by 2020 in a sustainable and responsible manner".

The outlook for 2016 remains positive for our domestic market, given the Thai's government policy to repeat its special budget allocation for infrastructure projects. The outlook for international market in most countries such as China, Indonesia, Vietnam, Australia, Cambodia, Laos and Myanmar reflects our continued focus on infrastructure development. Nevertheless, we expect market competition

to remain more intense, with great fluctuations in the price of asphalt in 2016. Being an asphalt-focused company, our Group is well- equipped, innovative and prepared to defend its market presence.

The Group is fully aware of the shareholders' expectation. We have made annual and interim dividend payments (per share) of 0.20 Baht and 0.30 Baht during 2015. I am pleased to announce that the Board has proposed a final cash dividend of 0.40 Baht per share, for the company's performance in 2015. This amount of payout is unprecedented in the Group's history, and I hope this will become a trend for the future.

In conclusion, on behalf of the Board of Directors, I would like to thank our shareholders for their kind support. I would also like to express my sincere appreciation to the management and staff for their high team spirit, integrity, prudence, judgment, commitment and open-minded attitude in the performance of their duties and responsibilities. 2015 was a challenging, but outstanding year for the Group in terms of its achievements.

A handwritten signature in black ink, appearing to read 'L. Supsakorn', written over a light blue circular stamp.

Laksana Supsakorn
Chairman

BOARD OF DIRECTORS





▶ BOARD OF DIRECTORS



MS. LAKSANA SUPSAKORN

CHAIRMAN,
AUTHORIZED DIRECTOR

Age 63

Starting date of Directorship

16 August 2013

Education

- MBA Wharton Business School, University of Pennsylvania, USA
- Bachelor's Degree in Accounting (Honor), Chulalongkorn University

Seminars on Director Roles and Responsibilities/
Thai Institute of Directors

- 2014 Director Certification Program (DCP)
- 2014 Role of the Chairman Program (RCP)
- 2012 Director Accreditation Program (DAP)

Shareholding in Company

14,000,000 shares (0.907%)

Family Relationships with Management

Sister of Mr. Sitilarb Supsakorn and sister-in-law of
Mr. Somchit Sertthin

Related Experience

- 2015 - Present Director, Tipco Tower Co., Ltd
- 2013 - Present Chairman of the Board, Tipco Asphalt PLC.
- 2013 - Present Chairman of the Board, Tipco Foods PLC.
- 2013 - Present Chairman of the Board, Tipco F&B Co., Ltd.
- 2012 - Present Director, Siam Container Terminal Co., Ltd.
- 2012 - Present Director, Peyanarongwit Co., Ltd.
- 2011 - Present Director, Vanichapark Co., Ltd.
- 2003 - Present Director, Thanomwongse Service Co., Ltd.



MR. JACQUES PASTOR

VICE CHAIRMAN,
MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE,
AUTHORIZED DIRECTOR

Age 61

Starting date of Directorship

1 August 2000

Education

- Advanced Management Program (AMP), Harvard Business School, MA, USA
- Ecole Nationale Supérieure d'Arts et Métiers

Seminars on Director Roles and Responsibilities/
Thai Institute of Directors

- 2013 Director Accreditation Program (DCP)
- 2013 Director Certification Program (DAP)

Shareholding in Company

500,000 shares (0.032%)

Family Relationships with Management in Company -
Related Experience

- 2013 - Present Vice Chairman, Tipco Asphalt PLC
- 2004 - Present Director, Thai Slurry Seal Co., Ltd.
- 1993 - Present Asia Area Manager, COLAS S.A.



MR. SOMCHIT SERTTHIN

CHIEF EXECUTIVE OFFICER,
EXECUTIVE DIRECTOR,
AUTHORIZED DIRECTOR

Age 63

Starting date of Directorship

29 April 1994

Education

- B.S. Business Administration Babson College, MA, USA

Seminars on Director Roles and Responsibilities/
Thai Institute of Directors

- 2014 National Director Conference
- 2014 Anti-Corruption for Executive Program (ACEP)
- 2013 Director Certification Program (DCP)
- 2003 Director Accreditation Program (DAP)

Shareholding in Company

38,000,000 shares (2.461%)

Family Relationships with Management

Brother-in-law of Ms. Laksana Supsakorn and Mr. Sitilarb Supsakorn

Related Experience

2007 - Present Director, Tipco Biotech Company Limited
2005 - Present Director, Tipco Foods PLC
2001 - Present Chief Executive Officer, Tipco Asphalt PLC
1986 - Present Executive Director, Tipco Asphalt PLC
1984 - 1986 Vice President and Country Corporate Manager,
Chase Manhattan Bank, Taipei Branch



MR. CHAIWAT SRIVALWAT

MANAGING DIRECTOR,
MEMBER OF THE CORPORATE GOVERNANCE COMMITTEE,
EXECUTIVE DIRECTOR,
AUTHORIZED DIRECTOR

Age 55

Starting date of Directorship

13 February 2002

Education

- B.Eng. (Engineering), Liverpool University, England

Seminars on Director Roles and Responsibilities/
Thai Institute of Directors

- 2014 National Director Conference
- 2014 Anti-Corruption for Executive Program (ACEP)
- 2003 Director Certification Program (DCP)

Shareholding in Company

1,200,000 shares (0.077%)

Family Relationships with Management -

Related Experience

2002 - Present Managing Director, Tipco Asphalt PLC
1996 - 2002 Marketing Director, Tipco Asphalt PLC
1990 - 1996 Senior Operations Manager, Tipco Asphalt PLC

▶ BOARD OF DIRECTORS



MR. HERVÉ LE BOUC

DIRECTOR,
AUTHORIZED DIRECTOR

Age 63

Starting date of Directorship
17 November 2008

Education

- Master Degree in Civil Engineer - Ecole Supérieure des
- Ecole Supérieure des Travaux

Seminars on Director Roles and Responsibilities/

Thai Institute of Directors -

Shareholding in Company -

Family Relationships with Management -

Related Experience

2008 - Present Director, Tipco Asphalt PLC

2007 - Present Chairman and Chief Executive Officer, COLAS S.A. Group

2002 - 2007 Chairman and Chief Executive Officer, SAUR Group

2001 - 2002 Chief Operating Officer, BOUYGUES CONSTRUCTION

1998 - 2002 Chairman and Chief Executive Officer, BOUYGUES OFFSHORE



MR. JACQUES LEOST

DIRECTOR,
AUTHORIZED DIRECTOR

Age 63

Starting date of Directorship
5 April 2011

Education

- Engineering Degree from Ecole Centrale Lille

Seminars on Director Roles and Responsibilities/

Thai Institute of Directors -

Shareholding in Company -

Family Relationships with Management -

Related Experience

2011 - Present Director, Tipco Asphalt PLC

2010 - Present International Managing Director, COLAS Group

2002 - 2010 Chairman and Chief Executive Officer, SAIPEM SA

2001 Chief Executive Officer, Bouygues Offshore

1996 - 2000 Chief Operating Officer, Bouygues Offshore

1994 - 1995 Vice President (Africa, North Sea and Mexico),

Petromar

1989 - 1993 Vice President (Africa), Petromar



MR. NIPHON SUTHIMAI

INDEPENDENT DIRECTOR,
CHAIRMAN OF THE AUDIT COMMITTEE

Age 57

Starting date of Directorship
16 February 2006

Education

- Master's Degree in Operational Research, London School of Economics, UK
- Licence de Droit (Law), Universite de Droit, Lyon, France

Seminars on Director Roles and Responsibilities/ Thai Institute of Directors

- 2006 Audit Committee Program (ACP)
- 2006 Director Accreditation Program (DAP)

Shareholding in Company -

Family Relationships with Management - Related Experience

2012 - Present Vice President - People, Nok Airlines PLC
2006 - Present Independent Director, Tipco Asphalt PLC
2005 - Present Consultant, Thai Air Cargo Co., Ltd.
1999 - Present Associate Director, Geodis Overseas Co., Ltd.
2007 - 2013 Managing Partner, CLY International Limited



MRS. ANNE-MARIE MACHET

INDEPENDENT DIRECTOR,
MEMBER OF THE CORPORATE GOVERNANCE COMMITTEE,
MEMBER OF THE NOMINATION AND REMUNERATION
COMMITTEE

Age 60

Starting date of Directorship
23 February 2010

Education

- MBA Finance, ESCP-EAP
- Bachelor's Degree in Math and Science
- International Coaching Academy - Accredited Coach in 2008

Seminars on Director Roles and Responsibilities/ Thai Institute of Directors

- 2015 Thailand CG Forum: Governance as a driving force for business sustainability
- 2014 Director Certification Program (DCP)
- 2010 Director Accreditation Program (DAP)

Shareholding in Company -

Family Relationships with Management -

Related Experience

2010 - Present Independent Director, Tipco Asphalt PLC
2009 - Present Vice President of Franco, Thai Chamber of Commerce - in charge of HR Committee
2008 - 2009 President of French International School of Bangkok
2007 - 2008 Executive Advisor and Team Motivator, FP Coaching to Lead (Thailand)

► BOARD OF DIRECTORS



MR. KOH BAN HENG

INDEPENDENT DIRECTOR

Age 67

Starting date of Directorship

1 July 2011

Education

- Post-Graduate Diploma in Business Administration, University of Singapore
- Bachelor's Degree in Applied Chemistry

Seminars on Director Roles and Responsibilities/

Thai Institute of Directors -

Shareholding in Company

50,000 Shares (0.003%)

Family Relationships with Management -

Related Experience

- 2013 - Present Director, Linc Energy Limited
- 2013 - Present Director, Keppel Infrastructure Holdings Pte. Ltd.
- 2011 - Present Independent Director, Tipco Asphalt PLC
- 2003 - Present Chairman, Singapore Petroleum Venture Private Limited
- 2011 - 2014 Senior Advisor, Singapore Petroleum Company (SPC)
- 2000 - 2014 Director, Singapore Refining Company Private Limited
- 2009 - 2013 Director, Keppel Energy Pte. Ltd
- 2003 - 2011 Chief Executive Officer, Singapore Petroleum Company (SPC)



MR. NOPPORN THEPSITHAR

INDEPENDENT DIRECTOR

Age 62

Starting date of Directorship

27 April 2012

Education

- Bachelor's Degree in Electrical Engineering, Chulalongkorn University

Seminars on Director Roles and Responsibilities/

Thai Institute of Directors

- 2012 Audit Committee Effectiveness Seminar
- 2005 Director Accreditation Program (DAP)

Shareholding in Company -

Family Relationships with Management -

Related Experience

- 2014 - Present Executive Board, Export-Import Bank of Thailand (EXIM Thailand)
- 2013 - Present Chairman of the Thai National Shippers' Council (TNSC)
- 2012 - Present Independent Director, Tipco Asphalt PLC
- 2011 - Present Director Ananda Development PLC
- 2005 - Present Independent Director, Chairman Audit Committee Union Petrochemical PLC
- 2004 - 2011 Member of Executive Committee and Senior, Vice President - Logistics, Siam City Cement PLC



MR. PHIRASILP SUBHAPHOLSIRI

INDEPENDENT DIRECTOR,
MEMBER OF THE AUDIT COMMITTEE,
CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

Age 62

Starting date of Directorship

13 May 2013

Education

- B.A., Business Administration, Yokohama National University, Japan

Seminars on Director Roles and Responsibilities/
Thai Institute of Directors

- 2005 Director Accreditation Program (DAP)

Shareholding in Company -

Family Relationships with Management -

Related Experience

2013 - Present Independent Director, Tipco Asphalt PLC

2009 - Present Chairman, Food and Drinks PLC

2009 - Present Director Thai-Nichi Ventures Co., Ltd.

2010 - Present Director Kaizen Consulting Co., Ltd.

1989 - Present Director Subhadhana Co. Ltd.

1998 - 2008 President, BankThai PLC

1993 - 1998 President, Krungthai Thanakit PLC (KTT)



MR. PARNCHALERM SUTATAM

INDEPENDENT DIRECTOR,
MEMBER OF THE AUDIT COMMITTEE,
MEMBER OF THE NOMINATION AND REMUNERATION
COMMITTEE

Age 62

Starting date of Directorship

14 June 2004

Education

- MBA, University of Bridgeport, CT, USA
- Bachelor's Degree, Accounting, Babson College, MA, USA

Seminars on Director Roles and Responsibilities/
Thai Institute of Directors

- 2006 Audit Committee Program (ACP)
- 2005 Director Accreditation Program (DAP)

Shareholding in Company -

Family Relationships with Management -

Related Experience

2004 - Present Independent Director, Tipco Asphalt PLC

1987 - Present Director, Boonmitra Building Co., Ltd.

► BOARD OF DIRECTORS



Mr. CHAINOI PUANKOSOOM

INDEPENDENT DIRECTOR

Age 65

Starting date of Directorship
13 August 2015

Education

- Bachelor Degree in Higher Accounting, California College of Commerce, USA
- Master of Management (MM), Sasin Graduate Institute of Business Administration, Chulalongkorn University

Seminars on Director Roles and Responsibilities/ Thai Institute of Directors

- Director Accreditation Program (DAP), Class 63/2007
- The Role of the Chairman Program (RCP), Class 33/2014
- Financial Institute Governance Program, Class 3/2011

Shareholding in Company -

Family Relationships with Management -

Related Experience

- | | |
|----------------|--|
| 2013 - Present | Director and Audit Committee, Muang Thai Leasing PLC |
| 2012 - Present | Director and Audit Committee, Golden land Property Development PLC |
| 2010 - Present | Director and Audit Committee, National Power Supply PLC |
| 2015 | Director, Nathalin Company Limited |
| 2011 - Present | Director, Energy Fund Administration Institute |
| Present | Director, State Enterprise Policy Office |
| Present | Director, Petroleum Institute of Thailand |



MR. JACQUES MARECHAL

EXECUTIVE DIRECTOR,
MEMBER OF THE CORPORATE GOVERNANCE COMMITTEE,
AUTHORIZED DIRECTOR

Age 50

Starting date of Directorship
27 April 2012

Education

- Corporate Finance Dauphine University

Seminars on Director Roles and Responsibilities/ Thai Institute of Directors

- 2014 Director Certification Program (DCP)
- 2013 Director Accreditation Program (DAP)

Shareholding in Company -

Family Relationships with Management - Related Experience

- | | |
|----------------|---|
| 2012 - Present | Executive Director, Tipco Asphalt PLC |
| 2000 - 2011 | International Finance Manager, COLAS SA, Paris, France |
| 1996 - 2000 | Deputy International Finance Manager, COLAS SA, Paris, France |



MR. SITILARB SUPSAKORN

EXECUTIVE DIRECTOR,
AUTHORIZED DIRECTOR

Age 64

Starting date of Directorship

16 February 2006

Education

- B.S. Business Administration, Babson College, MA, USA

Seminars on Director Roles and Responsibilities/

Thai Institute of Directors

- 2012 Director Accreditation Program (DAP)

Shareholding in Company

12,500,000 shares (0.809%)

Family Relationships with Management

Brother of Ms. Laksana Supsakorn and elder brother-in-law of
Mr. Somchit Sertthin

Related Experience

2015 - Present Director, Tipco Tower Co., Ltd

2012 - Present Director, Tipco Foods PLC

2001 - Present Executive Director, Tipco Asphalt PLC

1997 - Present Director, Siam Container Terminal Co., Ltd.

1996 - Present Director, Thanomwongse Service Co., Ltd.

“

*The Board of Directors of
Tipco Asphalt Public Company
Limited has a commitment
to its fiduciary duties and
responsibilities and shall
ensure that the Company
is managed and operated
in the best interest of the
shareholders.*

”

EXECUTIVE OFFICERS

MR. KOH LAI HUAT

CHIEF FINANCIAL OFFICER

Age 56

Education

- Chartered Association of Certified Accountant (UK)
- MBA International Marketing

Shareholding in Company

800,000 shares (0.052%)

Family Relationships with Management -

Related Experience

2014 - Present Chief Financial Officer, Tipco Asphalt PLC

2009 - Present Chief Financial Officer, Kemaman Oil Corporation Sdn. Bhd.

2010 - 2013 Director - Accounting and Budgeting, Tipco Asphalt PLC

2004 - 2008 Chief Financial Officer, Seloga Holdings Bhd.

MR. HUGUES DE CHAMPS

CHIEF OPERATING OFFICER - INTERNATIONAL

Age 47

Education

- Master's degree in Public and Maritime Works
- Civil Engineering Option, University of Technology Degree

Seminars on Director Roles and Responsibilities/

Thai Institute of Directors

- 2015 Director Certification Program (DCP)
- 2013 Director Accreditation Program (DAP)

Shareholding in Company -

Family Relationships with Management -

Related Experience

2014 - Present Chief Operating Officer - International, Tipco Asphalt PLC

2011 - Present Operations Manager, Colas Asia area

2011 - 2013 Director - Joint Ventures, Tipco Asphalt PLC

2004 - 2011 Managing Director, COLAS South Africa (Pty) Ltd

1995 - 2004 Operations Manager, COLAS Asia area

1993 - 1994 Project Manager, COLAS India

1992 - 1993 Project Manager, COLAS Morocco, GTR Company

MS. AUCHCHA RATTRAKULTIP

DIRECTOR - FINANCE, CREDIT AND LEGAL

Age 68

Education

- Mini MBA Economics, Business Administration
- Mini MBA Commerce and Accounting, Business
- Administration Kasetsart University

Shareholding in Company

415,000 shares (0.027%)

Family Relationships with Management -

Related Experience

2002 - Present Director - Finance, Credit and Legal, Tipco Asphalt PLC

2001 - 2002 Senior Manager, Tipco Asphalt PLC

MR. KASIDIS CHAREANCHOLWANICH

CHIEF OPERATING OFFICER - THAILAND

Age 54

Education

- MBA Finance and Marketing, George-August University, Göttingen, Germany
- B.A. Business Administration, Marketing, Assumption University
- Bachelor's Degree of Law, Ramkhamhaeng University

Shareholding in Company

268,000 shares (0.017%)

Family Relationships with Management -

Related Experience

2014 - Present Chief Operating Officer - Thailand, Tipco Asphalt PLC

2008 - 2013 Director - Business and Support, Tipco Asphalt PLC

2006 - 2007 Director - Domestic Marketing and Sales, Tipco Asphalt PLC

2000 - 2005 Sales Director, ICI Paints (Thailand) Co., Ltd.

MRS. PUNSIRI SUTTIENKUL

DIRECTOR - DOMESTIC SALES AND MARKETING

Age 56

Education

- B.Arch, Silpakorn University
- M.L.A., University of Pennsylvania

Shareholding in Company -

Family Relationships with Management -

Related Experience

2014 - Present Domestic Sales and Marketing Director, Tipco Asphalt PLC

2013 - 2014 Country Director, Villeroy & Boch (Thailand) Co. Ltd.

2011 - 2012 President Asia Pacific & Global Branding, Mahaphant Fibre-Cement PCL

2009 - 2010 General Manager, Grohe (Thailand) Limited

2007 - 2009 Marketing and Export Director, Thai-German Ceramic Industry PCL

2004 - 2007 Regional Product Director, American Standard Companies, Asia Pacific HQ-Shanghai, PRC

2002 - 2004 International Trade Director, American Standard Sanitary Wares (Thailand) PCL

MR. LOUIS - FREDERIC SACHS

DIRECTOR – MARINE GROUP

Age 41

Education

- Master's Degree in Nautical Science, Antwerp Maritime Academy, Antwerp, Belgium
- Bachelor in Business Administration, NEOMA B.S., Reims, France

Shareholding in Company -

Family Relationships with Management -

Related Experience

- 2013 - Present Director - Marine Group, Tipco Asphalt PLC
- 2008 - 2013 Regional Marine Risk Manager - Asia, AXA Corporate Solutions
- 2005 - 2008 Chief Officer LNG Tankers, Gazocean GDF SUEZ
- 1996 - 2005 Deck Officer, EXMAR

MR. SORANARD NANTAMONTY

DIRECTOR - INTERNATIONAL SALES AND MARKETING

Age 42

Education

- MBA, Saint Louis University, Missouri, USA
- Bachelor of Engineering (Civil Engineering), Chulalongkorn University

Shareholding in Company

90,000 shares (0.0058%)

Family Relationships with Management -

Related Experience

- 2015 - Present Director - International Sales & Marketing, Tipco Asphalt PLC
- 2014 - 2014 Plant Manager - Nakornratchasima, Tipco Asphalt PLC
- 2012 - 2013 Senior Manager - Domestic Asphalt Product Sales, Tipco Asphalt PLC
- 2010 - 2012 Group Manager - International Sales and Marketing, Tipco Asphalt PLC
- 2004 - 2010 Marketing Manager, Kemaman Bitumen Company Sdn. Bhd. (Malaysia)
- 2001 - 2004 Senior Technical Officer, Tipco Asphalt PLC
- 1995 - 2001 Civil Engineer, Thanomwongse Service Co., Ltd.

MRS. UDOMPORN PUNPATCH

DIRECTOR - HUMAN RESOURCES

Age 54

Education

- Master's Degree in Human Resources Management, College of Management, Mahidol University
- Mini-Master of Business Administration, Thammasat University
- Bachelor of Industrial Psychology, Chaingmai University

Shareholding in Company

502,000 shares (0.032%)

Family Relationships with Management -

Related Experience

- 2011 - Present Director - Human Resources, Tipco Asphalt PLC
- 2007 - 2010 Senior Manager - Human Resources, Tipco Asphalt PLC
- 2000 - 2006 Group Manager - Human Resources, Tipco Asphalt PLC

MR. THANAPOL LAOSIRIPONG

COMPANY SECRETARY

Age 31

Education

- MBA Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Engineering, King Mongkut's Institute of Technology, Ladkrabang

Seminars on Director Roles and Responsibilities/Thai Institute of Directors

- 2015 CG Forum 3/2015 "Risk Oversight": High Priority Roles of the Board"
- 2014 Company Secretary Program (CSP)

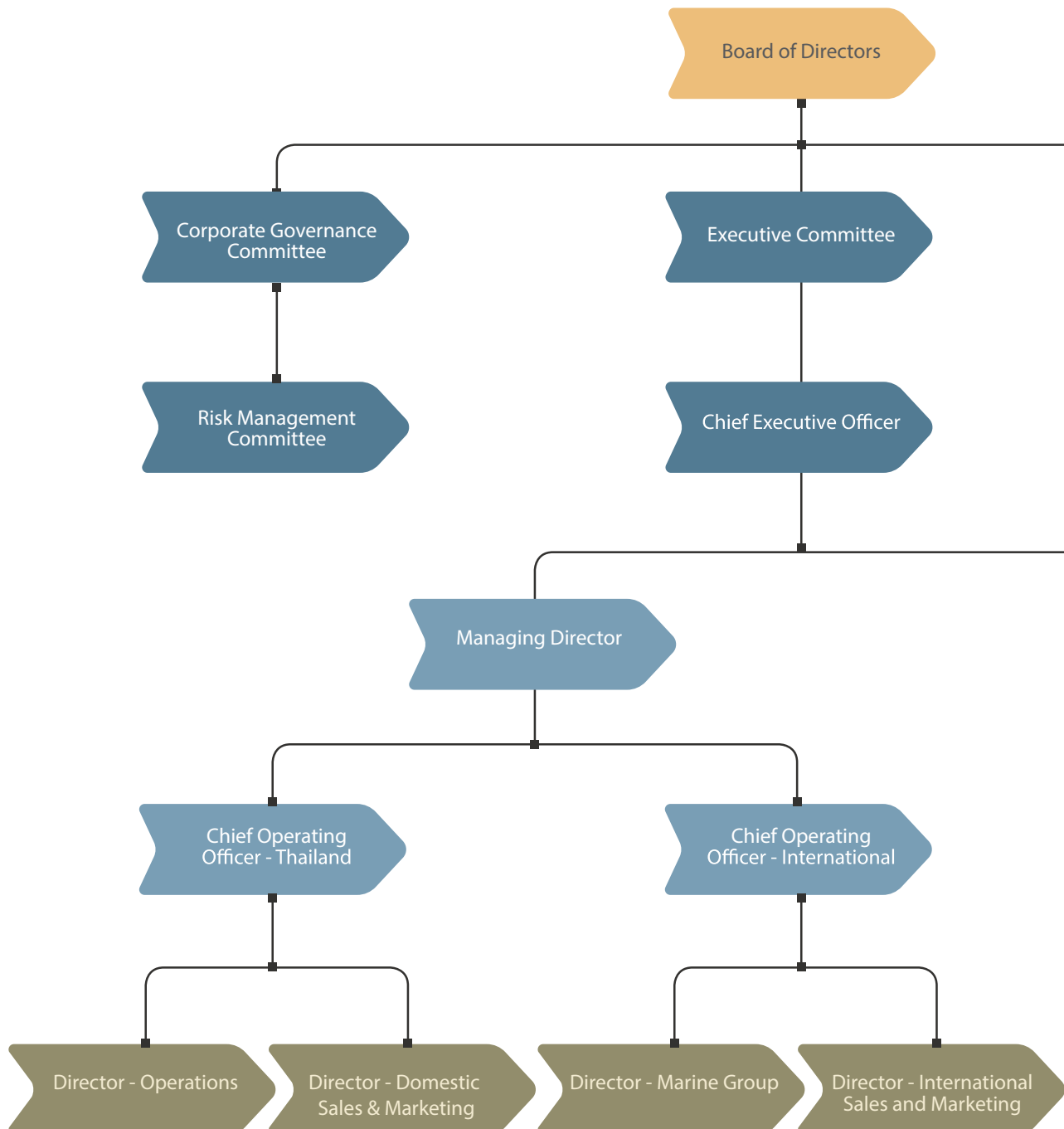
Shareholding in Company -

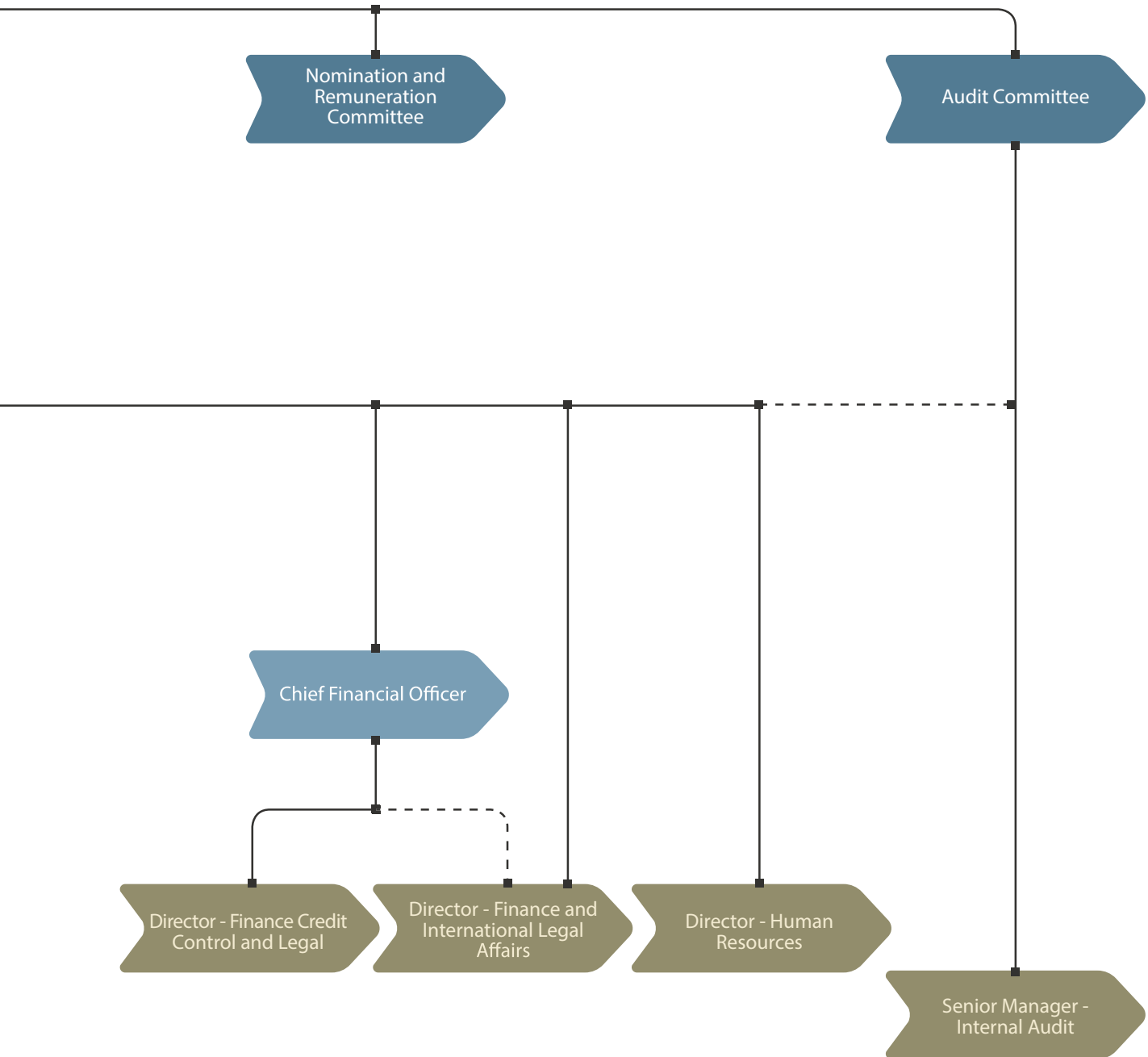
Family Relationships with Management -

Related Experience

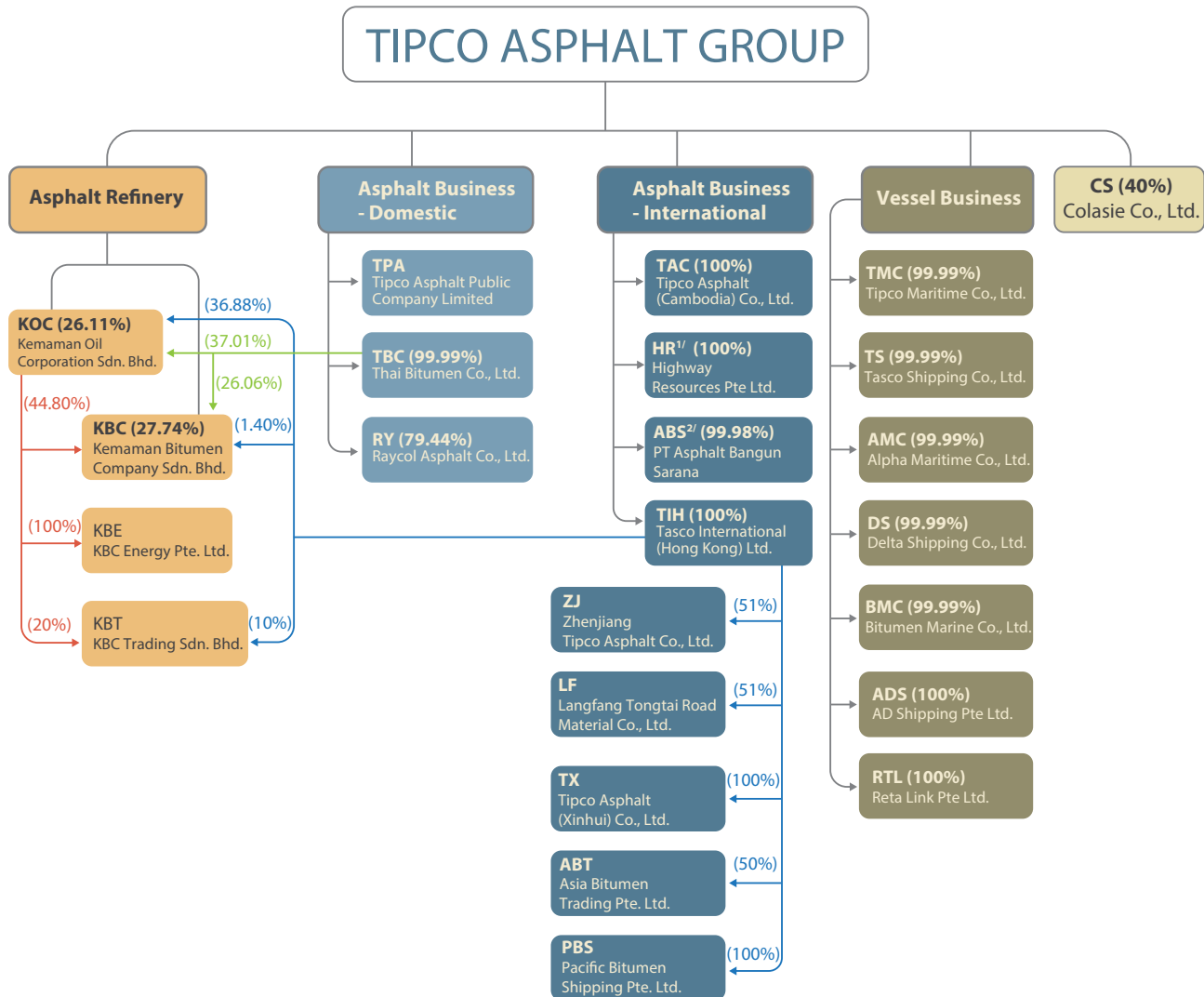
- 2015 - Present Company Secretary - Corporate Affairs and Planning, Tipco Asphalt Public Company Ltd
- 2014 - 2015 Senior Officer - Corporate Affairs and Strategy, Tipco Asphalt PLC
- 2012 - 2014 Senior Officer - Strategist for international business, Siam Commercial Bank
- 2011 - 2012 Senior Business Consultant, General Electronics Commerce Services
- 2006 - 2008 Process Engineer, UTAC Thai Limited

ORGANIZATION STRUCTURE





SHAREHOLDING STRUCTURE OF THE GROUP



- 1/ Highway Resources Pte Ltd. (HR) holds 100% of ordinary shares in Asphalt Distribution Co., Ltd. (ADCo)
- 2/ PT Asphalt Bangun Sarana (ABS) holds 100% of ordinary shares in PT Saranaraya Reka Cipta (SRC) and 49% in PT Sarana Distribusi Aspal Nusantara (SDAN)

Acquisition of 38% of ordinary shares of Raycol Asphalt Co., Ltd (RY), 99.98% of PT Asphalt Bangun Sarana (ABS), and 100% of Highway Resources Pte Ltd. (HR), AD Shipping Pte Ltd. (ADS), and Reta Link Pte Ltd. (RTL) were approved at the Extraordinary General Meeting No. 1/2016 on 5 January 2016.



RELATIONSHIP BETWEEN THE MAJOR SHAREHOLDER'S BUSINESS GROUPS

There are two major shareholder groups in the Company. The first is Tipco Foods PCL and Supsakorn family, the founding shareholders. The other group is Colas S.A. of France, a world's leading road and highway construction and maintenance company. Colas became a 22.7% strategic shareholder in the Company in 2000. The shareholding

currently stands at 31.786%. Through a Technical Assistance Agreement, the Company receives unlimited assistance on asphalt technology from Colas which includes access to the latter's central asphalt research and development center in France as well as all specialty asphalt products formulations and application techniques.

MAJOR SHAREHOLDERS

The Company's top 10 major shareholders as of 30th December 2015 are as follows:

RANK	MAJOR SHAREHOLDERS	NO. OF SHARES	%
1.	BNP PARIBAS SECURITIES (ASIA) PTE LTD - FOR COLAS	490,731,040	31.786
2.	Tipco Foods PCL	369,881,660	23.958
3.	Thai NVDR Co., Ltd.	200,090,385	12.960
4.	Supsakorn Family	121,914,820	7.897
5.	AIA Company Limited-APEX	30,000,000	1.943
6.	Mr. Viwat Kowitsophon	16,540,300	1.071
7.	AIA Company Limited-TIGER	14,500,160	0.939
8.	HSBC BANK PLC-SAUDI ARABIA MONETARY AGENCY SEC ACCOUNT A	13,529,165	0.876
9.	STATE STREET BANK AND TRUST COMPANY	12,360,100	0.801
10.	Ms. Thanida Saengthananimrit	11,700,000	0.758
11.	Others	262,602,440	17.009
Total		1,543,850,070	100.000

As of 31 December 2015, total shares held by members of Board of Directors accounts for 4.3% of total shares

DIVIDEND POLICY

The Company has a policy to pay dividends of not less than 60% of its Company alone net profit of each fiscal year. However, the actual dividend payment depends on cash flow, investment plans of the Company and its subsidiaries, and terms and conditions of agreements entered into by the Company.

Details of dividend paid (baht/share) for the past 5 years are as follows:

Unit: Baht	2010	2011	2012	2013	2014	2015
Dividend/share	-	0.125	-	0.1	0.2	0.9 ^{1/}

2010 – 2014 figures are adjusted based on par value at Baht 1 per share

^{1/} Include propose final dividend at Baht 0.4 per shares which is subjected to AGM No.1/2016 approval

REVENUE STRUCTURE

During 2015, 98.88% of total revenue derived from sales of asphalt products. Domestic and International sales contributed approximately 83.73% and 16.27% of total volume, respectively. Sales revenue in 2015 reduced in line with the lower crude oil market price.

Based on the Company's consolidated financial statements for the years 2013, 2014 and 2015, revenues categorized by business units are as follows:

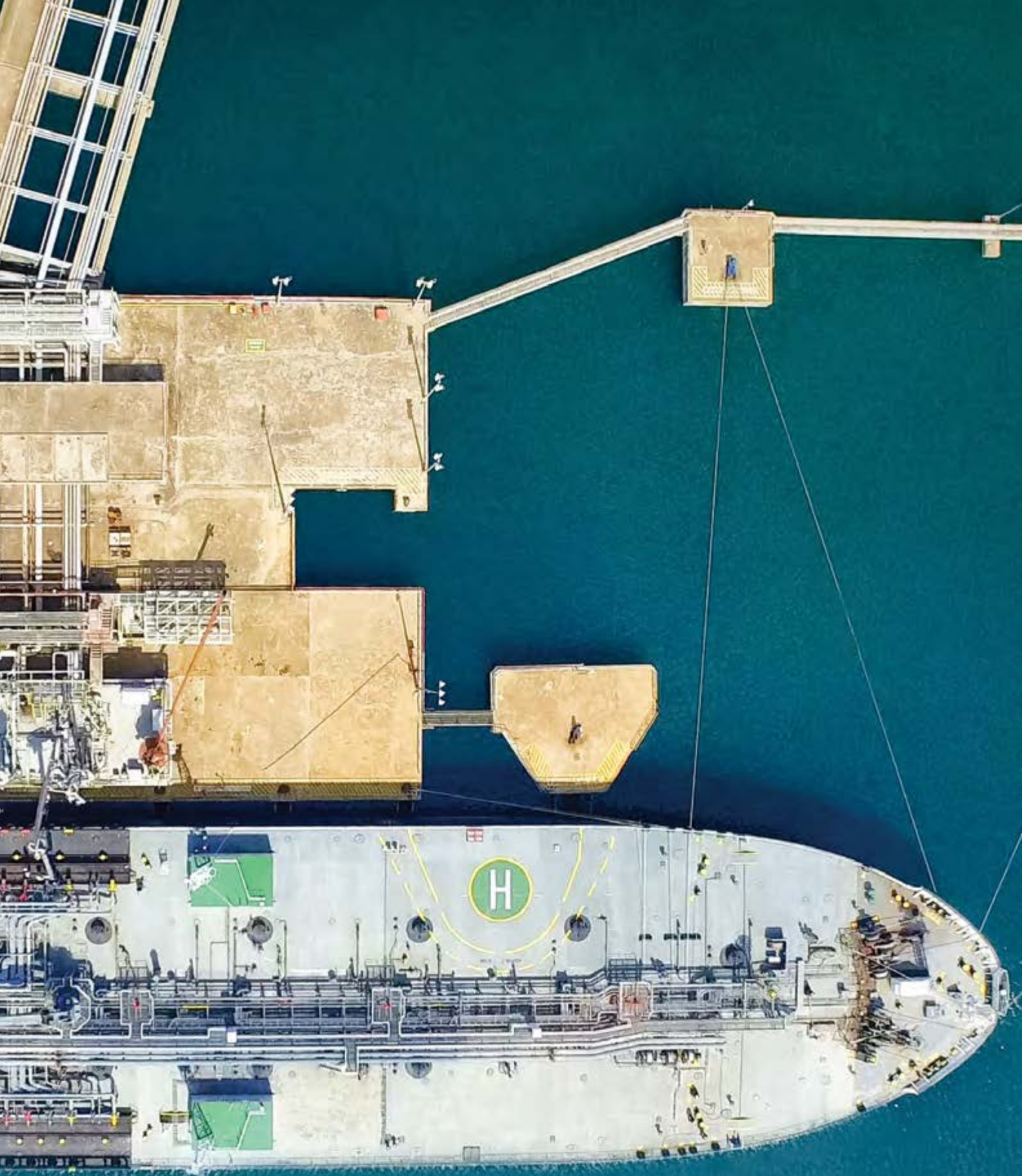
Product Line / Business Category	Shareholding (%)	2013		2014		2015	
		THB mm	%	THB mm	%	THB mm	%
1. Asphalt Business							
Tipco Asphalt PLC	-	26,257.39	77.01	37,415.54	80.99	29,395.99	78.41
Thai Bitumen Co., Ltd.	99.99	1,303.78	3.83	1,412.84	3.06	2,006.49	5.35
Raycol Asphalt Co., Ltd.	41.44	992.84	2.91	994.62	2.15	970.83	2.59
Tipco Asphalt (Cambodia) Co., Ltd.	100.00	524.84	1.54	701.23	1.52	745.24	1.99
Kemaman Oil Corp. Sdn. Bhd.	100.00	2,977.78	8.73	3,163.58	6.85	2,267.75	6.05
Tasco International (Hong Kong) Ltd.	100.00	1,803.43	5.29	2,002.09	4.33	1,684.68	4.49
Total		33,860.06	99.31	45,689.90	98.90	37,070.98	98.88
2. Marine Group							
Tipco Maritime Co., Ltd.	99.99	31.8	0.09	27.31	0.06	45.00	0.12
Delta Shipping Co., Ltd.	99.99	66.49	0.20	131.09	0.28	433.78	1.16
Alpha Maritime Co., Ltd.	99.99	68.39	0.20	138.58	0.30	259.87	0.69
Bitumen Marine Co., Ltd.	99.99	302.36	0.89	246.34	0.53	209.17	0.56
Tasco Shipping Co., Ltd.	99.99	352.06	1.03	357.57	0.77	340.94	0.91
Less: Inter-company Transaction		(746.25)	(2.19)	(863.49)	(1.87)	(1,222.97)	(3.26)
Total		74.85	0.22	37.4	0.08	65.79	0.18
Total Sales and Services		33,934.91	99.53	45,727.30	98.98	37,136.77	99.06
Other Revenue		159.25	0.47	472.91	1.02	355.53	0.94
Total Revenue		34,094.16	100.00	46,200.21	100.00	37,492.30	100.00

Note: Excluded share of profit (loss) from investment in associated companies.



PERFORMANCE & RISK MANAGEMENT

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DOMESTIC MARKET
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RISK FACTORS



PRODUCTS AND THAI DOMESTIC MARKET

PRODUCTS PRODUCED BY THE GROUP INCLUDE:

- Asphalt Cement (AC) accounted for approximately 75% of total asphalt sales in 2015, which AC volume was the highest in a decade. The Group refines its own AC from heavy crude oil, and procures additional volume from other local and international suppliers.
- Asphalt Emulsion (AE) is a mixture of asphalt cement, water and chemicals. In 2015 the Group launched a new emulsion under the trade name EAP or Emulsified Asphalt Prime. EAP was developed in order to phase out cutback asphalt and thereby to reduce the environmental impact from road paving. By removing kerosene from the prime coat, the Group has made the product more environmentally friendly, by eliminating kerosene evaporation into the atmosphere. The Group is the first company to receive official specification approval from the Department of Highways for its prime coat product.
- Cutback Asphalt (CB) is a mixture of asphalt cement and petroleum solvents. It is used mainly for prime coating. At present, cutback asphalt has become less popular due to its rather high production cost, coupled with its properties which are unfriendly to the environment.
- Polymer modified asphalt cement (PMA) is a premium-grade asphalt mixture comprising polymer compounds and asphalt cement. PMA is a highly durable binder, with extra elastic properties, that generates greater rutting resistance on highways. Once applied to the surface pavement of highways and airport runways, PMA will help extend the useful life of the road, as compared to normal asphalt cement. In 2014 the Group launched a new modified asphalt by using natural latex as a modifier. The Department of Highways has established this new asphalt product under the name, natural rubber modified asphalt or Para AC. Para AC has multiple, superior properties, when compared to regular AC – witness its softening point, elastic recovery, cohesion, toughness and tenacity.



The application of Para AC is similar to that of AC, but is better suited for areas with high traffic density, because Para AC's superior property will extend the useful life and performance of the paved road.

- Modified asphalt emulsion or natural rubber modified emulsion, is a mixture of asphalt cement, water, chemicals and natural latex. The product application is similar to that of slurry seal. The key benefit of Para slurry seal is the increase in skid resistance on the road surface, which in turn serves to promote road safety. Another key benefit of Para slurry seal is the significant reduction in road closure time. Para slurry seal requires only one hour of curing time before a repaired area can be reopened to traffic, which contrasts markedly with the four hours associated with regular slurry seal.
- Premix is an instant, ready-mixed, ready-to be-used product that is sold in retail packages. Premix product is made from selected aggregates (with proper gradation), readily mixed asphalt emulsion and some additives, all combining to promote extra bonding properties. Premix products offer perfect solutions for road surface repairs, potholes and other small road projects.
- Tipco Joint Sealer and Tipco Joint Primer are asphalt cement mixed with special additives, which possess extra durability under extreme weather conditions. Both sealer and primer exhibit high properties of flexibility while adhering strongly to joint components. Their applications are used for sealing joints between concrete slabs.
- Kerosene, Naphtha, Atmospheric Gas Oil (AGO), and Vacuum Gas Oil (VGO) are by-products from the Group's asphalt refinery facility in Malaysia. These products are distributed by the Group directly to local and regional customers.



PRODUCTS FOR WHICH THE GROUP SERVES AS THE DISTRIBUTOR:

- Asphalt cement, purchased from local and international suppliers
- Diesel and bunker oil, purchased from oil refineries and traders

TYPES AND SOURCES OF RAW MATERIALS

AC is a refined product from crude oil and is used as the main raw material for manufacturing asphalt emulsion, polymer-modified asphalt and cutback asphalt. Currently, the Group is supplied with AC from its own asphalt refinery in Malaysia, while it also purchases directly from other sources, both local and international, thereby mitigating the risk associated with solely reliance upon one single source and hence able to control its cost of main raw material.

OTHER RAW MATERIALS

The Group imports chemicals as the raw material used in the manufacturing process of asphalt emulsion and polymer-modified asphalt, representing around 10% of total raw materials. Meanwhile, the remaining 90% is sourced through local suppliers, with reliable quality and delivery capability.

CHEMICALS CAN BE CLASSIFIED INTO TWO CATEGORIES AS FOLLOWS:

Solvents: The market price of solvents fluctuates in line with the price of oil. All solvents can be sourced from local suppliers, so that there is negligible risk of raw material shortages.

Emulsifiers: This type of chemical encompasses several kinds of emulsifiers, which can be imported from international suppliers, through their authorized agents, or sourced locally. The market prices of emulsifiers are relatively stable.







BUSINESS PERFORMANCE



DOMESTIC MARKET

Demands for all asphalt products in Thailand totalled around 1,140,000 tons in 2015. This comprised 930,000 tons of asphalt cement, while the remaining 210,000 tons were asphalt emulsion and other products, such as cutback asphalt, polymer-modified asphalt, and natural rubber modified asphalt cement. This represented a growth of 41% as compared to that of 2014. The Group managed to increase its domestic sales volume by over 50% in 2015.

The incremental demand came from the Thai government's policy of stimulating the economy through fiscal stimulus. The government has focused its effort upon the development of special economic, zonal infrastructure, and upon the refurbishment of the existing road infrastructure, with a special emphasis upon the use of natural latex as an ingredient in the asphalt mix.

As the market leader for asphalt products in Thailand, the Group gained customer confidence and trust by supplying excellent-quality products, superior-customer services, prompt deliveries and continuous, consistent efforts on product innovation. In this way, the Group was able to

significantly expand the market for latex-based product as the preferred construction and maintenance technique selected by the Department of Highways, the Department of Rural Highways and the Expressway Authority of Thailand.

2015 Key Maintenance and Construction Projects:

MICRO-SURFACING TECHNIQUE (PARA SLURRY SEAL):

- Burapha Withi Expressway (Bang Na – Chonburi);
- Chalongrat Expressway (Ramintra – Artnarong)
- Expressway No. 9 Bang Plee – Prapadang;

COLORED ASPHALT TECHNIQUE:

- Landscape improvement project, eastern sea shore esplanade, rural road No. 4001 to Aoh Khung Kraben Development Center (under royal patronage), Thamai District, Chantaburi
- Landscape improvement and construction project, Andaman sea shore esplanade, rural road No. 5012 Municipality Thai Mueang to Seaside, Thai Mueang District, Phang Nga



PREMIUM GRADE ASPHALT TECHNIQUE:

- Runway and taxi lane repair and rehabilitation, using high-performance, pavement technique at Suvarnabhumi International Airport, Samut Prakran; and
- Highway and main road maintenance, using polymer-modified asphalt cement (such as on Highways No. 32 Bang Pa-in – Chai Nat).
- Highway and main road maintenance, using natural rubber, modified-asphalt cement or Para AC (such as on Highways No. 4 Tha Sae – Chumphon Highway No. 21 Chai Badan – Bueng Sam Phan).

The Group has manufacturing facilities and asphalt terminals in the centre of key provincial regions, such as at Bangkok, Nakhon Ratchasima, Phitsanulok, Rayong and Suratthani. With these strategic locations of domestic manufacturing facilities across Thailand, the Group can provide timely delivery services to our customers, both domestic and those in neighbouring countries, via the group's own 270 road tanker truck fleets. This superior logistic capability serves as the key for Tipco Asphalt to maintain its strong dominance in the domestic market.

Our domestic sales and marketing teams serve more than 550 key customers nationwide. With more than 36 years of experience, our sales teams are professionally trained to provide quality services and technical advice to customers. In addition, we also have dedicated, technical support teams, which have extensive experience and knowledge in road maintenance techniques, and in the maintenance of heavy machinery. Our rapid response team is ever ready to provide on-site support/assistance to our customers, so as to ensure that our customers can execute their work with high efficiency and excellent results. In addition, the Group has a customer relationship management (CRM) concept to study, understand and assess the complex requirements of each group of customers. All study results are used as inputs for devising effective sales and service programmes that directly reflect our customers' requirements.

A GPS tracking system has been installed in our road tankers since 2013. All information about the vehicles, such as details of drivers, speed limits, actual driving hours and mandatory rest hours are automatically linked to the Department of Land Transport in order to ensure full control of all trucks/tankers carrying asphalt products. This level of compliance is ahead of the new regulations to be introduced in January



2016. In 2015, the Group implemented part of its asphalt truck fleet rejuvenation programme, by purchasing 50 new tractor units. The new tractors have a much higher power output, in both torque and horse power, but at the same time they provide improved fuel efficiency when compared to the existing fleet. In 2016, the Group will continue to replace another 50 tractor units as part of its fleet rejuvenation programme. The group firmly believe that, with the new truck fleet, it will enhance the group's current network coverage and service level.

INTERNATIONAL MARKET

In 2015, the Group achieved over 1.7 million tons of asphalt product sales in the international market, and achieved another year of outstanding performance for the Group. The key markets are Indonesia, China, Malaysia, Vietnam, and Australia, which all exhibited exceptionally strong demand. In addition, the successful start of our joint-venture with

SK, viz the right supply of asphalt throughout the region, contributed to our general performance.

As a result of increases in spending on the part of most Asian governments, we achieved a strong performance from well-planned sales strategies, supported by our internal asphalt vessels, and by the reliability of our group refinery in Malaysia to supply asphalt to our customers. In order to meet high demand, Kemaman Bitumen Company (KBC), the group asphalt refinery, operated at high utilization throughout the year.

Being the sole naphthenic asphalt producer in the region, the Group successfully offered special grades of asphalt in Vietnam and China. This will pave the way for the future penetration of these products in other markets.

The Group also maintained a balance of asphalt supplies by sourcing from other regional refineries. These asphalt supplies played a crucial role in supporting our international sales.



Indonesia, one of the Group's largest export destinations, generated record sales volumes in 2015 – witness our 40% growth by comparison with that of 2014. Indonesian market demand remained steady thanks to a number of large infrastructure projects. Indonesia should remain a key, international market for the Group over the next few years.

Vietnam served as another key market for the Group. In 2015, our presence in this market was significant, with continued strong support from existing and new customers. Thanks to the growing market, and to our better supply and efficient delivery logistics which reached 900KT in 2015, we managed to increase our volume and market share to a significant extent.

Sales to China performed well, due to asphalt import growth. Thanks to our customer base and product portfolio, The Group achieved a new milestone, despite competition and margin pressures. This performance was mainly achieved during the first half of the year; during the second half of the year, sales were slower, due to an economic slowdown in the country. The performance of the Company's subsidiaries in China was comparable to that of 2014, this attributable to

effective business development and better cost controls. Our subsidiary in Guangdong province posted a sales volume five times higher than in 2014.

Unlike previous years, the Australian market consolidated in 2015, mainly in Queensland and Western Australia. The Group remained a key partner of Colas' subsidiary in Australia, and maintained steady volume of sales. Despite more intense competition from large international traders, this market will remain among our top key export destinations.

As for sales to Laos and our Cambodian subsidiary, Tipco Asphalt Cambodia (TAC), 2015 had another year of growth, with record sales. This was made possible, thanks to an increase in the number of our contracts, and to additional investments by the company. Our ability to upgrade our import terminal and to increase the size of our truck fleet was the main contributory factor to our ability to serve the Cambodian market.

In addition to the above-mentioned markets, the Group's international business reached various other countries, including Mauritius, Fiji and Tahiti.



THE MARINE GROUP

The Marine Group contributes to the Group's growth by defining a clear shipping strategy, and by meeting the logistic needs of the Group's shipping department. This strategy encompasses the role of owners and operators, together with a comprehensive in-house, ship-management and dedicated chartering desk.

The Marine Group manages and operates, through the Tipco Maritime Company, a fleet of seven asphalt/bitumen tankers on behalf of the Tipco Asphalt Group. Tipco Maritime Company (TMC) offers, in addition, a technical ship management solution for two additional asphalt/bitumen tankers belonging to third-party owners.

In June 2015, our tanker fleet grew with the acquisition of a second-hand, Japanese build asphalt/bitumen tanker of 1,600 dwt. It has been dedicated to serving the Thai and Cambodian markets. We are also proud to announce that the Group has signed a contract with Hyundai Mipo Shipyard, in South Korea, for a 12,000 dwt asphalt/bitumen tanker to be delivered in the second half of 2017. This latest acquisition will help the Group to strengthen its long-ton-mile destinations, on a global scale, and it will support our long-term charterers and receivers.

2015 has been an exceptional year for the Group, and the Marine Group, via the agency of its chartering desk, has made a significant contribution by securing a long-term charter for three Asphalt tankers, and by multiple spot fixtures. We have also supported the supply of crude oil for the Group's refinery, by fixing Suezmaxes and a long-term agreement with a major crude tanker owner.

Our fleet represents a total of 26,750 tons of carrying capacity, and is subject to strict tanker quality management systems. The ship-management team follows leading industry practices, and strives to achieve KPIs as per the TMSA (Tanker Management Self-Assessment) guidelines. The Chartering activities achieved a high utilization of vessels in 2015, which greatly supported the growth in sales throughout the Asia Pacific region. Based on a policy of strategic prudence, the Group maintains a safety capacity margin of 30-40% by chartering its vessels from the spot market in order to meet overall logistic demands. It is also meant for benchmarking the efficiency and competitiveness of the internal marine division vis-a-vis the spot market.



ASPHALT REFINERY FACILITY AND OPERATIONS IN MALAYSIA

The refining subsidiary in Malaysia (KBC) also recorded an excellent performance during the year 2015, matching the overall performance of the Group. KBC, which carried out a de-bottlenecking project in the year 2014, took full advantage of the enhanced refining capacity during 2015, whenever the market demand was been firm. The plant operation data clearly shows that the de-bottlenecking project has successfully enabled KBC to process 30,000 barrels of crude oil per day on a continuous basis, up from 25,000 barrels per day as compared with the year 2014. KBC processed 12 million barrels of crude oil, as compared with 10.8 million barrels in 2014, producing 1.58 million tons of high quality asphalt products, along with 341,000 tons of non-bitumen products. KBC also completed several very important projects during the year, including the installation of an additional heat exchanger for the HVGO run-down stream and a third boiler. New, high capacity pumps have been installed to improve the efficiency of marine loading operations, especially for the bitumen mix- grades. Most importantly, the refinery has completed the construction of two new crude oil and bitumen storage tanks each, thereby augmenting the storage capacity by 30% for both. These new tanks will provide much-needed flexibility to the refinery, and will improve its ability to withstand market fluctuations in a more robust manner. While doing so, KBC

kept their focus on ensuring that safety always remained the paramount concern. It is a matter of pride for the KBC team that our refinery crossed the milestone figure of three million man-hours, without any lost time due to injury (LTI), and we remain committed to improving on this performance. KBC will also endeavour to constantly upgrade its facilities and adhere to its maintenance and repair philosophy in order to ensure 100% plant reliability.

The KBC team has also worked on further improving our relations with the statutory authorities and local governing bodies, as well as with the community as a whole, all this in addition to the various activities taken up as part of the CSR initiatives.

The Malaysia market demand for asphalt remained steady during the year 2015, with no major growth witnessed in any segment. KBC was able to successfully achieve its sales target for the year, selling 177,000 tons of bulk bitumen in Malaysia, and maintaining its market share in a market place dominated by large players, like Petronas and Shell. KBC has now established itself as a supplier of choice for asphalt consumers in Malaysia, and is well regarded for the quality of its products and services, as well as for its ethical business practices.

RISK MANAGEMENT AND RISK FACTORS



RISK MANAGEMENT

The Group has remained focused on strengthening framework of enterprise risk management (ERM), which has steered the Group into a safe position by managing the threats and opportunities of the businesses environment and supported the growth and performance during the course of 2015. The aligning of objectives within the various business units of the Group has assisted in formulating a two-tier risk management system. In line with the Group's strategy, the Risk Management Committee remains proactive, focusing on continuous improvements in managing risk in all areas of the business, and creating a risk awareness culture within the organization as a whole.

The challenges of enterprise risk management amidst the diverse nature of the Group's businesses, from oil refining and shipping, to the sale of oil products and asphalt, are being countered by implementation of comprehensive risk management programs covering specific areas of business operations. The Risk Management Committee has been working in compliance with the Principles of Good Corporate Governance, and its risk management policy was formulated to ensure that all stakeholders follow prudent risk management practices and are fully prepared for all possible scenarios.

DUTIES AND RESPONSIBILITIES

1. To implement the scope or framework of risk management;
2. To monitor development of the scope of risk management, along with the process of risk indication and risk assessment;
3. To assess and approve the risk management plan; and
4. To report to the Corporate Governance Committee concerning potential risks, along with the management of same, and to refer to the Audit Committee those issues deemed to be appropriate.

In managing risks, the Risk Management Committee has set up a risk management team consisting of managers; headed by a Risk Officer, to carry out day to day operations on behalf of the committee. The team adheres to risk management policies, scope/ framework or process, and render support, advice or guidance on risk management to all units.

The same team also reports to the Risk Management Committee on a monthly basis on foreseeable risks in their respective departments, along with remedies and opportunities. Follow-up meetings with the Risk



Management Committee are held quarterly to review corporate risks, receive feedback and work towards continuous improvement.

RISK FACTORS

RISKS RELATED TO FINANCE

The Group's business activities are exposed to various financial risks, including those related to credit, liquidity, foreign currency, interest rates and oil prices. The Group utilizes various financial instruments to manage the identified financial risks, but does not use financial instruments for trading or speculative purposes.

The Group's Finance Department operates as a service center, providing treasury advice, funding, risk and management assistance; it also coordinates access to financial markets and manages financial risks relating to the Group's overall operations in order to ensure that Tipco Asphalt's strategic objectives are met. The use of financial instruments is strictly controlled by policies approved by the Group's Board of Directors. The policies provide specific direction in relation to financial risk management, including commodity hedging, foreign currency, interest rate, credit and liquidity risks.

CREDIT RISK

Credit policy is regularly reviewed, and exposure to credit risk is monitored on an on-going basis. Credit review and evaluations are performed on all customers, while credit approvals are based on delegated limits of authority.

There was no significant exposure to any sales in 2015, except for the collection of previous year receivables in one of China subsidiary had not been improved as expected. The Group has immediately revamped the credit policy and doubled the collection efforts. Credit risk related to financial instruments is minimized by using reputable local and international banks and other counterparts.

LIQUIDITY RISK

The Group operates under unsecured short-term trade and working capital facility arrangements with reputable local and international banks that have combined limits of over Baht 43 billion or USD 1.20 billion. Very low crude price resulted in less financing requirement for crude purchase. In addition, strong cash flow generated from operations will help reduce requirement of short-term borrowings. Hence, liquidity risk of the Group is minimal.

CURRENCY RISK

The Group is exposed to foreign currency risk. This occurs as a result of purchases of raw materials and export revenue. This risk is adequately mitigated by the provision of financing and exporting revenue in the same currency. There are also forward contracts booked for known foreign currency expenses which all have maturities of less than six months.

INTEREST RATE RISK

The Group entered into interest swaps to achieve fixed interest rate borrowing on its long-term loans. There are more opportunities for its subsidiaries to enter into interest swaps in the future.

RISKS RELATED TO OIL PRICE FLUCTUATION

Petroleum products markets have been moving downward in range between USD 37-67 per barrel during the year. The Group's hedging policy is effective and contributed a sustainable positive operating result in managing these market risks. In order to address and mitigate price fluctuation risks for both crude oil and finished products at all times, the Group evaluates carefully its hedging strategy for each crude cargo. A four-way collar is used to protect the risk of higher crude costs, while the down –side risk of non-bitumen revenue is protected by selling SWAP.

RISKS RELATED TO SOURCING HEAVY CRUDE OIL

The execution of long-term supply contract for heavy crude oil in 2014 supported the Company's refinery on continuity of production to meet its sales commitments. Moreover the Company has put in place a series of action plans to diversify crude supply sources aiming to minimize risk of dependence on one crude supply source, such as qualifying new crude types, increasing market access to various crude sources or crude suppliers. The Company was procured new heavy crude sources which are expected to arrive at the refinery in 2016. The Company has continued studying on refinery upgrading to allow us to be more flexible to process variety of heavy crude sources and to produce products meeting customers' requirements.

RISK RELATED TO REFINERY OPERATIONS

The Group has continued its focus on managing the overall Business Risk relating to the operations of its Refinery. The refinery team treats "Safety" as the paramount concern while carrying out all operations. We continue to put in place stringent controls to ensure safety remains the focus of our operations and the results have been evident. The refinery surpassed 3,000,000 man-hours of operations without any Time Lost to Injury (LTI) on September 16, 2015.

As the result of a sustained improvement program implemented last year the refinery has been able to operate at high reliability during 2015. It has achieved a Plant Reliability of higher than 98%. The refinery also implemented a Risk Based Inspection (RBI) system to gain more confidence in plant operations integrity and aims to get the approval from Department of Safety and Health to extend the statutory inspection period from 36 months to 72 months via Special Scheme Inspection after next statutory inspection at the end of 2018.

RISKS RELATED TO ASPHALT CEMENT SUPPLY

Fluctuations in raw material prices have posed a major risk to the Group. The Group continues to mitigate supply risks by maintaining good, long-term relationships with all refineries in Asia, a task which is accomplished through regular supply contracts and enquiries. Currently, supply risk is mitigated by the ability to source asphalt from the Group's own asphalt refinery in Malaysia. Expanding collaborative networks with key partners has also help the Group to identify new sources of supply at competitive prices.

RISKS RELATED TO THE DOMESTIC MARKET

Majority of asphalt demand are largely linked to the government's policy and its budget. Stability of the government have a significant impact on Thailand asphalt demand. In the fiscal year 2015 the government allocated 147,000 million Baht for road maintenance and construction project. Tender process started since November 2014 and was completed within the first quarter of 2015. As a result, this created a robust demand for asphalt products during fourth quarter in 2014 and most of in 2015. In order for



the government to continue its fiscal stimulus program, it decided to announce an additional 40,000 million Baht for road maintenance program during second quarter of 2015. The additional budget however was delayed and finally disbursed in the last quarter of 2015 and first quarter of 2016 which in turn drove up the demand for asphalt in the same period.

RISKS RELATED TO THE INTERNATIONAL MARKET

The International sales of Tipco Asphalt achieved another milestone in 2015. Market conditions were favorable throughout the year with high demand, despite the usual dip before Chinese new year and a slowdown towards year end. With the high demand of product, the risk of not being able to supply customers either with product or transportation means emerged early in the year. The Group mitigated the risk by having close communication with customers, securing additional raw materials and time-charter vessels.

By doing so, the Group was therefore able to commit on multiple 3 to 6 months sales contracts, and successfully deliver the required volumes.

RISKS RELATED TO SHIPPING

The Group owns and operates seven asphalt tankers. It also has one vessel on order of 12,000dwt in South Korea at Hyundai Mipo shipyard. The Group is focused on maintaining a quality tonnage which is achieved by prudent sales and purchase activities. The modern quality tonnage maintained by the Group suitably supports the increased sales activities in the Asia Pacific and Australia regions.

The Group operates with the mission of zero accidents, zero injuries and zero oil spills. The Group ensures that all subsidiary-owned asphalt tankers are insured by first class risk insurers to protect assets against damage and to protect against third-party claims.

The biggest challenge facing the industry is shortage of well-trained personnel. The Group continues to make serious efforts in training and preparing its shipping personnel in order to face the industry challenge.

RESPONSIBILITIES OF THE BOARD

- 52 BOARD OF DIRECTORS
- 64 EXECUTIVE COMMITTEE
- 66 AUDIT COMMITTEE
- 67 NOMINATION AND REMUNERATION COMMITTEE
- 69 CORPORATE GOVERNANCE COMMITTEE



RESPONSIBILITIES OF THE BOARD



BOARD OF DIRECTORS

The Board of Directors of Tipco Asphalt PLC is composed of 15 members as follows:

- | | |
|--------------------------------|--|
| 1. Ms. Laksana Supsakorn | Chairman |
| 2. Mr. Jacques Pastor | Vice Chairman/
Executive Director |
| 3. Mr. Nopporn Thepsithar | Independent Director |
| 4. Mr. Phirasilp Subhapholsiri | Independent Director |
| 5. Mr. Parnchalerm Sutatam | Independent Director |
| 6. Mr. Niphon Suthimai | Independent Director |
| 7. Mrs. Anne-Marie Machet | Independent Director |
| 8. Mr. Koh Ban Heng | Independent Director |
| 9. Mr. Chainoi Puankosoom | Independent Director |
| 10. Mr. Hervé Le Bouc | Director |
| 11. Mr. Jacques Leost | Director |
| 12. Mr. Jacques Marechal | Executive Director |
| 13. Mr. Sitilarb Supsakorn | Executive Director |
| 14. Mr. Somchit Sertthin | Chief Executive Officer/
Executive Director |
| 15. Mr. Chaiwat Srivalwat | Managing Director/
Executive Director |

DIRECTORS WITH AUTHORITY TO SIGN ON BEHALF OF THE COMPANY

The Authorized Directors who can bind the Company consist of two groups of Directors. To bind the Company requires one Director from Group A and another Director from Group B to jointly sign and affix the Company's seal. The Directors in Group A are Mr. Jacques Pastor, Mr. Hervé Le Bouc, Mr. Jacques Leost and Mr. Jacques Marechal. The Directors in Group B are Ms. Laksana Supsakorn, Mr. Somchit Sertthin, Mr. Sitilarb Supsakorn and Mr. Chaiwat Srivalwat.

COMPOSITION AND APPOINTMENT

1. The Board shall consist of at least 10 directors, but not exceed 15 directors. Directors of not fewer than half of the number of all directors shall have residence in the Kingdom of Thailand;
2. At least one-third of all directors must be independent directors, the number of whom must be at least three;
3. The Board of Directors shall elect one director to be the chairman of the Board ("Chairman") and elect one director to be vice chairman ("Vice Chairman") of the Board. Vice Chairman is entitled to perform any act under the Articles of Association on behalf of the Chairman;



4. The positions of Chairman of the Board and Chief Executive Officer are not held by the same individual for the sake of clear-cut segregation of roles and responsibilities; and
5. The appointment of Directors must be based on transparency and clarity and shall abide by laws, regulations and relevant rules.

QUALIFICATIONS FOR DIRECTORS

In selecting candidates to be appointed as the Company's Directors, the Nomination and Remuneration Committee is empowered to screen and nominate qualified persons. The desirable characteristics of Directors include:

1. Integrity and accountability;
2. Proven competency in financial, commercial or industrial matters and skills/capacity to provide strategic insight and direction;
3. Proven experience in corporate management;
4. Good interpersonal and communication skills;
5. No conflict of interest or prohibited characteristics as specified in the Public Limited Company Act B.E. 2535; and

6. Independent directors shall possess the qualifications as specified in the Securities and Exchange Commission's guidelines and the Company's definition of Independent Director.

Directors may hold directorships in no more than five listed companies but such holdings shall not adversely affect their work as Directors of the Company.

TERM OF OFFICE

1. In every annual ordinary meeting of shareholders, one-third of directors shall vacate in proportion. If the number of directors is not a multiple of three, the number of directors closest to one-third shall vacate; A director who vacates under this section may be re-elected;
2. In the case of a vacancy in the Board of Directors for reasons other than the termination of the term of office, the Board of Directors shall elect a person who has the qualifications and is not being under any of the prohibition under section 68 of Public Limited Company Act B.E. 2535 as the substitute director at the next meeting of Board of Directors, unless the remaining term of office of the said director is less than two months;

The resolution of the Board of Directors under the above paragraph shall be a vote of not less than three-fourths of number of directors remaining;

The substitute director under paragraph one shall hold office only for the remaining term of office of the director whom he or she replaces;

3. Term of office of Chairman is two years;
4. In addition to vacating office upon the termination of the term under the Public Limited Company Act B.E. 2535, Directors shall vacate office upon:
 - 4.1 Death;
 - 4.2 Resignation;
 - 4.3 Being disqualified or being under any of the prohibitions;
 - 4.4 Removal by a resolution of the meeting of shareholders; and
 - 4.5 Removal by court order.
5. Retirement age is 75;
6. A member will be allowed to retain his/her directorship after his/her 75th birthday and remain as Director until his/her three-year term expires; and
7. Any director wishing to resign from office shall submit his or her resignation letter to the Company and the resignation shall be effective from the date on which the Company receives the resignation letter.

DUTIES AND RESPONSIBILITY OF THE BOARD OF DIRECTORS

The Board of Directors of Tipco Asphalt Public Company Limited ("Company") has a commitment to its fiduciary duties and responsibilities and shall ensure that the Company is managed and operated in the best interests of the shareholders. To adhere to these fiduciary duties, each director commits to the following key duties;

1. To perform duties with due care (Duty of Care);
2. To perform their duties with loyalty to protect the best interest of the Company and shareholders (Duty of Loyalty);

3. To comply with the laws and regulations, the Company's Objectives, the Company's Articles of Association, and the resolutions of the Board of Directors and shareholders' meetings (Duty of Obedience); and
4. To disclose the information to the shareholders in the accurate, complete, transparent and timely manner (Duty of Disclosure).

In addition, the Board of Directors defines and reviews the Company's vision, mission, policies, strategies, etc., covering all facets of operations, and measures the employees' performance against the Key Performance Indicators (KPI) and budget.

The basic responsibilities of the Directors are to exercise their business judgment in the best interest of its shareholders and for the sustainable growth of the Company. The Board shall ensure that each director performs his/her duty in accordance with all relevant laws and regulations.

In furtherance of its responsibilities, the Board of Directors shall;

1. Define, evaluate, approve and review, on a regular basis, the Company's vision, mission, corporate values, business policies, long-term plans and strategies;
2. Review, evaluate and approve the Company's budget and forecast, include resource allocation and capital expenditures;
3. Regularly review the Company's financial and operating results and adjust the Company's business strategies accordingly;
4. Review, evaluate and approve the overall corporate organizational structure, the assignment of senior management responsibilities and succession plans;
5. Review, evaluate and approve compensation packages pertaining to senior management of the Company;
6. Adopt, implement and monitor compliance with the Company's Code of Ethics;
7. Review and assess the effectiveness of the Company's policies and practices with respect to internal control, risk assessment and risk management;

8. Periodically review the Company's policies and progress relating to social responsibilities;
9. Conduct an annual self-evaluation and the assessment will be discussed with the full Board each year in order to identify the areas which require improvement;
10. Periodically review the performance of the Chief Executive Officer and approve a compensation package as deemed appropriate by the Board;
11. Review, at least annually, of (i) the status of major litigation, (ii) Compliance with significant regulatory requirements affecting the Company; and (iii) corporate governance matters; and
12. Perform any other duties in accordance with the Board's and shareholders' resolutions.

DUTIES AND RESPONSIBILITIES OF THE CHAIRMAN OF THE BOARD

1. To summon the meetings of the Board of Directors according to the pre-determined schedules and others as necessary;
2. To preside over the Board of Directors meeting;
3. To promote corporate governance standards of the Board of Directors;
4. To preside over the Shareholders' meeting and conducting the meeting following the sequences of the agenda and in compliance with the Company's Articles of Association; and
5. To perform the duties specified by the laws and regulations.

RESPONSIBILITIES OF CHIEF EXECUTIVE OFFICER

1. General operation management and control THE business of the Company to comply with its objectives, policy, the Articles of Association, Public Limited Company Act, and Securities and Exchange Act;
2. Propose business investment plans to the Executive Committee and the Board of Directors for approval;

3. Approval Authority according to Company's Chart of Authority;
4. Carry out any assignment from the Board of Directors and/or the shareholders of the Company.

BALANCE OF NON-EXECUTIVE DIRECTORS

The Board of Directors has 15 members, consisting of:

Executive Directors	5
Non-executive Directors	3
Independent Directors	7

There are three members of the Board of Directors who are non-executive directors - Ms. Laksana Supsakorn, Mr. Hervé Le Bouc and Mr. Jacques Leost.

SEPARATION OF POSITION

The positions of Chairman of the Board of Directors and Chief Executive Officer are not held by the same individual.

BOARD MEETINGS

Board meetings are scheduled to be held a minimum of 5 times per year. Invitation letters were sent with complete agenda details and related documents for consideration prior to the meetings no less than 5 business days. The minutes of each Board of Directors meeting is recorded in writing and arranged for the safe keeping of such certified minutes which had been approved by the Directors at 25th Floor, Tipco Tower, 118/1 Rama 6 Rd., Samsen Nai, Phayathai, Bangkok 10400 and made available for review.

The Company had established policy regarding the quorum as in Article 23 of Articles of Association. At a meeting of the Board of Directors, a quorum is constituted when at least eleven directors are present. Therefore, no less than two-thirds of total Board members are required when voting.

The schedule for every meeting is set annually in advance before next year's meetings.

Attendance of Board of Directors Meetings, Audit Committee Meetings, Nomination and Remuneration Committee Meetings, Corporate Governance Meetings, and Shareholders' Meeting for 2015 by the Directors is summarized as follows:

Name	Position	Attendance of Meetings (Times)				
		Board of Directors Meeting	Audit Committee Meeting	Nomination and Remuneration Committee Meeting	Corporate Governance Committee Meeting	Shareholders' Meeting
Ms. Laksana Supsakorn	Chairman	6/6	-	-	-	1/1
Mr. Jacques Pastor	Vice Chairman	6/6	-	3/3	-	1/1
Mr. Nipphon Suthimai	Independent Director (Chairman of the Audit Committee)	6/6	8/10	-	-	1/1
Mr. Parnchalerm Sutatam	Independent Director	6/6	10/10	3/3	-	1/1
Mr. Nopporn Thepsithar	Independent Director (Chairman of Nomination and Remuneration Committee)	4/6	9/10	2/3	-	0/1
Mr. Phirasilp Subhapholsiri	Independent Director (Chairman of Corporate Governance Committee)	6/6	10/10	-	4/4	1/1
Mrs. Anne-Marie Machet	Independent Director	6/6	-	3/3	4/4	0/1
Mr. Koh Ban Heng	Independent Director	5/6	-	-	-	0/1
Mr. Hervé Le Bouc	Director	1/6	-	-	-	0/1
Mr. Jacques Leost	Director	2/6	-	-	-	0/1
Mr. Chainoi Puankosoom ^{1/}	Independent Director	3/3	-	-	-	N/A
Mr. Sitilarb Supsakorn	Director	6/6	-	-	-	1/1
Mr. Somchit Sertthin	Chief Executive Officer	6/6	-	-	-	1/1
Mr. Chaiwat Srivalwat	Managing Director	6/6	-	-	3/4	1/1
Mr. Jacques Marechal ^{2/}	Executive Director	5/6	-	-	3/4	1/1

Remark : 1/ Mr. Chainoi Puankosoom was appointed Independent Director to replace Mr. Hugues de Champs who had resigned from the position of Company's Director, as per the resolutions of Board of Directors Meeting on 13 August 2015.

2/ Mr. Jacques Marechal attended Board of Directors Meeting No. 4/2015 on 13 August 2015 through video conference

POSITIONS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Company officers holding management and authorized positions in subsidiaries, associated companies or other companies are as follows:

Name	SUBSIDIARIES												ASSOCIATED	OTHERS					
	TIPCO ASPHALT PUBLIC COMPANY LIMITED	TIPCO MARITIME CO., LTD.	DELTA SHIPPING CO., LTD.	ALPHA MARITIME CO., LTD.	THAI BITUMEN CO., LTD.	BITUMEN MARINE CO., LTD.	RAYCOL ASPHALT CO., LTD.	TASCO SHIPPING CO., LTD.	TASCO INTERNATIONAL (HONG KONG)	TIPCO ASPHALT (CAMBODIA) CO., LTD.	KEMAMAN OIL CORPORATION SDN. BHD.	KEMAMAN BITUMEN COMPANY SDN. BHD		COLASIE CO., LTD.	THE TIPCO FOODS PCL.	THANOMWONGSE SERVICE CO., LTD.	SIAM CONTAINER TERMINAL CO., LTD.	TIPCO F & B CO., LTD	THAI SLURRY SEAL CO., LTD.
Ms. Laksana Supsakorn	X					/								X	/	/	X		/
Mr. Nopporn Thepsithar	/																		
Mr. Phirasilp Subhapholsiri	/																		
Mr. Panchalerm Sutatam	/																		
Mr. Niphon Suthimai	/																		
Mrs. Anne-Marie Machet	/																		
Mr. Koh Ban Heng	/																		
Mr. Hervé Le Bouc	/																		
Mr. Jacques Leost	/												/						
Mr. Chainoi Puankosoom	/																		
Mr. Jacques Pastor	//	/	/	/	/	/	X	/	/	/	/	/	/					/	
Mr. Sitilarb Supsakorn	//	/	/	/	/	/	/	/						/	/	/			/
Mr. Somchit Sertthin	//	/	/	/	/	/		/	/		/	/	/	/			/		
Mr. Chaiwat Srivalwat	//	/	/	/	/	/	/	/	/	/	/	/							
Mr. Jacques Marechal	//	/	/	/	/	/	/	/	/	/	/	/						/	
Mr. Hugues de Champs		/	/	/	/	/	/	/										/	
Ms. Auchcha Rattrakultip		/	/	/		/	/	/										/	
Mr. Koh Lai Huat					/			/		/	/	/							

Note: X = Chairman / = Director // = Executive Director

BOARD SELF ASSESSMENT

Collective and Individual Self-assessment of the Board of Directors

The Board Self-Assessment form provided by the Stock Exchange of Thailand ("SET") is for consideration by the Board of Directors of listed companies. The assessment comprises (i) Collective Self-assessment and (ii) Individual Self-assessment. The main objective of the self-assessment form is to evaluate the performance of the board, as a team, and of Directors, as a collective body as well as on an individual basis, in light of recognized best practices and principles of good corporate governance. Procedures are as follows:

- 1) The Board of Directors performs self-assessment evaluations provided by the SET;
- 2) The Company Secretary summarizes the self-assessment result of all the members of Board of Directors; and
- 3) The Company Secretary reports the self-assessment result to the Board of Directors and ensures to improve for the effective performance.

The categories covered by the Board collective and individual Self-Assessment Form are as follows:

1. Structure and qualifications of the board (Collective and individual)
2. Roles, duty and responsibilities of the board (Collective and individual)
3. The board meetings (Collective and individual)
4. Duties of directors (Collective)
5. Relationship with Management (Collective)
6. Director's self-improvement and management training (Collective)

The Company scored 3.71 out of 4 rating and 3.71 out of 4 rating on collective and Individual score the Board Self-Assessment evaluation, respectively.

Self-Assessment of Sub-committees

The Sub-committees, comprising of the Executive Directors Committee, the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Governance Committee shall perform self-assessment once a year to reflect operation efficiency under the new principles of good corporate governance in compliance with Standard of ASEAN Corporate Governance Scorecard. These self-assessments include (i) Collective self-assessment of the sub-committee and (ii) individual self-assessment of the sub-committee. Procedures are as follows:

- 1) The Sub-committees perform self-assessment evaluations under the principles of good corporate governance of Thai Institute of Directors Association (IOD) and guideline practices of Sub-committees;
- 2) The Company Secretary summarizes and reports the self-assessment result to the Sub-committees and ensures to improve for the effective performance; and
- 3) The Company Secretary reports the self-assessment result of the Sub-committees of the Board of Directors.

The categories covered by the collective and individual Self-Assessment Form of the Sub-committees are as follows:

	Collective				Individual			
	EC	AC	N&R	CG	EC	AC	N&R	CG
1. Structure and qualifications of the board	/	/	/	/	/	/	/	/
2. Roles, duty and responsibilities of the board	/							
3. The board meetings	/	/	/	/	/	/	/	/
4. Duties of directors	/	/	/	/	/	/	/	/
5. Relationship with Management	/							
6. Director's self-improvement and management training	/							

Results of the assessment of all the Sub-committees in 2015 were excellent which were summarized as follows:

Sub-committees	Result of the assessment	
	Collective assessment	Individual assessment
1. Executive Directors Committee	3.70	3.63
2. Audit Committee	3.95	3.91
3. Nomination and Remuneration Committee	3.74	3.75
4. Corporate Governance Committee	3.59	3.64

Thus, the Company shall summarize the assessment results both of the Board of Directors and the Sub-committees and report to all the Directors for acknowledgement.

DIRECTOR'S ORIENTATION

For new Directors, the Company arranges orientation program to inform him/her of its business policies, capital structure, shareholding structure, business performance, information systems and related laws and regulations. Moreover, each Director receives a Director's Handbook and other information. The new Directors will also receive briefing from the Chief Executive Officer and/or Managing Director on the Company policies, relevant information (including the capital structure, shareholders, performance, and processes in use at the Company), laws, regulations, a marketing/operational overview, and update on performance.

KNOWLEDGE IMPROVEMENT OF DIRECTORS AND EXECUTIVES

The Board of Directors has a policy to support and facilitate the participation of trainings and continuous knowledge improvement of the directors and executives. The Company has encouraged the directors and executives to attend training courses with the Thai Institute of Directors (IOD), the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), Thai Investors Association, Thai Listed Companies Association, Federation of Accounting Professions, The Institute of Internal Auditors of Thailand (IIAT), and Thai Investor Relations Club with details as follows:

Attendee	Position	Training course	Date
Mr. Chaiwat Srivalwat	Managing Director	CG Forum 2/2015 "Board responsibilities and Management on Internal Control"	23 June 2015
Mr. Niphon Suthimai	Independent Director Chairman of Audit Committee	CG Forum 3/2015 Risk Oversight : High Priority Roles Of the Board	9 September 2015
Ms. Anne Marie Machet	Independent Director Member of Corporate Governance Committee Member of Nomination and Remuneration Committee	Thailand CG Forum: Governance as a driving force for business sustainability	28 October 2015
Mr. Hugues de Champs	Chief Operating Officer – International	Director Certification Program (DCP) DCP 203/2015	22 March 2015

REMUNERATION FOR THE BOARD AND EXECUTIVES

1. Total cash remuneration in 2015 for the Board of Directors, Audit Committee, Corporate Governance Committee and the Nomination and Remuneration Committee was Baht 6,120,000

Name	Scope of Authority	2015 (THB)		2014 (THB)	
		Fixed	Variable	Board member	Sub-committee member
1. Laksana Supsakorn	Chairman	500,000	500,000	500,000	-
2. Nipon Suthimai	Independent Director,	250,000	250,000	250,000	-
	Chairman of Audit Committee	500,000	-	-	500,000
3. Nopporn Thepsithar	Independent Director,	250,000	250,000	250,000	-
	Audit Committee member,	400,000	-	-	400,000
	Chairman of Nomination and Remuneration Committee	20,000	-	-	20,000
4. Parnchalerm Sutatam	Independent Director,	250,000	250,000	250,000	-
	Audit Committee member,	400,000	-	-	400,000
	Nomination and Remuneration Committee member	20,000	-	-	20,000
5. Phirasilp Subhapholsiri	Independent Director,	250,000	250,000	250,000	-
	Audit Committee member,	400,000	-	-	400,000
	Chairman of Corporate Governance Committee	100,000	-	-	100,000
6. Anne-Marie Machet	Independent Director,	250,000	250,000	250,000	-
	Nomination and Remuneration Committee member,	20,000	-	-	20,000
	Corporate Governance Committee member	80,000	-	-	80,000
7. Jacques Pastor	Vice Chairman - Executive director,	250,000	250,000	-	-
	Nomination and Remuneration Committee member	20,000	-	-	20,000
8. Jacques Marechal	Executive Director,	250,000	250,000	-	-
	Corporate Governance Committee member	80,000	-	-	80,000
9. Chaiwat Srivalwat	Executive Director,	250,000	250,000	-	-
	Corporate Governance Committee member	80,000	-	-	80,000
10. Koh Ban Heng	Independent Director	250,000	250,000	250,000	-
11. Hervé Le Bouc	Director	250,000	250,000	250,000	-
12. Jacques Leost	Director	250,000	250,000	250,000	-
13. Chainoi Puankosoom	Independent Director	62,500	62,500	62,500	-
14. Sitilarb Supsakorn	Executive Director	250,000	250,000	-	-
15. Somchit Sertthin	Executive Director	250,000	250,000	-	-
Sub total		5,932,500	3,812,500	2,562,500	2,120,000
Director who resigned during the year					
16. Mr. Hugues de Champs	Executive Director	187,500	-	-	-
Total		6,120,000	3,812,500	2,562,500	2,120,000

Note :

- Mr. Chainoi Puankosoom was appointed Independent Director to replace Mr. Hugues de Champs who had resigned from the position of Company's Director, as per the resolutions of the Board of Directors Meeting on 13 August 2015.
- The Board of Directors shall receive variable remuneration at the amount of not more than total annual fixed remuneration in cases where the Company has profits. In 2015, the Company was able to report profits. Therefore, the variable remuneration was paid at the amount of Baht 3,812,500.
- The extra variable remuneration for member of Board of Director (excluding executive director) and sub-committee is subject to AGM No.1/2016 approval

2. In 2015, there was no payment of non-financial remuneration to the Board of Directors.
3. Other remuneration
-None-
4. The remuneration in 2014 and 2015 for 14 Executive Directors and Executive Officers, which included salary, bonus, retirement fund, and provident fund was Baht 105 Million and Baht 124 Million respectively.

DIRECTORS & OFFICERS (D&O) LIABILITY INSURANCE

The Group has Directors and Officers (D&O) liability insurance in place. The insurance has a coverage of Baht 1,000 million that protects the Group's Directors and Officers from claims made against them as a result of wrongful acts.

LITIGATION AGAINST THE BOARD OF DIRECTORS

There is no record of litigation against the Board of Directors during the past 15 years.

INDEPENDENT DIRECTORS

The Board of Directors has seven Independent Directors as follows:

1. Mr. Nopporn Thepsithar
2. Mr. Phirasilp Subhapholsiri
3. Mr. Parnchalerm Sutatam
4. Mr. Nipphon Suthimai
5. Mrs. Anne-Marie Machel
6. Mr. Koh Ban Heng
7. Mr. Chainoi Puankosoom

TIPCO ASPHALT'S DEFINITION OF INDEPENDENT DIRECTOR

Independent directors shall possess the qualifications as specified in the Securities and Exchange Commission's guidelines and the Company's definition of Independent Director as follows:

1. An Independent Director holds not more than 1% of all shares with voting rights of the Company, the Parent Company, a Subsidiary, a Joint/Associated Company, a Major Shareholder or an Entity with Controlling

Authority. This is inclusive of shares held by anyone who is affiliated with them.

2. An Independent Director is a Director, who is not involved in the management of work, Employees, staff, consultants with monthly salary or Entities with Controlling Authority over the Company, the Parent Company, a Subsidiary, a Joint/Associated Company, a Major Shareholder or an Entity with Controlling Authority, either at the present time or within two years prior to his/her appointment as an Independent Director.
3. An Independent Director has no connection by blood or legal registration as father, mother, spouse, sibling, son/daughter or spouse of son/daughter of other another Director. Further, an Independent Director has no such connection with an Executive, a Major Shareholder, an Entity with Controlling Authority or an individual who will be nominated as Director, Executive or Entity with Controlling Authority over the Company or the Subsidiary.
4. An Independent Director has no business relationship with the Company, the Parent Company, a Subsidiary, a Joint/Associated Company, a Major Shareholder or an Entity with Controlling Authority in such a manner that may obstruct their exercise of independent discretion. Further, an Independent Director is not a Significant Shareholder or an Entity with Controlling Authority over a party with business relationship with the Company, the Parent Company, a Subsidiary, a Joint/Associated Company, a Major Shareholder or an Entity with Controlling Authority, either at the present time or within two years prior to his/her appointment as Independent Director.

Such business relationship is inclusive of a trading transaction occurring on a conventional basis for the conduct of business; a rent or lease of real property; a transaction involving assets or services; a provision or an acceptance of financial assistance through means of a loan, a guarantee, a use of an asset as collateral against debt; and, other similar actions which result in the Company or the party to the contract having a debt to be repaid to another party for the amount

from 3% of net corporeal assets of the Company or from 20 Million Baht, whichever is less. This amount is determined by the calculation of Related Transaction value as per the announcement of the Securities and Exchange Commission. It is inclusive of debt(s) arising within one year prior to the day of business relationship with the same party.

5. An Independent Director is not an auditor of the Company, the Parent Company, a Subsidiary, a Joint/Associated Company, a Major Shareholder or an Entity with Controlling Authority, and, not a Significant Shareholder (holding more than 10% of all shares with voting rights of the Company, including shares held by Linked Entities), an Entity with Controlling Authority or a partner to the audit office with which the auditors of the Parent Company, a Subsidiary, a Joint/Associated Company, a Major Shareholder or an Entity with Controlling Authority are associated at the present time or have been within two years prior to his/her appointment as an Independent Director.
6. An Independent Director is not a person rendering any professional service or a legal or financial consultant who is paid more than Two Million Baht in service fee per year by the Company, the Parent Company, a Subsidiary, a Joint Company, a Major Shareholder or an Entity with Controlling Authority, and, not a Significant Shareholder or an Entity with Controlling Authority over the Company or a partner to such professional service provider at the present time or within two years prior to his/her appointment as an Independent Director.
7. An Independent Director is not a Director who is appointed to be a nominee of a Director of the Company, a Major Shareholder or a shareholder who is connected to a Major Shareholder.
8. An Independent Director does not engage in a business of the same nature as and which is significantly competitive to that of the Company, the Parent Company or a Subsidiary. An Independent Director is not a significant partner to a partnership or a Director with involvement in the management of work, Employees, staff, consultants with monthly salary, or,

who holds more than 1% of all shares with voting rights of another company which is engaged in a business of the same nature as and which is significantly competitive to that of the Company or a Subsidiary.

9. An Independent Director does not have any other characteristic which prevents him or her from opining freely on the operation of the Company.

THE COMPANY SECRETARY

The Board of Directors appointed Mr. Thanapol Laosiripong, Manager - Corporate Affairs and Planning, on 13th August 2015 as the Company Secretary to take responsibility as set forth by law. The Company Secretary reports functionally to the Chairman of the Board of Directors and operationally to the Managing Director. The curriculum vitae of the company secretary has been included the curriculum vitae of the directors and management.

ROLES AND DUTIES OF COMPANY SECRETARY

Corporate Secretary has the important roles as follows:

- Act as a Consultant and Secretary of board of directors and other committees
- Act as a Corporate Governance and Compliance Officer
- Act as a Corporate Communication Officer by being the center of communication among the Company's directors, management and stakeholders
- Act as a Controller of Management Functions in following up on all the resolutions of board of director into practice
- Act as a Co-ordinator with Thailand Security Depository Co., Ltd. the Company's registrar

DUTIES OF CORPORATE SECRETARY:

- To adhere to good corporate governance
- To plan meetings and propose relevant agenda
- To manage the Board of Directors' meeting and coordinate with the minutes recorder in conducting the meeting in a proper manner and in line with the Company's regulations



- To administer the Shareholders' meeting in line within the legal framework
- To give advices on legal matters, Public Companies Act and all other rules and regulations of listed companies, the Company's affidavits aiming at full compliance with relevant laws
- To make sure that the resolutions of Board of Directors are adhered to
- Become a contact point providing information to Directors and third parties
- All matters concerning the Company's registrar and related document in safe keeping

THE BOARD OF DIRECTORS' SUB-COMMITTEES

The Board has appointed sub-committees to study and review specific matters. At present, Tipco Asphalt has four committees appointed by the Board of Directors: the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Governance Committee;

1. EXECUTIVE COMMITTEE

The Company established an Executive Committee to assume full executive responsibilities on behalf of the Board of Directors in order to have flexibility in management and operations. Members of the Executive Committee are as follows:

1. Mr. Somchit Sertthin	Chairman of Executive Committee
2. Mr. Jacques Pastor	Executive Committee Member
3. Mr. Chaiwat Srivalwat	Executive Committee Member
4. Mr. Sitilarb Supsakorn	Executive Committee Member
5. Mr. Hugues de Champs	Executive Committee Member
6. Mr. Jacques Marechal	Executive Committee Member/ Secretary of Executive Committee

The Executive Committee has responsibilities as established by the Board of Directors. The Chairman of the Executive Committee has the highest authority to set operational policies related to the Company, while the Chief Executive Officer has the highest authority for implementation.

SCOPE OF AUTHORITY OF THE EXECUTIVE COMMITTEE

The Executive Committee, pursuant to the resolutions of the Board of Directors of the Company, is responsible for the following:



1. Proposing agenda for meetings of the Board of Directors and counseling the Board of Directors on major decisions
2. Establishing the policies and operating procedures of the Company
3. Managing, making decisions and directing the business and affairs of the Company

Except as otherwise specified herein, all actions by the Executive Directors Committee shall require the approval of 75% of the Members ("the Majority of the Members") and all decisions made by the Executive Directors Committee pursuant to these Rules and Regulations (except for decisions which by the express terms of the Articles of Association or the Public Limited Companies Act require the approval the Shareholders or which by the express terms of Rules and Regulations require the approval of the Board of Directors) shall be binding on the Company and its management. The Executive Directors Committee may, from time to time upon the approval of a Majority of the Members, submit a written request to the Board of Directors requesting the Board of Directors to ratify, confirm or authorize any matters or the matters as so requested or directed by the Executive Directors Committee.

Matters which are delegated to and may be decided by the Executive Directors Committee

1. Award of any contract to vendors or suppliers not exceeding an amount to be fixed by the Company Board;
2. Employment, promotion and dismissal of top management personnel;
3. Prepare and submit for Board of Directors approval of any proposal to merge the Company with another economic organization or to form a joint venture company or partnership between the Company and any organization;
4. Policies on salaries, wages of officers and employees of the Company, benefits and allowances;
5. Marketing and Sales policies;
6. Prepare and submit for Board of Directors for approval of Annual profit and loss budget, annual cash flow projections, strategic plan, business plan and investment and disposal plans of the Company and the Subsidiaries;

7. The entry by the Company or any Subsidiary into any transaction which is covered by a profit and loss budget, strategic plan, business plan or financial policy approved by Board of Directors;
8. The entry by the Company or any Subsidiary into any transaction which is covered by the investment and asset disposal plan approved by shareholders;
9. The appointment and removal of directors of any Subsidiary;
10. Submitting and participating in bids, signing contracts, correspondences or documents binding the Company;
11. Representing the Company and acting on its behalf with third parties, public or private persons, Ministries, Administrations, and local communities;
12. Granting sub delegations to beneficiaries with the necessary means, skills and authority, as the Executive Directors Committee deems timely, for a duration it shall determine, concerning any or part of the present Rules and Regulation; and
13. Carrying out all acts, which are necessary for the execution of the present Rules and Regulations, with the exception of the following cases where by the Board of Director's consideration and approval are required;
 - Entry by the Company or any Subsidiary into any connected transaction as stipulated under the Rule and Guidelines mandated by The Stock Exchange of Thailand.
 - Acquisition and disposition of any assets of significant as stipulated under the Rule and Guidelines mandated by The Stock Exchange of Thailand.
 - Any business that requires by law to be considered and approved by the Board of Directors or Shareholders.

2. AUDIT COMMITTEE

The Company has a process that inspects and controls the business by appointing four Independent Directors to the Audit Committee.

1. Mr. Niphon Suthimai	Chairman of Audit Committee
2. Mr. Parnchalerm Sutatam	Audit Committee Member
3. Mr. Nopporn Thepsithar	Audit Committee Member
4. Mr. Phirasilp Subhapholsiri	Audit Committee Member
Mr. Joseph Soosay	Secretary of Audit Committee

All members of the Audit Committee have adequate expertise and experience to review the creditability of the financial reports. Mr. Parnchalerm Sutatam graduated from Bachelor degree in Accounting, Babson College, USA.

TERMS OF OFFICE OF THE AUDIT COMMITTEE

The Audit Committee directly reports to the Board of Directors. The Audit Committee has a three-year term.

New members will be appointed and/or old members are reappointed by the Board of Directors at the end of the term.

SCOPE OF AUTHORITY OF THE AUDIT COMMITTEE

The role of the Audit Committee, as assigned by the Company Board of Directors, is as follows:

1. Review the reporting of the Company's financial statements for their accuracy and adequacy.
2. Review the suitability and effectiveness of the Company's internal control system, internal audit function and the independence of the Internal Audit Department, while providing concurrence to the appointments, transfers, and terminations of the Head of the Internal Audit Department or any other department responsible for performing internal audit responsibilities.
3. Review the Company's compliance to any regulations on securities, the regulations of the SET and any other regulations relevant to the Company's business.
4. Propose to the Company's Board of Directors on the selection or termination of the independent external

auditor. The Audit Committee shall also review the proposed fees (of the independent external auditor) when proposing the selection of the independent external auditor to the Company's Board of Directors. The Audit Committee shall also participate in a meeting with the independent external auditor at least once a year without the presence of the Company's Management.

5. Consider the Company's business transactions with related parties or any transaction that may lead to potential conflicts of interest in compliance with the relevant rules and regulations of the SET to ensure their rationality and maximum benefit to the Company.
6. Issue a report of the Audit Committee, to be signed by the Chairman of the Audit Committee and disclosed in the Company's Annual Report, and shall at least contain comments in the following areas:
 - 6.1 Accuracy, adequacy and credibility of the Company's financial statements.
 - 6.2 Adequacy of the Company's internal control system.
 - 6.3 Compliance to any regulations on securities, the regulations of the SET and other regulations relevant to the Company's business.
 - 6.4 Appropriateness of the external auditor.
 - 6.5 Transactions of possible conflicts of interests.
 - 6.6 Meetings of the Audit Committee and contributions of members.
 - 6.7 Overall comments from performing in accordance to this Charter.
 - 6.8 Other transactions that shareholders or other investors should be aware of in accordance to the role and responsibility assigned by the Company Board of Directors.
7. Perform any other task as assigned by the Company's Board of Directors with the approval of the Audit Committee.

REQUIREMENTS FOR APPOINTMENT OF THE AUDIT COMMITTEE

1. The Board of Directors may appoint at least three Independent Directors as the Audit Committee members, provided that one of the members must have accounting knowledge. The Audit Committee must elect one of the members to be the Chairman.
2. The term of an Audit Committee member is three years.
3. The Audit Committee must be independent in carrying out the work and will be directly responsible to the Board of Directors.
4. The status of the Audit Committee member will cease upon the member's death, resignation, dismissal or retirement by rotation.
5. The Audit Committee's remuneration will be decided by the Board of Directors.
6. There must be at least four Audit Committee meetings each year, with results reported to the Board of Directors.

3. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consists of four directors of whom one is an Executive Director and three are Independent Directors. One of the Independent Director was appointed Chairman of the Nomination and Remuneration Committee. Members of Nomination and Remuneration Committee are as follows;

1. Mr. Nopporn Thepsithar
Chairman of Nomination and Remuneration Committee
2. Mrs. Anne-Marie Machet
Nomination and Remuneration Committee Member
3. Mr. Parnchalerm Sutatam
Nomination and Remuneration Committee Member
4. Mr. Jacques Pastor
Nomination and Remuneration Committee Member

SCOPE OF AUTHORITY OF THE NOMINATION AND REMUNERATION COMMITTEE

1. To screen and select the appropriate persons as members of the Board of Directors and to present the selected individuals to the Board of Directors, who then submit names to the shareholders' meeting for approval.
2. To screen and select appropriate qualified persons to be nominated as the Chief Executive Officer, Managing Director and Executive Director and then propose their names to the Board of Directors for approval.
3. To screen and propose the remuneration of the Company's Directors to the Board of Directors and for the latter to further propose same to the shareholders' meeting for approval.
4. To propose the remuneration packages for the Chief Executive Officer, Managing Director and seating Executive Directors and then make proposals to the Board of Directors for approval.

SUCCESSION PLAN

The Nomination and Remuneration Committee has been assigned by the Board to be responsible for a succession plan, especially to ensure that the Company has an appropriate succession plan in place for the positions of the Chief Executive Officer, Managing Director and other senior executives, and to make recommendations to the Board for approval. Nomination for appropriate leaders has been recognized as a priority by the Board in order to strengthen the Company's management and ensure continued progress.

EXECUTIVE OFFICERS

The Company's executive officers are composed of 13 members as follows:

1. Mr. Somchit Sertthin
Chief Executive Officer
2. Mr. Jacques Pastor
Vice Chairman
3. Mr. Chaiwat Srivalwat
Managing Director
4. Mr. Kasidis Chareancholwanich
Chief Operating Officer - Thailand
5. Mr. Hugues de Champs
Chief Operating Officer - International
6. Mr. Koh Lai Huat
Chief Financial Officer
7. Mr. Sitarb Supsakorn
Executive Director
8. Mr. Jacques Marechal
Director - Finance and International Legal Affairs
9. Ms. Auchcha Rattrakultip
Director - Finance, Credit Control and Legal
10. Mr. Louis - Frederic SACHS
Director - Marine Group
11. Mr. Soranard Nantamonty
Director - International Sales and Marketing
12. Mrs. Udomporn Punpatch
Director - Human Resources
13. Mrs. Punsiri Suttienkul
Director - Domestic Sales and Marketing

PERFORMANCE ASSESSMENT OF CHIEF EXECUTIVE OFFICER AND TOP EXECUTIVES

The Nomination and Remuneration Committee assesses the performance of the Chief Executive Officer and other executive officers based on the Company's operating results, implementation of the Board's policies, BSC (Balanced Scorecard) performance and the overall socio-economic circumstances. The Nomination and Remuneration Committee will then consider the appropriate remuneration for the Chief Executive Officer and Executive Directors and propose such amount to the Board for approval.

The Board utilizes the CEO Self-Assessment form provided by the SET. The main objective of the self-assessment form is to evaluate the performance of the Chief Executive Officer.

The 3 categories covered by the CEO Self-Assessment Form are as follows:

1. Status of Achievements
2. Performance Measures
3. Development Needs

4. CORPORATE GOVERNANCE COMMITTEE

The Committee appointed the Corporate Governance Committee to improve corporate governance practices of the Company in order to comply with the Principles of Good Corporate Governance for listed companies. The Committee consists of four directors (of which two are independent directors and the other two are executive directors) as follows:

1. Mr. Phirasilp Subhapholsiri
Chairman of the Corporate Governance Committee
2. Mrs. Anne-Marie Machet
Corporate Governance Committee Member
3. Mr. Jacques Marechal
Corporate Governance Committee Member
4. Mr. Chaiwat Srivalwat
Corporate Governance Committee Member

ROLES AND RESPONSIBILITIES OF THE CORPORATE GOVERNANCE COMMITTEE

1. Propose corporate governance (CG) and guidelines to the Board;
2. Advise the Board on CG matters;
3. Ensure that the duties and responsibilities of directors and the management conform to CG principles;
4. Revise guidelines for Tipco Asphalt's CG against those of international organizations and present its recommendations to the Board; and
5. Delegate corporate governance policies to the management to promote and implement.



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CORPORATE GOVERNANCE



The Board of Directors recognizes the critical importance of corporate governance in supporting the Company's sustainable growth, creating shareholder value, and securing trust from all stakeholders, including shareholders, customers, employees, and the general public. Thus, they have determined to adhere to good corporate governance practices, for which the Company has attained a "Very Good" corporate governance rating by the Thai Institute of Directors in 2015. The scoring criteria of such rating were adjusted to be more in line with the ASEAN CG Scorecard.

CORPORATE GOVERNANCE POLICY

The Board of Directors of the Tipco Asphalt Group ("the Group") continuously strives for regulating good corporate governance practices in order to maintain sustainable development of the Group with respect to the interests of all stakeholders and to observe ethical business practices with transparency and traceability. The Group has established the following corporate governance policy for The Board of Directors, the directors, and the employees to abide by:

1. The Board of Directors shall take the lead in the matter of business ethics by setting the code of conduct to manage and monitor the Group's operations to ensure all business activities are conducted in accordance with the applicable laws and ethical standards.
2. The Board of Directors shall play an important role to develop and govern strategies, policies and action plans, which will take the involved risk factors into consideration to set the appropriate management guidelines for the best interests of the Group.
3. The Board of Directors shall strive to add value to the business in the long run as well as manage the business with prudent practices in order to maximize shareholders' returns. This will be achieved while maintaining the highest standards of social responsibility at all times.
4. The Board of Directors shall encourage shareholders to be aware of their rights as the owners of the Group and exercise their rights through the process of appointing the Company's Board of Directors to act as their representatives. Shareholders are also eligible to make decisions on any significant changes of the Group.



5. The Board of Directors shall treat all shareholders, including minority shareholders, fairly and equally.
6. The Board of Directors shall create the optimal balance between the existing needs and future expectations of the Company and all stakeholders respectively based upon the sustainable mutual benefits.
7. The Board of Directors shall disclose the information, both financial and non-financial, correctly, adequately, transparently and traceably through the proper two-way communication channels for the benefit of stakeholders' decision making.

RIGHTS OF SHAREHOLDERS

Tipco Asphalt ensures that shareholders, both as investors and as owners of the Company, are entitled to all basic rights at acceptable and trusted standards, which include the right to freely trade or transfer their own shares, the right to receive dividends from the Company, the right to attend the shareholders' meeting, the right to propose the agenda of the meeting, the right to nominate a person to be a director, the right to express opinions independently, the right to make decisions on important affairs of the Company e.g. the election of directors, approval of significant transactions

influencing the direction of the Company, amendment of Articles of Association and regulations of the Company, etc. Shareholders have the right to vote at meetings according to the number of shares owned by each shareholder, whereby one share is for one vote and no particular share allows them privilege to limit the rights of other shareholders.

Apart from the above mentioned rights of the shareholders, Tipco Asphalt has carried out additional tasks to encourage and facilitate shareholders in the exercising of their rights.

- Providing essential, clear and up-to-date information for shareholders regarding the Company's business. Even though some information is not required to be disclosed by law, if Tipco Asphalt considers that it is of significance to the shareholders, the Company shall notify shareholders of the information through Tipco Asphalt's website and SET.
- All shareholders will receive significant and sufficient detailed information concerning the date and the agenda prior to the date of the shareholders' meeting. Such information will be posted on Tipco Asphalt's website around two months before the related documents are submitted to shareholders at least than 14 days prior to the meeting. The shareholders'

right to attend the meetings and the right to vote on resolutions will be clearly stated in the notice of the meeting submitted by the Company.

- In a case where shareholders are unable to attend a meeting, they are entitled to appoint a representative e.g. an independent director or a person to act as their proxy, using any proxy form attached to the notice of the meeting. The Company has prepared the proxy forms in compliance with the specifications defined by the Ministry of Commerce in which the shareholders can exercise their voting rights as wished. These forms can also be downloaded from Tipco Asphalt's website. In addition, Tipco Asphalt provides shareholders with the duty stamp to be sealed on the proxy form for their convenience.

Shareholders who arrive after the meeting has commenced are able to vote on the agenda item being considered provided that a resolution is not yet made. They will constitute part of the quorum starting from the agenda item that they are in attendance and may exercise their voting rights unless the meeting states otherwise.

- Prior to the Annual General Meeting No. 1/2016, shareholders of the Company have the right to suggest issues to be included in the agenda of the ordinary general meeting of shareholders for the year 2015. Shareholders have been allowed to exercise such right from 6th November 2015 to 29th January 2016 for the consideration of the Board of Directors. Should the proposed issue be included on the meeting agenda, the Company will specify in the notice of the meeting that such agenda was proposed by a shareholder. However, in case the proposed issue is rejected, the Company will inform shareholders of the reasons at the ordinary general meeting of shareholders. Moreover, any shareholder is entitled to nominate any qualified candidates for the election as a Board member in advance. The Nomination and Remuneration Committee will consider the proposed nominees together with other nominated persons according to

the Company's criteria for the nomination of directors. The Committee then presents the nominees to the Board for consideration before proposing them to the shareholders' meeting for approval.

- On the date of the meeting, the Company uses the barcode system for registration to ensure convenience of shareholders as each reference number is already included in the registration form and proxy form. In addition, for each agenda, the Company will collect the ballot paper from the shareholders who vote "disapprove" or "abstain" in order to deduct the votes from the total entitled voting rights. The Company also applies the barcode system to perform the calculation in order to ensure immediate voting results promptly for announcement right after the end of each agenda. Shareholders are entitled to verify each voting result after the meeting.
- One-third of the directors must retire from office on a rotation basis in each ordinary general meeting of shareholders and the election of directors to replace the retired directors takes place during the meeting. However, if the numbers of candidates exceed the number of directors required, each candidate is then elected individually. During the meeting, shareholders are entitled to freely propose the name of an individual for directorship of the Company.
- At the meeting, shareholders are allowed to freely express their opinions, give suggestions, and raise questions on any agenda item before casting votes to ensure that shareholders have sufficient detailed information on the matter. Should shareholders have questions or inquiries, specialists in specific fields are available to answer queries under the responsibility of the Board.
- An agenda on the Board's remuneration is included to inform the shareholders of the amount and type of remuneration received by each director including meeting allowance and the Board's bonus.



EQUITABLE TREATMENT OF SHAREHOLDERS

The Company provides equitable treatment to every individual shareholder, major or minor, as well as institutional or foreign investors. To that effect, Tipco Asphalt strives to find means to ensure equality especially for minor shareholders. These means are:

INTERNAL INFORMATION CONTROL

The Board of Directors has established measures to control the usage and prevent the misuse of internal information (insider trading) for the personal benefit of the concerned person, namely the Board of Directors, Tipco Asphalt top executives and employees working in related departments (including their spouses and children who are minors). All concerned persons are recommended to refrain from trading the Company shares for a one-month period prior to the release of the Company's quarterly and annual financial statements (blackout period). In addition, the Board of Directors will monitor all required actions in accordance with the related standards. Any changes in shareholding of directors must be reported in the Board of Directors' meetings. In this regard, it will be included in the agenda of the Board of Directors meeting on a quarterly basis.

Director and Executive shall file a report on his/her and related person interest in accordance with the rules and procedures in the declaration stipulates that a director and an executive shall file with the company a report on his interest or a related person's interest in relation to management of the company or the subsidiary for the company's use in complying with the rules on connected transactions which may cause conflicts of interest and lead to siphoning of assets of the company and the subsidiary.

The fact that the Company's directors and executives are abided by their fiduciary duties in the way that they must not have interest, whether directly or indirectly, in the matter under their decision, such report on interest is also useful in monitoring their adherence to such duties.

The Company Secretary acknowledges, signs and submits the report to Chairman and the Chairman of Audit Committee within 7 days after the submission in compliance with Announcement No. 006/2009 Reporting Criteria of Directors' Direct and Indirect Interest in the Company dated 18 August 2009.

CONFLICT OF INTEREST PREVENTION

The Board has established policies and measures as follows:

1. Tipco Asphalt has a clear and transparent shareholder structure. There is no cross-holding of major shareholders, thereby, preventing any conflict of interests or transfer of benefits to one party or another. The shareholder structure of Tipco Asphalt and its subsidiaries is published in the Company's annual report, also the Board member's ordinary shares.
2. There is a clear separation of duties and responsibilities of the Board, the management, and shareholders, thereby, ensuring no overlapping of their duties and responsibilities. The directors or executives who may have interests in any agenda under consideration must not attend the meeting nor vote on such an agenda. This is to ensure that the Board and executives make decisions in a fair manner for the utmost benefit of shareholders.
3. The Company has an established policy governing the use of internal information and has incorporated it into employee regulations with penalties for the executives or employees in the event the internal information is disclosed to the public or used for personal benefit.
4. Tipco Asphalt's Code of Ethics includes the additional guidelines that prohibit employees from using the Company's assets or spending working hours to search, contact or conduct share-trading activities on a regular basis for personal gain or for others without justifiable reasons and not for Tipco Asphalt's interests.

The Company treats all shareholders equally and in a proper manner. The Company provides shareholders with proxy form to appoint another individual or one of the Company's

Independent Directors to attend and vote on their behalf. Any opinions and questions relevant to the agenda from minority shareholders can be made directly to the Chairman of the Audit Committee via email to ind_dir@tipcoasphalt.com.

The Company stipulated that Directors and executives are required to file with the Company a report on transaction of Company's shares and shareholding amount at Board of Directors Meeting every quarter.

The Company had implemented Announcement No. 006/2009: Reporting Criteria of Directors' Direct and Indirect Interest in the Company, notified on August 18, 2009. Whereas Section 89/14 of the Securities and Exchange Act B.E. 2535 as amended by the Securities and Exchange Act (No.4) B.E. 2551 stipulates that a director and an executive shall file with the company a report on his interest or a related person's interest in relation to management of the company or the subsidiary for the company's use in complying with the rules on connected transactions which may cause conflicts of interest and lead to siphoning of assets of the company and the subsidiary.

The fact that the company's directors and executives are abided by their fiduciary duties in the way that they must not have interest, whether directly or indirectly, in the matter under their decision, such report on interest is also useful in monitoring their adherence to such duties.

The directors and executives shall file the report within 3 weeks after taking the directorship and report changes of information within 15 business days. The Company's secretary shall sign his/her name for acknowledgement and submit the report to Chairman of the Board and Chairman of the Audit Committee within 7 days after receiving the report.

Changes in Company's shareholding of the directors and top executives are as follows:

No.	Name	Position	Shareholding amount as of 31 December 2014 (Adjusted per changes in par value 1: 10)	Shareholding amount as of 31 December 2015	Changes of Shareholding amount increase/ (decrease) in 2015	Shareholding proportion in the Company (%)
1.	Ms. Laksana Supsakorn	Chairman	15,080,000	14,000,000	1,080,000	0.907
2.	Mr. Niphon Suthimai	Independent Director, Chairman of the Audit Committee	-	-	-	-
3.	Mr. Nopporn Thepsithar	Independent Director, Member of the Audit Committee, Chairman of the Nomination and Remuneration Committee	-	-	-	-
4.	Mr. Parnchalerm Sutatam	Independent Director, Member of the Audit Committee, Member of the Nomination and Remuneration Committee	-	-	-	-
5.	Mr. Phirasilp Subhapholsiri	Independent Director, Member of the Audit Committee Chairman of the Corporate Governance Committee	-	-	-	-
6.	Mrs. Anne-Marie Machet	Independent Director, Member of the Nomination and Remuneration Committee Member of the Corporate Governance Committee	-	-	-	-
7.	Mr. Koh Ban Heng	Independent Director	-	50,000	50,000	0.03
8.	Mr. Hervé Le Bouc	Director	-	-	-	-
9.	Mr. Jacques Pastor	Vice Chairman, Executive Director, Member of the Nomination and Remuneration Committee	-	-	-	-
10.	Mr. Jacques Leost	Director	600,000	500,000	(100,000)	0.032
11.	Mr. Chainoi Puankosoom	Independent Director	-	-	-	-
12.	Mr. Sitilarb Supsakorn	Executive Director	12,200,000	12,500,000	300,000	0.809
13.	Mr. Jacques Marechal	Executive Director, Member of the Corporate Governance Committee Director - Finance and International Legal Affair	-	-	-	-
14.	Mr. Somchit Sertthin	Chief Executive Officer	32,000,160	28,000,000	(4,000,160)	2.461
	Spouse	-	10,000,000	10,000,000	-	-
15.	Mr. Chaiwat Srivalwat	Managing Director Member of the Corporate Governance Committee	60,000	1,200,000	1,140,000	0.077
16.	Mr. Kasidis Chareancholwanich	Chief Operating Officer - Thailand	555,000	268,000	(287,000)	0.017
17.	Mr. Hugues de Champs	Chief Operating Officer - International	-	-	-	-
18.	Mr. Koh Lai Huat	Chief Financial Officer	-	800,000	800,000	0.052
19.	Ms. Auchcha Rattrakultip	Director - Finance, Credit and Legal	-	415,000	415,000	0.027
20.	Mr. Louis - Frederic Sachs	Director - Marine Group	-	-	-	-
21.	Mrs. Udornporn Punpatch	Director - Human Resources	100,000	502,000	402,000	0.032
22.	Mrs. Punsiri Suttienkul	Director - Domestic Sales and Marketing	-	-	-	-
23.	Mr. Soranard Nantamontri	Director - International Sales and Marketing	-	90,000	90,000	0.006

THE ROLE OF STAKEHOLDERS IN CORPORATE GOVERNANCE

Company Directors place great emphasis on appreciating the contributions of all stakeholders: shareholders, employees, customers, suppliers, creditors, business partners and even competitors. All stakeholders are invited to work with the Company toward shared goals and mutual benefits, while making Tipco Asphalt a competitive and successful business.

We therefore adhere to the principle of fulfilling corporate social responsibilities as well as contractual obligations that the Company is a party to, as they pertain to our stakeholder relationships.

SHAREHOLDERS

Shareholders have basic rights stipulated by law and by Company regulations, such as the right to expect a fair return, to request a determination of the number of shares, to receive share certificates, and to attend, vote and freely express their opinions at shareholders' meetings.

Tipco Asphalt also believes that shareholders, as owners of the Company, have the right to make suggestions and comments on the affairs of the Company. It is a responsibility of the Independent Directors to receive such an input. Each comment and suggestion is carefully considered and presented to the Board of Directors.

EMPLOYEES

The Company truly believes that employees are Tipco Asphalt's most valuable asset and is determined to ensure that every employee is proud of and confident in the organization. During 2015, Company activities promoted a collaborative working environment to drive innovation and enhance competence by preparing employees to work globally and cope with volatile economic situations.

At the same time, the Company focuses on promoting a beneficial workplace with attention to employees' health, safety, working conditions and competitive remuneration. To encourage long-term savings by employees, the Company joined the Provident Fund Scheme of CIMB - Principal Assets management Co., Ltd.

CUSTOMERS

To develop and maintain sustainable relationships, the Company is determined that customers should enjoy the maximum benefits in terms of service, quality, and price. A new Customer Support Office was established since 2012 to provide product information, solve problems, and receive any complaints in a way that can improve quality and ensure total satisfaction.

BUSINESS PARTNERS

Operating within a competitive business context requires building and maintaining trust. Tipco Asphalt strictly adheres to its Company Code of Conduct, honors its promises and upholds its commitments to trading partners in all ways, including quality products and on time delivery.

COMPETITORS

The Company also operates within a competitive business context by being fair and strictly following both laws and its own Code of Conduct in its dealings in the industry and market. The Company has never been in any disputes with its competitors.

CREDITORS

The Company practices business under the terms of its loans and obligations to creditors and depositors.

The Company, moreover, initiates various measures to maintain good relations with creditors.

No Intellectual Property Infringement

The Company has established the policy and guidelines upon no intellectual property infringement included in Company's Code of Ethics with details as follows:

Information and Assets

- Recording and reporting information accurately, completely and based on facts.
- Retaining and processing information according to schedules and guidelines established by the Company, in accordance to the law.

- Restricting the use of electronic equipment, electronic data, or information technologies, according to the IT policies and regulations, and to the benefit of the Company only. Usage of these equipment, data and technologies for personal business benefit or other benefits related to politics is strictly prohibited.
- Securing, and never let others apply your individual access codes to gain entry into the Company's information systems.
- The Company reserves the right to inspect usage of electronic equipment data, electronic equipment, and information technologies, such as the transfer and storage of data, without seeking permission of the relevant assigned users.
- Securing the Company's intellectual property from unauthorized use or disclosure.
- Any output derived from an employee's performance on the job is to be regarded as the property of the Company, unless the Company specifically states that the intellectual property produced belongs to its inventor, creator, researcher, or any other person.
- Employees must take care of their work to ensure that reports, information, formulas, statistics, programs, techniques, processes, and facts representing the intellectual property of the Company is not violated.
- Employees must surrender all intellectual property to the Company after the termination of employment, or as otherwise requested by the Company.
- Complying to the intellectual property laws that apply to the country in which the Company is operating, and consult with an appropriate intellectual property expert to seek advice to obtain a proper understanding.
- Avoid disclosing information that might affect the Company's stock price to outsiders or unconcerned parties.
- Avoid giving advice on buying or selling the Company's stock unless specifically assigned by the Company to do so.

- Employees and other persons in charge of the Company's information are prohibited from disclosing or conveying corporate information or secrets to unauthorized persons, including their own family members, relatives, and friends.

Issues of Concern:

1. Be aware of informing, presenting, or disclosing corporate information or documents, in any form, to any unauthorized person inside or outside the Company.
2. Be aware of hiring or engaging other external individuals, departments or business entities without a prior agreement in writing, that states the rights of, and benefits from intellectual property according to the Company's intellectual property policy.
3. Be aware of copying, adjusting, or revising electronic equipment, electronic data, or information technologies without a proper reason.
4. Be aware of disclosing or conveying information to persons or organizations not normally entitled to receive it.
5. Be aware of spreading rumors or giving information that would affect the Tipco Asphalt Group.

DISCLOSURE AND TRANSPARENCY

Disclosure of the Company's general and financial information is done accurately, completely and transparently in a timely manner. Disclosed information in the Annual Report and SEC Form 56-1 is reviewed by the Company's Directors, executives and members of the Audit Committee, annotated by the Board of Directors and the external auditor, and posted on the Company's website (www.tipcoasphalt.com). Reports are also made on major shareholders, shareholding interests of Directors and Executives, remuneration of Directors and details of board meetings. The Company prohibits any Directors, executives or employees from using internal information for personal gain or benefit.



Realizing the importance of transparent information disclosure, the Company has set and supervises clear policies, approved by the Board of Directors, concerning communication with external parties. For disclosures on important information, the Company uses various communication channels and disseminates regularly through the public media. Other means by which shareholders and stakeholders are apprised or given access to Company information include:

- Disclosures filed with the Stock Exchange of Thailand (SET) such as financial statements, resignations of Directors, etc.
- Information is posted on the Company's website at www.tipcoasphalt.com, in the Investor Relations section.
- Information is disseminated electronically to employees via e-mail and the Company's intranet.
- Company visits from shareholders, investors, analysts, and fund managers are welcomed.
- Participation in Opportunity Day on 4 June 2015, 14 September 2015 and 9 December 2015.
- Participation in Thailand Corporate Day on 27 January 2015 and Thailand Focus 2015 on 3 December 2015
- Host domestic roadshow in Hatyai province during 16-17 June 2015.
- Participation in "Pulse of Asia Conference- SET and DBS collaboration International Roadshow on 9 July 2015 in Singapore.
- Host four analyst meetings on 5 March, 26 May, 18 August and 16 November 2015.
- Information requests, comments and inquiries related to investor relation should be made by contacting Mr. Chaiwat Srivalwat (Managing Director) at tel. +66 2273 6646, fax. +66 2271 3417, or by email at investors@tipcoasphalt.com

We have been selected from 1 of 20 listed companies by Stock Exchange of Thailand ("SET") to participate in the project aiming to develop Good Corporate Governance for listed companies in 2013. The project was arranged by the SET through TRIS Corporation Limited ("TRIS") in order to improve good corporate governance of the listed companies and provide the recommendations in the following areas:



1. Good Corporate Governance and Board Practices;
2. Risk Management;
3. Internal Control.

We received constructive recommendation by both the SET and TRIS and we are pleased to report that our Company is recognized as one of the very few well-established listed companies with the best internal control system.

Good Corporate Governance is essential to establish relationships between a company's board of directors, its management, and shareholders in order to have a common vision and goal.

COMPLAINT & WHISTLEBLOWING POLICY

Tipco Asphalt Group expects all employees to monitor compliance with Tipco Asphalt's corporate governance and code of ethics and encourages all employees to raise any questions and concerns they may have regarding these policies. In addition, personnel can report any misconduct or non-compliance, or send their enquiry to the Company Secretary, Internal Audit or Human Resources Department.

Procedures to be observed pertaining to violations of the Code of Ethics and Reporting Violations of or Non-Compliance with the Code of Ethics are made known to all employees.

In the event they notice (or suspect) a violation of non-compliance with the Code of Ethics, they may direct your questions or complaints by phone, e-mail, letter, or personally inform to any of the following persons:

1. Any Company Director
2. A superior, at any level
3. The Director – Human Resources
4. The Company Secretary
5. The Senior Manager – Internal Audit

The above persons shall report such matters to the Chief Executive Officer and or Managing Director within 24 hours.

Tipco Asphalt Group shall conduct investigations to all complaints with due urgency and confidentiality.

All employees are expected to cooperate in the investigations as necessary, which is conducted legally, when there is a complaint of violation or non-compliance with the Code of Ethics.

Measure of Protection and Compensation to those Who Complain of, Report to, or Cooperate in Reporting Violations of or Non-Compliance with the Code of Ethics Any person making complaints, reporting to, or cooperating with a fact-finding investigation shall be protected according to the whistleblowers' protection policy:

1. Those who complain, report, or co-operate may choose not to disclose their identities. However, their identities should be disclosed to the investigators appointed by the Company to facilitate the effectiveness of any such investigations.
2. The Company regards such information as confidential, or disclose such information only as necessary to ensure the safety of, and prevent harm to, those who report, their sources, and other individuals involved.
3. Appropriate protection will be provided to those who complain, report, or co-operate if they believe that they will be under threat.
4. Anyone harmed while providing information to assist the Company's investigations will be compensated in a fair and appropriate manner.

HUMAN RIGHTS POLICY

Tipco Asphalt Group continuously strives for regulating good corporate governance identify practices in order to maintain the sustainable development of the Group. With the purpose to protect the human rights of both the employees and all stakeholders, the Company has established the human rights policy as follows:

1. The Group will take active measures to identify, correct and prevent any violation of human rights (whether such human rights are dictated through legislation or

leading international practices) that could impact the stakeholders of the Group. The Group will also review all risks that have an impact on human rights and will take pro-active measures to manage such risks.

2. The Group shall implement or develop mechanisms to resolve human rights disputes for the mutual benefit of the Group and the stakeholders (for example, suppliers, employees and customers). The Group will work with all stakeholders to achieve a common understanding over our position on human rights.
3. The Group shall respect the rights of employees and all stakeholders without any discrimination towards conceptual, beliefs, race, gender, color, religion, marital status, sexual orientation and satisfaction, nationality, age, or disabilities. The Group shall also raise the awareness of the human rights for underprivileged groups in the value-chain of the Group's business.
4. The Group shall promote the civil rights, political rights, economics rights, social and cultural rights among the employees and all stakeholders in the group.
5. The Group shall respect personal security and the freedom of association, and will not tolerate harassment, or harsh or inhumane treatment in the workplace.
6. The Group shall promote the improvement of working conditions regarding to the humanity, health and safety for the employees without any form of forced, bonded or indentured labor and child labor.

SUSTAINABLE PROCUREMENT POLICY

The Company continuously strives for regulating good corporate governance practices in order to maintain the sustainable development of the Group. With the purpose to protect the human rights of both the employees and all stakeholders, the Company has established the human rights policy as follows:



1. The Group will take active measures to identify, correct and prevent any violation of human rights (whether such human rights are dictated through legislation or leading international practices) that could impact the stakeholders of the Group. The Group will also review all risks that have an impact on human rights and will take pro-active measures to manage such risks.
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OTHER GOOD CORPORATE GOVERNANCE PRACTICES

The Company has complied with the corporate governance practices as specified by the Stock Exchange of Thailand (SET) as well as has reported and disclosed to the public on the Company website (www.tipcoasphalt.com).



EMPLOYEE DEVELOPMENT POLICY

The Group continuously invests in human capital for effective leadership to support the business expansion. The Group keeps on developing and improving the process and mechanism for human resources management, which include:

Attract & acquire great people - Tipco Asphalt Group has reviewed recruitment and hiring process by seeking new effective channel to increase recruitment effectiveness, expanding international recruitment sourcing and build networking through sources, creating new attractive recruitment materials and implementing the screening and hiring strategy with the use of valid selection tools include Technical and computer test and the Right-High-Right-Match interviewing program for MT and Management level. The objective is to screen high caliber candidates with superb attitudes, who fit well with our corporate culture and business growth objectives.

Build up staff capabilities and maximize “A” player - Tipco Asphalt Group continues to deploy consistent and continuous training for employees at all levels by implementing corporate development roadmap based on Tipco Asphalt Group’s Leadership Competencies. Additionally the development of “A” Player through the

Talent Management Program for High Potential, High Performance, and Management Trainee continues to groom potential successors for middle-and top-management positions to support business growth. The Company also acknowledges the important of succession planning as the key factor of organizational stability and sustainability so the Group has identified and developed internal employees with the potential to fill key business leadership positions in each business unit by developing individual development plan.

The learning and development continually emphasizing on the 70:20:10 learning framework: 70% of learning takes place through job-related experiences, 20% of learning takes place with the help of people around us – the relationships we have at work with coaches, mentors, managers, and peers giving us feedback and opportunities for reflection on what employees are learning, and 10% of learning happens in “formal” situations such as training courses and workshops. For example, the development program for High Potential employees starts with 2 workshops; Building Business Acumen and Project Management, then they need to work in the project assignments by using and applying the concept and theory from the workshops.

Retain & engage employees - Tipco Asphalt Group believes that when employees are both engaged and enabled, they consistently deliver superior levels of performance or become effective employees. As the result of the Employee Effectiveness Survey, it showed that Tipco Asphalt overall Engagement and Enablement levels are above other organizations that operate in Asia Pacific. The positive views are clear & promising direction, quality & customer focus, and resources. Around 72% of employees are defined as engaged - enthusiastic about their work, committed, willing to go extra miles to help the Tipco Asphalt Group succeed. And around 73% are enabled - their job and work environments support them to channel their enthusiasm into productive action. The Company has developed the action plan to address the issues which will likely result in more engaged and enabled employees.

Promoting of the T-I-P-C-O Core Values - Tipco Asphalt Group's management and employees believe that the Group core values, known as T-I-P-C-O, will help the executives and employees create a common work path, direction, and belief that align with the vision of the Group, which is a key element to strengthen the Tipco Asphalt Group culture. T-I-P-C-O consists of: Teamwork, Integrity, Prudence, Commitment, and Open-mind. The Group's core values were all promoted in 2015 and the theme "Change begins with YOU" was used in-line with our vision 2020. This theme was used in every communication and Employee Engagement activities to reflect how employees apply and practice the core values in their daily routine at work, at home and in the community. The Group has also integrated our core values and "Change Begins with You" theme into various employee engagement activities. Examples include:

- Reinforcement of promotional campaigns through TIPCO poster/banner in the intranet and TIPCO Plants; TIPCO Newsletters which feature management insights and strategy for vision 2020
- Designing teambuilding activities in Plants' Yearly Outings, Survivor with TIPCO, which intends to instill core values and hold each staff accountable and manage their team through change
- "We are Tipco" for all new employees to learn and understand how the core values effect our success

HUMAN RESOURCES DEVELOPMENT DIRECTION IN 2016

In 2016, the employee development policy will continue to support the business growth and vision 2020. The objective is to enhance corporate performance through a strong T-I-P-C-O culture and environment that support knowledge management and building employee capability. This will provide positive career advancement opportunities for employees. The Group will also promote a positive work environment and improved work processes, in preparation for further evolution of the Tipco Asphalt Group.

Fundamentally, a four-pronged approach will be taken towards the goal of developing our human resources:

1. **Human Capital Management for Diversity** - to promote diversity and build global mindset in our human capital through international platform of HR practices.
2. **Grow a High Performing Team** - to ensure the availability of skilled manpower to support the business direction by establishing Tipco Asphalt Group's Corporate Career Development Planning and Talent Management Program.
3. **T-I-P-C-O Way to Drive Organization Growth** - to implant Tipco Asphalt Group's core values into daily life and increase Employee Effectiveness level by improving all the factors that help employees performing at their best.
4. **Gather and Grow "in-house" Knowledge** - to transfer Tacit knowledge to Explicit knowledge through "Choose-Share-Shelf-Practice Model" with level of the authorization by developing knowledge management and knowledge sharing system.

CORPORATE SOCIAL RESPONSIBILITIES: CSR



We have worked relentlessly to improve the environment and quality of life of our key stakeholders, (including employees, contractors and local communities nearby our plants), in compliance with ISO 26000.

SOCIAL RESPONSIBILITY POLICY

Tipco Asphalt Group continues to incorporate the vision of the Group, and to be the key contributor to the success of all stakeholders, while maintaining the highest corporate social responsibility (CSR) standards at all times. The Group has adopted the social responsibility policy that has been aligned to meet leading international standards in order to serve as the operating guidelines for the Board of Directors, the directors and employees in matters of economy, society and environment:

1. The Group shall manage business under good corporate governance practices and the code of business conduct.
2. The Group shall respect and support the human rights of employees and all stakeholders in the value-chain of the Group's business, and refuse to support any activities that violate such human rights.
3. The Group shall continuously improve the human resources operations, particularly in matters concerning health, security, safety, and the environment.
4. The Group shall strategically and continually improve the capability of environmental operations in order to minimize the environmental impact of our operations in a sustainable manner.
5. The Group shall treat all stakeholders fairly by observing a good code of business conduct.
6. The Group shall treat both current and prospective customers fairly.
7. Everyone in the Group is encouraged to participate in community development initiatives and contribute their talents to facilitate the sustainable environmental practices advocated by the Group.



8. The Group shall strategically integrate the social responsibility guidelines into the decision-making process of the business in order to better define the value-chain of the Group's business.
9. The Group shall regularly review and manage its business impact in line with the expectations of all stakeholders; and also in accordance with the changes of environmental conditions.
10. The Group shall communicate its social responsibility guidelines to employees and all stakeholders clearly and in a timely manner in order to raise the awareness and voluntary spirit of social responsibility among them to better support the value-chain of the Group's business.

Since 2008, the Group has actively participated in the Corporate Social Responsibility promotion program initiated by the Department of Industrial Works (CSR-DIW). By late-2012, we became the first asphalt company in Thailand to receive the first full assessment in compliance with the international standard of ISO 26000 (Guidance

on Social Responsibility), or TIS 26000-2553, conducted by the Management System Certification Institute (Thailand) (MASCI). In addition, by the end of 2014, another round of assessment review by MASCI was conducted again in order to reflect our full commitment towards maintaining standards and continuous work-process improvement. Furthermore, the Board of Directors during its meeting of 13th January 2015 approved and mandated an annual CSR budget policy whereby the Group shall allocate not less than 1% of the average consolidated net profit for the past 3 years for Corporate Social Responsibility projects and activities every year starting 2015.

The Group has implemented the policy on Occupational Health and Safety Guidelines, in order to closely control and prevent any potential risk that might result in illnesses and injuries to employees and stakeholders. In this regard, a Safety Index was also established. For 2014, the Safety Index remains at zero, indicating that there is no accident, which might cause injuries and loss of time from work (Loss Time Incident – LTI). This includes zero accidents reported during the performing of their duties by employees and the



driving of vehicles on the road. In addition, all our existing plants have constantly been awarded national outstanding workplace recognition pertaining to workers' excellent occupational health and their working environment. Our Phitsanulok Plant has been selected as one of the outstanding workplaces in Thailand, with regards to health, safety, and environmental aspects for fifteen consecutive years. In 2014, the Group received certificated recognition of its compliance with occupational health and safety international standard OHSAS 18001:2007.

The Group succeeded in achieving fuel saving in the manufacturing of modified asphalt in our plants through the removal of carbon scales on the surface of the heat-transferring pipes at our modified asphalt storage tanks.

These "clean-up" encourages quicker and more effective heat transfer hence achieving fuel saving, and further promotes environmental protection.

The Group constantly pursues research initiatives and ideas on energy saving, along with measures to reduce pollution and greenhouse gas emissions. For instance, the Group switched the heating method of asphalt cement for manufacturing modified asphalt products in the storage tanks to "direct fire" technique, thereby replacing the traditional hot oil heat transfer during the first phrase of the process. These new techniques enhance heating efficiency, while helping to reduce energy consumption, down by more than 25 percent, as compared to the traditional method.



ANTI-CORRUPTION

In 2013, the Board of Directors of the Company adopted its anti-corruption policy, with the ultimate aim of preventing corruption across all value-chain activity, while maintaining vigilant operations. For instance, the Board of Directors, executives and staff of the Group are strictly prohibited from participating in, agreeing to, or encouraging any corruption of any form, whether directly or indirectly. Meanwhile, an effective system of internal controls serves to promote anti-corruption measures in the course of work-related activities. In addition, the Group participated in the Listed Companies' Development Project of the Stock Exchange of Thailand, regarding corporate governance in 2013, a project which was organized by Trist Corporation Co., Ltd. The purpose was to apply the survey results and recommendations regarding internal controls, in compliance with international standards of the COSO (the Committee – Sponsoring Organization of the Treadway Commission), to the Group's development and its improvement of internal controls on a continual basis.

ANTI-CORRUPTION POLICY

Tipco Asphalt Group strives continuously to regulate good corporate-governance practices, in order to maintain sustainable development of the Group. The Company has established an anti-corruption policy with the purpose of preventing corruption in every activity of the value-chain of the Group's business.

Corruption Definition

Corruption means any type of bribery, such as an offer, a promise, a guarantee, an inquiry, or the acquisition of money, or an asset, a gift item, or any other inappropriate benefits to/from government officers, government sectors, private sector officers, private sectors, or responsible person, either by direct or indirect action such that a person could proceed with, or disregard his/her function, in order to acquire or retain business, recommend a specific company to the Group as a whole, or achieve any improper benefits in a business transaction.



The above policy will be reflected in the context of scrupulous observation of the following considerations:

1. A zero-tolerance policy in respect of corruption by any person or group (such as the Board of Directors, the directors and employees) associated with the Group;
2. The Board of Directors will determine and promote the implementation of the anti-corruption policy and lead by example;
3. The Board of Directors will manage and govern the Group's business operations in order to comply with the anti-corruption policy, and will communicate any anti-corruption actions to all stakeholders through the various communication channels;
4. The Group will continuously promote and encourage all employees and stakeholders to raise awareness for the eradication of corruption;
5. The Group will seek to revisit, review, and improve business operations, on a regular basis, and to comply with any changes in relevant laws and anti-corruption guidelines at all times.

Declaration of Intent in View of Establishing Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)

The Group has encouraged its Directors to attend an Anti-Corruption for Executive (ACEP) training course, while employees are encouraged to participate in the establishment and communication of the corruption prevention policies of the Thai limited companies' seminar.



There were also other training courses to provide employees with information on the anti-corruption policies and guidelines contained in the Company's policy.

In 2015, the Company had also received its assessment result from Thaipat Institute on its level of sustainable development, achieving level 2, Engaged, on the CSR progress indicator, and level 3 (Established) on the anti-corruption progress indicator.

On 19 August 2015, the Company's representatives had participated in the Anti-corruption Program seminar organized by the Office of the National Anti-Corruption Commission in collaboration with the Royal Thai Government.

Company's representatives also participated in the 2015 Anti-Corruption Day activity "Active Citizen against Corruption" on 6 September 2015 at Convention Hall, 22th Floor, Centara Grand at Central World Hotel, Bangkok, organized by the Thai Chamber of Commerce and the Board of Trade of Thailand.

RESPONSIBILITY TO THE STAKEHOLDERS

The Group has established work instructions based on international standards, so that our staff can interact with, and respond to, each group of stakeholders, by prioritizing issues for discussion (materiality test), and communicating and assessing their benefits to, and impact on, the local communities. For instance, our plants have been using CSR-DIW's processes to review our status, set up dialogues with communities, plan CSR projects, and follow-up and review the CSR plans with local communities in surrounding areas. We also conduct regular supplier and customer satisfaction surveys, as a way of improving our response to the various Stakeholders' expectations.

ENVIRONMENT PRESERVATION AND NATURAL RESOURCE MANAGEMENT

We recognize the importance of preserving the environment, managing natural resources, and preventing pollution, including key issues pertaining to climate change. For our part, we have worked relentlessly to improve the environment and quality of life of our key stakeholders, (including employees, contractors and local communities nearby our plants), in compliance with ISO 26000. For instance, we successfully reduced fossil fuel use in our asphalt production heating process. In addition, our Group also organized regular training and workshop sessions to raise public awareness on environmental issues. The Group has also incorporated workshop training in our culture, by setting a minimum requirement of no less than six hours' training per employee per year on environmental issues. In 2015, participation in this training is a total of 3,102 hours, under the target of 4,086 hours.

We have also embarked on projects designed to improve upon energy efficiency in our operations continuously. This includes:

- Reducing solvent content in our products without reducing their end-product quality;
- Cutting down on fuel usage by utilizing larger size asphalt tankers and trucks to reduce the number of delivery trips. High- efficiency insulation is installed in each asphalt tanker to minimize heat loss during transportation;
- Reducing fuel consumption, by implementing GPS technology to optimize transport routes and time;
- Cutting down on CO₂ emissions, by replacing fuel oil with LPG during the asphalt product heating process;
- Reducing energy consumption, through better preventive maintenance of production equipment;
- Increasing clean energy use, by replacing firewood with LPG for product heating in asphalt tankers/trucks.

Despite the fact that we work to improve our production process to achieve a zero discharge of pollutants, our group is committed to further improvement in the waste reduction, as evidenced by the following initiatives:

- Recycling of treated waste water in emulsion asphalt production;
- Recycling of lubricants and engine oil from asphalt trucks as additives in the asphalt production process;
- Regular monitoring of the air quality released from our plants' chimneys; and
- Reducing nitrogen oxide (NOx) emissions through engine procuremen.

FUTURE PLANS AND EFFORTS TO REDUCE GLOBAL WARMING

Our goal was set out for all plants to participate in a project that promoted social responsibility under the guidance of the Department of Industrial Works ("CSR-DIW"). The Company appoint professional advisor to set up the system of energy saving and reduction of CO₂ and greenhouse gas emission. We aim to integrate these practices into our work processes, in order to further promote sustainable development, in line with social responsibility guideline TISI 26000-2553 (ISO 26000:2010). The Group emphasizes the importance of creating awareness of the need for reforestation and restoration of the ecosystem. We have supported sustainable reforestation, by collaborating with local communities, and planting trees in an integrated manner, focusing on economic plants and perennial trees. We aim to become a Company of ecology and to establish a project for each executive and employee to plant five trees per year while making a strong commitment to take continuous care of the trees we have planted, for a period of five years. The tree planting projects have been conducted since 2013 in the Banna Tai community in Surat Thani Province, and the Wat Bangkrasob community in Samut Prakan Province.

CERTIFIED MANAGEMENT SYSTEM

MANAGEMENT SYSTEM	ISO STANDARD	THAILAND STANDARD	CERTIFIED PLANT
Quality	ISO 9001:2008	TIS 9001 - 2552	All plants in Thailand and refinery in Malaysia
Environmental	ISO 14001:2004	TIS 14001 - 2548	All plants in Thailand and refinery In Malaysia
Health and Safety	OHSAS 18001:2007	TIS 18001 - 2554	All plants in Thailand
Energy		PROMOTION OF ENERGY CONSERVATION ACT, B.E. 2535 (1992)	All plants in Thailand
Laboratory	ISO/IEC 17025:2005	TIS 17025 - 2548	Nakhonratchasima Plant Only
Corporate Social Responsibility, the Department of Industrial Works		CSR-DIW2555	All plants in Thailand

CONSISTENT COMMUNITY INVOLVEMENT AND DEVELOPMENT

In 2015, our employees, both at Head Office and in all production plants, participated in various strategic CSR initiatives, involving activities in education, sports, environmental protection, and cultural and community services, as well as economic development. Some of these CSR activities are as follows:

- Offering scholarships for students at elementary- to high-school who are living in areas surrounding our plants in Thailand for 16 schools, amounted to Baht 1.6 million.
- Engaging with schools, institutions and local communities by inviting them to visit our plants. We also invite local teachers, students and the local communities to participate in our Safety Week and Open House on a regular basis;
- Conducting joint academic research on asphalt product development with the faculty of engineering at Naresuan University in order to promote academic excellence, technology, and innovation which will bring benefits to future engineers, universities and the country as a whole, such as cooperation in developing the laboratory for testing asphalt;
- Recognizing the value of education and preserving Thai arts and cultures, our Group has provided support for Ban Rien Lakorn Moradokmai, the New Heritage Drama Art School , promoting and organizing plays

every year in order to generate income. In 2015, net income, without deducting expenses from the plays and contribution stood at Baht 1.6 million;

- Utilizing the specialized technical skills of the Group, through projects with the community and nearby schools in order to increase income. Some of the projects involve the invention and construction of barriers to prevent danger from the rotary tillers (Klub) at Baan Pongmorhao in Pitsanulok Province, controlling drinking water quality at Jomthong Buddhist Monastery of Surat Thaniand etc.; and
- Management, employees, stakeholders such as customer and community volunteered to construct and maintain roads in community nearby the Company's plant in Phitsanulok and Surat Thani province.

HOURS OF COMMUNITY SERVICES

In order to embed a volunteering spirit in our corporate culture, the Group has set a target for individual staff to achieve a minimum requirement of 16 hours of community service per year since 2011. This target provides an opportunity for our staff to participate in community activities and also to foster an improved awareness of CSR.

In 2015, our staff consistently achieved a remarkable 21,988 man hours for community activities, well exceeding the minimum target requirement of 11,248 man hours.

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INTERNAL CONTROL AND RISK MANAGEMENT

INTERNAL CONTROL

The system of internal control in use at the Company generally conforms to the internal control model as advocated by the Committee of Sponsoring Organizations of the Treadway Commission (or, "COSO"). An appropriate control environment is in place, which is also guided by the five core values of the Company (that is, Teamwork, Integrity, Prudence, Commitment and Open-mindedness).

This control environment is further strengthened with an organization structure that has been specifically designed to support the overall objectives (and especially the Vision and Mission) of the Company. The organization structure is regularly reviewed and updated as necessary to reflect the evolution of the Company as it forges ahead to meet its ambitious targets. The structure sets out clearly delineated lines of responsibility whilst still promoting co-ordination across departments. A Chart of Authority (which is regularly reviewed and updated) is in place to set out the authority limits by which management at all levels of the Company may operate to achieve the organizational objectives.

Our core value of Prudence reinforces the importance of good corporate governance (or, "CG") at the Company. One of the foundations of this is the implementation of a systematic enterprise risk management (or, "ERM") process. This involves the proactive identification, assessment and management of threats and opportunities that can affect the Company. The establishment of a CG Committee; which was followed by the appointment of an experienced Chief Risk Officer in 2015 further emphasizes the value of good CG for the Company.

Risks at all levels of the Company are managed through an effective internal control system that is periodically reviewed and updated to reflect the evolving needs of the business. The system of internal controls is documented in procedures manuals and is subjected to independent reviews by our internal audit function.

Finally, appropriate information communication mechanisms (through the use of information technology where applicable) are in place to facilitate the monitoring of operations and key controls by both operating management and Senior Management of the Company.

INTERNAL AUDIT

The Company's Internal Audit Department (or, "IAD") is committed to the International Standards for the Professional Practice of Internal Auditing ("Standards") as issued by the Institute of Internal Auditors. This has been embraced in the Company's current Internal Audit Charter (as approved in 2012).

Since 2012, the IAD has been evolving from a function that focused on compliance-based audits, to a function that is now focused on risk-based audits (which also encompasses compliance, as necessary). Consequently, the IAD is now better positioned to not only comment on the effectiveness of existing controls; but also on the adequacy of these controls to meet the evolving risk profile of the organization.

The IAD also provides consultancy services to the rest of the organization. This is a role that is consistent with the Standards, and is a role that embraces internal audit's larger role towards improving the internal control framework of the Company as well as its ability to respond to known and emerging risks. In executing such consultative services, due professional care is taken to maintain objectivity and abstain from assuming any management responsibility.

The IAD plays an important role in challenging management's perception of risk and controls. This has enabled the Company to bring closure to known risks (especially those included in the reports of the IAD); and better prepares the organization for the challenge of meeting its ambitious strategic targets.

The IAD formulates a risk-based audit plan which is updated annually for the approval of the Audit Committee (or, "AC"). The risk-based audit plan considers several risk factors – such as the scale of operations of the entities and processes that makes up the Company's 'audit universe', enterprise risks of the Company, the strategic objectives of the Company as well as the results of previous internal audit reviews. These plans are discussed with Senior Management of the Company and ultimately approved by the AC of the Company.

Individual internal audit reviews focus on objectives such as the efficiency and effectiveness of operations, reliability of financial and management reporting, compliance with applicable laws and regulations, and the safeguarding of assets. The results of each internal audit review are presented to the AC (who generally meets on a monthly basis).

Finally, the IAD also provides regular updates to the AC on the status of completion of audit projects against the risk-based audit plan. At the end of each year, an annual status update is also provided to the AC.

REPORT OF THE AUDIT COMMITTEE

The AC consists of four independent directors who are knowledgeable and experienced in law, business administration, accounting, management and engineering. The AC is chaired by Mr. Niphon Suthimai, with Mr. Parnchalerm Sutatam, Mr. Nopporn Thepsithar and Mr. Phirasilp Subhapholsiri making up the remaining three members. There was no change to the composition of the AC during 2015.

This year, the AC had performed its duties as assigned by the Board of Directors, while adhering to the Company's AC Charter which is aligned to the regulations of the Stock Exchange of Thailand (or, "SET").

In recognition of the growth of the Company in recent years, as well as emerging leading practices in CG, the AC focused on:

- Preventive controls as well as the promotion of leading business practices in audit reviews to foster improved work performance;
- Promoting a risk-based approach for internal audit activity at the Company.

During 2015, the AC held 10 meetings, for which attendance by executives, the external auditor and the IAD can be summarized as follows:

	ATTENDANCE BY		
	EXECUTIVES	EXTERNAL AUDITOR	IAD
Monthly Meetings	5	-	6
Quarterly Meetings	3	3	3
Quarterly Meetings (without the presence of Management)	1 ^{N1}	1	1

N1 Attendance by management was for a special agenda; and separate from the private session with the auditors.

REPORT OF THE AUDIT COMMITTEE

REVIEW OF FINANCIAL REPORTS

The AC reviewed quarterly, annual and consolidated financial statements with Management and the external auditors. Among other activities, the AC held discussions with the external auditor to ascertain the completeness and accuracy of the presentation of the Company's financial statements, key accounting adjustments, adequacy of accounting methods, scope of the audit, accuracy and adequacy of disclosures, as well as the external auditor's independence. The outcome of these discussions contributed to the AC's satisfaction that the Company's financial statements had complied with all relevant accounting standards and regulations. Consequently, the AC was satisfied that the accounting procedures and financial statements were both accurate and reliable, and that adequate and timely information had been disclosed in the financial statements for the benefit of investors and other users of the statements.

RISK MANAGEMENT

The current ERM process as employed in the Company was implemented in 2013 and further refined during 2014. This process includes a formal ERM framework which consists of an ERM policy as well as related procedures. The Corporate-level risks as identified and assessed during this process are a key input into the development of the rolling, risk-based audit plan that will be applied for the years 2016 (and onwards) as reviewed and approved by the AC.

REVIEW OF INTERNAL CONTROL EFFECTIVENESS

The AC has reviewed the adequacy, appropriateness and effectiveness of the internal control system from the 2015 audit results of the IAD on the Company and its subsidiaries. The AC is satisfied that the internal control system of the Company and its subsidiaries is adequate and effective for its business. The AC also evaluated the adequacy of the internal control system in accordance to The Securities and Exchange Commission and noted that an adequate, appropriate and effective system of internal control has been implemented.

REVIEW OF GOOD CORPORATE GOVERNANCE

The AC has been satisfied that the Company has complied with the relevant laws, regulations (including regulations of the SET) and agreements with external parties (as necessary). The AC was also satisfied that the significant related party business transactions have been disclosed in the financial statements and the notes thereon in accordance to the requirements of the SET and the Securities Exchange Commission. The AC agreed with the external auditor that such transactions conformed to the agreed criteria of normal business conduct.

OVERSIGHT OF INTERNAL AUDIT

The AC reviewed the review reports of the IAD, which during 2015 focused on key business units of the Company (that is, the business units that play the most significant role in meeting the Company's strategic Vision and Mission). The IAD also reviewed the completion of committed action plans by management to address previously-reported observations; and provided support (on a consultative basis) to management to close actions as needed.

APPOINTMENT OF THE EXTERNAL AUDITOR FOR 2015

The AC has considered the appointment of EY Office Limited as the Company's external auditor for another year and also reviewed their proposed fees for 2016. Consequently, the AC proposed these to the Board for approval by the shareholders at the Annual General Meeting of 2016.

In conclusion, the AC has comprehensively performed in accordance to the AC Charter as approved by the Board of Directors. The AC also commented that the Company and its subsidiaries have properly presented their financial statements, performed in good business conduct, and implemented an appropriate and effective internal control system and internal auditing process. The Company and its subsidiaries have complied with relevant laws, regulations and agreements while properly disclosing related party transactions under good governance practices of transparency and trustworthiness. The Company and its subsidiaries have also continually improved the internal control system in terms of quality and suitability to its business environment.



Niphon Suthimai

Chairman of the Audit Committee

AUDIT COMMITTEE'S OPINION OF THE SENIOR MANAGER - INTERNAL AUDIT DEPARTMENT

The AC and the Managing Director of the Tipco Asphalt Group jointly appointed Mr. Joseph Soosay as Senior Manager - Internal Audit Department with effect from 16 July 2012.

We hereby express our opinion that the Senior Manager - Internal Audit Department of the Company is adequately

experienced to manage the IAD. As a Certified Internal Auditor, he is suitably qualified to fulfill his duties in accordance to the Standards of the Institute of Internal Auditors. Professional credentials of the Senior Manager - Internal Audit Department are listed in the table below:

FULL NAME	EDUCATION/ PROFESSIONAL CERTIFICATIONS	EXPERIENCE FOR THE PAST 5 YEARS	
		PERIOD	POSITION/ COMPANY
Joseph Mugilen Soosay Manickam	Certified Internal Auditor (CIA); Chartered Management Accountant (ACMA)	2012 - Present	Senior Manager - Internal Audit Department/ Tipco Asphalt Public Co., Ltd.
		2008 - 2012	Associate Director - Advisory Services/ PricewaterhouseCoopers FAS Ltd.

The appointment, removal and transfer of the Senior Manager - Internal Audit Department is subject to approval by the Managing Director and the AC.



Niphon Suthimai

Audit Committee Chairman

RELATED PARTY TRANSACTION

(Unit : Million Baht)			
Related Companies, Details	2015	Pricing policy	2014
Asia Bitumen Trading PTE Ltd.	1,078		-
Thanomwongse Service Company Limited	196		194
Thai Slurry Seal Company Limited	161		220
Colas S.A. (Colas S.A. Sami Bitumen Technology and Highway Resources)	2,212	Market price/ Contract price	2,618
Colas S.A. (Colas S.A. Sami Bitumen Technology and Highway Resources)	13		6
Tipco Food Public Company Limited	1		2
ISCO Industry PTE	4		-
Grand Total Revenues	3,665		3,040
Siam Container Terminal Company Limited	6		5
Thanomwongse Service Company Limited	18		32
Tipco F&B Company Limited	2		2
Thai Slurry Seal Company Limited	-	Market price/ Contract price	1
Tipco Tower Company Limited	15		-
Colas S.A. (Colas S.A. Sami Bitumen Technology and Highway Resources)	9		4
Subtotal	50		44
Technical Assistance fee	69	Contract price	58
Grand Total Expenses	119		102

Rental and service expenses paid to

MANAGEMENT DISCUSSION

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MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL ANALYSIS

The Company is pleased to report its Net Profit After Tax recorded its best ever result of Baht 5,079 million or 323.3% increment, compared to Net After Tax of Baht 1,200 million in 2014. Sales and services stood at Baht 37,137 million, reflecting a decrease of 19% from last year. This decrease was mainly attributable to the drop in selling price in line with lower crude price during the year comparing to the prior year. Nevertheless, sales volume increased by 12.8% comparing to 2014 because demand in both export and domestic market was strong this year. As a consequence, the Group's operations in refinery, logistic and customer support services were operating at the high level of efficiency.

Cost of sales and services in 2015 stood at Baht 30,641 million or 82.51% (98.01% in 2014) of sales and services before the allowance for diminution in value of inventory that had been adequately hedged. The significant improvement of gross profit margin was mainly due to stable asphalt prices arising from strong demand in both export and domestic market and lower crude cost. The Company achieved a hedging gain of Baht 922 million arising from the ICE Brent price falling from \$58.0/bbl on the first trading day of 2015 to \$36.5/bbl during this year. The effectiveness of our hedging strategy has again mitigated the Group's exposure to the commodity market risks and contributed to a sustainable positive operating result.

Selling and administrative expenses stood at Baht 200.5 million and Baht 944.6 million representing 0.54% and 2.54% of sales and services respectively. Comparatively, these expenses in the same year 2014 stood at Baht 153.5 million and Baht 643.8 million or 0.34% and 1.41% of sales and services, respectively. The increase in administration expense was attributable to the employee cost increase comparing to 2014 and was in line with business expansion and expenses related to the new business acquisition. The company is committed to controlling these overheads while improving the operating gross profit margin.

The allowance for doubtful accounts in 2015 was Baht 176.9 million mainly due to provisions for receivable outstanding due from certain customers of an overseas subsidiary in China. There was no net increase in allowance for doubtful accounts for domestic sales. The allowance for doubtful accounts was based on the prudent Group's policy for any debt outstanding more than 1 year to be fully provided.

Financial expense in 2015 was Baht 151.1 million compared to Baht 221.8 million in the previous year. The decrease was mainly due to prepayment of long-term loan and 100% repayment of short-term crude financing.

The Net Profit After Tax of Baht 5,079 million for 2015 represented earning per share of Baht 3.3 (par value of Baht 1 each) compare to Baht 0.78 per share in previous year attributable to the equity shareholders of the Company.

The Group's Return on Equity (ROE) remained healthy at 62.4% and 21.4% in 2015 and 2014 respectively.

FINANCIAL ANALYSIS

Financial status of the Group at the end of 2015 can be summarized as follows:

The management of the Company fully recognizes the high investment CAPEX and working capital needs in the Group's business. Effective working capital management has been one of the key challenges in 2015. With the higher volume of heavy crude intake in 2015, efforts were made to improve the "crude to cash" conversion cycle to reduce trade debt associated with each crude cargo purchased. As a result, cash flow in 2015 was strong and the Company continues to manage cash and trade collection closely in order to minimize external borrowings and interest expenses. The Group continues to receive full support from commercial banks in both inventory and other working capital financing.

FINANCIAL POSITION

The Group cashflow generated from operations improved significantly to Baht 6,375 million compared to Baht 2,630 million in 2014. This has positive impact to the consolidated debt to equity ratio. The Group's consolidated debt to equity ratio (D/E ratio) continued to improve to 0.60 from 1.47 after repayment of all short-term crude financing and prepayment of long-term loan of Baht 449 million due to strong cashflow. Furthermore, the long-term borrowing/equity ratio has also decreased to 0.24 from 0.49.

A change in financial position of the Group at the end of 2015 compared to 2014 can be summarized as follows;

- improve in trade and other receivables in collection days;
- Decrease in inventories due to falling crude price and stable inventory days;
- Decrease in short-term loans from financial institutions due to repayment of short-term crude financing and strong cashflow generation from operations;
- Increase in trade and other payables due better supplier term;
- Increase in property, plant, and equipment due to expansion of our refinery;
- Decrease in long-term loans from financial institutions due to prepayment of long-term loan caused from strong cashflow

KEY FINANCIAL RATIO

Key financial ratio of the Group at the end of 2015 can be summarized as follows;

- Net profit margin improved from 2014 at 2.60% to 13.5% in 2015;
- Return on equity improved from 2014 at 21.4% to 62.4% in 2015;

CASH FLOW

Cash flow of the Group at the end of 2015 can be summarized as follows:

- Net cash from operating activities of Baht 8,359 million was mainly due to cash generated from operations and the lower inventories level and the better effort in receivable collections;
- Net cash used in investing activities of Baht 1,602 million was mainly due to the increase in acquisition of equipment in our refinery;
- Net cash used in financing activities of Baht 5,623 million was mainly due to short-term loan installment repayment, prepayment of long-term loan and dividend paid to shareholder.

CONFIRMATION FOR THE COMPLETE CORRECTNESS OF PAYMENTS TO AUDITOR

for the year ended 31 December 2015

AUDIT FEE

No.	Company	Name of auditor	Audit fee (Baht)
1	Tipco Asphalt Public Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	2,050,000
2	Raycol Asphalt Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	550,000
3	Thai Bitumen Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	1,050,000
4	Bitumen Marine Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	320,000
5	Tipco Maritime Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	260,000
6	Alpha Maritime Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	240,000
7	Delta Shipping Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	260,000
8	Tasco Shipping Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	280,000
Total audit fee			5,010,000

NON-AUDIT FEE

No.	Company	Non-audit service	Name of Company service	Non-audit fee	
				Paid for the period	For Payment in the future
9	Alpha Maritime Company Limited	Agreed-upon procedures- Compliance with conditions stipulated in the investment promotion certificate	EY Office Limited (by Mr. Supachai Phanyawattano)	-	90,000
10	Tasco Shipping Company Limited	Agreed-upon procedures- Compliance with conditions stipulated in the investment promotion certificate	EY Office Limited (by Mr. Supachai Phanyawattano)	-	90,000
11	Bitumen Marine Company Limited	Agreed-upon procedures- Compliance with conditions stipulated in the investment promotion certificate	EY Office Limited (by Mr. Supachai Phanyawattano)	-	45,000
Total non-audit fee				-	225,000

ABOVE INFORMATION:

(x) Correct and complete. I hereby confirmed that there was no other service performed to the Company and Subsidiaries which generated any fee income to the auditing company which I am a partner of and/or from other related individuals and/or other related parties that I am aware of and is not disclosed in the above information.

() Incorrect and incomplete: _____

in amending the above information (if any), I hereby confirm that all the information in this report herewith shows the compensation for auditing work and other services that the Company and Subsidiaries paid to the undersigned, the auditing firm which am a partner, to related individuals or to related parties and to the auditing firm, are correct and complete.



(Mr. Supachai Phanyawattano)

EY Office Limited

The auditor of Tipco Asphalt Public Company Limited

REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

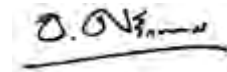
The Company's Board of Directors is responsible for the consolidated and separate financial statements of Tipco Asphalt Public Company Limited and other financial information appears in the Annual Report pertaining to the Company and its subsidiaries. The financial statements are prepared in accordance with Thai Financial Reporting Standards and free from material misstatement, whether due to fraud or error, while the Accounting Policies are selected for their appropriateness and consistently implemented. The financial statements are also prepared with careful considerations and best possible estimates while significant information is sufficiently and transparently disclosed in the notes for the benefits of shareholders and other investors.

The Board of Directors had appointed the Audit Committee, comprised of independent directors whose qualifications are in accordance with requirements of the Stock Exchange of Thailand, to review the accuracy and sufficiency of the Company's financial reports and the disclosures of related transactions and the adequacy and efficiency of internal control system. Opinion of the Audit Committee is reported in the Audit Committee's report published in this Annual Report.

The Board of Directors is of opinion that the consolidated and separate financial statements of the Company ended 31st December 2015, of which audited by the external auditor and jointly reviewed by the Audit Committee and Management, had presented fairly, in all material respects, the financial position and financial performance in accordance with Thai Financial Reporting Standards.



(Ms. Laksana Supsakorn)
Chairman



(Mr. Chaiwat Srivalwat)
Managing Director

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Tipco Asphalt Public Company Limited and its subsidiaries
31 DECEMBER 2015

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Tipco Asphalt Public Company Limited

I have audited the accompanying consolidated financial statements of Tipco Asphalt Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2015, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Tipco Asphalt Public Company Limited for the same period.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

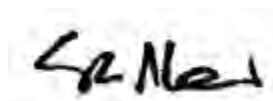
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the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

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

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

OPINION

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tipco Asphalt Public Company Limited and its subsidiaries and of Tipco Asphalt Public Company Limited as at 31 December 2015, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

EY Office Limited
Bangkok: 15 February 2016

STATEMENT OF FINANCIAL POSITION

Tipco Asphalt Public Company Limited and its subsidiaries

As at 31 December 2015

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
Assets					
Current assets					
Cash and cash equivalents		1,353,520,527	276,988,052	667,292,854	24,641,443
Trade and other receivables	6, 7	3,271,776,388	4,017,943,397	2,926,605,517	4,090,248,102
Short-term loans to related parties	7	-	-	6,178,808	5,643,802
Inventories	8	2,402,519,199	3,817,828,985	1,999,511,980	3,443,866,389
Price hedging contracts	33, 34	1,674,980,594	199,321,453	1,674,980,594	199,321,453
Forward exchange contracts	33, 34	457,730	1,520,238	457,730	1,517,059
Other current assets		103,972,796	95,864,518	16,390,857	39,001,783
Total current assets		8,807,227,234	8,409,466,643	7,291,418,340	7,804,240,031
Non-current assets					
Investments in subsidiaries	9	-	-	3,657,581,856	3,707,426,930
Investment in joint venture	10	20,957,106	-	-	-
Investment in associate	11	126,739,281	124,002,346	18,403,580	18,403,580
Long-term loan to related party	7	-	-	210,294,998	-
Investment properties	12	199,432,500	199,432,500	99,837,989	100,105,794
Property, plant and equipment	13	7,075,695,005	5,652,535,869	552,044,818	460,265,659
Goodwill	9	146,293,504	146,293,504	-	-
Other intangible assets - Computer software		31,541,354	28,932,785	30,498,057	28,316,587
Leasehold rights	14	399,247,638	382,414,570	3,418,533	3,646,435
Deferred tax assets - net	25	1,629,776	192,921,996	25,383,379	144,106,644
Other non-current assets		60,538,245	9,117,436	3,982,822	4,085,620
Total non-current assets		8,062,074,409	6,735,651,006	4,601,446,032	4,466,357,249
Total assets		16,869,301,643	15,145,117,649	11,892,864,372	12,270,597,280

The accompanying notes are an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION (CONTINUED)

Tipco Asphalt Public Company Limited and its subsidiaries
As at 31 December 2015

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	15	36,088,600	4,094,130,521	-	3,900,734,121
Trade and other payables	7, 16	2,253,624,549	1,314,381,616	1,976,455,711	1,592,759,876
Current portion of liabilities under					
finance lease agreements		2,719,074	4,173,305	2,172,214	3,288,117
Current portion of long-term loans from financial institutions	17	436,653,494	783,842,280	-	352,500,000
Income tax payable		468,999,113	206,816,451	397,281,581	193,233,229
Price hedging contracts	33, 34	819,832,109	242,627,513	819,044,273	242,627,513
Forward exchange contracts	33, 34	635,876	1,109,549	630,664	1,108,199
Other current liabilities		100,332,817	36,348,408	41,269,164	14,517,785
Total current liabilities		4,118,885,632	6,683,429,643	3,236,853,607	6,300,768,840
Non-current liabilities					
Liabilities under finance lease agreements -					
net of current portion		1,032,799	4,019,905	285,911	2,601,077
Long-term loans from financial institutions -					
net of current portion	17	2,044,858,432	2,214,432,030	-	420,000,000
Long-term loan from related party	7	8,152,326	7,790,706	-	-
Interest rate swap contracts	18, 33	18,945,227	22,794,355	19,022,920	22,541,546
Provision for long-term employee benefits	20	112,940,794	87,634,839	92,746,076	72,800,077
Total non-current liabilities		2,185,929,578	2,336,671,835	112,054,907	517,942,700
Total liabilities		6,304,815,210	9,020,101,478	3,348,908,514	6,818,711,540

The accompanying notes are an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION (CONTINUED)

Tipco Asphalt Public Company Limited and its subsidiaries
As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Shareholders' equity					
Share capital	21				
Registered					
1,578,735,570 ordinary shares of Baht 1 each					
(2014: 172,123,329 ordinary shares of Baht 10 each)		<u>1,578,735,570</u>	<u>1,721,233,290</u>	<u>1,578,735,570</u>	<u>1,721,233,290</u>
Issued and fully paid					
1,543,850,070 ordinary shares of Baht 1 each					
(2014: 153,277,957 ordinary shares of Baht 10 each)		1,543,850,070	1,532,779,570	1,543,850,070	1,532,779,570
Premium on share capital		969,634,291	916,250,081	969,634,291	916,250,081
Share subscription	21	554,020	7,748,118	554,020	7,748,118
Non-controlling interests of subsidiary acquired					
by the Company at price lower than book value		6,237,755	6,237,755	-	-
Change in the Company's interest in subsidiaries					
which did not result in a loss of control	9	(308,455,017)	(308,455,017)	-	-
Capital reserve for share-based payment transactions	22	75,456,879	38,432,931	75,456,879	38,432,931
Retained earnings					
Appropriated - statutory reserve	23	172,123,329	172,123,329	172,123,329	172,123,329
Unappropriated		7,843,967,182	3,711,758,520	5,782,337,269	2,785,748,064
Other components of shareholders' equity		<u>25,500,537</u>	<u>(121,553,723)</u>	-	<u>(1,196,353)</u>
Equity attributable to owners of the Company		10,328,869,046	5,955,321,564	8,543,955,858	5,451,885,740
Non-controlling interests of the subsidiaries		<u>235,617,387</u>	<u>169,694,607</u>	-	-
Total shareholders' equity		<u>10,564,486,433</u>	<u>6,125,016,171</u>	<u>8,543,955,858</u>	<u>5,451,885,740</u>
Total liabilities and shareholders' equity		<u>16,869,301,643</u>	<u>15,145,117,649</u>	<u>11,892,864,372</u>	<u>12,270,597,280</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Tipco Asphalt Public Company Limited and its subsidiaries
For the year ended 31 December 2015

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
Revenues					
Sales and service income		37,136,767,523	45,727,305,483	34,265,588,345	42,956,606,756
Other income					
Dividend income from subsidiaries	9	-	-	141,799,790	136,099,760
Dividend income from associate	11	-	-	61,540,222	32,569,417
Gain on exchange	34	268,923,797	409,440,044	240,505,691	402,165,795
Others		<u>86,605,390</u>	<u>63,466,000</u>	<u>128,058,041</u>	<u>105,658,732</u>
Total revenues		<u>37,492,296,710</u>	<u>46,200,211,527</u>	<u>34,837,492,089</u>	<u>43,633,100,460</u>
Expenses					
Cost of sales and services		30,640,829,204	44,816,416,396	29,758,115,920	43,126,625,737
Gain from price hedging contracts	34	(921,801,060)	(1,451,672,684)	(897,367,353)	(1,451,672,684)
Reduction of cost of inventory to net realisable value (reversal)	8	(86,219,948)	358,042,742	(61,888,447)	424,365,165
		29,632,808,196	43,722,786,454	28,798,860,120	42,099,318,218
Selling expenses		200,452,987	153,460,863	104,505,733	80,178,357
Administrative expenses		944,622,404	643,827,963	555,221,381	380,079,468
Other expenses					
Allowance for doubtful accounts (reversal)		176,911,782	165,723,156	352,059,818	(2,480,400)
Loss on disposal of investment in subsidiary	9	-	-	-	134,547,187
Impairment loss of investment in subsidiary	9	-	-	57,120,000	-
Impairment loss of equipment, vessel and leasehold rights	13, 14	<u>89,236,148</u>	<u>7,966,784</u>	-	-
Total expenses		<u>31,044,031,517</u>	<u>44,693,765,220</u>	<u>29,867,767,052</u>	<u>42,691,642,830</u>
Profit before share of profit from investment in joint venture, associate, finance cost and income tax expenses					
		6,448,265,193	1,506,446,307	4,969,725,037	941,457,630
Share of profit from investment in joint venture	10	20,160,854	-	-	-
Share of profit from investment in associate	11	<u>67,650,337</u>	<u>48,851,296</u>	-	-
Profit before finance cost and income tax expenses		6,536,076,384	1,555,297,603	4,969,725,037	941,457,630
Finance cost		<u>(151,113,071)</u>	<u>(221,838,007)</u>	<u>(70,280,764)</u>	<u>(143,791,725)</u>
Profit before income tax expenses		6,384,963,313	1,333,459,596	4,899,444,273	797,665,905
Income tax expenses	25	<u>(1,188,690,180)</u>	<u>(176,350,380)</u>	<u>(958,979,461)</u>	<u>(128,592,499)</u>
Profit for the year		<u>5,196,273,133</u>	<u>1,157,109,216</u>	<u>3,940,464,812</u>	<u>669,073,406</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Tipco Asphalt Public Company Limited and its subsidiaries
For the year ended 31 December 2015

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Change in fair value of interest rate swap contract - net of income tax	25	1,196,353	2,452,997	1,196,353	2,452,996
Exchange differences on translation of financial statements in foreign currencies		145,698,690	(73,359,343)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		146,895,043	(70,906,346)	1,196,353	2,452,996
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss - net of income tax	20, 25	(23,088,110)	(7,354,867)	(19,127,825)	(9,070,994)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(23,088,110)	(7,354,867)	(19,127,825)	(9,070,994)
Other comprehensive income for the year		123,806,933	(78,261,213)	(17,931,472)	(6,617,998)
Total comprehensive income for the year		5,320,080,066	1,078,848,003	3,922,533,340	662,455,408
Profit attributable to:					
Equity holders of the Company		5,078,764,042	1,200,434,337	3,940,464,812	669,073,406
Non-controlling interests of the subsidiaries		117,509,091	(43,325,121)		
		5,196,273,133	1,157,109,216		
		-	-		
Total comprehensive income attributable to:					
Equity holders of the Company		5,204,010,704	1,129,927,793	3,940,464,812	669,073,406
Non-controlling interests of the subsidiaries		116,069,362	(51,079,790)		
		5,320,080,066	1,078,848,003		
		-	-		
Earnings per share	28				
Basic earnings per share					
Profit attributable to equity holders of the Company		3.30	0.78	2.56	0.44
Diluted earnings per share					
Profit attributable to equity holders of the Company		3.25	0.78	2.52	0.44

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Tipco Asphalt Public Company Limited and its subsidiaries
For the year ended 31 December 2015

(Unit: Baht)

Consolidated financial statements														
Equity attributable to owners of the Company														
	Non controlling interests of subsidiary acquired by the company at price lower than book value	Change in the Company's interest in subsidiaries which did not result in a loss of control	Capital reserve for share-based payment transactions	Retained earnings		Other components of equity				Total equity attributable to shareholders of the company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity		
				Appropriated - statutory reserve	Unappropriated	Exchange differences on translation of financial statements in foreign currencies	Fair value of interest rate swap contract	Total other components of shareholders' equity						
Balance as at 1 January 2014	1,525,808,680	887,824,106	-	6,237,755	12,904,468	23,254,939	162,053,000	2,682,128,935	(54,855,996)	(3,649,349)	(58,505,345)	5,241,706,538	649,230,152	5,890,936,690
Profit for the year	-	-	-	-	-	-	-	1,200,434,337	-	-	-	1,200,434,337	(43,325,121)	1,157,109,216
Other comprehensive income for the year	-	-	-	-	-	-	-	(7,458,166)	(65,501,374)	2,452,996	(63,048,378)	(70,506,544)	(7,754,669)	(78,261,213)
Total comprehensive income for the year	-	-	-	-	-	-	-	1,192,976,171	(65,501,374)	2,452,996	(63,048,378)	1,129,927,793	(51,079,790)	1,078,848,003
Change in the Company's interest in subsidiaries which does not result in subsidiaries which does not result in a loss of control (Note 9)	-	-	-	-	(321,359,485)	-	-	-	-	-	-	(321,359,485)	(405,705,515)	(727,065,000)
Increase in share capital (Note 21)	6,970,890	28,425,975	-	-	-	-	-	-	-	-	-	35,396,865	-	35,396,865
Cash receipts from share subscriptions (Note 21)	-	-	7,748,118	-	-	-	-	-	-	-	-	7,748,118	-	7,748,118
Share-based payment transactions (Note 22)	-	-	-	15,177,992	-	-	-	-	-	-	-	15,177,992	-	15,177,992
Dividend paid (Note 31)	-	-	-	-	-	-	(153,276,257)	-	-	-	-	(153,276,257)	-	(153,276,257)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(22,750,240)	(22,750,240)
Appropriation of statutory reserve (Note 23)	-	-	-	-	-	-	10,070,329	(10,070,329)	-	-	-	-	-	-
Balance as at 31 December 2014	1,532,779,570	916,250,081	7,748,118	6,237,755	(308,455,017)	38,432,931	172,123,329	3,711,758,520	(120,357,370)	(1,196,353)	(121,553,723)	5,955,321,564	169,694,607	6,125,016,171
Balance as at 1 January 2015	1,532,779,570	916,250,081	7,748,118	6,237,755	(308,455,017)	38,432,931	172,123,329	3,711,758,520	(120,357,370)	(1,196,353)	(121,553,723)	5,955,321,564	169,694,607	6,125,016,171
Profit for the year	-	-	-	-	-	-	-	5,078,764,042	-	-	-	5,078,764,042	117,509,091	5,196,273,133
Other comprehensive income for the year	-	-	-	-	-	-	-	(21,807,598)	145,857,907	1,196,353	147,054,260	125,246,662	(1,439,729)	123,806,933
Total comprehensive income for the year	-	-	-	-	-	-	-	5,056,956,444	145,857,907	1,196,353	147,054,260	5,204,010,704	116,069,362	5,320,080,066
Increase in share capital (Note 21)	11,070,500	53,384,210	(7,748,118)	-	-	-	-	-	-	-	-	56,706,592	-	56,706,592
Cash receipts from share subscriptions (Note 21)	-	-	554,020	-	-	-	-	-	-	-	-	554,020	-	554,020
Share-based payment transactions (Note 22)	-	-	-	-	-	37,023,948	-	-	-	-	-	37,023,948	-	37,023,948
Dividend paid (Note 31)	-	-	-	-	-	-	(924,747,782)	-	-	-	-	(924,747,782)	-	(924,747,782)
Increase in share capital of new subsidiary (Note 9)	-	-	-	-	-	-	-	-	-	-	-	-	1,853,628	1,853,628
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(52,000,210)	(52,000,210)
Balance as at 31 December 2015	1,543,850,070	969,634,291	554,020	6,237,755	(308,455,017)	75,456,879	172,123,329	7,843,967,182	25,500,537	-	25,500,537	10,328,869,046	235,617,387	10,564,486,433

The accompanying notes are an integral part of the financial statements.

Tipco Asphalt Public Company Limited and its subsidiaries
For the year ended 31 December 2015

The accompanying notes are an integral part of the financial statements.

CASH FLOW STATEMENT

Tipco Asphalt Public Company Limited and its subsidiaries
For the year ended 31 December 2015

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:				
Profit before tax	6,384,963,313	1,333,459,596	4,899,444,273	797,665,905
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	575,593,469	493,205,243	81,213,867	74,344,835
Written off withholding tax	137,923	352,233	-	-
Allowance for doubtful accounts (reversal)	176,911,782	165,723,156	352,059,818	(2,480,400)
Reduction of cost of inventory to net realisable value (reversal)	(86,219,948)	358,042,742	(61,888,447)	424,365,165
Dividend income from subsidiaries	-	-	(141,799,790)	(136,099,760)
Dividend income from associate	-	-	(61,540,222)	(32,569,417)
Loss on disposal of investment in subsidiary	-	-	-	134,547,187
Allowance for loss on impairment-investment in subsidiary	-	-	57,120,000	-
Unrealised (gain) loss on exchange rate	34,694,137	26,899,952	(23,413,432)	3,088,490
(Gain) loss on sales of equipment and vessel	(1,971,506)	6,748,277	(3,411,084)	(1,510,455)
Impairment loss of equipment, vessel and leasehold rights	89,236,148	7,966,784	-	-
Share of profit from investment in joint venture	(20,160,854)	-	-	-
Share of profit from investment in associate	(67,650,337)	(48,851,296)	-	-
Share-based payment transactions	37,023,948	15,177,992	29,749,022	12,356,269
Provision for long-term employee benefits	10,382,743	14,092,171	8,398,084	10,397,891
Change in fair value of forward exchange contracts	588,836	(6,597,878)	581,794	(5,432,339)
Change in fair value of price hedging contracts	(898,454,545)	58,086,125	(899,242,381)	58,086,125
Change in fair value of interest rate swap contracts recognised in profit or loss	(1,441,330)	3,114,567	(1,026,210)	3,958,756
Interest expenses	<u>141,838,212</u>	<u>203,017,945</u>	<u>66,053,072</u>	<u>132,936,524</u>
Profit from operating activities before changes in operating assets and liabilities	6,375,471,991	2,630,437,609	4,302,298,364	1,473,654,776
(Increase) decrease in operating assets				
Trade and other receivables	560,781,267	(215,078,259)	833,606,509	(407,467,830)
Inventories	1,500,531,791	4,964,282,921	1,506,242,856	4,783,391,597
Other current assets	(62,142,439)	140,002,398	(15,865,048)	(20,292,238)
Other non-current assets	(51,815,968)	(397,663)	20,274,747	6,387,548
Increase (decrease) in operating liabilities				
Trade and other payables	838,382,519	(271,414,413)	486,734,084	32,147,363
Other current liabilities	<u>51,136,198</u>	<u>(199,252,309)</u>	<u>13,392,537</u>	<u>(17,994,103)</u>
Cash flows from operating activities	9,212,345,359	7,048,580,284	7,146,684,049	5,849,827,113
Cash paid for interest expenses	(124,161,222)	(211,339,132)	(68,481,113)	(133,122,295)
Cash paid for corporate income tax	<u>(728,878,632)</u>	<u>(73,529,835)</u>	<u>(631,724,976)</u>	<u>(33,397,158)</u>
Net cash from operating activities	<u>8,359,305,505</u>	<u>6,763,711,317</u>	<u>6,446,477,960</u>	<u>5,683,307,660</u>

The accompanying notes are an integral part of the financial statements.

CASH FLOW STATEMENT (CONTINUED)

Tipco Asphalt Public Company Limited and its subsidiaries
For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from investing activities:				
Cash paid for investment in subsidiary	-	-	-	(125,000,000)
Cash receipts from disposal of investment in subsidiary	-	-	-	119,090,813
Dividend received from subsidiaries	-	-	36,800,000	16,100,000
Dividend received from associate	61,540,222	32,569,417	61,540,222	32,569,417
Decrease in short-term loans to related parties	-	-	-	35,000,000
Increase in long-term loans to related parties	-	-	(205,339,740)	-
Acquisition of equipment	(1,660,469,792)	(852,238,448)	(152,275,788)	(61,672,014)
Acquisition of computer software	(6,275,486)	(9,340,297)	-	(8,268,727)
Acquisition of leasehold rights	(2,175,024)	-	(5,639,574)	-
Proceeds from sales of equipment and vessel	5,045,462	14,925,939	4,726,299	1,778,756
Net cash from (used in) investing activities	<u>(1,602,334,618)</u>	<u>(814,083,389)</u>	<u>(260,188,581)</u>	<u>9,598,245</u>
Cash flows from financing activities:				
Cash paid for acquisition of non-controlling interests of subsidiaries	-	(727,065,000)	-	-
Decrease in short-term loans from banks	(4,062,469,921)	(5,344,207,626)	(3,900,734,121)	(5,289,690,625)
Cash paid under finance lease agreements	(4,180,088)	(7,816,035)	(3,205,687)	(5,773,719)
Cash receipts from long-term loans	649,594,800	826,642,317	-	-
Repayment of long-term loans	(1,288,751,992)	(706,974,360)	(772,500,000)	(352,500,000)
Cash receipts from increase in share capital	56,706,592	35,396,865	56,706,593	35,396,865
Cash receipts from share subscription	554,020	7,748,118	554,020	7,748,118
Dividend paid to shareholders	(924,458,773)	(153,140,945)	(924,458,773)	(153,140,945)
Cash receipt for capital increase in subsidiary from non-controlling interests of subsidiary	1,853,628	-	-	-
Dividend paid to non-controlling interests of subsidiaries	(52,000,210)	(22,750,240)	-	-
Net cash used in financing activities	<u>(5,623,151,944)</u>	<u>(6,092,166,906)</u>	<u>(5,543,637,968)</u>	<u>(5,757,960,306)</u>
Exchange differences on translation of financial statements in foreign currencies	<u>(57,286,468)</u>	<u>(75,907,860)</u>	-	-
Net increase (decrease) in cash and cash equivalents	1,076,532,475	(218,446,838)	642,651,411	(65,054,401)
Cash and cash equivalents at beginning of year	276,988,052	495,434,890	24,641,443	89,695,844
Cash and cash equivalents at end of year	<u>1,353,520,527</u>	<u>276,988,052</u>	<u>667,292,854</u>	<u>24,641,443</u>
Supplemental cash flows information				
Non-cash transactions				
Acquisition of assets through finance lease	-	1,929,665	-	-
Accounts payable from purchase of equipment	76,428,813	501,726	-	-
Settlement of dividend received from subsidiary with account payable (Note 9)	-	-	104,999,790	119,999,760
Settlement of cash receipts from disposal of investment with cash paid for investment in subsidiary (Note 9)	-	-	-	159,436,868

The accompanying notes are an integral part of the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Tipco Asphalt Public Company Limited and its subsidiaries
For the year ended 31 December 2015

1. General information

Tipco Asphalt Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The major shareholders of the Company are Supsakorn family and Colas Group, a company incorporated in French Republic. The Company is principally engaged in the manufacture and distribution of asphalt and petroleum products and its registered address is 118/1 Rama 6 Road, Samsen-nai Sub district, Phayathai District, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of the Company and the following subsidiaries:

Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		2015 (Million Baht) (Except for other specified currency)	2014 (Million Baht) (Except for other specified currency)	2015 (%)	2014 (%)
Subsidiaries incorporated in Thailand					
Raycol Asphalt Co., Ltd.	Manufacture and distribution of asphalt products	111	111	41.44	41.44
Thai Bitumen Co., Ltd. ("Thai Bitumen")	Holding company and manufacture and distribution of asphalt products	1,500	1,500	99.99	99.99
Tipco Maritime Co., Ltd.	Shipping management and agency	2	2	99.99	99.99
Alpha Maritime Co., Ltd.	Marine transportation	143	143	99.99	99.99
Bitumen Marine Co., Ltd.	Marine transportation	150	150	99.99	99.99
Delta Shipping Co., Ltd.	Marine transportation	80	80	99.99	99.99
Tasco Shipping Co., Ltd.	Marine transportation	290	290	99.99	99.99
Subsidiaries incorporated in Malaysia					
Kemaman Oil Corporation Sdn Bhd ("KOC") (26.11% owned by the Company, 37.01% owned by Thai Bitumen and 36.88% owned by TIHK)	Holding company	151.96 Million ringgit	151.96 Million ringgit	100.00	100.00
Kemaman Bitumen Company Sdn Bhd ("KBC") (27.74% owned by the Company, 26.06% owned by Thai Bitumen 44.80% owned by KOC and 1.40% owned by TIHK)	Manufacture and distribution of asphalt products	305.55 Million ringgit	305.55 Million ringgit	100.00	100.00
KBC Trading Sdn Bhd ("KBT") (10% owned by TIHK and 20% owned by KOC)	Distribution of asphalt products	0.30 Million ringgit	-	30.00	-
Subsidiary incorporated in Singapore					
KBC Energy Pte. Ltd. (Owned by KOC)	Dormant	0.01 Million USD	0.01 Million USD	100.00	100.00
Pacific Bitumen Shipping Pte. Ltd. ("PBS") (100% owned by TIHK)	Marine transportation	0.01 Million USD	-	100.00	-
Subsidiary incorporated in Cambodia					
Tipco Asphalt (Cambodia) Co., Ltd.	Manufacture and distribution of asphalt products	20.00 Million riel	20.00 Million riel	100.00	100.00
Subsidiary incorporated in Hong Kong					
Tasco International (Hong Kong) Ltd. ("TIHK")	Holding company	30.97 Million HKD	30.97 Million HKD	100.00	100.00
Subsidiaries incorporated in China (owned by TIHK)					
Langfang Tongtai Road Material Co., Ltd.	Manufacture and distribution of asphalt products	2.10 Million USD	2.10 Million USD	51.00	51.00
Zhenjiang Tipco Asphalt Co., Ltd.	Manufacture and distribution of asphalt products	20.00 Million RMB	20.00 Million RMB	51.00	51.00
Tipco Asphalt (Xinhui) Co., Ltd.	Manufacture and distribution of asphalt products	30.00 Million RMB	30.00 Million RMB	100.00	100.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated as from the date on which the Company obtains control and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as those of the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currencies" in the statement of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- h) The financial statements of Raycol Asphalt Co., Ltd. and KBC Trading Sdn Bhd are included in the consolidated financial statements even though the Company's shareholding in Raycol Asphalt Co., Ltd. is 41.44 percent and the subsidiary company's shareholding in KBC Trading Sdn Bhd is 30.00 percent. This is because the Company and its subsidiary have control over those companies through their boards of directors, and they are therefore regarded as subsidiaries.

2.3 The separate financial statements, which present investments in subsidiaries joint venture and associate under the cost method, have been prepared solely for the benefit of the public.

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Financial reporting standards that became effective in the current year

The Company and its subsidiaries have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which became effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards did not have any significant impact on the financial statements of the Company and its subsidiaries. However, some of these standards involve changes to key principles, which are summarised below:

Accounting Standard:

TAS 19 (revised 2014)

Employee Benefits

Financial Reporting Standards:

TFRS 10

Consolidated Financial Statements

TFRS 11

Joint Arrangements

TFRS 12

Disclosure of Interests in Other Entities

TFRS 13

Fair Value Measurement

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The management of the Company and its subsidiaries believe that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Vessel operating income consists of time charters and voyage charters. Income from time charters is recognised when the right to use a vessel is transferred to a lessee for an agreed period of time, while income from voyage charters is recognised by reference to the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade and other receivables

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost (the weighted average cost method) and net realisable value. Cost of finished goods includes all production costs and attributable factory overheads.

Raw materials, packaging materials, spare parts and factory supplies are valued at the lower of cost determined under the weighted average cost method and net realisable value. Raw materials, packaging materials, spare parts and factory supplies are charged to production costs whenever consumed.

4.5 Investments

- a) Investments in joint venture and associate are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method less allowance for loss on impairment.

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment.

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over the estimated useful lives of 5 and 20 years. Depreciation is included in profit or loss. No depreciation is provided on land.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 Property, plant and equipment/Depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and less allowance for loss on impairment of assets.

Depreciation of plant and equipment is calculated by reference to their costs less residual value on the straight-line basis over the following estimated useful lives:

Land improvement	20	years
Buildings and complements	20 to 47	years
Building improvements	20 to 30	years
Machinery, tools and equipment	5 to 20	years
Furniture and office equipment	3 to 5	years
Vehicles	5 to 10	years
Vessels	9 to 30	years

Depreciation is included in profit or loss.

No depreciation is provided on land, construction in progress and equipment under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.9 Intangible assets - computer software

Computer software is measured at cost. Following initial recognition, computer software is carried at cost less accumulated amortisation and allowance for impairment loss (if any).

Computer software with finite life is amortised on a straight line basis over the economic useful life of 5 years and tested for impairment whenever there is an indication that the software may be impaired. The amortisation period and the amortisation method of such software are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

4.10 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less allowance for impairment loss (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's group of cash-generating unit that are expected to benefit from the synergies of the combination. The Company and its subsidiaries estimate the recoverable amount of each group of cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss and will not be reversed in future periods.

4.11 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation and less allowance for impairment loss of leasehold rights (if any). Amortisation is calculated by reference to cost on a straight-line basis over the lease periods.

The amortisation is included in profit or loss.

4.12 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of operations of the Company and its subsidiaries.

4.13 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the shorter of the useful life of the assets and the lease period, if the Company and its subsidiaries expect not to purchase such assets at the end of the lease period.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.14 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements of each entity are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of the reporting period.

Gains and losses on exchange are included in profit or loss.

4.15 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment, investment properties and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, such reversal except for that of goodwill, is recognised in profit or loss.

4.16 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company, its subsidiaries, and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and contributions of the Company and its subsidiaries are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company and its local subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Company and its local subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its local subsidiaries provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

4.17 Equity-settled share-based payment transactions

The Company and its subsidiaries recognise the share-based payment transactions at the date on which the options are granted, based on the fair value of the share options. They are recorded as expenses over the expected life of the share options, and a capital reserve for share-based payment transactions is presented in shareholders' equity.

4.18 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.19 Income Tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items those are recorded directly to shareholders' equity.

4.20 Derivatives

Forward exchange contracts

Forward exchange contracts are presented in the financial statements at fair value. Unrealised gain or loss from the forward contracts is recorded in profit or loss.

Price hedging contracts

Forward price hedging contracts and option contracts with banks are presented in the financial statements at fair value. Unrealised gain or loss from the price hedging contracts is recorded in profit or loss.

Interest rate swap contracts

Interest rate swap contracts are the contracts under which the counter-parties agreed to exchange the amounts of interest, which are determined based on the pre-determined notional amount and the interest rates over the periods specified in the contracts. The Company and its subsidiaries recognised, on an accrual basis, the net amount of interest to be received or paid for each period under the interest rate swap contracts as income/expense in profit or loss. The interest rate swap contracts are presented in the financial statements at fair value. Unrealised gain or loss on interest rate swap contract of the Company and its subsidiaries deferred in shareholders' equity of the Company and its subsidiaries until realised or recorded in profit or loss.

4.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

Consolidation of subsidiaries that the Company holds less than half of shares

The management of the Company determines that the Company and its subsidiary have control over Raycol Asphalt Company Limited and KBC Trading Sdn Bhd ("KBT"), even though the Company holds 41.44 percent of the shares and voting rights of Raycol Asphalt Co., Ltd. and the subsidiaries holds 30.00 percent of the shares and voting rights of KBT, which are less than half of the total. This is because the Company and its subsidiary have control over those companies through their boards of directors and so they are deemed to be subsidiaries and have to be included in the consolidated financial statements from the date on which the Company assumed control.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Net realisable value of inventories

The management uses judgment to estimate the net realisable value of inventories taking into consideration the fluctuation of price or cost directly relating to events occurring after the reporting period.

Impairment of investments

The Company and its subsidiaries treat investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment of the management.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment of the Company and its subsidiaries and to review estimate useful lives and residual values when there are changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Cost of share-based payment transactions

Estimating the cost of share-based payment transactions requires the determination of the fair value of the options granted under the transactions which involves appropriate assumptions, including but not limited to the expected life of the share options, share price volatility and dividend yield.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

6. Trade and other receivables

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>Trade receivables - related parties (Note 7)</u>				
Aged on the basis of due dates				
Not yet due	676,818	457,926	954,902	1,016,952
Past due				
Up to 3 months	17,917	16,687	22,314	662,153
3 - 6 months	-	-	5,073	93,888
6 - 9 months	-	-	54,107	814
9 - 12 months	-	-	6,496	271,034
Over 12 months	119	217	374,969	6,511
Total	694,854	474,830	1,417,861	2,051,352
Less: Allowance for doubtful accounts	-	-	(353,907)	-
Total trade receivables - related parties, net	694,854	474,830	1,063,954	2,051,352
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	2,250,648	2,795,863	1,700,306	1,922,316
Past due				
Up to 3 months	203,045	433,670	82,864	71,757
3 - 6 months	25,661	48,641	2,593	8,126
6 - 9 months	2,510	72,463	938	335
9 - 12 months	26,404	193,491	1,777	-
Over 12 months	454,446	247,769	70,501	78,695
Total	2,962,714	3,791,897	1,858,979	2,081,229
Less: Allowance for doubtful accounts	(474,567)	(282,978)	(71,705)	(73,552)
Total trade receivables - unrelated parties, net	2,488,147	3,508,919	1,787,274	2,007,677
Total trade receivables - net	3,183,001	3,983,749	2,851,228	4,059,029
<u>Other receivables</u>				
Amounts due from related parties (Note 7)	9,764	9,568	29,964	29,021
Accounts receivable from price hedging contracts	43,107	-	43,108	-
Other receivables	35,904	24,626	2,306	2,198
Total other receivables	88,775	34,194	75,378	31,219
Trade and other receivables - net	3,271,776	4,017,943	2,926,606	4,090,248

7. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and its subsidiaries and those related parties.

(Unit: Million Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		<u>Transfer Pricing Policy</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)					
Sales and service income	-	-	4,870	5,541	Cost plus certain margin
Rental and service income	-	-	54	52	Contract price
Technical assistance fee income	-	-	12	12	Contract price
Interest income	-	-	1	2	2.8 percent per annum
Dividend income	-	-	142	136	
Purchases of goods	-	-	2	28	Cost plus certain margin
Rental and service expenses	-	-	2,474	1,817	Contract price
<u>Transactions with joint venture</u>					
Sales and service income	1,078	-	1,031	-	Market price / contract price
<u>Transactions with associate</u>					
Dividend income	-	-	62	33	
<u>Transactions with related companies</u>					
Sales and service income	2,584	3,035	2,549	2,897	Market price / contract price
Rental and service income	3	5	3	5	Contract price
Rental and service expenses	50	44	38	32	Contract price
Technical assistance fee expenses	69	58	48	37	Contract price

The balances of the accounts between the Company and its subsidiaries and those related companies as at 31 December 2015 and 2014 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade and other receivables- related parties (Note 6)				
Subsidiaries	-	-	779,988	1,613,750
Joint venture	506,047	-	496,807	-
Related companies (common shareholders and directors)	198,571	484,398	171,030	466,623
Total trade and other receivables - related parties	704,618	484,398	1,447,825	2,080,373
Less : Allowance for doubtful accounts	-	-	(353,907)	-
Total trade and other receivables - related parties, net	704,618	484,398	1,093,918	2,080,373
Short-term loans to related party				
Subsidiary	-	-	6,179	5,644
Total short-term loans to related party	-	-	6,179	5,644
Long-term loans to related party				
Subsidiary	-	-	210,295	-
Total long-term loans to related party	-	-	210,295	-
Trade and other payables - related parties (Note 16)				
Subsidiaries	-	-	411,557	665,081
Joint venture	9,235	-	-	-
Related companies (common shareholders and directors)	75,930	52,168	54,200	42,292
Total trade and other payables - related parties	85,165	52,168	465,757	707,373
Long-term loan from related party				
Related company (shareholder of subsidiary)	8,152	7,791	-	-
Total long-term loan from related party	8,152	7,791	-	-

Loans to related parties and loan from related parties

As at 31 December 2015 and 2014, the balances of loans between the Company and those related companies and the movement were as follows:

(Unit: Thousand Baht)

		Consolidated financial statements					
Company's name	Related by	Balance as at 31 December 2014	Increase during the year	Decrease during the year	Realise gain on exchange	Exchange differences on translation of financial statements in foreign currency	Balance as at 31 December 2015
Short-term loan to related party							
Asia Bitumen Trading Pte. Ltd.	Joint venture	-	13,511	(14,609)	1,098	-	-
Long-term loan from related party							
Zhenjiang Highway Materials Company	Shareholder of subsidiary	7,791	-	-	-	361	8,152

(Unit: Thousand Baht)

		Separate financial statements			
Company's name	Related by	Balance as at 31 December 2014	Increase during the year	Unrealise gain on exchange	Balance as at 31 December 2015
Short-term loan to related party					
Kemaman Oil Corporation Sdn Bhd	Subsidiary	5,644	-	535	6,179
Long-term loan to related party					
Tasco International (Hong Kong) Limited	Subsidiary	-	205,340	4,955	210,295

Directors and management's benefits

During 2015 and 2014, the Company and its subsidiaries had employee benefit expenses of their directors and management as detailed below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Short-term employee benefits	127	109	109	92
Post-employment benefits and other long-term benefits (Note 20)	5	5	5	5
Share-based payment transactions (Note 22)	11	9	10	8
Total	143	123	124	105

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 19 to the financial statements.

8. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduction of cost to net realisable value		Inventories - net	
	2015	2014	2015	2014	2015	2014
Finished goods	667,474	1,224,096	(69,984)	(101,142)	597,490	1,122,954
Raw materials	1,145,560	1,182,146	(213,360)	(234,240)	932,200	947,906
Packaging materials, spare parts and factory supplies	88,581	87,375	(541)	(2,762)	88,040	84,613
Goods in transit	784,789	1,693,319	-	(30,963)	784,789	1,662,356
Total	<u>2,686,404</u>	<u>4,186,936</u>	<u>(283,885)</u>	<u>(369,107)</u>	<u>2,402,519</u>	<u>3,817,829</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduction of cost to net realisable value		Inventories - net	
	2015	2014	2015	2014	2015	2014
Finished goods	596,263	1,142,211	(89,597)	(113,456)	506,666	1,028,755
Raw materials	1,024,714	1,058,681	(275,550)	(243,589)	749,164	815,092
Packaging materials, spare parts and factory supplies	9,477	12,692	(542)	(2,365)	8,935	10,327
Goods in transit	734,747	1,657,859	-	(68,167)	734,747	1,589,692
Total	<u>2,365,201</u>	<u>3,871,443</u>	<u>(365,689)</u>	<u>(427,577)</u>	<u>1,999,512</u>	<u>3,443,866</u>

9. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Investment cost		Dividend received during the year	
	2015	2014	2015	2014
Domestic subsidiaries				
Raycol Asphalt Co., Ltd.	193,200	193,200	36,800	16,100
Thai Bitumen Co., Ltd. ("Thai Bitumen")	1,499,917	1,499,917	-	-
Less: Provision for impairment loss of investment	(60,775)	(60,775)	-	-
Tipco Maritime Co., Ltd.	1,999	1,999	-	-
Alpha Maritime Co., Ltd.	142,999	142,999	-	-
Bitumen Marine Co., Ltd.	149,999	149,999	105,000*	120,000*
Delta Shipping Co., Ltd.	79,999	79,999	-	-
Tasco Shipping Co., Ltd.	289,999	289,999	-	-
Overseas subsidiaries				
Tasco International (Hong Kong) Ltd. ("TIHK")	130,008	130,008	-	-
Add: Additional investment cost from the acquisition of subsidiary under common control	115,849	115,849	-	-
Less: Provision for impairment loss of investment	(57,120)	-	-	-
Kemaman Oil Corporation Sdn Bhd ("KOC")	337,296	337,296	-	-
Kemaman Bitumen Company Sdn Bhd ("KBC")	818,644	818,644	-	-
Tipco Asphalt (Cambodia) Co., Ltd.	165	165	-	-
Total investments in subsidiaries	<u>3,642,179</u>	<u>3,699,299</u>	<u>141,800</u>	<u>136,100</u>
Cost of share-based payment transactions, under warrants to purchase new ordinary shares of the Company issued to the subsidiaries' employees (Note 22)	15,403	8,128		
Total investments in subsidiaries - net	<u>3,657,582</u>	<u>3,707,427</u>		

*Bitumen Marine Co., Ltd. offset the dividend against the amount due to the Company.

The paid-up capital and percentage of shareholding were presented in Note 2.2 to the financial statements.

Warrants to purchase new ordinary shares of the Company issued to the subsidiaries' employees

During 2015, the Company recorded cost of share-based payment transactions, under warrants to purchase new ordinary shares of the Company issued to the subsidiaries' employees (Note 22) amounted to Baht 7.3 million (2014: Baht 2.8 million), as a cost of investments in subsidiaries.

Kemaman Oil Corporation Sdn Bhd ("KOC") and Kemaman Bitumen Company Sdn Bhd ("KBC")

After the Company and Thai Bitumen signed the KOC's shareholder agreement with Seloga Holdings Berhad ("SHB") and Aras Jalinan Sdn Bhd ("AJSB") offered to exercise the rights under such agreement on behalf of SHB, the Company and Thai Bitumen have had disputes with AJSB since 2008. In May 2011, the International Chamber of Commerce Arbitral Tribunal made the final arbitration award relating to the dispute between the Company and Thai Bitumen, and AJSB, which the Company and Thai Bitumen brought to arbitration. The arbitration award denied all the disputed claims by AJSB, except that KOC shall accept the share acquisition payment amounting to MYR 5 million which was made by AJSB to KOC on 3 March 2008. KOC registered additional capital amounting to MYR 5 million belonging to AJSB in July 2011. As a result, the shareholdings of the Company and its subsidiaries in KOC and KBC decreased by 2.14 percent and 0.96 percent, respectively. The Company recorded the change in the subsidiaries' interest under the caption of "Change in the Company's interest in subsidiaries which did not result in a loss of control" over the consolidated shareholders' equity.

During the year 2014, the Company, Thai Bitumen and TIHK, altogether referred to as "The Group", entered into Settlement Agreement with ARAS Group, which comprised AJSB, Multi Strategies Sdn Bhd ("MSSB") and Specialist Oils & Emulsions Sdn Bhd ("SOE"). The Agreement stipulates that TIHK shall acquire all shares in KOC and KBC held by ARAS Group in the amount of totaling MYR 75 million. Details are as follows:

Investment in KOC

Shareholders' name	Number of share (Million shares)	Acquire amount (Million ringgit)	Shareholding percentage
AJSB	31.35	40.47	20.63
MSSB	24.70	31.89	16.25
Total	56.05	72.36	36.88

Investment in KBC

Shareholders' name	Number of share (Million shares)	Acquire amount (Million ringgit)	Shareholding percentage
SOE	4.43	2.64	1.40
Total	4.43	2.64	1.40

TIHK paid for share acquisition of MYR 75 million (approximately Baht 727 million) to ARAS Group and received the share transfer on 17 March 2014.

The Settlement Agreement also stipulates that The Group and ARAS Group irrevocably and unconditionally agree and undertake to release and discharge each other from any and all claims and agree to withdraw and discontinue the current litigation without any claim as to costs and without any rights to file any further claim to each other.

As a result of the Settlement Agreement, the shareholdings of the Company and its subsidiaries in KOC and KBC increased to 100 percent and the Company and its subsidiaries recorded the change in the subsidiaries' interest amounting to Baht 321 million under the caption of "Change in the Company's interest in subsidiaries which does not result in a loss of control" in the consolidated shareholders' equity.

In 2014, there were changes in the percentage of interest in KOC and KBC, as follow:

1. The Company sold 45 million shares of KBC, or 14.24% interest, to Thai Bitumen at a price of MYR 28.8 million (approximately Baht 279 million).
2. The Company acquired 22.5 million shares in KOC, or 14.81% interest, from Thai Bitumen at a price of MYR 16.425 million (approximately Baht 164 million).

The Company and Thai Bitumen transferred the above shares on 26 November 2014.

The Company and Thai Bitumen entered into the memorandum of understanding to offset cash receipts from disposal of investment in KBC with cash paid for investment in KOC. From this memorandum, the Company received the net amount of MYR 12.375 million (approximately Baht 119 million) from Thai Bitumen on 9 December 2014.

From the above sales transaction, the Company recorded loss on disposal of investment in KBC under cost method amounting to Baht 135 million and separate presented the amount under the caption of "Loss on disposal of investment in subsidiary" in profit or loss in the separate financial statements. However, the transactions had no effect to profit or loss in the consolidated financial statements.

The shareholding structures of KOC and KBC before and after the changes in shareholding are as follows:

Shareholders' name	Shareholding percentage of KOC		Shareholding percentage of KBC	
	Before changing	After changing	Before changing	After changing
The Company	11.30	26.11	41.98	27.74
Thai Bitumen	51.82	37.01	11.82	26.06
TIHK	36.88	36.88	1.40	1.40
KOC	-	-	44.80	44.80
Total	100.00	100.00	100.00	100.00

Investment in KBT

Since August 2015, TIHK and KOC have invested in KBT, a new company incorporated in Malaysia with the registered capital of MYR 300,000 (300,000 ordinary shares of MYR 1 each), to trade bitumen and petroleum products. TIHK and KOC have 10 and 20 percent of shareholding in this company, respectively. However, the financial statements of KBT are included in the consolidated financial statements. This is due to the fact that KOC has control over this company through its Board of Directors, and it is therefore regarded as a subsidiary in consolidation financial statements.

Investment in PBS

Since October 2015, TIHK has invested in PBS, a new company incorporated in Singapore with the registered capital of USD 10,000 (10,000 ordinary shares of USD 1 each), to conduct marine transportation business. TIHK has 100 percent of shareholding in this company. In addition, during October 2015, PBS entered into a USD 26.8 million vessel building contract with an overseas company, under which payment is to be made in five installments as stipulated in the contract, with the last installment to be paid upon delivery of the vessel. On 20 October 2015, PBS paid the first installment of USD 5.4 million to the vessel builder.

Investment in TIHK

In 2015, the Company records the impairment loss on investment in TIHK of Baht 57 million.

On 5 January 2016, the Extraordinary General Meeting of the Company's shareholders No.1/2016 approved the acquisition by the Company and/or its subsidiary for ordinary shares in five companies (Asphalt business and Vessel business) from Colas S.A., a foreign related company, with the total investment cost of USD 61.8 million. The Company is currently implementing the conditions under the agreements.

10. Investments in joint ventures

Since April 2015, TIHK has invested in Asia Bitumen Trading Pte. Ltd., a new company incorporated in Singapore with the registered capital of SGD 10,000 (10,000 ordinary shares of SGD 1 each), which is the joint venture with SK Energy Road Investment (HK) Co., Ltd., to trade bitumen and petroleum products. TIHK has 50 percent of shareholding in this company.

As at 31 December 2015, the Company recognised carrying amounts of joint venture based on equity method in the consolidated financial statements by Baht 21 million.

Summarised financial information about material joint ventures

Summarised information about financial position:

	(Unit: Million Baht)
	As at 31 December 2015
Cash and cash equivalent	338.99
Trade and other receivable	416.69
Total assets	5.31
Trade and other payable	(706.27)
Other current liabilities	(12.80)
Net assets	41.92
Shareholding percentage (%)	50
Carrying amounts of joint venture based on equity method	20.96

Summarised information about profit and loss:

	(Unit: Million Baht)
	For the year ended 31 December 2015
Total revenues	1,835.11
Cost of goods sold	(1,763.19)
Total expenses	(31.60)
Profit for the year	40.32

11. Investment in associate**11.1 Details of associate:**

(Unit: Thousand Baht)

Company's name	Consolidated financial statements					
	Shareholding percentage		Cost		Carrying amounts based on equity method	
	2015	2014	2015	2014	2015	2014
	(%)	(%)				
Colasie Co., Ltd. (Registered under the law of France) (Holding company)	40	40	18,404	18,404	126,739	124,002
Total investment in associate			<u>18,404</u>	<u>18,404</u>	<u>126,739</u>	<u>124,002</u>

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Shareholding percentage		Cost		Carrying amounts based on cost method	
	2015	2014	2015	2014	2015	2014
	(%)	(%)				
Colasie Co., Ltd.	40	40	18,404	18,404	18,404	18,404
Total investment in associate			<u>18,404</u>	<u>18,404</u>	<u>18,404</u>	<u>18,404</u>

11.2 Share of profit and dividend received

The Company has recognised its share of profit from investment in associate in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit from investment in associate during the year		Dividend received during the year by the Company	
	2015	2014	2015	2014
Colasie Co., Ltd.	67,650	48,851	61,540	32,569
Total	<u>67,650</u>	<u>48,851</u>	<u>61,540</u>	<u>32,569</u>

11.3 Summarised financial information of associate

Financial information of Colasie Co., Ltd. as at 31 December 2015 and 2014 and for the year then ended are summarised below.

(Unit: Million Euro)

	2015	2014
Paid-up capital	1.04	1.04
Total assets	1.58	2.99
Total liabilities	0.09	0.01
Total revenues	2.78	1.91
Profit for the year	2.61	1.82

12. Investment properties

(Unit: Thousand Baht)

Consolidated financial statements			
	The Company's land, buildings and equipment located at Petchburi Plant	Land of Thai Bitumen	Total
As at 31 December 2015:			
Cost	268,377	383,608	651,985
Less Accumulated depreciation	(138,692)	-	(138,692)
Less Allowance for diminution in value	(95,885)	(217,975)	(313,860)
Net book value	33,800	165,633	199,433
As at 31 December 2014:			
Cost	268,377	383,608	651,985
Less Accumulated depreciation	(138,692)	-	(138,692)
Less Allowance for diminution in value	(95,885)	(217,975)	(313,860)
Net book value	33,800	165,633	199,433

(Unit: Thousand Baht)

Separate financial statements			
	The Company's land, buildings and equipment located at Petchburi Plant	The Company's land for rent located at Suratthani Province	Total
As at 31 December 2015:			
Cost	268,377	76,960	345,337
Less Accumulated depreciation	(138,692)	(10,922)	(149,614)
Less Allowance for diminution in value	(95,885)	-	(95,885)
Net book value	33,800	66,038	99,838
As at 31 December 2014:			
Cost	268,377	76,960	345,337
Less Accumulated depreciation	(138,692)	(10,654)	(149,346)
Less Allowance for diminution in value	(95,885)	-	(95,885)
Net book value	33,800	66,306	100,106

A reconciliation of the net book value of investment properties for 2015 and 2014 is presented below.

(Unit: Thousand Baht)

Consolidated financial statements			
	2015	2014	
Net book value at beginning of year	199,433	199,433	100,106
Depreciation charged during the year	-	-	(268)
Net book value at end of year	199,433	199,433	99,838

(Unit: Thousand Baht)

Separate financial statements			
	2015	2014	
The Company's land for rent located at Suratthani Province	-	-	141,000
The Company's land, buildings and equipment located at Petchburi Plant	33,800	33,800	33,800
Land of Thai Bitumen	165,633	165,633	-

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land awaiting sale has been determined based on market prices, while that of the office building held for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

13. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land and land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels	Construction in progress and equipment under installation	Total
Cost							
As at 1 January 2014	639,741	628,449	4,180,460	770,308	1,819,414	768,363	8,806,735
Additions	-	-	128,869	30,872	-	672,764	832,505
Disposals/write-off	-	(2,031)	(136,039)	(31,040)	(93,879)	-	(262,989)
Transfer in (transfer out)	2,218	21,872	602,600	18,424	496,534	(932,037)	209,611
Transfer out to leasehold rights (Note 14)	-	-	-	-	-	(170,387)	(170,387)
Interest capitalised	-	-	-	-	-	7,043	7,043
As at 31 December 2014	641,959	648,290	4,775,890	788,564	2,222,069	345,746	9,422,518
Additions	-	206	67,074	45,510	88,790	1,520,888	1,722,468
Disposals/write-off	(2,245)	(635)	(14,081)	(21,286)	(20,369)	-	(58,616)
Transfer in (transfer out)	21,554	8,254	78,078	21,257	142,871	(272,014)	-
As at 31 December 2015	661,268	656,115	4,906,961	834,045	2,433,361	1,594,620	11,086,370
Accumulated depreciation							
As at 1 January 2014	299,374	395,294	1,896,515	595,648	393,686	-	3,580,517
Depreciation for the year	16,132	21,713	264,760	48,100	96,760	-	447,465
Accumulated depreciation on disposals/write-off	-	(1,907)	(98,934)	(28,597)	(76,555)	-	(205,993)
As at 31 December 2014	315,506	415,100	2,062,341	615,151	413,891	-	3,821,989
Depreciation for the year	16,252	21,593	303,595	52,015	118,938	-	512,393
Accumulated depreciation on disposals/write-off	(2,072)	(595)	(10,412)	(19,821)	(20,369)	-	(53,269)
As at 31 December 2015	329,686	436,098	2,355,524	647,345	512,460	-	4,281,113
Allowance for impairment loss							
As at 1 January 2014	1,183	-	22,591	-	-	-	23,774
Increase during the year	-	-	501	-	7,466	-	7,967
Disposals/write-off	-	-	(21,548)	-	(7,466)	-	(29,014)
As at 31 December 2014	1,183	-	1,544	-	-	-	2,727
Increase during the year	-	50,431	23,181	1,985	-	2,828	78,425
Disposals/write-off	-	-	(1,304)	-	-	-	(1,304)
As at 31 December 2015	1,183	50,431	23,421	1,985	-	2,828	79,848
Translation adjustments							
As at 1 January 2014	-	19,744	27,469	1,931	-	(4,965)	44,179
Translation adjustments during the year	-	(1,977)	11,103	144	-	1,285	10,555
As at 31 December 2014	-	17,767	38,572	2,075	-	(3,680)	54,734
Translation adjustments during the year	-	13,084	205,660	2,970	-	73,838	295,552
As at 31 December 2015	-	30,851	244,232	5,045	-	70,158	350,286
Net book value							
As at 31 December 2014	325,270	250,957	2,750,577	175,488	1,808,178	342,066	5,652,536
As at 31 December 2015	330,399	200,437	2,772,248	189,760	1,920,901	1,661,950	7,075,695
Depreciation for the year							
2014 (Baht 376 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)							447,465
2015 (Baht 442 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)							512,393

	Separate financial statements					Construction in progress and equipment under installation	Total
	Land and land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles			
Cost							
As at 1 January 2014	443,799	216,625	508,240	572,079	19,181	1,759,924	
Additions	-	-	6,753	7,056	49,155	62,964	
Disposals/write-off	-	(2,017)	(16,572)	(15,374)	-	(33,963)	
Transfer in (transfer out)	1,405	21,102	10,838	14,040	(47,385)	-	
As at 31 December 2014	445,204	235,710	509,259	577,801	20,951	1,788,925	
Additions	-	-	3,622	23,522	125,132	152,276	
Disposals/write-off	(1,867)	(398)	(6,528)	(15,702)	-	(24,495)	
Transfer in (transfer out)	20,776	5,352	5,038	16,648	(47,814)	-	
As at 31 December 2015	464,113	240,664	511,391	602,269	98,269	1,916,706	
Accumulated depreciation							
As at 1 January 2014	198,458	170,056	482,495	451,948	-	1,302,957	
Depreciation for the year	10,969	7,188	9,711	29,054	-	56,922	
Accumulated depreciation on disposal/write-off	-	(1,894)	(16,572)	(13,937)	-	(32,403)	
As at 31 December 2014	209,427	175,350	475,634	467,065	-	1,327,476	
Depreciation for the year	11,063	6,563	11,384	30,169	-	59,179	
Accumulated depreciation on disposal/write-off	(1,867)	(398)	(6,525)	(14,387)	-	(23,177)	
As at 31 December 2015	218,623	181,515	480,493	482,847	-	1,363,478	
Allowance for impairment loss							
As at 31 December 2014	1,183	-	-	-	-	1,183	
As at 31 December 2015	1,183	-	-	-	-	1,183	
Net book value							
As at 31 December 2014	234,594	60,360	33,625	110,736	20,951	460,266	
As at 31 December 2015	244,307	59,149	30,898	119,422	98,269	552,045	
Depreciation for the year							
2014 (Baht 25 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)						56,922	
2015 (Baht 25 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)						59,179	

During the year 2014, borrowing costs totaling approximately Baht 7 million were capitalised as cost of the vessel. The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 2%.

As at 31 December 2015, certain items of plant and equipment items had been fully depreciated but were still in use. The original cost of those assets amounted to approximately Baht 1,514 million (2014: Baht 1,422 million) (The Company only: Baht 1,037 million, 2014: Baht 998 million).

14. Leasehold rights

The Company and subsidiaries entered into agreements to lease buildings and land. The lease agreements can be summarised below.

Leasee	Country the leased asset located in	Lease period (year)	Lease agreement ending year	Prepaid lease amount at inception of the lease
1. The Company	China	30	2031	1.4 million renminbi
2. A subsidiary in China	China	30	2029	5.7 million renminbi
3. A subsidiary in China	China	50	2050	6.9 million renminbi
4. A subsidiary in China	China	45	2055	2.5 million renminbi
5. A subsidiary in Malaysia	Malaysia	50	2055	19.8 million ringgit
6. A subsidiary in Malaysia	Malaysia	50	2063	10.7 million ringgit

The book value of the leasehold rights as at 31 December 2015 and 2014 can be summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cost	427,578	425,530	6,837	6,837
<u>Less</u> Accumulated amortisation	(57,600)	(51,011)	(3,418)	(3,191)
<u>Less</u> Allowance for impairment loss	(12,019)	-	-	-
Translation adjustment	41,289	7,896	-	-
Net book value	399,248	382,415	3,419	3,646

A reconciliation of the net book value of leasehold rights for the years 2015 and 2014 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Net book value at beginning of year	382,415	217,813	3,646	3,874
Acquisition during the year	2,048	844	-	-
Transferred from property, plant and equipment (Note 13)	-	170,387	-	-
Amortisation	(6,589)	(6,152)	(227)	(228)
Impairment loss	(12,019)	-	-	-
Translation adjustments	33,393	(477)	-	-
Net book value at end of year	399,248	382,415	3,419	3,646

15. Short-term loans from financial institutions

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Trust receipts	-	3,998,734	-	3,900,734
Loans in renminbi	-	95,397	-	-
Loans in US Dollars	36,089	-	-	-
Total	<u>36,089</u>	<u>4,094,131</u>	<u>-</u>	<u>3,900,734</u>

The Trust Receipts is revolving in nature and used to fund the working capital of crude inventory and receivables which have less than four months cash conversion cycle.

As at 31 December 2014, the Company had short-term loans from local banks, which carry interest at the rates from 0.83 to 0.85 percent per annum.

As at 31 December 2015, overseas subsidiaries had short-term loans from overseas financial institutions, which carry interest at the rates ranging from 2.2 percent per annum (2014: 6.9 to 7.2 percent per annum).

16. Trade and other payables

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Trade payables - related parties (Note 7)	11,796	5,303	408,281	658,224
Trade payables - unrelated parties	1,518,367	905,926	1,209,923	739,265
Amounts due to related parties (Note 7)	73,369	46,865	57,476	49,149
Accrued expenses	429,648	272,999	218,880	120,526
Other payables	<u>220,445</u>	<u>83,289</u>	<u>81,896</u>	<u>25,596</u>
Total trade and other payables	<u>2,253,625</u>	<u>1,314,382</u>	<u>1,976,456</u>	<u>1,592,760</u>

17. Long-term loans from financial institutions

(Unit: Thousand Baht)

Loan	Borrower	Interest rate	Repayment schedule	Consolidated financial statements		Separate financial statements	
				2015	2014	2015	2014
Long-term loans in Baht from Bank in Thailand							
(1)	The Company	Rate referenced to THBFX	Quarterly installments, as stipulated in the agreement, commencing from February 2009	-	240,000	-	240,000
(2)	The Company	Fixed rate for the first two years and for the third to the eighth years at a rate referenced to THBFX	Quarterly installments, as stipulated in the agreement, commencing from June 2012	-	532,500	-	532,500
(3)	Thai Bitumen Com pany Limited	Fixed rate	Quarterly installments, as stipulated in the agreement, commencing from November 2014	315,000	383,000	-	-
(4)	Alpha Maritime Company Limited	Fixed rate for the first three years and for the fourth to the fifth years at a rate referenced to BIBOR	Quarterly installments as stipulated in the agreement, commencing from April 2012	-	26,300	-	-
(5)	Tasco Shipping Company Limited	Fixed rate for the first three years and for the fourth to the eighth years at a rate referenced to BIBOR	Quarterly installments as stipulated in the agreement, commencing from May 2012	125,900	148,900	-	-
(6)	Tasco Shipping Company Limited	Rate referenced to THBFX	Quarterly installments as stipulated in the agreements, commencing from October 2012	273,615	372,615	-	-
Long-term loans in USD from bank in Thailand							
(7)	Alpha Maritime Company Limited	Rate referenced to LIBOR	Quarterly installments as stipulated in the agreements, commencing from July 2015	417,644	401,332	-	-
Long-term loans in USD from bank in Malaysia							
(8)	Kemaman Bitumen Company Sdn Bhd	Rate referenced to USD LIBOR	Quarterly installments as stipulated in the agreements, commencing from November 2011	89,860	191,515	-	-
(9)	Kemaman Bitumen Company Sdn Bhd	Rate referenced to USD LIBOR	Quarterly installments as stipulated in the agreements, commencing from November 2012	357,277	191,515	-	-
(10)	Kemaman Bitumen Company Sdn Bhd	Rate referenced to USD LIBOR	Quarterly installments as stipulated in the agreements, commencing from December 2016	902,215	230,741	-	-
Total				2,481,511	2,998,274	-	772,500
Less: Current portion				(436,653)	(783,842)	-	(352,500)
Long-term loans from financial institutions - net of current portion				2,044,858	2,214,432	-	420,000

As at 31 December 2015, the Company and its subsidiaries have no long-term credit facilities which has not yet been drawn down (2014: USD 18 million).

Loan covenants

The loan agreements of the subsidiaries contain certain restrictive covenants pertaining to, among others things, the maintenance of financial ratios, the corporate guarantees from the Company and its subsidiaries, the loan to related parties, restriction on dividend payment, the maintenance of shareholders and the limitation on creation of additional long-term debt.

18. Interest rate swap contracts

The Company and a subsidiary have entered into interest rate swap contracts to change interest rates from floating rates to fixed rates. Details are as follows:

Counterparty	Agreements start	Fixed interest rate as per agreement	Agreements expire	Notional amount balance	
				31 December 2015	31 December 2014
		(%)			
For short-term loan					
The Company	September 2014	1.20 to 1.26	December 2017	USD 25 million	USD 25 million
The Company	October 2014	1.15 to 1.26	December 2017	USD 25 million	USD 25 million
For long-term loan					
The Company	May 2009	4.365	November 2015	-	Baht 240 million
The Company	May 2012	5.21	March 2018	Baht 420 million	Baht 533 million
KBC	December 2013	0.54	August 2016	USD 2 million	USD 6 million
KBC	December 2013	0.93	April 2018	USD 11 million	USD 15 million

19. Credit facilities

The credit facilities of the Company and its subsidiaries granted by financial institutions are secured by the following collaterals:

- The guarantees by the Company, its subsidiaries and a shareholder of a subsidiary.
- The pledges/mortgages by the assets of subsidiaries of which the net book value as at 31 December 2015 and 2014 of the assets are summarised below.

(Unit: Million Baht)

	Consolidated financial statements	
	2015	2014
Leasehold rights - net	387	352
Property, plant and equipment - net	5,391	4,414

- The prohibition from creating lien over assets of the Company and its subsidiaries.
- Financial support letters provided by the Company and its subsidiaries to banks.
- The Company allows its subsidiaries to use its facilities obtained from banks, with the Company responsible to the banks for the amounts drawn down by the subsidiaries.

20. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement and long service awards, was as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Provision for long-term employee benefits at beginning of year	87,635	69,822	72,800	55,545
Included in profit or loss:				
Defined benefit plans				
Current service cost	5,464	9,860	4,433	7,805
Interest cost	2,988	3,694	2,495	3,079
Long service award	827	(73)	620	(1,016)
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	1,404	-	1,181	-
Financial assumptions changes	9,640	(10,950)	7,753	(8,695)
Experience adjustments	17,816	20,144	14,976	20,034
Benefits paid during the year	(12,833)	(4,862)	(11,512)	(3,952)
Provision for long-term employee benefits at end of year	112,941	87,635	92,746	72,800

Long-term employee benefit expenses included in the profit or loss consist of the following:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cost of sales	3,526	3,575	2,584	2,545
Selling and administrative expenses	6,857	10,517	5,814	7,853
Total expense recognised in profit or loss	10,383	14,092	8,398	10,398

The Company and its subsidiaries expect to pay Baht 19 million of long-term employee benefits during the next year (Separate financial statements: Baht 17 million) (2014: Baht 14 million, separate financial statements: Baht 12 million).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit was 9 years (Separate financial statements: 9 years) (2014: 9 years, separate financial statements: 9 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated/Separate financial statements	
	2015	2014
	(% per annum)	(% per annum)
Discount rate	2.5	4.4
Future salary increase rate	5.0	5.0
Staff turnover rate (depending on age of employee)	0.0 - 15.0	0.0 - 23.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

	(Unit: Million Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(6)	6	(5)	5
Salary increase rate	6	(5)	5	(4)
	<u>Increase 20%</u>	<u>Decrease 20%</u>	<u>Increase 20%</u>	<u>Decrease 20%</u>
Turnover rate	(4)	4	(3)	3

21. Share capital

Below is the summary of the share registration from exercise of ESOP-W1 and ESOP-W2 warrants during the year 2015.

	<u>2015</u>
Number of warrants exercised (warrants)	1,107,050
Number of ordinary shares issued (shares)	11,070,500
Amount of cash received (Thousand Baht)	64,435
Paid-up capital after share registration	Baht 1,543,850,070 (1,543,850,070 ordinary shares of Baht 1 each)

The Annual General Meeting of the shareholders held on 7 April 2015 approved the following resolutions.

Change in par value of the Company's ordinary shares

To approve the change in the par value of the Company's ordinary shares from Baht 10 per share to Baht 1 per share, resulting in an increase in the number of ordinary shares from 172,123,329 shares to 1,721,233,290 shares.

The Company registered the change in the par value of the Company's ordinary shares with the Ministry of Commerce on 16 April 2015.

Decrease in share capital

To decrease the Company's registered capital by Baht 154,497,720 from Baht 1,721,233,290 (1,721,233,290 ordinary shares of Baht 1 each) to Baht 1,566,735,570 (1,566,735,570 ordinary shares of Baht 1 each), by decreasing the ordinary shares reserved for the exercise of TASCO-W3, ESOP-W1, ESOP-W2 and ESOP-W3 of 154,497,720 shares at the par value of Baht 1 each.

The Company registered the capital decrease with the Ministry of Commerce on 17 April 2015.

Increase of share capital

- 1) To increase the Company's registered capital by Baht 12,000,000 from Baht 1,566,735,570 (1,566,735,570 ordinary shares of Baht 1 each) to Baht 1,578,735,570 (1,578,735,570 ordinary shares of Baht 1 each), through the issue of 12,000,000 new ordinary shares of Baht 1 each.
- 2) To allocate and reserve the 12,000,000 new ordinary shares to support the exercise of the ESOP-W5 warrants (Note 22).

The Company registered the capital increase with the Ministry of Commerce on 20 April 2015.

As at 31 December 2015, the Company received advance subscription from the exercise of the warrants as follows:

	ESOP-W1	ESOP-W2	Total
Number of warrants exercised (warrants)	8,000	1,150	9,150
Number of ordinary shares issued (shares)	80,000	11,500	91,500
Amount of cash received (Baht)	497,520	56,500	554,020

The Company registered the capital increase from exercise of ESOP with the Ministry of Commerce on 13 January 2016. The Amount of cash received from the exercise of the warrants are presented in shareholders' equity under the caption of "Share subscription".

On 5 January 2016, the Extraordinary General Meeting of the Company's shareholders No.1/2016 approved to increase the current registered capital of Baht 1,578,735,570 (1,578,735,570 ordinary shares of Baht 1 each) to the new registered capital of Baht 1,579,343,570 (1,579,343,570 ordinary shares of Baht 1 each), with the new shares to be set aside for the exercise of the Long Term Incentive Program grant#1 (ESOP-W1) and #2 (ESOP-W2) because the number of ordinary shares reserved for their exercise of the ESOP-W1 and ESOP-W2 warrants had previously been over-reduced by 101,000 shares and 507,000 shares, respectively, in error.

22. Warrants to purchase new ordinary shares of the Company issued to the executive directors and/or employees of the Company and subsidiaries (ESOP)

The Annual General Meeting of the shareholders held on 7 April 2015 resolved to approve the change in the par value of the Company's ordinary shares, as discussed in Note 21 to the interim financial statements, resulting in the change of exercise ratio of ESOP-W1 to ESOP-W4 from 1 ESOP : 1 ordinary share to 1 ESOP : 10 ordinary shares. The exercise prices of such ESOP are as follows:

	ESOP-W1	ESOP-W2	ESOP-W3	ESOP-W4
Exercise price before change in the par value of the Company's ordinary shares (Baht per share)	62.19	49.13	53.06	49.41
Exercise price after change in the par value of the Company's ordinary shares (Baht per share)	6.219	4.913	5.306	4.941

In addition the Annual General Meetings of the shareholders also approved the issue of 12,000,000 units of warrants to purchase new ordinary shares of the Company without charging to the executive directors and/or employees of the Company and subsidiaries (ESOP-W5). Each ESOP-W5 warrant can be exercised to purchase 1 new ordinary share at an exercise price of Baht 8.57 per share.

The holders of ESOP-W5 are able to exercise their rights to purchase issuing the Company's ordinary shares after the third year, commencing from the warrant issue date, and the holders of the warrants must still be executive directors and/or employees of the Company or its subsidiaries on the date the warrants are exercised. ESOP-W5 warrants have a term of 5 years.

The exercise prices are subject to change in accordance with the conditions of any rights adjustment.

The Company subscribed ESOP-W5 on 29 May 2015.

The expenses recognised for employee services received during 2015 of the Company and its subsidiaries were totaled Baht 37 million (2014: Baht 15 million) (the Company only: Baht 30 million (2014: Baht 12 million)).

The fair value of option granted and the inputs of the model used are summarised below.

	ESOP-W1	ESOP-W2	ESOP-W3	ESOP-W4	ESOP-W5
Fair value of options granted	Baht 12.10 per share	Baht 5.41 per share	Baht 27.63 per share	Baht 17.78 per share	Baht 9.02 per share
Dividend yield	3.75%	2.58%	1.79%	1.77%	1.77%
Expected stock volatility*	40.00%	45.40%	43.30%	40.40%	40.30%
Risk-free interest rate	2.82%	3.30%	3.03%	2.46%	2.48%
Expected life of share options	2 years	2 years	3 years	3 years	3 years
Model used	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

*The expected volatility of the share options is based on historical data of the Company's stock price.

As at 31 December 2015 and 2014, the remain unexercised of ESOP are summarised below.

	2015	2014
ESOP-W1	15,000 units	813,200 units
ESOP-W2	50,700 units	283,200 units
ESOP-W3	1,099,100 units	1,111,100 units
ESOP-W4	1,178,300 units	1,178,300 units
ESOP-W5	11,140,000 units	-

23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

24. Expenses by nature

Significant expenses by nature are as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Salary and wages and other employee benefits	1,057	770	527	367
Depreciation and maintenance expenses	697	575	111	113
Costs related to production of goods and services (excluding of staff cost, depreciation and maintenance expenses)	29,648	43,955	29,585	42,991

25. Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Current income tax:				
Current income tax charge	(1,385,455)	(265,554)	1,082,185	(225,173)
Adjustment in respect of income tax of previous year	-	(85)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	196,765	89,289	(123,206)	96,581
Income tax expense reported in the statement of comprehensive income	(1,188,690)	(176,350)	(958,979)	(128,592)

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deferred tax relating to change in fair value of interest rate swap contract	(299)	(613)	(299)	(613)
Deferred tax relating to actuarial loss	5,772	1,838	4,782	2,267
	<u>5,473</u>	<u>1,225</u>	<u>4,483</u>	<u>1,654</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2015 and 2014 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Accounting profit before tax	<u>6,384,963</u>	<u>1,333,460</u>	<u>4,899,444</u>	<u>797,666</u>
Income tax at Thai corporate income tax rate of 20%	(1,276,993)	(266,692)	(979,889)	(159,533)
Adjustment in respect of income tax of previous year	(62)	(85)	-	-
Utilisation of previously unrecognised tax losses and capital allowance	191,326	92,604	-	-
Difference in tax rate in group companies	(25,185)	(7,976)	-	-
Effects of:				
Non-deductible expenses	(102,118)	(48,384)	(19,813)	(2,897)
Additional expenses deductions allowed	420	160	55	104
Exemption of income	11,885	22,056	40,668	33,734
Promotional privileges (Note 26)	18,829	26,797	-	-
Share of profit from investment in associate	13,530	9,770	-	-
Share of profit from investment in joint venture	4,032	-	-	-
Unused tax loss in the current year	(22,539)	(39,899)	-	-
Loss on disposal of investment in subsidiaries	-	37,261	-	-
Others	(1,815)	(1,962)	-	-
Total	<u>(77,776)</u>	<u>5,799</u>	<u>20,910</u>	<u>30,941</u>
Income tax expenses reported in the statement of comprehensive income	<u>(1,188,690)</u>	<u>(176,350)</u>	<u>(958,979)</u>	<u>(128,592)</u>

The tax rates enacted at the end of the reporting period of the Company and its subsidiaries is 0% to 25% (2014: 0% to 25%).

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

	Consolidated financial statements		Separate financial statement	
	2015	2014	2015	2014
Deferred tax assets				
Provision for long-term employee benefits	14,977	15,688	11,500	12,292
Allowance for doubtful accounts	28,644	26,079	85,122	14,710
Reduce cost of inventories to net realisable value	51,882	72,828	73,138	85,515
Allowance for asset impairment	63,018	63,018	19,414	19,414
Fair value of price hedging contracts	164,006	48,526	163,809	48,526
Others	18,631	10,880	10,979	6,998
Total	341,158	237,019	363,962	187,455
Deferred tax liabilities				
Fair value of price hedging contracts	(334,996)	(39,864)	(334,996)	(39,864)
Difference depreciation for tax purpose	(4,440)	(3,927)	(3,492)	(3,181)
Fair value of forward exchange contracts	(92)	(306)	(91)	(303)
Total	(339,528)	(44,097)	(338,579)	(43,348)
Deferred tax assets - net	1,630	192,922	25,383	144,107

As at 31 December 2015 and 2014, the overseas subsidiaries have deductible temporary differences and unused tax losses on which deferred tax assets have not been recognised as these subsidiaries believe that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses, as follows:

	2015	2014
	(Million)	(Million)
USD	27	59
Ringgit	5	4
Renminbi	21	18

26. Promotional privileges

The subsidiaries were granted investment promotional privileges by the Board of Investment. Important tax privileges granted to the companies are summarised below.

	Exemption of corporate income tax not exceeding of the stipulated amount for 8 years commencing from
Bitumen Marine Company Limited	
Marine transportation	15 June 2015
Tasco Shipping Company Limited	
Marine transportation	24 May 2011 19 December 2012
Alpha Maritime Company Limited	
Marine transportation	28 June 2011 9 October 2014

In addition, Kemaman Bitumen Company Sdn Bhd received tax privilege in reduction of corporate income tax in Malaysia from the stipulated investment amount.

27. Tax privileges for maritime commerce

The subsidiaries, Delta Shipping Company Limited and Bitumen Marine Company Limited, are entitled to withholding income tax privileges under Revenue Department Instruction No. Por 110/2545 since they are international marine transportation business operators, whereby income from vessel rental is subject to withholding tax at a rate of 1%. Moreover, the subsidiaries are exempted from corporate income tax on their income from international marine transportation under Announcement of the Director-General of the Revenue Department No. 72.

28. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares held by outside shareholders in proportion to the change in the number of shares as a result of the change in par value from Baht 10 each to Baht 1 each as discussed in Note 21 to the financial statements. The number of ordinary shares is adjusted as if the share split had occurred at the beginning of the earliest period reported.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued without consideration of exercising period and adjusts the number of ordinary shares held by outside shareholders plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares in proportion to the change in the number of shares as a result of the change in par value from Baht 10 each to Baht 1 each as discussed in Note 21 to the financial statements. The number of ordinary shares is adjusted as if the share split had occurred at the beginning of the earliest period reported. However, warrants to purchase new ordinary shares of the Company to executive directors and/or employees of the Company and subsidiaries ("ESOP") of which the exercise prices and the fair value of the service rendered to the Company and its subsidiaries in the future under such ESOP were higher than the average market price of the Company's shares for the periods were not included in the calculation of diluted earnings per share for the year ended 31 December 2015 and 2014.

The following tables set forth the computation of basic and diluted earnings per share:

Consolidated financial statements						
Profit for the year		Weighted average number of ordinary shares		Earnings per share		
2015	2014	2015	2014	2015	2014	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings per share						
Profit attributable to equity holders of the Company	5,078,754	1,200,434	1,540,485	1,529,334	3.30	0.78
Effect of potential ordinary shares						
ESOP-W1	-	-	2,317	-		
ESOP-W2	-	-	889	1,033		
ESOP-W3	-	-	8,151	-		
ESOP-W4	-	-	8,622	-		
ESOP-W5	-	-	2,874	-		
	-	-	22,853	1,033		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>5,078,754</u>	<u>1,200,434</u>	<u>1,563,338</u>	<u>1,530,367</u>	3.25	0.78
.						
Separate financial statements						
Profit for the year		Weighted average number of ordinary shares		Earnings per share		
2015	2014	2015	2014	2015	2014	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings per share						
Profit attributable to equity holders of the Company	3,940,465	669,073	1,540,485	1,529,334	2.56	0.44
Effect of potential ordinary shares						
ESOP-W1	-	-	2,317	-		
ESOP-W2	-	-	889	1,033		
ESOP-W3	-	-	8,151	-		
ESOP-W4	-	-	8,622	-		
ESOP-W5	-	-	2,874	-		
	-	-	22,853	1,033		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>3,940,465</u>	<u>669,073</u>	<u>1,563,338</u>	<u>1,530,367</u>	2.52	0.44

29. Segment information

The Company and its subsidiaries are engaged in single operating segment which is manufacturing and trading of asphalt and petroleum oil products. Whereas, the marine logistic business complements the manufacturing and trading of asphalt and petroleum oil products. The Board of Directors of the group is the chief operating decision makers of the Company and its subsidiaries. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment. Therefore, financial information by segment has been presented only by geographical based on locations of each company, as follows:

(Unit: Million Baht)

	Geographic segment located in Thailand		Geographic segment located in overseas		Eliminated transactions		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue from external customers	32,439	39,860	4,698	5,867	-	-	37,137	45,727
Inter segment revenues	3,764	4,543	1,345	1,039	(5,109)	(5,582)	-	-
Total revenue	<u>36,203</u>	<u>44,403</u>	<u>6,043</u>	<u>6,906</u>	<u>(5,109)</u>	<u>(5,582)</u>	<u>37,137</u>	<u>45,727</u>
Segment operating income	<u>4,536</u>	<u>986</u>	<u>552</u>	<u>229</u>	<u>(9)</u>	<u>(15)</u>	<u>5,079</u>	<u>1,200</u>

Non-current assets (other than deferred tax assets-net)

(Unit: Million Baht)

	Geographic segment located in Thailand		Geographic segment located in overseas		Total	
	2015	2014	2015	2014	2015	2014
Non-current assets	3,046	2,807	5,014	3,736	8,060	6,543

Transfer prices between the segments are as set out in Note 7 to the financial statements.

30. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contribute to the fund on a monthly basis. The fund, which is managed by CIMB-Principal Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During 2015, the Company and its subsidiaries contributed Baht 11 million (2014: Baht 10 million) to the fund (the Company only Baht 9 million, 2014: Baht 8 million).

31. Dividend

(Unit: Million Baht)

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht per share)
Interim dividends for 2014	Board of Directors' meeting on 13 November 2014	153.3	1.00
Total for 2014		<u>153.3</u>	<u>1.00</u>
Final dividends for 2014	Annual General Meeting of the shareholders on 7 April 2015	153.4	1.00
Interim dividends for 2015*	Board of Directors' meeting on 13 August 2015	462.9	0.30
Interim dividends for 2015*	Board of Directors' meeting on 13 November 2015	308.7	0.20
Total for 2015		<u>925.0</u>	<u>1.50</u>

* The interim dividends for 2015 are the dividends which are approved after change in par value of the Company's ordinary shares as described in Note 21 to the interim financial statements.

32. Commitments and contingent liabilities**32.1 Capital commitment**

As at 31 December 2015 and 2014, the Company and its subsidiaries had outstanding capital commitments relating to the purchase of leasehold rights, machinery, equipment, computer software and vessel, as follows:

Foreign currency	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(Million)	(Million)	(Million)	(Million)
Baht	64	1	47	1
Ringgit	48	55	-	-
US Dollar	22	-	-	-

32.2 Operating lease commitments

The Company and its subsidiaries have entered into several agreements in respect of the lease of buildings, warehouses and motor vehicles, and other service agreements. The terms of the agreements are generally between 1 and 5 years.

Future minimum rental and service fees payable under these agreements were as follows:

	Consolidated financial statements						Separate financial statements	
	Million Baht		Million USD		Million ringgit		Million Baht	
	2015	2014	2015	2014	2015	2014	2015	2014
Payable within:								
1 year	38	37	3	-	1	1	35	32
2 to 5 years	4	5	-	-	-	-	3	5

32.3 Long-term service commitments

Service agreements with Colas S.A. to receive management and marketing services and advice on methods and systems of management and technical assistance in the manufacture of Asphalt Emulsion and Modified Asphalt:

Counterparty	Agreement term	Expiry date	Fee
The Company	5 years	31 December 2017	Annual lump sum administrative fee of Euro 145,000 plus a technical assistance fee equivalent to 0.75 percent of the consolidated revenues of the Company generated from the stipulated products
A subsidiary	5 years	30 September 2017	Annual fee of at least Baht 8 million

32.4 Crude oil purchase commitments

During the year 2014, the Company entered into an agreement with a company in Venezuela to purchase crude oil amounting to 44 million barrels. The term of the agreement is 4 years and ends in December 2017.

As at 31 December 2015, the Company had outstanding commitment in respect of the purchase of crude oil for such agreement approximately 22 million barrels.

32.5 Bank guarantees

As at 31 December 2015 and 2014, there were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business which are summarised below.

Foreign currency	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(Million)	(Million)	(Million)	(Million)
Baht	3	4	2	2
Ringgit	8	9	-	-
Renminbi	5	5	5	5

33. Fair value hierarchy

As at 31 December 2015, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivatives				
Foreign currency forward contracts	-	458	-	458
Commodity swaps	-	1,674,981	-	1,674,981
Financial liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	636	-	636
Commodity swaps	788	819,044	-	819,832
Interest rate swaps	-	18,945	-	18,945

(Unit: Thousand Baht)

	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivatives				
Foreign currency forward contracts	-	458	-	458
Commodity swaps	-	1,674,981	-	1,674,981
Financial liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	631	-	631
Commodity swaps	-	819,044	-	819,044
Interest rate swaps	-	19,023	-	19,023

34. Financial instruments**34.1 Financial risk management**

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, trade and other payables, liabilities under finance lease agreements and loans. The financial risks associated with these financial instruments and how they are managed are described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and loans, as stated in statements of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, short-term loans from banks, liabilities under finance lease agreements and long-term borrowings. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2015						
Fixed interest rates						
	Within 1 year	1-5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
Financial Assets						
Cash and cash equivalents	-	-	678	675	1,353	0.1 - 2.6
Trade and other receivables	-	-	-	3,272	3,272	-
Financial liabilities						
Short-term loans from financial institutions	36	-	-	-	36	0.8 - 7.2
Trade and other payables	-	-	-	1,824	1,824	-
Liabilities under finance lease agreements	3	1	-	-	4	2.6 - 48.9
Long-term loans from financial institutions	72	243	2,167	-	2,482	1.9 - 2.2

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2014						
Fixed interest rates						
Within 1 year	1-5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)	
Financial Assets						
Cash and cash equivalents	-	-	55	222	277	0.1 - 2.6
Trade and other receivables	-	-	-	4,018	4,018	-
Financial liabilities						
Short-term loans from financial institutions	4,094	-	-	-	4,094	0.8 - 7.2
Trade and other payables	-	-	-	1,314	1,314	-
Liabilities under finance lease agreements	4	4	-	-	8	2.6 - 48.9
Long-term loans from financial institutions	68	315	2,615	-	2,998	1.8 - 4.7
Long-term loans from related party	-	-	-	8	8	-

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2015						
Fixed interest rates						
Within 1 year	1-5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)	
Financial Assets						
Cash and cash equivalents	-	-	579	88	667	0.1 - 1.6
Trade and other receivables	-	-	-	2,925	2,925	-
Short-term loans to related parties	-	-	-	218	218	-
Financial liabilities						
Short-term loans from financial institutions	-	-	-	1,758	1,758	-
Trade and other payables	2	-	-	-	2	4.8 - 48.9

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2014					
	Fixed interest rates					
	Within 1 year	1-5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
Financial Assets						
Cash and cash equivalents	-	-	11	13	24	0.1 - 1.6
Trade and other receivables	-	-	-	4,090	4,090	-
Short-term loans to related parties	-	-	-	6	6	-
Financial liabilities						
Short-term loans from financial institutions	3,901	-	-	-	3,901	0.8 - 0.9
Trade and other payables	-	-	-	1,593	1,593	-
Liabilities under finance lease agreements	3	3	-	-	6	4.8 - 48.9
Long-term loans from financial institutions	-	-	773	-	773	2.9 - 3.6

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities of the Company and its subsidiaries denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements				Average exchange rate as at 31 December	
	Financial assets as at 31 December		Financial liabilities as at 31 December			
	2015	2014	2015	2014	2015	2014
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	37	49	40	145	36.1	33.0
Yen	-	-	53	14	0.3	0.3
Ringgit	15	33	38	21	8.4	9.4
Vietnam Dong	15	13	-	-	0.0016	0.0016
Indonesia Rupiah	5	5	-	-	0.0026	0.0027

Foreign currency	Separate financial statements				Average exchange rate as at 31 December	
	Financial assets as at 31 December		Financial liabilities as at 31 December			
	2015	2014	2015	2014	2015	2014
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	49	87	30	136	36.1	33.0
Renminbi	81	-	-	-	5.5	5.3
Ringgit	-	-	3	1	8.4	9.4

The Company and its subsidiaries outstanding foreign exchange contracts which maturity date within one year are summarised below.

As at 31 December 2015						
Foreign currency	Consolidated financial statements		Separate financial statements		Contractual exchange rate	
	Sold amount	Bought amount	Sold amount	Bought amount	Sold	Bought
	(Million)	(Million)	(Million)	(Million)		
US Dollar	3	9	3	9	35.6 - 36.2 Baht per 1 US Dollar	35.9 - 36.3 Baht per 1 US Dollar

As at 31 December 2014						
Foreign currency	Consolidated financial statements		Separate financial statements		Contractual exchange rate	
	Sold amount	Bought amount	Sold amount	Bought amount	Sold	Bought
	(Million)	(Million)	(Million)	(Million)		
US Dollar	6	4	6	3	32.7 - 33.2 Baht per 1 US Dollar	32.3 - 33.0 Baht per 1 US Dollar

In addition, the Company and its subsidiaries are exposed to foreign exchange risk on their investments in overseas subsidiaries joint venture and associate. These investments are currently not hedged by derivative financial instruments.

Risk from fluctuation in raw materials and finished goods prices

The Company and its subsidiaries is exposed to risk from fluctuations in the price of raw materials and finished goods. To manage these risks, the Company and its subsidiary have entered into forward/future contracts to purchase/sell of raw materials and finished goods, and option contracts to purchase/sell of raw materials and finished goods to hedge the risk from fluctuation in such prices.

As at 31 December 2015 and 2014, the Company and its subsidiary had outstanding price hedging contracts which maturity date within one year are presented in the statements of financial position at fair value and were summarised below.

(Unit: Million Baht)

Contract type	Type of product	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<u>Contracts presented as assets</u>					
Bought forward contract	Petroleum product	3	-	3	-
Sold forward contract	Crude oil	496	199	496	199
Sold forward contract	Petroleum product	1,146	-	1,146	-
Two-ways collar option	Petroleum product	30	-	30	-
Total price hedging contracts presented as assets		1,675	199	1,675	199
<u>Contracts presented as liabilities</u>					
Bought forward contract	Crude oil	298	-	298	-
Bought forward contract	Petroleum product	473	-	473	-
Sold forward contract	Crude oil	7	-	7	-
Sold forward contract	Petroleum product	3	-	3	-
Sold future contract	Asphalt product	1	-	-	-
Four-ways collar option	Crude oil	38	243	38	243
Total price hedging contracts presented as liabilities		820	243	819	243

34.2 Fair value of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position. For derivatives, fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

35. Capital management

The primary objective of the capital management of the Company and its subsidiaries is to ensure that they have an appropriate financial structure and preserves the ability to continue their business as a going concern.

The Group manages its capital position with reference to financial ratio. As at 31 December 2015 and 2014, these financial ratios were as follow:

Financial Ratio	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Interest Bearing Short-term Debt-to-Equity Ratio	0.04 : 1	0.80 : 1	-	0.78 : 1
Interest Bearing Long-term Debt-to-Equity Ratio	0.19 : 1	0.36 : 1	-	0.08 : 1

The Trust Receipts (in Note 15) is revolving in nature and used to fund the working capital of crude inventory and receivables which have less than four-month cash conversion cycle.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 15 February 2016.

COMPANY INFORMATION

HEAD OFFICE

Tipco Tower, 118/1 Rama 6 Road, Samsen Nai, Phayathai District,
Bangkok 10400, Thailand.
Tel. +66 2273 6000
Fax. +66 2278 0043
Email : info@tipcoasphalt.com
Website : www.tipcoasphalt.com

PRODUCTION FACILITIES

Domestic production facilities of the Tipco Asphalt Group are as follows:

NAKHON RATCHASIMA

259 Soi Ror Por Chor 12032, Mittapap Road, Naklang, Soongnoen,
Nakhon Ratchasima 30380
Tel. +66 4433 5495-9, +66 2273 6000 Ext. 3
Fax. +66 4433 5495-9 Ext. 14, +66 4433 5050

PHITSANULOK

271 Moo 15 Baan Wang Koom, Bangrakam, Phitsanulok 65140
Tel. +66 5537 1581-3, +66 2273 6000 Ext. 5
Fax. +66 5537 1461-2 Ext. 6360

THATHONG

(subsidiary)

123 Moo 3, Suratthani-Kanchanadit Road, Bangkung, Muang District, Suratthani 84000
Tel. +66 7722 4683-5, +66 2273 6000 Ext. 7
Fax. +66 7792 2575

RAYONG

(subsidiary)

93 Moo 5 Makumkoo, Nikompattana District, Rayong 21180
Tel. +66 3889 3641-5
Fax. +66 3889 3640

OIL AND ASPHALT TERMINALS

The Company operates domestic asphalt terminals and oil depots at the following locations:

PHRAPRADAENG

61 Moo 5, Suksawat Road, Bangjak, Phrapradaeng, Samut Prakan 10130
Tel. +66 2463 0169-70, +66 2817 5111-5, +66 2273 6000 Ext. 6
Fax. +66 2817 5117

THATHONG

(subsidiary)

123 Moo 3, Suratthani-Kanchanadit Road, Bangkung, Muang District, Suratthani 84000
Tel. +66 7722 4683-5, +66 2273 6000 Ext. 7
Fax. +66 7792 2575, +66 2273 6749 Ext. 7

SUBSIDIARIES AND ASSOCIATED COMPANIES

Juristic entities in which the Company has equity in excess of 10%.

SUBSIDIARIES IN THAILAND

THAI BITUMEN CO., LTD.

Nature of business	Producer and distributor of asphalt product It is also a holding company for Kemaman Oil Corporation Sdn. Bhd. (KOC) and Kemaman Bitumen Company Sdn. Bhd. (KBC), Malaysia.
Head Office	118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400 Tel. +66 2273 6000 Fax. +66 2273 6030
Thathong Plant	123 Moo 3, Suratthani - Kanchanadit Road, Bangkung, Muang District, Suratthani 84000 Tel. +66 7722 4683-5, +66 2273 6000 Ext. 7 Fax. +66 7792 2575, +66 2273 6749 Ext. 7
Ordinary shares	15,000,000
Registered capital	Baht 1,500 million
Percentage holding	99.99%

BITUMEN MARINE CO., LTD.

Nature of business	Marine transportation
Head Office	118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400 Tel. +66 2273 6000 Ext. 6774 Fax. +66 2271 3370
Ordinary shares	1,500,000
Registered capital	Baht 150 million
Percentage holding	99.99%

DELTA SHIPPING CO., LTD.

Nature of business	Marine transportation
Head Office	118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400 Tel. +66 2273 6000 Ext. 6774 Fax. +66 2271 3370
Ordinary shares	800,000
Registered capital	Baht 80 million
Percentage holding	99.99%

ALPHA MARITIME CO., LTD.

Nature of business	Marine transportation
Head Office	118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400 Tel. +66 2273 6000 Ext. 6774 Fax. +66 2271 3370
Ordinary shares	1,430,000
Registered capital	Baht 143 million
Percentage holding	99.99%

TIPCO MARITIME CO., LTD.

Nature of business	Ship management and agency
Head Office	118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400 Tel. +66 2273 6000 Ext. 6774 Fax. +66 2271 3370
Ordinary shares	20,000
Registered capital	Baht 2 million
Percentage holding	99.99%

TASCO SHIPPING CO., LTD

Nature of business	Marine transportation
Head Office	118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400
	Tel. +66 2273 6000 Ext. 6774
	Fax. +66 2271 3370
Ordinary shares	2,900,000
Registered capital	Baht 290 million
Percentage holding	99.99 %

RAYCOL ASPHALT CO., LTD

Nature of business	Producer and distributor of asphalt products
Head Office	118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400
	Tel. +66 2273 6000
	Fax. +66 2273 6030
Rayong	93 Moo 5 Makumkoo, Nikompattana District, Rayong 21180
	Tel. +66 3889 3641-5
	Fax. +66 3889 3640
Ordinary shares	8,818,000
Registered capital	Baht 111 million
Percentage holding	(79.44%)

FOREIGN SUBSIDIARIES**AD SHIPPING PTE. LTD.**

Nature of business	Marine transportation
Address	300 Beach Road #26-07, The Concourse, Singapore 199555
	Tel. +65-62249808
	Fax. +65-62249228
Registered capital	SGD 7,125,000
Percentage holding	100% held by the Company

RETA LINK PTE LTD.

Nature of business	Marine transportation
Address	300 Beach Road #26-07, The Concourse, Singapore 199555
	Tel. +65-62249808
	Fax. +65-62249228
Registered capital	SGD 50,000
Percentage holding	100% held by the Company

TASCO INTERNATIONAL (HONG KONG) LTD.

Nature of business	Holding company for investments in China
Address	Room 1A, 1 st Floor, O.T.B. Building, 259-265 Des Voeux Road, Central, Hong Kong.
Registered capital	Hong Kong Dollars 30.97 million
Percentage holding	100%

KEMAMAN OIL CORPORATION SDN. BHD.

Nature of business	Holding company for investment in an asphalt refinery in Malaysia
Address	A-06-3A, Empire Tower, Empire Subang Jalan SS16/1, SS16 47500 Subang Jaya Selangor, Malaysia
	Tel. +603 5635 0998
	Fax. +603 5635 0993
Registered capital	Malaysian Ringgit 250.7 million
Percentage holding	100% (26.11% owned by the Company, 37.01% owned by Thai Bitumen Co., Ltd, and 36.88% owned by TASCO International (Hong Kong) Ltd.)

KEMAMAN BITUMEN COMPANY SDN. BHD.

Nature of business	Asphalt refinery in Malaysia
Address	A-06-3A, Empire Tower, Empire Suban Jalan SS16/1, SS16 47500 Subang Jaya Selangor, Malaysia Tel. +603 5635 0998 Fax. +603 5635 0993 Email: info@kbc.com.my Website: www.kbc.com.my
Refinery address	Plot PT 7195, Telok Kalong Industrial Area 24000 Kemaman Terengganu, Malaysia
Registered capital	Malaysian Ringgit 500 million
Percentage holding	100% (27.74% held by the Company, 26.06% held by Thai Bitumen Co., Ltd., 44.80% held by Kemaman Oil Corporation Sdn. Bhd., and 1.40% held by TASCOS International (Hong Kong) Ltd.)

TIPCO ASPHALT (CAMBODIA) CO., LTD.

Nature of business	Trade asphalt products and distributes asphalt
Address	No. 67, St. 322, Sangkat Boeung Keng Kang I, Khan Chamkamon, Phnom Penh, Cambodia Tel.: +855 2399 7991 Mobile: +855 1273 9988 Fax.: +855 2399 7992 E-mail: tac@tipcoasphalt.com
Registered capital	20 Million riel
Percentage holding	100% held by the Company

HIGHWAY RESOURCE PTE. LTD.

Nature of business	Trade asphalt products and distributes asphalt
Address	300 Beach Road #26-07, The Concourse, Singapore 199555 Tel. +65-62249808 Fax. +65-62249228
Registered capital	SGD 4,780,000
Percentage holding	100% held by the Company

PT ASPHALT BANGUNSARANA

Nature of business	Distributor of asphalt products, PMB, and Emulsion to the Road constructor in Indonesia
Address	Head Office Gedung Graha Pratama, 19 th Floor, Jl. Mt. Haryono Kav. 15, Jakarta 12810, Indonesia Tel. +62-2183709516 Fax. +62-2183709517 Website: www.pt-abs.co.id/
Registered capital	Indonesia 58,450,080,000 Rupiah
Percentage holding	100% (99.98% held by the Company, 0.02% held by Ilham Mardanis)

ASSOCIATED COMPANIES

COLASIE CO., LTD

Nature of business	Holding company for investment in Asphalt Emulsion and Polymer Modified Asphalt plants in India
Address	7, Place Rene Clair F-92653 Boulogne - Billancourt France Cedex
Registered capital	Euro 1 million
Percentage holding	40%

OTHER IMPORTANT INFORMATION

Stock Code	TASCO (Listed on the Stock Exchange of Thailand - SET)
Registration No	0107535000044
No. of Shares Issued	1,543,850,070 Shares
Registered Capital	1,578,735,570 Baht
Paid Up Capital	1,543,850,070 Baht
Website	www.tipcoasphalt.com
Registrar of Shares	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Tel. +66 2009 9388 Fax. +66 2009 9476
Auditor	Mr. Supachai Phanyawattano, Certified Public Accountant Registration No. 3930 and/or Ms. Siraporn Ouuanunkun Certified Public Accountant Registration No. 3844 and/or Ms. Supanee Triyanantakul Certified Public Accountant Registration No. 4498 EY Office Limited 33 rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road Klongtoey, Bangkok 10110 Tel. +66 2264 0777, +66 2661 9190 Fax. +66 2264 0789-90, +66 2661 9192
Legal Consultants	Mr. Parama Saovabha Rajah & Tann (Thailand) Limited 973 President Tower, 12 th Floor, Units 12A-12F, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 Tel. +66 2656 1991 Fax. +66 2656 0833 Mr. Tawatchai Jaranakaran Chor. Chanasongkram Advocates & Solicitors 52/3 Phrasumeru Rd., Bangkok Tel. +66 2282 2995
Financial Advisor	Phatra Securities Public Company Limited 6,8-11 Muang Thai-Phatra Office Tower 1 252/6 Ratchadapisek Road, Huaykwang, Bangkok 10310 Tel. +66 2275 0888 Fax. +66 2693 2355 Advisory Plus Co., Ltd. 1550 Thanapoom Tower 10 th Floor New Phetchaburi Road, Khwang Makkasan, Khet Ratcha Thewi, Bangkok 10400 Tel. +66 2652 7858-65 Fax. +66 2652 7867
Consultant or Contract Manager	None

(form 56-1) displaying at www.sec.or.th or the Company's website: www.tipcoasphalt.com



TIPCO ASPHALT PUBLIC COMPANY LIMITED

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