

Tipco Asphalt Public Company Limited and its subsidiaries
Report and consolidated financial statements
31 December 2012



Independent Auditor's Report

To the Shareholders of Tipco Asphalt Public Company Limited

I have audited the accompanying consolidated financial statements of Tipco Asphalt Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Tipco Asphalt Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

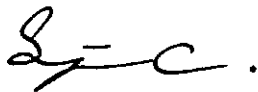
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tipco Asphalt Public Company Limited and its subsidiaries and of Tipco Asphalt Public Company Limited as at 31 December 2012, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy made due to the early adoption of Thai Accounting Standard 12 *Income Tax* and Note 5 to the financial statements regarding the change in accounting policy for inventories. My opinion is not qualified in respect of this matter.

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Siraporn Ouaanunkun

Certified Public Accountant (Thailand) No. 3844

Ernst & Young Office Limited

Bangkok: 11 February 2013

Tipco Asphalt Public Company Limited and its subsidiaries

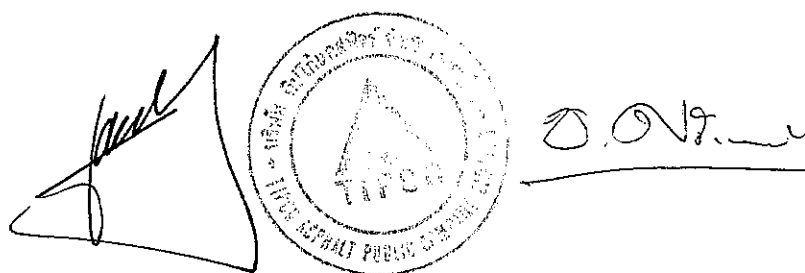
Statement of financial position

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		As at	As at	As at	As at	As at	As at
		31 December 2012	31 December 2011	1 January 2011	31 December 2012	31 December 2011	1 January 2011
			(restated)	(restated)		(restated)	(restated)
Assets							
Current assets							
Cash and cash equivalents	8	739,597,042	1,001,818,734	299,920,234	44,140,952	430,513,964	20,319,068
Current investments		-	-	52,106,331	-	-	1,341,120
Trade and other receivables	9	5,347,921,360	3,687,503,063	1,974,906,078	5,442,063,490	1,626,387,848	2,053,245,003
Short-term loans to related parties	10	-	-	-	40,243,540	25,426,686	5,161,084
Inventories	11	7,048,482,865	5,755,843,305	3,499,879,647	6,443,284,016	4,792,644,210	290,151,577
Price hedging contracts	37	27,359,301	67,791,020	-	27,359,301	67,791,020	-
Forward exchange contracts	37	7,801,110	3,845,478	33,191,002	6,650,434	1,476,921	1,652,256
Other current assets		104,971,269	70,073,650	111,562,705	35,455,728	40,579,176	19,421,075
Total current assets		13,276,132,947	10,586,875,250	5,971,565,997	12,039,197,461	6,984,819,825	2,391,291,183
Assets held for sales - Vessel	12	45,423,693	-	-	-	-	-
Non-current assets							
Deposits with financial institutions with restrictions	21	-	86,038,240	72,572,960	-	-	-
Investments in subsidiaries	13	-	-	-	3,827,571,247	4,627,139,803	4,576,753,996
Investment in associate	14	60,548,740	41,639,567	26,728,900	18,403,580	18,403,580	18,403,580
Investment properties	15	199,432,500	204,200,000	273,450,000	101,197,924	101,745,153	68,490,887
Property, plant and equipment	16	4,595,800,707	4,247,666,676	3,962,164,150	490,569,772	505,856,576	623,331,436
Goodwill	13	146,293,504	146,293,504	146,293,504	-	-	-
Other intangible assets - Computer software		19,972,993	7,735,064	10,489,063	17,981,683	2,466,533	1,908,243
Leasehold rights	17	207,872,195	220,175,110	212,589,564	4,102,239	4,330,141	4,558,043
Deferred tax assets - net	29	106,845,698	153,176,102	359,190,444	44,776,746	44,828,317	38,173,560
Other non-current assets		11,331,624	11,948,686	40,822,841	5,380,932	5,251,693	17,857,789
Total non-current assets		5,348,197,961	5,098,872,949	5,104,301,426	4,509,984,123	5,310,021,796	5,349,477,534
Total assets		18,669,754,601	15,685,748,199	11,075,867,423	16,549,181,584	12,294,841,621	7,740,768,717

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



Tipco Asphalt Public Company Limited and its subsidiaries

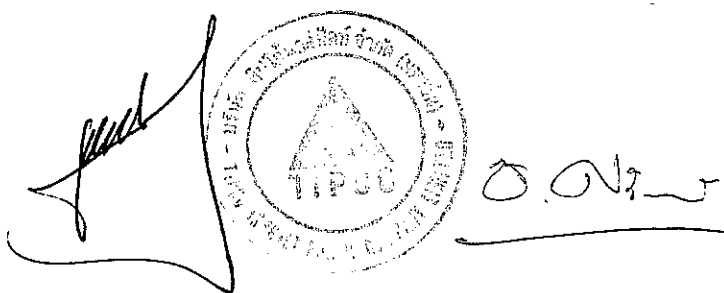
Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		As at	As at	As at	As at	As at	As at
		31 December 2012	31 December 2011 (restated)	1 January 2011 (restated)	31 December 2012	31 December 2011 (restated)	1 January 2011 (restated)
Liabilities and shareholders' equity							
Current liabilities							
Short-term loans from financial institutions	18	8,236,833,408	3,784,809,127	2,338,748,570	8,158,509,798	2,360,331,137	574,542,431
Trade and other payables	19	2,202,837,490	3,485,909,495	747,225,288	2,212,017,359	2,968,515,785	428,609,118
Short-term loans from related parties	10	-	-	-	-	-	94,300,000
Current portion of liabilities under							
finance lease agreements		8,595,644	12,230,076	10,645,976	4,618,291	7,132,917	5,384,365
Current portion of long-term loans	20	596,304,373	480,388,584	440,672,549	322,383,480	303,633,480	203,633,480
Income tax payable		69,328,878	24,330,283	36,846,145	38,501,527	18,729,136	18,535,705
Cash received from former co-venturer	13	-	-	50,765,211	-	-	-
Price hedging contracts	37	12,708,499	27,996,342	143,635,479	12,708,499	27,996,342	-
Forward exchange contracts	37	502,902	13,763,714	7,112,334	492,279	6,362,769	171,888
Other current liabilities		26,039,584	86,572,337	207,915,071	16,776,473	49,597,346	21,603,217
Total current liabilities		11,153,150,778	7,915,999,958	3,983,566,623	10,766,007,706	5,742,298,912	1,346,780,204
Non-current liabilities							
Liabilities under finance lease agreements -							
net of current portion		13,415,586	12,767,587	14,593,707	9,938,202	6,227,778	5,392,791
Long-term loans - net of current portion	20	2,371,819,402	3,073,593,282	3,095,327,506	1,103,408,346	2,164,541,826	2,468,175,306
Interest rate swap contracts	20	19,445,155	10,082,962	27,112,769	19,445,155	8,218,729	14,510,105
Provision for long-term employee benefits	22	69,231,320	65,128,682	58,555,688	56,821,784	52,778,439	47,758,574
Total non-current liabilities		2,473,911,463	3,161,572,513	3,195,589,670	1,189,613,487	2,231,766,772	2,535,836,776
Total liabilities		13,627,062,241	11,077,572,471	7,179,156,293	11,955,621,193	7,974,065,684	3,882,616,980

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

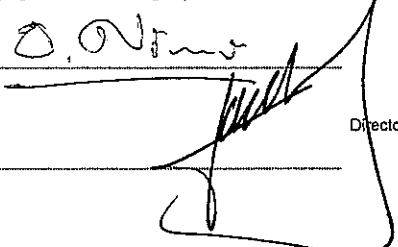


Tipco Asphalt Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		As at	As at	As at	As at	As at	As at
		31 December 2012	31 December 2011	1 January 2011	31 December 2012	31 December 2011	1 January 2011
			(restated)	(restated)		(restated)	(restated)
Shareholders' equity							
Share capital	23						
Registered							
170,043,729 ordinary shares (31 December 2011:							
169,002,429 ordinary shares and 1 January 2011:							
152,547,663 ordinary shares) of Baht 10 each		<u>1,700,437,290</u>	<u>1,690,024,290</u>	<u>1,525,476,630</u>	<u>1,700,437,290</u>	<u>1,690,024,290</u>	<u>1,525,476,630</u>
Issued and fully paid							
152,548,068 ordinary shares (1 January 2011:							
152,547,663 ordinary shares) of Baht 10 each		1,525,480,680	1,525,480,680	1,525,476,630	1,525,480,680	1,525,480,680	1,525,476,630
Premium on share capital		886,112,274	886,112,274	886,091,137	886,112,274	886,112,274	886,091,137
Non-controlling interests of subsidiary acquired							
by the Company at price lower than book value	2	6,237,755	6,237,755	6,237,755	-	-	-
Change in the Company's interest in subsidiary							
which not resulted in loss of control	13	12,904,468	12,904,468	-	-	-	-
Capital reserve for share-based payment transactions	25	13,140,737	4,644,652	-	13,140,737	4,644,652	-
Retained earnings							
Appropriated - statutory reserve	26	140,503,000	115,503,000	94,203,000	140,503,000	115,503,000	94,203,000
Unappropriated		2,024,808,519	1,598,218,783	1,041,660,964	2,032,966,638	1,794,744,386	1,362,538,043
Other components of shareholders' equity		<u>(184,521,435)</u>	<u>(135,290,406)</u>	<u>(239,756,317)</u>	<u>(4,642,938)</u>	<u>(5,709,055)</u>	<u>(10,157,073)</u>
Equity attributable to owners of the Company		<u>4,424,665,998</u>	<u>4,013,811,206</u>	<u>3,313,913,169</u>	<u>4,593,560,391</u>	<u>4,320,775,937</u>	<u>3,858,151,737</u>
Non-controlling interests of the subsidiaries		<u>618,026,362</u>	<u>594,364,522</u>	<u>582,797,961</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>5,042,692,360</u>	<u>4,608,175,728</u>	<u>3,896,711,130</u>	<u>4,593,560,391</u>	<u>4,320,775,937</u>	<u>3,858,151,737</u>
Total liabilities and shareholders' equity		<u>18,669,754,601</u>	<u>15,685,748,199</u>	<u>11,075,867,423</u>	<u>16,549,181,584</u>	<u>12,294,841,621</u>	<u>7,740,768,717</u>

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



Directors



Tipco Asphalt Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2012

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011 (restated)	2012	2011 (restated)
Revenues					
Sales and service income		37,663,155,183	22,303,811,809	35,898,387,645	6,887,662,659
Other income					
Dividend income from subsidiaries	13	-	-	204,947,351	236,418,513
Dividend income from associate	14	-	-	16,789,105	18,920,803
Income from liquidation of subsidiary	13	-	-	26,659,535	-
Gain on exchange	37	567,189,427	26,143,187	517,221,811	-
Compensation received from claims for damages	27	50,308,840	609,091,182	-	-
Others		98,310,237	80,762,164	72,772,845	80,534,420
Total revenues		38,378,963,687	23,019,808,342	36,736,758,292	7,223,536,395
Expenses					
Cost of sales and services		35,754,713,865	20,720,376,352	34,773,472,639	6,137,321,666
(Gain) loss from price hedging contracts	37	805,913,511	325,980,217	804,611,289	(124,896,987)
Reduce cost of inventory to net realisable value (reversal)	11	1,081,594	(945,855)	560,977	(148,682)
		36,561,708,970	21,045,410,714	35,578,644,905	6,012,275,997
Selling expenses		108,782,788	123,898,586	60,759,321	58,627,401
Administrative expenses		594,138,146	589,158,621	386,061,700	356,961,051
Other expenses					
Allowance for doubtful accounts (reversal)		31,475,421	3,519,871	(7,227,555)	18,280,960
Loss on exchange	37	-	-	-	48,452,701
Impairment loss of assets held for sales	12	4,800,298	-	-	-
Impairment loss of investment properties	15	4,767,500	198,935,174	-	95,885,174
Impairment loss of property, plant and equipment	16	20,834,537	1,182,718	-	1,182,718
Total expenses		37,326,507,660	21,962,105,684	36,018,238,371	6,591,666,002
Profit before share of profit from investment in associate, finance cost and income tax expenses		1,052,456,027	1,057,702,658	718,519,921	631,870,393
Share of profit from investment in associate	14	35,323,425	33,952,035	-	-
Profit before finance cost and income tax expenses		1,087,779,452	1,091,654,693	718,519,921	631,870,393
Finance cost		(282,340,477)	(238,334,556)	(225,094,917)	(133,302,942)
Profit before income tax expenses		805,438,975	853,320,137	493,425,004	498,567,451
Income tax expenses	29	(129,589,957)	(291,720,359)	(39,518,542)	(45,061,108)
Profit for the year		675,849,018	561,599,778	453,906,462	453,506,343
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currencies		(60,204,158)	124,632,783	-	-
Change in fair value of interest rate swap contract		1,610,686	7,095,747	1,610,686	7,095,747
Income tax effect	29	(544,569)	(2,647,729)	(544,569)	(2,647,729)
Other comprehensive income for the year		(59,138,041)	129,080,801	1,066,117	4,448,018
Total comprehensive income for the year		616,710,977	690,680,579	454,972,579	457,954,361

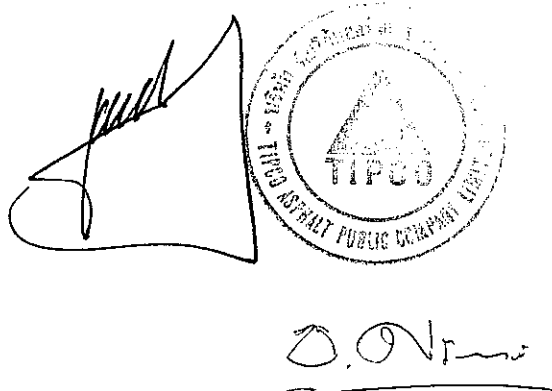
The accompanying notes are an integral part of the financial statements.

Tipco Asphalt Public Company Limited and its subsidiaries
Statement of comprehensive income (continued)
For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
Note	2012	2011 (restated)	2012	2011 (restated)
Profit attributable to:				
Equity holders of the Company	642,273,946	577,857,819	453,906,462	453,506,343
Non-controlling interests of the subsidiaries	33,575,072	(16,258,041)		
	<u>675,849,018</u>	<u>561,599,778</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	593,042,917	682,323,730	454,972,579	457,954,361
Non-controlling interests of the subsidiaries	23,668,060	8,356,849		
	<u>616,710,977</u>	<u>690,680,579</u>		
Earnings per share				
Basic earnings per share	32			
Profit attributable to equity holders of the Company	4.21	3.79	2.98	2.97

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



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Tipco Asphalt Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2012

	Consolidated financial statements												(Unit: Baht)
	Equity attributable to owners of the Company												
	Non-controlling interests of subsidiary acquired by the Company	Change in the Company's interest in subsidiary which not resulted in loss of control	Capital reserve for share-base payment transactions	Retained earnings		Fair value of interest rate swap contract	Other components of equity		Total equity attributable to shareholders' equity	Equity attributable to non-controlling interests of the subsidiaries	Total the shareholders' equity		
				Appropriated - statutory reserve	Unappropriated reserve		Other comprehensive income	Exchange differences on translation of financial statements in foreign currencies					
Issued and paid-up share capital	Premium on share capital	at price lower than book value											
1,525,476,630	886,091,137	6,237,755	-	-	94,203,000	778,249,405	(14,510,105)	(229,599,244)	(244,109,349)	3,046,148,578	561,861,873	3,628,010,451	
-	-	-	-	-	-	352,392,390	4,353,032	-	4,353,032	356,745,422	3,258,397	360,003,819	
-	-	-	-	-	-	(32,522,235)	-	-	-	(32,522,235)	(225,217)	(32,747,452)	
1,525,476,630	886,091,137	6,237,755	-	-	94,203,000	1,098,119,560	(10,157,073)	(229,599,244)	(239,756,317)	3,370,371,765	584,895,053	3,955,266,818	
1,525,476,630	886,091,137	6,237,755	-	-	94,203,000	1,041,660,964	(10,157,073)	(229,599,244)	(239,756,317)	3,313,913,169	582,797,961	3,896,711,130	
4,050	21,137	-	-	-	-	-	-	-	-	25,187	-	25,187	
-	-	-	12,904,468	-	-	-	-	-	-	12,904,468	37,012,032	49,916,500	
-	-	-	-	-	4,644,652	-	-	-	-	4,644,652	-	4,644,652	
-	-	-	-	-	-	-	-	-	-	-	(33,802,320)	(33,802,320)	
-	-	-	-	-	-	577,857,819	4,448,018	100,017,893	104,465,911	682,323,730	8,356,849	690,680,579	
-	-	-	-	-	-	(21,300,000)	-	-	-	-	-	-	
1,525,480,680	886,112,274	6,237,755	12,904,468	-	4,644,652	1,588,218,783	(5,709,055)	(129,581,351)	(135,290,405)	4,013,811,206	594,394,522	4,608,175,728	
1,525,480,680	886,112,274	6,237,755	12,904,468	-	4,644,652	1,436,063,037	(7,414,358)	(129,581,351)	(136,995,709)	3,849,950,157	592,984,911	4,442,935,068	
-	-	-	-	-	-	151,129,433	1,705,303	-	1,705,303	152,834,736	1,211,497	154,046,233	
-	-	-	-	-	-	11,028,313	-	-	-	11,028,313	188,114	11,194,427	
1,525,480,680	886,112,274	6,237,755	12,904,468	-	4,644,652	1,598,218,783	(5,709,055)	(129,581,351)	(135,290,405)	4,013,811,206	594,384,522	4,608,175,728	
-	-	-	-	-	8,496,085	-	-	-	-	8,496,085	-	8,496,085	
-	-	-	-	-	-	(190,684,210)	-	-	-	(190,684,210)	-	(190,684,210)	
-	-	-	-	-	-	-	-	-	-	-	(6,220)	(6,220)	
-	-	-	-	-	-	642,273,946	1,066,117	(50,297,146)	(49,231,029)	593,042,917	23,668,060	616,710,977	
-	-	-	-	-	-	(25,000,000)	-	-	-	-	-	-	
1,525,480,680	886,112,274	6,237,755	12,904,468	-	13,140,737	2,024,808,519	(4,642,938)	(179,878,497)	(184,521,435)	4,424,665,998	618,028,362	5,042,692,360	

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

Tipco Asphalt Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2012

	Separate financial statements							(Unit: Baht)	
	Issued and paid-up share capital	Premium on share capital	Capital reserve for share-base payment transactions	Retained earnings		Other component of equity			
				Appropriated - statutory reserve	Unappropriated	Other comprehensive income	Fair value of interest rate swap contracts		Total other component of shareholders' equity
Balance as at 31 December 2010 - previously reported	1,525,476,630	886,091,137	-	94,203,000	1,395,020,112	(14,510,105)	(14,510,105)	3,886,280,774	
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	-	-	33,820,528	4,353,032	4,353,032	38,173,560
Cumulative effect of change in accounting policy for inventories (Note 5)	-	-	-	-	-	(18,544,023)	-	-	(18,544,023)
Balance as at 31 December 2010 - as restated	1,525,476,630	886,091,137	-	94,203,000	1,410,296,617	(10,157,073)	(10,157,073)	(10,157,073)	3,905,910,311
Cumulative effect of change in accounting policy for employee benefits adjusted against beginning balance of retained earnings	-	-	-	-	-	(47,758,574)	-	-	(47,758,574)
Balance as at 1 January 2011 - as restated	1,525,476,630	886,091,137	-	94,203,000	1,362,538,043	(10,157,073)	(10,157,073)	(10,157,073)	3,858,151,737
Increase in share capital (Note 23)	4,050	21,137	-	-	-	-	-	-	25,187
Share-based payment transactions (Note 25)	-	-	4,644,652	-	-	-	-	-	4,644,652
Total comprehensive income for the year (restated)	-	-	-	-	453,506,343	4,448,018	4,448,018	4,448,018	457,954,361
Appropriation of statutory reserve (Note 26)	-	-	-	21,300,000	(21,300,000)	-	-	-	-
Balance as at 31 December 2011 - as restated	1,525,480,680	886,112,274	4,644,652	115,503,000	1,794,744,386	(5,709,055)	(5,709,055)	(5,709,055)	4,320,775,937
Balance as at 31 December 2011 - previously reported	1,525,480,680	886,112,274	4,644,652	115,503,000	1,751,297,017	(7,414,358)	(7,414,358)	(7,414,358)	4,275,623,265
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	-	43,123,014	1,705,303	1,705,303	1,705,303	44,828,317
Cumulative effect of change in accounting policy for inventories (Note 5)	-	-	-	-	324,355	-	-	-	324,355
Balance as at 31 December 2011 - as restated	1,525,480,680	886,112,274	4,644,652	115,503,000	1,794,744,386	(5,709,055)	(5,709,055)	(5,709,055)	4,320,775,937
Share-based payment transactions (Note 25)	-	-	8,496,085	-	-	-	-	-	8,496,085
Dividend paid (Note 35)	-	-	-	-	(190,684,210)	-	-	-	(190,684,210)
Total comprehensive income for the year	-	-	-	-	453,906,462	1,066,117	1,066,117	1,066,117	454,972,579
Appropriation of statutory reserve (Note 26)	-	-	-	25,000,000	(25,000,000)	-	-	-	-
Balance as at 31 December 2012	1,525,480,680	886,112,274	13,140,737	140,503,000	2,032,966,638	(4,642,938)	(4,642,938)	(4,642,938)	4,593,560,391

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

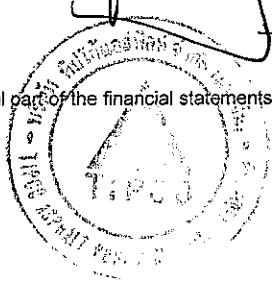
Tipco Asphalt Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2012

	Consolidated financial statements		Separate financial statements	
	2012	2011 (restated)	2012	2011 (restated)
Cash flows from operating activities:				
Profit before tax	805,438,975	853,320,137	493,425,004	498,567,451
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	418,850,240	405,168,063	80,230,131	85,033,049
Write-off withholding tax	1,177,404	172,881	-	-
Allowance for doubtful accounts (reversal)	31,475,421	3,519,871	(7,227,555)	18,280,960
Reduce cost of inventory to net realisable value (reversal)	1,081,594	(945,855)	560,977	(148,682)
Dividend income from subsidiaries	-	-	(204,947,351)	(236,418,513)
Dividend income from associate	-	-	(16,789,105)	(18,920,803)
Income from liquidation of subsidiary	-	-	(26,659,535)	-
Unrealised gain on exchange rate	(46,386,441)	(77,495,243)	(22,931,806)	(7,969,796)
Gain on sales of equipment	(2,761,185)	(26,364,266)	(3,054,992)	(14,319,344)
Loss from written off of equipment	-	10,909,175	-	2,046,817
Impairment loss of assets held for sales	4,800,298	-	-	-
Impairment loss of investment properties	4,767,500	198,935,174	-	95,885,174
Impairment loss of property, plant and equipment	20,834,537	1,182,718	-	1,182,718
Share of profit from investment in associate	(35,323,425)	(33,952,035)	-	-
Share-based payment transactions	8,496,085	4,644,652	6,065,341	3,258,845
Provision for long-term employee benefits	10,269,170	10,136,168	8,125,296	8,034,873
Change in fair value of forward exchange contracts	(17,216,444)	35,996,904	(11,044,004)	6,366,217
Change in fair value of price hedging contracts	25,143,876	(183,430,156)	25,143,876	(39,794,678)
Change in fair value of interest rate swap contract recognised in profit or loss	22,637,827	(9,934,060)	11,664,947	-
Interest expenses	250,515,438	212,688,620	204,792,744	130,011,344
Profit from operating activities before changes in operating assets and liabilities	1,503,800,870	1,404,552,748	537,353,968	531,095,632
(Increase) decrease in operating assets				
Trade and other receivables	(1,737,761,316)	(1,696,432,852)	(3,815,246,272)	(576,801,411)
Inventories	(1,293,721,153)	(2,255,017,803)	(1,651,200,783)	(4,502,343,951)
Other current assets	(73,572,920)	6,331,101	(23,104,662)	(11,749,062)
Other non-current assets	(93,104,560)	3,361,482	9,568,118	(17,234,127)
Increase (decrease) in operating liabilities				
Trade and other payables	(1,280,789,497)	2,755,430,264	(621,566,429)	2,474,130,372
Other current liabilities	(78,364,177)	(124,905,962)	(35,730,661)	24,826,156
Cash flows from (used in) operating activities	(3,053,512,753)	93,318,978	(5,599,926,721)	(2,078,076,391)
Cash paid for interest expenses	(260,374,184)	(214,252,553)	(210,800,565)	(129,362,528)
Cash paid for corporate income tax	(38,476,765)	(110,008,915)	(20,239,149)	(53,212,825)
Net cash used in operating activities	(3,352,363,702)	(230,942,490)	(5,830,966,435)	(2,260,651,744)

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



Signature

Tipco Asphalt Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
		(restated)		(restated)
Cash flows from investing activities:				
Decrease in restricted bank deposits	66,065,220	56,133,919	-	-
Cash receipt from redemption of investment in amortising debentures	-	1,341,120	-	1,341,120
Decrease in amounts due from related parties	-	-	-	992,745,570
Cash paid for investment in subsidiary	-	-	(98,000,000)	(49,000,000)
Cash receipt from liquidation of subsidiary	-	-	968,450	-
Cash receipt from share capital reduction of subsidiary	-	-	800,000,000	-
Dividend received from subsidiaries	-	-	204,947,351	236,418,513
Dividend received from associate	16,789,105	18,920,803	16,789,105	18,920,803
Decrease in short-term loans to related parties	-	-	(15,000,000)	(20,265,602)
Acquisition of equipment	(725,051,764)	(624,843,912)	(38,721,697)	(74,199,627)
Acquisition of computer software	(17,212,991)	(1,721,100)	(16,688,664)	(1,706,389)
Proceeds from sales of equipment	6,612,691	32,932,298	3,329,980	18,425,787
Net cash from (used in) investing activities	(652,797,739)	(517,236,872)	857,624,525	1,122,680,175
Cash flows from financing activities:				
Increase in short-term loans from banks	4,483,942,513	1,520,708,943	5,824,946,966	1,851,396,745
Decrease in short-term loan from related party	-	-	-	(94,300,000)
Cash paid under finance lease agreements	(9,452,812)	(9,376,057)	(4,950,336)	(5,321,987)
Cash drawdown from long-term loans	700,128,119	799,432,164	-	-
Repayment of long-term loans	(1,244,331,016)	(841,287,735)	(1,042,383,480)	(203,633,480)
Cash receipt from increase share capital	-	25,187	-	25,187
Dividend paid to shareholders	(190,644,272)	-	(190,644,272)	-
Dividend paid to non-controlling interests of subsidiaries	(6,220)	(33,802,320)	-	-
Net cash from financing activities	3,739,636,312	1,435,700,182	4,586,968,898	1,548,166,465
Exchange differences on translation of financial statements in foreign currencies	3,303,437	14,377,680	-	-
Net increase (decrease) in cash and cash equivalents	(262,221,692)	701,898,500	(386,373,012)	410,194,896
Cash and cash equivalents at beginning of year	1,001,818,734	299,920,234	430,513,964	20,319,068
Cash and cash equivalents at end of year	739,597,042	1,001,818,734	44,140,952	430,513,964

Supplemental cash flows information

Non-cash transactions

Acquisition of assets through finance lease	6,811,771	9,309,169	5,927,191	7,776,159
Accounts payable from purchase of equipment	15,079,974	3,317,965	-	-
Settlement of loan to subsidiary with dividend received (Note 10)	-	-	-	192,498,653
Transfer of short-term loans from banks to a subsidiary by off-setting with amounts due (Note 10)	-	-	-	2,294,751,527
Settlement of income from liquidation of subsidiary with account payable (Note 10)	-	-	125,690,385	-
Transfer of cash receipt from Aras to investment by non-controlling interests of the subsidiaries (Note 13)	-	49,916,500	-	-

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

Tipco Asphalt Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2012

1. General information

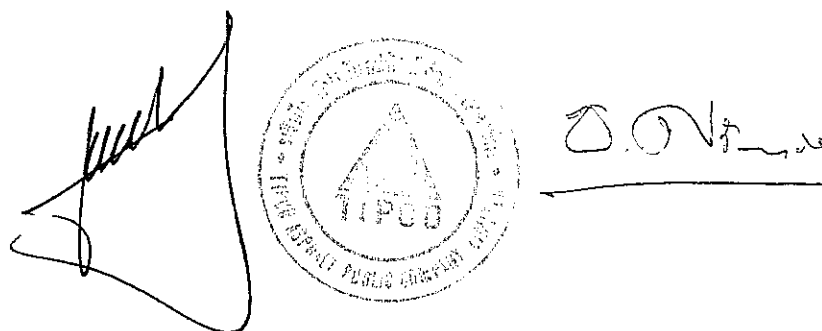
Tipco Asphalt Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The major shareholders of the Company are Supsakorn family and Colas Group, a company incorporated in French Republic. The Company is principally engaged in the manufacture and distribution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

2. Basis of preparation

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

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

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

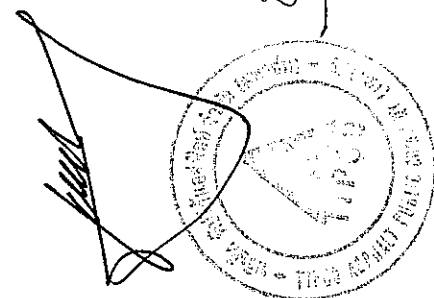


The image shows three elements: a handwritten signature on the left, a circular stamp in the center, and a handwritten signature on the right with an arrow pointing to the stamp. The stamp is circular with a triangle in the center containing the letters 'TIPCO'. The text around the triangle reads 'TIPCO' at the bottom and 'THAI ASPHALT PUBLIC COMPANY LIMITED' around the top and sides. The signature on the right is 'D. N. ...'.

2.2 Basis of consolidation

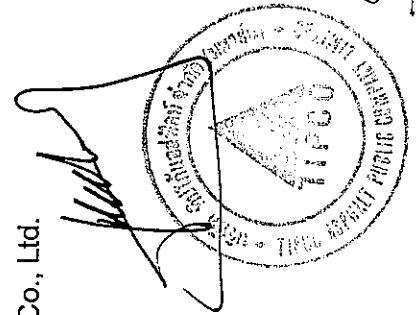
a) The consolidated financial statements include the financial statements of the Company and the following subsidiaries:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2012</u>	<u>2011</u>
<u>Domestic subsidiaries</u>				
Surat Bitumen Co., Ltd.	Manufacture and distribution of asphalt products (Dissolution and completion of liquidation during 2012)	Thailand	-	99.99
Raycol Asphalt Co., Ltd.	Manufacture and distribution of asphalt products	Thailand	41.44	41.44
Thai Bitumen Co., Ltd.	Holding company and manufacture and distribution of asphalt products	Thailand	99.99	99.99
Tipco Maritime Co., Ltd.	Shipping management and agency	Thailand	99.97	99.97
Alpha Maritime Co., Ltd.	Marine transportation	Thailand	99.99	99.99
Bitumen Marine Co., Ltd.	Marine transportation	Thailand	99.99	99.99
Delta Shipping Co., Ltd.	Marine transportation	Thailand	99.99	99.99
Tasco Shipping Co., Ltd.	Marine transportation	Thailand	99.99	99.99



The image shows a handwritten signature in black ink over a circular official stamp. The stamp contains the text 'TIPCO MARITIME CO., LTD.' around the perimeter and 'THAILAND' in the center. The signature appears to be 'D. On...'.

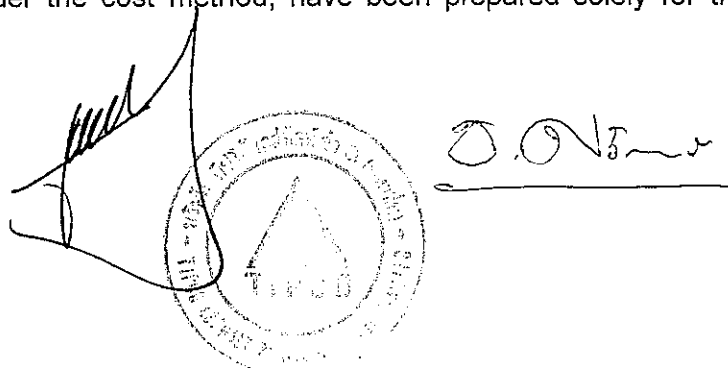
Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2012</u>	<u>2011</u>
<u>Overseas subsidiaries</u>				
Kemaman Oil Corporation Sdn Bhd (KOC) (11.30% owned by the Company and 51.82% owned by Thai Bitumen Co., Ltd.)	Holding company	Malaysia	63.12	63.12
Kemaman Bitumen Company Sdn Bhd (41.98% owned by the Company, 12.52% (2011: 11.82%) owned by Thai Bitumen Co., Ltd. and 44.80% owned by KOC)	Manufacture and distribution of asphalt products	Malaysia	82.77	82.07
KBC Energy Pte. Ltd. (Owned by KOC)	Dormant	Singapore	63.12	63.12
Tipco Asphalt (Cambodia) Co., Ltd.	Manufacture and distribution of asphalt products	Cambodia	100.00	100.00
Tasco International (Hong Kong) Ltd.	Holding company	Hong Kong	100.00	100.00
<u>Subsidiaries owned by Tasco International (Hong Kong) Ltd.</u>				
Langfang Tongtai Road Material Co., Ltd.	Manufacture and distribution of asphalt products	China	51.00	51.00
Zhenjiang Tipco Asphalt Co., Ltd.	Manufacture and distribution of asphalt products	China	51.00	51.00
Tipco Asphalt (Xinhui) Co., Ltd.	Manufacture and distribution of asphalt products	China	100.00	100.00



D. O. N. S.

- b) Subsidiaries are fully consolidated as from the date on which the Company obtains control and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as those of the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currencies" in the statement of changes in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiaries 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 equity in the consolidated statement of financial position.
- g) The financial statements of Raycol Asphalt Co., Ltd. are included in the consolidated financial statements even though the Company's shareholding is 41.44 percent. This is due to the fact that the Company has control over that company through its board of directors, and it is therefore regarded as a subsidiary.
- h) During 2006, the Company acquired all of the non-controlling interests in Tasco International Ltd. at a price Baht 6.2 million lower than the book value of such interest. The Company recorded this difference under the caption of "Non-controlling interests of subsidiary acquired by the Company at price lower than book value" in shareholders' equity in the statement of financial position.

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



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3. New accounting standards issued during the years not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

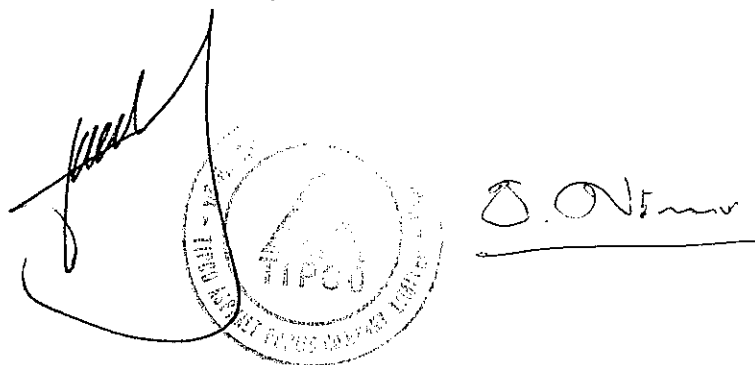
SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The management of the Company and its subsidiaries believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for TAS 21 (revised 2009) "The Effects of Changes in Foreign Exchange Rate". However, the Company and its subsidiaries have early adopted TAS 12 "Income Taxes" before the effective date.

TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates

This accounting standard requires an entity to identify its functional currency in accordance with certain conditions in the standard and to record transactions and report its financial position and operating results in this functional currency, which may not be Baht.

At present, the management is still evaluating the impact on the financial statements in the year when this standard is adopted.

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In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

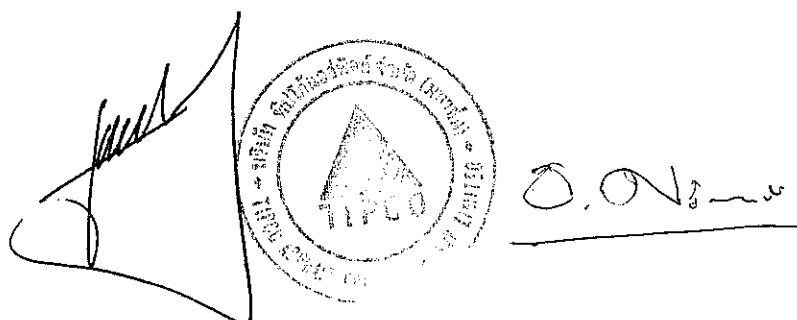
		<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets		1 January 2013
Accounting Standard Interpretation:		
SIC 29	Service Concession Arrangements:	1 January 2014
	Disclosures	
Financial Reporting Standard Interpretations:		
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014

The management of the Company and its subsidiaries is evaluating the first-year impact to the financial statements of the accounting treatment guidance and accounting standard interpretations and has yet to reach a conclusion.

4. Adoption of new accounting standards during the year and cumulative effect of changes in accounting policies due to the adoption of new accounting standard

In 2012, the Company and its subsidiaries elected to early adopt Thai Accounting Standard 12 *Income Taxes*. This accounting standard is effective for fiscal years beginning on or after 1 January 2013.

This accounting standard requires an entity to identify temporary differences arising from discrepancies between the carrying amount of an asset or liability in the accounting records and its tax base in order to recognise the tax effects as deferred tax assets or liabilities, subject to certain recognition criteria.



However, the Company and its subsidiaries selected to adopt this accounting policy in the current year and restated the prior year's financial statements, presented for comparative purposes, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The change has the following effect to profit for the year 2012 and 2011:

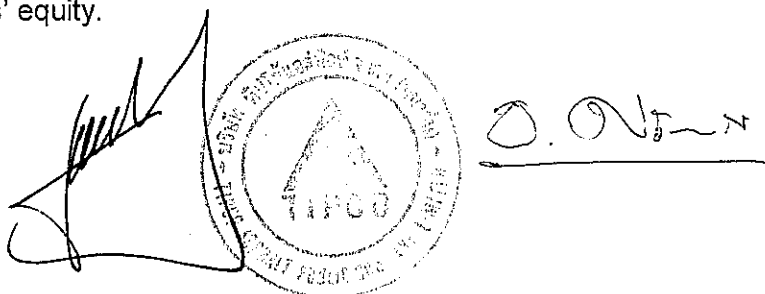
	(Unit : Million Baht)			
	For the year ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Increase (decrease) in net profit attributable to equity holders of the Company	(48)	(201)	1	9
Increase (decrease) in basic earnings per share (Baht per share)	(0.31)	(1.32)	0.01	0.06

The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

5. Change in accounting policy for inventories

During the current year, the Company and its subsidiaries changed its accounting policy in respect of the method used for calculating the value of its raw material and finished goods from the first-in, first-out method to the weighted average method in order to more properly reflect unit costs of such inventories, and such change has already been approved by the Revenue Department.

In this regard, the Company and its subsidiaries have restated the previous year's financial statements as though the method used for calculating the value of its raw material and finished goods had originally been recorded using the weighted average method. The Company and its subsidiaries are unable to determine the effect of the accounting change to profit for the year 2012. However, the change has the effect of increasing the profit of the Company and its subsidiaries for the year 2011 by Baht 44 million (0.29 Baht per share) (Separate financial statements: increasing profit by Baht 19 million or 0.12 Baht per share). The cumulative effect of the change in the accounting policy has been separately presented in the statements of changes in shareholders' equity.



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6. Significant accounting policies

6.1 Revenue recognition

Sales of goods

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

Rendering of services

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

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

Interest income

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

Dividends

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

6.2 Cash and cash equivalents

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

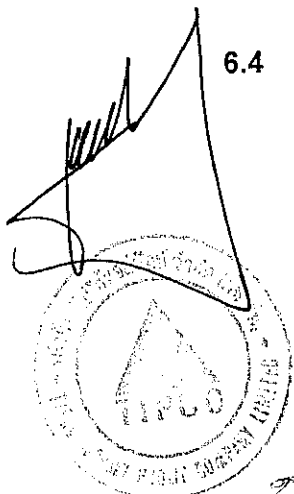
6.3 Trade and other receivables

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

6.4 Inventories

Finished goods are valued at the lower of cost determined under the weighted average cost method and net realisable value. Cost of finished goods includes all production costs and attributable factory overheads.

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



Signature

6.5 Assets held for sales - Vessel

Assets held for sales are assets whose carrying amounts will be recovered through a sales transaction rather than through continuing use. The assets are measured at the lower of carrying amount and fair value less costs to sell, and they are not depreciated.

6.6 Investments

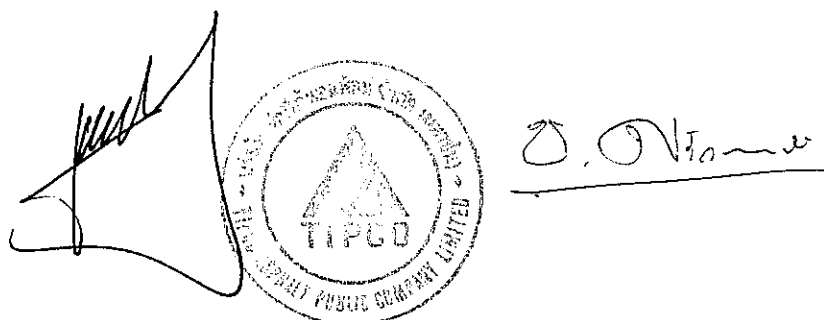
- a) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. Premiums/discounts on debt securities are amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.
- b) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method less allowance for loss on impairment.

6.7 Investment properties

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

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

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



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6.8 Property, plant and equipment/Depreciation

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

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

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

Depreciation is included in profit or loss.

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

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

6.9 Borrowing costs

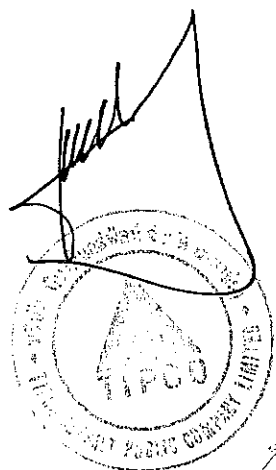
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred.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

6.10 Intangible assets - computer software

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

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

The amortisation expense is charged to profit or loss.



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6.11 Goodwill

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

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

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

6.12 Leasehold rights

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

The amortisation is included in profit or loss.

6.13 Related party transactions

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

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

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6.14 Long-term leases

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

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

6.15 Foreign currencies

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

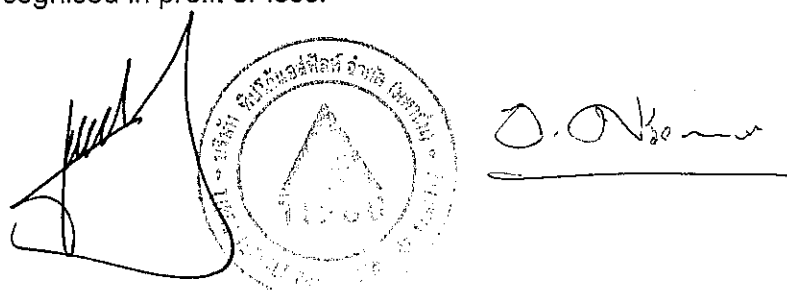
Gains and losses on exchange are included in profit or loss.

6.16 Impairment of assets

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

An impairment loss is recognised in profit or loss.

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

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

Defined benefit plans and other long-term employee benefits

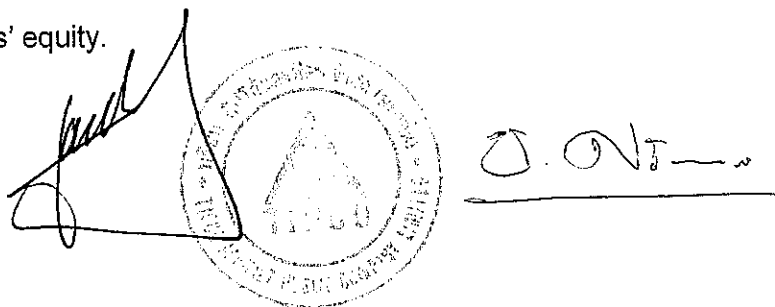
The Company and its local subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plans. The Company and the local subsidiaries treat these severance payment obligations as a defined benefit plan. In addition,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

The obligation under the defined benefit plans 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.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company and its local subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

6.18 Equity-settled share-based payment transactions

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

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6.19 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.

6.20 Income Tax

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

Current tax

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

Deferred tax

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

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

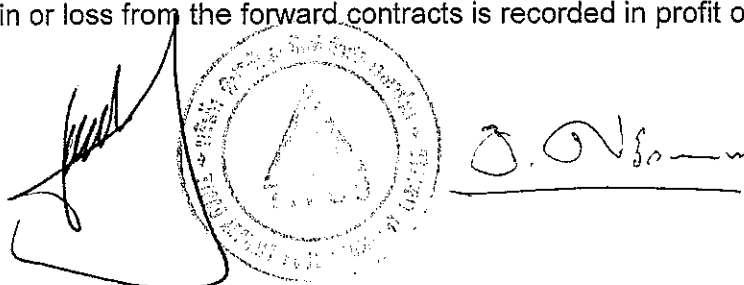
At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

6.21 Derivatives

Forward exchange contracts

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

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Price hedging contracts

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

Interest rate swap contracts

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

7. Significant accounting judgments and estimates

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

Recognition and derecognition of assets and liabilities

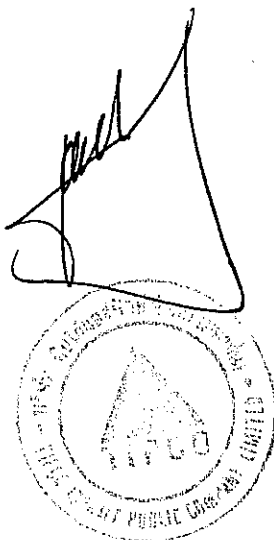
In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

Leases

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

Allowance for doubtful accounts

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



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Net realisable value of inventories

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

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercises judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

Impairment of investments

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

Investment properties

The investment properties are measured at cost less allowance for impairment loss. The carrying value of the assets is determined based on fair value appraised by an independent valuer. Such valuation is based on certain assumptions and estimates.

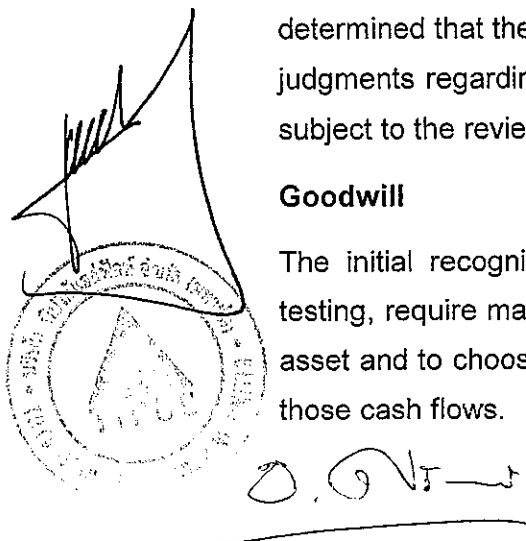
Property plant and equipment/Depreciation

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

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

Goodwill

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



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Deferred tax assets

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

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

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

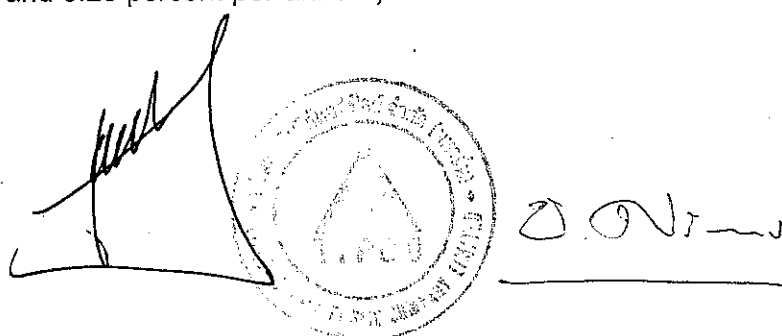
Cost of share-based payment transactions

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

8. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash	4,414	4,493	3,120	3,057
Bank deposits	735,183	488,326	41,021	87,457
Bill of exchange	-	509,000	-	340,000
Total	739,597	1,001,819	44,141	430,514

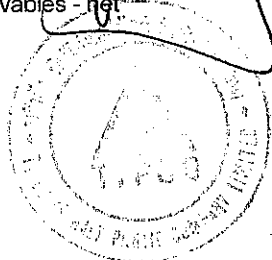
As at 31 December 2012, bank deposits in saving accounts, fixed deposits and bill of exchange carried interests between 0.20 and 2.40 percent per annum (2011: between 0.15 and 3.25 percent per annum).



9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Trade receivables - related parties</u> (Note 10)				
Aged on the basis of due dates				
Not yet due	453,024	823,477	1,139,533	460,799
Past due				
Up to 3 months	448,143	43,035	1,019,038	57,583
3 - 6 months	-	-	83,755	-
6 - 9 months	176	-	-	-
Total trade receivables - related parties	901,343	866,512	2,242,326	518,382
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	3,521,307	2,170,662	2,646,853	811,422
Past due				
Up to 3 months	731,293	357,905	460,384	104,768
3 - 6 months	51,350	101,383	14,881	53,862
6 - 9 months	22,591	25,954	2,537	17,688
9 - 12 months	70,262	15,590	5,514	8,281
Over 12 months	114,826	127,810	92,791	104,289
Total	4,511,629	2,799,304	3,222,960	1,100,310
Less: Allowance for doubtful accounts	(132,390)	(101,107)	(81,025)	(88,252)
Total trade receivables - unrelated parties, net	4,379,239	2,698,197	3,141,935	1,012,058
Total trade receivables - net	5,280,582	3,564,709	5,384,261	1,530,440
<u>Other receivables</u>				
Amounts due from related parties (Note 10)	7,809	8,698	16,497	24,600
Accounts receivable from price				
hedging contracts	39,410	78,837	39,410	69,454
Other receivables	20,120	35,259	1,895	1,894
Total other receivables	67,339	122,794	57,802	95,948
Trade and other receivables - net	5,347,921	3,687,503	5,442,063	1,626,388



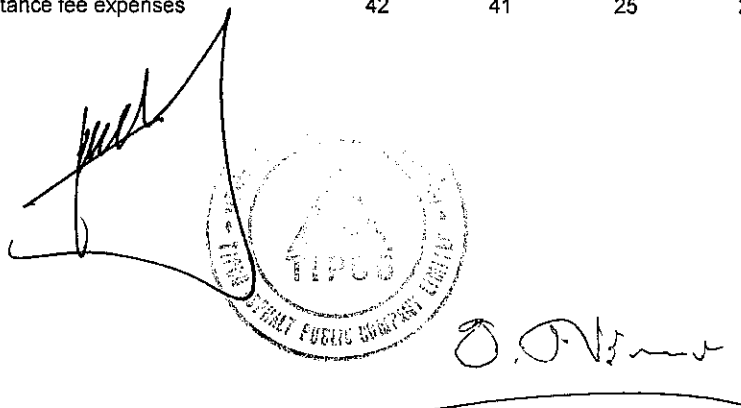
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10. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales and service income	-	-	5,211	704	Cost plus certain margin
Margin on sales of raw materials	-	-	-	2	Cost plus certain margin
Rental and service income	-	-	20	19	Contract price
Technical assistance fee income	-	-	12	14	Contract price
Interest income	-	-	-	2	2.8 percent per annum (2011: 5.0 percent per annum)
Dividend income	-	-	205	236	
Purchases of goods	-	-	1,631	568	Cost plus certain margin
Rental and service expenses	-	-	670	137	Contract price
<u>Transactions with associate</u>					
Dividend income	17	19	17	19	
<u>Transactions with related companies</u>					
Sales and service income	4,840	2,702	4,633	726	Market price / contract price
Rental and service income	5	8	2	2	Contract price
Rental and service expenses	41	63	35	35	Contract price
Technical assistance fee expenses	42	41	25	24	Contract price



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The balances of the accounts between the Company and its subsidiaries and those related companies as at 31 December 2012 and 2011 are as follows:

(Unit: Thousand Baht)

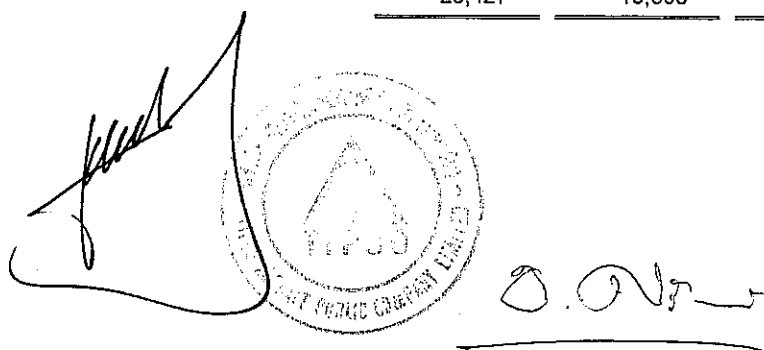
	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Trade and other receivables- related parties (Note 9)</u>				
Subsidiaries	-	-	1,364,109	281,547
Related companies (common shareholders and directors)	909,152	875,210	894,714	261,435
Total trade and other receivables - related parties	909,152	875,210	2,258,823	542,982
<u>Short-term loans to related parties</u>				
Subsidiaries	-	-	40,244	25,427
Total short-term loans to related parties	-	-	40,244	25,427
<u>Trade and other payables - related parties (Note 19)</u>				
Subsidiaries	-	-	338,560	321,663
Related companies (common shareholders and directors)	47,273	42,584	35,412	31,730
Total trade and other payables - related parties	47,273	42,584	373,972	353,393

Loans to related parties

As at 31 December 2012 and 2011, the balances of loans between the Company and its subsidiaries and the movement are as follows:

(Unit: Thousand Baht)

		Separate financial statements		
	Related by	Balance as at		Balance as at
		31 December	Increase	31 December
Loans to related parties		2011	during the year	2012
Alpha Maritime Co., Ltd.	Subsidiary	20,000	15,000	35,000
Kemaman Oil Corporation Sdn Bhd.	Subsidiary	5,427	-	5,244
Total		25,427	15,000	40,244



During 2011, Surat Bitumen Co., Ltd. (Surat Bitumen) declared the payment of dividend of Baht 192 million. When making dividend payment, Surat Bitumen offset the dividend against the amount due between Surat Bitumen and Thai Bitumen Co., Ltd. (Thai Bitumen), and Thai Bitumen borrowed the Company for the same amount. In addition, the Company transferred a Baht 2,295 million short-term loan from a bank of the Company to Thai Bitumen, by offsetting with the amount due from Thai Bitumen.

During 2012, Surat Bitumen returned share capital to the Company amounting to Baht 127 million by returning cash of Baht 1 million. For the remaining amount, Surat Bitumen entered into a memorandum to transfer the amount due between Surat Bitumen and Thai Bitumen to the Company, and such amount was offset with the amount due to Thai Bitumen.

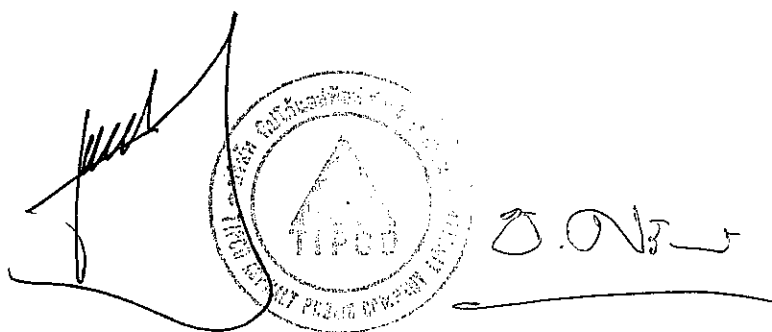
Directors and management's benefits

During 2012 and 2011, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Short-term employee benefits	104	90	89	75
Post-employment benefits	4	4	4	4
Share-based payment transactions (Note 25)	4	2	3	2
Total	<u>112</u>	<u>96</u>	<u>96</u>	<u>81</u>

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 21 to the financial statements.



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11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements									
	Cost		Reduce cost to net realisable value				Inventories - net		
	As at 31 December 2012	As at 31 December 2011	As at 31 December 2012	As at 31 December 2011	As at 1 January 2011	As at 31 December 2011	As at 31 December 2012	As at 31 December 2011	As at 1 January 2011
Finished goods	1,487,167	(restated) 1,273,863	(157)	-	(945)	(restated) 1,109,989	1,487,010	(restated) 1,109,989	(restated) 1,272,918
Raw materials	2,338,736	2,241,179	(730)	-	-	-	2,338,006	2,241,179	2,178,293
Packaging materials, spare parts and factory supplies	110,403	102,462	(2,529)	(2,334)	(2,335)	(2,334)	107,874	100,128	46,740
Goods in transit	3,115,593	2,304,547	-	-	-	-	3,115,593	2,304,547	1,929
Total	7,051,899	5,758,177	(3,416)	(2,334)	(3,280)	(2,334)	7,048,483	5,755,843	3,499,880

(Unit: Thousand Baht)

Separate financial statements									
	Cost		Reduce cost to net realisable value				Inventories - net		
	As at 31 December 2012	As at 31 December 2011	As at 31 December 2012	As at 31 December 2011	As at 1 January 2011	As at 31 December 2011	As at 31 December 2012	As at 31 December 2011	As at 1 January 2011
Finished goods	1,353,790	(restated) 962,072	-	-	(148)	(restated) 1,353,790	1,353,790	(restated) 962,072	(restated) 195,642
Raw materials	1,964,899	1,505,786	-	-	-	-	1,964,899	1,505,786	75,268
Packaging materials, spare parts and factory supplies	20,926	22,025	(2,085)	(1,524)	(1,525)	(1,524)	18,841	20,501	17,313
Goods in transit	3,105,754	2,304,285	-	-	-	-	3,105,754	2,304,285	1,929
Total	6,445,369	4,794,168	(2,085)	(1,524)	(1,673)	(1,524)	6,443,284	4,792,644	290,152

12. Assets held for sales - Vessel

The net book value of the vessel held for sales as at 31 December 2012 is presented below.

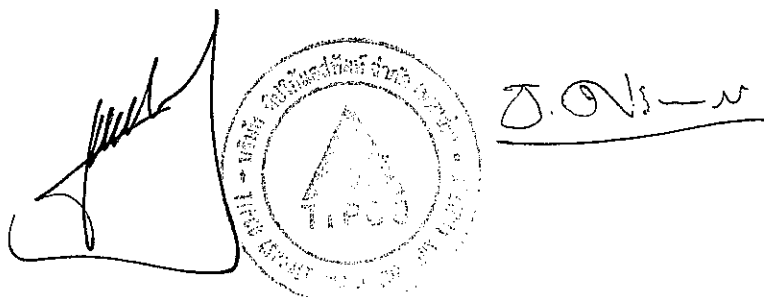
	(Unit: Thousand Baht) Consolidated financial statements
Cost	152,753
<u>Less</u> Accumulated depreciation	(102,529)
<u>Less</u> Impairment loss	(4,800)
Net book value	45,424

A reconciliation of the net book value of vessel held for sales for 2012 is presented below.

	(Unit: Thousand Baht) Consolidated financial statements
Net book value at beginning of year	-
Reclassified from property, plant and equipment to assets held for sales (Note 16)	50,224
Impairment loss recorded during the year	(4,800)
Net book value at end of year	45,424

The vessel held for sales is an asset of Delta Shipping Company Limited. In December 2012, this subsidiary entered into a contract to sell the vessel, together with tools and instruments on the vessel, to an overseas company for approximately USD 1.5 million. As a result, the subsidiary reclassified these assets from property, plant and equipment to vessel held for sale and recorded impairment loss on the assets of approximately Baht 4.8 million as an expense in profit or loss for 2012.

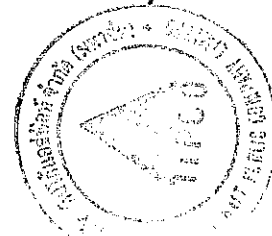
In January 2013, the subsidiary received payment and transferred the vessel to the buyer.

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13. Investments in subsidiaries

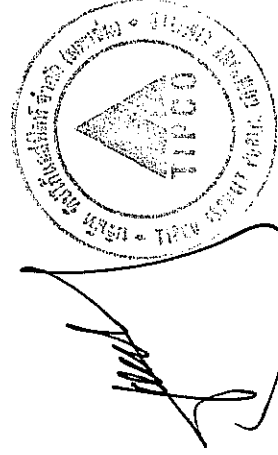
Details of investments in subsidiaries as presented in the separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Investment cost of the Company		Dividend received during the year by the Company	
	2012	2011	2012	2011	2012	2011	2012	2011
	(Million Baht)	(Million Baht)	(%)	(%)				
(Except for other specified currency)								
<u>Domestic subsidiaries</u>								
Surat Bitumen Co., Ltd.	-	100	-	99.99	-	99,999	-	212,499
Raycol Asphalt Co., Ltd.	111	111	41.44	41.44	193,200	193,200	-	23,920
Thai Bitumen Co., Ltd.	1,500	2,300	99.99	99.99	1,499,917	2,299,917	187,450	-
Less: Provision for impairment loss of investment					(60,775)	(60,775)		
Tipco Maritime Co., Ltd.	2	2	99.97	99.97	1,999	1,999	17,497	-
Alpha Maritime Co., Ltd.	18	18	99.99	99.99	17,999	17,999	-	-
Bitumen Marine Co., Ltd.	150	150	99.99	99.99	149,999	149,999	-	-
Delta Shipping Co., Ltd.	80	80	99.99	99.99	79,999	79,999	-	-
Tasco Shipping Co., Ltd.	290	192	99.99	99.99	289,999	191,999	-	-



(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Investment cost of the Company		Dividend received during the year by the Company	
	2012 (Million Baht)	2011 (Million Baht)	2012 (%)	2011 (%)	2012	2011	2012	2011
Overseas subsidiaries								
Tasco International (Hong Kong) Ltd.	30.97	30.97	100.00	100.00	130,008	130,008	-	-
Add: Additional investment cost from the acquisition of subsidiary under common control	Million HKD	Million HKD			115,849	115,849		
Kemaman Oil Corporation Sdn Bhd (KOC)	151.96	151.96	63.12	63.12	173,677	173,677	-	-
(11.30% owned by the Company and 51.82% owned by Thai Bitumen Co., Ltd.)	million ringgit	million ringgit						
Kemaman Bitumen Company Sdn Bhd (KBC)	305.55	305.55	82.77	82.07	1,231,719	1,231,719	-	-
(41.98% owned by the Company, 12.52% (2011: 11.82%) owned by Thai Bitumen Co., Ltd. and 44.80% owned by KOC)	million ringgit	million ringgit						
Tipco Asphalt (Cambodia) Co., Ltd.	20.00	20.00	100.00	100.00	165	165	-	-
	million riel	million riel						
Investments in subsidiaries					3,823,755	4,625,754	204,947	236,419
Cost of share-based payment transactions, under warrants to purchase new ordinary shares of the Company issued to the subsidiaries' employees (Note 25)					3,816	1,386		
Total investments in subsidiaries					3,827,571	4,627,140		



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

During 2012 and 2011, the Company recorded cost of share-based payment transactions, under warrants to purchase new ordinary shares of the Company issued to the subsidiaries' employees (Note 25) amounted to Baht 2.4 million and Baht 1.4 million, respectively, as a cost of investments in subsidiaries.

Surat Bitumen Company Limited (Surat Bitumen)

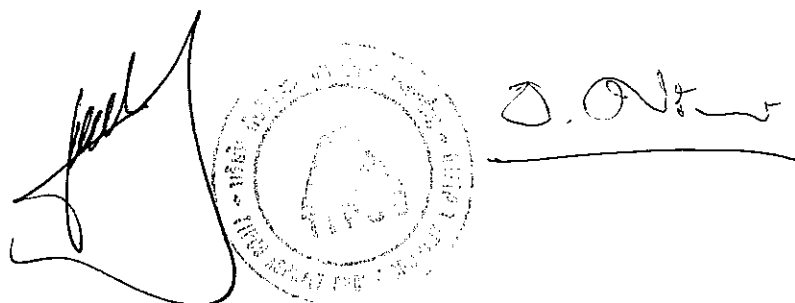
On 13 December 2010, the Board of Directors approved the entire business transfer of Surat Bitumen Company Limited to Thai Bitumen Company Limited, effective on 1 April 2011. Surat Bitumen filed for deregistration with the Ministry of Commerce on 15 December 2011. During 2012, the liquidator of Surat Bitumen returned share capital to the shareholders and completed the liquidation process on 3 September 2012. The Company received the return of share capital amounting to Baht 127 million (Note 10) and recorded the cash receipt net of investment in Surat Bitumen, as "Income from liquidation of subsidiary" in profit or loss of the current year.

Investment in Thai Bitumen Company Limited (Thai Bitumen)

On 27 August 2012 extraordinary shareholders' meeting No. 3/2012 of Thai Bitumen passed a resolution to approve the reduction of its registered and paid up share capital by Baht 800 million, through the retirement of 8 million shares of Baht 100 each. After the share reduction process, Thai Bitumen's registered and paid-up capital will consist of 15 million shares of Baht 100 each, totaling Baht 1,500 million. Thai Bitumen completed the share reduction process and registered changed share capital with the Ministry of Commerce on 27 September 2012 and also returned the reduction of capital to the Company on 28 September 2012.

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

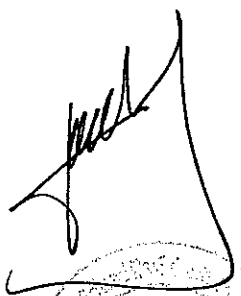
Under the previous Shareholders Agreement, KOC was a jointly controlled entity between the Company and a subsidiary (Thai Bitumen Company Limited: Thai Bitumen) and a co-venturer which is a publicly listed company in Malaysia (Seloga Holdings Berhad: SHB). The purpose of the joint venture was to conduct a business relating to the manufacturing and distribution of asphalt products.

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During March 2007, Thai Bitumen received 31.35 million ordinary shares of 1 ringgit per share from the conversion of non-redeemable convertible preference shares (NRCPS-A) of KOC. As a result of such conversion, the percentage holding of the Company and Thai Bitumen in KOC changed from 50 percent to 97 percent. However, the change in holding percentage is temporary since SHB was unable to increase its investment in KOC and according to the Call Option Agreement, during the option period, the Company and Thai Bitumen and SHB still have 50:50 interests in the equity and control in KOC, in accordance with the Shareholders Agreement.

During January 2008, there were the following changes in the shareholding structure of KOC, in accordance with the Call Option Agreement and a newly issued agreement (Settlement Agreement).

1. In January 2007, the Company and Thai Bitumen entered into a Call Option Agreement with SHB, granting an option to SHB to purchase 31.35 million redeemable convertible preference shares of KOC at 1 ringgit per share (24.7 million shares held by Multi Strategies Sdn Bhd: MSSB, a subsidiary of Thai Bitumen and 6.65 million shares held by Thai Bitumen) within 10 January 2008. At the due date of the option, SHB offered a related company, Aras Jalinan Sdn Bhd (Aras), the opportunity to exercise the option instead, as stipulated in the Settlement Agreement dated 11 January 2008. In accordance with the Settlement Agreement, Thai Bitumen has converted the 6.65 million preference shares to ordinary shares and sold the ordinary shares at cost plus interest to Aras. In addition, on 11 January 2008, Thai Bitumen also had MSSB convert its 24.7 million preference shares to ordinary shares and transferred MSSB to Aras.
2. Under the Call Option Agreement, if SHB did not exercise the option to purchase such preference shares, Thai Bitumen and MSSB had the option to purchase all of the ordinary shares held by SHB in KOC. Therefore, during January 2008, Thai Bitumen purchased all 950,001 ordinary shares of KOC held by SHB at 1 ringgit per share, for a total of 950,001 ringgit, plus interest as stipulated in the Call Option Agreement. Under the Call Option Agreement, this is regarded as a cancellation of the joint venture in KOC with SHB. However, the ordinary shares purchased by Thai Bitumen are to be sold to Aras in accordance with the Settlement Agreement.
3. Thai Bitumen requested a conversion of 31.35 million redeemable convertible preference shares of KOC (RCPS-B) at 1 ringgit per share. The preference shares were converted to ordinary shares of KOC in January 2008.

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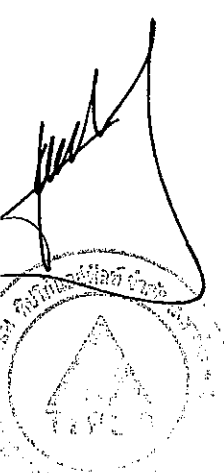
4. As discussed in No. 1 above, on 11 January 2008, the Company, Thai Bitumen and Aras entered into Settlement Agreement whereby Aras increased its interest in KOC, such that within 31 March 2008 the proportionate shareholdings of the Company and Thai Bitumen, and Aras in KOC would be 50:50. Under the agreement, Aras had to comply with the following conditions:
- 1) increase its interest in the capital of KOC by 19 million ringgit (19 million shares) on 11 January 2008;
 - 2) increase its interest in the capital of KOC by 5 million ringgit (5 million shares) by 28 February 2008;
 - 3) increase its interest in the capital of KOC by 7.35 million ringgit (7.35 million shares) by 31 March 2008;
 - 4) acquire from Thai Bitumen 6.65 million ringgit of ordinary shares of KOC (6.65 million shares) and pay interest at 1.5% per annum (from 7 February 2007 until 11 January 2008), by 31 March 2008;
 - 5) acquire from Thai Bitumen 950,001 ringgit of ordinary shares of KOC (950,001 shares) and pay interest at 15% per annum (from 11 January 2008 until the date of transfer of the shares to Aras), by 31 March 2008.

The Settlement Agreement stipulates that throughout the period of the agreement (11 January 2008 to 31 March 2008) the Company and Thai Bitumen, and Aras will each have 50 percent equity interests in KOC and also equal control. In addition, the Settlement Agreement stipulated that the Articles of Association of KOC and KBC are to be amended so that management and decisions by the Board of Directors and the shareholders can be made by a simple shareholding majority.

However, only parts of the above obligations have been fulfilled by Aras, as follow:

- 1) Aras paid 19 million ringgit for new ordinary shares of KOC on 11 January 2008, which was within the deadline.
- 2) Aras paid 5 million ringgit to KOC on 3 March 2008, which was after the deadline. The Company considers this to be a breach of agreement and has not allowed KOC to issue new share certificates to Aras.

(KOC recorded the cash received as a liability in its statement of financial position as at 31 December 2010.)
- 3) Aras paid 7.35 million ringgit for new ordinary shares of KOC on 31 March 2008, which was within the deadline.
- 4), 5) Aras did not purchase the shares from Thai Bitumen in accordance with the agreement.



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As Aras breached its contractual commitments as described in 2), 4) and 5), the Company and Thai Bitumen called an extraordinary general meeting of KOC to propose 4 new directors. However, Aras filed a petition with the courts in Malaysia, requesting the meeting be cancelled. The High Court of Malaya and the Appeals Court subsequently ruled on 7 April 2008 and 23 April 2008, respectively, that the courts did not have jurisdiction to hear this case because the dispute was between a Malaysian and a foreign investor. However, on 25 April 2008, Aras filed an Oppression Petition with the High Court of Malaya. The petition was accepted by the court on 6 May 2008.

On 6 June 2008, the High Court of Malaya cancelled the demission to convert the extraordinary general meeting of KOC. The Company and Thai Bitumen therefore held the extraordinary general meeting of KOC on 6 June 2008, and such meeting passed a resolution to appoint 4 additional directors proposed by the Company and Thai Bitumen. However, in June 2008, Aras filed an appeal against the High Court decision.

As a result of the appointment of the 4 additional directors by the meeting the number of directors on the side of the Company and Thai Bitumen exceeds the number on Aras's side, and the Company therefore controls KOC through those directors as from 6 June 2008. The Company applied a 50 percent interest in recognising share of loss from investment in KOC in the consolidated financial statements until 6 June 2008, and subsequent to that date, the Company regarded KOC as a subsidiary.

Currently, the Appeal Court in Malaysia is during the consideration of the petition filed by Aras Jalinan Sdn Bhd (Aras) regarding the convention of the extraordinary general meeting of KOC. The management of the Company and Thai Bitumen believe that the outcome of the Appeal Court, of which the result has yet been reached, will not affect the value of the investments and the equity interests of the Company and Thai Bitumen in KOC and KBC.

In May 2011, the International Chamber of Commerce Arbitral Tribunal concluded the final award of the arbitration proceeding relating to the dispute between the Company and Thai Bitumen, and Aras, which the Company and Thai Bitumen brought to arbitration. Except for an order to accept the share acquisition payment amounting to MYR 5 million which was made by Aras to KOC on 3 March 2008, the Arbitral Tribunal dismissed all other claims of Aras, including equal management participation and control in KOC by Aras. KOC registered additional capital amounting to MYR 5 million belonging to Aras in July 2011. As a result, the shareholdings of the Company and its subsidiaries in KOC and KBC decreased by 2.14 percent and 0.96 percent, respectively, to 63.12 percent and 82.07 percent, respectively. In 2011, the Company recorded the change in the subsidiaries' interest in the consolidated shareholders' equity.



D. Nazmi

In October 2012, Thai Bitumen and Tan Sri Halim Saad (TSH) settled out of court whereby TSH agreed to transfer one share in Titan Field Sdn Bhd (Titan Field) (the sole shareholder of Special Oils & Emulsion Sdn Bhd (SOE), which holds 1.4 percent of shares in KBC) with a value of 1 ringgit, or equivalent to 50 percent of shareholding in Titan Field, to Thai Bitumen. TSH transferred the share to Thai Bitumen on 30 October 2012. As a result of the share transfer, the Company and Thai Bitumen's shareholding in KBC increased by 0.7 percent, from 82.07 percent to 82.77 percent. However, the Company and Thai Bitumen did not recognise such change, as the Company and Thai Bitumen do not have any control nor influence in Titan Field.

As at 31 December 2012, the value of the Company's investment costs in KOC and KBC accounted for under the cost method in the separate financial statements were higher than the Company's attributable equity interest in these subsidiaries. The Company believes that the recoverable benefits from these investments will exceed their costs. Therefore no allowance for impairment is made in the accounts.

14. Investment in associate

14.1 Details of associate:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements					
	Shareholding percentage		Cost		Carrying amounts based on equity method	
	2012	2011	2012	2011	2012	2011
	(%)	(%)				
Colasie Co., Ltd.	40	40	18,404	18,404	60,649	41,640
(Registered under the law of France)						
(Holding company)						
Total investment in associate			18,404	18,404	60,649	41,640

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Shareholding percentage		Cost		Carrying amounts based on cost method	
	2012	2011	2012	2011	2012	2011
	(%)	(%)				
Colasie Co., Ltd.	40	40	18,404	18,404	18,404	18,404
Total investment in associate			18,404	18,404	18,404	18,404

14.2 Share of profit and dividend received

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

(Unit: Thousand Baht)

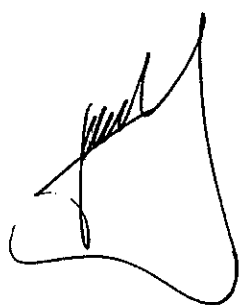
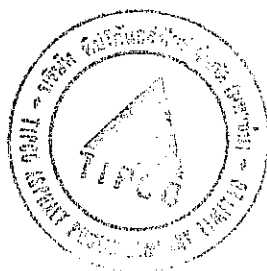
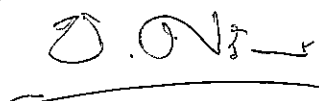
Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit from investment in		Dividend received	
	associate during the year		during the year by the Company	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Colasie Co., Ltd.	35,323	33,952	16,789	18,921
Total	35,323	33,952	16,789	18,921

14.3 Summarised financial information of associate

Financial information of the associate is summarised below.

(Unit: Million Euro)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues		Profit for the year	
	as at		as at		as at		for the year ended		ended 31 December	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	2012	2011
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Colasie Co., Ltd.	1.04	1.04	2.61	3.29	0.01	0.02	2.26	2.09	2.20	2.07

15. Investment properties

The net book value of investment properties as at 31 December 2012 and 2011 are presented below.

(Unit: Thousand Baht)

Consolidated financial statements			
	Land, buildings and equipment awaiting sales	Land awaiting sales	Total
As at 31 December 2012:			
Cost	268,377	383,608	651,985
<u>Less</u> Accumulated depreciation	(138,692)	-	(138,692)
<u>Less</u> Allowance for diminution in value	(95,885)	(217,975)	(313,860)
Net book value	33,800	165,633	199,433
As at 31 December 2011:			
Cost	268,377	383,608	651,985
<u>Less</u> Accumulated depreciation	(138,692)	-	(138,692)
<u>Less</u> Allowance for diminution in value	(95,885)	(213,208)	(309,093)
Net book value	33,800	170,400	204,200

(Unit: Thousand Baht)

Separate financial statements			
	Land, buildings and equipment awaiting sales	Land for rent	Total
As at 31 December 2012:			
Cost	268,377	76,960	345,337
<u>Less</u> Accumulated depreciation	(138,692)	(9,562)	(148,254)
<u>Less</u> Allowance for diminution in value	(95,885)	-	(95,885)
Net book value	33,800	67,398	101,198
As at 31 December 2011:			
Cost	268,377	76,960	345,337
<u>Less</u> Accumulated depreciation	(138,692)	(9,015)	(147,707)
<u>Less</u> Allowance for diminution in value	(95,885)	-	(95,885)
Net book value	33,800	67,945	101,745



A reconciliation of the net book value of investment properties for 2012 and 2011 is presented below.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net book value at beginning of year	204,200	273,450	101,745	68,491
Reclassified from property, plant and equipment				
to investment properties (Note 16)	-	129,685	-	129,685
Depreciation charged during the year	-	-	(547)	(546)
Impairment loss recorded during the year	(4,767)	(198,935)	-	(95,885)
Net book value at end of year	<u>199,433</u>	<u>204,200</u>	<u>101,198</u>	<u>101,745</u>

The fair value of the investment properties as at 31 December 2012 and 2011 are stated below:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land for rent	-	-	141,000	141,000
Land, buildings and equipment awaiting sales	33,800	33,800	33,800	33,800
Land awaiting sales	165,633	170,400	-	-

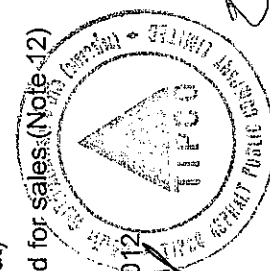
The land, buildings and equipment awaiting sales are assets of the Petchburi Plant of the Company, which the Company decided to cease the operations in 2011 and for which it is seeking a buyer. In November 2011, the Company arranged for an independent professional valuer to reappraise the value of the assets using the Sales Comparison Approach, with the valuer appraising the assets at Baht 33.8 million. As a result of the appraisal, the Company recorded impairment loss of the assets amounting to Baht 95.9 million in the profit or loss for 2011.

The land awaiting sales is an asset of Thai Bitumen Company Limited for the asphalt refinery plant project, which the subsidiary terminated in 1999 and for which it is seeking a buyer. In November 2011, the subsidiary arranged for an independent professional valuer to reappraise the value of the land using the Sales Comparison Approach, with the valuer appraising the assets at Baht 170.4 million. As a result of the appraisal, the subsidiary recorded impairment loss of the assets amounting to Baht 103.1 million as an expense in profit or loss for 2011. In September 2012, the subsidiary received a letter from Land Office relating to investigation of revocation of some title deeds that had been issued illegally. The case currently has not been concluded. However, the subsidiary recorded impairment loss on the land of approximately Baht 4.8 million as an expense in profit or loss for 2012.

16. Property, plant and equipment

(Unit: Thousand Baht)

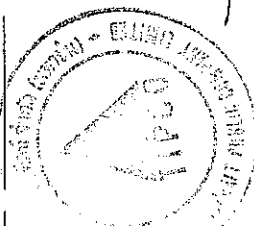
	Consolidated financial statements					
	Land and land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels	Construction in progress and equipment under installation
Cost						Total
As at 1 January 2011	764,485	727,865	3,718,554	756,143	795,719	318,885
Additions	1,135	18,443	47,289	58,580	382,879	94,467
Disposals/write-off	(3,956)	(507)	(8,958)	(84,278)	(52,929)	(16)
Transfer in (transfer out)	-	-	27,133	7,765	-	(34,898)
Transfer from deferred expenses for vessel repair	-	-	-	-	59,384	-
Transfer to investment properties (Note 15)	(134,295)	(126,841)	(6,473)	(768)	-	-
Interest capitalised	-	-	-	-	-	5,550
As at 31 December 2011	627,369	618,960	3,777,545	737,442	1,185,053	383,988
Additions	1,608	-	66,693	22,955	12,266	762,743
Disposals/write-off	(332)	-	(6,113)	(33,395)	-	-
Transfer in (transfer out)	5,075	6,500	3,923	49,592	716,677	(781,767)
Transfer to assets held for sales (Note 12)	-	-	(2,934)	(955)	(148,864)	-
Interest capitalised	-	-	-	-	-	15,920
As at 31 December 2012	633,720	625,460	3,839,114	775,639	1,765,132	380,884
						8,019,949



(Unit: Thousand Baht)

Consolidated financial statements

	Land improvement and land	Buildings, improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels	Construction in progress and equipment under installation	Total
Accumulated depreciation							
As at 1 January 2011	286,590	406,331	1,290,645	650,094	267,552	-	2,901,212
Depreciation for the year	21,065	31,149	205,263	40,248	63,847	-	361,572
Accumulated depreciation on disposal/write-off	-	(192)	(7,955)	(88,395)	(38,406)	-	(134,948)
Transfer from deferred expenses for vessel repair	-	-	-	-	31,128	-	31,128
Transfer to investment properties (Note 15)	(42,757)	(88,797)	(6,383)	(755)	-	-	(138,692)
As at 31 December 2011	264,898	348,491	1,481,570	601,192	324,121	-	3,020,272
Depreciation for the year	17,466	24,973	217,179	39,161	77,556	-	376,335
Accumulated depreciation on disposal/write-off	(251)	-	(5,916)	(30,097)	-	-	(36,264)
Transfer to assets held for sales (Note 12)	-	-	(2,234)	(946)	(99,349)	-	(102,529)
As at 31 December 2012	282,113	373,464	1,690,599	609,310	302,328	-	3,257,814



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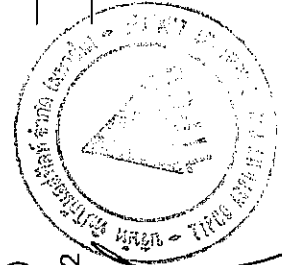
(Unit: Thousand Baht)

	Consolidated financial statements					
	Land and land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels	Construction in progress and equipment under installation
						Total
Allowance for impairment loss						
As at 1 January 2011	-	-	-	-	-	-
Increase during the year	1,183	-	-	-	-	1,183
As at 31 December 2011	1,183	-	-	-	-	1,183
Increase during the year	-	-	20,835	-	-	20,835
As at 31 December 2012	1,183	-	20,835	-	-	22,018
Translation adjustments						
As at 1 January 2011	-	(6,701)	(182,724)	(2,137)	-	(218,277)
Translation adjustments during the year	-	15,617	159,133	1,974	-	157,042
As at 31 December 2011	-	8,916	(23,591)	(163)	-	(61,235)
Translation adjustments during the year	-	(5,771)	(77,077)	(233)	-	(83,081)
As at 31 December 2012	-	3,145	(100,668)	(396)	-	(144,316)
Net book value						
As at 31 December 2011	361,288	279,385	2,272,384	136,087	860,932	4,247,667
As at 31 December 2012	350,424	255,141	2,027,012	165,933	1,462,804	4,595,801
Depreciation for the year						
2011 (Baht 289 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)						361,572
2012 (Baht 281 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)						376,335

(Unit: Thousand Baht)

Separate financial statements

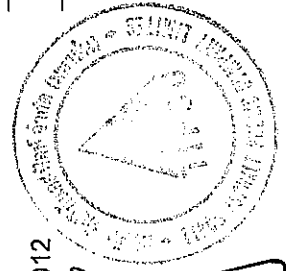
	Land and land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels	Construction in progress and equipment under installation	Total
Cost							
As at 1 January 2011	573,711	333,072	488,675	546,083	90,922	12,444	2,044,907
Additions	453	2,122	13,101	51,165	-	8,808	75,649
Disposals/write-off	(3,957)	-	(914)	(48,473)	(4,507)	-	(57,851)
Transfer in (transfer out)	-	-	140	2,360	-	(2,500)	-
Transfer from deferred expenses for vessel repair	-	-	-	-	9,891	-	9,891
Transfer to investment properties (Note 15)	(134,295)	(126,841)	(6,473)	(768)	-	-	(268,377)
As at 31 December 2011	435,912	208,353	494,529	550,367	96,306	18,752	1,804,219
Additions	3,090	5,732	7,165	21,395	-	6,821	44,203
Disposals/write-off	(332)	-	(2,881)	(22,017)	-	-	(25,230)
Transfer in (transfer out)	63	644	1,249	16,796	-	(18,752)	-
As at 31 December 2012	438,733	214,729	500,062	566,541	96,306	6,821	1,823,192



(Unit: Thousand Baht)

Separate financial statements

	Land and land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels	Construction in progress and equipment under installation	Total
Accumulated depreciation							
As at 1 January 2011	201,517	226,930	474,232	481,320	37,576	-	1,421,575
Depreciation for the year	15,565	15,717	6,460	22,518	4,752	-	65,012
Accumulated depreciation on disposal/ write-off	-	-	(908)	(48,338)	(2,363)	-	(51,609)
Transfer from deferred expenses for vessel repair	-	-	-	-	893	-	893
Transfer to investment properties (Note 15)	(42,757)	(88,796)	(6,383)	(756)	-	-	(138,692)
As at 31 December 2011	174,325	153,851	473,401	454,744	40,858	-	1,297,179
Depreciation for the year	12,792	8,867	7,594	25,300	4,563	-	59,116
Accumulated depreciation on disposal/ write-off	(251)	-	(2,874)	(21,731)	-	-	(24,856)
As at 31 December 2012	186,866	162,718	478,121	458,313	45,421	-	1,331,439



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(Unit: Thousand Baht)

Separate financial statements

	Land and land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels	Construction in progress and equipment under installation	Total
Allowance for impairment loss							
As at 1 January 2011	-	-	-	-	-	-	-
Increase during the year	1,183	-	-	-	-	-	1,183
As at 31 December 2011	1,183	-	-	-	-	-	1,183
As at 31 December 2012	1,183	-	-	-	-	-	1,183
Net book value							
As at 31 December 2011	260,404	54,503	21,128	95,622	55,448	18,752	505,857
As at 31 December 2012	250,684	52,011	21,941	108,228	50,885	6,821	490,570
Depreciation for the year							
2011 (Baht 23 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)							65,012
2012 (Baht 26 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)							59,116



During the year 2012, an overseas subsidiary assessed machinery, tools and equipment and found that some of machinery, tools and equipment were not appropriate for its current operations and needed replacement. The subsidiary therefore recorded impairment loss of machinery, tools and equipment amounting to USD 0.7 million as expense in profit or loss of 2012.

During the year 2012, borrowing costs totaling approximately Baht 16 million were capitalised as cost of the vessel (2011: Baht 6 million). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 5% (2011: 4%).

As at 31 December 2012, certain building and equipment items had been fully depreciated but were still in use. The original cost of those assets amounted to approximately Baht 1,436 million (2011: Baht 1,290 million) (The Company Only: Baht 898 million, 2011: Baht 896 million).

17. Leasehold rights

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

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

The book value of the leasehold rights as at 31 December 2012 and 2011 can be summarised below.

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2012	2011	2012	2011
Cost	254,299	254,299	6,837	6,837
<u>Less</u> Accumulated amortisation	(39,122)	(33,692)	(2,735)	(2,507)
Translation adjustment	(7,305)	(432)	-	-
Net book value	207,872	220,175	4,102	4,330

(Unit: Thousand Baht)

A reconciliation of the net book value of leasehold rights for the years 2012 and 2011 is presented below.

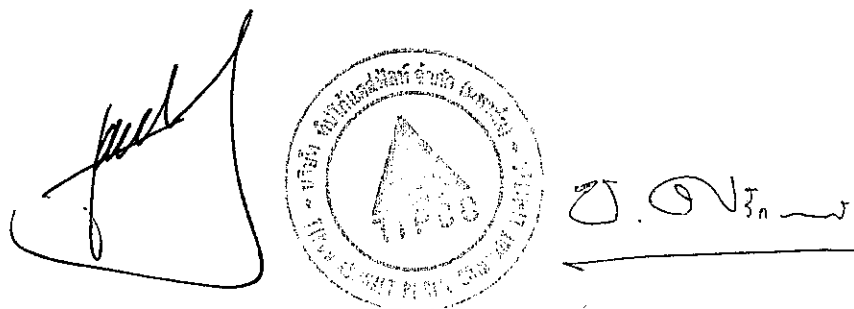
	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	<u>2012</u>	<u>2011</u>
Net book value at beginning of year	220,175	212,590
Amortisation	(5,697)	(5,438)
Translation adjustments	(6,606)	13,023
Net book value at end of year	<u>207,872</u>	<u>220,175</u>

18. Short-term loans from financial institutions

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	<u>2012</u>	<u>2011</u>
Trust receipts	8,158,510	3,597,157
Loans in renminbi	29,498	130,853
Loans in US Dollars	48,825	56,799
Total	<u>8,236,833</u>	<u>3,784,809</u>

As at 31 December 2012, the Company and its local subsidiaries have short-term loans from local banks, which carry interest at the rates ranging from 0.9 to 1.2 percent per annum (2011: 1.2 to 2.0 percent per annum).

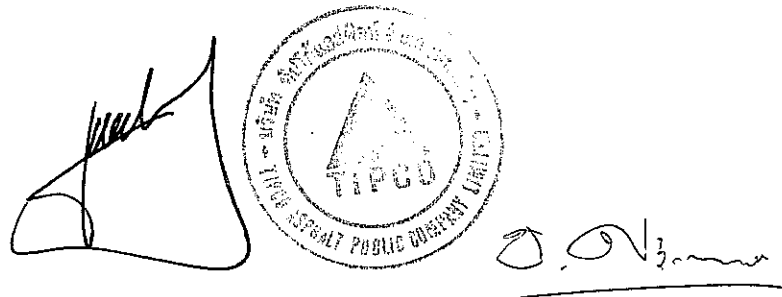
In addition, overseas subsidiaries have short-term loans from overseas financial institutions, which carry interest at the rates ranging from 5.2 to 7.9 percent per annum (2011: 2.4 to 7.9 percent per annum).



19. Trade and other payables

(Unit: Thousand Baht)

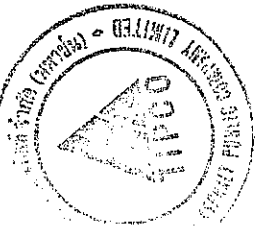
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Trade payables - related parties (Note 10)	11,165	1,251	339,036	317,874
Trade payables - unrelated parties	1,894,277	3,098,871	1,748,531	2,493,787
Amounts due to related parties (Note 10)	36,108	41,333	34,936	35,519
Accounts payable from price hedging				
contracts	-	114,537	-	39,380
Other payables for purchase of				
machineries	15,080	3,318	-	-
Accrued expenses	191,548	154,640	73,849	70,284
Other payables	54,659	71,959	15,665	11,672
Total trade and other payables	<u>2,202,837</u>	<u>3,485,909</u>	<u>2,212,017</u>	<u>2,968,516</u>



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20. Long-term loans

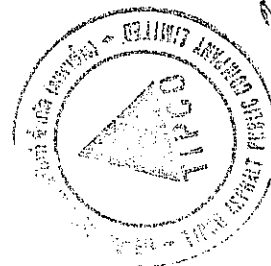
Loan	Borrower	Lender	Interest rate	Repayment schedule	Consolidated financial statements		Separate financial statements		(Unit: Thousand Baht)
					2012	2011	2012	2011	
Long-term loans in Baht									
(1)	The Company	Local bank	Fixed rate	Monthly installments of Baht 0.3 million each, commencing April 2009 to March 2014	4,541	8,175	4,541	8,175	
(2)	The Company	Local bank	Rate referenced to THBFX	Quarterly installments of Baht 200 million for 2011 and Baht 240 million for 2012 to 2015	720,000	960,000	720,000	960,000	
(3)	The Company	Local bank	Fixed rate for the first two years and for the third to the eighth years at a rate referenced to THBFX (2011: Fixed rate for the first two years and for the third to the eighth years at a rate referenced to MLR)	Quarterly installments, as stipulated in the agreement, commencing June 2012	701,250	1,500,000	701,250	1,500,000	
(4)	Bitumen Marine Company Limited	Local bank	Rate referenced to THBFX	Quarterly installments of Baht 9.2 million each, commencing December 2010 to September 2013	27,470	64,150	-	-	
(5)	Tasco Shipping Company Limited	Local bank	Fixed rate for the first three years and for the fourth to the eighth years at a rate referenced to BIBOR	Quarterly installments as stipulated in the agreement, commencing May 2012	185,400	-	-	-	



S. O. P. N.

(Unit: Thousand Baht)

Loan	Borrower	Lender	Interest rate	Repayment schedule	Consolidated financial statements		Separate financial statements	
					2012	2011	2012	2011
(6)	Alpha Maritime Company Limited	Local bank	Fixed rate for the first three years and for the fourth to the fifth years at a rate referenced to BIBOR	Quarterly installments as stipulated in the agreement, commencing April 2012	47,550	-	-	-
Long-term loans in USD								
(7)	Tasco Shipping Company Limited	Local bank	Rate referenced to USD LIBOR (2011: Rate referenced to Japanese Yen LIBOR)	Quarterly installments as stipulated in the agreements, commencing October 2012	503,777	288,684	-	-
(8)	Kemaman Bitumen Company Sdn Bhd	Bank in Malaysia	Rate referenced to Lender's Cost of Funds	Quarterly installments of USD 0.83 million each, commencing November 2011 to August 2016	381,363	499,770	-	-
(9)	Kemaman Bitumen Company Sdn Bhd	Bank in Malaysia	Rate referenced to Lender's Cost of Funds	Quarterly installments of USD 1.10 million each, commencing November 2012 to August 2017	389,545	225,804	-	-
Long-term loan in Renminbi								
(10)	Zhenjiang Tipco Asphalt Company Limited	A shareholder of the lender	No interest rate	Repayment at call	7,227	7,399	-	-
Total					2,968,123	3,553,982	1,425,791	2,468,175
Less: Current portion					(596,304)	(480,389)	(322,383)	(303,633)
Long-term loans - net of current portion					2,371,819	3,073,593	1,103,408	2,164,542



Loan No. (3) of the Company: In May 2012, the Company amended long-term loan agreement from a local bank to change the interest rate of long-term loan amounting to Baht 1,500 million from interest rate with referenced to MLR as specified in the long-term loan agreement to interest rate with referenced to THBFIX. In addition, in September 2012, the Company repaid such long-term loan amounted to Baht 720 million before the repayment schedule specified in its loan agreement.

Loan No. (7) of Tasco Shipping Company Limited: In July 2012, a subsidiary amended long-term loan agreement from a local bank to change currency from Japanese Yen to United States Dollar and the interest rate of long-term loan from interest rate with referenced to Japanese Yen LIBOR as specified in the long-term loan agreement to interest rate with referenced to USD LIBOR.

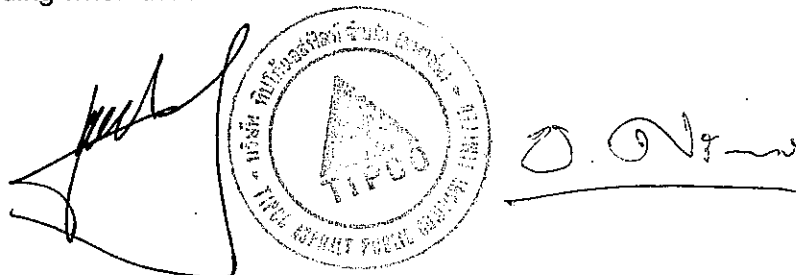
Loan covenants

The Company's loan agreements contain certain restrictive covenants pertaining to, among others things, the maintenance of financial ratios, the prohibition from creating lien over assets, the loan to related parties, the maintenance of trade accounts receivable and inventory balance, the maintenance of shareholders and the limitation on creation of additional long-term debt. The loan agreements of subsidiaries contain certain restrictive covenants pertaining to, among other things, the maintenance of financial ratios, the prohibition from creating lien over assets, restriction on dividend payment and the maintenance of shareholding.

Interest rate swap agreements

In May 2009, the Company entered into an interest rate swap agreement to swap a floating interest rate on a long-term loan from a local bank to a fixed rate interest at 4.365 percent per annum. As at 31 December 2012, the notional amount of Baht 720 million (2011: Baht 960 million) was outstanding. The notional amount reduces on a quarterly basis in accordance with the long-term loan repayment schedule of the Company in (2), starting from May 2009 and matures in November 2015.

In May 2012, the Company entered into an interest rate swap agreement to swap a floating interest rate on a long-term loan from a local bank to a fixed interest rate at 5.21 percent per annum. As at 31 December 2012, the notional amount of Baht 701 million was outstanding, and this will reduce every quarter in accordance with the related long-term loan repayment schedule of the Company in (3), starting from June 2012 and ending when the loan mature in March 2018.

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21. Credit facilities

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

- The guarantees by the Company, its subsidiaries and a shareholder of a subsidiary.
- The pledges/mortgages by the assets of subsidiaries of which the net book value as at 31 December 2012 and 2011 of the assets are summarised below.

(Unit: Million Baht)

	Consolidated financial statements	
	<u>2012</u>	<u>2011</u>
Deposits with financial institutions with restrictions	-	66
Leasehold rights - net	151	187
Property, plant and equipment - net	2,880	2,908
Computer software - net	1	5

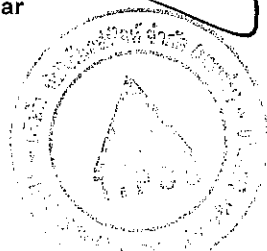
- The prohibition from creating lien over assets of the Company and its subsidiaries.
- Financial support letters provided by the Company and its subsidiaries to banks.
- The Company allows its subsidiaries to use its facilities obtained from banks, with the Company responsible to the banks for the amounts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

22. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Balance at beginning of year	65,129	58,556	52,778	47,759
Defined benefit plans:				
Current service cost	7,641	7,697	6,023	6,079
Interest cost	2,324	2,117	1,889	1,729
Benefits paid during the year	(4,234)	(2,887)	(2,580)	(2,506)
Long service awards:	(1,629)	(354)	(1,288)	(283)
Balance at end of year	<u>69,231</u>	<u>65,129</u>	<u>56,822</u>	<u>52,778</u>



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Long-term employee benefit expenses included in the profit or loss was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current service cost	7,857	7,927	6,175	6,241
Interest cost	2,412	2,209	1,950	1,794
Total expense recognised in profit or loss	10,269	10,136	8,125	8,035
Line items under which such expenses are included in profit or loss				
Cost of sales	1,232	1,420	628	1,075
Selling and administrative expenses	9,037	8,716	7,497	6,960

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated/Separate	
	financial statements	
	<u>2012</u>	<u>2011</u>
	(% per annum)	(% per annum)
Discount rate	3.9	3.9
Future salary increase rate (depending on age of employee)	3.0 - 8.0	3.0 - 8.0
Staff turnover rate (depending on age of employee)	0.0 - 14.0	0.0 - 14.0

23. Share capital

The Annual General Meeting of the shareholders held on 27 April 2012 approved the following resolutions.

Decrease of share capital

Decrease the Company's registered capital by Baht 1,587,000 from Baht 1,690,024,290 (169,002,429 ordinary shares of Baht 10 each) to Baht 1,688,437,290 (168,843,729 ordinary shares of Baht 10 each), by decreasing the ordinary shares reserved for the exercise of ESOP-W1 of 158,700 shares at the par value of Baht 10 each.

The Company registered the capital decrease on 15 May 2012.

Increase of share capital

- 1) Increase the Company's registered capital by Baht 12,000,000 from Baht 1,688,437,290 (168,843,729 ordinary shares of Baht 10 each) to Baht 1,700,437,290 (170,043,729 ordinary shares of Baht 10 each), through the issue of 1,200,000 new ordinary shares of Baht 10 each.
- 2) Allocate and reserve the 1,200,000 new ordinary shares to support the exercise of the ESOP-W2 warrants (Note 25).

The Company registered the capital increase on 16 May 2012.

24. Warrants to purchase new ordinary shares of the Company issued to the Company's shareholders

The Annual General Meeting of the shareholders held on 5 April 2011 approved the issuance of the warrants to purchase new ordinary shares of the Company (TASCO-W3) without charge to the Company's shareholders, at a rate of 10 existing ordinary shares for 1 TASCO-W3 warrant. Each TASCO-W3 can be exercised to purchase 1 new ordinary share at the following exercise prices:

<u>Exercise month (from date of issuance)</u>	<u>Exercise price (Baht per share)</u>
Months 1 to 12	62.19
Months 13 to 18	63.74
Months 19 to 24	65.30
Months 25 to 30	66.85
Months 31 to 36	68.41

The exercise prices are subject to change according to the conditions of any rights adjustment.

The holders of TASCO-W3 are able to exercise their rights to purchase the Company's ordinary shares from the last business day of the month in which such warrants are issued (18 April 2011). TASCO-W3 warrants have a term of 3 years.

The Stock Exchange of Thailand approved the listing of TASCO-W3 warrants, and the warrants began trading on 6 May 2011.

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

The 2012 and 2011 annual general meetings of the shareholders each approved the issuance of 1,200,000 warrants to purchase new ordinary shares of the Company to the executive directors and/or employees of the Company and its subsidiaries, without charge. Details of these issues of ESOP warrants are summarised below.

	<u>ESOP-W1</u>	<u>ESOP-W2</u>
Annual General Meeting of the shareholders date	5 April 2011	27 April 2012
Exercise price	62.19 Baht per share	49.13 Baht per share
Issue date	18 April 2011	18 May 2012
Number of warrants subscribed	1,041,300 warrants	1,128,700 warrants
Number of warrants unsubscribed	158,700 warrants	71,300 warrants

Each ESOP warrant can be exercised to purchase 1 new ordinary share at the exercise prices specified above. However, these exercise prices are subject to change in accordance with the conditions of any subsequent rights adjustment.

The holders of ESOP warrants can exercise their rights to purchase the Company's ordinary shares after the second year counting from the warrant issue date. Moreover, they must still be executive directors and/or employees of the Company or its subsidiaries on the date the warrants are exercised. The warrants have terms of 5 years.

The Company plans to cancel the unallocated ESOP-W2 specified above later.

The expenses recognised for employee services received during 2012 and 2011 of the Company and its subsidiaries were totaled Baht 8 million and Baht 5 million, respectively (Separate financial statements Baht 6 million and Baht 3 million, respectively).

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

	<u>ESOP-W1</u>	<u>ESOP-W2</u>
Fair value of options granted	Baht 12.1 per share	Baht 5.41 per share
Dividend yield	3.75%	2.58%
Expected stock volatility	40.0%	45.4%
Risk-free interest rate	2.82%	3.30%
Expected life of share options	2 years	2 years
Model used	Black-Scholes	Black-Scholes

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

26. Statutory reserve

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



27. Compensation received from claims for damages

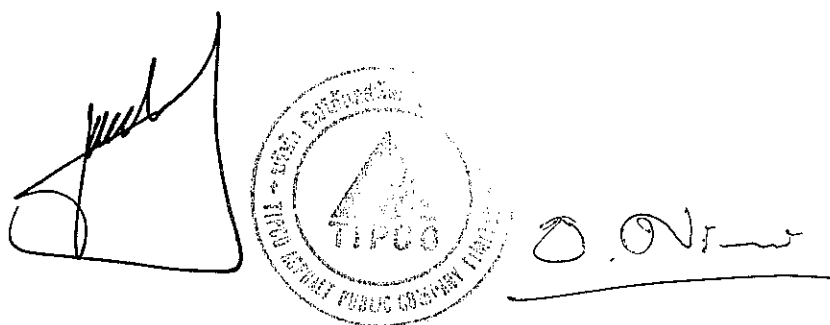
In 2011, the tribunal for arbitration between Thai Bitumen Company Limited (Thai Bitumen) and an overseas company awarded in favor of Thai Bitumen over a sales contract, where the counterparty had failed to make contracted delivery of goods to Thai Bitumen. The award was approximately USD 20.2 million plus interest of approximately USD 1.7 million. In late 2011, Thai Bitumen received the awarded amount and recorded the cash receipt, which net of expenses relating to this matter amounted to Baht 74 million, as income in profit or loss for 2011.

In 2012, Thai Bitumen received a sum of USD 1.6 million being the claim for reimbursement expenses incurred from the same case. Thai Bitumen recorded the cash receipt as income in the consolidated profit or loss for 2012 and the case has been fully settled accordingly.

28. Expenses by nature

Significant expenses by nature are as follows:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
		(restated)		(restated)
Salary and wages and other employee benefits	613	499	290	267
Depreciation and maintenance expenses	507	406	108	94
Costs related to production of goods and services (excluding of staff cost and depreciation)	35,070	19,941	34,289	5,701



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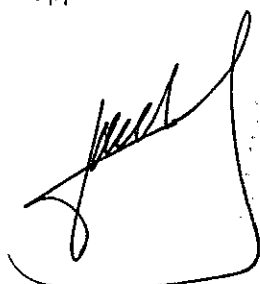
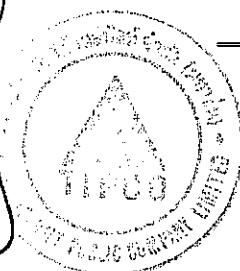
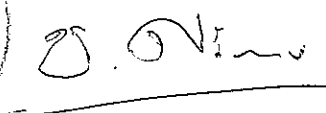
29. Income tax

Income tax expenses for the years ended 31 December 2012 and 2011 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statement		Separate financial statement	
	<u>2012</u>	<u>2011</u> (restated)	<u>2012</u>	<u>2011</u> (restated)
Current income tax:				
Current income tax charge	77,989	86,251	40,012	54,364
Deferred tax:				
Relating to origination and reversal of temporary differences	(11,267)	(18,558)	(5,452)	(23,488)
Utilisation of tax loss carried forward during the year	50,061	177,139	-	-
Effects of changes in the applicable tax rates	<u>12,807</u>	<u>46,888</u>	<u>4,959</u>	<u>14,185</u>
Income tax expense reported in the statement of comprehensive income	<u>129,590</u>	<u>291,720</u>	<u>39,519</u>	<u>45,061</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2012 and 2011 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statement		Separate financial statement	
	<u>2012</u>	<u>2011</u> (restated)	<u>2012</u>	<u>2011</u> (restated)
Deferred tax relating to change in fair value of interest rate swap contract	371	2,129	371	2,129
Effects of changes in the applicable tax rates	<u>174</u>	<u>519</u>	<u>174</u>	<u>519</u>
	<u>545</u>	<u>2,648</u>	<u>545</u>	<u>2,648</u>

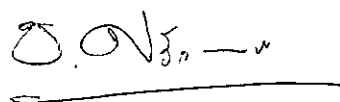




Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2012 and 2011 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statement		financial statement	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
		(restated)		(restated)
Accounting profit before tax	<u>805,439</u>	<u>853,320</u>	<u>493,425</u>	<u>498,567</u>
Income tax at Thai corporate income				
tax rate of 23% (2011: 30%)	185,251	255,996	113,488	149,570
Adjustment in respect of current				
income tax of previous year	60	-	-	-
Utilisation of previously unrecognised				
tax losses	(50,065)	-	-	-
Effects of changes in the applicable				
tax rates	12,807	46,888	4,959	14,185
Difference in tax rate in group companies	(47,143)	(34,957)	(31,217)	(49,951)
Effects of:				
Non-deductible expenses	30,174	25,112	3,904	8,405
Additional expense deductions allowed	(616)	(546)	(616)	(546)
Exemption of income	(878)	(773)	(50,999)	(76,602)
Total	<u>28,680</u>	<u>23,793</u>	<u>(47,711)</u>	<u>(68,743)</u>
Income tax expenses reported in the				
statement of comprehensive income	<u>129,590</u>	<u>291,720</u>	<u>39,519</u>	<u>45,061</u>

The tax rate enacted at the end of the reporting period of the Company and its subsidiaries is 0% to 25% (2011: 0% to 30%).

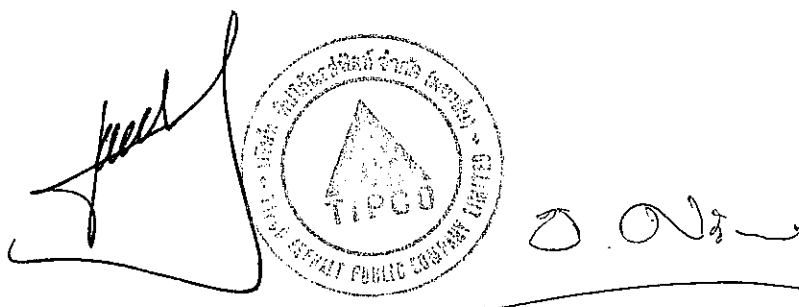




The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	As at 31	As at 31	As at 1
	December 2012	December 2011	January 2011
		(restated)	(restated)
Deferred tax assets			
Provision for long-term employee benefits	13,846	13,026	17,567
Allowance for doubtful accounts	25,559	22,441	26,194
Reduce cost of inventories to net			
realisable value	521	537	745
Allowance for asset impairment	63,018	71,375	33,047
Fair value of price hedging contracts	2,542	6,439	43,091
Unused tax losses	-	50,061	242,436
Others	10,723	7,126	6,706
Total	116,209	171,005	369,786
Deferred tax liabilities			
Fair value of price hedging contracts	(5,472)	(15,592)	-
Difference depreciation for tax purpose	(2,331)	(1,368)	(639)
Fair value of forward exchange contracts	(1,560)	(869)	(9,957)
Total	(9,363)	(17,829)	(10,596)
Deferred tax assets - net	106,846	153,176	359,190




(Unit: Thousand Baht)

	Separate financial statements		
	As at 31	As at 31	As at 1
	December 2012	December 2011 (restated)	January 2011 (restated)
Deferred tax assets			
Provision for long-term employee benefits	11,364	10,556	14,328
Allowance for doubtful accounts	15,031	18,809	19,435
Reduce cost of inventories to net realisable value	417	350	502
Allowance for asset impairment	19,414	22,326	-
Fair value of price hedging contracts	2,542	6,439	-
Others	4,795	3,353	4,405
Total	53,563	61,833	38,670
Deferred tax liabilities			
Fair value of price hedging contracts	(5,472)	(15,592)	-
Difference depreciation for tax purpose	(1,984)	(1,073)	-
Fair value of forward exchange contracts	(1,330)	(340)	(496)
Total	(8,786)	(17,005)	(496)
Deferred tax assets - net	44,777	44,828	38,174

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company reflected the changes in tax rates in its deferred tax calculation, as presented above.

As at 31 December 2012 the two subsidiaries have deductible temporary differences and unused tax losses totaling Baht USD 80 million and 5 million ringgit (2011: USD 85 million and 4 million ringgit), on which deferred tax assets have not been recognised as these subsidiaries believe that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.



The image shows a handwritten signature on the left, a circular stamp in the center with the text 'TISCO' and 'THAI IRON AND STEEL COMPANY LIMITED' around the perimeter, and another handwritten signature on the right.

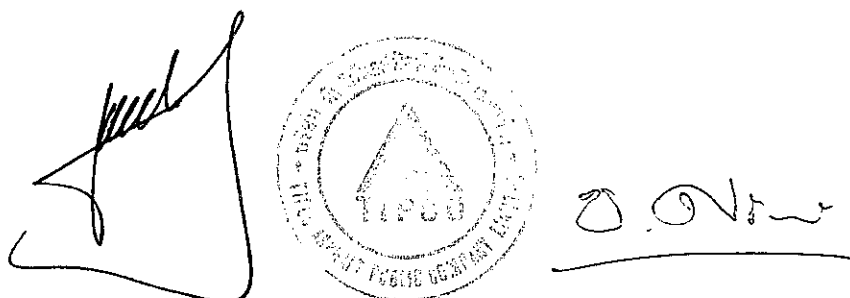
30. Promotional privileges

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

	Exemption from corporate income tax for 8 years commencing from	50% reduction of corporate income tax rate for 5 years commencing from
Tipco Asphalt Public Company Limited		
Manufacture of asphalt	13 August 1998 1 December 2000	14 August 2006 2 December 2008
Thai Bitumen Company Limited		
(Transferred from Surat Bitumen Company Limited)		
Manufacture of asphalt	24 August 1998	25 August 2006
Raycol Asphalt Company Limited		
Manufacture of asphalt	2 May 2001	3 May 2009
Bitumen Marine Company Limited		
Marine transportation	24 June 2003* 9 February 2006*	- -
Tasco Shipping Company Limited		
Marine transportation	24 May 2011* 19 December 2012*	- -
Alpha Maritime Company Limited		
Marine transportation	28 June 2011*	-

*Exemption of corporate income tax not exceeding of the stipulated amount.

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



The image shows a handwritten signature on the left, a circular official stamp in the center, and another handwritten signature on the right. The stamp contains the text 'TIPCO ASPHALT PUBLIC COMPANY LIMITED' around a central logo.

31. Tax privileges for maritime commerce

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

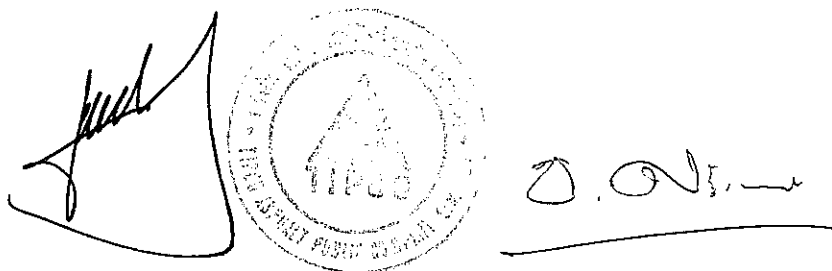
32. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued. However, there is no calculation of diluted earnings per share since the exercise prices to purchase ordinary shares of the Company are higher than the average market price of the Company's shares for the year.

The following table sets forth the computation of basic earnings per share:

	Consolidated		Separate	
	Financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
		(restated)		(restated)
Profit for the year (Thousand Baht)	642,274	577,858	453,906	453,506
Weighted average number of ordinary shares				
(Thousand shares)	152,548	152,548	152,548	152,548
Earnings per share (Baht per share)	4.21	3.79	2.98	2.97



The block contains a handwritten signature on the left, a circular official stamp in the center, and another handwritten signature on the right. The stamp is from the Thai Ministry of Finance and includes the text 'กระทรวงการคลัง' (Ministry of Finance) and 'กรมสรรพากร' (Revenue Department).

33. Segment information

The Company and its subsidiaries' business operations involve three principal segments: (1) manufacture and sale of asphalt and petroleum products (2) marine transportation (3) investment and others. The business operations are carried on both in Thailand and overseas. However, during the years ended 31 December 2012 and 2011, the Company and its subsidiaries did not have significant business transactions and outstanding balances relating to the marine transportation and investment and other business segments. Therefore financial information by segment has been presented only by geographic area, as follow:

(Unit: Million Baht)

	Thailand		Overseas		Elimination of inter-segment revenues		Consolidation	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(restated)		(restated)		(restated)		(restated)	
Revenue from external customers	33,542	19,329	4,121	2,975	-	-	37,663	22,304
Inter segment revenues	4,057	2,296	1,118	510	(5,175)	(2,806)	-	-
Total revenue	<u>37,599</u>	<u>21,625</u>	<u>5,239</u>	<u>3,485</u>	<u>(5,175)</u>	<u>(2,806)</u>	<u>37,663</u>	<u>22,304</u>
Segment operating income	<u>547</u>	<u>728</u>	<u>124</u>	<u>(135)</u>	<u>(29)</u>	<u>(15)</u>	<u>642</u>	<u>578</u>

(Unit: Million Baht)

	Thailand		Overseas		Elimination of inter-segment revenues		Consolidation	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(restated)		(restated)		(restated)		(restated)	
Property plant and equipment	2,025	1,776	2,477	2,472	-	-	4,502	4,248
Other assets							14,168	11,438
Total assets							<u>18,670</u>	<u>15,686</u>

Transfer prices between the segments are as set out in Note 10 to the financial statements.

34. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contribute to the fund on a monthly basis. The fund, which is managed by CIMB-Principal Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During 2012, the Company and its subsidiaries contributed Baht 8 million (2011: Baht 8 million) to the fund (Separate financial statements: Baht 7 million, 2011: Baht 6 million).

35. Dividend

On 27 April 2012, the Annual General Meeting of the shareholders approved the payment of a dividend for the year 2011 of Baht 1.25 per share, or a total of Baht 190,684,210 to the Company's shareholders. Dividends were paid to the shareholders on 16 May 2012.

36. Commitments and contingent liabilities

36.1 Capital commitment

As at 31 December 2012 and 2011, the Company and its subsidiaries had outstanding capital commitments relating to the purchase of land, machinery, equipment, computer software and vessel, as follows:

Foreign currency	Consolidated financial statements		Separate financial statements	
	<u>2012</u> (Million)	<u>2011</u> (Million)	<u>2012</u> (Million)	<u>2011</u> (Million)
Baht	6	19	5	-
Ringgit	18	9	-	-
Yen	-	1,090	-	-
US Dollar	12	-	-	-

36.2 Operating lease commitments

The Company and its subsidiaries have entered into several agreements in respect of the lease of buildings, warehouses and motor vehicles, and other service agreements.

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

	Consolidated financial statements				Separate financial statements	
	Million Baht		Million ringgit		Million Baht	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Payable within:						
1 year	31	40	1	1	32	28
2 to 5 years	45	6	-	1	39	5



The block contains a handwritten signature on the left and a circular official stamp in the center. The stamp features a mountain peak logo and the text 'TPCO' in the middle, surrounded by Thai text. To the right of the stamp is another handwritten signature.

36.3 Long-term service commitments

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

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

36.4 Crude oil purchase commitments

As at 31 December 2012, the Company had outstanding commitment in respect of the purchase of crude oil approximately 0.8 million barrels (2011: 0.8 million barrels).

36.5 Bank guarantees

As at 31 December 2012 and 2011, there were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business which are summarised below.

<u>Foreign currency</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(Million)	(Million)	(Million)	(Million)
Baht	3	3	2	3
Ringgit	5	2	-	1
Renminbi	5	5	5	5



37. Financial instruments

37.1 Financial risk management

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

Credit risk

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

Interest rate risk

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

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

A handwritten signature in black ink is positioned to the left of a circular official stamp. The stamp contains a central emblem and text in Thai script. Below the stamp, there is another handwritten signature or set of initials.

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2012

	Fixed interest rates		Floating	Non-		
	Within		interest	interest		
	1 year	1-5 years	rate	bearing	Total	Interest rate
						(% p.a.)
Financial Assets						
Cash and cash equivalents	-	-	59	681	740	0.2 - 2.4
Trade and other receivables	-	-	-	5,348	5,348	-
Financial liabilities						
Short-term loans from financial institutions	8,237	-	-	-	8,237	0.9 - 7.9
Trade and other payables	-	-	-	2,203	2,203	-
Liabilities under finance lease agreements	9	13	-	-	22	2.7 - 75.9
Long-term loans	4	1	2,956	7	2,968	2.2 - 4.6

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2011

	Fixed interest rates		Floating	Non-	Total	Interest rate (% p.a.)
	Within		interest	interest		
	1 year	1-5 years	rate	bearing		
Financial Assets						
Cash and cash equivalents	519	-	76	407	1,002	0.2 - 3.3
Trade and other receivables	-	-	-	3,688	3,688	-
Deposits with financial institutions with restrictions	-	-	66	-	66	0.8 - 2.6
Financial liabilities						
Short-term loans from financial institutions	3,785	-	-	-	3,785	1.3 - 3.7
Trade and other payables	-	-	-	3,486	3,486	-
Liabilities under finance lease agreements	12	13	-	-	25	1.0 - 63.0
Long-term loans	4	4	3,539	7	3,554	1.2 - 4.5

The image shows a handwritten signature in black ink over a circular official stamp. The stamp contains the text 'THAI PUBLIC DEBT MANAGEMENT OFFICE' around the perimeter and 'PDMO' in the center. Below the signature, there is another handwritten mark that appears to be 'D. O. N. S.' followed by a flourish.

(Unit: Million Baht)

Separate financial statements

As at 31 December 2012

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years				
Financial Assets						
Cash and cash equivalents	-	-	7	37	44	0.7 - 0.8
Trade and other receivables	-	-	-	5,442	5,442	-
Short-term loans to related parties	40	-	-	-	40	2.8
Financial liabilities						
Short-term loans from financial institutions	8,159	-	-	-	8,159	0.9 - 1.2
Trade and other payables	-	-	-	2,212	2,212	-
Liabilities under finance lease agreements	5	10	-	-	15	4.8 - 75.9
Long-term loans	4	1	1,421	-	1,426	3.7 - 4.6

(Unit: Million Baht)

Separate financial statements

As at 31 December 2011

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years				
Financial Assets						
Cash and cash equivalents	340	-	42	49	431	0.5 - 3.1
Trade and other receivables	-	-	-	1,626	1,626	-
Short-term loans to related parties	20	-	-	5	25	5.0
Financial liabilities						
Short-term loans from financial institutions	2,360	-	-	-	2,360	1.8 - 2.0
Trade and other payables	-	-	-	2,969	2,969	-
Liabilities under finance lease agreements	7	6	-	-	13	4.8 - 63.0
Long-term loans	4	4	2,460	-	2,468	3.7 - 4.5

Foreign currency risk

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

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

Foreign currency	Consolidated financial statements				Average exchange rate	
	Financial assets		Financial liabilities		as at 31 December	
	as at 31 December		as at 31 December			
	2012	2011	2012	2011	2012	2011
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	87	57	306	128	30.6	31.7
Renminbi	1	1	-	-	4.9	5.0
Yen	-	-	7	701	0.4	0.4
Ringgit	26	8	7	5	10.0	10.0

Foreign currency	Separate financial statements				Average exchange rate	
	Financial assets		Financial liabilities		as at 31 December	
	as at 31 December		as at 31 December			
	2012	2011	2012	2011	2012	2011
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	118	23	288	77	30.6	31.7
Renminbi	1	1	-	-	4.9	5.0
HK Dollar	1	1	-	-	4.0	4.1
Ringgit	-	-	1	1	10.0	10.0

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

As at 31 December 2012						
Foreign currency	Consolidated		Separate		Contractual exchange rate	
	financial statements		financial statements			
	Sold	Bought	Sold	Bought	Sold	Bought
	amount	amount	amount	amount		
	(Million)	(Million)	(Million)	(Million)		
US Dollar	30.6	18.6	29.1	18.6	30.6 - 32.1	30.6 - 30.9
					Baht per 1	Baht per 1
					US Dollar	US Dollar




As at 31 December 2011

Foreign currency	Consolidated		Separate		Contractual exchange rate	
	financial statements		financial statements		Sold	Bought
	Sold amount (Million)	Bought amount (Million)	Sold amount (Million)	Bought amount (Million)		
US Dollar	21.3	9.8	13.2	1.7	30.1 - 31.8 Baht per 1 US Dollar	30.1 - 31.9 Baht per 1 US Dollar
Euro	-	10.0	-	10.0	-	1.3 US Dollar per 1 Euro

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

Risk from fluctuation in raw materials and finished goods prices

The Company and its subsidiary are exposed to risk from fluctuations in the price of raw materials and finished goods. To manage these risks, the Company and its subsidiary have entered into price hedging contracts with banks to hedge the risk from fluctuation in such prices.

As at 31 December 2012 and 2011, the outstanding price hedging contracts which maturity date within one year are summarised below.

(Unit: Million Baht)

	Consolidated/Separate financial statement	
	2012	2011
<u>Contracts presented as assets</u>		
Contracts to sell raw materials	-	13
Contracts to sell finished goods	13	55
Four-ways collar options to purchase raw materials	14	-
Total price hedging contracts presented as assets	27	68
<u>Contracts presented as liabilities</u>		
Contracts to purchase raw materials	-	17
Contracts to sell raw materials	-	1
Contracts to sell finished goods	13	10
Total price hedging contracts presented as liabilities	13	28

37.2 Fair value of financial instruments

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

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

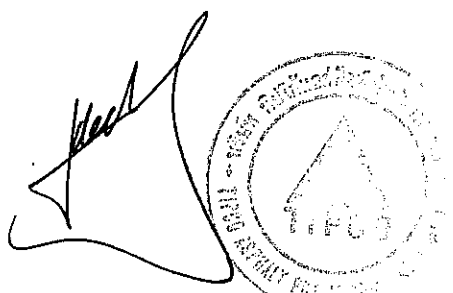
38. Capital management

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

The Group manages its capital position with reference to its debt-to-equity ratio. As at 31 December 2012, the Group's debt-to-equity ratio was 2.70:1 (2011: 2.40:1) and the Company's was 2.60:1 (2011: 1.85:1).

39. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 11 February 2013.



A handwritten signature is written over a circular stamp. The stamp contains the text "BOARD OF DIRECTORS" and "11 FEBRUARY 2013". Below the stamp, the name "D. N. S." is handwritten and underlined.