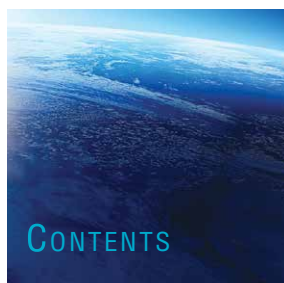




**ANNUAL REPORT 2018**

**BANGKOK AVIATION FUEL SERVICES PUBLIC COMPANY LIMITED**





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

## Vision

# Sustainability in Energy Services with Awareness of Quality Safety and Environment

## Mission





## Core Value







## Message from Managing Director

The year 2018 was another successful year for BAFS's business operations, with growth rates of 4.5 percent and 5.5 percent respectively in aircraft refuelling services and number of refuelled flights. This was mainly due to the expansion of Thai tourism industry and especially International Civil Aviation Organization (ICAO)'s removal of red flag against Thailand over significant safety concerns in late 2017, which was another positive factor causing airlines with suspended licenses to offer new routes and increase flight frequencies in popular routes. In addition, a continuous growth in low cost airlines' long-haul flights compared to the previous year contributed to an increase of 4.8 percent in service revenue compared to the previous year.

In addition, subsidiaries' operations were carried out as planned. The construction of Phichit fuel depot under the Northern fuel pipeline transportation system project of Fuel Pipeline Transportation Co., Ltd. was completed as planned and was scheduled to open in April 2019. Also, the underground hydrant fuel pipeline system construction of Thai Aviation Refuelling Co., Ltd. was finished according to the plan under the Suvarnabhumi Airport Development Project Phase 2 of Suvarnabhumi Airport. The BAFS Innovation Development Co., Ltd. has invented a variety of innovative products, thus BID was granted the copyrights, petty patent and invention patents from the Department of Intellectual Property.

Despite continuous growth in the number of flights and refuelling volume, the global and national political economy volatility and uncertainty remained high. BAFS therefore expanded BAFS Group's revenue generating engines through

new businesses. In the previous year, BAFS established BAFS INTECH Co., Ltd. to provide aircraft refuelling vehicle design, manufacturing, assembly, repair, and maintenance services as well as develop innovations and technologies. Moreover, BAFS entered into a joint venture agreement with PTG Energy Plc. to establish BPTG Co., Ltd. that operated petrol stations in the areas of FPT's fuel depots. Such business expansion not only increased BAFS Group's market cap, but also diversified risks and offered BAFS Group more opportunities for extra revenue generation.

With its commitment to becoming a sustainable organization that operates through business with quality, standards, safety, and good corporate governance while ensuring systematic knowledge management and ongoing innovation promotion, BAFS then received prestigious awards such as Outstanding Sustainability Report Award 2018, Thailand Sustainability Investment (THSI) Award from the Stock Exchange of Thailand for the 4<sup>th</sup> consecutive year, National Outstanding Organization Award for Workplace Safety, Health and Environment 2018 for its three operating sites, and "Excellent" Corporate Governance Report of Thai Listed Companies (CGR) Assessment from the Thai Institute of Directors (IOD) for the 10<sup>th</sup> consecutive year.

On behalf of the Board of Directors, executives and employees, I would like to express my sincere gratitude to all stakeholders for providing support in all dimensions of BAFS's operations. BAFS would like to assure that its sustainable operations will deliver value to stakeholders along the supply chain in a balanced manner and covering economic, social, and environmental dimensions.

Mr. Prakobkiat Ninnad  
Managing Director

## Financial Highlight

(Unit : Million Baht)

	End of Dec, 31 2018	End of Dec, 31 2017	End of Dec, 31 2016	End of Dec, 31 2015	End of Dec, 31 2014
<b>Key Financial Status and Performance</b>					
Services Income	3,754.3	3,581.3	3,564.7	3,327.9	2,981.0
Other Income	52.3	58.9	146.8	31.8	43.8
Total Revenue	3,806.6	3,640.2	3,711.5	3,359.6	3,024.8
Cost of Services	1,658.9	1,606.0	1,546.3	1,449.2	1,380.4
Gross Profit	2,095.4	1,975.3	2,018.4	1,878.7	1,600.6
Administrative Expenses	611.8	583.8	578.6	564.9	547.3
Profit before finance cost and income tax expenses	1,535.9	1,450.4	1,586.6	1,345.6	1,097.1
Finance cost	139.4	160.3	131.2	83.2	101.9
Profit for the year	1,110.2	1,028.5	1,172.3	999.1	795.4
Profit attributable to Equity holders of the Company	1,050.6	970.6	1,097.1	957.7	757.8
Cash, cash equivalents and Current investments	2,179.0	2,064.6	4,363.5	1,501.3	1,246.0
Total Assets	16,290.4	12,414.4	12,157.8	8,540.5	8,235.2
Total Liabilities	8,437.4	4,844.7	4,786.6	2,876.3	3,022.8
Total Shareholders' Equity	7,853.0	7,569.7	7,371.2	5,664.2	5,212.4
<b>Key Financial Ratios</b>					
Gross Profit Margin	55.81%	55.16%	56.62%	56.45%	53.69%
Net Profit Margin	29.17%	28.25%	31.59%	29.74%	26.30%
Return on Total Assets	7.74%	8.37%	11.33%	11.91%	9.74%
Return on Total Equity	14.40%	13.77%	17.99%	18.37%	15.61%
Total Liabilities to Total Equity (Times)	1.07	0.64	0.65	0.51	0.58
Book Value per share* (Baht)	12.32	11.87	11.56	8.89	8.18
Dividend per share (Baht)	1.37	1.25	1.50	1.10	1.10
Earning per share* (Baht)	1.65	1.52	1.72	1.50	1.19

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





## General Information

Bangkok Aviation Fuel Services Public Company Limited	
Head Office	171/2 Kamphaeng Phet 6 Road, Don Mueang, Don Mueang, Bangkok 10210 Tel : 0 2834 8900 Fax : 0 2834 8999 Website : www.bafsthai.com
Type of Business	Storage and Aircraft Refuelling Services
Registration Number	0107538000487
Registered Capital	637,496,657 shares, 1 Baht per share, total 637,496,657 Baht
Paid-up Capital	637,496,153 shares, 1 Baht per share, total 637,496,153 Baht
References	
Share Registrar	Thailand Securities Depository Company Limited 62 Rachadapisek Road, Klongteoy, Bangkok 10110 Tel : 0 2229 2800 Fax : 0 2359 1259
Auditor	EY Office Company Limited 33 <sup>rd</sup> Floor, Lake Rajada Office Complex, 193/136-137, Rajadapisek Road, Klongtoey, Bangkok 10110 Tel : 0 2264 0777, 0 2661 9190 Fax : 0 2264 0789-90

### BAFS Shareholdings in Subsidiary Companies

Name	Type of Business	Type of share	Paid-up Capital (Million Baht)	Shareholding Percentage (%)
<b>Thai Aviation Refuelling Co., Ltd.</b> 99 Moo 10, Srisa Jorakhanoi, Bang Saonthong, Samut Prakran 10570 Tel : 0 2134 4021-6 Fax : 0 2134 0420	Aviation fuel service through pipeline at Suvarnabhumi Airport	Ordinary	530.00	90.00
<b>Fuel Pipeline Transportation Co., Ltd.</b> 424 Kamphaeng Phet 6 Road, Don Mueang, Don Mueang, Bangkok 10210 Tel : 0 2574 6180-3 Fax : 0 2574 6101	Fuel storage and fuel transportation through underground pipeline system	Ordinary and Preferred	3,660.67	75.00
<b>Intoplane Services Co., Ltd.</b> 171/2 Kamphaeng Phet 6 Road, Don Mueang, Don Mueang, Bangkok 10210 Tel : 0 2834 8982-3 Fax : 0 2834 8999	labor contracting service for aircraft refuelling only which currently operates at Samui Airport, Sukhothai Airport and Trat Airport	Ordinary	0.12	83.33
<b>BAFS Innovation Development Co., Ltd.</b> 99 Moo 10 Srisa Jorakhanoi, Bang Saonthong, Samut Prakan 10570 Tel : 0 2326 3800	Research, development, design and improvement of innovative products including licensing and services of technology and innovation	Ordinary	5.00	100.00
<b>BAFS INTECH Co., Ltd.</b> 777/5-8 Moo 9 Tip 6 Bangpla, Bangplee Samut Prakarn 10540 Tel : 0 2130 5881-3 Fax : 0 2130 5884	Design, produce and assembly aviation refuelling vehicle and aviation ground service equipment	Ordinary	60.00	90.00
<b>BPTG Co., Ltd.</b> 90 CW TOWER A (33 <sup>rd</sup> Floor), Ratchadaphisek Road, Huay Kwang Bangkok, 10310 Tel : 0 2168 3378 Fax : 0 2168 3379	Petrol stations located in the front area of Pichit Depot, Lampang Depot, and Kamphaeng Petch Booster Pump Station of Fuel Pipeline Transportation Co., Ltd.	Ordinary	100.00	40.00



## Corporate Awards and Recognition in 2018



### Outstanding Organization Awards for its three operating sites

Bangkok Aviation Fuel Services PCL. (BAFS) received National Outstanding Organization Awards for Safety, Occupational Health and Environment in 2018 for its three operating sites, which are Don Mueang Aviation Fuel Storage and Into-plane Refuelling Station (Head Office) for the 12<sup>th</sup> consecutive year, Suvarnabhumi Into-plane Refuelling Station for the 10<sup>th</sup> consecutive year, and Suvarnabhumi Aviation Fuel Storage Station for the 8<sup>th</sup> consecutive year.

### Thailand Sustainability Investment (THSI)



BAFS received Thailand Sustainability Investment (THSI) Awards held at the Stock Exchange of Thailand. BAFS is a listed company that has the sustainability in its operations by placing importance on the balance of sustainability growth, responsible for its stakeholders including environmental, social and governance (ESG), it is one of choices for investors, who wish to follow sustainable investing approach, whereby ESG is a factor to be considered concurrently with the Company's financial statement analysis. BAFS has been listed in Thailand Sustainability Investment for 4 consecutive years during 2015-2018.

## SET THSI Index

### Outstanding Sustainability Award and SET THSI Index

BAFS was 1 of 45 SET-listed companies included in SET THSI Index, which is used for indicating stock price levels and movements of listed companies with sustainability in its business operations. This supports investors compare their return on investment in sustainable stocks while ensuring social responsible investing practices.

### Honor Plaque and Certificate from the Ministry of Natural Resources and Environment

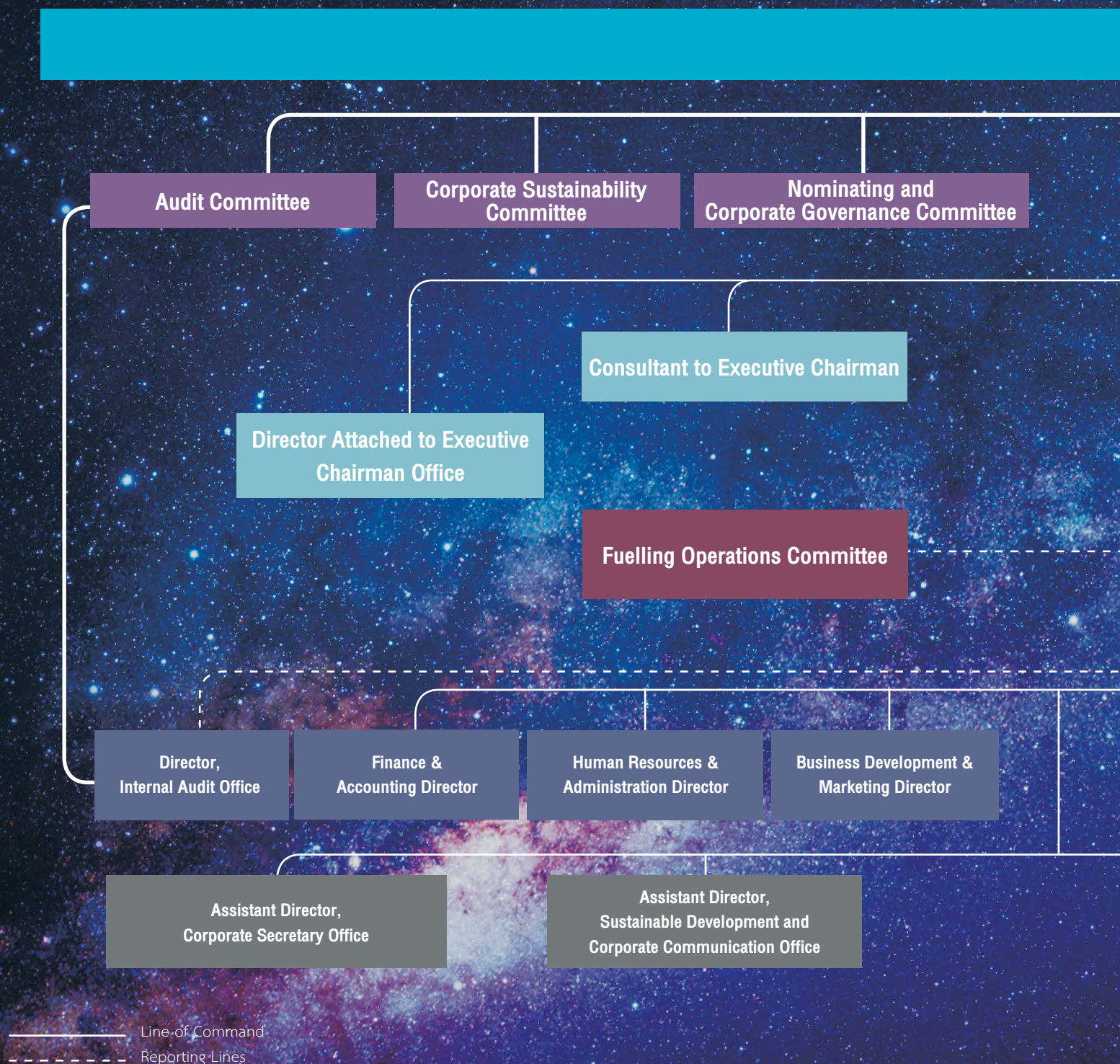


BAFS received an honor plaque and certificate from General Surasak Karnjanarat, Minister of Natural Resources and Environment for associating Thailand Voluntary Emission Reduction Program (T-VER) in the project of solar power generation system installation and replacement of existing light bulbs with Light Emitting Diode (LED) bulbs phase 3. On September 19, 2018. In addition, BAFS was also granted a certificate of Carbon Footprint 2017 at the Global Warming Mitigation Day event, arranged by Thailand Greenhouse Gas Management Organization (Public Organization).



# Organization Chart of BAFS

Bangkok Aviation Fuel Services Public Company Limited







## Board of Directors

Executive Chairman

Remuneration Committee

Risk Management Committee

Managing Director

Assistant Director, Executive Chairman

Safety, Occupational Health  
and Environment

Quality, Occupational Health, Safety and  
Business Continuity Management  
Representative (QMR, OH&SMR and BCMR)

Director, Quality Safety Health and  
Environment Office

Technical Director

Depot Director

Aviation  
Refueling Director

Donmueang & Regional  
Airport Director

Assistant Director,  
Managing Director Office

Assistant Director, Corporate Risk &  
Strategic Management Office

## Board of Directors



**Mr. Palakorn Suwanrath (70 years)**

### Chairman and Independent Director

#### Starting Date of Directorship

April 2, 2007

#### Shareholding of the Company

- None

#### Relationship with Management

- None

#### Education / Director Training Program

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

#### Work Experience

- 2001 - Present Privy Councilor
- 2018 - Present Chairman and Independent Director, Ubon Bio Ethanol Plc.
- 2014 - Present Chairman and Independent Director, The Platinum Group Plc.
- 2013 - 2014 Chairman and Independent Director, The Platinum Group Co., Ltd.
- 1990 - Present Director, Les Trois Co., Ltd.

- 1980 - Present Director, Lucky Clover Co., Ltd.
- 1979 - Present Director, Thongtipaya Co., Ltd.
- 1979 - Present Director, Supatasna 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

- 5 Companies

##### Illegal Record

- None



**M.R. Supadis Diskul (69 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

December 30, 1983

#### Shareholding of the Company

- 0.665% (In name of himself and spouse 4,240,000 shares)
- Increased 160,000 shares in 2018

#### Relationship with Management

- None

#### Education / Director Training Program

- Master of Community and Regional Planning, North Dakota State University, USA
- Bachelor of Science, Medical Technology, Mahidol University
- Certificate, National Defence College, The National Defence Course for the Joint State-Private Sectors, Class 4515
- Programs organized by the Thai Institute of Directors (IOD)
  - Director Accreditation Program (DAP) 12/2004
  - Director Certification Program (DCP) 51/2004
  - 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
  - Board Nomination and Compensation Program (BNCP) 5/2018

#### Work Experience

- 2018 - Present Chairman, BAFS INTECH Co., Ltd.
- 2016 - Present Chairman, BAFS Innovation Development Co., Ltd.





### Mr. Prakobkiat Ninnad (62 years)

- 2014 - Present Executive Chairman,  
Bangkok Aviation Fuel Services  
PCL.
- 2013 - Present Independent Director,  
Bangkok Insurance Public  
Co., Ltd.
- 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  
PCL.
- 2011 - 2014 Director,  
JP-One Asset Co., Ltd.
- Past
  - Managing Director,  
Bangkok Aviation Fuel Services  
PCL.
  - Director,  
Fuel Pipeline Transportation  
Co., Ltd.
  - Managing Director,  
Fuel Pipeline Transportation  
Co., Ltd.
  - Managing Director,  
Thai Aviation Refuelling 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 PCL.

#### Current Position in Other Companies

##### Listed companies

- Independent Director, Bangkok Insurance Plc.

##### Non-listed companies

- 4 Companies

##### Illegal Record

- None

**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

April 24, 2014

#### Shareholding of the Company

- 0.012% (In name of himself 73,800 shares)  
(No Shareholding changed in 2018)

#### 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 PCL.
- Executive Program: Good Governance for  
Sustainable Development Institute for Good  
Governance Promotion Class 1
- Programs organized by  
the Thai Institute of Directors (IOD)
  - Director Certification Program (DCP)  
193/2014
  - Role of the Nomination and Governance  
Committee (RNG) 8/2016

#### Work Experience

- 2018 - Present Director,  
BAFS INTECH Co., Ltd.
- 2016 - Present Director,  
BAFS Innovation Development  
Co., Ltd.

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

#### Current Position in Other Companies

##### Listed companies

- None

##### Non-listed companies

- 5 Companies

##### Illegal Record

- None



### Mr. Surachai Piencharoensak (59 years)

#### Director and Nominating and Corporate Governance Committee Director

##### Starting Date of Directorship

November 8, 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
- Programs organized by the Thai Institute of Directors (IOD)
  - Director Accreditation Program (DAP) 145/2018

##### Work Experience

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

- 2009 - 2015 Director, Strategy & Information Technology Services, Thai Airways International PCL.

##### Current Position in Other Companies

##### Listed companies

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

##### Non-listed companies

- 1 Company

##### Illegal Record

- None



### Squadron Leader Pongtorn Thepkanjana (60 years)

#### Director

##### Starting Date of Directorship

November 8, 2017

##### Shareholding of the Company

- None

##### Relationship with Management

- None

##### Education / Director Training Program

- Bachelor of Aeronautical Engineering, Royal Thai Air Force Academy
- Programs organized by the Thai Institute of Directors (IOD)
  - Director Certification Program (DCP) 233/2017

##### Work Experience

- 2017 - Present Executive Vice President, Operations Department, Thai Airways International PCL.
- 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 PCL.
- 2015 - 2016 Vice President, Aviation Resource Development Department, Thai Airways International PCL.
- 2014 - 2015 Mission Commander, Thai Airways International PCL.





### Mr. Puttipong Prasarttong-Osoth (54 years)

#### Director

##### Starting Date of Directorship

August 8, 2018

##### Shareholding of the Company

- 0.004% (In name of himself 25,000 shares)  
(No Shareholding changed in 2018)

##### Relationship with Management

- None

##### Education / Director Training Program

- Bachelor of Accountancy, Chulalongkorn University
- Senior Executive Program : SASIN
- Commercial Pilot License
- Diploma from Judicial Training Institute
- National Defence College, The Joint State - Private Sector Course Class 24
- Programs organized by the Thai Institute of Directors (IOD)
  - Director Accreditation Program (DAP) 100/2013
  - Director Certification Program (DCP) 241/2017

##### Work Experience

2008 - Present • President

- Vice President - Commercial
- Vice President - Human Resources
- Vice President - Operations Bangkok Airways Public Co., Ltd.

2017 - Present Chairman, Bangkok Air Catering Chiangmai Co., Ltd.

2016 - Present Director, Fuel Pipeline Transportation Co., Ltd.

- 2015 - Present Chairman, Bangkok Air Catering Samui Co., Ltd.
- 2015 - Present Chairman, Gourmet Primo Co., Ltd.
- 2013 - Present Director, Bangkok Media & Broadcasting Co., Ltd.
- 2012 - Present Director, Aeronautical Radio of Thailand Co., Ltd.
- 2012 - Present Chairman, Bangkok Air Ground Services Co., Ltd.
- 2012 - Present Chairman, Bangkok Air Catering Phuket Co., Ltd.
- 2010 - Present Chairman, BAC Gourmet House Co., Ltd.
- 2004 - Present Chairman, Bangkok Air Catering Co., Ltd.
- 2004 - Present Chairman, WFS-PG Cargo Co., Ltd.
- 2004 - Present Chairman, Worldwide Flight Services Bangkok Air Ground Handling Co., Ltd.
- 2004 - Present Director, The Sahakol Estate Co., Ltd.

##### Current Position in Other Companies

###### Listed companies

- President of Bangkok Airways Public Co., Ltd.

###### Non-listed companies

- 13 Companies

##### Illegal Record

- None

2011 - 2014 Director, Flight Test & Development Department, Thai Airways International PCL.

##### Current Position in Other Companies

###### Listed companies

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

###### Non-listed companies

- 2 Companies

##### Illegal Record

- None



**Mr. Nitinai Sirismatthakarn (47 years)**

**Director**

**Starting Date of Directorship**

November 9, 2016

**Shareholding of the Company**

- None

**Relationship with Management**

- None

**Education / Director Training Program**

- Doctor of Philosophy (Economics), Florida State University
- Master of Public Administration, University of Southern California
- Business Administration (Economics), Chulalongkorn University
- Certificate in Public Financial Management University of Southern California
- Certificate in Financial Management University of Southern California
- Programs organized by the Thai Institute of Directors (IOD)
  - Director Accreditation Program (DAP) 138/2017
  - Director Certification Program (DCP) 258/2018

**Work Experience**

- 2015 - Present President, Airports of Thailand PLC.
- 2013 - 2014 Deputy Director, Fiscal Policy Research Institute Foundation
- Past
- President, Thailand Future Foundation
  - Senior 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**

- None

**Illegal Record**

- None



**Mr. Peratak Autadej (59 years)**

**Director**

**Starting Date of Directorship**

November 5, 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.
- Programs organized by the Thai Institute of Directors (IOD)
  - Director Certification Program (DCP) 218/2016

**Work Experience**

- 2018 - Present Executive Vice President, Petroleum Terminal Operations PTT Oil and Retail Business Plc.
- 2015 - Present Director, Thai Petroleum Pipeline Co., Ltd.
- 2015 - 2018 Director, PTT Tank Terminal Co., Ltd.
- 2016 - 2018 Executive Vice President, Petroleum Terminal Operations, PTT Plc.



### Mr. Kongsiam Chinwanno (50 Years)

2015 - 2016	Vice President Acting Executive Vice President, Petroleum Terminal Operations, PTT Plc.
2011 - 2015	Vice President, Products Transportation, PTT Plc.
Past	<ul style="list-style-type: none"><li>• Vice President, Central Petroleum, Terminal PTT Plc.</li><li>• Senior Petroleum Supply and Trading, Petroleum Office PTT Plc.</li><li>• Terminal Operations Planning, Division Manager, PTT Plc.</li><li>• Petroleum Supply, Operations Division Manager, PTT Plc.</li></ul>

#### Current Position in Other Companies

##### Listed companies

- None

##### Non-listed companies

- 2 Companies

#### Illegal Record

- None

#### Director

##### Starting Date of Directorship

April 26, 2018

##### Shareholding of the Company

- None

##### Relationship with Management

- None

##### Education / Director Training Program

- Master of Management (Statistics), USA
- Bachelor of Business Administration  
(with honor), University of Kansas City, USA
- Programs organized by  
the Thai Institute of Directors (IOD)
  - Director Accreditation Program (DAP)  
150/2018

##### Work Experience

2017 - Present	Asia Pacific Fleet Manager, ExxonMobil Limited
2012 - 2017	Asia Pacific Capital and Initiatives Coordinator, ExxonMobil Limited
Past	<ul style="list-style-type: none"><li>• Logistics Business Developer, ExxonMobil Limited</li></ul>

##### Current Position in Other Companies

##### Listed companies

- None

##### Non-listed companies

- 1 Company

#### Illegal Record

- None



### Mr. Rungroj Sivachan (51 years)

#### Director

##### Starting Date of Directorship

February 22, 2017

##### Shareholding of the Company

- None

##### Relationship with Management

- None

##### Education / Director Training Program

- Master of Industrial Engineering & Management, Oklahoma State University, USA
- Bachelor of Chemical Engineer, Chulalongkorn University
- Programs organized by the Thai Institute of Directors (IOD)
  - 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

#### Current Position in Other Companies

##### Listed companies

- None

##### Non-listed companies

- 3 Companies

##### Illegal Record

- None



### Mr. Aswin Kongsiri (73 years)

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

##### Starting Date of Directorship

April 22, 2005

##### Shareholding of the Company

- 0.024% (In name of himself and spouse 150,000 shares)
- Increased 75,000 shares in 2018

##### 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
- Programs organized by the Thai Institute of Directors (IOD)
  - Director Certification Program (DCP) 11/2001
  - The Role of Chairman (RCM) 5/2001

##### Work Experience

2010 - Present Chairman, Thai Orix Leasing Co., Ltd.

2007 - Present Chairman, Ch.Karnchang PCL.

1999 - Present Independent Director and Chairman of the Audit Committee, OHTL PCL.

1994 - Present Independent Director, Ch.Karnchang PCL.

1993 - Present Independent Director and Chairman of the Audit Committee, Thai Reinsurance Public Co., Ltd.





### Mr. Visut Montriwat (72 years)

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

##### Starting Date of Directorship

November 9, 2006

##### Shareholding of the Company

- None

##### Relationship with Management

- None

##### Education / Director Training Program

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

##### Work Experience

- 2015 - Present Independent Director, Lynn Phillips Mortgage Credit Foncier Co., Ltd.
- 2011 - Present Independent Director and Audit Committee Director, Srivichaivejvivat PCL.
- 2008 - Present Director, Thai Aviation Refuelling Co., Ltd.

- 2008 - Present Director, S S V Business 2003 Co., Ltd.
- 2017 - 2018 Independent Director, Proud Estate Development Co., Ltd.
- 2013 - 2014 Director, Thai Paiboon Insurance Co., Ltd.
- Past
  - Independent Director and Member of the Audit Committee, Krungthai Bank PCL.
  - 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 PCL.

##### Non-listed companies

- 3 Companies

##### Illegal Record

- None

- 1981 - Present Independent Director and Audit Committee Member, Padaeng Industry PLC.
- 2008 - 2018 Chairman, Ton Poh Thailand Fund
- 2011 - 2014 Member of Monetary Policy Committee, Bank of Thailand
- Past
  - Chairman, Thoresen Thai Agencies Public Co., Ltd.
  - Governor, The Stock Exchange of Thailand
  - Vice Chairman, Electricity Generating PCL.
  - Director and Risk Management Committee Member, Krung Thai Bank PCL.
  - President, The Industrial Finance Corporation of Thailand

##### Current Position in Other Companies

##### Listed companies

- Independent Director and Chairman of the Audit Committee, OHTL PCL.
- Independent Director and Chairman, Ch.Karnchang PCL.
- Independent Director and Chairman of the Audit Committee, Thai Reinsurance Public Co., Ltd.
- Independent Director and Audit Committee Member, Padaeng Industry PLC.

##### Non-listed companies

- 1 Company

##### Illegal Record

- None



### Mr. Pachara Yutidhammadamrong (71 years)

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

##### Starting Date of Directorship

April 8, 2009

##### Shareholding of the Company

- None

##### Relationship with Management

- None

##### Education / Director Training Program

- Honorary Degree of Doctor of Laws, Ramkhamhaeng University
- LL.B., Thammasat 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)
- Public Director Certification Program from Public Director Institute
- Programs organized by the Thai Institute of Directors (IOD)
  - Director Accreditation Program (DAP) 55/2006
  - Audit Committee Program (ACP) 22/2008

##### Work Experience

- 2018 - Present Chairman, Oils' R Us Co., Ltd.
- 2017 - Present Independent Director, MFC Asset Management Plc.
- 2015 - Present Chairman, Preecha Group Plc.
- 2014 - Present Director, Magic Enterprise Co., Ltd.

- 2013 - Present Director, Amarin Television Co., Ltd.
- 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 PCL.

##### Current Position in Other Companies

##### Listed companies

- Chairman of Committee, Preecha Group Plc.
- Independent Director, MFC Asset Management Plc.

##### Non-listed companies

- 5 Companies

##### Illegal Record

- None



### Mr. Pipat Purnananda (70 years)

#### Independent Director, Audit Committee Director and Risk Management Committee Director

##### Starting Date of Directorship

April 17, 2013

##### Shareholding of the Company

- 0.022% (In name of himself 140,000 shares)  
Increased 60,000 shares in 2018

##### Relationship with Management

- None

##### Education / Director Training Program

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



**Mrs. Usanee Sangsingkeo (61 years)**

#### Work Experience

- 2017 - Present Chairman of Committee,  
TOOM NAM Co., Ltd.
- 2013 - Present Director,  
Thai Aviation Refuelling Co., Ltd.
- Past
- Independent Director and Audit Committee Director, Solution Corner (1998) Plc.
  - 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

#### Director

##### Starting Date of Directorship

December 13, 2017

##### Shareholding of the Company

- None

##### Relationship with Management

- None

##### Education / Director Training Program

- Master of Business Administration (MBA) Saint John's University
- Bachelor of Business Administration (BBA) Bangkok University
- Mini Master of Information Technology (MMIT)
- Advanced Security Management Program (ASMP Class 4)
- Top Executive Program in Commerce and Trade (TEPCot) Class 10/2017
- Joint Government-Private Sector Administration of Society's Peace and Order Course Session 3
- Executive Leadership Program, Capital Market Academy (Class 51)
- Programs organized by the Thai Institute of Directors (IOD)
  - Director Certification Program (DCP) 193/2014
  - Ethical Leadership Program (ELP) 10/2017

##### Work Experience

2018 - Present Senior Advisor,  
Thai Airways International PCL.

- 2017 - 2018
- Acting President
  - Executive Vice President of Corporate Strategy & Sustainable Development
  - Executive Vice President of Commercial
  - Executive Vice President of Aviation Business Thai Airways International PCL.
- 2017 - 2018 Director,  
Nok Airlines PCL.
- 2017 - 2018 Director,  
Thai Smile Airways Co., Ltd.
- 2015 - 2017 Executive Vice President of Aviation Business,  
Thai Airways International PCL.
- 2012 - 2015 Managing Director of Ground Customer Services Department,  
Thai Airways International PCL.
- Past
- Director of In-Flight Equipment Planning & Control Department, Thai Airways International PCL.

#### Current Position in Other Companies

##### Listed companies

- Senior Advisor,  
Thai Airways International PCL.

##### Non-listed companies

- None

#### Illegal Record

- None

Remark : Date of Termination October 18, 2018

## Management Team



**Mr. Prakobkiat Ninnad (62 years)**

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

### Starting Date of Directorship

April 24, 2014

### Shareholding of the Company

- 0.012% (In name of himself 73,800 shares)  
(No Shareholding changed in 2018)

### 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 PCL.
- Executive Program: Good Governance for Sustainable Development Institute for Good Governance Promotion Class 1
- Programs organized by the Thai Institute of Directors (IOD)
  - Director Certification Program (DCP) 193/2014
  - Role of the Nomination and Governance Committee (RNG) 8/2016

### Work Experience

- 2018 - Present Director, BAFS INTECH Co., Ltd.
- 2016 - Present Director, BAFS Innovation Development Co., Ltd.

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

### Current Position in Other Companies

#### Listed companies

- None

#### Non-listed companies

- 5 Companies

#### Illegal Record

- None



**Mr. Amnuay Pahuvanich (59 years)**

Consultant to Executive Chairman

### Shareholding of the Company

- None

### Relationship with Management

- None

### Education / Director Training Program

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

### Work Experience

- 2017 - Present Director, Fuel Pipeline Transportation Co., Ltd.
- 2014 - Present Consultant to Executive Chairman, Bangkok Aviation Fuel Services PCL.
- 2012 - Present Managing Director, Thai Aviation Refuelling Co., Ltd.
- 2006 - Present Director, Thai Aviation Refuelling Co., Ltd.
- 1994 - Present Director, Intoplane Service Co., Ltd.
- Past
  - Consultant to Managing Director, Bangkok Aviation Fuel Services PCL.
  - Senior Technical Manager, Bangkok Aviation Fuel Services PCL.





**Mr. Charoen Charusalaipong (56 years)**

**Consultant to Executive Chairman**

**Shareholding of the Company**

- None

**Relationship with Management**

- None

**Education / Director Training Program**

- Master of Business Administration, Sripatum University
- Bachelor of Science, Mahidol University
- Programs organized by the Thai Institute of Directors (IOD)
  - Director Certification Program (DCP) 168/2013

**Work Experience**

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



**Mr. Kanit Seetong (48 years)**

**Aviation Refuelling Director**

**Shareholding of the Company**

- 0.001% (In name of himself 7,500 shares)  
(No shareholding changed in 2018)

**Relationship with Management**

- None

**Education / Director Training Program**

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

**Work Experience**

- 2016 - Present Aviation Refueling Director, Bangkok Aviation Fuel Services PCL.
- 2016 - Present Chief Marketing Officer, BAFS Innovation Development Co., Ltd.
- 2012 - 2016 Deputy Aviation Refuelling Director, Bangkok Aviation Fuel Services PCL.
- Past
  - Depot Operation Supervisor, Bangkok Aviation Fuel Services PCL.



**Mr. Suwathchai Patcharasaengthong (50 years)**

**Depot Director**

**Shareholding of the Company**

- None

**Relationship with Management**

- None

**Education / Director Training Program**

- Master of Business Administration, Ramkhamhaeng University
- Bachelor of Science in Industrial Technology Electrical Engineering, Siam University

**Work Experience**

- 2018 - Present Depot Director, Bangkok Aviation Fuel Services PCL.
- 2015 - 2018 Business and Development Manager, Fuel Pipeline Transportation Co., Ltd.
- 2013 - 2015 Depot Manager, Fuel Pipeline Transportation Co., Ltd.
- 2009 - 2013 Operations Manager, JP-One Asset Co., Ltd.



**Miss Prapis Ruthairung (57 years)**

**Finance & Accounting Director**

**Shareholding of the Company**

- 0.001% (In name of herself 4,000 shares)  
(Increased 4,000 shares in 2018)

**Relationship with Management**

- None

**Education / Director Training Program**

- Master of Business Administration, Commerce and Accountancy Faculty, Chulalongkorn University
- Bachelor of Economics, Faculty of Economics, Thammasat University
- Programs organized by the Thai Institute of Directors (IOD)
  - Director Certification Program (DCP) 261/2018

**Work Experience**

- 2018 - Present Director, BAFS INTECH Co., Ltd.
- 2017 - Present Director, Intoplane Services Co., Ltd.
- 2016 - Present Director, BAFS Innovation Development Co., Ltd.
- 2016 - Present Chief Financial Officer, BAFS Innovation Development Co., Ltd.
- 2017 - Present Finance & Accounting Director, Bangkok Aviation Fuel Services PCL.
- 2015 - 2017 Deputy Finance & Accounting Director, Bangkok Aviation Fuel Services PCL.
- Past
  - Corporate Finance Manager, Bangkok Aviation Fuel Services PCL.



**Mrs. Jirapat Charoenbhantharaks (57 years)**

**Human Resources & Administration Director**

**Shareholding of the Company**

- 0.001%  
(In name of herself and her husband 6,250 shares)  
(No shareholding changed in 2018)

**Relationship with Management**

- None

**Education / Director Training Program**

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

**Work Experience**

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



**Miss Yuphadee Tongaroonsri (45 years)**

**Don Mueang and Regional Airport Director**

**Shareholding of the Company**

- 0.003% (In name of herself 20,625 shares)  
(No shareholding changed in 2018)

**Relationship with Management**

- None

**Education / Director Training Program**

- Master of Management, Mahidol University College of Management
- Bachelor of Science, Chiang Mai University
- Programs organized by the Thai Institute of Directors (IOD)
  - Director Certification Program (DCP) 227/2016

**Work Experience**

- 2018 - Present Director, BAFS INTECH Co., Ltd.
- 2017 - Present Director and Managing Director, Intoplane Service Co., Ltd.
- 2016 - Present Director, BAFS Innovation Development Co., Ltd.
- 2016 - Present Chief Standard and Intellectual property Officer, BAFS Innovation Development Co., Ltd.
- 2015 - Present Don Mueang & Regional Airport Director, Bangkok Aviation Fuel Services PCL.
- Past
  - Deputy Don Mueang & Regional Airport Director, Bangkok Aviation Fuel Services PCL.
  - Deputy Don Mueang & Regional Airport Manager, Bangkok Aviation Fuel Services PCL.
  - Senior Quality Control Supervisor, Bangkok Aviation Fuel Services PCL.



**Mr. Nattapol Narkuam (51 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
- Advanced Certificate Course in Public Economics Management for Executives, King Prajadhipok's Institute
- Programs organized by the Thai Institute of Directors (IOD)
  - Director Certification Program (DCP) 227/2016

**Work Experience**

- 2016 - Present Director and Managing Director, BAFS Innovation Development Co., Ltd.
- 2016 - Present Board of Director, Intoplane Service Co., Ltd.
- 2014 - Present Technical Director, Bangkok Aviation Fuel Services PCL.
- 2012 - 2014 Technical Manager, Bangkok Aviation Fuel Services PCL.
- Past
  - Deputy Technical Manager, Bangkok Aviation Fuel Services PCL.



**Mrs. Mayuree Nalinwong (55 years)**

**Director, Internal Audit Office**

**Shareholding of the Company**

- 0.006% (in name of herself 37,500 shares)  
(No Shareholding changed in 2018)

**Relationship with Management**

- None

**Education / Director Training Program**

- MBA, Ramkhamhaeng University
- Bachelor of Accounting, Thammasat University
- Public Economics Management for Executives from King Prajadhipok's Institute
- Certificate of Business Management for Internal Audit from Federation of Accounting Professions
- Smart Disclosure Program (SDP) from Stock Exchange of Thailand
- New Financial Reporting Standards, Risk management and Corporate Governance Auditing from Federation of Accounting Professions
- Working papers for Countering Bribery and CAC Briefing - Preparing to apply for Re-certification from Thai Institute of Directors (IOD) and Federation of Accounting Professions
- Programs organized by the Thai Institute of Directors (IOD)
  - Anti - Corruption : The Practical Guide
  - Monitoring the Quality of Financial Reporting

**Work Experience**

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



**Miss Saowapak Jungpattananphong (57 years)**

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

**Shareholding of the Company**

- 0.018% (holding by herself 116,250 shares)  
(No shareholding changed in 2018)

**Relationship with Management**

- None

**Education / Director Training Program**

- Master of Business Administration, Commerce and Accountancy Faculty, Chulalongkorn University
- Bachelor of Accountancy (Accounting) 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 PCL.
- 2012 - 2015 Assistant Director, Quality Safety Health and Environment Office, Bangkok Aviation Fuel Services PCL.
- Past
  - Executive Assistant of Quality Management System, Bangkok Aviation Fuel Services PCL.
  - Senior Stock Control Supervisor, Bangkok Aviation Fuel Services PCL.



**Mr. Pariwat Vattanasup (56 years)**

**Director Attached to Executive Chairman**

**Shareholding of the Company**

- 0.011% (In name of himself 73,125 shares)  
(No shareholding changed in 2018)

**Relationship with Management**

- None

**Education / Director Training Program**

- Master of Public and Private Management (M.P.P.M.), National Institute of Development Administration
- Bachelor of Engineering (Mechanical Engineering), Kasetsart University
- Economics in Public Administration for High-Level Administrators, King Prajadhipok's Institute, Class 13
- Good Governance for Sustainable Development, Institute for Good Governance Promotion 4/2015
- Programs organized by the Thai Institute of Directors (IOD)
  - Corporate Governance for Executives (CGE) 4/2015
  - Driving Company Success with IT Governance (ITG) 1/2016
  - Director Certification Program (DCP) 253/2018

**Work Experience**

- 2017 - Present Director Attached to Executive Chairman, Bangkok Aviation Fuel Services PCL.
- 2007 - Present Senior Operations Director, Thai Aviation Refuelling Co., Ltd.
- 2006 - Present Director, Thai Aviation Refuelling Co., Ltd.



**Mr. Gritt Madisara (42 years)**

**Director Attached to Executive Chairman**

**Shareholding of the Company**

- 0.006% (In name of spouse 35,400 shares)  
(No Shareholding changed in 2018)

**Relationship with Management**

- None

**Education / Director Training Program**

- Master of Business Administration, Kasetsart International MBA, Kasetsart University
- Bachelor of Engineering, Sirindhorn International Institute of Technology, Thammasat University
- Programs organized by the Thai Institute of Directors (IOD)
  - Director Certification Program (DCP) 261/2018

**Work Experience**

- 2017 - Present Director Attached to Executive Chairman, Bangkok Aviation Fuel Services PCL.
- 2017 - Present Chief Technology Officer, BAFS Innovation Development Co., Ltd.
- 2017 - Present Depot Department Manager, Fuel Pipeline Transportation Limited
- 2017 - Present Director, Intoplane Service Co., Ltd.
- 2017 - Present Director, BAFS Innovation Development Co., Ltd.
- Past
  - Deputy Depot Department Director, Bangkok Aviation Fuel Services PCL.



**Mr. Aniruth Boonyatirana (54 years)**

**Director Attached to Executive Chairman**

**Shareholding of the Company**

- 0.01% (in name of himself 67,500 shares)  
(No shareholding changed in 2018)

**Relationship with Management**

- None

**Education / Director Training Program**

- Master of Science Program in Renewable Energy, Naresuan University
- Bachelor of Engineering (Electrical Engineering), Sripatum University
- Bachelor of Education Program in Educational Technology, Srinakharinwirot University
- Intensive English Program at University of Delaware, USA
- Executive Financial - Management Course Faculty of Economics, Chulalongkorn University

**Work Experience**

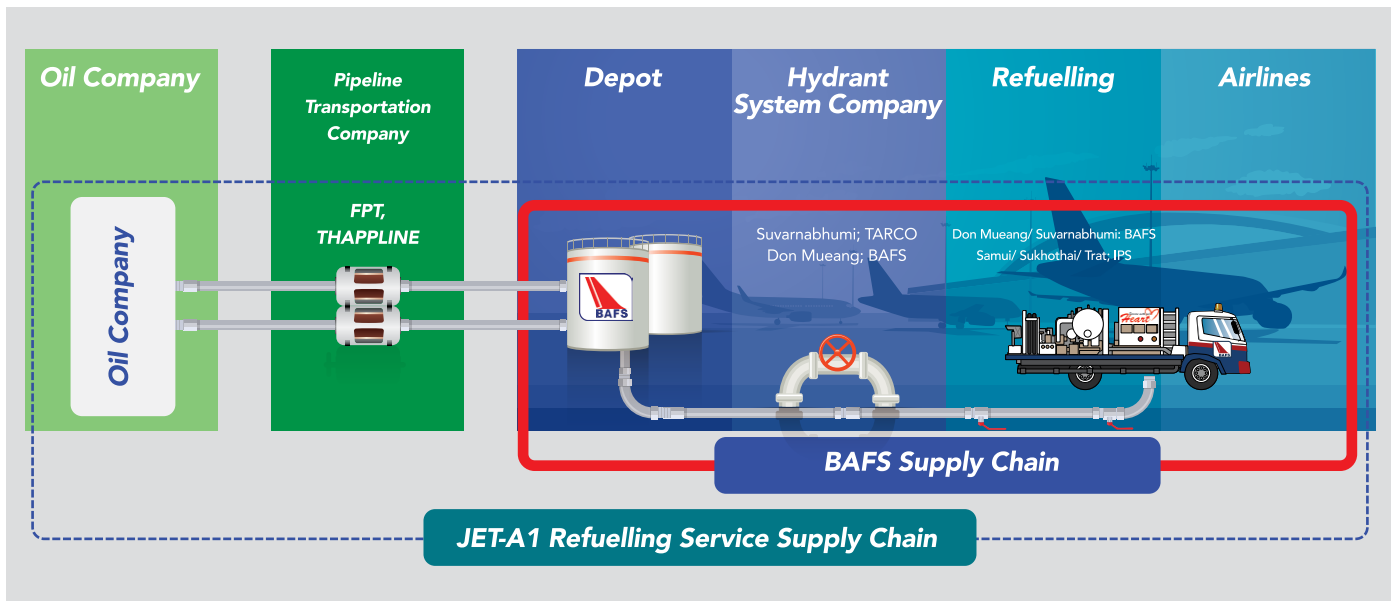
- 2018 - Present Director and Managing Director, BAFS INTECH Co., Ltd.
- 2018 - Present Director Attached to Executive Chairman, Bangkok Aviation Fuel Services PCL.
- 2014 - 2018 Technical Deputy Director, Bangkok Aviation Fuel Services PCL.
- 1998 - 2014 Electrical Engineer, Bangkok Aviation Fuel Services PCL.





## Policy and Business Overview

Please scan the QR Code for BAFS Value chain



Bangkok Aviation Fuel Services Public Company Limited (BAFS) provides comprehensive into-plane services in accordance with international standards. Based on its vision “Sustainability in Energy Services with Awareness of Quality Safety and Environment”, BAFS then operates its business by adhering to corporate governance principles and focuses on delivering balanced values to the stakeholders along the supply chain covering economic, social and environmental dimensions of sustainability, while strengthening and increasing its competitiveness through BAFS and subsidiaries as follows:

1. Thai Aviation Refuelling Company Limited (TARCO) (BAFS holds a 90% stake), provides aviation fuel transportation through hydrant pipeline network at Suvarnabhumi Airport.
2. Fuel Pipeline Transportation Limited (FPT) (BAFS holds a 75% stake), provides aviation fuel storage and multi-product pipeline transportation services. FPT’s pipeline starts from Chongnonsi refinery and fuel depot, then heads for Don Mueng Aviation Fuel Storage Station and ends at Bang Pa-in fuel depot. In addition, to serve the airlines at Suvarnabhumi Airport, there is the pipeline system from Makkasan to Suvarnabhumi Aviation Fuel Storage Station. Moreover, FPT is now expanding its business under the Northern multi-product pipeline transportation project as approved by the resolution of National Energy Policy Council Committee (NEPC). The project yields benefits to the public sector and promotes the national energy stability.
3. Intoplane Service Company Limited (IPS) (BAFS holds a 83.33% stake), provides labor contracting services for aircraft refuelling services at Samui Airport, Sukhothai Airport and Trat Airport.
4. BAFS Innovation Development Company Limited (BID) (BAFS holds a 100% stake), provides research, development and sale of products including licensing and innovation and technologies services.

5. BAFS INTECH Company Limited (BAFS INTECH) (BAFS holds a 90% stake) provides design, manufacturing and assembly services for refuelling trucks including licensing for inspection, repair and maintenance and innovation and technologies services.

Apart from the aforementioned BAFS Group, BAFS has invested in the establishment of BPTG Company Limited (BPTG) (BAFS holds a 40% stake) that supplies and distributes petroleum products to general users in the areas of Pichit Depot, Lampang Depot and Kampong Petch Booster Pump Station of the FPT.

In order to achieve its vision “Sustainability in Energy Services with Awareness of Quality Safety and Environment”, BAFS has implemented the following strategies:

**Growth Strategy** By using BAFS’s strengths in its expertise in into-plane services for over 35 years with certified staff as lecturers and quality inspectors and certified BAFS as a recognition training facility for training courses from JIG (Joint Inspection Group) and IFQP (IATA Fuel Quality Pool) together with its knowledge management system and staff’s preparedness for being safety and into-plane service lecturers, thus resulting in BAFS’s supplementary businesses in training and fuel quality inspection services for airlines and future plans to further develop its into-plane service training business into a world-class excellent operation.

**Organizational Effectiveness Strategy** By carrying out the 5-year Master Plan, consisting of knowledge management and establishment of training center plan, core value campaign plan, strict operational control plan and organizational vision and strategy communication plan determined as Corporate’s Key Performance Indicators, of which the achievement of each plan has been measured concretely and continuously.

**Information Technology Strategy** By developing the information technology database with complete and correct information as well as easy to use, fast processing and secure system, to ensure efficiency in different operations in line with today’s advancement in information technology system.

**Sustainability Strategy** By ensuring transparency in business operations according to the corporate governance principles and focusing on delivering balanced values to the stakeholders along the supply chain covering all economic, social and environmental dimensions of sustainability. In this regard, the Sustainability Working Group is responsible for ensuring the implementation of the 5-year Master Plan for concrete sustainability and reporting its performance to the Corporate Sustainability Committee and the Board of Directors, respectively.

**Supplementary Business Strategy to Reduce Reliance on Core Business Revenue** By investing in startups for the research, development and sale of products to increase into-plane service efficiency as well as in businesses including design, manufacturing and assembly of refuelling trucks, inspection, repair and maintenance licensing service and innovation and technology service, which are the vertical expansion of BAFS’s business with the aim to reduce reliance on key suppliers and to offer a cooperation opportunity to develop cutting-edge equipment and refuelling trucks and to expand distribution of products and services into international markets.

Based on the above-mentioned strategies coupled with Performance Management System according to the Balanced Scorecard and Key Performance Indicators (KPIs) that reflect concrete achievement of Strategy Map’s objectives, BAFS has then experienced sustainable growth and maintained its ability to pay dividends to the shareholders continuously.



## Revenue Structure

BAFS generates its revenue from the following:

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

### Revenue proportion for each business group

Table of BAFS's Annual Revenue Structure (by Business Categories) from 2016 to 2018

(Unit : million Baht)

Product Line / Business Group	Operated by	% of BAFS's Shareholding	2016		2017		2018	
			Amount	%	Amount	%	Amount	%
1. Service revenue	BAFS		2,242.58	60.42	2,238.94	61.51	2,375.07	62.39
	TARCO	90%	626.36	16.88	639.04	17.55	658.24	17.29
	FPT	2016 : 75.00% <sup>1/</sup>	695.75	18.75	703.33	19.32	720.87	18.94
	BI	2017 : 90% <sup>5/</sup>	-	-	-	-	0.16	0.00
2. Property leasing revenue	BAFS		11.23	0.30	12.5	0.34	12.45	0.33
	FPT	2016 : 75.00% <sup>1/</sup>	1.28	0.03	1.04	0.03	1.00	0.03
3. Reversal of allowance for <sup>2/</sup> doubtful accounts	BAFS/FPT	2016 : 75.00% <sup>1/</sup>	29.37	0.79	-	-	-	-
4. Revenue from compensation <sup>3/</sup>	FPT	2016 : 75.00% <sup>1/</sup>	47.01	1.27	-	-	-	-
5. Other revenues <sup>4/</sup>			57.94	1.56	45.36	1.25	38.81	1.02
<b>Total</b>			<b>3,711.52</b>	<b>100.00</b>	<b>3,640.21</b>	<b>100.00</b>	<b>3,806.60</b>	<b>100.00</b>

## Remarks

- <sup>1/</sup> On December 17, 2015, the Board of Directors Meeting No. 5/2015 resolved to approve 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 690 million Baht, thus reducing BAFS's shareholding in the subsidiary from 91.55% to 75%. The sale was completed in January 2016.
- <sup>2/</sup> BAFS recorded estimated liabilities of 100 million Baht in the consolidated financial statements since July 15, 2013 and the actual cost for removal of pipelines incurred an estimated 71 million Baht. BAFS therefore reversed an estimated 29 million Baht of the remaining balance in estimated liabilities, recorded as profit (loss) in other revenues for the first quarter of 2016.
- <sup>3/</sup> In 2016, FPT received compensation from winning the lawsuit in which FPT, as the plaintiff, filed against a company for damages to its fuel transportation pipelines, accounting for an estimated 47 million Baht.
- <sup>4/</sup> Other revenues include revenue from other services and revenue from other types of investments such as interest receivables.
- <sup>5/</sup> On May 9, 2018, the Board of Directors Meeting No. 2/2018 resolved to approve the establishment of BAFS INTECH Co., Ltd. (BI) with registered capital of 60 million Baht (600,000 ordinary shares, 100 Baht each), where BAFS holds a 90% stake.

BAFS Group's total revenue in 2018 was 3,806.6 million Baht, an increase of 166.4 million Baht or 4.6% compared to the total revenue in the previous year. Service revenue was recorded at 3,754.3 million Baht, an increase of 173.0 million Baht or 4.8% based on BAFS Group's growth in total aviation fuel service volume.





## Performance Summary of Year 2018



### 1. Aviation Fuel Storage Service

#### Suvarnabhumi Airport

In 2018, 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 liters<sup>1)</sup>. Volume of fuel reserve was approximately 3 times of aircraft refuelling daily volume.

For Jet A-1 fuel received from all oil companies, its total volume was 4,759.8 million liters, which separately transported via pipelines of Fuel Pipeline Transportation Limited (FPT) and Thai Petroleum Pipeline Co., Ltd. (THAPPLINE) for 1,812.2 million liters and 2,947.6 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 2018 (Million Liters)	Year 2017 (Million Liters)	Increase (Decrease) %
Total volume of fuel received	4,759.8 <sup>2)</sup>	4,605.2	3.4
Average volume of fuel received per day	13.0	12.6	3.4
Average volume of fuel received from FPT per day	5.0	4.8	4.2
Average volume of fuel received from THAPPLINE per day	8.1	7.8	3.8

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.

2) Total volume of fuel received for the year 2018 was 4,789.4 million liters, partly due to rental fuel receiving system from FPT accounting for 29.6 million liters. Thus, the volume of fuel received from oil companies was 4,759.8 million liters.

## Don Mueang International Airport

In 2018, 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 1,237.9 million litres. Jet A-1 fuel was received via pipelines of Fuel Pipeline Transportation Limited (FPT) and Thai Petroleum Pipeline Co., Ltd. (THAPPLINE) for 372.0 million liters and 865.9 million liters, respectively. These figures represent a ratio of FPT : THAPPLINE at 30 : 70.

Performance Summary at Don Mueang Aviation Fuel Storage Station (DMK - Depot)	Year 2018 (Million Liters)	Year 2017 (Million Liters)	Increase (Decrease) %
Total volume of fuel received	1,237.9	1,119.9	10.5
Average volume of fuel received per day	3.4	3.1	10.5
Average volume of fuel received from FPT per day	1.0	0.9	11.1
Average volume of fuel received from THAPPLINE per day	2.4	2.2	9.1

## 2. Aviation Fuelling Services

### 2.1 Aviation Refuelling Service

#### Suvarnabhumi Airport

##### JET A-1

Jet A-1 refuelling service was provided in total for 4,219 million liters or 352 million liters per month on average. It was refueled to 172,446 flights in total or 14,371 flights per month on average.

#### Don Mueang International Airport

##### JET A-1

Jet A-1 refuelling service was provided in total for 1,240 million liters or 103 million liters per month on average. It was refueled to 131,074 flights in total or 10,923 flights per month on average.

##### AVGAS

AVGAS refuelling service was provided in total for 58,991 liters or 4,916 liters per month on average. It was refueled to 465 flights in total or 39 flights per month on average.

### 2.2 Aviation Defuelling Service

#### Suvarnabhumi Airport

Jet A-1 defuelling service was provided to airlines in total for 1.10 million liters or 0.09 million liters per month on average. The service was provided to 84 flights in total or 7 flights per month on average.



### Don Mueang International Airport

Jet A-1 defuelling service was provided to airlines in total for 0.74 million liters or 0.06 million liters per month on average. The service was provided to 96 flights in total or 8 flights per month on average.

### 2.3 Number of Flights Serviced from Airlines

In 2018, the number of airline flights that used BAFS' aviation refueling services at Don Mueang International Airport and Suvarnabhumi Airport was 303,520 flights in total, which increased from 2017 for 15,819 flights. These figures represent its growth rate at 5.5%. Meanwhile, fuel volume provided for aviation refuelling at both airports was 5,458.4 million liters, which increased from 2017 for 251.2 million liters, representing its growth rate at 4.8% compared to the previous year.

Flight	Year 2018	Year 2017	Increase (Decrease) %
<b>At Suvarnabhumi Airport</b>			
<b>Domestic Flight</b>			
Number of Flights	44,765	44,812	-0.1
Fuel Volume (Million Liters)	346.6	347.6	-0.3
<b>International Flight</b>			
Number of Flights	127,681	118,874	7.4
Fuel Volume (Million Liters)	3,872.0	3,736.9	3.6
<b>At Don Mueang International Airport</b>			
<b>Domestic Flight</b>			
Number of Flights	82,021	80,081	2.4
Fuel Volume (Million Liters)	501.3	491.1	2.1
<b>International Flight</b>			
Number of Flights	49,053	43,934	11.7
Fuel Volume (Million Liters)	738.4	631.5	16.9
<b>Total</b>			
Number of Flights	303,520	287,701	5.5
Fuel Volume (Million Liters)*	5,458.4	5,207.1	4.8

Remark \* BAFS's fuel volume provided for aviation refuelling

## Summary of Key Changes in Business Characteristics



### 1. Characteristics of Services

As Thailand's largest aviation fuel service providers, BAFS and its subsidiaries have operated and invested in Thailand's main airports, covering the areas of Into-plane fuelling, aviation fuel storage and transfer of fuel from the storage tanks to the airports via fuel hydrant systems. BAFS has invested in the pipeline transportation business located outside the airports. Apart from aviation fuel services as its core business, BAFS also generate revenue from property rentals and utility services relating to the core business. In 2018, an overview of the significant changes can be summarized as follows:

#### 1.1 Aviation Fuel Services

In the aviation fuel business, fuel trading companies compete for winning aviation fuel tenders from airlines. Once the contract has been awarded, the fuel trading company will procure fuel and hire fuel handlers to transport fuel to BAFS's airport Joint fuel depot. Then, BAFS provides into-plane services to airlines as agreed. Although BAFS has invested in and provided into-plane services but it is not the fuel trader. In fact, BAFS is the one that selects and grants the rights to qualified fuel traders who are able to ensure sufficient fuel supplies for the airports, in order to maintain operational stability and ensure energy security for airlines. BAFS' nature of business is a key driver for free competition among fuel traders and airlines, to create an efficient price mechanism as well as to increase bargaining power and choices for airlines. Currently, there are 2 types of fuel products as follows:





- 1) Aviation Turbine Fuel, which is designed for use in turbofan engines, produces high thrust at maximum efficiency. At present, BAFS provides aircraft with these type of engines with into-plane services of Jet A-1 fuel only.
- 2) Aviation Gasoline (AVGAS) is designed for use in piston engine aircraft including pilot training aircraft and small private jets. At present, there is a low demand for this fuel type and BAFS only provide this product at Don Mueang International Airport.

The scope of services based on work systems can be divided into 3 categories as follows:

#### 1.1.1 Into-plane Fuelling Service

Large-scale investments are crucial for the Into-plane fuelling service business since the refuelling vehicles and equipments are very expensive. In addition, the into-plane fuelling services shall be operated in compliance with regulations and highest international quality standards for safety reasons.

BAFS has established work procedures and instructions for providing into-plane fuelling services in accordance with the Aviation Fuel Quality Control and Operating Standards for Into-Plane Fuelling Services (JIG 1), the standards for oil companies worldwide which were issued by the Joint Inspection Group (JIG) and endorsed by the International Air Transport Association (IATA). BAFS' working philosophy is to ensure international quality standards, highest safety, punctuality and environmental friendliness. Moreover, BAFS has been certified to the ISO 9001:2015 Quality Management Systems and the OHSAS 18001:2007 Occupational Health and Safety Assessment Series.

Currently, BAFS has invested and been operating in 5 airports: Suvarnabhumi, Don Mueang, Samui, Sukhothai and Trat. In 2018, there were some changes in the business at each airport. As follows;

##### 1) Suvarnabhumi Airport

BAFS is one of the two companies that has been granted a 20-year concession to provide the into-plane fuelling service at Suvarnabhumi Airport, starting the operation on September 28, 2006, the same date as the official opening of Suvarnabhumi Airport. Currently, there are 9 fuel suppliers and jet A-1 is the only type of fuel that BAFS receives from fuel suppliers for aircraft refuelling service.

Suvarnabhumi Airport's refuelling was designed to be operated by hydrant systems, which lie underneath the apron throughout the airport. Currently, BAFS uses dispenser trucks for refuelling service and refueller trucks for the defuelling service only.

In 2018, Suvarnabhumi Airport served 364,047 flights, which was an increase of 5.3 percent from the previous year. In addition, BAFS provided the refuelling service for 172,446 flights, which was an increase of 5.4 percent at an average of 472 flights per day. The total refuelling volume was 4,219 million liters per year at an average of 11.6 million liters per day, which was an increase of 3.3 percent, making a total of 88.6 percent of the market share.

**Number of flights and Jet A-1 refuelling volume under observed temperature  
At Suvarnabhumi Airport 2016 - 2018**

Year	Number of Aircraft (Flights per Year)	Refuelling Volume (Million Liters per Year)
2018	172,446	4,219
2017	163,686	4,084
2016	157,355	3,964

## 2) Don Mueang International Airport

Previously, at Don Mueang International Airport, oil companies were responsible for controlling fuel transport, storing and refuelling aviation fuel by themselves. However, after the oil shortage crisis, they were unable to provide a sufficient amount of aviation fuel, resulting in higher prices. In 1983, BAFS was therefore established according to the Cabinet resolution and was granted the right to be the sole aircraft refuelling service provider in order to support the National Policy on the development of Thai airport system capacity that meets international standards and reinforces energy security for airports and airlines.

Continuous growth in the aviation industry has allowed the Airports of Thailand Public Company Limited (AOT) to increase its investment in a new airport to increase capacity to handle the air transport demand and enhance competitiveness in the region in response to the increased demand of airlines. In 2006, most of the flights were relocated to Suvarnabhumi Airport, which was initially designed to accommodate 45 million passengers a year. However, there was a continuous increase in the number of passengers and flights. Thus, AOT decided to reopen Don Mueang International Airport for full commercial operations to ease air traffic congestion at Suvarnabhumi Airport according to the government policy. From October 1, 2012, Don Mueang International Airport has operated 24 hours a day and served as the operating base for low cost carriers (LCCs).

Currently, there are 9 fuel suppliers at Don Mueang International Airport. Besides Jet A-1 fuel refuelling service, BAFS also provides AVGAS refuelling service, for which the demand is very low and thus only available at Don Mueang International Airport, for which BAFS uses both dispenser and refueller trucks. The refuellers are used for the refuelling service at aprons where hydrant systems are not installed such as remote parking areas and the area in front of the cargo terminal, and they are also used for the defueling service.

In 2018, there were 269,964 flights at Don Mueang International Airport, which was an increase of 6.5 percent, and 131,074 flights used the refuelling service, which was an increase of 5.7 percent. There were 15 scheduled airlines, 12 of which were low-cost airlines. BAFS provided the aircraft refuelling service for a total of 280 scheduled and non-scheduled airlines, an average of 359 flights per day. The refuelling volume totaled 1,240 million liters per year, an average of 3.4 million liters per day, which was an increase of 10.4 percent from the previous year.



**Number of flights and Jet A-1 refuelling volume under observed temperature  
At Don Mueang International Airport 2016 - 2018**

Year	Number of Aircraft (Flights per Year)	Refuelling Volume (Million Liters per Year)
2018	131,074	1,240
2017	124,015	1,123
2016	121,910	1,125

### 3) Regional airports

BAFS is the sole refuelling service provider at 3 regional airports, namely Samui, Sukhothai, and Trat, which are owned and operated by Bangkok Airways Public Company Limited (BA). BAFS has been granted a 25-year concession to provide the refuelling service for all flights operated by all airlines at the 3 airports. Currently, there is only 1 out of the 9 authorized fuel suppliers at the airports.

BAFS only uses refueller trucks for both the refuelling and defuelling services at Samui Airport, Sukhothai Airport and Trat Airport, which are sufficient to handle the flights at each airport.

**Number of flights and Jet A-1 refuelling volume under observed temperature  
at regional airports during 2016 - 2018**

Year	Number of Aircraft (Flights per Year)	Refuelling Volume (Million Liters per Year)
2018	8,364	25.9
2017	10,956	30.8
2016	11,870	25.7

#### 1.1.2 Fuel Hydrant System Service

Currently, Suvarnabhumi Airport and Don Mueang International Airport are operating fuel hydrant systems for their refuelling service. The Jet A-1 fuel from the airport depots is transported by hydrant pumps through the hydrant pipelines network, which lies underneath the apron. Then the Jet A-1 fuel is delivered from hydrant pit valves to the aircraft by the dispensers. These vehicles are equipped with meters, filter water separators, and control valves to control appropriate fuel flow rate into the aircraft. Also, hydrant control systems, leakage monitoring systems, and emergency shutdown systems are installed at every aircraft bay. When the emergency shutdown button 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, thereby ensuring safety and service efficiency. However, in 2018, there were some changes as detailed below.

### 1) Suvarnabhumi Airport

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

The Suvarnabhumi Airport Development Project Phase 2, which is aimed at increasing airport capacity from 45 million passengers per year to 60 million passengers per year, by constructing the Midfield Satellite Building 1 to support the extra of 15 million passengers per year and its adjacent apron to accommodate 28 contact gates, of which 20 for B-747-400 (Code E) and 8 for A-380 aircraft (Code F). In this project, TARCO has been granted the concession from AOT to construct and operate the hydrant system. The pipeline construction started in 2015 and is expected to be completed in 2019. According to the Suvarnabhumi Airport Development Project Phase 3, the third runway and the second passenger terminal will be constructed to accommodate up to 90 million passengers and it is expected to be completed by 2021.

### 2) Don Mueang International Airport

BAFS is the sole tenant and operator of the hydrant system at Don Mueang International Airport in which AOT made investments.

The Cabinet approved the promotion of Suvarnabhumi Airport's position as a regional hub airport operating full-service flights and connecting flights and Don Mueang International Airport's position as an LCCs hub for domestic and international point-to-point flights in order to maximize utilization of the 2 airports. Most airlines, which operate at Don Mueang International Airport, serve short-haul flights with a high flight frequency and less fuel consumption per flight and a need for a quick service due to a short turnaround time.

Currently, the LCCs market is rising sharply in both route and flight frequency due to high competition in pricing to attract passengers, resulting in a continuous growth in air traffic movement at Don Mueang International Airport. In 2018, the number of passengers reached 40.6 million passengers and is expected to increase to 47.7 million passengers by 2020. AOT has therefore implemented the Don Mueang International Airport Development Project Phase 3 (2017-2025) to accommodate up to 40 million passengers per year, thus reaching the ultimate capacity of Don Mueang International Airport to handle up to 40-50 flights per hour. Expected to be completed by 2025, the project includes the construction an apron of 12 aircraft parking bays and connecting taxiways for the aircraft code C and the construction of 4 remote aircraft parking bays to accommodate the aircraft Code A or B, and 32 remote aircraft parking bays for the aircraft Code C.





### 1.1.3 Aviation Fuel Storage Service

BAFS operates aviation fuel storage stations to serve all fuel suppliers at the airports. The fuel suppliers are responsible for supplying and transporting certified fuel products to the storage stations before being distributed to the airport and then to the aircraft. BAFS controls fuel quality according to the Aviation Fuel Quality Requirement for Jointly Operated System (AFQRJOS) and established storage operating procedures according to the Aviation Fuel Quality Control and Operating Standards for Airport Depots and Hydrants (JIG 2), issued by the Joint Inspection Group. In addition, BAFS is responsible for preparing records of fuel receipt and distribution and stock reports for all fuel suppliers. The 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 2018, there were some changes as detailed below:

#### 1) Suvarnabhumi Aviation Fuel Storage Station

BAFS invested in the Airport Aviation Fuel Storage Station located outside the airport in Bang Saothong District, Samut Prakan Province. Therefore, the operation can continue sustainably without limitation on the airport concession period. The airport fuel facilities consist of 11 hydrant pumps with a maximum capacity of 5,500 cubic meters per hour.

To ensure safe and constant pressure systems and reduce management difficulties, BAFS' Airport Aviation Fuel Storage Station is the only one that is directly connected to the hydrant system of TARCO. If fuel quality problems arise, sources and owners of fuel can then be identified. Currently, there are 5 fuel storage tanks with 15 million liters capacity each, totaling 75 million liters capacity and accounting for an average of 4 days reserve stock for the airport.

Moreover, in BAFS' Airport Aviation Fuel Storage Station, there are 3 more fuel storage tanks with 10 million liters capacity each, totaling 30 million liters capacity, leased by Fuel Pipeline Transportation Limited (FPT), BAFS's subsidiary. Therefore, there are reserves of 105 million liters in total which receives aviation fuel from 2 pipeline routes only: pipeline systems of FPT and Thai Petroleum Pipeline Company Limited (THAPPLINE).

**Jet A-1 fuel receipt and distribution volume under observed temperature  
At Suvarnabhumi Aviation Fuel Storage Station during 2016 - 2018 (Unit: Million Liters)**

Year	Receipt Volume	Distribution Volume
2018	4,789.4	4,762.9
2017	4,605.2	4,624.0
2016	4,522.2	4,532.3

## 2) Don Mueang Aviation Fuel Storage Station

Since 2013, AOT's reopening of Don Mueang International Airport for full commercial operations in parallel with Suvarnabhumi Airport in line with the government policy, has resulted in a considerable growth in flights and demands for aircraft refuelling service which also tend to increase continually every year. Currently, at the Don Mueang Aviation Fuel Storage Station, there are 4 fuel tanks 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 2018, the Don Mueang Aviation Fuel Storage Station had Jet A-1 fuel reserve volume for 8 days, which is receiving from 2 pipeline routes : FPT and THAPPLINE.

**Jet A-1 fuel receipt and distribution volume under observed temperature  
at Don Mueang Aviation Fuel Storage Station during 2016 - 2018 (Unit: Millions Liters)**

Year	Receipt Volume	Distribution Volume
2018	1,237.9	1,239.7
2017	1,119.9	1,122.6
2016	1,384.0	1,125.0

## 3) Regional Aviation Fuel Storage Stations

Besides the large-scale airports, BAFS has also the ability to provide aircraft refuelling service to small-scale airports. BAFS has invested in 3 regional aviation fuel storage stations owned and operated by Bangkok Airways Company Limited (BA): Samui, Sukhothai, and Trat.

At Sukhothai and Trat Airport, the daily flight frequency and the sales volume are slightly low, and BAFS has invested in a fuel tank with 25,000 liters capacity to receive aviation fuel that is transported by tank trucks. Unlike Samui Airport which is a large-scale airport located on an island, aviation fuel is transported by tank trucks boarding the ferry from Surat Thani Province and stored at BAFS' aviation fuel storage stations. Therefore, BAFS has ensured sufficient fuel reserve by building 3 fuel tanks with a total capacity of 1.05 million liters to reduce the risk of business disruption especially in case of natural disasters such as heavy storms which may cause interruptions to the ferry service.

**Jet A-1 fuel receipt and distribution volume under observed temperature  
at Regional Aviation Fuel Storage Stations during 2016 - 2018 (Unit: Millions Liters)**

Year	Receipt Volume	Distribution Volume
2018	25.7	25.9
2017	31.2	30.8
2016	25.8	25.7



## 1.2 Fuel Pipeline Transportation Service

BAFS has invested in a fuel pipeline transportation business by holding shares in FPT, transportation company which is a multi-product pipeline, and which transports fuel by an underground pipeline from the Refinery of Bangchak Corporation Public Company Limited, the Oil Terminal of Shell Company of Thailand Limited and the Oil Terminal of Chevron (Thailand) Company Limited, which are located in Chongnonsri, then to the Don Mueang Aviation Fuel Storage Station. The ground products including diesel and gasoline are also transported in the same pipeline with a total length of 69 kilometers, which are at the Bang Pa-In Terminal, Phra Nakhon Si Ayutthaya Province, before distribution. For the Suvarnabhumi Aviation Fuel Storage Station, aviation fuel is transported by the pipeline departing from the same route and connecting to the main pipeline at the Makasan Control Station. The total length of pipeline from Makasan to Suvarnabhumi Airport is 30 kilometers.

Also, FPT has expanded its fuel pipeline transportation system, connects the Bang Pa-In Terminal, Phra Nakhon Si Ayutthaya Province to the Pichit Depot and the Lampang Depot in the northern region. This project helps strengthen the stability of the country's energy reserves and also reduces fuel truck accidents and greenhouse gas emissions that cause global warming. This is the critical for infrastructure of the country in support of the ASEAN Economic Community (AEC) expansion in the future. At present, the construction of Pichit Depot has been started in August 2016 and is expected to be completed by 2019.

## 1.3 Refueller Manufacturing and Assembly Business

BAFS has recognized the investment and business opportunities that will strengthen its core business by entering into a joint venture with Uniwave Co., Ltd. to establish a new company called "BAFS INTECH Company Limited" (BAFS INTECH), in which BAFS holds a 90% ownership, to design, manufacture and assemble refuelling vehicles and ground services equipment, with the registered capital of 60 million Baht. The company manufactures and assembles hydrant dispensers, refuellers and hydrant carts, both diesel-powered or even battery electric vehicle (BEV)-powered. In addition, BAFS INTECH provides after-sales services including repair and maintenance of different types of refuelling vehicles and ground services equipment relating to aircraft refuelling service. Apart from supporting vehicles for the parent company, BAFS INTECH has also targeted other into-plane service providers in the ASEAN countries, such as the Lao People's Democratic Republic and Cambodia, where the company's long-outstanding expertise in the aviation fuel business would be utilized to respond to the holistic needs of the customers. Moreover, BAFS INTECH is able to offer comprehensive service packages comprising of a refuelling truck, and after-sales services, which include maintenance and aircraft refueling safety training. In the future, BAFS INTECH sets its goals to become the leader in refuelling vehicle assembly that meets the highest international quality standards, through advanced engineering skills and expertise, as well as constantly innovating to increase the level of safety as appropriate to all airports worldwide and gain international recognition for its electric refuelling vehicle assembly.

#### 1.4 Product Development, Design, Manufacturing and Distribution Business

BAFS established BAFS Innovation Development Company Limited (BID) to conduct the study, research, development, improvement, designing, manufacturing and distribution of products as well as licensing and innovation and technology services. Currently, BID has 3 products in support of BAFS' major activities as follows:

- KYT Voice - a voice reminder device to raise the safety awareness of refuelling operators. The device will remind the operators to perform the safety walk-around as part of the Kiken Yochi Training (KYT) before moving the vehicle away from the aircraft. Once the operators have completed the KYT task, he will then push a button to confirm, thereby increasing the safety in aircraft refuelling service.
- LED Fiber Optic - a lighting device for improving the visibility of the refuelling inlet hose, consisting of fiber optic cable that diffuses light to the side with LED as a source of light and enables it to be easily seen. The device helps reduce risks of other ground handling's personnel or vehicles accidentally stepping on or running over the refueling inlet hose during the low visibility environment.
- Refuelling Vehicle Inspection System Application - a refuelling vehicle inspection system installed on a tablet. It is a refuelling vehicle inspection reporting application to reduce paper work and time in preparing a report. Also, the application sends notifications upon users' reply or correction, and is able to retrieve the inspection record histories. The fact that the information has been gathered in the same source enables better and faster information management and easy information retrieval.

Moreover, BID still has many more proprietary products, which can be upgraded for a broader utilization. The company is also in the process of preparing to introduce and market its products, which will bring additional revenue to the company.

#### 1.5 Asset and related utility service system rental service

Besides the businesses related to aviation fuel service, BAFS also operates other businesses associated with its core business as follows:

- 1) Space and fuel tank rental service at Suvarnabhumi and Don Mueang Aviation Fuel Storage Station.
- 2) Fuel pipeline receiving system rental service at Suvarnabhumi Aviation Fuel Storage Station: BAFS has invested in the system and charged FPT a fee for transporting fuel to its fuel tanks.
- 3) Space and utility rental service to install fuel pipeline receiving systems connecting the pipeline systems of THAPPLINE that has to utilize space in BAFS for its pipeline transportation.
- 4) Asset, land and related utility rental service





**Jet A-1 fuel receipt volume under observed temperature categorized by fuel pipelines  
2016 - 2018 (Unit: Million Liters)**

Year	Suvarnabhumi		Don Mueang		Total	
	FPT	THAPPLINE	FPT	THAPPLINE	FPT	THAPPLINE
2018	1,812.2	2,947.6	372.0	865.9	2,184.2	3,813.5
2017	1,743.8	2,861.4	322.0	797.9	2,065.8	3,659.3
2016	1,698.7	2,823.4	568.3	815.7	2,267.0	3,639.1

## 2. Nature of Business in the Previous Year

For the aircraft refuelling service in 2018, BAFS continues to make investments to expand service capacity at Don Mueang International Airport following a continuous growth of flights. Currently, a growing number of passengers tend to travel by plane instead of taking a bus. Moreover, in the previous year, the low cost carriers (LCCs) market, based at Don Mueang International Airport, highly competed on price to attract users, experienced a drastic increase in flight routes and flight frequencies and opened more international routes. Therefore, AOT implemented the Don Mueang International Airport Development Plan Phase 3 to increase its ultimate capacity to handle 40 million passengers per year, which is expected to be completed by 2025. At present, AOT is on the process of conducting an environmental impact assessment for the Office of Natural Resources and Environmental Policy and Planning. Once the project is completed, the number of aircraft parking bays will increase from 108 to 185 and the number of contact gates from 27 to 36, which can handle 50 flights per hour.

In 2018, BAFS provided the aircraft refuelling service to a total of 131,074 flights, an increase of only 5.7 percent from the previous year, and a total refuelling volume of 1,240 million liters, an increase of 10.4% from the previous year. This was due to the ICAO's removal of red flag against Thailand over safety concerns that had a positive impact on the aviation industry and enabled Thai airlines to increase flights and expand routes to popular destinations such as Japan and Korea. Amid the increase in the number of passengers, AOT therefore applied tools to alleviate congestion of Don Mueang International Airport. However, limited airport slots at Don Mueang International Airport caused airlines to change their strategies by switching from domestic flight schedules to international ones. Apparently, the number of refuelled flights increased to 7,064 flights, divided into 5,115 international flights and the remaining domestic flights. It was found that the refuelling volume for international flights increased by 17% from the previous year. Airlines also switched to the aircraft offering more seats to accommodate more passengers. All of the above factors contributed to the increase in refuelling demands and its growth trend continues to rise.

Currently, BAFS has rented all 64 aircraft parking bays equipped with aviation fuel hydrant systems, covering all apron areas to operate underground fuel pipeline systems by 25 hydrant dispensers and provide refuelling service by 9 refueller trucks. In 2019, BAFS has also prepared an investment plan for 1 dispenser and 1 refueller with a capacity of 15,000 liters to accommodate a growth of flights at Don Mueang International Airport, which is expected to increase approximately by 9 - 10%.

Suvarnabhumi Airport, which is Thailand's main airport, was initially designed to handle 45 million passengers per year. However, in 2018, it served up to 62.8 million passengers, an increase of 6.3% from last year. AOT has, therefore, initiated the Suvarnabhumi Airport Development Project Phase 2 to increase the passenger handling capacity and alleviate congestion of passengers and flights which have continuously increased every year. The construction project, which will increase the passengers handling capacity to 60 million passengers per year, has already started on September 14, 2016. The constructions include the Midfield Satellite Building 1 with 28 contact gates, 8 of which will be capable of serving Airbus A-380 (Code F) aircraft and 20 will be serving Boeing 747-400 (Code E) aircraft and is scheduled to be completed by 2020. Then the next phase of airport expansion 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 by 2021.

In 2018, BAFS provided the refuelling service at Suvarnabhumi Airport to a total of 172,446 flights, an increase of 5.4 percent from the previous year, with a total of 4,219 million liters of Jet A-1 fuel which increased by 3.3 percent from the previous year. BAFS used two types of refuelling vehicle, consisting of 40 dispensers and 2 refuellers, and had 5 Jet A-1 fuel tanks with a total capacity of 75 million liters.

### 3. Significant Policies and Nature of Service Marketing

#### 3.1 Marketing Strategy

Presently, BAFS still undergoes marketing efforts by entering into into-wing contracts with fuel suppliers to provide the refuelling service for airlines operating at all airports where it is a service provider. BAFS will inform fuel suppliers of service fees which will be added to other costs such as fuel costs and transportation fees to bid for an airline's tender. BAFS' refuelling service fees are separated from suppliers' fuel costs. BAFS provides service to all fuel suppliers and airlines under the same standards. In 2018, BAFS was still the market leader with 88.6 percent of market share in the refuelling volume at Suvarnabhumi Airport. BAFS' into-plane marketing strategy focuses on providing fuel suppliers' customers, namely airlines, with safe, reliable and punctual services and delivering fuel with quality that meets international standards to prevent flight delays or airline's complaints.





Moreover, BAFS conducts a customer satisfaction survey for both direct customers (fuel suppliers) and indirect customers (airlines) on a yearly basis. Its departments regularly meet customers to gather suggestions and comments for improvements. In case of complaints, BAFS will immediately clarify the matters as soon as possible. BAFS also performs fuel inventory and prepares relevant reporting systems for fuel suppliers with updated daily information as well as maintains confidentiality and is careful to disclose information of fuel suppliers in accordance with the regulations based on good corporate governance principles.

### 3.2 Competitive Strategies

BAFS' business philosophy is to provide the refuelling service by ensuring quality according to international standards, punctuality and the highest safety. Apart from its service strategy that meets international standards and is accepted by the world's oil companies and airlines, BAFS has also pursued other strategies to compete in the market as follows:

#### 1) Service with International Quality Standards

BAFS operates its service systems in compliance 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 were 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, the updated and standardized operating systems and equipment has enabled BAFS to be considered as an approved training facility for airline's auditor training of the IATA Fuel Quality Pool (IFQP) and fuel suppliers of Joint Inspection Group (JIG). Additionally, BAFS has been certified by the International Standards Organization with the Quality Management System (ISO 9001:2015) and the Occupational Health and Safety Assessment Series (OHSAS 18001:2007). Therefore, all airlines can be assured that standard and quality fuels in response to customers' needs will be provided to all flights.

#### 2) Service Quality Assurance

BAFS is confident that airlines will receive punctual services according to airlines' flight schedules with cutting-edge machines and tools which are equivalent to other airports worldwide as well as well-trained employees. Over the past year, BAFS has become recognized by airlines for its highest safety service and fuel quality in accordance with international standards. BAFS also allows airlines' and fuel suppliers' auditors to regularly conduct an annual audit.

#### 3) Competitive Pricing

BAFS imposes a competitive pricing policy for refuelling service fees at Suvarnabhumi Airport to be at the competitive level with its competitors, namely airports in Asia. For Don Mueang International Airport, service fees are set in line with operating costs of the hydrant system, the fuel storage fees and the aircraft refuelling service fees.

#### 4) Safety Awareness

BAFS places importance on occupational health and safety in working conditions by emphasizing the safety policy to control and prevent accidents, and strengthen airlines' confidence in the safety of BAFS' services. Therefore, BAFS has set up a particular department, which directly reports to the Managing Director, and provided budget support to ensure the achievement of objectives.

### 3.3 Pricing Policy

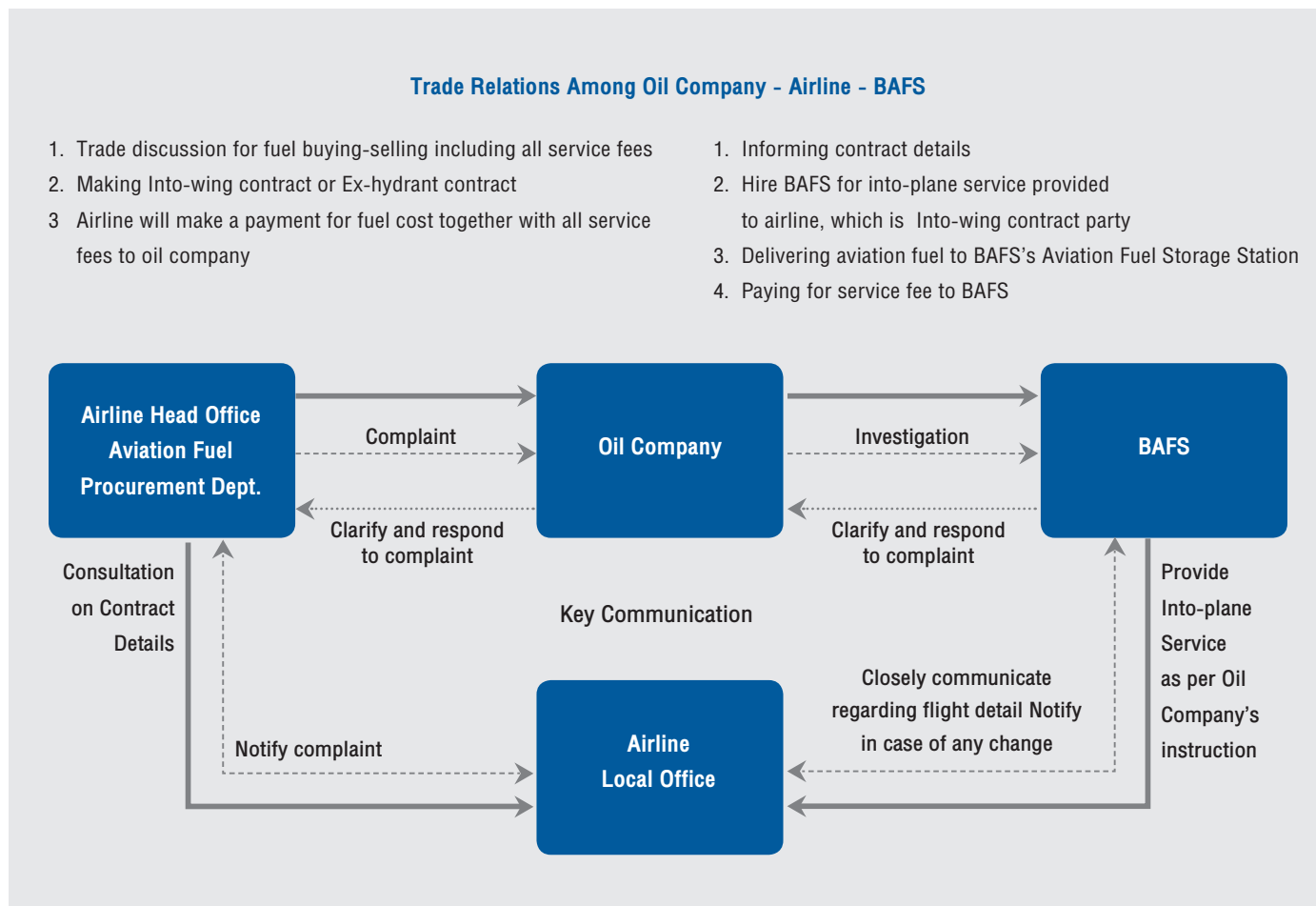
The pricing policy is set in accordance with international standards by taking into account the economic situation, competition and BAFS' action plans approved by the Board of Directors and executives.

### 3.4 Characteristics of Customers and Target Customers

BAFS' target customers include fuel suppliers that sell aviation fuel to airlines operating at Suvarnabhumi, Don Mueang, Samui, Sukhothai and Trat Airports. When fuel suppliers enter into a fuel sale and purchase contract with airlines, the into-plane service is also included in the contract called the into-wing contract.

### 3.5 Supply and Distribution Channels

When the fuel sale and purchase contract is agreed between fuel suppliers and airlines, the fuel suppliers will inform BAFS of the details and conditions of the airlines. After that, the fuel suppliers will transfer aviation fuel to BAFS' aviation fuel storage stations which are joint depots, and BAFS will provide the into-plane service to the airline customers accordingly. BAFS will issue a delivery receipt (D/R) document to the airlines after the service of each flight and provide a total sales volume report to the fuel suppliers. Currently, BAFS provides the into-plane service at 5 airports: Suvarnabhumi, Don Mueang, Samui, Sukhothai and Trat. The refuelling service process is shown below.





### 3.6 Conditions of Service

BAFS has 4 service conditions for airlines as follows:

#### (1) Service Obligation

BAFS provides the into-plane service pursuant to the contract conditions agreed between fuel suppliers and airlines. The fuel suppliers will inform BAFS of the details of airline customers prior to service operation.

#### (2) Fuel Carnet Card

The fuel suppliers will provide an approved list of carnet card holders and allow BAFS to service those airlines in advance of service operation.

#### (3) Cash Payment

In case that the airlines have no contract as in item 1 and no carnet card as in item 2, they can pay cash, which can only be in Thai Baht, for fuel cost including service fee. BAFS will be informed of the selling price from the fuel suppliers in advance. If the airlines make a service request, BAFS will collect the cash from the airlines. BAFS will temporarily keep the cash and further deliver the whole amount of cash to the fuel suppliers.

#### (4) P-Card

Airlines can contact the fuel suppliers that issue a P-card for fuel cost and the refuelling service payment within the card balance, which is more convenient than cash payment. However, there are just a few domestic commercial 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 is completed. The D/R provides a record of the flight details, types and conditions of service, fuel supplier's name, fuel volume and date and time of refueling service. 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 on a daily basis. BAFS also provides 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. The service fees will be calculated based on the total fuel sales volume refuelling to the aircraft of airlines that are customers of each fuel supplier in a particular month. Then the fuel suppliers will invoice fuel cost, including all service fees, to the airlines, according to the conditions of the sale and purchase contracts between the fuel suppliers and the airlines.



## Into-Plane Service Industry and Competition



### 1. Industrial Situation in the Past Year

The aviation fuel storage and aircraft refuelling service industry is growing in parallel with the tourism and airline businesses based on the volume of air traffic and flight routes. Fuel consumption of each flight is subject to aircraft type and flight distance. Thus, any factors affecting those businesses will also have a direct impact on the overall growth of aviation fuel storage and aircraft refuelling service industry.

#### Tourism

In 2018, the into-plane service was negatively affected by the tourism business. Such factors include the temporary closure of Kansai International Airport due to Typhoon Jebi in early September, global economic volatility and subsequent recession at the end of the year, the boat accident in Phuket province and the incident of violence against a Chinese tourist at Don Mueang International Airport, resulted in a decrease in the number of inbound Chinese tourists previously forecast from 12 million to 10 million. Despite negative effects arising from the aforementioned factors, number of inbound foreign tourists has been recovered during the last two months of 2018, partly due to the tourism season as well as the government's Visa on Arrival (VOA) fee exemption scheme for inbound tourists from 21 countries. Consequently, the number of inbound foreign tourists in 2018 still positively increased by 7.1% or accounted for 38.12 million people. There was a strong 9% growth in the number of major tourist groups that came from Asian routes which took less than 5 hours by plane, followed by those from European routes growing by 4.0%, thus resulting in the volume of aircraft fuel serviced for international flight routes to grow by 5%.

#### Airlines

The worldwide airline industry is expanding to accommodate increased air transport movements, especially in Asia. In 2018, the number of passengers travelling by air grew, on average, by 6%, a slight decline compared to the previous year following the global economic volatility. The trade war between the US and China, the Brexit issues and in particular the conflicts and tensions across the Middle East have caused the airlines to take policy measures, including a ban on carry-on electronic devices, as well as travel restrictions; while the airlines' operating costs in the previous year were affected by the surge in oil prices. All these factors contributed to Thailand-bound flight cancellations of

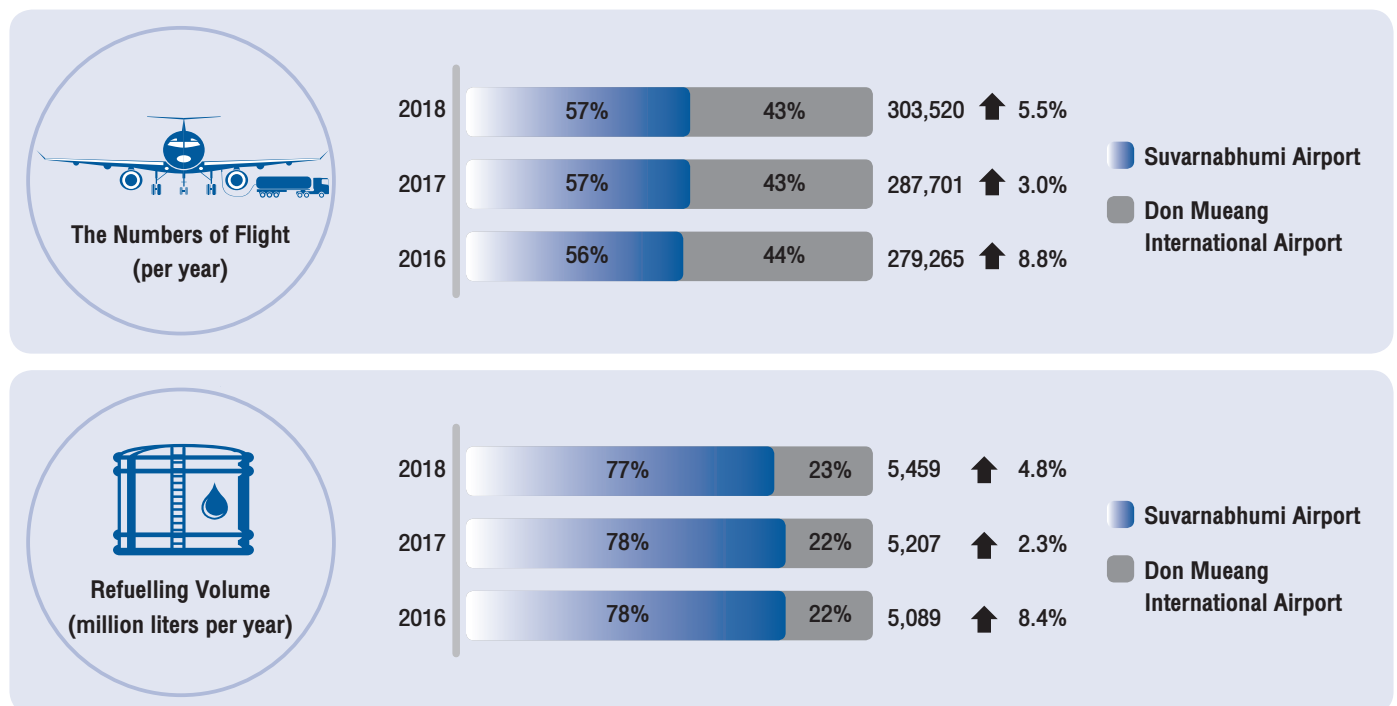


Flydubai, Dubai's low-cost airline, in March 2018 after operating for only one year. Also, Air Italy cancelled its 2019 flight plan after starting its Bangkok-Milan flights just in 2018. However, when compared to all other regions, the Asia-Pacific region has achieved the highest growth rate in the number of passengers at 8%. In addition, there was an important internal factor as the International Civil Aviation Organization (ICAO) has removed the red flag status against Thailand, on December 6, 2017, over safety concerns.

As a result of that, airlines have opened new international routes and increased flight frequencies on popular routes such as to Japan and South Korea, especially at Don Mueang International Airport where a limited number of slots were allocated. The airlines then changed their existing slots from domestic routes to international ones, resulting in the increase in refuelling volume per flight. Also, since they were still highly competitive on ticket prices, the number of passengers and flights were continuously rising.

In 2018, the total number of inbound tourists travelling through Suvarnabhumi Airport and Don Mueang International Airport was 104.1 million passengers, an increase of 5.0% which resulted in the increased number of flights and the refuelling volume at both airports altogether accounting for 5,459 million liters, an increase of 4.8% compared to the previous year.

### Comparison of the Numbers of Flight and Refuelling Volume



## 2. Competitive Environment of Into-Plane Service Industry

Given the increased number of tourists and passengers travelling by air especially in the Asia-Pacific region, commercial airports in the region have become highly competitive by increasing their capacities to accommodate the growth of tourism business. The into-plane service industry relies not only on the tourism business, but also on passenger handling capacity and number and type of flights at each airport. For example, large-scale airports that have many runways can handle a large number of flights. Also, airports with parking bays that can accommodate large-sized aircraft or operate international routes, so there will be a higher demand for into-plane services than at small-sized airports with only one runway and a few parking bays. Therefore, the refuelling volume does not depend on the number of aircraft in service but the size and strategic position of the airports instead.

Presently, there are 38 commercial airports in Thailand, categorized into primary hub and secondary hub airports and small airports which are operated by the government and private companies. However, the aircraft refuelling service is still only available at some airports, and each airport has a different policy to limit the number of into-plane service providers. Currently, Suvarnabhumi Airport is the only one that has more than one into-plane service provider and only one aviation fuel storage service provider; whereas, all the other airports have only one into-plane and one aviation fuel storage service provider. This is because most domestic airports are small-sized and airlines operate few short-haul flights. BAFS is one of the two companies that provides the into-plane service at Suvarnabhumi Airport and is the sole service provider at Don Mueang International Airport, the two primary hub airports in Thailand with high refuelling volume under Airports of Thailand Plc.'s supervision. As a result, BAFS has the highest market share in Thailand and accordingly is the market leader.

Besides the domestic competitors in the into-plane service business, BAFS does not directly compete with its international counterparts but relies on the competition of airports in acquiring airline routes and flights. Therefore, BAFS' competitors are overseas airports located in South East Asia. The oil price, which is airlines' major cost, which is different at every airport, also affects their decisions on the launching of new flight routes, at which airports to land and the increase in refuelling volume.

## 2.1 International Competition

At present, each international airport is continuously competing by enhancing its service efficiency and passenger handling capacity. The international airports, located in the same region and in competition with Thailand's airports, are Singapore, Hong Kong, South Korea, Malaysia, Indonesia, Vietnam and Myanmar.

Changi Airport in Singapore, which opened its Passenger Terminal 4 in August 2017, served 65 million international passengers in 2018 based on the actual handling capacity of 82 million passengers/year. It is in the process of expanding the third runway, which is currently used for military flights, from 2,700 to 4,000 meters in length, so it can be used for commercial purposes and will be connected to the two current runways. The construction of the new Passenger Terminal 5 building is expected to be completed by 2020 and will be enhanced to handle 135 million passengers/year by 2025.

Hong Kong International Airport (HKIA) accommodated 74.7 million passengers and 427,725 flights in 2018, an increase of 2.5% and 1.7% from the previous year, which exceeded its actual handling capacity of 70 passengers/year. HKIA is in the process of constructing the third runway which will increase its handling capacity to 100 million passengers/year. It is also build the airport city which has hotels, shopping malls, restaurants and tourist attractions, which is the largest construction project in Hong Kong and is expected to be completed by 2024.

Incheon International Airport in South Korea handled 68.3 million passengers and 387,497 flights in 2018, an increase of 10.0% and 7.5% respectively from the previous year. The airport has a handling capacity of 72 million passengers. Currently, it has three runways and 2 passenger terminals. The plans for construction of the fourth and fifth runways together with a satellite concourse were also developed and are expected to be completed by 2030 which will increase its handling capacity to 100 million passengers/year.

All three airports have been ranked among the top airports in the world, based on the number of airport users and passengers. They possess state-of-the-art technologies and high service efficiency, thus enabling them to become important aviation hubs and significant competitors of Suvarnabhumi Airport for the airlines using the airports as connecting points to the countries in other regions on long-haul flights. Other airports in South East Asia that are potential competitors include ones in Malaysia and Vietnam; however, they are less popular than Suvarnabhumi Airport. In other words, KLIA in Malaysia, which can accommodate 75 million passengers/year but served only 42 million passengers in 2018, is an important market for low-cost airlines making it a major competitors of Don Mueang International Airport. Ho Chi Minh City Airport in Vietnam, which has actually



served 35.9 million passengers/year since 2017, exceeded its capacity of 25 million passengers/year. Ho Chi Minh City Airport is now expediting the plan to increase its capacity to handle 100 million passengers/year by 2030.

The IATA forecasts the number of passengers travelling in the Asia-Pacific region to grow by 4.6% per year. China will be the largest tourism market and rank first in air passenger numbers by 2034. Thailand will rank among the world's top 10 most popular destinations by 2036.

The tendency of competitors that are international airports in the region to expedite their capacity expansion in response to Asia-Pacific tourism is increasing by 4-6%, on average per year. Suvarnabhumi Airport, which was designed to handle 45 million passengers/year, served up to 63.4 million passengers in 2018, while Don Mueang International Airport, which increased its capacity to handle 30 million passengers per year in 2016, served up to 40.8 million passengers/year due to the positive effects of Thailand's tourism market which experienced a strong growth in the number of tourists. In 2019, the government has set a target of 40 million tourists. It is evident that there is still high travel passenger demand for Thailand as their preferred destination but the lack of airport infrastructure hinders business growth. Therefore, if the expansion projects of Suvarnabhumi Airport and Don Mueang International Airport as well as regional ones are completed as planned, the number of passengers and flights will increase and the airports can compete with other airports in the region including Hong Kong and Singapore. These are key drivers of growth of BAFS' into-plane service business. It is expected that AOT will open the Suvarnabhumi Airport phase 2 in 2021.

## 2.2 Domestic Competition

For into-plane services on a national level, 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. BAFS provides the aircraft refuelling services at Suvarnabhumi and Don Mueang Airports, representing 75% of the total number of inbound and outbound flights operated at these 2 airports. At Suvarnabhumi Airport, BAFS has been granted as one of the two into-plane service providers, and the market share in 2018 was 88.6%; whereas, BAFS is the sole service provider at Don Mueang International Airport. At other airports, BAFS also has a policy to expand its investment, depending on the AOT's future concessions.

In addition to the airports that are managed and operated by the AOT, BAFS presently operates the into-plane services at Samui, Sukhothai and Trat Airports which are owned and operated by Bangkok Airways Plc. In 2018, the total refuelling volume of those 3 airports was 25.9 million liters, which was a decrease of 15.8% from the previous year, and the total number of flights was 8,364.

The government has initiated the Eastern Economic Corridor (EEC) project as part of the strategic plan under the Thailand 4.0 initiative which will be completed in 2023, aiming at enhancing Thailand's economic growth and transportation efficiency. The key success factor for the EEC project is the development of U-Tapao Airport to become Bangkok's third commercial airport and being connected to Suvarnabhumi Airport and Don Mueang International Airport, thus increasing efficiency and capacity of air transportation in response to business and industrial expansion in the eastern area and promoting Thailand to become a major aviation hub in the Asia-Pacific region. Despite its proximity to Suvarnabhumi Airport, U-Tapao Airport will not affect the number of passengers at Suvarnabhumi Airport. On the contrary, once the high-speed rail project is completed, it will provide passengers with a convenient travel option and can attract more users to Thailand, thus creating benefits for the country. Presently, the bid winner has already been selected. Moreover, it is expected that the bid winners in airport investment and management as well as aircraft refuelling services will be announced in 2019. BAFS is also interested in bidding to be the into-plane service provider and is ready with investment. It has also prepared a plan to develop an efficient into-plane system and in accordance with global standards, state-of-the-art technologies and highest level of safety. When the three airports are combined, there will be 7 runways and can aggregate capacity of 160 million passengers by 2033.

There are 28 regional airports operated by the Department of Airports (DOA) and the Betong Airport is under construction, totaling 29 airports. At present, the DOA is in the process of preparing the 10-year strategic plan to enhance its efficiency and increase the capacities of its 28 airports and has also planned to invite the private sector to engage in appropriate forms of investment as well as grant AOT the right to manage some airports, which will probably be Udon Thani, Sakon Nakhon, Tak and Chumphon airports. BAFS has a strong intention to invest in all airports due to its successful experience in working with the AOT and another private company: Bangkok Airways. Therefore, BAFS is ready for investments and is confident in its world class service standards.

### **3. Trends of Industry Situation and Competitive Environment in 2019**

In 2019, the into-plane service is expected to continue to expand at a good pace, However, there are concerns of potential impacts on the tourism sector sparked by macro-environmental factors. Major international tourist markets including ASEAN countries, South Korea, Japan and India are still enjoying healthy growth. The government's tourism promotion policies are expected to attract approximately 40 million passengers, which is 5.7% higher than the previous year. The increase is driven by various factors. One factor is that Thailand's chairmanship role in the ASEAN in 2019 has offered tourism entrepreneurs an opportunity to expand its customer base of ASEAN tourists, which is a crucial market for Thailand's tourism, accounting for 27% of the total number of inbound international tourists. Other factors include Thailand's tourism product and service development and the development of tourism routes in collaboration with the neighbouring countries to target markets outside the ASEAN region. The government's investment promotion policy to encourage entrepreneurs to develop products and services based on pricing strategies is expected to meet the needs of tourists, especially in the low season, and those looking for alternative destinations that match the decline in purchasing power due to global economic downturn.

BAFS expects that the total volume of jet fuel needed in a normal situation in 2019 will expand by 3.8% with the total volume of 6,230 million liters or 17 million liters on average per day, an increase of 227 million liters, from the previous year. The volume of jet fuel serviced at Don Mueang International Airport is expected to be 1,390 million liters for 2019, a 12.1% increase compared to the previous year, with the average daily volume of 3.8 million liters per day and the volume of 4,840 million liters at Suvarnabhumi Airport, a 1.6% increase compared to the previous year, with the average daily volume of 13.3 million liters per day.

For the market share at Suvarnabhumi Airport where there is competition in the aircraft refuelling service, BAFS has set a target of not less than 85% market share by implementing the strategy that focuses on the factors influencing decisions of customers (oil companies), maintaining service quality level (Service with our heart), placing high priority on safety and responding to cutting-edge service technologies in order to increase satisfaction of airline customers who are indirect customers as well as ensuring continuous effective cost management and strengthening close relationships.

### **4. Supply of Products or Services**

The core business of BAFS is to provide aircraft refuelling service, with jet fuel supplied by the oil companies and stored at airport depots according to the User Agreements, prescribing that the fuel quality must be in accordance with the Aviation Fuel Quality Requirement for Jointly Operated System (AFQRJOS). BAFS receives jet fuel from oil companies through fuel pipelines operated by 2 companies: Fuel Pipeline Transportation (FPT) and Thai Petroleum Pipeline Co., Ltd. (THAPPLINE) which receive jet fuel directly from oil refineries or by the oil tankers where jet fuel is received from domestic oil refineries or imported from overseas.

The oil companies will develop a schedule and notify BAFS in advance, and transport sufficient volume of jet fuel to BAFS' aviation fuel storage stations for their airline customers. BAFS has set up a fuel reserve policy requiring the oil companies to ensure 1-3 days of fuel reserves of the sales volume per day. If the oil companies cannot supply fuel within the schedule time and has insufficient fuel volume, they will not be able to sell fuel to their airline customers. However, this will not affect the services operated by BAFS and the airline customers since the airlines can turn to other oil companies that have sufficient fuel reserves at the airports and still receive the into-plane service from BAFS as usual.





## Action Plans for the Future



BAFS was the sustainable organization that delivers balanced value, covering economic, social and environmental dimensions, to stakeholders along the supply chain. The principles of good corporate governance serve as a foundation for BAFS's business management to ensure its accuracy and transparency. Also, BAFS has substantially implemented knowledge management in a continuous manner to enable its employees to apply knowledge to their tasks appropriately and in response to business needs as well as transform knowledge into innovations and new businesses in the future. In 2019, BAFS Group has developed future action plans as follows:

**Economic Aspect** BAFS has implemented its growth strategy from organizational strengths experience as well as global leadership in aircraft fuelling services for over 35 years to add value to its core business and other related businesses in a sustainable manner. BAFS is in the process of conducting a study on additional investments in other regional and international airports as well as the third major commercial airport under the Eastern Economic Corridor (EEC) scheme.

With respect to the expansion of related businesses in the supply chain, BAFS invested in subsidiaries and associates such as BAFS INTECH Co., Ltd. to provide design, manufacturing, assembly, repair and maintenance services of aircraft refuelling vehicles as well as develop innovations and technologies in response to BAFS's need for developing aircraft refuelling vehicles and equipment with cutting edge innovations that meet international standards and increasing opportunities for generating BAFS Group's additional revenue incurred from the sales of aircraft refuelling vehicles to both domestic and international customers. BAFS also invested in PTG Energy Plc. to establish BPTG Co., Ltd. which

operates petrol stations located in the areas of FPT fuel depots. Such expansions of other types of businesses were to enhance capacity of BAFS Group and maximize subsidiaries' asset utilization.

In addition, BAFS has planned to develop its knowledge management (KM) to serve as the foundation for creating systematic innovation, covering knowledge management and culture creation that embraces new perspectives and creativities that link to and support each other systematically. Emphasis is placed on the development of learning organization, knowledge gathering and sharing and receipt of knowledge for integrating knowledge management, linkage and hands-on practices of Community of Practice, and innovation development. Such knowledge management will serve as a crucial basis of BAFS's business expansion of a Training Center which offers programs on aviation fuel services, safety and management systems as well as applications of information technology systems invented by BAFS to create other business opportunities in order to accommodate an expansion of the aviation industry in Asia-Pacific.

**Social Aspect** BAFS has continuously managed its sustainable value creation, both in the in-process and after-process activities. BAFS focuses on converting sustainability goals into tangible action plans to all parties and regularly reviewing action plans on a yearly basis while applying the concept of sustainable value creation as a basis for activity implementation such as the health promotion activity to promote community wellbeing and ensure their sustainable self-reliance, and the basic firefighting training activity for the surrounding communities to enable them to initially mitigate incidents occurring in households by themselves and raise their awareness of safety. BAFS has also conducted after-process activities such as the activity to provide encouragement and consolation to soldiers injured amid unrest in 3 southernmost provinces to restore their mental health so that they can continue earning a living and return home with pride; the annual scholarship activity of the Thai Muslim Women Foundation of Thailand for the Welfare of Orphans under the Royal Patronage to support equal education for children of all religions; the activity to provide financial assistance to the victims via the Thai Red Cross Society to relieve difficulties of Thai people; the Following Father's Path project (Organic Agriculture) at the 3<sup>rd</sup> Army Area to support and enhance learning of sufficiency economy philosophy; and the student wellbeing promotion project for students of Sobprab Pittayakom School, Sobprab District, Lampang Province, focusing on improving competency of teachers and students in remote areas to ensure true achievement of sustainable value creation in the society.

**Environmental Aspect** BAFS is committed to operating its business by placing high priority on the environment and greenhouse gas emission problems. BAFS has invested in the expansion of the Northern Multi-Product Fuel Pipeline project of Fuel Pipeline Transportation Limited, which will help reduce emissions, carbon pollution, accidents and economic losses incurred from fuel transport trucks. BAFS has also utilized electric cars within the organization to conduct a study to compare volumes of greenhouse gas emissions from normal cars, conducted the solar panel installation project to reduce energy consumption, registered its corporate carbon footprint for 5 consecutive years, joined Thailand Voluntary Emission Reduction Program (T-VER), and earned carbon credits. Moreover, BAFS has set a target of becoming the carbon neutral company by 2020.



## Risk Management and Risk Factors



The challenge facing today's businesses is achieving sustainable success. They need to develop plans and revise processes to accommodate changes in rapidly a changing business environment such as technology and innovation trends among financial business, media business and online business groups as well as social trends in human rights and trends in environmental conservation for the betterment of current quality of life passed on to the next generation. Those changes are risks that need to be addressed by Bangkok Aviation Fuel Services Public Company Limited (BAFS) as they can have economic, social and environmental impacts on its business operations. Meanwhile, BAFS has seen risks as opportunities for innovation development to increase its operational efficiency through the highest service quality and safety together with continuous and substantial environmental operations. In this regard, BAFS has improved risk management processes in accordance with the COSO ERM 2017: The Committee of Sponsoring Organizations of the Tradeway Commission - Enterprise Risk Management 2017 Framework which integrates risk management with strategic planning and CG Code 2017 as reference standards for creating sustainable value for BAFS thus leading to the following corporate risk management approaches:

### Risk Management Structure

BAFS has 2 levels of risk management, namely (1) Corporate level risk is monitored by the Risk Management Committee (RMC) appointed by the Board Committee. The RMC is responsible for setting up a policy and oversee risk management of BAFS and subsidiaries (BAFS Group), while the Audit Committee reviews the risk management system on a quarterly basis and (2) Functional level risk is managed by executives of each department. Risk mitigation plans in support of and in accordance with the corporate level risks are required. Also, the progress of two levels of risk management is reported on a quarterly basis through information technology systems. The Corporate Risk and Strategic Management Office is responsible for verifying and preparing reports to be stored in a corporate risk database which allows for future reference.

## Risk Management Culture

BAFS focuses on cultivating a risk management culture by communicating and raising awareness of benefits of risk management that contribute to the achievement of objectives among its employees at all levels. BAFS has therefore identified risk management success as a key performance indicator of employees at all levels as well as developed information technology systems to facilitate continuous progress reporting on risk management plans by using electronic forms. Once the employees regularly carry out risk assessments and report risk management plans, they can develop a better understanding of the implementation of risk management processes that are aligned with the risk management policies, thus further creating a risk management culture throughout the organization.

Based on continuous risk management within the COSO ERM 2017 Framework, different risk factors can be managed to be within the risk appetite. As a result, BAFS has achieved high returns and is able to pay dividends to its shareholders according to the dividend payment policy on a regular basis. However, focus is still placed on risk factors as well as emerging risk factors arising from environmental changes in 2018 as follows:

## Risk Factors

### 1. Business Risks

#### 1.1 Risk Associated with the Growth of Thai Aviation Industry

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

- At Don Mueang International Airport, BAFS is the primary aircraft refueling service provider. However, at Suvarnabhumi Airport, there is another aircraft refueling service provider other than BAFS.
- BAFS is also the primary aircraft refueling service provider at 3 regional airports, namely Samui Airport, Sukhothai Airport and Trat Airport.

Therefore, BAFS's revenue mainly relies on service fees of aviation refueling volume especially at Suvarnabhumi Airport (BKK) and Don Mueng International Airport (DMK). There are 7 main customers who are also the shareholders, including oil companies and Thai Airways PCL. Approximately 93% of revenue comes from 5 major customers, 4 of which have generated revenue in the proximate proportion while the other 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.

From the above-mentioned nature of business, it is evident that core revenue growth relies on growth of airports in which BAFS operates its business. Therefore, previous risks, such as political unrest, epidemic, natural disaster, zero-dollar tour crackdown and increase of aviation-related excise taxes, contributed to a decrease in aircraft movements which affected revenues for a pro-rata number of flights decreased. Those risks originated from external circumstances that were certainly uncontrollable. However, BAFS had managed risks affecting revenues systematically by determining key risk indicators and trigger points for finance, consisting of cash flow, total expenditure and EBITDA, as early warnings in case that financial performance had potential to fall below monthly income statements (targets). Accordingly, BAFS was able to manage risks by establishing cost-reduction measures in response to decreased revenues. This enabled BAFS's financial performance to still meet its targets as well as be able to pay dividends to the shareholders every year.





## 1.2 Risk from investment projects

BAFS has invested in its construction projects and expanded its business through subsidiaries. Each project is exposed to different risks based on types of investments. However, BAFS set approaches to project risk management as follows:

### 1.2.1 BAFS's risk management in investment projects

A risk assessment and risk management plan is required for a project with investment of over Baht 30 million. The progress of risk management plan is continuously reported until the project is completed. In this regard, a project steering committee to control construction works and an inspection and acceptance committee to inspect and affirm project success.

### 1.2.2 Risk Management in investment projects in subsidiaries

BAFS has invested in shares held over 70% in subsidiaries to strengthen its business operation. It has therefore appointed executive-level persons who are knowledgeable and competent to assume the position of top executive in each company and report the performance to the Executive Committee every month and the Board Committee every 6 months. The risk management policy stipulates that the RMC is responsible for overseeing BAFS Group corporate risk management. Therefore, risk management in high-value, large-scale projects such as the project of hydrant pipeline network expansion under concession contract with Airports of Thailand Public Company Limited (AOT) to accommodate the Suvarnabhumi Airport capacity expansion plan phase 2 of Thai Aviation Refuelling Company Limited (TARCO) and the Northern multi-product pipeline network expansion project of Fuel Pipeline Transportation Limited (FPT), have been reported to the RMC for oversight and comments and proposed to the Audit Committee for quarterly reviews.

## 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. In this regard, BAFS has considered risk issues which may have effects on the company in the next 3-5 years as follows:

### 2.1 Climate Change Risk

The effects of climate change have become clearer and it tends to seriously affect the aviation industry which relates to the BAFS's core business in the future. For example, carbon tax collection in the aviation industry as well as Thailand's participation in the Global Market Based Measure : GMBM in Pilot Phase 2021-2023 have exposed BAFS to risks driven by change in regulation : GMBM in CORSIA.

To accommodate changes and mitigate levels of risks related to climate change, BAFS has then established a Greenhouse Gas Emission Reduction Committee, a gathering of representatives from subsidiaries, to jointly conduct studies and seek ways to develop alternative energy and renewable energy and register the projects which can reduce greenhouse gas to receive carbon credits and drive BAFS Group towards becoming carbon neutral companies. In this regard, BAFS has participated in the Carbon Disclosure Project (CDP) as well as determined a greenhouse gas reduction plan in the sustainability strategy since 2018 until the present. Concurrently, BAFS has seen an opportunity to achieve environmental sustainability in its business through subsidiaries, especially in the Northern multi-product pipeline network expansion project of FPT which will significantly reduce greenhouse gas emissions in the future.



### 3. Operational Risks

#### 3.1 Risk from service quality and efficiency

The fuel storage and into-plane refueling business places high priority on quality, safety and punctuality. Systems, equipment and staff who strictly adhere to service delivery methods must be readily available. BAFS has therefore managed such risk intensively by announcing its intention to promote strict compliance with service delivery methods among all employees and setting zero tolerance for aircraft accidents. However, risk management actions have also been taken in different aspects as follows:

- Established a Fuelling Operations Committee, consisting of BAFS's executives and representatives from oil companies having experience in aircraft fuelling, to hold a quarterly meeting for an exchange of opinions about improvement of aircraft fuelling services for more efficiency. Also, the aircraft fuelling systems shall be inspected by the Joint Inspection Group (JIG) once a year to ensure conformity to international standards.
- Applied ISO 9001:2015 and OHSAS 18001:2007 to control operations tasks
- Set up subsidiaries, namely BAFS Innovation Development Co., Ltd., for the development of innovations, improvement of equipment effectiveness and development of aircraft fuelling service technologies and BAFS INTECH Co., Ltd., the operator of refuellers that places priority on quality and highest safety.

#### 3.2 Risk from the Lacking of Organizational Capability Enhancement in Response to Increasingly Challenging Business Environment

A range of challenges facing the energy service business include digital disruption, open competition in the aviation industry, etc. Meanwhile, management-level employees or in the major positions with over 30 years of experience are retiring. BAFS is then exposed to risks in 2 major issues, including delayed capacity enhancement of employees in replacement of those with knowledge and experience and lacking of systematic knowledge that allows for substitution of employees.

BAFS has therefore implemented succession planning by developing a management trainee program and improving recruitment and selection processes to obtain knowledgeable and capable persons who can fit into all major positions to accommodate future business growth. Knowledge management has also been executed to integrate knowledge into the system, thus leading to the development of aircraft refuelling training business at World Class Excellent Operation level.

#### 3.3 Risks from Conflagration, Natural Disaster and Terrorism

Since BAFS's business relies on aviation fuel storage tanks located at fuel storage stations nearby the airports where its service is operated, potential risks like fire, natural disaster, terrorism and other unpredictable hazards can significantly cause damage to individuals, assets and environment and may halt its business operation.

To mitigate those risk opportunities and impacts, BAFS has applied Occupational Health and Safety Assessment Series: OHSAS 18001:2007, developed an occupational health and safety in working conditions policy and overseen strict compliance of employees at all levels. A Crisis Management Center (CMC) has been set up to handle critical incidents. Moreover, BAFS has continuously developed Business Continuity Plan (BCP) thereby promoting Business Continuity Management (BCM) and mitigating business Disruption risks. Also, BAFS has implemented a partial risk transfer by insuring with Dhipaya Insurance Plc. and Bangkok Insurance Plc.



#### 4. Financial Risks

BAFS Group applied for loans to support its business expansion. Therefore, financial risks depend on liquidity and loan obligations of each company which can be concluded as follows:

**4.1 Bangkok Aviation Fuel Services Plc. (BAFS)** is obliged to repay long-term loans granted by 5 financial institutions as below:

- 1) The 14-year loan for the investment in the Main Depot project and Into-plane Services project, worth Baht 2,000 million, was granted by Bangkok Bank Plc. BAFS had repaid the loan since 2008; however, all debts were paid off in December 2018.
- 2) The 14.5-year Loan for the subscription of shares issued by Thai Aviation Refueling Co., Ltd., worth Baht 800 million, was granted by Kasikorn Bank Plc. BAFS had repaid the loan since 2007; however, all debts were paid off in August 2018.
- 3) The 10-year loan for the subscription of shares issued by JP-One Asset Co., Ltd., worth Baht 220 million, was granted by Thanachart Bank Plc. BAFS had repaid the loan since 2011; however, all debts were paid off in November 2018.
- 4) The 8-year loan for investments in related businesses, worth Baht 650 million, was granted by Bangkok Bank Plc. BAFS had repaid the loan since December 2012; however, as of December 31, 2018, it has outstanding debts of Baht 25.0 million.
- 5) The 10-year loan for the investment in Fuel Pipeline Transportation Co., Ltd., worth Baht 2,250 million, was granted by TMB Bank Plc. BAFS will start the repayment in July 2019; however, as of December 31, 2018, it has outstanding debts of Baht 2,250.0 million.

BAFS has been able to fulfill the terms and conditions for all loan agreements and still maintains financial conditions far better than requirements of agreements. Given that BAFS has prepared cash reserve for early loan repayment all the time, BAFS then has a low level of financial risks.

**4.2 Thai Aviation Refuelling Co., Ltd. (TARCO) (Subsidiary)** has liabilities from long-term loans as follows:

- 1) The 8-year (2014-2021) loan for the investment in Hydrant Pipeline Network project phase II at Suvarnabhumi airport, worth Baht 550 million, was granted by TMB Bank Plc. TARCO had repaid the loan since 2017; however, as of December 31, 2018, TARCO has outstanding debts of Baht 293.99 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 its cash flow is considered stable due to fixed service income that poses a low risk level.

**4.3 Fuel Pipeline Transportation Ltd. (FPT) (Subsidiary)** is obliged to repay long term-loans granted by 5 financial institutions as follows:

- 1) The 10-year loan repayment agreements with BAFS, worth Baht 795.33 million and with Bangchak Corporation Plc., worth Baht 37.86 million. FPT had started the repayment since 2012; however, as of December 31, 2018, it has outstanding debts of Baht 231.21 million.
- 2) The loan for the purchase of refuellers, worth Baht 90 million (the novation agreement was made from JP-One Asset Company Limited to FPT on January 24, 2014 for a 5-year period), was granted by Bangkok Bank Plc. FPT had repaid the loan since 2013; however, all debts were paid off in June 2018.

- 3) The 10-year loan for the construction of fuel storage tank, worth Baht 230 million, was granted by Bangkok Bank Plc. FPT had repaid the loan since 2014; however, as of December 31, 2018, it has outstanding debts of Baht 141.65 million.
- 4) The loan for the Northern fuel pipeline and depot expansion project, worth Baht 6,300 million, was granted by Bangkok Bank Plc. The loan for issuing letters of guarantee of custom duty and value added tax, worth Baht 300 million. The 14-year long-term loan for supporting increased expenditure incurred from the construction project, worth Baht 250 million. FPT will start the repayment in December 2020; however, it has outstanding debts of Baht 3,822.34 million.
- 5) The 5-year loan for the motor equipment project, worth Baht 17.23 million, was granted by Bangkok Bank Plc. FPT will start the repayment in 2019; however, as of December 31, 2018, FPT has outstanding debts of Baht 15.51 million.

FPT's revenue comes from fuel pipeline and depot services provided for Bangchak Corporation Plc. (BCP) which is more than 50% of gross income per year. BCP is the largest customer because BCP has a single fuel supply station which leads directly to FPT's pipeline. FPT then has stable cash flow. Moreover, since it can observe all terms and conditions of loans and maintain financial conditions of agreements, low-level financial risks can be realized.

**4.4 BAFS INTECH Co., Ltd. (BAFS INTECH) (Subsidiary)** is obliged to repay long term-loans granted by financial institutions as follows:

- 1) The 10-year loan for investments in refueller and maintenance services, worth Baht 70 million, was granted by Bangkok Bank Plc. BAFS INTECH will start the repayment in 2020; however, as of December 31, 2018, it has outstanding debts of Baht 70 million.

BAFS INTECH is still capable of operating its 10 dispensers and refuellers. Given that its major customers are BAFS and external customers, it then has stable and reliable revenue streams and is subject to low-level financial risks.

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

BAFS focuses on its constant and sustainable growth while cautiously expands its business by rigorously adhering to the Principles of Corporate Governance. In accordance with its operating results in each year, BAFS has taken into account its cash flow and ability to pay dividends consistently and continually to its shareholders in long term. This risk can be mitigated by the development of 5-year strategic plan to set clear business directions and define financial risk indicators as early warnings of risk tolerance to ensure cash flow stability. Moreover, the Board of Directors follows up on operating results on a monthly basis to ensure that the Company is proceeding to achieve its targets.

BAFS imposes policy to pay dividends to its shareholders for not less than 50% of the profit after corporate income tax deduction. Its legal reserve together with other reserves is set to be not less than 10%. These figures are calculated in accordance with the net profit as mentioned in its financial statements. The dividend payment is depended on its liquidity and business expanding plans. Nevertheless, the average dividend payout ratio after reserves deduction for 5 years from 2013-2017 was higher than that specified in its policy.

For BAFS Group's operating performance in 2019, there is potential growth in parallel with a continuous increase in growths on economy, trade, investment and tourism. With respect to BAFS Group's investments in expansion projects to enlarge its revenue base which are now being implemented as planned. Thus, the possibility that BAFS will not be able to pay dividends to its shareholders is relatively low.



## Shareholding and Management Structures



### 1. Shareholding Structure

List of 10 major shareholders as of August 22, 2018 (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. Bangkok Airways Public Company Limited	60,537,000	9.50
3. Esso (Thailand) Public Company Limited	45,000,000	7.06
4. PTT Public Company Limited	45,000,000	7.06
5. The Shell Company of Thailand Limited	45,000,000	7.06
6. Airport of Thailand Public Company Limited	31,500,000	4.94
7. Chevron (Thailand) Company Limited	16,000,000	2.51
8. Air Total (Thailand) Company Limited	12,750,000	2.00
9. Singapore Petroleum (Thailand) Company Limited	12,750,000	2.00
10. SUSCO Dealers Company Limited	12,750,000	2.00

## 2. Management Structure as of December 31, 2018

### Board of Directors

The Board of Directors comprise 14 directors as follows:

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





## Share held by the Board of Directors

List of Names	Shareholding of the Company		
Board of Directors	As of January 1, 2018	As of December 31, 2018	Increase / (Decrease) of Shares during the Year (Share)
1. Mr. Palakorn Suwanrath	-	-	-
2. M.R. Supadis Diskul	1,270,000	1,300,000	30,000
Spouse	2,810,000	2,940,000	130,000
3. Mr. Prakobkiat Ninnad	73,800	73,800	-
4. Mr. Surachai Piencharoensak	-	-	-
5. Squadron Leader Pongtorn Thepkanjana	-	-	-
6. Mr. Puttipong Prasarttong-Osoth <sup>1</sup>	N/A	25,000	N/A
7. Mr. Nitinai Sirismatthakarn	-	-	-
8. Mr. Peratak Autadej	-	-	-
9. Mr. Kongsiam Chinwanno <sup>2</sup>	N/A	-	N/A
10. Mr. Rungroj Sivachan	-	-	-
11. Mr. Aswin Kongsiri	50,000	100,000	50,000
Spouse	25,000	50,000	25,000
12. Mr. Visut Montriwat	-	-	-
13. Mr. Pachara Yutidhammadamrong	-	-	-
14. Mr. Pipat Purnananda	80,000	140,000	60,000
Mr. Phiphawat Sitthichaikasem <sup>3</sup>	-	N/A	N/A
Mrs. Usanee Sangsingkeo <sup>4</sup>	-	N/A	N/A

### Remarks

The information in the table shows the spouses and minor children's shareholding in the Company only.

N/A - Information not available

<sup>1/</sup> As a Director on August 8, 2018

<sup>2/</sup> As a Director on the Annual General Meeting 2018

<sup>3/</sup> Retiring by rotation on the Annual General Meeting 2018

<sup>4/</sup> Resigning from a Director on October 18, 2018

## Share held by Executives

List of Names		Shareholding of the Company		
Executives		As of January 1, 2018	As of December 31, 2018	Increase / (Decrease) of Shares during the Year (Share)
1.	Mr. Prakobkiat Ninnad	73,800	73,800	-
2.	Mr. Amnuay Pahuvanich	-	-	-
3.	Mr. Charoen Charusalaipong	-	-	-
4.	Mr. Kanit Seetong	7,500	7,500	-
5.	Mr. Suwatchai Patcharasaengthong <sup>1</sup>	N/A	-	N/A
6.	Miss Prapis Ruthairung	-	4,000	4,000
7.	Mrs. Jirapat Charoenbantaraks	1,250	1,250	-
	Spouse	5,000	5,000	-
8.	Miss Yuphadee Tongaroonsri	20,625	20,625	-
9.	Mr. Nattapol Narkuam	-	-	-
10.	Mrs. Mayuree Nalinwong	37,500	37,500	-
11.	Miss Saowapak Jungpattanaphong	116,250	116,250	-
12.	Mr. Pariwat Vattanasup	73,125	73,125	-
13.	Mr. Gritt Madisara	-	-	-
	Spouse	35,400	35,400	-
14.	Mr. Aniruth Boonyatirana <sup>2</sup>	N/A	67,500	N/A
	Mr. Manob Pulsombulpol <sup>3</sup>	-	N/A	N/A

### Remarks

The information in the table shows the spouses and minor children's shareholding in the Company only.

N/A - Information not available

<sup>1/</sup> As a Depot Director on May 1, 2018

<sup>2/</sup> As a Director Attached to Executive Chairman on June 1, 2018

<sup>3/</sup> Retired on April 30, 2018



## Meeting Attendance of the Board of Directors and Board-Committees

List of Names	Meeting Attendance of Year 2018 (Number of Meeting Attendances / Total Numbers of Meetings)						
	The Board of Directors Meeting 5 Times	The Board of Directors (Non-Executive Directors) Meeting 1 Time	The Audit Committee Meeting 5 Times	The Remuneration Committee Meeting 4 Times	The Nominating and Corporate Governance Meeting Committee 7 Times	The Risk Management Committee Meeting 4 Times	The Corporate Sustainability Committee Meeting 4 Times
1. Mr. Palakorn Suwanrath	5/5	1/1	-	-	-	-	-
2. M.R. Supadis Diskul	5/5	-	-	4/4	6/7	4/4	4/4
3. Mr. Prakobkiat Ninnad	5/5	-	-	4/4	6/7	2/4	4/4
4. Mr. Surachai Piencharoensak <sup>1</sup>	4/5	0/1	-	-	5/6	-	-
5. Squadron Leader Pongtorn Thepkanjana	3/5	0/1	-	-	-	-	-
6. Mr. Puttipong Prasarttong-Osoth <sup>2</sup>	3/3	1/1	-	-	-	-	-
7. Mr. Nitinai Sirismatthakarn	3/5	0/1	-	-	-	-	-
8. Mr. Peratak Autadej	5/5	1/1	-	-	-	-	-
9. Mr. Kongsiam Chinwanno <sup>3</sup>	4/4	1/1	-	-	-	-	-
10. Mr. Rungroj Sivachan	5/5	1/1	-	-	-	-	-
11. Mr. Aswin Kongsiri	5/5	1/1	-	-	7/7	4/4	-
12. Mr. Visut Montriwat	4/5	1/1	5/5	4/4	-	-	-
13. Mr. Pachara Yutidhammadamrong	5/5	1/1	5/5	4/4	-	-	-
14. Mr. Pipat Purnananda	5/5	1/1	5/5	-	-	4/4	-
Mr. Phiphawat Sitthichaikasem <sup>4</sup>	1/1	-	-	-	-	-	-
Mrs. Usanee Sangsingkeo <sup>5</sup>	1/3	-	-	-	-	-	-

### Remarks

<sup>1/</sup> As a Nominating and Corporate Governance Committee Director on February 21, 2018, therefore, his attendance for Nominating and Corporate Governance Committee Meeting was 6 sessions only.

<sup>2/</sup> As a Director on August 8, 2018, therefore, his attendance for the Board of Directors Meetings was 3 sessions only.

<sup>3/</sup> As a Director on the Annual General Meeting 2018, therefore his attendance for the Board of Directors Meetings was 4 sessions only.

<sup>4/</sup> Retiring by rotation on the Annual General Meeting 2018, therefore his attendance for the Board of Directors Meetings was 1 session only.

<sup>5/</sup> Resigning from a Director on October 18, 2018, therefore, her 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. Kongsiam Chinwanno, Mr. Rungroj Sivachan, Squadron Leader Pongtorn Thepkanjana, Mr. Surachai Piencharoensak, Mr. Puttipong Prasarttong-Osoth whereby any two of the directors sign and affix the Company's seal.

### Composition and Appointment of Director

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

- A Board of Directors shall consist of not less than 11, but not more than 15 directors, each of whom shall be appointment and removed by the Shareholders meeting. At least half of the directors shall be reside within the Kingdom of Thailand. Each of directors must be qualified according to law.
- A director shall be appointment by the Shareholders Meeting with majority vote in accordance with defined rules and procedures.
- At every Annual General Meeting of Shareholders, one-third of the directors must retire whereby the director who has held office longest shall be a first person to retire. The directors who retire by rotation shall be eligible for re-election.
- A General Meeting of Shareholders may vote on any director to retire before his/her expiration of term by vote of not less than three fourth of the number of shareholders attending present shareholders, who entitled to vote and holding shares amounting to not less than one-half of the shares held by the present shareholders, who entitled to vote.

### Retirement of the Company's Director

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

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

### Roles and Responsibilities of the Board of Directors

According to the Articles of Association and Board Charter 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 act, contract, agreement, or obligation on behalf of the Company, which the Board of Directors has already approved or consented.
- Employment, wage payment, displacement and others as necessary and expedient for the employees.
- Appointments of lawyer and legal counsel.
- To act on behalf or as representative of the Company in any affair with government agency, state enterprise or other organization established by law.
- Appointment and transfer sub of attorney-in-fact or a representative.

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

### Corporate Secretary

The Board of Directors has appointed Mrs. Parndao Sukhyanga to be the Corporate Secretary since February 27, 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 BAFS's committees including shareholders meeting as well as handle the Board of Directors' activities. In addition, the Corporate Secretary is to organize and keep BAFS's documents such as directors registration, notice of meetings, the Board of Directors and Shareholders' meeting minutes and BAFS's annual report, etc. The Corporate Secretary's brief biography as follows:

#### **Mrs. Parndao Sukhyanga**

Corporate Secretary

Age 54 years old

Holding the Company's share for 0.004% (holding 23,750 shares under her own name) (Increased 5,000 shares in 2018)

#### **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.
- CG code workshop ; Deloitte Touche Tohmatsu Limited.

#### **Other Current Position**

Assistant Director; Corporate Secretary Office,	Bangkok Aviation Fuel Services Public Company Limited
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#### **Work Experiences**

Assistant Director Corporate Secretary Social Affairs Office,	Bangkok Aviation Fuel Services Public Company Limited
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Executive Assistant of Corporate Secretary & Social Affairs Office,	Bangkok Aviation Fuel Services Public Company Limited
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Legal Supervisor	Bangkok Aviation Fuel Services Public Company Limited
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#### **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 and 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/1 time 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 the Company's Directors, the Audit Directors and Directors of other Committees include Risk Management Directors, Remuneration Directors, and Nomination and Corporate Governance Directors	
Year 2018	22,672,177.37 Baht
Year 2017	22,333,387.06 Baht

The remuneration of year 2018 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 2017 Which Paid in Year 2018	Total	Remuneration of the Subsidiaries' Directors
1. Mr. Palakorn Suwanrath	Chairman	690,000	-	-	1,507,500	2,197,500	-
2. M.R. Supadis Diskul	Director	460,000	-	140,000	1,005,000	1,605,000	1,140,843.56
3. Mr. Prakobkiat Ninnad	Director	460,000	-	120,000	1,005,000	1,585,000	1,044,699.56
4. Mr. Surachai Piencharoensak	Director	440,000	-	50,000	148,700	638,700	-
5. Squadron Leader Pongtorn Thepkanjana	Director	420,000	-	-	148,700	568,700	-
6. Mr. Puttipong Prasarttong-Osoth	Director	203,225.76	-	-	-	203,225.76	388,634.56
7. Mr. Nitinai Sirismatthakarn	Director	420,000	-	-	1,005,000	1,425,000	-
8. Mr. Peratak Autadej	Director	460,000	-	-	1,005,000	1,465,000	-
9. Mr. Kongsiam Chinwanno*	Director	320,000	-	-	-	320,000	-
10. Mr. Rungroj Sivachan**	Director	460,000	-	-	861,900	1,321,900	-
11. Mr. Aswin Kongsiri	Director	460,000	-	137,500	1,005,000	1,602,500	-
12. Mr. Visut Montriwat	Director	440,000	460,000	50,000	1,005,000	1,955,000	673,065
13. Mr. Pachara Yutidhammadamrong	Director	460,000	575,000	40,000	1,005,000	2,080,000	673,065
14. Mr. Pipat Purnananda	Director	460,000	460,000	40,000	1,005,000	1,965,000	673,065
15. Mr. Phiphawat Sitthichaikasem*	Former Director	140,000	-	-	861,900	1,001,900	-
16. Mrs. Usanee Sangsingkeo	Former Director	306,451.61	-	-	52,300	358,751.61	-
17. Flight Lieutenant Montree Jumrieng	Former Director	-	-	-	875,600	875,600	-
18. Flight Lieutenant Werasak Wiroonpetch	Former Director	-	-	-	751,700	751,700	-
19. Flying Officer Somboon Limwathnapong	Former Director	-	-	-	751,700	751,700	-
<b>Total</b>		<b>6,599,677.37</b>	<b>1,495,000</b>	<b>577,500</b>	<b>11,621,000</b>	<b>22,672,177.37</b>	<b>4,593,372.68</b>

#### Remarks

\* The Company provides remuneration to the Esso (Thailand) Public Company Limited, which Mr. Phiphawat Sitthichaikasem and Mr. Kongsiam Chinwanno, are representatives.

\*\* The Company provides remuneration to the Shell Company of Thailand Limited, which Mr. Rungroj Sivachan is a representative.



## Remuneration of Executives

Number of the Executives	9 Executives
Types of Remuneration*	Salary, Gratuity (Bonus), Fringe Benefit
Total Remuneration of Executives	
Year 2018	49,111,689.02 Baht
Year 2017	50,434,605.12 Baht

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

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

### 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	9 Executives
Amount of Provident Fund Contributions	
Year 2018	3,300,788.28 Baht
Year 2017	4,376,162.39 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
2018	873.4	1.37	93	116
2017	796.9	1.25	93	116
2016	956.2	1.50	68	85
2015	701.2	1.10	82	103
2014	561.1	1.10	81	102
2013	510.0	1.00	61	76

In year 2018, the Company paid interim dividends to the shareholders for 1 times consisting on September 6, 2018 for Baht 0.23 per share. In addition, on February 27, 2019, the Board of Directors Meeting approved for additional annual dividend payment of year 2018 to the shareholders for Baht 1.14 per share. Thus, total dividend payment of year 2018 was 1.37 baht per share in which equal to 116% 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 2019 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 according to the Corporate KPIs in the amount of not less than 50% of the net profit after legal reserve; however it depends on liquidity and expansion plan of the business.
- Into-plane Services Company Limited, BAFS Innovation Development Company Limited and BAFS INTECH 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) operates its business with strict adherence to the Principles of Good Corporate Governance for Listed Companies of the Stock Exchange of Thailand (SET) as well as its corporate governance and Code of Conduct. BAFS strongly believes that its goals and sustainable growth can be achieved to enhance confidence of all shareholders and stakeholders.

BAFS complied with the Principles of Good Corporate Governance for Listed Companies 2006 and 2012 as well as made improvements in the implementation of Corporate Governance Code for Listed Companies (CG Code) 2017 of the Securities and Exchange Commission (SEC), which were considered and reviewed by the Board of Directors based on its business context. However, BAFS considers that the policy which limits the tenure of independent directors to nine years is still not suitable for its business context. Given that BAFS operates a particular business which requires continued knowledge and experience of directors, BAFS has therefore found it appropriate to adhere to its existing policy. Moreover, in case that BAFS deems that other practices are more appropriate for its business context and has later implemented them, BAFS shall record the reasons of those practices accordingly.

BAFS also appoints Mrs. Parndao Sukhayanga to take the role of Head of Compliance Supervision, serving as a center of business operating supervision. Her duties are to ensure compliance with laws, rules, regulations, policies including provisions of relevant government agencies such as the SEC and the SET. Details are shown in the section of “Shareholding and Management Structure”.

### 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. The details of the policy have been improved continually to ensure its appropriateness. The Nominating and Corporate Governance Committee shall regularly consider, review and improve such policy at least once (1) a year to ensure that it is up-to-date and consistent with international standards, laws, rules and regulations and recommendations of corporate governance regulatory agencies.

In 2018, BAFS revised and improved its Good Corporate Governance and Anti-Corruption Policy as well as its Code of Conduct and other relevant policies and criteria to ensure their consistency with the CG Code and updates. To show their commitment to implementing practices of the CG Code 2017, the Board of Directors, executives and employees signed an acknowledgement of Good Corporate Governance and Anti-Corruption Policy and Code of Conduct and certification of no conflict of interest with the Company on a yearly basis.

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 is fully committed to preventing and countering all kinds of corruption. Hence, to ensure that corruption risks are cautiously considered and managed, BAFS has therefore imposed the Anti-Corruption Policy which is used as clear operational guidelines for BAFS and subsidiaries as well as their directors and employees and has communicated the Anti-Corruption Policy to the associates. BAFS has also developed a manual on anti-corruption measures as practice guidelines for its executives and employees. Additionally, BAFS has been continually certified as a member of Thailand's Private Sector Collective Action Coalition against Corruption until the present.

- Due to its continuous commitment to good corporate governance, BAFS was rated Excellent for Corporate Governance Report of Thai Listed Companies (CGR) 2018 by the Thai Institute of Directors (IOD) for the 10<sup>th</sup> consecutive year.

## 2. Subcommittees

The Board of Directors sets up subcommittees to help look into and screen details of tasks in order to enhance its efficiency and transparency. Moreover, to ensure true independence of all subcommittees, the Chairman of the Board of Directors is not a Chairman or a member in any subcommittees.

BAFS clearly defines composition, duties and responsibilities of the committees as follows:

### Audit Committee

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

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

Mr. Visut Montriwat and Mr. Pipat Purnananda are Audit Committee members who have adequate knowledge and experience to perform financial statement audits as described in the section of "Board of Directors".

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

"To review accuracy, adequacy and credibility of BAFS's financial reporting and performance information; to review appropriateness and efficiency of BAFS's internal control and internal audit systems; to consider Internal Control



Unit's independence and approve appointment, transfer and dismissal of Head of Internal Control Unit; to review BAFS's compliance with the Securities and Exchange Law, SET regulations, laws related to BAFS's business, obligations to external parties as well as BAFS's anti-corruption measures; to review accuracy of BAFS's reference documents and self-assessment form on anti-corruption; to review that BAFS maintains its assets properly; to review BAFS's risk management and internal control systems independently; to consider, select and provide recommendations regarding appointment and remuneration of auditor as well as dismissal of interim auditor; to attend the meeting with the auditor without participation of the management at least once a year; to consider connected transactions or transactions that may have conflict of interest and ensure that they are in compliance with the laws and SET regulations; to consider and review the charter of the Audit Committee at least once a year; to regularly conduct collective assessments and self-assessments of Audit Committee on a yearly basis; to consider and approve auditing annual plan, budget and workforce endorsed by the Managing Director; to prepare an Audit Committee Report to be disclosed in BAFS's Annual Report; to has authority to hire professional consultants and invite executives or related persons to provide opinions; and to perform any other duties assigned by the Board of Directors."

To increase its business value and improve its business operations, BAFS set up the Independent Internal Audit Unit to independently provide trust and reliable advice. Mrs. Mayuree Nalinwong, Internal Audit Director Office was appointed as Head of Internal Audit Unit. Details are shown in the section of "Management Team".

The Audit Committee considers that the Head of Internal Audit Unit possesses education, experience and trainings that are adequate and appropriate for the role. The Head of Internal Audit Unit shall apply her knowledge, professional skills and independence on duties and responsibilities. The appointment, transfer and dismissal of Head of Internal Control Unit shall be approved by the Audit Committee.

### Remuneration Committee

The Remuneration Committee consists of BAFS's director for at least 3, but not more than 4 of them. At least 1 of them is an independent director. Each member of the Remuneration Committee has a 2-year term of office. The Executive Chairman and the Managing Director are also members of the Remuneration Committee by position. Its members include:

1. Mr. Visut Montriwat	(Independent Director)	Chairman of the Remuneration Committee
2. Mr. Pachara Yutidhammadamrong	(Independent Director)	Remuneration Committee Director
3. M.R. Supadis Diskul	(Executive Chairman)	Remuneration Committee Director
4. Mr. Prakobkiat Ninnad	(Managing Director)	Remuneration Committee Director
Miss Prapis Ruthairung	(Finance & Accounting Director)	Remuneration Committee Secretary

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

"To consider and determine compensation, gratuity, meeting allowance, reward, bonus and other compensation for the Board of Directors, the Audit Committee, the Nominating and Corporate Governance Committee, the Risk Management Committee, the Remuneration Committee, the Fuel Oil Control Committee (FOC), the Executive Chairman, the Managing Director, the Committees and other subcommittees of BAFS and propose such details to the Board of Directors or the Shareholders' Meeting for approval as appropriate; to consider other matters assigned by the Board of Directors; to has authority to hire professional consultants on an ad-hoc basis paid by the company as deemed necessary. BAFS shall report the information about the consultants as well as their independence or non-conflict of interest to the Board of Directors for acknowledgement and shall disclose such information in the Annual Report."

In addition, the Remuneration Committee shall consider interim dividend and annual dividend payments as well as propose such payments to the Board of Directors or the Shareholders Meeting for approval as the case may be.

### Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee comprises no less than 3 BAFS's directors. Each member of the Nominating and Corporate Governance Committee has a 2-year term of office. The Chairman of the Nominating and Corporate Governance Committee is an independent director. Its members include:

1. Mr. Aswin Kongsiri	(Independent Director)	Chairman of Nominating and Corporate Governance Committee
2. Mr. Surachai Piencharoensak	(Director)	Nominating and Corporate Governance Committee Director
3. M.R. Supadis Diskul	(Executive Chairman)	Nominating and Corporate Governance Committee Director
4. Mr. Prakobkiat Ninnad	(Managing Director)	Nominating and Corporate Governance Committee Director
Mrs. Parndao Sukhyanga	(Corporate Secretary)	Nominating and Corporate Governance Committee Secretary

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

"To regularly consider appropriateness of the number and composition of the Board of Directors and to propose such details to the Board of Directors and/or the Shareholders Meeting for approval; to consider and select persons who have diverse knowledge, capabilities and experience with qualifications and do not have any prohibited characteristics as stipulated in these criteria and other relevant laws or regulations, to fill the vacant positions of Directors and Managing Director. Once the selection is completed, the Nominating and Corporate Governance Committee shall propose a name list of selected persons to the Board of Directors Meeting; to specify terms and conditions of Managing Director employment agreement which will be further proposed to the Board of Directors Meeting.

In addition, the Nominating and Corporate Governance Committee has authority to hire professional consultants on an ad-hoc basis paid by the company as deemed necessary. BAFS shall report the information about the consultants as well as their independence or non-conflict of interest to the Board of Directors for acknowledgement and shall disclose such information in the Annual Report.

The Nominating and Corporate Governance Committee has authority to invite executives or related persons to attend the meeting and provide opinions or submit any relevant or necessary documents as well as performs any other duties assigned by the Board of Directors.

The Nominating and Corporate Governance Committee shall perform its duties impartially and righteously without causing any conflict of interest. With regard to the corporate governance, the Nominating and Corporate Governance Committee shall define the Good Corporate Governance and Anti-Corruption Policy scope to be proposed 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 at least once (1) a year as well as oversee compliance with the Good Corporate Governance and Anti-Corruption Policy and the Anti-Corruption Policy. Practical and appropriate recommendations shall be given regularly to BAFS's directors and management to enhance their efficiency. The Nominating and Corporate Governance Committee shall also





provide opinions regarding the good corporate governance to the Board of Directors to ensure that BAFS's operations are in accordance with the principles of regulatory agencies, and oversee performance of Good Corporate Governance Working Group.”

### Risk Management Committee

The Risk Management Committee consists of 5 directors. Each member of the Risk Management Committee has a 3-year term of office. The Chairman of the Risk Management Committee is an 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 Pahuwanich | (Managing Director,<br>Thai Aviation Refuelling Co., Ltd.) | Risk Management Committee Director    |

Mrs. Duangvilai Singkalawanich (Assistant Director,  
Corporate Risk Strategic Management Office) Risk Management Committee Secretary

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

“To review the risk management policy once a year and to grant initial approval for its amendments before being proposed to the Board of Directors Meeting; to approve BAFS's risk management framework and to follow up on the implementation of risk management policy; to review effectiveness of the risk management framework and to approve BAFS's acceptable risks, risk appetite and risk indicators or to provide opinions regarding enterprise risk assessment in accordance with COSO ERM principles; to monitor the consistency of BAFS and subsidiaries' enterprise risk management as well as fraud and corruption risk management that shall be in line with the Principles of Good Corporate Governance, Code of Conduct and Anti-Corruption Policy; to screen and review overall enterprise risks; to present BAFS's overall enterprise risks, risk control methods and overall results of enterprise risk control to the Board of Directors; to regularly communicate with the Audit Committee in order to exchange knowledge and information regarding overall risks and internal control which cause or may cause impacts to BAFS; to foster a culture of risk management and internal control in an appropriate manner. The Risk Management Committee can hire external consultants.”

In addition, to monitor and ensure BAFS's achievement of goals, the Risk Management Committee shall consider 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 further establish corrective measures.

### Executive Committee

To ensure that BAFS and subsidiaries' business operations, recommendations, solutions to significant problems, performance monitoring and assessment have been conducted orderly and efficiently in the same direction and are in line with BAFS's strategic plans as well as to screen significant matters screened before being proposed to the Board of Directors Meetings for maximum benefits of shareholders, the Board of Directors set up the Executive Committee which comprises executive representatives of BAFS and subsidiaries as follows:

- |                          |  |
|--------------------------|--|
| 1. M.R. Supadis Diskul   | Executive Chairman                                     |
| 2. Mr. Prakobkiat Ninnad | Managing Director, Bangkok Aviation Fuel Services Plc. |



3. Miss Prapis Ruthairung	Finance & Accounting Director, Bangkok Aviation Fuel Services Plc.
4. Mr. Amnuay Pahuwanich	Managing Director, Thai Aviation Refuelling Co., Ltd.
5. Mr. Charoen Charusalaipong	Managing Director, Fuel Pipeline Transportation Co., Ltd.
6. Miss Yuphadee Tongaroonsri	Managing Director, Intoplane Services Co., Ltd.
7. Mr. Nattapol Narkuam	Managing Director, BAFS Innovation Development Co., Ltd.
8. Mr. Aniruth Boonyatirana	Managing Director, BAFS INTECH Co., Ltd.
Mrs. Parndao Sukhyanga	(Corporate Secretary) Executive Committee Secretary

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

“To impose a budget policy and to screen BAFS and subsidiaries’ budgets before being proposed to the Board of Directors of each company; to follow up on progress and assess performance of BAFS and subsidiaries as assigned by the Board of Directors; to has authority to request for documents or summon related persons to clarify matters related to its duties and responsibilities; to appoint subcommittees and working groups as appropriate; to perform any other duties assigned by the Board of Directors; to appoint deputy director and division director level executives or equivalent nominated by the Managing Director; to appoint BAFS’s employees or suitable persons as representatives to be directors, executives and employees in the subsidiaries, associates or companies in which BAFS holds shares as well as dismiss those representatives from such positions; and to appoint employees of subsidiaries, associates or companies in which BAFS holds shares as representatives of each company to be BAFS’s executives and employees as well as dismiss those representative from such positions.”

### Corporate Sustainability Committee

The 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 Pahuwanich	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. Miss Wudthiorn Poteareesakul	Corporate Sustainability Committee Assistant Secretary

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

“To determine a BAFS Group’s sustainability policy framework and related management systems that are accepted by the community and society; to define the scope of sustainability reports; to oversee sustainability activities and ensure that they comply with the SEC regulations; to appoint BAFS Group’s sustainability working groups in support of the Corporate Sustainability Committee as deemed appropriate; and to follow up on their operations to ensure their convergences.”



### 3. Nomination and Appointment of Directors and Top Executive

For the nomination of BAFS's directors to fill in all vacancies, the Nominating and Corporate Governance Committee considers and reviews appropriateness of the Board structure based on BAFS's business and determines required qualifications of directors selected from BAFS's Board Skill Matrix, by focusing on Board composition, knowledge, capabilities and qualifications that are consistent with BAFS's strategies and objectives. The Nominating and Corporate Governance may use a nomination method or methods such as searching for persons with knowledge, capabilities and experience that are suitable for the Company, hiring professional search firms or nomination proposed by BAFS's directors or shareholders as well as use of Director Pool of the Thai Institute of Directors (IOD) as part of the nomination process. In addition, BAFS annually gives minority shareholders opportunities to propose a director nominee in advance. Then, the Nominating and Corporate Governance Committee considers and selects candidates and proposes a list of names to the Board of Directors and/or Shareholders Meeting for appointment.

However, the nomination of directors to replace directors retiring by rotation is proposed to the Shareholders Meeting for appointment, based on a majority voting criteria 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 the 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.

Pursuant to Section 70, paragraph one of the Public Limited Company Act (cumulative voting), each shareholder cannot allot his or her vote(s) to any candidate at any number.

BAFS has stipulated qualifications of its directors and independent directors regarding shareholding to be more stringent than the requirements of the SEC to ensure true independence of its independent directors. The criteria for qualifications of "independent director" are as follows:

1. An independent director holds no more than 0.5 percent of the total number of voting shares of the Company, its parent company, subsidiaries, associated companies, major shareholders or controlling persons, including the shares held by any related persons of such independent director.
2. An independent director is not or was not an executive director, an employee, a staff member and a consultant with monthly salary or a controlling person of the Company, its parent company, subsidiaries, associated companies, same-level subsidiaries, major shareholders or controlling persons, unless such status has ended no less than two years before taking up the independent directorship. However, such prohibited characteristics exclude the case where the independent director was a government official or a consultant of government agencies, which are major shareholders or controlling persons of the Company.
3. An independent director is not related by blood or legal registration as a father, a mother, a spouse, a sibling, a son/daughter or a spouse of a son/daughter of executives, major shareholders, controlling persons, or an individual to be nominated an executive or a controlling person of the Company or its subsidiaries.
4. An independent director does not have a business relationship with the Company, its parent company, subsidiaries, associated companies, major shareholders or controlling persons in such a manner that may obstruct his/her exercise of independent discretion. Moreover, an independent director is not or was not a significant shareholder or a controlling person of any party that has a business relationship with the Company,

its parent company, subsidiaries, associated companies, major shareholders or controlling persons, unless such status has ended no less than two years before taking up the independent directorship.

5. An independent director is not or was not an auditor of the Company, its parent company, subsidiaries, associated companies, major shareholders or controlling persons, and is not a significant shareholder or a controlling person of the Company or a partner of auditing companies that employ auditors of the Company, its parent company, subsidiaries, associated companies or controlling persons, unless such status has ended no less than two years before taking up the independent directorship.
6. An independent director is not or was not a provider of any professional services including those as a legal consultant or a financial consultant that receives service fees of more than 2 million Baht per year from the Company, its parent company, subsidiaries, associated companies, major shareholders or controlling persons of the Company, and is not a significant shareholder, a controlling person or a partner of providers of professional services, unless such status has ended no less than two years before taking up the independent directorship.
7. An independent director is not a director appointed as a representative of director of the Company, major shareholders or shareholders related to the major shareholders.
8. An independent director does not undertake similar businesses in competition with the Company or its subsidiaries or is not a significant partner in a partnership or is an executive director, an employee, a staff member, a consultant with monthly salary or holds more than 1 percent of the total number of voting shares of other companies which undertake similar businesses in competition with the Company or its subsidiaries.
9. An independent director is not a director assigned by the Board of Directors to make decisions on business operations of the Company, its parent company, subsidiaries, associated companies, same-level subsidiaries, major shareholders or controlling persons of the Company.
10. An independent director is not a director of the parent company, subsidiaries or same-level subsidiaries, which are listed companies only.
11. An independent director does not have any other characteristics which can compromise his/her expression of free views about the Company's business operations.

### **Nomination of Managing Director**

The Nominating and Corporate Governance Committee proceeds the nomination of Managing Director by determining nomination methods, qualifications, knowledge, capabilities and skills of Managing Director to ensure consistency with BAFS's strategies and goals. Once a list of candidates is selected, it will be further proposed to the Board of Directors for appointment.

### **Nomination of Executive**

The Managing Director is authorized to consider and appoint a person who possesses knowledge, capabilities and experience suitable for the Company according to the Policy Manual and the Company's Regulations RE: Human Resource Management and Employment Status Policy.

## **4. Supervision of Subsidiaries and Associated Companies' Operations**

### **4.1 Mechanisms for the Supervision of Subsidiaries and Associated Companies**

BAFS has mechanisms to supervise subsidiaries and associated companies by assigning its representatives to be their directors, executives and employees. They take part in supervising interests and coordinating with the subsidiaries and associated companies to ensure that the Company can oversee and monitor their operations efficiently and in line with the good internal control system. BAFS has set criteria and direction for its subsidiaries and associated companies' operations as follows:



1. BAFS' representatives are directors or employees who are knowledgeable, capable and experienced and must not undertake or be directors in the companies with similar businesses or in competition, which may cause conflict of interest with the subsidiaries or associated companies.
2. The Board of Directors is entitled to appoint and dismiss BAFS's representative directors, while the Managing Director is entitled to appoint.
3. The Executive Committee is entitled to appoint BAFS' employees or appropriate persons, who are employees of subsidiaries, associated companies or companies in which BAFS holds shares, to be directors, executives and employees of the subsidiaries, associated companies or companies in which BAFS holds shares as well as dismiss such persons from the positions. In this regard, the Executive Committee shall report to the Board of Directors for acknowledgement.
4. The Executive Committee is entitled to appoint representatives, who are employees of the subsidiaries, associated companies and companies in which BAFS holds shares, to be BAFS's executives and employees as well as dismiss such representatives from the positions. In this regard, the Executive Committee shall report to the Board of Directors for acknowledgement.
5. Regarding the scope, authority, duties and responsibilities of the Company's representative directors and executives, the representative directors are responsible for considering and approving important matters such as policies and business targets as well as supervising the management to proceed according to the policies and predetermined plans. Meanwhile, the Company's representative executives take part in developing strategies and action plans to achieve predetermined goals as well as monitoring and overseeing the subsidiaries and associated companies' operations through the Board of Directors Meetings or meetings with the management of subsidiaries and associated companies.
6. To ensure the subsidiaries and associated companies' operations as stipulated by the Board of Directors, reliable financial reports and audits, appropriate risk management and internal control system that can eliminate conflict of interest, the Board of Directors determines operational directions and obligations made between the subsidiaries and associated companies and third parties.
7. The reports on operating results of subsidiaries and associated companies are prepared and submitted to the Board of Directors or the Managing Director within a specified period.

#### 4.2 Agreements between the Company and other shareholders regarding the subsidiary management

-None-

### 5. Control of Use of Insider Information

The details are shown in Topic (7): Good Corporate Governance Practices on Other Matters, Section 2: Item 3. Measures to Prevent Use of Insider Information and Conflict of Interest.

### 6. The Company and Its Subsidiaries' Audit Fees and Other Service Fees

#### Remuneration of Auditor

##### 1. Audit Fee

For the past fiscal year, the Company and its subsidiaries' audit fees totaled 3,519,893 Baht

(inclusive of other forecasted expenditures for auditing during the accounting period of December 31, 2018) with details as follows:

Item	Name of Payer	Auditor	Audit fee plus other expenses (Baht)
1	Bangkok Aviation Fuel Services PLC.	EY Office Co., Ltd.	1,425,200.00
2	Thai Aviation Refuelling Co., Ltd.	EY Office Co., Ltd.	639,275.00
3	Intoplane Services Co., Ltd.	EY Office Co., Ltd.	130,055.00
4	Fuel Pipeline Transportation Co., Ltd.	EY Office Co., Ltd.	995,363.00
5	BAFS Innovation Development Co., Ltd.	EY Office Co., Ltd.	130,000.00
6	BAFS INTECH Co., Ltd.	EY Office Co., Ltd.	200,000.00
<b>Total amount of audit fees</b>			<b>3,519,893.00</b>

## 2. Other Service Fees

For the past fiscal year, BAFS paid 65,000 Baht to EY Office Co., Ltd. for the preparation of the summary report on fuel volume for aircraft refuelling service at Don Mueang International Airport.

## 7. Compliance with Principles of Good Corporate Governance on Other Matters

BAFS has complied with the principles of good corporate governance of SEC and SET as follows:

### Section 1: Rights of Shareholders

#### 1. Protection of Shareholders' Rights

- 1.1 BAFS places priority on protection of shareholders' rights and promotes their exercise of fundamental rights such as rights to profit sharing, rights to receive adequate news and information, voting rights in the shareholders meeting to appoint or to remove a director, rights to appoint an auditor and rights to consider other matters which may affect the Company, including dividend allocation, amendment of Articles and Memorandum of Association and reduction or increment of capital.
- 1.2 BAFS takes into consideration the rights of shareholders much more than the fundamental rights as stipulated by laws. For example, BAFS provides important and updated information via its website, prepares a Management Discussion and Analysis (MD&A) to present its operating results on a quarterly basis and disseminates news via BAFS Newsletter.
- 1.3 BAFS's shareholding structure comprises so many minority shareholders that checks and balances can be created between minority and majority shareholders, which do not allow any person or any group to control voting rights or the Company, thus resulting in good corporate governance at the shareholder level. The distribution of shares to minority shareholders (Free Float) is higher than 40 percent with neither cross-shareholding among companies in BAFS Group nor creating a pyramid shareholding structure. The whole Board of Directors is holding shares altogether for 0.73 percent. In addition, the proportion of shares held by domestic and foreign institutional investors is approximately 9 percent.





## 2. Annual General Meeting of Shareholders

- 2.1 BAFS holds an Annual General Meeting of Shareholders (AGM) once a year within 4 months from the last day of the Company's fiscal year. In 2018, the AGM was held on April 26, 2018, attended by the Chairman of the Board of Directors, Chairmen of all Subcommittees, Managing Director, directors, executives, auditor and legal advisor to answer questions raised in the meeting.
- 2.2 BAFS hired Kompas Law Ltd. to be its legal advisor, had shareholder representatives inspect vote counting in the AGM and disclosed results in the AGM minutes.

## 3. Delivery of Meeting Invitation Letter in Advance

- 3.1 BAFS appoints Thailand Securities Depository Co., Ltd. which is its securities registrar to send the meeting invitation letter to its shareholders 21 days prior to the meeting. Moreover, to give shareholders a chance to study details of meeting agenda and supporting information in advance, BAFS publicizes similar information being sent by post to the shareholders via its website [www.bafsthai.com](http://www.bafsthai.com) for at least 30 days prior to the meeting date. In Addition, the meeting notice is advertised in a daily newspapers for 3 consecutive days with at least 3 days prior to the meeting date.
- 3.2 The meeting invitation letter includes complete and adequate details such as date, time, venue, and shareholders meeting agenda by stating explicitly whether which agenda item is for acknowledgement or consideration. Moreover, supporting documents for each agenda item include objectives and reasons together with the Board of Directors' opinions, Articles of Association relating to AGM, a map of meeting venue, details of documents that the shareholders must present on the meeting date and meeting procedures. BAFS also prepares all relevant documents in English to protect foreign shareholders' interests and facilitate them.
- 3.3 BAFS respects shareholders' rights and avoids violations or deprivations of rights. BAFS then promotes the exercise of shareholder's rights by presenting important matters to shareholders for their approval as well as providing complete information as stipulated by laws, SET regulations and the Company's Articles of Association.
- 3.4 Each important agenda item is clearly outlined in the meeting invitation letter to be proposed to the shareholders for approval every year as follows:
  - **Agenda Item on Appointment of Director:** BAFS provides an opportunity to shareholders to select directors individually. Each candidate's information includes name, age, educational background, work experience, number of companies in which each candidate holds directorship categorized into listed companies and general companies, director nomination criteria and process, types of director proposed for nomination, director meeting attendance, number of years in office in case of proposing the appointment of existing directors, which is reviewed and screened by the Nominating and Corporate Governance Committee.
  - **Agenda Item on Director Remuneration:** BAFS provides details regarding remuneration schemes and amounts as well as the policy and criteria for determination of director remuneration, which are reviewed and screened by the Remuneration Committee.
  - **Agenda Item on Appointment of Auditor:** BAFS provides details regarding auditor's name, audit firm, experience, capabilities, independence, audit fee, number of years for audit service (in case of appointing

the existing auditor) or reasons for changing the auditor (in case of appointing a new auditor) and methods for considering appropriateness of audit fee, which is reviewed and screened by the Audit Committee.

- **Agenda Item on Profit Allocation and Dividend Payment:** BAFS provides details regarding profit allocation and capital reserve, amount of dividend payment, reasons and supporting information in accordance with the Dividend Payment Policy as well as the record date specified by the Board of Directors in order to determine shareholder's rights to dividends. The matter is reviewed and screened by the Remuneration Committee.

#### 4. Facilitation Provided to Shareholders

- 4.1 BAFS imposes a policy to provide facilitation and encourage shareholders, institutional investors and majority and minority shareholders to attend the meeting.
- 4.2 BAFS gives shareholders an opportunity to submit their queries regarding the meeting agenda to the Board of Directors prior to the meeting date via the Corporate Secretary, which is notified in the meeting invitation letter made available on its website.
- 4.3 BAFS holds its Annual General Meeting of Shareholders at a convenient place for shareholders to attend the meeting. BAFS also facilitates all shareholders equally by having sufficient staff in place.
- 4.4 BAFS allows 2 hours prior to commencement of the meeting to the shareholders for their meeting registration. It facilitates all shareholders to attend the meeting. In case of late arrival, the shareholders' rights to attend the meeting are not limited.
- 4.5 BAFS uses a barcode system to display details of each shareholder by having them printed on shareholder meeting registration forms to facilitate shareholders with prompt and accurate meeting registration, vote counting and display of results.
- 4.6 BAFS grants the shareholders, who attend the meeting after the commencement of the meeting, to exercise their voting rights on the agenda item which is under consideration and has not yet concluded.

#### 5. Shareholders Meeting Procedures

- 5.1 Prior to the commencement of the meeting, the Chairman of the meeting or the assigned person shall introduce the attending Board members, Chairmen of Subcommittees, executives, auditor and legal advisor and explain the meeting criteria and voting procedures to the meeting.
- 5.2 BAFS shall allocate sufficient time and give shareholders equal opportunities to express opinions and raise questions in the meeting. Its directors and executives shall provide clear and pertinent answers to all questions before requesting the meeting to vote for each agenda item.
- 5.3 BAFS shall conduct the shareholders meeting according to the sequence of agenda items notified in the meeting invitation letter. BAFS shall neither abruptly distribute other important documents nor add extra agenda items to the shareholders meeting without prior notice.
- 5.4 To ensure transparency and accountability in case of objections occurring thereafter, BAFS shall provide ballots for voting. In the meantime, the ballots are also used when voting for any agenda that comprises many voting items, for example, the agenda item on director appointment in which BAFS gives shareholders opportunities to select directors individually.



## 6. Procedures after the Shareholders Meeting

- 6.1 BAFS shall disclose shareholders meeting resolutions and voting results to the SET and publicize them on its website before 09.00 hrs. on the following day after the AGM date.
- 6.2 In accordance with the resolution of the shareholders meeting regarding dividend payment, BAFS shall coordinate with Thailand Securities Depository Co., Ltd. to ensure that the shareholders completely receive correct amounts of dividends. According to the SET's recommendation, BAFS shall specify the record date for shareholders' rights to dividends to be at least 5 working days after the shareholders' approval.
- 6.3 BAFS shall completely and accurately prepare the meeting minutes for shareholders' inspection, which record names and positions of attending directors, voting and vote counting methods, shareholders' opinions, clarifications of directors and executives and meeting resolutions with clearly separated votes for approval, disapproval or abstention. The meeting minutes shall be submitted to the SET within 14 days after the AGM date. The AGM minutes and audio and video recording shall be publicized on the Company's website.

## Section 2: Equitable Treatment of Shareholders

BAFS places emphasis on fair and equitable treatment of shareholders as follows:

### 1. Proposal of Meeting Agenda Item and Director Nominee

BAFS facilitates shareholders in proposing an agenda item and a director nominee in advance of the AGM date. It disseminates clear criteria on both SET website and its website. The shareholders can propose an agenda item and a director nominee together with supporting information for consideration 3 months in advance. A single shareholder or shareholders who altogether hold no less than 0.05 percent of shares are entitled to propose an agenda item or a director nominee. The percentage of shareholding as mentioned facilitates shareholders more than the requirement of the law stipulating that one or more shareholders who altogether hold no less than 5 percent of shares are entitled to propose an agenda item. However, for the 2018 AGM, no shareholder proposed any agenda item and director nominee.

### 2. Appointment of Proxy

In case any shareholders are unable to attend the meeting, they can appoint another person, an independent director or the Managing Director as their proxies. BAFS shall provide a proxy form in which shareholders can determine their voting directions (Form B) and clearly specify required documents and uncomplicated procedures of proxy appointment.

### 3. Preventive Measures against Use of Insider Information and Conflict of Interest

- 3.1 BAFS establishes preventive measures against wrongful use of insider information of its directors and executives for their own or others' advantages over other shareholders such as securities trading by using insider information and disclosure of insider information to related persons of directors and executives, which cause damage to the shareholders as a whole. The protection of interests and confidentiality is shown in the Company's policy and rules and regulations manual. Meanwhile, securities trading and stock futures, use of insider information, conflict of interest and breach penalties are shown in the Code of Conduct, which is made known to all directors, the executives and employees by having them sign for acknowledgment. In addition, BAFS prohibits its directors, executives and employees to buy or sell its securities at least 30 days prior to the announcement of each quarterly financial statements and 1 day after the announcement of such information.

For securities trading and stock futures, BAFS notifies its directors and executives to report changes of their securities holding to the Office of the Securities and Exchange Commission (SEC) in pursuant to Section 59 of the Securities and Exchange Act B.E. 2535 (1992). Moreover, the directors and executives' securities holding is added as an agenda in every Board of Directors Meeting, of the details will also be disclosed in the Annual Report.

With regard to securities trading and futures contracts of employees who work closely with its information, BAFS stipulates that they must report changes of their securities holding within 3 working days from the date of transaction. This matter is also added as an agenda in each monthly management meeting.

- 3.2 BAFS stipulates criteria for its directors and executives to report their own and related persons' interests which are consistent with nature of business, relevant laws and regulations. In addition, directors and executives must report every change of their interests to the Company. The Corporate Secretary is in charge for following up such information.
- 3.3 The Board of Directors has established guidelines to prevent its interested directors or executives to take part in decision-making process of transactions between BAFS and stakeholders. Prior to the Board of Directors meeting, the Chairman of the Board will ask the directors having interests in those particular matters to leave the meeting room. Those directors are not entitled to vote on such matters.
- 3.4 BAFS' shareholding structure is not complicated whereby almost all connected transactions are fairly conducted based on market prices and are normal business transactions.
- 3.5 BAFS adheres to laws and regulations of the SET and the SEC such as criteria for entering into a connected transaction and acquisition or disposal of assets.

In 2018, BAFS did not receive any complaint regarding shareholders' fundamental rights violation whereby all shareholders were equally treated. Moreover, no exploitation of insider information was found.

### Section 3: Roles of Stakeholders

#### 1. Treatment of Stakeholders

BAFS develops written practice guidelines for treatment of all stakeholder groups including shareholders, customers, business partners (trade partners or suppliers/distributors or creditors/guarantors), employees, society, community, environment, regulators and competitors in the Good Corporate Governance and Anti-Corruption Policy and Code of Conduct. The details of practice guidelines are publicized on BAFS' website. BAFS also encourages its employees to comply with such policy. BAFS respects the rights of stakeholders as follows:

- 1.1 Shareholders:** BAFS performs its duties to shareholders with honesty and fairness, conducts business by focusing on creating prosperity, stability and returns to shareholders constantly, discloses information to shareholders equally, regularly and completely and gives shareholders opportunities to express their opinions and suggestions and propose an agenda item or a director nominee in the AGM.
- 1.2 Customers:** BAFS sets a policy and practice guidelines for treatment of customers. BAFS cares and is responsible for its customers by observing the contracts entered into with customers, treating all customers equally and fairly, focusing on enhancing customer satisfaction and confidence in quality services as well as keeping customer confidential information secure. The procedures as follows:
  - BAFS operates aircraft fuelling service based on compliance with international quality standards, punctuality and maximum safety. Its service is certified by the Quality Management System: ISO 9001 and Occupational Health and Safety Assessment Series: OHSAS 18001.



- BAFS has in place a customer satisfaction measurement system which is considered as part of its Key Performance Indicators (KPIs). In 2018, BAFS achieved a 96.6 percent or excellent level of customer satisfaction.
- BAFS organizes activities to enhance good relationships with customers such as company visits, seminars, customer meetings to strengthen relationships and listen to their feedbacks regularly, quiz games with questions relating to the Company and meetings with customers on special occasions.

### 1.3 Trade Partners or Suppliers/Distributors or Creditors/Guarantors (Business Partners)

BAFS sets a policy and practice guidelines for treatment of business partners by determining clear and tangible trade partner selection procedures. BAFS's trade partners must possess required qualifications and be able to comply with procedures or process as specified. In case of new trade partner selection, the Board of Directors' approval is required.

BAFS also establishes supplier and contractor selection and evaluation procedures. Suppliers and contractors, who are selected as trade partners, must be standardized and ensure that their operations are in accordance with the Quality Management System: ISO 9001 and Occupational Health and Safety Assessment Series: OHSAS 18001. True identities of trade partners must also be verified by registration certificates issued by the Department of Business Development, the Ministry of Commerce and copies of ID cards of authorized directors. In addition, BAFS has in place a supplier and contractor performance evaluation system to ensure that trade partners entering into transactions with BAFS have an effective management control system by considering evaluation criteria that cover all areas in terms of quality, delivery, price and service according to the Approved Supplier List (ASL) and activities that may affect BAFS's management system.

BAFS complies with the contracts made with all trade partners or suppliers/distributors equally and justly based on mutual fair compensation. BAFS does not solicit, accept or give any advantages of dishonesty to trade partners or suppliers/ distributors. BAFS develops a Supplier Code of Conduct as practice guidelines for trade partners to act in accordance with BAFS's Code of Conduct and a JV Core Principle as a tool for protecting disclosure of sensitive information.

Moreover, BAFS complies with the contracts, agreements or conditions to creditors /guarantors equally, strictly and fairly, especially guarantee conditions, capital management and debt payment, and does not solicit, accept or give any advantages of dishonesty to creditors/guarantors.

### 1.4 Employees

BAFS imposes a policy and practices guidelines for treatment of employees by complying with relevant laws and standards, ensuring fair treatment of employees, respecting and not violating human rights, emphasizing knowledge and capability enhancement of employees, having ethical behaviors, providing appropriate compensation and benefits and promoting employees' participation. Details are as follows:

#### Employee Development Policy

As the aircraft refuelling service provider, BAFS must necessarily have employees who possess knowledge, capabilities, skills and specific expertise and keep abreast of ongoing changes in circumstances and information to ensure access to beneficial information. For this reason, BAFS places importance on the development of employees' knowledge and capabilities by imposing a policy and practice guidelines for treatment of employees regarded as stakeholders who are crucial for its business success as follows:



1. Stipulate regulations concerning employee compensation and benefits
2. Clearly determine an employee compensation policy and apply the Balanced Scorecard approach to short and long-term performance assessments in terms of finance, customer and stakeholder, process, internal management and learning and development
3. Provide appropriate compensation and benefits including salary, annual bonus, provident fund, and life, accident and health insurance to employees
4. Prepare employee orientation programs and training courses on Code of Conduct, Anti-Corruption Policy, core values, safety and quality systems as well as basic knowledge to ensure new employees' capabilities before taking on-the-job trainings
5. Ensure a systematic human resource development policy and apply a competency model as a standard for human resource development plans in various forms such as competency and potential assessment, training roadmap, individual development plan, career development plan, job rotation and job transfer, succession plan and successor development plan
6. Arrange education promotion projects such as scholarships provided to employees, domestic and overseas training programs and study visits
7. Promote ethical behaviors by arranging a "Good Corporate Governance" training program for employees, encourage its employees to practice Dharma at the Young Buddhists Association of Thailand and arrange various training programs regarding ethical behaviors as deemed appropriate.
8. Arrange internal activities to campaign and foster core values, for example, employee relations and security support activities. Moreover, to raise employees' awareness of the importance of core values and implement good behavior guidelines underlying the core values in the same direction which will help support treatment of stakeholders, BAFS has its employees take a core value test for a 100 percent score, of which the average score in 2018 was 94.37 percent.

Additionally, BAFS supports its employees to acquire new knowledge by having them regularly attend training programs and conduct study visits both domestically and internationally. The employees, therefore, can apply their additional knowledge and experiences and pass them on to others. BAFS also targets to strive itself toward become a learning organization in the future.

#### **Number of Employee Training Hours**

In 2018, there were 505 BAFS's employees with 20,004 training hours or an average of 39.61 man-hours.

#### **Human Resource Development Programs**

BAFS has in place a competency model as a standard for development of human resource development plans in various forms as well as research, planning and employee training procedures to determine an annual employee training plan for all employee groups so that their professional skills and capabilities are continuously developed and can promptly accommodate changes that may occur in the future. The employee development framework is as follows:

- Training programs for performance review plans for operations and airside driving such as reviews of safety and aviation fuel quality control knowledge, aviation fuel storage operations, aircraft refuelling operations, aircraft refuelling equipment maintenance and smart driving
- Training programs based on BAFS's strategic plans such as conflict management and sustainable stakeholder engagement, energy conservation, core value campaign and employees' core value test



- Training programs based on employee competency assessment results such as coaching for foreman in terms of safety coaching skills of all operations foremen, English for business communication to fill capability gaps of employees at each level, conflict management and sustainable stakeholder engagement, core value campaign, employees' annual core value test and Core Value Day
- Training programs on good corporate governance such as Good Corporate Governance and Anti-Corruption Policy, Anti-Corruption Policy and Code of Conduct
- Training programs on BAFS's management system such as internal auditor's knowledge of management systems including ISO 9001, ISO 22301 and OHSAS 18001
- Training programs stipulated by the law on occupational health and safety in working conditions such as occupational health and environment promotion, fire drill, fire evacuation drill, electrical safety-related work practices, full-scale emergency exercise and provision of knowledge of Safety Committee's duties and responsibilities.

For internal development plans for employees, BAFS focuses on developing operations and safety knowledge and skills such as a safety coaching program for operations level employees to have safety coaching skills of foremen, of which the results showed that the participants had an average 81.88 percent increase in skills. In addition, an airside vehicle driving safety program is arranged to enhance employees' knowledge and understanding of correct work practices pursuant to BAFS's rules and regulations and the Department of Airports' regulations as well as raise their safety awareness while on duty at all times. The results revealed that the participants achieved an average 91.90 percent of knowledge and understanding score. Moreover, the training program contributed to a decrease of 37.50 percent in BAFS's accident statistics compared to the previous year.

#### **Other Human Resource Development Practices**

BAFS places importance on developing its human resources for the right tasks. Other than training programs on knowledge and skill development, BAFS also focuses on on-the-job trainings of employees from knowledge and experience exchanges with both domestic and overseas professionals through study visits such as operational knowledge exchange programs with aviation fuel service companies in Japan such as San-Ai OIL Co., Ltd.

#### **Innovation-Driven Knowledge Management for Sustainability**

BAFS is stepping toward becoming the innovative learning organization by using the knowledge base created by its personnel from the gathering and screening of internal knowledge series and external knowledge search. All knowledge obtained is analyzed, integrated and applied to BAFS' operations. BAFS created its knowledge base during 2016-2018. Presently, BAFS can create a total of 182 knowledge series in the aspects of operations and support which have been seriously applied to all related departments and yielded tangible outcomes. Knowledge management in terms of STAND PLAN for Into-plane Fueling Services, in particular, is a plan for determining locations of aircraft refuelling vehicles for the AOT's employees to provide into-plane service to all airlines in a safe and proper manner and gain acceptance from Both Don Mueang International and Suvarnabhumi Airports. BAFS also uses knowledge management to directly create a variety of knowledge series such as aviation information management, data analysis and processing to adjust fuel volume control plans, calculation of norm loss/(gain) of Jet A-1 fuel.

At present, BAFS applies operational knowledge to further develop programs for its employees and respond to the needs of external customers with clear knowledge management foundations. Examples of programs include aircraft fuel quality inspection, aircraft fuel quality control, fire drill, fire evacuation drill. In addition, BAFS clearly defines missions of BAFS Training Center as follows:

1. Implement knowledge management to develop energy service programs
2. Deliver knowledge and value of quality and safety standards
3. Develop programs in response to the needs of service users
4. Be a skill development center for energy service providers to enhance their professionalism at the international level
5. Manage knowledge and develop learning programs for sustainability-driven innovation
6. Be a center for delivering knowledge of into-plane services with its sustainable development framework
7. Be a center for comprehensive coordination and advice on into-plane services
8. Further upgrade knowledge and innovation to determine the world's into-plane service directions

With its strength in knowledge management, BAFS then has a knowledge base center where learning innovations can be consistently developed in accordance with the predetermined strategies. Subsequently, learning innovations enlarge opportunities for economic value added, increase social and environmental value continuously and drive the Company toward becoming the innovative organization to determine into-plane service directions at the international level. This is truly the Company's human resource sustainability. More details of BAFS Training Center are made available on the website: [www.bafsthai.com](http://www.bafsthai.com).

## **1.5 Society, Community and Environment**

### **1.5.1 Society and Community**

BAFS indicates the community and society as its important stakeholders and then undertakes actions to ensure their sustainable self-reliance, which is one of the Sustainability Strategic Plans of 2016-2020 according to the community engagement plan. Moreover, based on the results of community satisfaction survey in Don Mueang and Suvarnabhumi areas, BAFS develops a community master plan for the communities surrounding Don Mueang and Suvarnabhumi Aviation Fuel Storage Stations and distributes plans to responsible departments as follows: 1.Community plan of the Corporate Social Responsibility Department 2.Community relations plan of Suvarnabhumi Aviation Fuel Storage Station 3.Community relations plan of Don Mueang Aviation Fuel Storage Station 4.Cooperation framework plan of 10 organizations (Srisa Jorakhanoi Sub-district MOU) and 5.Corporate communication activity and volunteering activity plan. These plans consists of activities categorized into 6 main categories. Their performance results in 2018 can be summarized as follows:

#### **1. Health**

According to BAFS community master plan, the health promotion project for the communities in Moo 2 - 9 - 10, Srisa Jorakhanoi Sub-district, surrounding Suvarnabhumi Airport Aviation Fuel Storage Station, is a collaboration of networks between the community, the organization and local agencies to create a community database, establish community health promotion and care processes and raise community awareness of good health which can be achieved by themselves.

#### **2. Family and Elderly**

The participatory action research project to develop and promote capacity of village health volunteers to take care of their family and elderly in the community and the membership of networks between the community, the organization and local agencies working in community elderly care.



### 3. Education, Religion and Culture

Education support, arrangement of outdoor education field trips, scholarship support, preservation of Thai tradition and culture through Buddhist activities such as robe offering and off-season offering in collaboration with public and private agencies, praying and chanting, listening to sermons and Dharma practice activities, participation in community religious and cultural activities in different occasions and budget support for community cultural activities.

### 4. Career Promotion and Income Generation

The career creation project for communities as well as housewife and elderly groups, which is one of the plans under the health promotion project for the communities in Moo 2 - 9 - 10, Srisa Jorakhanoi Sub-district, to promote community economy by extending the economic outcomes of the community health promotion project.

### 5. Life and Property, Environment and Community Infrastructure Safety

The fire drill project for the communities and schools surrounding Suvarnabhumi Into-Plane Refuelling Station to enhance their knowledge and understanding of incident protection, incident action and first aid assistance. The project provides a fire drill scenario allowing community members including students, communities and local incident prevention agencies to enhance their skills and correct practices.

### 6. Overall Well-Being and Society

For more than 11 years, BAFS has cooperated with Royal Thai Army Medical Department, Foundation of Phramongkutklao hospital, and Department of Rehabilitation Medicine to conduct the soldier morale enhancement project to recover mental health of soldiers injured from military service at the three southernmost provinces of Thailand and treated at Phramongkutklao hospital so that they can continue their service or earn a living after being decommissioned as well as proudly return to the society.

More details regarding social and community operations can be found in the 2018 Sustainability Report or on the website: [www.bafsthai.com](http://www.bafsthai.com)

## 1.5.2 Environment

BAFS protects the environment, promotes efficient resource utilization in all business processes and encourages the use of alternative energy. Therefore, BAFS sets up a Green Committee to enhance energy management within the organization. BAFS also develops an energy conservation policy to ensure that its energy management is in compliance with the Ministerial Regulations Prescribing Energy Management Standards, Criteria and Procedures for Designated Factory and Building B.E. 2552 (2009) as follows:

1. BAFS shall operate and develop energy management system appropriately. It is regarded as part of BAFS's business operations and has to be implemented in accordance with laws and other relevant regulations
2. BAFS shall continuously improve energy efficiency which is appropriate for business nature, technology and best practices

3. BAFS shall set its annual plan and goals for energy conservation appropriately and communicate them to all employees for correct understanding and practices
4. BAFS shall deem that energy conservation is responsibility of all executives and employees at all levels to cooperate and follow stipulated measures in order to accomplish its goals
5. BAFS shall support human resources, budget, working hours as well as trainings, and encourage all employees' participation in expressing their opinions for energy operations improvement
6. The executives and the Energy Management Committee (the Green Committee) review and revise the policy, goals and energy management plans to ensure their appropriateness and consistency with current situations on a yearly basis.

In addition, BAFS develops an environment and climate change policy to announce its commitment to environmental protection. The policy aims to prevent the potential impacts on the environment and raise environmental awareness to all employees. The details are as follows:

1. To adhere to all environmental laws, regulations and standards relating to the Company's business operations
2. To be aware of climate change and minimize the environmental impacts arising from the Company's business operations
3. To raise environmental awareness and enhance employees' knowledge on climate change continuously
4. To prepare a carbon footprint report and establish practical guidelines for reducing greenhouse gas emissions arising from the Company's business operations
5. To disclose the Company's environmental information through appropriate channels

In 2018, BAFS implemented the above mentioned policy by taking actions to reduce greenhouse gas emissions such as the changing of light bulbs project phase 3 to use light emitting diode instead, which was expected that the project could reduce 26 tCO<sub>2</sub>e of greenhouse gas emissions. BAFS also prepared its carbon footprint report for the year 2018, with the total volume of greenhouse gas emissions accounting for 5,238 tons of carbon dioxide equivalent (tCO<sub>2</sub>e) and participated in Thailand Voluntary Emission Reduction Program (T-VER), organized by Thailand Greenhouse Gas Management Organization (Public Organization) (TGO) to support the private sector to achieve greenhouse gas emission reductions, which can be counted as carbon credits, through verifiable processes. With its efforts to reduce greenhouse gas emissions, BAFS therefore received an honor plaque and certificate at the event "Global Warming Mitigation Day 2018", arranged by Thailand Greenhouse Gas Management Organization (Public Organization) on September 19, 2018.

BAFS supports and promotes efficient resource utilization among its employees. In 2018, BAFS raised employees' awareness of efficient electrical and water resource utilization in particular through a range of campaign activities as well as enhanced employees' knowledge through training programs on environment and efficient resource utilization, comprising:

- Earth Hour Campaign

BAFS's Earth Hour campaign aims at encouraging its employees to turn off all electrical devices for 60 minutes (from 12.00 - 13.00 hrs.) on Friday, March 23, 2018. The results showed that BAFS could reduce energy consumption by 427 kWh, divided into the following areas:





1. Suvarnabhumi Into-plane Refuelling Station	78.74 kWh
2. Don Mueang Into-plane Refuelling Station	78.74 kWh
3. Suvarnabhumi Aviation Fuel Storage Station	53.64 kWh
4. Don Mueang Aviation Fuel Storage Station	215.91 kWh
- Electric Vehicle Technology Training Program	

BAFS recognizes the importance of electric vehicle technology which will play a significant role in aviation fuel service in the future and can contribute to greenhouse gas emission reductions. BAFS therefore organized an electric vehicle technology training program for its employees, with the lecturer from the Smart Mobility Research Center, Faculty of Engineering, Chulalongkorn University, on June 15, 2018 at Don Mueang Aviation Fuel Storage Station.

- Campaign to Reduce Water Consumption

Water resource is not a key factor for BAFS's business operations; however, BAFS recognizes the importance of water resource efficiency. Therefore, BAFS targets to reduce water consumption by 5 percent compared to the previous year and offers each department an opportunity to jointly reduce water consumption in its own practice. The results showed that BAFS can reduce water consumption by 318 cubic meters or a 13.95 percent decrease compared to the previous year.

- Environmental and Energy Conservation Training Programs Held by Other Organizations

BAFS encouraged its employees to attend environmental and energy conservation training programs to apply knowledge to organizational development and environmental and energy conservation activities, namely 1) Program on staff capacity enhancement and creation of responsible persons in energy networks, arranged by the Bureau of Energy Human Resource Development on September 14, 2018 2) Seminar on energy conservation governance and promotion according to the law on designated private buildings, arranged by the Department of Alternative Energy Development and Efficiency on May 23, 2018 and 3) Seminar on Circular Economy, arranged by TGO on December 26, 2018.

BAFS also sent its employees abroad on a business trip to attend the Energy Innovations Expo, organized by the Institute of Industrial Energy, the Federation of Thai Industries, during August 16-20, 2018 in Guangzhou, China, to enhance employees' knowledge and competence which would be further applied to the organizational development.

Moreover, BAFS minimized paper waste by sharing documents internally and externally via e-mail and applying an E-document system to different areas of its operations such as arrangement of Board of Directors and executive meetings.

**1.6 Regulators:** BAFS complies with business-related laws, regulations and principles, conducts its business in accordance with the principles of good corporate governance, counters all types of bribery and corruption and promotes human rights protection.

**1.7 Competitors:** BAFS operates business based on international best practices while establishing a policy and practice guidelines for treatment of its competitors to comply with trade-related laws, rules and regulations, ensure no price distortion and promote free trade.

## 2. Occupational Health and Safety in Working Conditions

BAFS gives high priority to occupational health and safety in working conditions. BAFS establishes a policy on occupational health and safety in working conditions as in line with the Occupational Health and Safety Assessment Series (OHSAS 18001:2007) as well as set up an Occupational Health and Safety in Working Conditions Committee with details as follows:

- To develop occupational health and safety in working conditions systems to ensure their consistencies with the laws, international standards and other relevant regulations
- To control, improve, prevent and solve problems arising from the Company's business operations, including risks of medium-level and higher which may have impacts on its employees and assets, to enable continuous improvement on occupational health and safety in working conditions
- To improve the performance results of occupational health and safety in working conditions regularly and continuously
- To promote and encourage employees' engagement in compliance with occupational health and safety in working conditions
- To enhance employees' knowledge and awareness of occupational health and safety in working conditions as well as off-the-job safety
- To provide resources for the implementation of occupational health and safety in working conditions systems to enable continuous improvement
- To ensure safety for BAFS's employees, contractors and assets as well as review and update security measures in response to current situations regularly and continuously

BAFS disclosed accident statistics at every branch office, including working hours without severe accident that can cause absence from work from September 9, 2013 to December 31, 2018 of an estimated 5,401,359 man-hours. BAFS's safe working hour target was 6,000,000 man-hours. The latest accident occurred on September 8, 2013 for which BAFS had already taken corrective and preventive actions.

In 2018, BAFS organized a wide range of activities related to occupational health and safety in working conditions, such as annual health check-ups for the communities surrounding its operating sites, assessments to monitor environmental impacts on the communities, big cleaning day and annual safety day. Moreover, BAFS arranged training programs for occupational health and safety in working conditions, including trainings on workplace health and environment, fire drill, annual fire evacuation rehearsals as required by laws, emergency plan rehearsals and business continuity plan (BCP) rehearsals. BAFS also provided personal protective equipment (PPE) to its employees, launched an accident prevention campaign and conducted assessments on workplace environment and quality of drinking water and waste water. Additionally, BAFS arranged fire drill training courses for the communities and schools surrounding Suvarnabhumi and Don Mueang Aviation Fuel Storage Stations.

In 2018, BAFS received prestigious awards such as National Outstanding Organization Awards for Workplace Safety, Health and Environment for its three operating areas, namely Don Mueang Aviation Fuel Storage and Into-plane Refuelling Station for the 12<sup>th</sup> consecutive year, Suvarnabhumi Into-plane Refuelling Station for the 10<sup>th</sup> consecutive year and Suvarnabhumi Aviation Fuel Storage Station for the 8<sup>th</sup> consecutive year.



### 3. Respect for Human Rights

BAFS imposes a policy and practice guidelines for avoiding human rights violations by requiring all directors, executives and employees of BAFS and subsidiaries to comply with the Code of Conduct on human rights and treat other employees, for example:

- Uphold democracy and encourage its employees to exercise their voting rights granted under the constitution
- Ensure that employees are treated equally and with dignity and respect, regardless of physical or mental similarities or differences, race, nationality, religion, sex, age, education, political opinions or any other matters
- Support and respect human rights protection by regularly monitoring and ensuring that BAFS avoids human rights violations of the Company and trade partners, for example, no support of forced labour as well as no abuse of child rights and child labour
- Show an intent to support the “Child-friendly Business Promotion Project”
- Monitor compliance with regulations on human rights within BAFS and encourage compliance with the human rights principles according to international standards
- Avoid any acts that sexually harass other employees, thus causing trouble and annoyance or leading to the offensive work environment that ruins employee morale and disturbs other employees without reasons. Such behaviors include sexual assault, obscenity, flirtation or abuse, whether verbally or physically.

BAFS provides whistleblowing or complaint channels in case of any doubt on non-compliance with BAFS’s Code of Conduct.

BAFS not only places importance on respect for human rights of its personnel, but also for those of trade partners or business partners by including such matters in the Supplier Code of Conduct.

In the previous years, BAFS has never received any reports or complaints on human right violations.

### 4. Intellectual Property or Copyright

BAFS imposes a policy and practices guidelines to prohibit intellectual property or copyright infringement whereby the Company and its subsidiaries’ directors, executives and employees are required to comply with Code of Conduct regarding intellectual property or copyright as follows:

- To protect BAFS’s intellectual property and avoid others’ intellectual property infringement
- To perform in accordance with laws, regulations and contractual obligations regarding rights of others in intellectual property as well as patent, copyright, trade secret and other proprietary information
- To avoid abuse or misuse of others’ intellectual property
- In case any copyrighted or intellectual property derives from its employee’s performance, such copyright or intellectual property shall belong to BAFS

In the previous years, BAFS has never received any reports or complaints regarding intellectual property or copyright infringement.

### 5. Anti-Bribery and Corruption

BAFS is committed to conducting business with transparency and countering bribery and corruption. Since 2014, BAFS has been certified as a member of Thailand’s Private Sector Collective Action Coalition against Corruption (CAC) until the present.

BAFS imposes the Anti-Corruption Policy approved by the Board of Directors. Directors, executives and employees of BAFS and subsidiaries are required to comply with the policy which includes details as follows:

- BAFS's directors and employees at all levels shall comply with the Anti-Corruption Policy and shall not engage in any form of corruption, either directly or indirectly, for the benefits of BAFS and themselves including their families, colleagues and other acquaintances.
- Any actions taken in response to the Anti-Corruption Policy shall be complied with guidelines mentioned in BAFS's Code of Conduct, regulations, BAFS's related operating manuals and other guidelines that may be defined by BAFS in the future.
- The employee shall not neglect or overlook in case of witness of any act, which could be a corruption matter related to BAFS. The employee shall report such matter to the supervisor or person who is mentioned in BAFS's Code of Conduct.
- BAFS shall provide fairness and protect its employees who report the corruption matter related to BAFS.
- Any act of corruption is considered violation of BAFS's Code of Conduct while the offender shall undergo disciplinary punishment including legal punishment in case such action is also against the law.
- BAFS recognizes the importance of communication and public relations that are taken to provide knowledge and enhance understanding of the Anti-Corruption Policy compliance to its directors, employees and related persons.

In addition, BAFS prepares guidelines on anti-corruption measures for the executives and employees to comply with details as follows:

1. Charitable Donation and Social Activity Support

- To ensure that the monetary donation for charitable purpose and social activity support are not excuses for bribery, their objectives shall be explicit and can be verified. Meanwhile, they must be done on behalf of BAFS only whereby donation limit and authorized person for approval shall be defined precisely in writing.
- Any bribes shall be neither accepted nor paid. Also, any illegal transactions of all types shall not be conducted, whether directly or indirectly, with public officials, other people or other agencies in exchange for favourable practices or mutual benefits related to BAFS's operations.
- In case that a donation or support recipient is a government agency, state enterprise, foundation, charitable organization, temple, hospital, clinic or social benefit organization, such recipient shall provide a certificate or reliable and verifiable documents.
- The monetary donation for charitable purpose and social activity support shall be done in compliance with the Delegation of Manual of Authorities regarding the monetary donation for charitable purpose and social activity support.

2. Political Support: BAFS shall adhere to democracy with the King as Head of State, stay politically neutral, avoid political support or assistance and encourage its employee to exercise their constitutional voting rights.

3. Giving and Receiving of Gifts

- Any benefits shall be neither received nor solicited. Any fees shall not be offered. Any bribes of any kinds, including other inappropriate expenses, either directly or indirectly, in return for favorable treatment for oneself, BAFS or BAFS's business-related benefits, shall not be paid.
- Receiving of gifts shall be done openly and transparently and shall not influence any decision making related to BAFS's business.



- Giving of gifts shall not be done extravagantly or wrongfully against good traditions and local laws.
  - Giving of gifts shall be done in compliance with the Delegation of Manual of Authorities regarding giving of gifts.
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 parties whose duties or business are related to the Company's business. BAFS shall also explicitly determine budget amount and authorized persons for approval of welcome reception provision and report on welcome reception acceptance in writing.
  - Any hospitality expenditures, including accommodation and travelling expenses during site visit, work observation, food and beverage or other expenses to induce government officers, other persons or other organizations to act wrongfully to obtain the Company's interests, shall not be paid.
  - Any benefits shall be neither accepted nor solicited. Neither entertaining or reception invitation or invitation for work observation with free of charge proposed by third parties nor expense support from third parties, which can influence business decision making, or repayment for any subservient actions or work-related benefits from the Company, shall not be accepted.

Moreover, BAFS implements risk management in its operations possibly related to corruption and take actions to prevent engagement in corruption as follows:

1. The Board of Directors stipulates a policy, oversees and monitors compliance of the Anti-Corruption Policy and practice guidelines and receipt of complaints and whistleblowing handling procedures for employees at all organizational levels and external parties.

Furthermore, the Executive Chairman is authorized to screen BAFS's strategic plans and risk management of projects related to the Company and its subsidiaries' investments.

2. BAFS stipulates a Risk Management Policy with details regarding corruption as follows:
  - The Risk Management Committee is responsible for overseeing fraud and corruption risk management to ensure compliance with the Principles of Good Corporate Governance, Code of Conduct and Anti-Corruption Policy.
  - In case an employee experiences or acknowledges any risks, which may affect the Company or violate the Principles of Good Corporate Governance, Code of Conduct and Anti-Corruption Policy, such employee shall immediately report such matter to his/her supervisor for further implementation of risk management.
3. BAFS arranges corruption-related business risk assessments as follows:
  - All departments that contact with government agencies and all working groups on projects worth over 30 million Baht, shall conduct corruption risk assessments, develop corruption risk mitigation plans and report progress of operations according to the plans via the IT system, which will be approved by the department directors and used as reference database for inspection of corruption.
  - Corruption risk assessment is stipulated as a major principle in the procurement manual and practice guidelines for purchasing/sourcing/procurement referring to the Principles of Good Corporate Governance and Risk Management Policy compliance.

4. BAFS defines risk appetite and risk tolerance as its business operations 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 the



Principles of Good Corporate Governance, Code of Conduct and Anti-corruption Policy and without having zero corruption. In case that the Company receives any corruption-related complaints or whistleblowing or lawsuits, the Corporate Governance Working Group shall notify the Secretary of the Risk Management Committee to have it included in an agenda proposed to the Risk Management Committee. Representatives of the Corporate Governance Working Group shall prepare meeting documents and further report to the Risk Management Committee meeting to obtain opinions on risk management.

5. BAFS uses information from corruption risk assessments to establish appropriate bribery prevention measures for government officials by the Corporate Governance Working Group.
6. BAFS communicates its Code of Conduct and Anti-Corruption Policy both internally and externally to people including trade partners, suppliers/distributors via different channels such as E-document management system, posting notices and its website.
  - For internal communication, BAFS regularly articulates such matter to its executives and employees via e-mail at least once in a quarter of a year.
  - For external communication, BAFS communicates the Anti-Corruption Policy to its subsidiaries and associated companies via e-mail as well as brochures distributed to its business partners to disseminate practice guidelines on the Company's anti-corruption measures, and invites its business partners to jointly declare an intention to and apply for the membership of Thailand's Private Sector Collective Action Coalition against Corruption (CAC). In this regard, BAFS has its business partner trained and invited continually. On November 27, 2018, BAFS arranged a training for its business partners for the third year by inviting 50 out of the total number of 93 important business partners, accounting for 100 percent participation. In 2019, BAFS plans to invite new trade partners to attend the training and provide coaching to trade partners who wish to jointly declare an intention to and apply for the membership of CAC.
7. BAFS requires all directors and employees to sign for acknowledgement of the Good Corporate Governance and Anti-Corruption Policy and Code of Conduct and ensure no actions that may cause conflict of interest on a yearly basis.
8. BAFS determines anti-corruption practice guidelines as one topic in orientation programs for new directors, executives and employees. Also, BAFS regularly arranges training programs to enhance employees' knowledge of good corporate governance, anti-corruption policy and practice guidelines on a yearly basis via CG Visit and CG Day activities conducted on June 29, 2018.

Moreover, on September 6, 2018, BAFS attended the Anti-Corruption Day under the concept of "Thais Know and Fight against Corruption", arranged by Anti-Corruption Organization of Thailand (ACT).

9. BAFS establishes a tangible assessment monitoring process for compliance with the Anti-Corruption Policy by implementing online self-assessment systems for all executives and employees to regularly assess themselves every August. In the meantime, the Corporate Governance Working Group regularly monitors and assesses anti-corruption compliance results, of which the average score in 2018 was 94.30 percent. BAFS also provides whistleblowing channels in case of witness any corrupt actions as well as whistleblower protection measures. Moreover, in 2018, the Internal Audit Office monitored anti-corruption compliance.
10. BAFS has been certified as member of the Private Sector Collective Action Coalition against Corruption since 2014. Its membership was recertified in 2017. The Audit Committee verified accuracy of BAFS's reference documents and self-assessment form regarding anti-corruption measures according to the CAC membership certification process and regular reviewed compliance with the Code of Conduct and anti-corruption measures.



## 6. Contact Channels

BAFS provides channels for stakeholders to submit suggestions, opinions or queries as well as complaints on violations of rights and other cases via the following channels:

6.1 The Corporate Secretary's e-mail: [parndao@bafs.co.th](mailto:parndao@bafs.co.th), Tel: 0 2834 8912

6.2 The Investor Relations Division's e-mail: [pitsapong@bafs.co.th](mailto:pitsapong@bafs.co.th), Tel: 0 2834 8914

6.3 Mail to the Corporate Secretary: Bangkok Aviation Fuel Services Public Company Limited 171/2 Kamphang Phet 6 Road, Don Mueang, Don Mueang, Bangkok 10210

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

## 7. Whistleblowing and Whistleblower Protection Measures

BAFS provides whistleblowing or complaint channels for external parties and its employees. BAFS establishes complaint handling procedures to protect and maintain confidentiality of complainants as follows:

### 7.1 Whistleblowing

BAFS provides whistleblowing or complaint channels in case of any suspicious breaches of its Code of Conduct and laws as well as corrupt behaviors and unequal treatment as follows:

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

The Executive Chairman or the Chairman of the Audit Committee

Bangkok Aviation Fuel Services Public Company Limited

171/2 Kamphang Phet 6 Road, Don Mueang, Don Mueang, Bangkok 10210

- (4) E-mail: [ec@bafs.co.th](mailto:ec@bafs.co.th) or [ac@bafs.co.th](mailto:ac@bafs.co.th)

- (5) Corporate website: [www.bafsthailand.com](http://www.bafsthailand.com)

### 7.2 Whistleblowing Procedures

Upon receipt of complaints, the Working Group or the assigned officer shall collect, verify and analyze information, establish corrective and preventive action procedures and measures to alleviate damage to those affected, conduct data processing to report results to the complaint receiver and inform Whistleblower/ or complainants for acknowledgement as well as report such results to the Managing Director, the Executive Chairman, the Audit Committee and the Board of Directors, respectively, as the case may be.

### 7.3 Whistleblower Protection

To protect rights of whistleblowers/or complainants/or cooperative persons, BAFS conducts the following:

- BAFS shall not disclose names, addresses, photographs or any other information of whistleblower/ complainants and keep relevant information confidential.
- Whistleblowers or complainants who get distressed or damaged shall receive fair and appropriate treatment.
- BAFS shall provide protection to employees who file a complaint or cooperate or avoid corruption without any penalties and accusations as well as shall not demote or reduce salary although such actions will cause BAFS's loss of business opportunities.

## 7.4 Penalties

In case of finding that any employee acts against BAFS' Code of Conduct and Anti-Corruption Policy, such employee shall receive disciplinary penalties in accordance with the Company's Policy and Regulations Manual regarding discipline and disciplinary penalties. Employee disciplinary actions ranges from oral warnings to suspension or termination of employment without sorting in ascending order, which depends on final approval made in accordance with Delegation of Manual of Authorities. Such employee shall be undergoing legal punishment in case his/her is also against the law. Moreover, employees can seek advice on compliance with anti-corruption measures from their supervisors in hierarchical level or the Corporate Governance Working Group or the Manager of Regulatory Compliance Division, of which BAFS shall not disclose any information.

## 7.5 Results Report

BAFS shall notify result of investigation to whistleblowers/complainant within 30 days after completion of the process.

BAFS has no records of breaches of laws related to labour, employment, consumer and trade competition. In 2018, BAFS received one complaint on incorrect practices according to BAFS's Policy and Regulations Manual, from the employee. BAFS proceeded to collect information, analyze data and screen information by identifying causes to establish corrective and preventive measures and reporting the results to the whistleblower/complainant for acknowledgement.

## Section 4: Information Disclosure and Transparency

### 1. BAFS's Information Disclosure

BAFS discloses important information in its Annual Report and website at [www.bafsthai.com](http://www.bafsthai.com) in both Thai and English. Such 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 and the management, categories of directors, biographies, direct and indirect shareholding of directors and the management, training records of directors, remuneration policy for directors and the management, remuneration schemes and amount of remuneration of directors of BAFS and its subsidiaries, duties and responsibilities of the Board of Directors and Subcommittees during the past year such as number of meetings, number of times for meeting attendance, investor relations information, meeting notices, AGM minutes and press release. In addition, BAFS updates information in its website regularly.

### 2. Preparation of Financial Reports

The Board of Directors appoints the Audit Committee to review and ensure that BAFS prepares financial reports which are accurate, complete and transparent enough to maintain BAFS's assets and prevent fraudulent and unusual actions by adhering to the Generally Accepted Accounting Principles and appropriate accounting policy as well as considering rationales and exercising discretion to strengthen BAFS's stakeholders' confidence. The Board of Directors also provides a report on the Board of Director's responsibilities towards the financial statements, which includes important matters in accordance with the Code of Best Practice of Directors of Listed companies recommended by the SET. 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 Annual Report.

In 2018, BAFS assigned the auditor from EY Office Co., Ltd., who is approved by the SEC as a knowledgeable, proficient and independent auditor to be the Company's auditor. BAFS's financial statements 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 being disclosed to the shareholders.



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

In accordance with the Balanced Scorecard concept, which suggests that an organization shall be viewed from four perspectives including finance, customer and stakeholder, internal management process, and learning & development, BAFS then applies Key Performance Indicators (KPIs) by stipulating its strategic objectives to be in line with goals of strategic plans and risk appetite, such as return on assets, market share, customer satisfaction and success of human resource development plan.

### 3. Channels for Information Disclosure

3.1 BAFS recognizes the importance of both financial and non-financial information disclosure which must be done in a correct, complete, timely and transparent manner via the following channels:

- SET's Information dissemination system and SEC's website
- BAFS's website at [www.bafsthai.com](http://www.bafsthai.com), where information is provided in both Thai and English
- Report on quarterly operating results, provided to analysts and investors on Opportunity Day at the SET
- Press Release
- Newsletter to present BAFS's financial status
- Information provided to analysts or investors who visit BAFS and consult with BAFS's executives
- Analyst Meeting
- Documents mailed to shareholders

3.2 BAFS provides information disclosure in compliance with the regulations of the SET and the SEC and sets up a Regulatory Compliance Division to proceed in this matter.

3.3 The Investor Relations Division is set up to be a coordinator between investors, shareholders, securities analysts and other relevant organizations. Its e-mail is [pitsapong@bafs.co.th](mailto:pitsapong@bafs.co.th), Tel: 0 2834 8914. In addition, the Investor Relations Division regularly organizes annual activities in accordance with its action plans. In 2018, 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 24 Company Visits for institutional investors, general investors, analysts and shareholders
- Arranging 3 Site Visits for shareholders and investors
- Providing the Company's information for Credit Rating Review for 1 time
- Arranging 2 shareholders' newsletters

BAFS has never been ordered to have its financial statements amended by the SEC and 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 BAFS's maximum benefits as well as takes responsibility for their performance to shareholders without intervention from the management.

### 1. Board of Directors Structure

- 1.1 The Board of Directors considers appropriateness of its structure and determines its composition to consist of at least 11 members, but no more than 15 members. Currently, BAFS's Board of Directors comprises 14 directors as follows:

- 2 executive directors (14.29 percent)
- 12 non-executive directors (85.71 percent)

Seven of them are directors from third parties and five of them are independent directors, which is equal to one-third of the total number of the directors. Seven directors, who are non-executive directors, have experience in major business or industry in which BAFS currently operates.

- 1.2 The Board of Directors defines its structure to be comprised of directors with diversified qualifications. They are experts who possess knowledge, capabilities, experience, ethics and morality, and are generally accepted. A variety of skills include industrial knowledge, finance, management, international trade, strategy, crisis management, legal, corporate governance or others that are consistent with and beneficial to BAFS's business operations. Meanwhile, the independent director's qualification regarding shareholding proportion is defined to be more stringent than requirement of the SEC as shown in Topic 3. Nomination and Appointment of Director and Top Executive.
- 1.3 To better enhance checks and balances within the Board of Directors, the Chairman of the Board is an independent director, who is not the same person as the Managing Director and does not have any relationship with the management.
- 1.4 Duties and responsibilities of the Board of Directors and the management are clearly segregated from each other and defined in writing.
- 1.5 The directors hold definite term of office according to BAFS's Articles of Association, stipulating that at each annual general meeting of shareholders, one-third of the directors must retire from office. The directors who have been the longest in office shall retire first. Nonetheless, the number of years of independent directors' term of office and the number of consecutive terms for directors are not defined due to a limited number of persons who have knowledge and experience related to BAFS's business.
- 1.6 The Board of Directors recognizes the importance of efficiency as Directors and Managing Director, BAFS therefore imposes a policy on directorship in other companies as in line with the best practices. Each director shall hold directorship in no more than 5 listed companies. For the Managing Director, shall take director or managing director positions in other companies other than subsidiaries, associated companies or other companies in which BAFS holds shares only if such matter is approved by the Board of Directors.
- 1.7 BAFS has the Assistant Director of the Corporate Secretary Office who has a wide knowledge of laws and passed corporate secretary training programs and other relevant programs.
- 1.8 BAFS imposes a policy for its directors, executives or employees to be directors or executives in its subsidiaries as well as arranges a monitoring system for operations and operational direction of subsidiaries to ensure that BAFS is able to oversee its subsidiaries' performance efficiently.

Furthermore, BAFS establishes Subcommittees to assist in studying details and screening tasks to enhance the Board of Directors' work efficiency and ensure its transparency. Details of the Subcommittees are shown in Topic 2 "Subcommittees".





## 2. Role, Duties and Responsibilities of the Board of Directors

- 2.1 To perform duties and responsibilities with accountability, discretion and honesty in compliance with laws, objectives, Articles of Association, AGM resolutions, Board of Director meeting resolutions and the Company's policies related to the Board of Directors. The Board of Directors shall not have interests or commit any acts that cause conflict of interest. A Compliance unit shall also be set up. In 2018, BAFS had no records of breaches of laws, rules and regulations of the SEC and the SET.
- 2.2 To consider and review BAFS's vision, objectives, main goals, strategies, policies, core values as well as resource allocation. In 2018, the Board of Directors reviewed BAFS's vision, mission and strategies.
- 2.3 To ensure that BAFS creates sustainable value encompassing good long-term returns, conducts its business with ethics and be accountable to the stakeholders while developing or mitigating negative impacts towards the environment and being able to adapt to changes.
- 2.4 To ensure that the executives and employees perform their duties with accountability, discretion and integrity and to undertake the operations in compliance with laws, objectives, regulations, AGM resolutions, Board of Director meeting resolutions and the Company's relevant policies.
- 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 and scope of duties and responsibilities assigned.
- 2.6 To oversee and ensure that the management sets up and implements operational plans in accordance with vision, objectives, goals, strategic plans and the Board of Directors resolutions as well as allocate resources efficiently and effectively while cultivating a corporate culture that promotes innovation creation in order increase BAFS's long-term. BAFS's strategy implementation shall be monitored every 6 months.
- 2.7 To stipulate and review structure and composition of the Board of Directors as well as appropriate proportion of directors and independent directors to ensure their consistency with the Company's business objectives and strategic plans.
- 2.8 To establish a nomination and selection process to appoint transparent directors and a development process for directors, Managing Director and senior executives in order to ensure that they have knowledge, skills, experience and attributes that are necessary for driving the organization toward the achievement of goals and to monitor and oversee human resource management and development in order to ensure appropriate number of workforce, knowledge, skills, experience and incentives.
- 2.9 To set appropriate remuneration for the directors and executives by benchmarking their roles and responsibilities against those of other companies in the same industry. Such remuneration shall be consistent with BAFS's strategies, short-term and long-term goals and operating results.
- 2.10 To oversee and deal with conflict of interest which may occur between the Company and the Board of Director, the management or shareholders as well as misuse of the Company's assets, information, opportunities and transactions entered into with BAFS's related persons in order to ensure compliance with laws, criteria and official regulations.
- 2.11 To impose, oversee and monitor compliance with the Anti-Corruption Policy and anti-corruption practice guidelines, actions taken upon receipt of complaints and whistleblowing procedures at all organizational levels and for external parties.
- 2.12 To ensure that BAFS has effective risk management, internal control and internal audit systems in order that BAFS's operations would comply with relevant laws and standards.

- 2.13 The independent directors shall independently exercise their discretion in strategy determination, management, use of resources, committee appointment and operational standard setting. The independent directors shall be ready to oppose actions of other directors or the management in the event of conflict that affects equality of all shareholders.
- 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 notify shareholders meeting or the Board meeting of such matters prior to the appointment resolution. In this regard, Company's director shall take director positions for no more than 5 listed companies.
- 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 announcement of financial statements.
- 2.16 BAFS's directors shall report without hesitation to the Company in the events as follows:
- (1) The director or related person having direct or indirect interests which are related to the Company or its subsidiaries' business operations
  - (2) Increase or decrease in shares or debentures of the Company or affiliated companies
- 2.17 To appoint a Corporate Secretary to provide suggestions related to laws and regulations, to undertake documentation and to maintain documents related to the Board meeting and shareholder meeting as well as to perform other duties as required by laws.
- 2.18 To have the financial reports and other reports prepared in accordance with relevant 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.
- 2.19 The Board of Directors may consider hiring external consultants to provide suggestions or assists the Board of Directors. The consultants' information including their independence or non-conflict of interest shall be reported to the Board of Directors and disclosed in the Annual Report.
- 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. In this regard, delegation of authority letters identifying a clear scope of authority are developed of the management. Meanwhile, the Company communicates such roles, duties and responsibilities to related persons regularly.
- 2.21 BAFS's Code of Conduct can be categorized into the following:
- Code of Business Conduct
  - Code of Conduct for stakeholder groups such as shareholders, customers, business partners (trade partners or suppliers/distributors or creditors/guarantors), customers, society, community and environment, regulators and competitors
  - Director Code of Conduct
  - Code of Conduct for employees in different areas such as conflict of interest, confidentiality, procurement, use of insider information, anti-bribery and anti-corruption, intellectual property and use of information technology



- Compliance monitoring and disciplines

Moreover, BAFS develops a Business Partner Code of Conduct serving as standards and practice guidelines for business operations mutually conducted with its business partners such as aviation fuel suppliers, or goods, or related products in support of the Company's service, or suppliers of goods or services for the Company.

BAFS promotes compliance with the Code of Conduct, establishes a tangible compliance monitoring system such as online self-assessments on a yearly basis for all executives and employees as well as analyzes Code of Conduct test results and reports them to the Board of Directors.

- 2.22 The Board of Directors clearly defines a Conflict of Interest Policy in BAFS's Code of Conduct and establishes procedures to monitor transactions that may cause conflict of interest and regulations regarding connected transaction in accordance with the 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 commented by the Audit Committee. However, in case the Board of Directors' opinion is different from the Audit Committee's, BAFS shall disclose their different opinions as well. In this regard, the Company's directors who have interests in any agenda item, shall not be entitled to vote such agenda item.
- 2.23 BAFS disclosed information regarding its connected transactions with persons who may have conflict of interest in 2018. The Board of Directors viewed that all connected transactions were reasonable, fair and at arm's length also beneficial to BAFS's business. The pricing is based on normal business operations and in compliance with the SEC regulations as shown in Topic "Connected Transactions".
- 2.24 BAFS has adequate and appropriate internal control system and workforce to conduct its internal control efficiently. Meanwhile, BAFS monitors and oversees its subsidiaries' performance to ensure that they are able to protect assets from wrongful actions or without authority of their directors and executives. In 2018, no significant internal control system failures were found. Its details are shown in Topic "Summary of Opinions Concerning Internal Control System of 2018".
- 2.25 The Board of Directors defines the Risk Management Policy by focusing on implementation of risk management process throughout the organization to support BAFS's achievement of objectives according to strategic plans. The Corporate Risk & Strategic Management Office undertakes risk management monitoring to ensure that every department undertakes risk management process and measures success of strategic objectives on a yearly basis. In addition, BAFS sets risk indicators as early warnings and has relevant persons establish corrective measures to improve better performance before a crisis occurs and any correction cannot be done. In this regard, the Risk Management Committee considers and summarizes risk management performance, while the Audit Committee reviews such summary and reports it to the Board of Directors on a quarterly basis.
- 2.26 To assess effectiveness of internal control and risk management systems, BAFS sets up the Internal Audit Unit to conduct audits on internal control and risk management systems as well as provide assurance and advice fairly and independently to increase value and improve BAFS's operations. The Internal Audit Unit also prepares an auditing report for the Audit Committee and a management report for the Managing Director. In addition, the Board of Directors and the Audit Committee review adequacy of internal control and risk management systems and regularly provide comments on such matters on a yearly basis.

- 2.27 To assess effectiveness of internal control system, the Internal Audit Unit reviewed incident indicators or risk factors affecting objectives and risk management approaches of operators to ensure accurate and appropriate risk identification and assessment. Meanwhile, the Internal Audit Unit ensures systematic risk management and reports risks to relevant persons in a complete and timely manner while continually reviewing risks on a quarterly basis

### **3. Approval Authority of the Board of Director**

The Board of Director has authority to set policies and approve the Company's matters within the scope of duties stipulated by laws, the Company's Articles of Association and shareholders meeting resolutions as follows:

- Setting and review of vision, mission and operational strategies
- Annual budget and business plans
- Appointment of directors vacating their positions during the year
- Appointment of representative directors in subsidiaries or associated companies
- Joint venture projects and important contracts
- Connected Transactions

### **4. Board of Directors Meeting**

- 4.1 The Board of Directors schedules annual Board meetings, which are notified to all Board members, in advance to allow them to allocate their time for meeting attendance. There shall be the maximum number of 5 meetings per year, which are appropriate for the duties and responsibilities of the Board of Directors and its business nature. However, special meetings may be held as deemed necessary. The Chairman of the Board of Directors together with the Managing Director shall determine a meeting agenda whereas all board members are entitled to propose agenda items independently. In 2018, BAFS held 5 Board of Directors meetings. Each director attended meetings regularly.

Details of meeting attendance of the Board of Directors and Subcommittees are shown in Topic "Board of Directors".

- 4.2 BAFS delivers a meeting invitation letter with clear and adequate supporting documents for each agenda item to the directors for at least 5 working days in advance to ensure their sufficiency of time for studying all details prior to the meeting.
- 4.3 Final decision of the Board of Directors meeting is reached by a majority vote. Each director has one vote, except for the director having interests in the matter who is not entitled to vote for such matter. In the event of a tie of vote, the Chairman shall give a casting vote. Moreover, BAFS stipulates a quorum for a Board meeting whereby not less than two-thirds of the total number of directors must attend the meeting.
- 4.4 In each Board 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 more information from the Corporate Secretary. The Board of Directors may allow the Company to propose opinions of external consultants or experts as deemed necessary.



- 4.5 The Corporate Secretary prepares meeting minutes with complete and accurate details such as names of directors who attend and who are absent from the meeting, substantial summary of discussed issues, opinions of each director as well as resolutions of the Board of Directors. All details are to be clear for shareholders' inspection as required by laws. BAFS also provides a good and careful meeting minutes filing system.
- 4.6 Each director shall attend at least 75 percent of the total number of meetings each year.

## 5. Chairman of the Board of Directors and Managing Director

The Chairman of the Board of Directors is the director, who is neither the executive director nor the Managing Director, does not have any relationship with the management. Their roles, authorities and duties are clearly segregated. The Chairman of the Board is an independent director whose duties are as follows:

- 5.1 Consider a Board of Directors meeting agenda with the Managing Director and ensure that Board members receive clear, accurate, complete and timely information prior to the meeting to appropriately assist in their decision making.
- 5.2 Be a leader of the Board of Directors and a chairman of the Board of Directors meeting
- 5.3 Conduct a Board of Directors meeting according to the agenda, the Company's Articles of Association and applicable laws
- 5.4 Allocate sufficient time and encourage all Board members to discuss and exchange opinions freely with discretion and concern for all stakeholders
- 5.5 Summarize Board of Directors resolutions and further actions clearly
- 5.6 Arrange a Board of Directors meeting without the presence of the executive directors
- 5.7 Lead a shareholders meeting according to the agenda, the Company's Articles of Association and applicable laws by allocating sufficient time and giving shareholders opportunities to express their opinions equally and ensure appropriate and transparent responses to the shareholders' inquiries
- 5.8 Support and be a role model in compliance with the Good Corporate Governance and Anti-Corruption Policy and Code of Conduct
- 5.9 Enhance good relationships between the executive directors and non-executive directors and between the Board of Directors and the management.
- 5.10 Oversee information disclosure and transparent management in the event of conflict of interest
- 5.11 Oversee appropriateness of the Board of Directors' structure and composition
- 5.12 Oversee the overall performance of the Board of Directors, Subcommittees and each individual director to ensure their efficiency and effectiveness and achievement of objectives as planned
- 5.13 Perform specific duties of the Chairman of the Board of Directors stipulated by laws
- 5.14 Ensure that all directors take part in promoting ethics and good corporate governance in core values

The Managing Director is the head and leader of BAFS's management, directly reporting to the Board of Directors to achieve objectives of policy and strategic plans as specified

## 6. Non-Executive Director Meeting

The Board of Directors encourages non-executive directors to meet each other as deemed necessary in order to discuss various issues receiving much attention without participation of the management. In 2018, there was one



meeting of non-executive directors without participation of the management to discuss about subsidiaries' investments, held on December 19, 2018. The meeting results were notified to the Managing Director.

## **7. Self-Assessment of the Board of Directors**

BAFS arranges assessments of the Board of Directors and Subcommittees on a yearly basis. The performance assessments of the Board of Directors and Subcommittees are divided into 2 categories, namely a collective assessment of the Board of Directors and an individual self-assessment. The Subcommittees, including the Remuneration Committee, the Nominating and Corporate Governance Committee, the Risk Management Committee and the Corporate Sustainability Committee, uses collective assessments. The assessment forms of the Board of Directors and all Subcommittees contains assessment criteria which are aligned in the same direction and regularly revised to ensure their appropriateness.

With regard to the assessment process of the Board of Directors, the Corporate Secretary and Subcommittees' Secretaries deliver assessment forms to directors, which will be later returned to the Company. BAFS will not disclose names of assessors to ensure independence of directors. Furthermore, BAFS will present assessment results to the Board of Directors meetings for their mutual consideration and determination of improvement guidelines for better performance. In 2018, assessment results of the Board of Directors and Subcommittees were rated "very good to excellent", with details as follows:

- Collective performance assessment results of the Board of Directors showed an average score of 99 percent.
- Individual performance assessment of the Board of Directors showed an average score of 97 percent.
- Collective performance assessment results of the Audit Committee showed an average score of 99.6 percent
- Individual performance assessment results of the Audit Committee showed an average score of 98.4 percent.
- Performance assessment results of the Remuneration Committee showed an average score of 99.8 percent.
- Performance assessment results of the Nominating and Corporate Governance Committee showed an average score of 99.8 percent.
- Performance assessment results of the Risk Management Committee showed an average score of 98.6 percent.
- Performance assessment of the Corporate Sustainability Committee showed an average score of 99.8 percent.

The criteria for collective performance assessment of Board of Directors include 9 main topics as 1. Structure and qualifications of the Board of Directors; 2. Roles, duties and responsibilities of the Board of Directors; 3. Appointment of directors and subcommittee members; 4. Board of Directors meeting; 5. Shareholders meeting; 6. Report of information; 7. Relationship with the management; 8. Director self-development and executive development; and 9. Suggestions.

Furthermore, BAFS regularly arranges an assessment of the Board of Directors meeting efficiency after each meeting. Its results will be informed in the next meeting. In 2018, the overall results were rated "very good to excellent".

## **8. Performance Assessment of the Managing Director**

BAFS arranges a Managing Director performance assessment form on yearly basis whereby the Remuneration Committee conducts such assessment and presents its results to the Board of Directors for approval. The summary of the Managing Director performance assessment is kept confidential. The criteria for Managing Director performance assessment are divided into 3 parts as 1. BAFS's profits; 2. BAFS's strategic plans; and 3. Behavior and management. The assessment results are used for the Managing Director's salary adjustment, whereby its details will be further proposed to the Remuneration Committee and the Board of Directors for approval.



## 9. Remuneration

**Remuneration of Director:** BAFS's Remuneration Committee is responsible for considering remuneration provided to its directors. The remuneration determination process is explicitly and transparently defined and approved by the Shareholders meeting. The director's remuneration is adjusted to be appropriate with duties and responsibilities assigned and in the same range of businesses in the industry or businesses of similar size. Meanwhile, it is high enough to maintain qualified directors as required. In addition, BAFS's director who is assigned to undertake more duties will receive higher remuneration.

**Remuneration of the Managing Director:** the Board of Directors approves remuneration of the Managing Director, consisting of short-term remuneration such as monthly remuneration and bonus, and long-term remuneration whereby it is firstly screened by the Remuneration Committee in accordance with the employment contract. Key Performance Indicators (KPIs) are applied for annual performance assessment of the Managing Director as well as performance assessment of the directors and executives by using actual performance during January to December, comprising:

Part 1 BAFS's profits

Part 2 BAFS's strategic plans, covering financial, customer and stakeholder, internal process and learning and development perspectives

Part 3 Behavior and management and other criteria approved by the Board of Directors

For such performance assessment, the Managing Director, who is an executive director and has interest in the matter, does not take part in the consideration. The Chairman of the Board of Directors will inform the Managing Director of the results.

**Remuneration of Executives and Employees:** BAFS determines remuneration of executives and employees in accordance with the principles and policy stipulated by the Board of Directors, which is aligned with BAFS's profits in each year and performance results of each executive and employee by implementing Key Performance Indicators (KPIs) system.

BAFS discloses remuneration of the Board of Directors and top executive in the topic "Management Structure - Remuneration of Director and Executive". In 2018, remuneration of employees was 590,133,807 Baht in total.

## 10. Director and Executive Development

- 10.1 BAFS promotes and facilitates its directors and executives by providing them with training programs to ensure their performance improvement consistently.
- 10.2 The Board of Directors develops 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 Board of Directors then acknowledges crucial criteria regarding the Board of Directors and Subcommittees as well as major policies and important information of BAFS and is able to ensure more effective corporate governance.
- 10.3 BAFS organizes orientation programs for new directors whereby the Managing Director and relevant executives together with the Corporate Secretary and Investor Relations Division present information regarding shareholding structure, organizational structure, business characteristics, BAFS's operations, important financial information, the Corporate Group information, the Board of Directors Meeting and other information such as relevant criteria for good corporate governance, anti-corruption and criteria of the SET and the SEC.

- 10.4 BAFS arranges orientation programs for newly-appointed executives whereby the Corporate Secretary presents information such as the policy and criteria related to good corporate governance, anti-corruption and criteria of the SET and the SEC.
- 10.5 BAFS places importance on enhancing knowledge and capabilities of all directors and executives by encouraging them to attend trainings or seminars related to directors such as programs organized by the Thai Institute of Directors (IOD). In 2018, there were 4 directors attending the IOD training programs, namely M.R. Supadis Diskul attending the Board Nomination and Compensation Program (BNCP), Class 5/2018; Mr. Surachai Piencharoensak and Mr. Kongsiam Chinwanno attending the Director Accreditation Program (DAP), Class 145/2018 and Class 150/2018, respectively; and Mr. Nitinai Sirismatthakarn attending the Director Certification Program (DCP), Class 258/2018.

## 11. Succession Plan

The Board of Directors recognizes that human resource, especially at the management level, is one of the key factors contributing to the achievement of sustainability in its organizational management. Therefore, BAFS promotes the implementation of succession planning policy to have successors manage the organization systematically. In addition, as competent human resource at the management level can greatly contribute to its organizational growth, BAFS then defines a nomination and selection process based on explicit, tangible and transparent criteria, which are consistent with the Code of Conduct, in order to achieve its organizational goals.

BAFS arranges appropriate and transparent guidelines for nomination and selection process of candidates to fill in executive and senior executive-level positions in advance. To ensure that BAFS selects candidates who are ethical, competent and well-prepared in all aspects to build and improve its competitiveness in a continuous and sustainable manner, it then sets criteria for consideration and selection of successors as follows:

### 11.1 Managing Director

The Nominating and Corporate Governance Committee shall nominate and select both internal and external competent candidates by considering experience in energy business or related businesses, skills and specific qualifications in various fields necessary for BAFS's business, high leadership capacity, vision, management knowledge and capabilities aligned with core values and beneficial to the business.

### 11.2 Deputy Director/Assistant Director and Director

When Deputy Director/Assistant Director and director positions are going to be vacant, BAFS shall nominate and select competent employees at department manager level by implementing the following procedures:

- Evaluate competence of qualified candidates
- Arrange professional tests including English proficiency, ability and aptitude, managerial thinking, work presentation and vision communication, and interviews conducted by the candidate screening committee comprising senior executives.
- Set up an executive development plan for the chosen executives to ensure their preparedness for the vacant positions
- Specify a probation period upon taking the positions and systematically conduct performance assessments by means of the KPIs upon the completion of probation period.

Given that succession planning, as one of the key elements of sustainable good corporate governance, offers a solution to a shortage of employees in key positions, therefore, BAFS therefore periodically assesses the situations and conducts forecasts as well as consistently nominated, developed and prepared replacement employees.



## Report of the Remuneration Committee for the Year 2018

### Dear Shareholders of Bangkok Aviation Fuel Services Public Company Limited

The Remuneration Committee consists of 4 directors and 2 of them are independent directors namely Mr. Visut Montriwat as Chairman of the Remuneration Committee and Mr. Pachara Yutidhammadamrong as Remuneration Committee Member. Other Committee Members, as Directors by position, include 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 was approved by the Board of Directors. In order to enhance the efficiency of the Board of Directors and conform to 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. In 2018, the Company arranged 4 Remuneration Committee Meetings attended by all members of the Remuneration Committee, accounting for 100% attendance. The meeting results were reported to the Board of Director Meetings after every meeting. The key points of the meetings can be summarized as follows:

1. **Consideration of the remuneration for the Board of Directors and Subcommittee**, taking into account the suitability and the relevance of their duties, responsibilities, and performance, linking to the Company's operating results and overall economic situation. Comparison to the remunerations of other listed companies in similar size and in the industry
2. **Consideration of the remuneration for high-level executives**, by evaluating their performances against the targets and Key Performance Indicators (KPIs) as well as considering guidelines for appropriate and sufficient remuneration and benefits which were regarded as incentives on the achievement of goals pursuant to the policy and principle approved by the Board of Directors
3. **Consideration of dividend payment** including interim dividend and annual dividend. Results of such consideration were proposed to the Board of Directors and/or the Shareholders Meeting for approval, as the case may be, as well as providing opinions about compliance with the stipulated policy and criteria
4. **Consideration on the assessment of 2018 Remuneration Committee's performance**. The results indicated that the Remuneration Committee had fully performed its duties according to the Charter of Remuneration Committee. The performance assessment included topics such as structure and qualifications, roles and responsibilities, meetings and functions of the committee, self-development and performance assessment, etc.

The Remuneration Committee has performed its duties as assigned by the Board of Directors in a complete, discreet, prudent and independent manner to ensure compliance with the principles of good corporate governance, relevant rules, and laws and help drive business growth according to the predetermined direction for the maximum benefits of all shareholders and stakeholders.

February 7, 2019

On behalf of the Remuneration Committee

Mr. Visut Montriwat

Chairman of the Remuneration Committee

## Report of the Nominating and Corporate Governance Committee for the Year 2018

### Dear Shareholders of Bangkok Aviation Fuel Services Public Company Limited

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 Mr. Surachai Piencharoensak, members of the Nominating and Corporate Governance Committee.

In 2018, the Nominating and Corporate Governance held 7 meetings in total 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:

- Considered the election of directors in place of those who retired by rotation 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 the Board of Directors was still lacking, to fit with the Company's operating strategy. In this regard, information from the Director Pool was used as a part of the nomination process.
- Considered, nominated and selected successors to the Company's senior executives among competent persons inside and outside the organization based on their experience, skills, specific qualifications, leadership, vision, management and capabilities which were consistent with the core values and beneficial to the Company's business. In this regard, the Committee hired a consultant with expertise in human resources to be responsible for the nomination process to ensure that it was conducted in accordance with international standards and professionalism.
- Monitored the Company's business operation in accordance with its membership of the Private Sector Collective Action Coalition Against Corruption.
- Considered and provided recommendations regarding the Company's business operation to ensure conformity to the criteria of Corporate Governance Report of Thai Listed Companies developed by the Thai Institute of Directors.
- Considered, prepared, reviewed and improved the Board Charters and the Nominating and Corporate Governance Committee, the corporate governance policy and anti-corruption policies and the code of conduct to ensure their consistency with the CG Code 2017 issued by the Securities and Exchange Commission as well as the criteria, rules and regulations of the Stock Exchange of Thailand, the Capital Market Supervisory Board and the Thai Institute of Directors.
- Considered and approved a corporate governance promoting plan, which included the Company's activities organized for all directors, executives and employees, to ensure that their performance complied with the corporate governance policy, the anti-corruption policy and the code of conduct. The activities comprised CG touring activities and CG Day to provide knowledge regarding the code of conduct and the anti-corruption measures to the Company's employees. The seminars for suppliers, vendor/distributors and the on-line tests for the executives and employees regarding the code of conduct and the anti-corruption measures were also arranged.
- Considered and provided recommendations regarding the online tests on the code of conduct and anti-corruption measures for the executives and employees.
- Oversaw the performance of the Nominating and Corporate Governance Committee as in line with the operational plan.

The Nominating and Corporate Governance Committee has carried out its duties by adhering to the corporate governance principles to ensure transparency and fairness in the Company's business operation for the benefit of all stakeholders.

January 31, 2019

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 2018

### Dear Shareholders of Bangkok Aviation Fuel Services Public Company Limited

The Risk Management Committee consists of 5 directors, in which its Chairman is Mr. Aswin Kongsiri (Independent Director). Other 4 directors are Mr. Pipat Purnananda (Independent Director), M.R. Supadis Diskul (Chief Executive Chairman), Mr. Prakobkiat Ninnad (Managing Director) and Mr. Amnuay Pahuvanich, (Consultant to Chief Executive Chairman) also, Managing Director of Thai Aviation Refuelling Co.,Ltd., a subsidiary (BAFS Group). 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 Risk Management Charter covering risk management guidelines of the Committee of Sponsoring Organizations of the Tradeway Commission - Enterprise Risk Management (COSO:ERM) in accordance with international standards and guidelines of the Stock Exchange of Thailand.

The Risk Management Committee held a meeting on a quarterly basis, totaling 4 meetings in 2018. All committee members were present at every meeting, thus constituting a quorum (at least three-fourths of the total number of committee members). The management of BAFS and subsidiaries (BAFS Group) also attended the meetings to report the enterprise risk management. All meetings' subject matters can be summarized as follows:

1. **Supervised the risk management processes continuously** by carefully reviewing and considering risk appetite, risk tolerance, key risk indicators (KRIs) as well as issues and risk management plans at the beginning of every year and reporting the progress of risk management plans and status of KRIs on a quarterly basis to ensure that BAFS still managed risks within the tolerance level and can achieve the strategic objectives and goals for the year 2018.
2. **Scrutinized and commented on the significant risk management plans** as well as sustainability risks and emerging risks to ensure cost-effectiveness and efficiency of risk mitigation plans. The Risk Management Committee reviewed each risk mitigation plan with the management (risk owner) in the meeting. Some comments, whether to improve or establish additional measures, were added to accommodate risks efficiently.
3. **Overseen financial risk management** to ensure BAFS's financial target and result were met and sufficient cash flow is maintained for operating expenses and loans. The Risk Management Committee determined trigger points including total expenditures, EBITDA and cash flow and required that the status of trigger points and pro forma cash flow be reported at its quarterly meetings.

4. **Overseen the alignment of BAFS and subsidiaries (BAFS Group)'s enterprise risk management** to ensure business sustainability of BAFS and subsidiaries (BAFS Group). The Risk Management Committee monitored the management of subsidiaries including Thai Aviation Refuelling Limited (TARCO) and Fuel Pipeline Transportation Limited (FPT) to report the progress of risk management plans for the core business expansion projects as well as provided additional comments on risk management to ensure that the projects were implemented according to the plans.
5. **Reviewed the risk management policy and the Risk Management Committee charter** to ensure the appropriateness and alignment with the good corporate governance principles of the Stock Exchange of Thailand (SET), which were regularly presented to the Board of Directors every year.
6. **Self-assessment of the Risk Management Committee's performance (collective)** The assessment results of 2018 showed that the Risk Management Committee fully performed its duties and responsibilities as specified in the Risk Management Committee charter. The assessment topics included composition and qualifications, duties and responsibilities, meetings and risk management reporting, etc.
7. **Prepared the risk management performance report** to be submitted to the Audit Committee for review and the Board of Directors for acknowledgement after every meeting of the Risk Management Committee.

January 17, 2019

On behalf of the Risk Management Committee



Mr. Aswin Kongsiri

Chairman of the Risk Management Committee



## Report of the Corporate Sustainability Committee for the Year 2018

### Dear Shareholders of Bangkok Aviation Fuel Services Public Company Limited

The Corporate Sustainability Committee, within the scope of responsibilities as specified in the Corporate Sustainability Committee charter, is responsible for overseeing corporate sustainability management by placing emphasis on delivering balanced value to all stakeholders to create the Company's sustainable value as well as ensuring that all activities of BAFS and subsidiaries are aligned in the same direction. In 2018, the Corporate Sustainability Committee held 4 meetings in total. All subject matters can be summarized as follows:

1. Set out a sustainability policy framework for BAFS Group as a guideline for corporate sustainability management with emphasis on delivering balanced value, covering all economic, social and environmental dimensions, to stakeholders along the supply chain and ensuring operational excellence and good service quality with the highest safety standards and in accordance with the international standards.
2. Considered the appointment of BAFS Group's sustainability working groups to provide support to the Corporate Sustainability Committee as deemed appropriate. Appointed an operational-level working group on sustainability consisting of representatives from each sustainability-related agency and chaired by Managing Director of BAFS as well as supervised the working group on global warming mitigation and the working group on greenhouse gas reduction of BAFS Group.
3. Followed up the implementation of Sustainability Master Plan consisting of 8 plans derived from the sustainability materiality issues, covering the economic dimension (a supply chain management plan, a business innovation plan), the social dimension (a stakeholder engagement plan, a procurement process for sustainability plan, an employee satisfaction and engagement assessment plan, a community engagement plan), and the environmental dimension (a greenhouse gas reduction and climate change mitigation plan, an efficient and sustainable resource allocation plan) and regularly reported its performance to the Board of Directors.
4. Considered and followed up the environmental impact mitigation and reduction of greenhouse gas emissions by undertaking projects to reduce environmental problems, including the application of electric cars to conduct a study on the volume of greenhouse gas emissions compared with the normal cars, the solar cell installation project to reduce energy consumption, the corporate carbon footprint, the participation in Thailand Voluntary Emission Reduction or T-VER project, the reduction of greenhouse gas emissions and small particles from the Northern fuel pipeline system expansion project and BAFS Group's effort towards becoming CARBON NEUTRAL in 2020.
5. Considered the scope of sustainability reporting based on the GRI standards to ensure comprehensive and transparent disclosure of information to the public.

The Corporate Sustainability Committee was fully committed to corporate sustainability management and delivered balanced value, covering all economic, social and environmental dimensions, to the stakeholders along the supply chain.

February 4, 2019

On behalf of the Corporate Sustainability Committee

(M.R. Supadis Diskul)

Chairman of the Corporate Sustainability 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, to ensure completeness and transparency in the development and dissemination of information on corporate social responsibility to the public, BAFS has therefore prepared a sustainability report separately from an annual report to report the sustainability performance to stakeholders as in accordance with the Global Reporting Initiative (GRI). In 2018, BAFS reported its sustainability performance by using the GRI-Standards with a Core option in replacement of the Global Reporting Initiative (GRI) G4 Guidelines.

Moreover, BAFS realize the importance of the Sustainable Development Goals (SDGs), then the report address the consistency with the SDGs, which would be using as strategic planning guidelines for achieving the Sustainable Development Goals (SDGs).

More details about the reporting can be found in Sustainability Report 2018 or BAFS's website: [www.bafsthai.com](http://www.bafsthai.com)





## Management Discussion and Analysis of Operating Results for the Year Ended 2018



### 1. Report and Analysis of the Operating Results

In 2018, the amount of aviation fuel services volume at BKK and DMK totaling up to 6,003 million liters, which have the growth rate of 4.5%(y-o-y) and the total flights increased by 5.5%(y-o-y) to 303,520 flights. While the number of passengers in both airports, BKK and DMK are growing steadily according to the expansion of the Thai tourism industry. As well as from the supporting of the expansion of the aviation industry in the world, which is a large service sector that has continuously increased in value which as a result of the direction for the openness of the free trade policy Economic expansion in the developing countries and the continued growth of low-cost airlines, especially in Asia.

For the total multi-products fuel transportation volume of FPT in 2018 was slightly decreased by 1.0%(y-o-y) to 4,597 million liters due to Bangchak Corporation Pcl. (BCP) underwent its refining unit for annual maintenance for 45 days from April to May, 2018.

	2018	2017	Growth (y-o-y)
<b>Aviation Refuelling Services Business :</b>			
Aviation Fuel Volume (million litres)	6,003	5,747	4.5%
Flights	303,520	287,701	5.5%
<b>Fuel Pipeline Transportation Business :</b>			
Multi-products Fuel Volume (million litres)	4,597	4,643	(1.0%)

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



Total revenue in 2018 of the Group was Bt3,806.6 million increased by Bt166.4 million or 4.6%(y-o-y). While the services income was Bt3,754.3 million increased by Bt173.0 million or 4.8%(y-o-y). As the growth rate of total revenue at 4.6%(y-o-y) was higher than the growth rate of total expenses at 3.7%(y-o-y), the Net profit attributable to Equity holders of the Company in 2018 were of Bt1,050.6 million which increased by Bt80.0 million or 8.2%(y-o-y), representing the Net profit margin of 29.2% and the earnings per share of 2018 were Bt1.65.

Table summarized the operating results of the Group

(unit : Bt million)

	2018	2017	Increase / (Decrease)	Growth (y-o-y)
Services income	3,754.3	3,581.3	173.0	4.8%
Others income	52.3	58.9	(6.6)	(11.2%)
Total revenues	3,806.6	3,640.2	166.4	4.6%
Costs of service	1,658.9	1,606.0	52.9	3.3%
Gross Profit	2,095.4	1,975.3	120.1	6.1%
Gross Profit Margin	55.8%	55.2%		
Administrative expenses	611.8	583.8	28.0	4.8%
Total expenses	2,270.7	2,189.8	80.9	3.7%
EBIT	1,535.9	1,450.4	85.5	5.9%
EBIT Margin	40.3%	39.8%		
Depreciation and amortization	560.6	558.1	2.5	0.4%
EBITDA	2,096.5	2,008.5	88.0	4.4%
EBITDA Margin	55.1%	55.2%		
Finance cost	139.4	160.3	(20.9)	(13.0%)
Income tax expenses	286.3	261.7	24.6	9.4%
Profit for the year	1,110.2	1,028.5	81.7	7.9%
Net Profit to Equity holders of the Company	1,050.6	970.6	80.0	8.2%
Net Profit Margin	29.2%	28.3%		
Earning per share (Bt)	1.65	1.52	0.13	8.2%



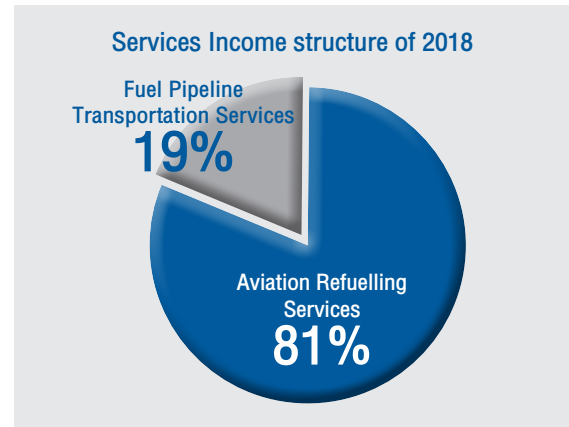
## 1.1 Revenue

In 2018, total revenues of the Group were Bt3,806.6 million which increased by 4.6%(y-o-y) comprised;-

### 1.1.1 Services Income

The services income in 2018 was Bt3,754.3 million, increasing by 4.8%(y-o-y) in line with the growth of fuel services volume of the Group.

For the income proportion separating by business structure consisted of Aviation refueling services at 81% and Fuel pipeline transportation services at 19% respectively.



### 1.1.2 Others Income

Others income in 2018 was Bt52.3 million, decreasing by 11.2%(y-o-y) since lower interest income as the investment in short-term Government bonds have been reduced due to the proceed of investment in the Northern Multi-Products Fuel Pipeline project (NFPT).

## 1.2 Expenses

### 1.2.1 Cost of services

In 2018, Cost of services was of Bt1,658.9 million, increased by Bt52.9 million or 3.3%(y-o-y), mainly due to the increase in the direct labor costs, maintenance cost and the airport concession fee for Aviation refueling services business. The Gross profit margin of the Group was of 55.8% compared to 55.2% of 2017.

### 1.2.2 Administrative Expenses

In 2018, administrative expenses were of Bt611.8 million, increased by Bt28.0 million or 4.8%(y-o-y), mainly due to the increase in the personnel expenses and the consulting fee.

Total expenses, Cost of services and the administrative expenses, were totaled Bt2,270.7 million, an increase of Bt80.9 million or 3.7%(y-o-y). The profit from operations before finances cost and taxes (EBIT) in 2018 was of Bt1,535.9 million, increasing by Bt85.5 million, or 5.9%(y-o-y). Representing operating profit margin before finances expense and income taxes (EBIT margin) at 40.3% and the EBITDA was totaled to Bt2,096.5 million, increasing by Bt88.0 million or 4.4%(y-o-y) and EBITDA margin was of 55.1%.

### 1.2.3 Finances Cost

The financial expenses for 2018 amounted to Bt139.4 million, a decrease of Bt20.9 million or 13.0%(y-o-y). As the long-term loans of the Group have been gradually reduced in accordance with the payment schedule. While the interest arising from the loans for investment in the second phase of Hydrant pipeline system expansion project at BKK of TARCO and NFPT Project of FPT will be capitalized in the projects' cost then would be amortized over the lifetime of the projects.

### 1.3 Operating Results

Net profit attributable to the Equity of the Company in 2018 was amounted to Bt1,050.6 million, increasing by Bt80.0 million or 8.2%(y-o-y), representing Bt1.65 earnings per share with the Net Profit margin of 29.2%. Thus approximately 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 of December 31, 2018 the Group had total assets at the amount of Bt16,290.4 million, increasing by Bt3,876.0 million or 31.2% from December 31, 2017. The important details of cash flow were as follows:

2.1.1 Cash and cash equivalent of Bt1,504.4 million which cash flow summarized for the period of 2018 were below;-

- The Group's net cash from operation was of Bt1,838.5 million, increasing by Bt106.6 million or 6.2%
- Cash for investment activities was of Bt4,217.2 million, increasing by Bt1,027.4 million or 32.2% which Bt4,099.5 million were the investment in the expansion of the NFPT project and the second phase of Hydrant pipeline system expansion project
- Net cash received from financing activities was of Bt2,429.5 million, increasing by Bt3,660.0 million or 296.5%. During in 2018, the Group had drawn down long-term loans for Bt3,971.7 million, while repayments of long-term loans and financial lease payment amounted to Bt507.0 million and dividend payments to the Company's shareholders amounted to Bt833.0 million

2.1.2 Property, leasehold improvement and equipment as of December 31, 2018 was of Bt11,353.9 million, increasing by Bt4,149.7 million or 57.6% from December 31, 2017

2.1.3 Project costs under concession agreements was of Bt1,578.6 million which comprise of Into-plane substation project of Bt88.0 million, Aviation Fuel pipeline equipment of Bt1,009.4 million, Concession of a subsidiary of Bt454.1 million and Right to use leased land related to concession agreement of Bt27.1 million

### 2.2 Liabilities

As of December 31, 2018, the Group had total liabilities of Bt8,437.4 million, increasing by Bt3,592.7 million or 74.2% from December 31, 2017. The total liabilities to total equity ratio was of 1.07:1 time and the Interest bearing debts to total equity ratio was of 0.85:1 time. The liabilities comprised of major items which follow;-

2.2.1 Account payable and others account payable was of Bt406.2 million

2.2.2 Long term loan from banks, which are due within one year, was of Bt326.2 million which were belonged to BAFS at the amount of Bt185.7 million and belonged to TARCO and FPT at the amount of Bt110.0 million and Bt30.5 million respectively



2.2.3 Long-term loans from banks were Bt6,292.3 million, increasing by Bt3,646.3 million from December 31, 2017 or 137.8%. These comprise of:-

BAFS

- Long-term loans from TMB was of Bt2,089.3 million due on April 30, 2026 with 3 years grace period and quarterly, principal repayment: Bt80.4 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 Bt115.3 million for the investment in the 3 Diesel Fuel Tanks project at DMK depot. The loan will be due on May 31, 2024 which was monthly principal repayment at Bt2.2 million at the rate of MLR minus percent of fixed rate per annum
- Long term loans from BBL was of Bt6,070.0 million and Bt230.0 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 Bt3,822.3 million
- Long-term loans from BBL was of Bt11.4 million for use in Energy conservation projects. The loan will be due in March 2023 which was monthly principal repayment at Bt0.34 million at a fixed percentage per annum

TARCO

- Long term loan from TMB was of Bt184.0 million, which TARCO had a loan agreement for Bt550 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 Bt27.5 million at the rate of BIBOR 3-month plus percent of fixed rate per annum

BAFS INTECH

- Long term loan from BBL was of Bt70.0 million. The loan will be due on April, 2028 which was three month principal repayment at Bt2.2 million at the rate of MLR minus percent of fixed rate per annum

2.2.4 Long-term debt of FPT under rehabilitation plan was of Bt7.5 million.

2.2.5 The Employee benefit obligations was of Bt983.0 million according to Labor Protection Laws as TAS no.19 on employee benefits.

## 2.3 Shareholders' Equity

As at December 31, 2018, total shareholders' equity was of Bt7,853.0 million, increased from December 31, 2017 by Bt283.3 million or 3.7% which Bt6,476.9 million was Equity attributable to owners of the Company, increased by Bt247.4 million or 4.0%.

## Report on the Board of Directors' Responsibilities towards the Annual Financial Statements 2018

The Board of Directors is accountable for Bangkok Aviation Fuel Services Public Company Limited (BAFS) and subsidiaries' consolidated financial statements and separate financial statements including financial information disclosed in the Annual Report. The financial statements ended December 31, 2018 were prepared in accordance with International Financial Reporting Standards by regularly implementing and conforming to appropriate accounting policies while exercising discretion, preparing reasonable forecasts and disclosing significant information in Notes to financial statements in an adequate and transparent manner for the benefits of shareholders and stakeholders.

The Board of Directors also adhered to good corporate governance and maintained adequate and effective risk management and internal control systems to ensure accuracy and completeness of significant information based on facts in a timely and adequate manner to retain assets and prevent significant fraud or wrongdoing.

In this regard, the Board of Directors appointed the Audit Committee consisting of independent directors who were experts and fully qualified as required by the office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) to review and ensure accuracy and adequacy of BAFS's financial reporting information as well as appropriateness and effectiveness of BAFS's internal control system, internal audit and risk management. Moreover, the Audit Committee oversaw BAFS's compliance with law on securities and exchange, SET regulations, other relevant laws, obligations and BAFS's anti-corruption measures. The Audit Committee also ensured that BAFS's assets were maintained appropriately and connected transactions or transactions that may cause conflict of interest were proceeded in accordance with laws and SET regulations. Additionally, the Audit Committee selected and proposed the appointment of BAFS's auditor, determined the audit fee as well as proposed the termination of interim auditor. The Audit Committee's opinions appeared in the Report of the Audit Committee which was disclosed in the Annual Report.

The Board of Directors agreed with the Audit Committee's opinion that the consolidated financial statements of BAFS and subsidiaries and the separate financial statements ended December 31, 2018, and operating results and cash flow in the same accounting period were prepared, in all material respects, in accordance with International Financial Reporting Standards.



(Mr. Palakorn Suwanrath)  
Chairman of the Board of Directors



(Mr. Prakobkiat Ninnad)  
Managing Director





## Independent Auditor's Report

To the Shareholders of Bangkok Aviation Fuel Services Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Bangkok Aviation Fuel Services Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, 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 2018, 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 matter below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond is 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 randomly 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.

### **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.

Vissuta Jariyathanakorn

Certified Public Accountant (Thailand) No. 3853

EY Office Limited

Bangkok: 27 February 2019

## Statements of financial position

Bangkok Aviation Fuel Services Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	1,504,441,711	1,453,687,606	726,652,827	782,630,129
Current investments	8	674,548,513	610,913,829	211,175,110	209,390,109
Trade and other receivables	9	380,073,744	353,059,009	311,263,274	291,799,804
Inventories		39,641,008	33,680,828	15,311,500	16,696,690
Current portion of long-term loan to and receivable from related party	6	-	-	71,579,927	71,579,927
Other current financial assets		86,624,535	51,005,067	10,050,139	9,803,859
Other current assets		51,600,061	53,760,853	29,025,853	28,941,635
<b>Total current assets</b>		<b>2,736,929,572</b>	<b>2,556,107,192</b>	<b>1,375,058,630</b>	<b>1,410,842,153</b>
<b>Non-current assets</b>					
Restricted bank deposits and government bond	19	70,411,485	70,251,082	-	-
Long-term investment		1,996,215	1,993,826	-	-
Investments in subsidiaries	10	-	-	4,449,602,189	4,393,102,189
Investment in associate	11	9,982,485	-	10,000,000	-
Long-term loan to and receivable from related party, net of current portion	6	-	-	149,117,039	220,696,966
Investment properties	12	47,953,340	47,953,340	47,953,340	47,953,340
Property, leasehold improvement and equipment	13	11,353,853,895	7,204,190,218	2,245,407,975	2,418,459,627
Project costs under concession agreements	14	1,578,615,666	1,675,775,003	115,117,313	129,769,731
Right to use assets under lease agreements	15	31,391,223	35,071,007	-	-
Intangible assets	16	37,077,651	37,818,336	34,132,560	34,626,319
Deferred tax assets	25	196,601,359	187,436,357	167,915,257	161,278,762
Advance payment for construction		215,569,662	589,302,147	15,672,981	7,863,570
Other non-current assets		9,985,088	8,503,105	8,459,564	6,872,152
<b>Total non-current assets</b>		<b>13,553,438,069</b>	<b>9,858,294,421</b>	<b>7,243,378,218</b>	<b>7,420,622,656</b>
<b>Total assets</b>		<b>16,290,367,641</b>	<b>12,414,401,613</b>	<b>8,618,436,848</b>	<b>8,831,464,809</b>

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	17	406,205,433	430,297,457	210,472,786	197,055,328
Current portion of liabilities under finance lease agreement	18	10,113,937	10,775,091	26,188,498	62,971,006
Current portion of long-term loans	19	326,176,000	497,444,460	185,720,000	357,044,460
Current portion of long-term liabilities under rehabilitation plan	20	3,921,723	4,117,671	-	-
Current portion of provision for land leased related to concession agreement	21	4,117,926	3,644,997	4,117,926	3,644,997
Corporate income tax payable		81,154,596	64,321,685	38,606,932	25,754,715
Other current liabilities		88,181,715	67,593,366	51,011,617	46,072,452
<b>Total current liabilities</b>		<b>919,871,330</b>	<b>1,078,194,727</b>	<b>516,117,759</b>	<b>692,542,958</b>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreement, net of current portion	18	15,641,488	9,502,177	37,790,559	54,645,998
Long-term loans, net of current portion	19	6,292,312,838	2,645,965,860	2,089,280,000	2,274,199,874
Long-term liabilities under rehabilitation plan, net of current portion	20	7,540,596	11,462,319	-	-
Provision for land leased related to concession agreement, net of current portion	21	37,354,988	41,476,573	37,354,988	41,476,573
Provision for long-term employee benefits	22	982,952,323	939,313,354	829,979,311	795,549,690
Other non-current liabilities		181,722,805	118,765,892	3,444,127	5,795,907
<b>Total non-current liabilities</b>		<b>7,517,525,038</b>	<b>3,766,486,175</b>	<b>2,997,848,985</b>	<b>3,171,668,042</b>
<b>Total liabilities</b>		<b>8,437,396,368</b>	<b>4,844,680,902</b>	<b>3,513,966,744</b>	<b>3,864,211,000</b>

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
<b>Shareholders' equity</b>					
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		410,076,849	410,076,849	-	-
Retained earnings					
Appropriated - statutory reserve	23	63,749,666	63,749,666	63,749,666	63,749,666
- other reserve		2,118,294,192	1,947,282,737	2,118,294,192	1,947,282,737
Unappropriated		2,812,339,892	2,735,995,047	1,849,955,093	1,883,750,253
Equity attributable to owners of the Company		6,476,931,752	6,229,575,452	5,104,470,104	4,967,253,809
Non-controlling interests of the subsidiaries		1,376,039,521	1,340,145,259	-	-
<b>Total shareholders' equity</b>		<b>7,852,971,273</b>	<b>7,569,720,711</b>	<b>5,104,470,104</b>	<b>4,967,253,809</b>
<b>Total liabilities and shareholders' equity</b>		<b>16,290,367,641</b>	<b>12,414,401,613</b>	<b>8,618,436,848</b>	<b>8,831,464,809</b>

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit or loss</b>					
<b>Revenue</b>					
Service income		3,754,335,589	3,581,310,550	2,375,071,559	2,238,938,124
Dividend income	10	-	-	267,501,674	256,589,481
Other income		52,266,522	58,894,807	117,775,156	114,597,555
<b>Total revenues</b>		<b>3,806,602,111</b>	<b>3,640,205,357</b>	<b>2,760,348,389</b>	<b>2,610,125,160</b>
<b>Expenses</b>					
Cost of services		1,658,935,776	1,606,000,602	1,113,821,631	1,078,954,885
Administrative expenses		611,776,762	583,755,513	406,283,928	379,217,574
<b>Total expenses</b>		<b>2,270,712,538</b>	<b>2,189,756,115</b>	<b>1,520,105,559</b>	<b>1,458,172,459</b>
<b>Profit before share of loss from investment in associate, finance cost and income tax expenses</b>		<b>1,535,889,573</b>	<b>1,450,449,242</b>	<b>1,240,242,830</b>	<b>1,151,952,701</b>
Share of loss from investment in associate		(17,516)	-	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>1,535,872,057</b>	<b>1,450,449,242</b>	<b>1,240,242,830</b>	<b>1,151,952,701</b>
Finance cost		(139,410,825)	(160,310,987)	(131,098,179)	(147,192,643)
<b>Profit before income tax expenses</b>		<b>1,396,461,232</b>	<b>1,290,138,255</b>	<b>1,109,144,651</b>	<b>1,004,760,058</b>
Income tax expenses	25	(286,257,525)	(261,652,171)	(168,697,946)	(149,702,782)
<b>Profit for the year</b>		<b>1,110,203,707</b>	<b>1,028,486,084</b>	<b>940,446,705</b>	<b>855,057,276</b>
<b>Other comprehensive income:</b>					
<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
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>(21,270,131)</b>	<b>-</b>	<b>(15,623,410)</b>
<b>Total comprehensive income for the year</b>		<b>1,110,203,707</b>	<b>1,007,215,953</b>	<b>940,446,705</b>	<b>839,433,866</b>

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Profit attributable to:</b>				
Equity holders of the Company	1,050,586,710	970,587,752	940,446,705	855,057,276
Non-controlling interests of the subsidiaries	59,616,997	57,898,332		
	1,110,203,707	1,028,486,084		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	1,050,586,710	950,630,278	940,446,705	839,433,866
Non-controlling interests of the subsidiaries	59,616,997	56,585,675		
	1,110,203,707	1,007,215,953		
<b>Basic earnings per share</b>				
Profit attributable to equity holders of the Company	1.65	1.52	1.48	1.34

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



## Cash flow statement

Bangkok Aviation Fuel Services Public Company Limited and its subsidiaries  
For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Profit before tax	1,396,461,232	1,290,138,255	1,109,144,651	1,004,760,058
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	560,553,810	558,066,902	294,994,515	298,429,421
Loss (gain) on disposal of equipment	(566,107)	1,177,230	136,953	258,166
Unrealised loss on exchange	154,797	385,552	165,027	325,370
Amortisation in premium of forward contract	10,490	(55,483)	10,490	(55,483)
Share of loss from investment in associate	17,516	-	-	-
Dividend income	-	-	(267,501,674)	(256,589,481)
Long-term employee benefits expenses	60,222,933	48,453,650	47,451,234	37,611,055
Interest income	(23,235,030)	(37,381,085)	(23,503,347)	(29,040,191)
Interest expenses	139,410,825	160,310,987	131,098,179	147,192,643
Income from operating activities before changes in operating assets and liabilities	2,133,030,466	2,021,096,008	1,291,996,028	1,202,891,558
Operating assets (increase) decrease				
Trade and other receivables	(27,416,492)	4,417,025	(19,865,227)	(1,609,369)
Inventories	(5,960,180)	(1,184,550)	1,385,190	(73,346)
Other current assets	(32,244,395)	(20,113,830)	265,546	3,953,379
Other non-current assets	(1,481,983)	443,282	(1,587,412)	477,031
Operating liabilities increase (decrease)				
Trade and other payables	13,957,675	(39,062,326)	2,333,185	22,520,487
Other current liabilities	20,814,588	3,992,474	5,165,405	2,600,347
Provision for long-term employee benefits	(39,950,007)	(48,727,555)	(32,037,112)	(47,302,056)
Other non-current liabilities	56,949,967	75,203,922	(8,358,726)	(3,212,613)
Cash flows from operating activities	2,117,699,639	1,996,064,450	1,239,296,877	1,180,245,418
Cash paid for corporate income tax	(279,207,534)	(264,169,698)	(162,482,224)	(141,756,549)
<b>Net cash flows from operating activities</b>	<b>1,838,492,105</b>	<b>1,731,894,752</b>	<b>1,076,814,653</b>	<b>1,038,488,869</b>

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from investing activities</b>				
Increase in current investment	(63,634,684)	(395,616,714)	(1,785,001)	(1,431,192)
Increase in long-term investment	(2,389)	(2,390)	-	-
Decrease in long-term loan to and receivable from related party	-	-	71,579,927	71,579,927
Increase in restricted bank deposits and government bond	(160,403)	(59,964,057)	-	-
Interest received	22,638,666	36,196,533	22,907,303	27,854,304
Dividend income from subsidiaries	-	-	267,501,674	256,589,481
Increase in investment in subsidiaries	-	-	(56,500,000)	-
Increase in investment in associate	(10,000,000)	-	(10,000,000)	-
Increase in advance payment for construction	(57,992,478)	(394,238,370)	(7,809,411)	(7,863,570)
Acquisitions of property, leasehold improvement and equipment	(4,099,538,968)	(2,370,844,055)	(115,629,906)	(99,959,530)
Acquisitions of intangible assets	(9,405,300)	(5,692,259)	(8,033,843)	(5,374,909)
Proceed from disposal of equipment	879,327	316,101	5,607	262,991
<b>Net cash flows from (used in) investing activities</b>	<b>(4,217,216,229)</b>	<b>(3,189,845,211)</b>	<b>162,236,350</b>	<b>241,657,502</b>
<b>Cash flows from financing activities</b>				
Repayment of liabilities under finance lease agreements	(10,314,140)	(12,756,904)	(32,796,424)	(34,206,088)
Cash receipt from long-term loans	3,971,722,852	209,044,007	-	-
Repayment of long-term loans	(496,644,334)	(487,444,460)	(356,244,334)	(337,044,460)
Repayment of long-term liabilities under rehabilitation plan	(4,117,671)	(4,313,620)	-	-
Dividend paid	(803,230,410)	(777,743,598)	(803,230,410)	(777,743,598)

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash receipt from increase in share capital of the subsidiaries	6,000,000	-	-	-
Dividend paid to non-controlling interests of subsidiaries	(29,722,735)	(30,950,488)	-	-
Interest paid	(204,225,563)	(132,365,196)	(102,757,137)	(115,867,291)
<b>Net cash flows from (used in) financing activities</b>	<b>2,429,467,999</b>	<b>(1,236,530,259)</b>	<b>(1,295,028,305)</b>	<b>(1,264,861,437)</b>
Unrealised loss (gain) on exchange for cash and cash equivalents	10,230	(60,182)	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>50,754,105</b>	<b>(2,694,540,900)</b>	<b>(55,977,302)</b>	<b>15,284,934</b>
Cash and cash equivalents at beginning of year	1,453,687,606	4,148,228,506	782,630,129	767,345,195
<b>Cash and cash equivalents at end of year</b>	<b>1,504,441,711</b>	<b>1,453,687,606</b>	<b>726,652,827</b>	<b>782,630,129</b>
<b>Supplemental cash flow information:</b>				
Non-cash transactions				
Increase in vehicles under finance lease agreements	18,234,369	9,775,855	10,687,640	9,471,055
Write-off vehicles with liabilities under finance lease agreements	3,496,270	1,979,063	37,796,270	1,674,263
Transfer advance payment for construction to property, leasehold improvement and equipment	431,724,963	144,481,023	-	398,603
Construction and equipment payables increase (decrease)	(36,913,078)	249,146,322	10,384,127	23,246,034

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 2018

(Unit: Baht)

Consolidated financial statements									
Equity attributable to owners of the Company									
	Issued and fully paid-up share capital	Share premium	Capital surplus resulting from change in interest in subsidiary without loss of control	Retained earnings			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total
				Appropriated		Unappropriated			
				Legal reserve	Other reserve				
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
Balance as at 1 January 2018	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
Profit for the year	-	-	-	-	-	1,050,586,710	1,050,586,710	59,616,997	1,110,203,707
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	1,050,586,710	1,050,586,710	59,616,997	1,110,203,707
Increase in investment in subsidiary during the period (Note 10)	-	-	-	-	-	-	-	-	-
Dividend paid from subsidiary	-	-	-	-	-	-	-	6,000,000	6,000,000
Dividend paid (Note 30)	-	-	-	-	-	(803,230,410)	(803,230,410)	(29,722,735)	(29,722,735)
Other reserve	-	-	-	-	171,011,455	(171,011,455)	-	-	-
Balance as at 31 December 2018	637,496,153	434,975,000	410,076,849	63,749,666	2,118,294,192	2,812,339,892	6,476,931,752	1,376,039,521	7,852,971,273

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 2018

(Unit: Baht)

	Separate financial statements				
	Issued and fully paid-up share capital	Share premium	Retained earnings		
			Appropriated	Unappropriated	Total
			Legal reserve	Other reserve	
<b>Balance as at 1 January 2017</b>	637,496,153	434,975,000	63,749,666	1,664,527,949	4,905,563,541
Profit for the year	-	-	-	-	855,057,276
Other comprehensive income for the year	-	-	-	-	(15,623,410)
Total comprehensive income for the year	-	-	-	-	839,433,866
Dividend paid (Note 30)	-	-	-	-	(777,743,598)
Other reserve	-	-	-	282,754,788	-
<b>Balance as at 31 December 2017</b>	637,496,153	434,975,000	63,749,666	1,947,282,737	4,967,253,809
<b>Balance as at 1 January 2018</b>	637,496,153	434,975,000	63,749,666	1,883,750,253	4,967,253,809
Profit for the year	-	-	-	-	940,446,705
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	940,446,705
Dividend paid (Note 30)	-	-	-	-	(803,230,410)
Other reserve	-	-	-	171,011,455	-
<b>Balance as at 31 December 2018</b>	637,496,153	434,975,000	63,749,666	2,118,294,192	5,104,470,104

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 2018

### 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 Road., 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	
			2018	2017
			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 and development, production and product distribution.	Thailand	100.00	100.00
BAFS Intech Co., Ltd.	Assembly and maintenance of hydrant dispensers	Thailand	90.00	-

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 and associate 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 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 adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

#### (b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatments and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

#### TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

**(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### *Rendering of services*

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

#### *Interest income*

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

#### *Dividend income*

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

### **4.2 Cash and cash equivalents**

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



#### 4.3 Trade accounts receivable

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

#### 4.4 Inventories

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

#### 4.5 Investments

- a) Investments in associate is accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method.
- c) 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 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 year 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.



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 Project costs under concession agreements and amortisation method

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

Amortisation of project 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 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, project 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.

#### Equipment/Depreciation

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

### 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 charges for land is based on rental expense paid to Treasury Department and plus 5 percent of annual rental.
8. 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 Mueang aviation fuel storage station, the contract is renewed annually at the agreed price. From 1 July 2016, the rental charge at Don Mueang 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.
9. The Company has to pay a concession fee for Into-plane service at Suvarnabhumi Airport at the rate stipulated in the agreement.



10. 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.
  11. The Company and its subsidiaries have to pay the rental fee for land and space at a rate stipulated in the agreement.
  12. The Company has to pay a concession fee for pipeline system at Don Mueang Airport. The rental charge is based on the every year increase in the rate of CPI.
  13. Land rental and utility expenses paid to related company at an agreed price.
  14. Purchase of the refueling vehicle from subsidiary, determined based on the contract price.
  15. Dividend income is based on the resolution of the Annual General Meeting of shareholders of subsidiaries.
- 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
	2018	2017	2018	2017	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Office building and land rental income	-	-	15	17	(2) (7)
Pipeline receiving system rental income	-	-	33	29	(3) (6)
Dividend income	-	-	268	257	(15)
Interest income	-	-	13	17	(4)
Other income	-	-	30	23	(5)
Service expenses	-	-	11	11	(1)
Purchase of the refueling vehicle	-	-	37	-	(14)
<b><u>Transactions with related companies</u></b>					
Service income	3,756	3,579	2,375	2,239	(5)
Land and certain structures rental and utilities income	12	12	12	12	(8)
Other income	5	5	2	1	(5)
Land and utilities expenses	4	4	-	-	(13)
Airport concession fee expenses - Into-plane service	253	245	253	245	(9)
Airport concession fee expenses - Hydrant network system	13	13	-	-	(10)
Space and land rental expenses	30	31	26	27	(11)
Pipeline system rental expenses	31	31	31	31	(12)



The balances of the accounts as at 31 December 2018 and 2017 between the Company, its subsidiaries and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b><u>Trade accounts receivable - related parties (Note 9)</u></b>				
Related companies (shareholder or common shareholder or representative director)	379,603	352,490	307,042	286,829
<b><u>Other receivables - related parties (Note 9)</u></b>				
Subsidiary companies	-	-	4,194	4,808
Related companies (shareholder or common shareholder or representative director)	402	470	27	163
Total other receivables - related parties	402	470	4,221	4,971
<b><u>Long-term loan to and receivable from related party</u></b>				
Subsidiary company				
Fuel Pipeline Transportation Limited	-	-	220,697	292,277
Less: Current portion	-	-	(71,580)	(71,580)
Long-term loan to and receivable from related party - net of current portion	-	-	149,117	220,697
<b><u>Trade accounts payable - related parties (Note 17)</u></b>				
Related companies (shareholder or common shareholder or representative director)	50,726	47,567	34,994	33,413
<b><u>Other payables - related parties (Note 17)</u></b>				
Subsidiary company	-	-	103,442	62,213
Related company (shareholder or common shareholder or representative director)	290	70	290	14
Total other payables - related parties	290	70	103,732	62,227
<b><u>Liabilities under finance lease agreement - related party (Note 18)</u></b>				
Subsidiary company				
Fuel Pipeline Transportation Limited				
Current portion of liabilities under finance lease agreement	-	-	17,661	54,115
Liabilities under finance lease agreement, net current portion	-	-	28,456	46,117

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Long-term liabilities under rehabilitation plan (Note 20)</b>				
Related company (shareholder)	11,462	15,580	-	-
<b>Provision for land lease related to concession agreement (Note 21)</b>				
Related company (shareholder)	41,473	45,122	41,473	45,122
<b>Other non-current liabilities</b>				
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 2018 was as follows:

(Unit: Thousand Baht)

Long-term loan to and receivable from	Separate financial statement		
	Balance as at 1 January 2018	Decrease during the year	Balance as at 31 December 2018
Fuel Pipeline Transportation Limited			
Loans from debt restructuring	51,834	(12,694)	39,140
Loans from purchase of debts	240,443	(58,886)	181,557
Total	292,277	(71,580)	220,697
Less: current portion	(71,580)	-	(71,580)
Net of current portion	220,697	(71,580)	149,117

The loans are secured by mortgage of 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 2018 and 2017, 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	
	2018	2017	2018	2017
Short-term employee benefits	146,724	139,769	75,824	72,184
Post-employment benefits	16,038	9,713	9,664	5,134
Other long-term benefit	78	66	11	2
Total directors and managements remuneration	162,840	149,548	85,499	77,320

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash on hand	364	605	204	521
Deposit with banks and financial institutions	326,019	853,546	46,902	182,572
Government bonds and promissory note	1,178,059	599,537	679,547	599,537
Total cash and cash equivalents	1,504,442	1,453,688	726,653	782,630

As at 31 December 2018, bank deposits in saving accounts, fixed deposits, government bonds and promissory note carried interests between 0.10 and 1.44 percent per annum (2017: between 0.10 and 1.48 percent per annum).

## 8. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Fixed deposit	210,175	208,390	210,175	208,390
Restricted bank deposits	93,837	93,123	-	-
Restricted government bond	359,884	299,927	-	-
Others	10,652	9,474	1,000	1,000
Total current investments	674,548	610,914	211,175	209,390

The subsidiary has pledged government bond and bank deposits totaling approximately Baht 454 million (2017: 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 19 of consolidated financial statements.

As of 31 December 2018, the Company has fixed deposit of Baht 90 million (2017: 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	
	2018	2017	2018	2017
<u>Trade receivables</u>				
Related parties (Note 6)	379,603	352,490	307,042	286,829
Unrelated parties	-	30	-	-
Total trade receivables	379,603	352,520	307,042	286,829
<u>Other receivables</u>				
Related parties (Note 6)	402	470	4,221	4,971
Unrelated parties	69	69	-	-
Total other receivables	471	539	4,221	4,971
Total trade and other receivables	380,074	353,059	311,263	291,800

All trade receivable balances 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	
	2018	2017	2018 (percent)	2017 (percent)	2018	2017	2018	2017
Fuel Pipeline Transportation Ltd.	3,660,664	3,660,664	75.00	75.00	3,155,502	3,155,502	-	10,982
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	267,502	245,607
BAFS Innovation Development Co., Ltd.	5,000	2,500	100.00	100.00	5,000	2,500	-	-
BAFS Intech Co., Ltd.	60,000	-	90.00	-	54,000	-	-	-
Total investments in subsidiaries					4,449,602	4,393,102	267,502	256,589

During the year, BAFS Innovation Development Co., Ltd. called up the second 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, in September 2018.

On 9 May 2018, the Company's Board of Directors Meeting no. 2/2018 passed a resolution to approve the incorporation of BAFS Intech Company Limited, in which the Company's interest is 90 percent, with a registered capital of Baht 60 million (600,000 ordinary shares of Baht 100 each). The Company paid in share capital in proportion to the Company's interest, amounting to Baht 54 million, in June 2018.

## 11. Investment in associate

### 11.1 Separate financial statements - Investment in associate

On 9 May 2018, meeting no. 2/2018 of the Company's Board of Directors passed a resolution to approve the incorporation of BPTG Company Limited, in which the Company's interest is 40 percent, with a registered capital of Baht 100 million (1,000,000 ordinary shares of Baht 100 each). That company called up the first tranche of its share capital, which was 25% of the total capital, or Baht 25 million and the Company paid in share capital in proportion to its interest, amounting to Baht 10 million, in July 2018.

### 11.2 Consolidated financial statements - Investment in associate

(Unit: Thousand Baht)

Cost	10,000
Share of loss for the year	(18)
Carrying amount based on equity method as at 31 December 2018	<u>9,982</u>

## 12. 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 2018 was Baht 52 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.









As at 31 December 2018, the subsidiaries had an outstanding balance of construction in progress of the main depot facilities, hydrant equipment and pipeline of approximately Baht 7,849 million (2017: Baht 3,492 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 90 million were capitalised during the year ended 31 December 2018 (2017: Baht 8 million). The weighted average rates of 2.92% to 4.14% have been used to determine the amount of borrowing costs eligible for capitalisation.

As at 31 December 2018, 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 1,915 million (2017: Baht 1,777 million) (Separate financial statements: Baht 1,820 million, (2017: Baht 1,690 million)).

As at 31 December 2018, the Company and its subsidiaries had vehicles and equipment under finance lease agreements with net book values amounting to Baht 22 million (2017: Baht 43 million) (Separate financial statements: Baht 62 million (2017: Baht 114 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 2018, Fuel Pipeline Transportation Limited (subsidiary), has mortgaged the multi-product pipeline system and main depot facilities with net book value of Baht 306 million (2017: Baht 404 million) to secure long-term liabilities under the rehabilitation plan and mortgaged land and structures thereon, pipeline system and equipment thereon with net book values of Baht 6,077 million (2017: Baht 1,938 million) to secure long-term loans.

BASF Intech Company Limited (subsidiary) has mortgaged land and structures thereon with net books values as at 31 December 2018 of Baht 75 million to secure long-term loan.

#### 14. Project 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
<b>Cost</b>								
As at 31 December 2017	227,548	1,707,201	768,006	69,889	2,772,644	227,548	69,889	297,437
As at 31 December 2018	227,548	1,707,201	768,006	69,889	2,772,644	227,548	69,889	297,437
<b>Accumulated amortisation</b>								
As at 1 January 2017	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
Amortisation for the year	11,158	56,907	25,600	3,495	97,160	11,158	3,495	14,653
As at 31 December 2018	139,513	697,844	313,865	42,807	1,194,029	139,513	42,807	182,320
<b>Net book value</b>								
As at 31 December 2017	99,193	1,066,264	479,741	30,577	1,675,775	99,193	30,577	129,770
As at 31 December 2018	88,035	1,009,357	454,141	27,082	1,578,615	88,035	27,082	115,117

Under the Into-plane Service Agreement and the Permission for Performance Agreement of the fuel hydrant network at Suvarnabhumi Airport, made with Airports 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 Airports of Thailand Public Company Limited within 60 days before it begins operating the service. As of 31 December 2018, 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 "Project 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.

## 15. 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
<b>Cost</b>			
As at 31 December 2017	43,848	24,366	68,214
As at 31 December 2018	43,848	24,366	68,214
<b>Accumulated amortisation</b>			
As at 1 January 2017	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
Amortisation for the year	2,462	1,218	3,680
As at 31 December 2018	24,791	12,032	36,823
<b>Net book value</b>			
As at 31 December 2017	21,519	13,552	35,071
As at 31 December 2018	19,057	12,334	31,391

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 Airports 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 2018, the subsidiary is in the process of transferring ownership in accordance with the agreement.

## 16. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Computer software - at cost	104,304	96,583	88,989	82,554
Less: Accumulated amortisation	(67,226)	(58,765)	(54,857)	(47,928)
Net book value	37,078	37,818	34,132	34,626

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Book value at beginning year	37,818	30,855	34,626	26,296
Acquisitions during the year	9,405	5,692	8,034	5,375
Adjustment during year - at cost	-	10,515	-	10,515
Amortisation for the year	(10,145)	(9,244)	(8,528)	(7,560)
Book value at end of year	37,078	37,818	34,132	34,626

## 17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade payables - related parties (Note 6)	50,726	47,567	34,994	33,413
Trade payables - unrelated parties	18,801	15,871	4,919	7,766
Other payables - related parties (Note 6)	290	70	103,732	62,227
Other payables - unrelated parties	294,699	331,859	44,568	72,359
Accrued expenses	41,689	34,930	22,260	21,290
Total trade and other payables	406,205	430,297	210,473	197,055

## 18. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements	
	2018	2017
Liabilities under finance lease agreements	27,526	21,174
Less: Deferred interest expenses	(1,770)	(897)
Total	25,756	20,277
Less: Portion due within one year	(10,114)	(10,775)
Liabilities under finance lease agreements, net of current portion	15,642	9,502

(Unit: Thousand Baht)

	Separate financial statements	
	2018	2017
<u>Related party (Note 6)</u>		
Liabilities under finance lease agreement	50,554	110,274
Less: Deferred interest expenses	(4,437)	(10,042)
Total	46,117	100,232
Less: Portion due within one year	(17,661)	(54,115)
Liabilities under finance lease agreements, net of current portion	28,456	46,117
<u>Unrelated parties</u>		
Liabilities under finance lease agreement	18,635	18,083
Less: Deferred interest expense	(773)	(698)
Total	17,862	17,385
Less: Portion due within one year	(8,527)	(8,856)
Liabilities under finance lease agreements, net of current portion	9,335	8,529
<u>Total</u>		
Current portion of liabilities under finance lease agreement	26,188	62,971
Liabilities under finance lease agreement, net of current portion	37,791	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 their operation, whereby they are 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 2018		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	11,024	16,502	27,526
Deferred interest expenses	(910)	(860)	(1,770)
Present value of future minimum lease payments	10,114	15,642	25,756

(Unit: Thousand Baht)

	Consolidated financial statements		
	As at 31 December 2017		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	11,309	9,865	21,174
Deferred interest expenses	(534)	(363)	(897)
Present value of future minimum lease payments	10,775	9,502	20,277

(Unit: Thousand Baht)

	Separate financial statements		
	As at 31 December 2018		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	29,073	40,116	69,189
Deferred interest expenses	(2,885)	(2,325)	(5,210)
Present value of future minimum lease payments	26,188	37,791	63,979

(Unit: Thousand Baht)

	Separate financial statements		
	As at 31 December 2017		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	69,020	59,337	128,357
Deferred interest expenses	(6,049)	(4,691)	(10,740)
Present value of future minimum lease payments	62,971	54,646	117,617



## 19. Long-term loans

(Unit : Thousand Baht)

Loan	Credit line	Consolidated financial Statement		Separate financial Statement	
		2018	2017	2018	2017
<u>The Company</u>					
1	Baht 800 million	-	44,445	-	44,445
2	Part 1 - Baht 1,700 million	-	142,200	-	142,200
	Part 2 - Baht 300 million	-	24,600	-	24,600
3	Baht 220 million	-	45,000	-	45,000
4	Baht 700 million	25,000	125,000	25,000	125,000
5	Baht 2,250 million	2,250,000	2,250,000	2,250,000	2,250,000
<u>The Subsidiaries</u>					
6	Baht 550 million	293,994	221,190	-	-
7	Baht 230 million	141,650	168,050	-	-
8	Baht 90 million	-	4,000	-	-
9	Part 1 - Baht 6,070 million	3,822,341	118,925	-	-
	Part 2 - Baht 230 million	-	-	-	-
10	Baht 17 million	15,504	-	-	-
11	Baht 70 million	70,000	-	-	-
Total long-term loans		6,618,489	3,143,410	2,275,000	2,631,245
Less: Current portion		(326,176)	(497,444)	(185,720)	(357,045)
Long-term loans - net of current portion		6,292,313	2,645,966	2,089,280	2,274,200

Movement of the long-term loan account during the year ended 31 December 2018 are summarised below:

(Unit : Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	3,143,410	2,631,244
Add: Additional borrowings during year	3,971,723	-
Less: Repayment during year	(496,644)	(356,244)
Balance as at 31 December 2018	6,618,489	2,275,000



Loan no. 1: The principal was paid in 16 semi-annual installments of Baht 22.22 million each, within 31 August 2018. Interest was payable semi-annually at 6-Month THBFIX plus a fixed percentage per annum. The Company had entered into an agreement with a bank to hedge the interest rate risk on the full amount of the loan, whereby the Company paid interest at a fixed rate per annum to the bank and the bank paid interest to the Company at the 6-Month THBFIX plus a fixed percentage per annum.

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

Loan no.3: Principal was paid in 32 quarterly installments of Baht 6.25 million, within 28 November 2018. Interest was 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, within 30 September 2019. Interest is payable monthly at MLR minus a fixed percentage per annum.

Loan no. 5: Facility of Baht 2,250 million repayable in quarterly installments, starting from the 39<sup>th</sup> month after the date of the first drawdown. The Company first drew down from the credit facility on 12 May 2016 and interest is payable monthly, commencing from 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, beginning in March 2017, and the loan matures on 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, beginning in October 2015, and the loan matures on 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, beginning in March 2014, and the loan matures on 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 repayable in 41 quarterly installments and 20 quarterly installments, respectively, beginning on the last working day of the 42<sup>nd</sup> month and 36<sup>th</sup> month, respectively, after the date of the 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 thereon, 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 454 million to a bank as collateral, in accordance with a agreement to pledge rights in bank deposits and government bond as business collateral under the terms of this loan agreement with the bank.

Loan no.10: Facility of Baht 17 million repayable in 51 monthly installments of Baht 0.34 million, beginning in January 2019, and the loan matures in March 2023. Interest is payable monthly at fixed percentage per annum.

Loan no.11: Facility of Baht 70 million repayable in 32 quarterly installments of Baht 2.1875 million, starting from the 24<sup>th</sup> month after the date of the first drawdown. The subsidiary first drew down from the credit facility on 4 July 2018, and the loan matures on 2 July 2028. Interest is payable monthly, commencing from the month of the first drawdown, at MLR minus a fixed percentage per annum. The loan is secured by the mortgage of the subsidiary's land and existing and future structures thereon.

The long-term loan agreement contains several covenants which, among other things, require the Company and its subsidiaries to maintain certain debt-to-equity and debt service coverage ratios prescribed in the agreement. As at 31 December 2018, the subsidiary was unable to maintain the required debt-to-equity ratio. However, the subsidiary has already received a covenant waiver letter from the bank. Therefore; the status of the loan remains a long-term loan.

As at 31 December 2018, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 2,518 million (2017: Baht 6,432 million).

## 20. 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 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2018	2017
Balance at beginning of year	15,580	19,894
Less: Repayment of long-term liabilities during the year	(4,118)	(4,314)
Balance at end of year	11,462	15,580
Less: Current portion	(3,922)	(4,118)
Long-term liabilities under rehabilitation plan - net of current portion	7,540	11,462



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

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.

## 21. Provision for land lease related to concession agreement

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the year ended 31 December	
	2018	2017
Provision for land lease related to concession agreement as at the beginning of year	45,122	48,493
Payment during year	(6,007)	(5,914)
Interest cost	2,358	2,543
Provision for land lease related to concession agreement at the end of year	41,473	45,122
Less: Current portion	(4,118)	(3,645)
Provision for land lease related to concession agreement, net of current portion	37,355	41,477

## 22. 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	
	2018	2017	2018	2017
<b>Provision for long-term employee benefits at the beginning of year</b>	939,313	889,238	795,550	765,405
Included in profit or loss:				
Current service cost	60,223	51,659	47,451	41,176
Interest cost	23,366	23,738	19,015	20,307
Gain on settlement	-	(3,673)	-	(3,673)
Actuarial gain from other long-term employee benefits	-	467	-	108
<b>Total</b>	<b>83,589</b>	<b>72,191</b>	<b>66,466</b>	<b>57,918</b>
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)
<b>Total</b>	<b>-</b>	<b>26,611</b>	<b>-</b>	<b>19,529</b>
Benefits paid/transfer to accrued expenses during the year	(39,950)	(48,727)	(32,037)	(47,302)
<b>Provision for long-term employee benefits at end of year</b>	<b>982,952</b>	<b>939,313</b>	<b>829,979</b>	<b>795,550</b>

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	
	2018	2017	2018	2017
Cost of services	36,436	30,018	30,213	25,661
Administrative expenses	23,787	18,435	17,238	11,950
Finance cost	23,366	23,738	19,015	20,307
<b>Total expenses recognised in profit or loss</b>	<b>83,589</b>	<b>72,191</b>	<b>66,466</b>	<b>57,918</b>



The Company and its subsidiaries expect to pay Baht 44 million of long-term employee benefits during the next year (Separate financial statements: Baht 42 million) (2017: Baht 43 million, separate financial statements: Baht 35 million).

As at 31 December 2018, 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) (2017: 7.68 - 22.20 years, separate financial statements: 7.68 - 11.84 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	2.21 - 3.15	2.21 - 3.15	2.21 - 2.51	2.21 - 2.51
Future salary increase rate	7 - 8	7 - 8	7.25	7.25
Staff turnover rate	0 - 11	0 - 11	0 - 5	0 - 5

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

(Unit: Million Baht)

As at 31 December 2018				
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(83)	94	(64)	73
Future salary increase rate	141	(127)	116	(105)
Staff turnover rate	(55)	20	(40)	15

(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

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days' compensation



at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 79 million. (The Company only: Baht 55 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

## 23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net 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.

## 24. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Salaries and wages and other employee benefits	829,755	758,268	590,134	538,144
Depreciation and amortisation	559,330	558,067	294,995	298,429
Airport concession fees	266,347	257,914	253,183	245,133
Rental expenses from operating lease agreements	118,113	114,277	56,685	58,294
Consulting service expenses	15,663	9,996	8,256	4,135

## 25. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Current income tax:</b>				
Current income tax charge	294,769	266,582	175,253	151,736
Adjustment in respect of income tax of previous year	654	(161)	82	(161)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(9,165)	(4,769)	(6,637)	(1,872)
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>286,258</b>	<b>261,652</b>	<b>168,698</b>	<b>149,703</b>



The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
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	
	2018	2017	2018	2017
Accounting profit before tax	1,396,461	1,290,138	1,109,145	1,004,760
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	279,292	258,027	221,829	200,952
Adjustment in respect of income tax of previous year	654	(161)	82	(161)
Effect of preparing the consolidated financial statements	4,887	4,791	-	-
Unrecognised deferred tax on unused tax loss	1,606	-	-	-
Effects of:				
Dividends received are excluded from taxable profit	-	-	(53,500)	(51,318)
Non-deductible expenses	7,952	8,220	1,743	2,250
Additional expense deductions allowed	(8,010)	(9,165)	(1,456)	(2,020)
Others	(123)	(60)	-	-
Total	(181)	(1,005)	(53,213)	(51,088)
Income tax expenses reported in the statement of comprehensive income	286,258	261,652	168,698	149,703

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 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
<b>Deferred tax assets</b>				
Provision for long-term employee benefits	196,442	187,705	165,995	159,110
Difference between right to use leased land and provision for land lease related to concession agreements	2,878	2,909	2,878	2,909
Long-term liabilities under rehabilitation plan	191	333	-	-
Others	26	18	-	-
<b>Total</b>	<b>199,537</b>	<b>190,965</b>	<b>168,873</b>	<b>162,019</b>
<b>Deferred tax liabilities</b>				
Deferred interest received	(839)	(675)	(839)	(675)
Surplus on revaluation of assets from acquisition of subsidiary	(1,978)	(2,789)	-	-
Others	(119)	(64)	(119)	(64)
<b>Total</b>	<b>(2,936)</b>	<b>(3,528)</b>	<b>(958)</b>	<b>(739)</b>

## 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 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 2018, the Company and its subsidiaries had revenue from six major customers totaling approximately Baht 3,561 million (2017: Baht 3,411 million).

## 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 2018 amounting to approximately Baht 50 million (2017: Baht 47 million) (Separate financial statements: Baht 34 million (2017: Baht 32 million)) were recognised as expenses.

## 30. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
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
Final dividends for 2017	Annual General Meeting of the shareholders on 26 April 2018	656,609	1.03
Interim dividends for 2018	Board of Directors' meeting on 8 August 2018	146,621	0.23
Total for 2018		803,230	1.26

## 31. Commitments and contingent liabilities

### 31.1 Capital commitments

As at 31 December 2018, the Company and subsidiaries had capital commitments of Baht 2,455 million (2017: Baht 6,257 million), relating to construction of assets and purchase of equipment (Separate financial statements: 123 million (2017: Baht 138 million)).

### 31.2 Commitments under various agreements

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

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

(Unit: Million Baht)

	As at 31 December 2018			
	In up to 1 year	In over 1 and up to 5 years	Over 5 years	Total
Bangkok Aviation Fuel Services Public Co., Ltd.	61	60	-	121
Thai Aviation Refueling Co., Ltd.	5	5	-	10
Fuel Pipeline Transportation Ltd.	62	179	231	472
Total	128	244	231	603

(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



- 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 2018	31 December 2017	31 December 2018	31 December 2017
Guarantee for tax refund	6	94	-	-
Guarantee for electricity use	18	10	3	3
Guarantee for land lease agreements	56	56	6	6
Guarantees for performance	123	103	90	70

### 31.4 Legal cases

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 2018) totaling Baht 181 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.

### 32. Fair value hierarchy

As at 31 December 2018 and 2017, 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 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value are disclosed</b>				
Investment property	-	-	52	52

(Unit: Million Baht)

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



(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value are disclosed</b>				
Investment property	-	-	52	52

(Unit: Million Baht)

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

### 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 their 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						
As at 31 December 2018						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total
	Within 1 year	1-5 years	Over 5 years			
						Effective interest rate
						(% per annum.)
<b>Financial Assets</b>						
Cash and cash equivalents	1,178	-	-	315	11	1,504
Current investments	570	-	-	103	1	674
Trade and other receivables	-	-	-	-	380	380
Restricted bank deposits and government bond	60	-	-	11	-	71
Long-term investment	-	-	2	-	-	2
Others current financial assets	-	-	-	-	87	87
	1,808	-	2	429	479	2,718
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	-	406	406
Liabilities under finance lease agreements	10	16	-	-	-	26
Long-term loans	161	1,286	803	4,368	-	6,618
Long-term liabilities under rehabilitation plan	-	-	-	11	-	11
	171	1,302	803	4,379	406	7,061



(Unit: Million Baht)

Consolidated financial statements							
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					
						(% per annum.)	
Financial Assets							
Cash and cash equivalents	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)

Separate financial statements							
	As at 31 December 2018						
	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate
							(% per annum.)
Financial Assets							
Cash and cash equivalents	680	-	-	47	-	727	0.1 - 1.44
Current investments	210	-	-	-	1	211	1.5 - 1.63
Trade and other receivables	-	-	-	-	311	311	-
Long-term loan to and receivable from related party	-	-	-	221	-	221	5
Others current financial assets	-	-	-	-	5	5	-
	890	-	-	268	317	1,475	
Financial liabilities							
Trade and other payables	-	-	-	-	210	210	-
Liabilities under finance lease agreements	26	38	-	-	-	64	3.29 - 12.6
Long-term loans	161	1,286	803	25	-	2,275	4.18 - 4.50
	187	1,324	803	25	210	2,549	



(Unit: Million Baht)

Separate financial statements							
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					
						(% per annum.)	
Financial Assets							
Cash and cash equivalents	600	-	-	182	1	783	0.1 - 1.25
Current investments	208	-	-	-	1	209	1.3 - 1.5
Trade and other receivables	-	-	-	-	292	292	-
Long-term loan to and receivable from related party	-	-	-	292	-	292	5
Others current financial assets	-	-	-	-	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	



### 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	
	2018	2017	2018	2017
			(Baht per 1 foreign currency unit)	
US dollar	970,361	918,069	32.1924	32.4342

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

As at 31 December 2018				
Foreign currency	Sold amount	Contractual exchange rate of sold amount	Contractual maturity date	Fair value - gain
	(Million)	(Baht per 1 foreign currency unit)		(Million Baht)
US dollar	1.2	32.33 - 32.63	January - March 2019	-

As at 31 December 2017				
Foreign currency	Sold amount	Contractual exchange rate of sold amount	Contractual maturity date	Fair value - gain
	(Million)	(Baht per 1 foreign currency unit)		(Million Baht)
US dollar	0.7	32.51 - 33.04	January - February 2018	0.1



### 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 2018, the Group's debt-to-equity ratio was 1.07:1 (2017: 0.64:1) and the Company's was 0.69:1 (2017: 0.78:1).

### 35. Events after the reporting period

On 27 February 2019, the Company's Board of Directors Meeting no. 1/2019 passed a resolution approving that the following allotment of earnings and payment of dividend for the year 2018 be proposed to the Company's shareholders.

- 1) Allotment of Baht 94 million of earnings to a reserve to fund expansion of investment.
- 2) Allotment of Baht 94 million of earnings to a general reserve.
- 3) Declaration of a dividend payment of Baht 1.37 per share, or a total of Baht 873 million, from the 2018 operating results. In this respect, the Company already paid an interim dividend of Baht 0.23 per share, or a total of Baht 147 million, in September 2018 and the remaining dividend of Baht 1.14 per share, or a total of Baht 727 million is proposed to be paid on 17 May 2019.

This allotment of earnings and payment of dividend for 2018 is to be proposed for approval by the Annual General Meeting of the Company's shareholders that is to be held on 25 April 2019.

### 36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2019.

## Report of the Audit Committee for the Year 2018

### Dear Shareholders of Bangkok Aviation Fuel Services Public Company Limited

The Audit Committee of Bangkok Aviation Fuel Services Public Company Limited (BAFS) consists of 3 independent directors, namely Mr. Pachara Yutidhammadamrong as Chairman of the Audit Committee and Mr. Visut Montriwat and Mr. Pipat Purnananda as Audit Committee Directors. Mrs. Mayuree Nalinwong is acting as a Secretary of the Audit Committee. All members of the Audit Committee have all qualifications as specified in the Charter of the Audit Committee and in accordance with the regulations of the Securities and Exchange Commission (SEC).

The Audit Committee has performed its duties within the scope of duties and responsibilities as assigned by the Board of Directors and in accordance with the regulations of the Stock Exchange of Thailand (SET). In 2018, the Audit Committee held 5 meetings attended by all members of the Audit Committee, which were held with the executives, Secretary of the Risk Management Committee, internal auditor, IT auditor as well as external auditor in related matters. The key points of the meetings can be summarized as follows:

1. **Review of Financial Statements:** The Audit Committee reviewed consolidated and separate financial statements together with annual and quarterly reports of the year 2018, which were reviewed and audited by the external auditor. The Audit Committee questioned and listened to clarifications from the executives and the external auditor on the accuracy, completeness and reliability of the financial statements, significant changes affecting the financial statements, Thai Financial Reporting Standards, accounting policy, information disclosure and independence. The Audit Committee acknowledged the 2018 audit plan as well as attended 3 meetings with the external auditor without the management to discuss financial audit overview and independence. The Audit Committee also provided opinions and suggestions on a quarterly basis to the Board of Directors. The Audit Committee viewed that the external auditor was independent and had no performance problems or obstacles as well as agreed with the external auditor that such financial statements were accurate in all material respects in accordance with the Thai Financial Reporting Standards.
2. **Review of Operation Information and Internal Control System:** The Audit Committee reviewed operation information and internal control system to assess the adequacy, appropriateness and efficiency of the internal control system. The Audit Committee considered an internal control system sufficiency evaluation form prepared by the SEC, internal audit reports, internal control system and risk management evaluation results conducted by the internal auditor and internal control system efficiency evaluation results conducted by the external auditor. The Audit Committee viewed that the BAFS had in place the adequate and appropriate internal control system as well as sufficient workforce to operate its internal control system efficiently. BAFS also monitored and oversaw its subsidiaries' operations to ensure that the assets of BAFS and subsidiaries were protected from being wrongfully used by their directors or executives and no significant flaws were found in their internal control system.
3. **Review of Internal Audit:** The Audit Committee reviewed the internal audit system to ensure that internal audit activities were performed appropriately and effectively in terms of mission, scope of work, duties and responsibilities, manpower, training plans, budget and independence of Internal Audit Unit. The Committee also approved the 2018 internal audit plan which was prepared based on risk factors such as consistency of corporate strategies, corporate risks and quality of the internal control system, etc. In addition, the Committee regularly reviewed compliance with business ethics and anti-corruption measures on a yearly basis as well as the internal audit plan at least once a year to ensure that it was suitable for and consistent with risk factors. The Committee also reviewed the internal audit and IT audit reports prepared by the independent external expert as well as evaluated



performance of Head of the Internal Audit Unit in accordance with KPIs system (Key Performance Indicators). In this regard, appointment, transfer or dismissal of the Head of Internal Audit Unit must be approved by the Audit Committee. The Audit Committee viewed that BAFS's internal audit system was appropriate, effective and independent and its yearly internal audit plan was consistent with BAFS's goals and risk factors and linked to the sustainability strategy. Moreover, its internal audit quality in terms of workforce and professional practices was constantly developed.

4. **Review of Risk Management System:** The Audit Committee reviewed the risk management system to ensure linkage to strategic plans and internal control system for the purpose of risk management. The Committee met with the representatives of the Risk Management Committee four times in 2018 and reviewed the risk management system in line with the policy and strategic plan and risk management manual. Moreover, the Audit Committee regularly provided opinions and suggestions to the Risk Management Committee and the Board of Directors on a quarterly basis. The Audit Committee viewed that BAFS had efficiently and effectively operated in compliance with the risk management system.
5. **Review of Compliances with the Law on Securities and Exchange, Regulations of the Stock Exchange of Thailand and Relevant Laws Including Compliance with BAFS's Regulations and Obligations with Third Parties:** The Audit Committee reviewed legal compliance and viewed that no significant issues, which were regarded as non-compliance with the laws, BAFS's regulations and obligations with third parties, were found.
6. **Consideration of connected transactions or transactions that may cause conflict of interest:** The Audit Committee considered and provided opinions about connected transactions or transactions that may cause conflict of interest; while BAFS established its practices and set up a Compliance Unit to oversee compliance with the laws, the SEC's regulations and BAFS's regulations. The Audit Committee viewed that the aforementioned transactions were reasonable and beneficial to BAFS and subsidiaries' business operations.
7. **Review of Good Corporate Governance:** The Audit Committee reviewed the appropriateness of compliance with the self-assessment form in terms of anti-corruption measures prepared by the Private Sector Collective Action Coalition against Corruption as well as the Code of Conduct. The Audit Committee viewed that BAFS had properly complied with such anti-corruption measures as well as its Code of Conduct.
8. **Review of Charter of the Audit Committee:** The Audit Committee reviewed its Charter to ensure the appropriateness and consistency with the regulations of the SEC and the SET as well as the 2017 Corporate Governance Code for Listed Companies, and proposed it to the Board of Directors on a yearly basis.
9. **Consideration of the Audit Committee's Performance Assessment Results in General and for Each Individual:** The Audit Committee considered the Audit Committee's 2018 Performance Assessment Results which showed that the Audit Committee had completely performed its duties as stipulated in the Charter of the Audit Committee. The performance assessment topics included composition, duties and responsibilities, meetings, financial reporting, internal control, internal audit, compliance with the laws and regulations and risk management, etc.
10. **Preparation of Audit Committee's Activity Reports:** The Audit Committee prepared the activity reports to be proposed to the Chairman of the Board of Directors in every Audit Committee Meeting to report its activities according to the duties stipulated in the Charter of the Audit Committee.
11. **Consideration of External Auditor's Selection, Nomination and Remuneration:** The Audit Committee considered the selection, nomination and remuneration of external auditor for the year 2019 to be proposed to the Board of Directors for consideration and Shareholders' Meeting for approval. The Audit Committee selected the external auditor by assessing the auditors and team assistants' skills, knowledge, capabilities, the quality of their auditing

performance in the previous year as well as their independence. The external auditors were required to prepare documents to certify their independence accordingly. The Audit Committee also considered the appropriateness of audit fee. Thus, the Audit committee found it appropriate 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 BAFS's external auditor for the year 2019 with the audit fee of 1,460,000 Baht, exclusive of out of pocket expenses.

The Audit Committee provided opinions about the nomination of external auditor as follows:

- In the previous year, the external auditors provided explicit audit plans and performed their duties with professional knowledge and capabilities. They regularly attended the Audit Committee Meetings, kept up their work quality at a satisfactory level and ensured the continuity of BAFS's auditing.
- The proposed amount of audit fee at 1,460,000 Baht for the year 2019 was appropriate, which increased from the previous amount of 1,391,000 Baht in 2018 or represented an increase of 69,000 Baht or 5% compared to the previous year. The new Financial Reporting Standards, effective in 2020, will affect information disclosure in the Notes to Consolidated Financial Statements of 2019, thus taking longer period for auditing and increasing the audit fee in accordance with the inflation rate. Moreover, when comparing the audit fee of BAFS to the audit fees of other listed companies at the same level, it was found that the fee amounts were not much different.
- BAFS complied with the SEC's regulations regarding the rotation of the external auditor.
- The external auditors were independent without relations and/or conflict of interest with BAFS/subsidiaries/executives/major shareholders or related persons.

To summarize, with knowledge, capabilities and independence, the Audit Committee fully performed its duties as specified in the Charter of the Audit Committee which was approved by the Board of Directors and provided opinions and suggestions to the management, the Risk Management Committee and the Board of Directors continuously. The Audit Committee also viewed that BAFS had prepared financial reports and operation information correctly and completely and had in place appropriate and effective internal control system, internal audit and risk management. BAFS conducted its businesses in compliance with the laws, regulations and obligations and processed all connected transactions correctly. At the same time, BAFS promoted good corporate governance as well as had in place the external auditor selection, nomination and remuneration system. Additionally, based on the Corporate Governance Report of Thai Listed Companies 2018 prepared by the Thai Institute of Directors (IOD), BAFS was ranked in excellent level like in the previous year.

February 7, 2019

On behalf of the Audit Committee



Mr. Pachara Yutidhammadamrong  
Chairman of the Audit Committee



## Summary of Opinions Concerning Internal Control System for the Year 2018



The Board of Directors assigned the Audit Committee consisting of independent directors to review adequacy and appropriateness of internal control system in order to ensure BAFS's operational efficiency and effectiveness as well as appropriate property maintenance.

The Audit Committee attended the Board of Directors Meeting on February 27, 2019, where the Board of Directors agreed with the Audit Committee's opinions as presented in the assessment form of the Office of Securities and Exchange Commission (SEC) and Summary of Opinions Concerning Internal Control System for the Year 2018. The Audit Committee concluded that BAFS established an adequate and appropriate internal control system and assigned sufficient personnel to implement the internal control system efficiently. BAFS also monitored and oversaw its subsidiaries' operations regarding their ability to protect the Company and its subsidiaries' properties from being used wrongfully or without authority by their directors or executives. In addition, no significant errors were found in the internal control system. The details can be summarized as follows:

### 1. Control Environment

BAFS established a good control environment as follows:

- BAFS's organizational structure supported its good internal control system and ensured operational efficiency that was consistent with its objectives. Reporting lines were clearly defined with segregation of duties to create checks and balances. Job descriptions, which determined personnel's duties, responsibilities, knowledge, capabilities and experiences, were developed to best fit each position. Duties and responsibilities between the Board of Directors, subcommittees and management were appropriately defined. In the meantime, duties and responsibilities of the Board of Directors, the Audit Committee, the Risk Management Committee and the Corporate Sustainability Committee were improved to be in line with Corporate Governance Code (CG Code) and relevant regulations. In addition, the Internal Audit Unit was set up to report its internal audits to the Audit Committee and its management audits to the Managing Director.



- BAFS's major policies and practice guidelines were consistent with the principles of good corporate governance and were regularly revised to ensure their appropriateness. For example, the Good Corporate Governance and Anti-Corruption Policy, the Code of Conduct and the anti-corruption measures manual, which were abided by BAFS's directors and employees, clearly specified the principles of good corporate governance, anti-corruption measures, conflict of interest, internal control, practice guidelines for giving and receiving gifts, whistleblowing, protection measures and disciplinary actions. The Code of Conduct was also applied to subsidiaries. The tax policy, which was in accordance with sustainable operations guidelines, was put in place. Both internal and external communication processes were continuously carried out. All directors, executives and employees were required to sign to acknowledge and comply with the Good Corporate Governance and Anti-Corruption Policy as well as to confirm their avoidance of conflict of interest. Moreover, BAFS arranged Code of Conduct and anti-corruption measures training programs, which were included in the orientation programs for new directors and employees as well as employees that got promoted. BAFS also communicated its vision to employees and enhanced their knowledge and understanding of sustainable operations for the achievement of sustainable development. Additionally, BAFS revised the Business Partner Code of Conduct and arranged seminars on Business Partner Code of Conduct and Sustainability Framework for its trade partners and distributors. BAFS was certified as a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) and attended the Anti-Corruption Day to demonstrate its intention to countering corruption in the Company and its subsidiaries. Moreover, BAFS received "Excellent" Corporate Governance Awards 2018 from the Thai Institute of Directors (IOD); Outstanding Sustainability Report Award 2018 which was arranged by CSR Club in cooperation with Thai Listed Companies Association, Securities and Exchange Commission and Thaipat Institute; JIG Sustainable Performance Award in Abu Dhabi, the United Arab Emirates; National Outstanding Organization Awards for Workplace Safety, Health and Environment 2018 for its three operating sites including Suvarnabhumi Airport Aviation Fuel Storage Station, Suvarnabhumi Airport Into-plane Refuelling Station and Don Mueang Aviation Fuel Storage Station and Into-plane Refuelling Station from the Ministry of Labour. BAFS was also listed in Thailand Sustainability Investment 2018 (THSI) and SET THSI Index by the Stock Exchange of Thailand.
- BAFS's Corporate Governance Working Group, Core Value Working Group and Internal Audit Unit had appropriately and continually improved the Code of Conduct test system and form as well as monitored 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; the core value campaign shall be continually arranged; and Code of Conduct and anti-corruption measures compliances shall be audited. The Code of Conduct shall also be assessed in a cycle by external independent experts. The management process shall be executed in a timely manner in case of non-compliance with the Code of Conduct and anti-corruption measures.
- BAFS's Board of Directors comprised directors with diversified qualifications, knowledge and experiences that were beneficial to the Company. BAFS defined qualifications of its independent director to be more stringent than those required by the SEC and was able to seek advice from external consultants.
- BAFS improved its vision and strategic plans 2019-2020 to be in line with its changing business operations in order to be applied as tools for the Company's operating direction setting. Its organizational goals were clearly defined and measurable. In accordance with the concept of balanced scorecard, strategic objectives were consistent with strategic plan targets. BAFS's achievements were measured by Key Performance Indicators (KPIs), which were regularly reviewed to ensure their appropriateness. In addition, BAFS implemented a budget system to reflect and control its performance for higher efficiency. BAFS conducted employee performance assessments by applying performance indicators that were consistent with strategic plan targets and Code of Conduct and were communicated to the executives and employees for acknowledgement. The Sustainability Strategy 2019-2020 and the Sustainability Master Plan were also revised to ensure consistency with strategic



plans and linkage between each department's plans and the Sustainability Strategy. Additionally, workshops were arranged to review stakeholders and material aspects in order to develop the sustainability strategy and action plans and ensure regular monitoring.

- As BAFS prioritized personnel as the most important resource, BAFS therefore developed a succession plan by determining criteria for the nomination of Managing Director to fill in the future vacancy. BAFS also improved criteria for employee transfer or assignment to work in BAFS Group to ensure their appropriateness, arranged training programs to enhance knowledge, skills and capabilities that were suitable for employees and assigned tasks. For example, the Knowledge Management and Training Center Committee was set up. Each department prepared knowledge of each work system according to the Knowledge Management (KM) Master Plan to increase operational efficiency and prevent wisdom loss. BAFS developed an individual development plan, a training roadmap, an annual training plan, an employee rotation and transfer plan, an employee exchange visit in foreign countries. Its executives, who had been assigned to be directors of BAFS's subsidiaries, were encouraged to attend necessary training programs arranged by the Thai Institute of Directors (IOD) to enhance their operational efficiency. Moreover, BAFS Training Center was certified by the Department of Energy Business to be an aviation fuel service business learning center for both internal and external personnel working related to aviation fuel and as a lecturer for training programs on operators of petrol stations for aircraft refueling service. It was also certified by the Department of Labour Protection and Welfare as a lecturer for fire evacuation drill and basic firefighting programs. The lecturers and standard inspectors of Joint Inspection Group (JIG) and IATA Fuel Quality Pool (IFQP) were also appointed to arrange trainings and provide knowledge to both internal and external attendants.

## 2. Risk Assessment

BAFS placed importance on risk management policy and system compliances as follows:

- BAFS set up a Risk Management Committee and imposed a risk management policy as well as an IT risk management policy, which were approved by the Board of Directors. Strategic planning and risk management manuals were developed. The ISO 9001:2015 Quality Management Systems and OHSAS 18001:2007 Occupational Health and Safety Management System and ISO 22301:2012 Business Continuity Management System were implemented by defining objectives and assessing risks in accordance with BAFS's vision and objectives and communicating them to all employees for acknowledgement and compliance. BAFS appointed a risk champion of each department to monitor and ensure compliance with risk management policy and measures as stipulated. Its executives and employees were required to sign for acknowledgement of and compliance with the risk management policy for the same practice directions. The risk management policy and business continuity management policy, objectives and plans were also improved to ensure their appropriateness and cover guidelines for preventing threats and creating capacity to recover important activities at an acceptable level within the specified period and goals.
- BAFS arranged workshops for its executives and employees to define corporate objectives, which were consistent with its vision and mission. To achieve predetermined objectives, risks that may impact its business operations and corruption risks were identified by considering internal and external factors. Corporate risks and functional risks along the Company's value chain were also identified and assessed by considering likelihood and impacts that may arise. With this regard, risk control measures and action plans were established to ensure that risks were at the acceptable level by firstly dealing with high-level risks. In addition, BAFS defined and regularly reviewed its risk appetite, risk tolerance, key risk indicators (KRIs) and trigger point, which were deemed as early warning systems, to ensure that they were in line with strategic plan targets and be able to solve problems in a timely manner. These activities were conducted in accordance with processes defined in the risk management policy and strategic planning and risk management manuals. The Risk Management Committee and the Audit Committee also monitored risk management system compliance on a quarterly basis.

- BAFS assessed changes of external factors, business models and organizational leaders that may affect business operations and established adequate measures in response to such changes such as revision of vision and strategic plans 2019-2020 as in line with the changing operations, establishment of BAFS INTECH Co., Ltd. and BPTG Co., Ltd. to increase competitiveness and sustainable business opportunities in order to achieve strategic objectives, compliance with the revenue risk prevention policy, arrangement of training programs to raise employees' awareness and enhance their knowledge and understanding of the business continuity management system and business continuity plan (BCP) exercise in the fire scenario occurring to the Pumping Station at Don Mueang Aviation Fuel Storage Station and full-scale emergency plan exercise in case of protests and riots at Suvarnabhumi Airport Into-Plane Refuelling Station.

### 3. Control Activities

BAFS conducted good control activities as follows:

- BAFS established a variety of risk control measures, both manual and automated, which were appropriate for its risks and specific attributes such as environment, nature of work and scope of operation.
- BAFS developed manuals and guidelines for its major operations. Duties and responsibilities were clearly defined, while approval authorities, accounting and information technology records and property management were completely segregated. Concise measures for transactions were established whereby connected transactions were approved by non-stakeholders for the Company's maximum benefits. The strategic planning and risk management manuals, stakeholder engagement manuals and regulations on appropriate connected transactions.
- Meetings of the management, departments and others were regularly held to monitor management and operations control.
- Reporting, verification and transaction approval processes or binding contracts as well as monitoring and reviewing measures were defined to ensure that BAFS's operations were carried out in accordance with the terms and conditions agreed.
- IT system application and general control measures in the areas of infrastructure, safety, acquisition, development and maintenance were appropriately established. BAFS also imposed an IT system safety and security policy, IT risk management policy, IT resource allocation and management policy and regulations on corporate computer network system application. The internal IT management systems such as Content Management System (CMS), International Organization for Standardization (ISO), Safety Health and Environment (SHE) and Risk Management System (RMS) were developed to increase higher efficiency. BAFS also hired independent external experts to conduct IT system audits.
- BAFS imposed a policy to monitor subsidiaries, associated companies and companies that BAFS held shares and determined directions for the persons appointed as directors or executives. The Risk Management Committee was responsible for overseeing risk management of the Company and subsidiaries and reported to the Board of Directors on a quarterly basis. Meanwhile, the Executive Committee oversaw the Company and its subsidiaries' operating progresses and assessed their performances. The subsidiaries were also requested to report their performances to the Executive Committee on monthly basis and to the Board of Directors every six months.

### 4. Information and Communication

BAFS arranged good information and communication systems as follows:

- BAFS used relevant and high quality information from both internal and external sources based on costs and benefits that may obtain from using the information system for data processing and storage. To ensure internal control effectiveness, revisions on relevant information such as activity-based costing system and managerial report were regularly conducted.



- BAFS regularly reported significant information to the Board of Directors whereby the Board of Directors can access to necessary information for their performance of duties or report auditing such as delivery of meeting documents and preparation of minutes of the Board of Directors Meeting, which comprised sufficient and necessary details, within the specified period. In addition, BAFS arranged the Board of Directors Meeting efficiency assessment as well as assigned the Corporate Secretary to be a coordinator between the Company and the Board of Directors. The Board of Directors Meetings without participation of the management were also held.
- BAFS prepared financial reports in accordance with the Generally Accepted Accounting Standards, which were appropriate with its business nature. Meanwhile, accounting documents were also categorized.
- BAFS arranged efficient communication processes and appropriate communication channels to communicate its internal information to its executives and employees of all levels. For example, corporate calendars and BAFS GROUP Line Official between the Company and BAFS Group were created to serve as information centers and provide more communication channels. Also, electronic mail (e-mail), monthly department meetings and annual meetings between the management and employees were arranged. Training programs on IT internal management system were also provided to employees to ensure same practices.
- BAFS imposed a Communication and Information Disclosure Policy, implemented efficient communication processes and provided appropriate communication channels to communicate to its external stakeholders, for example, setting up an investor relations unit, communicating information via BAFS's website, arranging quarterly meetings for executives and investors and shareholder relationship enhancement activities.
- BAFS provided special and safe communication channels to both internal and external persons for filing complaints or whistle blowing on suspicious breaches of laws, Company's Code of Conduct and Anti-Corruption Policy as well as corrupt behaviors and unequal treatment. In any case, BAFS had a whistleblower protection policy for not disclosing whistleblower's information and ensuring fairness and protection for employee whistleblowers.

## 5. Monitoring Activities

BAFS arranged constant monitoring activities as follows:

- Reports on comparison of operating results with predetermined goals were regularly prepared and submitted to the Executive Committee and the management on a monthly basis and to the Board of Directors for acknowledgment on a regular basis. The reports including information on quality management system, occupational health and safety management system, business continuity management system and investment projects, were presented to the Executive Meeting on a monthly basis. To ensure the achievement of goals and objectives, the reports on operating results in accordance with strategic plans and performance of the Corporate Sustainability Committee to the Board of Directors every six months. Moreover, if the actual operating results were different from the predetermined goals, corrective actions would be immediately taken.
- In case of any incident that may cause significant impacts to the Company, it would be reported to the Board of Directors or relevant subcommittees such as the Audit Committee and the Risk Management Committee. The management would report its progress and problem solving guidelines within the appropriate period.
- The independent Internal Audit Unit was set up to provide assurance and fair 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 reported its auditing results to the Audit Committee and regularly followed up and reported its auditing progress on a quarterly basis. In addition, the Internal Audit Unit prepared the internal audit system adequacy assessment which was independently assessed by the management. In addition, BAFS developed and encouraged its internal auditors to attend professional internal audit trainings regularly to enhance their knowledge, skills and capabilities.

## Connected Transactions



### 1. Details of connected transactions between Bangkok Aviation Fuel Services PCL. and persons who may have conflicts of interest

Names	Characteristics of Transactions	Relationship
1. Thai Airways International PCL. (THAI)	<ol style="list-style-type: none"> <li>1. Aviation fuel storage, aircraft refuelling and defuelling services at Don Mueang International Airport and Suvarnabhumi Airport</li> <li>2. Collection of considerations for aircraft refuelling service at Don Mueang International Airport</li> <li>3. Customs formalities service</li> </ol>	<ol style="list-style-type: none"> <li>1. THAI is BAFS's major shareholder.</li> <li>2. The Ministry of Finance is BAFS's indirect major shareholder and THAI's major shareholder.</li> <li>3. BAFS's directors who are THAI's executives: <ul style="list-style-type: none"> <li>- Mrs. Usanee Sangsingkeo (until October 18, 2018)</li> <li>- Mr. Surachai Piencharoensak</li> <li>- Squadron Leader Pongtorn Thepkanjana</li> </ul> </li> </ol>
2. The Shell Company of Thailand Limited (Shell)	<ol style="list-style-type: none"> <li>1. Aviation fuel storage, aircraft refuelling and defuelling services at Don Mueang International Airport and Suvarnabhumi Airport</li> <li>2. Collection of considerations for aircraft refuelling service at Don Mueang International Airport</li> <li>3. Customs formalities service</li> </ol>	Mr. Rungroj Sivachan, BAFS's director, is Shell's authorized person.





Unit Price	Total Amount of 2018 (VAT Excluded)	Balance as of December 31, 2018 (VAT Excluded)	Continuation of Transactions
-	247.46 million Baht	19.65 million Baht	Continued
0.08 Baht/liter	-	-	Continued
-	-	-	Continued
-	310.48 million Baht	30.11 million Baht	Continued
0.08 Baht/liter	18.25 million Baht	1.58 million Baht	Continued
-	-	-	Continued



Names	Characteristics of Transactions	Relationship
3. PTT Plc. (PTT) (during January 1 - June 30, 2018)	<ol style="list-style-type: none"> <li>1. Aviation fuel storage, aircraft refuelling and defuelling services at Don Mueang International Airport and Suvarnabhumi Airport</li> <li>2. Collection of considerations for aircraft refuelling service at Don Mueang International Airport</li> <li>3. Aviation fuel storage, aircraft refuelling and defuelling services at Samui, Sukhothai and Trat Airports</li> <li>4. Vehicle fuel costs</li> </ol>	<ol style="list-style-type: none"> <li>1. The Ministry of Finance is BAFS's indirect major shareholder and PTT's major shareholder.</li> <li>2. Mr. Peratak Autadej, BAFS's Director, is PTT's authorized person. (during January 1 - June 30, 2018)</li> </ol>
4. PTT Oil and Retail Business Plc. (PTTOR) (since July 1, 2018)	<ol style="list-style-type: none"> <li>1. Aviation fuel storage, aircraft refuelling and defuelling services at Don Mueang International Airport and Suvarnabhumi Airport</li> <li>2. Collection of considerations for aircraft refuelling service at Don Mueang International Airport</li> <li>3. Aviation fuel storage, aircraft refuelling and defuelling services at Samui, Sukhothai and Trat Airports</li> <li>4. Vehicle fuel costs</li> </ol>	<ol style="list-style-type: none"> <li>1. The Ministry of Finance is indirect major shareholder of BAFS and PTTOR. (since July 1, 2018)</li> <li>2. Mr. Peratak Autadej, BAFS's Director, is PTTOR's authorized person. (since July 1, 2018)</li> </ol>
5. Esso (Thailand) Plc. (ESSO)	<p>Aviation fuel storage, aircraft refuelling and defuelling services at Don Mueang International Airport and Suvarnabhumi Airport</p> <p>* Only at Suvarnabhumi Airport until April 30, 2018</p>	<p>Mr. Phiphawat Sitthichaikasem, BAFS's director, is ESSO's authorized person. (until April 26, 2018)</p>



Unit Price	Total Amount of 2018 (VAT Excluded)	Balance as of December 31, 2018 (VAT Excluded)	Continuation of Transactions
-	484.93 million Baht	-	Continued
0.08 Baht/liter	30.20 million Baht	-	Continued
-	12.48 million Baht	-	Continued
-	6.30 million Baht	0.53 million Baht	Continued
-	506.52 million Baht	90.71 million Baht	Continued
0.08 Baht/liter	31.46 million Baht	5.48 million Baht	Continued
-	11.52 million Baht	1.97 million Baht	Continued
-	0.002 million Baht	0.001 million Baht	Continued
-	83.39 million Baht *	-	Continued

Names	Characteristics of Transactions	Relationship
6. Airports of Thailand PLC. (AOT)	1. Rentals and considerations <ul style="list-style-type: none"> <li>• <b>Don Mueang International Airport</b> <ul style="list-style-type: none"> <li>- Fuel pipeline transportation system rental</li> <li>- Considerations for aircraft refuelling service at Don Mueang International Airport, collected for AOT</li> <li>- Rental of building and space inside the apron</li> <li>- Rental of space outside the apron</li> </ul> </li> <li>• <b>Suvarnabhumi Airport</b> <ul style="list-style-type: none"> <li>- Considerations for aircraft refuelling and defuelling services</li> <li>- Rental of space outside the apron</li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>- Rental of room inside the apron</li> <li>- Rental of space inside the apron</li> </ul> 2. Request for airport ID card and vehicle pass issuance as well as public utilities service and other services at Don Mueang International Airport and Suvarnabhumi Airport	1. The Ministry of Finance is BAFS's indirect major shareholder and AOT's major shareholder. 2. Mr. Nitinai Sirismatthakarn, BAFS's director, is AOT's director and executive.
7. Bangkok Airways Public Co., Ltd. (BA)	1. Rental of radio communication equipment at Samui and Trat Airports 2. Request for airport ID card and vehicle pass issuance at Samui, Sukhothai and Trat Airports 3. Air ticket purchase 4. Long-term land leasing	Mr. Puttipong Prasarttong-Osoth, BAFS's director, is BA's authorized person. (since August 8, 2018)
8. The Ministry of Finance	Rental of state-owned building and land relating to building at Don Mueang Aviation Fuel Storage Station	The Ministry of Finance is BAFS's indirect major shareholder.



Unit Price	Total Amount of 2018 (VAT Excluded)	Balance as of December 31, 2018 (VAT Excluded)	Continuation of Transactions
2,595,873.72 Baht/month	31.15 million Baht	-	Continued
0.08 Baht/liter	99.12 million Baht	8.89 million Baht	Continued
125 Baht/ square meter/month	10.83 million Baht	-	Continued
90 Baht/square meter/month	0.64 million Baht	-	Continued
0.06 Baht/liter	253.18 million Baht	21.48 million Baht	Continued
71.47 Baht/ square meter/month (September 1 - 27, 2018) and 75.75 Baht/ square meter/month (September 28, 2018 - September 27, 2020)	6.01 million Baht	-	Continued
470 Baht/square meter/month	0.75 million Baht	-	Continued
155 Baht/square meter/month	3.38 million Baht	-	Continued
-	5.26 million Baht	0.37 million Baht	Continued
-	0.18 million Baht	0.02 million Baht	Continued
-	0.02 million Baht	-	Continued
-	0.08 million Baht	-	Continued
-	1.07 million Baht	-	Continued
-	9.93 million Baht	-	Continued

Names	Characteristics of Transactions	Relationship
9. Thai Petroleum Pipeline Co., Ltd. (THAPPLINE)	<ol style="list-style-type: none"> <li>Land and structure leasing and public utilities system service               <ul style="list-style-type: none"> <li>• <b>Don Mueang Aviation Fuel Storage Station</b> <ul style="list-style-type: none"> <li>- Land leasing</li> <li>- Public utilities system service</li> </ul> </li> <li>• <b>Suvarnabhumi Airport Aviation Fuel Storage Station</b> <ul style="list-style-type: none"> <li>- Land and structure leasing</li> <li>- Public utilities system service</li> </ul> </li> </ul> </li> <li>Collection of considerations for sprinkler, water supply and electricity system</li> </ol>	<ol style="list-style-type: none"> <li>The Ministry of Finance is indirect major shareholder of BAFS and THAPPLINE.</li> <li>Mr. Peratak Autadej, BAFS's director, is THAPPLINE's director.</li> </ol>
10. Dhipaya Insurance Plc. (TIP)	<ol style="list-style-type: none"> <li>All risks insurance, third-party liability insurance and property terrorism insurance</li> <li>Auto insurance and road accident victims protection</li> </ol>	The Ministry of Finance is indirect major shareholders of BAFS and TIP.
11. Bangkok Insurance Plc. (BKI)	<ol style="list-style-type: none"> <li>All risks insurance, third-party liability insurance and property terrorism insurance</li> <li>Other types of insurance such as employee health and accident insurance and insurance for liability of third-type control business</li> </ol>	M.R. Supadis Diskul, BAFS's director, is BKI's director.
12. IRPC Plc. (IRPC)	Participation in training programs on "Advanced Fire Fighting" and "On-Scene Fire Commander"	The Ministry of Finance is indirect major shareholder of BAFS and IRPC.



Unit Price	Total Amount of 2018 (VAT Excluded)	Balance as of December 31, 2018 (VAT Excluded)	Continuation of Transactions
-	1.49 million Baht	-	Continued
-	2.19 million Baht	-	Continued
-	4.04 million Baht	-	Continued
-	2.76 million Baht	-	Continued
-	0.32 million Baht	-	Continued
-	8.91 million Baht	-	Continued
-	1.34 million Baht	0.16 million Baht	Continued
-	9.29 million Baht	-	Continued
-	7.20 million Baht	0.80 million Baht	Continued
-	0.25 million Baht	-	-



Names	Characteristics of Transactions	Relationship
13. NPC Safety and Environmental Service Co., Ltd. (NPC S&E)	Hiring of project consultant for Business Continuity Management System	The Ministry of Finance is indirect major shareholder of BAFS and NPC S&E.
14. TMB Bank Plc. (TMB)	<ol style="list-style-type: none"> <li>Interest payment on long-term loan</li> <li>Credit limit for financial transactions</li> </ol>	The Ministry of Finance is BAFS's indirect major shareholder and TMB's major shareholder.

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

Names	Characteristics of Transactions	Relationship
1. Thai Airways International PCL. (THAI)	Aviation fuel transportation service through hydrant pipelines	<ol style="list-style-type: none"> <li>THAI is a major shareholder of BAFS</li> <li>The Ministry of Finance is BAFS's indirect major shareholder and THAI's major shareholder.</li> <li>BAFS's directors who are THAI's executives: <ul style="list-style-type: none"> <li>Mrs. Usanee Sangsingkeo (until October 18, 2018)</li> <li>Mr. Surachai Piencharoensak</li> <li>Squadron Leader Pongtorn Thepkanjana</li> </ul> </li> </ol>
2. Esso (Thailand) Plc. (ESSO)	Aviation fuel transportation service through hydrant pipelines	Mr. Phiphawat Sitthichaikasem, BAFS's director, is ESSO's authorized person. (until April 26, 2018)
3. The Shell Company of Thailand Limited (Shell)	<ol style="list-style-type: none"> <li>Aviation fuel transportation service through hydrant pipelines</li> <li>Vehicle fuel costs</li> </ol>	Mr. Rungroj Sivachan, BAFS's director, is Shell's authorized person.



Unit Price	Total Amount of 2018 (VAT Excluded)	Balance as of December 31, 2018 (VAT Excluded)	Continuation of Transactions
-	0.23 million Baht	-	Continued
-	93.79 million Baht	-	Continued
-	-	-	Continued

Unit Price	Total Amount of 2018 (VAT Excluded)	Balance as of December 31, 2018 (VAT Excluded)	Continuation of Transactions
-	101.68 million Baht	8.08 million Baht	Continued
-	33.76 million Baht	-	Continued
-	69.05 million Baht	7.00 million Baht	Continued
-	0.33 million Baht	0.01 million Baht	Continued

Names	Characteristics of Transactions	Relationship
4. PTT Plc. (PTT) (during January 1 - June 30, 2018)	<ol style="list-style-type: none"> <li>1. Aviation fuel transportation service through hydrant pipelines</li> <li>2. Vehicle fuel costs</li> </ol>	<ol style="list-style-type: none"> <li>1. The Ministry of Finance is BAFS's indirect major shareholder and PTT's major shareholder.</li> <li>2. Mr. Peratak Autadej, BAFS's director, is PTT's authorized person. (during January 1 - June 30, 2018)</li> </ol>
5. PTT Oil and Retail Business Plc. (PTTOR) (since July 1, 2018)	<ol style="list-style-type: none"> <li>1. Aviation fuel transportation service through hydrant pipelines</li> <li>2. Vehicle fuel costs</li> </ol>	<ol style="list-style-type: none"> <li>1. The Ministry of Finance is indirect major shareholder of BAFS and PTTOR. (since July 1, 2018)</li> <li>2. Mr. Peratak Autadej, BAFS's Director, is PTTOR's authorized person. (since July 1, 2018)</li> </ol>
6. Airports of Thailand PLC. (AOT)	<ul style="list-style-type: none"> <li>• <b>Suvarnabhumi Airport</b></li> </ul> <ol style="list-style-type: none"> <li>1. License for aviation fuel transportation service operation through hydrant pipelines</li> <li>2. Rental of land in the east</li> <li>3. Rental of land to the rear of Domestic Cargo Building</li> <li>4. Rental of room inside the apron</li> <li>5. Rental of space inside the apron</li> <li>6. Request for airport ID card and vehicle pass issuance as well as public utilities service</li> <li>7. Participation in a training program "Basic Fire Fighting"</li> </ol>	<ol style="list-style-type: none"> <li>1. The Ministry of Finance is BAFS's indirect major shareholder and AOT's major shareholder.</li> <li>2. BAFS's directors who are AOT's executives: <ul style="list-style-type: none"> <li>- Miss Shanalai Chayakul</li> <li>- Miss Sasisubha Sukontasub</li> </ul> </li> <li>3. Mr. Nitinai Sirismatthakarn, BAFS's director, is AOT's director and executive.</li> </ol>



Unit Price	Total Amount of 2018 (VAT Excluded)	Balance as of December 31, 2018 (VAT Excluded)	Continuation of Transactions
-	112.22 million Baht	-	Continued
-	0.26 million Baht	0.01 million Baht	Continued
-	106.92 million Baht	19.68 million Baht	Continued
-	0.02 million Baht	0.01 million Baht	Continued
2 percent per year of TARCO's gross service income before deducting expenses	13.16 million Baht	13.16 million Baht	Continued
125 Baht/ square meter/month	0.18 million Baht	-	Continued
71.47 Baht/ square meter/month	1.37 million Baht	-	Continued
470 Baht/square meter/ month plus service fees	0.89 million Baht	-	Continued
155 Baht/ square meter/month	0.07 million Baht	-	Continued
-	0.50 million Baht	0.04 million Baht	Continued
-	0.03 million Baht	-	-

Names	Characteristics of Transactions	Relationship
7. Dhipaya Insurance Plc. (TIP)	All risks insurance, third-party liability insurance and property insurance	The Ministry of Finance is indirect major shareholder of BAFS and TIP.
8. Bangkok Insurance Plc. (BKI)	<ol style="list-style-type: none"> <li>1. All risks insurance, third-party liability insurance and property insurance</li> <li>2. Other types of insurance such as employee health and accident insurance and auto insurance and road accident victims protection</li> </ol>	M.R. Supadis Diskul, BAFS's director, is BKI's director.
9. NPC Safety and Environmental Service Co., Ltd. (NPC S&E)	Membership fees for database system service	The Ministry of Finance is indirect major shareholder of BAFS and NPC S&E.
10. TMB Bank Plc. (TMB)	Principal and interest payment on long-term loan	The Ministry of Finance is indirect major shareholders of BAFS and TMB.



Unit Price	Total Amount of 2018 (VAT Excluded)	Balance as of December 31, 2018 (VAT Excluded)	Continuation of Transactions
-	1.33 million Baht	-	Continued
-	1.39 million Baht	-	Continued
-	0.90 million Baht	-	Continued
-	0.01 million Baht	-	-
-	254.80 million Baht	-	Continued



### 3. Details of connected transactions between Fuel Pipeline Transportation Ltd. (subsidiary) and persons who may have conflicts of interest

Names	Characteristics of Transactions	Relationship
1. The Shell Company of Thailand Limited (Shell)	<ol style="list-style-type: none"> <li>1. Aviation fuel transportation service through pipeline and depot systems to Suvarnabhumi Aviation Fuel Storage Station</li> <li>2. Aviation fuel transportation service through pipeline and depot systems to Don Mueang Aviation Fuel Storage Station</li> <li>3. Fuel transportation service through pipeline and depot systems to Bang Pa-In Depot</li> <li>4. Fuel reserves service at Bang Pa-In Depot</li> <li>5. Sales office management service at Bang Pa-In Depot</li> </ol>	Mr. Rungroj Sivachan, BAFS's director, is Shell's authorized person.
2. PTT Plc. (PTT) (transaction items 1 - 4 during January 1 - June 30, 2018 and transaction item 5 during January 1 - December 31, 2018)	<ol style="list-style-type: none"> <li>1. Aviation fuel transportation service through pipeline and depot systems to Suvarnabhumi Aviation Fuel Storage Station</li> <li>2. Aviation fuel transportation service through pipeline and depot systems to Don Mueang Aviation Fuel Storage Station</li> <li>3. Fuel transportation service through pipeline and depot systems to Bang Pa-In Depot</li> <li>4. Office building rental at Bang Pa-In Depot</li> <li>5. Land subleasing and land utilization</li> </ol>	<ol style="list-style-type: none"> <li>1. The Ministry of Finance is BAFS's indirect major shareholder and PTT's major shareholder.</li> <li>2. Mr. Peratak Autadej, BAFS's director, is PTT's authorized person. (during January 1 - June 30, 2018)</li> </ol>



Unit Price	Total Amount of 2018 (VAT Excluded)	Balance as of December 31, 2018 (VAT Excluded)	Continuation of Transactions
-	43.78 million Baht	4.19 million Baht	Continued
-	23.06 million Baht	1.79 million Baht	Continued
-	6.19 million Baht	-	Continued
-	10.21 million Baht	1.70 million Baht	Continued
-	1.28 million Baht	0.20 million Baht	Continued
-	-	-	-
-	0.60 million Baht	-	Continued
-	47.63 million Baht	-	Continued
-	0.12 million Baht	-	Continued
-	15.17 million Baht	-	Continued

Names	Characteristics of Transactions	Relationship
3. PTT Oil and Retail Business Plc. (PTTOR) (since July 1, 2018)	<ol style="list-style-type: none"> <li>1. Aviation fuel transportation service through pipeline and depot systems to Suvarnabhumi Aviation Fuel Storage Station</li> <li>2. Aviation fuel transportation service through pipeline and depot systems to Don Mueang Aviation Fuel Storage Station</li> <li>3. Fuel transportation service through pipeline and depot systems to Bang Pa-In Depot</li> <li>4. Office building rental at Bang Pa-In Depot</li> </ol>	<ol style="list-style-type: none"> <li>1. The Ministry of Finance is indirect major shareholder of BAFS and PTTOR. (since July 1, 2018)</li> <li>2. Mr. Peratak Autadej, BAFS's Director, is PTTOR's authorized person. (since July 1, 2018)</li> </ol>
4. PTT Natural Gas Distribution Co., Ltd. (PTT NGD)	Natural gas transportation pipeline service at Bang Pa-In Depot	The Ministry of Finance is indirect major shareholder of BAFS and PTT NGD.
5. Airports of Thailand PLC. (AOT)	Rental of land at the outside areas along the airport's fence located in the area of Suvarnabhumi Airport	<ol style="list-style-type: none"> <li>1. The Ministry of Finance is BAFS's indirect major shareholder and AOT's major shareholder.</li> <li>2. Mr. Nitinai Sirismatthakarn, BAFS's director, is AOT's director and executive.</li> </ol>
6. Dhipaya Insurance Plc. (TIP)	<ol style="list-style-type: none"> <li>1. All risks insurance and third-party liability insurance</li> <li>2. Auto insurance and road accident victims protection</li> </ol>	The Ministry of Finance is indirect major shareholder of BAFS and TIP.



Unit Price	Total Amount of 2018 (VAT Excluded)	Balance as of December 31, 2018 (VAT Excluded)	Continuation of Transactions
-	-	-	-
-	3.89 million Baht	0.10 million Baht	Continued
-	42.41 million Baht	8.00 million Baht	Continued
-	0.12 million Baht	-	Continued
-	0.76 million Baht	0.06 million Baht	Continued
-	1.59 million Baht	-	Continued
-	5.09 million Baht	-	Continued
-	0.06 million Baht	-	Continued

Names	Characteristics of Transactions	Relationship
7. Bangkok Insurance Plc. (BKI)	<ol style="list-style-type: none"> <li>1. All risks insurance and third-party liability insurance</li> <li>2. Other types of insurance such as <ul style="list-style-type: none"> <li>- Liability insurance third-type control business - Bang Pa-In Depot, Bangchak - Bang Pa-In Fuel Transportation Pipeline Project and Phichit Depot</li> <li>- Other types of insurance such as property insurance, employee health and accident insurance, auto insurance and road accident victims protection and mobile phone and radio communication equipment insurance</li> </ul> </li> </ol>	M.R. Supadis Diskul, BAFS's director, is BKI's director.
8. NPC Safety and Environmental Service Co., Ltd. (NPC S&E)	Membership fees for database system service	The Ministry of Finance is indirect major shareholder of BAFS and NPC S&E.

#### 4. Details of connected transactions between BAFS INTECH Co., Ltd. (subsidiary) and persons who may have conflicts of interest

Names	Characteristics of Transactions	Relationship
1. Bangkok Airways Public Co., Ltd. (BA)	Air ticket purchase	Mr. Puttipong Prasarttong-Osoth, BAFS's director, is BA's authorized person. (since August 8, 2018)
2. Nok Airlines PCL. (NOK)	Air ticket purchase	THAI is major shareholders of BAFS and NOK.



Unit Price	Total Amount of 2018 (VAT Excluded)	Balance as of December 31, 2018 (VAT Excluded)	Continuation of Transactions
-	5.09 million Baht	-	Continued
-	0.11 million Baht	-	Continued
-	2.91 million Baht	-	Continued
-	0.002 million Baht	-	-

Unit Price	Total Amount of 2018 (VAT Excluded)	Balance as of December 31, 2018 (VAT Excluded)	Continuation of Transactions
-	0.004 million Baht	-	-
-	0.001 million Baht	-	-



Names	Characteristics of Transactions	Relationship
3. Dhipaya Insurance Plc. (TIP)	Auto insurance and road accident victims protection	The Ministry of Finance is indirect major shareholders of BAFS and TIP.
4. Bangkok Insurance Plc. (BKI)	Fire insurance	M.R. Supadis Diskul, BAFS's director, is BKI's director.

**5. Details of connected transactions between Intoplane Services Co., Ltd. (subsidiary) and persons who may have conflicts of interest**

Names	Characteristics of Transactions	Relationship
1. Airports of Thailand PLC. (AOT)	Request for airport ID card issuance at Don Mueang International Airport and Suvarnabhumi Airport	<ol style="list-style-type: none"> <li>1. The Ministry of Finance is BAFS's indirect major shareholder and AOT's major shareholder.</li> <li>2. Mr. Nitinai Sirismatthakarn, BAFS's director, is AOT's director and executive.</li> </ol>
2. Bangkok Airways Public Co., Ltd. (BA)	<ol style="list-style-type: none"> <li>1. Air ticket purchase</li> <li>2. Request for airport ID card issuance at Trat Airport</li> </ol>	Mr. Puttipong Prasarttong-Osoth, BAFS's director, is BA's authorized person. (since August 8, 2018)
3. IRPC Plc. (IRPC)	Participation in a training program on "Advanced Fire Fighting"	The Ministry of Finance is indirect major shareholders of BAFS and IRPC.



Unit Price	Total Amount of 2018 (VAT Excluded)	Balance as of December 31, 2018 (VAT Excluded)	Continuation of Transactions
-	0.107 million Baht	-	-
-	0.08 million Baht	-	-

Unit Price	Total Amount of 2018 (VAT Excluded)	Balance as of December 31, 2018 (VAT Excluded)	Continuation of Transactions
-	0.001 million Baht	-	Continued
-	0.009 million Baht	-	-
-	0.001 million Baht	-	Continued
-	0.03 million Baht	-	-

## Summary of Opinions Concerning Connected Transactions with Persons who may have Conflicts of Interest for the Year 2018



The Board of Directors assigned the Audit Committee as an independent committee to review BAFS's connected transactions in order to ensure their compliance with laws and regulations of the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC).

In 2018, BAFS conducted connected transactions with persons who may have conflicts of interest under normal business conditions. BAFS's pricing policy for connected transactions was disclosed in the list of connected transactions with related companies shown in Notes to Financial Statements ended December 31, 2018.

Moreover, the Audit Committee attended the Board of Directors meeting on February 27, 2019, where the Board of Directors agreed with the Audit Committee's opinions that the connected transactions with persons who may have conflicts of interests were reasonable and beneficial to BAFS and its subsidiaries' business operations. Details are as follows:

### **1. Connected transactions between BAFS and persons who may have conflicts of interest**

#### **1.1 Thai Airways International Public Company Limited**

#### **1.2 The Shell Company of Thailand Limited**

BAFS provides aviation fuel storage, aircraft refuelling and defuelling services at Don Mueang International Airport and Suvarnabhumi Airport. BAFS entered into contracts with user companies, of which their terms and conditions and service fee rates are similar to those of the transactions conducted with external parties. However, new fuel suppliers, which are not BAFS's shareholders, shall be charged for special service fees in accordance with the terms and conditions pursuant to the policy approved by the Board of Directors.



In accordance with the terms and conditions specified in the contracts, BAFS has collected considerations from the user companies for its aircraft refueling service at Don Mueang International Airport and transferred them to Airports of Thailand Public Company Limited, whereby BAFS does not have interest in those payments.

The Audit Committee viewed that such transactions were connected transactions, but they were necessary and highly beneficial to BAFS's business operations as they were normal business operations of aircraft refuelling service at Don Mueang International Airport and Suvarnabhumi Airport.

In addition, BAFS provides customs formalities service for the companies choosing a comprehensive array of services free of charge. The Audit Committee viewed that such transactions were connected transactions made only to facilitate user companies, which were normal business support transactions under general commercial conditions and were beneficial to BAFS's business operations at Don Mueang International Airport and Suvarnabhumi Airport.

### 1.3 PTT Public Company Limited

#### 1.4 PTT Oil and Retail Business Public Company Limited

The 2017 Annual General Meeting of Shareholders of PTT Public Company Limited (PTT) resolved to approve the restructuring of PTT in relation to the transfer of the oil business unit to PTT Oil and Retail Business Public Company Limited (PTTOR). On July 1, 2018, PTT later transferred its assets and liabilities of the oil business unit to PTTOR. Therefore, this has made PTTOR become BAFS's party to the contract to provide aviation fuel storage, aircraft refuelling and defuelling services at Don Mueang International Airport and Suvarnabhumi Airport as well as regional airports, namely Samui, Sukhothai and Trat.

BAFS provides aviation fuel storage, aircraft refuelling and defuelling services at Don Mueang International Airport and Suvarnabhumi Airport and collects considerations from PTT/PTTOR for its aircraft refuelling service at Don Mueang International Airport, similarly to the transactions conducted with Thai Airways Public Company Limited and the Shell Company of Thailand Limited. The Audit Committee viewed that such transaction was a connected transaction, but it was necessary and highly beneficial to BAFS's business operations as it was a normal business operation of aircraft refuelling service at Don Mueang International Airport and Suvarnabhumi Airport.

Furthermore, BAFS provides aviation fuel storage, aircraft refuelling and defuelling services at Samui, Sukhothai and Trat Airports where PTT/PTTOR is the sole company that transfers aviation fuel and aircraft refuelling products through the aircraft refuelling system to those airports and agrees to pay service fees to BAFS according to the specified rates and terms and conditions. The Audit Committee viewed that such transaction was a connected transaction, which was beneficial to BAFS's business operations at Samui, Sukhothai and Trat Airports.

BAFS made an agreement to use fleet cards to pay for its vehicles' fuels, whereby PTT/PTTOR has charged fuel prices based on market prices. The Audit Committee viewed that such transaction was a connected transaction, but it was under general commercial conditions and beneficial to BAFS's business operations.

### 1.5 Esso (Thailand) Public Company Limited

BAFS provides aviation fuel storage, aircraft refuelling and defuelling services at Suvarnabhumi Airport. BAFS entered into a contract with the user company, of which its terms and conditions and service fees are similar to those of the transactions conducted with external parties. The Audit Committee viewed that such transaction was a connected transaction, but it was necessary and highly beneficial to BAFS's business operations as it was a normal business operation of aircraft refuelling service at Suvarnabhumi Airport.

### 1.6 Airports of Thailand Public Company Limited

- **Don Mueang International Airport**

BAFS made a fuel hydrant pipeline rental contract with Airports of Thailand Public Company Limited (AOT) to operate its into-plane service through underground fuel hydrant pipelines, which is a normal business operation for its aviation refuelling service at Don Mueang International Airport. BAFS shall pay fuel hydrant pipeline rental fees based on the rates specified in the contract, which shall be adjusted in accordance with the country's general consumer price index.

In addition, in accordance with the terms and conditions specified in the contract, BAFS collects considerations from the user company for its aircraft refuelling service at Don Mueang International Airport and transfers them to AOT, whereby BAFS does not have interest in such payments.

The Audit Committee viewed that such transaction was a connected transaction, but it was necessary and highly beneficial to the Company's business operations as it was a normal business operation of aircraft refuelling service at Don Mueang International Airport.

BAFS also made a rental contract to use buildings and areas both inside and outside the apron at Don Mueang International Airport for its aircraft refuelling service system project implementation and parking area for its employees who work at the apron. The rental fee rates are similar to those of the transactions conducted with external parties. The Audit Committee viewed that such transaction was a connected transaction, but it was necessary and highly beneficial to BAFS's business operations as it was a normal business operation of aircraft refuelling service at Don Mueang International Airport.

- **Suvarnabhumi Airport**

BAFS entered into a 20-year into-plane service system project contract with AOT and was granted a license to operate its aircraft refuelling and defuelling services at Suvarnabhumi Airport, starting from September 28, 2006 which is the airport's official opening date. BAFS shall pay considerations rates which are similar to those of the transactions conducted with external parties as specified in the contract. BAFS shall also be obliged to comply with AOT's regulations.

The Audit Committee viewed that such transaction was a connected transaction, but it was necessary under general commercial conditions and highly beneficial to the Company's business operations as it was a normal business operation of aircraft refuelling service at Suvarnabhumi Airport.

BAFS made a land rental contract for its construction sites of buildings and structures, located outside Suvarnabhumi Airport's apron, in support of its implementation of the 20-year into-plane service system project, starting from the airport's official opening date. The rental fee rates are similar to



those of the transactions conducted with external parties. Also, BAFS made a rental contract to use rooms and areas inside Suvarnabhumi Airport's apron as its office, vehicle parking area and ground support equipment storage area. The rental fee rates are similar to those of the transactions conducted with external parties.

The Audit Committee viewed that such transactions were connected transactions, but they were necessary under general commercial conditions and highly beneficial to BAFS's business operations as they were normal business operations of aircraft refuelling service at Suvarnabhumi Airport.

BAFS has requested AOT to issue an airport ID card and a vehicle pass in order to allow access to AOT's restricted areas at Don Mueang International Airport and Suvarnabhumi Airport as well as provide public utilities service and other services inside the airports, which are additional services to facilitate BAFS's into-plane service operations. BAFS shall pay service fees at the same rate as those of the transactions conducted with external parties and be obliged to comply with the terms and conditions specified by AOT.

The Audit Committee viewed that such transaction was a connected transaction, but it was necessary under general commercial conditions and highly beneficial to BAFS's business operations as it was a normal business operation of aircraft refuelling service at Don Mueang International Airport and Suvarnabhumi Airport.

#### 1.7 Bangkok Airways Public Company Limited

BAFS has rented radio communication equipment for its operations at Samui and Trat Airports from Bangkok Airways Public Company Limited (BA). In the meantime, the Company has requested BA to issue an airport ID card and a vehicle pass at Samui, Sukhothai and Trat Airports to allow access to BA's restricted areas. BAFS shall pay service fees at the same rate as those of the transactions conducted with external parties and be obliged to comply with the terms and conditions specified by BA. The Audit Committee viewed that such transaction was a connected transaction, but it was necessary under general commercial conditions and beneficial to BAFS's business operations as it was a normal business operation of aircraft refuelling service at Samui, Sukhothai and Trat Airports.

The Company has purchased air tickets from BA to send its employees on regional assignments at Samui, Sukhothai and Trat Airports. The Audit Committee viewed that such transaction was a connected transaction, regarded as a normal business support transaction, but it was small-sized and beneficial to BAFS's business operations. Moreover, the Company entered into a long-term land rental contract with BA for the benefits of its business operations. The Audit Committee viewed that such transaction was a connected transaction, which was a normal business support transaction and beneficial to BAFS's business operations.

#### 1.8 The Ministry of Finance

BAFS made a contract with the Ministry of Finance to rent state-owned buildings and land relating to buildings for the implementation of into-plane service system project and sublease space to Fuel Pipeline Transportation Limited and Thai Petroleum Pipeline Company Limited for its business operations. BAFS shall pay rental fees and be obliged to comply with the terms and conditions specified in the contract. The Audit Committee viewed that such transaction was a connected transaction,

but it was necessary and highly beneficial to BAFS's business operations as it was a normal business operation of aircraft refuelling service at Don Mueang International Airport.

### 1.9 Thai Petroleum Pipeline Company Limited

- **Don Mueang Aviation Fuel Storage Station**

BAFS entered into contracts with Thai Petroleum Pipeline Company Limited (THAPPLINE) for land rental and public utilities service at Don Mueang Aviation Fuel Storage Station. Such land is rented for construction of buildings and facilities for the receipt and distribution of aviation fuel that is transferred via THAPPLINE's fuel pipelines. THAPPLINE shall pay rental and service fees and be obliged to comply with the terms and conditions specified in the contracts. The rental and service fee rates shall be adjusted in accordance with the terms and conditions specified in the contracts.

The Audit Committee viewed that such transactions were connected transactions. They were rental contracts that BAFS had made with THAPPLINE for construction of buildings and facilities for the receipt and distribution of aviation fuel, which was necessary and highly beneficial to the Company's business operations as it was a normal business operation of aircraft refuelling service at Don Mueang International Airport.

- **Suvarnabhumi Aviation Fuel Storage Station**

BAFS entered into a land and building rental contract and a service contract with THAPPLINE for construction of THAPPLINE's buildings, structures and fuel pipeline transportation system equipment at Suvarnabhumi Aviation Fuel Storage Station. THAPPLINE shall pay rental fees and obliged to comply with the terms and conditions specified in the contracts. The rental and service fees shall be adjusted in accordance with the country's general consumer price index. The public utilities systems provided exclude water volume used in a sprinkler system, potable water and electricity consumption volume, which are charged on the basis of actual usage.

The Audit Committee viewed that such transactions were connected transactions. They were rental and service contracts that BAFS had made with THAPPLINE for construction of buildings, structures and fuel pipeline transportation system equipment, which were necessary and highly beneficial to BAFS's business operations as they were normal business operations of aircraft refuelling service at Suvarnabhumi Airport.

### 1.10 Dhipaya Insurance Public Company Limited

BAFS insured for all risks, third-party liability, property terrorism and auto and road accident victim protection with Dhipaya Insurance Public Company Limited. The Company shall pay insurance premiums based on market prices and obliged to comply with the terms and conditions specified in the insurance policies. The Audit Committee viewed that such transaction was a connected transaction, but it was necessary and beneficial to BAFS's business operation as it was executed in order to mitigate risks and impact damage that may arise from the Company's business operations.

### 1.11 Bangkok Insurance Public Company Limited

BAFS insured all risks, third-party liability, property terrorism and other types of insurance such as employee health and accident and liability from third-type control business with Bangkok Insurance





Public Company Limited. BAFS shall pay insurance premiums based on market prices and obliged to comply with the terms and conditions specified in the insurance policies. The Audit Committee viewed that such transaction was a connected transaction, but it was necessary and beneficial to BAFS's business operations as it was executed in order to mitigate risks and impact damage that may arise from its business operations.

#### 1.12 IRPC Public Company Limited

BAFS has its employees attend training programs on "Advanced Fire Fighting" and "On-Scene Fire Commander", arranged by IRPC Public Company Limited (IRPC) which is famous and widely recognized for its disaster and emergency management. The service fee rates are similar to those of the transactions conducted with external parties. The Audit Committee viewed that such transaction was a connected transaction under general commercial conditions and beneficial to the Company's business operations as BAFS had become aware of crises that may affect its business operations, while such trainings could enhance its operational efficiency during crises in a prompt manner.

#### 1.13 NPC Safety and Environmental Service Company Limited

BAFS hired NPC Safety and Environmental Service Company Limited (NPC S&E) to be its consultant for the Business Continuity Management System project as it is famous and widely recognized for its business continuity management. The service fee rates are similar to those of the transactions conducted with external parties. The Audit Committee viewed that such transaction was a connected transaction under general commercial conditions and beneficial to BAFS's business operations as BAFS had become aware of business continuity management, while such transaction could enhance its operational efficiency.

#### 1.14 TMB Bank Public Company Limited

BAFS entered into a loan contract with TMB Bank Public Company Limited to generate fund for its capital increase for the Northern fuel pipeline transportation system of its subsidiary, Fuel Pipeline Transportation Company Limited and for financial transactions related to BAFS's business operations such as FX forwards. The Audit Committee viewed that such transaction was a connected transaction under general commercial conditions and beneficial to BAFS's business operations.

## 2. Connected transactions between Thai Aviation Refuelling Company Limited (subsidiary) and persons who may have conflicts of interest

#### 2.1 Thai Airways International Public Company Limited

#### 2.2 Esso (Thailand) Public Company Limited

Thai Aviation Refuelling Company Limited (TARCO) provides aviation fuel transportation service through hydrant pipelines at Suvarnabhumi Airport to Thai Airways International Public Company Limited and Esso (Thailand) Public Company Limited. TARCO, BAFS and user companies entered into a mutual contract, of which its conditions and service fees are similar to those of the transactions conducted with external parties. BAFS entered into a fee collection service contract with TARCO in order to collect those service fees from the user companies for TARCO.

The Audit Committee viewed that such transactions were connected transactions, which were necessary and highly beneficial to TARCO business operations as they were normal business operations of aviation fuel transportation service at Suvarnabhumi Airport.

### 2.3 The Shell Company of Thailand Limited

### 2.4 PTT Public Company Limited

### 2.5 PTT Oil and Retail Business Public Company Limited

The 2017 Annual General Meeting of Shareholders of PTT Public Company Limited (PTT) resolved to approve the restructuring of PTT in relation to the transfer of the oil business unit to PTT Oil and Retail Business Public Company Limited (PTTOR). On July 1, 2018, PTT later transferred its assets and liabilities of the oil business unit to PTTOR. This has made PTTOR become TARCO's party to the contract to provide aviation fuel transportation service through hydrant pipelines at Suvarnabhumi Airport.

TARCO provides aviation fuel transportation service through hydrant pipelines at Suvarnabhumi Airport to the Shell Company of Thailand Limited (Shell) and PTT/PTTOR. Details of such transactions were similar to those that TARCO conducted with Thai Airways International Public Company Limited and Esso (Thailand) Public Company Limited. The Audit Committee viewed that such transactions were connected transactions, but they were necessary and highly beneficial to TARCO's business operations as they were normal business operations of aviation fuel transportation system service at Suvarnabhumi Airport.

TARCO made an agreement to use fleet cards in order to pay for its vehicles' fuels, whereby Shell and PTT/PTTOR have charged fuel prices based on market prices. The Audit Committee viewed that such transactions were connected transactions under general commercial conditions and beneficial to TARCO's business operations.

### 2.6 Airports of Thailand Public Company Limited

TARCO was granted a license from Airports of Thailand Public Company Limited (AOT) to operate aviation fuel transportation service through hydrant pipelines at Suvarnabhumi Airport for a 30-year period, starting from the airport's official opening date on September 28, 2006. In accordance with the terms and conditions of licensing contract to operate aviation fuel transportation service through hydrant pipelines at Suvarnabhumi Airport, TARCO shall pay considerations at 2 percent per year of gross income before deducting expenses to AOT.

Later, AOT had developed the Suvarnabhumi Airport Development Plan Phase 2, whereby TARCO studied and designed its hydrant pipeline system phase 2. On September 16, 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 10, 2013, it was concluded that the hydrant pipeline service system phase 2 was part of such licensing contract. Therefore, to ensure completion of Suvarnabhumi Airport Development Plan Phase 2 within the specified timeframe according to the Cabinet Resolution, the AOT Board of Directors resolved that TARCO temporarily had carried out the hydrant pipeline system phase 2 at Suvarnabhumi Airport before an additional amendment to the licensing contract was signed.

Initially, TARCO and AOT signed a memorandum of understanding on September 23, 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, suspension, deferral or significant change of the project, resulting in a failure



of contract signing, both parties shall discuss in good faith based on the provisions in the licensing contract and ensure TARCO's fairness to be compensated for its investment and other actual expenses. In the meantime, TARCO shall transfer such construction that was carried out and all assets to AOT or the Ministry of Finance or any other organization which AOT shall further notify to TARCO.

The Audit Committee viewed that such transaction was a connected transaction, but it was necessary and highly beneficial to TARCO's business operations as it was a normal business operation of aviation fuel transportation system service at Suvarnabhumi Airport.

TARCO entered into a rental contract to use land at Suvarnabhumi Airport in order to place its equipment, hydrant pipelines and provide parking area for its into-plane vehicles and facilities, a rental contract to use rooms in the building as its office as well as a rental contract to use space inside the apron for vehicle parking and support equipment storage to facilitate its operations. The service fee rates are similar to those of the transactions conducted with external parties. The Audit Committee viewed that such transactions were connected transactions, but they were necessary under general commercial conditions and highly beneficial to TARCO's business operations as they were normal business operations of aviation fuel transportation system service at Suvarnabhumi Airport.

TARCO has requested AOT to issue an airport ID card and a vehicle pass to allow access to AOT's restricted areas at Suvarnabhumi Airport as well as provide public utilities service and other services, which are additional services for TARCO's aviation fuel transportation system operation at the airport. TARCO shall pay service fees at the same rate as those of the transactions conducted with external parties and obliged to comply with the terms and conditions specified by AOT. The Audit Committee viewed that such transaction was a connected transaction, but it was necessary under general commercial conditions and beneficial to TARCO's business operations as it was a normal business operation of aviation fuel transportation system service at Suvarnabhumi Airport.

TARCO has its employees attend a training program on "Basic Fire Fighting", arranged by AOT which is famous and widely recognized for its disaster and emergency management. The service fee rates are similar to those of the transactions conducted with external parties. The Audit Committee viewed that such transaction was a connected transaction under general commercial conditions which was beneficial to TARCO's business operations as TARCO had become aware of crises that may affect its business operations, while such trainings could enhance its operational efficiency during crises in a prompt manner.

## 2.7 Dhipaya Insurance Public Company Limited

TARCO insured for all risks, third-party liability and property with Dhipaya Insurance Public Company Limited. TARCO shall pay insurance premiums and obliged to comply with the terms and conditions specified in the insurance policies. The interest rates on insurance premiums charged to TARCO are based on market prices. The Audit Committee viewed that such transaction was a connected transaction, but it was necessary and beneficial to TARCO's business operations as they were executed in order to mitigate risks and impact damage that may arise from TARCO's business operations.

## 2.8 Bangkok Insurance Public Company Limited

TARCO insured for all risks, third-party liability, property and other types of insurance such as employee health and accident and auto and road accident victim protection with Bangkok Insurance Public Company Limited. TARCO shall pay insurance premiums based on market prices and obliged to comply with the

terms and conditions specified in the insurance policies. The Audit Committee viewed that such transaction was a connected transaction, but it was necessary and beneficial to the TARCO's business operations as it was executed in order to minimize risks and impact damage that may arise from TARCO's business operations.

## **2.9 NPC Safety and Environmental Service Company Limited**

TARCO applied for a membership to use an audit database system to assess consistency with the law on occupational health and safety, energy and environment with NPC Safety and Environmental Service Company Limited in order to monitor laws, trainings and management systems. The service fees are similar to those of the transactions conducted with external parties. The Audit Committee viewed that such transaction was a connected transaction under general commercial conditions and beneficial to TARCO's business operations to ensure correct work practices and compliance with relevant laws.

## **2.10 TMB Bank Public Company Limited**

TARCO entered into a loan contract with TMB Bank Public Company Limited and requested for extending the loan disbursement period for the hydrant pipeline system phase 2 construction project at Suvarnabhumi Airport. The Audit Committee viewed that such transaction was a connected transaction which was a normal business support transaction under general commercial conditions and beneficial to TARCO's business operations.

# **3. Connected transactions between Fuel Pipeline Transportation Company Limited (subsidiary) and persons who may have conflicts of interest**

## **3.1 The Shell Company of Thailand Limited**

Fuel Pipeline Transportation Limited (FPT) provides aviation fuel and fuel transportation through multi-products underground pipelines to the Shell Company of Thailand Limited (Shell) from 3 oil supply sources including Bangchak oil refinery and depots of Shell and Chevron (Thailand) Company Limited (Chevron), located in Chongnonsi, to transfer aviation fuel to Don Mueang and Suvarnabhumi Aviation Fuel Storage Stations and further distribute such fuel to BAFS. Moreover, FPT transfers fuel to its depot located in Bang Pa-In, Phra Na Khon Si Ayutthaya Province. FPT conducted a transaction with Shell on aviation fuel and fuel transportation service as aforementioned. The terms and conditions and service fees are similar to those of the transactions conducted with external parties.

The Audit Committee viewed that such transactions were connected transactions, but they were necessary and beneficial to FPT's business operation as FPT is the provider of aviation fuel and fuel transportation service through pipeline systems to those aviation fuel storage stations and depots.

FPT also made a contract with Shell for oil reserves service as required by the law at Bang Pa-In Depot. This transaction supports FPT's core business. The service terms and conditions and fees are based on market prices. The Audit Committee viewed that such transaction was a connected transaction supporting the government's policy and benefiting FPT.

As Shell has a policy on not hiring regular employees to work at its sales offices at regional depots, FPT then provides sales office management service at Bang Pa-In Depot to Shell, where the fuel distribution office for customers, service stations and industrial sectors is located., FPT's service fees charged to Shell are calculated from volume of fuel distributed from Bang Pa-In Depot. The Audit Committee viewed that such



transaction was a connected transaction to facilitate Shell's operations and was beneficial to FPT's business operations at Bang Pa-In Depot.

### 3.2 PTT Public Company Limited

#### 3.3 PTT Oil and Retail Business Public Company Limited

The 2017 Annual General Meeting of Shareholders of PTT Public Company Limited (PTT) resolved to approve the restructuring of PTT in relation to the transfer of the oil business unit to PTT Oil and Retail Business Public Company Limited (PTTOR). On July 1, 2018, PTT later transferred its assets and liabilities of the oil business unit to PTTOR. This has made PTTOR become FPT's party to the contract to provide aviation fuel and fuel transportation system service through underground hydrant pipeline systems as well as office building rental.

FPT has provided aviation fuel and fuel transportation service through underground pipeline systems as well as specified conditions and collected service fees from PTT/PTTOR, similarly to the transactions conducted with Shell. The Audit Committee viewed that such transaction was a connected transaction, but it was necessary and highly beneficial to FPT's business operations as FPT is the provider of aviation fuel and fuel transportation service through underground pipeline systems to those aviation fuel storage stations and oil depots.

FPT made an office rental contract in order to use it as its office for road loading documentation at Bang Pa-In Depot. Service conditions and fees are similar to those of the transactions that FPT conducted with external parties. The Audit Committee viewed that such transaction was a connected transaction which provided a facility to PTT/PTTOR and was beneficial to FPT's business operations at Bang Pa-In Depot.

In addition, FPT made a land sublease contract with PTT in order to set up a natural gas transmission system. Sublease fees that FPT charges to PTT are actual rental fee amount that FPT pays to the State Railway of Thailand plus its operating cost for 5.5%. The Audit Committee viewed that such transaction was a connected transaction which was beneficial to FPT's business operations and did not cause benefit transfer as it was a rental contract for PTT to undertake an NGV transmission pipeline project with construction and installation of natural gas pipeline to use natural gas as an alternative energy.

#### 3.4 PTT Natural Gas Distribution Company Limited

FPT made a contract with PTT Natural Gas Distribution Company Limited to provide its natural gas pipeline service. Such pipelines are old fuel pipelines that was no longer used by FPT. FPT specifies service terms and conditions and fees which are calculated from residual value of assets in book value and volume of natural gas that is transported. This transaction helps adding value to FPT's non-performing assets. The Audit Committee viewed that such transaction was a connected transaction which was beneficial to FPT's business operations as it optimized FPT's existing assets.

#### 3.5 Airports of Thailand Public Company Limited

FPT made a land rental contract with Airports of Thailand Public Company Limited (AOT) for the outside areas along the airport's fence in the Suvarnabhumi Airport area. Such land rental is for laying aviation fuel transportation pipelines transferring aviation fuel from refineries to BAFS' Suvarnabhumi Aviation Fuel Storage Station. The rental fees are at the same rate as those of the transactions that AOT conducted with external parties. The Audit Committee viewed that such transaction was a connected transaction, but it was

necessary and highly beneficial to FPT's business operations as laying underground pipelines to receive aviation fuel from user customers and transfer it to BAFS' Suvarnabhumi Aviation Fuel Storage Station is FPT's normal business operation.

### **3.6 Dhipaya Insurance Public Company Limited**

FPT insured for all risks, third-party liability and auto insurance and road accident victim protection with Dhipaya Insurance Public Company Limited. The insurance premiums are based on market prices. FPT shall pay insurance premiums and obliged to comply with the terms and conditions defined in the insurance policies. The Audit Committee viewed that such transaction was a connected transaction, but it was necessary and beneficial to the FPT's business operations as they were executed in order to minimize risks and impact damage may arise from FPT's business operations.

### **3.7 Bangkok Insurance Public Company Limited**

FPT insured for all risks, third-party liability and other types of insurance such as liability for third-type control business - Bang Pa-In Depot, Bangchak - Bang Pa-In Fuel Transportation Pipeline Project and Phichit Depot, property, employee health and accident, auto and protection of road accident victim protection, mobile phone and radio communication equipment with Bangkok Insurance Public Company Limited. FPT shall pay insurance premiums based on market prices and obliged to comply with the terms and conditions specified in the insurance policies. The Audit Committee viewed that such transaction was a connected transaction, but it was necessary and beneficial to the FPT's business operations as it was executed in order to minimize risks and impact damage that may arise from FPT's business operations.

### **3.8 NPC Safety and Environmental Service Company Limited**

FPT applied for a membership to use an audit database system to assess consistency with the law on occupational health and safety, energy and environment with NPC Safety and Environmental Service Company Limited to monitor laws, trainings and management systems. The service fees are similar to those of the transactions conducted with external parties. The Audit Committee viewed that such transaction was a connected transaction under general commercial conditions and beneficial to FPT's business operations to ensure correct work practices and compliance with relevant laws.

## **4. Connected transactions between BAFS INTECH Company Limited (subsidiary) with persons who may have conflicts of interest**

### **4.1 Bangkok Airways Public Company Limited**

### **4.2 Nok Airlines Public Company Limited**

BAFS INTECH Company Limited has purchased air tickets from BA and Nok Airlines Public Company Limited to send its employees on international assignments. BAFS INTECH shall pay service fees at the same rate as those of the transactions conducted with external parties. The Audit Committee viewed that such transaction was a connected transaction, which was a normal business support transaction under general commercial operations and beneficial to BAFS INTECH's business operations.

### **4.3 Dhipaya Insurance Public Company Limited**

BAFS INTECH insured for auto and road accident victim protection with Dhipaya Insurance Public Company Limited. BAFS INTECH shall pay insurance premiums based on market prices and obliged to comply with



the terms and conditions specified in the insurance policies. The Audit Committee viewed that such transaction was a connected transaction, but it was necessary and beneficial to BAFS INTECH's business operations as it was executed to minimize risks and impact damage that may arise from BAFS INTECH's business operations.

#### **4.4 Bangkok Insurance Public Company Limited**

BAFS INTECH insured for fire with Bangkok Insurance Public Company Limited. BAFS INTECH shall pay insurance premiums based on market prices and obliged to comply with the terms and conditions specified in the insurance policies. The Audit Committee viewed that such transaction was a connected transaction, but it was necessary and beneficial to BAFS INTECH's business operations as it was executed to minimize risks and impact damage that may arise from BAFS INTECH's business operations.

### **5. Connected transactions between Intoplane Services Company Limited (subsidiary) and persons who may have conflicts of interest**

#### **5.1 Airports of Thailand Public Company Limited**

Intoplane Services Company Limited (IPS) has requested AOT to issue an airport ID card to allow access to AOT's restricted areas at Don Mueang International Airport and Suvarnabhumi Airport. IPS shall pay service fees at the same rate as those of the transactions conducted with external parties and obliged to comply with the terms and conditions specified by AOT. The Audit Committee viewed that such transaction was a connected transaction, but it was necessary under general commercial conditions and beneficial to IPS's business operations.

#### **5.2 Bangkok Airways Public Company Limited**

IPS has purchased air tickets from Bangkok Airways Public Company Limited to have its employees working at Samui Airport, Surat Thani Province attend training programs at Don Mueang International Airport. Air ticket prices offered by BA are similar to those of the transactions that BA conducted with external parties. The Audit Committee viewed that such transaction was a connected transaction, which was a normal business support transaction under general commercial conditions and beneficial to IPS's business conditions.

Moreover, IPS has requested BA to issue an airport ID card at Trat Airport to allow access to BA's restricted areas. IPS shall pay service fees at the same rate as those of the transactions conducted with external parties and obliged to comply with the terms and conditions specified by BA. The Audit Committee viewed that such transaction was a connected transaction, but it was necessary under general commercial conditions and beneficial to IPS's business operations.

#### **5.3 IRPC Public Company Limited**

IPS has its employees attend a training program on "Advanced Fire Fighting", arranged by IRPC Public Company Limited (IRPC) which is famous and widely recognized for its disaster and emergency management. The service fee rates are similar to those of the transactions conducted with external parties. The Audit Committee viewed that such transaction was a connected transaction under general commercial conditions and beneficial to IPS's business operations and such training could enhance its operational efficiency during crises in a prompt manner.



## Measure or Procedure for Connected Transaction Approval

### Measure or Procedure for Connected Transaction Approval

BAFS 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 BAFS'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, BAFS will disclose detail of their different comments as well. For any approval of connected transaction, BAFS 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 BAFS's Articles of Association, director who has interest on any matter is not entitled to participate in its approval.

In addition, BAFS'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 BAFS 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

BAFS 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, BAFS 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 BAFS'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. BAFS will disclose connected transactions list in its notes to the financial statements that are audited by BAFS's auditor in accordance with accounting standards stipulated by the Federation of accounting professions.

Furthermore, BAFS 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 BAFS's normal business operations.





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