



TIPCO

TIPCO ASPHALT PUBLIC COMPANY LIMITED

ANNUAL REPORT 2016







ปวงข้าพระพุทธเจ้าขอน้อมเกล้าน้อมกระหม่อม
รำลึกในพระมหากรุณาธิคุณหาที่สุดมิได้



ข้าพระพุทธเจ้า คณะกรรมการ ผู้บริหาร และพนักงาน
บริษัท ทีปโก้เอสพีอาร์ จำกัด (มหาชน)

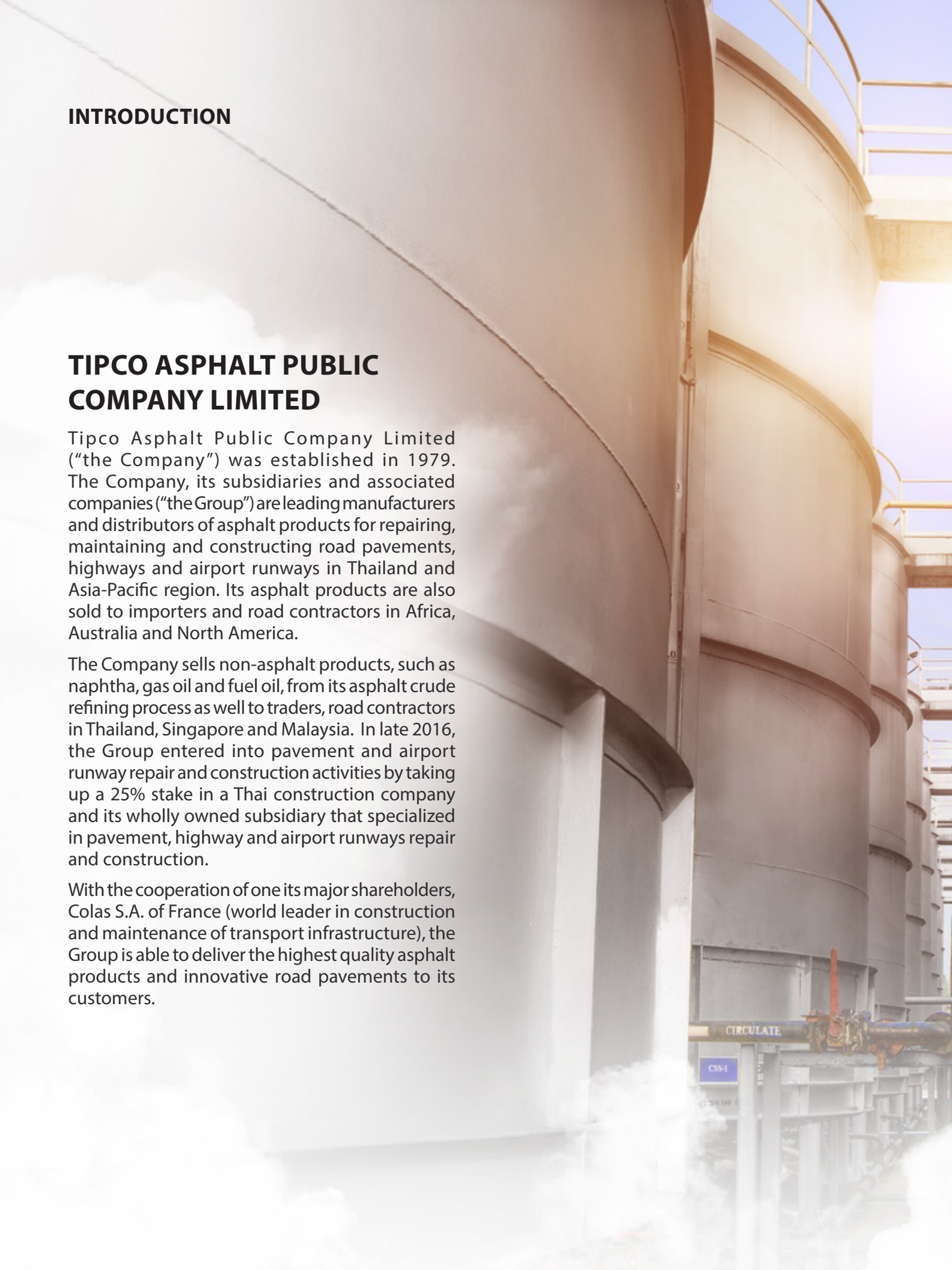
INTRODUCTION

TIPCO ASPHALT PUBLIC COMPANY LIMITED

Tipco Asphalt Public Company Limited ("the Company") was established in 1979. The Company, its subsidiaries and associated companies ("the Group") are leading manufacturers and distributors of asphalt products for repairing, maintaining and constructing road pavements, highways and airport runways in Thailand and Asia-Pacific region. Its asphalt products are also sold to importers and road contractors in Africa, Australia and North America.

The Company sells non-asphalt products, such as naphtha, gas oil and fuel oil, from its asphalt crude refining process as well to traders, road contractors in Thailand, Singapore and Malaysia. In late 2016, the Group entered into pavement and airport runway repair and construction activities by taking up a 25% stake in a Thai construction company and its wholly owned subsidiary that specialized in pavement, highway and airport runways repair and construction.

With the cooperation of one its major shareholders, Colas S.A. of France (world leader in construction and maintenance of transport infrastructure), the Group is able to deliver the highest quality asphalt products and innovative road pavements to its customers.





MISSION

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

VISION

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

Tipco Asphalt
www.tipcoasphalt.com



ควบคุมความเร็วด้วย
ระบบ GPS
ติดต่อสอบถาม
0 3889 3641-5

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3257

SPEED LIMIT
60Km./Hr.

THAILAND 01
99-8011

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- Corporate Governance & CSR ○
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FINANCIAL HIGHLIGHTS

	2012	2013	2014	2015	2016
Financial Highlights (THB million)					
Total Revenue ^{1/}	38,414	34,140	46,249	37,580	24,395
Gross Profit	1,101	1,739	2,004	7,503	4,689
EBITDA	1,503	1,789	2,630	6,375	4,727
Net Profit	642	831	1,200	5,078	3,110
Assets	18,669	20,273	15,145	16,869	19,502
Liabilities	13,627	14,382	9,020	6,304	7,237
Shareholders' Equity	5,042	5,891	6,125	10,565	12,265
Financial Ratio					
Total number of shares issued (shares) ^{2/}	1,525,480,680	1,525,808,680	1,532,779,570	1,543,850,070	1,552,998,070
Book value per share (Baht) ^{2/}	2.90	3.43	3.88	6.84	7.89
Earnings per share (Baht) ^{2/}	0.42	0.54	0.78	3.30	2.01
Dividend per share (Baht) ^{2/}	0.00	0.10	0.20	0.90	0.90 ^{3/}
Net profit margin(%)	1.67	2.44	2.60	13.51	12.75
Return on equity(%)	15.52	17.20	21.44	62.38	27.67
Return on assets(%)	6.36	6.05	8.78	40.83	21.40
Debt to Equity Ratio	2.70	2.44	1.47	0.60	0.59

1/ Including profit from investment in joint venture and associates

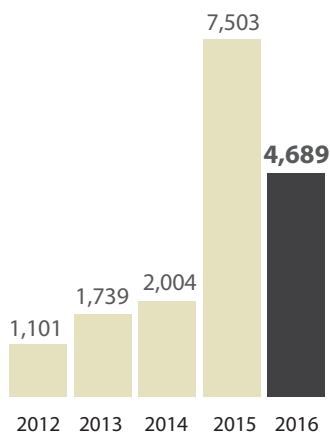
2/ 2012 – 2014 figures are adjusted based on par value at Baht 1 per share

3/ Final dividend at 0.60 Baht per share is subjected to approval at Annual General Meeting No.1/2017

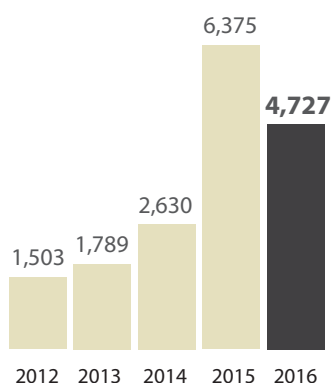
4/ Exchange rate in 2012, 2013, 2014, 2015 and 2016 were 31.08, 30.72, 32.48, 34.28, and 35.28 Baht per USD, respectively

FINANCIAL HIGHLIGHTS (THB MILLION)

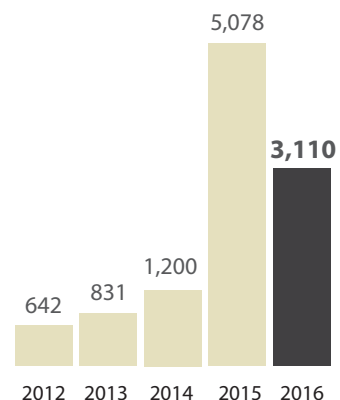
Gross Profit



EBITDA

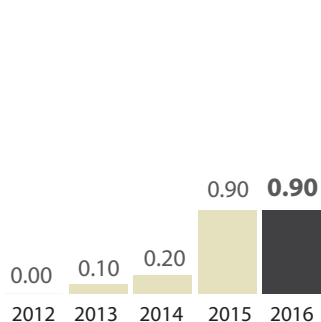


Net Profit

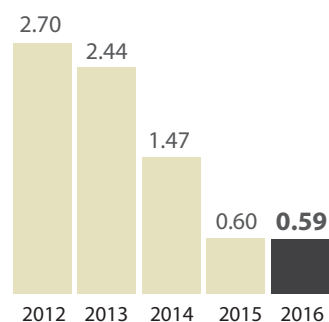


FINANCIAL RATIO

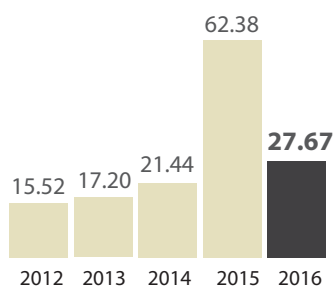
Dividend per share (Baht)



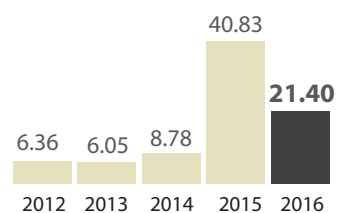
Debt to Equity Ratio



Return on equity (%)



Return on assets (%)



MESSAGE FROM THE CHAIRMAN

“The Board approved the same level of total dividend of Baht 0.9 per share as in 2015, signifying great confidence in Tipco Asphalt Group's performance of 2016 as well as 2017 outlook. TASCO is in the list of SETHD (High Dividend) index and we intend to ensure that TASCO remains in this index.”



“I am pleased to report that Tipco Asphalt Group has delivered its second highest result in the Group's history for the year 2016 with an EBITDA of Baht 4.7 billion and a net profit after tax of Baht 3.1 billion.

The Group had been enjoying several years of rapid growth in global asphalt demand especially in the year 2015 where the asphalt industry also benefitted from the drastic downfall of crude price (from over US\$ 100 per barrel in 2014 to an average of US\$ 50 per barrel in 2015) which resulted in a corresponding decline of asphalt production cost. Some of you might remember that we did caution the extraordinary high profit in 2015 of Baht 5.1 billion net profit could not be repeated consecutively. As anticipated, in 2016 asphalt producers rushed to increase their production which inevitably created an oversupply of asphalt in the

market. Subsequently, the market underwent a substantial price correction since the first quarter and the price stayed low for most part of 2016. Fortunately, the price rebounded in the last two weeks of 2016 as demand-supply of asphalt was resumed following production cut by major asphalt producers.

Nevertheless, we are proud to report to our shareholders that with our effective business expansion and risk management strategies, the Group still succeeded in delivering a robust performance for the year 2016 with impressive Return on Equity (ROE) and Return on Investment (ROI) of 27% and 21% respectively. We believe in maintaining a healthy cash position by controlling capital expenditure at a modest level whilst seeking for new business expansion. We also maintained total borrowings of the Group at low level

which resulted in an improvement of the Group's Debt to Equity ratio to 0.59:1. As a result, Fitch Credit Rating Agency reaffirmed our long term credit rating of "A-" in October 2016 which reinforces lenders and investors' confidence in our credit standing.

Thailand's asphalt consumption reached an all-time high at 1.3 million tons in 2016 following the increase in road infrastructure spending by the government which was higher than last year by 24%. As the market leader, our domestic sales team delivered another strong performance by achieving a new high in sales volume. Outlook for domestic asphalt demand in 2017 is still robust at least throughout the first half of the year.

In contrast for export market of 2016, small sized oil refineries in China (tea pot refineries) with total production capacity of about 2 million barrels per day were allowed to import crude directly for their refinery operation for the first time. This enabled them to increase operating rate to about 80% as compared to 50% in 2015 and consequently created a significant over supply of asphalt within China's internal market. Our management was hence put to task in confronting the challenging export market environments. On the bright side, India's asphalt market demand rose rapidly in 2016 and is expected to become a significant net asphalt importing country in the next few years. As part of our business expansion strategy, we are working closely with our partner in India to capitalize this opportunity. The outlook for export market is more positive as we foresee the asphalt market to be well balanced in 2017 which will underpin the recovery of asphalt price since late December 2016.

In line with our medium term vision, the Group has invested great efforts in integrating the newly acquired businesses in Vietnam, Singapore, Indonesia as well as in Thailand during 2016. We undertook an overall review of operations and organization structures of these companies recognizing the potential benefits from business synergies. We are

pleased to report that the integration has been successfully completed and the acquired companies managed to yield profit contribution to the Group with 14% ROI in 2016.

In conclusion, the year 2016 was very challenging but certainly another year of outstanding performance for the Group and I am pleased to inform the shareholders that the Board has proposed to the Annual General Meeting No. 1/2017 a final dividend of Baht 0.60 per share which will bring the total dividend for 2016 to Baht 0.90 per share, representing a payout ratio of 54% of net profit of the company (Tipco Asphalt Plc.). This record high dividend payout ratio confirms our intention to ensure that the Company remains in the list of SET HD (High Dividend) index.

Lastly, on behalf of the Board of Directors, I wish to sincerely thank the shareholders for their kind and continued support and the management and staff for their commendable performance. Their high team spirit, integrity, prudence, commitment and open-minded attitude in performing their duties with full responsibilities are highly appreciated."



MR. CHAINOI PUANKOSOOM

Chairman

REPORT OF THE AUDIT COMMITTEE



A handwritten signature in black ink, appearing to read 'Phirasilp Subhapholsiri'.

PHIRASILP SUBHAPHOLSIRI

Chairman of the Audit Committee

AUDIT COMMITTEE

The Audit Committee (AC) consists of 3 independent directors who are knowledgeable and experienced in business administration, accounting, management and engineering. The AC is chaired by Mr. Phirasilp Subhapholsiri, with Mr. Parnchalerm Sutatam and Mr. Nopporn Thepsithar making up the remaining two members. The only change to the AC during 2016 was the resignation of the previous Chairman – Mr. Niphon Suthimai.

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 with 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 2016, the AC held 11 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	-	7
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 external auditors.

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 continually evolves to serve the interests of the Company. 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 internal audit plan that will be applied for the years 2017 (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 2016 internal 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 2016 mainly focused on the Company's Plant Operations in Thailand and China; as well as the Company's sales and marketing operations in Thailand. The IAD also reviewed the completion of committed action plans by management to address previously-reported observations.

APPOINTMENT OF THE EXTERNAL AUDITOR FOR 2017

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 2017. Consequently, the AC proposed these to the Board for approval by the shareholders at the Annual General Meeting of 2017.

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.

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE



A handwritten signature in black ink, appearing to read 'Phirasilp Subhapholsiri'.

MR. PHIRASILP SUBHAPHOLSIRI

Chairman of the Corporate Governance Committee

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee ("CG Committee") consisted of 2 independent directors (Mr. Phirasilp Subhapholsiri and Mrs. Anne-Marie Machet) and 2 executive directors (Mr. Jacques Marechal and Mr. Chaiwat Srivalwat). In 2016, the CG Committee continued to perform its duties as set forth in the Company's charter and held totally four meetings. Below is a summary of key development:

RIGHTS OF SHAREHOLDERS

- The CG Committee reviewed a facilitation plan for convening the Annual General Shareholders' Meeting (AGM), and made suggestions to ensure that the AGM was carried out in an orderly, transparent and efficient manner, and in compliance with the Securities and Exchange Commission's ("SEC") AGM Checklist. As a result, the Company's AGM was rated at 98.75 percent by the Thai Investors' Association in 2016.
- The CG Committee provided opportunities for shareholders to propose agenda and nominate any person to be director prior to the AGM No.1/2017 during the period of 26 September 2016 to 30 December 2016.

EQUITABLE TREATMENT OF SHAREHOLDERS

- The CG Committee published information relating to the AGM's agenda on the Company's website no less than a month before the AGM date. Related documents were distributed to the shareholders no less than 21 days before the AGM date.

ROLE OF STAKEHOLDERS

- The CG Committee reviewed and revised the Company's Code of Ethics to be in line with Self-Evaluation Tool for Countering Bribery by the Thai Institute of Directors Association (IOD). The Code of Ethics was also informed to all stakeholders including customers, business partners, and any other related parties.

DISCLOSURE AND TRANSPARENCY

- The CG Committee provided recommendations on compliance with the rules and regulations of the Stock Exchange of Thailand on disclosure of information and quality of financial statements in Annual Report, Form 56-1, and the Company's website.
- The CG Committee provided recommendations on the Company's disclosure of information in accordance with the Best Investor Relations Awards guidelines. In 2016, the Company's score on Best IR award regarding the level of information disclosure on IR webpage improved from 66% to 73%.

BOARD RESPONSIBILITIES

- The CG Committee considered and proposed to the Board of Directors the performance appraisal of directors as well as disclosure of the self-evaluation process and criteria according to the corporate governance reports of the Thai listed companies.

The CG Committee fully recognizes that good corporate governance is one of the key elements for sustainable development of the Company. In 2016, the Company's CG score as assessed by the Institution of Directors ("IOD") improved from "86%" to "88%" and the Company was selected to be in the Universe of ESG100 for the year 2016 by Thaipat Institute.

REPORT OF NOMINATION AND REMUNERATION COMMITTEE



A handwritten signature in black ink, consisting of a stylized 'N' followed by a long horizontal stroke.

MR. NOPPORN THEPSITHAR

Chairman of the Nomination and Remuneration Committee

NOMINATION & REMUNERATION COMMITTEE

The Nomination and Remuneration Committee ("N&R Committee") consists of 3 independent directors (Mr. Nopporn Thepsithar (chairman) and Mrs. Anne-Marie Machet and Mr. Parnchalerm Sutatam) and 1 executive director Mr. Jacques Pastor.

The N&R Committee continued to perform its duties as set forth in the committee's charter. In 2016, N&R committee met once with the following highlights: -

- Nominated new director(s) and reviewed nomination process to be in accordance with Company's nomination criteria.
- Reviewed qualification and composition of Board of Directors and sub-committees with guidelines from the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand, and the Institute of Directors.
- Determined compensation paid to directors, The remuneration of Board of Directors and sub-committees was deliberated based on remuneration of other listed companies in same industry and result of self-assessment of Board of Directors and sub-committees.
- Determined compensation paid to executive directors. The remuneration is deliberated by corporate performance against goals. With regard to Chief Executive Officer remuneration, it was also determined by result of assessment of Chief Executive Officer by the Board of Directors.

BOARD OF DIRECTORS

BOARD OF DIRECTORS



- | | | |
|---|--|---|
| 1. MR. JACQUES MARECHAL
Executive Director | 4. MR. CHAINOI PUANKOSOOM
Chairman | 7. MR. PHIRASILP SUBHAPHOLSIRI
Independent Director |
| 2. MR. SOMCHIT SERTTHIN
Chief Executive Officer | 5. MS. LAKSANA SUPSAKORN
Director | |
| 3. MR. JACQUES LEOST
Director | 6. MR. SITILARB SUPSAKORN
Executive Director | |



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8. MR. CHAIWAT SRIVALWAT
Managing Director

9. MR. NIPHON SUTHIMAI
Independent Director

10. MR. KOH BAN HENG
Vice Chairman

11. MR. HERVÉ LE BOUC
Director

12. MR. JACQUES PASTOR
Executive Director

13. MRS. ANNE-MARIE MACHET
Independent Director

14. MR. PARNCHALERM SUTATAM
Independent Director

15. MR. NOPPORN THEPSITHAR
Independent Director

BOARD OF DIRECTORS



MR. CHAINOI PUANKOSOOM

CHAIRMAN,
INDEPENDENT DIRECTOR

Age 66

Starting date of Directorship
13 August 2015

Education

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

Training

- 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 -none-

Family Relationship with Other Directors and Executives -none-

Related Experience

2012 - Present	Director and member of Audit Committee, Golden land Property Development Plc. (Property development)
2013 - Present	Director and member of Audit Committee, Muang Thai Leasing Plc. (Lending services)
2016 - Present	Chairman, Tipco Asphalt Plc.
Present	Chairman, Chairman of Audit Committee, Ticon Industrial Connection Plc. (Industrial and Warehouse for Rent)
2010 - Present	Director and member of Audit Committee, National Power Supply Plc. (Energy and renewable energy)
2015 - Present	Director, Prima Marine Co., Ltd. (Operator of petroleum and chemicals tanker)
2016 - Present	Director, Petroleum Institute of Thailand
2011 - Present	Director, Energy Fund Administration Institute
2016 - Present	Director, Working Capital Committee



MR. KOH BAN HENG

VICE CHAIRMAN,
INDEPENDENT DIRECTOR

Age 68

Starting date of Directorship
1 July 2011

Education

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

Training -none-

- 2017 Seminar on audit committee, ACRA, SGX and Singapore Institutes of Directors
- 2016 Building a High Impact Board, Singapore Institutes of Directors
- 2016 Cybersecurity for Directors, Singapore Institutes of Directors
- 2016 Competition Law and Corporate Governance, KCL GRC

Shareholding in Company -none-

Family Relationship with Other Directors and Executives -none-

Related Experience

17 Feb 2016 - Present	Vice Chairman, Tipco Asphalt Plc.
2015 - Present	Director and Chairman of Audit Committee, Cue Energy Resources Limited (Type of business: Oil and Gas exploration and production)
2015 - Present	Independent Director and non-executive Chairman, Keppel Infrastructure Trust (Type of business: Trustee manager of Keppel infrastructure Trust)
2014 - Present	Director, Chung Cheng High School Ltd. (Type of business: Education)
2013 - Present	Director, Keppel Infrastructure Holdings Pte. Ltd. (Type of business: Investment holding company)
2011 - Present	Advisor, Malaysian KLSE listed company Dialog Group Bhd. (Type of business: Integrated specialist technical services provider mid stream and up stream in the oil, gas and petrochemical industry)
2011 - Present	Independent Director, Tipco Asphalt Plc.
2013 - 2015	Director, Linc Energy Limited (Type of business: Oil and gas operations)



MS. LAKSANA SUPSAKORN

DIRECTOR,
AUTHORIZED DIRECTOR

Age 64

Starting date of Directorship
16 August 2013

Education

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

Training

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

Shareholding in Company

13,000,000 shares (0.837%)

Family Relationship with Other Directors and Executives

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

Related Experience

2015 - Present	Director, Tipco Tower Co., Ltd (Type of business: Real estate service)
2013 - Present	Director, Tipco Asphalt Plc.
2013 - Present	Chairman, Tipco Foods Plc. (Type of business: Manufacturer and exporter of canned pineapple)
2013 - Present	Chairman, Tipco F&B Co., Ltd. (Type of business: Manufacturer and distributor of ready-to-drink beverages)
2012 - Present	Director, Siam Container Terminal Co., Ltd. (Type of business: Logistics service)
2012 - Present	Director, Peyanarongwit Co., Ltd. (Type of business: Real estate service)
2011 - Present	Director, Vanichapark Co., Ltd. (Type of business: Real estate service)
2003 - Present	Director, Thanomwongse Service Co., Ltd. (Type of business: Road construction and maintenance service)
2013 - 2016	Chairman, Tipco Asphalt Plc.



MR. JACQUES PASTOR

DIRECTOR,
AUTHORIZED DIRECTOR,
MEMBER OF THE EXECUTIVE DIRECTORS COMMITTEE,
MEMBER OF THE NOMINATION AND REMUNERATION
COMMITTEE

Age 62

Starting date of Directorship
1 August 2000

Education

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

Training

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

Shareholding in Company

1,000,000 shares (0.064%)

Family Relationship with Other Directors and Executives -none-

Related Experience

2000 - Present	Director, Tipco Asphalt Plc.
1993 - Present	Asia Area Manager, COLAS S.A. (Type of business: Manufacturer and distributor of asphalt products)
2004 - 2015	Director, Thai Slurry Seal Co., Ltd. (Type of business: Asphalt road construction service)

BOARD OF DIRECTORS



MR. SOMCHIT SERTTHIN

DIRECTOR,
AUTHORIZED DIRECTOR,
CHIEF EXECUTIVE OFFICER,
CHAIRMAN OF THE EXECUTIVE DIRECTORS COMMITTEE

Age 64

Starting date of Directorship

29 April 1994

Education

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

Training

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

Shareholding in Company

39,100,000 shares (2.518%)

Family Relationship with Other Directors and Executives

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

Related Experience

2007 - Present	Director, Tipco Biotech Co., Ltd. (Type of business: Manufacturer and distributor of plant extract and natural ingredient)
2005 - Present	Director, Tipco Foods Plc. (Type of business: Manufacturer and exporter of canned pineapple)
1994 - Present	Director, Tipco Asphalt Plc.
1986 - Present	Chief Executive Officer, Tipco Asphalt Plc.



MR. CHAIWAT SRIVALWAT

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

Age 56

Starting date of Directorship

13 February 2002

Education

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

Training

- 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 Relationship with Other Directors and Executives -none-

Related Experience

2002 - Present	Managing Director, Tipco Asphalt Plc.
1999 - 2002	Marketing Director, Tipco Asphalt Plc.
1995 - 1998	Senior Marketing Manager, Tipco Asphalt Plc.
1993 - 1995	Senior Plant Manager, Tipco Asphalt Plc.
1992	Group Plant Manager, Tipco Asphalt Plc.
1983 - 1991	Plant Manager, Tipco Asphalt Plc.



MR. HERVÉ LE BOUC

DIRECTOR,
AUTHORIZED DIRECTOR

Age 64

Starting date of Directorship
17 November 2008

Education

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

Training -none-

Shareholding in Company -none-

Family Relationship with Other Directors and Executives -none-

Related Experience

2008 - Present	Director, Tipco Asphalt Plc.
2007 - Present	Chairman and Chief Executive Officer, COLAS S.A. Group (Type of business: Road construction service)
2002 - 2007	Chairman and Chief Executive Officer, SAUR Group (Type of business: Road construction service)
2001 - 2002	Chief Operating Officer, BOUYGUES CONSTRUCTION (Type of business: Road construction service)
1998 - 2002	Chairman and Chief Executive Officer, BOUYGUES OFFSHORE (Type of business: Road construction service)



MR. JACQUES LEOST

DIRECTOR,
AUTHORIZED DIRECTOR

Age 64

Starting date of Directorship
5 April 2011

Education

- Engineering Degree from Ecole Centrale Lille

Training -none-

Shareholding in Company -none-

Family Relationship with Other Directors and Executives -none-

Related Experience

2011 - Present	Director, Tipco Asphalt Plc.
2010 - Present	International Managing Director, COLAS Group (Type of business: Road construction service)
2002 - 2010	Chairman and Chief Executive Officer, SAIPEM SA (Type of business: Road construction service)
2001	Chief Executive Officer, Bouygues Offshore (Type of business: Road construction service)
1996 - 2000	Chief Operating Officer, Bouygues Offshore (Type of business: Road construction service)
1994 - 1995	Vice President (Africa, North Sea and Mexico), Petromar (Type of business: Manufacturer and distributor of petroleum)
1989 - 1993	Vice President (Africa), Petromar (Type of business: Manufacturer and distributor of petroleum)

BOARD OF DIRECTORS



MR. NIPHON SUTHIMAI

INDEPENDENT DIRECTOR

Age 58

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

Training

- 2015 CG Forum 3/2015 Risk Oversight : High Priority Roles of the Board
- 2006 Audit Committee Program (ACP)
- 2006 Director Accreditation Program (DAP)

Shareholding in Company -none-

Family Relationship with Other Directors and Executives -none-

Related Experience

2016 - Present	Vice President - Customer Services, Nok Airlines Plc. (Type of business: Airline service)
2012 - 2015	Vice President - People, Nok Airlines Plc. (Type of business: Airline service)
2006 - Present	Independent Director, Tipco Asphalt Plc.
1999 - Present	Associate Director, Geodis Overseas Co., Ltd. (Type of business: Logistics service)
2007 - 2013	Managing Partner, CLY International Limited (Type of business: Human resources consulting service)
2005 - 2008	Consultant, Thai Air Cargo Co., Ltd. (Type of business: Air freight service)



MRS. ANNE-MARIE MACHET

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

Age 61

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

Training

- 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 -none-

Family Relationship with Other Directors and Executives -none-

Related Experience

2010 - Present	Independent Director, Tipco Asphalt Plc.
2009 - Present	Vice President of Franco-Thai Chamber of Commerce - in charge of HR Committee (Type of business: Promotion of trade relationships and business development)
2008 - 2009	President of French International School of Bangkok (Type of business: Education)
2007 - 2008	Executive Advisor and Team Motivator, FP Coaching to Lead (Thailand) (Type of business: Education)



MR. NOPPORN THEPSITHAR

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

Age 63

Starting date of Directorship

27 April 2012

Education

- Bachelor's Degree in Electrical Engineering, Chulalongkorn University

Training

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

Shareholding in Company -none-

Family Relationship with Other Directors and Executives -none-

Related Experience

2014 - Present	Director and Chairman of the Board of Executive Director, Export-Import Bank of Thailand (EXIM Thailand) (Type of business: Import and export service)
2013 - Present	Chairman of the Thai National Shippers' Council (TNSC)
2012 - Present	Independent Director, Tipco Asphalt Plc.
2011 - Present	Director and Chairman of Risk Management Committee, Ananda Development Plc. (Type of business: Property development)
2005 - Present	Independent Director and Chairman Audit Committee, Union Petrochemical Plc. (Type of business: Importer and distributor of petrochemical products)



MR. PHIRASILP SUBHAPHOLSIRI

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

Age 63

Starting date of Directorship

13 May 2013

Education

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

Training

- 2005 Director Accreditation Program (DAP)

Shareholding in Company -none-

Family Relationship with Other Directors and Executives -none-

Related Experience

2013 - Present	Independent Director, Tipco Asphalt Plc.
2010 - Present	Chairman, Kaizen Consulting Co., Ltd. (Type of business: Consulting service)
2009 - Present	Chairman, Food and Drinks Plc. (Type of business: Manufacturer of food and beverages)
2009 - Present	Chairman, Thai-Nichi Ventures Co., Ltd. (Type of business: Consulting service)
1989 - Present	Chairman, Subhadhana Co., Ltd. (Type of business: Office for rent)

BOARD OF DIRECTORS



MR. PARNCHALERM SUTATAM

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

Age 63

Starting date of Directorship

14 June 2004

Education

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

Training

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

Shareholding in Company -none-

Family Relationship with Other Directors and Executives -none-

Related Experience

2016 - Present	Director, Boonphat Property Co., Ltd. (Type of business: Office rental and leasing service)
2004 - Present	Independent Director, Tipco Asphalt Plc.



MR. JACQUES MARECHAL

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

Age 51

Starting date of Directorship

27 April 2012

Education

- Corporate Finance, Dauphine University

Training

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

Shareholding in Company -none-

Family Relationship with Other Directors and Executives -none-

Related Experience

2012 - Present	Director, Tipco Asphalt Plc.
2012 - Present	Director, Thai Slurry Seal Co., Ltd. (Type of business: Asphalt road construction service)
2000 - 2011	International Finance Manager, COLAS SA, Paris, France (Type of business: Road construction service)
1996 - 2000	Deputy International Finance Manager, COLAS SA, Paris, France (Type of business: Road construction service)



MR. SITILARB SUPSAKORN

DIRECTOR,
 AUTHORIZED DIRECTOR,
 EXECUTIVE DIRECTOR

Age 65

Starting date of Directorship

16 February 2001

Education

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

Training

- 2012 Director Accreditation Program (DAP)

Shareholding in Company

15,400,000 shares (0.992%)

Family Relationship with Other Directors and Executives

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

Related Experience

2016 - Present	Director, Thai Slurry Seal Co., Ltd. (Type of business: Asphalt road construction service)
2015 - Present	Director, Tipco Tower Co., Ltd (Type of business: Real estate service)
2012 - Present	Director, Tipco Foods Plc. (Type of business: Manufacturer and exporter of canned pineapple)
2001 - Present	Executive Director, Tipco Asphalt Plc.
1997 - Present	Director, Siam Container Terminal Co., Ltd. (Type of business: Logistics service)
1996 - Present	Director, Thanomwongse Service Co., Ltd. (Type of business: Road construction and maintenance service)

“The Board of Directors of Tipco Asphalt Public Company Limited has committed 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 57

Education

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

Shareholding in Company

800,000 shares (0.052%)

Family Relationship with Other Directors and Executives - none -

Related Experience

2014 - Present Chief Financial Officer, Tipco Asphalt Plc.
 2009 - Present Chief Financial Officer, Kemaman Oil Corporation Sdn. Bhd. (Type of business: Investment holding company)
 2010 - 2013 Director - Accounting and Budgeting, Tipco Asphalt Plc.
 2004 - 2008 Chief Financial Officer, Seloga Holdings Bhd. (Type of business: Investment holding company)

MR. HUGUES DE CHAMPS

CHIEF OPERATING OFFICER - INTERNATIONAL WHOLESALE

Age 48

Education

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

Training

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

Shareholding in Company

250,000 shares (0.016%)

Family Relationship with Other Directors and Executives - none -

Related Experience

2014 - Present Chief Operating Officer - International, Tipco Asphalt Plc.
 2011 - Present Operations Manager, Colas Asia area (Type of business: Road construction service)
 2011 - 2013 Director - Joint Ventures, Tipco Asphalt Plc.
 2004 - 2011 Managing Director, COLAS South Africa (Pty) Ltd (Type of business: Road construction service)
 1995 - 2004 Operations Manager, COLAS Asia area (Type of business: Road construction service)
 1993 - 1994 Project Manager, COLAS India (Type of business: Road construction service)
 1992 - 1993 Project Manager, COLAS Morocco, GTR Company (Type of business: Road construction service)

MR. CHRISTOPHE BERNARD VOY

CHIEF OPERATING OFFICER - INTERNATIONAL RETAIL

Age 50

Education

- Institute of Management Bouygues (IMB), HEC, France
- B.S. Business Administration, SDSU, USA

Training

- 2014 Director Certification Program (DCP)

Shareholding in Company - none -

Family Relationship with Other Directors and Executives - none -

Related Experiences

2016 - Present Chief Operating Officer - International Retail Indonesia, Vietnam & Singapore, Tipco Asphalt Plc.
 2007 - 2015 President Director, Colas Companies in Indonesia, Vietnam & Singapore (Type of business: Road construction service)

2005 - 2006 Marketing Director, North & Central Europe, Shell International (Type of business: Oil and Gas)
 2001 - 2004 Marketing Director, Construction Specialties - Asia Pacific, Shell Oil Products (Type of business: Oil and Gas)
 1997 - 2000 General Director, Shell Bitumen Vietnam (Type of business: Marketer of Bitumen)
 1995 - 1996 Business Development Manager, Shell Vietnam (Downstream) (Type of business: Oil and Gas)

MS. AUCHCHA RATTRAKULTIP

DIRECTOR - FINANCE, CREDIT AND LEGAL

Age 69

Education

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

Shareholding in Company

751,000 shares (0.048%)

Family Relationship with Other Directors and Executives - none -

Related Experience

2002 - Present Director - Finance, Credit and Legal, Tipco Asphalt Plc.
 2001 - 2002 Senior Manager, Tipco Asphalt Plc.

MR. KASIDIS CHAREANCHOLWANICH (RETIRED)

CHIEF OPERATING OFFICER - THAILAND

Age 55

Education

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

Shareholding in Company

545,500 shares (0.035%)

Family Relationship with Other Directors and Executives - none -

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.

MR. CHANCHAI LOHAPRATARN

DIRECTOR - DOMESTIC SALES AND MARKETING

Age 50

Education

- Master of Business Administration, Victoria University of Technology (VUT), Melbourne, Australia
- Bachelor of Science, B.Sc., (Civil Engineer), Prince of Songkla University

Shareholding in Company - none -

Family Relationship with Other Directors and Executives - none -

Related Experience

2017 - Present Director - Domestic Sales and Marketing, Tipco Asphalt Plc.
 2012 - 2016 Vice President (Sale & Service) at Siam Hitachi Elevator Co., Ltd. "SHE"
 2011 - 2012 Managing Director at Bangkok Komatsu Sales Co., Ltd. "BKS"
 2008 - 2011 Managing Director at Pidilite Bamco Limited "PBL"

MR. SUPHAT PIPITAWAN

DIRECTOR - OPERATIONS

Age 47

Education

- Engineering, King Mongkut Institute of Technology - Ladkrabang Campus

Shareholding in Company - none -

Family Relationship with Other Directors and Executives - none -

Related Experience

- 2016 - Present Director - Operations, Tipco Asphalt Plc.
- 2001 - 2015 Plant Manager, Guardian Thailand
(Type of business: Manufacturer of float glass and fabricated glass products)

MRS. PUNSIRI SUTTIENKUL

DIRECTOR - Corporate Branding and Corporate Social Responsibility

Age 57

Education

- M.L.A., University of Pennsylvani, USA
- B.Arch, Silpakorn University

Shareholding in Company - none -

Family Relationship with Other Directors and Executives - none -

Related Experience

- 2016 - Present Corporate Branding and Corporate Social Responsibility Director, Tipco Asphalt Plc.
- 2014 - 2016 Domestic Sales and Marketing Director, Tipco Asphalt Plc.
- 2013 - 2014 Country Director, Villeroy & Boch (Thailand) Co., Ltd.
(Type of business: Manufacturer and distributor of sanitaryware)
- 2011 - 2012 President Asia Pacific & Global Branding, Mahaphant Fibre-Cement PLC
(Type of business: Manufacturers of fibre cement products)
- 2009 - 2010 General Manager, Grohe (Thailand) Limited
(Type of business: Manufacturer of sanitary fittings)

MR. LOUIS - FREDERIC SACHS

DIRECTOR - MARINE GROUP

Age 42

Education

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

Shareholding in Company - none -

Family Relationship with Other Directors and Executives - none -

Related Experience

- 2013 - Present Director - Marine Group, Tipco Asphalt Plc.
- 2012 - 2013 Senior Marine Cargo Underwriter & Project Cargo Trade Sector Manager - Asia, AXA Corporate Solutions
(Type of business: Risk management and insurance solutions)
- 2008 - 2012 Regional Marine Risk Manager - Asia, AXA Corporate Solutions
(Type of business: Risk management and insurance solutions)
- 2005 - 2008 Chief Officer LNG Tankers, Gazocean GDF SUEZ
(Type of business: Merchant Marine)
- 1996 - 2005 Deck Officer, EXMAR
(Type of business: Merchant Marine)

MR. SORANARD NANTAMONTY

DIRECTOR - INTERNATIONAL SALES AND MARKETING

Age 43

Education

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

Shareholding in Company

90,000 shares (0.0058%)

Family Relationship with Other Directors and Executives - none -

Related Experience

- 2015 - Present Director - International Sales & Marketing, Tipco Asphalt Plc.
- 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)
(Type of business: Asphalt refinery)
- 2001 - 2004 Senior Technical Officer, Tipco Asphalt Plc.
- 1995 - 2001 Civil Engineer, Thanomwongse Service Co., Ltd.
(Type of business: Road construction and maintenance service)

MRS. UDOMPORN PUNPATCH

DIRECTOR - HUMAN RESOURCES

Age 55

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

667,000 shares (0.043%)

Family Relationship with Other Directors and Executives - none -

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 32

Education

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

Training

- 2016 Anti-corruption: The Practical Guide (ACPG)
- 2015 CG Forum 3/2015 "Risk Oversight"
- 2014 Company Secretary Program (CSP)

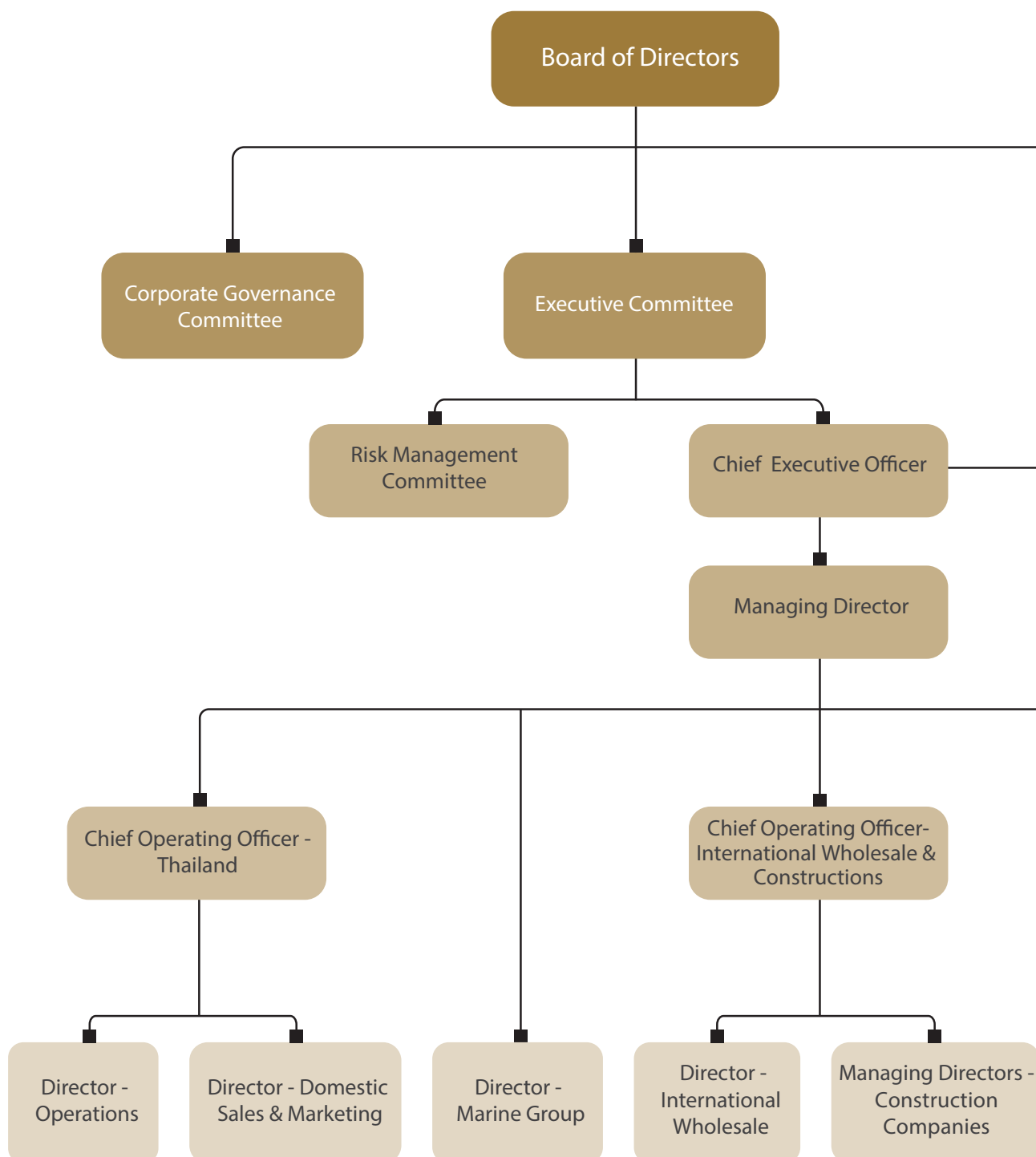
Shareholding in Company - none -

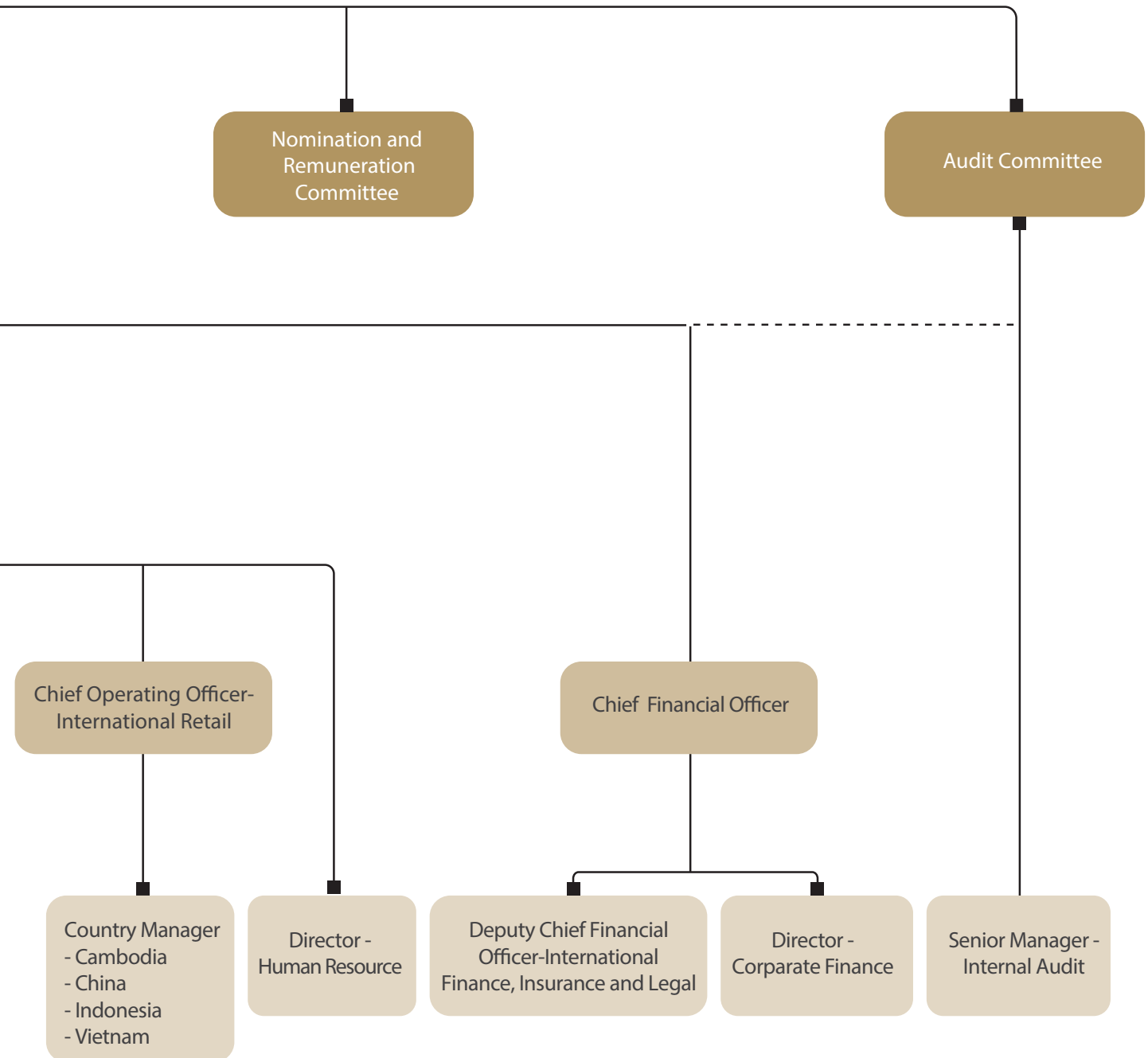
Family Relationship with Other Directors and Executives - none -

Related Experience

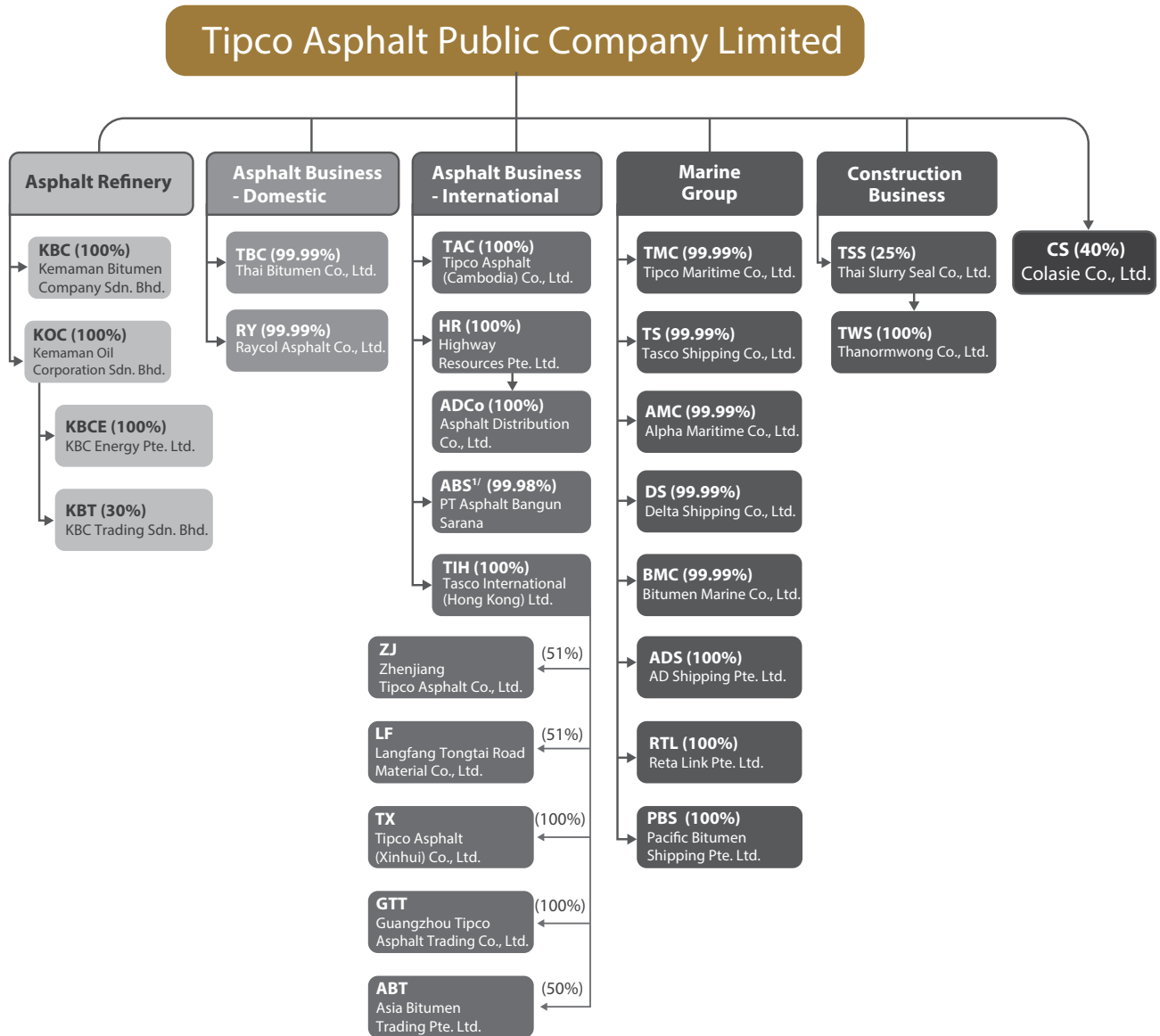
- 2015 - Present Company Secretary - Corporate Affairs and Planning, Tipco Asphalt Plc.
- 2014 - 2015 Senior Officer - Corporate Affairs and Strategy, Tipco Asphalt Plc.
- 2012 - 2014 Senior Officer - Strategist for international business, Siam Commercial Bank
(Type of business: Banking)

ORGANIZATION STRUCTURE





SHAREHOLDING STRUCTURE OF THE GROUP



1/ 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)

MAJOR SHAREHOLDERS

RELATIONSHIP BETWEEN THE MAJOR SHAREHOLDER'S BUSINESS GROUPS

The first group of major shareholders are Tipco Foods Plc. and the Supsakorn family, the founding shareholders. The other group is Colas S.A. of France, world leader in construction and maintenance of transport infrastructure. Colas became a 22.7% strategic shareholder in the Company in 2000. Shareholding currently stands at 31.599%. 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 31st December 2016 are as follows:

RANK	MAJOR SHAREHOLDERS	NO. OF SHARES	%
1.	BNP PARIBAS SECURITIES (ASIA) PTE LTD - FOR COLAS	490,731,040	31.599
2.	Tipco Foods Plc.	369,881,660	23.958
3.	Supsakorn Family	116,444,220	7.897
4.	Thai NVDR Co., Ltd.	67,316,704	4.335
5.	Mr. Pichit Lerttamrab	8,049,900	0.518
6.	AIA Company Limited-APEX	8,000,000	0.515
7.	NORTRUST NOMINEES LIMITED-BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION	7,840,000	0.505
8.	STATE STREET BANK AND TRUST COMPANY	7,531,300	0.485
9.	HSBC (SINGAPORE) NOMINEES PTE LTD	7,443,650	0.479
10.	HSBC BANK PLC-SAUDI ARABIA MONETARY AGENCY SEC ACCOUNT A	7,406,100	0.477
11.	Others	462,353,496	29.772
Total		1,552,998,070	100.000

As of 31st December 2016, total shares held by members of Board of Directors accounts for 4.488% of total shares

DIVIDEND POLICY

The Company has a policy to pay dividend 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:	2012	2013	2014	2016	2017 ^{1/}
Dividend/share	-	0.1	0.2	0.9	0.9

2012 - 2014 figures are adjusted based on par value at Baht 1 per share

1/ Include the proposed final dividend of Baht 0.6 per shares, which is subjected to approval at AGM No.1/2017

REVENUE STRUCTURE

During 2016, sales revenue reduced in line with the lower crude oil market price while 97.83% of total revenue were sales of asphalt and petroleum related products. Domestic and International sales contributed approximately 26.21% and 73.79% of total volume, respectively.

Based on the Company's consolidated financial statements for the years 2014, 2015 and 2016, revenues categorized by companies units are as follows:

Product Line / Business Category	Shareholding (%)	2014		2015		2016	
		THB mm	%	THB mm	%	THB mm	%
1. Asphalt and Petroleum Related Business							
Tipco Asphalt PLC	-	37,415.54	80.99	29,395.99	78.41	15,876.91	65.34
Thai Bitumen Co., Ltd.	99.99	1,412.84	3.06	2,006.49	5.35	1,576.98	6.49
Raycol Asphalt Co., Ltd.	100.00	994.62	2.15	970.83	2.59	745.38	3.07
Tipco Asphalt (Cambodia) Co., Ltd.	100.00	701.23	1.52	745.24	1.99	420.56	1.73
Kemaman Oil Corp. Sdn. Bhd.	100.00	3,163.58	6.85	2,267.75	6.05	907.14	3.73
Tasco International (Hong Kong) Ltd.	100.00	2,002.09	4.33	1,684.68	4.49	1,566.25	6.45
Highway Resources Pte Ltd.	100.00	-	-	-	-	1,786.82	7.35
PT Asphalt Bangun Sarana	100.00	-	-	-	-	891.88	3.67
Total		45,689.90	98.90	37,070.98	98.88	23,771.92	97.83
2. Marine Group							
Tipco Maritime Co., Ltd.	99.99	27.31	0.06	45.00	0.12	68.26	0.28
Delta Shipping Co., Ltd.	99.99	131.09	0.28	433.78	1.16	710.76	2.93
Alpha Maritime Co., Ltd.	99.99	138.58	0.30	259.87	0.69	249.90	1.03
Bitumen Marine Co., Ltd.	99.99	246.34	0.53	209.17	0.56	324.52	1.34
Tasco Shipping Co., Ltd.	99.99	357.57	0.77	340.94	0.91	341.95	1.41
AD Shipping Pte. Ltd.	100.00	-	-	-	-	124.34	0.51
Reta Link Pte. Ltd.	100.00	-	-	-	-	78.03	0.32
Less: Inter-company Transaction		(863.49)	(1.87)	(1,222.97)	(3.26)	(1,631.91)	(6.72)
Total		37.4	0.08	65.79	0.18	265.85	1.10
Total Sales and Services		45,727.30	98.98	37,136.77	99.06	24,037.77	98.93
Other Revenue		472.91	1.02	355.53	0.94	259.98	1.07
Total Revenue		46,200.21	100.00	37,492.30	100.00	24,297.75	100.00

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

PRODUCTION FACILITIES, OIL AND ASPHALT TERMINALS



PERFORMANCE & RISK MANAGEMENT

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PRODUCTS OF THE GROUP



TYPES AND SOURCES OF RAW MATERIALS

Asphalt Cement (AC) is a refined product from crude oil and is used as the main raw material for manufacturing asphalt emulsion, cutback asphalt, polymer-modified asphalt, and natural latex modified asphalt cement. Currently, the Group is supplied with AC from its own asphalt refinery in Malaysia, and from other refineries, both local and international, thereby mitigating the risk associated with sole reliance on one single source and hence able to control its cost of main raw material

OTHER RAW MATERIALS

The Group imports chemicals used in manufacturing of asphalt emulsion and polymer modified asphalt, representing around 10% of total raw materials used. Meanwhile, the remaining 90% is sourced through local suppliers, with reliable quality and delivery capability. In addition, the Group also purchases latex locally for the production of natural latex modified asphalt cement.



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



ASPHALT REFINERY FACILITY AND OPERATIONS IN MALAYSIA

The Group operates an asphalt refinery in Kemaman, Malaysia through its subsidiary, Kemaman Bitumen Company Sdn Bhd. (KBC). In 2016, the KBC refinery processed 9.7 million barrels of crude oil, producing 1.24 million tons of high quality asphalt products, along with 289,000 tons of non-bitumen products. The performance of KBC has been per expectations, in line with market conditions. Most importantly, the refinery kept up with its efforts to improve safety and efficiency. In the year under review, Refinery operated at a plant reliability level of 99.7% and also completed 4 million man-hours without any Lost Time due to Injury (LTI). This is a very significant milestone achieved by the refinery team and we remain committed to improving on this performance in the year ahead.

During the year, several new and ongoing capital expenditure projects were commissioned to improve the efficiency of the refinery as well as the quality and safety of its operations. The two new crude oil tanks, two new bitumen tanks and

related facilities that were completed towards the end of 2015 were commissioned in January 2016. The additional storage capacity gives the refinery additional flexibility in operations. The entire infrastructure at the new tank farm, including the enhanced waste water treatment facility and closed-circuit monitoring system, was also completed. Some of the important projects commenced in 2016 that are still in progress include the creation of a second bitumen loading point, new bitumen loading line and installation of marine loading arms.

In 2016, The Malaysia market demand for asphalt was low during the year under review mainly due to the limited road works projects in progress. The business of road construction relies heavily upon approved new projects and is also cyclical in nature and it is expected that demand will pick up in the following year. With the recent recovery in asphalt demand towards the end of the year 2016, coupled with promising asphalt demand growth in the Malaysian market, KBCT is confident of achieving its growth targets in the medium-to long-term.



DOMESTIC MARKET

Total demand for all asphalt products in Thailand totaled around 1,275,000 tons in 2016. This comprised 983,000 tons of asphalt cement, while the remaining 292,000 tons were asphalt emulsion and other products, such as cutback asphalt, polymer-modified asphalt, and natural latex modified asphalt cement. This represented a growth of 12% as compared to that of 2015. The incremental demand resulted from the strong government budget and 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 rubber 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 efforts on product innovation. 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.



2016 KEY CONSTRUCTION AND MAINTENANCE PROJECTS:

MICRO-SURFACING TECHNIQUE (PARA SLURRY SEAL):

- Udon Rattaya Expressway (Bang Pa-In - Pak Kret)
- Don Mueang Tollway
- Outer Ring Road (Kanchanapisak)

COLORED PARA SLURRY SEAL TECHNIQUE:

- Udonkij road bike trails to promote tourism activities (intersection of Talad - Poo Dum Sculptures), Krabi province
- The landscape and internal roads within the University Ramkhamhaeng, Chantaburi province.



PREMIUM GRADE ASPHALT TECHNIQUE:

- Runway, taxi lane and apron repair and rehabilitation, using high-performance, pavement technique at Suvarnabhumi International Airport, Samut Prakan province
- Highway and main road maintenance, using asphalt cement grade 40-50 (such as on Highways No. 344 Ban Bueng – Klaeng)
- Highway and main road maintenance, using polymer modified asphalt cement or PMA (such as on Highways No. 9 Outer Ring Road (Kanchanapisek), Highway No. 21 Muang Khom – Chai Badan)
- Rural roads maintenance, using natural rubber modified asphalt cement or Para AC (such as on Roads No. 1004 Ban Khong Khiang Phang-nga province, Roads No. 4042 Ban Nonngam Nong Bua Lum Phu province)
- Asphalt Overlaying, using porous asphalt technique on motorway no. 7 from Bangkok to Chonburi

The Group has been 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 own 300 road tanker truck fleets. This superior logistic capability serves as the key for us to maintain dominance in the domestic market.

Our domestic sales and marketing teams serve more than 550 key customers nationwide. With more than 37 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.

GPS tracking system has been installed in our road tankers since 2013 in order to control speed limit of all trucks/ tankers carrying asphalt products in compliance with regulations. The system also ensure that asphalt will be delivered in safely, accurately and timely basis.

In addition, the Company has replaced another 100 tractor units since 2015. The Group firmly believe that, with the new truck fleet, it will enhance the Group's current network coverage and service level.

INTERNATIONAL MARKET

2016 was a rather lackluster year for international market when compared with the phenomenally outstanding 2015 due to weak demand in almost all our key markets. Contraction in demand resulted in low asphalt selling price. Thanks to new opportunities from new markets such as India and Bangladesh, however, international sales volume of all asphalt products in 2016 reached 1.5 million tons.

Chinese government spending on infrastructure and road construction did not meet expectation. In addition, import sales to China consistently faced aggressive competition from South Korea and domestic refineries driven by refining economic maximization. This resulted in low demand of asphalt. Meanwhile, asphalt inventory remained high nationwide in China which led to intensive price competition. Despite all the negativity in the retail market, our China subsidiaries managed to improve their performance compared to those of 2015. Sales of value-added products and profitability were higher, thanks to enhanced efforts on business development.

Indonesian government cut its road and road related budget in 2016 which led to slight drop in the Group's Indonesia sales volume. Also, Vietnam government reformed and delayed its budget disbursement which caused 2016 sales volume to Vietnam drastically dropped compared with that in 2015. However, the drop in sales volume to both countries was in line with market demand situation. Nonetheless, Indonesia and Vietnam are key markets of the Group with sizable asphalt consumption. Specifically, there are potential of premium asphalt products sales based on both government policy. The newly acquired subsidiaries in Indonesia and Vietnam will benefit from the Group's expertise and experience in high margin asphalt product development and strong distribution capability.



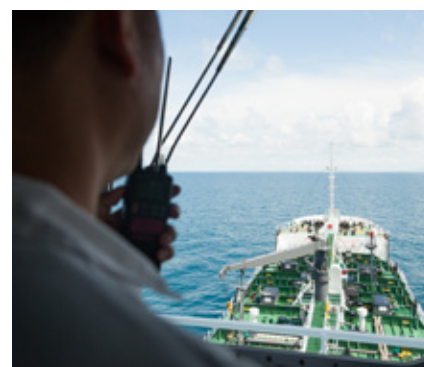
Australia still remained a key export market for the Group with similar sales volume compared with 2015. Sales to Australia was mainly to Colas' subsidiary in Australia. The Group has begun supply to other substantial new importers in Australia in 2016 despite strong competition from other major international traders.

In 2016, the Group actively exported to the South Asia region of which majority volume went to the Indian market while Bangladesh also saw some sales volume. Asphalt market demand in India currently stands at approximately 4.5 – 5 million tons a year of which import volume is approximately 1 million tons in 2016. With the Group's Naphthenic based asphalt production, KBC is the only refinery in the region who could supply and guarantee quality of VG grade asphalt (VG-30 and VG-40) required in the Indian market. This gives the Group solid competitive edge over other suppliers to the Indian market.

Market demand in Cambodia contracted for the first time in many years in 2016. The second half of the year was particularly slow with an unusual long rainy season. However, Tipco Asphalt (Cambodia) Co., Ltd. (TAC) managed to edge out a small increase in its market share. Logistic optimization and the full utilization of the Khepos import terminal were key success factors.

Asia Bitumen Trading Pte. Ltd. (ABT), a 50/50 trading joint-venture between the Group and SK Energy of South Korea performed as expected in 2016. We saw strong increase in turnover for the newly start-up in Singapore. ABT has access to asphalt supply from its respective shareholders' refineries in Malaysia and South Korea,

In addition to main key export markets mentioned above, the Group's international sales reached new frontiers like UAE, New Zealand, Brunei and Myanmar in 2016.



THE MARINE GROUP

The Marine Group is a major contributor to Tipco Asphalt's growth by defining a clear shipping strategy meeting the logistic requirement of the Group's various Trading and Supply departments.

The Marine Group manages and operates a fleet of nine owned asphalt tankers for a total of 28,500MT lifting capacity, dedicated to the Groups' logistics needs. In 2017, the fleet will grow further to 10 tankers with the delivery of one 12,000 DWT. asphalt tanker being built in South Korea. This state-of-the-art tanker will help the Group to strengthen its long-ton-mile destinations, on a global scale, as well as supporting the Group's 2020 Mission.

The fleet is managed through our in-house ship-management company following strict tanker quality management systems and Industry Best Practices. The ship-management team strives to achieve KPIs as per the TMSA (Tanker Management and Self-Assessment) and OCIMF/VIQ guidelines.

The Chartering Department greatly supported the sales growth throughout Asia Pacific region, chartering in and out to meet internal demands and achieving a vessel utilization rate for our asphalt fleet above 92% in 2016.

With regard to the prudent policy, the Group utilizes 60-70% of capacity to serve Group's overall logistic while charter in from the open market in for the rest. In this regard, the Marine Group has secured 4 asphalt tankers on long-term time charter in 2016.

RISK MANAGEMENT AND RISK FACTORS



ENTERPRISE RISK MANAGEMENT

The group has remained focused on enhancing its Enterprise Risk Management framework by proactively identifying and addressing the uncertainties associated with its strategic and business objectives.

The Risk Management Committee (RMC) has been working in compliance with the principles of Good Corporate Governance, and its Risk Management Policy has been formulated to ensure that all stakeholders follow prudent risk management practices and are fully prepared for all possible scenarios.

The RMC has established a Risk Management Office (RMO) with a view to facilitating and exercising adequate oversight over the adequacy of the risk management practices employed by the respective business units (BU). The RMO works proactively with the respective BU leaders and Risk Champions / Officers in order to discharge its duties. The RMO operates within the ERM framework and reports its findings to the RMC.

DUTIES OF THE RMC

- Define the scope and ERM framework at the Tipco Asphalt Group for review and approval by the group's Executive Committee (EC);
- Monitor the development of the scope of risk identification, assessment and management;
- Develop the risk management plan of corporate risks at the Tipco Asphalt Group for review and approval by the Group's EC;
- Act as a contact point, when deemed appropriate, to consult with professional legal counsel with a view to determining the best course of action in relation to ERM matters that may require legal advice;
- Provide support to the CEO and MD of the company in crisis management activities;
- Review the risk register of the organization and report the most pertinent risk (based on assessment of such risks) to the Group's EC;

- Work closely with the Internal Audit Department to facilitate the development of a risk-focused internal audit approach;
- Responsible for the appointment of Risk Champions (RC) and Risk Officers (RO) within the Group; and,
- Provide technical (including training) support to the RC and RO of the organization.

RISK FACTORS

RISK 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 2016. Meanwhile, the collection of previous year receivables in one of the subsidiary's in China has been improved as expected. The Group has immediately revamped the credit policy and doubled its 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 48 billion or USD 1.35 billion. Low crude prices have resulted in less financing requirements for crude purchases. In addition, strong cash flow generated from operations with 90-120 days trade cycle will help reduce requirements of short-term borrowings. Hence, liquidity risk of the Group is minimized.

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 debts and 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 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 upward in range between USD 28-57 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 OF 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 continues to evaluate the need to upgrade the refinery in order to promote greater flexibility in processing variety of heavy crude supplies and to produce products to meet customer requirements.

RISK RELATED TO REFINERY OPERATIONS

Operating a continuous processing plant like the KBC Refinery always carries a certain amount of inherent risks. As in the past, the Group has continued to give high priority to the risk management exercises and focused on managing the overall Business Risk relating to the operations of its Refinery.

Safety is treated as the paramount concern by every employee of KBC and the entire operation is carried out keeping Safety of employees and assets as the first priority. In the year 2016, the KBC Refinery has dedicated efforts to upgrade the plant and equipment through routine preventive maintenance. In addition, new initiatives were launched to sharpen the focus on safety across the operations to minimize the exposure to risks. As a result, the KBC Refinery has completed 4 million man hours without any Time Lost to Injury (LTI) on the 3rd of September 2016, a significant achievement for the refinery in this industry and a shining example for the Group.

Also as a direct result of the continuous and sustained focus on preventive maintenance and investments in new and improved technology, the refinery has continued to operate at a very high reliability rate. In the year 2016, the Plant Reliability of the Refinery was higher than 99%. As reported last year, in September 2015 KBC obtained ISO 18000 and ISO14000 certification in its very first audit – the trend has been kept up in 2016 and the recertification audits for ISO18000, 14000 and 9000 were successfully completed with no major non-conformities identified by the external auditors.

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 helped the Group to identify new sources of supply at competitive prices.

RISKS RELATED TO THE DOMESTIC MARKET

Majority of asphalt demand is largely linked to the government's policy and its budget. Stability of the government has a significant impact on Thailand asphalt demand.

In the fiscal year 2015, the government allocated 147,000 million Baht for road maintenance and construction. The government budget remained strong in 2016. In addition, government budget in 2017 which was announced in September 2016 was expedited to be disbursed in quarter 4 of 2016.

RISKS RELATED TO THE INTERNATIONAL MARKET

2016 was another challenging year for IMK due to the unusually weak demand in the region especially in China and Vietnam as well as a slowdown in asphalt consumption in Indonesia. IMK has also encountered strong competition from various oil traders at both the regional and global levels. Major oil asphalt refineries have increased the asphalt production due to the bumpy profit in 2015 which resulted

a surplus supply of asphalt. Asphalt price has also been depressed since beginning of the year creating challenges in sales forecasts and supply allocations, thus impacting sales activities. This market downturn has been envisaged to be a short term interruption since market demand started to pick-up in the last quarter of 2016.

By proactively monitoring various international market demands, strategic and operational risks have been mitigated by diversifying the Group's international market portfolio from country to country. Sales growth in South Asian markets such as India and Bangladesh are a good example of risk mitigation by market diversification whereas regular markets were maintained to support long term growth. Other measures to mitigate operational risks are use of various term supply approaches to decrease seasonal uncertainties in demand and price. These efforts have enabled International Sales to effectively mitigate its exposure to risks and be a market leader by delivering quality products and services to its customers.

RISKS RELATED TO SHIPPING

The Group owns, manages and operates nine asphalt tankers. The fleet will grow in 2017 with the delivery of one 12,000 DWT asphalt tanker built in South Korea. The Group is focused on maintaining a high quality tonnage through a clear shipping strategy and prudent sales and purchase. The modernized quality tonnage maintained by the Group will suitably support the increased sales activities in the Asia Pacific and Australia regions, thus reducing the risk exposure associated with capacity constraints.

The Marine Group operates with the mission of zero accidents, zero injuries and zero oil spills. In addition, our Assets are insured by First Class Insurance Companies.

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

RESPONSIBILITIES OF THE BOARD

- 50 BOARD OF DIRECTORS
- 62 EXECUTIVE COMMITTEE
- 64 AUDIT COMMITTEE
- 65 NOMINATION AND REMUNERATION COMMITTEE
- 67 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. Mr. Chainoi Puankosoom | Chairman/Independent Director |
| 2. Mr. Koh Ban Heng | Vice Chairman/Independent Director |
| 3. Mr. Phirasilp Subhapholsiri | Independent Director |
| 4. Mr. Nopporn Thepsithar | Independent Director |
| 5. Mrs. Anne-Marie Machet | Independent Director |
| 6. Mr. Parnchalerm Sutatam | Independent Director |
| 7. Mr. Niphon Suthimai | Independent Director |
| 8. Ms. Laksana Supsakorn | Director |
| 9. Mr. Hervé Le Bouc | Director |
| 10. Mr. Jacques Leost | Director |
| 11. Mr. Jacques Pastor | Executive Director |
| 12. Mr. Jacques Marechal | Executive Director |
| 13. Mr. Sitilarb Supsakorn | Executive Director |
| 14. Mr. Somchit Sertthin | Executive Director/Chief Executive Officer |
| 15. Mr. Chaiwat Srivalwat | Executive Director/Managing Director |

DIRECTORS WITH AUTHORITY TO SIGN ON BEHALF OF THE COMPANY

The Authorized Directors who can bind the Company consisted 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. Directors in Group A are Mr. Hervé Le Bouc, Mr. Jacques Leost, Mr. Jacques Pastor, and Mr. Jacques Marechal. 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.
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 general 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;

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;

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; and
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 but have relevant experience - 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 2016 by Directors are 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
Mr. Chainoi Puankosoom	Chairman / Independent Director	6/6	-	-	-	2/2
Mr. Koh Ban Heng ¹	Vice Chairman / Independent Director	5/6	-	-	-	2/2
Ms. Laksana Supsakorn	Director	6/6	-	-	-	2/2
Mr. Jacques Pastor		6/6	-	1/1	-	2/2
Mr. Niphon Suthimai ²	Independent Director	6/6	2/4	-	-	2/2
Mr. Parnchalerm Sutatam	Independent Director	6/6	11/11	1/1	-	2/2
Mr. Nopporn Thepsithar	Independent Director (Chairman of Nomination and Remuneration Committee)	6/6	10/11	1/1	-	1/2
Mr. Phirasilp Subhapholsiri	Independent Director (Chairman of the Audit Committee and Chairman of Corporate Governance Committee)	6/6	11/11	-	4/4	1/2
Mrs. Anne-Marie Machet	Independent Director	4/6	-	1/1	2/4	1/2
Mr. Hervé Le Bouc	Director	1/6	-	-	-	0/2
Mr. Jacques Leost	Director	2/6	-	-	-	0/2
Mr. Sitilarb Supsakorn	Executive Director	6/6	-	-	-	2/2
Mr. Somchit Sertthin	Executive Director and Chief Executive Officer	6/6	-	-	-	2/2
Mr. Chaiwat Srivalwat	Executive Director and Managing Director	6/6	-	-	4/4	2/2
Mr. Jacques Marechal ³	Executive Director	6/6	-	-	4/4	2/2

Remark : 1. Mr. Koh Ban Heng attended Board of Directors meeting No. 1/2016 on 5 February 2016 and No. 2/2016 on 17 February 2016 via tele conference
2. Mr. Niphon Suthimai resigned from Audit Committee since 15 April 2016
3. Mr. Jacques Marechal attended Board of Directors meeting No. 4/2016 on 12 May 2016 via tele conference

POSITIONS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Board of Directors members and top management holds management and authorized positions in subsidiaries, associated companies or other companies are as follows:

		TIPCO ASPHALT PUBLIC COMPANY LIMITED	SUBSIDIARIES																ASSOCIATED	OTHERS				
		KEMAMAN BITUMEN COMPANY SDN. BHD.	KEMAMAN OIL CORPORATION SDN. BHD.	TASCO INTERNATIONAL (HONG KONG) LTD.	TIPCO ASPHALT (CAMBODIA) CO., LTD.	THAI BITUMEN CO., LTD.	RAYCOL ASPHALT CO., LTD.	HIGHWAY RESOURCES PTE. LTD.	PT ASPHALT BANGUN SARANA	TIPCO MARITIME CO., LTD.	DELTA SHIPPING CO., LTD.	ALPHA MARITIME CO., LTD.	BITUMEN MARINE CO., LTD.	TASCO SHIPPING CO., LTD.	PACIFIC BITUMEN SHIPPING PTE. LTD.	AD SHIPPING PTE. LTD.	RETA LINK PTE. LTD.	COLASIE CO., LTD.	THAI SLURRY SEAL CO., LTD.	TIPCO FOODS PUBLIC COMPANY LIMITED	THANORMWONG CO., LTD.	SIAM CONTAINER TERMINAL CO., LTD.	TIPCO F&B CO., LTD.	TIPCO TOWER CO., LTD.
Mr. Chainoi Puankosoom	★																							
Mr. Koh Ban Heng	✓																							
Ms. Laksana Supsakorn	✓							✓											★	✓	✓	★	✓	
Mr. Nopporn Thepsithar	✓																							
Mr. Phirasilp Subhapholsiri	✓																							
Mr. Parnchalerm Sutatam	✓																							
Mr. Niphon Suthimai	✓																							
Mrs. Anne-Marie Machet	✓																							
Mr. Herve Le Bouc	✓										✓	✓	✓	✓	✓			✓						
Mr. Jacques Leost	✓										✓	✓	✓	✓	✓									
Mr. Jacques Pastor	●	✓	✓	✓	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓	✓	✓	✓			
Mr. Sitilarb Supsakorn	●					✓	✓								✓	✓			✓	✓	✓			✓
Mr. Somchit Sertthin	●	✓	✓	✓		✓		✓	✓						✓	✓	✓	✓	✓	✓	✓		✓	
Mr. Chaiwat Sribvalwat	●	★	✓	✓	★	✓	✓	✓	✓	✓					✓	✓	✓	✓	✓					
Mr. Jacques Marerchal	●			✓		✓	✓	✓	✓	✓						✓	✓		✓		✓			
Mr. Hugues De Champs		✓	✓	✓	✓	✓	✓												✓		✓			
Ms. Auchcha Rattrakultip							✓												✓					
Mr. Koh Lai Huat		✓	✓	✓	✓	✓																		

Note: ★ = 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 3.89 out of 4 rating and 3.89 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 2016 were summarized as follows:

Sub-committees	Result of the assessment	
	Collective assessment	Individual assessment
1. Executive Directors Committee	3.92	3.85
2. Audit Committee	3.93	3.94
3. Nomination and Remuneration Committee	3.71	3.86
4. Corporate Governance Committee	3.92	3.89

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: In 2016, Mr. Chaiwat Srialwat, Managing Directors, attended "SET 100 บริษัทมหาชนรัฐ" organized by Stock Exchange of Thailand.

REMUNERATION FOR THE BOARD AND EXECUTIVES

1. Total cash remuneration in 2016 for fixed, variable and extra-variable were Baht 5,820,000; 3,812,500; and 4,682,500 respectively. The remuneration was approved by shareholder.

Name	Scope of Authority	2015 (THB)		2016 (THB)		
		Fixed	Variable	Fixed	Variable	Extra variable
1. Chainoi Puankosoom	Chairman	-	-	437,500	62,500	62,500
	Independent Director	62,500	-	-	-	-
2. Koh Ban Heng	Vice Chairman	-	-	250,000	250,000	250,000
	Independent Director	250,000	250,000	-	-	-
3. Laksana Supsakorn	Chairman (2015)	500,000	500,000	-	-	-
	Director	-	-	312,500	500,000	500,000
4. Niphon Suthimai	Independent Director,	250,000	250,000	250,000	250,000	250,000
	Chairman of Audit Committee (2015)	500,000	-	125,000	-	500,000
5. Nopporn Thepsithar	Independent Director,	250,000	250,000	250,000	250,000	250,000
	Audit Committee member,	400,000	-	400,000	-	400,000
	Chairman of Nomination and Remuneration Committee	20,000	-	20,000	-	20,000
6. Parnchalerm Sutatam	Independent Director,	250,000	250,000	250,000	250,000	250,000
	Audit Committee member,	400,000	-	400,000	-	400,000
	Nomination and Remuneration Committee member	20,000	-	20,000	-	20,000
7. Phirasilp Subhapholsiri	Independent Director,	250,000	250,000	250,000	250,000	250,000
	Chairman Committee member (2016),	-	-	475,000	-	400,000
	Audit of Audit Committee (2015)	400,000	-	-	-	-
	Chairman of Corporate Governance Committee	100,000	-	100,000	-	100,000
8. Anne-Marie Machet	Independent Director,	250,000	250,000	250,000	250,000	250,000
	Nomination and Remuneration	20,000	-	20,000	-	20,000
	Corporate Governance Committee member	80,000	-	80,000	-	80,000
9. Jacques Pastor	Executive director,	250,000	250,000	250,000	250,000	-
	Nomination and Remuneration Committee member	20,000	-	20,000	-	20,000
10. Jacques Marechal	Executive Director,	250,000	250,000	250,000	250,000	-
	Corporate Governance Committee member	80,000	-	80,000	-	80,000
11. Chaiwat Srivalwat	Executive Director,	250,000	250,000	250,000	250,000	-
	Corporate Governance Committee member	80,000	-	80,000	-	80,000
12. Hervé Le Bouc	Director	250,000	250,000	250,000	250,000	250,000
13. Jacques Leost	Director	250,000	250,000	250,000	250,000	250,000
14. Sitilarb Supsakorn	Executive Director	250,000	250,000	250,000	250,000	250,000
15. Somchit Sertthin	Executive Director	250,000	250,000	250,000	250,000	-
Sub total		5,932,500	3,750,000	5,820,000	3,812,500	4,682,500
Director who resigned during the year 2015						
16. Mr. Hugues de Champs	Executive Director	187,500	-	-	-	-
Total		6,120,000	3,750,000	5,820,000	3,812,500	4,682,500

Note : - Refer to Board of Directors meeting on 17 February 2016, the meeting resolved to appoint Mr. Chainoi Puankosoom to be chairman by replacing Ms. Laksana Supsakorn whose term expired. In addition, the meeting resolved to appoint Mr. Koh Ban Heng to be Vice chairman.
- Mr. Niphon Suthimai resigned from Audit Committee on 11 April 2016. Mr. Phirasilp Subhapholsiri was appointed as chairman of Audit committee.
- Variable remuneration shall not exceed one time of total annual fixed remuneration for the fiscal year 2015 performance. In 2015, since Company made profit, the total variable remuneration was 3,812,500 Baht
- Extraordinary variable remuneration for Board of Directors non-executive members of Board of Directors which was approved by Annual General Meeting No. 1/2559 totaling 4,682,500 Baht. This resulted from extraordinary 2015 performance.

2. In 2016, there was no payment of non-financial remuneration to the Board of Directors.
3. Other remuneration
-None-
4. The remuneration in 2015 and 2016 for 14 Executive Directors and Executive Officers, which included salary, bonus, retirement fund, and provident fund was Baht 124 Million and Baht 120 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 16 years.

INDEPENDENT DIRECTORS

The Board of Directors has seven Independent Directors as follows:

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

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 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 2 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 OF COMPANY SECRETARY

Company 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 Coordinator with Stock Exchange of Thailand, The Securities and Exchange Commission, and other relevant organizations.

DUTIES OF COMPANY 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. Sitarb Supsakorn	Executive Committee Member
5. Mr. Hugues de Champs	Executive Committee Member
6. Mr. Koh Lai Huat	Executive Committee Member
7. Mr. Christophe Voy	Executive Committee Member
8. 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 Committee shall require the approval of 75% of the Members ("the Majority of the Members") and all decisions

made by the Executive 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 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 Committee.

Matters which are delegated to and may be decided by the Executive 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 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 three Independent Directors to the Audit Committee.

1. Mr. Phirasilp Subhapholsiri
Chairman of Audit Committee
2. Mr. Parnchalerm Sutatam
Audit Committee Member
3. Mr. Nopporn Thepsithar
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

Audit Committee directly reports to the Board of Directors. The Audit Committee member 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 consisted 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 the 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 and sub committees to the Board of Directors and for the latter to further propose same to the shareholders' meeting for approval.
4. To propose the salary and bonus 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 15 members as follows:

1. Mr. Somchit Sertthin
Chief Executive Officer
2. Mr. Jacques Pastor
Vice Chairman
3. Mr. Chaiwat Srivawat
Managing Director
4. Mr. Kasidis Chareancholwanich (Retired)
Chief Operating Officer - Thailand
5. Mr. Hugues de Champs
Chief Operating Officer - International
6. Mr. Koh Lai Huat
Chief Financial Officer
7. Mr. Sitilarb 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. Charnchai Lohapratarn
Director - Domestic Sales and Marketing
12. Mr. Suphat Pipitawan
Director - Domestic Operation
13. Mrs. Punsiri Suttienkul
Director - Corporate Branding and Corporate Social Responsibility
14. Mr. Soranard Nantamontry
Director - International Sales and Marketing
15. Mrs. Udornporn Punpatch
Director - Human Resources

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 Board of directors 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 consisted 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

TERMS OF OFFICE OF THE CORPORATE GOVERNANCE COMMITTEE

1. The term of each member is three years. Members whose term of office expires may be re-appointed.
2. The Corporate Governance Committee members shall vacate the office upon expiration of their term of office, death, resignation, and removal from the directorship.
3. In the event where positions within the Committee become vacant by reasons other than upon the expiration of term of office and the number of the members become less than three, the Board of Directors shall appoint persons who are fully qualified as replacement within three months. The replacing member shall hold the office for the remaining term of office of the members whom they replace.



ROLES AND RESPONSIBILITIES OF THE CORPORATE GOVERNANCE COMMITTEE

1. Propose corporate governance (CG) principles, policies and guidelines to the Board;
2. Advise the Board on CG matters;
3. Ensure that the duties and responsibilities of directors and management conform to the CG principles and policies;
4. Revise guidelines of the Company's CG to comply with the CG guidelines as recommended by the Securities and Exchange Commission of Thailand ("SEC").

CORPORATE GOVERNANCE & CORPORATE SOCIAL RESPONSIBILITY

70 CORPORATE GOVERNANCE (CG)

84 CORPORATE SOCIAL RESPONSIBILITY (CSR)





CORPORATE GOVERNANCE



In 2013, the Board of Directors appointed a CG committee to improve corporate governance practices of the Company in order to comply with the principles of good corporate governance for listed companies. The CG committee consists of four directors (two independent and two executive directors) as follows:

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

DUTIES AND RESPONSIBILITIES OF THE CORPORATE GOVERNANCE COMMITTEE

1. Propose corporate governance (CG) principles, policies and guidelines to the Board;

2. Advise the Board on CG matters;
3. Ensure that the duties and responsibilities of directors and management conform to the CG principles and policies;
4. Revise guidelines for the Company's CG to comply with the CG guidelines as recommended by the Securities and Exchange Commission of Thailand ("SEC").

The Board of Directors recognizes the critical importance of corporate governance in the Company's sustainable growth path, creating shareholder value, and securing trust from all stakeholders, including shareholders, employees, customers, business partners, competitors, and creditors. The Board of Directors and management have, therefore, been promoting good corporate governance practices within the Company, subsidiaries and affiliates. The Company is pleased to inform that the Company's corporate governance rating by the Thai Institute of Directors in 2016 was "Very Good". In addition, the Company was also selected to be in the Universe of ESG100 for the year 2016 by the Thaipat Institute.



CORPORATE GOVERNANCE POLICY

The Board of Directors of the Company continuously strives for 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 Ethics 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 in the development of strategies, policies, management guidelines and action plans, taking into account all pertinent risk factors, for the best interest 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 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 equitably.
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 and equitable 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

The Company shall ensure that (i) shareholders, both as investors and as owners of the Company, are entitled to all basic rights and adequate information in the Annual General Meeting ("AGM") and the AGM minutes; (ii) chairman of each sub-committee attends the AGM in order to communicate with shareholders; and (iii) the Company's shareholder structure is in compliance with rules and regulations as well as corporate governance practices. In 2016, the Company's AGM was rated at 98.75 percent by the Thai Investors Association. The basic rights of the Company's shareholders are as follows:

- Shareholders are entitled to rights to receive dividend.
- Shareholders are entitled to rights to propose agenda, nominate a person to be director, and approve certain matters.
- 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.
- Prior to the Annual General Meeting No. 1/2017, shareholders of the Company were entitled to recommend issues to be included in the agenda of the ordinary general meeting of shareholders for the year 2017. Shareholders are allowed to exercise such rights during the period of 26 September 2016 to 30 December 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 the case that the proposed issue is rejected, the Company will inform shareholders the reasons at the annual 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 shall then present 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 provide convenience for shareholders since each reference number is already included in the registration and proxy forms. 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 are promptly available for announcement immediately 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 annual 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 candidate for directorship of the Company.
- At the meeting, shareholders can freely express their opinions, give suggestions, and raise questions on any agenda item before casting votes thus ensuring that shareholders have sufficient detailed information on the matter. Should shareholders have questions or inquiries, specialists in each field are available to answer queries on behalf of the Board of Directors.
- An agenda on the Board’s remuneration is included to inform the shareholders the amount and type of remuneration received by each director including fixed remuneration and variable remuneration which are meeting allowance and the Board’s bonus respectively. Other remunerations, if any, is also stated.
- Notice of the AGM consists of precise and adequate data for decision making of shareholders. Also, minutes of AGM includes the voting method and results as well as questions and comments made by shareholders.
- Chairmen of sub-committees must attend AGMs to communicate and inform shareholders on matters relating to sub-committees.



- The Company’s ownership structure in 2016 is in compliance with good corporate governance practices. For example, shareholding of directors in aggregate does not exceed 25% of total paid-up capital.

EQUITABLE TREATMENT OF SHAREHOLDERS

The Company provides equitable treatment to every individual, major or minor, institution or foreign, shareholders. To that effect, the Company strives to find means to ensure equitability especially for minor shareholders -- as follows:

- 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.
- Standard related party transactions are approved by Board of Directors every year. The related party transactions which are beyond Board of Directors approval are subjected to follow the Notification of the Capital Market Supervisory Board No. Tor. Chor. 21/2551 re: Related Parties Transaction and the Notification of the Board of Governors of the SEC.
- Shareholders of the Company have the right to nominate candidates for directorship via the channels which the Company provides.
- The Company ensures that shareholders have adequate time to prepare for AGM attendance. In 2016,

the notice for the AGM was posted on the Company's website and submitted to shareholders one month and 21 days, respectively, before the AGM date. The AGM notice was issued in both Thai and English.

- The Company treats all shareholders equally and in a proper manner. The Company provides shareholders with proxy forms for appointment of another individual or one of the Company's independent directors, for AGM attendance. 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 the Company's website. In addition, the Company provides shareholders with duty stamps to be sealed on the proxy forms for their convenience.
- The Company 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 from/to one party or another. The shareholder structures of the Company and its subsidiaries are published in the Company's annual report, as well as the holding of each Board member.
- There is a clear separation of duties and responsibilities of the Board, 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 neither 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.
- The Company has an established policy governing the use of internal information and has incorporated it into the employee regulations with penalties for executives or employees in the event internal information is disclosed to outsiders for personal benefit.
- The Company's Code of Ethics includes the additional guidelines that prohibit employees from using the Company's assets or spending working hours to conduct researches, contact brokers or engage in share-trading activities for personal gain or for any parties.

- Under Company's Code of Ethics, Board of Directors, top executives and employees working in related departments (including their spouses and children who are minors) are recommended to refrain from trading the Company shares for 21 days 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.

THE ROLE OF STAKEHOLDERS IN CORPORATE GOVERNANCE

The Board of Directors places great emphasis on the contributions of all stakeholders, namely, shareholders, employees, customers, suppliers, creditors and business partners. All stakeholders are invited to work with the Company toward shared goals and mutual benefits, while making the Company 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's 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.

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 the Company's website around a month before the related documents are submitted to shareholders at least than 21 days prior to the meeting. The shareholders' right to attend the meetings and the right to vote on resolutions are clearly stated in the notice of the meeting submitted by the Company.

The Company also believes that shareholders, as owners of the Company, have the rights to make suggestions and comments on the affairs of the Company. It is a responsibility of independent directors to receive such input. All comments and suggestions will be carefully considered and presented to the Board of Directors.

EMPLOYEES

The Group truly believes that employees are the most valuable asset and is determined to ensure that every employee is proud of and confident in the organization. In 2016, the Group's activities promoted a collaborative working environment to drive innovation and enhance competence by preparing employees to work at overseas locations and cope with volatile economic situations.

At the same time, the Group 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 receivable equitable benefit in services, quality and prices. A new Customer Support Office was established to provide product information, solve problems, and receive any complaints in a way that can improve quality and ensure total satisfaction.

CREDITORS

The Company strictly conducts businesses under the terms of its loans and obligations to creditors.

BUSINESS PARTNERS

Operating within a competitive business context requires building and maintaining trust. The Company strictly adheres to its Code of Ethics, honors its promises and upholds its commitments to trading partners in every way, including supplying quality products in a timely manner.

COMPETITORS

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

EMPLOYEE DEVELOPMENT POLICY

The Group management principles center on human capital and have been investing on effective leadership to groom and hone talents to support business expansion goals. Consequently, the Group implements effective process improvements on human resource management including:

Attract & acquire great people - With the Group's 2020 Mission to be a globally preferred integrated asphalt and petroleum related product company, thus foreseeing exponential growth in our operations and opportunities in the coming years more emphasis are put upon developing recruitment strategy that targets highly skilled and energized people who can work successfully in the Group's culture. International Recruitment Policy & Procedures are aligned with HR management and business model by redesigning the recruitment sourcing strategy, developing talent pool database across the Group, identifying key sourcing channels for each subsidiary to increase the opportunity to acquire international talents, reviewing and developing international standard assessment tools for selection process including functional testing/competencies testing, assessment Center for executive level and "Right Hire Right Match" interviewing program for management trainees and management level.

Build up staff capabilities and maximize "A" player - Corporate development roadmap based from the Group's Leadership Competencies are the guidelines used for consistent training programs that focus on skills and competencies needed for each job grade level. Potential successors from middle to top management are groomed to support business directions through the development of "A" player using Talent Management Program for High Potential, High Performance and Management Trainee. Succession planning plays a vital role in business sustainability on the basis of Individual Development Program framework to identify potential employees to be groomed as successor for key strategic positions for each business unit. Overall, the Group has set a target ratio of 24 hours of training per head per year. This is a target which has been achieving continuously. In 2016, all of our employees in Thailand attended training, equaled to 100% training penetration rate.

The Group utilizes the 70:20:10 learning framework in developing learning and development programs such as for High Potential employees with 2 workshops - Building Business Acumen and Project Management where they use and apply concepts and theory from workshops to work on project assignments. 70:20:10 Learning Framework: 70% of learning through job-related experiences, 20% of learning 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.

Retain & engage employees - Tipco Asphalt Group's Employee Effectiveness Survey result shows that overall Engagement and Enablement levels are at par among all the other organizations in Asia Pacific. 72% of employees are engaged showing enthusiasm, commitment and willing to help the Group to succeed. While 73% are enabled with their job and work environment to perform with their full potential. One of the Group's strategic plans is to develop and initiate programs and activities that will illustrate employee commitment and energy which is the key indicator of their involvement and dedication to the organization.

Promoting the T-I-P-C-O Core Values - we believe that core values are important to the success of our business. Making our values meaningful and engaging our people to understand how T-I-P-C-O (Teamwork, Integrity, Prudence, Commitment and Open-mind) translate to day to day activities and performance has become a strategic effort, to ensure our people focus on what matters and what is most meaningful to "how" we work and provide a critical compass for employee behavior and decision-making at all levels.

In 2016, we have reviewed behaviors that define our T-I-P-C-O to be more symbolized, and providing a framework for individuals achieving the new mission, vision 2020 and increasing the effectiveness of the organization.

Our next step is to communicate and integrate these core values into the organization. Executives and Management team will continue "Leading by example" in order to influence our employee to live the values. "Integrating the values into new employees" to tell the story behind each value chosen and what we expect in terms of behaviors related to the values. "Recognizing and reinforcing" the behaviors of employees who are demonstrating the core values by rewarding them.

By integrated these processes in daily lives, we are able to ensure that our employees will have the ability to demonstrate the expected behaviors related to Tipco Asphalt Group's core values.

HUMAN RESOURCES DEVELOPMENT DIRECTION IN 2017

The Tipco Asphalt Group has developed the systematic human resources management by studying business vision and strategies to design human capital management to drive business growth in a sustainable manner. Our Human Capital Management includes the process of acquiring, training, managing, and retaining employees for them to contribute effectively in the processes of the organization. The development and management of individuals in line with their key responsibility areas not only make them an indispensable resource in the future but also ensure their hundred percent contributions towards the organization. In 2017, the Group will implement major projects as highlighted below:

1. Redesign organizational structure to support business strategy – to redesign micro organizational structure across the Group in alignment with the macro organizational structure to support vision and mission 2020 (In 2016 the Human Resource department with the top executives have worked together to redesign macro organizational structure, work processes, and job sizing across all Tipco Asphalt Group of companies including subsidiaries)

2. Develop HR Systems Reliability – to implement the new HR information system with the objective to centralize Tipco Asphalt Group employee database which will enable to manage the workforce and provide support to all subsidiaries across the Group
 3. Grow a High Performing Team – to establish Career Model according to the Group's new organizational structure to support Individual Career Development Plan, Talent Management and Succession plan and be able to determine the required experience, knowledge and competency for each position
 4. Organizational Knowledge Management – to establish Organizational Management System with the objective of preserving and developing the knowledge pool that exists within the Group. This new system will ensure that valuable business and management knowledge is preserved and made available to employees to help improve their performance as well as their personal growth.
- Securing, and never letting others apply 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 are not violated.
 - Employees must surrender all types of, including intellectual property-related, assets to the Company after the termination of employment, or as otherwise required by the Company.
 - Complying with the intellectual property laws that apply to the country in which the Company is operating, and consult with appropriate intellectual property experts to seek advice for proper understanding.
 - Avoiding disclosure of information that might affect the Company's stock price to external parties.
 - Avoiding giving advice on buying or selling the Company's stock.
 - 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.

NO INTELLECTUAL PROPERTY INFRINGEMENT

The Company has established the policy and guidelines upon no intellectual property infringement which are included in Company's Code of Ethics, the details of which are 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 with the law.
- Restricting the use of electronic equipment, electronic data, or information technologies, in compliance with 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 especially related to politics is strictly prohibited.



ANTI-CORRUPTION

The Board of Directors of the Company adopted its anti-corruption policy, with the ultimate aim of preventing corruption across all value-chain activities, while maintaining vigilant operations.

ANTI-CORRUPTION POLICY

The Group continuously strives for 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 officials, private sector staff, 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 including directors within 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 regularly review and improve business operations in order 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 seminars as organized by the Stock Exchange of Thailand.

In 2014, The Company has signed the Declaration of Intent in View of Establishing Thailand's Private Sector Collective Action Coalition Against Corruption (CAC).

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

In 2016, the Company's representatives also participated in the "2016 National Anti-Corruption Day" activities with the theme of "Sin of Cheating" at the Sanam Luang Royal Plaza, Bangkok, organized by the Anti-Corruption Organization of Thailand (ACT) in collaboration with the Thai Chamber of Commerce and Board of Trade of Thailand. This was to join force against corruption and manifest the penalties of corruption. In addition, the Company submitted the Self-Evaluation Tool for Countering Bribery to the Thai Institute of Directors (IOD) for certification.

Finally, the Company received its assessment result from the Thaipat Institute on its level of level 3 "Established" on anti-corruption progresses, respectively.

HUMAN RIGHTS POLICY

The Group continuously strives for good corporate governance practices in order to maintain a sustainable development of the Group. With the purpose to protect the human rights of both the employees and all stakeholders, the Group 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 defined by any legislations or 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. 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 concepts, beliefs, race, gender, color, religion, marital status, sexual orientation and satisfaction, nationality, age, or disabilities. The Group shall also raise the awareness of 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 Tipco Asphalt Group (“Group”) continuously strives for regulating good corporate governance practices in order to maintain the sustainable development of the Group. In order to create value of the goods and services starting from the manufacturer, service provider, distributor to the user, the group has established the sustainable procurement policy as a way to promote the social responsibility in the group’s business value-chain as follows:

1. The Group shall encourage fair and ethical procurement of goods and services in matters concerning economical value, quality, delivery, and contractual agreement.
2. The Group shall promote the awareness of sustainable procurement concepts in developing our relationships with suppliers in order to further improve the value-chain of the Group’s business.
3. The Group shall favour the procurement of goods and services from manufacturers, service providers, and distributors, who possess relevant accreditations in the area of social responsibility standards.
4. The Group shall encourage the procurement of goods and/or services from manufacturers or distributors from the local vicinity.
5. The Group shall support employees involved in the procurement of goods and services by integrating the procurement process with relevant standards that concern sustainability. Such standards shall include the code of business conduct as well as relevant guidelines that addresses occupational health, security, safety and environmental matters; as well as guidelines addressing matters concerning human rights and social aspects.
6. The group shall promote to develop the procurement process continuously by applying the indicators which relate to social and environment aspects.

DISCLOSURE AND TRANSPARENCY

Disclosure and transparency is the top priority of the Company. Disclosure of the Company’s general and financial information is done on an accurate, complete, transparent, and timely basis. The disclosed information includes Company’s structure, directors’ profiles, performance and risks, and any other pertinent information.

- All relevant information is disclosed via annual report, 56-1, Company’s website and SET’s website. Disclosure of information and quality of financial statements in Annual Report, Form 56-1, and company website is in compliance with the rules and regulations of the Stock Exchange of Thailand. The information includes shareholder structure, major shareholders, shareholding of directors and top executives, the Company’s vision & missions, performance by business unit, and top corporate risks, etc. In addition, disclosure on directors includes profiles, attendances, training, shareholding and remuneration.
- Top executives are also required to file with the SEC for every purchase, sale and transfer of the Company’s shares in compliance with Notification of the Office of the SEC No. Sor. Chor. 12/2552. The report is also submitted to the chairman of Audit committee and chairman of the Board of Directors.
- Directors and executives shall file a report on their and related persons’ interest in accordance with the rules and procedures which stipulate that directors and executives shall file with the company a report on their interest or related persons’ interest. Subsequent to that, the Company Secretary acknowledges, signs and submits the report to the chairman of Audit Committee and chairman within 7 days after the submission in compliance with the Company’s Announcement No. 006/2009 Reporting Criteria of Directors’ Direct and Indirect Interest in the Company dated 18 August 2009.

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

No.	Name	Position	Shareholding amount as of 31 December 2015	Shareholding amount as of 31 December 2016	Changes of Shareholding amount increase / (decrease) in 2016	Shareholding proportion in (%) 1,552,998,070 shares
1.	Mr. Chainoi Puankosoom	Chairman, Independent Director	-	-	-	-
2.	Mr. Koh Ban Heng	Vice Chairman, Independent Director	50,000	-	(50,000)	-
3.	Ms. Laksana Supsakorn	Director,	14,000,000	13,000,000	(1,000,000)	0.84
4.	Mr. Phirasilp Subhapholsiri	Chairman of the Audit Committee, Chairman of the Corporate Governance Committee, Independent Director	-	-	-	-
5.	Mr. Nipphon Suthimai	Independent Director	-	-	-	-
6.	Mr. Nopporn Thepsithar	Chairman of the N & R, Member of the Audit Committee, Independent Director	-	-	-	-
7.	Mr. Parnchalerm Sutatam	Member of the Audit Committee, Member of the N & R Committee, Independent Director	-	-	-	-
8.	Mrs. Anne-Marie Machet	Member of the N & R Committee, Member of the Corporate Governance Committee, Independent Director	-	-	-	-
9.	Mr. Hervé Le Bouc	Director	-	-	-	-
10.	Mr. Jacques Leost	Director	-	-	-	-
11.	Mr. Jacques Pastor	Vice Chairman, Executive Director,	500,000	1,000,000	500,000	0.06
12.	Mr. Sitilarb Supsakorn	Executive Director	12,200,000	15,400,000	3,200,000	0.992
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	28,000,000	28,600,000	600,000	2.518
	Spouse	-	10,000,000	10,500,000	500,000	
15.	Mr. Chaiwat Srivalwat	Managing Director Member of the Corporate Governance Committee	1,200,000	1,200,000	-	0.077
16.	Mr. Kasidis Chareancholwanich	Chief Operating Officer - Thailand	268,000	545,500	277,500	0.035
17.	Mr. Hugues de Champs	Chief Operating Officer - International	-	250,000	250,000	0.016
18.	Mr. Koh Lai Huat	Chief Financial Officer	800,000	800,000	-	0.051
19.	Ms. Auchcha Rattrakultip	Director - Finance, Credit and Legal	415,000	751,000	336,000	0.048
20.	Mr. Suphat Pipitawan	Director – Operation	-	-	-	-
21.	Mr. Louis - Frederic Sachs	Director - Marine Group	-	-	-	-
22.	Mrs. Udomporn Punpatch	Director - Human Resources	502,000	667,000	165,000	0.043
23.	Mrs. Punsiri Suttienkul	Director - Domestic Sales and Marketing	-	-	-	-
24.	Mr. Soranard Nantamontri	Director - International Sales and Marketing	90,000	90,000	-	0.006

- Relevant information available to investors is posted on the Company's website at http://www.tipcoasphalt.com/investor_news.aspx. Disclosure of information is developed based on Corporate Governance and Best Investor Relations Awards guidelines. In 2016, the Company's score on Best IR award on Level of information disclosure on IR webpage improved from 66% to 73%.



INVESTOR RELATION ACTIVITIES

In 2016, the Company participated in activities to exchange information with investors, analysts, and fund managers with details as follows:

- The events organized by the SET which are Opportunity Day on 1st March 2016, 16th May 2016 and 21st November 2016, and Thailand Corporate Day 2016 on 8th March 2016
- Four analyst meetings on 23th February, 12th May, 15th August and 16th November 2016.
- Meetings with local fund managers held by other organizations, e.g., Non-Deal Roadshow by KGI on 19th February 2016, DBS Corporate Day on 26th June 2016, TISCO Corporate Day on 30th June 2016, KGI Corporate Day on 4th July 2016, and Thailand Focus 2016 "A New Growth Strategy" held by Phatra Securities on 2nd September 2016.
- Two international roadshows to meet international fund managers: (i) Thailand's new Drive in Hong Kong held by the Stock Exchange of Thailand (SET) during 23 -24th May 2016 and (ii) ASEAN C-Suite Forum 2016 held by CITI Corporate in Singapore on 1st July 2016.

- Updated regulations and investor feedback are routinely reported to top management and the Corporate Governance Committee for further development.
- Information requests, comments and inquiries related to investor relations can be made through tel. +66 2273 6642, fax. +66 2271 1601, or by email at investors@tipcoasphalt.com.

COMPLAINT & WHISTLEBLOWING POLICY

The Company expects all employees to monitor compliance with the Group'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, each employee can report any misconduct or non-compliance, or send their enquiry to the Company Secretary, Internal Audit or Human Resources Department.

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

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

- Any Company Director
- Director – Human Resources
- Senior Manager – Internal Audit
- Company Secretary

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

The Group shall conduct investigations on 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.

MEASURES FOR PROTECTION AND COMPENSATION

Any person making complaints, reports, or cooperating with a fact-finding investigation shall be protected according to the whistleblowers' protection policy:

Those who complain, reports, or co-operate may choose not to disclose their identities. However, their identities should be disclosed to the investigators appointed by the Group to facilitate the effectiveness of any such investigations.

The Group 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.

Appropriate protection will be provided to those who complain, report, or co-operate if they believe that they will be under threat.

Anyone harmed while providing information to assist the Company's investigations will be compensated in a fair and appropriate manner.

RESPONSIBILITIES OF THE BOARD

The Board of Directors has a commitment to its fiduciaries duties and shall ensure that the Company is managed and operated in the best interest of shareholders.

- The Board of Directors and sub-committee structures are in accordance with good corporate governance guidelines. The Board of Directors comprises directors with various backgrounds, including 7 independent directors. The Chairman of the Board is an independent director with specific roles and responsibilities. The roles and responsibilities of the Board of Directors and management are clearly defined and published in annual reports. Terms and conditions of directorship are in line with good corporate governance guidelines. For example, Company directors are encouraged not to take directorship in more than 5 listed companies.
- The Board of Directors approves corporate governance policies and Code of Ethics which are published in annual report and Company website. The Board of Directors assigns the Corporate Governance Committee to oversee corporate governance and Code of Ethics and periodically update the Board of directors.
- The Board of Directors defines and reviews vision and missions for a specific period. Besides, the Board of Directors reviews strategies of the Company annually or more often if required.
- The Board of Directors appointed the Audit Committee to oversee the state of internal controls within the Company.
- The Board of Directors appointed the Nomination and Remuneration Committee to oversee the nomination, remuneration, and succession plans.
- The Board of Directors encourages directors to train on relevant courses. In 2016, Mr. Chaiwat Srivalwat attended "SET100 ฝึกกำลังประชากรรัฐ" organized by the Stock Exchange of Thailand.
- Since 2015, the Corporate Governance Committee proposed to the Board of Directors to conduct self –assessment of the Board of Directors, on both collective and individual basis, including those of all sub-committees.

CORPORATE SOCIAL RESPONSIBILITIES



SOCIAL RESPONSIBILITY POLICY

The 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 order to maintain standard and continuous improvement, assessment review by MASCI was conducted every 2 years which were 2014 and 2016. In addition, The Group registered special officer who take care of CSR in plants under notification of Ministry of Industry. 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.

In 2016, the Group was certified ISO 9001:2015, ISO 14001:2015 and in the process of certification of ISO 39001:2012 (Road Traffic Safety Management System) in 2017. This is to ensure management and prevention of road accident which reflects care of driver and commuter, one of stakeholder.

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 MANAGEMENT SYSTEM

We are 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 2016, participation in this training is a total of 6,013 hours, over the target of 4,470 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 place bunker oil in hot boiler with diesel in order to reduce pollution;

- 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; and
- 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; and
- Reducing nitrogen oxide (NOx) emissions through engine procuremen.

PROTECTION OF THE ENVIRONMENT, BIODIVERSITY AND RESTORATION OF NATURAL HABITATS

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, the Wat Bangkrasob community in Samut Prakan Province, and Bueng Takreng in Phitsanulok Province in 2016



CERTIFIED MANAGEMENT SYSTEM

MANAGEMENT SYSTEM	ISO STANDARD	THAILAND STANDARD	CERTIFIED PLANT
Quality	ISO 9001:2015	TIS 9001 - 2558	All plants in Thailand
Environmental	ISO 14001:2015	TIS 14001 - 2558	All plants in Thailand
Health and Safety	OHSAS 18001:2007	TIS 18001 - 2554	All plants in Thailand
Integrated Management System		IMS R-100	All plants in Thailand except Thartong plant
Laboratory	ISO/IEC17025:2005	TIS 17025 - 2548	Nakhon Ratchasima Plant Only
Corporate Social Responsibility, the Department of Industrial Works		CSR-DIW2559	All plants in Thailand
Road Traffic Safety	ISO 39001 : 2012	TIS 39001-2556	In process at Phitsanulok Plant



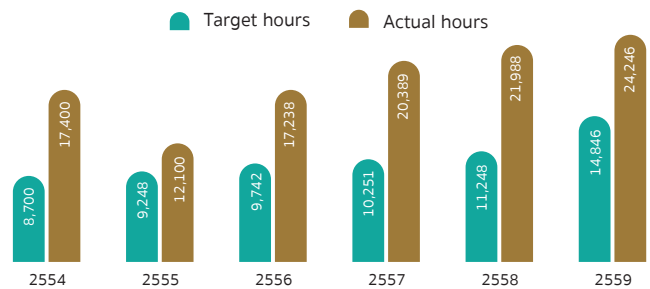
CONSISTENT COMMUNITY INVOLVEMENT AND DEVELOPMENT

In 2016, 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 visiting professor for development of curriculum and laboratory for asphalt test;
- Collaborating with RakThai foundation for “Little hero” “ฮีโร่เยาวชน” in order to improve knowledge and skill for teenager and teacher;
- 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 2016, net income, without deducting expenses from the plays and contribution stood at Baht 1.1 million;



HOURS OF COMMUNITY SERVICES



- Utilizing the specialized technical skills of the Group, through projects with the community and nearby schools in order to increase income. The projects so called "one plant one product" such as marketing for rice vicinity at Baan Pongmorhao in Phitsanulok Province and enhancing fertilizer capability in Surathani province; and
- Leveraging the Group's expertise with customer by constructing the "Green road to school" in provinces that group's plant are located such as Jatukram school in Nakornratchasima, Nikom 4 school Rayong province, and Bann bangkaew Phitsanulok 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 2016, our staff consistently achieved a remarkable 24,246 hours for community activities, well exceeding the minimum target requirement of 14,846 hours.

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INTERNAL CONTROL & INTERNAL AUDIT



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 strategic objectives underpinning the Company's Vision 2020. The organization structure is regularly reviewed and updated as necessary to reflect the evolution of the Company as it pushes 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 (a sub-committee of the Board) further emphasizes the value of good CG for the Company. Operationally, oversight of CG and ERM is driven by the Company's Managing Director.

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 procedure 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 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.

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	PERIOD	POSITION/ COMPANY
Joseph Mugilen Soosay Manickam	<ul style="list-style-type: none"> • Certified Internal Auditor (CIA) • Chartered Management Accountant (ACMA) • Chartered Global Management Accountant (CGMA) 	2555 - Present	Senior Manager - Internal Audit Department/ Tipco Asphalt Public Co., Ltd.
		2551 - 2555	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.



PHIRASILP SUBHAPHOLSIRI
Chairman of the Audit Committee

RELATED PARTY TRANSACTION

(Unit : Million Baht)

Related Companies, Details		2016	Pricing policy	2015
Sales and Services provided to	Asia Bitumen Trading PTE Ltd.	1,397	Market price/ Contract price	1,078
	Thanomwongse Service Company Limited	242		196
	Thai Slurry Seal Company Limited	140		161
	Colas S.A. (Colas S.A. Sami Bitumen Technology and Highway Resources)	1,195		2,225
	Tipco Food Public Company Limited	1		1
	ISCO Industry PTE	-		4
	Grand Total Revenues	2,975		3,665
	Siam Container Terminal	6		6
	Thanomwongse Service	2		18
	Tipco F&B Co., Ltd.	2		2
Rental and service expenses paid to	Tipco Tower Company Limited	29	Market price/ Contract price	15
	Marketing Consultant Co., Ltd.	6		-
	Asia Bitumen Trading Pte Ltd.	7		-
	Colas S.A. (Colas S.A. Sami Bitumen Technology and Highway Resources)	-		9
	Subtotal	52		50
	Technical Assistance fee	83		69
	Grand Total Expenses	135		119

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MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL ANALYSIS

The Group is pleased to report 2016 Net Profit After Tax of Baht 3,110 million, as compared to the extraordinary Net Profit After Tax of Baht 5,079 million in 2015. We had mentioned before that 2015 was the year of extraordinary performance in the history of Tipco Asphalt Group which could not be repeated consecutively.

Sales and services stood at Baht 24,038 million, reflecting a decrease of 35% from last year. This decrease was mainly attributable to the significant drop in asphalt selling price in line with lower crude price during the year. However, sales volume only decreased by 9.7% comparing to 2015 because of weaker market demand attributable to prolonged rainy seasons, over supply and high inventory level brought forward from 2015 for most of the export markets. Overseas market like Vietnam, Cambodia and Indonesia experienced slowdown whilst “Tea-port” refineries in China also increased the asphalt supply significantly within China internal market. The export market in 2016 was a very challenging environment but we are witnessing a recovery at the end of the year.

In order to stimulate the economy, the Government of Thailand increased its annual road infrastructure spending last year by 24% higher budget than 2015 but with lesser special budgets for the year. Thailand asphalt consumption reached an all-time high at 1.3 million tons. As a result, our domestic asphalt revenue achieved record high margin and sales volume. The export market in 2016 was a very challenging environment but we foresee a recovery in 2017.

Cost of sales and services in 2016 stood at Baht 19,949 million or 82.99% (82.51% in 2015) of sales and services before the allowance for diminution in value of inventory that had been adequately hedged. The Company managed to maintain a stable margin in the tough and challenging market conditions and achieved a hedging gain of Baht

403 million even in the rising of ICE Brent price recovering from \$36.50/bbl at the beginning of 2016 to \$56.56/bbl at year end. The effectiveness of our hedging strategy has again mitigated the Company’s exposure to the commodity market risks either in the falling or rising market price and contributed to a sustainable positive operating result.

Selling and administrative expenses stood at Baht 259 million and Baht 1,045 million representing 1.08% and 4.35% of sales and services respectively. Comparatively, these expenses in 2015 stood at Baht 200 million and Baht 945 million or 0.54% and 2.54% of sales and services respectively. The increase in administration expense was attributable to employee cost increase comparing to 2015 and was in line with business expansion and expenses related to the new local and foreign acquisitions. The Group is committed to controlling these overheads while improving the operating gross profit margin.

There was a recovery of doubtful account in 2016 of Baht 153 million 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 Group’s prudent policy to fully provide for any debt outstanding more than 1 year.

Financial expense in 2015 was Baht 110 million compared to Baht 151 million in the previous year. The decrease was mainly due to prepayment of more expensive long-term loans.

Net Profit After Tax of Baht 3,109 million for 2016 represented earning per share of Baht 2.01 (par value of Baht 1 each) as compared to Baht 3.30 per share in previous year.

The Group’s Return on Equity (ROE) remained healthy at 27.7% and 62.4% in 2016 and 2015 respectively.

FINANCIAL ANALYSIS

Financial status of the Group at the end of 2016 can be summarized as follows:

The Group's total bank borrowings remained low while some of the expensive long term loans of the Group's subsidiaries were prepaid from operating cash flow. As a result, the Group's Debt/Equity (D/E) ratio improved slightly to 0.59. We believe in maintaining a healthy cash position by controlling capital expenditure at a modest level whilst seeking for new business expansions. As a sign of confidence, Fitch Credit Rating Agency reaffirmed our long term credit rating of "A-" in last October 2016. The Group continues to receive full support from commercial banks in both inventory and other working capital financing.

FINANCIAL POSITION

The Group cash flow generated from operations stood at Baht 4,728 million compared to Baht 6,375 million in 2015. The Group's consolidated debt to equity ratio (D/E ratio) continued to improve to 0.59 from 0.60 after prepayment of long-term loan due to strong cash flow. Furthermore, the long-term borrowing/equity ratio has also decreased to 0.10 from 0.24.

A change in financial position of the Group at the end of 2016 compared to 2015 can be summarized as follows:-

- Increase in inventories due to increase in crude in-transit at end of the year;
- Increase in property, plant, and equipment due to business expansion and investment in upgrading of our refinery;
- Increase in trade and other payables due to better supplier term;
- Increase in short-term loans from financial institutions due to an increase of short-term crude financing at the end of year;
- Decrease in long-term loans from financial institutions due to prepayment of long-term loan from strong cash flow

KEY FINANCIAL RATIO

Key financial ratio of the Group at the end of 2016 can be summarized as follows:-

- Net profit margin slightly decreased in 2016 to 12.9% from 13.7% in 2015
- Return on equity decreased in 2016 to 27.7% from extraordinary 62.4% in 2015

CASH FLOW

Cash flow of the Group at the end of 2016 can be summarized as follows:-

- Net cash from operating activities of Baht 4,835 million was mainly due to cash generated from operations and better effort in receivable collections and the longer timing of crude payment;
- Net cash used in investing activities of Baht 3,218 million was mainly due to the acquisitions and investment in subsidiaries and equipment in refinery;
- Net cash used in financing activities of Baht 1,698 million was mainly due to 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 2016

AUDIT FEE

No.	Company	Name of auditor	Audit fee (Baht)
1	Tipco Asphalt Public Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	2,250,000.-
2	Raycol Asphalt Co., Ltd.	EY Office Limited (by Mr. Supachai Phanyawattano)	570,000.-
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)	330,000.-
5	Tipco Maritime Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	270,000.-
6	Alpha Maritime Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	250,000.-
7	Delta Shipping Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	270,000.-
8	Tasco Shipping Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	290,000.-
Total audit fee			5,280,000.-

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.-
12	Tipco Asphalt Public Company Limited	Tax consult	EY Corporate Services Limited	575,000.-	250,000.-
Total non-audit fee				575,000.-	475,000.-

Above information:

☒ 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 I 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 2016, 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.



MR. CHAINOI PUANKOSOOM
 Chairman



MR. CHAIWAT SRIVALWAT
 Managing Director

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Tipco Asphalt Public Company Limited

OPINION

I have audited the accompanying consolidated financial statements of Tipco Asphalt Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Tipco Asphalt Public Company Limited (the Company) for the same period.

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 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

BASIS FOR OPINION

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent from the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

KEY AUDIT MATTERS

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

REVENUE RECOGNITION

The revenue from sales is significant in amount in the financial statements of 2016 and directly affects the Group financial performance. I therefore focus on revenue recognition to ensure that revenue is recognised in the correct period.

I assessed the appropriateness and tested the effectiveness of the internal controls of the Group with respect to the revenue cycle by examining supporting documents, on a sampling basis, for actual sales transactions occurring during the year and expanding the scope of audit near the end of the reporting period. I also audited credit notes that the Group issued after the period-end. In addition, I performed analytical procedures of disaggregated data to detect possible irregularities in sale transactions throughout the period, particularly for accounting entries made through journal vouchers.

ESTIMATION OF NET REALISABLE VALUE OF INVENTORY

Estimating the net realisable value of inventory is an area of significant management judgment. This is because such estimation requires significant assumptions based on market price of crude oil and petroleum products which fluctuate according to the economic circumstances and the situation within the industry and also effect in determining the allowance set aside for diminution in the value of inventory causing the value of inventories presented in statement of financial position.

I gained an understanding of the process relevant to the determination of allowance for diminution in the value of inventories and assessed the appropriateness of the assumptions applied by management in determining such allowance as well as the consistency of the application of that basis and assumptions. I tested the calculation of the allowance for diminution in the value of inventories. I also compared the inventory holding periods and inventory movement to identified product group with indicators of lower than normal inventory turnover.

BUSINESS COMBINATION

During the year 2016, the Company and a subsidiary invested in new subsidiaries and associate. As at the date of the acquisition, the Company and a subsidiary recognised and measured the assets acquired and liabilities assumed at their fair value and recognised goodwill from the business combination by applying the acquisition method. I have focused on this business acquisition since it was material to the financial statements as a whole, and management was required to exercise substantial judgement when appraising the fair value of the assets acquired and liabilities assumed which effect the recognition and measurement of the assets acquired and liabilities assumed, including recognised goodwill.

I reviewed the terms and conditions of the agreements and inquired with management as to the nature and objectives of the acquisition in order to evaluate whether the acquisition meets the definition of a business combination under Thai Financial Reporting Standard 3 (Revised: 2015) Business combinations. In addition, I checked the value of the acquisition to supporting documents and related payments to assess whether it reflected the fair value of the consideration transferred and did not include acquisition-related costs. I also assessed the fair value of assets acquired and liabilities assumed specified in the documentation of measurement under the acquisition method as prepared by an independent valuation specialist, by considering the methods and significant assumptions used by the independent valuation specialist in calculating the fair value of assets and liabilities and evaluating the expertise, ability and integrity of the independent valuation specialist. I also assessed the rationale of goodwill recognised from the business combination and examined the disclosures related to the business combination in notes to the financial statements.

VALUATION OF FINANCIAL INSTRUMENTS

The Group has entered into the financial instruments to protect the exposure from the fluctuation in price of raw materials and finished goods, exchange rate of foreign currency and interest rate of loans, with many counterparties, and presented the fair value of such financial instruments in statement of financial position. Management therefore relied on a valuation technique and model suggested by counterparties, in which the assumptions used in the model were based on comparable and observable market inputs. The difference in assumption used in calculation affected the fair value of such financial instruments presented in statement of financial position.

I gained an understanding of the transaction and recording process of fair value of financial instruments. I recalculated the fair value of such financial instruments. I sent the confirmation to counterparties to determine the completeness of transaction and verified supporting documents, on a sampling basis, for actual transactions occurring during the year and after the period-end. In addition, I tested the appropriateness of fair value used by comparing to available market inputs. Moreover, I examined the information disclosed in notes to the financial statements for appropriateness and completeness.

OTHER INFORMATION

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the 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.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Supachai Phanyawattano.



SUPACHAI PHANYAWATTANO

Certified Public Accountant (Thailand) No. 3930

EY Office Limited
Bangkok: 14 February 2017

STATEMENT OF FINANCIAL POSITION

Tipco Asphalt Public Company Limited and its subsidiaries
As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents		1,333,229,093	1,353,520,527	234,077,594	667,292,854
Trade and other receivables	6, 7	3,491,349,459	3,271,776,388	2,653,403,952	2,926,605,517
Short-term loans to related parties	7	-	-	-	6,178,808
Inventories	8	3,769,635,960	2,402,519,199	3,106,106,733	1,999,511,980
Price hedging contracts	34, 35	514,320,894	1,674,980,594	514,320,894	1,674,980,594
Forward exchange contracts	34, 35	1,322,490	457,730	1,322,490	457,730
Other current assets		251,072,979	103,972,796	29,574,977	16,390,857
Total current assets		9,360,930,875	8,807,227,234	6,538,806,640	7,291,418,340
Non-current assets					
Investments in subsidiaries	9	-	-	7,335,599,937	3,657,581,856
Investment in joint venture	10	30,951,742	20,957,106	-	-
Investments in associates	11	435,085,897	126,739,281	243,447,034	18,403,580
Long-term loans to related parties	7	-	-	636,652,215	210,294,998
Investment properties	12	199,432,559	199,432,500	99,837,943	99,837,989
Property, plant and equipment	13	8,690,381,515	7,075,695,005	885,156,564	552,044,818
Goodwill	9	146,293,504	146,293,504	-	-
Other intangible assets	14	228,849,463	31,541,354	53,722,488	30,498,057
Leasehold rights	15	375,084,549	399,247,638	3,190,631	3,418,533
Deferred tax assets - net	26	25,116,082	1,629,776	56,428,448	25,383,379
Interest rate swap contracts	19, 34	389,373	-	-	-
Other non-current assets		10,100,618	60,538,245	4,232,430	3,982,822
Total non-current assets		10,141,685,302	8,062,074,409	9,318,267,690	4,601,446,032
Total assets		19,502,616,177	16,869,301,643	15,857,074,330	11,892,864,372

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 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	16	1,468,287,723	36,088,600	1,269,830,852	
Trade and other payables	7, 17	4,053,188,900	2,253,624,549	4,118,004,563	1,976,455,711
Current portion of liabilities under					
finance lease agreements		646,900	2,719,074	385,859	2,172,214
Current portion of long-term loans from financial institutions	18	377,855,875	436,653,494	-	-
Income tax payable		224,788,486	468,999,113	150,578,848	397,281,581
Price hedging contracts	34, 35	50,331,376	819,832,109	50,331,376	819,044,273
Forward exchange contracts	34, 35	2,900,527	635,876	2,022,022	630,664
Other current liabilities		133,656,077	100,332,817	42,275,162	41,269,164
Total current liabilities		6,311,655,864	4,118,885,632	5,633,428,682	3,236,853,607
Non-current liabilities					
Liabilities under finance lease agreements -					
net of current portion		391,387	1,032,799	-	285,911
Long-term loans from financial institutions -					
net of current portion	18	777,903,321	2,044,858,432	-	-
Long-term loan from related party	7	7,570,206	8,152,326	-	-
Interest rate swap contracts	19, 34	9,537,502	18,945,227	9,537,502	19,022,920
Provision for long-term employee benefits	21	130,486,627	112,940,794	87,497,314	92,746,076
Total non-current liabilities		925,889,043	2,185,929,578	97,034,816	112,054,907
Total liabilities		7,237,544,907	6,304,815,210	5,730,463,498	3,348,908,514

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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Shareholders' equity					
Share capital	22				
Registered					
1,579,343,570 ordinary shares					
(2015: 1,578,735,570 ordinary shares) of Baht 1 each		1,579,343,570	1,578,735,570	1,579,343,570	1,578,735,570
Issued and fully paid					
1,552,998,070 ordinary shares of Baht 1 each					
(2015: 1,543,850,070 ordinary shares) of Baht 1 each		1,552,998,070	1,543,850,070	1,552,998,070	1,543,850,070
Premium on share capital		1,008,953,799	969,634,291	1,008,953,799	969,634,291
Share subscription	22	4,825,807	554,020	4,825,807	554,020
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		(570,310,802)	(308,455,017)	-	-
Capital reserve for share-based payment transactions	23	119,382,361	75,456,879	119,382,361	75,456,879
Retained earnings					
Appropriated - statutory reserve	24	172,123,329	172,123,329	172,123,329	172,123,329
Unappropriated		9,873,733,941	7,843,967,182	7,268,327,466	5,782,337,269
Other components of shareholders' equity		(13,503,665)	25,500,537	-	-
Equity attributable to owners of the Company		12,154,440,595	10,328,869,046	10,126,610,832	8,543,955,858
Non-controlling interests of the subsidiaries		110,630,675	235,617,387	-	-
Total shareholders' equity		12,265,071,270	10,564,486,433	10,126,610,832	8,543,955,858
Total liabilities and shareholders' equity		19,502,616,177	16,869,301,643	15,857,074,330	11,892,864,372

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 2016

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Revenues					
Sales and service income		24,037,769,819	37,136,767,523	19,111,116,711	34,265,588,345
Other income					
Dividend income from subsidiaries	9	-	-	965,099,810	141,799,790
Dividend income from associate	11	-	-	4,838,209	61,540,222
Gain on exchange	34, 35	65,673,695	268,923,797	72,667,090	240,505,691
Others		191,308,738	86,605,390	223,132,443	128,058,041
Total revenues		24,294,752,252	37,492,296,710	20,376,854,263	34,837,492,089
Expenses					
Cost of sales and services		19,948,811,574	30,640,829,204	17,287,611,209	29,758,115,920
Gain from price hedging contracts	34, 35	(403,342,481)	(921,801,060)	(393,841,528)	(897,367,353)
Reversal of reduction of cost of inventory to net realisable value	8	(197,244,020)	(86,219,948)	(188,040,059)	(61,888,447)
		19,348,225,073	29,632,808,196	16,705,729,622	28,798,860,120
Selling expenses		259,426,515	200,452,987	107,401,408	104,505,733
Administrative expenses		1,045,427,861	944,622,404	566,909,879	555,221,381
Other expenses					
Allowance for doubtful accounts (reversal)		(153,033,460)	176,911,782	(45,883,762)	352,059,818
Impairment loss of investment in subsidiary		-	-	8,300,000	57,120,000
Impairment loss of equipment and leasehold rights	13, 15	-	89,236,148	-	-
Total expenses		20,500,045,989	31,044,031,517	17,342,457,147	29,867,767,052
Profit before share of profit from investments in joint venture and associates, finance cost and income tax					
		3,794,706,263	6,448,265,193	3,034,397,116	4,969,725,037
Share of profit from investment in joint venture	10	9,572,701	20,160,854	-	-
Share of profit from investments in associates	11	88,147,403	67,650,337	-	-
Profit before finance cost and income tax		3,892,426,367	6,536,076,384	3,034,397,116	4,969,725,037
Finance cost		(110,043,611)	(151,113,071)	(32,527,390)	(70,280,764)
Profit before income tax		3,782,382,756	6,384,963,313	3,001,869,726	4,899,444,273
Income tax	26	(655,138,744)	(1,188,690,180)	(432,568,030)	(958,979,461)
Profit for the year		3,127,244,012	5,196,273,133	2,569,301,696	3,940,464,812
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	26	-	1,196,353	-	1,196,353
Exchange differences on translation of financial statements in foreign currencies		(48,002,313)	145,698,690	-	-

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 2016

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(48,002,313)	146,895,043	-	1,196,353
<i>Other comprehensive income not to be reclassified</i>					
to profit or loss in subsequent periods:					
Actuarial (gain) loss - net of income tax	21, 26	2,944,625	(23,088,110)	-	(19,127,825)
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		2,944,625	(23,088,110)	-	(19,127,825)
Other comprehensive income for the year		<u>(45,057,688)</u>	<u>123,806,933</u>	<u>-</u>	<u>(17,931,472)</u>
Total comprehensive income for the year		<u>3,082,186,324</u>	<u>5,320,080,066</u>	<u>2,569,301,696</u>	<u>3,922,533,340</u>
Profit attributable to:					
Equity holders of the Company		3,110,133,633	5,078,764,042	<u>2,569,301,696</u>	<u>3,940,464,812</u>
Non-controlling interests of the subsidiaries		<u>17,110,379</u>	<u>117,509,091</u>		
		<u>3,127,244,012</u>	<u>5,196,273,133</u>		
		-	-		
Total comprehensive income attributable to:					
Equity holders of the Company		3,074,074,056	5,204,010,704	<u>2,569,301,696</u>	<u>3,940,464,812</u>
Non-controlling interests of the subsidiaries		<u>8,112,268</u>	<u>116,069,362</u>		
		<u>3,082,186,324</u>	<u>5,320,080,066</u>		
		-	-		
Earnings per share	29				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>2.01</u>	<u>3.30</u>	<u>1.66</u>	<u>2.56</u>
Diluted earnings per share					
Profit attributable to equity holders of the Company		<u>1.98</u>	<u>3.25</u>	<u>1.64</u>	<u>2.52</u>

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 2016

(Unit: Baht)

Consolidated financial statements										
Equity attributable to owners of the Company										
	Issued and paid-up share capital	Premium on share capital	Share subscription	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	Retained earnings				
						Capital reserve for share-based payment transactions	Appropriated - statutory reserve	Unappropriated	Exchange differences on translation of financial statements in foreign currencies	Other comprehensive income
								Fair value of interest rate swap contract	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company
										Equity attributable to non-controlling interests of the subsidiaries
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	(1,196,353)	(121,553,723)	169,694,607
Profit for the year	-	-	-	-	-	-	3,711,758,520	-	-	6,125,016,171
Other comprehensive income for the year	-	-	-	-	-	-	5,078,764,042	-	-	5,196,273,133
Total comprehensive income for the year	-	-	-	-	-	-	(21,807,598)	-	-	123,806,933
Increase in share capital (Note 22)	11,070,500	53,384,210	(7,748,118)	-	-	-	5,056,956,444	1,196,353	147,054,260	116,069,362
Cash receipts from share subscription (Note 22)	-	-	554,020	-	-	-	-	-	-	-
Share-based payment transactions (Note 23)	-	-	-	-	-	37,023,948	-	-	-	-
Dividend paid (Note 32)	-	-	-	-	-	-	-	-	-	-
Increase in share capital of new subsidiary	-	-	-	-	-	-	(924,747,782)	-	(924,747,782)	-
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	1,853,628
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	-	25,500,537	(52,000,210)
Balance as at 1 January 2016	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	235,617,387
Profit for the year	-	-	-	-	-	-	3,110,133,633	-	-	17,110,379
Other comprehensive income for the year	-	-	-	-	-	-	2,944,625	-	(39,004,202)	17,110,379
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	3,127,244,012
Change in the Company's interest in subsidiary which did not result in a loss of control (Note 9)	-	-	-	-	(261,855,785)	-	-	-	-	(8,998,111)
Increase in share capital (Note 22)	9,148,000	39,319,508	(554,020)	-	-	-	-	-	-	8,112,268
Cash receipts from share subscription (Note 22)	-	-	4,825,807	-	-	-	-	-	-	3,074,074,056
Share-based payment transactions (Note 23)	-	-	-	-	-	43,925,482	-	-	-	-
Dividend paid (Note 32)	-	-	-	-	-	-	(1,083,311,499)	-	-	-
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2016	1,552,998,070	1,008,953,799	4,825,807	6,237,755	(570,310,802)	119,382,361	172,123,329	9,873,733,941	(13,503,665)	(7,443,018)
										110,630,675
										12,265,071,270

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 2016

(Unit: Baht)

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CASH FLOW STATEMENT

Tipco Asphalt Public Company Limited and its subsidiaries
For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities:				
Profit before income tax	3,782,382,756	6,384,963,313	3,001,869,726	4,899,444,273
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	825,693,577	575,593,469	111,476,345	81,213,867
Written off goodwill	525,700	-	-	-
Written off withholding tax	3,214	137,923	-	-
Allowance for doubtful accounts (reversal)	(157,147,372)	176,911,782	(45,883,762)	352,059,818
Reversal of reduction of cost of inventory to net realisable value	(197,244,020)	(86,219,948)	(188,040,059)	(61,888,447)
Dividend income from subsidiaries	-	-	(965,099,810)	(141,799,790)
Dividend income from associate	-	-	(4,838,209)	(61,540,222)
Allowance for loss on impairment-investment in subsidiary	-	-	8,300,000	57,120,000
Unrealised (gain) loss on exchange rate	17,288,709	34,694,137	36,606,830	(23,413,432)
(Gain) loss on sales of equipment	5,410,161	(1,971,506)	(1,465,028)	(3,411,084)
Impairment loss of equipment and leasehold rights	-	89,236,148	-	-
Share of profit from investment in joint venture	(9,572,701)	(20,160,854)	-	-
Share of profit from investments in associates	(88,147,403)	(67,650,337)	-	-
Share-based payment transactions	43,925,482	37,023,948	35,129,260	29,749,022
Provision for long-term employee benefits	17,090,819	10,382,743	9,868,931	8,398,084
Change in fair value of forward exchange contracts	(696,960)	588,836	526,598	581,794
Change in fair value of price hedging contracts	391,158,966	(898,454,545)	391,946,803	(899,242,381)
Change in fair value of interest rate swap contracts recognised in profit or loss	(9,797,099)	(1,441,330)	(9,485,418)	(1,026,210)
Interest expenses	107,075,018	141,838,212	36,825,632	66,053,072
Profit from operating activities before changes in operating assets and liabilities	4,727,948,847	6,375,471,991	2,417,737,839	4,302,298,364
(Increase) decrease in operating assets				
Trade and other receivables	669,364,899	560,781,267	300,219,321	833,606,509
Inventories	(886,419,566)	1,500,531,791	(918,554,694)	1,506,242,856
Other current assets	(117,846,786)	(62,142,439)	(32,938,726)	(15,865,048)
Other non-current assets	99,459,218	(51,815,968)	(3,358,766)	20,274,747
Increase (decrease) in operating liabilities				
Trade and other payables	1,553,831,537	838,382,519	2,150,484,792	486,734,084
Other current liabilities	(98,896,205)	51,136,198	(14,111,696)	13,392,537
Cash flows from operating activities	5,947,441,944	9,212,345,359	3,899,478,070	7,146,684,049
Cash paid for interest expenses	(136,253,656)	(124,161,222)	(46,049,438)	(68,481,113)
Cash paid for corporate income tax	(975,928,771)	(728,878,632)	(710,315,832)	(631,724,976)
Net cash flows from operating activities	4,835,259,517	8,359,305,505	3,143,112,800	6,446,477,960

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 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities:				
Cash paid for investments in subsidiaries	-	-	(1,522,986,111)	-
Cash paid for investments in new subsidiaries - net from cash and cash equivalent received	(1,278,659,519)	-	(1,513,222,360)	-
Cash paid for acquisition of short-term loan in new subsidiaries from related party	-	-	(448,158,750)	-
Cash paid for investment in associate	(225,043,454)	-	(225,043,454)	-
Cash paid for acquisition of long-term loan in subsidiary	-	-	(190,763,020)	-
Dividends received from subsidiaries	-	-	639,238,215	36,800,000
Dividend received from associate	4,838,209	61,540,222	4,838,209	61,540,222
Decrease in short-term loans to related parties	-	-	6,452,506	-
Increase in long-term loans to related parties	-	-	(34,620,000)	(205,339,740)
Acquisition of equipment	(1,209,975,155)	(1,660,469,792)	(413,809,728)	(152,275,788)
Acquisition of computer software	(33,681,868)	(6,275,486)	(31,149,681)	(5,639,574)
Acquisition of leasehold rights	-	(2,175,024)	-	-
Proceeds from sales of equipment	3,581,148	5,045,462	1,626,855	4,726,299
Net cash flows used in investing activities	(2,738,940,639)	(1,602,334,618)	(3,727,597,319)	(260,188,581)
Cash flows from financing activities:				
Cash paid for acquisition of non-controlling interests of subsidiaries	(387,511,747)	-	(387,511,747)	-
Increase (decrease) in short-term loans from financial institutions	1,049,938,942	(4,062,469,921)	1,246,340,682	(3,900,734,121)
Increase (decrease) in short-term loans from related parties	(448,158,750)	-	325,000,000	-
Cash paid under finance lease agreements	(9,897,651)	(4,180,088)	(1,995,492)	(3,205,687)
Cash receipts from long-term loans	-	649,594,800	-	-
Repayment of long-term loans	(1,312,788,873)	(1,288,751,992)	-	(772,500,000)
Cash receipts from capital increase	47,913,488	56,706,592	47,913,488	56,706,593
Cash receipts from share subscription	4,825,807	554,020	4,825,807	554,020
Dividend paid to shareholders	(1,083,303,479)	(924,458,773)	(1,083,303,479)	(924,458,773)
Cash receipt for paid-up share capital in subsidiary from non-controlling interests of subsidiary	-	1,853,628	-	-
Dividend paid to non-controlling interests of subsidiaries	(7,443,018)	(52,000,210)	-	-
Net cash flows from (used in) financing activities	(2,146,425,281)	(5,623,151,944)	151,269,259	(5,543,637,968)
Exchange differences on translation of financial statements in foreign currencies	29,814,969	(57,286,468)	-	-
Net increase (decrease) in cash and cash equivalents	(20,291,434)	1,076,532,475	(433,215,260)	642,651,411
Cash and cash equivalents at beginning of year	1,353,520,527	276,988,052	667,292,854	24,641,443
Cash and cash equivalents at end of year	1,333,229,093	1,353,520,527	234,077,594	667,292,854
Supplemental cash flows information				
Non-cash transactions				
Accounts payable from purchase of equipment	7,926,107	76,428,813	-	-
Settlement of dividend received from subsidiary with account payable (Note 9)	-	-	-	104,999,790
Settlement of dividends received from subsidiaries with short-term loans from related parties (Note 9)	-	-	325,000,000	-
Settlement of dividends received from subsidiaries with accrued interest to related parties (Note 9)	-	-	861,595	-
Settlement of cash paid from purchase of investments in subsidiaries with short-term loans to subsidiaries (Note 9)	-	-	248,113,188	-
Settlement of cash paid from purchase of investments in subsidiaries with accrued interest income from subsidiaries (Note 9)	-	-	5,688,453	-
Settlement of cash paid from purchase of investment in subsidiary with cash received from capital reduction in subsidiary (Note 9)	-	-	1,125,000,000	-

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 2016

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	
		2016	2015	2016	2015
		(Million Baht) (Except for other specified currency)	(Million Baht)	(%)	(%)
Subsidiaries incorporated in Thailand					
Raycol Asphalt Co., Ltd.	Manufacture and distribution of asphalt products	111	111	100.00	41.44
Thai Bitumen Co., Ltd. ("Thai Bitumen")	Holding company and manufacture and distribution of asphalt products	375	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") (2015: 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") (2015 : 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 the Company and 20% owned by KOC (2015: 10% owned by TIHK and 20% owned by KOC))	Distribution of asphalt products	0.30 Million ringgit	0.30 Million ringgit	30.00	30.00
Subsidiaries incorporated in Singapore					
KBC Energy Pte. Ltd. (100% owned by KOC)	Dormant	0.01 Million USD	0.01 Million USD	100.00	100.00
Pacific Bitumen Shipping Pte. Ltd. ("PBS") (2015: 100% owned by TIHK)	Marine transportation	0.01 Million USD	0.01 Million USD	100.00	100.00
Highway Resources Pte. Ltd. ("HR")	Distribution of asphalt products	4.78 Million SGD	- -	100.00	-
AD Shipping Pte. Ltd. ("ADS")	Marine transportation	7.13 Million SGD	- -	100.00	-
Beta Link Pte. Ltd. ("RTL")	Marine transportation	0.05 Million SGD	- -	100.00	-

Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		2016	2015	2016	2015
		(Million Baht)	(Million Baht)	(%)	(%)
		(Except for other specified currency)			
Subsidiary incorporated in Vietnam					
Asphalt Distribution Co., Ltd. ("ADCo") (100% owned by HR)	Manufacture and distribution of asphalt products	115,650 Million VND	-	100.00	-
Subsidiaries incorporated in Indonesia					
PT Asphalt Bangun Sarana ("ABS")	Manufacture and distribution of asphalt products	58,450 Million IDR	-	99.98	-
PT Saranaraya Reka Cipta ("SRC") (100% owned by ABS)	Manufacture and distribution of asphalt products	10,477 Million IDR	-	99.98	-
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
Guangzhou Tipco Asphalt Trading Co., Ltd.	Distribution of asphalt products	6.00 Million RMB	-	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 KBC Trading Sdn Bhd are included in the consolidated financial statements even though the Company's and its subsidiary shareholding in KBC Trading Sdn Bhd is 30 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 associates 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

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become 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, 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 does not have any significant impact on the Company and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. 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 management of the Company and its subsidiaries believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

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 associates are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associates 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.

Building and equipment acquired through business combination are initially recognised at their fair value on the date of business acquisition. Following the initial recognition, the building and equipment are carried at cost less any accumulated depreciation and less allowance for loss on impairment of assets (if any).

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 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	5 years
Customer Relationship	12 years
Non-competition clause	5 years

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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 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 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.

4.16 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.

4.17 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.

4.18 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.

4.19 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.

4.20 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 subsidiary that the Company holds less than half of shares

The management of the Company determines that the Company and its subsidiary have control over KBC Trading Sdn Bhd ("KBT"), even though the Company and its subsidiary holds 30 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.

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 and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units 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)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade receivables - related parties (Note 7)				
Aged on the basis of due dates				
Not yet due	336,669	676,818	478,604	954,902
Past due				
Up to 3 months	4,393	17,917	4,193	22,314
3 - 6 months	-	-	-	5,073
6 - 9 months	-	-	5,128	54,107
9 - 12 months	-	-	5,184	6,496
Over 12 months	10,063	119	314,752	374,969
Total	351,125	694,854	807,861	1,417,861
Less: Allowance for doubtful accounts	-	-	(314,739)	(353,907)
Total trade receivables - related parties, net	351,125	694,854	493,122	1,063,954
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	2,199,534	2,250,648	1,591,689	1,700,306
Past due				
Up to 3 months	509,623	203,045	119,968	82,864
3 - 6 months	18,869	25,661	240	2,593
6 - 9 months	9,829	2,510	-	938
9 - 12 months	32,091	26,404	-	1,777
Over 12 months	443,952	454,446	64,989	70,501
Total	3,213,898	2,962,714	1,776,886	1,858,979
Less: Allowance for doubtful accounts	(456,244)	(474,567)	(64,989)	(71,705)
Total trade receivables - unrelated parties, net	2,757,654	2,488,147	1,711,897	1,787,274
Total trade receivables - net	3,108,779	3,183,001	2,205,019	2,851,228
Other receivables				
Amounts due from related parties (Note 7)	10,874	9,764	100,235	29,964
Accounts receivable from price hedging contracts	252,796	43,107	252,796	43,108
Other receivables	118,900	35,904	95,354	2,306
Total other receivables	382,570	88,775	448,385	75,378
Trade and other receivables - net	3,491,349	3,271,776	2,653,404	2,926,606

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)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales and service income	-	-	2,701	4,870	Cost plus certain margin
Rental and service income	-	-	95	54	Contract price
Technical assistance fee income	-	-	12	12	Contract price
Interest income	-	-	13	1	At rate of 1.4 - 2.5 percent and LIBOR plus 1.5 percent per annum
Dividend income	-	-	965	142	
Purchases of goods	-	-	73	2	Cost plus certain margin
Rental and service expenses	-	-	2,398	2,474	Contract price
Interest expense	-	-	1	-	At rate of 1.0 - 4.0 percent per annum
<u>Transactions with joint venture</u>					
Sales and service income	1,397	1,078	1,144	1,031	Market price / contract price
Rental and service income	2	-	-	-	Contract price
Rental and service expenses	7	-	7	-	Contract price
<u>Transactions with associates</u>					
Sales and service income	408	-	302	-	Market price / contract price
Rental and service income	4	-	1	-	Contract price
Rental and service expenses	2	-	2	-	Contract price
Dividend income	-	-	5	62	
<u>Transactions with related companies</u>					
Sales and service income	1,196	2,584	1,196	2,549	Market price / contract price
Rental and service income	2	3	2	3	Contract price
Rental and service expenses	87	50	79	38	Contract price
Technical assistance fee expenses	41	69	41	48	Contract price

The balances of the accounts between the Company and its subsidiaries and those related companies as at 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Trade and other receivables- related parties (Note 6)</u>				
Subsidiaries	-	-	588,753	779,988
Joint venture	159,017	506,047	157,507	496,807
Associates	123,685	-	82,962	-
Related companies (common shareholders and directors)	79,297	198,571	78,874	171,030
Total trade and other receivables - related parties	361,999	704,618	908,096	1,447,825
Less : Allowance for doubtful accounts	-	-	(314,739)	(353,907)
Total trade and other receivables - related parties, net	361,999	704,618	593,357	1,093,918
<u>Short-term loans to related party</u>				
Subsidiary	-	-	-	6,179
Total short-term loans to related party	-	-	-	6,179
<u>Long-term loans to related parties</u>				
Subsidiaries	-	-	636,652	210,295
Total long-term loans to related parties	-	-	636,652	210,295
<u>Trade and other payables - related parties (Note 17)</u>				
Subsidiaries	-	-	897,937	411,557
Joint venture	12	9,235	12	-
Associates	754	-	201	-
Related companies (common shareholders and directors)	89,883	75,930	89,314	54,200
Total trade and other payables - related parties	90,649	85,165	987,464	465,757
<u>Long-term loan from related party</u>				
Related company (shareholder of subsidiary)	7,570	8,152	-	-
Total long-term loan from related party	7,570	8,152	-	-

Loans to related parties and loans from related parties

As at 31 December 2016 and 2015, the balances of loans between the Company and those related companies and the movement were as follows:

(Unit: Thousand Baht)

Company's name	Related by	Consolidated financial statements		
		Balance as at 31 December 2015	Exchange differences on translation of financial statements in foreign currencies	Balance as at 31 December 2016
<u>Long-term loan from related party</u>				
Zhenjiang Highway Materials Company	Shareholder of subsidiary	8,152	(582)	7,570

(Unit: Thousand Baht)

Company's name	Related by	Separate financial statements				Balance as at 31 December 2016
		Balance as at 31 December 2015	Increase during the year	Decrease during the year	Gain (loss) on exchange	
Short-term loans to related parties						
Kemaman Oil Corporation Sdn Bhd	Subsidiary	6,179	-	(5,827)	(352)	-
Highway Resources Pte. Ltd.	Subsidiary	-	153,104	(153,730)	626	-
AD Shipping Pte. Ltd. (Note 9)	Subsidiary	-	286,822	(280,134)	(6,688)	-
Reta Link Pte. Ltd. (Note 9)	Subsidiary	-	161,337	(157,575)	(3,762)	-
Total		6,179	601,263	(597,266)	(10,176)	-
Long-term loans to related parties						
Tasco International (Hong Kong) Ltd. (Note 9)	Subsidiary	210,295	34,620	(242,740)	(2,175)	-
AD Shipping Pte. Ltd. (Note 9)	Subsidiary	-	280,134	-	5,136	285,270
Reta Link Pte. Ltd. (Note 9)	Subsidiary	-	157,575	-	2,890	160,465
Pacific Bitumen Shipping Pte. Ltd. (Note 9)	Subsidiary	-	190,763	-	154	190,917
Total		210,295	663,092	(242,740)	6,005	636,652
Short-term loans from related parties						
Raycol Asphalt Co., Ltd. (Note 9)	Subsidiary	-	170,000	(170,000)	-	-
Thai Bitumen Co., Ltd. (Note 9)	Subsidiary	-	155,000	(155,000)	-	-
Total		-	325,000	(325,000)	-	-

Directors and management's benefits

During 2016 and 2015, 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	
	2016	2015	2016	2015
Short-term employee benefits	129	127	109	109
Post-employment benefits and other long-term benefits (Note 21)	6	5	4	5
Share-based payment transactions (Note 23)	9	11	7	10
Total	144	143	120	124

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 20 to the financial statements.

8. INVENTORIES

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduction of cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	695,131	667,474	(10,194)	(69,984)	684,937	597,490
Raw materials	798,941	1,145,560	(83,958)	(213,360)	714,983	932,200
Packaging materials, spare parts and factory supplies	111,306	88,581	(546)	(541)	110,760	88,040
Goods in transit	2,258,956	784,789	-	-	2,258,956	784,789
Total	<u>3,864,334</u>	<u>2,686,404</u>	<u>(94,698)</u>	<u>(283,885)</u>	<u>3,769,636</u>	<u>2,402,519</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduction of cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	402,423	596,263	(2,143)	(89,597)	400,280	506,666
Raw materials	693,901	1,024,714	(174,959)	(275,550)	518,942	749,164
Packaging materials, spare parts and factory supplies	9,005	9,477	(546)	(542)	8,459	8,935
Goods in transit	2,178,426	734,747	-	-	2,178,426	734,747
Total	<u>3,283,755</u>	<u>2,365,201</u>	<u>(177,648)</u>	<u>(365,689)</u>	<u>3,106,107</u>	<u>1,999,512</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	
	2016	2015	2016	2015
<u>Domestic subsidiaries</u>				
Raycol Asphalt Co., Ltd.	580,712	193,200	177,600*	36,800
Thai Bitumen Co., Ltd.	374,916	1,499,917	787,500*	-
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**
Delta Shipping Co., Ltd.	79,999	79,999	-	-
Tasco Shipping Co., Ltd.	289,999	289,999	-	-
<u>Overseas subsidiaries</u>				
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	(65,420)	(57,120)	-	-
Kemaman Oil Corporation Sdn Bhd ("KOC")	1,303,035	337,296	-	-
Kemaman Bitumen Company Sdn Bhd ("KBC")	2,752,967	818,644	-	-
KBC Trading Sdn Bhd ("KBT")	1,377	-	-	-
Tipco Asphalt (Cambodia) Co., Ltd. ("TAC")	165	165	-	-
PT Asphalt Bangun Sarana ("ABS")	337,254	-	-	-
Pacific Bitumen Shipping Pte. Ltd. ("PBS")	350	-	-	-
Highway Resources Pte. Ltd. ("HR")	717,054	-	-	-
AD Shipping Pte. Ltd. ("ADS")	430,232	-	-	-
Reta Link Pte. Ltd. ("RTL")	28,682	-	-	-
Total investments in subsidiaries	7,311,401	3,642,179	965,100	141,800
Cost of share-based payment transactions, under warrants to purchase new ordinary shares of the Company issued to the subsidiaries' employees (Note 23)	24,199	15,403		
Total investments in subsidiaries - net	7,335,600	3,657,582		

* Raycol Asphalt Co., Ltd. and Thai Bitumen Co., Ltd. offset the partial dividend paid in 2016 against the short-term loans and accrued interest from the Company.

** Bitumen Marine Co., Ltd. offset the dividend against the amount due from 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 2016, 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 23) amounted to Baht 8.8 million (2015: Baht 7.3 million), as a cost of investments in subsidiaries.

Investment in new subsidiaries

In December 2015, the Company had entered into Share Purchase Agreement with Colas S.A., a foreign related company, to acquire ordinary shares in companies in asphalt business and vessel business. Subsequently, on 5 January 2016, the Extraordinary General Meeting of the Company's shareholders No.1/2016 approved the acquisition of such ordinary shares as summarised below.

Company's name	Nature of business	Country of incorporation	Investment percentage (%)	Investment amount (Million USD)	Loan amount (Million USD)
PT Asphalt Bangun Sarana ("ABS")*	Manufacture and distribution of asphalt products	Indonesia	99.98	9.5	-
Highway Resources Pte. Ltd. ("HR")*	Distribution of asphalt products	Singapore	100.00	20.0	-
AD Shipping Pte. Ltd. ("ADS")	Marine transportation	Singapore	100.00	12.0	8.0
Reta Link Pte. Ltd. ("RTL")	Marine transportation	Singapore	100.00	0.8	4.5
Total				42.3	12.5

*These subsidiaries have two subsidiaries and an associate as follows:

Company's name	Nature of business	Country of incorporation	Related by	Shareholding percentage (%)
<u>Subsidiary and associate held by ABS</u>				
PT Saranaraya Reka Cipta ("SRC")	Manufacture and distribution of asphalt products	Indonesia	Subsidiary	100.00
PT Sarana Distribusi Aspal Nusantara ("SDAN")	Barge rental service	Indonesia	Associate	49.00
<u>Subsidiary held by HR</u>				
Asphalt Distribution Co., Ltd. ("ADCo")	Manufacture and distribution of asphalt products	Vietnam	Subsidiary	100.00

From the investment transactions in new subsidiaries, the Company has control over such subsidiaries from 1 January 2016 (the acquisition date) onward. Under TFRS No.3 (revised 2015), the Company must consider the net fair value of the identifiable asset, liabilities and contingent liabilities of new subsidiaries on the acquisition date.

The Company and its subsidiary completed the assessments of the fair values of identifiable assets and liabilities of such subsidiaries. The carrying amounts and fair values of assets and liabilities incurred from the acquisition as at 1 January 2016 (the acquisition date) are as follows:

(Unit: Thousand Baht)

	As at 1 January 2016	
	Fair value	Carrying value
Cash and cash equivalents	270,257	270,257
Trade and other receivables	712,692	712,692
Inventories	282,849	282,849
Other current assets	84,943	84,943
Plant and equipment	1,257,909	1,157,856
Leasehold rights	57,702	57,702
Intangible assets	12,730	12,509
Deferred tax assets - net	41,777	41,777
Other non-current assets	50,828	50,828
Short-term loans from financial institutions	(359,908)	(359,908)
Short-term loans from related party*	(451,108)	(451,108)
Trade and other payables	(345,712)	(345,712)
Accrued income tax	(42,446)	(42,446)
Other current liabilities	(117,706)	(117,706)
Provision for long-term employee benefits	(19,955)	(19,955)
Other non-current liabilities	(7,456)	(7,456)
Non-controlling interest	(35)	(35)
Net assets	1,427,361	1,327,087
Customer relationships	177,083	
Deferred tax liabilities	(56,053)	
Goodwill	526	
Acquisition cost	1,548,917	

- * In February 2016, the Company entered into Loan Purchase Agreement with Colas S.A. to purchase short-term loans of USD 12.5 million (approximately Baht 488 million) that Colas S.A. granted to ADS and RTL. The purchase amount is equal to the outstanding balances under the loan agreements, and the same terms and conditions are applied. Such loans bear interest rate with reference to LIBOR and mature in June 2016. The Company made a payment for a purchase of such loans in February 2016. However, on 28 June 2016, the Company made loan agreements with ADS and RTL to extend the loan period to ADS and RTL for another 3 years, maturing in June 2019. According to these loan agreements, the Company reclassified such loans as non-current assets and presented under the caption of "Long-term loans to related parties" in separate statement of financial position.

In addition, the Board of Director Meetings No.3/2016 held on 11 April 2016 passed a resolution to approve the Company and/or its subsidiary's acquisition of 100 percent of ordinary shares of Colas Vietnam Co., Ltd. ("CVN") from Colas S.A. at a price of USD 1 million. Subsequently, in July 2016, ADCo, a subsidiary company, entered into Share Purchase Agreement with Colas S.A. at a price of VND 22,309 million (approximately Baht 36 million), to acquire ordinary shares of such company. ADCo received the transfer of the above shares in August 2016.

Investment in Raycol Asphalt Co., Ltd. ("Raycol")

In December 2015, the Company entered into Share Purchase Agreement with Colas S.A., a foreign related company, to acquire 38 percent of ordinary shares of Raycol at a price of USD 7 million (approximately Baht 255 million). Subsequently, on 5 January 2016, the Extraordinary General Meeting of the Company's shareholders No.1/2016 approved the acquisition of such ordinary shares. The Company received the transfer of the above shares in January 2016.

In addition, the Board of Directors Meeting No.3/2016 held on 11 April 2016 passed a resolution approving the Company's acquisition of 20.56 percent of ordinary shares of Raycol at a price of USD 3.77 million (approximately Baht 132 million). Subsequently, on 27 April 2016, the Company entered into Share Purchase Agreement with Asiacol Co., Ltd. and Mrs. Riem Supsakorn, the related parties, to acquire ordinary shares of such company. The Company received the transfer of the above shares in April 2016.

As a result of the transactions, the shareholding of the Company in Raycol increased from 41.44 percent to 100 percent and the Company recorded the change in the subsidiary interest amounting to Baht 261.9 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.

The merger of subsidiaries

In October 2016, ADCo has entered into Merger Contract with CVN to merge the business of CVN to operate under ADCo. As such, goodwill from acquisition of CVN of VND 329 million (approximately Baht 0.5 million) is recorded in profit or loss in the consolidated financial statements.

Shareholding restructure in subsidiaries

During the year 2016, the Company received the tax privilege for a company that operates as an international headquarters ("IHQ"). The privilege includes a reduction and an exemption from corporate income tax from income, as defined in the terms announced by the Revenue Department, of 15 years. As such, the Company restructured the shareholding in its subsidiaries by entering into Agreements for Sales and Purchase of Shares with KOC, TIHK and Thai Bitumen as follows:

The Counter party	Agreement date	Name of subsidiary that was sold	Number of share (Million share)	Shareholding percentage (%)	Investment amount
					123.2 million ringgit (Approximately Baht 1,067 million)
KOC	12 February 2016	KBC	141.63	44.80	
TIHK	30 November 2016	KOC	56.05	36.88	Baht 482.03 million
TIHK	30 November 2016	KBC	4.43	1.40	Baht 44.27 million
TIHK	30 November 2016	KBT	0.03	10.00	Baht 1.38 million
TIHK	30 November 2016	PBS	0.01	100.00	Baht 0.35 million
Thai Bitumen	30 November 2016	KOC	56.25	37.01	Baht 483.71 million
Thai Bitumen	30 November 2016	KBC	82.35	26.06	Baht 823.54 million

The Company received the share transferred in 2016

In addition, the Agreement for Sales and Purchase of Shares with TIHK relating to purchase of investment in PBS also stated that the Company shall purchase long-term loan of USD 5.35 million which TIHK had provided to PBS. The purchase amount is equal to the outstanding balances under the loan agreements, and the same terms and conditions are applied. The loan which has not yet been drawdown under such loan agreement amounted to USD 3.85 million. Such loan bears interest rate at 2.5 percent per annum and matures in October 2020.

The Company and TIHK entered into the memorandum of understanding to offset cash payment from the purchase of investment in KOC, KBC and KBT of Baht 528 million with loans to TIHK. Under this memorandum, the Company paid the net amount of Baht 274 million to TIHK on 7 December 2016. In addition, the Company and Thai Bitumen entered into the memorandum of understanding to offset cash payment from the purchase of investments in KOC and KBC of Baht 1,307 million with cash received from the capital reduction in Thai Bitumen of Baht 1,125 million. Under this memorandum, the Company paid the net amount of Baht 182 million to Thai Bitumen on 13 December 2016.

Investment in Guangzhou Tipco Asphalt Trading Co., Ltd. ("GTT")

In August 2016, Tasco International (Hong Kong) Limited ("TIHK") invested in GTT, a new company incorporated in China with the registered capital of RMB 6 million (approximately Baht 32 million), to trade bitumen. TIHK has 100 percent of shareholding in this company.

Investment in Thai Bitumen Company Limited ("Thai Bitumen")

On 25 October 2016, the extraordinary shareholders' meeting No. 1/2016 of Thai Bitumen passed a resolution to approve the reduction of its registered and paid up share capital by Baht 1,125 million, through the retirement of 11.25 million shares of Baht 100 each. After the share reduction process, Thai Bitumen's registered and paid-up capital will consist of 3.75 million shares of Baht 100 each, totaling Baht 375 million. Thai Bitumen completed the share reduction process and registered the change in share capital with the Ministry of Commerce on 13 December 2016 and also returned the reduction of capital to the Company by offsetting with cash receipts from the disposal of investment in KOC and KBC as described above.

Investment in Tasco International (Hong Kong) Limited ("TIHK")

In 2016, the Company recorded the impairment loss on investment in TIHK of Baht 8 million in profit or loss in the separate financial statements. However, the transaction had no effect to profit or loss in the consolidated financial statements.

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 2016, the Company recognised carrying amounts of joint venture based on equity method in the consolidated financial statements amounting to Baht 31 million (31 December 2015: Baht 21 million).

During 2016, the Company recognised share of profit from joint venture in the consolidated financial statements of Baht 10 million. (2015: Baht 20 million).

Summarised financial information about material joint ventures

Summarised information about financial position as at 31 December 2016 and 2015:

	(Unit: Million Baht)	
	2016	2015
Cash and cash equivalent	73.35	338.99
Trade and other receivables	193.86	416.69
Other assets	1.34	5.31
Trade and other payables	(200.77)	(706.27)
Other current liabilities	(5.87)	(12.80)
Net assets	61.91	41.92
Shareholding percentage (%)	50	50
Carrying amounts of joint venture based on equity method	30.95	20.96

Summarised information about profit and loss for the year ended 31 December 2016 and 2015:

	(Unit: Million Baht)	
	2016	2015
Total revenues	2,735.56	1,835.11
Cost of goods sold	(2,675.93)	(1,763.19)
Total expenses	(40.48)	(31.60)
Profit for the year	19.15	40.32

11. INVESTMENT IN ASSOCIATES

11.1 Details of associates:

	(Unit: Thousand Baht)					
	Consolidated financial statements					
Company's name	Shareholding percentage		Cost		Carrying amounts based on equity method	
	2016	2015	2016	2015	2016	2015
	(%)	(%)				
Colasie Co., Ltd. (Registered under the law of France) (Holding company)	40	40	18,404	18,404	209,055	126,739
PT Sarana Distribusi Aspal Nusantara ("SDAN")	49	-	1,313	-	988	-
Thai Slurry Seal Company Limited	25	-	225,043	-	225,043	-
Total investment in associates			<u>244,760</u>	<u>18,404</u>	<u>435,086</u>	<u>126,739</u>

	(Unit: Thousand Baht)					
	Separate financial statements					
Company's name	Shareholding percentage		Cost		Carrying amounts based on cost method	
	2016	2015	2016	2015	2016	2015
	(%)	(%)				
Colasie Co., Ltd.	40	40	18,404	18,404	18,404	18,404
Thai Slurry Seal Company Limited	25	-	225,043	-	225,043	-
Total investment in associates			<u>243,447</u>	<u>18,404</u>	<u>243,447</u>	<u>18,404</u>

Investment in Thai Slurry Seal Company Limited (“Thai Slurry Seal”)

On 7 November 2016, the Board of Directors Meeting No. 6/2016 passed a resolution to approve the subscription of 1,243,334 new ordinary shares with par value of Baht 100 per share at Baht 181 per share, representing 25 percent shareholding in Thai Slurry Seal. Subsequently, the Company entered into Share Subscription Agreement with Thai Slurry Seal to subscribe of such shares. The Company paid for such investment on 10 November 2016 and classified this investment as investment in associate.

Thai Slurry Seal is a limited company incorporated and domiciled in Thailand and is principally engaged in road rehabilitation contractor. Thai Slurry Seal has one wholly owned subsidiary, Thanomwongse Services Company Limited, which is a special class road contractor as classified by a government unit.

Based on the analysis performed, the management believed that no material difference of fair value and carrying value of identifiable assets and liabilities of Thai Slurry Seal Co., Ltd and its subsidiary as at 31 December 2016 and at the share subscription date. As such, the difference between cash paid for shares subscription and net assets value as at 31 December 2016 of Baht 27 million is classify as goodwill.

11.2 Share of profit and dividend received

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

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	
	2016	2015	2016	2015
Colasie Co., Ltd.	88,147	67,650	4,838	61,540
Total	88,147	67,650	4,838	61,540

11.3 Summarised financial information about material associates

Financial information of Colasie Co., Ltd. as at 31 December 2016 and 2015 and for the year then ended are summarised below.

	(Unit: Million Euro)	
	2016	2015
Paid-up capital	1.04	1.04
Total assets	3.72	1.58
Total liabilities	0.01	0.09
Total revenues	2.59	2.78
Profit for the year	2.53	2.61

Summarised information about financial position of Thai Slurry Seal as at 31 December 2016 are as follows:

	(Unit: Million Baht)
	2016
Current assets	495
Non-current assets	834
Current liabilities	(408)
Non-current liabilities	(131)
Net assets	790
Net assets attributable to the Company's investment (25%)	198
Goodwill	27
Carrying amounts of the associate based on equity method	225

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 2016:			
Cost	268,377	383,608	651,985
<u>Less</u> Accumulated depreciation	(138,692)	-	(138,692)
<u>Less</u> Allowance for diminution in value	(95,885)	(217,975)	(313,860)
Net book value	33,800	165,633	199,433
As at 31 December 2015:			
Cost	268,377	383,608	651,985
<u>Less</u> Accumulated depreciation	(138,692)	-	(138,692)
<u>Less</u> 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 2016:			
Cost	268,377	76,524	344,901
<u>Less</u> Accumulated depreciation	(138,692)	(10,486)	(149,178)
<u>Less</u> Allowance for diminution in value	(95,885)	-	(95,885)
Net book value	33,800	66,038	99,838
As at 31 December 2015:			
Cost	268,377	76,960	345,337
<u>Less</u> Accumulated depreciation	(138,692)	(10,922)	(149,614)
<u>Less</u> Allowance for diminution in value	(95,885)	-	(95,885)
Net book value	33,800	66,038	99,838

A reconciliation of the net book value of investment properties for 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	199,433	199,433	99,838	100,106
Depreciation charged during the year	-	-	(1)	(268)
Net book value at end of year	199,433	199,433	99,837	99,838

The fair values of the investment properties, appraised by an independent professional valuer using the Sales Comparison Approach, as at 31 December 2016 and 2015 are stated below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
The Company's land for rent located at Suratthani Province	-	-	141,000	141,000
The Company's land, buildings and equipment located at Petchburi Plant	33,800	33,800	33,800	33,800
Land of Thai Bitumen	165,633	165,633	-	-

13. PROPERTY, PLANT AND EQUIPMENT

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	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	
Cost							
As at 1 January 2015	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
Increase from investments in new subsidiaries (Note 9)	-	117,793	175,195	174,435	778,715	11,771	1,257,909
Additions	230	8,081	75,440	326,316	75,222	656,184	1,141,473
Transferred from leasehold rights (Note 15)	-	7,919	50,076	-	-	-	57,995
Disposals/write-off	(35,397)	(61,892)	(34,576)	(24,063)	(60,553)	-	(216,481)
Transfer in (transfer out)	15,141	59,387	1,745,918	186,710	(1,724)	(2,005,432)	-
As at 31 December 2016	641,242	787,403	6,919,014	1,497,443	3,225,021	257,143	13,327,266
Accumulated depreciation							
As at 1 January 2015	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
Depreciation for the year	16,450	59,934	361,468	108,615	178,555	-	725,022
Accumulated depreciation on disposals/write-off	(31,858)	(45,274)	(46,052)	(13,175)	(30,594)	-	(166,953)
As at 31 December 2016	314,278	450,758	2,670,940	742,785	660,421	-	4,839,182
Allowance for impairment loss							
As at 1 January 2015	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
Increase during the year	-	-	-	-	-	-	-
Disposals/write-off	-	-	(1,613)	-	-	-	(1,613)
As at 31 December 2016	1,183	50,431	21,808	1,985	-	2,828	78,235
Translation adjustments							
As at 1 January 2015	-	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
Translation adjustments during the year	-	(10,325)	(30,848)	(3,020)	(3,348)	(22,212)	(69,753)
As at 31 December 2016	-	20,526	213,384	2,025	(3,348)	47,946	280,533
Net book value							
As at 31 December 2015	330,399	200,437	2,772,248	189,760	1,920,901	1,661,950	7,075,695
As at 31 December 2016	325,781	306,740	4,439,650	754,698	2,561,252	302,261	8,690,382
Depreciation for the year							
2015 (Baht 442 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)							512,393
2016 (Baht 555 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)							725,022

(Unit: Thousand Baht)

	Separate financial statements					Total
	Land and land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Construction in progress and equipment under installation	
Cost						
As at 1 January 2015	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
Additions	-	-	13,373	270,232	130,205	413,810
Disposals/write-off	(159)	(714)	(24,340)	(8,878)	-	(34,091)
Transfer in (transfer out)	10,419	22,871	43,857	99,671	(176,818)	-
As at 31 December 2016	474,373	262,821	544,281	963,294	51,656	2,296,425
Accumulated depreciation						
As at 1 January 2015	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
Depreciation for the year	11,299	6,827	16,130	46,280	-	80,536
Accumulated depreciation on disposal/write-off	(159)	(690)	(24,333)	(8,747)	-	(33,929)
As at 31 December 2016	229,763	187,652	472,290	520,380	-	1,410,085
Allowance for impairment loss						
As at 31 December 2015	1,183	-	-	-	-	1,183
As at 31 December 2016	1,183	-	-	-	-	1,183
Net book value						
As at 31 December 2015	244,307	59,149	30,898	119,422	98,269	552,045
As at 31 December 2016	243,427	75,169	71,991	442,914	51,656	885,157
Depreciation for the year						
2015 (Baht 25 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)						59,179
2016 (Baht 42 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)						80,536

As at 31 December 2016, 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 1,602 million (2015: Baht 1,514 million) (The Company only: Baht 1,073 million (2015: Baht 1,037 million)).

14. INTANGIBLE ASSETS

The net book value of intangible assets as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements					Separate financial statements		
	Computer software	Customer relationship	Non-competition clause	Computer software under installation	Total	Computer software	Computer software under installation	Total
As at 31 December 2016:								
Cost	95,576	177,083	11,723	9,567	293,949	69,330	9,567	78,897
<u>Less</u> Accumulated amortisation	(48,217)	(14,757)	(2,688)	-	(65,662)	(25,175)	-	(25,175)
Translation adjustments	339	-	223	-	562	-	-	-
Net book value	<u>47,698</u>	<u>162,326</u>	<u>9,258</u>	<u>9,567</u>	<u>228,849</u>	<u>44,155</u>	<u>9,567</u>	<u>53,722</u>
As at 31 December 2015:								
Cost	62,304	-	-	8,194	70,498	39,554	8,194	47,748
<u>Less</u> Accumulated amortisation	(39,005)	-	-	-	(39,005)	(17,250)	-	(17,250)
Translation adjustments	48	-	-	-	48	-	-	-
Net book value	<u>23,347</u>	<u>-</u>	<u>-</u>	<u>8,194</u>	<u>31,541</u>	<u>22,304</u>	<u>8,194</u>	<u>30,498</u>

A reconciliation of the net book value of intangible assets for the years 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	31,541	28,933	30,498	28,316
Increase from investments in new subsidiaries (Note 9)	189,813	-	-	-
Acquisition of computer software	33,682	6,275	31,149	5,640
Amortisation	(26,701)	(3,715)	(7,925)	(3,458)
Translation adjustments	514	48	-	-
Net book value at end of year	<u>228,849</u>	<u>31,541</u>	<u>53,722</u>	<u>30,498</u>

Intangible assets from business combination

Intangible assets from business combination is customer relationship which the management of the Company and its subsidiaries believes that it will has economic benefit for a period of 12 years.

15. LEASEHOLD RIGHTS

The Company and its 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
The Company	China	30	2031	1.4 million renminbi
A subsidiary in China	China	30	2029	5.7 million renminbi
A subsidiary in China	China	50	2050	6.9 million renminbi
A subsidiary in China	China	45	2055	2.5 million renminbi
A subsidiary in Malaysia	Malaysia	50	2055	19.8 million ringgit
A subsidiary in Malaysia	Malaysia	50	2063	11.0 million ringgit
A subsidiary in Vietnam	Vietnam	20	2032	36,257 million Vietnam Dong

The book value of the leasehold rights as at 31 December 2016 and 2015 can be summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost	427,284	427,578	6,837	6,837
<u>Less</u> Accumulated amortisation	(66,979)	(57,600)	(3,646)	(3,418)
<u>Less</u> Allowance for impairment loss	(12,019)	(12,019)	-	-
Translation adjustments	26,799	41,289	-	-
Net book value	375,085	399,248	3,191	3,419

A reconciliation of the net book value of leasehold rights for the years 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	399,248	382,415	3,419	3,646
Increase from investments in new subsidiaries (Note 9)	57,702	-	-	-
Transfer out to property, plant and equipment (Note 13)	(57,995)	-	-	-
Acquisition during the year	-	2,048	-	-
Amortisation	(9,379)	(6,589)	(228)	(227)
Impairment loss	-	(12,019)	-	-
Translation adjustments	(14,491)	33,393	-	-
Net book value at end of year	375,085	399,248	3,191	3,419

16. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trust receipts	1,269,831	-	1,269,831	-
Loans in US Dollars	-	36,089	-	-
Loans in Vietnam Dong	99,040	-	-	-
Loan in Indonesia Rupiah	99,417	-	-	-
Total	1,468,288	36,089	1,269,831	-

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 2016, the Company had short-term loans from local banks, which carry interest at the rates ranging from 0.75 to 1.30 percent per annum.

As at 31 December 2016, overseas subsidiaries had short-term loans from overseas financial institutions, which carry interest at the rates ranging from 4.00 to 9.85 percent per annum (2015: 2.16 percent per annum).

17. TRADE AND OTHER PAYABLES

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade payables - related parties (Note 7)	984	11,796	658,048	408,281
Trade payables - unrelated parties	3,011,926	1,518,367	2,659,370	1,209,923
Amounts due to related parties (Note 7)	89,665	73,369	329,416	57,476
Accounts payable from price hedging contracts	184,200	-	184,200	-
Accrued expenses	530,160	429,648	184,901	218,880
Other payables	236,254	220,445	102,070	81,896
Total trade and other payables	4,053,189	2,253,625	4,118,005	1,976,456

18. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit: Thousand Baht)

				Consolidated financial statements	
Loan	Borrower	Interest rate	Repayment schedule	2016	2015
Long-term loans in Baht from Bank in Thailand					
(1)	Thai Bitumen Company Limited	Fixed rate	Quarterly installments, as stipulated in the agreement, commencing from November 2014	243,000	315,000
(2)	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	98,900	125,900
(3)	Tasco Shipping Company Limited	Rate referenced to THBFIX	Quarterly installments as stipulated in the agreements, commencing from October 2012	213,615	273,615
Long-term loans in USD from bank in Thailand					
(4)	Alpha Maritime Company Limited	Rate referenced to LIBOR	Quarterly installments as stipulated in the agreements, commencing from July 2015	241,937	417,644
Long-term loans in USD from bank in Malaysia					
(5)	Kemaman Bitumen Company Sdn Bhd	Rate referenced to USD LIBOR	Quarterly installments as stipulated in the agreements, commencing from November 2011	-	89,860
(6)	Kemaman Bitumen Company Sdn Bhd	Rate referenced to USD LIBOR	Quarterly installments as stipulated in the agreements, commencing from November 2012	-	357,277
(7)	Kemaman Bitumen Company Sdn Bhd	Rate referenced to USD LIBOR	Quarterly installments as stipulated in the agreements, commencing from December 2016	358,307	902,215
Total				1,155,759	2,481,511
Less: Current portion				(377,856)	(436,653)
Long-term loans from financial institutions - net of current portion				777,903	2,044,858

During the year 2016, two subsidiaries repaid long-term loan from banks amounted to USD 27.5 million before the repayment schedule specified in its loan agreements which no penalty for such repayment.

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.

19. 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 2016			31 December 2015		
<u>For short-term loan</u>									
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
<u>For long-term loan</u>									
The Company	May 2012	5.21	March 2018	Baht	257	million	Baht	420	million
KBC	December 2013	0.54	August 2016		-		USD	2	million
KBC	December 2013	0.93	April 2018	USD	7	million	USD	11	million

20. 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 2016 and 2015 of the assets are summarised below.

(Unit: Million Baht)

	Consolidated financial statements	
	2016	2015
Leasehold rights - net	315	387
Property, plant and equipment - net	5,421	5,391

- 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.

21. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Provision for long-term employee benefits at beginning of year	112,941	87,635	92,746	72,800
Increase from investments in new subsidiaries (Note 9)	19,955	-	-	-
Included in profit or loss:				
Defined benefit plans				
Current service cost	12,115	5,464	7,188	4,433
Interest cost	4,320	2,988	2,196	2,495
Long service award	(936)	827	(926)	620
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(446)	1,404	-	1,181
Financial assumptions changes	(3,803)	9,640	-	7,753
Experience adjustments	331	17,816	-	14,976
Benefits paid during the year	(15,420)	(12,833)	(13,707)	(11,512)
Translation adjustments	1,430	-	-	-
Provision for long-term employee benefits at end of year	130,487	112,941	87,497	92,746

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost of sales	6,669	3,526	2,898	2,584
Selling and administrative expenses	10,422	6,857	6,971	5,814
Total expense recognised in profit or loss	17,091	10,383	9,869	8,398

The Company and its subsidiaries expect to pay Baht 8 million of long-term employee benefits during the next year (Separate financial statements: Baht 6 million) (2015: Baht 19 million, separate financial statements: Baht 17 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit was 9 years (Separate financial statements: 9 years) (2015: 9 years, separate financial statements: 9 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.5 - 8.3	2.5	2.5	2.5
Future salary increase rate	5.0 - 7.0	5.0	5.0	5.0
Staff turnover rate (depending on age of employee)	0.0 - 15.0	0.0 - 15.0	0.0 - 15.0	0.0 - 15.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: Million Baht)

31 December 2016				
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(24)	31	(5)	5
Salary increase rate	30	(26)	5	(4)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Turnover rate	(4)	4	(3)	3

(Unit: Million Baht)

31 December 2015				
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(6)	6	(5)	5
Salary increase rate	6	(5)	5	(4)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Turnover rate	(4)	4	(3)	3

22. SHARE CAPITAL

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.

The Company registered the capital increased with the Ministry of Commerce on 13 January 2016.

Below is the summary of the share registration from exercise of ESOP-W1, ESOP-W2 and ESOP-W3 warrants during the year.

	2016
Number of warrants exercised (warrants)	914,800
Number of ordinary shares issued (shares)	9,148,000
Amount of cash received (Baht)	48,467,508
Paid-up capital after share registration	Baht 1,552,998,070 (1,552,998,070 ordinary shares of Baht 1 each)

As at 31 December 2016, the Company received advance subscription from the exercise of ESOP-W3 warrants as follows:

	ESOP-W3
Number of warrants exercised (warrants)	90,950
Number of ordinary shares issued (shares)	909,500
Amount of cash received (Baht)	4,825,807

The Company registered the capital increase from the exercise of such warrants with the Ministry of Commerce on 13 January 2017.

23. WARRANTS TO PURCHASE NEW ORDINARY SHARES OF THE COMPANY ISSUED TO THE EXECUTIVE DIRECTORS AND/OR EMPLOYEES OF THE COMPANY AND SUBSIDIARIES ("ESOP")

The expenses recognised for employee services received during 2016 of the Company and its subsidiaries were totaled Baht 44 million (2015: Baht 37 million) (the Company only: Baht 35 million (2015: Baht 30 million)).

As at 31 December 2016, the fair value of remaining option granted and the inputs of the model used are summarised below.

	ESOP-W2	ESOP-W3	ESOP-W4	ESOP-W5
Fair value of options granted	Baht 5.41 per share	Baht 27.63 per share	Baht 17.78 per share	Baht 9.02 per share
Dividend yield	2.58%	1.79%	1.77%	1.77%
Expected stock volatility*	45.40%	43.30%	40.40%	40.30%
Risk-free interest rate	3.30%	3.03%	2.46%	2.48%
Expected life of share options	2 years	3 years	3 years	3 years
Model used	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 2016 and 2015, the remain unexercised of ESOP are summarised below.

	2016	2015
ESOP-W1	-	15,000 units
ESOP-W2	15,000 units	50,700 units
ESOP-W3	138,200 units	1,099,100 units
ESOP-W4	1,178,300 units	1,178,300 units
ESOP-W5	11,140,000 units	11,140,000 units

24. 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. At present, the statutory reserve has fully been set aside.

25. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Salary and wages and other employee benefits	1,539	1,057	531	527
Depreciation and maintenance expenses	942	697	139	111
Costs related to production of goods and services (excluding of staff cost, depreciation and maintenance expenses)	18,638	29,648	17,103	29,585

26. INCOME TAX

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current income tax:				
Current income tax charge	(687,607)	(1,385,455)	(463,613)	(1,082,185)
Adjustment in respect of income tax of previous year	44	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	32,424	196,765	31,045	123,206
Income tax expense reported in the statement of comprehensive income	<u>(655,139)</u>	<u>(1,188,690)</u>	<u>(432,568)</u>	<u>(958,979)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax relating to change in fair value of interest rate swap contract	-	(299)	-	(299)
Deferred tax relating to actuarial (gain) loss	(982)	5,772	-	4,782
	<u>(982)</u>	<u>5,473</u>	<u>-</u>	<u>4,483</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accounting profit before tax	3,782,383	6,384,963	3,001,870	4,899,444
Income tax at Thai corporate income tax rate of 20%	(756,477)	(1,276,993)	(600,374)	(979,889)
Adjustment in respect of income tax of previous year	44	(62)	-	-
Utilisation of previously unrecognised tax losses and capital allowance	97,588	191,326	-	-
Difference in tax rate in group companies	2,389	(25,185)	-	-
Effects of:				
Non-deductible expenses	(83,297)	(102,118)	(30,721)	(19,813)
Additional expenses deductions allowed	16,171	420	12,201	55
Exemption of income	-	-	193,988	40,668
Promotional privileges (Note 27)	45,604	18,829	-	-
Tax privileges for maritime commerce (Note 28)	28,727	11,885	-	-
Share of profit from investment in associate	17,629	13,530	-	-
Share of profit from investment in joint venture	1,915	4,032	-	-
Unused tax loss in the current year	(5,825)	(22,539)	-	-
Loss on disposal of investment in subsidiaries	710	-	-	-
Others	(20,317)	(1,815)	(7,662)	-
Total	1,317	(77,776)	167,806	20,910
Income tax expenses reported in the statement of comprehensive income	(655,139)	(1,188,690)	(432,568)	(958,979)

The tax rates enacted at the end of the reporting period of the Company and its subsidiaries is 0% to 25% (2015: 0% to 25%).

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statement	
	2016	2015	2016	2015
Deferred tax assets				
Provision for long-term employee benefits	27,061	14,977	17,499	11,500
Allowance for doubtful accounts	47,516	28,644	75,946	85,122
Reduce cost of inventories to net realisable value	15,932	51,882	35,530	73,138
Allowance for asset impairment	63,018	63,018	19,414	19,414
Fair value of price hedging contracts	10,066	164,006	10,066	163,809
Others	22,552	18,631	15,111	10,979
Total	186,145	341,158	173,566	363,962

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statement	
	2016	2015	2016	2015
Deferred tax liabilities				
Fair value of price hedging contracts	(102,864)	(334,996)	(102,864)	(334,996)
Difference depreciation for tax purpose	(15,294)	(4,440)	(14,010)	(3,492)
Fair value of forward exchange contracts	(264)	(92)	(264)	(91)
Fair value adjustment of assets from investments in subsidiaries (Note 9)	(42,607)	-	-	-
Total	(161,029)	(339,528)	(117,138)	(338,579)
Deferred tax assets - net	25,116	1,630	56,428	25,383

As at 31 December 2016 and 2015, the overseas subsidiaries had 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:

	2016	2015
	(Million)	(Million)
USD	16	27
Ringgit	89	5
Renminbi	24	21

27. 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.

28. 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.

29. 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.

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. 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 2016 and 2015.

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	
	2016	2015	2016	2015	2016	2015
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	3,110,134	5,078,754	1,548,578	1,540,485	2.01	3.30
Effect of potential ordinary shares						
ESOP-W1	-	-	-	2,317		
ESOP-W2	-	-	189	889		
ESOP-W3	-	-	5,211	8,151		
ESOP-W4	-	-	9,325	8,622		
ESOP-W5	-	-	5,407	2,874		
	-	-	20,132	22,853		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	3,110,134	5,078,754	1,568,710	1,563,338	1.98	3.25

	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2016	2015	2016	2015	2016	2015
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	2,569,302	3,940,465	1,548,578	1,540,485	1.66	2.56
Effect of potential ordinary shares						
ESOP-W1	-	-	-	2,317		
ESOP-W2	-	-	189	889		
ESOP-W3	-	-	5,211	8,151		
ESOP-W4	-	-	9,325	8,622		
ESOP-W5	-	-	5,407	2,874		
	-	-	20,132	22,853		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	2,569,302	3,940,465	1,568,710	1,563,338	1.64	2.52

30. 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	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from external customers	18,973	32,439	5,065	4,698	-	-	24,038	37,137
Intersegment revenues	2,007	3,764	1,255	1,345	(3,262)	(5,109)	-	-
Total revenue	20,980	36,203	6,320	6,043	(3,262)	(5,109)	24,038	37,137
Segment operating income	2,487	4,536	612	552	11	(9)	3,110	5,079

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

(Unit: Million Baht)

	Geographic segment located in Thailand		Geographic segment located in overseas		Total	
	2016	2015	2016	2015	2016	2015
Non-current assets	3,688	3,046	6,428	5,014	10,116	8,060

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

31. PROVIDENT FUND

The Company, its local 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 local 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 2016, the Company and its local subsidiaries contributed Baht 13 million (2015: Baht 11 million) to the fund (the Company only Baht 10 million, 2015: Baht 9 million).

32. DIVIDEND

		(Unit: Million Baht)	
Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht per share)
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		925.0	1.50
Final dividends for 2015	Annual General Meeting of the shareholders on 11 April 2016	617.6	0.4
Interim dividends for 2016	Board of Directors' meeting on 9 August 2016	465.7	0.3
Total for 2016		1,083.3	0.7

*The final dividends for 2014 are the dividends which are approved before change in par value of the Company's ordinary shares.

33. COMMITMENTS AND CONTINGENT LIABILITIES

33.1 Capital commitment

As at 31 December 2016 and 2015, 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	
	2016 (Million)	2015 (Million)	2016 (Million)	2015 (Million)
Baht	114	64	95	47
Ringgit	9	48	-	-
US Dollar	22	22	-	-
Vietnam Dong	29,314	-	-	-

33.2 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 as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements										Separate financial statements			
	Million Baht		Million USD		Million Vietnam Dong		Million Renminbi		Million Indonesia Rupiah		Million Ringgit		Million Baht	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Payable within:														
1 year	70	38	2	3	3,839	-	1	-	2,178	-	2	1	61	35
2 to 5 years	50	4	-	-	10,554	-	-	-	3,405	-	-	-	43	3
Over 5 years	-	-	-	-	30,852	-	-	-	4,778	-	-	-	-	-

33.3 Long-term service commitments

The Company has entered into a service agreement with Colas S.A. under which it receives management and marketing services and advice on methods and systems of management and technical assistance in the manufacture of Asphalt Emulsion and Modified Asphalt. Under this agreement, which was for a period of five years, expiring on 31 December 2017, unless terminated by either party with at least one year's prior notice, the Company agrees to pay an 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 and its subsidiaries generated from the stipulated products. The fees for the year-ended 31 December 2016 and 2015 amounted to approximately Baht 41 million and Baht 48 million, respectively.

33.4 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. However, on 25 May 2016, the Company has amended such agreement to increase the crude oil quantity by another 33 million barrels, to totaling 77 million barrels, and extend the term of agreement to another 3 years ending in December 2020.

As at 31 December 2016, the Company had outstanding commitment in respect of receiving crude oil under such purchase agreement of approximately 45 million barrels.

33.5 Bank guarantees

As at 31 December 2016 and 2015, 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	
	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)
Baht	14	3	12	2
Ringgit	7	8	-	-
Renminbi	-	5	-	5
Indonesia Rupiah	253	-	-	-

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

As at 31 December 2016 and 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							
	As at 31 December 2016				As at 31 December 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Derivatives								
Forward exchange contracts	-	1,322	-	1,322	-	458	-	458
Price hedging contracts	-	514,321	-	514,321	-	1,674,980	-	1,674,980
Interest rate swap contracts	-	389	-	389	-	-	-	-
Financial liabilities measured at fair value								
Derivatives								
Forward exchange contracts	-	2,901	-	2,901	-	636	-	636
Price hedging contracts	-	50,331	-	50,331	788	819,044	-	819,832
Interest rate swap contracts	-	9,538	-	9,538	-	18,945	-	18,945

(Unit: Thousand Baht)

	Separate financial statements							
	As at 31 December 2016				As at 31 December 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Derivatives								
Forward exchange contracts	-	1,322	-	1,322	-	458	-	458
Price hedging contracts	-	514,321	-	514,321	-	1,674,980	-	1,674,980
Financial liabilities measured at fair value								
Derivatives								
Forward exchange contracts	-	2,022	-	2,022	-	631	-	631
Price hedging contracts	-	50,331	-	50,331	-	819,044	-	819,044
Interest rate swap contracts	-	9,538	-	9,538	-	19,023	-	19,023

35. FINANCIAL INSTRUMENTS

35.1 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 2016						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years				
Financial assets						
Cash and cash equivalents	223	-	284	826	1,333	0.3 - 4.7
Trade and other receivables	-	-	-	3,491	3,491	-
Financial liabilities						
Short-term loans from financial institutions	1,468	-	-	-	1,468	Note 16
Trade and other payables	-	-	-	4,053	4,053	-
Liabilities under finance lease agreements	1	-	-	-	1	2.6
Long-term loans from financial institutions	72	171	913	-	1,156	Note 18
Long-term loans from related parties	-	-	-	8	8	-

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2015						
Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
Within 1 year	1-5 years					
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	Note 16
Trade and other payables	-	-	-	2,254	2,254	-
Liabilities under finance lease agreements	3	1	-	-	4	2.6 - 48.9
Long-term loans from financial institutions	72	243	2,167	-	2,482	Note 18

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2016					
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years				
Financial assets						
Cash and cash equivalents	-	-	76	158	234	0.3 - 0.6
Trade and other receivables	-	-	-	2,653	2,653	-
Long-term loans to related parties	-	191	446	-	637	2.5 and LIBOR plus 1.5
Financial liabilities						
Short-term loans from financial institutions	1,270	-	-	-	1,270	Note 16
Trade and other payables	-	-	-	4,118	4,118	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2015						
Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)	
Within 1 year	1-5 years					
Financial assets						
Cash and cash equivalents	-	-	579	88	667	0.1 - 1.6
Trade and other receivables	-	-	-	2,927	2,927	-
Short-term loans to related parties	-	-	-	218	218	-
Financial liabilities						
Trade and other payables	-	-	-	1,976	1,976	-
Liabilities under finance lease agreements	2	-	-	-	2	4.8 - 48.9

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			
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	27	37	112	40	35.8	36.1
Euro	-	-	1	-	37.8	39.8
Yen	-	-	4	53	0.3	0.3
Ringgit	1	15	7	38	8.0	8.4
Vietnam Dong	-	15	-	-	0.0016	0.0016
Indonesia Rupiah	-	5	-	-	0.0027	0.0026

Foreign currency	Separate financial statements				Average exchange rate as at 31 December	
	Financial assets as at 31 December		Financial liabilities as at 31 December			
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	47	49	114	30	35.8	36.1
Euro	-	-	1	-	37.8	39.8
Renminbi	64	81	-	-	5.1	5.5
Ringgit	-	-	2	3	8.0	8.4

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

Foreign currency	As at 31 December 2016				Contractual exchange rate	
	Consolidated financial statements		Separate financial statements			
	Sold amount	Bought amount	Sold amount	Bought amount	Sold	Bought
	(Million)	(Million)	(Million)	(Million)		
US Dollar	5	12	5	9	34.9 - 36.0 Baht per 1 US Dollar	35.6 - 36.1 Baht and 13,500 - 13,630 Indonesia Rupiah per 1 US Dollar

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

In addition, the Company and its subsidiaries are exposed to foreign exchange risk on their investments in overseas subsidiaries, joint venture and associates. 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 subsidiaries 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 2016 and 2015, the Company and its subsidiaries 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	
		2016	2015	2016	2015
<u>Contracts presented as assets</u>					
Bought forward contract	Crude oil	205	-	205	-
Bought forward contract	Petroleum product	10	3	10	3
Sold forward contract	Crude oil	9	496	9	496
Sold forward contract	Petroleum product	-	1,146	-	1,146
Two-ways collar option	Petroleum product	-	30	-	30
Four-ways collar option	Crude oil	290	-	290	-
Total price hedging contracts presented as assets		514	1,675	514	1,675
<u>Contracts presented as liabilities</u>					
Bought forward contract	Crude oil	2	298	2	298
Bought forward contract	Petroleum product	-	473	-	473
Sold forward contract	Crude oil	32	7	32	7
Sold forward contract	Petroleum product	16	3	16	3
Sold future contract	Asphalt product	-	1	-	-
Four-ways collar option	Crude oil	-	38	-	38
Total price hedging contracts presented as liabilities		50	820	50	819

35.2 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.

36. 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 preserve 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 2016 and 2015, these financial ratios were as follow:

Financial Ratio	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Interest Bearing Short-term Debt-to-Equity Ratio	0.15 : 1	0.04 : 1	0.13 : 1	-
Interest Bearing Long-term Debt-to-Equity Ratio	0.06 : 1	0.19 : 1	-	-

The Trust Receipts (in Note 16) 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.

37. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's authorised directors on 14 February 2017.

COMPANY INFORMATION

COMPANY INFORMATION

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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 464 , +66 7795 3030 +66 2273 6000 Ext 7
Fax. +66 7792 2575, +66 2273 6749 Ext 7

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 5111-4, +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
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	3,750,000
Registered capital	Baht 375 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	11,000,000
Registered capital	Baht 111 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 %

FOREIGN SUBSIDIARIES

KEMAMAN BITUMEN COMPANY SDN. BHD.

Nature of business	A producer, refiner, supplier and distributor of petroleum and oil products 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
	Email: info@kbc.com.my
	Website: www.kbc.com.my
Refinery address	Plot PT 7195, Telok Kalong Industrial Area 24000 Kemaman Terengganu, Malaysia
Authorized capital	Malaysian Ringgit 500 million
Percentage holding	99.99 %

KEMAMAN OIL CORPORATION SDN. BHD.

Nature of business	Investment holding and distribution of petroleum and oil products 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
Authorized capital	Malaysian Ringgit 255.7 million
Percentage holding	99.99 %

KBC ENERGY PTE. LTD.

Nature of Business	Trading of Crude Oil, Petroleum and other related products
Address	80, Raffles Place #25-01, UOB Plaza, Singapore 048624
	Tel. +65 6238 3000
	Fax. +65 6438 4184
Ordinary shares	10,000
Registered capital	USD 10,000
Percentage holding:	100% (100% held by Kemaman Oil Corporation Sdn. Bhd.)

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 %

ZHENJIANG TIPCO ASPHALT CO., LTD.

Nature of Business	Producer and distributor of asphalt products
Address	10 Dongfang Dagang, Zhenjiang, Jiangsu, China
Ordinary shares	-
Registered capital	RMB 20 million
Percentage holding:	51% (51% held by TASCO International (Hong Kong) Ltd.)

LANGFANG TONGTAI ROAD MATERIAL CO., LTD.

Nature of Business Producer and distributor of asphalt products
Address No.56, Quanxing Road, Langfang Economic Technology Development Zone, Hebei Province, P.R.China 065001
Ordinary shares -
Registered capital USD 2.1 million
Percentage holding: 51% (51% held by TASCOS International (Hong Kong) Ltd.)

TIPCO ASPHALT (XINHUI) CO., LTD

Nature of Business Producer and distributor of asphalt products
Address 23-11, Central Zone, Jingzhou Economic Development Experimental Zone, Xinhui, Guangdong, P.R.China 529100
Ordinary shares -
Registered capital RMB 30 million
Percentage holding: 100% (100% held by TASCOS International (Hong Kong) Ltd.)

GUANG ZHOU TIPCO ASPHALT TRADING CO., LTD.

Nature of business Principally engaged in the trading asphalt products and asphalt future trading in Shanghai Bitumen Exchange
Address: 2309, 23/F Yian Plaza, 33 Jianshe 6 Road, Guangzhou, Guangdong Province, 510060 China
No. of ordinary shares -
Registered capital RMB 6,000,000
Percentage holding: 100% held by TASCOS International (Hong Kong) Ltd.)

ASIA BITUMEN TRADING PTE. LTD.

Nature of Business Trader of asphalt products
Address 7, Temasek Boulevard, #20-06, Suntec Tower One, Singapore 038987
Tel. +65 6887 3600
Fax. +65 6235 0637
Ordinary shares 1,000
Registered capital SGD 100,000
Percentage holding: 50% (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

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, 19th Floor, Jl. Mt. Haryono Kav. 15,
Jakarta 12810, Indonesia
Tel. +62 2 1837 09516
Fax. +62 2 1837 09517
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)

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

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

PACIFIC BITUMEN SHIPPING PTE. LTD.

Nature of business Marine transportation
Address 7 Temasek Boulevard #20-06 Suntec Tower One Singapore, 038987
Registered capital USD 10,000
Percentage holding 100% held by the Company

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%

KBC TRADING SDN BHD KBCT

Nature of Business	Storer, supplier and distributor of petroleum and oil products
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
Ordinary shares	300,000
Registered capital	RM 300,000
Percentage holding:	30% (20% held by Kemaman Oil Corporation Sdn. Bhd. and 10% held by Tasco International (Hong Kong) Ltd.)

THAI SLURRY SEAL CO., LTD.

Nature of business	Asphalt road construction service
Head Office	118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400
	Tel. +66 2273 6000
	Fax. +66 2273 6030
Ordinary shares	4,973,334
Registered capital	Baht 497,333,400
Percentage holding	25.00%

OTHER IMPORTANT INFORMATION

Stock Code	TASCO (Listed on the Stock Exchange of Thailand - SET) Registration No 0107535000044
Registered Capital	1,579,343,570 Baht
Paid Up Capital	1,552,998,070 Baht
No. of Shares Issued	1,552,998,070 Shares
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 R & T Asia (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	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







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