

ANNUAL REPORT 2017

A NEW ERA
TOWARD
SUSTAINABLE
FUTURE



ANNUAL REPORT 2017
BANGKOK AVIATION FUEL SERVICES PUBLIC COMPANY LIMITED

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for Connected
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Vision

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







Mission

01

Shareholders

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

02

Customers

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

03

Stakeholders

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

04

**Society/
Community/
Environment**

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

05

Employees

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

06

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

The year 2017 marked the ongoing growth of Thailand's tourism and aviation businesses, albeit slower growth than projected of the volume of jet fuel supply for a number of flights, especially those operated at Don Mueang International Airport. This was mainly due to the impact of the increase in jet fuel excise tax rates on domestic consumption which had caused the Low Cost Carriers (LCCs) to reduce the fuel uplift domestically. In addition, the negative impact factors including the measure for the crackdown on Zero Dollar Tours and the closure of runway for surface repairs at Suvarnabhumi International Airport were all factors causing a slowdown in the volume of jet fuel supply of the BAFS Group, with only 1.6% of growth compared to the previous year. Moreover, the Corporate Group generated extra revenue in the extraordinary items in 2016, while there were no such extraordinary items in 2017. As a result, the Corporate Group's total revenue and operating performance has decreased from the previous year.

The Company took several actions in line with its new strategic plans for the second year and substantial progress was made. For example, in terms of knowledge management, the Company systematically gathered knowledge and experience to be disseminated to both internal and external audiences. Furthermore, the Company has been authorized and given licenses to operate a training center providing a wide range of courses related to the energy service business, which generated extra revenue and cost avoidance.

Similarly, the subsidiaries in the BAFS Group also demonstrated successful performance. The fuel depot and fuel pipeline

transportation system constructions to the Northern pipeline project of the Fuel Pipeline Transportation Limited (FPT) proceeded according to the plans both in Phichit and Lampang provinces. The fuel depot construction was expected to be completed and revenue could be realized in 2019.

At the same time, the hydrant underground pipeline system construction at Suvarnabhumi Airport conducted by another subsidiary, the Thai Aviation Refuelling Co., Ltd. (TARCO) was nearly completed. In addition, after one year of its operation. The BAFS Innovation Development Co., Ltd. (BID) invented and developed a variety of innovative products, thus supporting the Company's operation and raising its future revenue.

With its sustainable business strategy focusing on the balance of economic, social and environmental dimensions, the Company listed in the Thailand Sustainability Investment list for 3 consecutive years and was awarded the SET Outstanding Sustainability Award and recognized as one of the "Role Models" in giving value to organizations and society. The aforesaid award could demonstrate the Company's commitment to ensuring sustainable business operations, generating substantial returns and delivering sustainable value to all stakeholders.

On behalf of the Board of Directors, Management, employees, and subsidiaries, I would like to express my sincere gratitude to all shareholders, customers, trade partners and business alliances for continuing support to the Company.



Prakobkiat Ninnad
Managing Director

Financial Highlight

Bangkok Aviation Fuel Services Public Company Limited

(Unit : Million Baht)

	End of Dec 31, 2017	End of Dec 31, 2016	End of Dec 31, 2015
Key Financial Status and Performance			
Services Income	3,581.3	3,564.7	3,327.9
Other Income	58.9	146.8	31.8
Total Revenue	3,640.2	3,711.5	3,359.6
Cost of Services	1,606.0	1,546.3	1,449.2
Gross Profit	1,975.3	2,018.4	1,878.7
Administrative Expenses	583.8	578.6	564.9
Profit before finance cost and income tax expenses	1,450.4	1,586.6	1,345.6
Finance Cost	160.3	131.2	83.2
Profit for the year	1,028.5	1,172.3	999.1
Profit attributable to Equity holders of the Company	970.6	1,097.1	957.7
Cash, cash equivalents and Current investments	2,064.6	4,363.5	1,501.3
Total Assets	12,414.4	12,157.8	8,540.5
Total Liabilities	4,844.7	4,786.6	2,876.3
Total Shareholders' Equity	7,569.7	7,371.2	5,664.2
Key Financial Ratios			
Gross Profit Margin	55.16%	56.62%	56.45%
Net Profit Margin	28.25%	31.59%	29.74%
Return on Total Assets	8.37%	11.33%	11.91%
Return on Total Equity	13.77%	17.99%	18.37%
Total Liabilities to Total Equity (Times)	0.64	0.65	0.51
Book Value per share* (Baht)	11.87	11.56	8.89
Dividend per share (Baht)	1.25	1.50	1.10
Earning per share* (Baht)	1.52	1.72	1.50

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)	Share-holding Percentage (%)
Thai Aviation Refuelling Co., Ltd. 99 Moo 10, Srisa Jorakhanoi, Bang Saothong, Samut Prakan 10570 Tel : 0 2134 4021-6 Fax : 0 2134 0420	Provides aviation fuel service through underground pipeline at Suvarnabhumi Airport	Ordinary	530.00	90.00
Fuel Pipeline Transportation Co., Ltd. 424 Kamphaeng Phet 6 Road., 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 Road., 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. 99 Moo 10, Srisa jorakhanoi, Bang Saothong, Samut Prakan 10570 Tel : 0 2326 3800	Provides research, development, design and improvement of innovative products including licensing and services of technology and innovation	Ordinary	2.50	100.00

Corporate Awards and Recognition in 2017



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 in 2017 for its three operating sites include: Don Mueang Aviation Fuel Storage Station (Head Office) for eleven consecutive year, Suvarnabhumi Into-plane Refueling Station for nine consecutive year, and Suvarnabhumi Aviation Fuel Storage Station for seven consecutive year.

BAFS achieved Thailand Sustainability Investment (THSI)



The Stock Exchange of Thailand (SET) had an announcement that BAFS had been awarded Thailand Sustainability Investment which is considered as a listed company with outstanding corporate sustainable development in terms of Environmental, Social, and Governance (ESG) aspects. This can be an alternative way for investors who interested in sustainable investment concept applying the ESG dimension as an element for assessment cooperated with the company's financial analysis. Additionally, BAFS consecutively achieved this announcement for three years since 2015.

BAFS received Outstanding Sustainability Awards



BAFS achieved Outstanding Sustainability Awards which given to listed companies conducting sustainable business. This honorable award emphasizes the fact that BAFS is considered as "Prototype organization" for increasing value towards its company and society. Therefore, BAFS also integrates the sustainability issues as a part of strategic plans and management process which resulted as an only listed company with the market capitalization range from ten to thirty billion baht whom achieved this award in SET Sustainability Awards 2017.

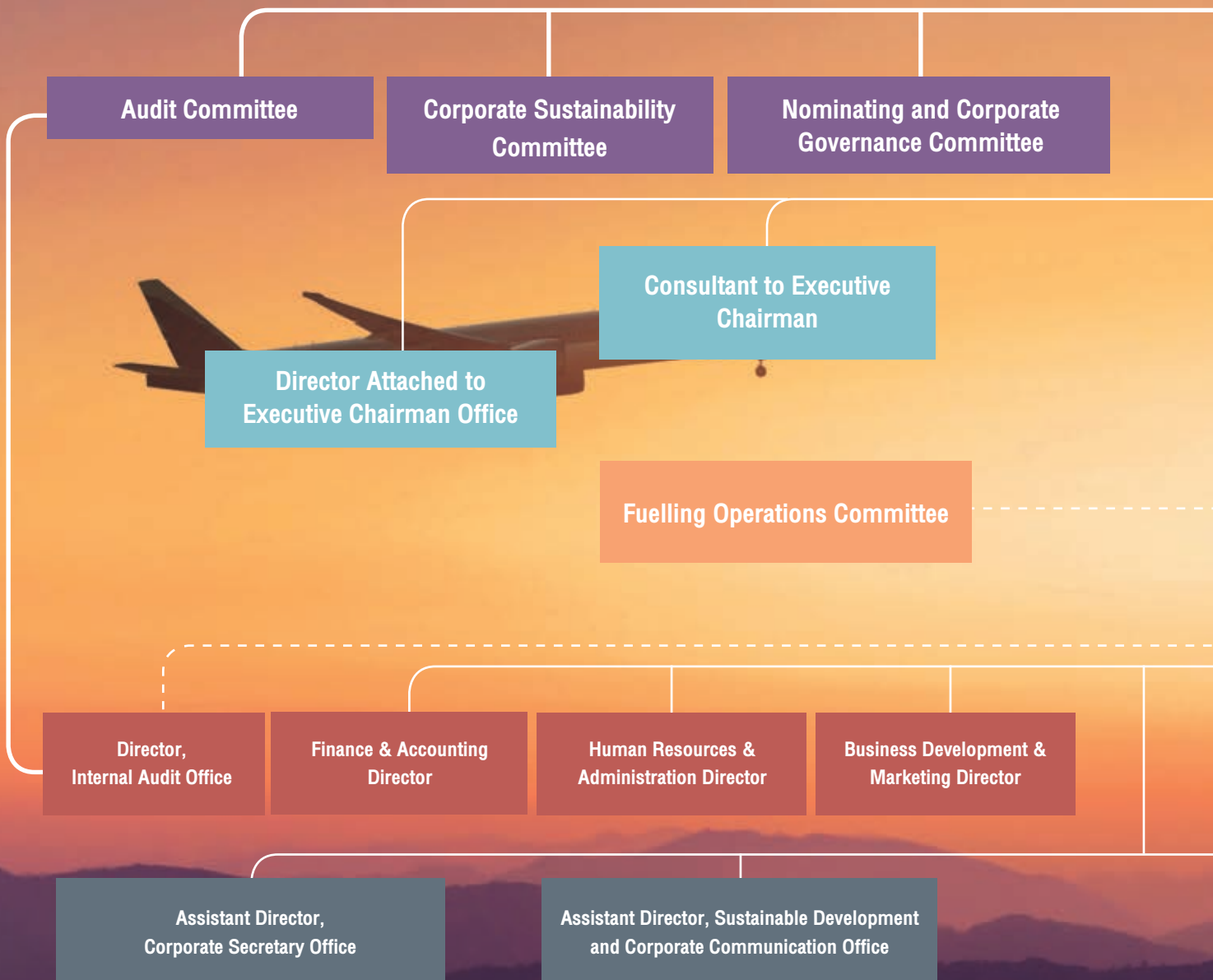
BAFS recertified for the membership of the Collective Action Coalition Against Corruption

The company is certified as a member of the Collective Action Coalition Against Corruption (Thailand's Private Sector Collective Action Coalition Against Corruption : CAC) since 2014 and also recertified for three years of the membership in 2017.

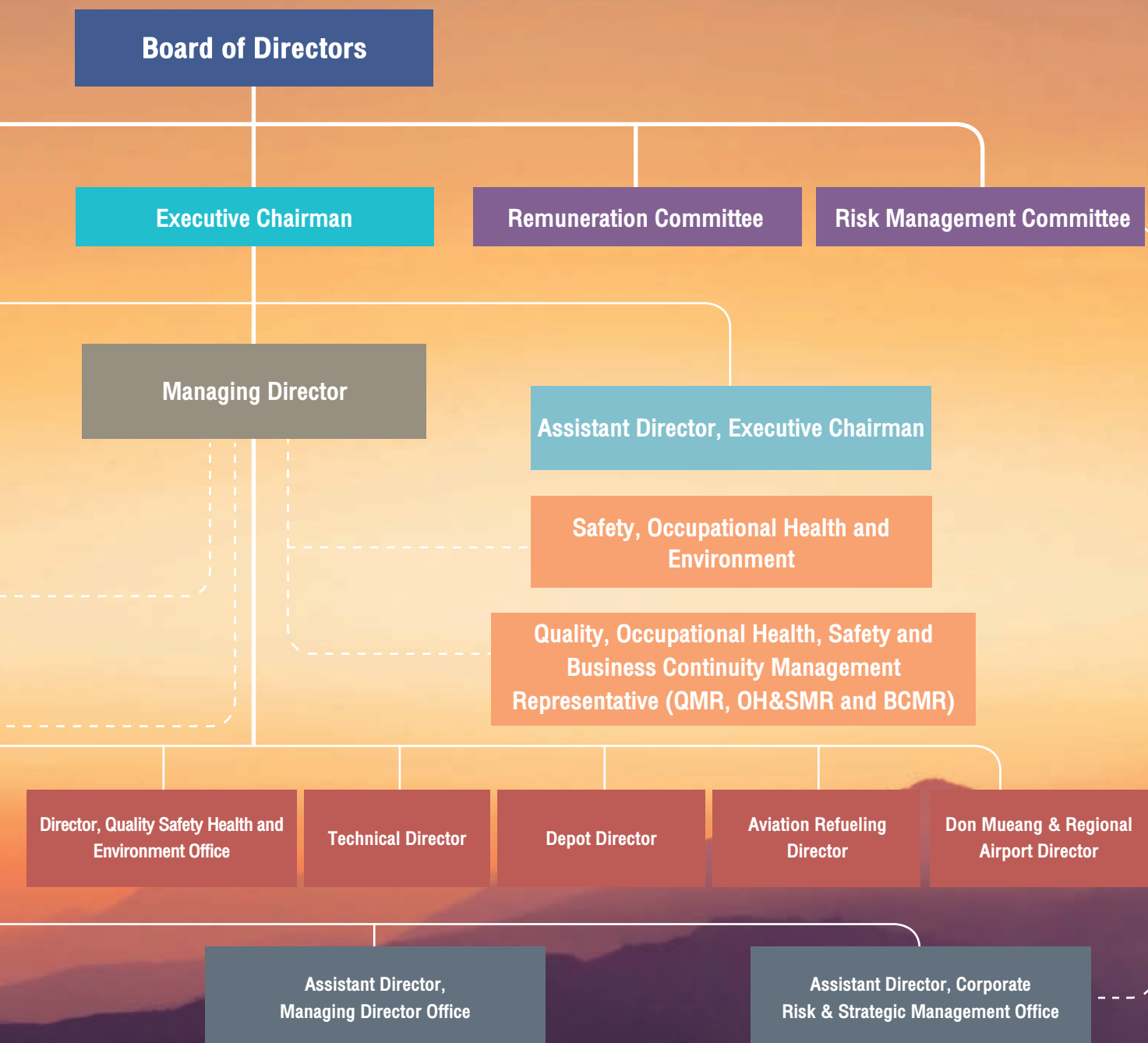


Organization Chart of BAFS

Bangkok Aviation Fuel Services Public Company Limited



———— Line of Command
----- Reporting Lines



Board of Directors



Mr. Palakorn Suwanrath (69 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
- Director Certification Program (DCP) 92/2007
- Director Accreditation Program (DAP) 63/2007
- The Role of Chairman (RCM) 16/2007

Work Experience

- 2001 - Present Privy Councilor
- 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.

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
- Director, SCB Securities Co., Ltd.

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 (68 years)

Director, Remuneration Committee Director, Nominating and Corporate Governance Committee Director, Risk Management Committee Director, Chairman of Corporate Sustainability Committee, Executive Chairman

Starting Date of Directorship 30 December 1983

Shareholding of the Company

- 0.640% (In name of himself and spouse 4,080,000 shares) Increased 20,000 shares in 2017

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

- 2016 - Present Chairman, BAFS Innovation Development Co., Ltd.
- 2014 - Present Executive Chairman, Bangkok Aviation Fuel Services Plc.



Mr. Prakobkiat Ninnad (61 years)

Director, Remuneration Committee Director, Nominating and Corporate Governance Committee Director, Risk Management Committee Director, Corporate Sustainability 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)
(No Shareholding changed in 2017)

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.
- Director Certification Program (DCP) 193/2014
- Executive Program: Good Governance for Sustainable Development Institute for Good Governance Promotion Class 1
- 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

- 2013 - Present Independent Director, Bangkok Insurance Plc.
- 2011 - Present Director, Thai Aviation Refuelling Co., Ltd.
- 2010 - Present Chairman and Director, Fuel Pipeline Transportation Co., Ltd.
- 1986 - 2015 Chairman, Intoplane Service Co., Ltd.
- 2013 - 2014 Executive Chairman & Managing Director, Bangkok Aviation Fuel Services Plc.
- 2011 - 2014 Director, JP-One Asset Co., Ltd.
- 1983 - 2013 Managing Director, Bangkok Aviation Fuel Services Plc.
- Past Director, Fuel Pipeline Transportation Co., Ltd.
Managing Director, Fuel Pipeline Transportation Co., Ltd.
Managing Director, Thai Aviation Refuelling Co., Ltd.
Director, JP-One Asset Co., Ltd.
Managing Director, JP-One Asset Co., Ltd.
Director, BAFS International Co., Ltd.
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

**Mrs. Usanee Sangsingkeo (60 years)****Director****Starting Date of Directorship** 13 December 2017**Shareholding of the Company**

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Business Administration (BBA) Bangkok University
- Master of Business Administration (MBA) Saint John's University
- Mini Master of Information Technology (MMIT)
- Director Certification Program (DCP) 193/2014
- Ethical Leadership Program (ELP) 10/2017

Work Experience

- 2017- Present Acting President, Executive Vice President of Corporate Strategy & Sustainable Development, Executive Vice President of Commercial, Executive Vice President of Aviation Business, Thai Airways International Plc.
- 2017 - Present Director, Nok Air Plc.
- 2017 - Present Director, Thai Smile Airways Co., Ltd.
- 2015 - 2017 Executive Vice President of Aviation Business Thai Airways International Plc.

- 2012 - 2015 Managing Director of Ground Customer Services Department, Thai Airways International Plc.
- Past Director of In-Flight Equipment Planning & Control Department, Thai Airways International Plc.

Current Position in Other Companies**Listed companies**

- Acting President, Thai Airways International Plc.
- Director, Nok Air Plc.

Non-listed companies

- 1 Company

Illegal Record

- None

**Mr. Surachai Piencharoensak (58 years)****Director****Starting Date of Directorship** 8 November 2017**Shareholding of the Company**

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Mechanical Engineering, King Mongkut's University of Technology North Bangkok

Work Experience

- 2017 - Present Executive Vice President, Technical Department, Thai Airways International Plc.
- 2017 - Present Director, Don Muang International Airport Hotel Co.,Ltd.
- 2016 - 2017 Vice President Heavy Maintenance BKK Base, Thai Airways International Plc.
- 2015 - 2016 Deputy Vice President Heavy Maintenance BKK Base, Thai Airways International Plc.
- 2015 Director, Base & Outer Station Maintenance Department, Thai Airways International Plc.
- 2009 - 2015 Director, Strategy & Information Technology Services, Thai Airways International Plc.

Current Position in Other Companies**Listed companies**

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

Non-listed companies

- 1 Company

Illegal Record

- None



Squadron Leader Pongtorn Thepkanjana (59 years)

Director

Starting Date of Directorship 8 November 2017

Shareholding of the Company

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Aeronautical Engineering, Royal Thai Air Force Academy
- Director Certification Program (DCP) 233/2017

Work Experience

- 2017 - Present Executive Vice President, Operations Department, Thai Airways International Plc.
- 2017 - Present Director, Aeronautical Radio of Thailand Co., Ltd.
- 2015 - Present Director, Thai Flight Training Co., Ltd.
- 2016 - 2017 Vice President, Flight Operations Department, Thai Airways International Plc.
- 2015 - 2016 Vice President, Aviation Resource Development Department, Thai Airways International Plc.
- 2014 - 2015 Mission Commander, Thai Airways International Plc.
- 2011 - 2014 Director, Flight Test & Development 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 (46 years)

Director

Starting Date of Directorship 9 November 2016

Shareholding of the Company

- None

Relationship with Management

- None

Education / Director Training Program

- Business Administration (Economics), Chulalongkorn University
- Master of Public Administration, University of Southern California
- Doctor of Philosophy (Economics), Florida State University
- Certificate in Public Financial Management University of Southern California
- Certificate in Financial Management University of Southern California

Work Experience

- 2015 - Present President, Airports of Thailand Plc.
- 2013 - 2014 Deputy Director General, Fiscal Policy Research Institute
- Past President, Thailand Future Foundation
- Senior Executive Advisor 11, Airports of Thailand Plc.
- 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. Peratak Autadej (58 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, 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 Petroleum Office, Terminal Operations Planning, Division Manager Petroleum Supply, Operations Division Manager, PTT Plc.

Current Position in Other Companies

Listed companies

- Executive Vice President, Petroleum Terminal Operations, PTT Plc.

Non-listed companies

- 2 Companies

Illegal Record

- None

**Mr. Phipawat Sitthichai Kasem (47 years)****Director****Starting Date of Directorship** 22 February 2017**Shareholding of the Company**

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Chemical Engineering, Chulalongkorn University
- Director Accreditation Program (DAP) 139/2017

Work Experience

2017 - Present Mechanical Manager, Sriracha refinery, Esso (Thailand) Plc.

2012 - 2017 Asia Pacific Fleet Manager, ExxonMobil Limited

Past Process Advisor, Esso (Thailand) Plc.

Equipment Integrity Advisor, Sriracha Refinery, Esso (Thailand) Plc.

Sriracha Clean Fuel Project Start-up Manager, Sriracha Refinery, Esso (Thailand) Plc.

Thailand Distribution Manager, Esso (Thailand) Plc.

Project Development Advisor, Sriracha Refinery, Esso Thailand

Offsite Manager, Sriracha Refinery, Esso Thailand

Contact Engineer, Baton Rouge Refinery, Louisiana, USA

Process Coordinator, Process Operation, Sriracha Refinery, Esso Thailand

Current Position in Other Companies**Listed companies**

- Mechanical Manager, Sriracha refinery, Esso (Thailand) Plc.

Non-listed companies

- None

Illegal Record

- None

**Mr. Rungroj Sivachan (50 years)****Director****Starting Date of Directorship** 22 February 2017**Shareholding of the Company**

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Chemical Engineer, Chulalongkorn University
- Master of Industrial Engineering & Management, Oklahoma State University, USA
- Director Accreditation Program (DAP) 140/2017

Work Experience

2011 - Present General Manager - Distribution, The Shell Company of Thailand Limited

Past Regional Operations Manager - Central, The Shell Company of Thailand Limited

Road Transport Improvement Lead - East (Asia/Oceania), The Shell Company of Thailand Limited

Planning & Appraisal Manager - Distribution, The Shell Company of Thailand Limited

Customer & Credit Manager - Retail, The Shell Company of Thailand Limited



Mr. Aswin Kongsiri (72 years)

Independent Director, Chairman of Nominating and Corporate Governance Committee, and Chairman of Risk Management Committee

Current Position in Other Companies

Listed companies

- None

Non-listed companies

- 1 Company

Illegal Record

- None

Starting Date of Directorship 22 April 2005

Shareholding of the Company

- 0.012% (In name of himself and spouse 75,000 shares) (No Shareholding changed in 2017)

Relationship with Management

- None

Education / Director Training Program

- Business Administration (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
- Banff School of Advanced Management, Alberta, Canada
- The Role of Chairman (RCM) 5/2001
- Director Certification Program (DCP) 11/2001

Work Experience

- 2010 - Present Chairman, Thai Orix Leasing Co., Ltd.
- 2008 - Present Chairman, Ton Poh Thailand Fund
- 2007 - Present Chairman, Ch.Karnchang Plc.
- 1999 - Present Independent Director and Chairman of the Audit Committee, OHTL 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.
- 2011 - 2014 Member of Monetary Policy Committee, Bank of Thailand
- Past Chairman, Thoresen Thai Agencies Plc.
- Governor, The Stock Exchange of Thailand
- Vice Chairman, Electricity Generating Plc.
- 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

**Mr. Visut Montriwat (71 years)**

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

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
- Director 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

- 2017 - Present Independent Director, Proud Estate Development Co., Ltd.
- 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.

- 2013 - 2014 Director, Thai Paiboon Insurance Co., Ltd.
- Past Independent Director and Member of the Audit Committee, Krung Thai Bank Plc.
- Deputy Permanent Secretary, Ministry of Finance
- Inspector-General, Ministry of Finance
- Director-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

- 3 Companies

Illegal Record

- None

**Mr. Pachara Yutidhammadamrong (70 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
- Certificate, 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.



Mr. Pipat Purnananda (69 years)

Independent Director, Audit Committee Director and Risk Management Committee Director

2009 - Present Director, Thai Aviation Refuelling Co., Ltd.

Present Legal Counsel, Sukhumvit Asset Management Co., Ltd.

Director,
Office of the Council of State

Past Attorney General,
Office of the Attorney

General Member of National Legislative Assembly

Director, Thai Airways International Plc.

Director, IRPC Plc.

Director, Provincial Electricity Authority

Chairman of the Audit Committee and Independent Director, Krung Thai Bank Plc.

Current Position in Other Companies

Listed companies

- Chairman, Preecha Group Plc.

Non-listed companies

- 3 Companies

Illegal Record

- None

Starting Date of Directorship 17 April 2013

Shareholding of the Company

- 0.012% (In name of himself 80,000 shares)
Increased 10,000 shares in 2017

Relationship with Management

- None

Education / Director Training Program

- Bachelor 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
- Certificate, 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

2017 - Present Chairman, TOOM NAM Co.,Ltd.

2013 - Present Independent Director and Audit Committee Director, Thai Aviation Refuelling Co., Ltd.

2010 - 2013 Independent Director and Audit Committee Director, Solution Corner (1998) Plc.

Past Deputy Director Bureau of the Budget, Office of the Prime Minister

Current Position in Other Companies

Listed companies

- None

Non-listed companies

- 2 Companies

Illegal Record

- None

Management Team



Mr. Prakobkiat Ninnad (61 years)

Director, Remuneration Committee Director, Nominating and Corporate Governance Committee Director, Risk Management Committee Director, Corporate Sustainability Committee, Managing Director, and Acting for Business Development & Marketing Director

Starting Date of Directorship 24 April 2014

Shareholding of the Company

- 0.012% (In name of himself 73,800 shares)
(No Shareholding changed in 2017)

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 Thai Airways International Plc.
- Directors Certification Program (DCP) 193/2014
- Good Governance for Sustainable Development for High-Level Executive, Class 1, 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



Mr. Amnuay Pahuvanich (58 years)

Consultant to Executive Chairman

Shareholding of the Company

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor of 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
- Good Governance for Sustainable Development for High-Level Executive, 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.
- Past Senior Technical Manager, Bangkok Aviation Fuel Services Plc.



Mr. Charoen Charusalaipong (55 years)

Consultant to Executive Chairman

Shareholding of the Company

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Science, Mahidol University
- Master of Business Administration, Sripatum University
- Director Certification Program (DCP) 168/2013

Work Experience

- 2017 - Present Consultant to Executive Chairman, Bangkok Aviation Fuel Services Plc.
- 2017 - Present Managing Director, Fuel Pipeline Transportation Co., Ltd.
- 2014 - 2016 Assistant to Managing Director, Fuel Pipeline Transportation Co., Ltd.
- 2009 - 2013 Business Development & Marketing Manager, Bangkok Aviation Fuel Services Plc.



Mr. Kanit Seetong (47 years)

Aviation Refuelling Director

Shareholding of the Company

- 0.001% (In name of himself 7,500 shares)
(No Shareholding changed in 2017)

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Education Srinakharinwirot University
- Master of Business Administration, Eastern Asia 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 (59 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.
- Past Deputy Depot Manager, Bangkok Aviation Fuel Services Plc.
- Control Room and Maintenance Supervisor, Bangkok Aviation Fuel Services Plc.

**Miss Prapis Ruthairung (56 years)****Finance and Accounting Director****Shareholding of the Company**

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Economics, Thammasat University
- Master of Business Administration, Commerce and Accountancy Faculty, Chulalongkorn University

Work Experience

- 2017 - Present Director,
Intoplane Services Co., Ltd.
- 2016 - Present Director,
BAFS Innovation
Development Co., Ltd.
- 2017 - Present Finance & Accounting Director,
Bangkok Aviation Fuel
Services Plc.
- 2015 - 2017 Deputy Finance & Accounting
Director,
Bangkok Aviation Fuel
Services Plc.
- 2005 - 2015 Corporate Finance Manager,
Bangkok Aviation Fuel
Services Plc.

**Mrs. Jirapat Charoenbhantraks (56 years)****Human Resources and Administration
Director****Shareholding of the Company**

- 0.001% (In name of herself and her husband 6,250 shares)
(No Shareholding changed in 2017)

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Political Science, Ramkhamhaeng University
- Master of Public Administration, Chulalongkorn 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 (44 years)****Don Mueang and Regional Airport
Director****Shareholding of the Company**

- 0.003% (In name of herself 20,625 shares)
(No shareholding changed in 2017)

Relationship with Management

- None

Education / Director Training Program

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

Work Experience

- 2017 - Present Managing Director,
Intoplane Service Co., Ltd.
- 2016 - Present Director,
BAFS Innovation
Development 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.
- Past Senior Quality Control Supervisor,
Bangkok Aviation Fuel
Services Plc.



Mr. Nattapol Narkuam (50 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
- Advanced Certificate Course in Management of Public Economics for Executives, King Prajadhipok's Institute

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 (54 years)

Director, Internal Audit Office

Shareholding of the Company

- 0.006% (in name of herself 37,500 shares) (No Shareholding changed in 2017)

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Accounting, Thammasat University
- Master of Business Administration, Ramkhamhaeng University
- Advanced Certificate Course in Management of Public Economics for Executives, King Prajadhipok's Institute
- Certificate of Business Management for Internal Audit, Federation of Accounting Professions
- Anti-Corruption : The Practical Guide and Monitoring the Quality of Financial Reporting, Thai Institute of Directors (IOD)
- Working papers for Countering Bribery and CAC Briefing - Preparing to apply for Re-certification, Thai Institute of Directors (IOD) and Federation of Accounting Professions
- Preparation of external and internal auditors - Working Paper for Better Corruption Prevention, Financial Statements Review for Internal Auditors, Framework of Internal Control System and Fraud Auditing from Federation of Accounting Professions
- Internal control Thailand 4.0, Stock Exchange of Thailand

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 Jungpattaphong
(56 years)**

**Director, Quality Safety Health and
Environment Office**

Shareholding of the Company

- 0.018% (holding by herself 116,250 shares)
(No shareholding changed in 2017)

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Accountancy (Accounting)
Commerce and Accountancy Faculty,
Chulalongkorn University
- Master of Business Administration,
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,
Quality Safety Health and
Environment Office,
Bangkok Aviation Fuel
Services Plc.
- Past Executive Assistant of Quality
Management System,
Bangkok Aviation Fuel
Services Plc.
- Senior Stock Control Supervisor,
Bangkok Aviation Fuel
Services Plc.



Mr. Pariwat Vattanasup (55 years)

Director Attached to Executive Chairman

Shareholding of the Company

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Engineering (Mechanical
Engineering), Kasetsart University
- Master of Public and Private Management
(M.P.P.M.), National Institute of
Development Administration
- Economics in Public Administration for
High-Level Administrators, Class 13,
King Prajadhipok's Institute
- Corporate Governance for Executives (CGE)
4/2015
- Driving Company Success with IT Governance
(ITG) 1/2016
- Good Governance for Sustainable
Development for High-Level Executive,
Class 4,
Institute for Good Governance Promotion

Work Experience

- 2017 - Present Director Attached to
Executive Chairman,
Bangkok Aviation Fuel
Services Plc.
- 2007 - Present Senior Operation Director,
Thai Aviation Refuelling Co., Ltd.



Mr. Gritt Madisara (41 years)

Director Attached to Executive Chairman

Shareholding of the Company

- None

Relationship with Management

- None

Education / Director Training Program

- Bachelor of Engineering, Sirindhorn
International Institute of Technology,
Thammasat University
- Master of Business Administration,
Kasetsart International MBA,
Kasetsart University

Work Experience

- 2017 - Present Director Attached to
Executive Chairman,
Bangkok Aviation Fuel
Services Plc.
- 2017 - Present Chief Technology Officer,
BAFS Innovation
Development Co., Ltd.
- 2017 - Present Depot Manager,
Fuel Pipeline
Transportation Co., Ltd.
- 2014 - 2017 Deputy Depot Director,
Bangkok Aviation Fuel
Services Plc.

Policy and Business Overview



Bangkok Aviation Fuel Services Public Company Limited, its core business is fully aviation fuel services which are carried out in accordance with the international standards, on-time performance and the highest standard of safety. BAFS is emphasizing on the organization and social values creation by applying the good governance on a daily basis, enhancing the balance between environment, social responsibility process and business growth, and also maintaining values creation's ability for our stakeholders and the long-term sustainable growth.

Apart from that, to strengthen up the capability of the fuel facility services, BAFS has invested in the subsidiaries as follow:

1. Thai Aviation Refuelling Company Limited (TARCO) (BAFS holds 90% of shares), operates hydrant pipeline network at Suvarnabhumi Airport.
2. Fuel Pipeline Transportation Limited (FPT) (BAFS holds 75% of shares), services embrace the aviation fuel depot's provision and multi-product fuel pipeline services. FPT's pipeline starts from Bangchak Refinery and Chongnonsi oil depot, transfers to Donmueng substation and the pipeline ends at Bang Pa-in on grounded oil depot. In addition, to serve the airlines at Suvarnabhumi airport, there is the pipeline system from Makkasan to Suvarnabhumi fuel storage plant. During the years, FPT is now expanding the route through Northern fuel pipeline transportation project for Multi-product; which, this would be the advantageous project for the government sector and energy stabilization, in accordance with the resolution from National Energy Policy Council Committee (NEPC).
3. Intoplane Service Company Limited (IPS) (BAFS holds 83.33% of shares), carry manpower as subcontractor for aircraft refuelling service at Samui Airport, Sukhothai Airport and Trat Airport.
4. BAFS Innovation Development Company Limited (BID) (BAFS holds 100% of shares), established in December 2016, operates in search, research, develop, sale products and including practicable for innovative services and technologies. The beginning action is searching innovation for fulfilling Company's strategic operation and subsidiaries.

As mentioned above, becomes to our vision “Sustainable Development in Energy Services with Awareness of Quality, Safety and Environment”. And in order to achieve this Vision, the strategic approaches have been determined as follows

Growth Strategy The Company’s strengths and experiences of aviation refueling operation for 30 years with certified as approved training facility and aviation refueling 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 refueling training with World Class Excellent Operation level.

Effectiveness of Auxiliary Strategies BAFS implements the 5-year master plan 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 BAFS focuses on delivering against sustainable development goals and to effectively balance the values in economic, social and environment to the stakeholders based on our 5-years Sustainable development master plan, also, good corporate governance. As a consequence BAFS is listed in Thailand Sustainability Investment (THSI) for 3 years consecutively and received the Outstanding Sustainability Awards which is an honorable prize and praised the company for being a role model organization that contributes the organization value and social values by integrates sustainability materiality aspects with strategic plans and internal processes management.

As mentioned strategies above combines with Performance Management System and KPIs from Balanced Scorecard principle that align with Strategy Map’s objectives which will result in the ability to pay dividends and strengthen the company to be continuously growth in the long-run.



Revenue Structure

BAFS 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 pipeline services.
2. Revenue from property leasing
3. Other revenues

Table Showing BAFS's Yearly Revenue Structure (by Business Categories) from Year 2015 - 2017

(unit : million baht)

Product line/ Business group	Operated by	% of BAFS' shareholding	Year 2015		Year 2016		Year 2017	
			Amount	%	Amount	%	Amount	%
1. Service revenue	BAFS		2,062.75	61.4	2,242.58	60.42	2,238.94	61.51
	TARCO	90%	602.32	17.93	626.36	16.88	639.04	17.55
	FPT	2014-15 : 91.55% ^{1/} 2016 : 75.00% ^{2/}	662.79	19.73	695.75	18.75	703.33	19.32
2. Property leasing revenue	BAFS		11.15	0.33	11.23	0.30	12.5	0.34
	FPT	2014-15 : 91.55% ^{1/} 2016 : 75.00% ^{2/}	0.76	0.02	1.28	0.03	1.04	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/}			19.87	0.59	57.94	1.56	45.36	1.25
Total revenue			3,359.64	100.00	3,711.52	100.00	3,640.21	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 December 17th, 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 BAFS 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. BAFS 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.

Total Group's revenue of 2017 was Baht 3,640.2 million decreased by Baht 71.3 million or 1.9% compared with Baht 3,711.5 million in 2016. While the services income was of Baht 3,581.3 million increased by Baht 16.6 million or 0.5%. However, in the last year, the Group had extra income of Baht 76.4 million from damaged pipeline at Phayathai Skytrain Station at Baht 47.0 million, and the reversal of the provision of Baht 29.4 million was due to the relocation of pipeline at Bang Sue train Station. Excluding such special items, total revenue for the year 2017 increased by Baht 5.0 million or 0.1% from the previous year.

Performance Summary of Year 2017



1. Aviation Fuel Storage Service

Suvarnabhumi Airport

In 2017, 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 3 times of aircraft refuelling daily volume.

For Jet A-1 fuel received from all of oil companies, its total volume was 4,605.2 million liters, which separately transported via pipelines of Fuel Pipeline Transportation Limited (FPT) and Thai Petroleum Pipeline Co., Ltd. (THAPPLINE) for 1,743.8 million liters and 2,861.4 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 2017 (Million Liters)	Year 2016 (Million Liters)	Increase (Decrease) %
Total volume of fuel received	4,605.2	4,522.2	1.8
Average volume of fuel received per day	12.6	12.4	1.8
Average volume of fuel received from FPT per day	4.8	4.6	4.3
Average volume of fuel received from THAPPLINE per day	7.8	7.7	1.3

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 2017, BAFS had stored Jet A-1 fuel for aircraft refuelling at Don Mueang Aviation Fuel Storage Station (DMK - Depot) in 3 fuel storage tanks with total capacity of 21 million liters.

The total volume of fuel receiving from oil companies was 1,119.9 million litres. Jet A-1 fuel was received via pipelines of Fuel Pipeline Transportation Limited (FPT) and Thai Petroleum Pipeline Co., Ltd. (THAPPLINE) for 322.0 million liters and 797.9 million liters respectively. These figures represent a ratio of FPT: THAPPLINE at 29:71

Performance Summary at Don Mueang Aviation Fuel Storage Station (DMK - Depot)	Year 2017 (Million Liters)	Year 2016 (Million Liters)	Increase (Decrease) %
Total volume of fuel received	1,119.9	1,123.3*	-0.3
Average volume of fuel received per day	3.07	3.08	-0.3
Average volume of fuel received from FPT per day	0.88	0.84	4.8
Average volume of fuel received from THAPPLINE per day	2.19	2.24	-2.2

*Remark In 2016, the quantity of fuel receiving was 1,384 million liters which could be divided into rental fuel receiving system from FPT 260.7 million liters thus BAFS fuel receiving was 1,123.3 million liters. (FPT terminated fuel receiving system contract since December 2016)

2. Aviation Fuelling Services

2.1 Aviation Refuelling Service

Suvarnabhumi Airport

JET A-1

Jet A-1 refuelling service was provided in total for 4,084 million liters or 340 million liters per month by average. It was refueled to 163,686 flights in total or 13,641 flights per month by average.

Don Mueang Airport

JET A-1

Jet A-1 refuelling service was provided in total for 1,123 million liters or 94 million liters per month by average. It was refueled to 124,015 flights in total or 10,335 flights per month by average.

AVGAS

AVGAS refuelling service was provided in total for 59,105 liters or 4,925 liters per month by average. It was refueled to 413 flights in total or 34 flights per month by average.

2.2 Aviation Defuelling Service

Suvarnabhumi Airport

Jet A-1 defuelling service was provided to airlines in total for 1.07 million liters or 0.09 million liters per month by average. The service was provided to 86 flights in total or 7 flights per month by average.

Don Mueang Airport

Jet A-1 defuelling service was provided to airlines in total for 0.69 million liters or 0.06 million liters per month by average. The service was provided to 90 flights in total or 8 flights per month by average.



2.3 Number of Flights Serviced from Airlines

In 2017, number of airline flights that used BAFS' aviation refuelling services at Don Mueang Airport and Suvarnabhumi Airport was 287,701 flights in total, which increased from 2016 for 8,436 flights. These figures represent its growth rate at 3.0%. Meanwhile, fuel volume provided for aviation refuelling at both airports was 5,207.1 million liters, which increased from 2016 for 117.8 million liters, representing its growth rate at 2.3% compared to the previous year.

Flight	Year 2017	Year 2016	Increase (Decrease) %
At Suvarnabhumi Airport			
Domestic Flight			
Number of Flights	44,812	39,888	12.3
Fuel Volume (Million Liters)	347.6	312.1	11.4
International Flight			
Number of Flights	118,874	117,467	1.2
Fuel Volume (Million Liters)	3,736.9	3,652.2	2.3
At Don Mueang Airport			
Domestic Flight			
Number of Flights	80,081	83,860	-4.5
Fuel Volume (Million Liters)	491.1	572.1	-14.2
International Flight			
Number of Flights	43,934	38,050	15.5
Fuel Volume (Million Liters)	631.5	552.9	14.2
Total			
Number of Flights	287,701	279,265	3.0
Fuel Volume (Million Liters)	5,207.1	5,089.3	2.3

Summary of Business Changing



1. The Services

BAFS and its subsidiaries, 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 to the airports. In addition, BAFS has also invested in multi-product fuel pipeline transportation business which is located outside the airports. Moreover, besides the core business, BAFS also has other income from property rentals and providing utility services which are related to the core business. In 2017, the significant changes were as follows:

1.1 Aviation Fuelling Services

In the aviation fuel business industry, fuel suppliers will bid for airlines' tender. Once the particular fuel supplier has been awarded the contract, they will deliver Jet A-1 fuel via transportation companies to transfer the fuel to the airport depot which is the Joint Depot. After that, they will advise BAFS to provide into-plane service according to the awarded contract. BAFS, who has invested in the fuel facilities, does not own or sell the fuel but has the power to grant the qualified suppliers who has an ability to supply a certified product with sufficient volume for the airport in order to secure operations and to ensure a readily available and stable supply of energy for the airlines. BAFS business model encourages fair competition among fuel suppliers by setting the competitive aviation fuel market to help create a bargaining power 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.
- 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 equipments 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 now, BAFS has invested and operated at 5 airports which are: Suvarnabhumi Airport, Don Mueang Airport, and 3 regional airports. In 2017, 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 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 only defuelling service.

In 2017, Suvarnabhumi Airport served 345,767 flights, which was an increase of 3.75 percent from the previous year. In addition, BAFS provided a refuelling service for 163,686 flights, which was an increase of 4.0 percent at an average of 448 flights per day. The total refuel volume was 4,084 million liters per year at an average of 11.2 million liters per day, which was an increase of 3.0 percent, making a total of 88.3 percent of the market share.

**Number of flights and Jet A-1 refuelling volume (BAFS) at Observed
Temperature At Suvarnabhumi Airport from 2015 - 2017**

Year	Number of Aircraft (Flights per Year)	Refuelling Volume (Million Liters per Year)
2017	163,686	4,084
2016	157,355	3,964
2015	145,501	3,769

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 2017, 253,544 flights landed at Don Mueang International Airport, which was an increase of 5.4 percent, and 124,015 flights used the refueling service, which was an increase of 1.7 percent. There are 19 airlines based at the airport with 12 being Low Cost Carriers, THAI SMILE and MALDIVIAN have moved to Suvarnabhumi Airport, but SCOOT TIGERAIR is a new user at the airport. Hence BAFS provides a refuelling service for 297 airlines, handling an average of 340 flights per day and refuelling 3.1 million liters. Therefore, BAFS provides 1,123 million liters per year which is a 0.2 percent reduce from the previous year.

Number of flights and Jet A-1 refuelling volume (BAFS) at Observed Temperature At Don Mueang International Airport from 2015 - 2017

Year	Number of Aircraft (Flights per Year)	Refuelling Volume (Million Liters per Year)
2017	124,015	1,123
2016	121,910	1,125
2015	111,289	925

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 refuelling 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 Observed
Temperature At 3 Regional Airports from 2015 - 2017**

Year	Number of Aircraft (Flights per Year)	Refuelling Volume (Million Liters per Year)
2017	10,956	30.8
2016	11,870	25.7
2015	11,698	24.2

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 Emergency Shut Down System (ESD) which are installed at every aircraft bay. When the ESD 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 2017, 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 point to point 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 2017, the number of passengers reached 37.2 million and is expected to grow every year, so the AOT plans to increase the capacity of the airport Phase 3 (2017-2025) to accommodate up to 40 million passengers, which will reach the ultimate capacity of Don Mueang International Airport and enable the airport capacity to be able to handle flights up to 40-50 per hour. The project of Airside operations comprise the construction of apron of 12 parking bays and connecting taxiway for the aircraft code C, the construction of 4 remote parking bays to accommodate the aircraft Code A or B, and 32 remote parking bays for the aircraft Code C which is expected to be completed in 2025.

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 2017, 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 Prakan 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.

The Jet A-1 Fuel Receiving and Delivery at the Observed Temperature At Suvarnabhumi Aviation Fuel Storage Station from 2015 - 2017 (Unit: Millions of Liters)

Year	Receiving Volume	Delivery Volume
2017	4,605.2	4,624.0
2016	4,522.2	4,532.3
2015	4,365.2	4,358.3

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. 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 2017, 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 2015 - 2017 (Unit: Millions of Liters)**

Year	Receiving Volume	Delivery Volume
2017	1,119.9	1,122.6
2016	1,384.0	1,125.0
2015	1,200.9	925.3

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 2015 - 2017 (Unit: Millions of Liters)**

Year	Receiving Volume	Delivery Volume
2017	31.2	30.8
2016	25.8	25.7
2015	24.0	24.2

1.2 Pipeline Transportation Services

BAFS has invested in fuel pipeline transportation business by being a shareholder of the Fuel Pipeline Transportation Company Limited (FPT). 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, diesel and gasoline, the fuel is 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 since 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) Service charge for aviation fuel storage at Suvarnabhumi Aviation Fuel Storage Station. BAFS is able to manage its 5 tanks in a capacity of 75 million liters by renting out the remaining space only in low season
- 2) Service charge to FPT for using the receiving aviation facilities system, which BAFS is invested in, at Suvarnabhumi Aviation Fuel Storage Station
- 3) Rental charge for land and service charge for utilities to THAPPLINE for the installation of fuel pipeline receiving system, which connects from THAPPLINE to Suvarnabhumi Aviation Fuel Storage Station
- 4) Rental charge for land in order to store 4 tanks of diesel with capacity of 40 million liters
- 5) Rental charge for land, asset rentals, and utility services

The Volume of Jet A-1 Reception Transferred through Pipeline System at Observed Temperature from 2015 - 2017

Year	Suvarnabhumi		Don Mueang		Total	
	FPT	THAPPLINE	FPT	THAPPLINE	FPT	THAPPLINE
2017	1,743.8	2,861.4	322.0	797.9	2,065.8	3,659.4
2016	1,698.7	2,823.4	568.3	815.7	2,267.0	3,639.2
2015	1,673.5	2,691.8	552.8	648.1	2,226.3	3,339.9

2. Nature of Business in the Past Year

In 2017, BAFS' aviation refuelling services at Suvarnabhumi Airport and Don Mueang International Airport grew because of the expansion of air traffic movements. Don Mueang International Airport has become a hub of low-cost carriers (LCCs) to accommodate tourists which increasingly tend to travel by airplane instead of road and rail transportation. In the previous year, low-cost carriers have become price competitive to attract more passengers. The airline services have continually grow in route expansion and frequency particularly for international flights. Therefore, AOT has considered to continue Don Mueang International Airport Development Plan Phase 3 in order to increase the passenger handling capacity to 40 million passengers per year, which will reach the ultimate capacity of Don Mueang International Airport and expect to be completed in 2025. At present, AOT is in the process of conducting an Environment Impact Assessment for the Office of the Natural Resources and Environmental Policy and Plans. Hence, once the construction is completed, the number of aircraft parking bays will increase to 36 bays which able to handle 40 to 50 flights per hour.

In 2017, there were some airlines had shifted its services to Suvarnabhumi Airport where BAFS' refuelling service serves a total amount of 124,015 flights at Don Mueang International Airport, an increase of 1.7 percent, and refuelled 1,123 million liters which 0.2 percent decreased from the previous year. Due to an increase of federal aviation fuel tax, an airline has adopted low cost strategy that intend to reduce spare fuel depletion for each flight, and the use of fuel-efficient aircraft which also reduce fuel consumption. Nevertheless, an expansion of flight routes and frequency as a result of re-certification from ICAO such Japan and Korea, together with new series of aircraft that able to carry more passengers, resulted in high volume of refuelling and expect to grow continuously.

Current, BAFS 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, in a total of 21 units, and by tanker truck, in a total of 9 of refueller vehicles. In 2018, the company has plans to purchase 4 more Hydrant Dispensers to support the growth of the air traffic at Don Mueang International Airport which is expected to increase approximately by 9 - 10%.

For Suvarnabhumi Airport, the main airport of Thailand, was initially designed to handle 45 million passengers per year, although it served up to 59.1 million passengers in 2017, an increase of 6.5% 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, to alleviate the congestion of passengers, and to serve more flights. The construction of this project has already started since 14 September 2016, which increase the passengers handling capacity to 60 millions passengers per year. The construction of 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 phrase 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 2017, the BAFS' refuelling service at Suvarnabhumi Airport served 163,686 flights, an increase of 4 percent, in a total of 4,084 million liters of Jet A-1 which increased by 3 percent from the previous year. The refueling service is provided by two kinds of refueling vehicle consist of 40 dispensers, 2 refuellers, and 5 Jet A-1 tank with 75 million liters capacity.

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 2017, BAFS was the market leader with 88.3 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 for Aviation Fuel Quality Control & Operating Standards for Into-Plane Fuelling Services (JIG 1) and Guidelines for 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' refuelling 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. BAFS 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 setup a special committee for safety control with supporting budget to ensure its objectives. The progress will be reported directly to the managing director.

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.

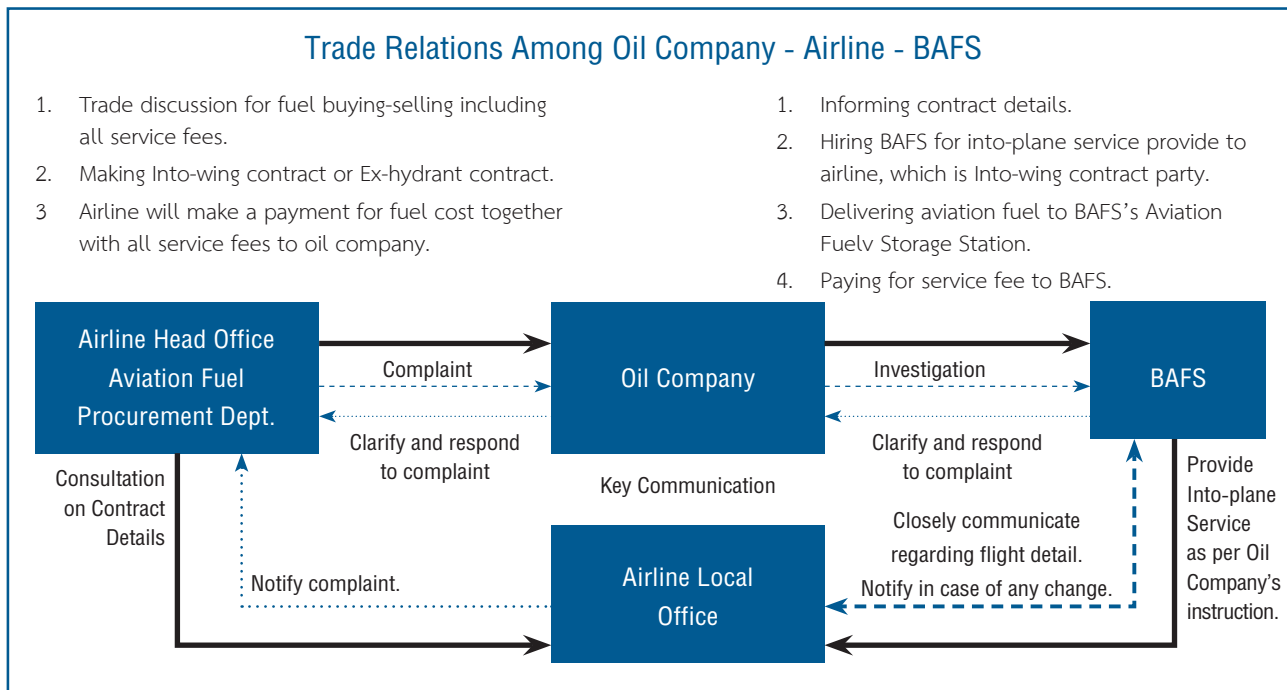
3.4 Target Customers

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.

(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 refuelling 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 refuelled. 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

The growth of aviation fuel storage and aircraft refuelling services business is in parallel with airport, tourism and airline industries. The growth is driven by the volume of air traffic and destination routes, and the fuel consumption of each flight is subject to aircraft type and flight distance. Therefore, any factor that impacts the airport, tourism and airline industries, will directly affect BAFS' business performance.

In the first half of 2017, aviation fuel storage and the aircraft refuelling service business was affected by Chinese zero-dollar tours, ICAO significant safety red flag issues, and the partial runway closure at Suvarnabhumi Airport for 60 days from 3 March 2017 to 2 May 2017, in order to repair the runway's soft tarmac. Regarding the last issue, the airlines did not cancel their scheduled flights, but they used fuel tankering to carry extra fuel from the originating airport; moreover, the charter flights were not allowed. In addition, new and more fuel efficient models of aircraft, such as the B787, A350, and A320, which have been replacing the older models. All these negative issues have affected the number of flights and the volume of fuel being used.

However, in the second half of 2017, after the ICAO removed the red flag and the slot compensation of routes from China by flights from India and Russia, the number of passengers and flights started to increase again. The number of inbound tourists to Thailand in 2017 was 35.4 million passengers, which was an increase of 8.9% from last year, and more than 80% of tourists travelled through Suvarnabhumi and Don Mueang Airports. As a result, the total number of flights and volume of aviation fuel for aircraft refuelling at both airports increased significantly. In total, the volume of 5,207 million litres were refuelled by BAFS, which was an increase of 2.3% compared to the previous year.

Comparison of Refuelling Volumes and Numbers of Flights

Year	Numbers of Flights (per year)				Refuelling Volumes (million litres per year)			
	Suvarnabhumi Airport	Don Mueang Airport	Total	Increase (Decrease) %	Suvarnabhumi Airport	Don Mueang Airport	Total	Increase (Decrease) %
2017	163,686	124,015	287,701	3.0	4,084	1,123	5,207	2.3
2016	157,355	121,910	279,265	8.8	3,964	1,125	5,089	8.4
2015	145,501	111,289	256,790	18.3	3,769	925	4,694	9.2

2. Competitive Situation of Into-Plane Service Industry

Presently, there are 38 airports in Thailand, which are categorized as primary hub airports, secondary hub airports, regional airports and local airports, and are managed by state-owned or private-owned airport operators. However, into-plane service is only provided at some airports, and each airport has a different policy to limit the number of into-plane service providers. Currently, the only airport in Thailand which has more than one into-plane service provider is Suvarnabhumi Airport; whereas, the other airports have only one, and BAFS is one of two companies that provide the into-plane service at Suvarnabhumi Airport; however, at Don Mueang International Airport, BAFS is the sole service provider. As a result, BAFS has the highest market share in Thailand and accordingly is the market leader.

In addition to the domestic competition among service providers for the airports in Thailand, there are also overseas airports in South East Asia which are competitors to the airports in Thailand. As jet fuel is a major cost for all airlines, it is an important factor for them to take into account, in their decision making, the cost of fuel before increasing the number of flights or launching new routes. Therefore, BAFS has a marketing strategy which focuses on delivering a quality into-plane service, complying with international standards, on time and providing maximum safety.

2.1 International Competition

Currently, every international airports are continuously developing their infrastructure to increase their capacity and become more efficient; for example, Changi Airport in Singapore has recently opened a new terminal, which has increased the capacity to 82 million passengers, with cutting edge automatic technology to attract more airlines and passengers to use their airports. However, only 60 million passengers passed through Changi Airport in 2017, a ranking of 6th busiest airport, and it was voted the best airport in the world. In contrast, Hong Kong International Airport, which has a capacity of 70 million passengers, was at full capacity with 70.6 million passengers. Overall, Dubai International Airport is the busiest airport in the world with 83 million passengers and a capacity of 90 million passengers per year (source: Airports Council International).

In Thailand, Suvarnabhumi Airport, which was designed to handle 45 million passengers per year actually served 55.9 million passengers in 2017; moreover, Don Mueang International Airport has expanded its capacity to 30 million passengers since 2016, but in 2017 it actually handled 37.2 million passengers. The increase at Thailand 2 main airports was due to the significant growth in Thai tourism of more than 35 million visitors in 2017, which was the largest increase since the Ministry of Tourism and Sports started to vigorously promote Thailand as a tourist destination and this trend is still continuing. This shows that Thailand is still a favourite destination for passengers, but the infrastructure at the airports is still lacking, which is an obstacle to the growth of the aviation business in Thailand. Therefore, if the expansion plans for both the main and the regional airports are finished as planned, with the Suvarnabhumi Airport Expansion Project Phase 2 being due to start operations in Q3/2020, then this should result in an increase in passengers and flights, which means that the airports in Thailand will be able to compete with regional airports in South East and East Asia, including Hong Kong and Singapore. This ability to compete is an important factor to enhance growth in BAFS' refuelling service.

2.2 Domestic Competition

For refuelling services in Thailand, there are 6 airports managed and operated by the AOT with Suvarnabhumi being the primary airport followed by Don Mueang, Phuket, Chiang Mai, Hat Yai and Chiang Rai, respectively. BAFS provides the into-plane services at Suvarnabhumi and Don Mueang Airports, with the total number of inbound and outbound flights at these 2 airports being 75% of the total operated by AOT. At Suvarnabhumi Airport, BAFS has been granted as 1 of 2 into-plane service providers, and the market share in 2017 was 88.3%; whereas, BAFS is the sole service provider at Don Mueang International Airport. As regards other AOT airports, BAFS is seeking opportunities to expand its services according to AOT's concession policy.

In addition to the airports that are managed and operated by the AOT, presently, BAFS also exclusively operates the into-plane services at Samui, Sukhothai and Trat Airports owned and operated by Bangkok Airways Public Company Limited. In 2017, the total fuel volume for the 3 airports was 30.8 million litres, which was an increase of 20% from the previous year and the total number of flights was 10,956.

The government has put in place a policy to make Utapao Airport the third international airport in Thailand, so it is being developed to increase the capacity to 3 million passengers, and the new terminal is expected to be fully operational in 2018. Furthermore, Utapao Airport has been elevated to a key element of the Eastern Economic Corridor (EEC), which is connecting transportation networks with Don Mueang and Suvarnabhumi Airports to promote Thailand to become a major aviation hub in the Asia Pacific region. Even Utapao and Suvarnabhumi Airports are located not too far from each other but the number of passengers at Suvarnabhumi would not be affected. On the other hand, after the completion of the high speed trains and airport rail link among these 3 airports, this will accommodate and attract more passengers which benefits the country's economy in overall.

There are 28 nationwide regional airports operated by the Department of Airports (DOA) and the Betong Airport is under construction, a total of 29 airports. The DOA has announced a 10-year strategy to upgrade its services and increase the capacities of its 28 airports and also invited the private sector to invest in and manage the airports. The DOA would grant the right to the AOT to manage some airports which BAFS has a strong intention to invest

in every airports. With the experience of operating at AOT's airports and private company, Bangkok Airways, which has been successful throughout the years while working with them. Therefore, BAFS is strongly confident in our world class excellence service quality and look forward to compete to be a service provider.

3. Trends of Industrial and Competitive Situations in Year 2018

In 2018, the aviation refuelling service is expected to continue to increase following the growth of the tourism sector which is estimated will be 37.6 million visitors, up by 6.1% from the previous year which will be driven by (1) the ICAO lifting the significant safety red flag issues, which resulted in an increase of airline routes of Thai people's favourite international destinations. Moreover, some countries, such as Taiwan, are using a Visa policy which extend Visa-free privilege for another year. (2) Due to a severe shortage of airport slots, airlines are deploying larger capacity aircraft to maximize available slots, and changing the destinations to international routes by using existing domestic slots. These factors are contributing to the higher fuel consumption per flight. (3) The Aeronautical Radio of Thailand Company Limited implemented navigation technology to relieve the air traffic congestion; whereas, the AOT will be applying the swing gate concept to handle flights during peak hours.

Regarding the current flight schedules for all airlines that operate at Suvarnabhumi and Don Mueang International Airports, it is expected that in 2018, in a normal situation, the average daily refuelling volume will be 16.2 million litres, with a total volume of 5,927 million litres a year, which is an increase of 180 million litres from last year. This is a growth of 3.2%. The forecast volume will be derived from the volume of 1,234 million litres at Don Mueang Airport, a 10.0% increase compared to the last year, with the average daily volume of 3.4 Million litres, and the volume of 4,693 million litres at Suvarnabhumi Airport, a 1.5% increase compared to the last year, with the average daily volume of 12.9 Million litres.

At Suvarnabhumi Airport, there is only into-plane service competitor to BAFS; however, BAFS is expected to maintain an 85% market share by prioritizing the fuel suppliers customer focus, improving the quality of the service as "Service with our heart", providing the highest safety standards and the latest technology to foster airline customer satisfaction and strengthen relationships between customers and BAFS.

4. The Supply of product and services

The core business of BAFS is to provide aviation refuelling service, with jet fuel supplied by the fuel suppliers to airport depot according to the User Agreements which grant permission for BAFS to refuel to their worldwide airline customers. Also, BAFS receives certified jet fuel from refineries and depot terminals by 2 supply sources FPT and THAPLINE.

Fuel suppliers plan in advance a schedule to transfer a sufficient volume of jet fuel to the aviation fuel storage stations for their airline customer. BAFS has set up a reserved stock policy with 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 than BAFS will not be able to refuel or will refuse to refuel that suppliers' airlines' customer. However, this should not affect the airlines as they can be refuelled by buying from other suppliers that have sufficient reserved stock at the airport.

Action Plans for the Future



BAFS has conducted its business by adopted philosophy of sufficient economy, good corporate governance and sustainability principles (economic, social and environment's towards its organization's goals.

To create the Corporate Group's value, BAFS sets growth targets to generate its sustainable business value. In addition to main income from aviation refuelling service, in the future, BAFS shall gain additional income from fuel transportation service via hydrant pipelines when Fuel Pipeline Transportation Co., Ltd. completes its construction of multi-products pipeline extended to the North and provides commercial service through such pipeline entirely. As a result, BAFS' income structure included 80% from the aviation refuelling service and 20% from the fuel transportation service via hydrant pipelines would be change to be 65% and 35% respectively. Moreover, as BAFS recognizes that some factors such as a disruptive technology may cause changes and severe impact to its business operations, BAFS has reinforced its Corporate Group's revenue stability, business value and spread of risk by lowering reliance on the income from aviation refuelling service and increasing sources of income from new businesses both are relevant and irrelevant to its existing businesses. In this regard, BAFS Innovation Development Co., Ltd. (BID) was established to support the Corporate Group. BID provides innovation services to reduce the Group's operating costs as well as invents researches, develops and creates new innovations and technologies to increase business channels in aviation and petroleum industries for the Group. Additionally, BAFS set up a training center where its employees, whose possess know-how and expertise, take turn to be speakers to provide knowledge regarding power service business. During the past year, BAFS arranged many training programs for external organizations. They included aviation fuel service station course and basic fire-fighting course. BAFS also has a plan to have other training programs developed for services in the future. This implementation has generated more income for the Corporate Group while its knowledge has been continually managed in a solid manner resulted in new innovations and businesses when opportunities occur or business environment is changed.

Social aspect, BAFS sets a goal to balance its business value and sustainability. Being defined as one of the organizational performance indicators, BAFS has used sustainability indicator to communicate its commitment to various

sections for sustainable. The social projects focusing on wellbeing of stakeholders all around BAFS's areas are implemented as prototype schemes. They would be further developed to transform BAFS into a social enterprise in the near future. BAFS' social sustainability schemes are extended to the Corporate Group as well. They include supports provided to educational institutes around Lampang fuel depot. Initially, the project is taken to develop quality of life of students at Sobprabpittayakhom School, Sobprab District, Lampang Province. It aims to improve the school's infrastructure including good nutrition, proper learning environment and ambiance that lead to teachers and student's capabilities development to strengthen the country's social sustainability. This project is mutual accomplished between BAFS and community on sustainable value. Furthermore, the Corporate Group also takes parts in the social activities, which are arranged annually, such as encouraging wounded soldiers from violence situation in the three southern border provinces and scholarships granted to the Thai Muslim Women Foundation of Thailand for the Welfare of Orphans under the Royal Patronage.



Scan QR Code to show the project is taken to develop quality of life of students at Sobprabpittayakhom School, Sobprab District, Lampang Province.



Regarding environmental aspect, BAFS places emphasis on having its major business significantly developed to become a sustainable business. BAFS has collected information related to greenhouse gas (GHG) emissions from its operations for 4 years and puts effort into GHG mitigation through its internal activities as well as joining Thailand Voluntary Emission Reduction Program (T-VER). Subsequently, BAFS is accredited in accordance with standards applied in Thailand. At present, BAFS is listed as a company member of T-VER which affirms that BAFS is able to reduce GHG and verified carbon credit for its organization. BAFS also sets the target to have its Corporate Group hit zero GHG emissions and become a carbon neutral company within 2020. In addition to alleviating environmental impacts from climate changes, BAFS' carbon credit can be sold to other organizations to generate additional income for the Corporate Group as well.

Risk Factors



Bangkok Aviation Fuel Services Public Company Limited, gives the significance to the systematic and the continuous risk management; based on The Committee of Sponsoring Organizations of the Treadway Commission - Enterprise Risk Management (COSO : ERM) framework, it showed that BAFS still managed risks within its tolerance level. Therefore, BAFS is able to pay dividends according to the dividend policy in 2017. However, there are some continuing and emerging risks which focused under the rapid changing of circumstances in 2017, there are grouped into five aspects as follows:

1. Business Risk

1.1 Risk Associated with the Growth of Thai Aviation Industry

BAFS' core business is to provide aviation refueling services and fuel storage which can be classified as below:

- At Don Mueang Airport, BAFS is the primary aircraft refueling service. On the other side, at Suvarnabhumi Airport (BKK), there is one another aircraft refueling service operator beside the Company.
- The Company is also the primary aircraft refueling service at three regional airports, Samui, Sukhothai and Trat Airport.

Therefore, the company's revenue relies mainly on service fees of aviation refueling volume especially at Suvarnabhumi Airport (BKK) and Don Mueng Airport (DMK). There are 7 main customers who also be the shareholders, the oil companies, and Thai Airways PCL. Most revenue comes from five customers approximately 94%, four of them are generated the revenue in the proximate proportion while the another customer who is the shareholder and the main customer, has contributed more than 30% market share. In addition, this customer is a large state-owned enterprise, so the company has low risks of losing the customers or having problems on non-performing loans.

The business income growth depends on the growth of the airports where the company provides the aircraft refueling services. The recent risk factors, such as political situation, epidemic, natural disaster, Zero-Dollar Tour Crackdown and the excise tax on jet fuel, affect the total number of flights operated to Thailand which also result in the related income. These factors are concerned as the external uncontrollable factors. However, the company has systematically managed the effects of those external factors to its revenue by setting Key Risk Indicators and Trigger Point as the early warning system to manage those risks such as minimum cash on hand, total expenditure and EBITDA. So the company is able to control the financial performance not less than its target and can create the earnings for shareholders as dividends continuously.

1.2 Subsidiaries' investment risks

BAFS has invested in two projects to expanding aviation fuel services through subsidiaries (group companies) consist of 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 of Thai Aviation Refueling Company (TARCO) and the expansion in multi-product jet fuel pipeline network to the North project of Fuel Pipeline Transportation Limited (FPT). Those two projects are high valued projects which also concerned to be the risk from the delayed construction and/or cost overruns by several reasons such as the delayed of the main project which affect from BAFS subsidiaries' projects, asking for construction permission from related government sector, climate change, the diversity of the construction area, the length of equipment procurement and delivery period and the rising cost from the delayed projects.

Therefore, the company has managed the above subsidiaries' investment risks as below:

- The subsidiaries' project performance must be reported to the company's Executive Committee on a monthly basis in order to consider the project amendment in case of there is the risks from delayed projects or the possibility of its cost overruns.
- The subsidiaries' project risks control progression must be reported to the company's Risk Management Committee for overseeing and advising on risk management. Then reporting to the Audit Committee for reviewing on quarterly basis.

2. Emerging Risks

Emerging risks are the unclearly apparent risks in the present but has potential for some incidents within the industry and in company's business operations in the future. Company has concerned on the emerging risks which affect directly to the company on the next 3 - 5 years and has founded a risk as follows:

2.1 Climate Change Risks

The potential future effects of global climate change become more clearly and it trends to affect on the aviation industry which related to the company core business in the future such as Aviation's carbon credit. Moreover, Thailand has participated in Global Market Base Measure: GMBM in Pilot Phase 2021 - 2023 which the company has to concern on compliance risk. This risk forces the aviation to consider about carbon emission from 2020 according to the risk driven by change in regulation: GMBM in CORSIA.

In order to mitigate the risks from climate change and prepare for environmental situation in the future, BAFS has established the Greenhouse gas emission committee which consist of BAFS and the subsidiaries, studies on alternatives energy development and substitute energy, and also registered the Carbon reduction project as Carbon Credit and lead BAFS Group to be 'Carbon Neutral Company' in the future. Thus BAFS involves in Carbon Disclosure Project (CDP) and determines the strategy towards Carbon Emission which also included in Sustainable Development Master plan since 2018. On the other hand, BAFS also drives the opportunity for sustainable growth on the ongoing project through the subsidiaries' business, FPT, in the Northern Multi Product fuel pipeline project which is cause of the significant reduction of greenhouse gas emission.

3. Operational Risks

3.1 Risk relating to Effectiveness and quality of providing services

The first priority in aviation refueling services are safety and punctuality, so the readiness of infrastructures, equipment and employee discipline are necessary. Nevertheless, the cause of risks derived from system and/or human errors which will be affected to safety and on-time performance.

Moreover, BAFS has promoted 'Zero tolerance for Aircraft Accidents' to rest assure that the company strictly concerns on safety, timeliness and service quality providing. In addition, other risk management tools as below:

- Established 'Fuelling Operations Committee' which consists of 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.
- Applied ISO 9001:2015 and OHSAS 18001:2007 to control operation processes
- Set up BAFS Innovation Development Co Ltd, an affiliate to initiate and develop the new tools to reduce the accident such as KYT Voice, Fiber Optic for light up Inlet Hose and Magic Ladder.

3.2 Risks from the Lacking of Organization Capability Improvement in Business Challenges

The business challenges are rising continuously such as the digital disruption and widely competitive in the aviation's industry while the management or specialists with more than 30 years of experiences are continuing retirement. These situations result in 2 main risks consist of the human resource capabilities improvement in order to replace the impending retirement and lacking 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 by implementing 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. Also, implementing Knowledge Management Master Plan for integrate all of the practical knowledge into the system and so, aiming for World Class Excellent Operation in aviation refueling training business.

3.3 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.

To mitigate the above risk opportunities and impacts, the company has designed the safety measures "Occupational Health and Safety Assessment Series: OHSAS 18001:2007". 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 based on ISO 22301:2012 management system without certificated which encourages the Company of Business Continuity Management (BCM) and mitigate the risk of Business Interruption. In addition, the Company has transfers the risks into the 4 main insurance policies with Dhipaya Insurance Public Company Limited and Bangkok Insurance PLC consist of all risk insurance policies which covered the business interruption policy, terrorism and disaster insurance policy, aviation third-party legal liability insurance policy and all-risk insurance policy covering properties, office equipment only, and the parts and property of regional airport as well as business interruption of regional airport.

4. Financial Risk

The Company and subsidiaries 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:

4.1 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, as of 31 December 2017, the Company has outstanding loan of Baht 166.8 million.
- 2) Loan for the subscription of shares issued by Thai Aviation Refueling 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 2017, the Company has outstanding loan of Baht 44.4 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 2017, the Company has outstanding loan of Baht 45.0 million.
- 4) Loan for relevant business investment. The Company was granted an 8-year loan valued at Baht 650 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 2017, the Company has outstanding loan of Baht 125.0 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 2017, 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.

4.2 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, as of 31 December 2017, the Company has outstanding loan of Baht 221.19 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.

4.3 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 Corporation Public Company Limited of Baht 37.86 million. As of 31 December 2017, the Company has debt obligation of Baht 306.19 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, as of 31 December 2017, the Company has outstanding loan of Baht 4 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, as of 31 December 2017, the Company has outstanding loan of Baht 168.05 million.
- 4) Loan for the project of Northern pipeline and depot expansion from Bangkok Bank PLC, worth Baht 6,300 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. As of 31 December 2017, the Company has current loan of Baht 118.925 million (first loan drawdown).

FPT's revenue comes from fuel pipeline and depot service receiving from Bangchak Corporation 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.

5. Risk toward shareholders' investments which may affect to dividend payment

BAFS has focused on its constant and sustainable growth. In the meantime, BAFS cautiously expands its business by strictly 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. As BAFS imposed 5-year strategic plan to determine its explicit business direction, this risk can be reduced accordingly. Moreover, BAFS has defined financial risk indicators as warning alarm before reaching its risk tolerance to retain its cash flow security. The Board of Directors also follows up on operating results of each month to ensure that the Company's performance is in line with target.

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 2012 - 2016 was approximately 85%, which higher than dividend rate specified in its policy.

In addition, the Corporate Group's operating performance of year 2018 is improved positively in accordance with continued growths of economy, trade, investment and tourism. Concurrently, BAFS has conducted good corporate governance resulted in renewal of membership of the Private Sector Collective Action Coalition against Corruption. BAFS also continually receive Outstanding Organization Awards as well as Thailand Sustainability Investment Awards given to listed companies that have market caps between 10,000-30,000 million baht by the Stock Exchange of Thailand. With regard to the Corporate Group's projects that have been invested to create revenue base in the future, their progresses at present are in line with predetermined plans. Therefore, 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 22nd, 2017 (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. Esso (Thailand) Public Company Limited	45,000,000	7.06
3. PTT Public Company Limited	45,000,000	7.06
4. The Shell Company of 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. Mr. Thaweerat Prungpattanasakul	13,690,000	2.15
8. SUSCO Dealers Company Limited	12,750,000	2.00
9. Air Total (Thailand) Company Limited	12,750,000	2.00
10. Singapore Petroluem (Thailand) Company Limited	12,750,000	2.00

2. Management Structure as of December 31st, 2017**Board of Directors**

The Board of Directors comprises 14 directors as follows:

List of Names	Positions
1. Mr. Palakorn Suwanrath	Chairman and Independent Director
2. M.R. Supadis Diskul	Director and Executive Chairman
3. Mr. Prakobkiat Ninnad	Director and Managing Director
4. Mrs. Usanee Sangsingkeo	Director
5. Mr. Surachai Piencharoensak	Director
6. Squadron Leader Pongtorn Thepkanjana	Director
7. Mr. Nitinai Sirismatthakarn	Director
8. Mr. Peratak Autadej	Director
9. Mr. Rungroj Sivachan	Director
10. Mr. Phiphawat Sitthichaikasem	Director
11. Mr. Aswin Kongsiri	Independent Director
12. Mr. Pachara Yutidhammadamrong	Independent Director
13. Mr. Visut Montriwat	Independent Director
14. Mr. Pipat Purnananda	Independent Director
Mrs. Parndao Sukhyanga	Corporate Secretary

Meeting Attendance of the Board of Directors and Board-Committees

List of Names	Meeting Attendance of Year 2017 (Number of Meeting Attendances / Total Numbers of Meetings)				
	The Board of Directors Meeting 5 Times	The Audit Committee Meeting 5 Times	The Remuneration Committee 4 Times	The Nomination and Corporate Governance Committee 5 Times	The Risk Management Committee 4 Times
1. Mr. Palakorn Suwanrath	5/5				
2. M.R. Supadis Diskul	5/5		4/4	5/5	4/4
3. Mr. Prakobkiat Ninnad	5/5		4/4	5/5	4/4
4. Mrs. Usanee Sangsingkeo ¹	1/1				
5. Mr. Surachai Piencharoensak ²	2/2				
6. Squadron Leader Pongtom Thepkanjana ³	1/2				
7. Mr. Nitinai Sirismatthakarn	4/5				
8. Mr. Peratak Autadej	5/5				
9. Mr. Rungroj Sivachan	4/5				
10. Mr. Phiphawat Sitthichaikasem	5/5				
11. Mr. Aswin Kongsiri	3/5			5/5	4/4
12. Mr. Pachara Yutidhammadamrong	5/5	5/5	4/4		
13. Mr. Visut Montriwat	4/5	5/5	4/4		
14. Mr. Pipat Purnananda	5/5	4/5			4/4
Flight Lieutenant Montree Jumrieng ⁴	2/4			4/4	
Flying Officer Somboon Limwathnapong ⁵	2/3				
Flight Lieutenant Werasak Wiroonpetch ⁶	3/3				

Remarks

^{1/} Taking on Director Position (replacing Flight Lieutenant Montree Jumrieng), which effective from December 13th, 2017 henceforth. Therefore, her attendance for the Board of Directors Meetings was 1 sessions only.

^{2/} Taking on Director Position (replacing Flying Officer Somboon Limwathnapong), which effective from November 8th, 2017 henceforth. Therefore, his attendance for the Board of Directors Meetings was 2 session only.

^{3/} Taking on Director Position (replacing Flight Lieutenant Werasak Wiroonpetch), which effective from November 8th, 2017 henceforth. Therefore, his attendance for the Board of Directors Meetings was 2 sessions only.

^{4/} Resigning from Director Position, effective on November 15th, 2017. Therefore, his attendance for the Board of Directors Meetings was 4 sessions only.

^{5/} Resigning from Director Position, effective on October 1st, 2017. Therefore, his attendance for the Board of Directors Meetings was 3 sessions only.

^{6/} Resigning from Director Position, effective on October 1st, 2017. Therefore, his attendance for the Board of Directors Meetings was 3 sessions 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. Prakobkiat Ninnad, Mr. Peratak Autadej, Mr. Nitinai Sirismatthakarn , Mr. Phiphawat Sitthichaikasem, Mr. Rungroj Sivachan, Squadron Leader Pongtorn Thepkanjana, Mr. Surachai Piencharoensak, Mrs. Usanee Sangsingkeo whereby any two of the directors sign and affix BAFS' seal.

Composition and Appointment of Director

BAFS' Articles of Association determine the composition, appointment, removal or termination of BAFS' 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 appropriate. 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 acts, contracts agreements or obligations 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 Sukhyanga

Corporate Secretary

Age 53 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

Executive Assistant of 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. Remuneration of Directors and Executives

3.1 Monetary Compensation

- 3.1.1 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.
- 3.1.2 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 Compensation: 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.
- 3.1.3 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	14 Directors
Total remuneration of the Company's Directors who act as BAFS' Directors, the Audit Directors and Directors of other Committees include Risk Management Directors, Remuneration Directors, and Nomination and Corporate Governance Directors	
Year 2017	22,333,387.06 Baht
Year 2016	21,660,290.28 Baht

The remuneration of year 2017 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 2016 Which Paid in Year 2017	Total	Remuneration of the Subsidiaries' Directors
1. Mr. Palakorn Suwanrath	Chairman	690,000	-	-	1,473,000	2,163,000	-
2. M.R. Supadis Diskul	Director	460,000	-	130,000	982,000	1,572,000	1,159,142.73
3. Mr. Prakobkiat Ninnad	Director	460,000	-	130,000	982,000	1,572,000	1,066,611.18
4. Mr. Nitinai Sirismatthakarn	Director	440,000	-	-	142,200	582,200	-
5. Mr. Peratak Autadej	Director	460,000	-	-	982,000	1,442,000	-
6. Mr. Rungroj Sivachan *	Director	387,500	-	-	982,000	1,369,500	-
7. Mr. Aswin Kongsiri	Director	420,000	-	112,500	982,000	1,514,500	-
8. Mr. Pachara Yutidhammadamrong	Director	460,000	575,000	40,000	982,000	2,057,000	686,485
9. Mr. Visut Montriwat	Director	440,000	460,000	62,500	982,000	1,944,500	686,485
10. Mr. Pipat Purnananda	Director	460,000	440,000	50,000	982,000	1,932,000	686,485
11. Mr. Phiphawat Sitthichaikasem **	Director	407,500	-	-	-	407,500	-
12. Mrs. Usanee Sangsingkeo	Director	38,387.06	-	-	-	38,387.06	-
13. Squadron Leader Pongtorn Thepkanjana	Director	73,000	-	-	-	73,000	-
14. Mr. Surachai Piencharoensak	Director	93,000	-	-	-	93,000	-
15. Flight Lieutenant Montree Jumrieng	Former Director	354,000	-	40,000	982,000	1,376,000	-
16. Flying Officer Somboon Limwathnapong	Former Director	310,000	-	10,000	142,200	462,200	-
17. Flight Lieutenant Werasak Wiroonpetch	Former Director	330,000	-	-	48,300	378,300	-
18. Flying Officer Chalermpon Intarawong	Former Director	-	-	-	735,100	735,100	-
19. Squadron Leader Bhurith Sriwatana	Former Director	-	-	-	898,800	898,800	-
20. Mr. Nirandra Theeranartsin	Former Director	-	-	-	651,900	651,900	-
21. Mr. Navee Lertphanichkul	Former Director	-	-	-	488,300	488,300	-
22. Mr. Trintr Subakarn ***	Former Director	-	-	-	582,200	582,200	-
Total		6,283,387.06	1,475,000	575,000	14,000,000	22,333,387.06	4,285,208.91

Remarks

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

** The Company does not provide remuneration Mr. Phiphawat Sitthichaikasem, but to the Esso (Thailand) Public Company 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	(Baht)
	9 Executives
Total Remuneration of Executives	
Year 2017	50,434,605.12 Baht
Year 2016	58,477,322.77 Baht
Types of Remuneration*	Salary, Gratuity (Bonus), Fringe Benefit

* 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.

3.2 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	(Baht)
	9 Executives
Amount of Provident Fund Contributions	
Year 2017	4,376,162.39 Baht
Year 2016	4,772,363.66 Baht

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

Detail is shown in section "Corporate Governance"

5. 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
2017	796.9	1.25	93	116
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

In year 2017, the Company paid interim dividends to the shareholders for 1 times consisting on September 6th, 2017 for Baht 0.22 per share. In addition, on February 21nd, 2018, the Board of Directors Meeting approved for additional annual dividend payment of year 2017 to the shareholders for Baht 1.03 per share. Thus, total dividend payment of year 2017 was 1.25 baht per share in which equal to 93% 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 2018 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 and BAFS Innovation Development Company Limited have 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 essential for business operation. To achieve goal and sustainable growth as well as to be transparent with high ethical standard, which strengthens shareholders and stakeholders' confidence, BAFS adheres to the Principles of Good Corporate Governance issued by the Stock Exchange of Thailand including its Code of Conduct.

BAFS observed the Principles of Good Corporate Governance for Listed Companies 2006 and 2012. As being considered and reviewed by the Board of Directors, BAFS has also applied Corporate Governance Code for Listed Companies (CG Code) 2017 in accordance with its business context. In case BAFS deems that other principles are more appropriate with its business context and has them practiced, BAFS shall record reasons for practicing such principles accordingly.

BAFS appoints Mrs. Parndao Sukhayanga to take role as Head of Compliance Supervision, who performs as a center of business operating supervision. Her duties are to ensure compliances with laws, rules, regulations, policies including provisions of relevant official organizations such as the Securities and Exchange Commission and the Stock Exchange of Thailand (biography of Head of Compliance Supervision is shown in section "Shareholding and Management Structures").

1. Good Corporate Governance and Anti-Corruption Policy

The Board of Directors defined in writing the Corporate Governance Policy in year 2002 which was changed to the Good Corporate Governance and Anti-Corruption Policy. 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 that it is up-to-date and consistent with international standards, laws, rules and regulations and recommendations of agencies that are responsible for the corporate governance.

In 2017, BAFS had revised its Good Corporate Governance and Anti-Corruption Policy as well as its Code of Conduct by following the 8 corporate governance principles. The Board of Directors, the executives and employees have committed to undertake their roles and responsibilities in accordance with the Corporate Governance Code for Listed Companies:

1. Establish clear leadership role and responsibilities of the Board

2. Define objectives that promote sustainable value creation
3. Strengthen Board's effectiveness
4. Ensure effective CEO and people management
5. Nurture innovation and responsible business
6. Strengthen effective risk management and internal control
7. Ensure disclosure and financial integrity
8. Ensure engagement and communication with shareholders

In addition, BAFS' directors and employees annually sign to acknowledge the Good Corporate Governance and Anti-Corruption Policy including Code of Conduct and affirm their avoidances of any act in manner that may cause conflicts of interests to BAFS.

In addition, to enhance 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 set up the Nominating and Corporate Governance Committee. Its roles are 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. The Nominating and Corporate Governance Committee also oversees the corporate governance working group's including monitoring on compliance of Code of Conduct, preparing Code of Conduct compliance assessment and improving such assessment on a yearly basis to ensure its ongoing appropriateness.

BAFS fully commits in preventing and standing against all kinds of corruption. Hence, to have corruption risk factors cautiously considered and managed, BAFS imposed the Anti-Corruption Policy to withstand corruption risks. The policy is used as explicit procedure to be complied by BAFS and its subsidiaries including their directors and employees. BAFS also prepares practical guidelines on anti-corruption measures for its executives and employees. Additionally, BAFS has been continually certified as a member of Thailand's Private Sector Collective Action Coalition against Corruption in 2014 and recertified membership in 2017.

- BAFS participated in Corporate Governance Report of Thai Listed Companies (CGR) 2017. BAFS' performance assessed by Thai Institute of Directors (IOD) on its corporate governance has been ranked as "Excellent" for 9 consecutive years.

2. Subcommittees

The Board of Directors set up subcommittees to assist in studying details of works and to screen works in order to enhance efficiency and transparency of the Board. In addition, all Chairman of the subcommittees are independent director to ensure committees' independence. The Chairman of the Board shall not be appointed the chair or member of any committee. BAFS clearly defines composition, duties and responsibilities of the 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 Montrivat and Mr. Pipat Purnananda are Audit Committees who have adequate knowledge and experiences to serve the Company on financial statements review as described in section “Board of Directors”.

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

“To review the Company’s financial reporting process and ensure that it provides accurate, adequate and reliable reports; to review the Company’s internal control system and internal control monitoring system and ensure their appropriateness and efficiency; to consider on Internal Control Unit’s independency and approve on appointment, transfer and dismissal of Head of Internal Control Unit; to review the Company’s compliances with the securities and exchange law regulations of the Stock Exchange of Thailand, laws related to the Company’s business and obligations to external parties including the Company’s anti-corruption measure; to review accuracy of the Company’s reference documents and self-assessment form on anti-corruption; to review that the Company maintains its assets properly; to review the Company’s risk management system and internal control system and ensure its independency; to consider, select and provide recommendations regarding appointment and remuneration of auditor as well as dismissal of interim auditor; to attend the meeting with auditor without participation of the management for at least once a year; to review connected transactions and ensure 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; to assess performance of the Audit Committee in overall and his/herself on a yearly-basis; to review auditing annual plan, budget and workforce approved by the Board of Directors; to prepare the Audit Committee Report for disclosure in the Company’s Annual Report; to be authorized in hiring professional consultants and inviting executives or relevant parties to provide opinions; and to perform any other acts as delegated by the Board of Directors.”

To increase value and enhance the Company’s operational efficiency, BAFS set up Independent Internal Audit Unit to provide assurance and reliable counsel. Mrs. Mayuree Nalinwong, Internal Audit Director is appointed as Head of Internal Audit Unit. Detail is as shown in “Management Team”.

The Audit Committee opines that Head of Internal Audit Unit’s education, experiences and trainings are adequate and appropriate with the role. Head of Internal Audit Unit shall apply her knowledge, professional skills and independency on duties and responsibilities. The Audit Committee must approve appointment, transfer and dismissal of Head of Internal Control Unit.

Remuneration Committee

The Remuneration Committee consists of the Company’s director for at least 3, but not more than 4 of them. 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 Executive Chairman 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 Yutidhamdamrong | (Independent Director) | Remuneration Committee Director |
| 3. | M.R. Supadis Diskul | (Executive Chairman) | Remuneration Committee Director |
| 4. | Mr. Prakobkiat Ninnad | (Managing Director) | Remuneration Committee Director |
| | Miss Prapis Ruthairung | (Finance & Accounting Director) | Remuneration Committee Secretary |

The Remuneration Committee regularly reports to the Board of Directors and performs duties in accordance with its charter 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 Nominating and Corporate Governance Committee, the Risk Committee, the Remuneration Committee, Fuel Oil Control Committee (FOC), the Executive Chairman, the Managing Director, the Committees and other Sub-Committees of BAFS including proposing such details to the Board of Directors or the General Meeting of the Shareholders for approval as appropriate; to stipulate remuneration and other matters as assigned by the Board of Directors; to be authorized in hiring professional consultant paid by the company from time to time when deemed necessary. Such hired professional consultant shall be independent and does not have conflict of interest. With this regard, the Remuneration Committee shall report to the Board of Directors and disclose such information in the Annual Report.”

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 the case may be.

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 |
| | Flight Lieutenant | (the Company’s Director) | Nominating and Corporate Governance Committee Director |
| | Montree Jumrieng ¹ | | |
| 2. | M.R. Supadis Diskul | (Executive Chairman) | Nominating and Corporate Governance Committee Director |
| 3. | Mr. Prakobkiat Ninnad | (Managing Director) | Nominating and Corporate Governance Committee Director |
| | Mrs. Parndao Sukhyanga | (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:

“To regularly consider on appropriateness regarding number and composition of the Board of Directors and to propose such details to the Board of Directors and/or the General Meeting of the Shareholders for approval; to consider on selection of candidates, who have diverse knowledge, capabilities and experiences with qualifications and not having any prohibited characteristics as stipulated in this rules, related laws or other regulations, to be directors whose terms have become vacant. Upon completion of such selection, the Nominating and Corporate Governance Committee shall propose name list of selected candidates to the Board of Directors Meeting; to prepare terms, condition for director employment contract, and propose such detail to the Board of Directors Meeting.

In addition, the Nominating and Corporate Governance Committee is entitled to hire professional consultant paid by the company from time to time when deemed necessary. Such hired professional consultant shall be independent and does not have conflict of interest. With this regard, the Remuneration Committee shall report to the Board of Directors and disclose such information in the Annual Report.”

^{1/} Resigning from Director Position, effective on November 15th, 2017

The Nominating and Corporate Governance Committee is entitled to invite executives or related persons to attend meeting and provide opinions or delivering documents deemed relevant and necessary including performing any other acts as delegated by the Board of Directors.

The Nominating and Corporate Governance Committee shall perform duties impartially and righteously without causing any conflict of interest. With regard to the corporate governance, the Nominating and Corporate Governance Committee shall stipulate good corporate governance and anti-corruption scope as well as policy and propose them to the Board of Directors. The Nominating and Corporate Governance Committee shall regularly consider, review and improve the good corporate governance and anti-corruption policy and the anti-corruption policy for at least once (1) a year including overseeing the good corporate governance and anti-corruption policy and the anti-corruption policy compliances. Practical and appropriate suggestions shall be given regularly to the Company's directors and executives to enhance their performance effectiveness. The Nominating and Corporate Governance Committee shall also provide opinions regarding the good corporate governance to the Board of Directors to ensure that the Company's operations are complied with principles of regulatory and oversees Good Corporate Governance Work Group's practices."

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. Amnuay Pahuvanich | (Managing Director | Risk Management Committee Director, |
| | | Thai Aviation Refuelling Co., Ltd.) | |
| | Mrs. Duangvilai Singkalawanich | (Assistant Director, | Risk Management Committee Secretary |
| | | Corporate Risk Strategic Management Office) | |

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 review risk management policy for once a year and to initially approve it in case of amendment in order to have it proposed to the Board of Directors Meeting; to approve the Company's risk management framework and to follow up on the risk management policy compliance; to verify effectiveness of the risk management framework and to approve on acceptable risks, acceptable risk levels and the Company's risk indicators or to provide opinions regarding organizational risk assessment in accordance with COSO ERM principles; to oversee and ensure consistency of the Company and its subsidiaries' risk managements as well as fraud and corruption risks management that shall be in line with the Principles of Good Corporate Governance, Code of Conduct and Anti- corruption policy; to screen and verify corporate risks in overview; to present corporate risks in overview including risk control methods and overall results of corporate risks management to the Board of Directors; to regularly communicate with the Audit Committee in order to exchange knowledge and information regarding corporate risks in overview and internal control which may cause impact to the Company; to promote appropriate risk management and internal control cultures. The Risk Management Committee is entitled to hire external consultant."

Furthermore, to monitor and ensure the Company's performance, the Risk Management Committee shall consider on significant risk indicators in every meeting, for example, EBITDA, cash flow, operating expense control and market share,

etc. In the event that the performance is likely to be below the target, the Risk Management Committee shall provide suggestions to the Management in order to stipulate corrective measures accordingly.

Executive Committee

To ensure that the Company and its subsidiaries' business operations, recommendations, solving of significant problems, performances monitoring and assessments have been conducted orderly and efficiently in the same direction and are in line with the Company's strategic plans as well as to have significant matters screened before being proposed in the Board of Directors Meetings for the benefits of shareholders, the Board of Directors set up the Executive Committee which comprises representatives from the Company and its subsidiaries' executives as follows:

- | | |
|-------------------------------|--|
| 1. M.R. Supadis Diskul | Executive Chairman |
| 2. Mr. Prakobkiat Ninnad | Managing Director |
| 3. Miss Prapis Ruthairung | Finance & Accounting Director, Bangkok Aviation Fuel Services Plc. |
| 4. Mr. Amnuay Pahuvanich | Managing Director, Thai Aviation Refuelling Co., Ltd. |
| 5. Miss Yuphadee Tongaroonsri | Managing Director, Intoplane Services Co., Ltd. |
| 6. Mr. Charoen Charusalaipong | Managing Director, Fuel Pipeline Transportation Co., Ltd. |
| 7. Mr. Nattapol Narkuam | Managing Director, BAFS Innovation Development Co., Ltd. |

Mrs. Parndao Sukhyanga (Corporate Secretary) Executive Committee Secretary

The Executive Committee shall perform duties in accordance with its roles and responsibilities approved by the Board of Directors, with details as follows:

"To impose policy regarding budget and to screen the Company and its subsidiaries budgets before proposing details to the Board of Directors of each company; to oversee, monitor progresses in operations and assess the Company and its subsidiaries' performances by assuring their conformances with assignments determined by the Board of Directors; to be entitled for requiring documents or relevant persons to clarify matters related to its duties and responsibilities; to appoint sub-committees and work groups as appropriate; to perform any other tasks assigned by the Board of Directors; to appoint executives for deputy director and division director positions or equivalent whereby the Managing Director shall appoint the Company's employees or appropriate persons to be the Company's representatives to be directors, executives and employees in the Company's subsidiaries, associated companies and companies of which BAFS is holding shares including dismissal such representatives from such positions."

Corporate Sustainability Committee

Corporate Sustainability Committee consists of:

- | | |
|-------------------------------|--|
| 1. M.R. Supadis Diskul | Chairman of Corporate Sustainability Committee |
| 2. Mr. Prakobkiat Ninnad | Corporate Sustainability Committee Director |
| 3. Mr. Amnuay Pahuvanich | Corporate Sustainability Committee Director |
| 4. Mr. Charoen Charusalaipong | Corporate Sustainability Committee Director |
| 5. Miss Yuphadee Tongaroonsri | Corporate Sustainability Committee Director |
| 6. Mr. Nattapol Narkuam | Corporate Sustainability Committee Director |
| 7. Mr. Aniruth Boonyatirana | Corporate Sustainability Committee Director |
| 8. Mr. Prayoot Attasillapakit | Corporate Sustainability Committee Secretary |

9. Ms. Wudthiorn Poteareesakul

Corporate Sustainability Committee Assistant Secretary

The Corporate Sustainability Committee shall perform duties in accordance with its roles and responsibilities approved by the Board of Directors, with details as follows:

“To stipulate the Corporate Group’s sustainability policy and related management systems that are accepted by communities and societies’ acceptances; to define scope of sustainability report; to oversee sustainability activities and ensure that they comply with regulations of the SEC; to appoint sustainability work groups and to follow up on their operations to ensure their convergences.”

3. Nomination of Directors and Executives

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 inconsistent 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 not have 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 a 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. Unless it is out of the positions, not less than 2 years.
7. An independent director shall not be a director who is appointed 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, which is listed company only.
11. An independent director shall not have any other characteristic, which prevents him/her from opining freely on the operations of the Company.

Managing Director Selection Process

A managing director is entitled to consider the recruitment and appointment of individuals with knowledge, skills and experiences appropriate to the Company. The selection process is conducted according to manual of policies and regulations regarding human management and employment conditions policy.

4. Subsidiaries and Associated Companies' Operations Supervision

4.1 Supervisory Mechanism Applied with Subsidiaries and Associated Companies

The Company has applied its supervisory mechanism with its subsidiaries and associated companies by assigning its representatives to be their directors, executives and employees. The Companies' representatives shall take part in supervision of interests as well as coordinate with the subsidiaries and associated companies. To ensure the Company's effectiveness on performance monitoring, controlling and overseeing and good internal control compliance, the Company stipulate criteria and direction for its subsidiaries and associated companies' operations as follows:

- BAFS' representative director or employee must have appropriate knowledge, capabilities and experiences. Meanwhile, BAFS' representative must conduct neither 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.
- The Board of Directors is entitled to appoint and dismiss representative directors and the Managing Director is entitled to appoint and dismiss representative senior executives.
- The Executive Committee is entitled to appoint BAFS' employees or appropriate persons, who are employees of the subsidiaries, associated companies and companies of which BAFS is holding shares, to be directors, executives and employees of the subsidiaries, associated companies and companies of which BAFS is holding shares including dismissal such persons from the positions. With this regard, the Executive Committee shall report to the Board of Directors for acknowledgement.
- The Executive Committee is entitled to appoint representatives, who are employees of the subsidiaries, associated companies and companies of which BAFS is holding shares, to be BAFS' executives and employees including dismissal such representatives from the positions. With this regard, the Executive Committee shall report to the Board of Directors for acknowledgement.
- Regarding scopes, authorities, duties and responsibilities of the Company's representative directors and executives, the representative directors shall consider and approve on important matters such as policies and business targets including supervising the executives to ensure their compliances with policies and predetermined plans. Meanwhile, the Company's representative executives shall take part in stipulating strategies and operational planning toward predetermined target achievements. In addition, monitoring and overseeing the subsidiaries and associated companies' operations shall be taken through the Executive Committee Meeting or the meeting participated by the subsidiaries and associated companies' executives.
- To ensure the subsidiaries and associated companies' performances, reliable financial reports and audits including appropriate risk managements and controls that eliminate conflict of interest, the Board of Directors determines operational directions and obligations made between the subsidiaries and associated companies and third parties.
- The Company's subsidiaries and associated companies are required to prepare their performance reports to submit 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 3,151,176 (included other forecasted expenditures for auditing during accounting period of December 31st, 2017) 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.	1,354,400
2	Thai Aviation Refuelling Co., Ltd.	EY Office Co., Ltd.	613,553
3	Intoplane Services Co., Ltd	EY Office Co., Ltd.	125,111
4	Fuel Pipeline Transportation Co., Ltd	EY Office Co., Ltd.	928,112
5	BAFS Innovation Development Co., Ltd.	EY Office Co., Ltd.	130,000
Total amount of audit fees			3,151,176

2. Other Service Fees

For the past fiscal year, the Company paid Baht 63,000 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 and paid Baht 200,000 to EY Corporate Services Limited, which is the company related to EY Office Co., Ltd., for its consultancy fee on accounting knowledge regarding financial reporting standards.

7. Good Corporate Governance Practices on Other Issues

The Company has complied with the Principles of Good Corporate Governance 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.
- 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 0.68%. 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 (AGM) once a year within 4 months from the last day of the Company's fiscal year. In 2017, the AGM was on April 27th, 2017, 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 Compass Law Ltd. 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. 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.
 - **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 criteria 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 shareholders, 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 exercise their rights thoroughly 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 conducts 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 and voided ballot 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.

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. 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 2017, 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 30 days prior to disclose of the Company's operating results of each quarter and 1 day after announcement of such information.

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 BAFS' shareholding structure is not complicated whereby almost all of its connected transactions are normal business transactions.
- 3.5 BAFS 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 2017, 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: Roles of Stakeholders

1. Treatment of Stakeholders

BAFS has stipulated guidelines on treatment of all stakeholder groups comprising shareholders, customers, business partners or trade partners/ distributors or creditors, employees, society, community, environment and regulators. The guidelines on treatment of stakeholders in writing are shown in the Company's Corporate Governance Policy and Code of Conduct. Their details are disseminated via BAFS' website. Meanwhile, the Company encourages its employees to comply with such policy. BAFS' has obligation to respect the rights of stakeholders and performs accordingly as follows:

- 1.1 **Shareholders:** the Company imposes policy and guidelines on the treatment of shareholders, which include performing duties with integrity and fairness, conducting business toward prosperity and stability and generating appropriate returns to shareholders, disclosing information to shareholders equally, regularly and completely. In addition, BAFS provides opportunities for shareholders to express their opinions and suggestions including proposing agendas or candidates to take director positions in Meeting of Shareholders.
- 1.2 **Customers:** BAFS imposes policy and guidelines on the treatment of customers as follows:
 - BAFS has provided full attention and accountability to customers by being compliant with agreements made with customers, treating all customers equitably and justly, focusing on creating customers' satisfaction and confidence and providing service with quality.
 - BAFS has conducted the aviation fuelling service by adhering to international quality standards, punctuality and maximum safety. BAFS's operational service is certified by the Quality Management Systems: ISO 9001 and Occupational Health and Safety Assessment Series: OHSAS 18001.

- BAFS has applied customer satisfaction measurement as part of its Key Performance Indicators (KPIs of the Company).
- BAFS has organized activities to promote good relations with customers, for example; arranging BAFS visits for customers to observe its operations and participating in seminars, meetings with customers in order to strengthen relations and to listen to their feedbacks, arranging quiz games with questions related to BAFS including meetings with customers on special occasions, etc.

1.3 Business Partners or Trade Partners/ Distributors or Creditors

BAFS sets explicit and tangible criteria on trade partner selection. BAFS's trade partners must be qualified as required and be able to comply with procedure or process as specified by BAFS. In case selection of new trade partner, the Board of Directors' approval is required. BAFS shall comply with agreements made with all business partners or trade partners/ distributors or creditors equitably and justly based on mutual fair compensations. BAFS shall not request, receive or give advantages of dishonesty to trade partners/ distributors or creditors. In addition, BAFS prepares Business Partner Code of Conduct to be guidelines in which BAFS's business partners shall comply.

Additionally, BAFS shall not request, receive or give advantages of dishonesty to trade partners/distributors or creditors. BAFS stipulates JV Core Principle as a tool to prevent disclosure of sensitive information.

1.4 Employees: as all employees are significant for its business operation, BAFS imposes policy and guidelines to treat its employees by emphasizing on their development as well as providing them appropriate compensation and welfare. Additionally, BAFS 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 BAFS's performance includes finance, customers, internal management process as well as learning and development in both 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 system 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. In 2017, there were 494 employees who had been trained and developed accordingly with training hours by average at 46 hours/ employee.
- Promoting educational support projects such as giving scholarships to employees and arranging domestic and overseas work observation and training programs for employees, 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. BAFS has also supported its employees in participating dharma practices activities organized by the Young Buddhists Association of Thailand. In addition, BAFS 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, BAFS 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.

1.5 Society and Community: Since BAFS indicates the community and society as an important stakeholder, BAFS emphasizes the process to encourage the community to become a sustainable self-sufficiency. The sustainability strategy's plan of 2016-2020 refer to community participation's work plan. Moreover, according to the community satisfaction survey in Don Mueang and Suvarnabhumi areas the results lead to create model schemes for community framework, which focus on the areas around Don Mueang and Suvarnabhumi aviation fuel depot. Also these schemes were distributed to respond departments as follows: 1.Community work plan by corporate social responsibility department 2.Community relations plan at Suvarnabhumi aviation fuel depot 3.Community relations plan at Don Mueang aviation fuel depot 4.Cooperation framework plan by 10 organizations (MOU Sisa Chorakhe Noi sub-district) and 5.Corporate communication activities and voluntary activities plan. Therefore, these plans are exercised throughout 2017 and summarized into 6 main categories as follows:

(1) Health

Community Health Promotion Project, Moo 2 - 9 -10, Srisajorakaenoi Subdistrict, is located in Suvarnabhumi depot operation area. According to the community's master plan of BAFS, The project is a collaborative network between the community, the organization and local authorities to implement the plan for the community database. To Create a healthy community promotion and care process, also encourage community awareness including create better health of the community by themselves.

(2) Family and Elderly

This project is a practical research and requires for participation aiming to support and develop Community Health Volunteer potential in order to take care of family and elderly in their community. Besides, it's an associated cooperative network between community, organization, and local authorities to work for elderly in the community.

(3) Education, Religion, and Culture

BAFS has many projects related to this category as mentioned below: Arranging field trips to educate students outside classroom, giving scholarships, and inheriting Thai traditional culture through activities. For example, activities about religion; the robe offering ceremony, listen to the sermon, go to a meditation retreat. Furthermore, BAFS also supports to arrange religious and cultural activities held by the community occasionally.

(4) Profession and Income

The making projects assist members in community to get them a career especially for housewife and elder. Also, this is part of the "Health promotion in community at Moo2-9-10 Sisa Chorakhe Noi sub-district" project which can build up an economy of local community. In order to strengthen the economy of local community and help locals to have jobs, BAFS has worked by extending the results from this health promotion project.

(5) Life safety, Environment, and Community infrastructure

Basic fire safety training project for the community and schools around Suvarnabhumi aviation fuel depot's area project has a purpose to increase knowledge and awareness about fire drill and first aid assistance. In addition, this project is focus on student, community, and local security department by training through real situation in order to increase their skills and make them solve the problems correctly.

(6) Quality of life and Society in general

BAFS has cooperated with Royal Thai Army medical department, Foundation of Phramongkutklao hospital, and Rehabilitation medicine arrange the project to help and encourage soldiers whom injured from military service at the 3 violence-prone southern provinces. BAFS has proceeded this project for 10 years and the main objective is to treat the injured soldiers both physical and mental health at Phramongkutklao hospital so that they can be able to proudly continue serving the country or demobilize and earn a living in the society.

- 1.6 Environmental:** BAFS emphasis on operation process to consider the environment and stipulated preventive measure to prevent and relieve impact systematically. Moreover, BAFS still control the energy management which described in more detail in section 3 "environment protection and utilize resources efficiency"
- 1.7 Regulators:** the Company has complied with related laws, regulations and rules, and has conducted its business in accordance with principles of good corporate governance, anti-bribery and corruption while promoting human rights protection.

2. Workplace Safety, Health and Environment

BAFS gives high priority to workplace safety, health and environment. To implement these issues, BAFS imposes policy and sets up Committee to undertake workplace safety, health and environment with details as follows:

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

- Providing safety to employees, contractors and BAFS' assets including reviewing and updating safety measures regularly and continually.

BAFS discloses accident statistics at every branch office with details of working hours without severe accident that can cause absence from work, safety hour target and latest date of accident.

BAFS had organized many activities. They included annual medical check-up for members in communities around BAFS's operating sites, assessments to monitor environmental impact toward communities, big cleaning day and sustainable safety day activities. Moreover, BAFS arranged training programs for workplace safety, health and environment, which included trainings on workplace health and environment, fire drill, annual firefighting and evacuation together with emergency plan rehearsals as required by laws. BAFS also provided personal protective equipment to employees and organized campaign to promote accidental prevention including assessments on workplace environment, qualities of drinking water and wastewater, etc. Additionally, BAFS arranged fire drill training courses for communities and schools surrounding Suvarnabhumi and Don Mueang Aviation Fuel Storage Stations areas as well.

3. Environment Protection and Utilize Resources Efficiency

BAFS promotes the usage of resource efficiently in every business process and encourages the alternative energy. Therefore, BAFS stipulates the Energy Conservation Policy and founds the Green Committee in order to enhance the effectiveness of energy management in accordance with the laws and regulations of Management of Energy Control in Industry and Building act 2009. The Energy Conservation Policy are as follows.

1. To operate and develop energy management system appropriately. It is regarded as a part of BAFS's business operation and has to be implemented in accordance with laws and other relevant regulations
2. To continuously improve the energy efficiency which is appropriate to business nature, technology and to follow the best practice
3. To set BAFS's annual plan and goal for the energy conservation appropriately in each year and communicate to all employees for accurate understanding and compliance
4. BAFS regards that energy conservation is responsibility of all executives and employees at all levels to cooperate and follow the measure in order to accomplish its goals
5. To support human resources, budget, time as well as training courses, and encourage all employees' participation through presenting their opinions that are valuable to energy management
6. The Management and Green Committee will review and revise the energy conservation policy, goal and energy management plan to ensure their appropriateness and consistency with current situation on an annual basis.

In 2017, BAFS had been preparing the policy of environment and climate change in order to announce the intention of environmental protection. The policy aims to prevent the impacts on the environment and raises environment awareness to all employees. The details are as the following

1. To adhere to all environment laws and regulations relating to business operation
2. BAFS awares of climate change and shall minimize its impact to the environment
3. To raise awareness of environmental issues and to educate the knowledge of climate change to all employees

4. To measure the corporate carbon emission in a form of carbon footprint report and to reduce carbon emission from business activities
5. To disclose the corporate environment information on an appropriate channel

BAFS received the award of honor from Dr. Wijan Simachaya, the Deputy Permanent Secretary of Natural Resources and Environment Ministry honor for joining Thailand Voluntary Emission Reduction Program (T-VER) in the project of “LED Flood Light Replacement for High Pressure Sodium Light Project Phase II” and “BAFS Solar Cell” . Also, BAFS received the certificate of Carbon Footprint on September 19th, 2017.

BAFS has been participated in Thailand Voluntary Emission Reduction Program (T-VER), which is organized by Green House Gas Management Organization (public organization) to support private sector to achieve the national target of emission reductions. The reduction amount that has been certified through the program of T-VER can be counted as the carbon credit, which can be traded within the country.

1. BAFS Solar Cell Project

The project located at Suvarnabhumi Fuel Depot has the capacity of 138.38 kWp. It can substitute the electric consumption at 252,543 kilowatts-watts per year and expects to reduce the greenhouse gas approximately 140.02 Ton Carbon Dioxide equivalents per year.

2. The LED Flood Light Replacement for High-Pressure Sodium Light project Phase II

The project changed 6 HPS external lightings from 1,000 watts to LED lighting 300 watts and 21 HPS external lightings from 400 watts to LED lightings 240 watts at Don Mueang Depot. It can reduce the electric consumption at 134 kWh per year and reduce the greenhouse gas emission at 28 ton.CO₂eq per year.

3. The LED Flood Light Replacement for High-Pressure Sodium Light project Phase III

The project changed 6 HPS external lightings from 1,000 watts to LED lighting 300 watts, 16 HPS external lightings from 400 watts to 240 watts LED lightings and 4 HPS external lightings from 250 watts to 150 watts LED lightings at Don Mueang Depot. It can reduce the electric consumption at 130 kWh per year and reduce the greenhouse gas emission at 26 ton.CO₂eq per year.

4. Respect of Human Rights

To avoid violation of human rights, BAFS imposes policy and guidelines for conducting whereby BAFS 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.
- BAFS treat all employees on human rights principles and respect personnel with equal manner, no distinction is made on the basis of physical, mental, nationality, race, religion, gender, age, education and political and other opinions.
- Promoting and respecting human rights protection by monitoring regularly BAFS’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 BAFS and encouraging employees to act in accordance with international human rights principles.

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

5. Intellectual Property or Copyright

BAFS 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 BAFS'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 BAFS.

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

6. Anti-Bribery and Anti-Corruption

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

BAFS imposes Anti-Corruption Policy, which is approved by the Board of Director. BAFS and its subsidiaries' directors, executives and employees are required to comply with such policy with detail is as follows:

- BAFS's directors and employees of all levels shall comply with the Anti-Corruption policy and shall not involve in any forms of corruption either directly or indirectly in order to sustain benefits of BAFS and their own as well as their colleagues and others.
- Any action taken in response to the Anti-Corruption Policy, it shall be compliant with guidelines as mentioned in BAFS's Code of Conduct, regulations, related operating manuals and other guidelines that will be defined by BAFS in the future.
- The employee shall not disregard or neglect in case witness of any act, which could be within scope of corruption and related to BAFS. 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.
- BAFS shall provide justness and protection to its employees who report on corruption related to the Company.
- Any act of corruption is considered as violation of BAFS's Code of Conduct. Offender shall undergo disciplinary punishment including legal punishment in case such action is also against the law.
- BAFS 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, BAFS prepares guidelines on anti-corruption measures for the executives and employees to comply with detail as follow:

1. Monetary Donation and Support Fund Providing

- To ensure that the monetary donation for charitable purpose and support fund providing are not excuses for bribery, their objectives shall be explicit and can be verified. Meanwhile, they must be done on behalf of the Company only whereby donation limit and authorized person for approval shall be defined precisely in writing.

- Receiving and giving gifts including making any form of unrighteous transaction either directly or indirectly with government officers and other persons or other organizations in order to repay for any subservient action or to gain work-related benefits from BAFS are prohibited.
 - In case donor recipient is government agency, state enterprise, charitable organization, temple, hospital, sanatorium or social benefit organization, such donor recipient shall provide reliable certificate, which can be verified.
 - The monetary donation for charitable purpose and support fund providing shall be done in compliance with Delegations of Authority Manual regarding the monetary donation for charitable purpose and support fund providing.
2. Political Support: BAFS adheres to democracy with the King as Head of State; therefore, BAFS implements a neutral political policy by not involving in political support or assistance. Nonetheless, BAFS supports its employees to exercise their constitutional election rights.
 3. Giving and Receiving Gift
 - Receiving or requesting for benefits, or proposing compensation or paying a bribery of any kind including other inappropriate expenses, either directly or indirectly, in order to repay for any subservient action that contributes beneficial effects to the employees, BAFS, or to gain work-related benefits from BAFS, is prohibited.
 - Gift receiving shall be done openly with transparent manner and shall not have influence on any decision making related to BAFS's business issue.
 - Gift giving shall not be done extravagantly, immorally nor wrongfully against good traditions and local laws.
 - Gift giving shall not be done in compliance with Delegations of Authority Manual regarding gift giving.
 4. Welcome reception provision and acceptance
 - Welcome reception provision and acceptance shall be reasonably done as necessary in accordance with general business etiquette for BAFS's business benefits and proper manner that reflects normal relations with third party whose duties or business are related to BAFS's business. BAFS also explicitly determines budget and authorized person for welcome reception provision approval and report on welcome reception acceptance in writing.
 - Paying for hospitality expenditures including accommodation and travelling expenses during establishment visit, work observation, food and beverage or other expenses to motivate government officers, other persons and organizations to act wrongfully to obtain BAFS's interest, are prohibited.
 - Receiving or requesting for benefits or accepting entertaining or reception invitation including invitation for work observation with free of charge proposed by third person or receiving expense support from third person, which cause influence to business decision making, or repayment for any subservient action that contributes beneficial effects to BAFS or obtaining work-related benefits from BAFS, are prohibited.

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

1. The Board of Directors stipulates policy, oversees and controls compliances of the Anti-Corruption Policy and Measures and receipt of complaints including whistle blowing. Furthermore, the Chairman of the Board is authorized to screen BAFS's strategic and risk management plans of projects related to BAFS and its subsidiaries' investments.

2. BAFS stipulates Risk Management Policy with detail regarding corruption as follows:

- 2.1 The Risk Management Committee is authorized to oversee anti-bribery and anti-corruption risks management to ensure compliances with Principles of Good Corporate Governance, Code of Conduct and Anti-corruption Policy.
- 2.2 In case the employee experiences or acknowledges any risk, which may impact to the Company or violate Principles of Good Corporate Governance, Code of Conduct and Anti-corruption Policy, such employee shall immediately report such matter to supervisor for further implementation on the risk management.

3. BAFS has managed business risk regarding corruption as follows:

- For every department and project with value at 30 million baht and higher that are required to contact with the government agencies, corruption risk assessments shall be conducted accordingly.
- Every department and project with value at 30 million baht and higher that are required to contact with the government agencies shall report on progress of corruption risk control plan via E-Form on a quarterly basis. Such information shall be maintained in the IT system continually.
- Corruption risk management is stipulated as major principles in a procurement manual and it is deemed as purchasing/hiring/procuring approaches referring the Principles of Good Corporate Governance and Risk Management Policy compliances.

4. BAFS has stipulated risk appetite and risk tolerance to be its business operational framework which is related to corruption as follows:

Compliance to comply with Principles of Good Corporate Governance, Code of Conduct and Anti-corruption Policy strictly without complaints made either verbally or in writing with intent not to comply with Principles of Good Corporate Governance, Code of Conduct and Anti-corruption Policy including having zero corruption. In case of any complaint or whistle-blowing regarding corruption, the Corporate Governance Working Group shall notify the Risk Management Committee's secretary to have it placed on a proposed agenda to the Risk Management Committee. Representative of the Corporate Governance Working Group shall prepare meeting documents and father report to the Risk Management Committee Meeting to obtain opinions regarding the risk management.

5. BAFS has publicized its Code of Conduct and Anti-Corruption Policy internally and externally to people including trade partners, distributors/ vendors via electronic document management system, announcements and website. The Company has continually arranged Business Partner Code of Conduct trainings. Its directors and are also required to sign for acknowledgement and compliance with Code of Conduct. In addition, the anti-corruption approach is one of orientation programs for new employees.
6. BAFS has regularly organized activities that promote and cultivate compliances with related laws and regulations. They include activities promoting core value such as "Following Best Practice", which emphasizes on integrity in the workplace and the Company's rules and regulations compliances, including training programs regarding anti-corruption measures, etc.
7. BAFS prepares tangible performance measures to assess results of anti-corruption compliance. There is online self-assessment system for the executives and employees to assess themselves on a yearly basis. In the meantime, the Corporate Governance Working Group has regularly monitored and assessed anti-corruption compliance results. The Company also provides channels for whistle blowing in case of witness any corruption including protection measure for whistle-blower. The training programs on anti-corruption measures are arranged to provide knowledge to the executives and employees as well. Moreover, in 2017, the Internal Audit Office also had monitored on the anti-corruption compliance.

8. BAFS has been certified as member of the Private Sector Collective Action Coalition against Corruption since 2014. Its membership recertified was done in 2017 accordingly. To comply with membership certification process of the Private Sector Collective Action Coalition against Corruption, the Audit Committee had verified accuracies of the Company's reference documents and assessment form regarding anti-corruption measures accordingly.

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 Division'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 BAFS 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 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 Group
- (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 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 Whistle-Blower Protection

BAFS stipulates measures to protect whistle-blower/complainant as follows:

- Keep confidential the name, address, photograph or any information of whistle-blower/complainant.
- 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 fair process.
- In case of finding that any employee acts against BAFS' Code of Conduct and/or Anti-Corruption Policy, such employee shall be undergoing disciplinary punishment in accordance with the Company's Policy and Regulations Manual regarding Discipline and Disciplinary Measures. BAFS will deliberate to impose punishments from oral warnings to terminations without ascending order. In case the act against the law, employees will be undergoing legal punishment. The employee disciplinary actions consist of verbal warning, being suspended from work or termination of employment. Nonetheless, such employee disciplinary actions shall not be executed in order accordingly; it depends on final approval made in accordance with Delegations of Authority Manual. Such employee shall be undergoing legal punishment in case his/her is also against the law.
- BAFS shall notify result of investigation to the whistle-blower/complainant within 30 days after completion of the process.

BAFS has never violated laws related to labour, employment, consumer and trade competition and also has never been reported or complained about bribery and corruption.

In 2017, BAFS received Outstanding Awards for Being Organizational Prototype on Safety, Occupational Health and Working Environment for its three operating Sites. They included Platinum Awards for Don Mueang Aviation Fuel Storage and Into-plane Refuelling Station and Diamond Awards for Suvarnabhumi Into-plane Refuelling Station and Suvarnabhumi Aviation Fuel Storage Station.

Section 4: Information Disclosure and Transparency

1. BAFS's Information Disclosure

BAFS 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, 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 Sub-committees during the past year such as number of meetings, number of times for meeting attendance, investor relations information, meeting invitation notices, minutes of Annual General 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 BAFS's financial report, which effectively protects and maintains BAFS'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 2017, 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 affect 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 Division to undertake on this matter accordingly.

3.3 The Investor Relations Division is also provided as communication channel for investors, shareholders, analysts and other relevant organizations. Its e-mail is pitsapong@bafs.co.th, Tel: 02 834 8914. In addition, the Investor Relations Division has organized annual activities in accordance with its action plans. In 2017, there were significant activities as follows:

- Joining the Opportunity Day for 4 times
- Inviting the executives to participate in television and radio programs for 3 times
- Arranging the Company Visit for 24 occasions to accommodate institutional investors, general investors and analysts
- Arranging the Site Visit for 3 occasions to accommodate shareholders and investors
- Providing the Company's information for Credit Rating Review for 1 time
- Arranging 2 issues of the shareholders' newsletters.

The Company has never been ordered to have its financial statements amended by the SEC. The Company discloses its annual and quarterly financial statements to shareholders and investors in a timely manner.

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 as 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 14 directors as follows:

- Executive director 2 directors (14.29%)
- Non-executive director 12 directors (85.71%)

Seven 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. Seven directors, who are non-executive directors, 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 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 has the Assistant Director of the Corporate Secretary Office with a wide knowledge of laws and passed 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. BAFS 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 To perform duties and responsibilities with integrity and accountability in compliance with laws, objectives and the resolutions of the General Meeting of Shareholders and the Board of Director Meeting by concerning to the Company's highest benefits. The Board of Directors shall not have stake or commit any act that cause conflict of interest.
- 5.2.2 To consider and review the Company's vision, objectives, main goal, strategies, policies and core value including resource allocation.
- 5.2.3 To undertake the management of the Company and ensure sustainable value creation resulting in good performance in the long term. To conduct business with ethical standards and be accountable to the stakeholders while developing or mitigating negative impacts toward environment and be able to adapt to changes.
- 5.2.4 To ensure that the executives and employees perform their duties with accountabilities, carefulness, and integrity and to undertake the operations in compliances with related laws, objectives, regulations, resolutions of the General Meeting of Shareholders and the Board of Director Meeting and the Company's policies.
- 5.2.5 To assign duties and responsibilities to the managing director and the management explicitly in writing and to ensure that the directors and executives perform their duties efficiently and effectively in accordance with policies, duties and responsibilities as assigned.
- 5.2.6 To oversee and ensure that the management sets up operational plans in accordance with vision, objectives, goals, strategic plans and the Board's resolutions as well as allocates resources efficiently and effectively while cultivating corporate culture that results in innovation creation in order increase the Company's value in the long term. In addition, the Board of Directors has monitored the operation of strategic plans every 6 months.

- 5.2.7 To stipulate and review structure and composition of the Board of Directors as well as appropriate proportions of directors and independent directors to ensure their consistencies with the Company's business objectives and strategic plans.
- 5.2.8 To set recruitment and selection processes in order to appoint transparent directors and managing director, to provide director, managing director and executive development processes in order to ensure that they have knowledge, skills, experiences and attributes that are necessary for driving the corporate toward goals. To follow up and oversee human resource management and development in order to ensure number of workforce, knowledge, skills, and experiences including appropriate motivation.
- 5.2.9 To set appropriate remunerations for the directors and executives by considering on their roles and responsibilities. Such remunerations shall be in line with strategy, short-term and long-term goals and the Company's performance.
- 5.2.10 To oversee and deal with conflict of interest which may occur among the management, the committees or the shareholders as well as wrongful use of the Company's assets, information and opportunities including transactions of related persons in compliance with laws, official regulations and conditions.
- 5.2.11 To stipulate policy, to oversee and ensure compliances with anti-corruption policy and measures including receipt of complaints and actions taken in case of whistle-blowing in every internal level and for third party.
- 5.2.12 To ensure that the Company has effective risk management system, internal control and internal audit in order that the Company's operations would comply with related laws and standards.
- 5.2.13 The independent directors shall exercise their discretions to determine strategies, work management, the use of resources, committee appointments and business operational standards. The independent directors shall be ready to oppose the actions of another directors or the management in the event of conflict that affects to equality of all shareholders.
- 5.2.14 Whether for their benefits or benefits of others, the Company's directors shall not conduct businesses or be directors or executives or shareholders of companies conducting the same business and competing with the Company unless such directors having noticed in the shareholders meeting or the Board meeting prior to the nomination. With this regard, Company's director shall take director positions for not over than 5 listed companies.
- 5.2.15 To keep the Company's internal information confidential and shall not use such information for their benefits or benefits of others as well as refrain from trading in securities for at least 30 days before and 1 day after the financial results announcement.
- 5.2.16 The Company's directors shall report the Company in a timely manner in the events as follows:
- (1) The director or related person having stake directly or indirectly while such stake is related to the Company or its subsidiaries' business operations.
 - (2) Holding shares or debentures of the Company or affiliated companies. The director shall report such Information with total number of shares or debentures that increase or decrease.
- 5.2.17 To appoint the Corporate Secretary to provide suggestions related to laws and regulations, to undertake documentation and to maintain documents related to the Board meeting and shareholder meetings as well as to perform other duties as required by laws.
- 5.2.18 To have the financial reports and other reports prepared in accordance with related rules, standards and practices. The accurate, adequate and equitable information shall be disclosed to stakeholders in a timely manner.

In the meantime, the shareholders are entitled to participate in making decision on the Company's important issues.

- 5.2.19 The committees may consider on hiring external consultants to provide suggestions or assists the Board. The consultants' information including their independences without conflict of interest shall be reported to the Board of Directors and disclosed in the Annual Report.
- 5.2.20 Roles and responsibilities of the Board of Directors and the management are clearly separated from each other in terms of structures and duties. With this regard, authorization letters identifying scope and delegation of authority of the management are arranged. Meanwhile, the Company has communicated such roles, duties and responsibilities to relevant persons regularly.
- 5.2.21 The Company has stipulated Code of Conduct with detail as follows:
- Business ethics.
 - Business ethics for stakeholders namely shareholders, employees, customers, creditors, society, community, environment and regulators including code of conduct for business partners namely trade partners, distributors/vendors.
 - Ethics for the Company's directors
 - Ethics for employees such as conflict of interest, confidential maintenance, procurement process, use of insider information, anti-bribery and anti-corruption, intellectual property and usage of information technology, etc.
 - Compliance monitoring and disciplines

The Company has promoted Code of Conduct compliance and defined monitoring system to ensure tangible compliance such as on line safe-assessment on a yearly basis for all executives and employees.

- 5.2.22 The Board of Directors clearly defined Conflict of Interest Policy in the Company's Code of Conduct and set procedure to monitor transactions that may cause conflict of interest and regulations on related transaction in accordance with regulations of the SEC. In case any transaction must be approved by the Board of Directors and /or shareholders meeting, such transaction will be firstly reviewed, 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 transaction in any agenda, shall has no right to vote on it.
- 5.2.23 The Company has disclosed information regarding its connected transactions with persons who may have conflicts in year 2017. The Board of Directors opined that all connected transactions were reasonable and beneficial to the Company's business and complied with the regulations of the SEC as shown in topic "the Connected Transaction".
- 5.2.24 The Company has adequate and appropriate internal control system and workforce to conduct its internal control effectively. Meanwhile, the Company has monitored and overseen its subsidiaries performances to ensure that they are able to protect assets from wrongful actions of their directors and executives. In year 2017, there was no report of wrongful action and the internal control system deficiency in substantial. Its detail is shown in the topic "Summary of Opinions Concerning Internal Control System, Year 2017".

- 5.2.25 The Board of Directors defined the Risk Management Policy emphasized that the Company should apply risk management process throughout the whole organization to support the Company to accomplish its strategic objectives. The Risk Management and Strategic Plan Office undertake risk management monitoring to ensure that every department apply risk management process and assess on strategic objectives accomplishment in a yearly basis. In addition, the Company has set trigger points as early warning and has relevant persons to define corrective measures to improve performance 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 a quarterly basis.
- 5.2.26 To assess the internal control system and the risk management effectiveness, the Company set up the Internal Audit Unit to undertake the internal control system and the risk management assessments as well as to provide reliability advices independently to increase value and improve the Company's operations. 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 form, which includes the risk management and provide comments on such matters in every year.
- 5.2.27 To assess the internal control system and the risk management effectiveness, the Internal Audit Unit shall verify risk indicators or risk factors, which may affect objectives and risk management approaches of operators to ensure accurate and appropriate risk identification and assessment including systematic risk management. Meanwhile, the Internal Audit Unit shall report risks to relevant persons in a timely manner while continually verifying on risks in a quarterly basis.

5.3 Authority of the Board of Director

The Board of Director is authorized to stipulate policies as well as 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 the 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 2017, the Company arranged the Board of Directors' meeting for 5 sessions and each director attended meeting regularly for 86.29% 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 discuss circumspectly and thoroughly on the issues. The Chairman also encourages the meeting to exercise discretion carefully. Moreover, the Board of Directors allows the Managing Director to invite the management, 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 Corporate 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 Chairman of the Board of Directors is the director, who is neither the Executive Director nor the Managing Director, and does not have relation with the Management as their roles, authorities and duties are clearly segregated. The Chairman of the Board is independent director whose duties are as follows:

- 5.5.1 Calls for the Board of Directors Meeting and ensures Board members receive accurate, complete, timely, and clear information prior to the meeting to assist in their decision making process.
- 5.5.2 Provides leadership and direction to the Board of Directors and chairs meetings of the Board.
- 5.5.3 Conducts a Board meeting according to the agendas, the Company's Articles of Association, and applicable laws.
- 5.5.4 Encourages and allocates sufficient time to each Board member to discuss and express their free and frank opinions with due circumspection and concern for all stakeholders.
- 5.5.5 Sums up the Board meeting resolutions and the actions to take clearly.
- 5.5.6 Sets up a Board meeting without the presence of the Executive Directors.
- 5.5.7 Chairs meetings of shareholders according to the agendas, the Company's Articles of Association, and relevant laws by allocating time appropriately along with providing opportunities for shareholders to express their opinions equitably and ensuring that shareholders' inquiries are responded to appropriately and transparently.
- 5.5.8 Supports and be a role model in compliance with the principles of good corporate governance, anti-corruption measures and Code of Conduct.
- 5.5.9 Fosters a positive working relationship between the executive directors and non-executive directors and the Committees and the management.
- 5.5.10 Oversees to ensure the transparent disclosure of information and management in the event of conflicts of interest.

5.5.11 Oversees to ensure the Board of Directors has appropriate structure and composition.

5.5.12 Oversees that the Board of Directors as a whole, Sub-committee members, and each individual director perform their duties effectively and efficiently including achieving objectives as planned.

5.5.13 Performs duties of the Chairman of the Board of Directors specifically stipulated by laws.

5.5.14 Oversees to ensure that all directors take part in promoting corporate culture that reflects ethics and good corporate governance.

The Managing Director is the Head of the Company's management, whose duties are to undertake the Company's Board of Directors in order to achieve outcomes in accordance with 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 2017, 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 enhance their efficiency continually. The performance assessment of the Board of Directors and Sub-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 Sub-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 Corporate 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 Sub-committees Meetings for their mutual consideration and stipulation on performance improving measure. In 2017, assessment results of the Board of Directors and Sub-committees were ranked as "very good to excellent".

Criteria 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 2017 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. Criteria of Managing Director's

Performance Assessment are 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.

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 management in the topic "Management Structure – Remuneration for Director and management". Meanwhile, remuneration for employees in 2017 was Baht 487,395,187 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 Sub-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 importance on improving its directors' knowledge and capabilities, therefore, the Company encourages all directors to take training courses such as director course organized by Thai Institute of Directors (IOD). In 2017, There were 4 directors Mr. Nitinai Sirismatthakarn, Mr. Phipawat Sittichaiakasem, Mr. Rungroj Sivachan participated in Director Accreditation Program (DAP), class 138/2017, 139/2017 and 140/2017 respectively. Squadron Leader Pongtorn Thepkanjana attended Director Certification Program

(DCP), class 233/2017. There was the director, Mr. Aswin Kongsiri, participated seminars which had been organized by IOD : Director Briefing 2/2017: Directing in the Year of Rooster: Hot Issues and Outlook for 2017, IOD Nomination Director Event 2017: Nomination Committee Best Practice Guideline, IOD Chartered Director & Fellow Member Event 1/2017: Story Telling and IOD Audit Committee Forum 2017: The Audit Committee's Role in Compliance and Ethical Culture Oversight. BAFS also arranged the internal seminar regarding CG Code for directors.

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 for managing director and management 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 management 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 shall select competent employees from manager level in its organization with criteria as follows:

- 2.1 Evaluate competence of the candidates.
- 2.2 Arrange professional tests such as English language, capability and skill, managerial thinking, work presentation, and vision. Then, committee, which comprises high-level executives, will interview candidates.
- 2.3 Set up 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 Plan 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 9 consecutive years.

Report of the Remuneration Committee for the Year 2017

Dear Shareholders of the Bangkok Aviation Fuels Services PLC.

The Remuneration Committee consists of 4 directors and 2 of them are independent directors namely Mr. Visut Montrivat as Chairman of the Remuneration Committee and Mr. Pachara Yutidhammadamrong as Remuneration Committee Director. Other committee members are, by position, namely M.R. Supadis Diskul, Executive Chairman, and Mr. Prakobkiat Ninnad, Managing Director. Ms. Prapis Ruthairung, Finance & Accounting Director, is acting as a Secretary of the Remuneration Committee.

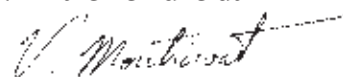
The Remuneration Committee has performed its duties as prescribed in the Charter of Remuneration Committee, which approved by the Board of Directors. In order to enhance efficiency of the Board of Directors and to conform with the principles of good corporate governance, the Remuneration Committee has also provided opinions which are deemed beneficial to the Company and shareholders to the Board of Directors and Shareholders Meeting. In 2017, the Company arranged 4 Remuneration Committee Meetings that all members of the Remuneration Committee had fully attended the meetings accounted for 100% attendance and reported to Board of Director Meetings at every meeting. The key important points in the meetings are summarized as follows:

1. **Consideration on the remuneration for the Board of Directors and Sub-Committee**, taking into respect with suitability on their duties, responsibilities, performances, Company's overall operational performance and overall economy, inclusive of comparison to remunerations of other listed companies within same size and similar industry.
2. **Consideration on the remuneration for high level executives, taking into consideration by** compared their performance outcomes against the targets and key performance indicators (KPIs) underlying guidelines of remuneration and benefit with regard to policy and principle, which approved by the Board of Directors.
3. **Consideration on dividend payment** including interim dividend and annual dividend. Results of such consideration were proposed to the Board of Directors or the Shareholders Meeting, in whichever case, for approval. The Remuneration Committee also provided opinions with performing on duties in accordance with stipulated policy and regulations.
4. **Consideration on the assessment of 2017 Remuneration Committee's performance**. The results indicated that the Remuneration Committee had fully performed its duties as stipulated in the Charter of Remuneration Committee. Such performance assessment included topics such as structure and qualification, roles and responsibilities, meeting participation and the function of committee, self-development and performance assessment, etc.
5. **Consideration on improvement the Charter of Remuneration Committee**. The improvement on its duties and responsibilities of the Remuneration Committee were adjusted to comply with the principle of good corporate governance or the new version of Corporate Governance Code (CG Code), which announced to practice in 2017 by the Securities and Exchange Commission (SEC) for the listed companies.

As a result, the Remuneration Committee has perform entire duties as assigned by the Board of Directors. It enhanced the operation of business in accordance with the principles of good corporate governance, regulations and relevant laws to ensure sustainable growth toward a predetermined direction. The Remuneration Committee cautiously completed its duties and responsibilities with prudence, integrity, transparency and accountability for maximizing benefit to the Company and shareholders.

February 7th, 2018

On behalf of the Remuneration Committee



(Mr. Visut Montrivat)

Chairman of the Remuneration Committee

Report of the Nominating and Corporate Governance Committee for the Year 2017

Dear Shareholders of the Bangkok Aviation Fuel Services PLC.

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

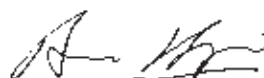
In 2017, the Nominating and Corporate Governance held 5 meetings to perform its duties as stipulated in the Charter of the Nominating and Corporate Governance Committee. Summary of subject matters in the meetings are as follows:

- Considering the selection of nominating directors whose terms had expired and directors who resigned before the expiration of their terms. The Nominating and Corporate Governance Committee nominated directors by examining the candidates' qualifications in terms of their knowledge, capabilities, experience, vision, morality and ethics as well as other qualifications as defined by the Company. In addition, the Nominating and Corporate Governance Committee also considered the Company's board diversity and set up a board skill matrix to specify qualifications of required directors based on necessary skills that were lacking in the Board of Directors to fit with the Company's operating strategy. In this regard, information from the Director Pool was used as a part of the process.
- Overseeing and monitoring the Company's business operation to ensure its compliance with rules and regulations of the Private Sector Collective Action Coalition against Corruption.
- Considering and providing recommendations regarding the Company's business operation to ensure its compliance with principles of good corporate governance of the Thai Institute of Directors.
- Considering, preparing, reviewing and improving the charters of the Board of Directors and subcommittees, the good corporate governance and anti-corruption policies, the code of conduct and the charter of the Nominating and Corporate Governance Committee to ensure their consistency with the CG Code 2017 issued by the Securities and Exchange Commission, including criteria, rules and regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission of Thailand, and the Thai Institute of Directors.
- Approving a good corporate governance promoting plan, which included the Company's activities organized for all directors, executives and employees, to ensure that their performance was in compliance with the good corporate governance policy, the anti-corruption policy and the code of conduct. The activities comprised a seminar under the topic "CG Code and Sustainable Value Creation in Business", which provided comprehensive understanding to the Company's directors and executives so that they could apply the good corporate principles with a long-term value creation in the business. Moreover, CG touring activities were organized to provide knowledge regarding the code of conduct and the anti-corruption measures to the employees of the Company and subsidiaries. The seminars for the Company's trade partners, vendor/distributors and the on-line self-assessment for the executives and employees regarding the code of conduct and the anti-corruption measures were also arranged.
- Considering and providing recommendations regarding the on-line self-assessment for the executives and employees on the code of conduct and the anti-corruption measures.

The Nominating and Corporate Governance Committee has carried out its duties by adhering to the principles of good corporate governance to establish the business operation with transparency and fairness for the benefit of all stakeholders.

February 21st, 2018

On behalf of the Nominating and Corporate Governance Committee



(Mr. Aswin Kongsiri)

Chairman of the Nominating and Corporate Governance Committee

Report of The Risk Management Committee for the year 2017

Dear Shareholders of the Bangkok Aviation Fuel Services PLC.

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), Mr. Amnuay Pahuvanich (Consultant to Chief Executive Chairman) also, Managing Director of Thai Aviation Refuelling Co.,Ltd. (the subsidiary company (BAFS Group) and Mrs. Duangvilai Singkarawanich (Assistant Director, Corporate Risk & Strategic Management Office) is 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.

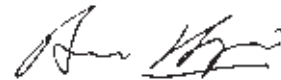
The Risk Management Committee held regularly a meeting on a quarterly basis, totaling 4 sessions in 2017. In every session, all committee members had fully attended. In addition, management of BAFS and subsidiaries (BAFS' group) attended each session for the purpose of reporting the progress of risk 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 and goals for the year of 2017.
2. **Scrutinized and Commented on the significant risk mitigation plans**, which included Business Risks, Sustainability Risks also, Emerging Risks 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 Policy and 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 17th, 2018

On behalf of The Risk Management Committee



Mr. Aswin Kongsiri

Chairman of The Risk Management Committee

Social Responsibility



BAFS and its Subsidiaries operate their business with objectives, goals and strategies for sustainability by following the Good Corporate Governance Framework, aiming for the excellent performance, focusing on quality service with the highest safety standards according to international standards. Therefore, the values according to stakeholders will be delivered. The policies are as follows.

- 1) Balancing the business operating appropriation in terms of economy, society and environment under the framework of Good corporate governance by taking into account all stakeholders' benefits to ensure its sustainable growth
- 2) Conducting the 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 using business resources efficiently, coupled with mitigating environmental impacts and addressing climate change
- 4) Promoting, adopting and using appropriately of technology in business and social innovation creation on a socially and environmentally responsible basis 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, 2017



1. Report and Analysis of the Operating Results

In 2017, 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 1.6% (y-o-y) to 5,747 million liters while the total flights which services by BAFS grew by 3.0% (y-o-y) to 287,701 flights. This is attributed to the slowdown growth rate of aviation fuel consumption this year as it has been negatively impacted by a number of external factors, such as measurements of the government in shaping laws and regulations for the zero-dollar tours to suppress illegal tourism companies. The runway closure for maintenance at BKK for about 60 days. The development of aircraft engine technology, which can save more fuel. In particular, the impact of the increase in excise tax rates on domestic aviation fuel. Domestic airlines have reduced their fuel reserves on each flight. While the passengers who traveling through BKK and DMK have a total of 99.2 million, increasing by 8.9% (y-o-y) from 91.1 million in 2016.

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. For the total multi-products fuel transportation volume of FPT in 2017 was increased by 3.0% (y-o-y) to 4,643 million liters from 4,509 million liters of last year.

	2017	2016	Growth (y-o-y)
Aviation Refuelling Services Business :			
Aviation Fuel Volume (millitres)	5,747	5,657	1.6%
Flights	287,701	279,266	3.0%
Fuel Pipeline Transportation Business :			
Multi-products Fuel Volume (millitres)	4,643	4,509	3.0%

* Note: Total Flights was data of flights that serviced by BAFS only at BKK and DMK

Total revenue of 2017 of the Group was Bt 3,640.2 million decreased by Bt 71.3 million or 1.9% compared with Bt 3,711.5 million of 2016. While the services income was of Bt 3,581.3 million increased by Bt 16.6 million or 0.5% (y-o-y). However, in the last year, the Group had other income of Bt 76.4 million from damaged pipeline at Phayathai Skytrain Station at Bt 47.0 million, and the reversal of the provision of Bt 29.4 million was due to the relocation of pipeline at Bang Sue train Station. Excluding such special items, total revenue for the year 2017 will increase by Bt 5.0 million or 0.1% from the previous year.

Total revenue growth was lower than the increase in expenses, mainly due to an increase in depreciation and amortization and financial expenses. As a result, the Net profit attributable to Equity holders of the Company of Bt 970.6 million, a decrease of Bt 126.5 million or 11.5% (y-o-y) from Bt 1,097.1 million in 2016, representing a Net profit margin of 28.3% compared to 31.6% which has an earnings per share of Bt 1.52. However, excluding the special items for 2016, net profit attributable to equity holders of the Company will decrease by Bt 65.4 million or 6.3% from 2016.

Table summarized the operating results of the Group

(unit : Bt million)

	2017	2016	Inc / (Dec)	Growth (y-o-y)
Services income	3,581.3	3,564.7	16.6	0.5%
Others income	58.9	70.4	(11.5)	(16.4%)
Other income from damaged pipeline and the reversal of the provision	0.0	76.4	(76.4)	(100.0%)
Total revenues	3,640.2	3,711.5	(71.3)	(1.9%)
Costs of service	1,606.0	1,546.3	59.7	3.9%
Gross Profit	1,975.3	2,018.4	(43.1)	(2.1%)
Gross Profit Margin	55.2%	56.6%		
Administrative expenses	583.8	578.6	5.2	0.9%
Total expenses	2,189.8	2,124.9	64.9	3.1%
EBIT	1,450.4	1,586.6	(136.2)	(8.6%)
EBIT Margin	39.8%	42.7%		
Depreciation and amortization	558.1	538.0	20.1	3.7%
EBITDA	2,008.5	2,124.6	(116.1)	(5.5%)
EBITDA Margin	55.2%	57.2%		
Finance cost	160.3	131.2	29.1	22.2%
Income tax expenses	261.7	283.1	(21.4)	(7.6%)
Profit for the year	1,028.5	1,172.3	(143.8)	(12.3%)
Net Profit to Equity holders of the Company	970.6	1,097.1	(126.5)	(11.5%)
Net Profit Margin	28.3%	31.6%		
Earning per share (Bt)	1.52	1.72	(0.2)	(11.5%)

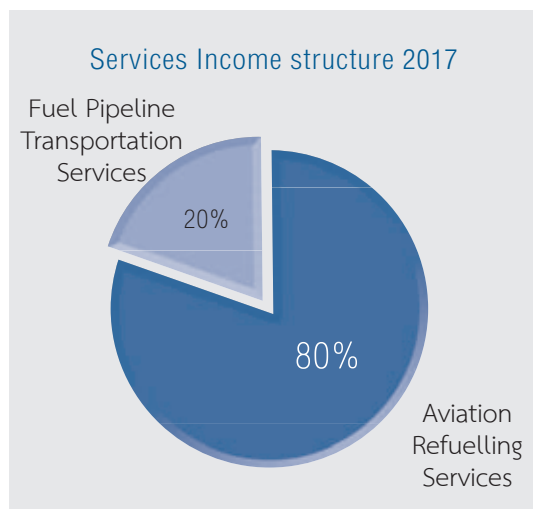
1.1 Revenue

In 2017, total revenues of the Group was of Bt 3,640.2 million, a decrease of Bt 71.3 million or 1.9% (y-o-y) which were comprising of :-

1.1.1 Services Income

Total services income in 2017 of the Group was Bt 3,581.3 million, an increase of Bt 16.6 million or 0.5% (y-o-y). In line with the total volume of aviation fuel, the growth rate was 1.6% (y-o-y), and the total volume of multi-products fuel transported by FPT's pipelines was up 3.0% (y-o-y).

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



1.1.2 Others Income

Others income was of Bt 58.9 million, a decrease of Bt 87.9 million or 59.9% (y-o-y). Since last year the Group recorded extraordinary items of approximately 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 relocation of FPT's pipeline at Bang Sue train station.

1.2 Expenses

1.2.1 Cost of services

In 2017, Cost of services was of Bt 1,606.0 million, an increase of Bt 59.7 million or 3.9% (y-o-y), mainly due to an increase in depreciation and amortization. Costs related to direct labor and Airport concession fee for Aviation refueling services business. The Gross profit margin of the Group was 55.2%, declining from 56.6% of the previous year since the growth rate of revenue was lower than the growth rate of services cost.

1.2.2 Administrative Expenses

In 2017, administrative expenses was of Bt 583.8 million, increasing by Bt 5.2 million or 0.9% (y-o-y), mainly due to an increase in depreciation and amortization also.

Total expenses, Cost of services and the administrative expenses, was totaled Bt 2,189.8 million, an increase of Bt 64.9 million or 3.1% (y-o-y). Mainly due to the depreciation and amortization which was of Bt 558.1 million, increased by Bt 20.1 million or 3.7% (y-o-y) while the personnel expenses were Bt 758.3 million, an increase of Bt 16.4 million or 2.2% (y-o-y). The airport concession and refueling fee was totaled Bt 257.9 million, increased by Bt 7.5 million or 3.0% (y-o-y) and the operating lease expenses were Bt 114.3 million, an increase of Bt 10.6 million or 10.2% (y-o-y).

Due to the total Cost of services and Administrative expenses has a rate of incremental higher than the increasing rate of the total revenue, then profit from operations before finances cost and taxes (EBIT) was amounted to Bt 1,450.5 million, a decrease of Bt 136.2 million, or 8.6% (y-o-y). Representing operating profit margin before finances expense and income taxes (EBIT margin) at 39.8% which was lower than 42.7% of 2016. Resulted the EBITDA was totaled Bt 2,008.5 million, a decrease of Bt 116.1 million or 5.5% (y-o-y) and EBITDA margin was at 55.2% which was lower than 57.2% of 2016. However, excluding extra income from 2016, the EBIT margin for the year 2017 will declined by Bt 59.8 million or 4.0% (y-o-y), while EBITDA will declined by Bt 39.8 million or 1.9% (y-o-y).

1.2.3 Finances Cost

In 2017, the Company had a long-term loan of Bt 2,250.0 million to be used as a capital increase in FPT, which has already been withdrawn from the approved amount since the third quarter of 2016. While the total amount of Bt 6,300 million of FPT's loan which was used to finance for the expansion of the Northern Multi-Products Fuel Pipeline project of Bt 118.9 million. As a result, the Group's financial expenses in 2017 amounted to Bt 160.3 million increased by Bt 29.1 million or 22.2% compared to 2016.

1.3 Operating Results

Net profit attributable to the Equity of the Company in 2017 was amounted to Bt 970.6 million, a decrease of Bt 126.5 million or 11.5% (y-o-y) from Bt1,097.1 million, representing an Bt 1.52 earnings per share. Approximately of 87% of the Net profit was derived from Aviation refueling services business and around 13% was derived from Fuel pipeline transportation business.

2. Report and Analysis of Financial Status

2.1 Assets

As at December 31, 2017 the Group had total assets in the amount of Bt 12,414.4 million, increased by Bt 256.6 million or 2.1% from December 31, 2016. The important details of cash flow were as follows:

2.1.1 Cash and cash equivalent of Bt 1,453.7 million which cash flow summarized for the year of 2017 were below :-

- The Group's net cash from operation was of Bt 1,981.0 million, increased by Bt 376.5 million or 23.5%
- Cash for investment activities was of Bt 3,439.0 million, increased by Bt 2,223.9 million or 183.0% which Bt 2,620.0 million was of the investment in expansion of the Northern Multi-Products Fuel Pipeline project and the expansion of the High Pressure Aviation Fuel Pipeline project for BKK phase 2 of TARCO
- Net cash used for financing activities was of Bt 1,236.5 million, increased by Bt 3,705.8 million or 150.1% As the Group paid dividend of Bt 808.7 million to its shareholders, repaid long-term loans and interest payment of Bt 500.2 million and Bt132.4 million respectively

2.1.2 Property, leasehold improvement and equipment as of December 31, 2017 was of Bt 7,204.2 million, increased by Bt 2,312.3 million or 47.3% from December 31, 2016.

2.1.3 Project costs under concession agreements was of Bt 1,675.8 million which comprise of Into-plane substation project of Bt 99.2 million, Hydrant equipment of Bt 1,066.3 million, Concession of a subsidiary of Bt 479.7 million and Right to use leased land related to concession agreement of Bt 30.6 million.

2.2 Liabilities

As of December 31, 2017, the Group had total liabilities of Bt 4,844.7 million, increased by Bt 58.0 million or 1.2% from December 31, 2016. The total liabilities to total equity ratio was of 0.64:1 time and the Interest bearing debts to total equity ratio was of 0.42:1 time. The liabilities comprised of major items which are follows;-

2.2.1 Account payable and others account payable was of Bt 430.3 million.

2.2.2 Long term loan from banks, which are due within one year, was of Bt 497.4 million which were belonged to BAFS at the amount of Bt 357.0 million and belonged to TARCO and FPT at the amount of Bt 110.0 million and Bt 30.4 million respectively.

2.2.3 Long-term loans from banks were Bt 2,646.0 million, decreased by Bt 288.4 million from December 31, 2016 or 9.8%. These comprise of;-

BAFS

- Long term loan from BBL was of Bt 24.2 million due on September 30, 2019 which was quarterly, principal repayment at rate of MLR minus percent of fixed rate per annum.
- Long-term loans from TMB was of Bt 2,250.0 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 142.0 million for the investment in the 3 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.
- Long term loans from BBL was of Bt 6,070.0 million and Bt 230.0 million for the investment in the Northern Multi-Products Fuel Pipeline project which was quarterly principal repayment at MLR less fixed interest rate. The loans will be due on December 31, 2030 and 2026, respectively. FPT has drawn down the loan amounting to Bt 118.9 million.

TARCO

- Long term loan from TMB was of Bt 111.2 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 11.5 million.

2.2.5 The Employee benefit obligations was of Bt 939.3 million according to Labor Protection Laws as TAS no.19 on employee benefits.

2.3 Shareholders' Equity

As at December 31, 2017, total shareholders' equity was of Bt 7,569.7 million, increased from December 31, 2016 by Bt 198.5 million or 2.7% which Bt 6,229.6 million was Equity attributable to owners of the Company, increased by Bt 172.9 million or 2.9%.

Report on the Board of Director's Responsibilities towards the Annual Financial Statements 2017

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, effective internal control system and effective 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. Also, they shall propose to dismiss interim auditors. 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 on December 31st, 2017 are accurate in all material respect in accordance with the generally accepted accounting principles.



(Mr. Palakorn Suwanrath)

Chairman of the Board of Director



(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 2017, 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 2017, 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 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.

Provision for long-term employee benefits

The Company and its subsidiaries recorded provisions for long-term employee benefits totaling Baht 939 million and Baht 796 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.

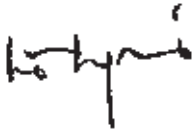
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely 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.

I am responsible for the audit resulting in this independent auditor's report.



Thipawan Nananuwat

Certified Public Accountant (Thailand) No. 3459

EY Office Limited

Bangkok: 21 February 2018

Statements of financial position

Bangkok Aviation Fuel Services Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statement	
		As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
Assets					
Current assets					
Cash and cash equivalents	7	1,453,687,606	4,148,228,506	782,630,129	767,345,195
Current investments	8	610,913,829	215,297,115	209,390,109	207,958,917
Trade and other receivables	9	353,059,009	357,847,266	291,799,804	290,561,667
Inventories		33,680,828	32,496,278	16,696,690	16,623,344
Current portion of long-term loan to and receivable from related party	6	-	-	71,579,927	71,579,927
Other current financial assets		51,005,067	3,038,210	9,803,859	9,870,510
Other current assets		53,760,853	80,435,798	28,941,635	31,642,476
Total current assets		2,556,107,192	4,837,343,173	1,410,842,153	1,395,582,036
Non-current assets					
Restricted bank deposits and government bond	18	70,251,082	10,287,025	-	-
Long-term investment		1,993,826	1,991,436	-	-
Investments in subsidiaries	10	-	-	4,393,102,189	4,393,102,189
Long-term loan to and receivable from related party, net of current portion	6	-	-	220,696,966	292,276,892
Investment properties	11	47,953,340	47,953,340	47,953,340	47,953,340
Property, leasehold improvement and equipment	12	7,204,190,218	4,891,914,102	2,418,459,627	2,597,557,847
Project costs under concession agreements	13	1,675,775,003	1,772,934,341	129,769,731	144,422,149
Right to use assets under lease agreements	14	35,071,007	38,750,790	-	-
Intangible assets	15	37,818,336	30,855,113	34,626,319	26,296,425
Deferred tax assets	25	187,436,357	177,326,362	161,278,762	155,500,458
Advance Payment for construction		589,302,147	339,544,800	7,863,570	398,603
Other non-current assets		8,503,105	8,946,387	6,872,152	7,349,183
Total non-current assets		9,858,294,421	7,320,503,696	7,420,622,656	7,664,857,086
Total assets		12,414,401,613	12,157,846,869	8,831,464,809	9,060,439,122

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statement	
		As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	16	430,297,457	219,636,102	197,055,328	173,901,391
Current portion of liabilities under finance lease agreement	17	10,775,091	14,400,620	62,971,006	27,912,373
Current portion of long-term loans	18	497,444,460	487,444,460	357,044,460	337,044,460
Current portion of long-term liabilities under rehabilitation plan	19	4,117,671	4,313,620	-	-
Current portion of provision for land leased related to concession agreement	20	3,644,997	3,371,103	3,644,997	3,371,103
Corporate income tax payable		64,321,685	62,076,470	25,754,715	15,936,030
Other current liabilities		67,593,366	63,702,237	46,072,452	43,573,450
Total current liabilities		1,078,194,727	854,944,612	692,542,958	601,738,807
Non-current liabilities					
Liabilities under finance lease agreement, net of current portion	17	9,502,177	9,750,329	54,645,998	108,272,315
Long-term loans, net of current portion	18	2,645,965,860	2,934,366,313	2,274,199,874	2,631,244,334
Long-term liabilities under rehabilitation plan, net of current portion	19	11,462,319	15,579,990	-	-
Provision for land leased related to concession agreement, net of current portion	20	41,476,573	45,121,571	41,476,573	45,121,571
Provision for long-term employee benefits	21	939,313,354	889,237,810	795,549,690	765,404,604
Other non-current liabilities		118,765,892	37,647,400	5,795,907	3,093,950
Total non-current liabilities		3,766,486,175	3,931,703,413	3,171,668,042	3,553,136,774
Total liabilities		4,844,680,902	4,786,648,025	3,864,211,000	4,154,875,581

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statement	
		As at 31 December 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
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
Capital surplus resulting from change in interest in subsidiary without loss of control	10	410,076,849	410,076,849		
Retained earnings					
Appropriated - statutory reserve	22	63,749,666	63,749,666	63,749,666	63,749,666
- other reserve		1,947,282,737	1,664,527,949	1,947,282,737	1,664,527,949
Unappropriated		2,735,995,047	2,845,863,155	1,883,750,253	2,104,814,773
Equity attributable to owners of the Company		6,229,575,452	6,056,688,772	4,967,253,809	4,905,563,541
Non-controlling interests of the subsidiaries		1,340,145,259	1,314,510,072	-	-
Total shareholders' equity		7,569,720,711	7,371,198,844	4,967,253,809	4,905,563,541
Total liabilities and shareholders' equity		12,414,401,613	12,157,846,869	8,831,464,809	9,060,439,122

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit or loss					
Revenue					
Service income		3,581,310,550	3,564,693,443	2,238,938,124	2,242,581,300
Dividend income	10	-	-	256,589,481	284,131,725
Gain on disposal of investment in subsidiary	10	-	-	-	556,640,146
Other income	23	58,894,807	146,831,149	114,597,555	124,846,786
Total revenues		3,640,205,357	3,711,524,592	2,610,125,160	3,208,199,957
Expenses					
Cost of services		1,606,000,602	1,546,332,053	1,078,954,885	1,034,547,051
Administrative expenses		583,755,513	578,554,966	379,217,574	389,470,500
Total expenses		2,189,756,115	2,124,887,019	1,458,172,459	1,424,017,551
Profit before finance cost and income tax expenses		1,450,449,242	1,586,637,573	1,151,952,701	1,784,182,406
Finance cost		(160,310,987)	(131,225,342)	(147,192,643)	(111,692,107)
Profit before income tax expenses		1,290,138,255	1,455,412,231	1,004,760,058	1,672,490,299
Income tax expenses	25	(261,652,171)	(283,120,665)	(149,702,782)	(258,716,356)
Profit for the year		1,028,486,084	1,172,291,566	855,057,276	1,413,773,943
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent period</i>					
Actuarial losses	21	(26,610,914)	-	(19,529,262)	-
Income tax effect	25	5,340,783	-	3,905,852	-
Other comprehensive income for the year		(21,270,131)	-	(15,623,410)	-
Total comprehensive income for the year		1,007,215,953	1,172,291,566	839,433,866	1,413,773,943

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit attributable to:					
Equity holders of the Company		970,587,752	1,097,117,139	855,057,276	1,413,773,943
Non-controlling interests of the subsidiaries		57,898,332	75,174,427		
		<u>1,028,486,084</u>	<u>1,172,291,566</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		950,630,278	1,097,117,139	839,433,866	1,413,773,943
Non-controlling interests of the subsidiaries		56,585,675	75,174,427		
		<u>1,007,215,953</u>	<u>1,172,291,566</u>		
Basic earnings per share					
Profit attributable to equity holders of the Company	27	1.52	1.72	1.34	2.22

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before tax	1,290,138,255	1,455,412,231	1,004,760,058	1,672,490,299
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	558,066,902	538,027,948	298,429,421	285,767,833
Loss (gain) on disposal of equipment and intangible assets	1,177,230	(720,498)	258,166	521
Unrealised loss on exchange	385,552	363,988	325,370	358,564
Loss from write-off withholding tax	-	148,998	-	-
Amortisation in premium of forward contract	(55,483)	-	(55,483)	-
Gain on disposal of investment in subsidiary	-	-	-	(556,640,146)
Dividend income	-	-	(256,589,481)	(284,131,725)
Long-term employee benefits expenses	48,453,650	58,214,871	37,611,055	47,011,558
Income from reversal of provision	-	(29,368,400)	-	-
Income from reversal of accrued interest expenses	-	(839,474)	-	-
Interest income	(37,381,085)	(41,460,514)	(29,040,191)	(37,228,948)
Interest expenses	160,310,987	131,225,342	147,192,643	111,692,107
Income from operating activities before changes in operating assets and liabilities	2,021,096,008	2,111,004,492	1,202,891,558	1,239,320,063
Operating assets (increase) decrease				
Trade and other receivables	4,417,025	(16,791,481)	(1,609,369)	(13,903,845)
Inventories	(1,184,550)	(4,705,671)	(73,346)	(2,880,131)
Other current assets	(20,113,830)	(14,722,553)	3,953,379	3,634,197
Other non-current assets	443,282	1,964,307	477,031	2,205,241
Operating liabilities increase (decrease)				
Trade and other payables	210,083,996	56,208,815	22,520,487	13,878,951
Other current liabilities	3,992,474	6,656,677	2,600,347	(3,217,505)
Provision for long-term employee benefits	(48,727,555)	(71,494,531)	(47,302,056)	(37,872,179)
Provision	-	(56,261,600)	-	-
Other non-current liabilities	75,203,922	(4,774,931)	(3,212,613)	(20,978,991)
Cash flows from operating activities	2,245,210,772	2,007,083,524	1,180,245,418	1,180,185,801
Cash paid for corporate income tax	(264,169,698)	(402,585,009)	(141,756,549)	(284,413,768)
Net cash flows from operating activities	1,981,041,074	1,604,498,515	1,038,488,869	895,772,033

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
Increase in current investment	(395,616,714)	(3,566,892)	(1,431,192)	(2,370,168)
Increase in long-term investment	(2,390)	(2,390)	-	-
Decrease in long-term loan to and receivable from related party	-	-	71,579,927	71,579,927
Decrease (increase) in restricted bank deposits and government bond	(59,964,057)	1,061,365	-	-
Interest received	36,196,533	40,326,571	27,854,304	36,095,319
Dividend income from subsidiaries	-	-	256,589,481	284,131,725
Increase in investment in subsidiaries	-	-	-	(2,552,522,166)
Advance payment for construction	(394,238,370)	(339,544,800)	(7,863,570)	(398,603)
Acquisitions of property, leasehold improvement and equipment	(2,619,990,377)	(910,897,897)	(99,959,530)	(183,507,483)
Acquisitions of intangible assets	(5,692,259)	(3,513,611)	(5,374,909)	(1,721,862)
Proceed from disposal of property, leasehold improvement and equipment and intangible assets	316,101	1,049,078	262,991	202,336
Net cash flows from (used in) investing activities	(3,438,991,533)	(1,215,088,576)	241,657,502	(2,348,510,975)
Cash flows from financing activities				
Repayment of liabilities under finance lease agreements	(12,756,904)	(15,961,688)	(34,206,088)	(31,527,923)
Cash receipt from long-term loans	209,044,007	2,332,895,270	-	2,250,000,000
Repayment of long-term loans	(487,444,460)	(377,444,460)	(337,044,460)	(337,044,460)
Repayment of long-term liabilities under rehabilitation plan	(4,313,620)	(4,476,020)	-	-
Dividend paid	(777,743,598)	(860,617,917)	(777,743,598)	(860,617,917)
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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Dividend paid to non-controlling interests of subsidiaries	(30,950,488)	(42,431,464)	-	-
Interest paid	(132,365,196)	(103,021,062)	(115,867,291)	(80,833,185)
Proceed from disposal of investments in subsidiary	-	690,299,360	-	690,299,360
Net cash flows from (used in) financing activities	(1,236,530,259)	2,469,219,854	(1,264,861,437)	1,630,275,875
Unrealised gain on exchange for cash and cash equivalents	(60,182)	(5,424)	-	-
Net increase (decrease) in cash and cash equivalents	(2,694,540,900)	2,858,624,369	15,284,934	177,536,933
Cash and cash equivalents at beginning of year	4,148,228,506	1,289,604,137	767,345,195	589,808,262
Cash and cash equivalents at end of year	1,453,687,606	4,148,228,506	782,630,129	767,345,195
Supplemental cash flow information:				
Non-cash transactions				
Acquisitions of vehicles and equipment under finance lease agreements	9,775,855	8,904,655	9,471,055	58,098,665
Write-off vehicles with liabilities under finance lease agreement	1,979,063	3,182,045	1,674,263	3,014,568
Transfer advance payment for construction to property, leasehold improvement and equipment	144,481,023	-	398,603	-

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 2017

	Consolidated financial statements							(Unit: Baht)	
	Equity attributable to owners of the Company				Retained earnings				
	Issued and fully paid-up share capital	Share premium	Capital surplus resulting from change in interest in subsidiary without loss of control	Appropriated		Unappropriated	Total attributable to owners of the Company		
				Legal reserve	Other reserve				
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
Profit for the year	-	-	-	-	-	1,097,117,139	1,097,117,139	75,174,427	1,172,291,566
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
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 30)	-	-	-	-	-	(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
Balance as at 1 January 2017	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
Profit for the year	-	-	-	-	-	970,587,752	970,587,752	57,898,332	1,028,486,084
Other comprehensive income for the year	-	-	-	-	-	(19,957,474)	(19,957,474)	(1,312,657)	(21,270,131)
Total comprehensive income for the year	-	-	-	-	-	950,630,278	950,630,278	56,585,675	1,007,215,953
Dividend paid from subsidiary	-	-	-	-	-	-	-	(30,950,488)	(30,950,488)
Dividend paid (Note 30)	-	-	-	-	-	(777,743,598)	(777,743,598)	-	(777,743,598)
Other reserve	-	-	-	-	282,754,788	(282,754,788)	-	-	-
Balance as at 31 December 2017	637,496,153	434,975,000	410,076,849	63,749,666	1,947,282,737	2,735,995,047	6,229,575,452	1,340,145,259	7,569,720,711

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 2017

(Unit: Baht)

	Separate financial statements				
	Issued and fully paid-up share capital	Share premium	Retained earnings		Total
			Legal reserve	Appropriated Other reserve	Unappropriated
Balance as at 1 January 2016	637,496,153	434,975,000	63,749,666	1,493,759,681	1,722,427,015
Profit for the year	-	-	-	-	1,413,773,943
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
Dividend paid (Note 30)	-	-	-	-	-
Other reserve	-	-	-	170,768,268	(170,768,268)
Balance as at 31 December 2016	637,496,153	434,975,000	63,749,666	1,664,527,949	2,104,814,773
Balance as at 1 January 2017	637,496,153	434,975,000	63,749,666	1,664,527,949	2,104,814,773
Profit for the year	-	-	-	-	855,057,276
Other comprehensive income for the year	-	-	-	-	(15,623,410)
Total comprehensive income for the year	-	-	-	-	-
Dividend paid (Note 30)	-	-	-	-	-
Other reserve	-	-	-	282,754,788	(282,754,788)
Balance as at 31 December 2017	637,496,153	434,975,000	63,749,666	1,947,282,737	1,883,750,253
					4,967,253,809

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 2017

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 11 October 2016, 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	
			2017	2016
			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	75.00
BAFS Innovation Development Co., Ltd.	Study design research development produce and sale products.	Thailand	100.00	100.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, 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 its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are 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 adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

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.

This standard does not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

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

- a) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.
- b) Investment in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

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 construction in progress and equipment under installation.

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 defined benefit plans 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 contract

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 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, 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 has contingent liabilities as a result of litigation. The management of the Company has used judgement to assess the outcome of the litigation and believe that no losses will be incurred. The Company has therefore not recorded provision as at the end of reporting period.

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. Rental change for other land at the rate stipulated in the 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 Muang 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 under finance lease agreements 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
	2017	2016	2017	2016	
Transactions with subsidiary companies					
(eliminated from the consolidated financial statements)					
Office building and land rental income	-	-	17	13	(2) (8)
Pipeline receiving system rental income	-	-	29	31	(3) (6) (7)
Interest income	-	-	17	20	(4)
Other income	-	-	23	25	(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)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2017	2016	2017	2016	
<u>Transactions with related companies</u>					
Service income	3,579	3,560	2,239	2,243	(5)
Land and certain structures rental and utilities income	12	11	12	11	(9)
Other income	5	7	1	5	(5)
Land and utilities expenses	4	4	-	-	(14)
Airport concession fee expenses - Into-plane service	245	238	245	238	(10)
Airport concession fee expenses					
- Hydrant network system	13	13	-	-	(11)
Space and land rental expenses	31	26	27	23	(12)
Pipeline system rental expenses	31	28	31	28	(13)

The balances of the accounts as at 31 December 2017 and 2016 between the Company, its subsidiaries and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Trade accounts receivable - related parties (Note 9)</u>				
Related companies (shareholder or common shareholder or representative director)	352,490	353,377	286,829	285,063
<u>Other receivables - related parties (Note 9)</u>				
Subsidiary companies	-	-	4,808	5,129
Related companies (shareholder or common shareholder or representative director)	470	397	163	370
Total other receivables - related parties	470	397	4,971	5,499
<u>Long-term loan to and receivable from related party</u>				
Subsidiary company				
Fuel Pipeline Transportation Limited	-	-	292,277	363,857
Less: Current portion	-	-	(71,580)	(71,580)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Long-term loan to and receivable from related party - net of current portion	-	-	220,697	292,277
<u>Trade accounts payable - related parties (Note 16)</u>				
Related companies (shareholder or common shareholder or representative director)	47,567	46,020	33,413	32,158
<u>Other payables - related parties (Note 16)</u>				
Subsidiary company	-	-	62,213	63,264
Related company (shareholder or common shareholder or representative director)	70	1,053	14	1,005
Total other payables - related parties	70	1,053	62,227	64,269
<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	-	-	54,115	19,516
Liabilities under finance lease agreement, net current portion	-	-	46,117	100,232
<u>Long-term liabilities under rehabilitation plan (Note 19)</u>				
Related company (shareholder)	15,580	19,894	-	-
<u>Provision for land lease related to concession agreement (Note 20)</u>				
Related company (shareholder)	45,122	48,493	45,122	48,493
<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 2017 was as follows:

(Unit: Thousand Baht)

Long-term loan to and receivable from	Separate financial statements			
	Balance as at 1 January 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2017
Fuel Pipeline Transportation Limited				
Loans from debt restructuring	64,529	-	(12,695)	51,834
Loans from purchase of debts	299,328	-	(58,885)	240,443
Total	363,857	-	(71,580)	292,277
Less: current portion	(71,580)	-	-	(71,580)
Net of current portion	292,277	-	(71,580)	220,697

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 2017 and 2016, 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	
	2017	2016	2017	2016
Short-term employee benefits	139,769	154,121	72,184	78,178
Post-employment benefits	9,713	13,186	5,134	6,881
Other long-term benefit	66	69	2	5
Total directors and managements remuneration	149,548	167,376	77,320	85,064

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash on hand	605	590	521	522
Deposit with banks and financial institutions	853,546	530,064	182,572	67,225
Government bonds and promissory note	599,537	3,617,574	599,537	699,598
Total cash and cash equivalents	1,453,688	4,148,228	782,630	767,345

As at 31 December 2017, bank deposits in saving accounts, fixed deposits, government bonds and promissory note carried interests between 0.10 and 1.48 percent per annum (2016: between 0.13 and 1.49 percent per annum) (Separate financial statements: between 0.10 and 1.25 percent per annum (2016: between 0.13 and 1.48 percent per annum)).

8. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Fixed deposit	208,390	206,959	208,390	206,959
Restricted bank deposits	93,123	-	-	-
Restricted government bond	299,927	-	-	-
Others	9,474	8,338	1,000	1,000
Total current investments	610,914	215,297	209,390	207,959

The subsidiary has pledged government bond and bank deposits totaling approximately Baht 393 million to a bank as collateral, in accordance with an agreement to pledge rights in bank deposits and government bond as business collateral under the terms of a loan agreement with the bank, as mentioned in Note 18 of consolidated financial statements.

As of 31 December 2017, the Company has fixed deposit of Baht 90 million (2016: 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	
	2017	2016	2017	2016
<u>Trade receivables</u>				
Related parties (Note 6)	352,490	353,377	286,829	285,063
Unrelated parties	30	306	-	-
Total trade receivables	352,520	353,683	286,829	285,063
<u>Other receivables</u>				
Related parties (Note 6)	470	397	4,971	5,499
Unrelated parties	69	3,767	-	-
Total other receivables	539	4,164	4,971	5,499
Total trade and other receivables	353,059	357,847	291,800	290,562

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	
	2017	2016	2017	2016	2017	2016	2017	2016
			(percent)	(percent)				
Fuel Pipeline Transportation Ltd.	3,660,664	3,660,664	75.00	75.00	3,155,502	3,155,502	10,982	48,875
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	245,607	235,256
BAFS Innovation Development Co., Ltd.	2,500	2,500	100.00	100.00	2,500	2,500	-	-
Total investments in subsidiaries					4,393,102	4,393,102	256,589	284,131

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)
Capital surplus 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 1,700 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 1,700 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 represents land held for rent that is located in Chiangmai Province and is presented at cost. The fair value of the land as at 31 December 2017 was Baht 51 million, and was determined based on the valuation performed by an independent valuer, using the income approach. Key assumptions used in the valuation included long-term growth in rental rate, growth rate of market value of land held for rent and discount rate.

(Unit: Thousand Baht)

Consolidated financial statements										
			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:	Land and land improvement									
	242,017	11,465	297,910	7,264,634	35,833	258,854	915,563	77,585	672,824	9,776,685
	20,926	-	11,951	2,106	-	29	1,750	8,905	874,136	919,803
	100	5,244	12,078	416,700	3,000	1,941	156,716	-	(595,779)	-
	-	-	-	-	-	-	-	-	3,279	3,279
	-	(31)	(29,836)	(3,096)	-	(581)	(2,966)	(11,379)	-	(47,889)
	263,043	16,678	292,103	7,680,344	38,833	260,243	1,071,063	75,111	954,460	10,651,878
	-	-	7,630	2,583	-	11	683	10,857	2,752,483	2,774,247
	-	-	3,182	84,830	-	1,875	54,971	-	(144,858)	-
	-	-	-	-	-	-	-	-	(10,515)	(10,515)
Accumulated depreciation:	-	(1,124)	(11,020)	(7,038)	-	(365)	(1,209)	(8,683)	-	(29,439)
	263,043	15,554	291,895	7,760,719	38,833	261,764	1,125,508	77,285	3,551,570	13,386,171
	-	9,649	210,576	4,168,983	23,499	190,537	749,388	22,522	-	5,375,154
	-	1,748	29,157	335,559	1,086	14,104	34,366	13,199	-	429,219
	-	(31)	(29,621)	(3,091)	-	(568)	(2,901)	(8,197)	-	(44,409)
	-	11,366	210,112	4,501,451	24,585	204,073	780,853	27,524	-	5,759,964
	-	1,072	29,291	345,898	1,218	6,208	51,049	13,248	-	447,984
	-	(1,124)	(10,469)	(6,175)	-	(365)	(1,130)	(6,704)	-	(25,967)
	-	11,314	228,934	4,841,174	25,803	209,916	830,772	34,068	-	6,181,981
	-	-	-	-	-	-	-	-	-	-
Net book value:	263,043	5,312	81,991	3,178,893	14,248	56,170	290,210	47,587	954,460	4,891,914
	263,043	4,240	62,961	2,919,545	13,030	51,848	294,736	43,217	3,551,570	7,204,190
Depreciation for the year										
	2016 (Baht 398 million included in cost of service and the balance in administrative expenses)									
	2017 (Baht 418 million included in cost of service and the balance in administrative expenses)									

(Unit: Thousand Baht)

Separate financial statements									
	Land and land improvement	Furniture fixtures and office equipment	Main depot facilities	Hydrant equipment	Intoplane substation	Vehicle fleet and motor vehicle	Motor vehicles under finance lease agreements	Construction in progress/ equipment under installation	Total
Cost:	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)
31 December 2016	160,806	236,819	4,037,277	38,833	260,413	902,987	187,525	111,321	5,935,981
	-	4,807	29	-	11	-	9,471	95,511	109,829
	-	1,757	61,603	-	1,875	55,047	-	(120,282)	-
	-	-	-	-	-	-	-	(10,515)	(10,515)
	-	(3,972)	(103)	-	(365)	(1,209)	(7,140)	-	(12,789)
31 December 2017	160,806	239,411	4,098,806	38,833	261,934	956,825	189,856	76,035	6,022,506
Accumulated depreciation:									
	-	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
31 December 2016	-	23,782	186,818	1,218	6,208	32,190	26,001	-	276,217
	-	(3,559)	(75)	-	(365)	(1,130)	(5,465)	-	(10,594)
	-	190,134	2,346,421	25,803	209,935	756,380	75,373	-	3,604,046
	31 December 2017	160,806	66,908	1,877,599	14,248	56,321	177,667	132,688	111,321
	160,806	49,277	1,752,385	13,030	51,999	200,445	114,483	76,035	2,418,460
Depreciation for the year									
2016 (Baht 240 million included in cost of service and the balance in administrative expenses)									264,600
2017 (Baht 254 million included in cost of service and the balance in administrative expenses)									276,217

As at 31 December 2017, the subsidiaries had an outstanding balance of construction in progress of the main depot facilities, hydrant equipment and pipeline of approximately Baht 396 million (2016: Baht 256 million). Construction of the main depot facilities, hydrant equipment and pipeline has been financed with loans from financial institutions and borrowing costs totaling approximately Baht 27 million were capitalised during the year ended 31 December 2017 (2016: Baht 22 million).

As at 31 December 2017, 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 1,777 million (2016: Baht 1,676 million) (Separate financial statements: Baht 1,690 million, (2016: Baht 1,585 million)).

As at 31 December 2017, the Company and its subsidiaries had vehicles and equipment under finance lease agreements with net book values amounting to Baht 43 million (2016: Baht 48 million) (Separate financial statements: Baht 114 million (2016: Baht 133 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 2017, Fuel Pipeline Transportation Limited (subsidiary), has mortgaged the multi-product pipeline system and main depot facilities with net book value of Baht 404 million (2016: Baht 500 million) to secure long-term liabilities under the rehabilitation plan and mortgaged land and certain structures on the land with net book values of Baht 1,441 million (2016: Baht 316 million) to secure long-term loans.

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 2016	227,548	1,707,201	768,006	69,889	2,772,644	227,548	69,889	297,437
As at 31 December 2017	227,548	1,707,201	768,006	69,889	2,772,644	227,548	69,889	297,437
Accumulated amortization								
As at 1 January 2016	106,039	527,123	237,065	32,323	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	262,665	35,818	999,710	117,197	35,818	153,015
Amortisation for the year	11,158	56,907	25,600	3,494	97,159	11,158	3,494	14,652
As at 31 December 2017	128,355	640,937	288,265	39,312	1,096,869	128,355	39,312	167,667
Net book value								
As at 31 December 2016	110,351	1,123,171	505,341	34,071	1,772,934	110,351	34,071	144,422
As at 31 December 2017	99,193	1,066,264	479,741	30,577	1,675,775	99,193	30,577	129,770

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 2017, 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 2016	43,848	24,366	68,214
As at 31 December 2017	43,848	24,366	68,214
Accumulated amortisation			
As at 1 January 2016	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
Amortisation for the year	2,462	1,218	3,680
As at 31 December 2017	22,329	10,814	33,143
Net book value			
As at 31 December 2016	23,981	14,770	38,751
As at 31 December 2017	21,519	13,552	35,071

The Company has invested in a subsidiary, and the excess of the cost of the investment over the shareholders' equity 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 (30 September 2008). As of 31 December 2017, 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	
	2017	2016	2017	2016
Computer software - at cost	96,583	80,541	82,554	66,666
<u>Less:</u> Accumulated amortisation	(58,765)	(49,686)	(47,928)	(40,370)
Net book value	37,818	30,855	34,626	26,296

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Book value at beginning year	30,855	38,615	26,296	34,400
Acquisitions during the year	5,692	3,513	5,375	1,721
Write-off during the year - net book value	-	(31)	-	(31)
Adjustment during year - at cost	10,515	(3,279)	10,515	(3,279)
Amortisation for the year	(9,244)	(7,963)	(7,560)	(6,515)
Book value at end of year	37,818	30,855	34,626	26,296

16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade payables - related parties (Note 6)	47,567	46,020	33,413	32,158
Trade payables - unrelated parties	15,871	17,226	7,766	12,348
Other payables - related parties (Note 6)	70	1,053	62,227	64,269
Other payables - unrelated parties	331,859	87,473	72,359	42,440
Accrued expenses	34,930	67,864	21,290	22,686
Total trade and other payables	430,297	219,636	197,055	173,901

17. Liabilities under finance lease agreements

(Unit: Thousand Baht)

Consolidated financial statements	
2017	2016
Liabilities under finance lease agreements	21,174
Less: Deferred interest expenses	(897)
Total	20,277
Less: Portion due within one year	(10,775)
Liabilities under finance lease agreements, net of current portion	9,502

(Unit: Thousand Baht)

Separate financial statements	
2017	2016
Related party (Note 6)	
Liabilities under finance lease agreement	110,274
Less: Deferred interest expenses	(10,042)
Total	100,232
Less: Portion due within one year	(54,115)
Liabilities under finance lease agreement, net of current portion	46,117
Unrelated parties	
Liabilities under finance lease agreement	18,083
Less: Deferred interest expenses	(698)
Total	17,385
Less: Portion due within one year	(8,856)
Liabilities under finance lease agreement, net of current portion	8,529
Total	
Current portion of liabilities under finance lease agreement	62,971
Liabilities under finance lease agreement, net of current portion	54,646

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)

Consolidated financial statements		
As at 31 December 2017		
Less than 1 year	1 - 5 years	Total
11,309	9,865	21,174
(534)	(363)	(897)
10,775	9,502	20,277

Future minimum lease payments

Deferred interest expenses

Present value of future minimum lease payments

(Unit: Thousand Baht)

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

Future minimum lease payments

Deferred interest expenses

Present value of future minimum lease payments

(Unit: Thousand Baht)

Separate financial statements		
As at 31 December 2017		
Less than 1 year	1 - 5 years	Total
69,020	59,337	128,357
(6,049)	(4,691)	(10,740)
62,971	54,646	117,617

Future minimum lease payments

Deferred interest expenses

Present value of future minimum lease payments

(Unit: Thousand Baht)

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

Future minimum lease payments

Deferred interest expenses

Present value of future minimum lease payments

18. Long-term loans

(Unit : Thousand Baht)

Loan		Credit line		Consolidated financial Statement		Separate financial Statement	
				2017	2016	2017	2016
The Company							
1	Baht 800 million			44,445	88,889	44,445	88,889
2	Part 1 - Baht 1,700 million			142,200	284,600	142,200	284,600
	Part 2 - Baht 300 million			24,600	49,800	24,600	49,800
3	Baht 220 million			45,000	70,000	45,000	70,000
4	Baht 700 million			125,000	225,000	125,000	225,000
5	Baht 2,250 million			2,250,000	2,250,000	2,250,000	2,250,000
The Subsidiaries							
6	Baht 550 million			221,190	241,071	-	-
7	Baht 230 million			168,050	194,450	-	-
8	Baht 90 million			4,000	18,000	-	-
9	Part 1 - Baht 6,070 million			118,925	-	-	-
	Part 2 - Baht 230 million			-	-	-	-
Total long-term loans				3,143,410	3,421,810	2,631,245	2,968,289
Less: Current portion				(497,444)	(487,444)	(357,045)	(337,045)
Long-term loans - net of current portion				2,645,966	2,934,366	2,274,200	2,631,244

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 THBFIX 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 THBFIX plus a fixed percentage per annum. As at 31 December 2017, the fair value of these interest rate swap contracts is approximately negative Baht 1 million.

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 of approximately Baht 10 million which are presented under the caption “Restricted bank deposits and government bond” in the consolidated 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.

Loan no. 9: Facilities of Baht 6,070 million and Baht 230 million for which principal is to be paid in 41 quarterly installments and 20 quarterly installments, respectively, beginning on the last working day of 42nd month and 36th month, respectively, from the date of first drawdown of long-term loans or 31 December 2020 and 31 March 2022, whichever occurs first, and fully paid within December 2030 and 2026, respectively. Interest is payable monthly at MLR minus a fixed percentage per annum. The loan are secured by the mortgage of the subsidiary’s land with existing and future structures and fixtures on that land and government bond of the subsidiary amounting to Baht 60 million, which are presented under “Restricted bank deposits and government bond” in consolidated statements of financial position. In Addition, as mentioned in Note 8 to consolidated financial statements, the subsidiary has pledged government bond and bank deposits totaling approximately Baht 393 million to a bank as collateral, in accordance with on agreement to pledge rights in bank deposits and government bond as business collateral under the terms of this loan agreement with the bank.

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 2017, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 6,432 million (2016: Baht 5,191 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 2017 and 2016 are summarised below.

(Unit: Thousand Baht)

Consolidated financial statements	
2017	2016
Balance at beginning of year	19,894
Less: Reverse accrued interest	(839)
Less: Repayment of long-term liabilities during the year	(4,476)
Balance at end of year	15,580
Less: Current portion	(4,314)
Long-term liabilities under rehabilitation plan - net of current portion	11,462

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	
	2017	2016
Provision for land lease related to concession agreement as at the beginning of year	48,493	51,688
Payment during year	(5,914)	(5,914)
Interest cost	2,543	2,719
Provision for land lease related to concession agreement at the end of year	45,122	48,493
Less: Current portion	(3,645)	(3,371)
Provision for land lease related to concession agreement, net of current portio	41,477	45,122

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	
	2017	2016	2017	2016
Provision for long-term employee benefits at the beginning of year	889,238	879,102	765,405	736,672
Included in profit or loss:				
Current service cost	51,659	58,215	41,176	47,011
Interest cost	23,738	23,416	20,307	19,594
Gain on settlements	(3,673)	-	(3,673)	-
Actuarial gain from other long-term employee benefits	467	-	108	-
Total	72,191	81,631	57,918	66,605
Included in other comprehensive income:				
Actuarial loss from post-employment benefits arising from				
Demographic assumptions changes	13,358	-	8,300	-
Financial assumptions changes	29,821	-	26,183	-
Experience adjustments	(16,568)	-	(14,954)	-
Total	26,611	-	19,529	-
Benefits paid/transfer to accrued expenses during the year	(48,727)	(71,495)	(47,302)	(37,872)
Provision for long-term employee benefits at end of year	939,313	889,238	795,550	765,405

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	
	2017	2016	2017	2016
Cost of services	30,018	34,664	25,661	30,545
Administrative expenses	18,435	23,551	11,950	16,466
Finance cost	23,738	23,416	20,307	19,594
Total expenses recognised in profit or loss	72,191	81,631	57,918	66,605

The Company and its subsidiaries expect to pay Baht 43 million of long-term employee benefits during the next year (Separate financial statements: Baht 35 million) (2016: Baht 41 million, separate financial statements: Baht 40 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 7.68 - 22.20 years (Separate financial statements: 7.68 - 11.84 years) (2016: 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	
	2017	2016	2017	2016
Discount rate	2.21 - 3.15	2.32 - 3.97	2.21 - 2.51	2.61 - 2.91
Future salary increase rate	7 - 8	7 - 8	7.25	7.25
Staff turnover rate	0 - 11	0 - 15	0 - 5	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 2017 and 2016 are summarised below:

(Unit: Million Baht)

As at 31 December 2017

	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(75)	86	(61)	68
Future salary increase rate	122	(110)	102	(93)
Staff turnover rate	(47)	18	(35)	14

(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

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 2017 and 2016 are consist of significant income as below.

(Unit: Thousand Baht)

For the year ended 30 December

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Income from reversal of provision (Note 31.4 b)	-	29,368	-	-
Income from compensation	-	47,005	-	-
Rental income	13,252	11,998	58,987	55,650
Interest income	37,381	41,461	29,040	37,229
Other	8,262	16,999	26,571	31,968
Total other income	58,895	146,831	114,598	124,847

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	
	2017	2016	2017	2016
Salaries and wages and other employee benefits	758,268	741,906	538,144	534,069
Depreciation and amortisation	558,067	538,028	298,429	285,768
Airport concession fees	257,914	250,440	245,133	237,913
Rental expenses from operating lease agreements	114,277	103,725	58,294	50,810
Consulting services expense	9,996	15,093	4,135	7,034

25. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	266,582	282,816	151,736	264,222
Adjustment in respect of income tax of previous year	(161)	(49)	(161)	(49)
Deferred tax:				
Relating to origination and reversal of temporary differences	(4,769)	354	(1,872)	(5,457)
Income tax expense reported in the statement of comprehensive income	261,652	283,121	149,703	258,716

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax relating to actuarial losses	(5,341)	-	(3,906)	-
	(5,341)	-	(3,906)	-

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accounting profit before tax	1,290,138	1,455,412	1,004,760	1,672,490
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	258,027	291,082	200,952	334,498
Adjustment in respect of income tax of previous year	(161)	(49)	(161)	(49)
Effect of preparing the consolidated financial statements	4,791	12,459	-	-
Unrecognised deferred tax on temporary difference	-	(19,449)	-	(19,449)
Effects of:				
Dividends received are excluded from taxable profit	-	-	(51,318)	(56,827)
Non-deductible expenses	8,220	6,635	2,250	1,998
Additional expense deductions allowed	(9,165)	(7,348)	(2,020)	(1,455)
Others	(60)	(209)	-	-
Total	(1,005)	(922)	(51,088)	(56,284)
Income tax expenses reported in the statement of comprehensive income	261,652	283,121	149,703	258,716

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 2017	As at 31 December 2016	As at 31 December 2017	As at 31 December 2016
Deferred tax assets				
Provision for long-term employee benefits	187,705	177,776	159,110	153,081
Difference between right to use leased land and provision for land lease related to concession agreements	2,909	2,883	2,909	2,883
Long-term liabilities under rehabilitation plan	333	514	-	-
Others	18	16	-	-
Total	190,965	181,189	162,019	155,964
Deferred tax liabilities				
Deferred interest received	(675)	(464)	(675)	(464)
Surplus on revaluation of assets from acquisition of subsidiary	(2,789)	(3,399)	-	-
Other	(64)	-	(64)	-
Total	(3,528)	(3,863)	(739)	(464)

As at 31 December 2017, the total amount of temporary differences associated with investments in subsidiary for which deferred tax liability has not been recognised, is Baht 97 million (2016: Baht 97 million)

26. Promotional privileges

The subsidiary was granted promotional privileges approved by the Board of Investment under the Thai Investment Promotion Act B.E. 2520, to operate as a Pipeline Transportation, under certificate No. 60-0327-1-00-0-0, dated 17 March 2017. Subject to certain imposed conditions, significant privileges of the subsidiary are as follows:

1. Permission to bring expatriates with technical expertise into the Kingdom of Thailand for a period of time deemed appropriate by the Board of Investment, together with their spouses and dependents.
2. Permission to allow the expatriates with technical expertise to enter Thailand under Section 25 to work, specifically in the positions permitted by the Board of Investment throughout the length of their permitted stay in Kingdom of Thailand.
3. Exemption from import duties on machinery as approved by the Board of Investment.
4. Permission to receive and send funds out of Thailand in foreign currencies.

27. 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.

28. 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 2017 and 2016, the Company and its subsidiaries had revenue from six major customers. Revenue from each customer were as follows:

	(Unit: Million Baht)	
	2017	2016
Customer 1	1,234	1,214
Customer 2	591	625
Customer 3	442	431
Customer 4	412	386
Customer 5	371	376
Customer 6	361	372

29. 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 2017 amounting to approximately Baht 47 million (2016: Baht 44 million) (Separate financial statements: Baht 32 million (2016: Baht 31 million)) were recognised as expenses.

30. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Interim dividends for 2016	Board of Directors' meeting on 17 February 2016	159,374	0.25
Final dividends for 2015	Annual General Meeting of the shareholders on 27 April 2016	541,870	0.85
Interim dividends for 2016	Board of Directors' meeting on 10 August 2016	159,374	0.25
Total for 2016		860,618	1.35
Final dividends for 2016	Annual General Meeting of the shareholders on 27 April 2017	637,495	1.00
Interim dividends for 2017	Board of Directors' meeting on 7 August 2017	140,249	0.22
Total for 2017		777,744	1.22

31. Commitments and contingent liabilities

31.1 Capital commitments

As at 31 December 2017, the Company and subsidiaries had capital commitments of Baht 6,257.1 million (2016: Baht 3,444.5 million and USD 25 million), relating to investment in a subsidiary of Baht 2.5 million (2016: Baht 2.5 million) and construction of assets and purchase of equipment of Baht 6,254.6 million (2016: Baht 3,442 million and USD 25 million) (Separate financial statements: the Company had capital commitments of Baht 137.6 million (2016: Baht 31.5 million) related to investment in a subsidiary of Baht 2.5 million (2016: Baht 2.5 million) and purchase of equipment of Baht 135.1 million (2016: Baht 29 million)).

31.2 Commitments under various agreements

- 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 2017			
	In up to 1 year	In over 1 and up to 5 years	Over 5 years	Total
Bangkok Aviation Fuel Services Public Co., Ltd.	25	12	-	37
Thai Aviation Refueling Co., Ltd.	13	3	-	16
Fuel Pipeline Transportation Ltd.	60	210	255	525
Total	98	225	255	578

(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

- 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.

31.3 Guarantees

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Guarantee electricity use	10	10	3	3
Guarantees for agreements	253	121	76	82

31.4 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 - 400,000 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 storage station. 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 including interest (calculated up to 31 December 2017) totaling Baht 166.72 million. The case is currently under the consideration of the Administrative Court.

However, the management is of the opinion that even if the Court eventually holds the Company liable for the damages, it would be liable only for a portion of the total damages, together with other defendants, i.e. the state enterprise and 2 other state agencies (defendants Nos. 1-3). Therefore, the Company's management believes that no significant losses will be incurred to the Company and thus the Company did not record a provision for the contingent liabilities relating to this case in the accounts.

- 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 Count permitted to withdraw the appeal. The lawsuit is finished.

32. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had the assets and liabilities that were disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated Financial Statements				
As at 31 December 2017				
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment property	-	-	51	51
Derivatives				
Foreign currency forward contracts	-	0.1	-	0.1
Liabilities for which fair value are disclosed				
Derivatives				
Interest rate swap	-	1	-	1

(Unit: Million Baht)

Consolidated Financial Statements				
As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment property	-	-	51	51
Derivatives				
Foreign currency forward contracts	-	10	-	10
Liabilities for which fair value are disclosed				
Derivatives				
Interest rate swap	-	3	-	3

(Unit: Million Baht)

Separate Financial Statements				
As at 31 December 2017				
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment property	-	-	51	51
Derivatives				
Foreign currency forward contracts	-	0.1	-	0.1
Liabilities for which fair value are disclosed				
Derivatives				
Interest rate swap	-	1	-	1

(Unit: Million Baht)

Separate Financial Statements				
As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed				
Investment property	-	-	51	51
Liabilities for which fair value are disclosed				
Derivatives				
Interest rate swap	-	3	-	3

33. Financial instruments

33.1 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 and government bond, long-term investment, long-term loan to and receivable from related party, others current financial assets, 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							(Cr. Million Baht)
As at 31 December 2017							
Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate	
Within 1 year	1-5 years	Over 5 years					
Financial Assets							(% per annum.)
Cash and cash equivalent	600	-	-	843	11	1,454	0.1 - 1.48
Current investments	508	-	-	102	1	611	0.78 - 1.5
Trade and other receivables	-	-	-	-	353	353	-
Restricted bank deposits and government bond	60	-	-	10	-	70	1.25 - 1.47
Long-term investment	-	-	2	-	-	2	3.75
Others current financial assets	-	-	-	-	51	51	-
	1,168	-	2	955	416	2,541	
Financial liabilities							
Trade and other payables	-	-	-	-	430	430	3.29 - 8.84
Liabilities under finance lease agreements	11	10	-	-	-	21	2.5 - 5
Long-term loans	-	-	2,294	849	-	3,143	5
Long-term liabilities under rehabilitation plan	-	-	-	16	-	16	5
	11	10	2,294	865	430	3,610	

(Unit: Million Baht)

Financial Assets

Cash and cash equivalent
Current investments
Trade and other receivables
Restricted bank deposits
Long-term investment
Others current financial assets

Consolidated financial statements						
As at 31 December 2016						
Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum.)
Within 1 year	1-5 years	Over 5 years				
3,617	-	-	516	15	4,148	0.13 - 1.49
207	-	-	7	1	215	0.82 - 1.57
-	-	-	-	358	358	-
-	-	-	10	-	10	1.38
-	-	2	-	-	2	3.75
-	-	-	-	3	3	-
3,824	-	2	533	377	4,736	
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)

Financial Assets

Cash and cash equivalent
Current investments
Trade and other receivables
Long-term loan to and receivable from related party
Others current financial assets

Separate financial statements						
As at 31 December 2017						
Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum.)
Within 1 year	1-5 years	Over 5 years				
600	-	-	182	1	783	0.1 - 1.25
208	-	-	-	1	209	1.3 - 1.5
-	-	-	-	292	292	-
-	-	-	292	-	292	5
-	-	-	-	10	10	-
808	-	-	474	304	1,586	
Financial liabilities						
Trade and other payables	-	-	-	197	197	-
Liabilities under finance lease agreements	63	55	-	-	118	3.29 - 8.84
Long-term loans	-	2,294	337	-	2,631	2.5 - 5
63	55	2,294	337	197	2,946	

(Unit: Million Baht)

	Separate financial statements						(Crnt. Million Baht.)
	As at 31 December 2016						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1-5 years	Over 5 years				
							(% per annum.)
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
Others current financial assets	-	-	-	-	10	10	-
	907	-	-	431	303	1,641	
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	

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 denominated in foreign currencies are summarised below.

Foreign currency	Financial assets as at 31 December		Average exchange rate as at 31 December	
	2017	2016	2017	2016
			(Baht per 1 foreign currency unit)	
US dollar	918,069	840,625	32.4342	35.5660

The Company and its subsidiary have entered into forward exchange contracts to hedge the foreign currency risk in respect of the Company and its subsidiary's foreign currency receipts from account receivables and payment obligations under agreements. The outstanding foreign exchange contracts are as follows.

As at 31 December 2017

Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date	Fair value - gain
			Bought	Sold		
	(Million)	(Million)	(Baht per 1 foreign currency unit)			(Million Baht)
US dollar	-	0.7	-	32.51 - 33.04	January - February 2018	0.1

As at 31 December 2016

Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date	Fair value - gain
			Bought	Sold		
	(Million)	(Million)	(Baht per 1 foreign currency unit)			(Million Baht)
US dollar	10	-	34.99	-	January 2017	10

33.2 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.

During the current year, there were no transfers within the fair value hierarchy.

34. 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 2017, the Group's debt-to-equity ratio was 0.64:1 (2016: 0.65:1) and the Company's was 0.78:1 (2016: 0.85:1).

35. Events after the reporting period

On 21 February 2018, the Company's Board of Directors Meeting no. 1/2018 passed a resolution approving that the following allotment of earnings and payment of dividend for the year 2017 be proposed to the Company's shareholders.

- 1) Allotment of Baht 86 million of earnings to a reserve to fund expansion of investment.
- 2) Allotment of Baht 86 million of earnings to a general reserve.
- 3) Declaration of a dividend payment of Baht 1.25 per share, or a total of Baht 797 million, from the 2017 operating results. In this respect, the Company already paid an interim dividend of Baht 0.22 per share, or a total of Baht 140 million, in September 2017 and the remaining dividend of Baht 1.03 per share, or a total of Baht 657 million is proposed to be paid on 21 May 2018.

This allotment of earnings and payment of dividend for 2017 is to be proposed for approval by the Annual General Meeting of the Company's shareholders that is to be held on 26 April 2018.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2018.

Report of the Audit Committee for the Year 2017

Dear Shareholders of the Bangkok Aviation Fuel Services PLC.

The Audit Committee of 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 is taking charge as Secretary of the Audit Committee. All members of the Audit Committee have entire qualifications as specified in the 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 (SET). In 2017, the Company arranged 5 of the Audit Committee Meetings whereby all members of the Audit Committee had attended in the meetings with detail as follows:

- Mr. Pachara Yutidhammadamrong attended 5 meetings
- Mr. Visut Montriwat attended 5 meetings
- Mr. Pipat Purnananda attended 4 meetings

The Audit Committee Meetings' participants included Executives, Secretary of the Risk Management Committee, representative from Compliance Unit, internal auditor, IT auditor and external auditor. All subject matters in the meetings can be summarized as follows:

1. **Financial Statements Review** on consolidated financial statements of the Company and its subsidiaries and the Company's separate quarterly and annual financial reports of the year 2017, which were reviewed and audited by the external auditor. The Audit Committee had questioned and listened to clarifications from the Company's executives and the external auditor to ensure accuracy, completeness and reliability of the financial statements including significant changes that affected to the financial statements, Thai Financial Reporting Standards, accounting policy, information disclosure, and independency. The Audit Committee acknowledged 2017 audit plan as well as attended in 3 meetings with the external auditor without participation of the management to discuss on 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 also considered on the 2017 internal control system assessment report, which was prepared in accordance with guidelines of the SEC, internal audit report, internal control system and risk management assessment results reports, which were conducted 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 the assessment results report on the internal control system efficiency in significant areas, which were prepared by the external auditor. The Audit Committee opines 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 the internal audit's operating processes. The Audit Committee had reviewed on its missions, scope of work, duties and responsibilities, manpower, training

plans, budget and independency. Additionally, the Audit Committee approved the internal audit plan of year 2017, which was prepared in accordance with risk factors, for example, consistency of organizational strategies, corporate risks 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 internal auditing report, IT auditing report prepared by independent external expert as well as evaluated performance of Head of the Internal Audit Unit in accordance with KPIs system (Key Performance Indicators). With this regard, appointment, transfer or dismissal of the Head of Internal Audit Unit must be approved by the Audit Committee. The Audit Committee opines that the Company's internal audit system is appropriate, effective and independent. In the meantime, its yearly internal audit plan is consistent with goals and risk factors of the Company. Its audit operating qualities of both workforce and professional audit operation are constantly developed.

4. **Risk Management System Review** to ensure its linkage across the Company's strategic plans and internal control system for the purpose of risk management. The Audit Committee had reviewed on risk management system with policy and 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 opines that the Company has efficiently and effectively operated in compliance 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, the Company's requirements and obligations with third parties.
6. **Consideration on connected transactions or transactions that may cause conflicts of interests.** The Company stipulated its operational practices and set up Compliance Department to control compliances of laws, principles of the SEC and the Company's regulations. The Audit Committee opines that the aforementioned transactions are reasonable and beneficial to the Company and its subsidiaries' businesses.
7. **Good Corporate Governance Review** whereby the Audit Committee had reviewed appropriateness and accuracy of the Company's reference documents and self-assessment regarding compliances on anti-corruption measure stipulated by the Private Sector Collective Action Coalition against Corruption as well as its Code of Conduct and anti-corruption measure. The Audit Committee opines that the Company has properly complied with such anti-corruption measure and its Code of Conduct while the reference documents and information in the self-assessment form are accurate and adequate. Additionally, as a member of Thailand's Private Sector Collective Action Coalition against Corruption, the Company's membership status was certified and renewed in 2017.
8. **Charter of the Audit Committee Review** to ensure its appropriateness and consistency with the principles of the SEC and the SET including the 2017 Corporate Governance Code for Listed Companies. It is regularly proposed to the Board of Directors in every year.
9. **Consideration on the 2017 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 the charter of the Audit Committee. The performance assessment included topics such as composition, roles and responsibilities, meeting participation, financial reports, internal controls, internal audit, compliances to laws and regulations including risk management, etc.
10. **Preparation of Reports Regarding the Audit Committee's Activities** to present to the Chairman of the Board in every Audit Committee Meeting.
11. **Consideration on the External Auditor Selection, Nomination and Remuneration for Year 2018** 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 the auditors and team assistants' skills, knowledge and capabilities

including their auditing performances in previous year as well as their independence. The external auditors were required to prepare documents to certify their work independence accordingly. In addition, the Audit Committee also considered on the external audit fee. Thus, the Audit committee proposed to appoint Miss Vissuta Jariyathanakorn, Certified Public Accountant Registration No. 3853 or Mr. Termphong Opanaphan, Certified Public Accountant Registration No. 4501 or Miss Kosum Cha-em, Certified Public Accountant, Registration No. 6011 from the EY Office Limited to be the Company's external auditor for the year 2018 with an amount of audit fee at 1,391,000 Baht.

With this regard, the Audit Committee opines 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 1,391,000 Baht for the year 2018, which increased from the amount of 1,325,000 Baht in year 2017 for 66,000 Baht or 5%. The new accounting standards, which will be effective in 2019, shall affect to information disclosure in Notes to Consolidated Financial Statements of 2018 and cause longer period for auditing. Meanwhile, rate of audit fee is also increased in accordance with inflation rate. Moreover, comparing such proposed amount to the audit fees of other listed companies in the same structural level, the fee amounts are not much different.
- The Company has complied with the regulations of the SEC regarding rotation of the external auditor signing to certify financial statements in every 5-accounting period. With this regard, the Audit Committee proposed to change one external auditor of the EY Office Limited from Miss Thipawan Nananuwat, who shall retire in the year 2018, to be Miss Kosum Cha-em.
- The external auditors are independent without relations and/or conflicts of interests between the external auditors and the Company/subsidiaries/ executives/major shareholders or persons relevant to them.

To summarize, with knowledge, capability and independency, the Audit Committee had fully executed duties as specified in the charter of the Audit Committee which approved 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 on a regular basis. The Audit Committee opines 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 auditor selection system in order to propose the external auditor and the audit fee. Additionally, from the Corporate Governance Report of Thai Listed Companies 2017 prepared by the Thai Institute of Directors (IOD), the Company was ranked in excellent level as same as it was in the previous year.

February 7th, 2018

On behalf of the Audit Committee



(Mr. Pachara Yutidhammadamrong)
Chairman of the Audit Committee

Summary of Opinions Concerning Internal Control System, Year 2017



The Board of Directors assigns the Audit Committee serving as independent directors to review its internal control system's adequacy and appropriateness to ensure the Company's operation efficiency and effectiveness including appropriate asset maintain.

The Audit Committee attended the Board of Directors Meeting on February 21st, 2018, where the Board of Directors agreed with the Audit Committee's opinions as presented in assessment form of the Office of Securities and Exchange Commission (SEC) and its Summary of Opinions Concerning Internal Control System, Year 2017. The Audit Committee concludes that the Company has provided adequate and appropriate internal control system including sufficient personnel to ensure efficient internal control system. The Company's internal control system also supports 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 executives. 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 control environment with details as follows:

- The Company has prepared and improved its organizational structure to support its internal control system and ensure efficient operation including its consistency with the Company's objectives. Reporting lines has been defined precisely with segregation of duties to create check and balance. Personnel's appropriate duties, responsibilities, knowledge, capabilities and experiences are set to best fit with each position while job descriptions are improved to cover Business Continuity Management System (BCMS). Appropriate duties and responsibilities of the Company's Board of Directors, sub-committees and executives are defined explicitly. In the meantime, duties and authorities of the Board of Directors, the Audit Committee, the Risk Management Committee, the Remuneration Committee, the Nominating and Corporate Governance Committee and the Executive Committee have been improved to be in line with Corporate Governance Code (CG Code). In addition, the Internal Audit Unit is set up to report to the Audit Committee regarding the internal audit and report to the Managing Director regarding the management.
- The Company has defined and improved its major policies and operating procedures to be in line with the Corporate Governance Code (CG Code), for instance; Corporate Governance and Anti-Corruption Policy,

Sustainability Policy, Code of Conduct and Business Partner Code of Conduct. They clearly specify principles of good corporate Governance, anti-corruption measures, internal control, guidelines for giving and receiving gifts, reception procedure, whistle-blowing and protection measures including disciplinary action to ensure its directors, employees and Business Partner' compliances. In the meantime, communication processes both internal and external have been connected continually. All directors, executives 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 included CG Code and Sustainable Value Creation for its directors and executives as well as Code of Conduct and Anti-corruption Measures for the employees. These training programs are set as part of new employee orientation and employees who are promoted as well. The Company has also communicated its vision, strategic plan, anti-corruption measures and sustainability framework to ensure its employees' knowledge and understanding accordingly. Additionally, the Company arranges seminars on Business Partner Code of Conduct and Sustainability Framework for its trade partners and distributors. The Company has been certified as a member of Collective Anti-Corruption (CAC). Similar to the previous year, the Company received "Excellent" Corporate Governance Awards 2017 from the Thai Institute of Directors (IOD). As the Company has promoted sustainability and deemed as "organizational prototype" that creates values and worthiness to the organization and society, the Company received Outstanding Sustainability Awards 2017 from the Stock Exchange of Thailand. The Company also received Recognition Sustainability Report Award 2017 which was arranged by CSR Club in cooperation with Thai Listed Companies Association, Securities and Exchange Commission and Thaipat Institute. The Company was listed in Thailand Sustainability Investment 2017 (THSI) by the Stock Exchange of Thailand and received National Outstanding Organization Awards for Workplace Safety, Health and Environment 2017 for its three operating sites including Don Mueang Aviation Fuel Storage Station and Into-plane Refuelling Station, Suvarnabhumi Into-plane Refuelling Station, and Suvarnabhumi Aviation Fuel Storage Station from the Ministry of Labour.

- The Company's Corporate Governance Working Group, Core Value Working Group and Internal Audit Division have continually monitored on Code of Conduct and Core Value Compliances. For instance; the executives and employees shall assess code of conduct and core value compliances via on-line system, core value campaign is continually arranged, and code of conduct and anti-corruption measures compliances are audited, etc. In the meantime, code of conduct is also assessed by external independent experts from while management process is executed in timely manner in case of non-compliance with code of conduct and anti-corruption measures.
- The Company's Board of Directors comprises directors who have diversified qualifications with knowledge and experiences that are beneficial to the Company. Meanwhile, the Company defines qualifications of its independent director to be more stringent than independent director's qualifications required by the SEC while the Company's independent directors are also able to request for advices from external advisors.
- The Company has improved its strategic plans for 2018 – 2020 to be in line with changes in business operations in order to have them applied as tools to define the Company's operating direction. Its measurable organizational goals are set explicitly. In accordance with balanced scorecard, strategic objectives are determined to be consistent with strategic plan targets. 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, the Company deploys budget system to reflect and control its performance. Employee performance assessment system is conducted by applying performance indicators that are consistent with strategic plan targets and code of conduct. The Company also communicates to the executives and employees regarding the employee performance assessment system that is periodically reviewed to ensure its appropriateness. Additionally, workshops are arranged in order to have the strategic plans linked to sustainability to create the Company's tangible and sustainable operating plan.

- The Company prioritizes personnel as the most important resource; therefore, succession plan and employee promotion criteria are explicitly defined. Personnel development and training courses are also arranged to provide proper knowledge including skills and capabilities development on each job assignment to employees. Knowledge Management and Training Center is established to prepare body of knowledge on each work system in accordance with knowledge management master plan to enhance the Company's efficiency, to avoid loss of wisdom and to increase competitiveness. The Company has also set individual development plan, training roadmap, annual training plan, English training program, rotation and transfer of employee plan, employee exchanges for work observations in foreign countries. Its executives, who have been assigned to be directors of the Company's subsidiaries, are encouraged to attend necessary training programs arranged by the Thai Institute of Directors (IOD). Mentoring system is provided to enhance learning capabilities of the Company and its subsidiaries' executives as well. In addition, HR BAFS Group Committee is established to ensure convergence of the Corporate Group's human resources management systems. BAFS Training Center is certified to be aviation service learning center which serves both internal and external personnel working related to aviation fuel. It is also certified by Department of Energy to be training center for aviation fuel station operators. BAFS Training Center is also certified as aviation fuel storage and refuelling training center by IATA/IFQP. Additionally, JIG has continually used BAFS Training Center as a venue for JIG Training since 2015. As a result, it advances and creates the Company's reputation toward international level. The Company also has its employees attended such training programs to gain more knowledge accordingly.

2. Risk Assessment

The Company gives high priority to and risk management policy and system compliances, therefore; the Company has executed on these matters as follows:

- The Company sets up the Risk Management Committee and imposes risk management policy, which approved by the Board of Directors, including policy and objectives on business continuity management to withstand crisis and IT risk management policy that is consistent with CG Code. The Company also prepares guidelines on strategic planning and risk management planning including strategic plans and risk management manuals. All employees are informed to acknowledge and comply with the guidelines and manuals accordingly. In addition, the Company appoints Risk Champion of each department to follow up and coordinate with related persons on compliances of risk management policy and measures determined. Moreover, the Company's executives and employees are requested to sign and acknowledge risk management policy compliance to ensure its convergence. Additionally, the Company has conducted its business in accordance with the quality management system; ISO 9001:2015 with objectives and risk assessment that are set to be in line with the Company's vision and objectives.
- The Company arranges workshops for its executives and employees in order to define corporate objectives and functional processes, which are consistent with the Company's vision and mission, including identifying risks that may impact its business operations. Risks identified include corruption risk and business risks in accordance with JIG Business Risk Assessment (JIG BRA). To achieve predetermined target, factors both internal and external factors are considered. Corporate risks and functional risks in the Company's value chain are identified and assessed by considering likelihood and impact may occur. 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 defines and regularly reviews its risk appetite, risk tolerance, key risk indicators (KRIs) and trigger point, which are deemed as early warning systems, to ensure that they are in line with strategic plan targets and be able to solve problems in a timely manner. These activities are conducted in accordance with processes defined in risk management policy and strategic planning and risk management manuals. The Risk Management Committee has also monitored risk management system compliance on quarterly basis accordingly.

- The Company assesses changes of external factors, business models and organizational leaders to stipulate adequate response measures to changes, which may cause impact to the Company's business operation. The Company also prepares business continuity management system (BCMS) in accordance with ISO 22301:2012 to prevent threats that may hinder its sustainable operations. In addition, tabletop exercise on business continuity plan (BCP) in the event of depot explosion is arranged at Suvarnabhumi Aviation Fuel Storage Station and full scale exercise in the event of a bomb threat is arranged at Don Mueang Aviation Fuel Storage Station. Additionally, the Company also prepares training course on corruption risk assessment to ensure its employees' knowledge and understandings.

3. Control Activities

The Company has conducted good control activities as follows:

- The Company prepares measures to control risks, which are appropriate for the Company's risks and specific attributes such as environment, nature of work and scope of work operation. These control measures are diversified such as manual and automated controls.
- The Company arranges manuals and operating guidelines for its major operations. Duties and responsibilities are explicitly defined while approval authorities, accounting and information technology records including assets management are completely segregated. A concise measure on connected transactions is applied whereby connected transactions approved by non-stakeholder are to be done by concerning to the Company's highest benefits. Operating guidelines and stakeholder engagement are regularly reviewed to enhance management efficiency and transparency. Regulation on acquisition or disposal of assets is consistent with regulation of the SEC. The corporate context, procurement and quality manuals as well as regulations regarding connected transaction practices are revised to ensure their appropriateness.
- Meetings of the Management, departments and others are regularly arranged to monitor operating administrations and controls.
- Reporting, verification and transactions approval or binding contracts processes as well as monitoring and reviewing measures are defined to ensure that the Company's activities are carried out in accordance with terms and conditions as agreed.
- Information technology usage measures and general control measures on information system's infrastructure, safety, development and appropriate maintenance are defined in IT Security Policy and IT Resources Allocation and Management Policy.
- Corporate governance policies of the Company's subsidiaries, associated companies and companies of which BAFS is holding shares are revised to be consistent with Corporate Governance Code (CG Code). Moreover, the Company determines work directions for appointed directors or executives to practice accordingly. Meanwhile, the Executive Committee is required to oversee the Company and its subsidiaries' operating progresses and assess their performances. The subsidiaries are also requested to report their performances to the Executive Committee on monthly basis and 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 using 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, etc.

- The Company regularly reports 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. In addition, the Company also arranges the Board of Directors Meeting efficiency assessment as well as assigns the Company Secretary to take charge as coordinator between the Company and the Board of Directors including arranging the Board of Directors Meetings without participation of the Management, etc.
- The Company has complied with Generally Accepted Accounting Standard, which is appropriate with its business nature. Meanwhile, accounting documents are well categorized accordingly.
- The Company has arranged appropriate communication processes and channels to 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, regulation on computer network system is improved to ensure appropriateness. The Company also communicates compliance of such regulation.
- The Company imposes Communication and Information Disclosure Policy which is consistent with Corporate Governance Code (CG Code). The Company also prepares appropriate and efficient communication processes and channels to communicate to its external stakeholders, for example, setting up investor relations unit, communicating information via the Company's website, the management and investors meet and converse activity on a quarterly basis the shareholders relation activities, etc.
- The Company has provided special and safe communication channels 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 comparison reports between performance and predetermined target to the Executive Committee and Management including reporting results from strategic plans to the Board of Directors on 6-month basis to ensure that the Company's performance is in line with its predetermined target and objectives. The reports include information on business continuity management system and investment projects presented to the Management Meeting on a monthly basis. The Company also conducts business continuity management system monitoring in accordance with requirements of ISO 22301: 2012. In the event that the Company's performance is not in line with the predetermined target, the Company shall improve its performance in timely manner.
- In case of any incident that may cause significant impact to the Company, it will be reported to the Board of Directors or relevant sub-committees included the Audit Committee and the Risk Management Committee, etc. The Management shall report its progress and problem solving approaches in timely manner.
- Independent Internal Audit Unit is set to provide assurance and reliable counsel as well as to audit compliances of internal control system, risk management system and corporate governance system, code of conduct and anti-corruption measures as defined in its auditing plan. The Internal Audit Unit shall report its auditing results to the Audit Committee and regularly follows up and reports its monitoring progress on a quarterly basis. In addition, the Internal Audit Unit shall prepare the internal audit system adequacy assessment which is independently assessed by the Management. In addition, the Company's has supported internal auditors to attend professional internal audit trainings regularly to ensure their knowledge, skills and capabilities.

Connected Transactions

1. Detail of connected transactions between Bangkok Aviation Fuel Services PLC. and persons who may have conflicts of interests

List of Names	Description	Relations
1. Thai Airways International PLC.	1. Aviation fuel storage, aviation refuelling and defuelling services at Don Mueang Airport and Suvarnabhumi Airport 2. Charge for compensation on aviation refuelling service at Don Mueang Airport 3. Customs formalities service	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"> - Flying Officer Somboon Limwathnapong (retired on Oct 1st, 17) - Flight Lieutenant Werasak Wiroonpetch (retired on Oct 1st, 17) - Flight Lieutenant Montree Jumrieng (retired on Nov 15th, 17) - Mr. Surachai Piencharoensak (started from Nov 8th, 17) - Squadron Leader Pongtorn Thepkanjana (started from Nov 8th, 17) - Mrs. Usanee Sangsingkeo (started from Dec 13th, 17) are executives of Thai Airways International PLC



	Unit Price	Total Amount of 2017 (Excluding VAT)	Balance at of December 31 st , 2017 (Excluding VAT)	Continuation of Transactions
	-	262.81 million baht	23.38 million baht	Continued
	0.08 baht/litre	0.002 million baht	-	Continued
	-	-	-	Continued

List of Names	Description	Relations
2. The Shell Company of Thailand Limited	<ol style="list-style-type: none"> 1. Aviation fuel storage, aviation refuelling and defuelling services at Don Mueang Airport and Suvarnabhumi Airport 2. Compensation on aviation refuelling service at Don Mueang Airport 3. Customs formalities service 	Director of the Company, Mr. Rungroj Sivachan is authorized person of the Shell Company of Thailand Limited (started on Feb 22 nd , 17)
3. PTT PLC.	<ol style="list-style-type: none"> 1. Aviation fuel storage, aviation refuelling and defuelling services at Don Mueang Airport and Suvarnabhumi Airport 2. Compensation on aviation refuelling service at Don Mueang Airport 3. Aviation fuel storage, aviation 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 6. Training courses on "Fuel Truck Operator" and "Fuel Service Station Operator" 	<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.
4. Esso (Thailand) PLC.	<p>Aviation fuel storage, aviation refuelling and defuelling services at Don Mueang Airport and Suvarnabhumi Airport</p> <p>*only Suvarnabhumi Airport</p>	Director of the Company, Mr. Phiphawat Sitthichaikasem, is authorized person of Esso (Thailand) PLC. (started on Feb 22 nd , 17)

	Unit Price	Total Amount of 2017 (Excluding VAT)	Balance at of December 31 st , 2017 (Excluding VAT)	Continuation of Transactions
	-	279.91 million baht	24.76 million baht	Continued
	0.08 baht/litre	19.47 million baht	1.63 million baht	Continued
	-	-	-	Continued
	-	906.72 million baht	84.19 million baht	Continued
	0.08 baht/litre	53.76 million baht	4.88 million baht	Continued
	-	27.94 million baht	2.39 million baht	Continued
	-	5.34 million baht	0.46 million baht	Continued
	-	0.25 million baht	-	Continued
	-	0.16 million baht	-	-
	-	255.97 million baht *	22.13 million baht	Continued

List of Names	Description	Relations
5. Airports of Thailand PLC. (AOT)	<ol style="list-style-type: none"> Rental and compensation <ul style="list-style-type: none"> Don Mueang Airport <ul style="list-style-type: none"> Fuel pipeline rental Compensation from aviation refuelling service at Don Mueang Airport that collected for Airports of Thailand PLC. (AOT) Rental of building and space in apron Rental space outside of apron Suvarnabhumi Airport <ul style="list-style-type: none"> Compensation from aviation refuelling and defuelling services Rental of land outside of apron Rental of building in apron Rental of space in apron Public utilities and other fees Training courses on “Basic Fire-Fighting” and “Fire-Fighting Evacuation” 	<ol style="list-style-type: none"> The Ministry of Finance is indirect major shareholder of Bangkok Aviation Fuel Services PLC. and major shareholder of Airports of Thailand PLC. (AOT) Director of the Company, Mr. Nitinai Sirismatthakarn, is director and executive of Airports of Thailand PLC. (AOT)
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.
7. Thai Petroleum Pipeline Co., Ltd.	<ol style="list-style-type: none"> Land and building leasing including public utilities service fees Don Mueang Aviation Fuel Storage Station <ul style="list-style-type: none"> Land leasing Public utilities service 	1. The Ministry of Finance is indirect major shareholder of Bangkok Aviation Fuel Services PLC. and Thai Petroleum Pipeline Co., Ltd.

	Unit Price	Total Amount of 2017 (Excluding VAT)	Balance at of December 31 st , 2017 (Excluding VAT)	Continuation of Transactions
	2,590,279.69 baht/month (Jan 1 st – Jan 27 th , 17) and 2,595,873.72 baht/month (Jan 28 th , 17 – Jan 27 th , 18)	31.15 million baht	-	Continued
	0.08 baht/litre	89.74 million baht	8.10 million baht	Continued
	125 baht/sq. meter/ month	10.83 million baht	-	Continued
	90 baht/sq. meter/ month	0.64 million baht	-	Continued
	0.06 baht/litre	245.13 million baht	22.32 million baht	Continued
	71.47 baht/sq. meter/ month	5.91 million baht	-	Continued
	470 baht/sq. meter/ month	0.75 million baht	-	Continued
	155 baht/sq. meter/ month	3.38 million baht	-	Continued
	-	4.93 million baht	0.34 million baht	Continued
	-	0.11 million baht	-	-
	-	11.55 million baht	-	Continued
	-	1.49 million baht	-	Continued
	-	2.19 million baht	-	Continued

List of Names	Description	Relations
7. Thai Petroleum Pipeline Co., Ltd. (continued)	<ul style="list-style-type: none"> • Suvarnabhumi Aviation Fuel Storage Station <ul style="list-style-type: none"> - Land and building Rental - Public utilities service 2. Service charges for water for fire-fighting system, water supply and electrical system 	2. 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"> 1. All risks insurance, legal liability insurance to third parties and property insurance from terrorism 2. 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. Bangkok Insurance PLC.	<ol style="list-style-type: none"> 1. All risks insurance, legal liability insurance to third parties and property insurance from terrorism 2. Other insurances such as employee health and accident insurance and insurance for legal liability of controlled business in category 3 as specified in fuel oils control law etc 	Director of the Company, M.R. Supadis Diskul, is director of Bangkok Insurance PLC.
10. IRPC PLC.	Training courses on “Advance Fire-Fighting”, and “Fire Incident Commander”	The Ministry of Finance is indirect major shareholder of the Company and IRPC PLC.
11. NPC Safety and Environmental Service Co., Ltd.	<ol style="list-style-type: none"> 1. Project consultant for business continuity management system 2. Training course on “Basic Knowledge on Business Continuity Management System” 	The Ministry of Finance is indirect major shareholder of the Company and NPC Safety and Environmental Service Co., Ltd.
12. TMB Bank PLC.	<ol style="list-style-type: none"> 1. Interest payment for Long-term loan 2. Credit limit for buying and selling foreign currencies in advance 	The Ministry of Finance is indirect major shareholder of the Company and major shareholder of TMB Bank PLC.

	Unit Price	Total Amount of 2017 (Excluding VAT)	Balance at of December 31 st , 2017 (Excluding VAT)	Continuation of Transactions
	-	4.04 million baht	-	Continued
	-	2.76 million baht	-	Continued
	-	0.32 million baht	0.13 million baht	Continued
	-	10.18 million baht	-	Continued
	-	1.10 million baht	-	Continued
	-	10.46 million baht	-	Continued
	-	7.23 million baht	0.01 million baht	Continued
	-	0.33 million baht	-	-
	-	0.23 million baht	-	Continued
	-	0.07 million baht	-	-
	-	93.79 million baht	-	Continued
	-	900,000 USD	-	Continued

2. Detail of connected transactions between Thai Aviation Refuelling Co., Ltd. (subsidiary) and persons who may have conflicts of interests.

List of Names	Description	Relations
1. Thai Airways International PLC.	Aviation fuel transportation via hydrant pipeline	<ol style="list-style-type: none"> 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. Director of Bangkok Aviation Fuel Services PLC.: <ul style="list-style-type: none"> - Flying Officer Somboon Limwathnapong (retired on Oct 1st, 17) - Flight Lieutenant Werasak Wiroonpetch (retired on Oct 1st, 17) - Flight Lieutenant Montree Jumrieng (retired on Nov 15th, 17) - Mr. Surachai Piencharoensak (started from Nov 8th, 17) - Squadron Leader Pongtorn Thepkanjana (started from Nov 8th, 17) - Mrs. Usanee Sangsingkeo (started from Dec 13th, 17) are executives of Thai Airways International PLC.
2. Esso (Thailand) PLC.	Aviation fuel transportation via hydrant pipeline	Director of the Company, Mr. Phiphawat Sitthichaikasem, is authorized person of Esso (Thailand) PLC. (started on Feb 22 nd , 17)
3. The Shell Company of Thailand Limited	<ol style="list-style-type: none"> 1. Aviation fuel transportation via hydrant pipeline 2. Charge for the Company's vehicles fuel 	Director of Bangkok Aviation Fuel Services PLC., Mr. Rungroj Sivachan, is authorized person of the Shell Company of Thailand (started on Feb 22 nd , 17)

	Unit Price	Total Amount of 2017 (Excluding VAT)	Balance at of December 31 st , 2017 (Excluding VAT)	Continuation of Transactions
	-	107.99 million baht	9.61 million baht	Continued
	-	105.23 million baht	9.17 million baht	Continued
	-	56.59 million baht	5.30 million baht	Continued
	-	0.30 million baht	0.02 million baht	Continued

List of Names	Description	Relations
4. PTT PLC.	<ol style="list-style-type: none"> 1. Aviation fuel transportation via hydrant pipeline 2. Charge for the Company's vehicles fuel 3. Training courses on "Fuel Service Station Operator" 	<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.
5. Airports of Thailand PLC.	<ul style="list-style-type: none"> • Suvarnabhumi Airport <ol style="list-style-type: none"> 1. Permission for operational service on aviation fuel transportation via hydrant pipeline 2. Land at east side rental 3. Land at the back side of domestic cargo building rental 4. Rental of building in apron 5. Rental of space in apron 6. Public utilities and other fees 7. Training courses on "Basic Fire-Fighting" 	<ol style="list-style-type: none"> 1. The Ministry of Finance is indirect major shareholder of Bangkok Aviation Fuel Services PLC. and Airports of Thailand PLC. 2. Directors of Thai Aviation Refuelling Co., Ltd.: <ul style="list-style-type: none"> - Miss Shanalai Chayakul - Miss Sasisubha Sukontasub, are executives of Airports of Thailand PLC. 3. Director of Bangkok Aviation Fuel Services PLC., Mr. Nitinai Sirismatthakarn is director and executive of Airports of Thailand PLC.

	Unit Price	Total Amount of 2017 (Excluding VAT)	Balance at of December 31 st , 2017 (Excluding VAT)	Continuation of Transactions
	-	212.25 million baht	20.17 million baht	Continued
	-	0.20 million baht	0.02 million baht	Continued
	-	0.06 million baht	-	-
	2% per year from Thai Aviation Refuelling Co., Ltd.'s service revenue before expense deduction.	12.78 million baht	12.78 million baht	Continued
	60 baht/sq. meter/ month (Jan 1 st – Jun 30 th , 17 and 125 baht/sq. meter/ month (Jul 1 st , 17 onwards)	0.13 million baht	-	Continued
	67.42 baht/sq. meter/ month (Jan 1 st – Jul 31 st , 17) and 71.47 baht/sq. meter/ month (Aug 1 st , 17 onwards)	1.33 million baht	-	Continued
	470 baht/sq. meter/ month plus service fee	0.89 million baht	-	Continued
	155 baht/sq. meter/ month	0.07 million baht 0.49 million baht 0.03 million baht	- 0.03 million baht -	Continued Continued -

List of Names	Description	Relations
6. Dhipaya Insurance PLC.	All risks insurance, insurance for legal liability to third parties, and asset insurance	The Ministry of Finance is indirect major shareholder of Bangkok Aviation Fuel Services PLC. and Dhipaya Insurance PLC.
7. Bangkok Insurance PLC.	<ol style="list-style-type: none"> 1. All risks insurance, insurance for legal liability to third parties, and asset insurance 2. Other insurances such as employee health and accident insurance and auto insurance and protection of victims from car accidents 	Director of the Company, M.R. Supadis Diskul, is director of Bangkok Insurance PLC.
8. TMB Bank PLC.	Principle and interest payment for Long-term loan	The Ministry of Finance is indirect major shareholder of the Company and major shareholder of TMB Bank PLC.

	Unit Price	Total Amount of 2017 (Excluding VAT)	Balance at of December 31 st , 2017 (Excluding VAT)	Continuation of Transactions
	-	1.64 million baht	-	Continued
	-	1.67 million baht	-	Continued
	-	0.79 million baht	-	Continued
	-	118.02 million baht	-	Continued

3. Detail of connected transactions between Fuel Pipeline Transportation Limited (subsidiary) and persons who may have conflicts of interests.

List of Names	Description	Relations
1. The Shell Company of Thailand Limited	<ol style="list-style-type: none"> Aviation fuel transportation via pipeline and depot system to Suvarnabhumi Aviation Fuel Storage Station Aviation fuel transportation via pipeline and depot system to Don Mueang Aviation Fuel Storage Station Fuel transportation via underground pipeline and depot system to Bang Pa-In depot Fuel reserve service at Bang Pa-In depot Office building rental at Bang Pa-In depot Sales office management service at Bang Pa-In depot 	Director of Bangkok Aviation Fuel Services PLC., Mr. Rungroj Sivachan (started from Feb 22 nd , 17), is authorized person of The Shell Company of Thailand Limited
2. PTT PLC.	<ol style="list-style-type: none"> Aviation fuel transportation via pipeline and depot system to Suvarnabhumi Aviation Fuel Storage Station Aviation fuel transportation via underground pipeline and depot system to Don Mueang Aviation Fuel Storage Station Fuel transportation via underground pipeline and depot system to Bang Pa-In depot Oil tank service, fuel receiving and distribution system by vehicle Fuel reserve service at Bang Pa-In depot Office building rental at Bang Pa-In depot Land subleasing and land utilization Training courses on “Oil Depot and Fuel Pipeline Operator” and “Fuel Storage Station Operator” 	<ol style="list-style-type: none"> The Ministry of Finance is indirect major shareholder of Bangkok Aviation Fuel Services PLC. and major shareholder of PTT PLC. Director of Bangkok Aviation Fuel Services PLC., Mr. Peratak Autadej, is authorized persons of PTT PLC.

	Unit Price	Total Amount of 2017 (Excluding VAT)	Balance at of December 31 st , 2017 (Excluding VAT)	Continuation of Transactions
	-	37.15 million baht	3.58 million baht	Continued
	-	22.46 million baht	1.82 million baht	Continued
	-	6.12 million baht	0.99 million baht	Continued
	-	9.98 million baht	0.85 million baht	Continued
	-	0.05 million baht	-	-
	-	1.40 million baht	0.14 million baht	Continued
	-	-	-	-
	-	1.20 million baht	0.10 million baht	Continued
	-	85.52 million baht	8.53 million baht	Continued
	-	-	-	-
	-	-	-	-
	-	0.24 million baht	0.02 million baht	Continued
	-	15.17 million baht	1.28 million baht	Continued
	-	0.0651 million baht	-	-

List of Names	Description	Relations
3. Airports of Thailand PLC. (AOT)	Rental of land at the area along the airport's fence which locates in the area 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 Airports of Thailand PLC. (AOT). 2. Director of Bangkok Aviation Fuel Services PLC., Mr. Nitinai Sirismatthakarn is director and executive of Airports of Thailand PLC. (AOT).
4. Dhipaya Insurance PLC.	All risks insurance, insurance for legal liability to third parties, insurance for political violence protection	The Ministry of Finance is indirect major shareholder of Bangkok Aviation Fuel Services PLC. and Dhipaya Insurance PLC.
5. Bangkok 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. Other insurances such as property risk insurance, employee health and accident insurance, insurance for legal liability of controlled business in category 3 as specified in fuel oils control law, auto insurance and protection of victims from car accidents, mobile phone and communication radio insurances, etc 	Director of the Company, M.R. Supadis Diskul, is director of Bangkok 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 2017 (Excluding VAT)	Balance at of December 31 st , 2017 (Excluding VAT)	Continuation of Transactions
	-	1.59 million baht	-	Continued
	-	7.83 million baht	-	Continued
	-	7.83 million baht	-	Continued
	-	2.88 million baht	-	Continued
	-	0.76 million baht	0.06 million baht	Continued

4. Detail of connected transactions between Intoplane Services Co., Ltd. (subsidiary) and persons who may have conflicts of interests.

List of Names	Description	Relations
PTT PLC.	Training course on “Fuel Service Station Operator”	<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. PTT PLC. is a major shareholder of Intoplane Services Co., Ltd. which the shareholder structure had been existed before Bangkok Aviation Fuel Service PLC. has been listed. 3. Directors of Bangkok Aviation Fuel Services PLC., Mr. Peratak Autadej, is authorized persons of PTT PLC.

	Unit Price	Total Amount of 2017 (Excluding VAT)	Balance at of December 31 st , 2017 (Excluding VAT)	Continuation of Transactions
	-	0.06 million baht	-	-

Summarization of Opinions on Related Party Transactions for the Year 2017



The Board of Directors assigns the Audit Committee serving as independent directors to review on the Company's connected transactions to ensure compliances with related laws and regulations of the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC).

In 2017, the Company had conducted 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 is shown in Notes to Annual Financial Statements, ended on December 31st, 2017.

The Audit Committee attended the Board of Directors Meeting on February 21st, 2018, where 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 and its subsidiaries' business operations. 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 The Shell Company of Thailand Limited

The Company has provided aviation fuel storage, aircraft refuelling and defuelling services at Don Mueang Airport and Suvarnabhumi Airport. Terms and service fees in contracts that the Company has made with this customers are similar to terms and service fees shown in the contracts that the company has made with external parties. However, new oil companies, which are not shareholders of the Company, shall be charged for service fees in accordance with terms defined as policy, which is approved by the Board of Directors.

In accordance with terms specified in the contracts, the Company collects payments for aircraft refuelling services at Don Mueang Airport from user companies and transfers the payments to the Airports of Thailand PCL. whereby the Company does not have stake in such payments.

The Audit Committee has reviewed and opines that such transactions are connected transactions. However, they are necessary and most beneficial to the Company's business operation as they are normal operations of aircraft refuelling service business at Don Mueang Airport and Suvarnabhumi Airport.

In addition, to complete its entire service process, the Company also provides customs formality services for its customers with free of charge. The Audit Committee agrees that such services are connected transactions made only to facilitate the user companies as normal business supporting services with general commercial terms. Such transactions are beneficial to the Company's business operations at Don Mueang Airport and Suvarnabhumi Airport.

1.3 PTT Public Company Limited

The Company has provided aviation fuel storage, aircraft refuelling and defuelling services at Don Mueang Airport and Suvarnabhumi Airport. The Company collects service fees for aircraft refuelling services at Don Mueang Airport from PTT PCL. with the same service fee rates that collected from the Thai Airways International PCL., and the Shell Company of Thailand Limited.

The Audit Committee has reviewed and opines that such transactions are connected transactions. However, they are necessary and most beneficial to the Company's business operation as they are normal operations of aircraft refuelling service business at Don Mueang Airport and 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 PCL. is sole company that transfers aviation fuel and aircraft refuelling products to distribute at those airports. PTT PCL. 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 and beneficial to the Company's business operation.

The Company agrees to pay for its vehicles fuel to PTT PCL. by card whereby PTT PCL. shall charge for such fuels to the Company with market prices and general commercial terms. The Audit Committee opines that such transactions are connected transactions that have general commercial terms and are beneficial to the Company's business operation.

The Company has also provided aviation fuel storage service to PTT PCL. at Suvarnabhumi Aviation Fuel Storage Station. PTT PCL. 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 transactions and beneficial to the Company's business operation.

The Company agrees to have training courses on "Fuel Tank Truck Operator" and "Fuel Service Station Operator" arranged by PTT Oil Business Academy (OBA) because OBA is only organization being certified by Department of Energy that can arrange such training courses. The Audit Committee opines that such transactions are connected transactions. However, they are necessary transactions under general commercial terms and beneficial to the Company's business operation that shall comply with related laws.

1.4 Esso (Thailand) Public Company Limited

The Company has provided aviation fuel storage, aircraft refuelling and defuelling services at Suvarnabhumi Airport. Terms and service fees in contracts that the Company has made with this customer are similar to terms and service fees shown in the contracts that the company has made with external parties.

The Audit Committee has reviewed and opines that such transactions are connected transactions. However, they are necessary and most beneficial to the Company's business operation as they are normal operations of aircraft refuelling service business at Suvarnabhumi Airport.

1.5 Airports of Thailand Public Company Limited

- **Don Mueang Airport**

The Company has made fuel hydrant pipeline rental contract with Airports of Thailand PCL. (AOT). Usage of fuel hydrant pipeline is normal business transaction for aviation refuelling service at Don Mueang Airport. The Company shall pay for fuel pipeline rental fee with rate as mentioned in the agreement. Moreover, rental fee rate will be adjusted in accordance with the country's general consumer price index. In 2017, the Company's management approved renewal of fuel hydrant pipeline rental contract for 3-year period from 2018 - 2021. The contract is being arranged.

In accordance with terms specified in the contracts, the Company collects payments for aircraft refuelling services at Don Mueang Airport from user companies and transfers the payments to the Airports of Thailand PCL. whereby the Company does not have stake in such payments.

The Audit Committee has reviewed and opines that such transactions are connected transactions. However, they are necessary and most beneficial to the Company's business operation as they are normal operations of aircraft refuelling service business at Don Mueang Airport.

The Company has also rented building and areas both inside and outside of apron at Don Mueang Airport for its aircraft refuelling service operation and being parking space for its employees who are working at the apron. The rental fee rate is the same rate that AOT charges to external parties.

In addition, the Company's management approved on rental additional rental space in order to set up station and parking area for its aircraft refuelling service to replace existing area that has been affected by the red line commuter train station construction.

The Audit Committee has reviewed and opines that such transactions are connected transactions. However, they are necessary and most beneficial to the Company's business operation as they are normal operations of aircraft refuelling service business at Don Mueang Airport.

- **Suvarnabhumi Airport**

The Company has made the contract with AOT for 20-year period permission for aircraft refuelling and defuelling services at Suvarnabhumi Airport. Such services have been operated since the airport's official opening date on September 28th, 2006. The Company shall pay consideration with rate as specified in the contract. Such rate is the same rate that AOT charges to external parties. The Company also obliges to comply with AOT's other regulations.

The Audit Committee has reviewed and opines that such transactions are connected transactions. However, they are necessary and most beneficial to the Company's business operation as they are normal operations of aircraft refuelling service business at Suvarnabhumi Airport.

The Company has made the contract to rent space outside Suvarnabhumi Airport's apron for building construction and other constructions to accommodate its into-plane service operation for 20-year period since its official opening date. The space rental fee is the same rate that AOT charges to external parties.

Moreover, the Company has made the contract to rent room and space inside the Suvarnabhumi Airport's apron for being used as office, vehicles parking area and field equipment storage. The rental fee rate is the same rate that AOT charges to external parties.

The Audit Committee has reviewed and opines that such transactions are connected transactions. However, they are necessary and most beneficial to the Company's business operation as they are normal operations of aircraft refuelling service business at Suvarnabhumi Airport.

The Company has also used AOT's public facilities and other facilities, which are additional services that AOT has provided to the Company for its aircraft refuelling service operation in the airport's area. With this regard, the Company has to comply with AOT's regulations and pay for those facilities service fees with the same rates that the AOT charges to external parties. The Audit Committee opines that such transactions are connected transactions. However, they are necessary and most beneficial to the Company's business operation as they are 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 training courses on "Basic Fire-Fighting" and "Fire-Fighting and Evacuation". With this regard, AOT has charged to the Company with the same rates of service fees that AOT charges to the external parties. The Audit Committee opines that such transactions are connected transactions with general commercial terms and beneficial to the Company's business operation because the Company has recognized that crisis can affect its business operation and such trainings strengthen its operational efficiency to withstand crisis in the timeliest possible manner.

1.6 The Ministry of Finance

The Company has made the contract with the Ministry of Finance for renting of Ratchaphatsadu building and land that connects 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 comply with terms and conditions and pay for the rental fee with rate specified in the contract.

The Audit Committee has reviewed and opines that such transactions are connected transactions. However, they are necessary and most beneficial to the Company's business operation as they are normal operations of aircraft refuelling service business at Don Mueang Airport.

1.7 Thai Petroleum Pipeline Co., Ltd.

- **Don Mueang Aviation Fuel Storage Station**

The Company has made the 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 and comply with terms and conditions defined in the contract. The rental and service fees will be adjusted in accordance with terms defined in the contract.

The Audit Committee opines that such transaction is connected transaction. It is leasing and service contract that the Company has made with THAPPLINE for the building and facilities construction to receive and distribute aviation fuel, which is necessary and the most beneficial to the Company's business operation. It is 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 contract and facilities service contract with THAPPLINE for THAPPLINE's building and fuel pipeline transporting system construction at Suvarnabhumi Aviation Fuel Storage Station. As specified in the contract, THAPPLINE shall pay for the rental fee in compliance with terms

and conditions. The rental and service fees shall be adjusted in accordance with the country's general consumer price index. The public facilities systems provided exclude water used for fire-fighting system. The service charges for water supply and electricity are collected in accordance with actual consumptions.

The Audit Committee opines that such transactions are connected transactions. They are the leasing and service contracts that the Company has made with THAPPLINE for building and fuel pipeline transporting system construction, which are necessary and the most beneficial to the Company's business operation. They are normal operation of aircraft refuelling service business at Suvarnabhumi Airport.

1.8 Dhipaya Insurance Public Company Limited

The Company has made all risks insurance, legal liability insurance to third parties, property terrorism insurance, and auto and protection of victims from car accidents insurance with Dhipaya Insurance PCL. (Dhipaya Insurance). The Company shall pay for insurance premiums, which are market price, and comply with terms and conditions specified in insurance policies.

The Audit Committee opines that such transactions are connected transactions. However, they are necessary and most beneficial to the Company's business operation as they are executed in order to reduce risks and impact damage may occur from its aircraft refuelling service operations at the airports.

1.9 Bangkok Insurance Public Company Limited

The Company has made all risks insurance, legal liability insurance to third parties, property terrorism insurance including others such as employee health and accident insurance and insurance for legal liability of controlled business in category 3, etc. with Bangkok Insurance PCL. The Company shall pay for insurance premiums, which are market price, and comply with terms and conditions specified in insurance policies.

The Audit Committee opines that such transactions are connected transactions. However, they are necessary and most beneficial to the Company's business operation as they are executed in order to reduce risks and impact damage may occur from its aircraft refuelling service operations at the airports.

1.10 IRPC Public Company Limited

Since IRPC PCL. is recognized as famous organization regarding risks emergency or severe disaster risks management and control, the Company, therefore; appointed IRPC PCL. to arrange training course on "Advance Fire Fighting" and "Commander at the Scene". Its service fee charged to the Company is the same rate that IRPC PCL. 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 because the Company has recognized that crisis can affect its business operation and such training strengthens its operational efficiency to withstand crisis in the timeliest possible manner.

1.11 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 appointed NPC S&E to be consultant on its business continuity management system project. The service fee charged to the Company is the same rate that NPC S&E charges to external parties.

The Audit Committee opines that such transaction is connected transaction with general commercial terms and beneficial to the Company's business operation as the Company has recognized importance of business continuity plan while such transaction can enhance its operational efficiency.

1.12 TMB Bank Public Company Limited

The Company has entered into loan agreement with TMB Bank PCL. in order to generate fund for capital increase of its subsidiary; Fuel Pipeline Transportation Co., Ltd. Such fund is for investment in oil pipeline construction project extended to the North of Thailand and for financial transactions related to the business operation.

The Audit Committee opines that such transaction is connected transaction with general commercial terms. It is normal business support activity and beneficial to the Company's business operation.

2. Connected transactions between Thai Aviation Refuelling Co., Ltd. (Subsidiary) and persons which may have potential conflicts of interests

2.1 Thai Airways International Public Company Limited

2.2 Esso (Thailand) Public Company Limited

Thai Aviation Refuelling Co., Ltd. (TARCO) provides aviation fuel transportation service via hydrant pipeline at Suvarnabhumi Airport for Thai Airways International PCL. and Esso (Thailand) PCL. TARCO, BAFS and their user companies have entered into contracts which their terms and conditions on aviation fuel prices and service fees are defined to be the same rates charged to external parties. With explicit service contracts on payment collections, BAFS provides business facilitation to TARCO by collecting payments from customers for TARCO.

The Audit Committee opines that such transactions are connected transactions which are necessary and the most beneficial to the Company's business operation. They are normal operation of aircraft refuelling service business at 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 Suvarnabhumi Airport for the Shell Company of Thailand Limited (Shell) and PTT PCL. (PTT). Details of such transactions are similar to transactions that TARCO has made with Thai Airways International PCL. and Esso (Thailand) PCL.

The Audit Committee opines that such transactions are connected transactions which are necessary and the most beneficial to TARCO's business operation. They were normal operation on aviation fuel transportation business at Suvarnabhumi Airport.

TARCO has made the contract on using 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 such transactions are connected transactions with general commercial terms and beneficial to TARCO's business operation.

TARCO also agrees to have training course on "Fuel Service Station Operator" arranged by PTT Oil Business Academy (OBA) because OBA is only organization being certified by Department of Energy that can arrange such training course.

The Audit Committee opines that such transaction is connected transaction. However, it is necessary transaction under general commercial terms and beneficial to TARCO's business operation that shall comply with related laws.

2.5 Airports of Thailand Public Company Limited

TARCO was given permit by Airports of Thailand PCL. (AOT) to conduct aviation fuel transportation service via hydrant pipeline at Suvarnabhumi Airport for 30 years period, which started from the Airport's official opening date on September 28th, 2006. In accordance with terms and conditions of Permit Agreement for aviation fuel

transportation by hydrant pipeline at Suvarnabhumi Airport, TARCO shall pay 2% consideration to AOT by calculating from its revenue before expenditure deduction.

Later, AOT had a plan on Suvarnabhumi Airport Development Phase 2. TARCO had studied and designed hydrant pipeline system phase 2. On September 16th, 2010, TARCO submitted its conceptual design proposal to AOT for its further investment on hydrant pipeline system phase 2. At AOT's Board of Directors Meeting on June 10th, 2013, it was concluded that the hydrant pipeline service phase 2 was part of the Permit Agreement. Therefore, to ensure completion of Suvarnabhumi Airport Development Phase 2 and its availability for service in timeframe mentioned in the Cabinet Resolution, AOT assigned TARCO to carry out the hydrant pipeline system phase 2 construction at Suvarnabhumi Airport before signing onto an additional amendment of the Permit Agreement.

Prior to their mutual signing onto the additional amendment of the Permit Agreement, TARCO and AOT signed a memorandum of understanding on September 23rd, 2013 in order to allow TARCO to start hydrant pipeline system phase 2 construction at Suvarnabhumi Airport. In case of any event that might cause cancellation, restraint, postponement or significant change to the project resulted in cancellation of signing the additional amendment of the Permit Agreement, both parties 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 progressed and whole assets to AOT or the Ministry of Finance or any other organization which AOT should further notify to TARCO.

The Audit Committee opines that such transactions are connected transactions and the most beneficial to TARCO's business operation as they are normal operation on aviation fuel transportation service at Suvarnabhumi Airport.

TARCO has rented land at Suvarnabhumi Airport to place its equipment, hydrant pipelines and facilities as well as to park its aviation fuel vehicles. Moreover, TARCO has rented room and space in apron to be its office, vehicle parking and store for keeping field equipment. The rental fee rates are the same rates that AOT charges to external parties.

The Audit Committee opines that such transaction is connected transactions under general commercial terms. It is most beneficial to TARCO's business operation as it is normal operation on aviation fuel transportation service at Suvarnabhumi Airport.

TARCO has also used 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. TARCO shall comply with AOT's regulations and pay for such facilities service fees with the same rates that AOT charges to external parties.

The Audit Committee opines that such transaction is connected transactions under general commercial terms. It is most beneficial to TARCO's business operation as it is normal operation on aviation fuel transportation service at Suvarnabhumi Airport.

TARCO agrees to have training course on "Basic Fire-Fighting" arranged by PTT Oil Business Academy (OBA) because OBA is only organization being certified by Department of Energy that can arrange such training course.

The Audit Committee opines that such transaction is connected transaction. However, it is necessary transaction under general commercial terms and beneficial to the Company's business operation that shall comply with related laws.

2.6 Dhipaya Insurance Public Company Limited

TARCO has made all risks insurance, legal liability insurance to third parties including asset insurance with Dhipaya

Insurance PCL. TARCO shall pay for insurance premiums and comply with terms and conditions specified in such insurance policies. The insurance premiums charged to TARCO are market price.

The Audit Committee opines that such transactions are connected transactions. However, they are necessary and most beneficial to TARCO's business operation as they are executed in order to reduce risks and impact damage may occur from its aviation fuel transportation service at Suvarnabhumi Airport.

2.7 Bangkok Insurance Public Company Limited

TARCO has made all risks insurance, legal liability insurance to third parties, asset insurance including others such as employee health and accident insurance and auto insurance and protection of victims from car accidents with Bangkok Insurance PCL. TARCO shall pay for insurance premiums, which are market price, and comply with terms and conditions specified in insurance policies.

The Audit Committee opines that such transactions are connected transactions. However, they are necessary and most beneficial to the TARCO's business operation as they are executed in order to reduce risks and impact damage may occur from its aviation fuel transportation service at Suvarnabhumi Airport.

2.8 TMB Bank Public Company Limited

TARCO has entered into loan agreement with TMB Bank PCL. and requested for extending period of loan disbursal to generate fund for the hydrant pipeline system phase 2 construction at Suvarnabhumi Airport. The Audit Committee opines that such transaction is connected transaction with general commercial terms. It is normal business support activity and beneficial to TARCO's business operation.

3. Connected transactions between Fuel Pipeline Transportation Co., Ltd. (Subsidiary) and persons, who may have potential conflicts of interests

3.1 The Shell Company of Thailand Limited

Fuel Pipeline Transportation Co., Ltd. (FPT) has provided aviation fuel and oil transportation via multi-products underground pipeline to the Shell Company of Thailand Limited (Shell) 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. FPT has made business transactions with Shell on aviation fuel and oil transportation service as aforementioned. Prices, terms and conditions of service that FPT offers to Shell are as same as those that FPT offers to external parties.

The Audit Committee opines that such transactions are connected transactions. However, they are necessary transactions and most beneficial to FPT's business operation as FPT is the service provider for aviation fuel and oil transportation via pipeline system to storage stations and depots.

FPT has also made the contract 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 Shell are market terms and price.

The Audit Committee opines that such connected transaction is beneficial to FPT's business operation and support the government sector's policy.

Shell has made office rental agreement in order to use it as office for documentation at Bang Pa-In depot. Terms and rental fee are similar to those that FPT has made with external parties.

The Audit Committee opines that such transaction is connected transaction which provides facility to Shell and is beneficial to FPT's business operation at Bang Pa-In depot.

Moreover, FPT has provide sales office management service at Bang Pa-In depot where is a location of office distributing oils to oil service stations and industrial sectors. As Shell has a policy on not hiring regular employee to work at its sales offices in regional depots, therefore; FPT has provided sales office management service at Bang Pa-In depot to Shell. FPT's service fee charged to Shell is calculated from volume of oil distributed from Bang Pa-In depot.

The Audit Committee opines that such transaction is connected transaction which provides facility to Shell and is beneficial to FPT's business operation at Bang Pa-In depot.

3.2 PTT Public Company Limited

FPT has provided aviation fuel and oil transportation via multi-products underground pipeline to PTT PCL. (PTT) with the same terms and service fee that FPT offers to Shell.

The Audit Committee opines that such transactions are connected transactions. However, they are necessary transactions and most beneficial to FPT's business operation as FPT is the 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. The Audit Committee opines that such transactions are connected transactions. However, they are utilization of FPT's oil tank to receive, store and distribute oil or alternative energy at Bang Pa-In depot. Such transactions, therefore, 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 connected transaction is beneficial to FPT's business operation and support the government sector's policy.

PTT has made office rental agreement in order to use it as office for documentation at Bang Pa-In depot. Terms and rental fee are similar to those that FPT has made with external parties. The Audit Committee opines that such transaction is connected transaction which provides facility to PTT and is beneficial to FPT's business operation at Bang Pa-In depot.

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 transaction is connected transaction that allows PTT to utilize land for NGV pipeline construction, which is the project supporting usage of alternative energy. Such transaction is beneficial to FPT and does not cause any transfer of benefits.

FPT agrees to have training courses on "Oil Depot and Fuel Pipeline Operator" and "Fuel Storage Station Operator" arranged by PTT Oil Business Academy (OBA) because OBA is only organization being certified by Department of Energy that can arrange such training courses. The Audit Committee opines that such transactions are connected transactions. However, they are necessary transactions under general commercial terms and beneficial to FPT's business operation that shall comply with related laws.

3.3 Airports of Thailand Public Company Limited

FPT has made land rental agreement with Airports of Thailand PCL. (AOT) for area outside and along the airport's fence in the Suvarnabhumi Airport area. Such land rental is for laying pipe transferring aviation fuel 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 transaction is connected transaction. However, it is necessary and most beneficial to the 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.

3.4 Dhipaya Insurance Public Company Limited

FPT has made all risks insurance, insurance for legal liability to third parties and political violence risk insurance with Dhipaya Insurance PCL. The insurance premiums are market prices. FPT shall comply with terms and conditions defined in the insurance policies.

The Audit Committee opines that such transactions are connected transactions. However, they are necessary and most beneficial to the FPT's business operation as they are executed in order to reduce risks and impact damage may occur from its aviation fuel and oil transportation via underground pipeline system.

3.5 Bangkok Insurance Public Company Limited

FPT has made all risks insurance, legal liability insurance to third parties and political violence risk insurance including others such as asset insurance, employee health and accident insurance, insurance for legal liability of controlled business in category 3 as specified in fuel oils control law, auto insurance and protection of victims from car accidents, mobile phone and communication radio insurance with Bangkok Insurance PCL. FPT shall pay for insurance premiums, which are market price, and comply with terms and conditions specified in insurance policies.

The Audit Committee opines that such transactions are connected transactions. However, they are necessary and most beneficial to the FPT's business operation as they are executed in order to reduce risks and impact damage may occur from its aviation fuel and oil transportation via underground pipeline system.

3.6 PTT Natural Gas Distribution Co., Ltd.

FPT has made agreement with PTT Natural Gas Distribution Co., Ltd. for natural gas transportation service via pipeline from Liap Klong Prem Prachakon road to entrance of Bangchak Biofuel Co., Ltd. Such pipeline is an old oil pipeline that has not been used by FPT. Terms of service and service fee are defined by calculated from remaining cost of asset in book value including quantity of natural gas that is transported. This transaction helps adding value to FPT's unused asset.

The Audit Committee opines that such transaction is connected transaction which provides facility to PTT Natural Gas Distribution Co., Ltd. as well as optimizes FPT's asset.

4. Connected transactions between Intoplane Services Co., Ltd. (subsidiary) and persons who may have potential conflicts of interests

4.1 PTT Public Company Limited

Intoplane Services Co., Ltd. (IPS) agrees to have training course on "Fuel Service Station Operator" arranged by PTT Oil Business Academy (OBA) because OBA is only one organization being certified by Department of Energy that can arrange such training courses.

The Audit Committee opines that such transaction is connected transaction. However, it is necessary transaction under general commercial terms and beneficial to IPS's business operation that shall comply with related laws.

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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