

A N N U A L REPORT 2016



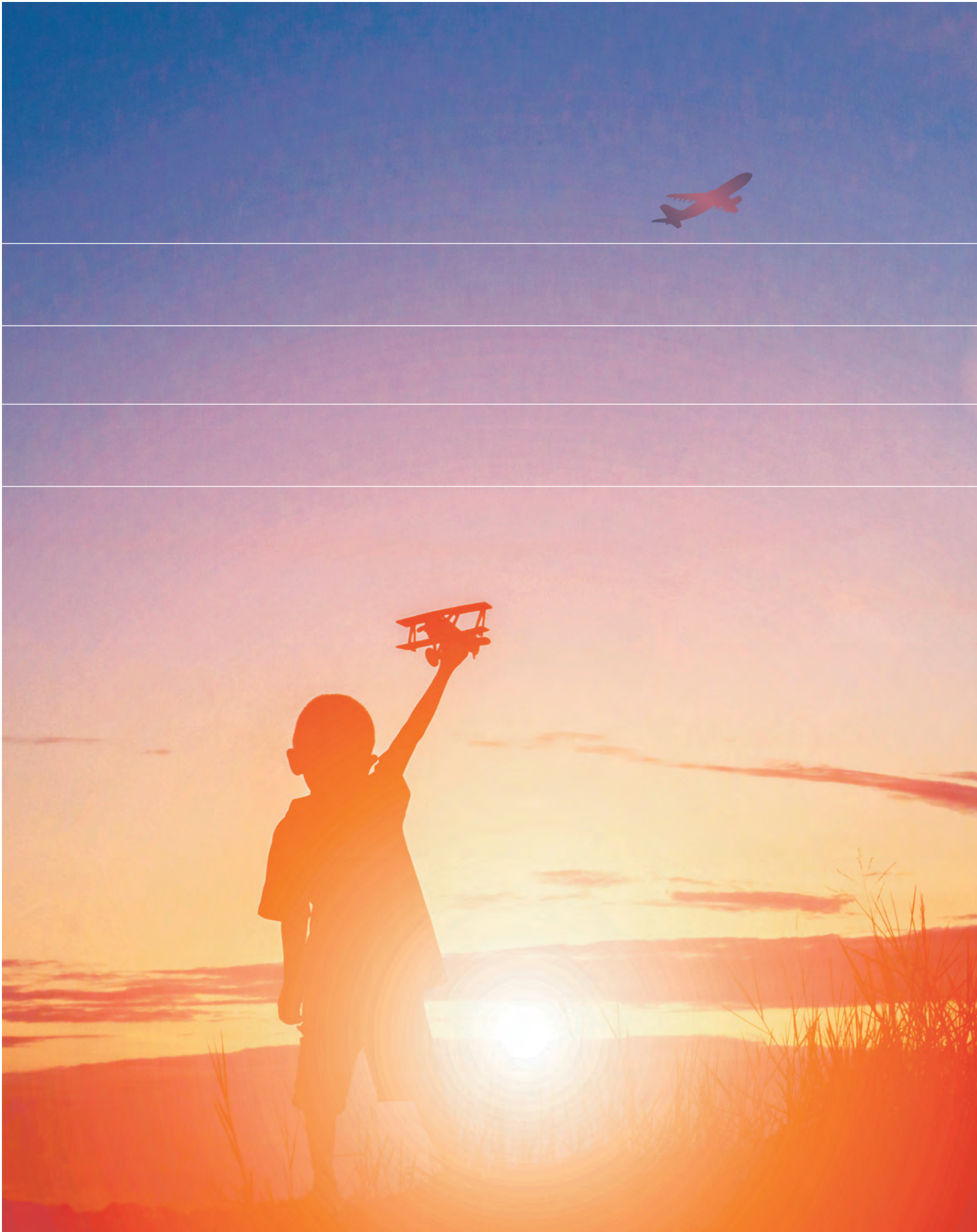
BANGKOK AVIATION FUEL SERVICES PUBLIC COMPANY LIMITED



CONTENTS

06	08	09	11	12
Message from Managing Director	Financial Highlight	General Information	Honorable Awards	Organization Chart of BAFS
14	21	25	29	32
Board of Directors	Management Team	Policy and Business Overview	Performance Summary of Year 2016	Summary of Business Changing
45	49	50	56	67
Into-Plane Service Industry and Competition	Action Plans for the Future	Risk Factors	Shareholding and Management Structure	Corporate Governance
96	100	101	107	108
Report of Subcommittees	Social Responsibility	Management Discussion and Analysis of Operating Results for the Year ended December 31, 2016	Report on the Board of Director's Responsibilities towards the Annual Financial Statements 2016	Financial Statement Report
160	163	168	188	198
Report of the Audit Committee for the Year 2016	Summary on the Opinion Concerning Internal Control System, Year 2016	Connected Transactions	Summarization of Opinions on Related Party Transactions for the Year 2016	Measure or Procedure for Connected Transaction Approval

“Investors can study more information from the Annual Registration Statement (Form 56-1) by which the Company has published via www.sec.or.th or www.bafsthai.com”



Vision

Sustainable Development in Energy Services with Awareness of Quality Safety and Environment

Mission

1.
Shareholders

To operate and sustainable wealth creation with lucrative profit for shareholders regularly

2.
Customers

To focus on Quality and Safety according to International Standard for creating customers satisfaction

3.
Stakeholders

To conduct business together with principle of Corporate Governance and follow Collective Action Coalition against Corruption guideline

4.
**Community/
Environment**

To be responsible for society, community and environment with Sustainability Development Framework

5.
**Corporate
members**

To develop potential to personnel meets professional, ethical, and abide by Corporate Governance principle

6.
Regulators

To follow law, regulations, principles, and rules related to operation with responsibility, accuracy and transparency

Core Value

B

Belief in
Teamwork

A

Awareness of Safety
Quality and Environment

F

Following Best
Practice

S

Service
with Our Heart

Message from Managing Director

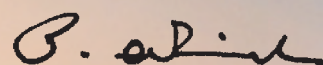
2016 marked BAFS' 30th anniversary of refuelling services at Don Mueang International Airport since its first date of operation on October 1st, 1986. As a result of continued growth in tourism and aviation industries in Thailand, along with BAFS efficiency in its cost control, 2016 was another year of BAFS' success. Its net profit reached 29.6% comparing to 28.5% in 2015. Moreover, 2016 is the first year that BAFS group could generate net profit over one billion baht. It was an increase by 14.6%, comparing to the previous year.

For this year, BAFS' new 5-year strategic plan for 2016 - 2020 under its vision: "Sustainable Development in Energy services with Awareness of Quality Safety and Environment" has been implementing. The focuses are on continuing good corporate governance and the implementation of Knowledge Management (KM) and innovation development promotion. This would enable BAFS to become, on an international level, leader in directing Aviation Fuel Services towards sustainable development, not only on quality and safety but also in the dimension of economic, social and environmental aspects, as well.

In the meantime, a subsidiary of BAFS, namely Fuel Pipeline Transportation Co., Ltd. (FPT), has started the construction of fuel pipeline transportation system to the northern Region project. The foundation stone laying ceremony was held for fuel depot constructions at Phichit and Lampang Province and the constructions are on going. At the same time, another subsidiary of BAFS, Thai Aviation Refuelling Co., Ltd. (TARCO) has also conducted its hydrant underground pipeline system construction for the Suvarnabhumi Airport's 2nd phase development. The project is scheduled to be completed in 2019 in line with Airport of Thailand PLC. (AOT) project timeline. Furthermore, BAFS Innovation Development Co., Ltd. (BID) was established in December 2016 to carry out BAFS' vision and sustainable development policy. The focuses are on BAFS Group's innovation development, which is consistent with Thai Government policy under Thailand 4.0.

BAFS has carried out its business in compliance with principles of good governance, transparency, accountability and anti-corruption practices. Subsequently, the result of the assessment by the Thai Institute of Directors (IOD) named BAFS in the category of "Excellent" level in corporate governance recognition. BAFS has achieved this recognition for 8 consecutive years. Besides, BAFS also obtained the "Investor Relations Awards" from the Stock Exchange of Thailand (SET) on its remarkable investor relations activities as well as the "2016 Outstanding Organization Awards" on Workplace Safety, Health and Environment for all 3 sites i.e. Don Mueang and Suvarnabhumi Aviation Fuel Storage Stations, and Suvarnabhumi Into-plane Refuelling Station.

On behalf of BAFS' Board of Directors, Management and Employees. I would like to express my sincere thankfulness to all stakeholders, who have trusted and supported our business activities in all dimensions. I trust that our business approaches under good corporate governance principles will lead us towards continuing and sustainable growth.



Prakobkiat Ninnad
Managing Director



Financial Highlight

Bangkok Aviation Fuel Service Public Company Limited

Unit: Million Baht

	2016	2015	2014
Key Financial Status and Performance			
Services Income	3,564.69	3,327.86	2,981.00
Other Income	146.83	31.78	43.85
Total Revenue	3,711.52	3,359.64	3,024.84
Cost of Services	1,546.33	1,449.18	1,380.44
Administrative Expenses	578.55	564.90	547.26
Total Expenses	2,124.89	2,014.08	1,927.69
Gross Profit	2,018.36	1,878.68	1,600.56
Finance Costs	131.23	83.23	101.90
Profit (Loss) attributable to Equity holders of the Company	1,097.12	957.69	757.75
Cash and Short Term Investment	4,363.53	1,501.33	1,246.00
Total Assets	12,157.85	8,540.54	8,235.24
Total Liabilities	4,786.65	2,876.35	3,022.85
Total Shareholders' Equity	7,371.20	5,664.20	5,212.40
Key Financial Ratios			
Gross Profit Margin	56.62%	56.45%	53.69%
Net Profit Margin attributable to Equity holders of the Company	29.56%	28.51%	25.05%
Return on Total Assets	10.60%	11.42%	9.27%
Return on Total Equity	16.83%	17.61%	14.87%
Total Liabilities to Total Equity (Times)	0.65	0.51	0.58
Book Value per share* (Baht)	11.56	8.89	8.18
Dividend per share (Baht)	1.50	1.10	1.10
Earning per share* (Baht)	1.72	1.50	1.19

Notes * Calculation from the total common shares of 637.5 million shares

General Information



Bangkok Aviation Fuel Services Public Company Limited

Head Office	171/2 Kamphaeng Phet 6 Road, Don Mueang, Don Mueang, Bangkok 10210 Tel : 0 2834 8900 Fax : 0 2834 8999 Website : www.bafsthai.com
Type of Business	Storage and Aircraft Refuelling Services
Registration Number	0107538000487
Registered Capital	637,496,657 shares, 1 Baht per share, total 637,496,657 Baht
Paid-up Capital	637,496,153 shares, 1 Baht per share, total 637,496,153 Baht

References

Share Registrar	Thailand Securities Depository Company Limited 62 Rachadapisek Road, Klongteoy, Bangkok 10110 Tel : 0 2229 2800 Fax : 0 2359 1259
Auditor	EY Office Company Limited 33 rd Floor, Lake Rajada Office Complex, 193/136-137, Rajadapisek Road, Klongtoey, Bangkok 10110 Tel : 0 2264 0777, 0 2661 9190 Fax : 0 2264 0789-90

BAFS Shareholdings in Subsidiary Companies

Name	Type of Business	Type of share	Paid-up Capital (Million Baht)	Shareholding Percentage (%)
Thai Aviation Refuelling Co., Ltd. 99 Moo 10, Srisa Jorakhanoi, Bang Saothong, Samut Prakran 10540 Tel : 0 2134 4021-6 Fax : 0 2134 0420	Provides aviation fuel service through pipeline at Suvarnabhumi Airport	Ordinary	530.00	90.00
Fuel Pipeline Transportation Co., Ltd. 424 Kamphaeng Phet 6 Rd., Don Mueang, Don Mueang, Bangkok 10210 Tel : 0 2574 6180-3 Fax : 0 2574 6101	Provides fuel storage and fuel transportation through underground pipeline system	Ordinary and Preferred	3,660.67	75.00
Intoplane Services Co., Ltd. 171/2 Kamphaeng Phet 6 Rd., Don Mueang, Don Mueang, Bangkok 10210 Tel : 0 2834 8982-3 Fax : 0 2834 8999	Provides labor contracting service for aircraft refuelling only which currently operates at Samui Airport, Sukhothai Airport and Trat Airport	Ordinary	0.12	83.33
BAFS Innovation Development Co., Ltd. 171/2 Kamphaeng Phet 6 Rd., Don Mueang, Don Mueang, Bangkok 10210 Tel : 0 2834 8900	Provides research, development, design and improvement of innovative products including licensing and services of technology and innovation	Ordinary	2.50	100.00



Honorable Awards

BAFS received Outstanding Organization Awards for its Three Operating Sites

Bangkok Aviation Fuel Services PLC. (BAFS) received Outstanding Organization Awards for Workplace Safety, Health and Environment 2016 for its three operating sites include Don Mueang Aviation Fuel Storage Station (Head Office) for ten consecutive year, Suvarnabhumi Into-plane Refuelling Station for eight consecutive year, and Suvarnabhumi Aviation Fuel Storage Station for six consecutive year.



BAFS received Sustainability Awards

Bangkok Aviation Fuel Services PLC. (BAFS) received Thailand Sustainability Investment (THSI) Awards from SET Sustainability Awards 2016, which held to announce prestige and honour listed companies that promote sustainability and are outstanding in business operational sustainability.



BAFS received Sustainability Outstanding Awards

Bangkok Aviation Fuel Services PLC. (BAFS) received the Sustainability Outstanding Awards from Sustainability Report Award 2016, which held by CSR Club, Thai Listed Companies Association, Securities and Exchange Commission of Thailand (SEC) and Thaipat Institute to elevate listed companies on their disclose information regarding environmental, social and governance (ESG) for long term sustainability.

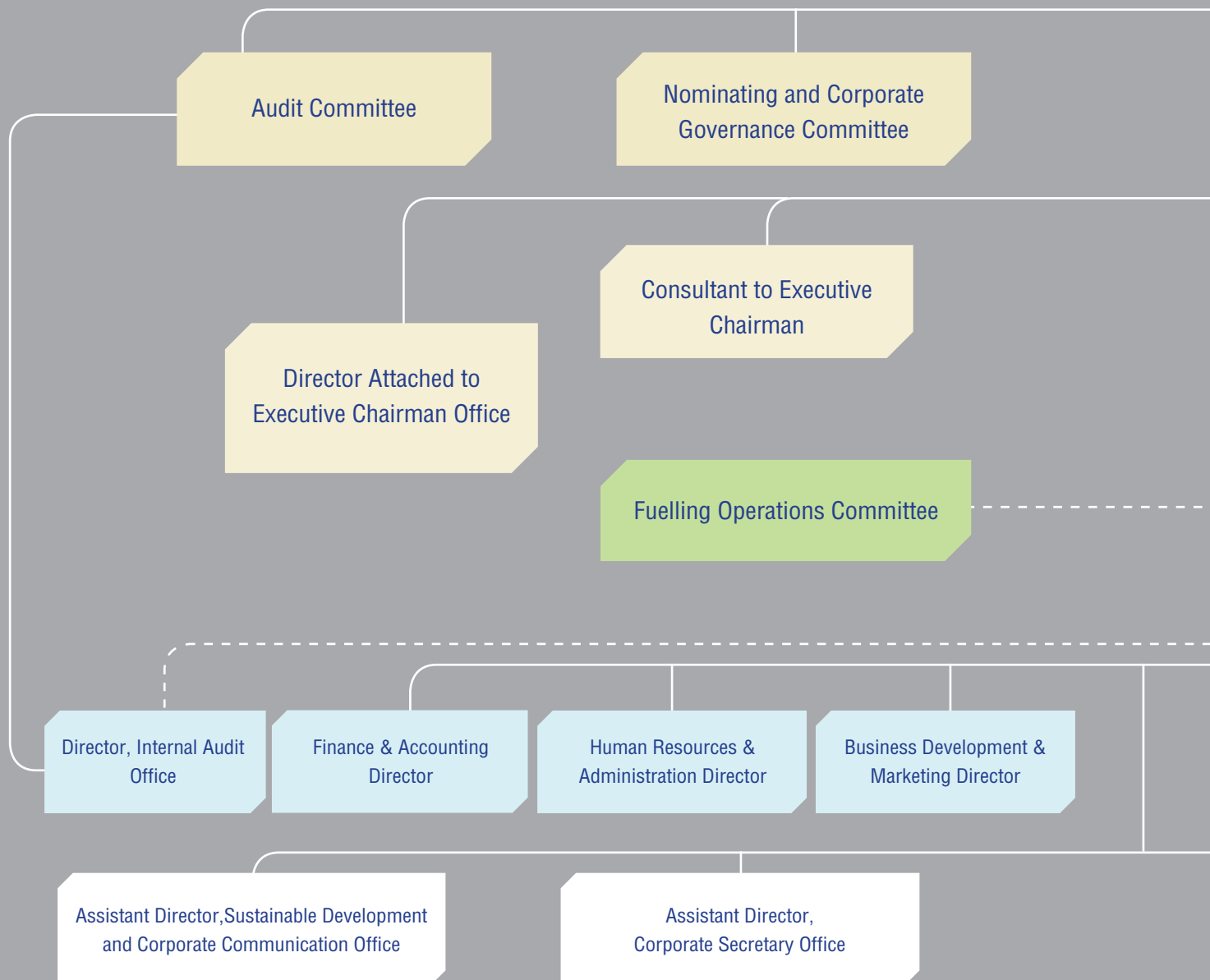
BAFS received Outstanding Investor Relations Awards

Bangkok Aviation Fuel Services PLC. (BAFS) received the Outstanding Investor Relations Awards from SET Awards 2016. The award is presented to listed companies with an estimated market value between 10-30 Billion Baht which excel in the area of investor relations, aims to acknowledge and celebrate investor relations excellence of SET-listed companies.



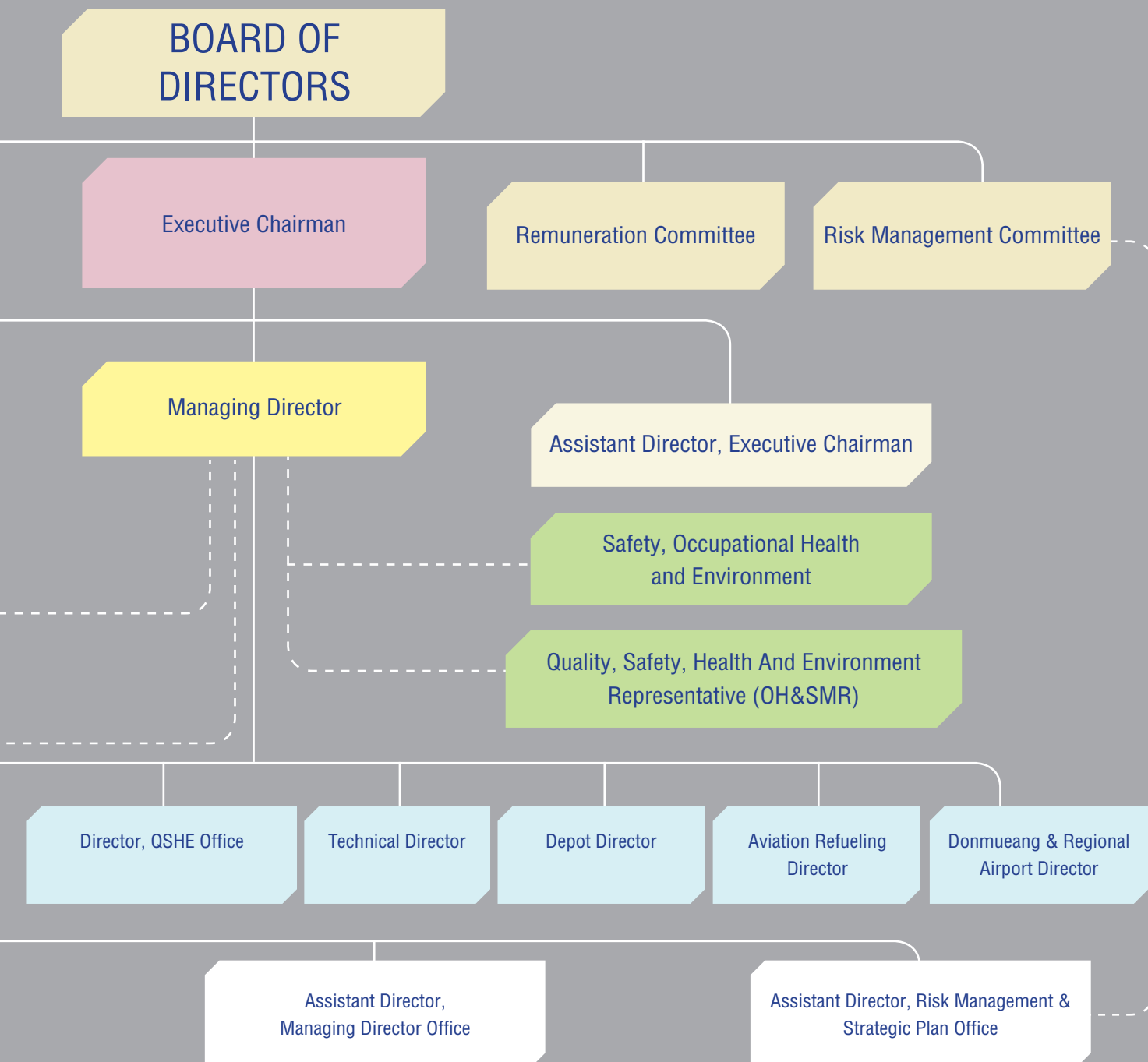
Organization Chart of BAFS

Bangkok Aviation Fuel Services Public Company Limited



———— Line of Command

- - - - - Reporting Lines



Effective Date : October 1, 2016

Board of Directors



Mr. Palakorn Suwanrath (68 years)
Chairman and Independent Director

Starting Date of Directorship 2 April 2007

Shareholding of the Company

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Arts in Political Science, Chulalongkorn University
- Master of Arts in International Affairs (M.A.I.A) Southeast Asia Studies, Ohio University, USA
- Certificate, National Defense College, Class 37
- Directors Certification Program (DCP) 92/2007
- Director Accreditation Program (DAP) 63/2007
- The Role of Chairman (RCM) 16/2007

Work Experience

2007 - Present	Chairman and Independent Director, Bangkok Aviation Fuel Services Plc.
2001 - Present	Privy Councillor
2014 - Present	Chairman and Independent Director, The Platinum Group Plc.
2013 - 2014	Chairman and Independent Director, The Platinum Group Co., Ltd.
1979 - Present	Director, Thongtipaya Co., Ltd.
1979 - Present	Director, Supatasna Co., Ltd.
1980 - Present	Director, Lucky Clover Co., Ltd.
1990 - Present	Director, Les Trois Co., Ltd.
2001 - 2008	Director, SCB Securities Co., Ltd.

Past

Chairman,
Metropolitan Electricity Authority

Chairman,
Provincial Electricity Authority

Director,
Electricity Generating
Authority of Thailand

Director,
Expressway and Rapid Transit
Authority of Thailand

Director,
Government Savings Bank

Current Position in Other Companies

Listed companies

- Chairman and Independent Director, The Platinum Group Plc.

Non-listed companies

- 4 Companies

Illegal Record

- None



M.R. Supadis Diskul (67 years)
Director, Remuneration Committee Director,
Nominating and Corporate Governance
Committee Director,
Risk Management Committee Director
Executive Chairman

Starting Date of Directorship 30 December 1983

Shareholding of the Company

- 0.637% (In name of himself and spouse 4,060,000 shares) Increased 60,000 shares in 2016

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Science, Medical Technology, Mahidol University
- Master of Community and Regional Planning, North Dakota State University, USA
- Certificate, National Defence College, The National Defence Course for the Joint State-Private Sectors, Class 4515
- Director Certification Program (DCP) 51/2004
- Director Accreditation Program (DAP) 12/2004
- Finance for Non-Finance Directors (FND) 14/2004 and 1/2011
- Role of the Compensation Committee (RCC) 4/2007
- The Role of Chairman Program (RCP) 16/2007
- Successful Formulation and Execution of Strategy (SFE) 5/2009
- Anti-Corruption for Executive Program (ACEP) 11/2014

Work Experience

2014 - Present	Executive Chairman, Bangkok Aviation Fuel Services Plc.
2013 - 2014	Executive Chairman & Managing Director, Bangkok Aviation Fuel Services Plc.
1983 - 2013	Managing Director, Bangkok Aviation Fuel Services Plc.
2013 - Present	Independent Director, Bangkok Insurance Plc.



Mr. Prakobkiat Ninnad (60 years)

Director, Remuneration Committee Director, Nominating and Corporate Governance Committee Director, Risk Management Committee Director, and Managing Director

Starting Date of Directorship 24 April 2014

Shareholding of the Company

- 0.012% (In name of himself 73,800 shares)
Increased 20,200 shares in 2016

Relationship with Management

- None

Education / Director Training Program

- Bachelor of National Economics and International Relations, University of Stockholm, Sweden
- Intensive Business Profession Program, Faculty of Commerce and Accountancy, Chulalongkorn University
- Aviation Law Seminar, International Aviation Management Training Institute, Canada
- Role of Executive to Internal Control, Risk Management Awareness for Executives, Internal Control, Business & Finance Acumen from Thai Airways International Plc.
- Directors Certification Program (DCP) 193/2014
- Executive Program: Good Governance for Sustainable Development Institute for Good Governance Promotion
- Role of the Nomination and Governance Committee (RNG) 8/2016

Work Experience

- 2016 - Present Director, BAFS Innovation Development Co., Ltd.
- 2015 - Present Director, Thai Aviation Refuelling Co., Ltd.
- 2015 - Present Chairman, Intoplane Services Co., Ltd.
- 2014 - Present Director and Managing Director, Bangkok Aviation Fuel Services Plc.
- 2012 - 2013 Director, Bangkok Aviation Fuel Services Plc.
- 2006 - Present Director, Fuel Pipeline Transportation Co., Ltd.
- 2003 - 2014 Vice President, Petroleum, Corporate Insurance and Aviation Environment Department, Thai Airways International Plc.

Current Position in Other Companies

Listed companies

- None

Non-listed companies

- 4 Companies

Illegal Record

- None

- 2016 - Present Chairman, BAFS Innovation Development Co., Ltd.
- 2010 - Present Chairman, Fuel Pipeline Transportation Co., Ltd.
- 2006 - 2010 Director, Fuel Pipeline Transportation Co., Ltd.
- 1997 - 2006 Managing Director, Fuel Pipeline Transportation Co., Ltd.
- 1991 - 1997 Director, Fuel Pipeline Transportation Co., Ltd.
- 2011 - Present Director, Thai Aviation Refuelling Co., Ltd.
- 1996 - 2011 Managing Director, Thai Aviation Refuelling Co., Ltd.
- 1986 - 2015 Chairman, Intoplane Service Co., Ltd.
- 2011 - 2014 Director, JP-One Asset Co., Ltd.
- 2004 - 2011 Managing Director, JP-One Asset Co., Ltd.
- 2011 - 2013 Director, BAFS International Co., Ltd.
- 1997 - 2003 Executive Vice President, Corporate Development and Support Department, Thai Airways International Plc.

Current Position in Other Companies

Listed companies

- Independent Director, Bangkok Insurance Plc.

Non-listed companies

- 3 Companies

Illegal Record

- None



Flight Lieutenant Montree Jumrieng (59 years)

Director and Nominating and Corporate Governance Committee Director

Starting Date of Directorship 18 February 2010

Shareholding of the Company

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Science, Mechanical Engineering, Royal Thai Air Force Academy
- Honorary Degree, Management, Rajamangala University of Technology Thanyaburi
- Public Director Certification Program (PDI) 9/2012, King Prajadhipok's Institute
- Anti-Corruption for Executive Program (ACEP) 4/2012, Thai Institute of Directors (IOD)
- Leadership Succession Program (LSP) 1/2013, Institute of Research and Development for Public Enterprises (IRDP)
- Business Leader Development Program 2014, University of Oxford, UK
- Director Certification Program DCP216/2016, Thai Institute of Directors (IOD)

Work Experience

- 2016 - Present Advisory Director and Steering Committee of International Academy of Aviation Industry, King Mongkut's Institute of Technology Ladkrabang.
- 2014 - Present Executive Vice President, Corporate Strategy and Sustainable Development, Thai Airways International Plc. Director, Nok Airlines Plc. Director, Thai Smile Co., Ltd.

2010 - Present Director, Bangkok Aviation Fuel Services Plc.

2009 - 2014 Executive Vice President, Technical Department, Thai Airways International Plc. Director, Don Muang International Airport Hotel Co., Ltd.

Current Position in Other Companies

Listed companies

- Executive Vice President, Corporate Strategy and Sustainable Development, Thai Airways International Plc.
- Director, Nok Airlines Plc.

Non-listed companies

- 1 Company

Illegal Record

- None



Flying Officer Somboon Limwathnapong (60 years)

Director

Starting Date of Directorship 9 November 2016

Shareholding of the Company

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Electrical Engineer, Royal Thai Air Force Academy

Work Experience

- 2016 - Present Executive Vice President, Technical Development, Thai Airways International Plc.
- 2015 - 2016 Vice President Heavy Maintenance DMK Base, Thai Airways International Plc.
- 2014 - 2015 Vice President Aircraft Maintenance Center BKK Base, Thai Airways International Plc.
- 2010 - 2014 Director, Aircraft Overhaul (Utapao), Thai Airways International Plc.

Current Position in Other Companies

Listed companies

- Executive Vice President, Technical Development, Thai Airways International Plc.

Non-listed companies

- None

Illegal Record

- None



**Flight Lieutenant Werasak Wiroonpetch
(59 years)**
Director

Starting Date of Directorship 14 December 2016

Shareholding of the Company

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Aerospace Engineer,
National Defense Academy of Japan

Work Experience

2016 - Present	Executive Vice President Operations Department, Thai Airways International Plc.
2016 - Present	Director, Aeronautical Radio of Thailand
2014 - Present	Director, Thai Flight Training Co., Ltd.
2014 - 2015	Vice President, Flight Operations Support Department Thai Airways International Plc.
2013	Deputy Vice President, Flight Operations Support Department Thai Airways International Plc.
2011 - 2012	Director, Flight Operations safety Department Thai Airways International Plc.

Current Position in Other Companies

Listed companies

- Executive Vice President Operations Department,
Thai Airways International Plc.

Non-listed companies

- 2 Companies

Illegal Record

- None



Mr. Nitinai Sirismatthakarn (45 years)
Director

Starting Date of Directorship 9 November 2016

Shareholding of the Company

- None

Relationship with Management

- None

Education / Director Training Program

- B.A. (Economics), Chulalongkorn University
- M.P.A., University of Southern California
- Ph.D. (Economics), Florida State University
- Certificate in Public Financial Management
University of Southern California
- Certificate in Financial Management University of
Southern California

Work Experience

2016 - Present	President, Airports of Thailand Plc.
2015 - 2016	Director, Airports of Thailand Plc.
2013 - 2014	Deputy Director General, Fiscal Policy Research Institute
2012	President, Thailand Future Foundation
2011 - 2012	Senior Executive Advisor 11 Airports of Thailand Plc.
2010 - 2011	Senior Executive Vice President Airports of Thailand Plc.

Current Position in Other Companies

Listed companies

- President, Airports of Thailand Plc.

Non-listed companies

- 1 Company

Illegal Record

- None



Mr. Ath Hemvijitraphan (58 years)
Director

Starting Date of Directorship 6 March 2009

Shareholding of the Company

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Business Administration, Assumption University
- Master of Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Director Accreditation Program (DAP) 79/2009
- Director Certification Program (DCP) 167/2012

Work Experience

2016 - Present	Deputy Country Chairman, The Shell Company of Thailand Limited
2013 - 2015	Executive Director, Commercial Fuel Business, The Shell Company of Thailand Limited
2011 - 2012	Secondary Transport Manager: Thailand, Hong Kong and Philippines, The Shell Company of Thailand Limited
2009 - Present	Director, Bangkok Aviation Fuel Services Plc.
2009 - 2010	General Manager-Distribution: Mekong Cluster, The Shell Company of Thailand Limited
2007 - 2008	General Manager-Supply: Mekong Cluster, The Shell Company of Thailand Limited

Current Position in Other Companies

Listed companies

- None

Non-listed companies

- 1 Company

Illegal Record

- None



Mr. Peratak Autadej (57 years)
Director

Starting Date of Directorship 5 November 2015

Shareholding of the Company

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Science in Technical Education (Electrical Engineering), Rajamangala University of Technology
- MDP3: Level 13-14 Business Management; PTT Plc.
- VP Leadership Development Program; PTT Plc.
- Director Certification Program (DCP) 218/2016

Work Experience

2016 - Present	Executive Vice President, Petroleum Terminal Operations, PTT Plc.
2015 - Present	Director, Bangkok Aviation Fuel Services Plc.
2015 - Present	Director, Thai Petroleum Pipeline Co., Ltd.
2015 - Present	Director, PTT Tank Terminal Co., Ltd.
2015 - 2016	Vice President Acting Executive Vice President, Petroleum Terminal Operations, PTT Plc.
2011 - 2015	Vice President, Products Transportation, PTT Plc.
Past	Vice President, Central Petroleum Terminal Senior Petroleum Supply and Trading Officer Petroleum Terminal Operations Planning Division Manager Petroleum Supply Operations Division Manager PTT Plc.

Current Position in Other Companies

Listed companies

- None

Non-listed companies

- 2 Companies

Illegal Record

- None



Mr. Aswin Kongsiri (71 years)
Independent Director, Chairman of Nominating and Corporate Governance Committee, and Chairman of Risk Management Committee

Starting Date of Directorship 22 April 2005

Shareholding of the Company

- 0.012% (In name of himself and spouse 75,000 shares) Increased 25,000 shares in 2016

Relationship with Management

- None

Education / Director Training Program

- B.A. (Honors) in Philosophy, Politics and Economics, Oxford University, England
- Certificate, National Defence College, The National Defence Course for the Joint State-Private Sectors, Class 6
- The Role of Chairman (RCM) 5/2001
- Director Certification Program (DCP) 11/2001
- IOD Chairman Forum 2016: Corporate Governance VS Corporate Performance: Duty or Choice?

Work Experience

2010 - Present	Chairman, Thai Orix Leasing Co., Ltd.
2008 - Present	Chairman, Ton Poh Thailand Fund
2005 - Present	Independent Director, Bangkok Aviation Fuel Services Plc.
1999 - Present	Independent Director and Chairman of the Audit Committee, OHTL Plc.
2007 - Present	Chairman, Ch.Karnchang Plc.
1994 - Present	Independent Director, Ch.Karnchang Plc.
1993 - Present	Independent Director and Chairman of the Audit Committee, Thai Reinsurance Plc.
1981 - Present	Independent Director and Audit Committee Member, Padaeng Industry Plc.



Mr. Visut Montriwat (70 years)

Independent Director, Audit Committee Director, and Chairman of Remuneration Committee

2011 - 2014	Member of Monetary Policy Committee, Bank of Thailand
2010 - 2012	Chairman, Thoresen Thai Agencies Plc.
2010 - 2012	Governor, The Stock Exchange of Thailand
2001 - 2012	Vice Chairman, Electricity Generating Plc.
Past	Director and Risk Management Committee Member, Krung Thai Bank Plc. President, The Industrial Finance Corporation of Thailand

Current Position in Other Companies

Listed companies

- Independent Director and Chairman of the Audit Committee, OHTL Plc.
- Independent Director and Chairman, Ch.Karnchang Plc.
- Independent Director and Chairman of the Audit Committee, Thai Reinsurance Plc.
- Independent Director and Audit Committee Member, Padaeng Industry Plc.

Non-listed companies

- 1 Company

Illegal Record

- None

Starting Date of Directorship 9 November 2006

Shareholding of the Company

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Commerce, Chulalongkorn University
- MBA, Northern Illinois University, USA
- Certificate, National Defence College, Class 38
- Audit Committee Program (ACP) 15/2006
- Directors Certification Program (DCP) 77/2006
- Monitoring the system of Internal Control and Risk Management (MIR) 1/2007
- Role of the Compensation Committee (RCC) 2/2007
- Monitoring of the Quality of Financial Report (MFR) 7/2009

Work Experience

2015 - Present	Independent Director, Lynn Phillips Mortgage Credit Foncier Co., Ltd.
2011 - Present	Independent Director and Audit Committee Director, Srivichaivejvivat Plc.
2008 - Present	Director, Thai Aviation Refuelling Co., Ltd.
2006 - Present	Independent Director and Audit Committee Director, Bangkok Aviation Fuel Services Plc.
2013 - 2014	Director, Thai Pailoon Insurance Co., Ltd.

2006 - 2011 Independent Director and Member of the Audit Committee, Krung Thai Bank Plc.

Past Deputy Permanent Secretary, Ministry of Finance

Inspector-General, Ministry of Finance

Comptroller-General, The Comptroller General's Department, Ministry of Finance

Director-General, The Treasury Department, Ministry of Finance

Current Position in Other Companies

Listed companies

- Independent Director and Audit Committee Director, Srivichaivejvivat Plc.

Non-listed companies

- 2 Companies

Illegal Record

- None


Mr. Pachara Yutidhammadamrong (69 years)

Independent Director, Chairman of Audit Committee and Remuneration Committee Director

Starting Date of Directorship 8 April 2009

Shareholding of the Company

- None

Relationship with Management

- None

Education / Director Training Program

- LL.B., Thammasat University
- Honorary Degree of Doctor of Laws, Ramkhamhaeng University
- Barrister at Law, Institute of Legal Education of The Thai Bar
- National Defense Course for the Joint State-Private Sectors, National Defence College, Class 399
- Certificate from Naval College Class 21 (1988-1989)
- Director Accreditation Program (DAP) 55/2006
- Audit Committee Program (ACP) 22/2008
- Public Director Certification Program from Public Director Institute

Work Experience

- 2015 - Present Chairman of Committee, Preecha Group Plc.
- 2014 - Present Director, Magic Enterprise Co., Ltd.
- 2013 - Present Director, Amarin Television Co., Ltd.
- 2009 - Present Independent Director and Chairman of Audit Committee, Bangkok Aviation Fuel Services Plc. Director, Thai Aviation Refuelling Co., Ltd.

- Present Sub-committee, Sukhumvit Asset Management Co., Ltd. Director, Office of the Council of State
- 2005 - 2010 Chairman of the Audit Committee and Independent Director, Krung Thai Bank Plc.
- Past Attorney General, Office of the Attorney General, General Deputy Attorney General, Office of the Attorney General Member of National Legislative Assembly Director, Thai Airways International Plc. Director, IRPC Plc. Director, Provincial Electricity Authority

Current Position in Other Companies
Listed companies

- Chairman of Committee, Preecha Group Plc.

Non-listed companies

- 4 Companies

Illegal Record

- None


Mr. Pipat Purnananda (68 years)

Independent Director, Audit Committee Director and Risk Management Committee Director

Starting Date of Directorship 17 April 2013

Shareholding of the Company

- 0.011% (In name of himself 70,000 shares) Increased 19,000 shares in 2016

Relationship with Management

- None

Education / Director Training Program

- Bachelor Degree of Arts, Business and Administration (Finance), Thammasat University
- Master of Arts (Economics) Western Michigan University, USA
- Workshop on Budgeting in the Public Sector, Harvard University
- National Defence College (NDC 3)
- Director Accreditation Program (DAP) 94/2012
- Director Certification Program (DCP) 172/2013
- Audit Committee Program (ACP) 43/2013
- Financial Statements For Director (FSD) 2/2014

Work Experience

- 2013 - Present Independent Director and Audit Committee Director, Bangkok Aviation Fuel Services Plc.
 - 2010 - 2013 Independent Director and Audit Committee Director, Solution Corner (1998) Plc.
 - 2008 - 2009 Deputy Director Bureau of the Budget, Office of the Prime Minister
- Current Position in Other Companies

Listed companies

- None

Non-listed companies

- 1 Company

Illegal Record

- None

Management Team



Mr. Prakobkiat Ninnad (60 years)

Director, Remuneration Committee Director, Nominating and Corporate Governance Committee Director, Risk Management Committee Director, and Managing Director

Starting Date of Directorship 24 April 2014

Shareholding of the Company

- 0.012% (In name of himself 73,800 shares)
Increased 20,200 shares in 2016

Relationship with Management

- None

Education / Director Training Program

- Bachelor of National Economics and International Relations, University of Stockholm, Sweden
- Intensive Business Profession Program, Faculty of Commerce and Accountancy, Chulalongkorn University
- Aviation Law Seminar, International Aviation Management Training Institute, Canada
- Role of Executive to Internal Control, Risk Management Awareness for Executives, Internal Control, Business & Finance Acumen from Thai Airways International Plc.
- Directors Certification Program (DCP) 193/2014
- Executive Program: Good Governance for Sustainable Development Institute for Good Governance Promotion
- Role of the Nomination and Governance Committee (RNG) 8/2016

Work Experience

- | | |
|----------------|--|
| 2016 - Present | Director,
BAFS Innovation Development Co., Ltd. |
| 2015 - Present | Director,
Thai Aviation Refuelling Co., Ltd. |
| 2015 - Present | Chairman,
Intoplane Services Co., Ltd. |
| 2014 - Present | Director and Managing Director,
Bangkok Aviation Fuel Services Plc. |
| 2012 - 2013 | Director,
Bangkok Aviation Fuel Services Plc. |
| 2006 - Present | Director,
Fuel Pipeline Transportation Co., Ltd. |
| 2003 - 2014 | Vice President, Petroleum,
Corporate Insurance and Aviation
Environment Department,
Thai Airways International Plc. |



Mr. Amnuay Pahuwanich (57 years)

Consultant to Executive Chairman

Shareholding of the Company

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor Degree, Electrical Engineering, Kasetsart University
- Master of Arts (Leadership in Society, Business and Politics), Rangsit University
- Economics in Public Administration for High-Level Administrators - King Prajadhipok's Institute
- Executive Program : Good Governance for Sustainable Development - Institute for Good Governance Promotion
- Director Certification Program (DCP) 96/2007
- Financial Statements for Directors (FSD) 6/2009
- Successful Formulation and Execution of Strategy (SFE) 8/2010

Work Experience

- | | |
|----------------|--|
| 2014 - Present | Consultant to Executive Chairman,
Bangkok Aviation Fuel Services Plc. |
| 2012 - Present | Managing Director,
Thai Aviation Refuelling Co., Ltd. |
| 2006 - Present | Director,
Thai Aviation Refuelling Co., Ltd. |
| 1994 - Present | Director,
Intoplane Service Co., Ltd. |
| 2012 - 2014 | Consultant to Managing Director,
Bangkok Aviation Fuel Services Plc. |
| 2008 - 2012 | Senior Technical Manager,
Bangkok Aviation Fuel Services Plc. |



Mr. Ditsapong Prithaveepong (59 years)
Consultant to Executive Chairman and
Acting for Business Development &
Marketing Director

Shareholding of the Company

- None

Relationship with Management

- None

Education / Director Training Program

- MBA, Commerce and Accountancy Faculty, Chulalongkorn University
- Bachelor of Engineering, Chulalongkorn University
- Director Certification Program (DCP) 108/2008
- Successful Formulation and Execution of Strategy (SFE) 7/2010
- Financial Statements for Director (FSD) 10/2010

Work Experience

- 2015 - Present Managing Director
Intoplane Service Co., Ltd.
- 2014 - Present Consultant to Executive Chairman
and Acting for Business
Development & Marketing Director,
Bangkok Aviation Fuel Services Plc.
- 2013 - Present Director,
Fuel Pipeline Transportation
Co., Ltd.
- 2011 - Present Director, Intoplane Service Co., Ltd.
- 2012 - 2014 Consultant to Managing
Director,
Bangkok Aviation Fuel Services Plc.
- 2013 Director and Managing Director,
JP-One Asset Co., Ltd.
- 2008 - 2012 Senior Depot Manager,
Bangkok Aviation Fuel Services Plc.



Mr. Kanit Seetong (46 years)
Aviation Refuelling Director

Shareholding of the Company

- 0.001% (In name of himself 7,500 shares)

Relationship with Management

- None

Education / Director Training Program

- Master of Business Administration, Eastern Asia University
- Bachelor of Faculty of Education Srinakharinwirot University

Work Experience

- 2016 - Present Aviation Refueling Director,
Bangkok Aviation Fuel Services Plc.
- 2012 - 2016 Deputy Aviation Refuelling Director,
Bangkok Aviation Fuel Services Plc.
- Past Depot Operation Supervisor,
Bangkok Aviation Fuel Services Plc.



Mr. Manob Pulsombulpol (58 years)
Depot Director

Shareholding of the Company

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Science Industrial Technology,
Phranakorn Rajaphat University

Work Experience

- 2014 - Present Depot Director,
Bangkok Aviation Fuel Services Plc.
- 2012 - 2014 Depot Manager,
Bangkok Aviation Fuel Services Plc.
- 2012 Deputy Depot Manager,
Bangkok Aviation Fuel Services Plc.
- Past Control Room and
Maintenance Supervisor,
Bangkok Aviation Fuel Services Plc.



**Miss Suwipa Sukcharoenchok
(59 years)**
Finance & Accounting Director

Shareholding of the Company

- 0.001% (In name of herself 5,735 shares)
(No shareholding changed in 2016)

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Business Administration,
Ramkhamhaeng University
- Director Accreditation Program (DAP) 116/2015

Work Experience

2015 - Present	Director, Thai Aviation Refueling Co., Ltd.
2015 - Present	Director, Intoplane Services Co., Ltd.
2015 - Present	Finance & Accounting Director, Bangkok Aviation Fuel Services Plc.
2014 - 2015	Deputy Finance & Accounting Director, Bangkok Aviation Fuel Services Plc.
1995 - 2013	Deputy Finance & Accounting Manager, Bangkok Aviation Fuel Services Plc.
Past	Finance & Accounting Supervisor Division, Thai Aviation Refuelling Co., Ltd. Accounting Supervisor Bangkok Aviation Fuel Services Plc.



**Mrs. Jirapat Charoenbhantharak
(55 years)**
Human Resources & Administration Director

Shareholding of the Company

- 0.001% (In name of herself and her husband
6,250 shares)

Relationship with Management

- None

Education / Director Training Program

- Master Degree of Public Administration,
Chulalongkorn University
- Bachelor Degree of Political Science
Ramkhamhaeng University

Work Experience

2016 - Present	Human Resources & Administration Director, Bangkok Aviation Fuel Services Plc.
2015 - 2016	Deputy Human Resources & Administration Director, Bangkok Aviation Fuel Services Plc.
Past	Administration Manager, Bangkok Aviation Fuel Services Plc.



Miss Yuphadee Tongaroonsri (43 years)
Don Mueang and Regional Airport Director

Shareholding of the Company

- 0.003% (In name of herself 20,625 shares)
(No shareholding changed in 2016)

Relationship with Management

- None

Education / Director Training Program

- Master of Management,
Mahidol University College
of Management
- Bachelor of Science, Chiang Mai University
- Director Certification Program (DCP)
227/2016

Work Experience

2015 - Present	Director, Intoplane Services Co., Ltd.
2015 - Present	Don Mueang & Regional Airport Director Bangkok Aviation Fuel Services Plc.
2013 - 2015	Deputy Don Mueang & Regional Airport Director Bangkok Aviation Fuel Services Plc.
2012 - 2013	Deputy Don Mueang & Regional Airport Manager Bangkok Aviation Fuel Services Plc.
2011 - 2012	Senior Quality Control Supervisor Bangkok Aviation Fuel Services Plc.
Past	Quality Control Supervisor Bangkok Aviation Fuel Services Plc. Scientist TPI Co., Ltd.



Mr. Nattapol Narkuam (49 years)
Technical Director

Shareholding of the Company

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Industrial Technology, Major in Mechanical Engineering, Siam University
- Director Certification Program (DCP) 227/2016

Work Experience

2016 - Present	Managing Director, BAFS Innovation Development Co., Ltd.
2014 - Present	Technical Director, Bangkok Aviation Fuel Services Plc.
2012 - 2014	Technical Manager, Bangkok Aviation Fuel Services Plc.
Past	Deputy Technical Manager, Bangkok Aviation Fuel Services Plc.



Mrs. Mayuree Nalinwong (53 years)
Director, Internal Audit Office

Shareholding of the Company

- 0.006% (in name of herself 37,500 shares)
(No Shareholding changed in 2016)

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Accounting, Thammasat University
- MBA, Ramkhamhaeng University
- Public Economics Management for Executives from King Prajadhipok's Institute
- Certificate of Business Management for Internal Audit from Federation of Accounting Professions
- Anti-Corruption : The Practical Guide and Monitoring the Quality of Financial Reporting from Thai Institute of Directors (IOD)
- Working papers for Countering Bribery from Thai Institute of Directors (IOD) and Federation of Accounting Professions
- System Audit Plan, Techniques for creating good systems, Framework of Internal Control System and Fraud Auditing from Federation of Accounting Professions

Work Experience

2014 - Present	Director, Internal Audit Office, Bangkok Aviation Fuel Services Plc.
2012 - 2014	Executive of Internal Audit, Bangkok Aviation Fuel Services Plc.
2000 - 2012	Executive Assistant of Internal Audit, Bangkok Aviation Fuel Services Plc.



Miss Saowapak Jungpattanaphong (55 years)
Director, Quality Safety Health and Environment Office

Shareholding of the Company

- 0.018% (holding by herself 116,250 shares)
(No shareholding changed in 2016)

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Accountancy (Accounting) Commerce and Accountancy Faculty, Chulalongkorn University
- MBA, Commerce and Accountancy Faculty, Chulalongkorn University
- Intensive English Program at University of Delaware, USA

Work Experience

2015 - Present	Director, Quality Safety Health and Environment Office, Bangkok Aviation Fuel Services Plc.
2012 - 2015	Assistant Director, QSHE Office, Bangkok Aviation Fuel Services Plc.
2009 - 2012	Executive Assistant of Quality Management System Bangkok Aviation Fuel Services Plc.
Past	Senior Stock Control Supervisor Bangkok Aviation Fuel Services Plc.

Policy and Business Overview



Bangkok Aviation Fuel Services Public Company Limited (BAFS) has been completely operated aviation fuel services with International Standard, punctuality performance and highest safety, including Good Corporate Governance Principle Management and Corporate Social Responsibility for sustainable growth following corporate's vision "Sustainable Development in Energy Services with Awareness of Quality Safety and Environment" The strengthening energy services, the Company has invested in subsidiaries which are supportive operating for all group companies including:

1. Thai Aviation Refuelling Company Limited (TARCO), offering hydrant pipeline network at Suvarnabhumi Airport.
2. Fuel Pipeline Transportation Limited (FPT) services embrace the provision of the aviation fuel depot and multi-product fuel pipeline service, starting from Bangchak Refinery and the oil depot in Chongnonsi area transfer to Don Mueang Substation and the Bang Pa-in on ground depot as an ending point. Including Makkasan fuel pipeline to Suvarnabhumi Substation. Moreover, FPT is now during Northern route fuel pipeline expansion project for multi-product according to National Energy Policy Council Committee Resolutions which determined that the project would be advantageous for government section and supported national energy stability section.
3. Intoplane Service Company Limited (IPS), carrying manpower as subcontractor for intoplane fueling service at Samui Airport, Sukhothai Airport and Trad Airport.
4. BAFS Innovation Development Company Limited (BID) established in December 2016, operates in search, research, develop, product sale and including practicable for innovative services and technologies. The beginning action is searching innovation for fulfilling Company's strategic operation and subsidiaries.

Aimed to achieve the Corporate's vision "Sustainable Development in Energy Services with Awareness of Quality, Safety and Environment" the Company and subsidiaries have strategies as below.

Growth Strategy The Company's strengths and experiences of aviation refueling operation for 30 years with certified as approved training facility and aviation refuelling quality inspection from JIG (Joint Inspection Group) and IFQP (IATA Fuel Quality Pool) to perform auxiliary business in the training center and aviation fuel quality inspection for airlines. In the future, the Company has purposed to afford aviation refuelling training with World Class Excellent Operation level.

Effectiveness of Auxiliary Strategies The Company has designed master plan 5-year consists of Core Value Master Plan campaign, Knowledge Management Master Plan, Operational Controlling Plan and Strategic and Risk Management Communication Plan, which are appointed as Corporate's Key Performance Indicators : KPIs and continuously measured achievement of each plan.

Sustainable Development Framework Strategy With sustainable development process in the Global Reporting Initiative (GRI). The sustainable master plan and good corporate governance management are designed for accomplishment, the sustainability policy is appointed for executives and all level corporate members are requiring conform strictly. In addition, achievement of master plans is reported to the Sustainable Development Working Group continually. For the commitment of sustainable development, the Company is ranked in ESG 100 (Environmental, Social and Governance) Sustainability Company by Thaipat Institute and achieved Thailand Sustainability Investment, Sustainability Report 2016 excellence award.

Thus, with the integration of mentioned strategies and the pursuance of Performance Management System of the Company and subsidiaries using Key Performance Indicators: KPIs in Balanced Scorecard principle with following the objectives from Strategy Map. The management has confidence that the Company and subsidiaries will go forward with sustainable growth.



Revenue Structure

The Company has generated its revenue from following:

1. Revenue from aviation fuel storage service, aviation refuelling service, aviation fuel transportation via hydrant pipeline system and fuel transportation via pipelines services.
2. Revenue from property leasing and
3. Other revenue

Table Showing the Company's Yearly Revenue Structure (by Business Categories) from Year 2014 - 2016

(unit : million bath)

Product line/ Business group	Operated by	% of shareholding of the Company	Year 2014		Year 2015		Year 2016	
			Amount	%	Amount	%	Amount	%
1. Service revenue	BAFS		1,821.89	60.23	2,062.75	61.4	2,242.58	60.42
	TARCO	90%	582.94	19.27	602.32	17.93	626.36	16.88
	JP-One	2014 : 0% ^{1/}	13.79	0.46	-	-	-	-
	FPT	2014-15 : 91.55% ^{1/} 2016 : 75.00% ^{2/}	562.38	18.59	662.79	19.73	695.75	18.75
2. Property leasing revenue	BAFS		10.92	0.36	11.15	0.33	11.23	0.30
	TARCO	90%	-	-	-	-	-	-
	JP-One	2014 : 0% ^{1/}	1.20	0.04	-	-	-	-
	FPT	2014-15 : 91.55% ^{1/} 2016 : 75.00% ^{2/}	0.40	0.01	0.76	0.02	1.28	0.03
3. Reversal of allowance for ^{3/} doubtful accounts	BAFS/ FPT	2014-15 : 91.55% ^{1/} 2016 : 75.00% ^{2/}	-	-	-	-	29.37	0.79
4. Revenue from compensation ^{4/}	FPT	2014-15 : 91.55% ^{1/} 2016 : 75.00% ^{2/}	-	-	-	-	47.01	1.27
5. Other revenue ^{5/}			31.32	1.04	19.87	0.59	57.94	1.56
Total revenue			3,024.84	100.00	3,359.64	100.00	3,711.52	100.00

Remark ^{1/} On February 1st, 2014, Fuel Pipeline Transportation Limited (FPT) received entire business transfer from JP-One Asset Co., Ltd. (JP-One). FPT issued ordinary share for 24,278,941 shares with par value at Baht 5 per share, totaled Baht 121,394,705 and allotted to JP-One to repay for its entire business transfer to FPT. On February 3rd, 2014, FPT increased its registered capital to be Baht 260,667,560 baht. Such entire business transfer resulted in changing of shareholding proportion of BAFS in FPT by increasing from 90.72% to be 91.55%.

On February 3rd, 2014, JP-One registered dissolution with the Ministry of Commerce. Later on November 7th, 2014, JP-One transferred its shareholding proportion in FPT to BAFS for 22,458,041 shares and to Bangkok Insurance Public Company Limited for 1,820,922 shares. Then, JP-One registered completeness of liquidity with the Ministry of Commerce on November 27th, 2014.

^{2/} On 17 December 2015, Board of Directors Meeting no. 5/2015 approved the sale of investment in 8,628,742 ordinary shares of a subsidiary, Fuel Pipeline Transportation Limited, to two unrelated companies at a price of 80 Baht per share, or for a total of Baht 690 million, reducing the Company's shareholding in the subsidiary from 91.55% to 75%. The sale was completed in January 2016.

^{3/} The Company set aside provision of Baht 100 million in the consolidated financial statements since July 15th, 2013 and the actual cost for removal of the pipelines occurred totaling Baht 71 million. The Company therefore reversed Bath 29 million of the remaining provision to revenue, recording it as other revenue in profit or loss during the first quarter of 2016.

^{4/} FPT received compensation from a company that caused damage to fuel pipelines belonging to FPT in accordance with a judgment of the Supreme Court totaling Baht 47 million.

^{5/} Other revenue consists of revenue from other services including profit (loss) from foreign exchange rate, revenue from other forms of investment such as interest receivable, etc.

In year 2016, total revenue of the Corporate Group was Baht 3,711.5 million, which increased for Baht 351.8 million and equaled to 10.5% comparing to year 2015 which its total amount was Baht 3,359.7 million. Meanwhile, revenue derived from service providing totaled Baht 3,564.7 million which increased for Baht 236.8 million or 7.1% comparing to year 2015 which its total amount was 3,327.9 million Baht. Other revenue amount was Baht 146.8 million, which increased for Baht 115.0 million or 361.6% comparing to year 2015 which its total amount was Baht 31.8 million. The significant increase of other revenue was derived from amount that FPT received for compensation plus interest for damages of pipeline at Phaya Thai BTS Station totaling Baht 47 million. The Corporate Group also had revenue from reversal of allowance for doubtful accounts totaling Baht 29.4 million from pipeline relocation at Bang Sue MRT Station.

Performance Summary of Year 2016



1. Aviation Fuel Storage Service

Suvarnabhumi Airport

In 2016, BAFS had stored Jet A-1 fuel for aircraft refuelling at Suvarnabhumi Aviation Fuel Storage Station (BKK - Depot) in 5 fuel storage tanks with total capacity of 75 million liters¹⁾. Volume of fuel reserve was approximately 4 times of aircraft refuelling daily volume.

For Jet A-1 fuel received from all of oil companies, its total volume was 4,522.2 million liters, which separately transported via pipelines of Fuel Pipeline Transportation Limited (FPT) and Thai Petroleum Pipeline Co., Ltd. (Thappline) for 1,698.7 million liters and 2,823.4 million liters respectively. These figures represent a ratio of FPT: Thappline at 38:62.

Performance Summary at Suvarnabhumi Aviation Fuel Storage Station (BKK - Depot)	Year 2016 (Million Liters)	Year 2015 (Million Liters)	Increase (Decrease) %
Total volume of fuel received	4,522.2	4,365.2	3.6
Average volume of fuel received per day	12.4	12.0	3.3
Average volume of fuel received from FPT per day	4.6	4.6	0.0
Average volume of fuel received from Thappline per day	7.7	7.4	4.1

Remark 1) There are 8 fuel storage tanks at the Suvarnabhumi Aviation Fuel Storage Station with total capacity of 105 million liters. Fuel Pipeline Transportation Limited (FPT), which is BAFS's subsidiary, has rent 3 of them altogether.

Don Mueang Airport

In 2016, BAFS had stored Jet A-1 fuel for aircraft refuelling at Don Mueang Aviation Fuel Storage Station (BKK - Depot) in 3 fuel storage tanks with total capacity of 21 million liters. Jet A-1 fuel was received via pipelines of Fuel Pipeline Transportation Limited (FPT) and Thai Petroleum Pipeline Co., Ltd. (THAPPLINE) for 568.3 million liters and 815.7 million liters respectively. These figures represent a ratio of FPT: THAPPLINE at 41:59.

Performance Summary at Don Mueang Aviation Fuel Storage Station (DMK - Depot)	Year 2016 (Million Liters)	Year 2015 (Million Liters)	Increase (Decrease) %
Total volume of fuel received	1,384.0	1,200.9	15.2
Average volume of fuel received per day	3.8	3.3	14.6
Average volume of fuel received from FPT per day	1.6	1.5	6.7
Average volume of fuel received from THAPPLINE per day	2.2	1.8	22.2

2. Aviation Fueling Services

2.1 Aviation Refuelling Service

Suvarnabhumi Airport

JET A-1

Jet A-1 refuelling service was provided in total for 3,964 million liters or 330 million liters per month by average. It was refueled to 157,355 flights in total or 13,113 flights per month by average.

The Don Mueang Airport

JET A-1

Jet A-1 refuelling service was provided in total for 1,125 million liters or 94 million liters per month by average. It was refueled to 121,910 flights in total or 10,159 flights per month by average.

AVGAS

AVGAS refuelling service was provided in total for 74,087 liters or 6,174 liters per month by average. It was refueled to 381 flights in total or 32 flights per month by average.

2.2 Aviation Defuelling Service

Suvarnabhumi Airport

Jet A-1 defuelling service was provided to airlines in total for 0.88 million liters or 0.07 million liters per month by average. The service was provided to 64 flights in total or 5 flights per month by average.

Don Mueang Airport

Jet A-1 defuelling service was provided to airlines in total for 0.91 million liters or 0.91 million liters per month by average. The service was provided to 82 flights in total or 7 flights per month by average.

2.3 Number of Flights Serviced from Airlines

In 2016, number of airline flights that used BAFS' aviation refuelling service at Don Mueang Airport and Suvarnabhumi Airport was 279,265 flights in total, which increased from 2015 for 22,475 flights. These figures represent its growth rate at 8.8%. Meanwhile, fuel volume provided for aviation refuelling at both airports was 5,089.3 million liters, which increased from 2015 for 395.1 million liters, representing its growth rate at 8.4% when compared to the previous year.

Flight	Year 2016	Year 2015	Increase (Decrease) %
At Suvarnabhumi Airport			
Domestic Flight			
Number of Flights	39,888	35,524	12.3
Fuel Volume (Million Liters)	312.1	272.1	14.7
International Flight			
Number of Flights	117,467	109,977	6.8
Fuel Volume (Million Liters)	3,652.2	3,496.8	4.4
At Don Mueang Airport			
Domestic Flight			
Number of Flights	83,860	79,541	5.4
Fuel Volume (Million Liters)	572.1	523	9.4
International Flight			
Number of Flights	38,050	31,748	19.9
Fuel Volume (Million Liters)	552.9	402.3	37.4
Total			
Number of Flights	279,265	256,790	8.8
Fuel Volume (Million Liters)	5,089.3	4,694.2	8.4

Summary of Business Changing



1. The Services

BAFS and its affiliated companies, who are the biggest aviation fuel services providers in Thailand, are the owners and operators of the refuelling facilities at Thailand's main airports. Its scope of services consist of Into-plane fuelling, aviation fuel storage, and a hydrant system which transfers fuel from the airport fuel storage, which is located outside, to the airports. In addition, BAFS has also invested in multi-product fuel pipeline transportation which is operated by Fuel Pipeline Transportation Company Limited (FPT). Moreover, besides the core businesses, BAFS also has other income from property rentals and providing utility services which are related to the businesses. In 2016, the significant changes were as follows:

1.1. Aviation Fuelling Services

In the aviation fuel business industry, fuel suppliers will bid for an airlines's tender. Once the tender has been awarded to the particular fuel supplier, they will supply and contract fuel transportation companies to transfer the fuel to the airport depot which is the Joint Depot. After that, they will assign BAFS, who has invested in the fuel facilities and operates the into-plane service according to the supplier's advice but does not own or sell the fuel. However, BAFS has the discretion to consider the most qualified suppliers to be the new user of BAFS' facilities based on the ability to supply a certified product in order to secure operations and to ensure a readily available and stable supply of energy for the airlines. BAFS encourages fair competition among fuel suppliers by setting the agreed service fee which helps create a free market for all the airlines. Currently, BAFS provides refuelling services for 2 types of fuel products which are:

- 1) Aviation Turbine Fuel, which is used for the Turbofan Engine, has a high driving force and high efficiency. BAFS provides storage and refuelling services for Jet A-1 which is only used for commercial aircraft only.
- 2) Aviation Gasoline or AVGAS is used for piston engine driven aircraft, for example, pilot training aircraft, small private aircraft. Currently, there is a low demand for this fuel type and the service is only provided at Don Mueang Airport.

BAFS has segregated scope of services based on system condition into 3 services as follows:

1.1.1 Into-plane Fuelling Service

Into-plane fuelling services business needs a high amount of investment because the refuelling vehicles and equipment are very expensive. In addition, the aviation refuelling services operate for safety in accordance with regulations, quality and international standards.

BAFS has set the working procedures and the working instructions for providing the into-plane fuelling service complying with the Aviation Fuel Quality Control & Operating Standards for Into-Plane Fuelling Services (JIG 1) issued by the Joint Inspection Group (JIG), which are endorsed by the International Air Transport Association (IATA). BAFS' philosophy is to ensure international standard quality, the highest safety levels, punctuality and to be environmentally friendly. In addition, BAFS has been certified by the International Standards Organization with the Quality Management Systems (ISO 9001:2015) and the Occupational Health and Safety Assessment Series (OHSAS 18001:2007).

Up to 2016, BAFS invested in and operated at 5 airports which are: Suvarnabhumi Airport, Don Mueang Airport, and 3 regional airports. In 2016, the changes of the business in each airport are as follows;

1) Suvarnabhumi Airport

Suvarnabhumi Airport is Thailand's main airport and operates 24 hours a day, serving the large number of passengers, and it is one of six airports, which is operated by the AOT. BAFS is one of the two into-plane service providers with a concession for 20 years at Suvarnabhumi Airport, and BAFS has been operating there since the airport officially opened on 28 September 2006. Currently, there are 9 fuel suppliers at Suvarnabhumi Airport and jet A-1 is the only type of fuel that BAFS receives from fuel suppliers for aircraft refuelling.

The refuelling at Suvarnabhumi Airport was designed to be operated by a hydrant system, which lies underneath the apron throughout the airport. Currently, BAFS provides dispenser for the refuelling service and refueller for service only defuelling.

In 2016, Suvarnabhumi Airport served 333,263 flights, which was an increase of 7.2 percent from the previous year. In addition, BAFS provided a refuelling service and for 157,355 flights, which was an increase of 8.1 percent at an average of 430 flights per day. Last year, the total refuel volume was 3,964 million liters per year at an average of 10.8 million liters per day, which was an increase of 5.2 percent, making a total of 87.5 percent of the market share.

Number of flights and Jet A-1 refuelling volume (BAFS)

At Suvarnabhumi Airport from 2014 - 2016

Year	Number of Aircraft (Flights per Year)	Refuelling Volume (Million Liters per Year)
2016	157,355	3,964
2015	145,501	3,769
2014	132,647	3,662

2) Don Mueang Into-plane Refuelling Station

Previously, at Don Mueang International Airport, all the oil companies were responsible for supplying and storing jet fuel, and for refuelling themselves. However, after the oil shortage crisis, oil companies were unable to provide a sufficient amount of jet fuel, which resulted in higher price, so in 1983, BAFS was given government approval to be the sole aircraft refuelling service provider in order to enhance the airport's refuelling service and to comply with the international standards, and to reinforce security of the nation's energy.

The consistent growth in the aviation industry has resulted in the Airports of Thailand investing in a new terminal in order to meet the demand of the increased air traffic and to encourage competition among airlines. Since 2006, most of the flights have been moved to Suvarnabhumi Airport, which can accommodate 45 million passengers a year. However, the number of passengers and flights has continually increased, so the Airports of Thailand decided to reopen Don Mueang International Airport on a 24 hour basis for Low Cost Carriers: LCCs and to also reduce passenger congestion as well as the amount of air traffic.

Currently, there are 5 fuel suppliers out of 9 fuel suppliers who sell and supply Jet A-1 fuel at Don Mueang International Airport. However, BAFS, as well as supplying Jet A-1 fuel, also supplies AVGAS, which is not in demand by many of the airlines, so AVGAS is only be provided at Don Mueang International Airport. Also, at Don Mueang International Airport, BAFS provides both dispensers and refuellers. The refuellers are used for refuelling at remote parking areas, for instance a cargo area, which is unserviceable by the hydrant system, and the refuellers are also used for the defueling service.

In 2016, 240,601 flights landed at Don Mueang International Airport, which was an increase of 12 percent, and 121,910 flights used the refueling service, which was an increase of 9.5 percent. There are 20 airlines based at the airport with 14 being Low Cost Carriers, hence BAFS provides a refuelling service for 282 airlines, handling an average of 334 flights per day and refuelling 3.1 million liters. Therefore, BAFS provides 1,125 million liters per year which is a 21.6 percent rise from the previous year.

**Number of flights and Jet A-1 refuelling volume (BAFS)
At Don Mueang International Airport from 2014 - 2016**

Year	Number of Aircraft (Flights per Year)	Refuelling Volume (Million Liters per Year)
2016	121,910	1,125
2015	111,289	925
2014	84,395	637

3) Regional Aviation Refuelling Stations

BAFS is the sole refuelling service provider at three regional airports: Samui, Sukhothai, and Trat. Bangkok Airways Public Company Limited (BA) has contracted BAFS for 25 years to service every flight for every airline. Currently, there is only 1 out of 9 fuel suppliers who sells and supplies Jet A-1 at the airports.

BAFS only uses refuellers for both refueling and defuelling services for Samui Airport, Sukhothai Airport and Trat Airport which is sufficient for flight servicing.

**Number of flights and Jet A-1 refuelling volume (BAFS)
At 3 Regional Airports from 2014 - 2016**

Year	Number of Aircraft (Flights per Year)	Refuelling Volume (Million Liters per Year)
2016	11,870	25.7
2015	11,698	24.2
2014	11,074	27.4

1.1.2 Hydrant Systems Service

Currently, Suvarnabhumi and Don Mueang Airports are operating by the hydrant system. The Jet A-1 fuel from airport depots are distributed through hydrant pumps into the hydrant pipelines network which lie underneath the apron, spreading throughout the aircraft parking area to each hydrant pit valve. The Jet A-1 fuel is delivered from the hydrant pit to the aircraft by the hydrant dispenser.

These vehicles are equipped with a meter, a filter water separator, and control valves to control the appropriate fuel flow rate into the aircraft. Also, they are installed with pressure control to regulate the suitable pressure into the aircraft and the hydrant system is specifically designed with a Hydrant Control System, a Leakage Monitoring System, and a Hydrant Emergency Shutdown Button System (ESB) which are installed at every aircraft bay. When the ESB is activated, it will send a signal by the SCADA system through the fiber optic cable to immediately close the valve at a particular section. This is to ensure the safety and service efficiency. However, in 2016, there were some changes as detailed below.

1) Suvarnabhumi Airport

The hydrant system at Suvarnabhumi Airport is operated by the BAFS' subsidiary; Thai Aviation Refuelling Company Limited (TARCO), which BAFS owns 90% shares of, and the AOT has 10% shares. TARCO has been granted 30 years concession from the AOT to construct and operate the hydrant system that is connected to the BAFS' Aviation Fuel Storage Station, which is located outside the airport, where the Jet A-1 fuel supply is transferred to 120 aircraft bays in the airport by using the TARCO hydrant system.

According to the Suvarnabhumi Airport Development Project Phase 2, which is aimed at increasing the capacity of the airport from 45 million passengers per annum to 60 million passengers per annum, by constructing a new passenger terminal building to support the extra of 15 million passengers per annum. Also, the AOT plans to construct the Midfield Satellite Building 1 to accommodate 28 contact gates, all contact gates are for international flights, 8 for A-380 aircraft (Code F) and 20 for B-747-400 (Code E). In this project, previously the TARCO had been granted the concession from the AOT to construct and operate the hydrant system on the basis of that existing agreement. The construction started in 2015 and is expected to be completed in 2019.

2) Don Mueang International Airport

The hydrant system at Don Mueang International Airport, which BAFS is a sole operator of, which the AOT invested in and rent to BAFS who are responsible for the maintenance. The hydrant rental fee is based on the number of aircraft parking bays where the hydrant pit valves are installed for the refuelling service.

The Cabinet has given approval for Suvarnabhumi Airport to operate as a hub airport with full services including connecting flights, which is to promote Suvarnabhumi Airport as a hub airport in the region with Don Mueang International Airport being an LCCs hub for domestic and international short haul flights. This policy is aimed at obtaining the maximum benefits from both airports. The airlines that use Don Mueang International Airport operate mostly short haul flights, which contribute to high traffic movement, less fuel consumption per flight, and the need for a quick service due to a short turnaround time has resulted to an increase in traffic movement at the airport.

Currently, the LCCs market has rising sharply in both routing and flight frequency due to high competition in pricing to attract passengers, resulting in high traffic movement at the Don Mueang International Airport for the last 4 years. Therefore, the AOT had developed Phase 2 which was completed in December 2015 to accommodate up to 30 million passengers per year. However, in 2016, the number of passengers reached 34.7 million and is expected to grow every year, so the AOT plans to increase the capacity of the airport Phase 3 to accommodate up to 40 million passengers by constructing a Junction Building, which will connect that building and Don Mueang Railway Station, and AOT is also renovating the Passenger Building 1 and the Pier 6. The project includes a plan to construct extra aircraft parking bays. Phase 3 is expected to be completed in 2022.

1.1.3 Airport Fuel Storage Service

BAFS has been operating aviation fuel storage stations to serve all fuel suppliers at the airports. The fuel suppliers are responsible for supplying and delivering the certified jet fuel to the storage facilities before transferring the jet fuel to the airport and then to the aircraft. BAFS controls the fuel quality specification before storing it, according to the Aviation Fuel Quality Requirement for Jointly Operated System (AFQRJOS) and regulates the storage operating procedures, following the Aviation Fuel Quality Control and Operating Standards for Airport Depots and Hydrants (JIG 2), which is issued by the Joint Inspection Group. In addition, BAFS is responsible for the receiving and delivery of data records and providing the stock reports for all fuel suppliers. The jet fuel stock of each supplier depends on the proportion of their sales volume, and they have to reserve the sufficient volume to refuel their airline customers. In 2016, there were some changes as detailed below:

1) Suvarnabhumi Aviation Fuel Storage Station

BAFS has invested in the Airport Aviation Fuel Storage Station outside the airport boundary in Bang Saothong district, Samut Prakarn Province. Therefore, the operation can continue sustainably without limitations on the airport concession period. The airport fuel facilities consists of 11 hydrant pumps with a maximum capacity of 5,500 cubic meters per hour.

BAFS' Airport Aviation Fuel Storage Station is the only one that is directly connected to the hydrant system of TARCO. Currently, there are 5 fuel storage tanks with 15 million liters capacity each, so there are 75 million liters in total, resulting in 4 days of reserved stock volume for sales.

Moreover, in BAFS' Airport Aviation Fuel Storage Station, there are 3 more fuel storage tanks with 10 million liters capacity each, so there are 30 million liters in total leased by FPT which is one of BAFS' affiliated companies. Therefore, it has reserved the grand total of 105 million liters which receives jet fuel through the pipeline system only, from 2 pipeline companies namely FPT and THAPPLINE (Thai Petroleum Pipeline Company Limited).

**The Jet A-1 Fuel Receiving and Delivery at the Observed Temperature
At Suvarnabhumi Aviation Fuel Storage Station from 2014 - 2016 (Unit: Millions of Liters)**

Year	Receiving Volume	Delivery Volume
2016	4,522.2	4,532.3
2015	4,365.2	4,358.3
2014	4,199.4	4,218.1

2) Don Mueang Aviation Fuel Storage Station

AOT has operated the Don Mueang International Airport in full commercial service, parallel with the Suvarnabhumi Airport since 2013, in accordance with the Government's policy to increase both the flight frequency and fuel volume at Don Mueang International Airport with the intention to continually grow every year. Therefore, in 2016, BAFS invested in a tank reversal policy, there are 2 tanks that BAFS built and then rented out for storing the diesel fuel 10 million liters in each tank, with one of the tanks being reversed back to reserve the jet A-1 fuel in order to enhance the efficiency of the jet A-1 fuel storage system. Currently, at the Don Mueang Aviation Fuel Storage Station, there are 4 tanks of the jet A-1 fuel with a total capacity of 31 million liters and a pumping station which consists of 2 hydrant pumps, both with a capacity of 270 cubic meters per hour each, and a jockey pump with a capacity of 70 cubic meters per hour.

In 2016, the Don Mueang Aviation Fuel Storage Station had the reserved of jet A-1 fuel volume for 8 days, which it received from 2 pipeline sources: FPT and THAPPLINE.

**The Jet A-1 Fuel Receiving and Delivery at the Observed Temperature
At Don Mueang Aviation Fuel Storage Station from 2014 - 2016 (Unit: Millions of Liters)**

Year	Receiving Volume	Delivery Volume
2016	1,384.0	1,125.0
2015	1,200.9	925.3
2014	810.2	636.9

3) Regional Aviation Fuel Storage Stations

Besides the main airports where BAFS has the ability to operate on a large scale, BAFS has also invested in and operates 3 small regional airports: Samui, Sukhothai, and Trat Airport, which are owned by Bangkok Airways Company Limited (BA).

At Sukhothai and Trat Airport, the daily flight frequency and the sales volume are slightly low, and BAFS has invested in a 25,000 liters skid tank to receive jet fuel that is transported by tank truck. This is unlike Samui Airport, which is located on the island, which has both more flights and sales volume. Here, the jet fuel is transported from Surat Thani province by tank truck and ferry to the BAFS' tanks. Therefore, BAFS has to reserve fuel and has built 3 fuel tanks with a total capacity of 1.05 million liters to ensure that the airport is being served sufficiently and to reduce the risk of business disruption of the Company especially in the case of natural disasters such as heavy thunderstorms, which may cause interruptions to the ferry service.

**The Jet A-1 Fuel Receiving and Delivery at the Observed Temperature
At Regional Aviation Fuel Storage Stations from 2014 - 2016 (Unit: Millions of Liters)**

Year	Receiving Volume	Delivery Volume
2016	25.8	25.7
2015	24.0	24.2
2014	27.6	27.4

1.2 Pipeline Transportation Services

In 1988 the Thai government implemented a policy that was aimed at developing the fuel transportation system in the country because the country had a large traffic congestion problem, resulting in jet fuel transportation to the Don Mueang Aviation Fuel Storage Station from fuel terminals in the Bangkok area by tank trucks being delayed. Moreover, there were also environmental concerns and a high risk of car accidents, having a direct effect on the public and securing a stable supply of fuel. Therefore since 1994, the use of road transportation has been replaced by a fuel pipeline system.

The FPT's transportation system is a multi product pipeline, which transports fuel by an underground pipeline from the Bangchak Refinery, the Shell Terminal, and the Chevron Terminal, which are located at Chongnonsri, then the jet fuel is transferred to the Don Mueang Aviation Fuel Storage Station. For the ground products, the fuel is also transferred by a 69 kilometer pipeline from the Bangchak Refinery to the final station at the Bang Pa-In Terminal, Ayutthaya Province. For the Suvarnabhumi Aviation Fuel Storage Station, the jet fuel is also transported by the pipeline system, with a pipeline of 30 kilometers being connected to the pipeline system at the Makasan Control Station.

Also, FPT has extended their investment in the fuel pipeline transportation system to the Northern Region. This pipeline connects the Bang Pa-In Terminal, Ayutthaya Province to the Pichit Depot and the Lampang Depot. This project strengthens the stability of the country's energy reserves. In the meanwhile, it also reduces the car accidents. Also, it should help to reduce greenhouse gas emissions. This project is critical to the infrastructure of the country, especially due to the expansion of the ASEAN Economic Community: AEC in the future. The Pichit depot started construction in August 2016, and it is expected to be completed in early 2019.

1.3 The lease assets and related utility services

Besides the main business of the aviation refuelling services, BAFS also has interests related to the main businesses which are:

- 1) Rental charge for receiving aviation facilities system at Suvarnabhumi Aviation Fuel Storage Station
- 2) Rental charge for receiving facilities rental by FPT and THAPPLINE
- 3) Rental charge for receiving diesel pipeline system
- 4) Rental charge for asset rentals and utility services

Don Mueang and Suvarnabhumi aviation fuel storage stations receive jet fuel from 2 fuel pipeline sources which are:

- 1) FPT transports jet fuel from Chongnonsri, receiving fuel from the Bangchak Refinery, the Chevron Terminal, and the Shell Terminal. BAFS earns income from the shares of the fuel transportation fees and asset rentals.
- 2) THAPPLINE transports jet fuel from Sriracha and Rayong Refineries. BAFS earns income from land rental, utilities services where THAPPLINE rents the receiving facilities at the Suvarnabhumi aviation fuel storage station.

The Volume of Jet A-1 Reception Transferred through Pipeline System from 2014 - 2016

Year	Suvarnabhumi		Don Mueang		Total	
	FPT	THAPPLINE	FPT	THAPPLINE	FPT	THAPPLINE
2016	1,698.7	2,818.5	568.3	815.7	2,267.0	3,634.2
2015	1,673.5	2,691.8	552.8	648.1	2,226.3	3,339.9
2014	1,459.8	2,739.5	347.2	462.9	1,807.1	3,202.5

Unit : Millions of Liters at Observed Temperature

2. Nature of Business in the Past Year

In 2016, BAFS' business at Suvarnabhumi Airport and Don Mueang International Airport grew because of the expansion of air traffic movements, which was due to the airlines services continuing in route expansion and frequency from 2015. As well as an increase in the total number of tourists to 32.6 Million, a rise of 8.9% compared to last year. As the result of the Thailand's political situation which showed more stability, low world oil prices and The Government's policy to stimulate tourism, which contributed to the increase in tourists. This was especially relevant for Chinese visitors who are the major market driver for THAI tourism sector. Even if the number of Chinese arrivals fell by 1 Million visitors during the period of last 4 months of 2015, was a resulted of the Crackdown on Zero-Dollar Tour by the both Thai and China Government.

BAFS increased the investment in the aircraft refuelling services at Don Mueang International Airport (DMK) in 2016, to continuously enhance services capacity to support the expansion of DMK airport, where the AOT has commenced full commercial services alongside Suvarnabhumi airport, to reduce the passenger congestion and the increasing number of flights. So DMK Airport has become a hub of low-cost carriers (LCCs) to accommodate tourists, especially Thai tourist, which increasingly tend to travel by airplane instead of road and rail transportation.

Don Mueang International Airport (DMK) has had significant growth continuously both in passengers and air traffic numbers during the 4 years since reopening the operations. In this regard, the AOT had developed the airport to increase the capacity to accommodate passengers from 18.5 million to 30 million per year, which was completed in December 2015. However, the passenger number had reached 34.7 million per year by 2016, an increase from 2015 by 21% and tend to grow continuously year by year. The Don Mueang International Airport Development Project Phase 3, which includes the construction of Junction Terminal, which will be connected with Don Mueang train station, the renovations of terminal 1 and concourse 6, the contour of the airport internal road, also with aircraft parking area expansion to increase the aircraft parking bays, which is expected to be completed in 2022. Once completed, the total handling capacity of DMK Airport is expected to increase to 40 million passengers per year, aiming to become a hub airport which can accommodate connecting flights in the region. DMK is likely to grow more traffic, following the worldwide aircraft orders for the next 10 years of 2,800 aircrafts in Asia, of which 1,400 aircrafts are in South East Asia.

In 2016, BAFS served a total number of 121,910 flights, an increase of 10%, and refuelled 1,125.0 million litres of Jet A-1, an increase of 22% compared to the previous year. The company has rented the hydrant system from the AOT at 64 aircraft parking bays, which covering all of the hydrant system service area in the airport to provide the refuelling service by hydrant dispenser vehicles, which an additional 5 units were purchased to make a total of 21 units. In addition, the refuelling service by tanker truck, there are 9 of refueller vehicles, of which 1 was added in 2016. In 2017, the company also has plans to purchase 4 more Hydrant Dispensers to support the growth of the air traffic at DMK which is expected to increase approximately by 8 - 9%.

Suvarnabhumi Airport, the main airport of Thailand, was initially designed to handle 45 million passengers per year, although it served up to 55.5 million passengers in 2016, an increase of 6% from last year. The AOT has, therefore, initiated the Suvarnabhumi Airport Development Project Phase 2 with an investment budget of 62,503.2 million Baht to increase the passenger handling capacity from 45 million to 60 million per year and ease the passenger and flight congestion, which has been continuously increasing year after year. Construction of the project has already started since 14 September 2016. Included in the construction is the Midfield Satellite Building 1 with the exit doors connecting to 28 contact gates, 8 of which will be capable of serving A-380 (Code F) aircraft and 20 will be serving B-747-400 (Code E) aircraft and it is scheduled to be completed by 2019. Then the expansion of airport in next phase is to construct the third runway and the passenger terminal 2 to increase the passenger handling capacity to 90 million passengers per year, which is expected to be completed in 2022.

In 2016, the BAFS' refuelling service at Suvarnabhumi Airport served 157,355 flights, an increase of 8%, and refuelled 3,964.3 million liters of Jet A-1, an increase of 5% from the previous year. BAFS have 40 dispensers and 2 refuellers, to provide a 24 hour service. In addition, BAFS built a new Jet A-1 tank, which started to operate since January 2016, to make a total of 5 tanks and so increasing total capacity to 75 million liters.

3. BAFS's Major Marketing Strategies and Policies

3.1 Marketing strategy

Presently, BAFS is mainly focusing on Into-wing Contracts with fuel suppliers to provide refueling services for all the airlines operating at Suvarnabhumi Airport, Don Mueang International Airport, Samui Airport, Sukhothai Airport and Trat Airport. The Into-wing Contract is made between airlines and suppliers, with BAFS advising the suppliers about the Refuelling Services Fees, which the jet fuel price includes the suppliers fuel cost and

transportation from the refinery to the depot, and the Refuelling Services Fees, including BAFS' storage and hydrant fees and the into-plane service fee. Then the total jet fuel price will be used to bid for an airline's tender which BAFS' Refuelling Services Fees is separated from the suppliers jet fuel cost. BAFS provides the same level of international standards to all suppliers and airlines. In 2016, BAFS was the market leader with 87.5 percent of market share.

BAFS' into-plane marketing strategy focuses on providing reliable services, on-time services, and delivery of the certified quality of jet fuel with the highest levels of safety, comply with the international standards in order to prevent flight delays and airline's complaints.

Moreover, BAFS' customer relations representatives conduct a yearly Customer Satisfaction Survey, in order to strengthen relationships and gather feedback by regularly visiting customers, ensuring that all complaints are promptly dealt with. BAFS also provides online fuel allocation and sales stock reports, which are updated daily (passive), to ensure accuracy of the information. In addition, all the customer information is kept strictly confidential in accordance with BAFS' code of conduct.

3.2 Competitive Strategies

BAFS' business philosophy is to deliver a refuelling service which complies with international standards, which is accepted by the world's oil companies and airlines, and one which is punctual and which has the highest safety levels. In addition, BAFS uses other strategies to compete in the market as follows:

1) Service with International Level Standards

The BAFS' operation complies with the guidelines of Aviation Fuel Quality Control & Operating Standards for Into-Plane Fuelling Services (JIG 1) and Aviation Fuel Quality Control & Operating Standards for Airport Depots & Hydrants (JIG 2), which is issued by the Joint Inspection Group (JIG) and endorsed by the International Air Transport Association (IATA), both of which are required for a jointly operated system.

In addition, BAFS has updated systems and certified equipment, so has been accepted as an Approved Training Facility for auditor training of the IATA Fuel Quality Pool (IFQP) and oil companies' Joint Inspection Group (JIG). Additionally, BAFS has been certified by the International Standards Organization with the Quality Management Systems (ISO 9001:2015) and the Occupational Health and Safety Assessment Series (OHSAS 18001:2007). Therefore, all airlines can be ensured that the quality of fuel shall meet their requirements.

2) Service Quality Assurance

BAFS shall ensure prompt refuelling of scheduled flights by providing updated technology and equipment in line with world class airports as well as well-trained employees. At this moment in time, BAFS has become well recognized by all airlines for the highest safety levels and fuel quality control, which complies with the international standards. Also, BAFS allows airlines' and oil companies' auditors to conduct an audit of BAFS' refueling service systems on a yearly basis.

3) Competitive Pricing

Suvarnabhumi Airport is one of the top international airports in Asia, where the into-plane service fees are set, so they are competitive market with the top international airports in Asia. For Don Mueang International Airport, the service fees are driven by operating costs of the hydrant system, the airport depot, and the into-plane service.

4) Safety Awareness

BAFS is highly concerned with occupational health, safety, and workplace environment. The company focuses on the safety policy in order to control and prevent incidents, and strengthen the airlines' confidence in the safety of BAFS' services. As such, the Company has set up a special committee for safety control which reports directly to the operational managers.

3.3 Pricing Policy

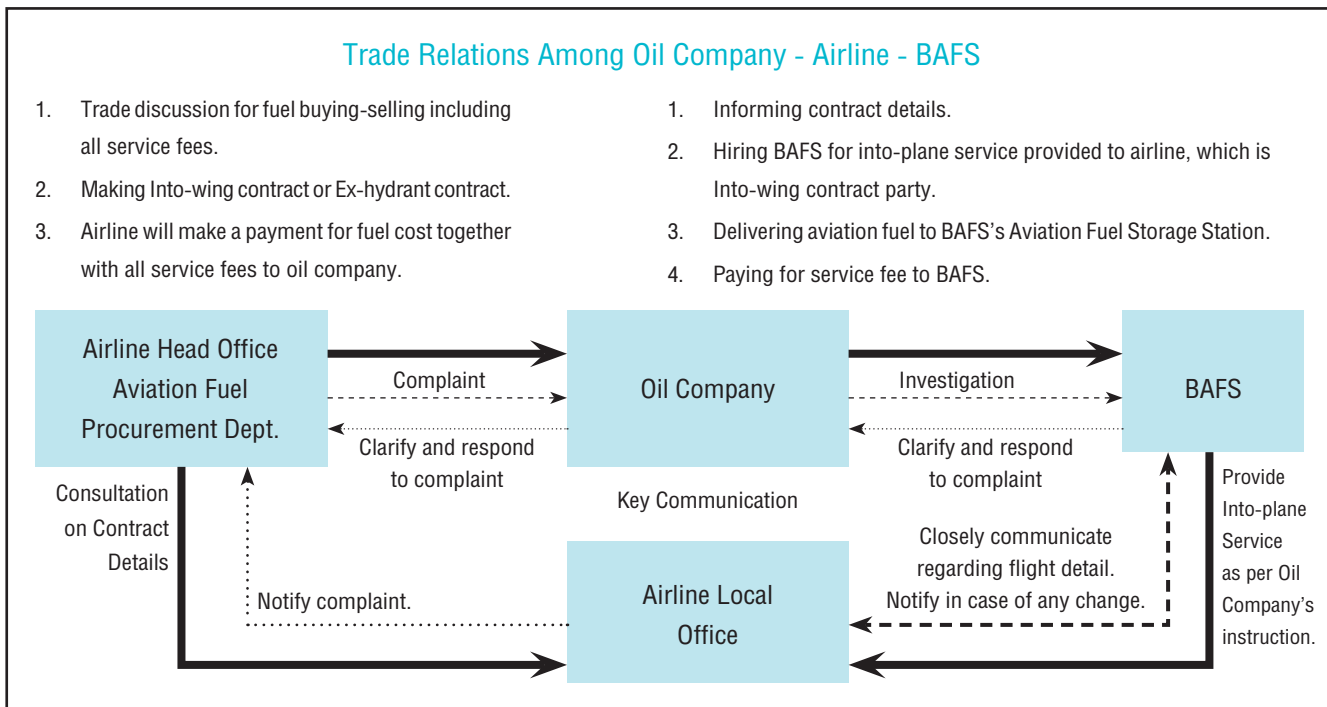
The pricing policy was set in accordance with the international standards, taking into account the economic and corporate plan, and the need for market competition, all of which are agreed by the Board of Directors and BAFS's management.

3.4 Target Customers

BAFS' target customers are the oil companies which are selling Jet A-1 to all the airlines who operate at Suvarnabhumi, Don Mueang, Samui, Sukhothai, and Trat Airports. When the oil company makes a fuel contract with the airline, the into-plane service fee is also included in the Into-wing Contract.

3.5 Supply and Distribution Channels

When an into-plane contract is agreed between fuel suppliers and airlines, then the fuel suppliers will inform BAFS about the details and conditions of the contract with the airlines. After that, the fuel suppliers will supply jet fuel to BAFS' joint airport fuel depot, and BAFS will provide an into-plane service to the airline customers accordingly. Then BAFS will issue a delivery receipt (D/R) document to the airline after the service of each flight and provide a total sales volume report to the fuel suppliers. Currently, BAFS provides an into-plane service at 5 airports: Suvarnabhumi, Don Mueang, Samui, Sukhothai, and Trat. The refuelling service process is shown below:



3.6 Terms and Conditions of Service

BAFS has 4 terms and conditions of the service for airlines as follows:

(1) Contract

BAFS provides an into-plane service based on advice from the fuel suppliers who directly agree a contract with the airline customers. The fuel supplier will inform BAFS about the contract details with its airline customers prior to operation of the into-plane service.

(2) Fuel Carnet Card

In the case of a non-contracted airline despite from 1 above, BAFS can provide into-plane services to airlines that request to refuel with a fuel carnet card. To facilitate this, the fuel suppliers will provide an advanced approved list of carnet card holders to allow BAFS to service those airlines.

(3) Cash Payment

In the case of a non-contracted airline despite from 1 and 2 above, airlines are able to pay by cash, which can only be in Thai baht, including the fuel cost with taxes and all service fees. BAFS will be informed about the selling price from the fuel suppliers in advance, so BAFS can collect the cash from the airlines. BAFS will temporarily keep the cash until the whole amount has been collected by the fuel supplier. (I don't understand what the whole amount is or how it is collected by the fuel supplier. I thought it what collected by BAFS)

(4) P-Card

Several fuel suppliers have collaborated with domestic banks to increase the payment channels by introducing a P-card, which is similar to a debit card. Airlines are able to make a fuel payment by P-Card, depending on the amount available on the card, which is more convenient than paying by cash. Nevertheless, currently there are only a few domestic merchant banks that issue the P-Card.

4. Billing and Payment Procedures for Into-Plane Service

BAFS will issue a delivery receipt (D/R) document after the refueling service has been completed. The D/R provides a record of the flight details, the type and terms of service, the fuel supplier's name, the fuel volume and the date and time of the refueling of the aircraft, etc. The airlines will receive 1 copy of the D/R. Meanwhile, BAFS will collect its original together with other copies and submit them to the fuel suppliers every day. In addition, BAFS also supplies information in an electronic data format, which the fuel suppliers can access via the internet.

BAFS will invoice the fuel suppliers on a monthly basis, and the service fees will be calculated from the sales volumes when the airlines were refueled. Then the fuel suppliers will invoice the fuel cost, including all service fees, to the airlines, according to the terms of the contracts between the fuel suppliers and the airlines.

Into-Plane Service Industry and Competition



1) Industrial Situation in the Past Year

In 2016, the nation's economy slowed down even though it was expected to grow by 3.2 percent; however, the tourism industry has risen steadily. In fact, it was forecasted that in 2016 there would be about 32.6 million foreign tourists travelling to Thailand, an increase of 8.9 percent from 2015 as a result of the Government's policy to stimulate the tourism economy. In addition, another factor for the rise in tourists has been the low price of fuel globally, which has been beneficial to many airlines, allowing them to operate at a lower cost because fuel is one of their main expenses. This has contributed to the airlines opening new routes in the region even the International Civil Aviation Organization (ICAO) gave the red flag for Thailand including the Federal Aviation Administration (FAA) reassigned Thailand from Category 1 to Category 2.

Thailand's Government has designated this as an important national issue to solve problem urgently. As well as, restructuring the regulatory aspects of the Civil Aviation Authority by issuing an Emergency Decree on the Civil Aviation Authority of Thailand in 2015, with the objective of dividing the regulatory responsibilities as follows:

- 1) The Civil Aviation Authority of Thailand (CAAT) - It is a private company, which is a Non-Government or State Enterprise
- 2) The Department of Airports (DOA) - It is a Government agency, which is responsible for operating the 28 airports that used to be operated by the Department of Civil Aviation (DCA)

By doing this, The CAAT signed a Memorandum of Cooperation (MOC) regarding the Cooperation Framework Agreement on Aviation Safety with the European Aviation Safety Agency (EASA) in order to elevate Thailand's aviation safety standards. Thai Airways International, which is one of the two Thai carriers and uses mainly BAFS' refuelling services, can fly to European countries without being directly affected by the safety issues even if it has to be inspected

by the destination countries. This is because Thai Airways International has implemented the EASA's regulations, replacing the former safety standards; therefore, this allows Thai Airways International to operate in many European countries, continuing normal operations and increasing the number of extra flights to many European destinations, as well.

In addition, the restrictions on Chinese Zero-Dollar Tours have had a significant, but short-term, impact on the number of passengers and flights in October and November 2016, as in December 2016 the numbers of passengers and flights returned to their former levels. Indeed, most of the tours were ad-hoc flights, which had no effect on the number of scheduled flights.

Comparison of Number of Flight Services and Refuelling Volume

Year	Number of Flight Service (Flights Per Year)				Refuelling Volume (Millions of Liters Per Year)			
	BKK	DMK	Total	Increase (decrease) %	BKK	DMK	Total	Increase (decrease) %
2016	169,833	121,910	291,743	7	4,532.3	1,125.0	5,657.2	7
2015	160,194	111,289	271,483	18	4,358.3	925.3	5,283.6	9
2014	145,629	84,395	230,024	6	4,220.8	637.1	4,857.9	(2)

2) Competitive Situation of Into-Plane Service Industry

Currently, there are 38 airports in Thailand which are operated by the government and private companies. However, the largest airport is Suvarnabhumi Airport, which is operated by the AOT, and is the only airport that has more than one into-plane service provider. BAFS is one of the into-plane service providers at Suvarnabhumi Airport and is the sole service provider at Don Mueang International Airport, which is the second largest airport in Thailand. This situation contributes to BAFS having the biggest market share of the into-plane in the country.

Although BAFS has a good level of market share in Thailand, airports in this global region are competitors, as the airlines can decide where to refuel their aircraft, either at an airport with a lower fuel price or they can refuel with a smaller amount at an airport with a higher fuel price. BAFS' policy is to open the market to all certified fuel suppliers to be a user at all BAFS storage stations, which is beneficial to the airlines, as they can buy fuel from the 9 suppliers, currently being used by BAFS. Therefore, BAFS provides a competitive jet fuel price at all of its locations.

2.1) International Competition

Currently, global economic conditions are improving, resulting in a growth in the aviation business. However, the growth in Asia is growing above the global average, with China being the major business center and travel destination. The main Chinese airports in Beijing and Hong Kong are ranked in the top 10 of the most



congested airports in the world. In the Asean region, there are airport development projects to accommodate this growth, especially in Vietnam and Singapore that continues the construction of a new terminal. All of these developments have resulted in high competition; however, Thailand is still the first choice for many Chinese tourists and there are many airlines from China that have direct flights to Thailand, meaning that in 2016, only Hong Kong and Singapore provided more refuelling services than BAFS.

2.2) Domestic Competition

In Thailand, there are a total of 38 airports, of which 28 airports are operated by the DOA, 6 airports are operated by the AOT, 3 airports are operated by a private company and 1 airport is operated by the Thai Navy. Suvarnabhumi Airport, which is operated by the AOT, is the main and largest airport, and BAFS is one of the refuelling service providers with a market share of 87.5 percent, while at Don Mueang International Airport BAFS is the sole refuelling service provider. In 2015, the Government decided to make Utapao Airport, which is operated by the Thai Navy, to be the third largest commercial airport after Suvarnabhumi and Don Mueang International Airports. Currently, Utapao Airport has a capacity of 3 million passengers per year. In 2016, there were 700,000 passengers per year with 3 scheduled airlines. In the next 10 years it will be able to accommodate 60 million passengers per year.

Besides the airports that are operated by the AOT, which BAFS provides refuelling services for at 2 airports. BAFS also provides the sole refuelling services at Samui, Sukhothai, and Trad Airports, which are owned by Bangkok Airways Public Company Limited, with a total refuelling volume of 25.7 million liters, and 11,870 flights, which was an increase of 5.9 percent and 1.5 percent respectively, from 2015.

3. Trends of Industrial and Competitive Situations in Year 2017

In 2017, the refuelling service is expected to continuously increase in accordance with the forecast from the tourism sector that in 2017 there will be approximately 33.50-34.15 million or a 2.8-4.8 percent growth of foreign tourists visiting Thailand. This is because of 1) the weakening of Thai Baht, resulting in the cost of living being economical in Thailand 2) Thailand is expected to be the number 1 destination for Chinese tourists in 2017, even though there has been a consequence of the restrictions on Chinese Zero-dollar tours; however, this was just for a short period 3) there is predicted to be an economic recovery in major industrial countries and major countries in Asia.

Moreover, in 2017, the CAAT has been appointed to work with the EASA, as a consultant, to start a pre-audit of the aviation safety standards to ensure that the safety standards are in line with the requirements before being inspected by the ICAO in the end of the year.

Also, the global market fuel price is rising, which is a negative factor that will affect many airlines operating costs. However, the tourism is continuing to grow, which is an opportunity for airlines to increase their flights to this region.

Regarding the current flight schedules for all airlines that operate at Suvarnabhumi and Don Mueang International Airports, it is expected that in 2017, in a normal situation, the average daily refuelling volume will be 16.3 million liters, with a total volume of 5,960 million liters a year, which is an increase of 303 million liters from last year. This is a growth of 5.4 percent, with a daily refuelling volume increase of 0.8 million liters compared to the last year.

Regarding the competition at Suvarnabhumi Airport, which is the only the into-plane service part, BAFS aims at maintaining the market share of not less than 85 percent by using a one-stop service strategy through the suppliers that makes the benefit to airlines. It is also assured that the operational services will be inspected and certified by the world leading fuel companies.

4. The Supply of Products or Services

BAFS' core business is the refuelling services. Fuel suppliers sell jet fuel to airlines and supply jet fuel to the aviation fuel storage stations according to the User Agreement. The fuel suppliers have to transfer the appropriate quality jet fuel, which meets the requirement of The Aviation Fuel Quality Requirements for Jointly Operated Systems (AFQRJOS) to store at the aviation fuel storage stations. BAFS receives jet fuel from 2 pipeline sources; FPT and THAPPLINE, where the pipelines are connected directly to the refineries.

Fuel suppliers plan in advance a schedule to transfer a sufficient volume of jet fuel to the aviation fuel storage stations for their airline customers. BAFS has set up a reserved stock policy with which the fuel suppliers have to comply by reserving 1 - 3 days of the sales volume of the jet fuel. If the fuel suppliers do not comply with this policy or there is insufficient fuel volume then BAFS will not be able to refuel or will refuse to refuel that suppliers' airlines' customers. However, this should not affect the airlines as they can be refuelled by buying fuel from other suppliers that have sufficient reserved stock at the airport.

Action Plans for the Future



BAFS focuses on business conducting based on its vision and missions. BAFS adjusts its strategic plans by increasing capabilities of equipment and aircraft refuelling system to ensure maximum operating efficiency and accomplishment of goals. To be competitive in ASEAN Economic Community as well as to support growths of Suvarnabhumi Airport and Don Mueang Airport, BAFS, therefore; has set its action plans as follows:

1. New Generator with Capacity of 1,200 kVA Installation at Don Mueang Aviation Fuel Storage Station

As number of flights at the Don Mueang Airport has rapidly and continually increased, this project will help enhance capacity of power reserve at the Don Mueang Into-plane Refuelling Station as well as ensure its power sufficiency and stability for into-plane fuelling service system. A current generator with capacity at 830 kVA has been already used for 30 year, therefore; BAFS plans to have new generator with capacity at 1,200 kVA instructed in soundproof building. It will be installed in accordance with relevant standards to ensure effectiveness and reliability of BAFS' into-plane fuelling service including enhancing confidence toward its international standard service quality. The project is scheduled to be completed in the 4th quarter of year 2018.

2. Solar Cell Roof Top Installation at Suvarnabhumi Aviation Fuel Storage Station

Due to social and environmental responsibility and corporate governance strategies in accordance with framework of the GRI (Global Reporting Initiative) are included in the business action plans. Moreover, BAFS has committed to become a carbon neutral company. Thus; BAFS plans to have solar roof with capacity of 130 kW installed at the Suvarnabhumi Aviation Fuel Storage Station. Such installed solar roof can help generate electricity form on-grid solar power to distribute to its office building's electricity system. Besides of decreasing power expense, this project can be used for measurement of carbon reduction value as per specified in the Carbon reduction certification for buildings project, which BAFS has been certified by the Thailand Environment Institute (TEI). Moreover, such carbon reduction value can be used as reporting information to the Ministry of Energy regarding the Energy Management Measure 2017 as stipulated in the Energy Conservation Promotion Act. The project is scheduled to be completed in the 4th quarter of year 2017.

Risk Factors



Bangkok Aviation Fuel Services Public Company Limited has continued to manage risks in a systematic practice for all corporate sections followed The Committee of Sponsoring Organizations of the Treadway Commission – Enterprise Risk Management (COSO : ERM) framework. Which enable the Company handles risk mitigation adequately of 2016 year round. Leading to Company gets business profit greater than corporate financial target and the competency of dividend payment to shareholders which are considered higher than the requirement. The executive management has reviewed risk factors annually and adjusted risk control plans for setting achieved business overall operation’s goal concerning corporate’s vision “Sustainable Development in Energy Services with Awareness of Quality Safety and Environment”. However, there are some risk factors that may occur and affect shareholders and stakeholders as follows;

1. Business Risk

1.1 Risk Associated with the Growth of Thai Aviation Industry

The main Company’s operation is the aviation fuel storage and aircraft refueling service which are classified services as below;

- The Company is a main operational aircraft refueling service at Don Mueang Airport. On the other side, there is one another aircraft refueling service operator beside the Company at Suvarnabhumi Airport.
- The Company is a main aircraft refueling service provider at three regional airports, Samui, Sukhothai and Trad airport.

The Company’s revenue relies mainly on service fees of aviation refueling volume at Suvarnabhumi Airport and Don Mueang Airport where the Company serves 7 key customers who are oil companies and shareholders, including Thai Airways International Public Company Limited. Approximately 94% of revenue is from 5 customers, each with similar contribution. Only one customer has contributed more than 30% market share. As the customer is a large state enterprise and a shareholder, the Company has low risks of losing this customer or having bad debt from this customer.

From above business's operations, the growth of the Company's income is dependence on growth of refuelling volume provide to all operational airports which are operated by the Company. Consequently, the risk factors such as political situation, epidemic, natural disaster and Zero-Dollar Tour Crackdown caused the declining of flight volume which correspondingly affected to the Company's income. Those risk factors mentioned beyond its control as occurred from External factors. However, the Company has systematically managed the risk that affect to the Company's revenue carefully by appointing Key Risk Indicator and using Trigger Point in financial aspect consist of Cash flow, total expenditure, and EBITDA as early warning point. In case the revenue shows a negative sign to plunge below the monthly income statement. The Company will conduct the expense control plan to cover the decreased revenue in order to continue the financial performance. Through this approach, the Company can ensure annual dividends for shareholders.

1.2 Risks from the Subsidiaries's Performance as Partly Subjected to BAFS's Performance

The Company has investments in expanding aviation fuel services through subsidiaries (group companies) including Thai Aviation Refuelling Company (TARCO), Fuel Pipeline Transportation Limited (FPT) and Intoplane Service Company Limited (IPS) that the Company owns shares of 90%, 75% and 83.33% consecutively. Thus, the investment return of the Company is from yearly dividend. Therefore, part of the Company's operating performance depends on the result of operations of its subsidiaries. The Company has risk in getting lower dividend improperly from subsidiaries in case of group companies have unexpected business operations. At present, TARCO is during the project of hydrant pipeline network expansion under concession contract of Airports of Thailand Public Company Limited (AOT) for supporting expansion capacity of Suvarnabhumi Airport phase 2. Moreover, FPT is now expanding project in multi-product jet fuel pipeline network to the North. Those two projects are high valued projects which are the risks that affect Company's efficiency investment in case project operation is delayed or project's investment fund is over than budget as the Company is a major shareholder.

The Company has risk control of its own subsidiaries as below;

- The Company has nominated its management to sit as the subsidiaries' board of directors. The assigned management has the responsibilities in controlling and monitoring the subsidiaries' operation. As well, the subsidiaries' performance must be reported to the company's Executive Committee on a monthly basis to acknowledge or suggest the risks of subsidiaries' operation.
- The subsidiaries' risks control progression and high valued project operation must be reported to the company's Risk Management Committee to ensure coherence of operation between the company and subsidiaries.

Furthermore, Board of Directors meeting on 14 December 2016 has resolved to establish other subsidiary named BAFS Innovation Development Company Limited (BID) operates in search, research, develop, product sale and including practicable for innovative services and technologies. Which has authorized capital of 5 million Baht and the Company owns 100% shares. In order that the Company has assigned an experienced and technical specialist to take a position of Managing Director. The organization structure of BID is within the scope of Small and Medium Enterprises : SMEs which is supported by Government Section in tax benefits. Hence, the Company determines that the risks could be opportunities to create intuitive innovation for supporting sustainable operation of BAFS Group and supportive of new auxiliary business with earning income for the Company in the future.

2. Risks from Operation

2.1 Risk Relating to the Malfunctioning Aviation Refuelling Devices or Inadequate Fuel in Relation to the Growth of Flight Numbers at Suvarnabhumi Airport and Don Mueang Airport

AOT has initiated marketing activities aiming to attract airlines to use Suvarnabhumi Airport and Don Mueang Airport, resulting in the continually increasing flight numbers. Consequently, the Company has to encounter the risk of service breakdown or inadequate jet fuel for which could cause flight delays.

In order to minimize such risk, while still being able to maintain refueling service efficiency and timeliness without accidents, the Company has appointed minimum fuel reserved capacity amply for fuel services and invest in improvement of devices and services, as well as in 30 million Baht valued projects as follows:

- New Generator at Don Mueang Depot project
- New Hydrant with Aviation Refuelling Management System (ARMS) project for service providing of increased flights at Don Mueang Airport

The Company has appointed to assess risk for those high valued projects and set of Trigger Point as early-warning in case of the project delay which could be the risk that may affect to service efficiency. Aimed at risk mitigation management and ease to follow the project plan.

Moreover, the Company's Fueling Operations Committee, which comprises the representatives from the Company's management and oil companies, have been attending quarterly meetings for service improvement. In addition, the inspection by the Joint Inspection Group (JIG) is being conducted once a year to ensure the Company's operating system meets international standards.

2.2 Risks from the Unable Improvement of Organization Capability in Business Challenges

With the fluctuation of economic and oil price, the challenging and open wide of business competition in the aviation industry, the increasing of rules or regulations related to the environmental issues are challenging for energy services business. Moreover, the Company may encounter the risk of the retirement of managing members and senior employees of 30 years employed affected that the company has 2 main risks of inability to develop human resource capabilities to replace the impending retirement and incompetence of methodically knowledge. Which could be affected to reduction in personnel's working efficiency for corporate capability in gradually challenges business.

Consequently, the risk control plans of lacking competent and experienced employees has implemented with management trainee program as well as enhancing the employee recruitment and selection procedures in order to develop proficient employee to serve business expansion in the future. Moreover, the Company has followed 5 years (2016-2020) Knowledge Management Master Plan to integrate knowledge methodically and so, aims for World Class Excellent Operation in aviation refueling training business.

2.3 Risk Relating to Conflagration, Natural Disaster and Terrorism

Since the Company's business is related to aviation fuel storage, the fuel depot located nearby Suvarnabhumi Airport and Don Mueang Airport may face the unexpected risk of conflagration, natural disaster, terrorism or other hazards, etc. These happenings could cause damage to personnel, property, environment, as well as the Company's operations breakdown.

In order to mitigate the above risk opportunities and impacts, the Company has designed the safety measures "Occupational Health and Safety Assessment Series: OHSAS 18001:2001" which every employee has to maintain awareness and conform to the Safety, Occupational Health and Environment Policy strictly. As well, the Company has appointed the Crisis Management Center (CMC) to handle critical incidents that may affect the Company's operations. Furthermore, the Company has begun the business continuity plan which is supporting the Company of Business Continuity Management (BCM) and mitigate the risk of Business Interruption.

Moreover, the Company has conducted the insurance policies with Dhipaya Insurance Public Company Limited and Bangkok Insurance PLC. The policies cover the followings:

- 1) All risks Insurance Policy, covering business interruption, valued at Baht 6,830.4 million
- 2) Terrorism and disaster Insurance Policy, valued at Baht 7,066 million
- 3) Aviation Third Party Legal Liability Insurance Policy, valued at US dollars 750 million.
- 4) All-risks Insurance Policy, covering property, office equipment only, parts and property of regional airports as well as business interruption of regional airports. The policy valued at Baht 235.5 million.

3. Financial Risk

The Company and subsidiaries have core business inclusively energy services, including aviation fuel storage and refuelling, which are considered ultra-high value infrastructure investment projects according to the Government's policy. The Company has therefore applied for loans to support business expansion of each company. Therefore, the financial risks are dependent on the nature of operation, liquidity and loan obligation of each company as shown follows:

3.1 BAFS has financial obligations on long-term loans with 5 financial institutions as follows:

- 1) Loan for the investment in the main depot project and into-plane services project. The Company was granted a 14-year loan valued at Baht 2,000 million from Bangkok Bank Plc. The Company has repaid the loan since 2008 via 3-month current account + fixed APR (Annual Percentage Rate). As of 31 December 2016, the Company has outstanding loan of Baht 334.4 million.
- 2) Loan for the subscription of shares issued by Thai Aviation Refuelling Company Limited with Kasikorn Bank Public Company Limited. The 14.5-year loan valued at Baht 800 million. The Company started to repay in 2007. The interest rate is THBFIX 6 MTH. + fixed APR. As of 31 December 2016, the Company has outstanding loan of Baht 88.89 million.

- 3) Loan for the subscription of shares issued by JP-One Asset Company Limited with Thanachart Bank Public Company Limited, valued at Baht 220 million for 10-year period. The Company started the repayment since 2011, using the interest rate of MLR-Fixed APR. As of 31 December 2016, the Company has outstanding loan of Baht 70.0 million.
- 4) Loan for relevant business investment. The Company was granted an 8-year loan valued at Baht 700 million from Bangkok Bank Plc, using the interest rate of MLR-fixed APR. The Company has repaid the loan since December 2012. As of 31 December 2016, the Company has outstanding loan of Baht 225.0 million.
- 5) Loan for the investment in Fuel Pipeline Transportation Company Limited with TMB Bank Public Company Limited, valued at Baht 2,250 million for 10-year loan period with the fixed APR rate. The Company will start the repayment in July 2019. As of 31 December 2016, the Company has outstanding loan of Baht 2,250 million.

The Company has been capable of respecting all loan contracts and maintain well financial conditions at a much better rate than the loan's requirements. Additionally, the Company has prepared ample cash reserve for loan repayment and hence has low risk level.

3.2 TARCO's Long-term Debt Obligation are as follows;

- 1) Loan for the investment of Hydrant Pipeline Network phase II at Suvarnabhumi airport with TMB Bank PLC, valued at Baht 550 million for 8-year period (2014-2021). The Company will start the repayment in 2017, using the interest rate of BIBOR 3 MTH. + fixed APR. As of 31 December 2016, the Company has outstanding loan of Baht 241.07 million.

Given the fact that TARCO has been granted to operate aviation fuel refueling services through hydrant pipeline network at Suvarnabhumi Airport for 30 years, thus the Company's cash flow is considered stable due to fixed service income that poses low risk level.

3.3 FPT (subsidiary) has debt obligation on long term-loans with 4 financial institutions as follows:

- 1) Loan repayment contract with BAFS of Baht 795.33 million and Bangchak Petroleum Public Company Limited of Baht 37.86 million. The interest rate used is as MLR-fixed APR. As of 31 December 2016, the Company has debt obligation of Baht 381.18 million.
- 2) Loan for the purchase of hydrant dispensers from Bangkok Bank PLC, worth Baht 90 million since 25 June 2013 (novation clause from JP-One Asset Company Limited to Fuel Pipeline Transportation Limited at 24 January 2014). The Company repays the loan at Baht 3.5 million on quarterly basis. The interest rate used is MLR-fixed APR. As of 31 December 2016, the Company has outstanding loan of Baht 18 million.
- 3) Loan for the construction of fuel storage tank from Bangkok Bank PLC, worth Baht 230 million since 18 June 2014. The Company repays the loan at Baht 2.20 million on monthly basis. The interest rate is MLR-fixed APR. As of 31 December 2016, the Company has outstanding loan of Baht 194.45 million.

- 4) Loan for the project of Northern pipeline and depot expansion from Bangkok Bank PLC, worth Baht 4,600 million. Loan for issuing Letters of Guarantee of custom and value added tax, worth Baht 300 million. Long-Term Loan for supporting expenditure in expansion projects 250 Baht million since 1 June 2016. The interest rate is MLR-fixed APR. Currently, the Company has not taken the loan yet.

FPT's revenue comes from fuel pipeline and depot service receiving from Bangchak Petroleum Public Company Limited (BCP) which is more than 30% of gross income per year. BCP is the largest customer because BCP has single fuel supply station which lead directly to FPT pipeline, thus all fuel transportation via pipeline is operated by FPT. Therefore, FPT's cash flow is stable from BCP and FPT has been capable of respecting all loan contracts and maintaining satisfactory financial conditions by the loan's requirements, hence facing low financial risk level.

- 3.4 **BAFS hires IPS** in the provision of refueling service employee at Samui, Sukhothai and Trad Airport and future operating airports that BAFS is expecting to carry services. IPS charges service fees basing on actual cost plus profit margin stipulated in the agreement. At present, IPS is debt-free entity and does not necessarily to get loans from financial institutions. Accordingly, IPS is has no financial risks.

4. Risks toward shareholders' investments which may affect to dividend payment

BAFS focuses on its constant and sustainable growth while cautiously expands its business by rigorously adhering to the Principles of Corporate Governance. In accordance with its operating results in each year, BAFS has taken into account its cash flow and ability to pay dividends consistently and continually to its shareholders in long term. BAFS has defined financial risk indicators as warning alarm before reaching its risk tolerance to retain its cash flow security. Moreover, the Board of Directors shall follow up on operating results of each month to ensure that the Company is proceeding to achieve its targets.

BAFS imposes policy to pay dividends to its shareholders for not less than 50% of the profit after corporate income tax deduction. Its legal reserve together with other reserves is set to be not less than 10%. These figures are calculated in accordance with the net profit as mentioned in its financial statements. The dividend paying rate is depended on its liquidity and business expanding plans. Nevertheless, BAFS has been continually paying dividends as announced in its policy. The average dividend payout ratio after reserves deduction for 5 years from 2011 - 2015 was approximately 72%, in which higher than dividend rate specified in its policy.

In addition, the Corporate Group's operating performances in year 2017 are improved positively in accordance with rapid growths of trade and investment including tourism. As a result of ASEAN integration, the economic growth and power purchase in the region become higher, which cause rising of travellers among ASEAN member countries. Thus, low cost carriers also grow and increase their flight routes to destinations in ASEAN such as Yangon, Mandalay, Naypyidaw, and Vientiane, etc. As the Corporate Group is capable to enlarge its investment continually to create its revenue base in the future, the possibility in not paying dividends to shareholders is relatively low.

Shareholding and Management Structures

1. Shareholding Structure

List of 10 major shareholders as of August 25th, 2016 (on latest share register closing date) are as follows:

List of Names	Number of Shares	Holding (%)
1. Thai Airways International Public Company Limited	143,983,125	22.59
2. PTT Public Company Limited	45,000,000	7.06
3. Esso (Thailand) Public Company Limited	45,000,000	7.06
4. Chevron (Thailand) Limited	45,000,000	7.06
5. Airports of Thailand Public Company Limited	31,500,000	4.94
6. Chevron (Thailand) Limited	16,000,000	2.51
7. Goldman Sachs & Co	15,861,326	2.49
8. Mr. Thaweerat Prungpattanasakul	13,215,000	2.07
9. Singapore Petroluem (Thailand) Company Limited	12,750,000	2.00
10. Air Total (Thailand) Company Limited	12,750,000	2.00

2. Management Structure as of December 31st, 2016

Board of Directors

The Board of Directors comprises 13 directors as follows:

List of Names	Positions
1. Mr. Palakorn Suwanrath	Chairman and Independent Director
2. M.R. Supadis Diskul	Director, Executive Chairman
3. Mr. Prakobkiat Ninnad	Director, Managing Director
4. Flight Lieutenant Montree Jumrieng	Director
5. Flying Officer Somboon Limwathnapong	Director
6. Flight Lieutenant Werasak Wiroonpetch	Director

List of Names	Positions
7. Mr. Nitinai Sirismatthakarn	Director
8. Mr. Peratak Autadej	Director
9. Mr. Ath Hemvijitraphan	Director
10. Mr. Aswin Kongsiri	Independent Director
11. Mr. Pachara Yutidhamdamrong	Independent Director
12. Mr. Visut Montriwat	Independent Director
13. Mr. Pipat Purnananda	Independent Director
Mrs. Parndao Sukhyang	Corporate Secretary

Meeting Attendance of the Board of Directors and Board-Committees

List of Names	Meeting Attendance of Year 2016 (Number of Meeting Attendances / Total Numbers of Meetings)				
	The Board of Directors Meeting 5 Times	The Audit Committee Meeting 5 Times	The Remuneration Committee 3 Times	The Nomination and Corporate Governance Committee 4 Times	The Risk Management Committee 4 Times
1. Mr. Palakorn Suwanrath	5/5				
2. M.R. Supadis Diskul	5/5		3/3	4/4	4/4
3. Mr. Prakobkiat Ninnad	5/5		3/3	4/4	4/4
4. Flight Lieutenant Montree Jumrieng	5/5			4/4	
5. Flying Officer Somboon Limwathnapong ¹	2/2				
6. Flight Lieutenant Werasak Wiroonpetch ²	1/1				
7. Mr. Nitinai Sirismatthakarn ³	2/2				
8. Mr. Peratak Autadej	5/5				
9. Mr. Ath Hemvijitraphan	5/5				
10. Mr. Aswin Kongsiri	5/5			4/4	4/4
11. Mr. Pachara Yutidhamdamrong	5/5	5/5	3/3		
12. Mr. Visut Montriwat	3/5	5/5	3/3		
13. Mr. Pipat Purnananda	5/5	5/5			4/4

List of Names	Meeting Attendance of Year 2016 (Number of Meeting Attendances / Total Numbers of Meetings)				
	The Board of Directors Meeting 5 Times	The Audit Committee Meeting 6 Times	The Remuneration Committee 3 Times	The Nomination and Corporate Governance Committee 4 Times	The Risk Management Committee 4 Times
Mr. Navee Lertphanichkul ⁴	2/2			2/2	
Mr. Trintr Subakarn ⁵	2/2				
Mr. Nirandra Theeranartsin ⁶	3/3				
Flying Officer Chalermpon Intarawong ⁷	3/3				
Squadron Leader Bhurith Sriwatana ⁸	2/4				

Remarks

- ^{1/} Taking on Director Position (replacing Flying Officer Chalermpon Intarawong), which effective from November 9th, 2016 henceforth. Therefore, his attendance for the Board of Directors Meetings was 2 sessions only.
- ^{2/} Taking on Director Position (replacing Squadron Leader Bhurith Sriwatana), which effective from December 14th, 2016 henceforth. Therefore, his attendance for the Board of Directors Meetings was 1 session only.
- ^{3/} Taking on Director Position (replacing Mr. Nirandra Theeranartsin), which effective from November 9th, 2016 henceforth. Therefore, his attendance for the Board of Directors Meetings was 2 sessions only.
- ^{4/} Resigning from Director Position, effective on July 1st, 2016. Therefore, his attendance for the Nomination and Corporate Governance Committee Meetings was 2 only.
- ^{5/} Resigning from Director Position, effective on August 5th, 2016. Therefore, his attendance for the Board of Directors Meetings was 2 only.
- ^{6/} Resigning from Director Position, effective on August 31st, 2016. Therefore, his attendance for the Board of Directors Meetings was 2 only.
- ^{7/} Resigning from Director Position, effective on October 3rd, 2016. Therefore, his attendance for the Board of Directors Meetings was 3 only.
- ^{8/} Resigning from Director Position, effective on December 1st, 2016. Therefore, his attendance for the Board of Directors Meetings was 4 only.

Directors and Authorized Signatories of the Company

Authorized directors whose signatures are recognized as binding on the Company are M.R. Supadis Diskul, Mr. Ath Hemvijitraphan, Flight Lieutenant Montree Jumrieng, Mr. Prakobkiat Ninnad, Mr. Peratak Autadej, Mr. Nitinai Sirismatthakarn, Flying Officer Somboon Limwathnapong, and Flight Lieutenant Werasak Wiroonpetch, whereby any two of the directors sign and affix the Company's seal.

Composition and Appointment of Director

The Company's Articles of Association determine the composition, appointment, removal or termination of the Company's director with detail as follows:

- A Board of Directors shall consist of not less than 11, but not more than 15 directors, each of whom shall be appointment and removed by the Shareholders meeting. At least half of the directors shall be reside within the Kingdom of Thailand. Each of directors must be qualified according to law.

- A director shall be appointment by the Shareholders Meeting with majority vote in accordance with defined rules and procedures.
- At every Annual General Meeting of Shareholders, one-third of the directors must retire whereby the director who has held office longest shall be a first person to retire. The directors who retire by rotation shall be eligible for re-election.
- A General Meeting of Shareholders may vote on any director to retire before his/her expiration of term by vote of not less than three fourth of the number of shareholders attending present shareholders, who entitled to vote and holding shares amounting to not less than one-half of the shares held by the present shareholders, who entitled to vote.

Retirement of the Company's Director

The Board of Directors stipulates retirement ages of the Company's director as follows:

- Each individual candidate nominated for being the Company's director shall not exceed 77 years old and remain healthy.
- Each director shall retire on the last day of birth month in which his/her age is completed 77 years old.
- The Managing Director shall retire on the last day of birth month in which his/her age is completed 65 years old.

Roles and Responsibilities of the Board of Directors

According to the Articles of Association of the Company, the directors must perform their duties with honesty and care for the Company's interests in accordance with laws, the company's objectives and regulations including the shareholders meetings' resolutions. The directors must undertake their responsibilities with integrity including taking into account the Company's benefits.

The Board of Directors may appoint another person to conduct the Company's business under supervision of the Board of Directors or the Managing Director. The Board of Directors may provide authority to such person within the period of time as deems appropriates. The Board of Directors may revoke or change or revise such authority given.

Roles and Responsibilities of the Managing Director

The Board of Directors has appointed a Managing Director as authorized person to perform various duties on behalf of the Company as shown in its power of attorney, which can be summarized as follows:

- The Company's normal business activities, which are engaged in the limit not to exceed Baht 10,000,000 except investments in financial negotiable note and treasury bonds including predetermined operating expenses, which shall be conducted in accordance with terms and conditions specified by the Company.
- Any juristic act, contract, agreement, or obligation on behalf of the Company, which the Board of Directors has already approved or consented.
- Employment, wage payment, displacement and others as necessary and expedient for the employees.
- Appointments of lawyer and legal counsel.
- To act on behalf or as representative of the Company in any affair with government agency, state enterprise or other organization established by law.
- Appointment and transfer sub of attorney-in-fact or a representative.

Nonetheless, authorization given under the scope of authority and duties specified shall not constitute authorization that causes a managing director or stakeholders to approve any transaction which may be a conflict or conflict of interest to the Company and its subsidiaries.

Corporate Secretary

The Board of Directors has appointed Mrs. Parndao Sukhyang to be the Corporate Secretary since February 27th, 2013. The Corporate Secretary shall perform duties with accountability, carefulness, honesty in accordance with law and other relevant regulations. The Corporate Secretary is to provide legal advice, code of conduct that related to the Company's Article of Association and regulations to the Board of Directors and executives. In the meantime, the Corporate Secretary is to liaison to ensure that the Company's objectives and Article of Association, shareholders and the Board of Directors' resolutions including relevant laws and regulatory are complied to meet requirements of good corporate governance practices. Moreover, the Corporate Secretary is to coordinate and manage the meetings of the Board of Directors and the Company's committees including shareholders meeting as well as handle the Board of Directors' activities. In addition, the Corporate Secretary is to organize and keep the Company's documents such as directors registration, notice of meetings, the Board of Directors and Shareholders' meeting minutes and the Company's annual report, etc. The Corporate Secretary's brief biography as follows:

Mrs. Parndao Sukhyang

Corporate Secretary

Age 52 years old

Holding the Company's share for 0.002% (holding 18,750 shares under her own name).

Education Background / Trainings

- Master of Business Administration, National University, San Diego, USA
- Bachelor of Laws, Thammasat University
- Company Secretary Program; class 9/2004, Effective Minute Taking, Board Reporting Program, Company Reporting Program and Anti-Corruption: The Practical Guide from Thai Institute of Directors (IOD).
- Good Governance for Sustainable Development for High-Level Executive; Class 3 from Institute for Good Governance Promotion.

Other Current Position

Assistant Director; Corporate Secretary,

Bangkok Aviation Fuel Services Public Company Limited

Work Experiences

Assistant Director; Corporate Secretary &
Social Affairs Office,

Bangkok Aviation Fuel Services Public Company Limited

Legal Supervisor

Bangkok Aviation Fuel Services Public Company Limited

Board of Director and Sub-Committee

The Board of Directors has set up sub-committees to support in studying and undertaking works to increase its working efficiency. The Sub Committees comprise the Audit Committee, the Remuneration Committee, the Nomination and Corporate Governance Committee including the Risk Management Committee. Detail of

compositions, roles and responsibilities of committees is shown in section: “Corporate Governance”

Executive Management

Its detail is shown in section: “Executives Management”.

3. Nomination of Directors and Executives

3.1 Nomination of Directors

The nomination of the Company’s directors and managing director will be considered by the Nomination and Corporate Governance Committee, and then, proposed to the Board of Directors and/or shareholders for their consideration of appointment.

For the nomination of the Company’s directors, the Nomination and Corporate Governance Committee shall process by anywise, for example, searching for knowledgeable and capable persons who possess proper working experience by hiring Professional Search Firm or searching through the Director Pool or from direct nominations proposed by the Board of directors or the Company’s shareholders, etc. Additionally, a Board Skill Matrix should be applied to analyze which work experiences are required in order to set the qualifications of the directors desired. To have the directors whose possess qualifications in consistent with the Company’s business operation, the existing Board of Directors as per shown in table below shall be considered to determine which skills are additionally required.

However, the nomination of directors to replace directors retiring by rotation shall be proposed to the Annual General Meeting of the Shareholders for appointment in accordance with rules and procedures as follows:

1. Each shareholder shall have one vote per share.
2. Each shareholder may cast all his/her vote(s) according to (1) to elect one or several candidates as directors, but cannot allot the votes to any candidate at any number.
3. The candidates receiving the highest number of votes in the respective order of the votes shall be elected as directors until all of director positions are filled. In the event that a number of candidates receiving an equal number of votes, which would otherwise cause the number of directors to be exceeded, a Chairman of the meeting shall have a casting vote.

In accordance with section 70; paragraph one of the Public Limited Company Act (cumulative voting); each shareholder cannot allot his or her votes to any candidate at any number.

The Company has stipulated qualifications of its director and independent director regarding shareholding to be more stringent than requirements of the SEC to ensure independency of the Company’s independent directors. Qualifications of “independent director” include as follows:

1. An independent director holds not over than 0.5% of all shares with voting rights of the Company, parent company, subsidiary, associated company, major shareholder or the Company’s entity with controlling authority. The number of held shares shall be inclusive of shares held by any related persons of such independent director.

2. An independent director shall not be or used to be director, employee, staff, and consultant with monthly salary or entity with controlling authority over the Company, parent company, subsidiary, associated company, major shareholder or entity with controlling authority, either at the present time or within two years prior to his/her appointment as Independent Director. Nonetheless, such prohibited characteristics exclude being government official or consultant of government agencies which are major shareholders or the Company's entities with controlling authority.
3. An independent director shall have no connection by blood or legal registration as father, mother, spouse, sibling, son/daughter or spouse of son/daughter of other executive, major shareholder, entity with controlling authority or any individual nominated as executive or entity with controlling authority over the Company and its subsidiary.
4. An independent director shall have no business relationship with the Company, parent company, subsidiary, associated company, major shareholder or entity with controlling authority in such a manner that may obstruct his/her exercise of independent discretion. Further, an independent director shall not be significant shareholder or entity with controlling authority over any party that has business relationship with the Company, parent company, subsidiary, associated company, major shareholder or entity with controlling authority, either at the present time or within two years prior to his/her appointment as Independent Director.
5. An independent director shall not be auditor of the Company, parent company, subsidiary, associated company, major shareholder or the Company's entity with controlling authority, and, not a significant shareholder or entity with controlling authority over the Company or a partner of auditing company in which providing professional service to the Company, parent company, subsidiary, associated company, major shareholder or entity with controlling authority at the present time or within two years prior to his/her appointment as Independent Director.
6. An independent director is not a person rendering any professional service or a legal or financial consultant who is paid for higher than 2 million baht in service fee per year by the Company, parent company, subsidiary, associated company, major shareholder or the Company's entity with controlling authority, and, not a significant shareholder or entity with controlling authority over the Company or a partner to such professional service provider as independent director.
7. An independent director shall not be a director who is appointed to be a nominee of a director of the Company, major shareholder or shareholder who is connected to any major Shareholder.
8. An independent director shall not engage in a business of the same nature which is significantly competitive to that of the Company, parent company or subsidiary. An independent director shall not be a significant executive with involvement in any management of work, employee, staff, consultant 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 which is significantly competitive to that of the Company or subsidiary.
9. An independent director shall not be a director who is appointed by the Board of Directors to make decisions regarding business operations of the Company, parent company, subsidiary, associated company, major shareholder or the Company's entity with controlling authority.
10. An independent director shall not be a director of parent company, subsidiary or affiliate only which is listed company.

11. An independent director shall not have any other characteristic which prevents him/her from opining freely on the operations of the Company.

3.2 Managing Director Selection Process

A managing director is authorized to consider the recruitment and appointment of individuals with knowledge, skills and experience appropriate to the Company. The selection process is conducted according to manual of policies and regulations regarding human management and employment conditions policy. In the event of a managing director selection from third party, candidates are to be interviewed by the Board of Directors.

4. Remuneration of Directors and Executives

4.1 Monetary Compensation

- 4.1.1 The remuneration of the Board of Directors is approved by the General Meeting of Shareholders as proposed by the Board of Directors and screened by the Remuneration Committee. The detail is as follows:
- Monthly Compensation: the Chairman is paid for 45,000 Baht/month; each of the Directors is paid 30,000 Baht/month.
 - Meeting allowance: the Chairman is paid for 30,000 Baht/1time of meeting attendance; each of the Directors is paid 20,000 Baht/1 time of meeting attendance.
 - The Board of Directors' remuneration (bonus): is paid in accordance with policy and conditions of Directors' remuneration which is considered and screened by the Remuneration Committee and the Board of Directors, in which is proposed to the General Meeting of Shareholders on yearly basis.
- 4.1.2 The remuneration of the Audit Committee is approved by the General Meeting of Shareholders, as proposed by the Board of Directors and screened by the Remuneration Committee. The detail is as follows:
- Monthly Compensization: the Chairman of the Audit Committee is paid for 37,500 Baht/month; each of the Audit Directors is paid for 30,000 Baht/month.
 - Meeting allowance: the Chairman of the Audit Committee is paid for 25,000 Baht/1 time of meeting attendance; each of the Audit Directors is paid for 20,000 Baht/1 time of meeting attendance.
- 4.1.3 The remunerations of the Risk Management Committee, the Remuneration Committee, and the Nomination and Corporate Governance Committee are approved by the General Meeting of Shareholders, as proposed by the Board of Directors and screened by the Remuneration Committee. The detail is as follows:
- Meeting allowance: the Chairmen of the Committees are paid 12,500 Baht/1 time of meeting attendance; each Director is paid 10,000 Baht/1 time of meeting attendance.

Remuneration of the Company's Directors

Number of the Company's Directors	13 Directors
Total Remuneration of the Company's Directors, who act as the Company's Directors, the Audit Directors and Directors of other Committees include Risk Management Directors, Remuneration Directors, and Nomination and Corporate Governance Directors	
Year 2016	21,660,290.28 Baht
Year 2015	18,329,333.42 Baht

The remuneration of year 2016 can be individually detailed as follows:

Name	Position	Remuneration of the Company's Directors	Remuneration of the Audit Committee	Remuneration of Directors of Other Committees	Bonus of Year 2015 Which Paid in Year 2016	Total	Remuneration of the Subsidiaries' Directors
1. Mr. Palakorn Suwanrath	Chairman	630,000.00	-	-	1,363,600.00	1,993,600.00	-
2. M.R. Supadis Diskul	Director	420,000.00	-	100,000.00	909,000.00	1,429,000.00	1,219,071.17
3. Mr. Prakobkiat Ninnad	Director	420,000.00	-	100,000.00	909,000.00	1,429,000.00	808,123.12
4. Flight Lieutenant Montree Jumrieng	Director	420,000.00	-	38,000.00	909,000.00	1,367,000.00	-
5. Flying Officer Somboon Limwathnapong	Director	92,000.00	-	-	-	92,000.00	-
6. Flight Lieutenant Werasak Wiroompetch	Director	37,419.32	-	-	-	37,419.32	-
7. Mr. Nitinai Sirismatthakarn	Director	92,000.00	-	-	-	92,000.00	-
8. Mr. Peratak Autadej	Director	420,000.00	-	-	142,000.00	562,000.00	-
9. Mr. Ath Hemvijitraphan*	Director	420,000.00	-	-	909,000.00	1,329,000.00	-
10. Mr. Aswin Kongsiri	Director	420,000.00	-	92,500.00	909,000.00	1,421,500.00	-
11. Mr. Pachara Yutidhamdamrong	Director	420,000.00	520,000.00	26,000.00	909,000.00	2,095,000.00	532,744.00
12. Mr. Visut Montriwat	Director	380,000.00	416,000.00	32,500.00	909,000.00	1,627,500.00	566,040.50
13. Mr. Pipat Purnananda	Director	420,000.00	416,000.00	36,000.00	909,000.00	1,671,000.00	532,744.00
14. Flying Officer Chalermpon Intarawong	Former Director	290,000.00	-	-	909,000.00	1,199,000.00	-
15. Squadron Leader Bhurith Sriwatana	Former Director	330,000.00	-	-	909,000.00	1,239,000.00	-
16. Mr. Nirandra Theeranartsin	Former Director	260,000.00	-	-	909,000.00	1,169,000.00	-
17. Mr. Trintr Subakarn **	Former Director	213,870.96	-	-	909,000.00	1,136,870.96	-
18. Mr. Navee Lertphanichkul	Former Director	180,000.00	-	18,000.00	909,000.00	1,107,000.00	-
19. Mr. Krit Imsang	Former Director	-	-	-	677,400.00	677,400.00	-
Total		5,865,290.28	1,352,000.00	443,000.00	14,000,000.00	21,660,290.28	3,658,722.79

Remarks

* The Company does not provide remuneration to Mr. Ath Hemvijitraphan, but to the Shell Company of Thailand Limited for which he works as its executive.

** The Company does not provide remuneration to Mr. Trintr Subakarn, but to Chevron (Thailand) Limited for which he works as its executive.

Remuneration of Executives

Number of the Executives	9 Executives
Types of Remuneration*	Salary, Gratuity (Bonus), Fringe Benefit
Total Remuneration of Executives	
Year 2016	58,477,322.77 Baht
Year 2015	67,308,368.98 Baht

* For total amount of post-employment benefits upon retirement, which is advantage for employees who have worked for the Company before the setup of provident fund, it is depended on each employee's salary base and number of working years.

Nonetheless, the employees and executives, who have worked for the Company before setting up of provident fund, are able to choose to be members of the provident fund or remain in retirement benefit program. In case of choosing to be member of the provident fund, the Company guarantees that the amount of provident fund benefits shall not be lower than that of the retirement benefits.

4.2 Other Remunerations

The Company provides other remunerations for the executives as well as for all permanent employees. It is the provident fund, in which after setting up, provided to the employees who participate as its member. The contribution rate shall be a percentage rate of employee's progressive salary in accordance with the Company's regulations.

Provident Fund Contributions Granted to the Executives

Number of the Executives	9 Executives
Amount of Provident Fund Contributions	
Year 2016	4,772,363.66 Baht
Year 2015	4,628,521.81 Baht

5. Corporate Governance, Insider Information Usage Control and Internal Control

Detail is shown in section "Corporate Governance"

6. Dividend Payment Policy of the Company and Its Subsidiaries

The Company imposes policy to pay dividends to its shareholders in the amount of not less than 50% of net profit after tax, and legal reserve and other reserves in the amount of not less than 10% by calculating from the net profit as of the Company's financial statement. Only such ratio of dividend declaration in subject to Company's liquidity and investment plans. Over the past years, the Company had paid the dividends in accordance with its policy with detail as follows:

Year	Dividend Payment (Million Baht)	Dividend Per Share (Baht)	Percentage of Net Profit (the Company's Financial Statements)	
			Before Reserves Deduction	After Reserves Deduction
2016	956.2	1.50	68	85
2015	701.2	1.10	82	103
2014	561.0	1.10	81	102
2013	510.0	1.00	61	76
2012	397.8	0.78	56	70
2011	331.5	0.65	79	99

In year 2016, the Company paid interim dividends to the shareholders for 2 times consisting on March 21st, 2016 for Baht 0.25 per share and on September 9th, 2016 for Baht 0.25 per share as well. In addition, on February 22nd, 2017, the Board of Directors Meeting approved for additional annual dividend payment of year 2016 to the shareholders for Baht 1.00 per share. Thus, total dividend payment of year 2016 was 1.50 baht per share in which equal to 85% of the net profit (after reserves). It is therefore, processed in accordance with the dividend payment policy of the Company and will be proposed to the 2017 Annual General Meeting of Shareholders accordingly.

In addition, the Company's subsidiaries impose the dividend payment policies with details as follows:

- Thai Aviation Refuelling Company Limited imposes the dividend payment policy in the amount of not less than 60% of the net profit after legal reserve and other reserves.
- Fuel Pipeline Transportation Company Limited imposes the dividend payment policy in the amount of not less than 50% of the net profit after legal reserve.
- Into-plane Services Company Limited has not had the dividend payment policy to the shareholders yet.

Corporate Governance



Good Corporate Governance Practice

The Board of Directors of Bangkok Aviation Fuel Services Public Company Limited (BAFS) strongly believes that good corporate governance is vital for business operation. Therefore, to ensure efficiency of BAFS' operation, to achieve goal and sustainable growth as well as to be transparent with high ethical standard in which strengthens shareholders and stakeholders' confidence, BAFS adheres to the Principles of Good Corporate Governance issued by the Stock Exchange of Thailand including its Corporate Governance policy and Code of Conduct.

BAFS observed the Principles of Good Corporate Governance for Listed Companies 2006. Later, BAFS had its policy revised by following the Principles of Good Corporate Governance for Listed Companies 2012. BAFS also clarifies reasons and presents alternative measures in case BAFS is unable to comply with such principles in some areas.

BAFS appoints Mrs. Parndao Sukhyang to take role as Head of compliance supervision, who undertakes duty as business operating supervisor to ensure compliances with laws, rules, regulations, policies including provisions of relevant organizations such as the Securities and Exchange Commission and the Stock Exchange of Thailand (Mrs. Parndao Sukhyang's biography is shown in section "Shareholding and Management Structures").

1. Good Corporate Governance Policy

The Board of Directors defined in writing the Corporate Governance policy in year 2002. Its substance has been improved continually to ensure appropriateness. Regularly for at least once (1) a year, the Nominating and Corporate Governance Committee shall review, consider and improve such policy to ensure its up-to-date and consistency with international standards, laws, rules and regulations.

In 2016, BAFS had revised and renamed its Corporate Governance policy to be the Good Corporate Governance and Anti-Corruption policy. Moreover, its Code of Conduct was also improved to be more consistent with international standards as well as to ensure compliance with anti-corruption measures. The Board of Directors, the management and employees have committed to perform their duties in accordance with 5 principles of Good Corporate Governance which include:

1. Accountability
2. Transparency
3. Equitable treatment
4. Long-term value-added creation to stakeholders
5. Promotion of best practices

The aforementioned principles are applied with BAFS' business operation to enhance transparency whereby its directors and employees signed to acknowledge the Good Corporate Governance and Anti-Corruption policy including confirming their avoidances of any act in manner that may cause conflict of interest to the Company. In addition, to maximize performances and supervisions of directors as well as to ensure functional and practical oversight of the management with appropriate continuity to meet expectations of shareholders and stakeholders, the Board of Directors, therefore; assigned the Nominating and Corporate Governance Committee to oversee, monitor and provide advices to directors and the management regarding their duties and responsibilities in accordance with the Good Corporate Governance and Anti-Corruption policy. Moreover, the Nominating and Corporate Governance Committee also oversees the Corporate Governance Working Committee's performance. Its duties are to monitor compliance of Code of Conduct, to arrange Code of Conduct compliance assessment and to improve Code of Conduct and its compliance assessment to ensure its appropriateness on a yearly basis.

BAFS fully commits in preventing and standing against all kinds of corruption. Hence, to have fraud risk factor cautiously considered and managed, BAFS imposed an Anti-Corruption policy to withstand corruption risks and has used it as explicit procedure for business operations for the Company and its subsidiaries as well as for their directors and employees to comply. BAFS prepared the anti-corruption measure practice manual as guidelines for conducting for its management and employees as well. Moreover, BAFS has been certified as member of Collective Action Coalition up to the present.

Results of BAFS' Corporate Governance assessments for 2016 comprise:

- BAFS received full of 100 scores from quality assessment of Annual General Meeting 2016 arrangement (AGM Checklist), which organized by Thai Investors Association.
- BAFS was ranked in "Excellent" level as per shown in the Corporate Governance Report of Thai Listed Companies (CGR) of year 2016, which organized by Thai Institute of Directors (IOD).

2. Subcommittee

The Board of Directors has organized different committees to assist in studying tasks in detail and screening tasks which resulted in enhancing working efficiency and transparency of the Board of Directors. Meanwhile, all chairmen of committees are independent directors. In order to boost truly independent operation, the Chairman of the Board shall not be appointed to be chairman or member of the Board of Committees. In addition, BAFS has explicitly defined compositions, roles and responsibilities of each Board of Committees as follows:

Audit Committee

The Audit Committee consists of 3 independent directors whose qualifications shall meet requirements of the SEC. Each member of the Audit Committee has a term of office for 3-year period. Its members include:

- | | | |
|----------------------------------|-------------------------------------|-----------------------------|
| 1. Mr. Pachara Yutidhammadamrong | (Independent Director) | Chairman of Audit Committee |
| 2. Mr. Visut Montriwat | (Independent Director) | Audit Committee Director |
| 3. Mr. Pipat Purnananda | (Independent Director) | Audit Committee Director |
| Mrs. Mayuree Nalinwong | (Director of Internal Audit Office) | Audit Committee Secretary |

Mr. Visut Montriwat and Mr. Pipat Purnananda are Audit Committees who have adequate knowledge and experiences to serve the Company on financial statements review as per described in section “Board of Directors”.

The Audit Committee regularly reports audit results to the Board of Directors and performs its duties in accordance with charter of the Audit Committee, which is approved by the Board of Directors, with details as follows:

“To review the Company’s financial reporting process by assuring that it provides accurate, adequate and reliable reports; to review the Company’s internal control system and internal control monitoring system by assuring their appropriateness and efficiency including considering on Internal Control Unit’s independency and giving consent for appointment, transfer and dismissal of Head of Internal Control Unit; to review the Company’s compliance with the laws on securities and exchange, the regulations of the Stock Exchange of Thailand, the laws relating to the Company’s business and the obligations with external parties including the Company’s anti-corruption measure; to review that the Company maintains its assets properly; to review the Company’s risk management system and internal control system by assuring its independency; to consider and make recommendations on appointment and remuneration of auditor as well as dismissal of interim auditor including attending the meeting with auditor without participation of the management for at least once a year; to review connected transactions by assuring that they are complied with the laws and regulations of the Stock Exchange of Thailand; to review the charter of the Audit Committee for at least once a year including assessing overall operating results of the Audit Committee and his/herself on yearly-basis; to review annual plan, budget and workforce, which are approved by the Board of Directors, for internal control function; to prepare the Audit Committee Report for disclosure in the Company’s Annual Report; to exercise authority in hiring professional consultants and inviting executives or involved parties to provide opinions; and to perform any other acts as delegated by the Board of Directors.”

Remuneration Committee

The Remuneration Committee consists of the Company’s director for at least 3, but not more than 4 of them whereby at least 1 of them shall be independent director. The Remuneration Committee’s office term is 2-year period. In accordance with its composition, the Chairman of the Board of Directors and the Managing Director are members of the Remuneration Committee. Its members include:

- | | | |
|----------------------------------|---------------------------------|--|
| 1. Mr. Visut Montriwat | (Independent Director) | Chairman of the Remuneration Committee |
| 2. Mr. Pachara Yutidhammadamrong | (Independent Director) | Remuneration Committee Director |
| 3. M.R. Supadis Diskul | (Executive Chairman) | Remuneration Committee Director |
| 4. Mr. Prakobkiat Ninnad | (Managing Director) | Remuneration Committee Director |
| Ms. Suvipa Sukcharoenchok | (Finance & Accounting Director) | Remuneration Committee Secretary |

The Remuneration Committee regularly reports to the Board of Directors and performs duties in accordance with its charter, which is approved by the Board of Directors, with details as follows:

“To stipulate remuneration, gratuity, meeting allowances, rewards, bonus and other compensations for the Board of Directors, the Audit Committee, the Risk Committee, the Nominating and Corporate Governance Committee, the Executive Chairman, the Managing Director, the Committees and other Sub-Committees of the Company including proposing such details to the Board of Directors or the General Meeting of the Shareholders for approval as appropriate”.

In addition, the Remuneration Committee shall consider on interim dividend and annual dividend payments including proposing such details to the Board of Directors or the General Meeting of the Shareholders for approval as appropriate. The Remuneration Committee shall also provide opinions, which derived from its operation in accordance with its charter such as opinion regarding remuneration and meeting allowances of directors as well as dividend payment to the shareholders, etc.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee comprises not less than 3 of the Company’s directors. Each member’s office term is 2-year period whereby a Chairman of the Nominating and Corporate Governance Committee is independent director. Its members include:

- | | | | |
|----|---------------------------------------|--------------------------|---|
| 1. | Mr. Aswin Kongsiri | (Independent Director) | Chairman of Nominating and Corporate Governance Committee |
| 2. | Flight Lieutenant
Montree Jumrieng | (the Company’s Director) | Nominating and Corporate Governance Committee Director |
| 3. | M.R. Supadis Diskul | (Executive Chairman) | Nominating and Corporate Governance Committee Director |
| 4. | Mr. Prakobkiat Ninnad | (Managing Director) | Nominating and Corporate Governance Committee Director |
| | Mrs. Parndao Sukhyang | (Corporate Secretary) | Nominating and Corporate Governance Committee Secretary |

The Nominating and Corporate Governance Committee regularly reports to the Board of Directors and performs duties in accordance with its charter, which is approved by the Board of Directors, with details as follows:

“For nomination, the Nominating and Corporate Governance Committee shall review on appropriate number as well as composition of the Board of Directors and prepare terms and conditions for employment contract of managing director. Moreover, the Nominating and Corporate Governance Committee shall consider on selection of candidates for directors, whose terms have become vacant, and propose nominating detail to the Board of Directors or the General Meeting of the Shareholders for appointment”.

For director nomination, the Nominating and Corporate Governance Committee shall review on candidates’ qualifications in terms of personal status, knowledge, capability, morality and conflict of interest. Meanwhile, the Nominating and Corporate Governance Committee shall stipulate required qualifications of independent director and managing director to be in accordance with the laws, the regulations and the Principles of Corporate Governance issued by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).

Moreover, the Nominating and Corporate Governance Committee shall provide opinions, which derived from its operation in accordance with its charter such as opinions regarding nomination of directors, etc.

For corporate governance, the Nominating and Corporate Governance Committee shall regularly review revision and amendment of the Good Corporate Governance and Anti-Corruption policy and anti-corruption measures. Moreover, the Nominating and Corporate Governance Committee shall oversee and provide suggestions to the Company’s directors and the management to ensure their functional operations including giving recommendations regarding good Corporate Governance to the Board of Directors to confirm that the Company’s operation is complied with principles of the supervisory unit.”

Risk Management Committee

The Risk Management Committee consists of 5 directors, whose office terms are 3-year period whereby its Chairman is independent director. Its members include:

- | | | |
|--------------------------------|---|--|
| 1. Mr. Aswin Kongsiri | (Independent Director) | Chairman of Risk Management Committee |
| 2. Mr. Pipat Purnananda | (Independent Director) | Risk Management Committee Director |
| 3. M.R. Supadis Diskul | (Executive Chairman) | Risk Management Committee Director |
| 4. Mr. Prakobkiat Ninnad | (Managing Director) | Risk Management Committee Director |
| 5. Mr. Ditsapong Prithaveepong | (Consultant to Executive Chairman and Acting for Business Development & Marketing Director) | Director and Risk Management Committee Secretary |

The Risk Management Committee regularly reports to the Board of Directors and performs duties in accordance with its charter, which is approved by the Board of Directors, with details as follows:

“To oversee and ensure risk management policy compliance including providing opinions with regard to corporate risk management; to review efficiency of risk management under its framework and monitor consistency of the Company and its subsidiaries’ risk managements; to inspect risk management on fraud and corruption by assuring that it is in line with the Principles of Good Corporate Governance, Code of Conduct and Anti-Corruption policy; to present overall image of corporate risk, its management process including overall results of risk management to the Board of Directors; and to screen and review overall risk to ensure that the Company’s risk management is adequate and appropriate for managing risks and have them placed as risk appetite including assuring continuity of risk management compliance.”

In the meeting, the Risk Management Committee shall review key risk indicators such as EBITDA, cash flow, expenditure control and market share, etc. In case the Company’s operating results are likely to be lower than its predetermined targets, the Risk Management Committee shall instruct the Management to stipulate corrective measures accordingly.

Executive Committee

To assure orderliness, efficiency and consistency of the Company and its subsidiaries’ business operations, the Board of Directors has appointed the Executive Committee to conduct business in accordance with the Company’s strategic plans. The Executive Committee shall also provide recommendations and solve major problems including monitoring the Company and its subsidiaries’ business operating results to ensure their shareholders’ highest benefits. In addition, the Executive Committee shall consider screening important matters before having them proposed to the Board of Directors meeting. The Executive Committee appointed by the Board of Directors is comprised of the Company and its subsidiaries’ management representatives as follows:

- | | |
|--------------------------------|--|
| 1. M.R. Supadis Diskul | Executive Chairman |
| 2. Mr. Prakobkiat Ninnad | Managing Director |
| 3. Ms. Suvipa Sukcharoenchok | Finance & Accounting Director
Bangkok Aviation Fuel Services Public Company Limited |
| 4. Mr. Amnuay Pahuvanich | Managing Director Thai Aviation Refuelling Co., Ltd. |
| 5. Mr. Ditsapong Prithaveepong | Managing Director Intoplane Services Co., Ltd. |

6. Mr. Buree Whanchid Managing Director Fuel Pipeline Transportation Co., Ltd.
Mrs. Parndao Sukhyang (Corporate Secretary) Executive Committee Secretary

The Executive Committee undertakes duties and responsibilities in accordance with its charter, which is approved by the Board of Directors, with details as follows:

“To impose policy regarding budget and screen the Company and its subsidiaries budgets before proposing detail to the Board of Directors of each company; to oversee, monitor, and assess the Company and its subsidiaries’ operating results by assuring their conformance with assignments determined by the Board of Directors; to entitle on requirements for documents or involved persons to clarify in matters related to its duties and responsibilities; to appoint sub-committee and working committee as appropriate and to perform any other tasks assigned by the Board of Directors”.

3. Nomination and Appointment of High-Level Executives

The director and managing director selecting process shall be conducted by the Nominating and Corporate Governance Committee before proposing to the Board of Directors and/or shareholders for appointment.

For nomination of the Company’s directors, the Nominating and Corporate Governance Committee shall conduct by anywise, for example; searching for knowledgeable and capable persons who possess appropriate work experiences, hiring Professional Search Firm or searching through the Director Pool or considering on direct nominations proposed by the Board of directors or the Company’s shareholders, etc. Additionally, a Board Skill Matrix is applied to analyze for which kinds of skills that are required in order to specify qualifications of sought-after directors to be in line with the Company’s business operating strategies.

However, the nomination of directors to replace directors, who retire by rotation, shall be proposed to the General Shareholders Meeting for appointment by majority vote in accordance with rules and procedures as follows:

1. Each shareholder shall have one vote per share.
2. Each shareholder shall exercise all his/her vote(s) in accordance with (1) to elect one or several candidates as directors, but cannot allot the votes to any candidate at any number.
3. The candidates receiving highest number of votes in respective order of the votes shall be elected as director until all of director positions are filled. In the event that a number of candidates receiving an equal number of votes, which would otherwise cause the number of directors to be exceeded, a Chairman of the meeting shall have a casting vote.

In accordance with section 70; paragraph one of the Public Limited Company Act (cumulative voting); each shareholder cannot allot his or her votes to any candidate at any number.

The Company stipulates qualifications of its director and independent director regarding shareholding to be more stringent than requirements of the SEC to ensure independency of the Company’s independent directors. Qualifications of “independent director” include as follows:

1. An independent director shall hold not over than 0.5% of all shares with voting rights of the Company, parent company, subsidiary, associated company, major shareholder or entity with controlling authority. With this regard, such number of shares includes shares that are held by any person relevant to such independent director.
2. An independent director shall neither be nor used to be director, employee, staff, and consultant with monthly salary nor entity with controlling authority of parent company, subsidiary, associated company, major shareholder nor controlling person of the Company, either in the present or within two years prior to his/her nomination as independent director. Nonetheless, such forbiddance excludes being government official or consultant of government agency, which is major shareholder or controlling person of the Company.

3. An independent director shall neither have connection by blood nor legal registration as father, mother, spouse, sibling, son/daughter nor spouse of son/daughter of other executive, major shareholder, entity with controlling authority nor any individual nominated as executive nor controlling person of the Company or its subsidiary.
4. An independent director shall neither have business relationship with the Company, parent company, subsidiary, associated company, major shareholder nor entity with controlling authority in such a manner that may obstruct his/her exercise of independent judgment. Moreover, independent director shall neither be significant shareholder nor controlling person of any party that has business relationship with the Company, parent company, subsidiary, associated company, major shareholder or entity with controlling authority, either in the present or within two years prior to his/her nomination as independent director.
5. An independent director shall neither be auditor of the Company, parent company, subsidiary, associated company, major shareholder nor entity with controlling authority, and neither a significant shareholder nor entity with controlling authority nor a partner of auditing company, which is providing professional service to the Company, parent company, subsidiary, associated company, major shareholder or controlling person of the Company, either in the present or within two years prior to his/her nomination as independent director.
6. An independent director shall neither be a person rendering any professional service nor a legal nor financial consultant, who is paid for higher than Baht 2 million in service fee per year by the Company, parent company, subsidiary, associated company, major shareholder or entity with controlling authority, and neither a significant shareholder nor controlling person of the Company nor a partner to such professional service provider, either in the present or within two years prior to his/her nomination as independent director.
7. An independent director shall neither be director who is appointed to be a nominee of director, major shareholder, nor shareholder who is connected to any major shareholder of the Company.
8. An independent director shall neither engage in business with similar nature, which is significant competitive to the Company nor its subsidiaries. Independent director shall neither be significant partner nor director, who involves in any management, nor employee, staff, and consultant, who is paid with monthly salary or holds more than 1% of all shares with voting rights of another company that conducts business with similar nature, which is significant competitive to the Company or its subsidiaries.
9. An independent director shall neither be director who is appointed by the Board of Directors to make decisions regarding business operations of the Company, parent company, subsidiary, associated company, major shareholder or entity with controlling authority.
10. An independent director shall neither be director of parent company, subsidiary nor affiliate, which is listed company.
11. An independent director shall not have any other characteristic which prevents him/her from opining freely on the operations of the Company.

4 Supervision on Operations of Subsidiary and Affiliated Company

4.1 Supervisory Mechanism for Applying with Subsidiary and Affiliated Company

The Company conducts its supervisory mechanism for subsidiaries and associate companies by assigning its representatives to be their directors, management and employees. The Companies' representatives shall take part in supervision of interests as well as to coordinate with the subsidiaries and associated companies to enhance efficiency of the Company in monitoring and overseeing including ensuring that its subsidiaries and associated companies has conducted their businesses in compliance with good internal control system. The Company has stipulated supervisory criterion and operating directions for its subsidiaries and associated companies with details as follows:

- Representative director or employee of the Company must have appropriate knowledge, skills and experiences. Meanwhile, representative of the Company must neither conduct similar business nor being director of company that conducts important competitive business, which may cause conflict of interest to the Company's subsidiaries and affiliated companies.
- Authority for appointment and removal of representative director belongs to the Board of Directors while the Managing Director is authorized for appointment and removal representative senior executive.
- Regarding scopes, authorities, duties and responsibilities of the Company's representative director and senior executive, the representative director shall consider and provide consent for important matters such as policy and business targets as well as supervise the managements to conduct businesses in accordance with predetermined policies and plans. Meanwhile, the Company's representative senior executive shall take part in strategic and operating planning to ensure predetermined targets achievement. In addition, the subsidiaries and affiliated companies' operations monitoring and overseeing shall be proceeded through an Executive Committee Meeting or meeting with their managements as appropriate.
- Operating guidelines for the subsidiaries and affiliated companies including third parties must be stipulated explicitly to ensure their compliances with direction specified by the Board of Directors, especially, in the areas of financial reports accuracy, reliability of audit, internal control appropriateness and risk management, etc.
- The Company's subsidiaries and affiliated companies are required to prepare reports on their operating results to the Board of Directors or the Managing Director within defined period.

4.2 Agreement between the Company and shareholders regarding the subsidiary management.

-None-

5. Insider Trading Control

Its detail is shown in clause 7: Good Corporate Governance practices on other issues.

6. The Company and Its Subsidiaries' Audit Fees and Non-Audit Fees

Remuneration of Auditor

1. Audit Fee

For the past fiscal year, the Company and its subsidiaries' audit fees totaled Baht 2,991,707 (included other forecasted expenditures for auditing during accounting period of December 31st, 2016) with detail as follows:

Items	Name of Payers	Auditor	Audit fee and other service fees (Baht)
1	Bangkok Aviation Fuel Services PLC	EY Office Co., Ltd.	1,296,200
2	Thai Aviation Refuelling Co., Ltd.	EY Office Co., Ltd.	589,138
3	Intoplane Services Co., Ltd.	EY Office Co., Ltd.	110,000
4	Fuel Pipeline Transportation Co., Ltd.	EY Office Co., Ltd.	916,369
5	BAFS Innovation Development Co., Ltd.	EY Office Co., Ltd.	80,000
Total amount of audit fees			2,991,707

2. Other Service Fees

For the past fiscal year, the Company paid Baht 60,000 to EY Office Co., Ltd. for its service fee on arrangement of report regarding summarization on fuel volume for aviation refuelling at Don Mueang Airport.

7. Good Corporate Governance Practices on Other Issues.

The Company has complied with the Principles of Good Corporate Governance, which is stipulated by the Stock Exchange of Thailand, with details as follows:

Section 1: Rights of Shareholders

1. Right of Shareholders Protection

- 1.1 The Company places priority on protection of shareholders' rights and promotes their exercise on fundamental rights such as equal right to profit sharing, right to receive adequate news and information from the Company in timely manner, voting right in the shareholders' meeting to appoint or to remove director and appointment of auditor including other issues which may affect to the Company namely dividend allocation, amendment of articles and memorandum of association and reduction or increment of capital, etc.
- 1.2 The Company takes into consideration the rights of shareholders, therefore; the Company prepares the shareholders more assisting than their fundamental rights as stipulated by laws. For example, the Company provides important and update information via its website as well as Management Discussion and Analysis (MD&A) to present its operating results in quarterly basis and news release via BAFS Newsletter, etc.
- 1.3 The Company's shareholding structure comprises many minor shareholders, who can cause considerable balance between minor and major shareholders by not contributing to any person or any group to control the Company or the voting rights. As a result, it brings forth good corporate governance in shareholder level. The distribution of share to minor shareholders (Free Float) is higher than 40% with neither cross-shareholding among companies in the Corporate Group nor creating pyramid scheme shareholding structure. The whole Board of Directors is holding shares altogether for 0.67%. In the meantime, proportion of shares held by domestic and foreign institutional investors is approximate 19%.

2. Annual General Meeting of Shareholders

- 2.1 The Company sets an Annual General Meeting of Shareholders to be held once a year within 4 months from the last day of the Company's iscal year. In 2016, the Annual General Meeting of Shareholders took place on April 27th, 2016, in which the Company's Executive Chairman, Chairmen of Committees, Managing Director, Directors, Senior Executives, Auditor and Legal Advisor had attended to provide answers in the meeting.
- 2.2 The Company assigned HNP legal Limited to perform as its legal advisor and had representatives from shareholders to count the votes and results thereof are disclosed in the Annual General Meeting of Shareholders' minutes.

3. Meeting Invitation Notice in Advance

- 3.1 The Company appoints Thailand Securities Depository Co., Ltd., which is its securities registrar, to send the meeting invitation notice to its shareholders prior to the meeting for 21 days. Moreover, to provide opportunity to shareholders for meeting information review in advance, the Company publicizes similar information being sent by post to the shareholders via www.bafsthai.com for at least 30 days prior to the meeting date. In Addition, the Company's meeting notice is advertised in newspapers for 3 consecutive days with at least 3 days prior to the meeting date as well.

- 3.2 The meeting invitation notice includes complete and adequate detail such as date, time, venue, and agendas of shareholders' meeting by stating explicitly that each agenda is for acknowledgement or consideration. Moreover, meeting documents for each agenda are provided with objectives, reasons, the committees' opinions, and the Company's shareholders meeting regulations. In addition, map of meeting venue, detail of documents that the shareholders shall present on meeting date and meeting procedure are attached. The Company arranges all related meeting documents in English as well to serve and facilitate its foreign investors.
- 3.3 The Company respects the shareholders' right and avoids right violation and infringement by all means. Meanwhile, the Company promotes the exercise of shareholder's rights by presenting important issues to shareholders for their approval as well as disclosure complete information as stipulated by laws, regulations of the Stock Exchange of Thailand and the Company's Articles of Association.
- 3.4 The important meeting agendas are informed precisely to propose to shareholders for their approval in every year. They include:
 - **Appointment of Director:** the Company provides opportunity to shareholders for selection of director individually. Each of candidates' information such as name, age, educational background, work experiences, number of companies that each of candidates works for as director, in which separated to be listed company and general company, are clearly informed to the shareholders. In addition, the Company also advises procedure and selecting process for director nomination, types of director proposed for nomination, his/her meeting attendance information, his/her number of years in office in case exiting director is proposed to reassume the position. The proposal for director nomination is reviewed and screened by the Nominating and Corporate Governance Committee.
 - **Director Remuneration:** the Company provides detail regarding remuneration models and their amounts including policy and remuneration criterion for director, which are reviewed and screened by the Remuneration Committee.
 - **Appointment of Auditor:** the Company provides detail regarding auditors' names and their audit firms, experiences and capabilities as well as independencies of auditors, audit fees, number of years for audit service providing (in case of appointing the exiting auditor) or reasons of changing auditor (in case of appointing new auditor) including criterion to determine appropriateness of auditing fees, which are reviewed and screened by the Audit Committee.
 - **Dividend Allocation and Payment:** the Company provides detail regarding profit allocation and capital reserve, amount of dividend payment, reasons including information in accordance with the Dividend Payment policy and record date specified by the Board of Directors in order to determine shareholder's title to dividend. The dividend allocation and payment is reviewed and screened by the Remuneration Committee.

4. Facilitation Provided to Shareholders

- 4.1 The Company imposes policy to provide facilitation and promote institutional investors including major and minor shareholders to attend the meeting.
- 4.2 The Company provides channel to the shareholders for sending their queries regarding meeting agendas through the Corporate Secretary to the Board of Directors prior to the meeting date. Its detail information is publicized on the Company's website accordingly.
- 4.3 The Company arranges its Annual General Meeting of Shareholders at the Queen Sirikit National Convention Center, which is convenient for shareholders to reach and attend the meeting. In the meantime, the Company arranges equitable treatment to all shareholders by having receptionists in place to provide them facilitation.

- 4.4 The Company provides 2 hours prior to the meeting commencement to the shareholders for their meeting registration. The Company encourages the shareholders to fully exercise their rights in the meeting. Thus, in case of late arrival, the shareholders are not restricted from meeting participation.
- 4.5 The Company applies barcodes that display detail of each shareholder by having them printed on shareholder meeting registration forms to facilitate shareholders with prompt and accurate meeting registrations, number of votes counting and results informing services.
- 4.6 The Company grants the shareholders, who delay in meeting, to exercise their rights by balloting for agenda under consideration and has not yet concluded.

5. Shareholders' Meeting Procedure

- 5.1 Prior to the meeting commencement, the Chairman of the meeting shall introduce the attending Board members, Chairman of Committees, the management, the Company's auditor and legal advisor including meeting procedures and voting process to the meeting.
- 5.2 The Company allocates sufficient time and opens the floor in the meeting for shareholders to opine and question on each agenda. The Company's directors and management place emphasis on every question; hence, they shall provide explicit and pertinent answers before having the meeting to vote for such agenda.
- 5.3 The Company proceeds the shareholders' meeting in accordance with list of agendas as informed in the meeting invitation notice. The Company will neither be abruptly distributing other important document nor adding unexpected agenda to the shareholders' meeting.
- 5.4 To ensure transparency and auditability in case of an objection occurring thereafter, the Company provides ballot tickets for voting. In the meantime, the ballot tickets are also used when voting for any agenda that composes many listings, for example, the appointment of director agenda in which the Company provides opportunity for shareholders to select director individually.

6. Procedure After the Shareholders Meeting

- 6.1 The Company shall announce resolutions of the meeting by notifying them to the Stock Exchange of Thailand and have them disseminated on the Company's website before 09.00 hrs. on the following day after the Annual General Meeting of Shareholders day.
- 6.2 In accordance with resolution of the shareholders' meeting regarding dividend payment, the Company shall coordinate with Thailand Securities Depository Co., Ltd. to ensure the shareholders' receipt of dividend with correct amount. According to the SET's recommendation, the Company, therefore, specifies the record date for shareholders' title to dividend to be at least 5 working days after being approved by the shareholder's meeting.
- 6.3 The Company shall completely and accurately prepare the meeting minutes for shareholders' inspection, in which comprises names and positions of attending directors, voting method and vote counting, shareholders' opinions, clarifications from directors and management including meeting resolutions with numbers of votes for approval and disapproval as well as abstaining vote. The meeting minutes shall be submitted to the SET within 14 days after the Annual General Meeting of Shareholders day. The meeting minutes, video and audio of shareholders' meeting shall be disseminated on the Company's website as well.

As a result from such operation in the year 2016, the Company was assessed and granted full of 100 scores from Thai Investor Association.

Section 2: Equitable Treatment of Shareholders

The Company places emphasis on treating all shareholders equitably and justly; therefore, the Company has conducted as follows:

1. Proposal of Meeting Agendas and Nominations of Directors

The Company facilitates shareholders in proposing agenda and nominating in advance qualified person as a candidate for the Company's director prior to the Annual General Meeting of Shareholders. With this regard, the Company disseminates explicit procedure via the SET and its website. The shareholders can propose agenda and detail information of candidate for consideration in advance for 3-months period from October 15 to January 15 of each year. A single shareholder or group of shareholders who holds minimum share of 0.05 percent is able to propose agenda or detail of candidate for the Company's director. The percentage as mentioned is ratio that facilitates the shareholders more than requirement of the law that determines whether one or more shareholders who altogether hold shares for not less than 5 percent can be able to propose agenda. Nonetheless, for the Annual General Meeting of Shareholders 2016, there was none of shareholder purposed agenda and nominated qualified person.

2. Proxy

In case any shareholder is unable to attend the meeting, the shareholder shall appoint another person, independent director or managing director to attend the meeting on behalf of the shareholder. The Company shall provide a proxy form in which shareholders can determine the direction of their votes through proxy (Form B). Documents required and instructions process for appointing proxy, which is not complicated, are explicitly informed to shareholders accordingly.

3. Supervision of Insider Information Usage and Conflict of Interest

3.1 The Company protects insider information by stipulating measures to prevent misuse of undisclosed insider information by its directors and the management for their exploitations, for example; stock trading by using insider information and disclosure of insider information to its directors or the management's related persons which causes damages to the shareholders as a whole, etc. Stipulated measures for protection of the Company's interests and trade secret are shown in the Company's policy and rules & regulations manual. Meanwhile, terms of securities trading, usage of insider information, and conflicts of interests including penalties for violation are shown in the Company's Code of Conduct. These measures and terms are made known to all directors, the management and employees by having them signed for acknowledgment accordingly. In addition, the Company has specified that its directors, the management and employees are prohibited to buy or sell its securities for at least 7 days prior to announcement of the Company's operating results of each quarter.

The Company notifies its directors and the management to report the changes of their securities holding to the SEC in pursuant to Section 59 of the Securities and Exchange Act B.E. 2535. Moreover, detail of directors and the management's securities holding is added as agenda in every session of the Board of Directors Meeting including being disclosed in the annual report.

Moreover, the Company specifies that its employees, who work closely to the Company's information, must report changes of their securities holding within 3 business days from the date of transaction. This issue is also added as agenda in the management monthly meeting.

3.2 The Company stipulates regulations for its directors and the management to submit reports on their stakes to the Company. The Board of Directors including the management must also disclose information regarding their stakes and their related persons' stakes. The regulations stipulated are consistent with nature of business, laws and related regulations. In addition, directors and the management must report every change of their stakes to the Company as well. The Corporate Secretary is in charge for following up such information accordingly.

- 3.3 The Board of Directors has stipulated guidelines to prevent its directors or the management, who have stakes, to take part in decision making process of transaction between the Company and those stakeholders. Prior to the Board of Directors Meeting, the Chairman of the Board will advise director, who has stake, to notify the meeting his/her stake, and then, such director shall leave the meeting. In addition, director, who has stake, is not entitled to vote on such matter.
- 3.4 The Company's shareholding structure is not complicated whereby almost of its connected transactions are normal business transactions.
- 3.5 The Company has conducted its business in compliance with laws and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission such as criterion of connected transactions and acquisition or disposal of assets, etc.

In year 2016, the Company did not receive any complaints regarding shareholders' basic rights infringement whereby the Company also equally treated all shareholders. Moreover, there was no record of the use of insider information for exploitation.

Section 3: Consideration of the Roles of Stakeholders

1. Treatment of Stakeholders

The Company has stipulated its guidelines for conducting for treatment of all stakeholder groups comprising shareholders, customers, trade partners, creditors, trade competitors, employees including society and environment. The guidelines for conducting for treatment of stakeholders in writing are shown in the Company's Corporate Governance and Anti-Corruption Policy and Code of Conduct. Their detail information is disseminated via the Company's website as well. Meanwhile, the Company encourages its employees to comply with the Corporate Governance Policy. Details of guidelines for treatment of stakeholders are as follows:

- 1.1 **Shareholders:** the Company imposes policy and guidelines for treatment of shareholders, which emphasize on performing duties with integrity and just as well as conducting business with aim to achieve growth and prosperity, which result in appropriate yield for shareholders. Furthermore, the Company arranges equitable, constant and complete information to all shareholders including opportunities for shareholders to opine, recommend and propose agenda or qualified person for being the Company's director through the shareholders' meeting.
- 1.2 **Customers:** the Company imposes policy and guidelines for treatment of customers as follows:
 - The Company shall give heedfulness and accountability to customers by being conformable to agreements made with customers, treating all customers equitably and justly, focusing on creating customers' satisfaction and confidence and providing service with quality.
 - The Company shall conducts aviation fuelling service by adhering to international quality standards, punctuality and maximum safety. The Company's operating service is certified by the Quality Management Systems: ISO 9001 and Occupational Health and Safety Management Systems: OHSAS 18001.
 - The Company shall include customer satisfaction measurement system as part of its Key Performance Indicators (KPIs of the Company).
 - The Company shall organize activities to promote good relations with customers, for example; arranging the Company visits to observe its operations, seminars, meetings with customers in order to strengthen relations and to listen to their feedbacks, arranging quiz games with questions related to the Company including meetings with customers on special occasions, etc.

- 1.3 Trade Partners:** the Company imposes policy and guidelines regarding trade partner whereby explicit trade partner selection process is provided. The Company's trade partners must be qualified as required and be able to operate in accordance with procedure or process as specified by the Company. In case selection of new trade partner, the Board of Directors' approval is required accordingly. Moreover, the Company specifies that trade partners shall comply with Code of Conduct as well.

The Company adheres to terms and conditions in agreements that made with trade partners and treats all of them equitably and justly based on mutual and good return. The Company neither request for, nor accept nor give any fraudulent benefit to its trade partners. In addition, the Company has imposed JV Core Principle policy as tool to prevent disclosure of sensitive information.

- 1.4 Creditors:** the Company set procedure and operating guidelines in order not to violate its creditors' rights. Its accurate and complete financial information is provided to creditors and all mutual agreements are executed accordingly. In addition, the Company neither request for nor accept nor give any dishonest benefit to creditors.
- 1.5 Trade Competitors:** the Company imposes policy and operating guidelines regarding trade competitors by treating them in accordance with rules and good manner including fair competition. The Company shall not seek for trade competitors' confidential information with dishonest and inappropriate method. In the meantime, the Company shall not destroy reputation of competitors with groundless slander.
- 1.6 Employees:** as all employees are significant for its business operation, the Company imposes policy and guidelines to treat its employees by emphasizing on their development as well as providing them appropriate compensation and welfare. Additionally, the Company promotes employee's engagement with detail as follows:
- Imposing regulations regarding employee's compensation and welfare.
 - Imposing explicit policy regarding employees' compensation whereby their performances are assessed in accordance with Balanced Scorecard concept, which is in line with the Company's performance includes finance, customers, internal management process as well as learning and development in both of short-term and long-term.
 - Providing appropriate compensation and welfare such as monthly salary, annual bonus, and provident fund including life, accident and health insurances.
 - Providing employee orientation and training programs regarding Code of conduct, Anti-Corruption policy, safety and quality including necessary basic knowledge equipped to new employees to ensure their capabilities before taking on the job training program.
 - Imposing policy regarding approaches for employee systematic development. With this regards, competency model is used as standard for human resource development planning, for example; Competency and Potential Assessment, Training Roadmap, Individual Development Plan, Career Development Plan, Job Rotation and Job Transfer, Succession Plan and Successor Development Plan, etc. In 2016, there were 478 employees had been trained and developed accordingly with training hours by average at 43 hours/employee.
 - Promoting educational support projects such as giving scholarships to employees and arranging domestic and overseas work observation and training programs for employee, etc.
 - Promoting ethical behavior by arranging training program regarding "anti-corruption measure" and ensuring employees' work ethics by having them to take Code of Conduct tests. The Company has also supported its employees in participating dharma practices activities organized by the Young Buddhists Association of Thailand. In addition, the Company has arranged various training programs regarding morality as appropriate.

- Promoting Core Value campaign and cultivation by arranging internal activities such as employee relations activities and security support activities, etc. Moreover, the Company has also organized Core Value test to ensure employee engagement, understanding and awareness including encouraging all employees to carry out ethical behaviors with one accord in order to enhance treatment of stakeholders.

1.7 Social and Community: The Company places emphasis on society and community; therefore, these issues are specified in the Company's strategic plan, which is in line with society and community operating framework as mentioned in its Corporate Sustainable Development Guideline. In year 2016, the Company focused on being part in community's sustainable development by arranging 6 categories of its main activities including health, natural resources and environment, family and elder, life & assets safety, educational, religious, art & culture basic structures, profession and income generation. Details of project activities are shown in the Company's Sustainability Report or its website at www.bafsthai.com

In addition to promoting social and community project activities in overall, the Company has also supported a soldier encouragement project by continuously collaborating with the Royal Thai Army Medical Development and Phramongkutklao Hospital Foundation for 9 years consecutively. The project's main objective is to support rehabilitation of mentally wounded soldiers from insurgency along the border of Thailand with a purpose that wounded soldiers will be able to return to society with their self-esteem.

2. Workplace Safety, Health and Environment

The Company gives high priority to workplace safety, health and environment. To implement these issues, the Company imposes policy and set up Working Committee to undertake workplace safety, health and environment with details as follows:

- Developing workplace safety, health and environment systems to be consistent with laws, international standards and other relevant regulations.
- Controlling, improving, preventing and solving problems that occurred from the Company's business operation, which involve risks of medium-level and higher and may have impact on its employees and assets to enable continued improvement on occupational safety, health and environment.
- Improving results of the implementation of workplace safety, health and environment regularly and continually.
- Promoting and encouraging employees' engagement in compliance with workplace safety, health and environment measures.
- Enhancing employees' knowledge and awareness regarding workplace safety, health and environment including non-work safety.
- Providing resources for implementing workplace safety, health and environment system to enable its continued development.
- Providing safety to employees, contractors and the Company's assets including reviewing and updating safety measure regularly and continually.

The Company discloses accident statistics at every branch of the Company's office with details of working hours without severe accident that can cause derailment of work, safety hour target and latest date that accident occurred.

The Company has also organized many activities such as an annual medical check-up for members in communities around the Company's operating sites, assessment and surveillance on environmental impact toward communities, big cleaning day and sustainable safety day activities as well as training programs for

workplace safety, health and environment, which included trainings on workplace health and environment, fire drill, annual fire-fighting and evacuation together with emergency plan rehearsals as required by laws. The Company also provides personal protective equipment to employees and organizes campaign to promote accidental prevention including assessments on workplace environment, qualities of drinking water and waste water, etc.

3. Environmental Conservation and Efficient Utilization of Resources

The Company has promoted efficient utilization of resources in every operating process to gain highest benefits. In the meantime, the Company takes into account impact toward environment, so that, the Company has monitored impact and stipulated preventive measure to prevent and relieve impact systematically. In addition to its Power Conservation policy, a Green Committee is set up to manage power consumption in accordance with such policy. The detail is as follows:

1. Preparing appropriate power management and operating systems, which are consistent with related laws and regulations. Power conservation shall be determined as part of the Company's business operation as well.
2. Improving effectiveness of corporate resources usage continually and properly to ensure its appropriateness based on business nature, technology applied and good guidelines for conducting.
3. Stipulating appropriate yearly plan and goals regarding power conservation as well as communicating such plan and goals to employees to ensure their comprehension and compliance.
4. Taking into account that power conservation is duties and responsibilities of the management and employees of all levels. They are required to comply with defined measure in order to accomplish goals.
5. The Company shall provide workforce, budget, work period, and training programs as well as encourage its employees to participate in giving recommendations for power usage development.
6. The Management and the Green Committee (Global Warming Reduction Working Committee) shall review and revise the Power Conservation policy, goal and operating plan to ensure their appropriateness and consistency with current situation.

The Company received Certificates of Carbon Footprint for Organization from General Surasak Karnjanarat, Minister of Natural Resources and Environment on August 19th, 2016. The function was organized by Thailand Greenhouse Gas Management Organization (Public Organization).

Moreover, the Company has continually organized training programs to provide knowledge regarding power to its employees including activities to promote reduction of water consumption in households, waste dry batteries disposal to specific trash can including an exhibition regarding Prabata Somdhej Praparamindhara Maha Bhumipol Adulyadhej's Remarkable Aptitude on Power, which took place on an Annual Safety Culture Day 2016.

Moreover, the Company has exercised tangible measure to reduce power consumption. With this regard, changing of high pressure sodium light bulbs to be LED light bulbs on phases 2 and 3 at Don Mueang Into-plane Refueling Station (DMK - Sub-Station) were completed. As a result, electrical power consumption was reduced for 41,479 and 47,476 kilowatt-hour per year after completions of such activities in phases 2 and 3 respectively.

In the meantime, the changing of high pressure sodium light bulbs to be LED light bulbs at Suvarnabhumi Into-plane Refueling Station (BKK- Into-Plane) can reduce electrical power consumption for 42,110 kilowatt-hours per year.

4. Respect of Human Rights

To avoid violation of human rights, the Company imposes policy and guidelines for conducting whereby the Company and its subsidiaries' directors, the management and employees are required to comply with Code of Conduct regarding respect of human rights. The detail is as follows:

- Adhering to democracy and encouraging employees to exercise their constitutional election rights.
- Treating employees based on human dignity and respecting personal rights and responsibilities.
- Promoting and respecting human rights protection by monitoring regularly the Company's administration to ensure avoidance of forced labor and child labor, etc.
- Demonstrating support for "Child-Friendly Business Promoting Project".
- Promoting surveillance on human rights measure compliance in the Company and also encouraging employees to act in accordance with international human rights principles.

The Company has neither received report nor complaints regarding violation of human rights.

5. Intellectual Property or Copyright

The Company imposes policy and guidelines to prohibit intellectual property or copyright infringement whereby the Company and its subsidiaries' directors, the managements and employees are required to comply with Code of Conduct regarding intellectual property or copyright. The detail is as follows:

- Protecting the Company's intellectual property as well as avoiding other's intellectual property infringement.
- Performing in accordance with laws, regulations and obligations regarding rights of others in intellectual property including patent, copyright, trade secret and other proprietary information.
- Avoiding abuse or misuse of others' intellectual property.
- In case any copyrighted work or intellectual property derived from its employee's performance, such copyrighted work or intellectual property shall belong to the Company.

The Company has neither received report nor complaints regarding intellectual property or copyright infringement.

6. Support of Anti-Bribery and Anti-Corruption

The Company transparently conducts its business and stands against bribery and corruption. The Company has been certified as member of the Private Sector Collective Action Coalition against Corruption since 2014 up to the present.

The Company imposes Anti-Corruption policy, which is approved by the Board of Director, whereby the Company and its subsidiaries' directors, the managements and employees are required to comply with its conducting guidelines. The detail is as follows:

- The Company's directors and employees of all levels must perform in accordance with the Anti-Corruption policy without involvement in any forms of corruption, either directly or indirectly in order to sustain benefits of the Company and their own as well as benefits of their colleagues and others.
- Any action that taken in response to the Anti-Corruption policy, it shall be acted in accordance with guidelines for conducting as mentioned in Code of Conduct, regulations, the Company's related operating manuals and other guidelines that may be defined by the Company in the future.
- The employee shall not disregard or overlook in case witness of any act, which could be within scope of corruption and related to the Company. The employee shall report such matter to supervisor or person as mentioned in Code of Conduct as well as fully provide cooperation in any investigation as required.
- The Company shall provide justness and protect its employees who report on corruptions that are related to the Company.
- Any act of corruption is considered as the Company's Code of Conduct violation; in which offender shall undergo disciplinary punishment including legal punishment in case such action is also against the law.

- The Company places importance on communication and public relations in order to provide knowledge and create understandings on the Anti-Corruption policy compliance to its directors and employees including all related persons.

In addition, the Company prepares guidelines for conducting on anti-corruption measure for the management and employees to comply. The detail is as follow:

1. Monetary donation

- Regarding monetary donation for charitable purpose, its objectives must be explicit and be able to verify to ensure that such donation will not be used as excuse for bribery. Meanwhile, it must be done on behalf of the Company only. A monetary donation limit and authorized person for approval are defined precisely in written.
- Accepting and offering of gifts as well as performing any kind in any form of transactions either directly or indirectly with government officers, other persons or other organizations, in order to repay for any subservient action or to gain work-related benefits from the Company, are prohibited.

2. Political Support: the Company adheres to democracy with the King as Head of State; therefore, the Company implements a neutral political policy by not involving in political support or assistance. Nonetheless, the Company supports its employees to exercise their constitutional election rights.

3. Gift-giving and Receiving

- Receiving or requesting for benefits, or proposing compensation or any kind of bribery including other inappropriate disbursement, either directly or indirectly, in order to repay for any subservient action that contributes beneficial effects to the employees, the Company, or to gain work-related benefits from the Company, are prohibited.
- Gift-giving or receiving shall be done in transparent manner without influence on any decision making that relates to the Company's business issue. Meanwhile, budget limit and authorized person for approval on gift-giving including requirement for report on gift-receiving are defined precisely in written.

4. Welcome reception provision and acceptance

- Welcome reception provision and acceptance for the Company's business benefits shall be reasonably done in proper manner that reflects normal relations with third party whose duties or business are related to the Company's business. Meanwhile, budget limit and authorized person for approval on welcome reception provision including requirement for report on welcome reception acceptance are defined precisely in written.
- Paying for travelling expense, reception expense or other expenses, which are inappropriate and not relate to the Company's business, to government officers, other persons and organizations, are prohibited.
- Receiving or requesting for benefits or accepting invitation for entertaining function or reception including invitation for work observation, that proposed by third person with free of charge, or receiving expense supports from third person, which causes influence toward business decision making or repayment for any subservient action that contributes beneficial effects to the Company or to obtain work-related benefits from the Company, are prohibited.

Moreover, the Company has conducted risk management to prevent corruption involvement as follows:

1. The Board of director has responsibility to stipulate policy, oversee and control operation compliance with the Anti-Corruption policy and measure. Furthermore, the Executive Chairman is authorized to screen the Company's strategic and risk management plans of projects that are related to the Company and its subsidiaries' investments.

2. The Company has appointed risk management principles regarding corruption which include:
 - 2.1 Appointing Risk Appetite and Risk Tolerance for being outlined in business operation which is related to corruption as follows.
 - 2.1.1 Strategy: The Company is willing to operate followed the sustainable development process, good governance framework, adhere to excellent and explicit operation which all these practices were engaged in Sustainability policy and required to appoint for sustainability strategy in the Stock Exchange of Thailand sustainability framework. Therefore, the Company will not have actions or perform in situations that lead to involve with corruption.
 - 2.1.2 Compliance: The Company has been strictly followed the good corporate governance, Code of Conduct and Anti-Corruption policy, including Zero Corruption, no verbal and official complaint about intentionally non-follow the regulations. Moreover, in case the company gets reported, complaint or lawsuit of corruption, it would be taken as an agenda in Risk Management Committee meeting for acknowledgement and suggestion in risk management.
 - 2.2 Appointment of Risk Management Policy with Corruption issues as follows.
 - 2.2.1 The Risk Management Committee has responsibility to monitor risk management in dishonesty and corruption accordingly with good corporate governance, code of conduct and anti-corruption policy.
 - 2.2.2 Once the employees has detected or informed the risks that could affect to the company or contrary to good corporate governance, code of conduct and anti-corruption policy, it must be reported to commanders as soon as possible to acquire risk control actions.
3. The Company has stipulated risk control plan in writing as operating guidelines used for overseeing and monitoring corruption risk regularly and continually. The risk control plan comprises:
 - 3.1 All corporate's sections which contact with Government Sector, State Enterprise and Private Corporation were taken risk assessment and corruption risk management control in the topic of bribe, feast and gift giving for corporate or personal benefits. Furthermore, there is follow up process of the progression of risk control plans on a quarterly basis and systematically stored all the risk data in information technology system as references for spot check.
 - 3.2 The Company has appointed procedures in procurement manual policy and guideline for purchase, employment and procurement which are following good corporate governance principle and risk management policy.
4. The Company has publicized its Code of Conduct and Anti-Corruption policy internally and externally to employees, business partners, and seller/distributors via electronic document management system including posting notices in the Company's offices and on website. Moreover, all employees are also required to sign for acknowledgement and compliance with Code of Conduct. Training courses regarding Good Corporate Governance are arranged for the employees in every year as well. Meanwhile, the Company's anti-corruption guideline is added to orientation program for new employees accordingly.
5. The Company promotes activities that support and cultivate compliances with laws and related regulations by having them organized regularly in every year, for instance; the activities that promotes Core Value such as "Following Best Practice", which emphasizes on working with integrity and adherence to the Company's rules and regulations including training programs regarding anti-corruption measure, etc.
6. The Company conducts intangible monitoring process to assess results of anti-corruption compliance. There is online self-assessment system for the management and employees to assess themselves on the yearly basis. In the meantime, the Corporate Governance Committee shall regularly monitor and assess

anti-corruption compliance results. The Company also provides channel for whistle-blowing in case of witness any corruption including protection measure for whistle-blower. The anti-corruption measure training program is arranged for employees as well. Moreover, the Internal Audit Office shall monitor the anti-corruption compliance by conducting random inquiries and interviews the Company's management and employees regarding their understandings on the Anti-Corruption policy and guidelines for conducting.

7. The Company recognizes significance of the anti-corruption measure; hence, the Company has joined the Private Sector Collective Action Coalition against Corruption (Collective Action Coalition). The Company signed onto its Declaration of Intent in year 2012 and was certified to be its member in year 2014. With this regard, the Audit Committee has also reviewed the Company's completeness and adequacy regarding anti-corruption practice in accordance with the Collective Action Coalition's certification granting process. Moreover, the Audit Committee has reviewed the Company's compliances with Code of Conduct and anti-corruption measure regularly.

7. Contact Channels

The Company arranges channels for stakeholders in order to receive their suggestions, opinions or queries including complaints in case of rights infringement and others with detail as follows:

- 7.1 The Corporate Secretary's e-mail: parndao@bafs.co.th, Tel: 0 2834 8912
- 7.2 The Investor Relations Department's e-mail: pitsapong@bafs.co.th, Tel: 0 2834 8914
- 7.3 Post to the Corporate Secretary: Bangkok Aviation Fuel Services Public Company Limited 171/2 Kamphang Phet 6 Rd., Don Mueang, Don Mueang, Bangkok 10210

In case of important matter or any matter that may cause damage to the Company, the Corporate Secretary will present such matter to the Board of Directors accordingly.

8. Whistle-Blowing Measures and Whistle-Blower Protection Mechanisms

The Company provides channels to receive complaints from third person and its employees including actions taken upon receipt of complaint. The Company stipulates measures to protect and maintain confidentiality of complainant as follows:

8.1 Receipt of Complaint

The Company provides channels for whistle-blowing and complaint in case experience any act suspicious of violating or non-compliance with the the Company's Code of Conduct, illegal actions including behaviors that imply corruption and unequal treatments via channels with detail as follows:

- (1) Supervisors of all levels who are trustworthy.
- (2) The Corporate Governance Working Committee
- (3) Mail to:

The Executive Chairman or Chair of Audit Committee
Bangkok Aviation Fuel Services Public Company Limited
171/2 Kamphang Phet 6 Rd., Don Mueang, Don Mueang, Bangkok 10210

- (4) E-mail: ec@bafs.co.th or ac@bafs.co.th
- (5) Website: www.bafsthai.com

8.2 Actions taken upon receipt of complaint

Upon receipt of complaint, the Company shall verify, evaluate and investigate factual information, and then, stipulate measure to alleviate damage to those affected. The Company takes into account damage in overall, thus, the Company shall assign relevant officer who is responsible for such matter to follow up

on progress and report result to the receiver of whistle-blowing/complaint including whistle-blower/complainant. Such result will also be reported to the Managing Director, the Executive Chairman, the Audit Committee and the Board of Directors as appropriate.

8.3 Protection Measure

To protect rights of whistle-blower/complainant or person who cooperate in investigation, the Company will keep confidential the name, address, photograph or any information of whistle-blower/complainant or person who cooperate in investigation. The Company shall set up protection measure in the event that such person may be unsafe or affected by vexation as well as provide mitigation with appropriate and just process.

In case of finding that any employee acts against the Company Code of Conduct and/or Anti-Corruption Policy; such employee will be undergoing disciplinary punishment as stipulated by the Company or legal punishment in case such act is also against the law. The Company shall also notify result of investigation to the whistle-blower/complainant within 1 month after completion of the process.

The Company, in the past, had neither record of breach of labour law, employment, consumers and trade competition nor report or complaints regarding bribery and corruption.

In year 2016, the Company received important award which was Outstanding Practice Awards in Occupational Health, Safety and Environment for 3 areas included Don Mueang Airport, Suvarnabhumi Aviation Fuel Storage Station and Suvarnabhumi Into-plane Refuelling Station whereby no record of complaints as well.

Section 4: Information Disclosure and Transparency

1. The Company's Information Disclosure

The Company has disclosed important information in its annual reports and its website at www.bafsthai.com in both Thai and English. The information includes vision, mission, major policies, corporate group structure, nature of business and competitive situation, financial status and operating results, business risks, shareholding structure, organizational structure, Board of Directors, Board of Committees, the Management, categories of directors, biographies, direct and indirect shareholding of directors and the management, training experiences of directors, remuneration policy for directors and the management, compensation models, amount of compensation for directors of the Company and its subsidiaries, duties and responsibilities of the Board of Directors and Boards of Committees during the past year such as number of meetings, number of times for meeting attendance, investor relations information, meeting invitation notices, minutes of meetings and press release, etc. In addition, the Company has updated information in its website regularly.

2. Preparation of financial report

The Board of Directors appoints the Audit Committee to review and ensure adequate accuracy completion and transparency of the Company's financial report, which effectively protects and maintains the Company's assets and prevent fraudulent and unusual actions including compliances with the Generally Accepted Accounting Principles and appropriate accounting policy and to study on reasonability and prudence in financial report preparation to strengthen the Company's stakeholders' confidence. The Board of Directors also provides report on the Board of Director's responsibilities towards the financial statements, which inclusively includes important matters in accordance with Code of Best Practice of Directors of Listed Companies

recommended by the Stock Exchange of Thailand. The Report in which signed by the Chairman of the Board of Director and the Managing Director will be presented together with the Auditor Report in the Company's Annual report.

In 2016, the Company assigned the auditor from EY Office Company Limited, who is approved by the SET as knowledgeable, proficient and independent auditor to be the Company's auditor. The Company's financial report was certified unconditionally in all material respect in accordance with the General Accepted Accounting Principles and approved by the Audit Committee/the Board of Director before disclose to the shareholders.

The Company also prepares Management Discussion and Analysis (MD&A) in a quarterly basis to provide analytical explanation regarding its financial status, operating results, factors that impact to financial status including significant changes. Moreover, important news and information are disseminated to the shareholders via BAFS Newsletter as well.

In accordance with the Balanced Scorecard concept that suggests to view organization from four perspectives including financial, customer, internal management process, and learning & development, the Company, then, applies Key Performance Indicators (KPIs) by stipulating its strategic objectives to be in line with goals of strategic plans and risk appetite, for instance; return on assets, market share, customers' satisfaction and success derived from human development plan, etc.

3. Channels for Information Disclosure

3.1 The Company recognizes importance of disclosure of information, which is relevant to the Company including financial and non-financial information. The information disclosed must be done in timely manner with accuracy, completion, and transparency. Hence, the Company provides channels for information disclosure as follows:

- Information dissemination system of the Stock Exchange of Thailand (SET) and website of the Securities and Exchange Commission (SEC).
- The Company's website at www.bafsthai.com, which provides information in both Thai and English.
- Reporting on the Company's quarterly operating results by providing information to analysts and investors on Opportunity Day at the SET.
- Press Release
- Newsletter to present the Company's financial status.
- Providing Information to analysts or investors who visit the Company and have consult meeting with its Management.
- Analyst Meeting
- Documents delivered to shareholders by post.

3.2 The Company provides information disclosure in compliance with regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). The Company sets up Compliance Supervision Division to undertake on this matter accordingly.

3.3 The Investor Relations Department is also provided as communication channel for investors, shareholders, analysts and other relevant organizations. Its e-mail is: pitsapong@bafs.co.th, Tel: 0 2834 8914. In addition information regularly provided to investors, the Investor Relations Department has organized annual activities in accordance with its action plans. In 2016, besides of providing information for investors who

sent inquiries to the Company, there were significant activities including participation in Opportunity Day for 4 occasions, arranging 23 occasions for the Company Visit for institutional investors, general investors and analysts, arranging 4 occasions for the Site Visit for its shareholders and investors, providing the Company's information for Credit Rating Review for 2 occasions, arranging 2 functions for press release regarding the Corporate Group's investment expansion projects as well as arranging 2 issues of the shareholders' newsletters.

The Company has never been ordered to amend its financial statements by the SEC, whereby the Company discloses its annual and quarter financial statements within designated period of time.

Section 5: Responsibilities of Board of Directors

The Board of Directors plays a key role in Corporate Governance to ensure benefits of the Company as well takes responsibilities on their performances for shareholders including being independent without intervention from the Management.

5.1 The Board of Directors Structure

- 5.1.1 The Board of Directors has considered appropriateness of its structure and determined its composition to consist of at least 11 members, but not over than 15 members. Currently, the Company's Board of Directors comprises 13 directors as follows:

- Executive director	2	directors (15.38%)
- Non-executive director	11	directors (84.62%)

Six of them are directors from third parties and five of them are independent directors, which is equal to 1/3 of the total number of the directors of the Board. Six directors, who are non-executive director, have experiences in business or industrial field related to the Company's business accordingly.

- 5.1.2 The Board of Directors has also defined its structure to be comprised of directors with diversified qualifications. They are experts who possess knowledge, capabilities, experiences, leadership skills, integrity, and morality including being accepted generally. Their knowledge and skills include industrial knowledge, finance, management, international trade, strategy, crisis management, Corporate Governance and others that are in line with and beneficial to the Company's operation. Meanwhile, the independent director's qualification regarding shareholding proportion is defined to be more stringent than requirement of the Securities and Exchange Commission as per shown in clause 3. nomination and appointment of director and high-level executive.
- 5.1.3 To enhance the balance of power, the Chairman of the Board shall be independent director, who is not the same person serving as the Managing Director and shall not have any relation with the Management.
- 5.1.4 Duties and responsibilities of the Board of Directors and the Management of the Company are segregated from each other, which are defined in written explicitly.
- 5.1.5 The directors hold the term of office as stipulated in the Company's Articles of Association, which reads "At each annual general meeting of shareholders, 1/3 of the directors must retire from office. The directors who have been the longest in office shall retire first." Nonetheless, number of years of independent directors' term of office and number of consecutive terms for directors are not defined due to an inadequacy of person who has knowledge and experience relevant to the Company's business.

- 5.1.6 The Board of Directors is well aware of its role, therefore; in compliance with policy, each member of the Board is able to perform as director for not more than 5 of listed companies. In the meantime, besides of the Company's subsidiaries and associates companies, the Company's Managing Director is able to take position of director or managing director for another companies if and only of being approved by the Company's Board of Directors.
- 5.1.7 The Company's Assistant Director of the Corporate Secretary & Social Affairs Office is legal expert who has taken corporate secretary training course and other relevant courses.
- 5.1.8 The Company imposes policy regarding its directors or employees appointment to be directors or executives of its subsidiaries. The company also arranges monitoring system and operating direction for its subsidiaries to ensure that the Company is able to oversee its subsidiaries' performances efficiently. Furthermore, the Company has established committees to assist on studying projects in details and screening tasks to enhance the Board of Directors' work efficiency and ensure its transparency. Detail of the said committees is shown in clause 2: Subcommittees.

5.2 Role, Duties and Responsibilities of the Board of Directors

- 5.2.1 The Board of Director's key role is to perform duties and responsibilities with integrity and accountability in compliance with laws, objectives and the Company's Articles of Association including resolutions of the shareholders' meeting to ensure the Company's benefits. Therefore, the Compliance Unit is set up accordingly. In 2016, there was neither record of illegal action nor any action against the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 5.2.2 The Board of Directors shall consider and review the Company's vision and mission in every 5 years including giving consents for important matters regarding the Company's operation such as vision, mission, strategy, financial goal, budget, and charters of committees, etc. Moreover, the Board of Directors shall oversee the Management's compliance on policies and plans including setting up monitoring system, improving, assessing and comparing operation results with predetermined plans and budgets including monitoring operation in strategic plan in every 6 months to ensure and increase highest value to the Company.
- 5.2.3 The Company explicitly segregates roles, duties and responsibilities of the Board of Directors and the Management from each other in terms of their structure and operating aspects. With this regard, scope and delegation of authority of the Management is clearly defined in written. Meanwhile, the Company has communicated such roles, duties and responsibilities to relevant persons regularly.
- 5.2.4 The Board of Directors shall initiates and takes part in arrangement and approval for the Corporate Governance and Anti-Corruption policy and Code of Conduct in order to ensure adherence of directors, the management and employees on operating guidelines. Corporate Governance policy and Code of Conduct are publicized throughout organization for acknowledgement as well as disseminated in the Company's website.
- 5.2.5 The Company has stipulated Code of Conduct with detail as follows:
- Business ethics.
 - Business ethics for stakeholders, for example; shareholders, employees, customers, trade partners, creditors, trade competitors and social & environment including ethic for business partners such as trade partners, seller and distributors of the Company.
 - Ethics of the Company's directors.
 - Employees' ethics, for example; conflict of interest, confidential maintenance, procurement process, use of insider information, anti-fraud and corruption, intellectual property and usage of information technology, etc.

- Compliance monitoring and disciplines

The Company has promoted Code of Conduct Compliance as well as stipulates monitoring system for tangible compliance, for example, on line safe-assessment arrangement on yearly basis for all executives and employees.

- 5.2.6 The Company prepares Good Corporate Governance Training in every year including regularly providing knowledge on Good Corporate Governance and Code of Conduct to its executives and employees via its internal journal since 2013.
- 5.2.7 The Board of Directors explicitly stipulates Conflict of Interest policy in the Company's Code of Conduct. Moreover, procedures, rules and regulations regarding conflict of interest and connected transaction are defined in compliance with regulations of the SEC. In case any matter must be approved by the Board of Directors and /or shareholders' meeting, such matter will be firstly reviewed and screened and given comments by the Audit Committee accordingly. Nonetheless, in case the Board of Directors' opinion is different from the Audit Committee's opinion, the Company shall disclose their different opinions as well. With this regard, The Company's directors who has stake on matter in any agenda, will has no right to vote on it.
- 5.2.8 The Company has disclosed information regarding its connected transactions with persons who may have conflicts in year 2016. The Board of Directors commented that all connected transactions were reasonable and beneficial to the Company's business as well as being compliance to the regulations of the SEC as per shown in topic "the Connected Transaction".
- 5.2.9 The Company possesses adequate and appropriate internal control system including sufficient workforce to effectively conduct its internal control. Meanwhile, the Company has monitored, overseen its subsidiaries performances to ensure that they are able to protect assets from wrongful actions of their directors and executives. There was no report of wrongful action and deficiency of the internal control system in substantial. Its detail is summarized and shown in the topic "Summary on Internal Control System, Year 2016".
- 5.2.10 The Board of Directors stipulates risk management and has it applied throughout the whole organization to ensure that the Company will accomplish its objectives as mentioned in its strategic plan. The Risk Management and Strategic Plan Office are responsible for monitoring risk management implementations of every department as well as assess on strategic objectives accomplishment in yearly basis. In addition, the Company has set trigger points as early warning and has relevant persons to define corrective measures to improve operation results as a precaution against severe crisis. With this regard, the Risk Management shall consider and summarize risk management operating results while the Audit Committee shall review such summarization and have it reported to the Board of Directors in quarterly basis.
- 5.2.11 The Internal Audit Unit is responsible for assessing on efficiency of the internal control system and risk management including providing reliability and just advices independently to enhance value-added and improve the Company's operation. The Internal Audit Unit shall also prepare auditing report for the Audit Committee and management report for the Managing Director. In addition, the Board of Directors and the Audit Committee shall review adequacy of internal control assessment and risk management together with providing their comments on such matters in every year.
- 5.2.12 To ensure correctness and appropriateness of risk indicators as well as to systemize risk management, the Internal Audit Unit shall review risk indicators or risk factors, which may impact on objectives and risk management guidelines provided to operatives. Meanwhile, the Internal Audit Unit shall also report risks to relevant persons in timely manner including continually reviewing risks in quarterly basis.

5.3 Authority of the Board of Director

The Board of Director is authorized to stipulate policies as well to give approval on the Company's business issues in accordance with its scope of duties that specified by laws, the Company's regulations and the Shareholders Meeting's resolutions. The Board of Director's duties include stipulation and review of vision, operating strategies, annual budget plans and business operating plans. Moreover, the Board of Director shall monitor and assess the Company's operating performance to ensure its consistency with predetermined plans including supervising on capital expenditure, merger, demerger and joint venture, etc.

5.4 The Board of Directors Meeting

5.4.1 The Board of Directors announces the Board Meeting's schedule in advance for 1 entire year, to the directors. The meeting is at least 5 sessions a year, which is proper to the responsibilities of the Company's directors and its business. Nonetheless, special session meeting allowed to be convened as deemed necessary. The Executive Chairman together with the Managing Director shall determine agenda whereas all board members are entitled to propose agenda items independently. In year 2016, the Company arranged the Board of Directors' meeting for 5 sessions and each director attended meeting regularly for 96.92% of the whole number of meeting sessions.

Detail of meeting attendances of the Board of Directors and Committees is shown in the topic "the Board of Directors".

5.4.2 The Company submits meeting invitation notice with complete and adequate attached documents for each agenda to directors for at least 5 working days in advance to ensure their sufficiency of time for studying all details prior to the meeting.

5.4.3 Decision of the Board of Directors meeting is reached by a majority of the votes. Each director has 1 vote, with the exception that any director, who has stake on any matter, is not entitled to vote for such matter. In the event of a tie of vote, the Chairman shall give a casting vote. Moreover, the Company has stipulated a quorum for a Board meeting whereby not less than two third of the total numbers of director must attend the meeting.

5.4.4 In each meeting, the Chairman allots sufficient time for the Management to propose issues and directors to circumspectly and thoroughly discuss on the issues. The Executive Chairman also encourages the meeting to exercise discretion carefully. Moreover, the Board of Directors allows the Managing Director to invite the Executives, who are relevant to proposed issues, to attend the meeting for clarifying and providing additional information. In addition, directors can require for more information from the Corporate Secretary. In case of necessary, the Board of Directors may allow the Company to propose opinions from external advisors or experts.

5.4.5 The Company secretary shall prepare meeting minutes with complete and accurate details such as names of directors who attend and who are absent from the meeting as well as substantial summarization of issues discussion and opinions of each director including resolutions of the Board of Directors. All details are to be clear for shareholders' inspection as required by laws. The Company also provides good system for meeting minutes filing and maintenance as well.

5.5 The Chairman of the Board of Directors and the Managing Director

The Executive Chairman and the Managing Director must be persons who are knowledgeable, capable and possess appropriate experiences and qualifications. They shall not be the same person whereby their administrative supervisions and operating roles are separated from each other in order to ensure balance and business operating review. Meanwhile, the Chairman of the Board is independent director whose duties are as follows:

1. To call for the Board of Directors Meeting and supervise deliverance of meeting invitation notice including documents to ensure that the Board's members shall receive adequate information in timely manner.
2. To perform as Chairman in the Board of Directors Meeting, supervise the meeting to be conducted in accordance with predetermined agendas, laws and the Company's Articles of Association as well as allots appropriate time for meeting.
3. To perform as Chairman in the Shareholders' Meeting, supervise the meeting to be conducted in accordance with predetermined agendas, laws and the Company's Articles of Association.
4. To perform specific duties of the Chairman of the Board of Directors as stipulated by laws.

The managing Director is Head and Leader of the Company's Executives, who is responsible for business operation and management in order achieve goals as mentioned in the Company's policies and strategic plans.

5.6 Non-Executive Directors Meeting

The Board of Directors encourages non-executive directors to meet each other as deemed necessary in order to discuss various issues being attentive without participation of the Management. In 2016, there was 1 meeting of non-executive directors without participation of the Management, in which the meeting results were notified to the Managing director.

5.7 Self-Assessment of the Board of Directors

Although the Company's Board of Directors and Board Committees have performed their duties completely, the Company provides performance assessment to continually enhance their efficiency. The performance assessment of the Board of Directors and Board Committees are divided into 2 categories including assessments for the Boards' performances and individual self-assessment. For the Remuneration Committee, the Nominating and Corporate Governance Committee and the Risk Management Committee, each committee's performance is assessed as the whole committee. Assessment criterion for the Board of Directors and Board Committees are aligned in the same direction and regularly reviewed to ensure appropriateness and consistency with self-assessment sample that introduced by the Board of Directors of the Stock Exchange of Thailand.

The Company Secretary and Committees' Secretaries will submit assessment forms to directors and then return them to the Company whereby the Company will not disclose names of assessors to ensure independency of directors. Furthermore, the Company will present assessment results to the Board of Directors and Board Committees Meetings for their mutual consideration and stipulation on performance improving measure. In 2016, assessment results of the Board of Directors and Board Committees were ranked as "very good to excellent".

Criterion in self-assessment of the Company's director include 6 main points as: 1. Qualifications of director; 2. Term of office of director; 3. Remuneration of director; 4. Meeting attendance; 5. Role, duties and responsibilities of director; and 6. Training program and other information. For assessment of the whole Boards, its criterion include 6 main points as: 1. Composition of the Board of Directors; 2. Role, duties and responsibilities of the Board of Directors; 3. Nomination of director and special director; 4. the Board of Directors meeting; 5. Shareholders meeting; and 6. Information report.

Furthermore, the Company regularly arranges assessment on the Board of Directors Meeting Effectiveness after each meeting. Its results will be informed in the next meeting. Its result in overall of year 2016 was ranked as "very good to excellent".

5.8 Managing Director's Performance Assessment

The Company arranges the Managing Director Performance Assessment in yearly basis whereby the Remuneration Committee will conduct such assessment and present its results to the Board of Directors for giving consent. The summary of Managing Director's Performance Assessment is deemed confidential. Criterion

of Managing Director's Performance Assessment is divided into 3 parts as: 1. Turnover of the Company; 2. Strategic plans of the Company; and 3. Behavior and Management. The assessment results shall be considered as information used for the Managing Director's compensation adjustment, whereby its detail will be proposed to the Remuneration Committee and the Board of Directors for approval.

5.9 Remunerations

Remuneration for the Director: the Company's Remuneration Committee is responsible for considering remuneration provided to its director. The remuneration considering process is explicitly and transparently defined and approved by the Shareholders' Meeting. The remuneration for director is adjusted to be appropriate with duties and responsibilities assigned including being in the same range of the same business industry or organization with similar size. Meanwhile, it is attractive enough to maintain qualified director as required. In addition, the Company's director who is assigned to undertake more duties will receive higher remuneration as well.

Remuneration for the Managing Director: the Board of Directors shall approve for remuneration of the Managing Director consist of short-term remuneration such as bonus and long-term remuneration whereby it is firstly screened by the Remuneration Committee in accordance with contract of employment. As agreed, Key Performance Indicators (KPIs) is applied for the Managing Director Annual Assessment, which includes assessment on the Managing Director's actual performance during January to December in 3 aspects as: 1. Assessment on turnover of the Company; 2. strategic plans assessment in terms of finance, customer, business process, and learning & growth; and 3. other criterion as per approved by the Board of Directors. The Managing Director as executive director, who has stake, is not involve in assessment results consideration, but shall be informed its results by the Chairman of the Board. With this regard, the Board of Directors has disclosed the CEO Remuneration Policy in both of short-term and long- term.

Remuneration for the Management and Employees: the Company has defined remuneration for the Management and employees in accordance to principles and policy stipulated by the Board of Directors, which is in line with turnover of the Company in each year and operating performance of each executive and employee. Accordingly, their performances are assessed by Key Performance Indicators (KPIs) system. The Company discloses remuneration of directors and high-level executives in the topic "Management Structure – Remuneration for Director and Executive". Meanwhile, remuneration for employees in 2016 was Baht 467,195,387 in total.

Director and Executive Development

- 5.9.1 The Company promotes and facilitates its directors, executives and all employees by providing them training programs to ensure their improvements of performances consistently.
- 5.9.2 The Board of Directors has prepared guidelines for the "Good Corporate Governance and Anti-Corruption Policy" and Code of Conduct, which are distributed to all directors. To ensure their up-to-date, the contents are regularly improved. The Company's directors shall realize crucial measures relevant to the Board of Directors and Board of Committees including major policies and important information of the Company. Therefore, the Company's directors are capable to perform more effectively their duties and responsibilities.
- 5.9.3 The Company also organizes orientation program for new directors whereby the Managing Director and relevant Executives together with the Corporate Secretary and Investor Relations Manager will present information regarding shareholding structure, business natures, the Company's business operation, important financial information, the Corporate Group, the Board of Directors Meeting including other information.
- 5.9.4 The Company places emphasis on director training programs and seminars in order to improve all directors' knowledge and capabilities. The Company encourages its directors to take courses such as director course organized by Thai Institute of Directors (IOD). In 2016, Three directors have taken course

with IOD including Mr. Prakobkiat Ninnad attended the Role of the Nomination and Governance Committee (RNG), class 8/2016, Mr. Peratak Autadej attended in the Director Certification Program (DCP), class 218/2016 and Flight Lieutenant Montree Jumrieng attended in the Director Certification Program (DCP), class 216/2016. Moreover, there were 3 directors included Mr. Prakobkiat Ninnad, Flying Officer Chalermpon Intarawong, and Mr. Ath Hemvijitraphan who participated in seminar: “Operating Transparent Business in Asia”, which was organized by IOD. The Company also arranges internal seminars regarding anti-corruption measure for its director.

5.10 Succession Plan

The Board of Directors recognizes that human resource is key factor that enable its organizational development to achieve sustainability, especially, human resource in managing director and executive levels. Therefore, the Company promotes Successor Policy in order to undertake organizational business management systematically. To ensure capabilities of human resource in management level and corporate goal achievement, the Company defines selective process with explicit, tangible and transparent criterion, which is in consistent with the Principles of Corporate Governance and Code of Conduct.

To ensure that the Company will obtain executives who possess integrity, capabilities and readiness in every aspect to support on development of organization’s competitiveness and sustainability, the Company arranges appropriate and transparent guidelines for selective process of candidates to fill in management and high management positions that has been set in advance. The Company defines its selective process with detail as follows:

1. Managing Director

The Company shall select candidates with capabilities from both internal and external. The Board of Directors and the Executive Chairman shall consider the list of potential candidates whereby candidates shall take tests such as leadership, vision, knowledge, and management capability, which are consistent to the Core Value, including other necessary skills that are in line with the Company’s business nature.

2. Deputy Director and Director

When deputy director and director positions are going to be vacant, the Company will select competent employees from manager level in its organization with criterion as follows:

- 2.1 Evaluating competence of the candidates.
- 2.2 Arranging professional tests such as English language, capability and skill, managerial thinking, work presentation, and vision. Then, candidates will be interviewed by committee which comprises high-level executives.
- 2.3 Setting human development plan for chosen executives to ensure their preparedness for the vacant positions.
- 2.4 Upon taking position, probation period shall be specified. Upon completion of probation period, chosen executives shall be assessed by KPIs systematically.

Succession Planning is one element of Good Corporate Governance that can reduce problem regarding insufficiency of human resource for important positions. The Company shall evaluate and forecast its human resource situation periodically including seeking, preparing and developing its workforce consistently.

In addition, as the Company has committed in continuing its good corporate governance, the company has been evaluated to be excellent organization in terms of corporate governance by the Thailand Institute of Director (IDO) for 8 consecutive years.

Report of the Remuneration Committee for the Year 2016

Dear Shareholders of the Bangkok Aviation Fuel Services PLC

Current Remuneration Committee is appointed in accordance with resolution of the Board of Directors Meeting, No.1/2015, dated February 19th, 2015. The Remuneration Committee consists of 2 independent directors namely Mr. Visut Montriwat, Chairman of the Remuneration Committee, and Mr. Pachara Yutidhammadamrong, Remuneration Committee Director. Other committee members are, by position, namely M.R. Supadis Diskul, Executive Chairman, and Mr. Prakobkiat Ninnad, Managing Director. Meanwhile, Ms. Suwipa Sukcharoenchok, Finance & Accounting Director, is acting as Secretary of the Remuneration Committee.

The Remuneration Committee has performed its duties in compliance with regulations, approved by the Board of Directors. The Remuneration Committee has also provided opinions which are deemed beneficial to the Board of Directors and the Shareholder Meeting. The opinions given are to enhance efficiency of the Board of Directors and to ensure principles of good corporate governance are adhered to. In 2016, the Company arranged 3 of the Remuneration Committee Meetings, whereby all members of the Remuneration Committee had fully attended in every meeting session. Executives and relevant persons were also invited to attend such meetings. Main points in the meetings are summarized as follows:

1. **Consideration on the remuneration for the Board of Directors and Sub-Committee, taking into account the suitability and the relevance** of their duties, responsibilities and performances; as well as operating result of the Company's and overall economy. Comparison to other companies in similar size and industry that are listed in the Stock Exchange of Thailand is also taken into consideration.
2. **Consideration on the remuneration and benefits, in accordance with policy and principle that are approved by the Board of Directors, for high level executives** by evaluating their performances against target and Key Performance Indicators.
3. **Consideration on dividend payment** including interim dividend and annual dividend. Results of such consideration were proposed to the Board of Directors and/or the Shareholders Meeting for approval. The Remuneration Committee also provided opinions on duties performed in accordance with stipulated policy and regulations.
4. **Consideration on the assessment of 2016 Remuneration Committee's performance.** The results indicated that the Remuneration Committee had fully performed its duties according to criteria on appointments and roles of the Remuneration Committee. Such performance assessment included topics such as structure and qualifications, roles and responsibilities, meeting participation and functioning of committee, self-development of committee members, performance evaluation as well as rules and regulations etc.

In summary, the Remuneration Committee has committed to perform entire duties as assigned by the Board of Directors. The Remuneration Committee has upheld and enhanced the Company's operations to be in line with principles of good corporate governance and relevant laws and regulations. It has supported and promoted the Company's business growth and direction, based on Corporate Governance Transparency and Accountability, for the ultimate benefits of the Company and its shareholders.

February 7th, 2017

On behalf of the Remuneration Committee


(Mr. Visut Montriwat)

Chairman of the Remuneration Committee

Report of the Nominating and Corporate Governance Committee for the Year 2016

Dear Shareholders,

The Nominating and Corporate Governance Committee consists of 4 directors namely Mr. Aswin Kongsiri, Chairman of the Nominating and Corporate Governance Committee, M.R. Supadis Diskul, Mr. Prakobkiat Ninnad and Flight Lieutenant Montree Jumrieng, members the Nominating and Corporate Governance Committee.

In 2016, there were 4 Nominating and Corporate Governance Meetings. All subject matters regarding its execution on duties and responsibilities as stipulated in charter of the Nominating and Corporate Governance can be summarized as follows:

- Overseeing and monitoring the Company's operations to ensure their compliance with the rules and regulations of the Private Sector Collective Action Coalition against Corruption. Reviewing and providing suggestions regarding self-assessment for anti-corruption measures in order to prepare for the Private Sector Collective Action Coalition against Corruption's membership renewal.
- Considering and providing recommendations regarding business conduct to ensure its compliance with principles of good corporate governance of the Thai Institute of Directors.
- Considering, revising and improving good corporate governance policy, anti-corruption policy, code of conduct and charter of the Nominating and Corporate Governance Committee to ensure they are up to date and consistent with international standards, including laws, rules and regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission, the Capital Market Supervisory Board and the Thai Institute of Directors Association.
- Approving a good corporate governance promotion plan, which includes the company's arrangements to ensure that all executives and employees of the Company have performed their duties consistent with good corporate governance policy, anti-corruption policy and code of conduct. For example, arrangement of anti-corruption training for the Board of Directors and executives, mobile CG activity arrangements to provide knowledge regarding the code of conduct and anti-corruption manuals to employees, preparing code of conduct for business partners and seminars for trading partners, traders/sellers of the Company including self-assessment regarding compliance to code of conduct and anti-corruption manuals via online system.
- Consideration for selection and nomination directors whose terms have ended and directors who resign before the expiration of their terms. The Nominating and Corporate Governance Committee shall nominate directors by considering candidates' qualifications in terms of knowledge, capabilities, experience, visions, morality and ethics as well as other qualifications as specified by the Company. Moreover, the Nominating and Corporate Governance Committee also consider the Company's board diversity and set up a board skill matrix to specify qualifications of directors that are required. For nomination of directors as mentioned, information from the Director Pool is used as part of the process.

To ensure transparency and fairness of the Company's director nomination process and corporate governance as well as to increase stakeholders' confidence, the Nominating and Corporate Governance Committee has performed its duties and responsibilities by adhering to principles of good corporate governance.



(Mr. Aswin Kongsiri)

Chairman of the Nominating and
Corporate Governance Committee

Report of The Risk Management Committee for the Year 2016

Dear Shareholders,

The Risk Management Committee consists of 5 directors, in which its Chairman is Mr. Aswin Kongsiri (Independent Director). Other 4 directors are Mr. Pipat Purnananda (Independent Director), M.R. Supadis Diskul (Chief Executive Chairman), Mr. Prakobkiat Ninnad (Managing Director) and Mr. Ditsapong Prithaveepong (Consultant to Chief Executive Chairman) is director and also Secretary of the committee.

The Risk Management Committee had executed all duties as mentioned in The BAFS' Risk Management Charter. It has covered the risk management guideline of The Committee of Sponsoring Organizations of the Tradeway Commission - Enterprise Risk Management (COSO: ERM) which is international standard and is aligned with guideline of The Stock Exchange of Thailand.

The Risk Management Committee held regularly a meeting on a quarterly basis, totaling 4 sessions in 2016. In every session, all committee members had fully attended. In addition, management of BAFS and subsidiaries (BAFS' group) attended each session for the purpose of reporting the progress of risk management mitigation plans on the significant risk points. All meetings' subject matters can be summarized as follows:

1. **Supervised and Reviewed continuously The Risk Management Process** to ensure appropriateness and effectiveness of The Risk Management Process. The Risk Management Committee had scrutinized Risk Appetite, Risk Tolerance and Key Risk Indicators, including, Corporate Risk points at the beginning of every year. Moreover, the progress of each risk mitigation plan and status of the Key Risk Indicators had been considered quarterly to be ensured that BAFS still managed risks within its tolerance levels and able to achieve the Strategic objectives for the year of 2016.
2. **Scrutinized and Commented on the significant risk mitigation plans** to ensure cost-effectiveness and efficiency of risk mitigation plans. The Risk Management Committee had reviewed each risk mitigation plan with the management (risk owner) in the meeting. Some comments had been added on some risk mitigation plans to make it more effectiveness.
3. **Overseeing Financial Risk Management** to ensure the Company's financial target and result are met and sufficient cash flow is maintained. The Risk Management Committee had considered Financial Risk Indicators which consist of total expenditures, EBITDA and pro forma cash flow to ensure that BAFS have the ability to pay fixed expenditure and long term debt. These financial indicators and its trigger points were reported to the Risk Management Committee at its quarterly meetings.

4. **Overseeing the alignment of BAFS and subsidiaries' corporate Risk Management** to ensure business sustainability of BAFS and subsidiaries (BAFS Group). The Risk Management Committee had monitored subsidiaries' risk mitigation plans on their major business expansion projects. The management of Thai Aviation Refuelling Limited (TARCO) and Fuel Pipeline Transportation Limited (FPT) had reported the progress of these projects in the quarterly meetings. Hence the Risk Management Committee gave comments on its risk mitigation plans to make sure that the projects have run according to its plan.
5. **Reviewed the Charter of Risk Management** to ensure its appropriateness and alignment with The Corporate Governance of The Stock Exchange of Thailand (SET). It is regularly presented to the Board of Directors every year.
6. **Self-assessment of The Risk Management Committee's performance (in total):** The assessment results of 2016 showed that The Risk Management Committee had fully performed its responsibilities and duties as specified in the charter of Risk Management. The assessment topics included composition and qualification, duties and responsibilities, meetings and risk management reporting etc.
7. **Prepared the Risk Management Committee's activity report:** The Risk Management Committee had reported all resolutions of the meeting to The Audit Committee and The Board of Directors respectively on a quarterly basis.

January 19, 2017

On behalf of The Risk Management Committee



(Mr. Aswin Kongsiri)

Chairman of The Risk Management Committee

Social Responsibility



BAFS's business operations are involved interactions and engagements with internal and external parties. Its business philosophy is not concerning only with seeking benefits but includes social and environmental responsibility. Therefore, the company's stipulated business roadmap, which encompasses 3 dimensions comprising economic social and environment as well as sustainability policy for being its operational framework with details as follows:

- 1) Balancing its business operating appropriation with economic social and environment under the framework of good corporate governance by concerning to all stakeholders' benefits to ensure its sustainable growth.
- 2) Conducting its business activities throughout the supply chain in parallel with its business growth by giving heed to social and environmental dimensions including quality safety and occupational health.
- 3) Stipulating strategies for economic growth in parallel with conducting environmental friendly business.
- 4) Promoting business and social innovation creation to enhance business operating efficiency as well as creating engagements in community development to ensure its sustainable self-reliance.
- 5) Continually and transparently disclosing complete information regarding organizational sustainability in accordance with the Global Reporting Initiative's framework to public.

In addition, the company's has also separately prepared its Sustainability Report to provide information regarding results of the company and its subsidiaries' implementations on sustainable development to stakeholders. The report is prepared in accordance with the Global Reporting Initiative G4; In Accordance Core Option, which is consistent with the Sustainable Development Goals (SDGs) that stipulated by the United Nations. For more information regarding such Sustainability Report, please visit our website www.bafsthai.com.

Management Discussion and Analysis of Operating Results for the Year ended December 31, 2016



1. Report and Analysis of the Operating Results

In 2016, the operating result of the Group continues to grow steadily. The aviation fuel services volume of the two main airports, Suvarnabhumi (BKK) and Don Mueang (DMK) have a total growth rate of 7.1%(y-o-y) to 5,657 million liters while the total flights which services by BAFS grew by 8.8%(y-o-y) to 279,266 flights. In line with the growth of the tourism industry of the country. According to the data of passengers traveling through BKK and DMK of Airports of Thailand Plc. states that have a total of 91.1 million, increasing by 9.5% from 83.2 million in 2015.

Currently at BKK and DMK, the company has nine customers which are oil companies. The marketing strategies of the company are;- To be a representative of aviation fuel services provider of oil companies which has been entrusted to take care of its clients, airlines, with on time services, maintain the quality of aviation fuel to the standards and provides services with safety under the strictly emphasis on Good Corporate Governance practices. While the total multi-products fuel transportation volume of FPT in 2016 was increased by 3.1%(y-o-y) to 4,509 million liters from 4,372 million liters in 2015.

	2016	2015	Growth (y-o-y)
Aviation Refuelling Services Business :			
Aviation Fuel Volume (mil liters)	5,657	5,284	7.1%
Services Flights by BAFS only*	279,266	256,790	8.8%
Fuel Pipeline Transportation Business :			
Multi – products Fuel Volume (mil liters)	4,509	4,372	3.1%

* Note : Total Flights was data of flights that serviced by BAFS refuelling only.

Also in December 2016, the Group has established BAFS Innovation Development Co., Ltd., a subsidiary, which has objective of investment regarding to invent, research, develop, manufacture and distribute products that included to license and service in innovation and technology. The registered capital of Bt 5 million be held at 100% by the Company.

Total revenue of 2016 of the Group was Bt 3,711.5 million increased by Bt 351.8 million or 10.5% compared with Bt 3,359.7 million of 2015. The services income was of Bt 3,564.7 million increased by Bt 236.8 million or 7.1%. The Group had a Net profit attributable to Equity holders of the Company of Bt 1,097.1 million, an increase of Bt 139.4 million or 14.6% (y-o-y) from Bt 957.7 million, representing a net margin of 29.6% increased from 28.5% in 2015 and earnings per share of 1.72 baht.

Table summarized the operating results of the Group

(unit : Bt million)

	2016	2015	increase/ (decrease)	Rate of change (y-o-y)
Services income	3,564.7	3,327.9	236.8	7.1%
Other income	146.8	31.8	115.0	361.6%
Total revenues	3,711.5	3,359.7	351.8	10.5%
Costs of service	1,546.3	1,449.2	97.1	6.7%
Gross Profit	2,018.4	1,878.7	139.7	7.4%
Gross Profit Margin	56.6%	56.5%		
Administrative expenses	578.6	564.9	13.7	2.4%
Total expenses	2,124.9	2,014.1	110.8	5.5%
EBIT	1,586.6	1,345.6	241.0	17.9%
EBIT Margin	42.7%	40.1%		
Depreciation and amortization	538.0	498.0	40.0	8.0%
EBITDA	2,124.6	1,843.6	281.0	15.2%
EBITDA Margin	57.2%	54.9%		
Finance cost	(131.2)	(83.2)	48.0	57.7%
Income tax expenses	(283.1)	(263.2)	19.9	7.6%
Net Profit to Equity holders of the Company	1,097.1	957.7	139.4	14.6%
Net Profit Margin	29.6%	28.5%		
Earning Per share	1.72	1.50	0.22	14.6%

1.1 Revenue

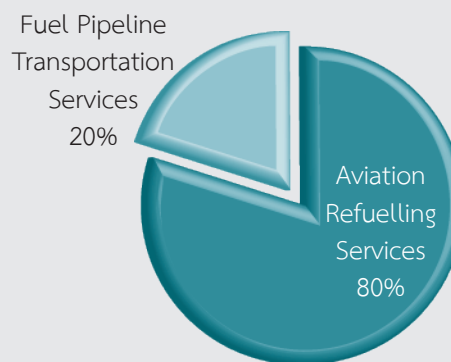
In 2016, total revenues of the Group was of Bt 3,711.5 million, an increase of Bt 351.8 million or 10.5%(y-o-y) which were comprising of :-

1.1.1 Services Income

Total services income in 2016 was of Bt 3,564.7 million, an increase of Bt 236.8 million or 7.1%(y-o-y). Caused from the total aviation fuel services volume has grown by 7.1%(y-o-y) while the total multi-products of fuel volume of FPT has grown by 3.1%(y-o-y).

For the income proportion separating by business structure in 2016 consisted of Aviation refueling services at 80% and Fuel pipeline transportation services at 20% respectively.

Services Income structure of 2016



1.1.2 Other Income

In 2016, other income was of Bt 146.8 million, an increase of Bt 115.0 million or 361.6%(y-o-y). The other income increased with significantly as a result of the Group recorded extraordinary items approximately of Bt 76.4 million which were :-

- 1) FPT received both principal and interest compensation according to the damaged in its fuel pipeline at Phayathai train station at the amount of Bt 47.0 million and
- 2) The Group had income from the reversal of the provision at Bt 29.4 million from the company's subsidiary relocated its fuel pipeline at Bang Sue train station.

1.2 Expenses

1.2.1 Cost of services

In 2016, Cost of services was of Bt 1,546.3 million, an increase of Bt 97.1 million or 6.7%(y-o-y) in 2015 which mainly due to the increase of depreciation and amortization, direct labor cost and Airport concession fee for Aviation refuelling services business. The gross profit margin was at 56.6% which closely to 56.5% of 2015.

1.2.2 Administrative Expenses

In 2016, administrative expenses was of Bt 578.6 million, increasing by Bt 13.7 million or 2.4%(y-o-y) which mainly was caused by the increase in depreciation and amortization expenses.

Total expenses, Cost of services and the administrative expenses, was totaled Bt 2,124.9 million, an increase of Bt 110.8 million or 5.5%(y-o-y) which mainly due to the increase in depreciation and amortization, which totaled Bt 538.0 million, increased by Bt 40.0 million or 8.0%(y-o-y). While the personnel expenses was totaled Bt 741.9 million, increased by Bt 21.4 million or 3.0%(y-o-y), the airport

concession and refueling fee was totaled Bt 250.4 million, increased by Bt 12.2 million or 5.1%(y-o-y) and rental expenses from operating lease agreements were totaled Bt 103.7 million, increased by Bt 11.9 million or 13.0%(y-o-y).

Due to the total Cost of services and Administrative expenses has a rate of incremental lower than the increasing rate of the total revenue, then profit from operations before finances cost and taxes (EBIT) was amounted to Bt 1,586.6 million, an increase of Bt 241.0 million, or 17.9%(y-o-y). Representing operating profit margin before finances expense and income taxes (EBIT margin) at 42.7% which was higher than 40.1% of 2015. Resulted the EBITDA was totaled Bt 2,124.6 million, an increase of Bt 281.0 million or 15.2%(y-o-y) and EBITDA margin was at 57.2% which was higher than 54.9% of 2015.

1.2.3 Finances Cost

Due to the Company has already draw down a long-term loan at the amount of Bt 2,250 million for the capital increase in FPT, while FPT has not yet draw down the approval of Bt 4,600 million loan which has objective of investment in the Northern Multi-Products Fuel Pipeline project. As a result, the financial expenses of 2016 rose to Bt 131.2 million, increased by Bt 48.0 million or compared to 57.7% in 2015 (y-o-y).

1.3 Operating Results

Net profit attributable to the Equity of the Company in 2016 was amounted to Bt 1,097.1 million, an increase of Bt 139.4 million or 14.6%(y-o-y) from Bt 957.7 million, representing an Bt 1.72 earnings per share. Which by approximately of 84% of the Net profit was derived from Aviation refuelling services business and around 16% was derived from Fuel pipeline transportation business. Thanks for the growing steadily of Thailand tourism industry while the company can control the growth rate of its total expenses which were lower than the growth rate of its services income then the performance of the Group has strengthened. As a result, net profit margin in 2016 increased to 29.6% compared to 28.5% in 2015.

2. Report and Analysis of Financial Status

2.1 Assets

As at December 31, 2016 the Group had total assets in the amount of Bt 12,157.8 million, increased by Bt 3,617.3 million or 42.4% from December 31, 2015. The important details of cash flow were as follows:

2.1.1 Cash and cash equivalent of Bt 4,148.2 million which cash flow summarized for 2016 were below;

- The Group's net cash from operation was of Bt 1,604.5 million, increased by Bt 82.8 million or 5.4%(y-o-y)
- Cash from investment activities was of Bt 1,215.1 million, increased by Bt 746.1 million or 159.1%(y-o-y) which around Bt 910.9 million was invested in property, leasehold improvement and equipment about the investment and improvement in refueling trucks, investment in expansion of High-pressure aviation fuel pipelines system for BKK-Phase II expansion (TARCO's project) and investment in expansion of the Northern Multi-Products Fuel Pipeline project (FPT's project)

- Net cash received from financing activities was of Bt 2,469.2 million, increased by Bt 3,269.8 million or 408.4%(y-o-y). These included cash received from divested in FPT at Bt 690.3 million, long-term loans drawdown totaling to Bt 2,332.9 million for a capital increase in FPT and investment in the expansion of High-pressure aviation fuel pipelines system of TARCO at BKK-Phase II, cash received from the issuance new shares of FPT of Bt 850.0 million and there was also dividend payment to shareholders of Bt 860.6 million.

2.1.2 Property, leasehold improvement and equipment at December 31, 2016 was of Bt 4,819.9 million, increased by Bt 490.4 million or 11.1%(y-o-y)

2.1.3 Project costs under concession agreements was of Bt 1,772.9 million which comprise of Into-plane substation project of Bt 110.4 million, Hydrant equipment of Bt 1,123.2 million, Concession of a subsidiary of Bt 505.3 million and Right to use leased land related to concession agreement of Bt 34.1 million.

2.2 Liabilities

As at December 31, 2016, the Group had total liabilities of Bt 4,786.6 million, increased by Bt 1,910.3 million or 66.4% from December 31, 2015. The total debts to total equity ratio was of 0.65:1 time and the Interest bearing debts to total equity ratio was of 0.47:1 time. The liabilities comprised of major items which as follows;

2.2.1 Account payable and others account payable was of Bt 219.6 million

2.2.2 Long term loan from banks, which are due within one year, was of Bt 487.4 million which were belonged to BAFS at the amount of Bt 337.0 million and belonged to TARCO and FPT at the amount of Bt 110.0 million and Bt 40.4 million respectively

2.2.3 Long-term loans from banks were Bt 2,934.4 million, increased by Bt 1,845.5 million from December 31, 2015 or 169.5%. These comprise of;

BAFS

- Long term loan from KBANK was of Bt 44.4 million due on August 31, 2018 which was semi-annual, principal repayment: Baht 22.2 million/period (the last repayment will be made for remaining principal) at rate of THBFIX 6-month plus percent per annum of fixed rate and Company made an interest rate hedging agreement at the percent of fixed rate per annum
- Long term loan from BBL was of Bt 166.8 million due on December 31, 2018 which was quarterly, principal repayment: Baht 41.9 million/period (the last repayment will be made for remaining principal) at rate of 3-month fixed deposit rate plus percent of fixed rate per annum
- Long term loan from TBANK was of Bt 45.0 million due on November 28, 2018 which was every 3 months, principal repayment: Baht 6.25 million/period (the last repayment will be made for remaining principal) at rate of MLR minus percent of fixed rate per annum
- Long term loan from BBL was of Bt 125.0 million due on September 30, 2019 which was quarterly, principal repayment: Baht 25.0 million/period (the last repayment will be made for remaining principal) at rate of MLR minus percent of fixed rate per annum



- Long-term loans from TMB was of Bt 2,250 million due on April 30, 2026 with 3 years grace period and quarterly, principal repayment: Baht 80.4 million/period (the last repayment will be made for remaining principal) at a fixed rate per annum

FPT

- Long term loan from BBL was of Bt 4.0 million due on May 31, 2020 which was quarterly, principal repayment: Baht 3.5 million/period at the rate of MLR minus percent of fixed rate per annum
- Long term loan from BBL was of Bt 168.05 million for the investment in the 3 Diesel Fuel Tanks project at DMK depot. The loan will be due on May 31, 2024 which was monthly principal repayment at Baht 2.2 million at the rate of MLR minus percent of fixed rate per annum

TARCO

- Long term loan from TMB was of Bt 131.1 million, which TARCO had a loan agreement for Bt 550 million to invest in the Hydrant pipeline system expansion project Phase II at BKK. TARCO has been granted a 3-year grace period. The loan will be due on December 31, 2021 which was quarterly principal repayment at Bt 27.5 million at the rate of BIBOR 3-month plus percent of fixed rate per annum

2.2.4 Long-term debt of FPT under rehabilitation plan with Bangchak Petroleum Plc. was of Bt 15.6 million.

2.2.5 The Employee benefit obligations was of Bt 889.2 million according to Labor Protection Laws as TAS no.19 on employee benefits.

2.3 Shareholders' Equity

As at December 31, 2016, total shareholders' equity was of Bt 7,371.2 million, increased from December 31, 2015 by Bt 1,707.0 million or 30.1% which Bt 6,056.7 million was Equity attributable to owners of the Company, increased by Bt 646.6 million or 12.0% from 2015.

Report on the Board of Director's Responsibilities towards the Annual Financial Statements 2016

The Board of Directors is accountable for the Company and its subsidiaries' consolidated financial statements and separate financial statements including financial information disclosed in the Annual Report. The Board of Directors also imposes appropriate accounting policy with discretion and reasonable estimate as well as conforms to financial reporting standards while having them applied regularly for financial statements preparation. The financial information disclosure in Notes to financial statements must be adequate with accurate and transparent accounting information in order to be beneficial to the shareholders and investors in general.

The Board of Directors also imposes appropriate corporate governance as well as retains risk management system, internal control system and internal audit to ensure accounting information's accuracy and integrity whereby adequate material facts must be disclosed in a timely manner to retain assets and prevent significant fraud or wrongdoing.

The Board of Directors appoints the Audit Committee including independent directors who are experienced and qualified as required by the office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) to oversee and review auditing and ensure accuracy and adequacy of the Company's financial reporting information including appropriateness and effectiveness of the Company's internal control system, internal audit and risk management. Moreover, the Audit Committee shall review compliances on laws governing securities and stock exchange, regulations of the Stock Exchange of Thailand and other laws relevant to the Company's business, obligations and the Company's anti-corruption measures. The Audit Committee also assures that the Company's assets are maintained appropriately while connected transactions or transactions, which may cause conflicts of interests, are proceeded in accordance with laws and regulations of the Stock Exchange of Thailand. Additionally, the Audit Committee shall propose independent person for being the Company's auditor together with detail of auditor's fee. The Audit Committee's opinions appear in the Report of the Audit Committee which is disclosed in the Company's Annual Report.

The Board of Directors agreed with the Audit Committee's opinion that the consolidated financial statements of the Company and its subsidiaries as well as the financial statements of the Company are accurate in all material respect in accordance with the generally accepted accounting principles.



(Mr. Palakorn Suwanrath)

Chairman of the Board of Directors



(Mr. Prakobkiat Ninnad)

Managing Director

Independent Auditor's Report

To the Shareholders of Bangkok Aviation Fuel Services Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Bangkok Aviation Fuel Services 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 Bangkok Aviation Fuel Services Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bangkok Aviation Fuel Services Public Company Limited and its subsidiaries and of Bangkok Aviation Fuel Services 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 of 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

Service income is a significant account of the Company and its subsidiaries because the amount recorded in the account directly affects the annual profit and loss of the Company and its subsidiaries. Therefore, I have focused on the amount and timing of revenue recognition of the Company and its subsidiaries.

I have examined the revenue recognition of the Company and its subsidiaries by assessing and testing the Company and its subsidiaries' internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls, and with special consideration given to expanding the scope of the testing of the internal controls which respond to the risks related to an amount and timing of revenue recognition, applying a sampling method to select service agreements to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Company and its subsidiaries' policy. In addition, on a sampling basis, I have examined supporting documents for actual service transactions occurring during the year and near the end of the accounting period, reviewed credit notes that the Company and its subsidiaries issued after the period-end and performed analytical procedures on disaggregated data to detect possible irregularities in service transactions throughout the period, particularly for accounting entries made through journal vouchers.

Investment in subsidiaries

As discussed in Note 10 to the financial statements, during the year the Company sold an investment in a subsidiary, which reduced the Company's shareholding in this company from 91.55% to 75%. The Company applied the weighted average method to calculate cost of investment and recorded a gain on the sale of the investment in subsidiary of Baht 557 million in profit or loss in the separate financial statements. As the sale of this investment did not result in the Company losing control of the subsidiary, the Company recognised the difference between the adjusted amount of the non-controlling interests of the subsidiary and the fair value of the consideration received, net of income tax, which totaled Baht 410 million, directly in shareholders' equity of the Company in the consolidated financial statements. I have focused on the sale of such investment because the transaction is material to the financial statements.

I reviewed the terms and conditions of the divestiture agreement and inquired with the management regarding the purpose of the sale and checked the fair value of the consideration received to the selling price stipulated in the divestiture agreement. I also tested the calculation of investment cost and the gain recorded on the sale of investment in subsidiary in profit or loss in the separate financial statements. Moreover, I reviewed the control the Company has over the subsidiary after the sale of such investment. I also tested the calculation of the adjusted amount of the non-controlling interests of the subsidiary, and the difference between the adjusted amount of non-controlling interests of the subsidiary and the fair value of the consideration received net of income tax, which recognised in shareholders' equity of the Company in the consolidated financial statements. Moreover, I reviewed the disclosure of information related to the sale of such investment in the note to financial statements.

Provision for long-term employee benefits

The Company and its subsidiaries recorded provisions for long-term employee benefits totaling Baht 889 million and Baht 765 million in the consolidated financial statements and the separate financial statements, respectively, which are significant amounts. Moreover, in determining the provision for long-term employee benefits, the Company and its subsidiaries' management had to exercise judgement with respect to the key assumptions. There is thus a risk with respect to the provision for long-term employee benefits.

I gained an understanding of the defined benefit plans and other long-term employee benefit plans, as well as management's process with respect to the calculation of the obligation under these plans. I assessed the key actuarial assumptions by comparing those assumptions with information derived from both internal and external sources of the Company and its subsidiaries, randomly tested the employee data and the calculation of the obligation under the projected unit credit method, and I also assessed the competence and independence of the independent actuary. Moreover, I reviewed the disclosure of provision for long-term employee benefits in the note to the financial statements.

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. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

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.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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 Miss Thipawan Nananuwat



Thipawan Nananuwat

Certified Public Accountant (Thailand) No. 3459

EY Office Limited

Bangkok: 22 February 2017

Statements of financial position

Bangkok Aviation Fuel Services Public Company Limited and its subsidiaries

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2016	As at 31 December 2015	As at 31 December 2016	As at 31 December 2015
Assets					
Current assets					
Cash and cash equivalents	7	4,148,228,506	1,289,604,137	767,345,195	589,808,262
Current investments	8	215,297,115	211,730,223	207,958,917	205,588,749
Trade and other receivables	9	357,847,266	341,414,349	290,561,667	277,016,386
Inventories		32,496,278	27,790,607	16,623,344	13,743,213
Current portion of long-term loan to and receivable from related party	6	-	-	71,579,927	71,579,927
Other current assets		83,474,008	67,446,388	41,512,986	44,013,553
Total current assets		4,837,343,173	1,937,985,704	1,395,582,036	1,201,750,090
Non-current assets					
Restricted bank deposits	18	10,287,025	11,348,390	-	-
Long-term investment		1,991,436	1,989,046	-	-
Investments in subsidiaries	10	-	-	4,393,102,189	1,974,239,237
Long-term loan to and receivable from related party, net of current portion	6	-	-	292,276,892	363,856,819
Investment properties	11	47,953,340	47,953,340	47,953,340	47,953,340
Property, leasehold improvement and equipment	12	4,891,914,102	4,401,531,155	2,597,557,847	2,620,459,027
Project costs under concession agreements	13	1,772,934,341	1,870,093,678	144,422,149	159,074,567
Right to use assets under lease agreements	14	38,750,790	42,437,318	-	-
Intangible assets	15	30,855,113	38,614,604	26,296,425	34,400,075
Deferred tax assets	25	177,326,362	177,680,712	155,500,458	150,043,854
Advance Payment for construction		339,544,800	-	398,603	-
Other non-current assets		8,946,387	10,910,694	7,349,183	9,554,424
Total non-current assets		7,320,503,696	6,602,558,937	7,664,857,086	5,359,581,343
Total assets		12,157,846,869	8,540,544,641	9,060,439,122	6,561,331,433

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

Statements of financial position (continued)

Bangkok Aviation Fuel Services Public Company Limited and its subsidiaries

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	As at 31 December 2016	As at 31 December 2015	As at 31 December 2016	As at 31 December 2015
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	16	219,636,102	163,066,464	173,901,391	159,611,081
Current portion of liabilities under finance lease agreement	17	14,400,620	16,262,624	27,912,373	21,823,569
Current portion of long-term loans	18	487,444,460	377,444,460	337,044,460	337,044,460
Current portion of long-term liabilities under rehabilitation plan	19	4,313,620	4,602,768	-	-
Current portion of provision for land leased related to concession agreement	20	3,371,103	3,195,571	3,371,103	3,195,571
Corporate income tax payable		62,076,470	79,055,831	15,936,030	36,176,838
Other current liabilities		63,702,237	57,045,515	43,573,450	46,790,955
Total current liabilities		854,944,612	700,673,233	601,738,807	604,642,474
Non-current liabilities					
Liabilities under finance lease agreement, net of current portion	17	9,750,329	16,418,495	108,272,315	82,670,003
Long-term loans, net of current portion	18	2,934,366,313	1,088,915,502	2,631,244,334	718,288,794
Long-term liabilities under rehabilitation plan, net of current portion	19	15,579,990	20,606,380	-	-
Provision for land leased related to concession agreement, net of current portion	20	45,121,571	48,492,674	45,121,571	48,492,674
Provision for long-term employee benefits	21	889,237,810	879,101,918	765,404,604	736,671,601
Provision	30.4	-	85,630,000	-	-
Other non-current liabilities		37,647,400	36,507,763	3,093,950	18,158,372
Total non-current liabilities		3,931,703,413	2,175,672,732	3,553,136,774	1,604,281,444
Total liabilities		4,786,648,025	2,876,345,965	4,154,875,581	2,208,923,918

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

Statements of financial position (continued)

Bangkok Aviation Fuel Services Public Company Limited and its subsidiaries

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2016	As at 31 December 2015	As at 31 December 2016	As at 31 December 2015
Shareholders' equity					
Share capital					
Registered					
637,496,657 ordinary shares of Baht 1 each		637,496,657	637,496,657	637,496,657	637,496,657
Issued and fully paid up					
637,496,153 ordinary shares of Baht 1 each		637,496,153	637,496,153	637,496,153	637,496,153
Share premium		434,975,000	434,975,000	434,975,000	434,975,000
Difference resulting from change in interest in subsidiary without loss of control	10	410,076,849	-	-	-
Retained earnings					
Appropriated - statutory reserve	22	63,749,666	63,749,666	63,749,666	63,749,666
- other reserve		1,664,527,949	1,493,759,681	1,664,527,949	1,493,759,681
Unappropriated		2,845,863,155	2,780,132,201	2,104,814,773	1,722,427,015
Equity attributable to owners of the Company		6,056,688,772	5,410,112,701	4,905,563,541	4,352,407,515
Non-controlling interests of the subsidiaries		1,314,510,072	254,085,975	-	-
Total shareholders' equity		7,371,198,844	5,664,198,676	4,905,563,541	4,352,407,515
Total liabilities and shareholders' equity		12,157,846,869	8,540,544,641	9,060,439,122	6,561,331,433

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

Statement of comprehensive income

Bangkok Aviation Fuel Services Public Company Limited and its subsidiaries

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit or loss					
Revenue					
Service income		3,564,693,443	3,327,863,584	2,242,581,300	2,062,757,772
Dividend income	10	-	-	284,131,725	254,645,327
Gain on disposal of investment in subsidiary	10	-	-	556,640,146	-
Other income	23	146,831,149	31,777,435	124,846,786	111,915,670
Total revenues		3,711,524,592	3,359,641,019	3,208,199,957	2,429,318,769
Expenses					
Cost of services		1,546,332,053	1,449,179,288	1,034,547,051	965,520,457
Administrative expenses		578,554,966	564,902,275	389,470,500	380,551,340
Total expenses		2,124,887,019	2,014,081,563	1,424,017,551	1,346,071,797
Profit before finance cost and income tax expenses					
Finance cost		(131,225,342)	(83,234,803)	(111,692,107)	(77,707,638)
Profit before income tax expenses		1,455,412,231	1,262,324,653	1,672,490,299	1,005,539,334
Income tax expenses	25	(283,120,665)	(263,230,135)	(258,716,356)	(151,697,993)
Profit for the year		1,172,291,566	999,094,518	1,413,773,943	853,841,341
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent period</i>					
Actuarial losses	21	-	(87,012,869)	-	(57,497,959)
Income tax effect	25	-	17,393,829	-	11,499,592
Other comprehensive income for the year		-	(69,619,040)	-	(45,998,367)
Total comprehensive income for the year		1,172,291,566	929,475,478	1,413,773,943	807,842,974

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

Statement of comprehensive income (continued)

Bangkok Aviation Fuel Services Public Company Limited and its subsidiaries

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit attributable to:					
Equity holders of the Company		1,097,117,139	957,693,912	1,413,773,943	853,841,341
Non-controlling interests of the subsidiaries		75,174,427	41,400,606		
		<u>1,172,291,566</u>	<u>999,094,518</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		1,097,117,139	890,125,948	1,413,773,943	807,842,974
Non-controlling interests of the subsidiaries		75,174,427	39,349,530		
		<u>1,172,291,566</u>	<u>929,475,478</u>		
Basic earnings per share					
Profit attributable to equity holders of the Company	26	1.72	1.50	2.22	1.34

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

Cash flow statement

Bangkok Aviation Fuel Services 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 tax	1,455,412,231	1,262,324,653	1,672,490,299	1,005,539,334
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	538,027,948	498,019,259	285,767,833	253,655,869
Loss (gain) on disposal of equipment and intangible assets	(720,498)	3,317	521	5,236
Unrealised loss on exchange	363,988	299,139	358,564	358,959
Loss from write-off withholding tax	148,998	-	-	-
Gain on disposal of investment in subsidiary	-	-	(556,640,146)	-
Dividend income	-	-	(284,131,725)	(254,645,327)
Long-term employee benefits expenses	58,214,871	51,797,284	47,011,558	38,063,434
Income from reversal of provision	(29,368,400)	-	-	-
Income from reversal of accrued interest expenses	(839,474)	-	-	-
Interest income	(41,460,514)	(23,136,345)	(37,228,948)	(39,612,893)
Interest expenses	131,225,342	83,234,803	111,692,107	77,707,638
Income from operating activities before changes in operating assets and liabilities	2,111,004,492	1,872,542,110	1,239,320,063	1,081,072,250
Operating assets (increase) decrease				
Trade and other receivables	(16,791,481)	(34,572,531)	(13,903,845)	(24,359,231)
Inventories	(4,705,671)	272,237	(2,880,131)	1,565,722
Other current assets	(14,722,553)	2,545,101	3,634,197	941,244
Other non-current assets	1,964,307	2,233,086	2,205,241	2,289,646
Operating liabilities increase (decrease)				
Trade and other payables	56,208,815	(27,864,532)	13,878,951	(24,589,847)
Other current liabilities	6,656,677	10,600,308	(3,217,505)	7,726,020
Provision for long-term employee benefits	(71,494,531)	(40,404,774)	(37,872,179)	(39,555,024)
Provision	(56,261,600)	(14,370,000)	-	-
Other non-current liabilities	(4,774,931)	(9,100,129)	(20,978,991)	(2,080,502)
Cash flows from operating activities	2,007,083,524	1,761,880,876	1,180,185,801	1,003,010,278
Cash paid for corporate income tax	(402,585,009)	(240,166,288)	(284,413,768)	(135,477,498)
Net cash flows from operating activities	1,604,498,515	1,521,714,588	895,772,033	867,532,780

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

Cash flow statement (continued)

Bangkok Aviation Fuel Services 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				
Increase in current investment	(3,566,892)	(3,183,707)	(2,370,168)	(2,302,659)
Increase in long-term investment	(2,390)	(2,390)	-	-
Decrease in long-term loan to and receivable from related party	-	-	71,579,927	119,307,686
Decrease (increase) in restricted bank deposits	1,061,365	(1,338,371)	-	-
Interest received	40,326,571	25,843,424	36,095,319	42,316,911
Dividend income from subsidiaries	-	-	284,131,725	254,645,327
Increase in investment in subsidiaries	-	-	(2,552,522,166)	-
Advance payment for construction	(339,544,800)	-	(398,603)	-
Acquisitions of property, leasehold improvement and equipment	(910,897,897)	(482,293,698)	(183,507,483)	(246,037,588)
Acquisitions of intangible assets	(3,513,611)	(8,343,459)	(1,721,862)	(7,010,810)
Proceed from disposal of property, leasehold improvement and equipment and intangible assets	1,049,078	280,496	202,336	253,271
Net cash flows from (used in) investing activities	(1,215,088,576)	(469,037,705)	(2,348,510,975)	161,172,138
Cash flows from financing activities				
Repayment of liabilities under finance lease agreements	(15,961,688)	(16,712,050)	(31,527,923)	(26,800,467)
Cash receipt from long-term loans	2,332,895,270	115,646,245	2,250,000,000	-
Repayment of long-term loans	(377,444,460)	(357,644,460)	(337,044,460)	(337,044,460)
Repayment of long-term liabilities under rehabilitation plan	(4,476,020)	(7,122,067)	-	-
Dividend paid	(860,617,917)	(450,071,518)	(860,617,917)	(450,071,518)
Cash receipt from increase in share capital of the subsidiaries	849,977,835	-	-	-

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

Cash flow statement (continued)

Bangkok Aviation Fuel Services 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
Dividend paid to non-controlling interests of subsidiaries	(42,431,464)	(27,602,067)	-	-
Interest paid	(103,021,062)	(57,081,591)	(80,833,185)	(50,319,546)
Proceed from disposal of investments in subsidiary	690,299,360	-	690,299,360	-
Net cash flows from (used in) financing activities	2,469,219,854	(800,587,508)	1,630,275,875	(864,235,991)
Unrealised loss (gain) on exchange for cash and cash equivalents	(5,424)	59,820	-	-
Net increase in cash and cash equivalents	2,858,624,369	252,149,195	177,536,933	164,468,927
Cash and cash equivalents at beginning of year	1,289,604,137	1,037,454,942	589,808,262	425,339,335
Cash and cash equivalents at end of year	4,148,228,506	1,289,604,137	767,345,195	589,808,262
Supplemental cash flow information:				
Non-cash transactions				
Acquisitions of vehicles under finance lease agreements	8,904,655	6,468,748	58,098,665	6,468,748
Write-off vehicles with liabilities under finance lease agreement	3,182,045	1,429,932	3,014,568	1,429,932
Stock dividend	-	127,498,828	-	127,498,828

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

Statement of changes in shareholders' equity

Bangkok Aviation Fuel Services Public Company Limited and its subsidiaries

For the year ended 31 December 2016

Consolidated financial statements										(Unit: Baht)
	Equity attributable to owners of the Company						Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total	
	Issued and fully paid-up share capital	Share premium	Difference resulting from change in interest in subsidiary without loss of control	Retained earnings		Unappropriated				
				Legal reserve	Other reserve					
Balance as at 1 January 2015	509,997,325	434,975,000	-	50,999,804	1,356,087,158	2,617,998,984	4,970,058,271	242,338,512	5,212,396,783	
Profit for the year	-	-	-	-	-	957,693,912	957,693,912	41,400,606	999,094,518	
Other comprehensive income for the year	-	-	-	-	-	(67,567,964)	(67,567,964)	(2,051,076)	(69,619,040)	
Total comprehensive income for the year	-	-	-	-	-	890,125,948	890,125,948	39,349,530	929,475,478	
Dividend paid from subsidiary	-	-	-	-	-	-	-	(27,602,067)	(27,602,067)	
Dividend paid (Note 29)	-	-	-	-	-	(450,071,518)	(450,071,518)	-	(450,071,518)	
Cash dividend	-	-	-	-	-	(127,498,828)	-	-	-	
Stock dividend	127,498,828	-	-	-	-	-	-	-	-	
Other reserve	-	-	-	12,749,862	137,672,523	(150,422,385)	-	-	-	
Balance as at 31 December 2015	637,496,153	434,975,000	-	63,749,666	1,493,759,681	2,780,132,201	5,410,112,701	254,085,975	5,664,198,676	
Balance as at 1 January 2016	637,496,153	434,975,000	-	63,749,666	1,493,759,681	2,780,132,201	5,410,112,701	254,085,975	5,664,198,676	
Fair Value of the consideration received (Note 10)	-	-	690,299,360	-	-	-	690,299,360	-	690,299,360	
The adjusted amount of non-controlling interests of the subsidiary (Note 10)	-	-	(177,703,299)	-	-	-	(177,703,299)	177,703,299	-	
Income tax effect (Note 10)	-	-	(102,519,212)	-	-	-	(102,519,212)	-	(102,519,212)	
Increase in share capital of the subsidiary	-	-	-	-	-	-	-	849,977,835	849,977,835	
Total comprehensive income for the year	-	-	-	-	-	1,097,117,139	1,097,117,139	75,174,427	1,172,291,566	
Dividend paid from subsidiary	-	-	-	-	-	-	-	(42,431,464)	(42,431,464)	
Dividend paid (Note 29)	-	-	-	-	-	(860,617,917)	(860,617,917)	-	(860,617,917)	
Other reserve	-	-	-	-	170,768,268	(170,768,268)	-	-	-	
Balance as at 31 December 2016	637,496,153	434,975,000	410,076,849	63,749,666	1,664,527,949	2,845,863,155	6,056,688,772	1,314,510,072	7,371,198,844	

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

Statement of changes in shareholders' equity (continued)

Bangkok Aviation Fuel Services Public Company Limited and its subsidiaries

For the year ended 31 December 2016

121

(Unit: Baht)

	Separate financial statements				
	Issued and fully paid-up share capital	Share premium	Retained earnings		Total
			Appropriated	Unappropriated	
			Legal reserve	Other reserve	
Balance as at 1 January 2015	509,997,325	434,975,000	50,999,804	1,356,087,158	3,994,636,059
Profit for the year	-	-	-	-	853,841,341
Other comprehensive income for the year	-	-	-	-	(45,998,367)
Total comprehensive income for the year	-	-	-	-	807,842,974
Dividend paid (Note 29)	-	-	-	-	(450,071,518)
Cash dividend	-	-	-	-	(127,498,828)
Stock dividend	127,498,828	-	-	-	-
Other reserve	-	-	12,749,862	137,672,523	-
Balance as at 31 December 2015	637,496,153	434,975,000	63,749,666	1,493,759,681	4,352,407,515
Balance as at 1 January 2016	637,496,153	434,975,000	63,749,666	1,493,759,681	4,352,407,515
Profit for the year	-	-	-	-	1,413,773,943
Dividend paid (Note 29)	-	-	-	-	(860,617,917)
Cash dividend	-	-	-	-	(170,768,268)
Other reserve	-	-	-	170,768,268	-
Balance as at 31 December 2016	637,496,153	434,975,000	63,749,666	1,664,527,949	4,905,563,541

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

Notes to consolidated financial statements

Bangkok Aviation Fuel Services Public Company Limited and its subsidiaries

For the year ended 31 December 2016

1. General information

Bangkok Aviation Fuel Services Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the aviation fuel service. The registered office of the Company is at 171/2 Kamphang Phet 6 Rd., Don Mueang, Khet Don Mueang, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions 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 Bangkok Aviation Fuel Services Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016	2015
			Percent	Percent
Intoplane Services Co., Ltd.	Intoplane service	Thailand	83.33	83.33
Thai Aviation Refuelling Co., Ltd.	Hydrant network services	Thailand	90.00	90.00
Fuel Pipeline Transportation Ltd.	Fuel pipeline transportation services	Thailand	75.00	91.55
BAFS Innovation Development Co., Ltd.	Study design research development produce and sale products.	Thailand	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, being 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 the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) 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 shareholder equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

(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 standard 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

Rendering of services

Service revenue is recognised when services have been rendered and represents the invoice value, excluding value added tax.

Interest income

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

Dividend income

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 and 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 accounts receivable

Trade accounts receivable 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

Spare parts are valued at the lower of cost (first-in, first-out method) and net realisable value and are charged to costs of service whenever consumed.

4.5 Investments

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The weighted average method is used for computation of the cost of investments.

4.6 Investment property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

No depreciation is provided for land classified as investment property.

On disposal of investment property, 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, leasehold improvement and equipment/Depreciation

Land is stated at cost. Leasehold improvement and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of leasehold improvement and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Leasehold improvement	-	5 - 20 years
Furniture, fixtures and office equipment	-	3 - 15 years

Main depot facilities	-	5 - 28 years, lease period
Hydrant equipment	-	5 - 20 years
Intoplane substation	-	5 - 20 years
Vehicle fleet and motor vehicle	-	3 - 20 years
Motor vehicles and equipment under finance lease agreements	-	lease period

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction and equipment under installation.

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

4.8 Borrowing costs

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

4.9 Projects costs under concession agreements and amortisation method

The projects costs under concession agreements are stated at cost less accumulated amortisation and allowance for loss on impairment of project costs (if any).

Amortisation of projects costs is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Hydrant equipment	-	Concession period (30 years)
Equipment, building and intoplane substation	-	Concession period (20 years)
Concession of a subsidiary	-	Concession period (30 years)
Right to use lease land related to concession agreement	-	Rental agreement period (20 years)

Amortisation is included in profit or loss.

4.10 Right to use assets under lease agreements

Right to use assets under lease agreements are carried at cost less accumulated amortisation and any accumulated impairment losses (if any).

Right to use assets under lease agreements 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 right to use assets under lease agreements may be impaired. The amortisation period and the amortisation method of such right to use assets under lease agreements are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the right to use assets under lease agreements with finite useful lives is as follows:

	<u>Useful lives</u>
Right to use leased land of subsidiary	17 years and 10 months
Subsidiary's right to use building under land lease agreement	20 years

4.11 Intangible assets

Intangible assets, which are computer software, are stated at cost less 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 on a straight-line basis over the economic useful lives of 3 to 10 years.

4.12 Related party transactions

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

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

4.13 Long-term leases

Leases of property, plant or 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 is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

4.14 Foreign currencies

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

Gains and losses on exchange are included in determining income.

4.15 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, leasehold improvement and equipment, projects costs under concession agreements, right to use assets under lease agreements and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. 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.

4.16 Provision for land lease related to concession agreement

The Company records provision for land lease related to concession agreement based on the present value of future rental payment obligations for land used in the provision of service under the concession agreement.

4.17 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 and 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 the Company and its subsidiaries' contributions 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 it 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 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 and from other long-term benefits are recognised immediately in profit and loss.

Past service costs are recognised in profit or loss on the date, the employee benefits plan is amended.

4.18 Provisions

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

4.19 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.20 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the contract periods.

Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

4.21 Fair value measurement

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

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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

5. Significant accounting judgements and estimates

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

Leases

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

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.

Property, leasehold improvement and equipment/Depreciation

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

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

Projects costs under concession agreements, right to use assets under lease agreements and intangible assets/Amortisation

In determining amortisation of projects costs under concession agreements, right to use assets under lease agreements and intangible assets, the management is required to make estimates of the useful lives and residual values of the assets and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review projects costs under concession agreements, right to use assets under lease agreements and intangible assets for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement 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.

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The management of the Company and its subsidiaries have used judgement to assess the outcome of the litigation and believes that the recorded provision is appropriate.

6. Related party transactions

During the year, the Company and its subsidiaries had significant business transactions with related parties. Such transactions 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. The Company and its subsidiaries have the following policy on pricing for its related transactions.

1. Service expenses paid to the subsidiary are based on the actual service provided and expenses incurred.
2. Rental charge for an office building from subsidiaries is based on the every year increase and every-3-year increase in the average rate of CPI by the minimum rate of 5 percent but is not exceeding 7 percent from the latest rental charge.
3. Rental charge for receiving pipeline system from subsidiaries is based on the contract price between the parties.
4. Interest on loan is charged at the rate of MLR-1.25 and 1.50 percent per annum.
5. Service income is based on the contract price between the parties.
6. Rental charge for receiving pipeline system from subsidiaries is charged at the rate of 21.50 percent of the annual income received (before discounts and relevant tax) from the transportation of the fuel, JET A-1, via the pipeline system.
7. Rental charge for receiving diesel pipeline system from subsidiaries is based on the contract price between the parties.
8. Rental charges for land is based on rental expense paid to Treasury Department and plus 5 percent of annual rental.
9. Rental charge for land and building include utilities at Suvarnabhumi aviation fuel storage station to a related company is based on the every year increase in the average rate of CPI but is not exceeding 7 percent of the latest rental charge. For Don Muang aviation fuel storage station, the contract is renewed annually at the agreed price. From 1 July 2013, the rental charge at Don Muang aviation fuel storage station is based on a fixed rate throughout the 3 years lease agreement.
10. The Company has to pay a concession fee for Into-plane service at Suvarnabhumi Airport at the rate stipulated in the agreement.
11. The subsidiary has to pay a concession fee for Hydrant network system at a rate stipulated in the agreement of the subsidiary's income before deducting expenses.
12. The Company and its subsidiaries have to pay the rental fee for land and space at a rate stipulated in the agreement.
13. The Company has to pay a concession fee for pipeline system at Don Mueang Airport. The rental charge is based on the every year increase in the rate of CPI.
14. Land rental and utility expenses paid to related company at an agreed price.
15. Lease of the refueling vehicle from a subsidiary, determined based on the contract price, is for a period of 5 years. Payment is made in equal monthly amounts, as specified in the contract.
16. Purchase of the refueling vehicle and hydrant pit cleaning truck from subsidiaries, determined based on the contract price.

Significant transactions between the Company and its subsidiaries and related parties are as follows.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2016	2015	2016	2015	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Office building and land rental income	-	-	13	10	(2) (8)
Pipeline receiving system rental income	-	-	31	36	(3) (6) (7)
Interest income	-	-	20	24	(4)
Other income	-	-	25	22	(5)
Service expenses	-	-	11	11	(1)
Finance lease of the refueling vehicle	-	-	49	-	(15)
Purchase of the refueling vehicle and hydrant pit cleaning truck	-	-	67	-	(16)
<u>Transactions with related companies</u>					
Service income	3,560	3,328	2,243	2,063	(5)
Land and certain structures rental and utilities income	11	10	11	10	(9)
Other income	7	-	5	-	(5)
Land and utilities expenses	4	4	-	-	(14)
Airport concession fee expenses - Into-plane service	238	226	238	226	(10)
Airport concession fee expenses - Hydrant network system	13	12	-	-	(11)
Space and land rental expenses	26	25	23	22	(12)
Pipeline system rental expenses	28	20	28	20	(13)

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Trade accounts receivable - related parties (Note 9)</u>				
Related companies (shareholder or common shareholder or representative director)	353,377	340,779	285,063	270,404
<u>Other receivables - related parties (Note 9)</u>				
Subsidiary companies	-	-	5,129	6,612
Related companies (shareholder or common shareholder or representative director)	397	569	370	-
Total other receivables - related parties	397	569	5,499	6,612
<u>Long-term loan to and receivable from related party</u>				
Subsidiary company				
Fuel Pipeline Transportation Limited	-	-	363,857	435,437
Less: Current portion	-	-	(71,580)	(71,580)
Long-term loan to and receivable from related party - net of current portion	-	-	292,277	363,857
<u>Trade accounts payable - related parties (Note 16)</u>				
Related companies (shareholder or common shareholder or representative director)	46,020	42,709	32,158	29,372
<u>Other payables - related parties (Note 16)</u>				
Subsidiary company	-	-	63,264	58,749
Related company (shareholder or common shareholder or representative director)	1,053	73	1,005	26
Total other payables - related parties	1,053	73	64,269	58,775

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Liabilities under finance lease agreement - related party (Note 17)</u>				
Subsidiary company				
Fuel Pipeline Transportation Limited				
Current portion of liabilities under finance lease agreement	-	-	19,516	13,223
Liabilities under finance lease agreement, net current portion	-	-	100,232	73,966
<u>Long-term liabilities under rehabilitation plan (Note 19)</u>				
Related company (shareholder)	19,894	25,209	-	-
<u>Provision for land lease related to concession agreement (Note 20)</u>				
Related company (shareholder)	48,493	51,688	48,493	51,688
<u>Other non-current liabilities</u>				
Related company (shareholder or representative director)	13,744	13,744	-	-

The movement of long-term loan to and receivable from related party during the year ended 31 December 2016 was as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 1 January 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2016
Long-term loan to and receivable				
Fuel Pipeline Transportation Limited				
Loans from debt restructuring	77,223	-	(12,694)	64,529
Loans from purchase of debts	358,214	-	(58,886)	299,328
Total	435,437	-	(71,580)	363,857
Less: current portion	(71,580)	-	-	(71,580)
Net of current portion	363,857	-	(71,580)	292,277

The loans are secured by mortgaged the multi-product pipeline system and main depot facilities of Fuel Pipeline Transportation Limited as collateral under the terms of rehabilitation plan.

Directors and management's remuneration

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	154,121	151,535	78,178	84,829
Post-employment benefits	13,186	13,517	6,881	7,537
Other long-term benefit	69	81	5	14
Total directors and managements remuneration	167,376	165,133	85,064	92,380

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash on hand	590	560	522	476
Deposit with banks and financial institutions	530,064	304,095	67,225	49,596
Bond and promissory note	3,617,574	984,949	699,598	539,736
Total cash and cash equivalents	4,148,228	1,289,604	767,345	589,808

As at 31 December 2016, bank deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.13 and 1.49 percent per annum (2015: between 0.13 and 1.49 percent per annum) (Separate financial statements: between 0.13 and 1.48 percent per annum (2015: between 0.13 and 1.46 percent per annum)).

8. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Fixed deposit	206,959	204,589	206,959	204,589
Others	8,338	7,141	1,000	1,000
Total current investments	215,297	211,730	207,959	205,589

As of 31 December 2016, the Company has fixed deposit of Baht 90 million (2015: Baht 90 million) with a bank to use for support of “The employee housing loan project” which the Company’s employees who participate in the project will have privileged on the interest rate at below the market rate. However, the Company is able to withdraw the deposit to use in its normal business operations, and then the interest rate of the employees’ loans will be adjusted to the market rate.

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade receivables				
Related parties (Note 6)	353,377	340,779	285,063	270,404
Unrelated parties	306	-	-	-
Total trade receivables	353,683	340,779	285,063	270,404
Other receivables				
Related parties (Note 6)	397	569	5,499	6,612
Unrelated parties	3,767	66	-	-
Total other receivables	4,164	635	5,499	6,612
Total trade and other receivables	357,847	341,414	290,562	277,016

All the trade receivables of the Company and its subsidiaries are within their credit terms.

10. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2016	2015	2016	2015	2016	2015	2016	2015
			(%)	(%)				
Fuel Pipeline Transportation Ltd.	3,660,664	260,664	75.00	91.55	3,155,502	739,139	48,875	36,752
Intoplane Services Co., Ltd.	120	120	83.33	83.33	100	100	-	-
Thai Aviation Refuelling Co., Ltd.	530,000	530,000	90.00	90.00	1,235,000	1,235,000	235,256	217,893
BAFS Innovation Development Co., Ltd.	2,500	-	100.00	-	2,500	-	-	-
Total investments in subsidiaries					4,393,102	1,974,239	284,131	254,645

On 17 December 2015, Board of Directors Meeting no. 5/2015 approved the sale of investment in 8,628,742 ordinary shares of a subsidiary, Fuel Pipeline Transportation Limited, to two unrelated companies at a price of 80 Baht per share, or for a total of Baht 690 million, reducing the Company's shareholding in the subsidiary from 91.55% to 75%.

The sale was completed in January 2016. The Company used the weighted average method to calculate cost of investment, which amounted to Baht 133 million, and recorded a gain on the sale of investment in subsidiary of Baht 557 million in profit or loss in the separate financial statements for the first quarter of 2016.

The sale of this investment did not result in the Company losing control of the subsidiary, the Company therefore recognised the difference between the adjusted amount of non-controlling interests of the subsidiary and the fair value of the consideration received net of income tax directly in the shareholders' equity of the Company in the consolidated financial statements, as detailed below:

	(Unit: Thousand Baht)
Fair value of the consideration received	690,299
The adjusted amount of non-controlling interests of the subsidiary	(177,703)
Net amount	512,596
Income tax effect	(102,519)
Difference resulting from change in interest in subsidiary without loss of control	410,077

On 24 February 2016, the Extraordinary General Meeting of Shareholders No. 1/2016 of the Company approved the acquisition of assets of Fuel Pipeline Transportation Limited (subsidiary), as part of the investment in the expansion of its fuel pipeline system into the Northern Region of Thailand, at a total investment cost of approximately Baht 8,000 million. Funding for this project will come from an increase of approximately Baht 3,400 million in the subsidiary's registered capital and loans from financial institutions for the remaining amount.

On 25 February 2016, the Extraordinary General Meeting No. 1/2016 of Fuel Pipeline Transportation Limited, a subsidiary, passed a resolution to approve an increase in its registered capital from Baht 260.67 million (52,133,512 ordinary shares of Baht 5 each) to Baht 3,660.67 million (732,133,512 ordinary shares of Baht 5 each). On 1 March 2016 the subsidiary registered with the Ministry of Commerce the increase of its share capital through the issuance of 680 million additional ordinary shares with a par value of Baht 5 each, for offer to its existing shareholders in proportion to their existing holdings. On 17 December 2015, a meeting of the Board of Directors of the Company passed a resolution to approve additional investment in proportion to the Company's shareholding in the subsidiary, or approximately Baht 2,550 million. On 16 May 2016, the subsidiary called up the first tranche of the share capital, which was 50% of the total additional capital, or Baht 1,275 million. In May 2016, the Company paid in additional capital in proportion to its interest, amounting to Baht 1,275 million. The subsidiary called up the second tranche of 50%, amounting to Baht 1,275 million, with the Company already paid additional capital in proportion to its shareholding, amounting to Baht 1,275 million in October 2016.

On 14 December 2016, the Company's Board of Directors Meeting No. 5/2016 passed a resolution to approve the incorporation of BAFS Innovation Development Co., Ltd., in which the Company's interest is 100 percent, with a registered capital of Baht 5 million (50,000 ordinary shares of Baht 100 each). That company called up the first tranche of the share capital, which was 50% of the total capital, or Baht 2.5 million. The Company paid in share capital in proportion to the Company's interest, amounting to Baht 2.5 million, on December 2016.

11. Investment property

The investment property is land that is located in Chiangmai Province and is presented at cost. The fair value of the land as at 31 December 2015 was Baht 51 million, determined using the market comparable method based on valuations performed by an accredited independent valuer. However, as at 31 December 2016, the Company's management assessed the fair value of land bases on the same method and found that such fair value did not differ from the value assessed in 2015. The fair value is thus based on a Level 3 input.

12. Property, leasehold improvement and equipment

137

(Unit: Thousand Baht)

	Consolidated financial statements									
	Land and land improvement	Leasehold improvement	Furniture fixtures and office equipment	Main depot facilities	Hydrant equipment	Intoplane substation	Vehicle fleet and motor vehicle	Motor vehicles and equipment under finance lease agreements	Construction in progress/ equipment under installation	Total
Cost:										
1 January 2015	160,806	10,974	277,773	6,948,694	32,817	249,224	883,300	78,080	658,890	9,300,558
Additions	80,211	-	8,339	3,539	-	-	420	6,469	389,784	488,762
Transfer in (out)	1,000	491	16,844	312,498	3,016	9,694	32,307	-	(375,850)	-
Disposals	-	-	(5,046)	(97)	-	(64)	(464)	(6,964)	-	(12,635)
31 December 2015	242,017	11,465	297,910	7,264,634	35,833	258,854	915,563	77,585	672,824	9,776,685
Additions	20,926	-	11,951	2,106	-	29	1,750	8,905	874,136	919,803
Transfer in (out)	100	5,244	12,078	416,700	3,000	1,941	156,716	-	(595,779)	-
Adjustment during year - at cost	-	-	-	-	-	-	-	-	3,279	3,279
Disposals	-	(31)	(29,836)	(3,096)	-	(581)	(2,966)	(11,379)	-	(47,889)
31 December 2016	263,043	16,678	292,103	7,680,344	38,833	260,243	1,071,063	75,111	954,460	10,651,878
Accumulated depreciation:										
1 January 2015	-	9,170	189,095	3,863,992	22,628	175,557	710,431	24,916	-	4,995,789
Depreciation for the year	-	479	26,292	305,065	871	15,044	18,900	23,661	-	390,312
Depreciation on disposals	-	-	(4,811)	(74)	-	(64)	(464)	(5,534)	-	(10,947)
31 December 2015	-	9,649	210,576	4,168,983	23,499	190,537	728,867	43,043	-	5,375,154
Depreciation for the year	-	1,748	29,157	335,559	1,086	14,104	20,868	26,697	-	429,219
Depreciation on disposals	-	(31)	(29,621)	(3,091)	-	(568)	(2,901)	(8,197)	-	(44,409)
31 December 2016	-	11,366	210,112	4,501,451	24,585	204,073	746,834	61,543	-	5,759,964
Net book value:										
31 December 2015	242,017	1,816	87,334	3,095,651	12,334	68,317	186,696	34,542	672,824	4,401,531
31 December 2016	263,043	5,312	81,991	3,178,893	14,248	56,170	324,229	13,568	954,460	4,891,914

Cost:

160,806	232,201	3,594,569	32,817	249,393	778,493	140,463	306,672	5,495,414
-	5,037	205	-	-	-	6,469	240,795	252,506
-	16,162	72,271	3,016	9,694	32,307	-	(133,450)	-
-	(4,418)	-	-	(64)	(464)	(6,964)	-	(11,910)
160,806	248,982	3,667,045	35,833	259,023	810,336	139,968	414,017	5,736,010
-	4,271	9	-	29	25	58,099	179,173	241,606
-	11,859	373,149	3,000	1,941	95,199	-	(485,148)	-
-	-	-	-	-	-	-	3,279	3,279
-	(28,293)	(2,926)	-	(580)	(2,573)	(10,542)	-	(44,914)
160,806	236,819	4,037,277	38,833	260,413	902,987	187,525	111,321	5,935,981
Accumulated depreciation:								
-	157,461	1,822,469	22,628	175,568	690,685	23,210	-	2,892,021
-	21,048	158,866	871	15,052	17,276	20,664	-	233,777
-	(4,185)	-	-	(64)	(464)	(5,534)	-	(10,247)
-	174,324	1,981,335	23,499	190,556	707,497	38,340	-	3,115,551
-	23,727	181,264	1,086	14,104	20,395	24,024	-	264,600
-	(28,140)	(2,921)	-	(568)	(2,572)	(7,527)	-	(41,728)
-	169,911	2,159,678	24,585	204,092	725,320	54,837	-	3,338,423
Net book value:								
160,806	74,658	1,685,710	12,334	68,467	102,839	101,628	414,017	2,620,459
160,806	66,908	1,877,599	14,248	56,321	177,667	132,688	111,321	2,597,558

Depreciation for the year

2015 (Baht 209 million included in cost of service and the balance in administrative expenses)

2016 (Baht 240 million included in cost of service and the balance in administrative expenses)

As at 31 December 2016, the subsidiaries had an outstanding balance of construction in progress of the main depot facilities and hydrant equipment of approximately Baht 256 million (2015: Baht 193 million). Construction of the main depot facilities and hydrant equipment has been financed with loans from financial institutions and borrowing costs totaling approximately Baht 22 million were capitalised during the year ended 31 December 2016 (2015: Baht 9 million).

As at 31 December 2016, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 1,676 million (2015: Baht 1,504 million) (Separate financial statements: Baht 1,585 million, (2015: Baht 1,427 million)).

As at 31 December 2016, the Company and its subsidiaries had vehicles and equipment under finance lease agreements with net book values amounting to Baht 14 million (2015: Baht 35 million) (Separate financial statements: Baht 133 million (2015: Baht 102 million)).

Under the lease agreement, the lessor will assume legal ownership of the equipment and buildings erected on the leased state-owned land upon termination of the agreement, which has a term of 3 years. However the Company has continually renewed the agreement and expects to be able to continue renewing it.

As at 31 December 2016, Fuel Pipeline Transportation Limited (subsidiary), has mortgaged the multi-product pipeline system and main depot facilities with net book value of Baht 500 million (2015: Baht 745 million) to secure long-term liabilities under the rehabilitation plan and mortgaged land with net book value of Baht 86 million (2015: None) to secure long-term loan.

13. Projects costs under concession agreements

(Unit: Thousand Baht)

	Consolidated financial statements					Separate financial statements		
	Equipment, building and intoplane substation	Hydrant equipment	Concession of a subsidiary	Right to use leased land related to concession agreement	Total	Equipment, building and intoplane substation	Right to use leased land related to concession agreement	Total
Cost								
As at 31 December 2015	227,548	1,707,201	768,006	69,889	2,772,644	227,548	69,889	297,437
As at 31 December 2016	227,548	1,707,201	768,006	69,889	2,772,644	227,548	69,889	297,437
Accumulated amortization								
As at 1 January 2015	94,881	470,217	211,464	28,829	805,391	94,881	28,829	123,710
Amortisation for the year	11,158	56,906	25,600	3,495	97,159	11,158	3,494	14,652
As at 31 December 2015	106,039	527,123	237,064	32,324	902,550	106,039	32,323	138,362
Amortisation for the year	11,158	56,907	25,600	3,495	97,160	11,158	3,495	14,653
As at 31 December 2016	117,197	584,030	262,664	35,819	999,710	117,197	35,818	153,015
Net book value								
As at 31 December 2015	121,509	1,180,078	530,942	37,565	1,870,094	121,509	37,566	159,075
As at 31 December 2016	110,351	1,123,171	505,342	34,070	1,772,934	110,351	34,071	144,422

Under the Into-plane Service Agreement and the Permission for Performance Agreement of the fuel hydrant network at Suvarnabhumi Airport, made with Airport of Thailand Public Company Limited by the Company and a subsidiary, Thai Aviation Refuelling Company Limited, respectively, the Company is to transfer ownership of all equipment, buildings, related fixtures and construction to the Ministry of Finance immediately upon completion of construction, and the subsidiary is to transfer the Hydrant network to the Airport of Thailand Public Company Limited within 60 days before it begins operating the service. As of 31 December 2016, transfer of ownership under the two agreements is in progress.

The Company has invested in ordinary shares of Thai Aviation Refuelling Company Limited (subsidiary), and the difference between the amount invested and the shareholders' equity of the subsidiary at the acquisition date has been recorded as "Concession of a subsidiary" and presented as "Projects costs under concession agreements" in the consolidated statement of financial position. It is amortised on a straight-line basis over a period of 30 years, which is the term of the concession of the subsidiary, from 28 September 2006 until the agreement expires.

The Company initially recorded the rights to use lease land related to concession agreement at cost, equal to the present value of future rental payment obligations for land used in the provision of service under the concession agreement.

14. Right to use assets under lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		
	Right to use leased land of subsidiary	Subsidiary's right to use building under land lease agreement	Total
Cost			
As at 31 December 2015	43,848	24,366	68,214
As at 31 December 2016	43,848	24,366	68,214
Accumulated amortisation			
As at 1 January 2015	14,937	7,160	22,097
Amortisation for the year	2,462	1,218	3,680
As at 31 December 2015	17,399	8,378	25,777
Amortisation for the year	2,468	1,218	3,686
As at 31 December 2016	19,867	9,596	29,463
Net book value			
As at 31 December 2015	26,449	15,988	42,437
As at 31 December 2016	23,981	14,770	38,751

The Company has invested in a subsidiary, and the excess of the cost of the investment over the book value of the subsidiary at the acquisition date has been recorded as "Rights to use leased land of subsidiary" and presented as an asset under the caption of "Right to use assets under leased agreements" in the consolidated statement of financial position. This is amortised by the straight-line method over 17 years and 10 months, which was the remaining term for which the subsidiary has approval from Airports of Thailand Public Company Limited to lease land outside

the fence at Suvarnabhumi Airport for provision of aviation fuel transport services and a hydrant network from the refinery plant to the Company's fuel depot. Amortisation is from 8 December 2008 until the agreement expires.

Under a land rental agreement between the Airport of Thailand Public Company Limited and a subsidiary, Thai Aviation Refuelling Company Limited, the subsidiary is to transfer ownership of all buildings and construction on the leased land to the Ministry of Finance 3 years after the date of completion of the construction (September 30, 2008). As of 31 December 2016, the subsidiary is in the process of transferring ownership in accordance with the agreement.

15. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Computer software - at cost	80,541	98,907	66,666	86,824
Less: Accumulated amortisation	(49,686)	(60,292)	(40,370)	(52,424)
Net book value	30,855	38,615	26,296	34,400

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Book value at beginning year	38,615	37,165	34,400	32,641
Acquisitions during the year	3,513	8,343	1,721	7,011
Write-off during the year - net book value	(31)	(25)	(31)	(25)
Adjustment during year - at cost	(3,279)	-	(3,279)	-
Amortisation for the year	(7,963)	(6,868)	(6,515)	(5,227)
Book value at end of year	30,855	38,615	26,296	34,400

16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade payables - related parties (Note 6)	46,020	42,709	32,158	29,372
Trade payables - unrelated parties	17,226	14,642	12,348	13,152
Other payables - related parties (Note 6)	1,053	73	64,269	58,775
Other payables - unrelated parties	87,473	70,224	42,440	34,991
Accrued expenses	67,864	35,418	22,686	23,321
Total trade and other payables	219,636	163,066	173,901	159,611

17. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements	
	2016	2015
Liabilities under finance lease agreements	25,317	34,787
Less: Deferred interest expenses	(1,166)	(2,106)
Total	24,151	32,681
Less: Portion due within one year	(14,401)	(16,263)
Liabilities under finance lease agreements, net of current portion	9,750	16,418

(Unit: Thousand Baht)

	Separate financial statements	
	2016	2015
<u>Related parties (Note 6)</u>		
Liabilities under finance lease agreement	136,887	100,227
Less: Deferred interest expenses	(17,139)	(13,038)
Total	119,748	87,189
Less: Portion due within one year	(19,516)	(13,223)
Liabilities under finance lease agreement, net of current portion	100,232	73,966
<u>Unrelated parties</u>		
Liabilities under finance lease agreement	17,296	18,274
Less : Deferred interest expenses	(860)	(969)
Total	16,436	17,305
Less : Portion due within one year	(8,396)	(8,601)
Liabilities under finance lease agreement, net of current portion	8,040	8,704
<u>Total</u>		
Current portion of liabilities under finance lease agreement	27,912	21,824
Liabilities under finance lease agreement, net of current portion	108,272	82,670

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles and equipment for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

Future minimum lease payments
Deferred interest expenses
Present value of future minimum lease payments

Consolidated financial statements		
As at 31 December 2016		
Less than 1 year	1 - 5 years	Total
15,264	10,053	25,317
(863)	(303)	(1,166)
14,401	9,750	24,151

(Unit: Thousand Baht)

Future minimum lease payments
Deferred interest expenses
Present value of future minimum lease payments

Consolidated financial statements		
As at 31 December 2015		
Less than 1 year	1 - 5 years	Total
17,703	17,084	34,787
(1,440)	(666)	(2,106)
16,263	16,418	32,681

(Unit: Thousand Baht)

Future minimum lease payments
Deferred interest expenses
Present value of future minimum lease payments

Separate financial statements		
As at 31 December 2016		
Less than 1 year	1 - 5 years	Total
35,596	118,587	154,183
(7,684)	(10,315)	(17,999)
27,912	108,272	136,184

(Unit: Thousand Baht)

Future minimum lease payments
Deferred interest expenses
Present value of future minimum lease payments

Separate financial statements		
As at 31 December 2015		
Less than 1 year	1 - 5 years	Total
27,643	90,858	118,501
(5,819)	(8,188)	(14,007)
21,824	82,670	104,494

18. Long-term loans

(Unit : Thousand Baht)

Loan	Credit line	Consolidated financial Statement		Separate financial Statement	
		2016	2015	2016	2015
<u>The Company</u>					
1	Baht 800 million	88,889	133,333	88,889	133,333
2	Part 1 - Baht 1,700 million	284,600	427,000	284,600	427,000
	Part 2 - Baht 300 million	49,800	75,000	49,800	75,000
3	Baht 220 million	70,000	95,000	70,000	95,000
4	Baht 700 million	225,000	325,000	225,000	325,000
5	Baht 2,250 million	2,250,000	-	2,250,000	-
<u>The Subsidiaries</u>					
6	Baht 550 million	241,071	158,177	-	-
7	Baht 230 million	194,450	220,850	-	-
8	Baht 90 million	18,000	32,000	-	-
Total long-term loans		3,421,810	1,466,360	2,968,289	1,055,333
Less: Current portion		(487,444)	(377,444)	(337,045)	(337,045)
Long-term loans - net from current portion		2,934,366	1,088,916	2,631,244	718,288

Loan no. 1: The principal will be paid in 16 semi-annual installments of Baht 22.22 million each, within 31 August 2018. Interest is payable semi-annually at 6-Month THBFX plus a fixed percentage per annum. The Company has entered into an agreement with a bank to hedge the interest rate risk on the full amount of the loan, whereby the Company will pay interest at a fixed rate per annum to the bank and the bank will pay interest to the Company at the 6-Month THBFX plus a fixed percentage per annum. As at 31 December 2016, the fair value of these interest rate swap contracts is approximately negative Baht 3 million. The fair value has been determined by using Level 2 input.

Loan no. 2: Facilities of Baht 1,700 million and Baht 300 million, for which principal is to be paid in 32 quarterly installments, of Baht 35.60 million and Baht 6.30 million each, respectively, within 31 December 2018. Interest is payable monthly at the 3-month fixed deposit rate plus a fixed percentage per annum.

Loan no.3: Principal is to be paid in 32 quarterly installments of Baht 6.25 million each, within 28 November 2018. Interest is payable monthly at MLR minus a fixed percentage per annum.

Loan no. 4: Principal is to be paid in 28 quarterly installments of Baht 25 million each, within 30 September 2019. Interest is payable monthly at MLR minus a fixed percentage per annum.

Loan no. 5: Facilities of Baht 2,250 million for which principal is to be paid in quarterly installments, started at 39th month since the date of the first drawdown onwards. The Company drew down the first part of the loan on 12 May 2016 and interest is payable monthly, commencing the month of the first drawdown, at fixed percentage per annum.

Loan no. 6: Principal is to be paid in quarterly installments of Baht 27.50 million each, beginning in March 2017, and the loan matures in December 2021. Interest is payable monthly at 3-month BIBOR plus a fixed percentage per annum.

Loan no. 7: Principal is to be paid in 105 monthly installments of Baht 2.20 million each, beginning in October 2015, and the loan matures in May 2024. Interest is payable monthly at MLR minus a fixed percentage per annum. The loan is secured by savings and fixed deposits of the subsidiary, which are presented under the caption “Restricted bank deposit” in the statement of financial position.

Loan no. 8: Principal is to be paid in 26 quarterly installments of Baht 3.50 million each, beginning in March 2014, and the loan matures in May 2020. Interest is payable monthly at MLR minus a fixed percentage per annum.

In addition, on 1 June 2016, a subsidiary entered into a loan agreement with a commercial bank granting 3 additional credit facilities. The first tranche of Baht 4,600 million is to be used to acquire machines and equipment and to construct a northern route pipeline expansion project, the first draw down of this tranche is to be made within December 2016. Consequently, the subsidiary has postponed the first draw down to be made within 31 March 2017. The second tranche of Baht 300 million is a facility to support the issuance of letters of guarantee for import duty and VAT. The third tranche of Baht 250 million is to be used to pay costs of construction in excess of the project budget that arose as a result of losses on exchange rate relating to foreign-currency dominated project construction cost (FX cost overrun), determined under the rates and conditions specified in the agreement. These long-term loans are secured by the mortgage of the subsidiary’s land. At present, the subsidiary has not yet drawn down the long-term credit facilities.

The loan agreements contain covenants as specified in the agreements that, among other things, require the Company and its subsidiaries to maintain certain debt to equity and debt service coverage ratios according to the agreements.

As at 31 December 2016, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 5,191 million (2015: Baht 424 million).

19. Long-term liabilities under rehabilitation plan

Movements in the long-term liabilities under rehabilitation plan account of Fuel Pipeline Transportation Limited (the subsidiary) during the year ended 31 December 2016 and 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2016	2015
Balance at beginning of year	25,209	32,331
Less: Reverse accrued interest	(839)	-
Less: Repayment of long-term liabilities during the year	(4,476)	(7,122)
Balance at end of year	19,894	25,209
Less: Current portion	(4,314)	(4,603)
Long-term liabilities under rehabilitation plan - net of current portion	15,580	20,606

The subsidiary is required to settle outstanding long-term liabilities under the rehabilitation plan principal and interest in monthly installments within a period of 10 years after the date the court approved the rehabilitation plan, with the first installment on 31 October 2012. However, if the subsidiary has excess cash, it has to use the excess cash to make early repayment of its outstanding debt.

Payments of interest on long-term liabilities under the rehabilitation plan is to be made monthly, with the first payment due in the month following the month the Central Bankruptcy Court approved the plan.

The interest rates charged on long-term liabilities under the rehabilitation plan are as summarised below.

Period	Annual interest rate
The date after the court approved the plan until 31 October 2013	MLR - 1.75%
1 November 2013 until 31 October 2016	MLR - 1.50%
1 November 2016 onwards	MLR - 1.25%

Long-term liabilities under the rehabilitation plan are secured by the mortgage of the subsidiary's multi-product pipeline system and main depot facilities. Moreover, the rehabilitation plan stipulates certain conditions which the subsidiary is required to comply.

20. Provision for land lease related to concession agreement

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the year ended 31 December	
	2016	2015
Provision for land lease related to concession agreement as at the beginning of year	51,688	54,471
Payment during year	(5,914)	(5,662)
Interest cost	2,719	2,879
Provision for land lease related to concession agreement at the end of year	48,493	51,688
Less: Current portion	(3,371)	(3,195)
Provision for land lease related to concession agreement, net of current portion	45,122	48,493

21. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensations payable to employees after they retire from the Company and its subsidiaries and other long-term employee benefits, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Provision for long-term employee benefits at the beginning of year	879,102	758,740	736,672	662,163
Included in profit or loss:				
Current service cost	58,215	49,038	47,011	38,326
Interest cost	23,416	21,957	19,594	18,502
Past service costs	-	2,942	-	-
Actuarial gain from other long-term employee benefits	-	(183)	-	(262)
Total	81,631	73,754	66,605	56,566
Included in other comprehensive income:				
Actuarial loss from post-employment benefits arising from				
Demographic assumptions changes	-	17,599	-	17,908
Financial assumptions changes	-	87,348	-	59,758
Experience adjustments	-	(17,934)	-	(20,168)
Total	-	87,013	-	57,498
Benefits paid/transfer to accrued expenses during the year	(71,495)	(40,405)	(37,872)	(39,555)
Provision for long-term employee benefits at end of year	889,238	879,102	765,405	736,672

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost of services	34,664	29,881	30,545	23,828
Administrative expenses	23,551	21,916	16,466	14,236
Finance cost	23,416	21,957	19,594	18,502
Total expenses recognised in profit or loss	81,631	73,754	66,605	56,566

The Company and its subsidiaries expect to pay Baht 41 million of long-term employee benefits during the next year (Separate financial statements: Baht 40 million) (2015: Baht 62 million, separate financial statements: Baht 28 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 8.31 - 20.69 years (Separate financial statements: 9.92 - 13.21 years) (2015: 8.31 - 20.69 years, separate financial statements: 9.92 - 13.21 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate	2.32 - 3.97	2.32 - 3.97	2.61 - 2.91	2.61 - 2.91
Future salary increase rate	7 - 8	7 - 8	7.25	7.25
Staff turnover rate	0 - 15	0 - 15	0 - 3	0 - 3

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)

	As at 31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(76)	86	(62)	71
Future salary increase rate	113	(101)	96	(87)
Staff turnover rate	(37)	15	(27)	12

(Unit: Million Baht)

	As at 31 December 2015			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(76)	87	(63)	72
Future salary increase rate	114	(102)	98	(88)
Staff turnover rate	(37)	15	(27)	13

22. 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 profit 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.

23. Other income

Other income for the year ended 31 December 2016 and 2015 are consist of significant income as below

(Unit: Thousand Baht)

	For the year ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Income from reversal of provision (Note 30.4 b)	29,368	-	-	-
Income from compensation	47,005	-	-	-
Others	70,458	31,777	124,847	111,916
Total other income	146,831	31,777	124,847	111,916

Income from compensation is income which Fuel Pipeline Transportation Limited (Subsidiary) received from a company in accordance with a judgment of the Supreme Court, because this company caused damage to fuel pipelines belonging to the subsidiary. In this regard, the Supreme Court ordered that company to pay compensation plus interest to the subsidiary totaling Baht 47 million. The subsidiary received full payment during December 2016.

24. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Salaries and wages and other employee benefits	741,906	720,524	534,069	517,747
Depreciation and amortisation	538,028	498,019	285,768	253,656
Airport concession fees	250,440	238,254	237,913	226,208
Rental expenses from operating lease agreements	103,725	91,788	50,810	41,107
Consulting services expenses	15,093	21,396	7,034	8,449

25. 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	282,816	270,568	264,222	155,885
Adjustment in respect of income tax of previous year	(49)	(84)	(49)	(84)
Deferred tax:				
Relating to origination and reversal of temporary differences	354	(7,254)	(5,457)	(4,103)
Income tax expense reported in the statement of comprehensive income	283,121	263,230	258,716	151,698

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 actuarial losses	-	(17,394)	-	(11,500)
	-	(17,394)	-	(11,500)

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accounting profit before tax	1,455,412	1,262,325	1,672,490	1,005,539
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	291,082	252,465	334,498	201,108
Adjustment in respect of income tax of previous year	(49)	(84)	(49)	(84)
Effect of preparing the consolidated financial statements	12,459	4,397	-	-
Unrecognised deferred tax on temporary difference	(19,449)	-	(19,449)	-
Effects of:				
Dividends received are excluded from taxable profit	-	-	(56,827)	(50,929)
Non-deductible expenses	6,635	12,468	1,998	2,256
Additional expense deductions allowed	(7,348)	(5,915)	(1,455)	(653)
Others	(209)	(101)	-	-
Total	(922)	6,452	(56,284)	(49,326)
Income tax expenses reported in the statement of comprehensive income	283,121	263,230	258,716	151,698

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

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	As at 31 December 2016	As at 31 December 2015	As at 31 December 2016	As at 31 December 2015
Deferred tax assets				
Provision for long-term employee benefits	177,776	175,738	153,081	147,334
Difference between right to use leased land and provision for land lease related to concession agreements	2,883	2,824	2,883	2,824
Long-term liabilities under rehabilitation plan	514	896	-	-
Provision	-	17,126	-	-
Others	16	21	-	-
Total	181,189	196,605	155,964	150,158
Deferred tax liabilities				
Deferred interest received	(464)	(114)	(464)	(114)
Surplus on revaluation of assets from acquisition of subsidiary	(3,399)	(18,810)	-	-
Total	(3,863)	(18,924)	(464)	(114)

As at 31 December 2016, the total amount of temporary differences associated with investments in subsidiary for which deferred tax liability has not been recognised, is Baht 97 million (2015: None).

26. Basic earnings per share

Basic earnings per share for the year 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.

27. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company and its subsidiaries are principally engaged in the fuel pipeline transportation services and aviation refueling service at the airport. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

Major customers

For the year ended 31 December 2016 and 2015, the Company and its subsidiaries had revenue from six major customers and five major customers, respectively. Revenue from each customer were as follows:

	(Unit: Million Baht)	
	2016	2015
Customer 1	1,214	1,107
Customer 2	625	655
Customer 3	431	421
Customer 4	386	397
Customer 5	376	350
Customer 6	372	-

28. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contribute to the fund monthly in accordance with the fund rules. The fund, which is managed by TISCO Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 44 million (2015: Baht 42 million) (Separate financial statements: Baht 31 million (2015: Baht 29 million)) were recognised as expenses.

29. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2014	Annual General Meeting of the shareholders on 22 April 2015		
- Cash dividend		290,698	0.57
- Stock dividend		127,499	0.25
Total		418,197	0.82
Interim dividends for 2015	Board of Directors' meeting on 6 August 2015		
- Cash dividend		159,374	0.25
Total for 2015		577,571	1.07
Interim dividends for 2016	Board of Directors' meeting on 17 February 2016		
- Cash dividend		159,374	0.25
Final dividends for 2015	Annual General Meeting of the shareholders on 27 April 2016		
- Cash dividend		541,870	0.85
Interim dividends for 2016	Board of Directors' meeting on 10 August 2016		
- Cash dividend		159,374	0.25
Total for 2016		860,618	1.35

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2016, the Company and subsidiaries had capital commitments of Baht 3,444.5 million and USD 25 million (2015: Baht 533 million), relating to investment in a subsidiary of Baht 2.5 million (2015: None) and construction of assets and purchase of equipment of Baht 3,442 million and USD 25 million (2015: Baht 533 million) (Separate financial statements: the Company had capital commitments of Baht 31.5 million related to investment in a subsidiary of Baht 2.5 million (2015: None) and purchase of equipment of Baht 29 million (2015: Baht 40 million)).

30.2 Commitments under various agreements

- a) The Company and its subsidiaries have entered into several lease agreements in respect of the lease of hydrant equipment, land, airport space and building and motor vehicle. The terms of the agreements are generally between 1 and 30 years. These operating lease agreements are non-cancellable agreements, under which the Company and its subsidiaries are required to comply with the certain conditions, including obligations to transfer the ownership of constructed assets to the lessors under some land lease agreements.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

(Unit: Million Baht)

	As at 31 December 2016			
	In up to 1 year	In over 1 and up to 5 years	Over 5 years	Total
Bangkok Aviation Fuel Services Public Co., Ltd.	65	33	-	98
Thai Aviation Refueling Co., Ltd.	13	3	-	16
Fuel Pipeline Transportation Ltd.	57	226	290	573
Total	135	262	290	687

(Unit: Million Baht)

	As at 31 December 2015			
	In up to 1 year	In over 1 and up to 5 years	Over 5 years	Total
Bangkok Aviation Fuel Services Public Co., Ltd.	52	51	-	103
Thai Aviation Refueling Co., Ltd.	13	3	-	16
Fuel Pipeline Transportation Ltd.	54	216	344	614
Total	119	270	344	733

- b) The Company has entered into an agreement with Airports of Thailand Public Company Limited (AOT) whereby it was granted permission to provide into-plane services at Suvarnabhumi Airport for a period of 20 years from the date the airport officially opened for service (28 September 2006). The Company is to compensate AOT at the rate stipulated in the agreement, and has to comply with certain obligations. These obligations include entering into an agreement to rent land, erect buildings and certain structures on the land and transfer ownership of such constructions to the Ministry of Finance immediately upon completion, without charge. They also include the installation of equipment and systems to be used in implementing the project and, at its own expense, maintaining such equipment and systems in good and workable condition throughout the term of the agreement.
- c) A subsidiary, Thai Aviation Refuelling Co., Ltd. has been granted approval by Airports of Thailand Public Company Limited to operate aviation fuel hydrant network services at Suvarnabhumi Airport, for a period of 30 years from the date of first operation of that company at the airport (28 September 2006). The subsidiary is obliged to comply with certain conditions, including an obligation to transfer the ownership of the hydrant refueling network including related supplies and spare parts, free of charge to Airports of Thailand Public Company Limited, and to pay a concession fee at a percentage of the subsidiary's income before deducting expenses, as stipulated in the agreement, as from the year of first operation.

30.3 Guarantees

The Company and its subsidiaries have outstanding bank guarantees as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Guarantee electricity use	10	10	3	3
Guarantees for agreements	121	97	82	63

30.4 Legal cases

- a) On 4 May 2012, the Company was summoned as the fourth defendant in a lawsuit where a state-enterprise and 3 state agencies were sued by 28 plaintiffs who alleged that they had been disturbed by the smell of fuel fumes from the aviation fuel storage station. The 27 plaintiffs claimed damages amounting Baht 300,000 each, and another plaintiff claimed damages totaling Baht 1 million, making total damages of Baht 9.10 million. In addition, each plaintiff claimed monthly damages in the amount of Baht 10,000 until there is no fuel smell from the Company's depot. The plaintiffs also asked the Company to cease the usage of the depot and storage of fuel until there is equipment for preventing and controlling the fuel smell. Afterwards, on 15 October 2012, 76 additional plaintiffs filed lawsuits, bringing the total number of plaintiffs in this case to 104, with damages totaling Baht 31.90 million. The appeal is currently under the consideration of the Administrative Court.

However, the Company's management believes that no significant losses will be incurred to the Company and the Company has therefore not recorded provision for this legal case.

- b) On 20 September 2013 a party that leases land to a subsidiary (The State Railway of Thailand) filed a civil lawsuit, seeking an order for the subsidiary to remove certain parts of a fuel pipeline from the leased land. The subsidiary filed an objection contesting the lawsuit since the subsidiary believes that such removal would be contrary to the conditions of the contract. On 26 May 2015, the Court of Appeal affirmed the judgment of the Court of First Instance, which ordered the subsidiary to remove the fuel pipeline. The subsidiary filed an appeal with the Supreme Court Later. The subsidiary and the State Railway of Thailand negotiated and entered into a memorandum of agreement. Where by the subsidiary is required to remove the fuel pipeline. The subsidiary has installed the fuel pipelines, connected it with the existing pipelines and completed the removal of the former pipelines in March 2016. The Company set aside provision of Baht 100 million in the consolidated financial statements since 15 July 2013 and the actual cost for removal of the pipelines occurred totaling Baht 71 million. The Company therefore reversed Bath 29 million of the remaining provision to revenue, recording it as other income in profit or loss during the first quarter of 2016. On 17 August 2016, the Supreme Court permitted to withdraw the appeal. The lawsuit is finished.

31. Financial instruments

31.1 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, current investments, trade and other receivables, restricted bank deposits, long-term investment, long-term loan to and receivable from related party, trade and other payables, liabilities under finance lease agreements, long-term loans and long-term liabilities under rehabilitation plan. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries is exposed to credit risk primarily with respect to trade and other receivables and long-term loan to and receivable from related party. The Company and its subsidiaries manages the risk by adopting appropriate credit control policies and procedure. Although, the Company and its subsidiaries provide services to a limited number of customers in the same industry, the Company and its subsidiaries do not expect to incur material financial losses since most of their customers are creditworthy.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, bond and promissory note, current investments, liabilities under finance lease agreements, long-term liabilities under rehabilitation plan and long-term borrowings. 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.

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						Effective interest rate (% per annum.)
	As at 31 December 2016						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1-5 years	Over 5 years				
Financial Assets							
Cash and cash equivalent	3,617	-	-	516	15	4,148	0.13 - 1.49
Current investments	207	-	-	7	1	215	0.82 - 1.57
Trade and other receivables	-	-	-	-	358	358	-
Restricted bank deposits	-	-	-	10	-	10	1.38
Long-term investment	-	-	2	-	-	2	3.75
	3,824	-	2	533	374	4,733	
Financial liabilities							
Trade and other payables	-	-	-	-	220	220	-
Liabilities under finance lease agreements	14	10	-	-	-	24	3.29 - 9.28
Long-term loans	-	-	2,339	1,083	-	3,422	2.5 - 5.8
Long-term liabilities under rehabilitation plan	-	-	-	20	-	20	5
	14	10	2,339	1,103	220	3,686	

(Unit: Million Baht)

	Consolidated financial statements						Effective interest rate (%per annum.)
	As at 31 December 2015						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1-5 years	Over 5 years				
Financial Assets							
Cash and cash equivalent	985	-	-	295	10	1,290	0.13 - 1.49
Current investments	205	-	-	6	1	212	1.41 - 1.85
Trade and other receivables	-	-	-	-	341	341	-
Restricted bank deposits	-	-	-	11	-	11	1.5
Long-term investment	-	-	2	-	-	2	3.75
	1,190	-	2	312	352	1,856	
Financial liabilities							
Trade and other payables	-	-	-	-	163	163	-
Liabilities under finance lease agreements	16	16	-	-	-	32	4.25 - 9.86
Long-term loans	-	-	133	1,333	-	1,466	2.5 - 5.8
Long-term liabilities under rehabilitation plan	-	-	-	25	-	25	5 - 5.25
	16	16	133	1,358	163	1,686	

(Unit: Million Baht)

	Separate financial statements						Effective interest rate (% per annum.)
	As at 31 December 2016						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1-5 years	Over 5 years				
Financial Assets							
Cash and cash equivalent	700	-	-	67	1	768	0.13 - 1.48
Current investments	207	-	-	-	1	208	1.34 - 1.57
Trade and other receivables	-	-	-	-	291	291	-
Long-term loan to and receivable from related party	-	-	-	364	-	364	5
	907	-	-	431	293	1,631	
Financial liabilities							
Trade and other payables	-	-	-	-	175	175	-
Liabilities under finance lease agreements	28	108	-	-	-	136	3.29 - 9.28
Long-term loans	-	-	2,339	629	-	2,968	2.5 - 5.8
	28	108	2,339	629	175	3,279	

(Unit: Million Baht)

	Separate financial statements						Effective interest rate (% per annum.)
	As at 31 December 2015						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1-5 years	Over 5 years				
Financial Assets							
Cash and cash equivalent	540	-	-	50	-	590	0.13 - 1.46
Current investments	205	-	-	-	1	206	1.76 - 1.85
Trade and other receivables	-	-	-	-	277	277	-
Long-term loan to and receivable from related party	-	-	-	435	-	435	5 - 5.25
	745	-	-	485	278	1,508	
Financial liabilities							
Trade and other payables	-	-	-	-	160	160	-
Liabilities under finance lease agreements	22	83	-	-	-	105	4.45 - 9.86
Long-term loans	-	-	133	922	-	1,055	2.5 - 5.8
	22	83	133	922	160	1,320	

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from service transactions that are denominated in foreign currencies.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2016	2015	2016	2015	2016	2015
					(Baht per 1 foreign currency unit)	
US dollar	840,625	865,153	-	-	35.8307	36.0770

As at 31 December 2016, the Company has outstanding forward exchange contract to buy foreign currency to hedge the foreign currency risk in respect of the Subsidiary's payment obligations arising from an agreement in a notional amount of USD 10 million, with a contractual exchange rate of Baht 34.99 per USD 1. This contract will mature in January 2017. The fair value of this forward contract is approximately gain Baht 10 million. The fair value has been determined by using Level 2 input.

31.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or carrying interest at rates close to the market interest rate, their fair value are not expected to be materially different from the amounts presented in statement of financial position, other than the fair value of the interest rate swap contracts mentioned in Note 18 and 31.1 to the financial statements, respectively.

32. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 0.65:1 (2015: 0.51:1) and the Company's was 0.85:1 (2015: 0.51:1).

33. Events after the reporting period

On 22 February 2017, the Company's Board of Directors Meeting no. 1/2017 passed a resolution approving that the following allotment of earnings and payment of dividend for the year 2016 be proposed to the Company's shareholders.

- 1) Allotment of Baht 141 million of earnings to a reserve to fund expansion of investment.
- 2) Allotment of Baht 141 million of earnings to a general reserve.
- 3) Declaration of a dividend payment of Baht 1.5 per share, or a total of Baht 956 million, from the 2016 operating profit. In this respect, the Company already paid an interim dividend of Baht 0.5 per share, or a total of Baht 319 million, in March and September 2016 and the remaining dividend of Baht 1 per share, or a total of Baht 637 million is proposed to be paid on 25 May 2017.

This allotment of earnings and payment of dividend for 2016 is to be proposed for approval by the Annual General Meeting of the Company's shareholders that is to be held on 27 April 2017.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2017.

Report of the Audit Committee for the Year 2016



Dear Shareholders of the Bangkok Aviation Fuel Services PLC

The Audit Committee of the Bangkok Aviation Fuel Services PLC consists of 3 independent directors namely Mr. Pachara Yutidhammadamrong, Chairman of the Audit Committee, Mr. Visut Montriwat and Mr. Pipat Purnananda, Audit Committee Directors. Meanwhile, Mrs. Mayuree Nalinwong, Internal Audit Director, is taking charge as Secretary of the Audit Committee. All members of the Audit Committee have entire qualifications as specified in charter of the Audit Committee, which conform to regulations of the Securities and Exchange Commission (SEC).

The Audit Committee had executed all scope of duties in accordance with roles, functions and responsibilities as assigned by the Board of Directors, which conform to regulations of the Stock Exchange of Thailand. In 2016, the Company arranged 5 of the Audit Committee Meetings whereby all members of the Audit Committee had fully attended in every meeting session.

The Audit Committee Meetings' participants included executives and representative from the Risk Management Committee, internal auditor, external auditor and representative from the Compliance Department. All meetings' subject matters can be summarized as follows:

1. **Financial Statements Review** includes consolidated financial statements of the Company and its subsidiaries and the Company's separate quarterly and annual financial reports of year 2016, which were reviewed and audited by the external auditor. The Audit Committee had listened to clarifications from the Company's executives and the external auditor including questioning them regarding accuracy, completeness and reliability of the financial statements as well as significant changes that affected to the financial statements, accounting policy, information disclosure, and independency. The Audit Committee acknowledged 2016 audit plan as well as attended in 3 meetings with the external auditor without participation of the management to discuss about financial audit overview and independency. The Audit Committee had also provided opinions and suggestions in quarterly basis to the Board of Directors. In addition, the Audit Committee has agreed with the external auditor that such financial statements are accurate in all material respects in accordance with the Thai Financial Reporting Standards.
2. **Operating information and internal control system review** to evaluate adequacy, appropriateness and efficiency of the internal control system. The Audit Committee had considered the 2016 internal control system assessment report, which was prepared in accordance with guidelines of the Securities and Exchange Commission (SEC), internal audit report of year 2016, assessment results report of the internal control system and risk

management in accordance with COSO-ERM (The Committee of Sponsoring Organizations of the Treadway Commission-Enterprise Risk Management), which were prepared by the internal auditor and assessment results report of the internal control system's efficiency in significant areas, which was prepared by the external auditor. The Audit Committee had the opinion that the Company has provided adequate and appropriate internal control system including sufficient workforce to operate its internal control system efficiently. Moreover, the Company has also monitored and overseen its subsidiaries' operations to ensure that assets of the company and its subsidiaries are protected from being wrongfully used by their directors and executives for exploitation. The Audit Committee has not found any deficiency of the internal control in all material respect.

3. **Internal audit review** to ensure appropriateness and effectiveness of internal audit's operating processes. The Audit Committee had reviewed its missions, scope of work, duties and responsibilities, manpower, training plans, budget and independency. Moreover, the Audit Committee approved internal audit plan of year 2016, which was prepared in accordance with risk factors, for example, consistency of organizational strategy, corporate risk and quality of the internal control system, etc. It is also regularly reviewed for at least once a year to ensure its appropriateness and consistency to withstand the Company's risks. The Audit Committee had also reviewed auditing report and evaluated performance of Head of internal audit unit by KPIs system (Key Performance Indicators). With this regard, appointment, transfer or dismissal of Head of internal audit unit must be approved by the Audit Committee. The Audit Committee had the opinion that the Company's internal audit system is appropriate, effective and independent. Additionally, its yearly internal audit plan is consistent with goals and risk factors of the Company. In the meantime, its audit operating quality is constantly developed in both aspects include workforce and professional audit operation.
4. **Risk management system review** to ensure its linkage to the Company's strategic plans and internal control system for the purpose of risk management. The Audit Committee had reviewed risk management system policy including strategic plans and risk management manual. Moreover, the Audit Committee had regularly provided opinions and suggestions to the Risk Management Committee and the Board of Directors on quarterly basis. The Audit Committee had the opinion that the Company has efficiently and effectively operated in accordance with risk management system.
5. **Review on compliances of laws governing securities and stock exchange, regulations of the Stock Exchange of Thailand and relevant laws including compliances on the Company's requirements and obligations with third parties.** The Audit Committee has not found any significant issue which deemed incompliance to laws as well as the Company's requirements and obligations with third parties.
6. **Consideration on connected transactions or transactions that may cause conflict of interest.** The Company stipulated its operational practices and set up Compliance unit to control compliances of laws, principles of the SEC and the Company's regulations. The Audit Committee had the opinion that the aforementioned transactions are reasonable and beneficial to the Company's businesses.
7. **Good corporate governance review** whereby the Audit Committee had reviewed appropriateness of the Company's self-assessment regarding compliance on anti-corruption measure of the Private Sector Collective Action Coalition against Corruption including compliance on its Code of Conduct. The Audit Committee had the opinion that the Company has properly complied with the anti-corruption measure of the Private Sector Collective Action Coalition against Corruption and Code of Conduct. In the meantime, its employees' understanding on Code of Conduct and anti-corruption measure is very good.
8. **Charter of the Audit Committee review** to ensure its appropriateness in accordance with the principles of the SEC and the Stock Exchange of Thailand. It is regularly proposed to the Board of Directors in every year.
9. **Consideration on the 2016 Audit Committee's performance assessment results in general and for each individual,** which showed that the Audit Committee had fully executed duties as stipulated in charter of the Audit Committee. Such performance assessment included topics such as composition, roles and responsibilities, meeting participation, financial reporting, internal control, internal audit, compliances to laws and regulations including risk management, etc.

10. **Preparation of reports regarding the Audit Committee's activities** in every Audit Committee Meeting to present to the Chairman of the Board of Directors.
11. **Consideration on the external auditor selection, nomination and remuneration for year 2017** in order to present to the Board of Directors for further consideration and Shareholders' Meeting for approval. The Audit Committee selected the external auditor by assessing skills, knowledge and capabilities of the external auditors and team assistants including their auditing performances in the previous years and their independence. To ensure independence, the external auditors were required to prepare documents to certify their work independence. The Audit Committee also considered on the external audit fee. Therefore, the Audit committee proposed to appoint Miss Thipawan Nananuwat, Certified Public Accountant Registration No. 3459 or Mr. Termphong Opanaphan, Certified Public Accountant Registration No. 4501 or Miss Vissuta Jariyathanakorn, Certified Public Accountant, Registration No. 3853 from the EY Office Limited to be the Company's external auditor of year 2017 with amount of audit fee at 1,325,000 Baht.

With this regard, the Audit committee has the opinions as follows:

- During the previous year, the external auditors provided explicit auditing plans and performed their duties with professional knowledge and capabilities. They attended meetings regularly with the Audit Committee as well as kept up their work qualities in satisfactory level. In the meantime, this external auditor appointment shall ensure continuity of the Company's audit.
- The amount of proposed audit fee is appropriate. It is 1,325,000 Baht for year 2017, which increased from the amount of 1,265,000 Baht in year 2016 for 4.7%. Due to enlargement of the subsidiaries' business scales, which affects to financial accounts and information disclosure in notes to financial statements, including bank loans in year 2016 that must be continually audited, therefore; auditing process will take longer time accordingly. Meanwhile, remuneration rate is also increased in accordance with inflation rate. When compared such proposed amount to audit fee rates of other listed companies in the same level, the amounts are not much different from one another.
- The Company has proceeded in compliance with the regulations of the SEC regarding rotation of external auditor signing to certify financial statements in every 5 accounting period. With this regard, the Company has begun to hire the EY Office Limited in fiscal year 2014.
- The external auditors are independent without relation and/or conflict of interest between the external auditors and the Company/subsidiaries/ management/major shareholders or persons relevant to them.

To summarize, with knowledge, capability and independency; the Audit committee had fully executed duties as per specified in charter of the Audit Committee, in which assigned by the Board of Directors. Furthermore, the Audit committee had provided opinions and suggestions to the Management, the Risk Management Committee and the Board of Directors regularly. The Audit Committee has the opinion that the Company has prepared accurate financial reports with complete and proper process including arranging appropriate and effective internal control system, internal audit and risk management. The Company has conducted its businesses in compliance with laws, regulations and obligations and has processed all connected transactions correctly. In the meantime, the Company has promoted good corporate governance including providing selection system for appointing person who is independent to be its external auditor with proposal of audit fee. Additionally, from research result on Corporate Governance of Thai listed companies of year 2016, which was arranged by the Thai Institute of Directors (IOD), the Company was ranked in excellent level as same as the previous year.

February 9th, 2017

On behalf of the Audit Committee



(Mr. Pachara Yutidhammadamrong)
Chairman of the Audit Committee

Summary on the Opinion Concerning Internal Control System, Year 2016



The Board of Directors has assigned the Audit Committee, who serves as independent directors, to review internal control system's adequacy and appropriateness in order to provide efficiency and effectiveness of the Company's operation as well as to properly maintain its assets.

The Audit Committee had attended in the Board of Directors Meeting on February 22, 2017, where the Board of Directors agreed with the Audit Committee's opinions as appeared in the Office of Securities and Exchange Commission (SEC)'s assessment form and its opinion summarization regarding internal control system of year 2016. They concluded that the Company has provided adequate and appropriate internal control system including sufficient personnel to ensure efficient internal control system. Meanwhile, the Company's internal control system also supports in monitoring and overseeing its subsidiaries' operations regarding their capabilities in protection of the Company and its subsidiaries' assets from being illegally used or being used without permission from their directors or the management. In addition, there is no significant fault found in its internal control system. The details can be summarized as follows:

1. Control Environment

The Company has provided good internal control system with details as follows:

- The Company has arranged and improved its organizational structure to support its internal control system as well as to be in line with its objectives. A Sustainability and Organizational Communication Division is set up to ensure its operational explicitness under convention relating to its corporate group. Reporting lines has been defined and improved precisely by segregation of duties to ensure check and balance whereby personnel's appropriate duties, responsibilities, knowledge, capabilities and experiences are set to best fit with each position as per specified in job description and organizational structure. Appropriate duties and responsibilities of the Company's Board of Directors, sub-committees and the management are defined distinctly. Meanwhile, duties and authorities of the Board of Directors, the Audit Committee, the Remuneration Committee, the Nominating and Corporate Governance Committee, the Risk Management Committee and the Corporate Governance Working Committee have been improved by adding further formulation and supervision of compliance to Anti-Corruption policy and measure. In addition, the Internal Audit Unit is set up to take responsible for its functional reporting to the Audit Committee including administrative reporting to the Managing Director.

- The Company has defined and improved its major policies and operating procedures, for instance; Corporate Governance and Anti-Corruption policy, Anti-Corruption policy, Risk Management policy, Sustainability policy, Alcoholic beverage and drug policy, Code of Conduct manual, and anti-corruption compliance manual to be appropriate under principles of good corporate governance and anti-corruption. Rules and regulations regarding principles of corporate governance, anti-corruption, internal control, gift- giving and receiving including reception procedures, whistle-blowing and penalties are clearly specified etc. as guidelines to ensure its directors and employees' compliances. In the meantime, processes of internal and external communications have been continually executed. All directors, the management and employees are required to sign to acknowledge and comply with the Company's Good Corporate Governance and Anti-Corruption policy as well as to confirm their avoidance of conflicts of interest. Moreover, the Company has consistently arranged training programs regarding code of conduct and anti-corruption measure for its directors and employees. Those training programs are set as part of new employee orientation and pre-entry training for all employees who are promoted. The employees are customarily sent to attend dharma practicing courses as well. The Company also arranges seminars regarding code of conduct to its traders / distributors. Moreover, the Company countersigned in the Declaration of intent and was certified to be member of the Private Sector Collective Action Coalition Against Corruption under the Collective Action Coalition. The Company participated in "Light on to Drive off Corruptor" activity to demonstrate power of unity and commitment in anti-corruption campaign, which was organized by the Anti-Corruption Organization of Thailand. In addition, similar to the previous year, the Company's was ranked in 2016 by the Thai Institute of Directors (IOD) as "Excellent" corporate governance including receiving the "Outstanding" Sustainability Report Award 2016, which organized by the CSR Club, the Thai Listed companies Association, SEC and the Thaipat Institute. Furthermore, the Crown Property Bureau and the Thai Investors Association paid a visit to the Company to observe its management in accordance with principles of good corporate governance and sustainability.
- The Company's Corporate Governance and Core Value Working Committee including its internal audit division have continually exercised monitoring system on compliances of code of conduct and core value. For instance; the management and all employees are defined to assess compliances of Code of Conduct and Core Value via on-line system, Core Value campaign is continually arranged as well as Code of Conduct and anti-corruption measures compliances are audited, etc. In the meantime, Code of Conduct is also assessed period by independent experts from external while management process is executed in timely manner for non-compliance with code of conduct and anti-corruption measure.
- The Company's Board of Directors comprises directors with diversified qualifications in ages, skills and useful experiences. Meanwhile, the Company defines qualifications of independent directors to be more stringent than requirements of the SEC.
- The Company has improved its missions and strategic plans for 2017 - 2020 to ensure their consistency with changes of business operation in order to use as tools for guiding the Company's operating direction. Its organizational goals are set explicitly while they can be effectively measured as well. Strategic objectives are also determined to be consistent with targets of the Company's strategic plans, which defined in accordance with Balanced Scorecard concept. The Company's achievements are measured by Key Performance Indicators (KPIs), which are regularly reviewed to ensure their appropriateness. In addition, to enhance its operating efficiency, budget system reflects and controls the Company's performance. The Company has also prepared employee performance assessment system by using KPIs that are consistent with goals mentioned in its strategic plans and code of conduct. Meanwhile, employee performance assessment system is periodically reviewed to ensure its appropriateness. The Company has regularly communicated to its management and employees to confirm their acknowledgements in any matter relating to employee performance assessment.
- Since personnel is deemed as the most important resource, therefore; the Company prepares Succession Plan and criteria for employee promotion as well as arranges development and training courses to provide proper

knowledge, skills and capabilities development for each job assignment to employees. For instance, the Company has formulated Successor Development Plan, Individual Development Plan, Training Roadmap, Annual Training Plan, English Training Program, Rotation and Transfer of Employees Plan, employee exchange for work observation in aboard including supporting the management that the Company has assigned to be directors of its subsidiaries to attend necessary training programs, which are arranged by the Thai Institute of Directors (IOD). Moreover, the Company has drawn up mentoring system to enhance the management learning efficiency as well as set up Knowledge Management and Training Center for year 2017-2020 to ensure continuity and efficiency of knowledge and training center managements. The Company has arranged “KM in Practice” training to promote knowledge and skills regarding KM implementations including preparing knowledge providing for each work system to enhance the Company’s operational efficient, prevent loss of intellect and increase its competitiveness. Additionally, the Company has prepared master planning for innovation creation training to promote innovation learning and to constitute sustainability. Besides of being chosen to be organizer for the IFQP Airfield Inspector Training 2016, the Company has been entrusted by airlines to conduct into-plane fuelling service audit. These activities help elevate the Company’s reputation to be internationally recognized as well as generate extra income and promote the Company’s training center business in the future.

- Other significant awards were granted to the Company as well, for example, form quality assessment on its arrangement of the Annual General Shareholders Meeting 2016, the Company was given full 100 scores for 2 years consecutively by the Thai Investors Association, the National Award for Outstanding Enterprise of Safety Operations, Occupational Health and Working Environment of year 2016 at its three operation sites including Don Mueang Aviation Fuel Storage Station and Into-plane Refuelling Station, Suvarnabhumi Aviation Fuel Storage Station, and Suvarnabhumi Into-plane Refuelling Station. Additionally, the Company received Certification of Carbon Neutral Buildings in renewal category for its main building and operation building at the Suvarnabhumi Aviation Fuel Storage Station. The Company also received Certification of Carbon Footprint for Organization. Moreover, as the Company has installed and used LED flood light at its Don Mueang Aviation Fuel Storage Station, the Company was enrolled in the Thailand Voluntary Emission Reduction Program (T-VER) by the Thailand Greenhouse Gas Management Organization (Public Organization).

2. Risk Assessment

The Company gives high priority to its policy and risk management system, therefore; the Company has executed on these matters as follows:

- Appointing the Risk Management Committee as well as preparing risk management policy which approved by the Board of Directors and also strategic planning and risk management system manual. In addition to communicating these issues to its employees, the Company has also appointed Risk Champion to take duties on coordinating and monitoring compliances of risk management policy and measures. Moreover, the Company requests its management and employees to sign and acknowledge risk management policy compliance as definite operating guideline. Additionally, the Company has applied quality management systems; ISO 9001:2015, whereby its objectives and risk assessment are stipulated to be in consistent with the Company’s vision and objectives.
- Arranging workshops for the management and employees in order to define corporate and operating functional objectives that are consistent with the Company’s vision and mission. Including achieving those defined objectives, risks and corruption risk have been identified in the workshops by studying on both internal and external factors. Risks are assessed by considering likelihood and impact. With this regard, defensive measure and risk control plan are stipulated to ensure that risks are placed in acceptable level whereby high-level risks would be settle firstly and reviewed consistently. In addition, the Company has defined and reconsidered its risk appetite, risk tolerance, key risk indicators (KRIs) and trigger point, which are deemed as early warning system, to ensure their

consistency with its strategic plans' targets as well as to troubleshoot in a timely manner. These activities are conducted in accordance with stipulated processes in risk management policy and strategic planning and risk management manual. The Risk Management Committee has also monitored risk management system compliance on quarterly basis accordingly.

- Assessing changes of external factors, business models and organizational leaders to stipulate adequate response measures to changes, which may cause impact toward the Company's business operation, for instance; bomb blast in Belgium and innovation invention to business opportunities and growth, which would contribute to the sustainable development, etc.

3. Control Activities

The Company has arranged good control activities as follows:

- Arranging measures to control risks, which are appropriate for specific characteristics of the Company such as environment, nature of work and scope of work operation. These control measures are diversified, which included manual and automated controls.
- Arranging manual and operating practices that encompass major operations of the Company by explicitly stipulating duties and responsibilities as well as completely segregating approval authority, accounting and information technology records and assets management. Meanwhile, regulations regarding connected transaction are complied with provisions of the SEC. The regulations comprise a concise measure for connected transaction, an approval by non-stakeholder as well as maximum benefit of the Company. In addition, approval authority for gift-giving and receiving including reception and purchase are revised regularly to ensure their appropriateness, etc.
- Meetings of the Management, departments and others are regularly arranged to monitor work administrations an operational controls.
- Process for report, verification and approval transactions or binding contracts. Meanwhile, monitoring and reviewing measures are specified to ensure that the Company's activities are carried out in accordance with terms and conditions as agreed.
- Specifying measure regarding usage of information technology and general control measure for information system regarding its infrastructure, safety, development and appropriate maintenance.
- Arranging regulations regarding employee assigning to work for the company's subsidiaries and determining work directions for appointed directors or the management to practice correspondingly. Meanwhile, the Risk Management Committee is required to oversee the Company and its subsidiaries' corporate risks managements as well as to report on these matters to the Board of Directors in quarterly basis. Moreover, the Company's Executive Committee are required to oversee, follow up and assess the Company and its subsidiaries' operating progresses. The subsidiaries are also requested to report on their operational results to the Executive Committee on monthly basis and report to the Board of Directors on 6-month basis.

4. Information and Communication

The Company has arranged good information and communication system with detail as follows:

- The company has used related and high quality information from both internal and external based on costs and benefits that may obtain from applying information system for data processing and storage. To ensure internal control effectiveness, regular revision on related information has been conducted, for example; creating activity-based costing and managerial reports including adjusting activity-based costing structure to be in line with organizational structure, etc.

- The company has regularly reported significant information to the Board of Directors whereby the Board of Directors can access to necessary information for their operations or issues verifications. These include submission of documents for meetings and minutes of the Board of Directors Meeting, which comprise sufficient and necessary details, within period of time required by law. In addition, the Company also arranges the Board of Directors Meetings' efficiency assessments as well as assigns the company secretary to take charge as coordinator between the Company and the Board including arranging the Board of Directors Meetings without participation of the Management, etc.
- The Company has conducted its business activities in compliance with Generally Accepted Accounting Standard, which is appropriate for its business nature. Meanwhile, accounting documents are well categorized accordingly.
- The Company has arranged appropriate communication processes and channels to effectively communicate its internal information to the management and employees of all levels. For instance, electronic mail (e-mail), department monthly meetings and annual meeting between the management and employees etc. In addition, its corporate group's information is arranged to publicize via social network accordingly.
- The Company has prepared appropriate and efficient communication processes and channels to communicate to its external stakeholders such as setting up investor relations unit, organizing quarterly meetings between its the management and investors including communicating those activities via the Company's website and arranging shareholders relation activities, etc.
- The Company has provided special and safe communication channel to both internal and external people for complaint or whistle blowing on suspicious case whether illegal practice, breach of code of conduct and the Company's Anti-Corruption policy including malfeasance and unequal treatment. In any case, the Company has protection policy for whistle-blower's disclosing information and also provides justice and protection to employees, who raise their concerns and report wrongdoing.

5. Monitoring Activities

The Company has arranged constant monitoring activities as follows:

- Preparing monthly report of comparison between operating results and preset targets to the Executive Committee and Management including strategic plan reporting to the Board of Directors on 6-month basis to ensure that the Company's operating results are in line with its preset targets and objectives. For example, monitoring on operation of aviation refuelling management system (ARMS) and investment projects, etc. In case the operating results are not in line with preset targets, operating process rectification will be launched in timely manner.
- In case of any incident occurs and causes significant impact to the Company, it will be reported to the Board of Directors or relevant sub-committees such as the Audit Committee and the Risk Management Committee, etc. The Management will report its progress and problem solving guidelines in timely manner as well.
- Independent Internal Audit unit is set to provide assurance and justified consultancy including auditing compliances of internal control system, Code of Conduct and Anti-Corruption measures as specified in its auditing plan. The Internal Audit Unit will report its auditing results to the Audit Committee. Independent Internal Audit unit regularly follows up and the reports its monitoring progress in quarterly basis. Besides, the Internal Audit Unit will also assess the internal control system adequacy for the management and with true independence under responsibility of the internal Unit. To ensure their knowledge, skills and capabilities, the internal auditors are continually supported as well to attend professional internal audit trainings.

Connected Transactions

1. Detail of connected transactions between Bangkok Aviation Fuel Services PLC. and persons who may have conflicts of interests

List of Names	Detail Description	Relations
1. Thai Airways International PLC.	1. Aviation fuel storage, aircraft refuelling and defuelling services at Don Mueang Airport and Suvarnabhumi Airport 2. Charge for compensation on aircraft refuelling service at Don Mueang Airport 3. Customs formality service 4. Air tickets purchasing	1. Thai Airways International PLC. is major shareholder of Bangkok Aviation Fuel Services PLC. 2. The Ministry of Finance is indirect major shareholder of Bangkok Aviation Fuel Services PLC. and major shareholder of Thai Airways International PLC. 3. Directors of the Company: <ul style="list-style-type: none"> - Flight Lieutenant Montree Jumrieng - Flying Officer Chalermpon Intarawong (retired on Oct 1st, 16) - Flying Officer Somboon Limwathnapong (started from Nov 9th, 16) - Squadron Leader Bhurith Sriwatana (retired on Dec 1st, 16) - Flight Lieutenant Werasak Wiroonpetch (started from Dec 14th, 16) are executives of Thai Airways International PLC.
2. Chevron (Thailand) Limited	1. Aviation fuel storage, aircraft refuelling and defuelling services at Don Mueang Airport and Suvarnabhumi Airport 2. Charge for compensation on aircraft refuelling service at Don Mueang Airport 3. Customs formality service	Director of the Company, Mr. Trintr Subakarn (retired on Aug 4 th , 16), is authorized person of Chevron (Thailand) Limited.



	Unit Price	Total Amount of 2016 (Excluding VAT)	Balance as of December 31 st , 2016 (Excluding VAT)	Continuation of Transactions
	-	273.99 million baht	28.78 million baht	Continued
	0.07 baht/litre (Jan - May 16) and 0.08 baht/litre (Jun - Dec 16)	0.04 million baht	-	Continued
	-	-	-	Continued
	-	0.42 million baht	-	-
	-	375.30 million baht	31.59 million baht	Continued
	0.07 baht/litre (Jan - May 16) and 0.08 baht/litre (Jun - Dec 16)	4.72 million baht	0.47 million baht	Continued
	-	-	-	Continued

List of Names	Detail Description	Relations
3. The Shell Company of Thailand Limited	<ol style="list-style-type: none"> 1. Aviation fuel storage, aircraft refuelling and defuelling services at Don Mueang Airport and Suvarnabhumi Airport 2. Compensation on aircraft refuelling service at Don Mueang Airport. 3. Customs formality service 	Director of the Company, Mr. Ath Hemvijitraphan, is authorized person of the Shell Company of Thailand Limited.
4. PTT PLC.	<ol style="list-style-type: none"> 1. Aviation fuel storage, aircraft refuelling and defuelling services at Don Mueang Airport and Suvarnabhumi Airport 2. Compensation on aircraft refuelling service at Don Mueang Airport 3. Aviation fuel storage, aircraft refuelling and defuelling services at Samui, Sukhothai and Trat Airports 4. Charge for the Company's vehicles fuel 5. Aviation fuel storage at Suvarnabhumi Aviation Fuel Storage Station 	<ol style="list-style-type: none"> 1. The Ministry of Finance is indirect major shareholder of Bangkok Aviation Fuel Services PLC. and major shareholder of PTT PLC. 2. Director of the Company, Mr. Peratak Autadej, is authorized person of PTT PLC.

	Unit Price	Total Amount of 2016 (Excluding VAT)	Balance as of December 31 st , 2016 (Excluding VAT)	Continuation of Transactions
	-	265.04 million baht	24.75 million baht	Continued
	0.07 baht/litre (Jan - May 16) and 0.08 baht/litre (Jun - Dec 16)	21.17 million baht	1.97 million baht	Continued
	-	-	-	Continued
	-	906.93 million baht	77.09 million baht	Continued
	0.07 baht/litre (Jan - May 16) and 0.08 baht/litre (Jun - Dec 16)	51.13 million baht	4.71 million baht	Continued
	-	23.76 million baht	1.78 million baht	Continued
	-	4.82 million baht	0.41 million baht	Continued
	-	4.97 million baht	-	-

List of Names	Detail Description	Relations
5. Airports of Thailand PLC. (AOT)	1. Rental and compensation <ul style="list-style-type: none"> • Don Mueang Airport <ol style="list-style-type: none"> 1) Fuel pipeline rental 2) Compensation from aircraft refuelling service at Don Mueang Airport that collected for Airports of Thailand PLC. (AOT) 3) Rental of building and space in apron 4) Rental space outside of apron 	1. The Ministry of Finance is indirect major shareholder of Bangkok Aviation Fuel Services PLC. and major shareholder of Airports of Thailand PLC. (AOT) 2. Director of the Company: <ul style="list-style-type: none"> - Mr. Nirandra Theeranartsin, (retired on Aug 31st, 16) is director and executive of Airports of Thailand PLC. (AOT) - Mr. Nitinai Sirismatthakarn (started from Nov 9th, 16) is director and executive of Airports of Thailand PLC. (AOT)

	Unit Price	Total Amount of 2016 (Excluding VAT)	Balance as of December 31 st , 2016 (Excluding VAT)	Continuation of Transactions
	1,861,237.68 baht/month (Jan 28 th ,15 - Jan 27 th , 16) 1,861,763.29 baht/month (Jan 28 th , 16 - Apr 30 th , 16) and 2,590,279.69 baht/month (May 1 st , 16 - Jan 27 th , 17)	28.17 million baht	-	Continued
	0.07 baht/litre (Jan - May 16) and 0.08 baht/litre (Jun - Dec 16)	85.43 million baht	7.99 million baht	Continued
	115 baht/sq.meter/month (Jan 1 st , 16 - Jun 30 th , 16) and 125 baht/sq.meter/month (Jul 1 st , 16 onwards)	10.48 million baht	-	Continued
	85 baht/sq.meter/month (Jan 1 st , 16 - Jun 30 th , 16) and 90 baht/sq.meter/month (Jul 1 st , 16 onwards)	0.62 million baht	-	Continued

List of Names	Detail Description	Relations
5. Airports of Thailand PLC. (AOT) (cont.)	<ul style="list-style-type: none"> • Suvarnabhumi Airport <ol style="list-style-type: none"> 1) Compensation from aircraft refuelling and defuelling service 2) Rental of building and space in apron 3) Rooms in aircraft parking area rental 4) Rental space outside of apron 2. Public utilities and other fee 3. Training courses for Fire-Fighting and Evacuation. 	
6. The Ministry of Finance	Rental of Ratchaphatsadu land (state land), which connects to building at Don Mueang Aviation Fuel Storage Station	The Ministry of Finance is indirect major shareholder of Bangkok Aviation Fuel Services PLC.

	Unit Price	Total Amount of 2016 (Excluding VAT)	Balance as of December 31 st , 2016 (Excluding VAT)	Continuation of Transactions
	0.06 baht/litre	237.91 million baht	21.61 million baht	Continued
	71.47 baht/sq.meter/month	5.66 million baht	-	Continued
	450 baht/sq.meter/month (Jan 1 st , 16 - Jun 30 th , 16) and 470 baht/sq.meter/month (Jul 1 st , 16 onwards)	0.73 million baht	-	Continued
	150 baht/sq.meter/month (Jan 1 st , 16 - Jun 30 th , 16) and 155 baht/sq.meter/month (Jul 1 st , 16 onwards)	3.32 million baht	-	Continued
	-	5.34 million baht	0.38 million baht	Continued
	-	0.04 million baht	-	-
	-	7.48 million baht	-	Continued

List of Names	Detail Description	Relations
7. Thai Petroleum Pipeline Co., Ltd.	<ol style="list-style-type: none"> Land and building Rental including public utilities service fee <ul style="list-style-type: none"> <u>Don Mueang Aviation Fuel Storage Station</u> <ol style="list-style-type: none"> Land Rental Public utilities service <u>Suvarnabhumi Aviation Fuel Storage Station</u> <ol style="list-style-type: none"> Land and building Rental Public utilities service Service charges for water for fire-fighting system, water supply and electrical system 	<ol style="list-style-type: none"> The Ministry of Finance is indirect major shareholder of Bangkok Aviation Fuel Services PLC. and Thai Petroleum Pipeline Co., Ltd. Director of the Company, Mr. Peratak Autadej, is director of Thai Petroleum Pipeline Co., Ltd.
8. Dhipaya Insurance PLC.	<ol style="list-style-type: none"> All risks insurance, legal liability insurance to third parties and property insurance from terrorism Auto insurance and protection of victims from car accidents 	The Ministry of Finance is indirect major shareholder of the Company and Dhipaya Insurance PLC.
9. IRPC PLC.	Training courses for “Advance fire-fighting”, “Fire Commandment” and “Commander at the Scene”	The Ministry of Finance is indirect major shareholder of the Company and IRPC PLC.
10. NPC Safety and Environmental Service Co., Ltd.	Project consultant for business continuity management system	The Ministry of Finance is indirect major shareholder of the Company and NPC Safety and Environmental Service Co., Ltd.
11. NokScoot Airlines Co., Ltd.	Aviation Fuel audit service (Certified Auditor) at airports in China	The Ministry of Finance is indirect major shareholder of the Company and NokScoot Airlines Co., Ltd.
12. TMB Bank PCL.	Long-term loan	The Ministry of Finance is indirect major shareholder of the Company and major shareholder of TMB Bank PCL.

	Unit Price	Total Amount of 2016 (Excluding VAT)	Balance as of December 31 st , 2016 (Excluding VAT)	Continuation of Transactions
	-	1.43 million baht	-	Continued
	-	2.10 million baht	-	Continued
	-	4.04 million baht	-	Continued
	-	2.76 million baht	-	Continued
	-	0.34 million baht	0.14 million baht	Continued
	-	11.37 million baht	0.89 million baht	Continued
	-	0.98 million baht	0.11 million baht	Continued
	-	0.31 million baht	-	-
	-	0.30 million baht	0.23 million baht	-
	-	0.15 million baht	-	-
	-	2,295.57 million baht	-	-

2. Detail of connected transactions between Thai Aviation Refuelling Co., Ltd. (subsidiary) and persons who may have conflicts of interests.

List of Names	Detail Description	Relations
1. Thai Airways International PLC.	Aviation fuel transportation via hydrant pipeline	<p>1. Thai Airways International PLC. is major shareholder of Bangkok Aviation Fuel Services PLC.</p> <p>2. The Ministry of Finance is indirect major shareholder of Bangkok Aviation Fuel Services PLC. and major shareholder of Thai Airways International PLC.</p> <p>3. Director of Bangkok Aviation Fuel Services PLC.</p> <ul style="list-style-type: none"> - Lieutenant Montree Jumrieng - Flying Officer Chalermpon Intarawong (retired on Oct 1st, 16) - Flying Officer Somboon Limwathnapong (started from Nov 9th, 16) - Squadron Leader Bhurith Sriwatana (retired on Dec 1st, 16) - Flight Lieutenant Werasak Wiroonpetch (started from Dec 14th, 16) <p>are executives of Thai Airways International PLC.</p>
2. Chevron (Thailand) Limited	Aviation fuel transportation via hydrant pipeline	Director of Bangkok Aviation Fuel Services PLC. Mr. Trintr Subakarn (retired on Aug 4 th , 16), is authorized person of Chevron (Thailand) Limited.
3. The Shell Company of Thailand Limited	<p>1. Aviation fuel transportation via hydrant pipeline</p> <p>2. Charge for the Company's vehicles fuel</p>	Director of Bangkok Aviation Fuel Services PLC., Mr. Ath Hemvijitraphan, is authorized person of the Shell Company of Thailand
4. PTT PLC.	<p>1. Aviation fuel transportation via hydrant pipeline</p> <p>2. Charge for the Company's vehicles fuel</p>	<p>1. The Ministry of Finance is indirect major shareholder of Bangkok Aviation Fuel Services PLC. and major shareholder of PTT PLC.</p> <p>2. Director of Bangkok Aviation Fuel Services PLC., Mr. Peratak Autadej, is authorized persons of PTT PLC.</p>

	Unit Price	Total Amount of 2016 (Excluding VAT)	Balance as of December 31 st , 2016 (Excluding VAT)	Continuation of Transactions
	-	112.10 million baht	11.83 million baht	Continued
	-	135.67 million baht	11.32 million baht	Continued
	-	41.31 million baht	4.18 million baht	Continued
	-	0.21 million baht	0.16 million baht	Continued
	-	201.89 million baht	17.47 million baht	Continued
	-	0.17 million baht	0.02 million baht	Continued

List of Names	Detail Description	Relations
5. Airports of Thailand PLC.	<ul style="list-style-type: none"> • Suvarnabhumi Airport <ol style="list-style-type: none"> 1) Permission for aviation fuel transportation via hydrant pipeline 2) Rental of Land at east side 3) Rental of Land at the back side of domestic cargo building 4) Rental of rooms in apron 5) Rental of Land in apron 6) Public utilities and other fee 	<ol style="list-style-type: none"> 1. The Ministry of Finance is indirect major shareholder of Bangkok Aviation Fuel Services PLC. and Major shareholder of Airports of Thailand PLC. 2. Directors of Thai Aviation Refuelling Co., Ltd.: <ul style="list-style-type: none"> - Miss Shanalai Chayakul - Miss Sasisubha Sukontasap, are executives of Airports of Thailand PLC. 3. Directors of Bangkok Aviation Fuel Services PLC.: <ul style="list-style-type: none"> - Mr. Nirandra Theeranartsin, (retired on Aug 31st, 16) is director and executive of Airports of Thailand PLC. - Mr. Nitinai Sirismatthakarn (started from Nov 9th, 16) is director and executive of Airports of Thailand PLC.
6. Dhipaya Insurance PLC.	<ol style="list-style-type: none"> 1. All risks insurance, and legal liability insurance to third parties 2. Auto insurance 	The Ministry of Finance is indirect major shareholder of Bangkok Aviation Fuel Services PLC. and Dhipaya Insurance PLC.

	Unit Price	Total Amount of 2016 (Excluding VAT)	Balance as of December 31 st , 2016 (Excluding VAT)	Continuation of Transactions
	2% per year of Thai Aviation Refuelling Co., Ltd.'s revenue before expenditure deduction	12.05 million baht	12.05 million baht	Continued
	60 baht/sq.meter/month	0.09 million baht	-	Continued
	67.42 baht/sq.meter/month	1.29 million baht	-	Continued
	450 baht/sq.meter/month plus service charge (Jan 1 st - Jun 30 th , 16) and 470 baht/sq.meter/month (Jul 1 st , 16 onwards)	0.87 million baht	-	Continued
	150 baht/sq.meter/month (Jan 1 st - Jun 30 th , 16) and 155 baht/sq.meter/month (Jul 1 st , 16 onwards)	0.08 million baht	-	Continued
	-	0.54 million baht	0.05 million baht	Continued
	-	2.00 million baht	-	Continued
		0.04 million baht	-	-

3. Detail of connected transactions between Fuel Pipeline Transportation Limited (subsidiary) and persons who may have conflicts of interests.

List of Names	Detail Description	Relations
1. Chevron (Thailand) Limited	<ol style="list-style-type: none"> 1. Aviation fuel transportation via pipeline and depot system to Suvarnabhumi Aviation Fuel Storage Station 2. Aviation fuel transportation via pipeline and depot system to Don Mueang Aviation Fuel Storage Station 3. Fuel transportation via underground pipeline and depot system to Bang Pa-In depot 4. Fuel reserve service at Don Mueang Aviation Fuel Storage Station and Bang Pa-In depot 5. Sales office management service at Bang Pa-In depot 	Director of Bangkok Aviation Fuel Services PLC., Mr. Trintr Subakarn (retired on Aug 4 th , 16), is authorized person of Chevron (Thailand) Limited
2. The Shell Company of Thailand Limited	<ol style="list-style-type: none"> 1. Aviation fuel transportation via pipeline and depot system to Suvarnabhumi Aviation Fuel Storage Station 2. Aviation fuel transportation via underground pipeline and depot system to Don Mueang Aviation Fuel Storage Station 3. Fuel transportation via underground pipeline and depot system to Bang Pa-In depot 4. Fuel reserve service at Don Mueang Aviation Fuel Storage Station Bang Pa-In depot 5. Office space rental at Bang Pa-In depot 	Director of Bangkok Aviation Fuel Services PLC., Mr. Ath Hemvijitraphan, is authorized person of the Shell Company of Thailand Limited

	Unit Price	Total Amount of 2016 (Excluding VAT)	Balance as of December 31 st , 2016 (Excluding VAT)	Continuation of Transactions
	-	62.38 million baht	5.06 million baht	Continued
	-	6.19 million baht	0.68 million baht	Continued
	-	44.20 million baht	2.41 million baht	Continued
	-	1.21 million baht	0.48 million baht	-
	-	0.92 million baht	-	Continued
	-	26.03 million baht	3.00 million baht	Continued
	-	23.66 million baht	2.45 million baht	Continued
	-	6.75 million baht	0.74 million baht	Continued
	-	9.28 million baht	0.89 million baht	Continued
	-	0.30 million baht	0.02 million baht	Continued

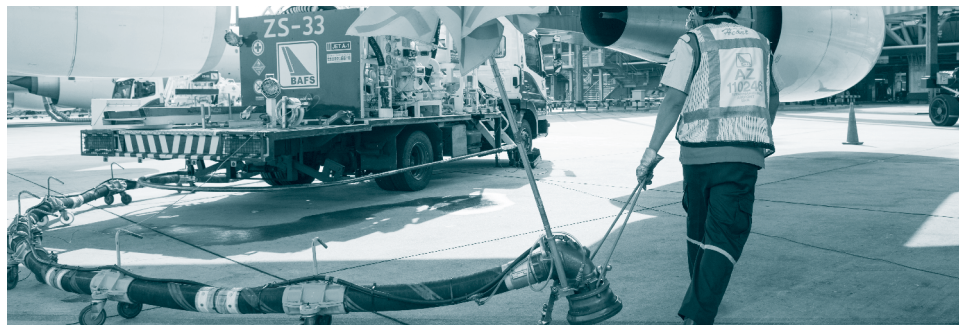
List of Names	Detail Description	Relations
3. PTT PLC.	<ol style="list-style-type: none"> 1. Aviation fuel transportation via pipeline and depot system to Suvarnabhumi Aviation Fuel Storage Station 2. Aviation fuel transportation via underground pipeline and depot system to Don Mueang Aviation Fuel Storage Station 3. Fuel transportation via underground pipeline and depot system to Bang Pa-In depot 4. Oil tank service, fuel receiving and distribution system by vehicle 5. Office space rental at Bang Pa-In depot 6. Fuel reserve service at Bang Pa-In depot 7. Land leasing and land utilization 	<ol style="list-style-type: none"> 1. The Ministry of Finance is indirect major shareholder of Bangkok Aviation Fuel Services PLC. and major shareholder of PTT PLC. 2. Director of Bangkok Aviation Fuel Services PLC., Mr. Peratak Autadej, is authorized persons of PTT PLC.
4. Airports of Thailand PLC. (AOT)	Land rental at the area along the airport's fence which locates in the areas of Suvarnabhumi Airport.	<ol style="list-style-type: none"> 1. The Ministry of Finance is indirect major shareholder of Bangkok Aviation Fuel Services PLC. and Major shareholder of Airports of Thailand PLC. (AOT). 2. Directors of Bangkok Aviation Fuel Services PLC., <ul style="list-style-type: none"> - Mr. Nirandra Theeranartsin (retired on Aug 31st, 16) is director and executive of Airports of Thailand PLC. (AOT). - Mr. Nitinai Sirismatthakarn (started from Nov 9th, 16) is director and executive of Airports of Thailand PLC.

	Unit Price	Total Amount of 2016 (Excluding VAT)	Balance as of December 31 st , 2016 (Excluding VAT)	Continuation of Transactions
	-	0.59 million baht	-	Continued
	-	1.19 million baht	0.10 million baht	Continued
	-	79.11 million baht	8.53 million baht	Continued
	-	-	-	Continued
	-	0.23 million baht	0.02 million baht	Continued
	-	0.27 million baht	0.24 million baht	-
	-	15.18 million baht	1.28 million baht	Continued
	-	1.59 million baht	-	Continued

List of Names	Detail Description	Relations
5. Dhipaya Insurance PLC.	<ol style="list-style-type: none"> 1. All risks insurance, insurance for legal liability to third parties, insurance for political violence protection 2. Insurance for legal liability of controlled business in category 3 as specified in fuel oils control law 3. Property risks insurance (ended on Jun 1st, 16) and all risks insurance for mobile phone (ended on Sep 30th, 16) 	The Ministry of Finance is indirect major shareholder of Bangkok Aviation Fuel Services PLC. and Dhipaya Insurance PLC.
6. PTT Natural Gas Distribution Co., Ltd.	Pipeline service for natural gas transportation at Bang Pa-In depot	The Ministry of Finance is indirect major shareholder of Bangkok Aviation Fuel Services PLC. and PTT Natural Gas Distribution Co., Ltd

	Unit Price	Total Amount of 2016 (Excluding VAT)	Balance as of December 31 st , 2016 (Excluding VAT)	Continuation of Transactions
	-	17.92 million baht	-	Continued
	-	0.067 million baht	-	Continued
	-	1.59 million baht	-	Continued
	-	0.72 million baht	0.06 million baht	Continued

Summarization of Opinions on Related Party Transactions for the Year 2016



The Company's Board of Directors has appointed the Audit Committee, which comprises independent directors, to review compliances of the Company regarding its connected transactions with related laws and regulations of the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC).

In 2016, the Company had connected transactions with persons, who might have potential conflicts of interests on normal business conditions. The Company's pricing policy for the connected transactions is disclosed in list of related party transactions and connected businesses, which shown in Notes to Annual Financial Statements, ended on December 31, 2016.

Furthermore, on February 22, 2017, at the Company's Board of Directors Meeting where the Audit Committee had attended, the Board of Directors agreed with the Audit Committee's opinion that the connected transactions with persons who might have potential conflicts of interests were reasonable and beneficial to the Company's business operation. Details regarding this matter include:

1. Connected transactions between the Company and persons, who may have potential conflicts of interests

1.1 Thai Airways International Public Company Limited

1.2 Chevron (Thailand) Limited

1.3 The Shell Company of Thailand Limited

The Company has provided aviation fuel storage, aircraft refuelling and defuelling services at the Don Mueang Airport and the Suvarnabhumi Airport whereby terms and service fees in contracts that the Company has made with its customers are similar to those shown in contracts that the company has made with external parties. However, new oil companies, which are not shareholders of the Company, will be charged for service fee in accordance with terms stipulated as policy, which is approved by the Board of Directors.

In accordance with terms specified in contracts, the Company collects payments for aircraft refuelling services at the Don Mueang Airport from user companies and transfers those payments to the Airports of Thailand PLC. whereby the Company does not have stake in those payments.

The Audit Committee has reviewed and opines that those transactions are connected transactions in which necessary and the most beneficial to the Company's business operation as they were normal operations and necessary for aircraft refuelling service business at the Don Mueang Airport and the Suvarnabhumi Airport.

Moreover, to complete its entire service process, the Company also provides customs formality services with free of charge to customers. The Audit Committee agrees that those services are connected transactions only to facilitate the user companies as normal business supporting services with general commercial terms. Those transactions bring in benefits to the Company's business operations at the Don Mueang Airport and the Suvarnabhumi Airport.

The Company bought air tickets for its marketing transactions purpose whereby the Thai Airways International PLC. charged the Company for those air tickets with market price. Those transactions are normal business supporting activities with general commercial terms. The Audit Committee opines that they are connected transactions that bring in benefits to the Company's business operation.

1.4 PTT Public Company Limited

The Company has provided aviation fuel storage, aircraft refuelling and defuelling services at the Don Mueang Airport and the Suvarnabhumi Airport. The Company collects service fees for aircraft refuelling services at the Don Mueang Airport from PTT PLC. with the same service fee rates that collected from the Thai Airways International PLC., Chevron (Thailand) Limited and the Shell Company of Thailand Limited. The Audit Committee opines that such transactions are connected transaction, in which necessary and the most beneficial to the Company's business operation as they were normal operation of aircraft refueling service business at the Don Mueang Airport and the Suvarnabhumi Airport.

In Addition, the Company has also provided aviation fuel storage, aircraft refuelling and defuelling services at Samui, Sukhothai and Trat airports while PTT PLC. is sole company that transfers aviation fuel and aircraft refuelling products to distribute at those airports. PTT PLC. agrees to pay for service fee to the Company in accordance with terms and conditions specified in the contract. The Audit Committee opines that such transactions are connected transaction that brings in benefits to the Company's business operation.

The Company agrees to pay for its vehicles' fuel to PTT PLC. by card whereby PTT PLC. shall charge for such fuel to the Company with market price and general commercial terms. The Audit Committee opines that such transactions are connected transactions that have general commercial terms and causes benefits to the Company's business operation.

The Company has also provided aviation fuel storage service to PTT PLC. at the Suvarnabhumi Aviation Fuel Storage Station, PTT PLC. agrees to pay for service fee to the Company in accordance with terms and conditions specified in the contract. The Audit Committee opines that their transactions are connected transactions that cause benefits to the Company's business operation.

1.5 Airports of Thailand Public Company Limited

- **The Don Mueang Airport**

The Company has made fuel hydrant pipeline rental contract with Airports of Thailand PLC (AOT) and additional operating area for its into-plane service business. Usage of fuel hydrant pipeline is normal business transaction for aviation refuelling service at the Don Mueang Airport whereby the Company must pay for fuel pipeline rental fee with rate as mentioned in the agreement. Moreover, rental fee rate will be adjusted in accordance to the country's general consumer price index.

Furthermore, the Company has collected payments for aircraft refuelling services at the Don Mueang Airport from customers and transfers those payments to AOT in accordance with terms and conditions specified in contracts. With this regard, the Company does not have stake in those payments.

The Audit Committee opines that those transactions are connected transactions in which necessary and the most beneficial to the Company's business operation as they were normal operation of aircraft refuelling service business at the Don Mueang Airport.

The Company has also rented building and areas of both inside and outside of apron at the Don Mueang Airport for its into-plane service operation and being parking space for its employees who are operatives at the apron. The rental fee rate is the same rate that AOT charges to external parties.

The Audit Committee opines that those transactions are connected transactions in which necessary and the most beneficial to the Company's business operation as they were normal operation of aircraft refuelling service business at the Don Mueang Airport.

- **The Suvarnabhumi Airport**

The Company has made contract with AOT which has been granted by AOT the 20-year period permission to conduct into-plane fuelling system including aircraft refuelling and defuelling services at the Suvarnabhumi Airport. Those services have been operated since the airport's official opening date on September 28th, 2006. The Company shall pay for compensation as per rate specified in the contract whereby such rate is the same rate that AOT charges to external parties. The Company obliges to comply with AOT's other regulations as well.

The Audit Committee opines that those transactions are connected transactions in which necessary with general commercial terms and the most beneficial to the Company's business operation as they were normal operations of aircraft refueling service business at the Suvarnabhumi Airport.

Since the Suvarnabhumi Airport's official opening date, the Company has also makes contract to rent space outside its apron for building construction and other constructions to accommodate its into-plane service operation for 20-year period. The space rental fee is as same rate that AOT charges to external parties.

Besides, the Company has made rental agreement to rent room and space inside the Suvarnabhumi Airport's apron to use as its office, vehicles parking area and field equipment storage. The rental fee rate is as same rate that AOT charges to external parties.

The Audit Committee opines that those rentals are connected transactions in which necessary and the most beneficial to the Company's business operation with general commercial terms as they were normal operation of aircraft refueling service business, which requires spaces at the Suvarnabhumi Airport.

The Company also uses public facilities and AOT's other facilities, which are additional services that AOT has provided to the Company for its into-plane service operation in the airport's area. With this regard, the Company has to perform in compliance with AOT's regulations and pay for those facilities service fees with the same rates that the AOT charges to external parties as well. The Audit Committee opines that these transactions are connected transactions in which necessary with general commercial terms and beneficial to the Company's business operations as they were normal operations of aircraft refuelling service business at any airport.

Since AOT is recognized as famous organization regarding management and control of risks from emergency or severe disaster, the Company, therefore; requires AOT to arrange fire-fighting and evacuation training program for its employees. With this regard, AOT has charged to the Company with the same rate of service fee that AOT charges to the external parties. As the Company is well aware of problems that could have impact on its operation's efficiency in the event of crisis and in the timeliest possible manner, therefore; the Audit Committee opines that such transactions are connected transactions with general commercial terms and beneficial to the Company's business operation.

1.6 The Ministry of Finance

The Company has made contract with the Ministry of Finance for renting of Ratchaphatsadu building and land that connect to its office in order to use them for into-plane service system project including having them sub-leased to Fuel Pipeline Transportation Co., Ltd. for its business operation purpose. The Company shall perform in compliance with terms and conditions as well as pay for rental fee as per rate stipulated in the contract.

The Audit Committee opines that such transactions are connected transactions in which necessary and the most beneficial to the Company's business operation as they were normal operations of aircraft refuelling service business at the Don Mueang Airport.

1.7 Thai Petroleum Pipeline Co., Ltd.

- **Don Mueang Aviation Fuel Storage Station**

The Company has made contract for land leasing and public facilities service at Don Mueang Aviation Fuel Storage Station with Thai Petroleum Pipeline Co., Ltd. (THAPPLINE). Such land is rented for construction of building and facilities in order to receive and distribute aviation fuel that is transferred via THAPPLINE's fuel pipeline. As mentioned in the contract, THAPPLINE must pay for rental and service fees as well as perform in compliance with terms and conditions including rental fee and service fee adjustment.

The Audit Committee opines that such transactions are connected transaction. However, it is leasing and service contract made with THAPPLINE for its building and facilities construction in order to receive and distribute aviation fuel, which is necessary and the most beneficial to the Company's business operation as they were normal operation of aircraft refuelling service business at the Don Mueang Airport.

- **Suvarnabhumi Aviation Fuel Storage Station**

The Company has made land and building leasing together with facilities service agreements with THAPPLINE at Suvarnabhumi Aviation Fuel Storage Station for THAPPLINE's building and fuel pipeline transporting system construction. As specified in agreements, THAPPLINE must pay for rental fee and perform in compliance with terms and conditions including rental fee and service fee adjustment in accordance with the country's general consumer price index. With this regard, those facilities systems exclude water used for fire-fighting system. Service charges for water supply and electricity are collected as per actual consumption.

The Audit Committee opines that those transactions are connected transaction. However, as they are rental and service agreements made with THAPPLINE for its fuel pipeline transporting system construction, which is necessary and the most beneficial to the Company's business operation as they were normal operation of aircraft refuelling service business at the Suvarnabhumi Airport.

1.8 Dhipaya Insurance Public Company Limited

The Company has prepared all risks insurance, legal liability insurance to external parties, property terrorism insurance, and auto insurance and protection of victims from car accidents with Dhipaya Insurance PLC (Dhipaya Insurance). The Company shall pay for insurance premiums, which are market price, and perform in compliance with terms and conditions specified in insurance policies.

The Audit Committee opines that those transactions are connected transactions that necessary and cause benefits to the Company's business operation. They are executed in order to provide protection as well as to reduce impact from damages, which may occur from its aircraft refuelling service operations at airports.

1.9 IRPC Public Company Limited

Since IRPC PLC. is recognized as famous organization regarding risks from emergency or severe disaster management and control, the Company, therefore; appointed IRPC PLC. to arrange training courses including "Advance Fire-fighting", "Fire Commanding" and "Commander at the Scene". Its service fee charged to the Company was the same rate that IRPC PLC. charged to external parties.

The Audit Committee opines that such transactions are connected transactions with general commercial terms and beneficial to the Company's business operation as the Company is well aware of problems that could have impact on its operation's efficiency in the event of crisis and in the timeliest possible manner.

1.10 NPC Safety and Environmental Service Co., Ltd.

Since NPC Safety and Environmental Service Co., Ltd. (NPC S&E) is recognized as famous organization regarding business continuity management, the Company has therefore appointed NPC S&E to be consultant for its business continuity management system project. Its service fee charged to the Company was the same rate that NPC S&E charged to external parties.

The Audit Committee opines that such transactions are connected transaction with general commercial terms and beneficial to the Company's business operation as the Company is well aware of importance of business continuity plan as well as to ensure its operational efficiency.

1.11 NokScoot Airlines Co., Ltd.

The Company has provided fuel audit service to NokScoot Airlines Co., Ltd at airports in China with same rate of service fee that the Company charges to external parties.

The Audit Committee opines that such transactions are connected transactions with general commercial terms and beneficial to the Company's business operation.

1.12 TMB Bank Public Company Limited

The Company has entered into loan agreement with TMB Bank PLC in order to have fund for its subsidiary; Fuel Pipeline Transportation Co., Ltd.'s capital increase. Such fund is for investment in oil pipeline construction project in North of Thailand.

The Audit Committee opines that such transactions are connected transactions with general commercial terms, which is normal business supports and beneficial to the Company's business operation.

2. Connected transactions between Thai Aviation Refuelling Co., Ltd. (Subsidiary) and persons, who may have potential conflicts of interests

2.1 Thai Airways International Public Company Limited

2.2 Chevron (Thailand) Limited

Thai Aviation Refuelling Co., Ltd. (TARCO) provides aviation fuel transportation service via hydrant pipeline at the Suvarnabhumi Airport for Thai Airways International PLC and Chevron (Thailand) Limited. TARCO, BAFS and their user companies who are customers, have entered into contracts in which terms and conditions regarding aviation fuel prices and service fees are defined to be the same rates that charge to external parties. With explicit service agreement regarding payment collections, BAFS provides business facilitation to TARCO by collecting payments from customers for TARCO. The Audit Committee opines that those transactions are connected transactions which are necessary and the most beneficial to the TARCO's business operation as they were normal operation of aircraft refuelling service business at the Suvarnabhumi Airport.

2.3 The Shell Company of Thailand Limited

2.4 PTT Public Company Limited

TARCO provides aviation fuel transportation service via hydrant pipeline at the Suvarnabhumi Airport for the Shell Company of Thailand Limited (Shell) and PTT Public PLC (PTT), with details of transactions that are similar to transactions that TARCO has with Thai Airways International PCL and Chevron (Thailand) Limited.

The Audit Committee opines that those transactions are connected transactions which are necessary and the most beneficial to TARCO's business operation as they were normal operation on aviation fuel transportation service at the Suvarnabhumi Airport.

Moreover, TARCO has agreed to use fuel cards issued by Shell and PTT to pay for its vehicles' fuels. Shell and PTT charge TARCO for fuels with market prices and normal commercial terms.

The Audit Committee opines that those transactions are connected transactions with general commercial terms and beneficial to TARCO's business operation.

2.5 Airports of Thailand Public Company Limited

TARCO was given permit by Airports of Thailand PLC (AOT) to operate aviation fuel transportation service via hydrant pipeline at Suvarnabhumi Airport for 30-year period, which started from the Airport's official opening date on September 28, 2006. In accordance with terms and conditions of permit agreement for aviation fuel transportation by hydrant pipeline (Permit Agreement) at the Suvarnabhumi Airport, TARCO shall pay 2% compensation to AOT by calculating from its revenue before expenditure deduction.

Later, AOT had launched plan for the Suvarnabhumi Airport phase 2 development. TARCO, then, studied and began to design phase 2 hydrant pipeline system concept. On September 16, 2010, TARCO submitted its conceptual design proposal to AOT for its further investment on phase 2 hydrant pipeline system. At AOT's Board of Directors Meeting on June 10, 2013, it was concluded that the phase 2 hydrant pipeline service was part of the Permit Agreement. Therefore, to ensure completion of the Suvarnabhumi Airport phase 2 development and its availability for service in timeframe mentioned in the Cabinet's policy, AOT assigned TARCO to proceed the phase 2 hydrant pipeline system construction at the Suvarnabhumi Airport before signing an additional amendment of the Permit Agreement.

Prior to their mutual signing onto the additional amendment of the Permit Agreement, TARCO and AOT signed onto memorandum of understanding on September 23, 2013 in order to allow TARCO to start phase 2 hydrant pipeline system construction at the Suvarnabhumi Airport. In case of any event that might cause cancellation, restraint, postponement or significant change to the project, which resulted in cancellation of signing the additional amendment of the Permit Agreement, both persons should discuss in good faith based on provisions in the Permit Agreement and fairness to ensure that TARCO would be compensated for its investment and other actual expenses. In the meantime, TARCO should transfer such construction project that had been processed together with whole assets to AOT or the Ministry of Finance or any other organization in which AOT should further notify to TARCO.

TARCO has rented land at the Suvarnabhumi Airport to place its equipment, hydrant pipelines and facilities as well as to park its aviation fuel vehicles. Moreover, TARCO has made rented chamber and space in apron to be its office, vehicle parking and storing field equipment that used for its operation. The rental fee rates are the same rates that AOT charges to external parties.

Besides, TARCO also uses public facilities and other facilities of AOT, which are additional services that AOT has provided to TARCO for its aviation fuel transportation service operation in the airport's area. With this regard, TARCO has to perform in compliance with AOT's regulations and pay for those facilities service fees with the same rates that AOT charges to external parties as well.

The Audit Committee opines that those transactions are connected transactions and the most beneficial to TARCO's business operation as they were normal business operation on aviation fuel transportation service at Suvarnabhumi Airport.

2.6 Dhipaya Insurance Public Company Limited

TARCO has arranged all risks insurance, legal liability insurance to external parties including auto insurance and car insurance with Dhipaya Insurance PLC. TARCO shall pay for insurance premiums and perform in compliance with terms and conditions specified in those insurance policies. The insurance premiums charged to TARCO are market price.

The Audit Committee opines that such transactions are connected transactions that beneficial and necessary in terms of protection against damages, which may cause impact to TARCO's assets and business operation.

3. Connected transactions between Fuel Pipeline Transportation Co., Ltd. (Subsidiary) and persons, who may have potential conflicts of interests

3.1 Chevron (Thailand) Limited

Fuel Pipeline Transportation Co., Ltd. (FPT) provides aviation fuel and oil transportation via multi-products pipeline from 3 oil supply sources including Bangchak oil refinery, oil depot of the Shell Company of Thailand Limited and Chevron (Thailand) Limited (Chevron), which locate at Chongnonsi, to deliver to BAFS' Aviation Fuel Storage Stations at the Don Mueang Airport and the Suvarnabhumi Airport. Moreover, FPT also transfers oil to its depot located at Bang Pa-In, Ayudhaya as well. FPT has business transaction with Chevron regarding aviation fuel and oil transportation service as aforementioned. Prices, terms and conditions of service that FPT offers to Chevron are as same as those that FPT offers to external parties.

The Audit Committee opines that those transactions are connected transactions in which necessary and the most beneficial for FPT's business operation as FPT is service provider for aviation fuel and oil transportation via pipeline system to storage stations and depots.

FPT has also made agreement with Chevron for oil reserves at Don Mueang Aviation Fuel Storage Station and Bang Pa-In depot as required by law. This transaction supports FPT's main business accordingly. The service terms and fee that FPT offers to Chevron are market price.

The Audit Committee opines that such connected transactions are beneficial to FPT's business operation as well as upholds policy of the government sector.

Moreover, as Chevron imposes policy for not hiring regular employee to work at its sales offices in all regional depots, therefore; FPT has provided sales office management service at Bang Pa-In depot to Chevron. It is Chevron's office in which undertakes oil distribution and transfer to oil stations and customers in industrial sector. FPT's service fee that charged to Chevron is calculated from volume of oil that distributed from Bang Pa-In depot.

The Audit Committee opines that such transactions are connected transactions which provide facilitation to Chevron and is beneficial to FPT's business operation at Bang Pa-In depot.

3.2 The Shell Company of Thailand Limited

FPT has provided aviation fuel and oil transportation via underground pipeline to the Shell Company of Thailand Limited (Shell) with the same terms and service fee that FPT offers to Chevron.

The Audit Committee opines that such transactions are connected transactions in which necessary and the most beneficial to FPT as FPT is service provider for aviation fuel and oil transportation via pipeline system to storage stations and depots.

FPT has also made agreement with Shell for oil reserves at Bang Pa-In depot as required by law. This transaction supports FPT's main business accordingly. The service terms and fee that FPT offers to Chevron are market terms and price.

The Audit Committee opines that such connected transactions are beneficial to FPT's business operation as well as upholds policy of the government sector.

Moreover, in order to have office for documentation at Bang Pa-In depot, Shell has made agreement with FPT for office renting whereby its terms and rental fee are similar to those that FPT has made with external parties.

The Audit Committee opines that such transactions are connected transaction which provide facilitation to Chevron and is beneficial to FPT's business operation at Bang Pa-In depot.

3.3 PTT Public Company Limited

FPT has provided aviation fuel and oil transportation service via underground pipeline to PTT PLC (PTT) with the same terms and service fee that FPT offers to Chevron and Shell.

The Audit Committee opines that such transactions are connected transaction which is normal business that is necessary and the most beneficial to FPT as FPT is service provider for aviation fuel and oil transportation via pipeline system to storage stations and depots.

FPT has also made agreement with PTT for oil tank service including oil receipt and distribution by trucks in order to receive, store and distribute oil or alternative energy at Bang Pa-In depot. PTT has also rented office space from FPT for its oil distributing documentation. The rental terms and fee are similar to those that FPT offers to external parties.

The Audit Committee opines that those transactions are connected transaction. Anyhow, they are utilization of FPT's oil tank, store and distribute oil or alternative energy including office building rental for oil distribution documentation at Bang Pa-In depot. Those transactions are beneficial to FPT's business operation.

FPT has also made agreement with PTT for oil reserves at Bang Pa-In depot as required by law. This transaction supports FPT's main business accordingly. The service terms and fee that FPT offers to PTT are market terms and price.

The Audit Committee opines that such transactions are connected transactions, which is beneficial to FPT's business operation as well as upholds policy of the government sector.

In addition, FPT has made land sub-leasing and land utilization agreement with PTT in order to have natural gas pipeline system constructed. Sub-leasing fee that FPT charges to PTT is actual rental fee amount that FPT pays to the State Railway of Thailand plus its operating cost for 5.5%.

The Audit Committee opines that such transactions are connected transaction that allows PTT to utilize land for NGV pipeline construction, which is the project to support usage of alternative energy. Such transactions are beneficial to FPT and does not cause any transfer of benefits.

3.4 Airports of Thailand Public Company Limited

FPT has made land rental agreement with Airports of Thailand PLC (AOT) for renting outside area along the airport's fence in the Suvarnabhumi Airport area. Such land rental is for laying pipe for aviation fuel transfer from refineries to BAFS' Suvarnabhumi Aviation Fuel Storage Station. The rental fee rate is the same rate that AOT charges to external parties.

The Audit Committee opines that such transactions are connected transactions in which necessary and the most beneficial to FPT's business operation as laying underground pipeline to receive aviation fuel from customers and transfer it to BAFS' Suvarnabhumi Aviation Fuel Storage Station is FPT's normal operation.

3.5 Dhipaya Insurance Public Company Limited

FPT has prepared all risks insurance, insurance for legal liability to external parties, political violence risk insurance, insurance for legal liability of controlled business in category 3 as specified in fuel oils control law, property risks insurance and all risks insurance for mobile phone with Dhipaya Insurance PLC. The insurance premiums are market prices to which FPT shall pay and perform in compliance with terms and conditions stipulated in those insurance policies.

The Audit Committee opines that those transactions are connected transactions that necessary and beneficial to FPT. They are executed in order to provide protection to FPT's assets and business operation.

3.6 PTT Natural Gas Distribution Co., Ltd.

FPT has made agreement with PTT Natural Gas Distribution Co., Ltd. for pipeline service for natural gas transportation from Liap Klong Prem Prachakon road to entrance of Bangchak Biofuel Co., Ltd. Such pipeline is an old aviation fuel pipeline that FPT does not use anymore. Terms of service are stipulated and service fee is calculated from remaining cost of asset in book value including quantity of natural gas that is transported. The transaction helps adding value to FPT's unused asset as well.

The Audit Committee opines that such transactions are connected transactions which provide facilitation to PTT Natural Gas Distribution Co., Ltd. as well as utilizes FPT's asset to obtain maximum benefit.

Measure or Procedure for Connected Transaction Approval

Measure or Procedure for Connected Transaction Approval

The Company stipulated procedure for connected transactions with persons, who may have conflicts of interests, including information disclosure of such connected transactions to fulfill requirements of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The explicit procedure guidelines have been updated consistently in accordance with the SET and the SEC's regulations. In case any connected transaction has to be approved by the shareholders' meeting or the Company's Board of Directors, such transaction shall be considered and screened firstly by the independent Audit Committee. In the event that the Audit Committee renders different comment from the Board's comment on such transaction, the Company will disclose detail of their different comments as well. For any approval of connected transaction, the Company takes into account maximum benefits of its business operation including fairness, reasonability of transaction in accordance with market price and normal commercial terms. In addition, as defined in the Company's Articles of Association, director who has interest on any matter is not entitled to participate in its approval.

In addition, the Company's Board of Directors approved on principles of trade agreement with general commercial terms in transactions between the Company and its subsidiaries with their directors, executives or relevant persons in order to enable the Company to operate pursuant to Section 89/12 (1) of the Securities Exchange Act (No. 4) B.E. 2551

Policy and Tendency of Connected Transactions in the Future

The Company imposed connected transaction policy in compliance with regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The Company also determined terms and conditions for connected transactions in consistent with fair prices and commercial terms without transfer of benefits to and among the Company, its subsidiaries and shareholders. Considering its nature of business, this is providing inclusive aviation fuel service, together with its shareholding structure that comprised of the Thai Airways International PLC., the Airports of Thailand PLC. and many oil companies; therefore, the Company has a tendency to process connected transactions with persons/other business enterprises, which can cause potential conflicts in the future. However, every connected transaction is reasonable, necessary and beneficial to the Company's business operation as well as occurs from normal business operations of into-plane services at the main and regional airports including Don Mueang, Suvarnabhumi, Samui, Sukhothai and Trat as well. The Company will disclose connected transactions list in its notes to the financial statements that are audited by the Company's auditor in accordance with accounting standards stipulated by the Federation of accounting professions.

Furthermore, the Company has prepared all risk insurance, legal liability insurance to third parties and property insurance from terrorism with the Dhipaya Insurance PLC. to cover risks and reduce impact from damages which may occur from its transactions that are beneficial to the Company's normal business operations.



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