

Tipco Asphalt Public Company Limited and its subsidiaries  
Report and consolidated financial statements  
31 December 2015

## **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 2015, 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.



Building a better  
working world

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 2015, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

EY Office Limited

Bangkok: 15 February 2016

**Tipco Asphalt Public Company Limited and its subsidiaries**

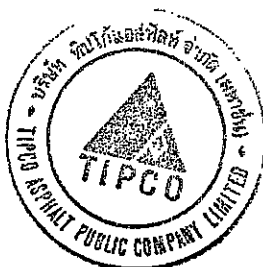
**Statement of financial position**

**As at 31 December 2015**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		1,353,520,527	276,988,052	667,292,854	24,641,443
Trade and other receivables	6, 7	3,271,776,388	4,017,943,397	2,926,605,517	4,090,248,102
Short-term loans to related parties	7	-	-	6,178,808	5,643,802
Inventories	8	2,402,519,199	3,817,828,985	1,999,511,980	3,443,866,389
Price hedging contracts	33, 34	1,674,980,594	199,321,453	1,674,980,594	199,321,453
Forward exchange contracts	33, 34	457,730	1,520,238	457,730	1,517,059
Other current assets		103,972,796	95,864,518	16,390,857	39,001,783
<b>Total current assets</b>		<b>8,807,227,234</b>	<b>8,409,466,643</b>	<b>7,291,418,340</b>	<b>7,804,240,031</b>
<b>Non-current assets</b>					
Investments in subsidiaries	9	-	-	3,657,581,856	3,707,426,930
Investment in joint venture	10	20,957,106	-	-	-
Investment in associate	11	126,739,281	124,002,346	18,403,580	18,403,580
Long-term loan to related party	7	-	-	210,294,998	-
Investment properties	12	199,432,500	199,432,500	99,837,989	100,105,794
Property, plant and equipment	13	7,075,695,005	5,652,535,869	552,044,818	460,265,659
Goodwill	9	146,293,504	146,293,504	-	-
Other intangible assets - Computer software		31,541,354	28,932,785	30,498,057	28,316,587
Leasehold rights	14	399,247,638	382,414,570	3,418,533	3,646,435
Deferred tax assets - net	25	1,629,776	192,921,996	25,383,379	144,106,644
Other non-current assets		60,538,245	9,117,436	3,982,822	4,085,620
<b>Total non-current assets</b>		<b>8,062,074,409</b>	<b>6,735,651,006</b>	<b>4,601,446,032</b>	<b>4,466,357,249</b>
<b>Total assets</b>		<b>16,869,301,643</b>	<b>15,145,117,649</b>	<b>11,892,864,372</b>	<b>12,270,597,280</b>

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



*[Handwritten signature]*

*[Handwritten signature]*

Tipco Asphalt Public Company Limited and its subsidiaries

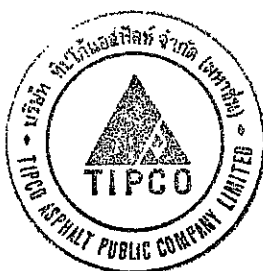
Statement of financial position (continued)

As at 31 December 2015

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	15	36,088,600	4,094,130,521	-	3,900,734,121
Trade and other payables	7, 16	2,253,624,549	1,314,381,616	1,976,455,711	1,592,759,876
Current portion of liabilities under					
finance lease agreements		2,719,074	4,173,305	2,172,214	3,288,117
Current portion of long-term loans from financial institutions	17	436,653,494	783,842,280	-	352,500,000
Income tax payable		468,999,113	206,816,451	397,281,581	193,233,229
Price hedging contracts	33, 34	819,832,109	242,627,513	819,044,273	242,627,513
Forward exchange contracts	33, 34	635,876	1,109,549	630,664	1,108,199
Other current liabilities		100,332,817	36,348,408	41,269,164	14,517,785
Total current liabilities		4,118,885,632	6,683,429,643	3,236,853,607	6,300,768,840
Non-current liabilities					
Liabilities under finance lease agreements -					
net of current portion		1,032,799	4,019,905	285,911	2,601,077
Long-term loans from financial institutions -					
net of current portion	17	2,044,858,432	2,214,432,030	-	420,000,000
Long-term loan from related party	7	8,152,326	7,790,706	-	-
Interest rate swap contracts	18, 33	18,945,227	22,794,355	19,022,920	22,541,546
Provision for long-term employee benefits	20	112,940,794	87,634,839	92,746,076	72,800,077
Total non-current liabilities		2,185,929,578	2,336,671,835	112,054,907	517,942,700
Total liabilities		6,304,815,210	9,020,101,478	3,348,908,514	6,818,711,540

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



*[Handwritten signature]*

*[Handwritten signature]*

**Tipco Asphalt Public Company Limited and its subsidiaries**


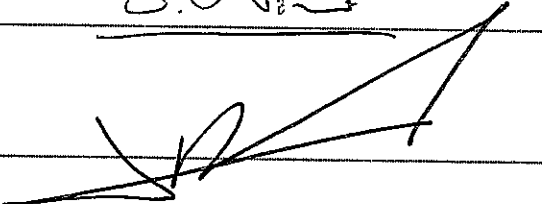
**Statement of financial position (continued)**

**As at 31 December 2015**

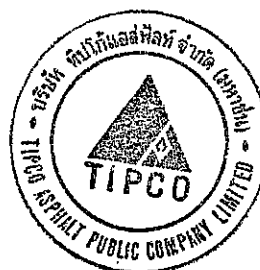
(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Shareholders' equity</b>					
Share capital	21				
Registered					
1,578,735,570 ordinary shares of Baht 1 each					
(2014: 172,123,329 ordinary shares of Baht 10 each)		1,578,735,570	1,721,233,290	1,578,735,570	1,721,233,290
Issued and fully paid					
1,543,850,070 ordinary shares of Baht 1 each					
(2014: 153,277,957 ordinary shares of Baht 10 each)		1,543,850,070	1,532,779,570	1,543,850,070	1,532,779,570
Premium on share capital		969,634,291	916,250,081	969,634,291	916,250,081
Share subscription	21	554,020	7,748,118	554,020	7,748,118
Non-controlling interests of subsidiary acquired					
by the Company at price lower than book value		6,237,755	6,237,755	-	-
Change in the Company's interest in subsidiaries					
which did not result in a loss of control	9	(308,455,017)	(308,455,017)	-	-
Capital reserve for share-based payment transactions	22	75,456,879	38,432,931	75,456,879	38,432,931
Retained earnings					
Appropriated - statutory reserve	23	172,123,329	172,123,329	172,123,329	172,123,329
Unappropriated		7,843,967,182	3,711,758,520	5,782,337,269	2,785,748,064
Other components of shareholders' equity		25,500,537	(121,553,723)	-	(1,196,353)
Equity attributable to owners of the Company		10,328,869,046	5,955,321,564	8,543,955,858	5,451,885,740
Non-controlling interests of the subsidiaries		235,617,387	169,694,607	-	-
<b>Total shareholders' equity</b>		<b>10,564,486,433</b>	<b>6,125,016,171</b>	<b>8,543,955,858</b>	<b>5,451,885,740</b>
<b>Total liabilities and shareholders' equity</b>		<b>16,869,301,643</b>	<b>15,145,117,649</b>	<b>11,892,864,372</b>	<b>12,270,597,280</b>

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 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Revenues</b>					
Sales and service income		37,136,767,523	45,727,305,483	34,265,588,345	42,956,606,756
Other income					
Dividend income from subsidiaries	9	-	-	141,799,790	136,099,760
Dividend income from associate	11	-	-	61,540,222	32,569,417
Gain on exchange	34	268,923,797	409,440,044	240,505,691	402,165,795
Others		86,605,390	63,466,000	128,058,041	105,658,732
<b>Total revenues</b>		<b>37,492,296,710</b>	<b>46,200,211,527</b>	<b>34,837,492,089</b>	<b>43,633,100,460</b>
<b>Expenses</b>					
Cost of sales and services		30,640,829,204	44,816,416,396	29,758,115,920	43,126,625,737
Gain from price hedging contracts	34	(921,801,060)	(1,451,672,684)	(897,367,353)	(1,451,672,684)
Reduction of cost of inventory to net realisable value (reversal)	8	(86,219,948)	358,042,742	(61,888,447)	424,365,165
		29,632,808,196	43,722,786,454	28,798,860,120	42,099,318,218
Selling expenses		200,452,987	153,460,863	104,505,733	80,178,357
Administrative expenses		944,622,404	643,827,963	555,221,381	380,079,468
Other expenses					
Allowance for doubtful accounts (reversal)		176,911,782	165,723,156	352,059,818	(2,480,400)
Loss on disposal of investment in subsidiary	9	-	-	-	134,547,187
Impairment loss of investment in subsidiary	9	-	-	57,120,000	-
Impairment loss of equipment, vessel and leasehold rights	13, 14	89,236,148	7,966,784	-	-
<b>Total expenses</b>		<b>31,044,031,517</b>	<b>44,693,765,220</b>	<b>29,867,767,052</b>	<b>42,691,642,830</b>
<b>Profit before share of profit from investment in joint venture, associate, finance cost and income tax expenses</b>		<b>6,448,265,193</b>	<b>1,506,446,307</b>	<b>4,969,725,037</b>	<b>941,457,630</b>
Share of profit from investment in joint venture	10	20,160,854	-	-	-
Share of profit from investment in associate	11	67,650,337	48,851,296	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>6,536,076,384</b>	<b>1,555,297,603</b>	<b>4,969,725,037</b>	<b>941,457,630</b>
Finance cost		(151,113,071)	(221,838,007)	(70,280,764)	(143,791,725)
<b>Profit before income tax expenses</b>		<b>6,384,963,313</b>	<b>1,333,459,596</b>	<b>4,899,444,273</b>	<b>797,665,905</b>
Income tax expenses	25	(1,188,690,180)	(176,350,380)	(958,979,461)	(128,592,499)
<b>Profit for the year</b>		<b>5,196,273,133</b>	<b>1,157,109,216</b>	<b>3,940,464,812</b>	<b>669,073,406</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Change in fair value of interest rate swap contract - net of income tax	25	1,196,353	2,452,997	1,196,353	2,452,996
Exchange differences on translation of financial statements in foreign currencies		145,698,690	(73,359,343)	-	-
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax</i>		<i>146,895,043</i>	<i>(70,906,346)</i>	<i>1,196,353</i>	<i>2,452,996</i>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss - net of income tax	20, 25	(23,088,110)	(7,354,867)	(19,127,825)	(9,070,994)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</i>		<i>(23,088,110)</i>	<i>(7,354,867)</i>	<i>(19,127,825)</i>	<i>(9,070,994)</i>
<b>Other comprehensive income for the year</b>		<b>123,806,933</b>	<b>(78,261,213)</b>	<b>(17,931,472)</b>	<b>(6,617,998)</b>
<b>Total comprehensive income for the year</b>		<b>5,320,080,066</b>	<b>1,078,848,003</b>	<b>3,922,533,340</b>	<b>662,455,408</b>

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



*[Handwritten signature]*

Tipco Asphalt Public Company Limited and its subsidiaries  
Statement of comprehensive income (continued)  
For the year ended 31 December 2015

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2015	2014	2015	2014
Profit attributable to:					
Equity holders of the Company		5,078,764,042	1,200,434,337	3,940,464,812	669,073,406
Non-controlling interests of the subsidiaries		117,509,091	(43,325,121)		
		5,196,273,133	1,157,109,216		
Total comprehensive income attributable to:					
Equity holders of the Company		5,204,010,704	1,129,927,793	3,940,464,812	669,073,406
Non-controlling interests of the subsidiaries		116,069,362	(51,079,790)		
		5,320,080,066	1,078,848,003		
Earnings per share	28				
Basic earnings per share					
Profit attributable to equity holders of the Company		3.30	0.78	2.56	0.44
Diluted earnings per share					
Profit attributable to equity holders of the Company		3.25	0.78	2.52	0.44

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



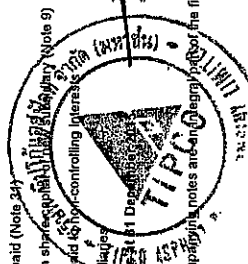
*[Handwritten signature]*

*[Handwritten signature]*

**Tipco Asphalt Public Company Limited and its subsidiaries**  
**Statement of changes in shareholders' equity**  
**For the year ended 31 December 2015**

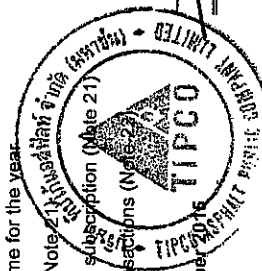
	Consolidated financial statements													(Unit: Baht)
	Equity attributable to owners of the Company													
	Non-controlling interests of subsidiary acquired by the Company		Change in the Company's interest in subsidiaries which did not result in a loss of control		Capital reserve for share-based payment transactions		Retained earnings		Other components of equity		Equity attributable to non-controlling interests of the subsidiaries		Total shareholders' equity	
	Issued and paid-up share capital	Premium on share capital	Share subscription	at price lower than book value	in a loss of control	for share-based payment transactions	Appropriated - statutory reserve	Unappropriated statutory reserve	foreign currencies	Fair value of interest rate swap contract	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
Balance as at 1 January 2014	1,525,808,680	887,824,106	-	6,237,755	12,904,468	23,254,939	162,053,000	2,682,128,935	(54,855,986)	(3,649,349)	(58,505,345)	5,241,706,538	649,230,152	5,890,936,690
Profit for the year	-	-	-	-	-	-	-	1,200,434,337	-	-	-	1,200,434,337	(43,325,121)	1,157,109,216
Other comprehensive income for the year	-	-	-	-	-	-	-	(7,458,166)	(65,501,374)	2,452,996	(63,048,378)	(70,606,544)	(7,754,669)	(78,261,213)
Total comprehensive income for the year	-	-	-	-	-	-	-	1,192,976,171	(65,501,374)	2,452,996	(63,048,378)	1,129,927,793	(51,079,790)	1,078,848,003
Change in the Company's Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
In subsidiaries which does not result in a loss of control (Note 9)	-	-	-	-	(321,359,465)	-	-	-	-	-	-	(321,359,485)	(405,705,515)	(727,065,000)
Increase in share capital (Note 21)	9,970,890	28,425,975	-	-	-	-	-	-	-	-	-	35,396,865	-	35,396,865
Cash receipts from share subscription (Note 21)	-	-	7,748,118	-	-	-	-	-	-	-	-	7,748,118	-	7,748,118
Share-based payment transactions (Note 22)	-	-	-	-	-	15,177,992	-	-	-	-	-	15,177,992	-	15,177,992
Dividend paid (Note 31)	-	-	-	-	-	-	-	(153,276,257)	-	-	-	(153,276,257)	-	(153,276,257)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(22,750,240)	(22,750,240)
Appropriation of statutory reserve (Note 23)	-	-	-	-	-	-	10,070,329	(10,070,329)	-	-	-	-	-	-
Balance as at 31 December 2014	1,532,779,570	916,250,081	7,748,118	6,237,755	(308,455,017)	38,432,931	172,123,329	3,711,758,520	(120,357,370)	(1,196,353)	(121,553,723)	5,955,321,554	169,694,607	6,125,016,171
Balance as at 1 January 2015	1,532,779,570	916,250,081	7,748,118	6,237,755	(308,455,017)	38,432,931	172,123,329	3,711,758,520	(120,357,370)	(1,196,353)	(121,553,723)	5,955,321,564	169,694,607	6,125,016,171
Profit for the year	-	-	-	-	-	-	-	5,078,764,042	-	-	-	5,078,764,042	117,509,091	5,196,273,133
Other comprehensive income for the year	-	-	-	-	-	-	-	(21,807,589)	145,857,907	1,196,353	147,054,260	125,246,652	(1,439,729)	123,806,923
Total comprehensive income for the year	-	-	-	-	-	-	-	5,056,956,444	145,857,907	1,196,353	147,054,260	5,204,010,704	116,069,362	5,320,080,066
Increase in share capital (Note 21)	11,070,500	53,384,210	(7,748,118)	-	-	-	-	-	-	-	-	56,706,592	-	56,706,592
Cash receipts from share subscription (Note 21)	-	-	554,020	-	-	-	-	-	-	-	-	554,020	-	554,020
Share-based payment transactions (Note 22)	-	-	-	-	-	37,023,948	-	-	-	-	-	37,023,948	-	37,023,948
Dividend paid (Note 31)	-	-	-	-	-	-	-	(924,747,782)	-	-	-	(924,747,782)	-	(924,747,782)
Increase in share capital from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	1,853,628	1,853,628
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(52,000,210)	(52,000,210)
Balance as at 31 December 2015	1,543,850,070	969,634,291	554,020	6,237,755	(308,455,017)	75,456,879	172,123,329	7,643,967,182	25,500,537	-	25,500,537	10,328,869,046	235,617,387	10,564,486,433

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 2015

Separate financial statements										(Unit: Baht)
	Issued and paid-up share capital	Premium on share capital	Shares subscription	Capital reserve for share-based payment transactions	Retained earnings	Unappropriated	Other component of equity		Total shareholders' equity	
					Appropriated - statutory reserve		Other comprehensive income	Fair value of interest rate swap contract	component of shareholders' equity	
Balance as at 1 January 2014	1,525,808,680	887,824,106	-	23,254,939	162,053,000	2,289,092,238	(3,649,349)	(3,649,349)	4,884,383,614	
Profit for the year	-	-	-	-	-	669,073,406	-	-	669,073,406	
Other comprehensive income for the year	-	-	-	-	-	(9,070,994)	2,452,996	2,452,996	(6,617,998)	
Total comprehensive income for the year	-	-	-	-	-	660,002,412	2,452,996	2,452,996	662,455,408	
Increase in share capital (Note 21)	6,970,890	28,425,975	-	-	-	-	-	-	35,396,865	
Cash receipts from shares subscription (Note 21)	-	-	7,748,118	-	-	-	-	-	7,748,118	
Share-based payment transactions (Note 22)	-	-	-	15,177,992	-	-	-	-	15,177,992	
Dividend paid (Note 31)	-	-	-	-	-	(153,276,257)	-	-	(153,276,257)	
Appropriation of statutory reserve (Note 23)	-	-	-	-	10,070,329	(10,070,329)	-	-	-	
Balance as at 31 December 2014	1,532,779,570	916,250,081	7,748,118	38,432,931	172,123,329	2,785,748,064	(1,196,353)	(1,196,353)	5,451,885,740	
Balance as at 1 January 2015	1,532,779,570	916,250,081	7,748,118	38,432,931	172,123,329	2,785,748,064	(1,196,353)	(1,196,353)	5,451,885,740	
Profit for the year	-	-	-	-	-	3,940,464,812	-	-	3,940,464,812	
Other comprehensive income for the year	-	-	-	-	-	(19,127,825)	1,196,353	1,196,353	(17,931,472)	
Total comprehensive income for the year	-	-	-	-	-	3,921,336,987	1,196,353	1,196,353	3,922,533,340	
Increase in share capital (Note 21)	11,070,500	53,384,210	(7,748,118)	-	-	-	-	-	56,706,592	
Cash receipts from shares subscription (Note 21)	-	-	554,020	-	-	-	-	-	554,020	
Share-based payment transactions (Note 22)	-	-	-	37,023,948	-	-	-	-	37,023,948	
Dividend paid (Note 31)	-	-	-	-	-	(924,747,782)	-	-	(924,747,782)	
Balance as at 31 December 2015	1,543,850,070	969,634,291	554,020	75,456,879	172,123,329	5,782,337,269	-	-	8,543,955,858	



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

**Tipco Asphalt Public Company Limited and its subsidiaries**

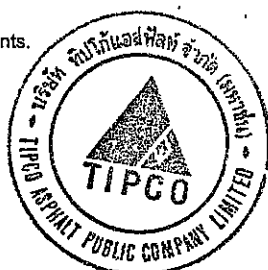
**Cash flow statement**

**For the year ended 31 December 2015**

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities:</b>				
Profit before tax	6,384,963,313	1,333,459,596	4,899,444,273	797,665,905
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	575,593,469	493,205,243	81,213,867	74,344,835
Written off withholding tax	137,923	352,233	-	-
Allowance for doubtful accounts (reversal)	176,911,782	165,723,156	352,059,818	(2,480,400)
Reduction of cost of inventory to net realisable value (reversal)	(86,219,948)	358,042,742	(61,888,447)	424,365,165
Dividend income from subsidiaries	-	-	(141,799,790)	(136,099,760)
Dividend income from associate	-	-	(61,540,222)	(32,569,417)
Loss on disposal of investment in subsidiary	-	-	-	134,547,187
Allowance for loss on impairment-investment in subsidiary	-	-	57,120,000	-
Unrealised (gain) loss on exchange rate	34,694,137	26,899,952	(23,413,432)	3,088,490
(Gain) loss on sales of equipment and vessel	(1,971,506)	6,748,277	(3,411,084)	(1,510,455)
Impairment loss of equipment, vessel and leasehold rights	89,236,148	7,966,784	-	-
Share of profit from investment in joint venture	(20,160,854)	-	-	-
Share of profit from investment in associate	(67,650,337)	(48,851,296)	-	-
Share-based payment transactions	37,023,948	15,177,992	29,749,022	12,356,269
Provision for long-term employee benefits	10,382,743	14,092,171	8,398,084	10,397,891
Change in fair value of forward exchange contracts	588,836	(6,597,878)	581,794	(5,432,339)
Change in fair value of price hedging contracts	(898,454,545)	58,086,125	(899,242,381)	58,086,125
Change in fair value of interest rate swap contracts recognised in profit or loss	(1,441,330)	3,114,567	(1,026,210)	3,958,756
Interest expenses	141,838,212	203,017,945	66,053,072	132,936,524
Profit from operating activities before changes in operating assets and liabilities	6,375,471,991	2,630,437,609	4,302,298,364	1,473,654,776
(Increase) decrease in operating assets				
Trade and other receivables	560,781,267	(215,078,259)	833,606,509	(407,467,830)
Inventories	1,500,531,791	4,964,282,821	1,506,242,856	4,783,391,597
Other current assets	(62,142,439)	140,002,398	(15,865,048)	(20,292,238)
Other non-current assets	(51,815,968)	(397,663)	20,274,747	6,387,548
Increase (decrease) in operating liabilities				
Trade and other payables	838,382,519	(271,414,413)	486,734,084	32,147,363
Other current liabilities	51,136,198	(199,252,309)	13,392,537	(17,994,103)
Cash flows from operating activities	9,212,345,359	7,048,580,284	7,146,684,049	5,849,827,113
Cash paid for interest expenses	(124,161,222)	(211,339,132)	(68,481,113)	(133,122,295)
Cash paid for corporate income tax	(728,878,632)	(73,529,835)	(631,724,976)	(33,397,158)
<b>Net cash from operating activities</b>	<b>8,359,305,505</b>	<b>6,763,711,317</b>	<b>6,446,477,960</b>	<b>5,683,307,660</b>

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



*[Handwritten signature]*

**Tipco Asphalt Public Company Limited and its subsidiaries**

**Cash flow statement (continued)**

**For the year ended 31 December 2015**

(Unit: Baht)

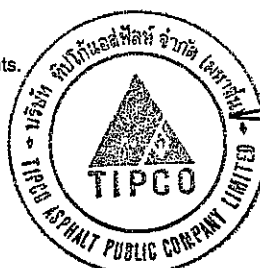
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Cash flows from investing activities:</b>				
Cash paid for investment in subsidiary	-	-	-	(125,000,000)
Cash receipts from disposal of investment in subsidiary	-	-	-	119,090,813
Dividend received from subsidiaries	-	-	36,800,000	16,100,000
Dividend received from associate	61,540,222	32,569,417	61,540,222	32,569,417
Decrease in short-term loans to related parties	-	-	-	35,000,000
Increase in long-term loans to related parties	-	-	(205,339,740)	-
Acquisition of equipment	(1,660,469,792)	(852,238,448)	(152,275,768)	(61,672,014)
Acquisition of computer software	(6,275,486)	(9,340,297)	-	(8,268,727)
Acquisition of leasehold rights	(2,175,024)	-	(5,639,574)	-
Proceeds from sales of equipment and vessel	5,045,462	14,925,939	4,726,299	1,778,756
<b>Net cash from (used in) investing activities</b>	<b>(1,602,334,618)</b>	<b>(814,083,389)</b>	<b>(260,188,581)</b>	<b>9,598,245</b>
<b>Cash flows from financing activities:</b>				
Cash paid for acquisition of non-controlling interests of subsidiaries	-	(727,065,000)	-	-
Decrease in short-term loans from banks	(4,062,469,921)	(5,344,207,626)	(3,900,734,121)	(5,289,690,625)
Cash paid under finance lease agreements	(4,180,088)	(7,816,035)	(3,205,687)	(5,773,719)
Cash receipts from long-term loans	649,594,800	826,642,317	-	-
Repayment of long-term loans	(1,288,751,992)	(706,974,360)	(772,500,000)	(352,500,000)
Cash receipts from increase in share capital	56,706,592	35,396,865	56,706,593	35,396,865
Cash receipts from share subscription	554,020	7,748,118	554,020	7,748,118
Dividend paid to shareholders	(924,458,773)	(153,140,945)	(924,458,773)	(153,140,945)
Cash receipt for capital increase in subsidiary				
from non-controlling interests of subsidiary	1,853,628	-	-	-
Dividend paid to non-controlling interests of subsidiaries	(52,000,210)	(22,750,240)	-	-
<b>Net cash used in financing activities</b>	<b>(5,623,151,944)</b>	<b>(6,092,166,906)</b>	<b>(5,543,637,968)</b>	<b>(5,757,960,306)</b>
<b>Exchange differences on translation of</b>				
<b>financial statements in foreign currencies</b>	<b>(57,286,468)</b>	<b>(75,907,860)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,076,532,475</b>	<b>(218,446,838)</b>	<b>642,651,411</b>	<b>(65,054,401)</b>
Cash and cash equivalents at beginning of year	276,988,052	495,434,890	24,641,443	89,695,844
<b>Cash and cash equivalents at end of year</b>	<b>1,353,520,527</b>	<b>276,988,052</b>	<b>667,292,854</b>	<b>24,641,443</b>

**Supplemental cash flows information**

**Non-cash transactions**

Acquisition of assets through finance lease	-	1,929,665	-	-
Accounts payable from purchase of equipment	76,428,813	501,726	-	-
Settlement of dividend received from subsidiary				
with account payable (Note 9)	-	-	104,999,790	119,999,760
Settlement of cash receipts from disposal of investment				
with cash paid for investment in subsidiary (Note 9)	-	-	-	159,436,868

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 2015**

**1. General information**

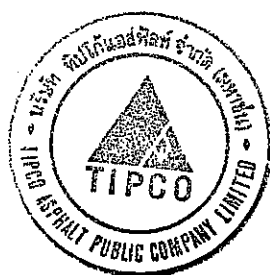
Tipco Asphalt Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The major shareholders of the Company are Supsakorn family and Colas Group, a company incorporated in French Republic. The Company is principally engaged in the manufacture and distribution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

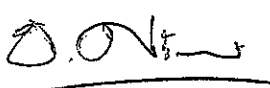
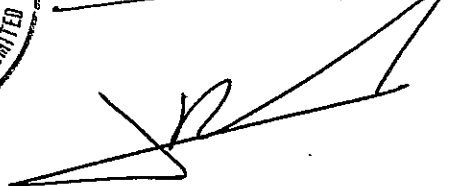
**2. Basis of preparation**

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

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

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



## 2.2 Basis of consolidation

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

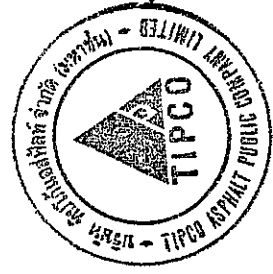
Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		<u>2015</u> (Million Baht)	<u>2014</u> (Million Baht)	<u>2015</u> (%)	<u>2014</u> (%)
<u>Subsidiaries incorporated in Thailand</u>					
Raycol Asphalt Co., Ltd.	Manufacture and distribution of asphalt products	111	111	41.44	41.44
Thai Bitumen Co., Ltd. ("Thai Bitumen")	Holding company and manufacture and distribution of asphalt products	1,500	1,500	99.99	99.99
Tipco Maritime Co., Ltd.	Shipping management and agency	2	2	99.99	99.99
Alpha Maritime Co., Ltd.	Marine transportation	143	143	99.99	99.99
Bitumen Marine Co., Ltd.	Marine transportation	150	150	99.99	99.99
Delta Shipping Co., Ltd.	Marine transportation	80	80	99.99	99.99
Tasco Shipping Co., Ltd.	Marine transportation	290	290	99.99	99.99



Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		2015 (Million Baht) (Except for other specified currency)	2014 (Million Baht)	2015 (%)	2014 (%)
<b><u>Subsidiaries incorporated in Malaysia</u></b>					
Kemaman Oil Corporation Sdn Bhd ("KOC") (26.11% owned by the Company, 37.01% owned by Thai Bitumen and 36.88% owned by TIHK)	Holding company	151.96 Million ringgit	151.96 Million ringgit	100.00	100.00
Kemaman Bitumen Company Sdn Bhd ("KBC") (27.74% owned by the Company, 26.06% owned by Thai Bitumen 44.80% owned by KOC and 1.40% owned by TIHK)	Manufacture and distribution of asphalt products	305.55 Million ringgit	305.55 Million ringgit	100.00	100.00
KBC Trading Sdn Bhd ("KBT") (10% owned by TIHK and 20% owned by KOC)	Distribution of asphalt products	0.30 Million ringgit	-	30.00	-
<b><u>Subsidiary incorporated in Singapore</u></b>					
KBC Energy Pte. Ltd. (Owned by KOC)	Dormant	0.01 Million USD	0.01 Million USD	100.00	100.00
Pacific Bitumen Shipping Pte. Ltd. ("PBS") (100% owned by TIHK)	Marine transportation	0.01 Million USD	-	100.00	-



Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		<u>2015</u> (Million Baht) (Except for other specified currency)	<u>2014</u> (Million Baht)	<u>2015</u> (%)	<u>2014</u> (%)
<b><u>Subsidiary incorporated in Cambodia</u></b>					
Tipco Asphalt (Cambodia) Co., Ltd.	Manufacture and distribution of asphalt products	20.00 Million riel	20.00 Million riel	100.00	100.00
<b><u>Subsidiary incorporated in Hong Kong</u></b>					
Tasco International (Hong Kong) Ltd. ("TIHK")	Holding company	30.97 Million HKD	30.97 Million HKD	100.00	100.00
<b><u>Subsidiaries incorporated in China (owned by TIHK)</u></b>					
Langfang Tongtai Road Material Co., Ltd.	Manufacture and distribution of asphalt products	2.10 Million USD	2.10 Million USD	51.00	51.00
Zhenjiang Tipco Asphalt Co., Ltd.	Manufacture and distribution of asphalt products	20.00 Million RMB	20.00 Million RMB	51.00	51.00
Tipco Asphalt (Xinhui) Co., Ltd.	Manufacture and distribution of asphalt products	30.00 Million RMB	30.00 Million RMB	100.00	100.00

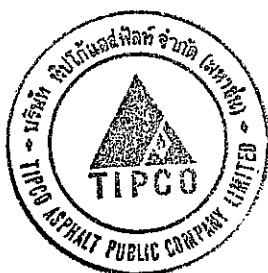


*[Handwritten signature]*

*[Handwritten signature]*

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated as from the date on which the Company obtains control and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as those of the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currencies" in the statement of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- h) The financial statements of Raycol Asphalt Co., Ltd. and KBC Trading Sdn Bhd are included in the consolidated financial statements even though the Company's shareholding in Raycol Asphalt Co., Ltd. is 41.44 percent and the subsidiary company's shareholding in KBC Trading Sdn Bhd is 30.00 percent. This is because the Company and its subsidiary have control over those companies through their boards of directors, and they are therefore regarded as subsidiaries.

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



*[Handwritten signature]*  
*[Handwritten signature]*

### 3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

#### (a) Financial reporting standards that became effective in the current year

The Company and its subsidiaries have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which became effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards did not have any significant impact on the financial statements of the Company and its subsidiaries. However, some of these standards involve changes to key principles, which are summarised below:

Accounting Standard:

TAS 19 (revised 2014) Employee Benefits

Financial Reporting Standards:

TFRS 10 Consolidated Financial Statements

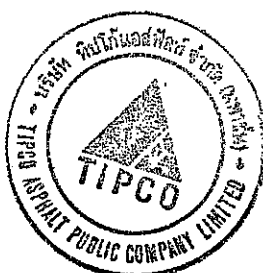
TFRS 11 Joint Arrangements

TFRS 12 Disclosure of Interests in Other Entities

TFRS 13 Fair Value Measurement

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

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The management of the Company and its subsidiaries believe that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied.



*[Handwritten signature]*

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

###### *Sales of goods*

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

###### *Rendering of services*

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

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

###### *Interest income*

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

###### *Dividends*

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

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

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

##### **4.3 Trade and other receivables**

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

##### **4.4 Inventories**

Finished goods and work in process are valued at the lower of cost (the weighted average cost method) and net realisable value. Cost of finished goods includes all production costs and attributable factory overheads.

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



*[Handwritten signature]*

*[Handwritten signature]*

#### 4.5 Investments

- a) Investments in joint venture and associate are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method less allowance for loss on impairment.

#### 4.6 Investment properties

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

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

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

#### 4.7 Property, plant and equipment/Depreciation

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

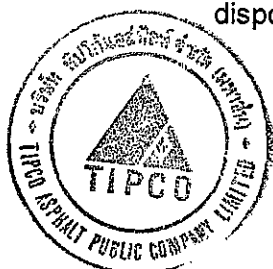
Depreciation of plant and equipment is calculated by reference to their costs less residual value on the straight-line basis over the following estimated useful lives:

Land improvement	20 years
Buildings and complements	20 to 47 years
Building improvements	20 to 30 years
Machinery, tools and equipment	5 to 20 years
Furniture and office equipment	3 to 5 years
Vehicles	5 to 10 years
Vessels	9 to 30 years

Depreciation is included in profit or loss.

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

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



D. Oni

#### 4.8 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.

#### 4.9 Intangible assets - computer software

Computer software is measured at cost. Following initial recognition, computer software is carried at cost less 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.

#### 4.10 Goodwill

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

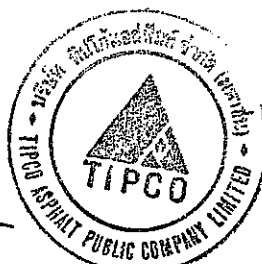
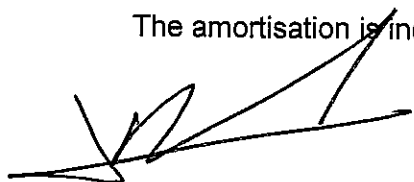
Goodwill is carried at cost less allowance for impairment loss (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

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

#### 4.11 Leasehold rights

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

The amortisation is included in profit or loss.



#### 4.12 Related party transactions

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

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

#### 4.13 Long-term leases

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

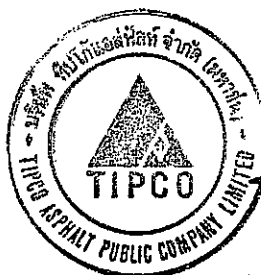
Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### 4.14 Foreign currencies

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

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

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



12

D. O. V.

#### 4.15 Impairment of assets

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

An impairment loss is recognised in profit or loss.

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

#### 4.16 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.

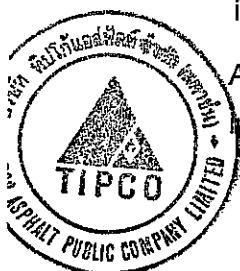
###### *Defined benefit plans and other long-term employee benefits*

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 its 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 plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.



*[Handwritten signature]*

#### **4.17 Equity-settled share-based payment transactions**

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

#### **4.18 Provisions**

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

#### **4.19 Income Tax**

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

##### **Current tax**

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

##### **Deferred tax**

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

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

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

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



## 4.20 Derivatives

### Forward exchange contracts

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

### Price hedging contracts

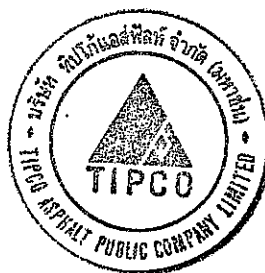
Forward price hedging contracts and option contracts with banks are presented in the financial statements at fair value. Unrealised gain or loss from the price hedging contracts is recorded in profit or loss.

### Interest rate swap contracts

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

## 4.21 Fair value measurement

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



*[Handwritten signature]*

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

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

## **5. Significant accounting judgments and estimates**

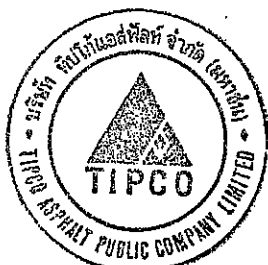
The preparation of financial statements in conformity with financial reporting standards accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures,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

### **Recognition and derecognition of assets and liabilities**

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

### **Consolidation of subsidiaries that the Company holds less than half of shares**

The management of the Company determines that the Company and its subsidiary have control over Raycol Asphalt Company Limited and KBC Trading Sdn Bhd ("KBT"), even though the Company holds 41.44 percent of the shares and voting rights of Raycol Asphalt Co., Ltd. and the subsidiaries holds 30.00 percent of the shares and voting rights of KBT, which are less than half of the total. This is because the Company and its subsidiary have control over those companies through their boards of directors and so they are deemed to be subsidiaries and have to be included in the consolidated financial statements from the date on which the Company assumed control.



*[Handwritten signature]*  
*[Handwritten signature]*

## **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.

## **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

## **Net realisable value of inventories**

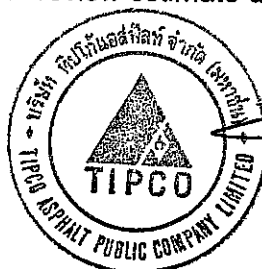
The management uses judgment to estimate the net realisable value of inventories taking into consideration the fluctuation of price or cost directly relating to events occurring after the reporting period.

## **Impairment of investments**

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

## **Property plant and equipment/Depreciation**

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



*[Handwritten signature]*

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.

### **Deferred tax assets**

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

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

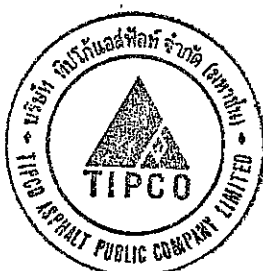
The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

### **Cost of share-based payment transactions**

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

### **Litigation**

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.



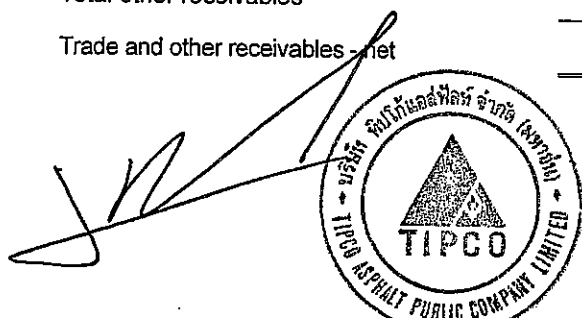
*[Handwritten signature]*

*[Handwritten signature]*

## 6. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b><u>Trade receivables - related parties</u></b> (Note 7)				
Aged on the basis of due dates				
Not yet due	676,818	457,926	954,902	1,016,952
Past due				
Up to 3 months	17,917	16,687	22,314	662,153
3 - 6 months	-	-	5,073	93,888
6 - 9 months	-	-	54,107	814
9 - 12 months	-	-	6,496	271,034
Over 12 months	119	217	374,969	6,511
Total	694,854	474,830	1,417,861	2,051,352
Less: Allowance for doubtful accounts	-	-	(353,907)	-
Total trade receivables - related parties, net	694,854	474,830	1,063,954	2,051,352
<b><u>Trade receivables - unrelated parties</u></b>				
Aged on the basis of due dates				
Not yet due	2,250,648	2,795,863	1,700,306	1,922,316
Past due				
Up to 3 months	203,045	433,670	82,864	71,757
3 - 6 months	25,661	48,641	2,593	8,126
6 - 9 months	2,510	72,463	938	335
9 - 12 months	26,404	193,491	1,777	-
Over 12 months	454,446	247,769	70,501	78,695
Total	2,962,714	3,791,897	1,858,979	2,081,229
Less: Allowance for doubtful accounts	(474,567)	(282,978)	(71,705)	(73,552)
Total trade receivables - unrelated parties, net	2,488,147	3,508,919	1,787,274	2,007,677
Total trade receivables - net	3,183,001	3,983,749	2,851,228	4,059,029
<b><u>Other receivables</u></b>				
Amounts due from related parties (Note 7)	9,764	9,568	29,964	29,021
Accounts receivable from price				
hedging contracts	43,107	-	43,108	-
Other receivables	35,904	24,626	2,306	2,198
Total other receivables	88,775	34,194	75,378	31,219
Trade and other receivables - net	3,271,776	4,017,943	2,926,606	4,090,248



Handwritten signature

## 7. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	2015	2014	2015	2014	
<b><u>Transactions with subsidiaries</u></b>					
(eliminated from the consolidated financial statements)					
Sales and service income	-	-	4,870	5,541	Cost plus certain margin
Rental and service income	-	-	54	52	Contract price
Technical assistance fee income	-	-	12	12	Contract price
Interest income	-	-	1	2	2.8 percent per annum
Dividend income	-	-	142	136	
Purchases of goods	-	-	2	28	Cost plus certain margin
Rental and service expenses	-	-	2,474	1,817	Contract price
<b><u>Transactions with joint venture</u></b>					
Sales and service income	1,078	-	1,031	-	Market price / contract price
<b><u>Transactions with associate</u></b>					
Dividend income	-	-	62	33	
<b><u>Transactions with related companies</u></b>					
Sales and service income	2,584	3,035	2,549	2,897	Market price / contract price
Rental and service income	3	5	3	5	Contract price
Rental and service expenses	50	44	38	32	Contract price
Technical assistance fee expenses	69	58	48	37	Contract price



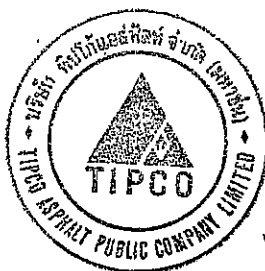
*[Handwritten signature]*

*[Handwritten signature]*

The balances of the accounts between the Company and its subsidiaries and those related companies as at 31 December 2015 and 2014 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b><u>Trade and other receivables- related parties</u></b> (Note 6)				
Subsidiaries	-	-	779,988	1,613,750
Joint venture	506,047	-	496,807	-
Related companies (common shareholders and directors)	198,571	484,398	171,030	466,623
Total trade and other receivables - related parties	704,618	484,398	1,447,825	2,080,373
Less : Allowance for doubtful accounts	-	-	(353,907)	-
Total trade and other receivables - related parties, net	704,618	484,398	1,093,918	2,080,373
<b><u>Short-term loans to related party</u></b>				
Subsidiary	-	-	6,179	5,644
Total short-term loans to related party	-	-	6,179	5,644
<b><u>Long-term loans to related party</u></b>				
Subsidiary	-	-	210,295	-
Total long-term loans to related party	-	-	210,295	-
<b><u>Trade and other payables - related parties</u></b> (Note 16)				
Subsidiaries	-	-	411,557	665,081
Joint venture	9,235	-	-	-
Related companies (common shareholders and directors)	75,930	52,168	54,200	42,292
Total trade and other payables - related parties	85,165	52,168	465,757	707,373
<b><u>Long-term loan from related party</u></b>				
Related company (shareholder of subsidiary)	8,152	7,791	-	-
Total long-term loan from related party	8,152	7,791	-	-



*[Handwritten signature]*

## Loans to related parties and loan from related parties

As at 31 December 2015 and 2014, the balances of loans between the Company and those related companies and the movement were as follows:

(Unit: Thousand Baht)

		Consolidated financial statements					
		Balance as at	Increase during	Decrease	Realise gain on	Exchange differences on translation of financial statements in foreign currency	Balance as at
Company's name	Related by	31 December 2014	the year	during the year	exchange		31 December 2015
<u>Short-term loan to related party</u>							
Asia Bitumen Trading Pte. Ltd.	Joint venture	-	13,511	(14,609)	1,098	-	-
<u>Long-term loan from related party</u>							
Zhenjiang Highway Materials Company	Shareholder of subsidiary	7,791	-	-	-	361	8,152

(Unit: Thousand Baht)

		Separate financial statements			
Company's name	Related by	Balance as at 31 December 2014	Increase during the year	Unrealise gain on exchange	Balance as at 31 December 2015
<u>Short-term loan to related party</u>					
Kemaman Oil Corporation Sdn Bhd	Subsidiary	5,644	-	535	6,179
<u>Long-term loan to related party</u>					
Tasco International (Hong Kong) Limited	Subsidiary	-	205,340	4,955	210,295

## Directors and management's benefits

During 2015 and 2014, the Company and its subsidiaries had employee benefit expenses of their directors and management as detailed below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Short-term employee benefits	127	109	109	92
Post-employment benefits and other long-term benefits (Note 20)	5	5	5	5
Share-based payment transactions (Note 22)	11	9	10	8
Total	143	123	124	105



## Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 19 to the financial statements.

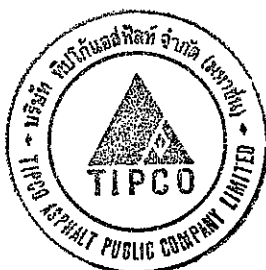
## 8. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduction of cost to net realisable value		Inventories - net	
	2015	2014	2015	2014	2015	2014
Finished goods	667,474	1,224,096	(69,984)	(101,142)	597,490	1,122,954
Raw materials	1,145,560	1,182,146	(213,360)	(234,240)	932,200	947,906
Packaging materials, spare parts and factory supplies	88,581	87,375	(541)	(2,762)	88,040	84,613
Goods in transit	784,789	1,693,319	-	(30,963)	784,789	1,662,356
Total	2,686,404	4,186,936	(283,885)	(369,107)	2,402,519	3,817,829

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduction of cost to net realisable value		Inventories - net	
	2015	2014	2015	2014	2015	2014
Finished goods	596,263	1,142,211	(89,597)	(113,456)	506,666	1,028,755
Raw materials	1,024,714	1,058,681	(275,550)	(243,589)	749,164	815,092
Packaging materials, spare parts and factory supplies	9,477	12,692	(542)	(2,365)	8,935	10,327
Goods in transit	734,747	1,657,859	-	(68,167)	734,747	1,589,692
Total	2,365,201	3,871,443	(365,689)	(427,577)	1,999,512	3,443,866



*[Handwritten signature]*

*[Handwritten signature]*

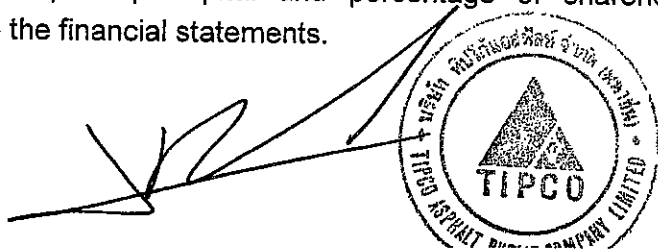
## 9. Investments in subsidiaries

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

Company's name	Investment cost		(Unit: Thousand Baht)	
			Dividend received	
			during the year	
	2015	2014	2015	2014
<b><u>Domestic subsidiaries</u></b>				
Raycol Asphalt Co., Ltd.	193,200	193,200	36,800	16,100
Thai Bitumen Co., Ltd. ("Thai Bitumen")	1,499,917	1,499,917	-	-
Less: Provision for impairment loss of investment	(60,775)	(60,775)	-	-
Tipco Maritime Co., Ltd.	1,999	1,999	-	-
Alpha Maritime Co., Ltd.	142,999	142,999	-	-
Bitumen Marine Co., Ltd.	149,999	149,999	105,000*	120,000*
Delta Shipping Co., Ltd.	79,999	79,999	-	-
Tasco Shipping Co., Ltd.	289,999	289,999	-	-
<b><u>Overseas subsidiaries</u></b>				
Tasco International (Hong Kong) Ltd. ("TIHK")	130,008	130,008	-	-
Add: Additional investment cost from the acquisition of subsidiary under common control	115,849	115,849	-	-
Less: Provision for impairment loss of investment	(57,120)	-	-	-
Kemaman Oil Corporation Sdn Bhd ("KOC")	337,296	337,296	-	-
Kemaman Bitumen Company Sdn Bhd ("KBC")	818,644	818,644	-	-
Tipco Asphalt (Cambodia) Co., Ltd.	165	165	-	-
Total investments in subsidiaries	3,642,179	3,699,299	141,800	136,100
Cost of share-based payment transactions, under warrants to purchase new ordinary shares of the Company issued to the subsidiaries' employees (Note 22)	15,403	8,128		
Total investments in subsidiaries - net	3,657,582	3,707,427		

\*Bitumen Marine Co., Ltd. offset the dividend against the amount due to the Company.

The paid-up capital and percentage of shareholding were presented in Note 2.2 to the financial statements.



Handwritten signature.

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

During 2015, 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 22) amounted to Baht 7.3 million (2014: Baht 2.8 million), as a cost of investments in subsidiaries.

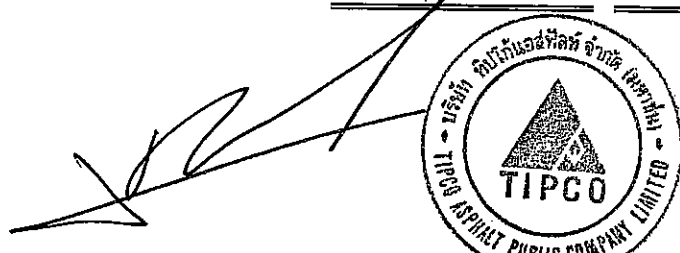
Kemaman Oil Corporation Sdn Bhd ("KOC") and Kemaman Bitumen Company Sdn Bhd ("KBC")

After the Company and Thai Bitumen signed the KOC's shareholder agreement with Seloga Holdings Berhad ("SHB") and Aras Jalinan Sdn Bhd ("AJSB") offered to exercise the rights under such agreement on behalf of SHB, the Company and Thai Bitumen have had disputes with AJSB since 2008. In May 2011, the International Chamber of Commerce Arbitral Tribunal made the final arbitration award relating to the dispute between the Company and Thai Bitumen, and AJSB, which the Company and Thai Bitumen brought to arbitration. The arbitration award denied all the disputed claims by AJSB, except that KOC shall accept the share acquisition payment amounting to MYR 5 million which was made by AJSB to KOC on 3 March 2008. KOC registered additional capital amounting to MYR 5 million belonging to AJSB 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. The Company recorded the change in the subsidiaries' interest under the caption of "Change in the Company's interest in subsidiaries which did not result in a loss of control" over the consolidated shareholders' equity.

During the year 2014, the Company, Thai Bitumen and TIHK, altogether referred to as "The Group", entered into Settlement Agreement with ARAS Group, which comprised AJSB, Multi Strategies Sdn Bhd ("MSSB") and Specialist Oils & Emulsions Sdn Bhd ("SOE"). The Agreement stipulates that TIHK shall acquire all shares in KOC and KBC held by ARAS Group in the amount of totaling MYR 75 million. Details are as follows:

Investment in KOC

Shareholders' name	Number of share (Million shares)	Acquire amount (Million ringgit)	Shareholding percentage
AJSB	31.35	40.47	20.63
MSSB	24.70	31.89	16.25
Total	56.05	72.36	36.88



Handwritten signature

### Investment in KBC

Shareholders' name	Number of share (Million shares)	Acquire amount (Million ringgit)	Shareholding percentage
SOE	4.43	2.64	1.40
Total	4.43	2.64	1.40

TIHK paid for share acquisition of MYR 75 million (approximately Baht 727 million) to ARAS Group and received the share transfer on 17 March 2014.

The Settlement Agreement also stipulates that The Group and ARAS Group irrevocably and unconditionally agree and undertake to release and discharge each other from any and all claims and agree to withdraw and discontinue the current litigation without any claim as to costs and without any rights to file any further claim to each other.

As a result of the Settlement Agreement, the shareholdings of the Company and its subsidiaries in KOC and KBC increased to 100 percent and the Company and its subsidiaries recorded the change in the subsidiaries' interest amounting to Baht 321 million under the caption of "Change in the Company's interest in subsidiaries which does not result in a loss of control" in the consolidated shareholders' equity.

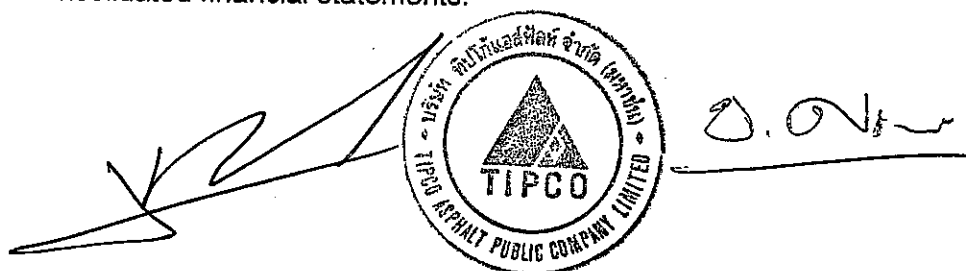
In 2014, there were changes in the percentage of interest in KOC and KBC, as follow:

1. The Company sold 45 million shares of KBC, or 14.24% interest, to Thai Bitumen at a price of MYR 28.8 million (approximately Baht 279 million).
2. The Company acquired 22.5 million shares in KOC, or 14.81% interest, from Thai Bitumen at a price of MYR 16.425 million (approximately Baht 164 million).

The Company and Thai Bitumen transferred the above shares on 26 November 2014.

The Company and Thai Bitumen entered into the memorandum of understanding to offset cash receipts from disposal of investment in KBC with cash paid for investment in KOC. From this memorandum, the Company received the net amount of MYR 12.375 million (approximately Baht 119 million) from Thai Bitumen on 9 December 2014.

From the above sales transaction, the Company recorded loss on disposal of investment in KBC under cost method amounting to Baht 135 million and separate presented the amount under the caption of "Loss on disposal of investment in subsidiary" in profit or loss in the separate financial statements. However, the transactions had no effect to profit or loss in the consolidated financial statements.

The block contains a handwritten signature on the left and a circular corporate stamp in the center. The stamp features a triangle with the letters 'TIPCO' inside, surrounded by the text 'TIPCO ASPHALT PUBLIC COMPANY LIMITED' and Thai script. To the right of the stamp is another handwritten signature.

The shareholding structures of KOC and KBC before and after the changes in shareholding are as follows:

Shareholders' name	Shareholding percentage of KOC		Shareholding percentage of KBC	
	Before changing	After changing	Before changing	After changing
The Company	11.30	26.11	41.98	27.74
Thai Bitumen	51.82	37.01	11.82	26.06
TIHK	36.88	36.88	1.40	1.40
KOC	-	-	44.80	44.80
Total	100.00	100.00	100.00	100.00

#### Investment in KBT

Since August 2015, TIHK and KOC have invested in KBT, a new company incorporated in Malaysia with the registered capital of MYR 300,000 (300,000 ordinary shares of MYR 1 each), to trade bitumen and petroleum products. TIHK and KOC have 10 and 20 percent of shareholding in this company, respectively. However, the financial statements of KBT are included in the consolidated financial statements. This is due to the fact that KOC has control over this company through its Board of Directors, and it is therefore regarded as a subsidiary in consolidation financial statements.

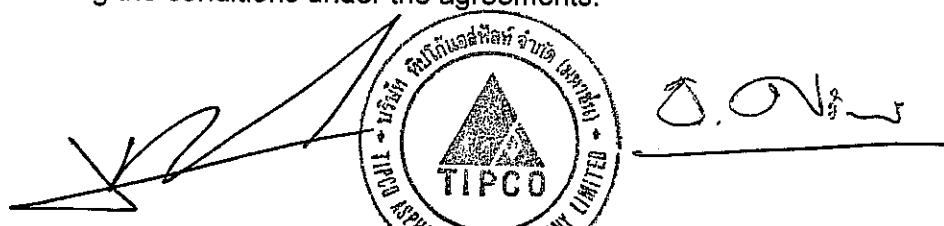
#### Investment in PBS

Since October 2015, TIHK has invested in PBS, a new company incorporated in Singapore with the registered capital of USD 10,000 (10,000 ordinary shares of USD 1 each), to conduct marine transportation business. TIHK has 100 percent of shareholding in this company. In addition, during October 2015, PBS entered into a USD 26.8 million vessel building contract with an overseas company, under which payment is to be made in five installments as stipulated in the contract, with the last installment to be paid upon delivery of the vessel. On 20 October 2015, PBS paid the first installment of USD 5.4 million to the vessel builder.

#### Investment in TIHK

In 2015, the Company records the impairment loss on investment in TIHK of Baht 57 million.

On 5 January 2016, the Extraordinary General Meeting of the Company's shareholders No.1/2016 approved the acquisition by the Company and/or its subsidiary for ordinary shares in five companies (Asphalt business and Vessel business) from Colas S.A., a foreign related company, with the total investment cost of USD 61.8 million. The Company is currently implementing the conditions under the agreements.



The image shows a handwritten signature in black ink over a circular stamp. The stamp contains the text "TPCO LIMITED" around the perimeter and a central logo featuring a triangle with the letters "TIPCO" inside. To the right of the stamp is another handwritten signature.

## 10. Investments in joint ventures

Since April 2015, TIHK has invested in Asia Bitumen Trading Pte. Ltd., a new company incorporated in Singapore with the registered capital of SGD 10,000 (10,000 ordinary shares of SGD 1 each), which is the joint venture with SK Energy Road Investment (HK) Co., Ltd., to trade bitumen and petroleum products. TIHK has 50 percent of shareholding in this company.

As at 31 December 2015, the Company recognised carrying amounts of joint venture based on equity method in the consolidated financial statements by Baht 21 million.

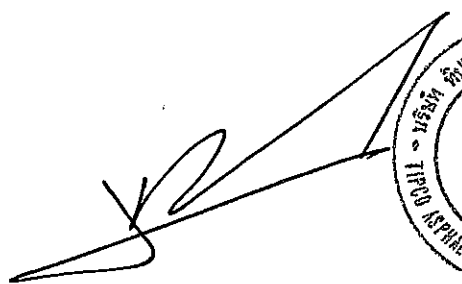
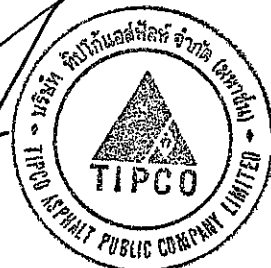
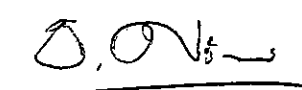
### Summarised financial information about material joint ventures

Summarised information about financial position:

	(Unit: Million Baht)
	As at 31 December 2015
Cash and cash equivalent	338.99
Trade and other receivable	416.69
Total assets	5.31
Trade and other payable	(706.27)
Other current liabilities	(12.80)
<b>Net assets</b>	<b>41.92</b>
Shareholding percentage (%)	50
<b>Carrying amounts of joint venture based on equity method</b>	<b>20.96</b>

Summarised information about profit and loss:

	(Unit: Million Baht)
	For the year ended
	31 December 2015
Total revenues	1,835.11
Cost of goods sold	(1,763.19)
Total expenses	(31.60)
<b>Profit for the year</b>	<b>40.32</b>

## 11. Investment in associate

### 11.1 Details of associate:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements					
	Shareholding percentage		Cost		Carrying amounts based on equity method	
	2015	2014	2015	2014	2015	2014
	(%)	(%)				
Colasie Co., Ltd. (Registered under the law of France) (Holding company)	40	40	18,404	18,404	126,739	124,002
Total investment in associate			18,404	18,404	126,739	124,002

(Unit: Thousand Baht)

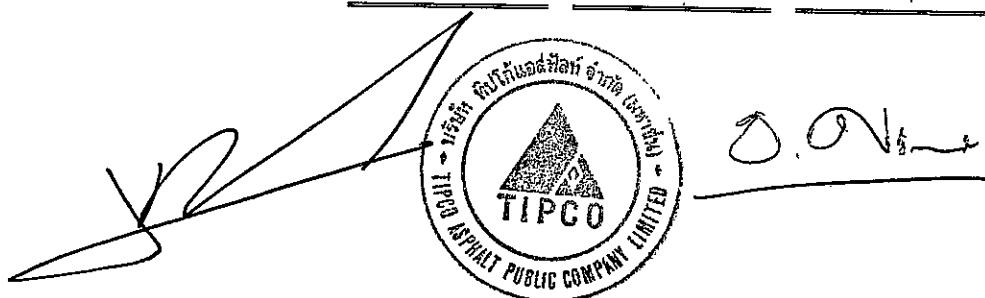
Company's name	Separate financial statements					
	Shareholding percentage		Cost		Carrying amounts based on cost method	
	2015	2014	2015	2014	2015	2014
	(%)	(%)				
Colasie Co., Ltd.	40	40	18,404	18,404	18,404	18,404
Total investment in associate			18,404	18,404	18,404	18,404

### 11.2 Share of profit and dividend received

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 associate during the year		Dividend received during the year by the Company	
	2015	2014	2015	2014
Colasie Co., Ltd.	67,650	48,851	61,540	32,569
Total	67,650	48,851	61,540	32,569



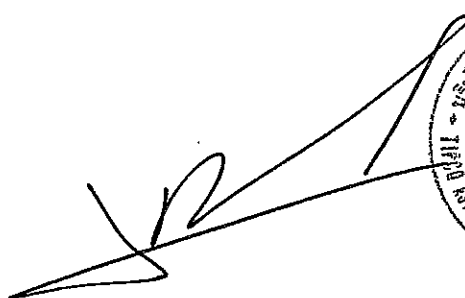

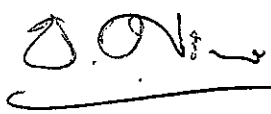
### 11.3 Summarised financial information of associate

Financial information of Colasie Co., Ltd. as at 31 December 2015 and 2014 and for the year then ended are summarised below.

	(Unit: Million Euro)	
	<u>2015</u>	<u>2014</u>
Paid-up capital	1.04	1.04
Total assets	1.58	2.99
Total liabilities	0.09	0.01
Total revenues	2.78	1.91
Profit for the year	2.61	1.82

### 12. Investment properties

(Unit: Thousand Baht)			
Consolidated financial statements			
	The Company's land, buildings and equipment located at Petchburi Plant	Land of Thai Bitumen	Total
As at 31 December 2015:			
Cost	268,377	383,608	651,985
<u>Less</u> Accumulated depreciation	(138,692)	-	(138,692)
<u>Less</u> Allowance for diminution in value	(95,885)	(217,975)	(313,860)
Net book value	33,800	165,633	199,433
As at 31 December 2014:			
Cost	268,377	383,608	651,985
<u>Less</u> Accumulated depreciation	(138,692)	-	(138,692)
<u>Less</u> Allowance for diminution in value	(95,885)	(217,975)	(313,860)
Net book value	33,800	165,633	199,433

(Unit: Thousand Baht)



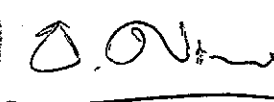
## Separate financial statements

	The Company's land, buildings and equipment located at Petchburi Plant	The Company's land for rent located at Suratthani Province	Total
As at 31 December 2015:			
Cost	268,377	76,960	345,337
<u>Less</u> Accumulated depreciation	(138,692)	(10,922)	(149,614)
<u>Less</u> Allowance for diminution in value	(95,885)	-	(95,885)
Net book value	33,800	66,038	99,838
As at 31 December 2014:			
Cost	268,377	76,960	345,337
<u>Less</u> Accumulated depreciation	(138,692)	(10,654)	(149,346)
<u>Less</u> Allowance for diminution in value	(95,885)	-	(95,885)
Net book value	33,800	66,306	100,106

A reconciliation of the net book value of investment properties for 2015 and 2014 is presented below.

(Unit: Thousand Baht)

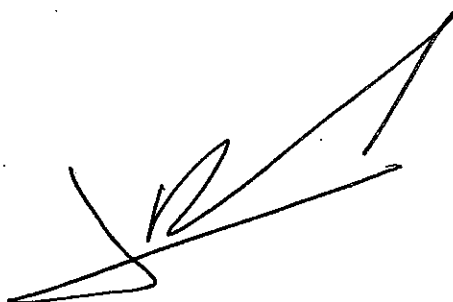
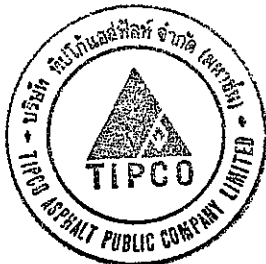
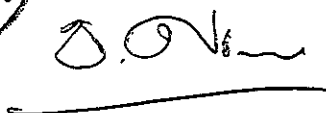
	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Net book value at beginning of year	199,433	199,433	100,106	100,652
Depreciation charged during the year	-	-	(268)	(546)
Net book value at end of year	199,433	199,433	99,838	100,106

The fair values of the investment properties, appraised by an independent professional valuer using the Sales Comparison Approach, as at 31 December 2015 and 2014 are stated below:

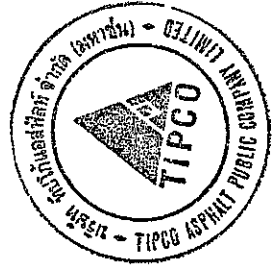
	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
The Company's land for rent located at				
Suratthani Province	-	-	141,000	141,000
The Company's land, buildings and equipment				
located at Petchburi Plant	33,800	33,800	33,800	33,800
Land of Thai Bitumen	165,633	165,633	-	-

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land awaiting sale has been determined based on market prices, while that of the office building held for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

### 13. Property, plant and equipment

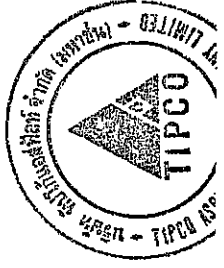
	Consolidated financial statements						(Unit: Thousand Baht)
	Land and land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels	Construction in progress and equipment under installation	Total
<b>Cost</b>							
As at 1 January 2014	639,741	628,449	4,180,460	770,308	1,819,414	768,363	8,806,735
Additions	-	-	128,869	30,872	-	672,764	832,505
Disposals/write-off	-	(2,031)	(136,039)	(31,040)	(93,879)	-	(262,989)
Transfer in (transfer out)	2,218	21,872	602,600	18,424	496,534	(932,037)	209,611
Transfer out to leasehold rights (Note 14)	-	-	-	-	-	(170,387)	(170,387)
Interest capitalised	-	-	-	-	-	7,043	7,043
As at 31 December 2014	641,959	648,290	4,775,890	788,564	2,222,069	345,746	9,422,518
Additions	-	206	67,074	45,510	88,790	1,520,888	1,722,468
Disposals/write-off	(2,245)	(635)	(14,081)	(21,286)	(20,369)	-	(58,616)
Transfer in (transfer out)	21,554	8,254	78,078	21,257	142,871	(272,014)	-
As at 31 December 2015	661,268	656,115	4,906,961	834,045	2,433,361	1,594,620	11,086,370



(Unit: Thousand Baht)

## Consolidated financial statements

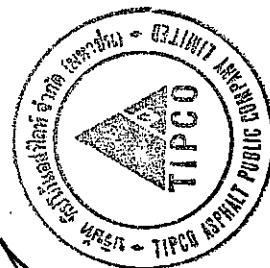
	Land and land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels	Construction in progress and equipment under installation	Total
<b>Accumulated depreciation</b>							
As at 1 January 2014	299,374	395,294	1,896,515	595,648	393,686	-	3,580,517
Depreciation for the year	16,132	21,713	264,760	48,100	96,760	-	447,465
Accumulated depreciation on disposals/write-off	-	(1,907)	(98,934)	(28,597)	(76,555)	-	(205,993)
As at 31 December 2014	315,506	415,100	2,062,341	615,151	413,891	-	3,821,989
Depreciation for the year	16,252	21,593	303,595	52,015	118,938	-	512,393
Accumulated depreciation on disposals/write-off	(2,072)	(595)	(10,412)	(19,821)	(20,369)	-	(53,269)
As at 31 December 2015	329,686	436,098	2,355,524	647,345	512,460	-	4,281,113
<b>Allowance for impairment loss</b>							
As at 1 January 2014	1,183	-	22,591	-	-	-	23,774
Increase during the year	-	-	501	-	7,466	-	7,967
Disposals/write-off	-	-	(21,548)	-	(7,466)	-	(29,014)
As at 31 December 2014	1,183	-	1,544	-	-	-	2,727
Increase during the year	-	50,431	23,181	1,985	-	2,828	78,425
Disposals/write-off	-	-	(1,304)	-	-	-	(1,304)
As at 31 December 2015	1,183	50,431	23,421	1,985	-	2,828	79,848



(Unit: Thousand Baht)

## Consolidated financial statements

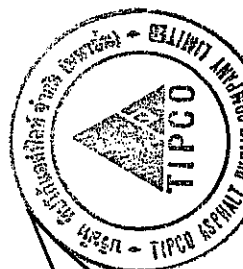
	Land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels	Construction in progress and equipment under installation	Total
<b>Translation adjustments</b>							
As at 1 January 2014	-	19,744	27,469	1,931	-	(4,965)	44,179
Translation adjustments during the year	-	(1,977)	11,103	144	-	1,285	10,555
As at 31 December 2014	-	17,767	38,572	2,075	-	(3,680)	54,734
Translation adjustments during the year	-	13,084	205,660	2,970	-	73,838	295,552
As at 31 December 2015	-	30,851	244,232	5,045	-	70,158	350,286
<b>Net book value</b>							
As at 31 December 2014	325,270	250,957	2,750,577	175,488	1,808,178	342,066	5,652,536
As at 31 December 2015	330,399	200,437	2,772,248	189,760	1,920,901	1,661,950	7,075,695
<b>Depreciation for the year</b>							
2014 (Baht 376 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)							447,465
2015 (Baht 442 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)							512,393



(Unit: Thousand Baht)

## Separate financial statements

	Land and land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Construction in progress and equipment under installation	Total
<b>Cost</b>						
As at 1 January 2014	443,799	216,625	508,240	572,079	19,181	1,759,924
Additions	-	-	6,753	7,056	49,155	62,964
Disposals/write-off	-	(2,017)	(16,572)	(15,374)	-	(33,963)
Transfer in (transfer out)	1,405	21,102	10,838	14,040	(47,385)	-
As at 31 December 2014	445,204	235,710	509,259	577,801	20,951	1,788,925
Additions	-	-	3,622	23,522	125,132	152,276
Disposals/write-off	(1,867)	(398)	(6,528)	(15,702)	-	(24,495)
Transfer in (transfer out)	20,776	5,352	5,038	16,648	(47,814)	-
As at 31 December 2015	464,113	240,664	511,391	602,269	98,269	1,916,706
<b>Accumulated depreciation</b>						
As at 1 January 2014	198,458	170,056	482,495	451,948	-	1,302,957
Depreciation for the year	10,969	7,188	9,711	29,054	-	56,922
Accumulated depreciation on disposal/write-off	-	(1,894)	(16,572)	(13,937)	-	(32,403)
As at 31 December 2014	209,427	175,350	475,634	467,065	-	1,327,476
Depreciation for the year	11,063	6,563	11,384	30,169	-	59,179
Accumulated depreciation on disposal/write-off	(1,867)	(398)	(6,525)	(14,387)	-	(23,177)
As at 31 December 2015	218,623	181,515	480,493	482,847	-	1,363,478



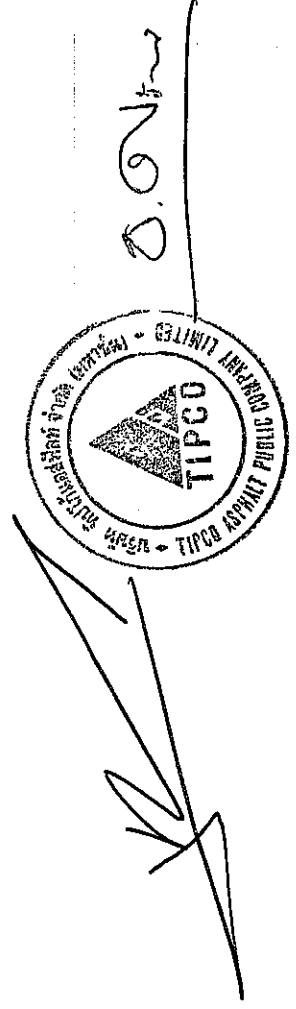
(Unit: Thousand Baht)

## Separate financial statements

	Land and land improvement	Buildings, improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Construction in progress and equipment under installation	Total
<b>Allowance for impairment loss</b>						
As at 31 December 2014	1,183	-	-	-	-	1,183
As at 31 December 2015	1,183	-	-	-	-	1,183
<b>Net book value</b>						
As at 31 December 2014	234,594	60,360	33,625	110,736	20,951	460,266
As at 31 December 2015	244,307	59,149	30,898	119,422	98,269	552,045
<b>Depreciation for the year</b>						
2014 (Baht 25 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)						56,922
2015 (Baht 25 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)						59,179

During the year 2014, borrowing costs totaling approximately Baht 7 million were capitalised as cost of the vessel. The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 2%.

As at 31 December 2015, certain items of plant and equipment items had been fully depreciated but were still in use. The original cost of those assets amounted to approximately Baht 1,514 million (2014: Baht 1,422 million) (The Company only: Baht 1,037 million, 2014: Baht 998 million).



#### 14. 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
6. A subsidiary in Malaysia	Malaysia	50	2063	10.7 million ringgit

The book value of the leasehold rights as at 31 December 2015 and 2014 can be summarised below.

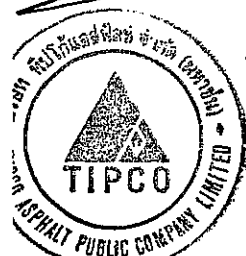
(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cost	427,578	425,530	6,837	6,837
<u>Less</u> Accumulated amortisation	(57,600)	(51,011)	(3,418)	(3,191)
<u>Less</u> Allowance for impairment loss	(12,019)	-	-	-
Translation adjustment	41,289	7,896	-	-
Net book value	<u>399,248</u>	<u>382,415</u>	<u>3,419</u>	<u>3,646</u>

A reconciliation of the net book value of leasehold rights for the years 2015 and 2014 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Net book value at beginning of year	382,415	217,813	3,646	3,874
Acquisition during the year	2,048	844	-	-
Transferred from property, plant and equipment (Note 13)	-	170,387	-	-
Amortisation	(6,589)	(6,152)	(227)	(228)
Impairment loss	(12,019)	-	-	-
Translation adjustments	33,393	(477)	-	-
Net book value at end of year	<u>399,248</u>	<u>382,415</u>	<u>3,419</u>	<u>3,646</u>



# 15. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Trust receipts	-	3,998,734	-	3,900,734
Loans in renminbi	-	95,397	-	-
Loans in US Dollars	36,089	-	-	-
Total	36,089	4,094,131	-	3,900,734

The Trust Receipts is revolving in nature and used to fund the working capital of crude inventory and receivables which have less than four months cash conversion cycle.

As at 31 December 2014, the Company had short-term loans from local banks, which carry interest at the rates from 0.83 to 0.85 percent per annum.

As at 31 December 2015, overseas subsidiaries had short-term loans from overseas financial institutions, which carry interest at the rates ranging from 2.2 percent per annum (2014: 6.9 to 7.2 percent per annum).

# 16. Trade and other payables

(Unit: Thousand Baht)

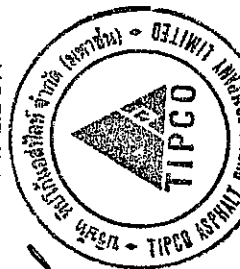
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Trade payables - related parties (Note 7)	11,796	5,303	408,281	658,224
Trade payables - unrelated parties	1,518,367	905,926	1,209,923	739,265
Amounts due to related parties (Note 7)	73,369	46,865	57,476	49,149
Accrued expenses	429,648	272,999	218,880	120,526
Other payables	220,445	83,289	81,896	25,596
Total trade and other payables	2,253,625	1,314,382	1,976,456	1,592,760






# 17. Long-term loans from financial institutions

Loan	Borrower	Interest rate	Repayment schedule	Consolidated financial statements		(Unit: Thousand Baht)	
				2015	2014	2015	2014
Long-term loans in Baht from Bank in Thailand							
(1)	The Company	Rate referenced to THBFIX	Quarterly installments, as stipulated in the agreement, commencing from February 2009	-	240,000	-	240,000
(2)	The Company	Fixed rate for the first two years and for the third to the eighth years at a rate referenced to THBFIX	Quarterly installments, as stipulated in the agreement, commencing from June 2012	-	532,500	-	532,500
(3)	Thai Bitumen Company Limited	Fixed rate	Quarterly installments, as stipulated in the agreement, commencing from November 2014	315,000	383,000	-	-
(4)	Alpha Maritime Company Limited	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 from April 2012	-	26,300	-	-
(5)	Tasco Shipping Company Limited	Fixed rate for the first three years and for the fourth to the eighth years at a rate referenced to BIBOR	Quarterly installments as stipulated in the agreement, commencing from May 2012	125,900	148,900	-	-
(6)	Tasco Shipping Company Limited	Rate referenced to THBFIX	Quarterly installments as stipulated in the agreements, commencing from October 2012	273,615	372,615	-	-
Long-term loans in USD from bank in Thailand							
(7)	Alpha Maritime Company Limited	Rate referenced to LIBOR	Quarterly installments as stipulated in the agreements, commencing from July 2015	417,644	401,332	-	-



Loan	Borrower	Interest rate	Repayment schedule	Consolidated financial statements		Separate financial statements	
				2015	2014	2015	2014
<b>Long-term loans in USD from bank in Malaysia</b>							
(8)	Kemaman Bitumen Company Sdn Bhd	Rate referenced to USD LIBOR	Quarterly installments as stipulated in the agreements, commencing from November 2011	89,860	191,515	-	-
(9)	Kemaman Bitumen Company Sdn Bhd	Rate referenced to USD LIBOR	Quarterly installments as stipulated in the agreements, commencing from November 2012	357,277	471,371	-	-
(10)	Kemaman Bitumen Company Sdn Bhd	Rate referenced to USD LIBOR	Quarterly installments as stipulated in the agreements, commencing from December 2016	902,215	230,741	-	-
Total				2,481,511	2,998,274	-	772,500
Less: Current portion				(436,653)	(783,842)	-	(352,500)
Long-term loans from financial institutions - net of current portion				2,044,858	2,214,432	-	420,000

Long-term loans from financial institutions - net of current portion



As at 31 December 2015, the Company and its subsidiaries have no long-term credit facilities which has not yet been drawn down (2014: USD 18 million).

#### Loan covenants

The loan agreements of the subsidiaries contain certain restrictive covenants pertaining to, among others things, the maintenance of financial ratios, the corporate guarantees from the Company and its subsidiaries, the loan to related parties, restriction on dividend payment, the maintenance of shareholders and the limitation on creation of additional long-term debt.

### 18. Interest rate swap contracts

The Company and a subsidiary have entered into interest rate swap contracts to change interest rates from floating rates to fixed rates. Details are as follows:

Counterparty	Agreements start	Fixed	Agreements expire	Notional amount balance	
		interest rate as per agreement		31 December 2015	31 December 2014
(%)					
For short-term loan					
The Company	September 2014	1.20 to 1.26	December 2017	USD 25 million	USD 25 million
The Company	October 2014	1.15 to 1.26	December 2017	USD 25 million	USD 25 million
For long-term loan					
The Company	May 2009	4.365	November 2015	-	Baht 240 million
The Company	May 2012	5.21	March 2018	Baht 420 million	Baht 533 million
KBC	December 2013	0.54	August 2016	USD 2 million	USD 6 million
KBC	December 2013	0.93	April 2018	USD 11 million	USD 15 million

### 19. 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 2015 and 2014 of the assets are summarised below.

(Unit: Million Baht)

	Consolidated financial statements	
	2015	2014
Leasehold rights - net	387	352
Property, plant and equipment - net	5,391	4,414



*[Signature]*

*[Signature]*

- c) The prohibition from creating lien over assets of the Company and its subsidiaries.
- d) Financial support letters provided by the Company and its subsidiaries to banks.
- e) 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.

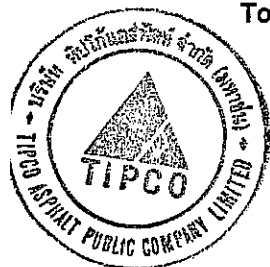
## 20. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Provision for long-term employee benefits at beginning of year</b>	87,635	69,822	72,800	55,545
Included in profit or loss:				
Defined benefit plans				
Current service cost	5,464	9,860	4,433	7,805
Interest cost	2,988	3,694	2,495	3,079
Long service award	827	(73)	620	(1,016)
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	1,404	-	1,181	-
Financial assumptions changes	9,640	(10,950)	7,753	(8,695)
Experience adjustments	17,816	20,144	14,976	20,034
Benefits paid during the year	(12,833)	(4,862)	(11,512)	(3,952)
<b>Provision for long-term employee benefits at end of year</b>	<u>112,941</u>	<u>87,635</u>	<u>92,746</u>	<u>72,800</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cost of sales	3,526	3,575	2,584	2,545
Selling and administrative expenses	6,857	10,517	5,814	7,853
<b>Total expense recognised in profit or loss</b>	<u>10,383</u>	<u>14,092</u>	<u>8,398</u>	<u>10,398</u>



*[Handwritten signature and initials]*

The Company and its subsidiaries expect to pay Baht 19 million of long-term employee benefits during the next year (Separate financial statements: Baht 17 million) (2014: Baht 14 million, separate financial statements: Baht 12 million).

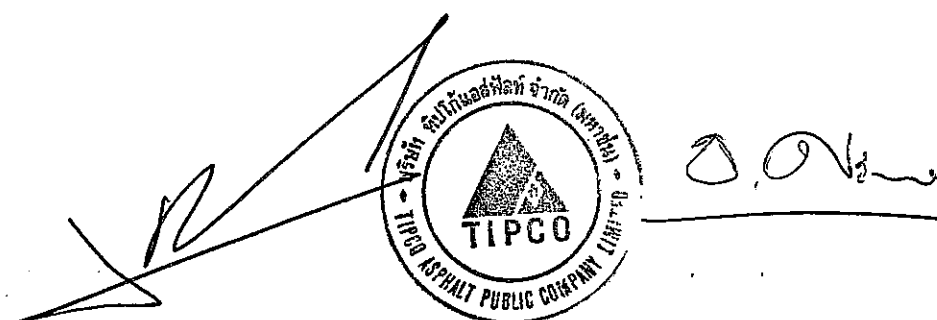
As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit was 9 years (Separate financial statements: 9 years) (2014: 9 years, separate financial statements: 9 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated/Separate financial statements	
	2015	2014
	(% per annum)	(% per annum)
Discount rate	2.5	4.4
Future salary increase rate	5.0	5.0
Staff turnover rate (depending on age of employee)	0.0 - 15.0	0.0 - 23.0

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

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(6)	6	(5)	5
Salary increase rate	6	(5)	5	(4)
	<u>Increase 20%</u>	<u>Decrease 20%</u>	<u>Increase 20%</u>	<u>Decrease 20%</u>
Turnover rate	(4)	4	(3)	3



## 21. Share capital

Below is the summary of the share registration from exercise of ESOP-W1 and ESOP-W2 warrants during the year 2015.

	2015
Number of warrants exercised (warrants)	1,107,050
Number of ordinary shares issued (shares)	11,070,500
Amount of cash received (Thousand Baht)	64,435
Paid-up capital after share registration	Baht 1,543,850,070 (1,543,850,070 ordinary shares of Baht 1 each)

The Annual General Meeting of the shareholders held on 7 April 2015 approved the following resolutions.

### Change in par value of the Company's ordinary shares

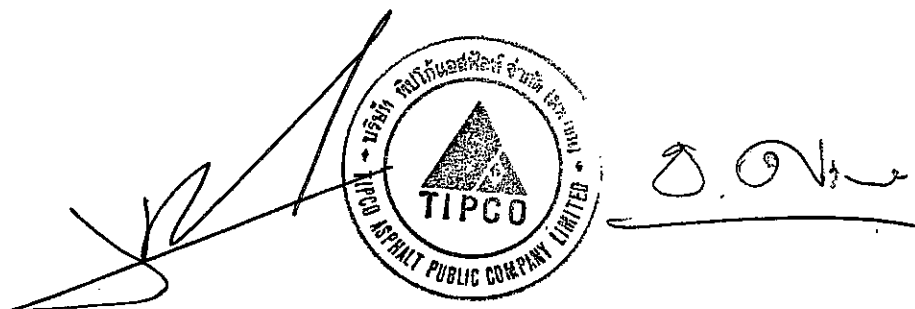
To approve the change in the par value of the Company's ordinary shares from Baht 10 per share to Baht 1 per share, resulting in an increase in the number of ordinary shares from 172,123,329 shares to 1,721,233,290 shares.

The Company registered the change in the par value of the Company's ordinary shares with the Ministry of Commerce on 16 April 2015.

### Decrease in share capital

To decrease the Company's registered capital by Baht 154,497,720 from Baht 1,721,233,290 (1,721,233,290 ordinary shares of Baht 1 each) to Baht 1,566,735,570 (1,566,735,570 ordinary shares of Baht 1 each), by decreasing the ordinary shares reserved for the exercise of TASCO-W3, ESOP-W1, ESOP-W2 and ESOP-W3 of 154,497,720 shares at the par value of Baht 1 each.

The Company registered the capital decrease with the Ministry of Commerce on 17 April 2015.



The block contains a handwritten signature on the left and a circular corporate stamp in the center. The stamp features a triangle with the letters 'TPCO' inside, surrounded by the text 'TPCO ASPHALT PUBLIC COMPANY LIMITED' and Thai script. To the right of the stamp is another handwritten mark.

### Increase of share capital

- 1) To increase the Company's registered capital by Baht 12,000,000 from Baht 1,566,735,570 (1,566,735,570 ordinary shares of Baht 1 each) to Baht 1,578,735,570 (1,578,735,570 ordinary shares of Baht 1 each), through the issue of 12,000,000 new ordinary shares of Baht 1 each.
- 2) To allocate and reserve the 12,000,000 new ordinary shares to support the exercise of the ESOP-W5 warrants (Note 22).

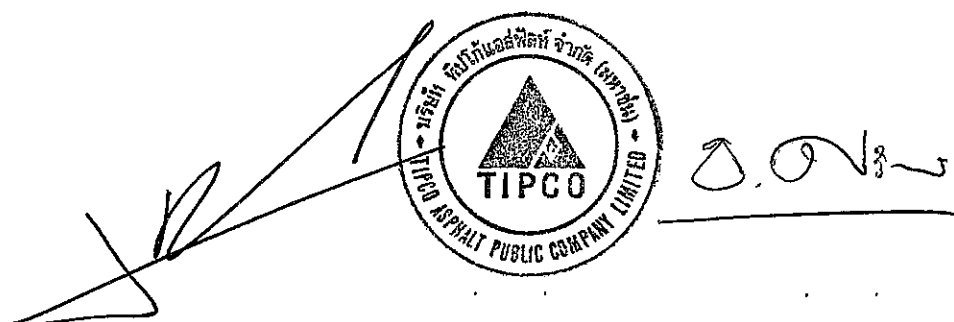
The Company registered the capital increase with the Ministry of Commerce on 20 April 2015.

As at 31 December 2015, the Company received advance subscription from the exercise of the warrants as follows:

	<u>ESOP-W1</u>	<u>ESOP-W2</u>	<u>Total</u>
Number of warrants exercised (warrants)	8,000	1,150	9,150
Number of ordinary shares issued (shares)	80,000	11,500	91,500
Amount of cash received (Baht)	497,520	56,500	554,020

The Company registered the capital increase from exercise of ESOP with the Ministry of Commerce on 13 January 2016. The Amount of cash received from the exercise of the warrants are presented in shareholders' equity under the caption of "Share subscription".

On 5 January 2016, the Extraordinary General Meeting of the Company's shareholders No.1/2016 approved to increase the current registered capital of Baht 1,578,735,570 (1,578,735,570 ordinary shares of Baht 1 each) to the new registered capital of Baht 1,579,343,570 (1,579,343,570 ordinary shares of Baht 1 each), with the new shares to be set aside for the exercise of the Long Term Incentive Program grant#1 (ESOP-W1) and #2 (ESOP-W2) because the number of ordinary shares reserved for their exercise of the ESOP-W1 and ESOP-W2 warrants had previously been over-reduced by 101,000 shares and 507,000 shares, respectively, in error.



The image shows a handwritten signature in black ink, which appears to be 'D. O. N. S.', written over a circular corporate stamp. The stamp is for 'TIPCO ASPHALT PUBLIC COMPANY LIMITED' and features a central logo with a triangle and the letters 'TIPCO'. The text around the stamp is in Thai and English.

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

The Annual General Meeting of the shareholders held on 7 April 2015 resolved to approve the change in the par value of the Company's ordinary shares, as discussed in Note 21 to the interim financial statements, resulting in the change of exercise ratio of ESOP-W1 to ESOP-W4 from 1 ESOP : 1 ordinary share to 1 ESOP : 10 ordinary shares. The exercise prices of such ESOP are as follows:

	ESOP-W1	ESOP-W2	ESOP-W3	ESOP-W4
Exercise price before change in the par value of the Company's ordinary shares (Baht per share)	62.19	49.13	53.06	49.41
Exercise price after change in the par value of the Company's ordinary shares (Baht per share)	6.219	4.913	5.306	4.941

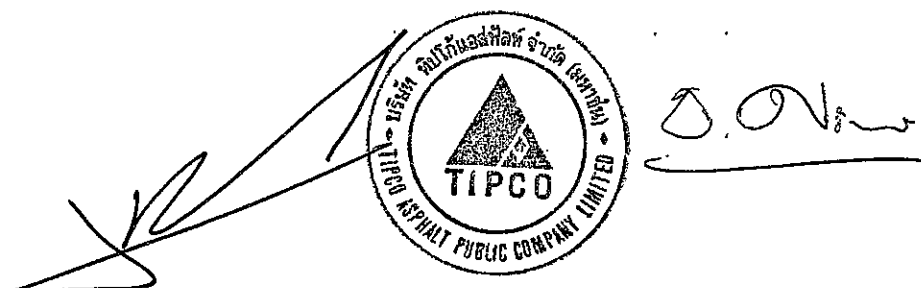
In addition the Annual General Meetings of the shareholders also approved the issue of 12,000,000 units of warrants to purchase new ordinary shares of the Company without charging to the executive directors and/or employees of the Company and subsidiaries (ESOP-W5). Each ESOP-W5 warrant can be exercised to purchase 1 new ordinary share at an exercise price of Baht 8.57 per share.

The holders of ESOP-W5 are able to exercise their rights to purchase issuing the Company's ordinary shares after the third year, commencing from the warrant issue date, and the holders of the warrants must still be executive directors and/or employees of the Company or its subsidiaries on the date the warrants are exercised. ESOP-W5 warrants have a term of 5 years.

The exercise prices are subject to change in accordance with the conditions of any rights adjustment.

The Company subscribed ESOP-W5 on 29 May 2015.

The expenses recognised for employee services received during 2015 of the Company and its subsidiaries were totaled Baht 37 million (2014: Baht 15 million) (the Company only: Baht 30 million (2014: Baht 12 million)).



The block contains a handwritten signature on the left and a circular official stamp on the right. The stamp features a triangle with the letters 'TPCO' inside, surrounded by the text 'TPCO ASPHALT PUBLIC COMPANY LIMITED' and Thai script. To the right of the stamp is another handwritten signature.

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

	<u>ESOP-W1</u>	<u>ESOP-W2</u>	<u>ESOP-W3</u>	<u>ESOP-W4</u>	<u>ESOP-W5</u>
Fair value of options granted	Baht 12.10 per share	Baht 5.41 per share	Baht 27.63 per share	Baht 17.78 per share	Baht 9.02 per share
Dividend yield	3.75%	2.58%	1.79%	1.77%	1.77%
Expected stock volatility*	40.00%	45.40%	43.30%	40.40%	40.30%
Risk-free interest rate	2.82%	3.30%	3.03%	2.46%	2.48%
Expected life of share options	2 years	2 years	3 years	3 years	3 years
Model used	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

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

As at 31 December 2015 and 2014, the remain unexercised of ESOP are summarised below.

	<u>2015</u>	<u>2014</u>
ESOP-W1	15,000 units	813,200 units
ESOP-W2	50,700 units	283,200 units
ESOP-W3	1,099,100 units	1,111,100 units
ESOP-W4	1,178,300 units	1,178,300 units
ESOP-W5	11,140,000 units	-

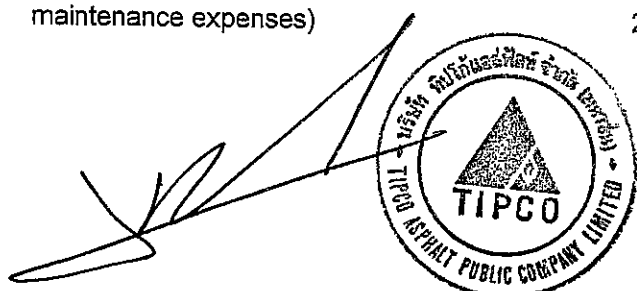
## 23. Statutory reserve

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

## 24. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Salary and wages and other employee benefits	1,057	770	527	367
Depreciation and maintenance expenses	697	575	111	113
Costs related to production of goods and services (excluding of staff cost, depreciation and maintenance expenses)	29,648	43,955	29,585	42,991



*[Handwritten signature]*

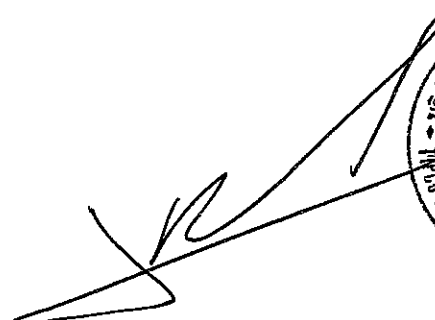
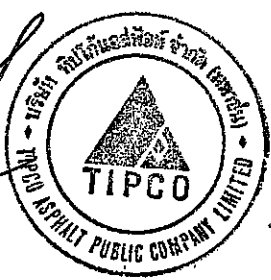

## 25. Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Current income tax:</b>				
Current income tax charge	(1,385,455)	(265,554)	1,082,185	(225,173)
Adjustment in respect of income tax of previous year	-	(85)	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	196,765	89,289	(123,206)	96,581
<b>Income tax expense reported in the statement of comprehensive income</b>	<u>(1,188,690)</u>	<u>(176,350)</u>	<u>(958,979)</u>	<u>(128,592)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Deferred tax relating to change in fair value of interest rate swap contract	(299)	(613)	(299)	(613)
Deferred tax relating to actuarial loss	5,772	1,838	4,782	2,267
	<u>5,473</u>	<u>1,225</u>	<u>4,483</u>	<u>1,654</u>

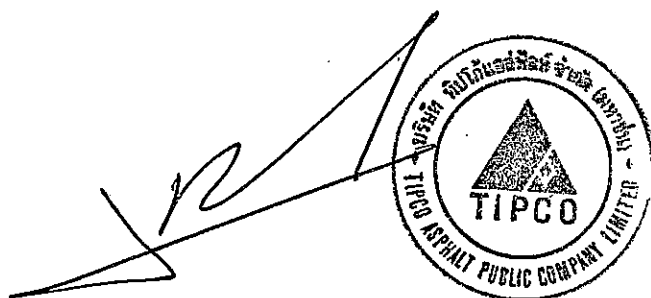
  

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2015 and 2014 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Accounting profit before tax	6,384,963	1,333,460	4,899,444	797,666
Income tax at Thai corporate income tax rate of 20%	(1,276,993)	(266,692)	(979,889)	(159,533)
Adjustment in respect of income tax of previous year	(62)	(85)	-	-
Utilisation of previously unrecognised tax losses and capital allowance	191,326	92,604	-	-
Difference in tax rate in group companies	(25,185)	(7,976)	-	-
Effects of:				
Non-deductible expenses	(102,118)	(48,384)	(19,813)	(2,897)
Additional expenses deductions allowed	420	160	55	104
Exemption of income	11,885	22,056	40,668	33,734
Promotional privileges (Note 26)	18,829	26,797	-	-
Share of profit from investment in associate	13,530	9,770	-	-
Share of profit from investment in joint venture	4,032	-	-	-
Unused tax loss in the current year	(22,539)	(39,899)	-	-
Loss on disposal of investment in subsidiaries	-	37,261	-	-
Others	(1,815)	(1,962)	-	-
Total	(77,776)	5,799	20,910	30,941
Income tax expenses reported in the statement of comprehensive income	<u>(1,188,690)</u>	<u>(176,350)</u>	<u>(958,979)</u>	<u>(128,592)</u>

The tax rates enacted at the end of the reporting period of the Company and its subsidiaries is 0% to 25% (2014: 0% to 25%).



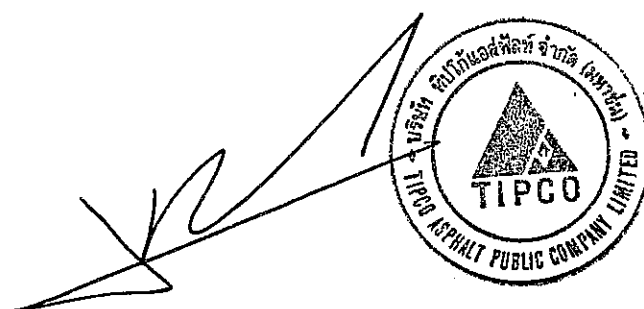
Handwritten signature.

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

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statement	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Deferred tax assets</b>				
Provision for long-term employee benefits	14,977	15,688	11,500	12,292
Allowance for doubtful accounts	28,644	26,079	85,122	14,710
Reduce cost of inventories to net realisable value	51,882	72,828	73,138	85,515
Allowance for asset impairment	63,018	63,018	19,414	19,414
Fair value of price hedging contracts	164,006	48,526	163,809	48,526
Others	18,631	10,880	10,979	6,998
<b>Total</b>	<b>341,158</b>	<b>237,019</b>	<b>363,962</b>	<b>187,455</b>
<b>Deferred tax liabilities</b>				
Fair value of price hedging contracts	(334,996)	(39,864)	(334,996)	(39,864)
Difference depreciation for tax purpose	(4,440)	(3,927)	(3,492)	(3,181)
Fair value of forward exchange contracts	(92)	(306)	(91)	(303)
<b>Total</b>	<b>(339,528)</b>	<b>(44,097)</b>	<b>(338,579)</b>	<b>(43,348)</b>
<b>Deferred tax assets - net</b>	<b>1,630</b>	<b>192,922</b>	<b>25,383</b>	<b>144,107</b>

As at 31 December 2015 and 2014, the overseas subsidiaries have deductible temporary differences and unused tax losses on which deferred tax assets have not been recognised as these subsidiaries believe that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses, as follows:

	<u>2015</u>	<u>2014</u>
	(Million)	(Million)
USD	27	59
Ringgit	5	4
Renminbi	21	18



Handwritten signature.

## 26. Promotional privileges

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

Exemption of corporate income  
tax not exceeding of  
the stipulated amount for  
8 years commencing from

---

### **Bitumen Marine Company Limited**

Marine transportation

15 June 2015

### **Tasco Shipping Company Limited**

Marine transportation

24 May 2011

19 December 2012

### **Alpha Maritime Company Limited**

Marine transportation

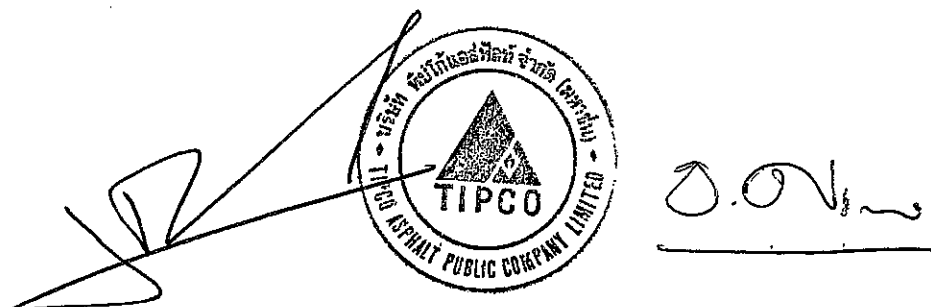
28 June 2011

9 October 2014

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

## 27. Tax privileges for maritime commerce

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

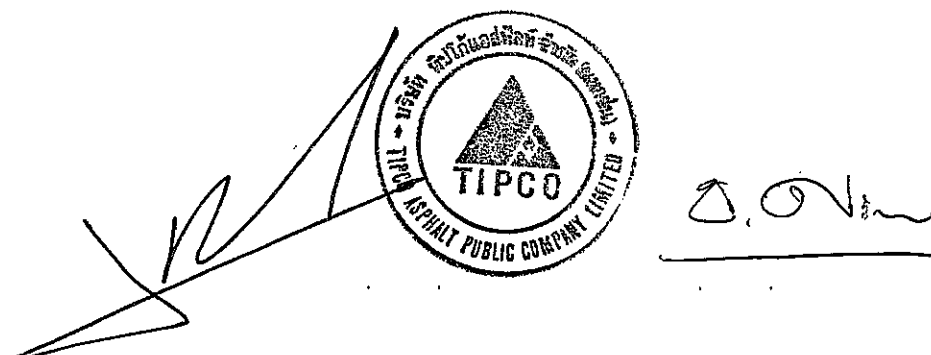


A handwritten signature is written over a circular stamp. The stamp contains the text "TPCO" in the center, with "TIPCO" written below it. The outer ring of the stamp contains the text "TPCO ASPHALT PUBLIC COMPANY LIMITED" and "TPCO ASPHALT PUBLIC COMPANY LIMITED" in Thai script. To the right of the stamp is another handwritten signature.

## 28. 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, after adjusting the number of ordinary shares held by outside shareholders in proportion to the change in the number of shares as a result of the change in par value from Baht 10 each to Baht 1 each as discussed in Note 21 to the financial statements. The number of ordinary shares is adjusted as if the share split had occurred at the beginning of the earliest period reported.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued without consideration of exercising period and adjusts the number of ordinary shares held by outside shareholders plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares in proportion to the change in the number of shares as a result of the change in par value from Baht 10 each to Baht 1 each as discussed in Note 21 to the financial statements. The number of ordinary shares is adjusted as if the share split had occurred at the beginning of the earliest period reported. However, warrants to purchase new ordinary shares of the Company to executive directors and/or employees of the Company and subsidiaries ("ESOP") of which the exercise prices and the fair value of the service rendered to the Company and its subsidiaries in the future under such ESOP were higher than the average market price of the Company's shares for the periods were not included in the calculation of diluted earnings per share for the year ended 31 December 2015 and 2014.



The image shows a handwritten signature in black ink, which appears to be 'D. O. N.', written over a horizontal line. To the left of the signature is a circular stamp. The stamp has a double border. The outer border contains the text 'TIPCO' at the top and 'ASPHALT PUBLIC COMPANY LIMITED' at the bottom. The inner circle features a stylized triangle logo with the letters 'TIPCO' inside it.

The following tables set forth the computation of basic and diluted earnings per share:

Consolidated financial statements						
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2015	2014	2015	2014	2015	2014
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	5,078,754	1,200,434	1,540,485	1,529,334	3.30	0.78
<b>Effect of potential ordinary shares</b>						
ESOP-W1	-	-	2,317	-		
ESOP-W2	-	-	889	1,033		
ESOP-W3	-	-	8,151	-		
ESOP-W4	-	-	8,622	-		
ESOP-W5	-	-	2,874	-		
	-	-	22,853	1,033		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	5,078,754	1,200,434	1,563,338	1,530,367	3.25	0.78
Separate financial statements						
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2015	2014	2015	2014	2015	2014
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	3,940,465	669,073	1,540,485	1,529,334	2.56	0.44
<b>Effect of potential ordinary shares</b>						
ESOP-W1	-	-	2,317	-		
ESOP-W2	-	-	889	1,033		
ESOP-W3	-	-	8,151	-		
ESOP-W4	-	-	8,622	-		
ESOP-W5	-	-	2,874	-		
	-	-	22,853	1,033		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	3,940,465	669,073	1,563,338	1,530,367	2.52	0.44



## 29. Segment information

The Company and its subsidiaries are engaged in single operating segment which is manufacturing and trading of asphalt and petroleum oil products. Whereas, the marine logistic business complements the manufacturing and trading of asphalt and petroleum oil products. The Board of Directors of the group is the chief operating decision makers of the Company and its subsidiaries. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment. Therefore, financial information by segment has been presented only by geographical based on locations of each company, as follows:

(Unit: Million Baht)

	Geographic segment located in Thailand		Geographic segment located in overseas		Eliminated transactions		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue from external customers	32,439	39,860	4,698	5,867	-	-	37,137	45,727
Inter segment revenues	3,764	4,543	1,345	1,039	(5,109)	(5,582)	-	-
Total revenue	36,203	44,403	6,043	6,906	(5,109)	(5,582)	37,137	45,727
Segment operating income	4,536	986	552	229	(9)	(15)	5,079	1,200

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

(Unit: Million Baht)

	Geographic segment located in Thailand		Geographic segment located in overseas		Total	
	2015	2014	2015	2014	2015	2014
Non-current assets	3,046	2,807	5,014	3,736	8,060	6,543

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

## 30. 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 2015, the Company and its subsidiaries contributed Baht 11 million (2014: Baht 10 million) to the fund (the Company only Baht 9 million, 2014: Baht 8 million).



### 31. Dividend

(Unit: Million Baht)			
Dividends	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht per share)
Interim dividends for 2014	Board of Directors' meeting on 13 November 2014	153.3	1.00
Total for 2014		153.3	1.00
Final dividends for 2014	Annual General Meeting of the shareholders on 7 April 2015	153.4	1.00
Interim dividends for 2015*	Board of Directors' meeting on 13 August 2015	462.9	0.30
Interim dividends for 2015*	Board of Directors' meeting on 13 November 2015	308.7	0.20
Total for 2015		925.0	1.50

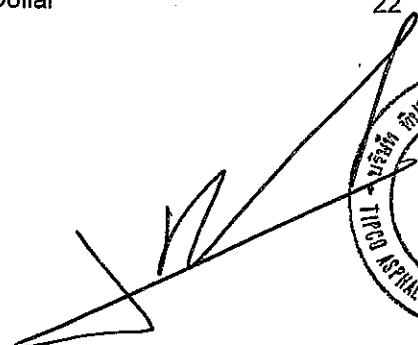
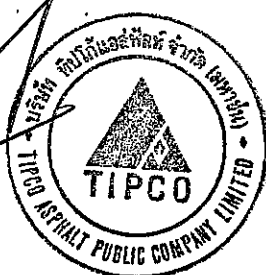
\* The interim dividends for 2015 are the dividends which are approved after change in par value of the Company's ordinary shares as described in Note 21 to the interim financial statements.

### 32. Commitments and contingent liabilities

#### 32.1 Capital commitment

As at 31 December 2015 and 2014, the Company and its subsidiaries had outstanding capital commitments relating to the purchase of leasehold rights, machinery, equipment, computer software and vessel, as follows:

Foreign currency	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(Million)	(Million)	(Million)	(Million)
Baht	64	1	47	1
Ringgit	48	55	-	-
US Dollar	22	-	-	-


### 32.2 Operating lease commitments

The Company and its subsidiaries have entered into several agreements in respect of the lease of buildings, warehouses and motor vehicles, and other service agreements. The terms of the agreements are generally between 1 and 5 years.

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

	Consolidated financial statements						Separate financial statements	
	Million Baht		Million USD		Million ringgit		Million Baht	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Payable within:								
1 year	38	37	3	-	1	1	35	32
2 to 5 years	4	5	-	-	-	-	3	5

### 32.3 Long-term service commitments

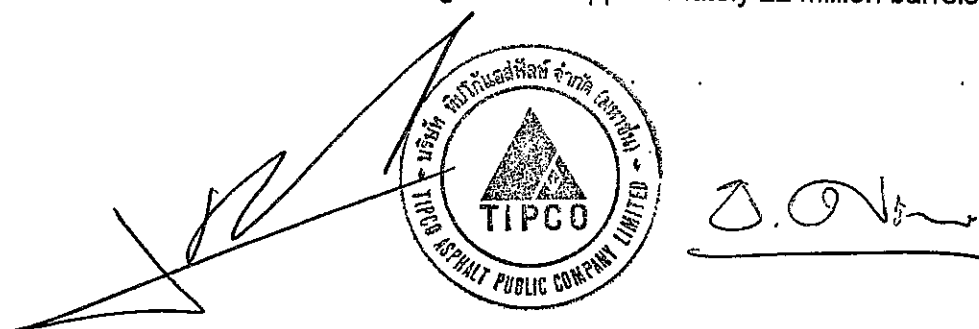
Service agreements with Colas S.A. to receive management and marketing services and advice on methods and systems of management and technical assistance in the manufacture of Asphalt Emulsion and Modified Asphalt:

Counterparty	Agreement term	Expiry date	Fee
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

### 32.4 Crude oil purchase commitments

During the year 2014, the Company entered into an agreement with a company in Venezuela to purchase crude oil amounting to 44 million barrels. The term of the agreement is 4 years and ends in December 2017.

As at 31 December 2015, the Company had outstanding commitment in respect of the purchase of crude oil for such agreement approximately 22 million barrels.



### 32.5 Bank guarantees

As at 31 December 2015 and 2014, there were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business which are summarised below.

Foreign currency	Consolidated financial statements		Separate financial statements	
	2015 (Million)	2014 (Million)	2015 (Million)	2014 (Million)
Baht	3	4	2	2
Ringgit	8	9	-	-
Renminbi	5	5	5	5

### 33. Fair value hierarchy

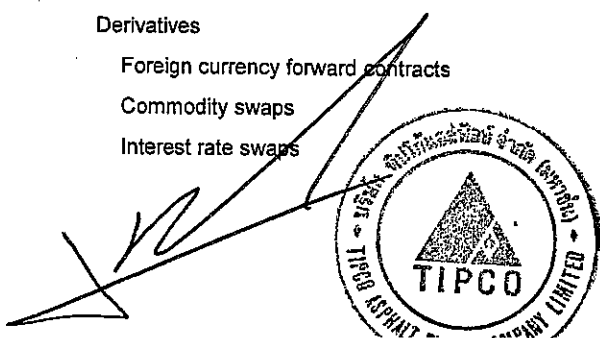
As at 31 December 2015, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Derivatives				
Foreign currency forward contracts	-	458	-	458
Commodity swaps	-	1,674,981	-	1,674,981
<b>Financial liabilities measured at fair value</b>				
Derivatives				
Foreign currency forward contracts	-	636	-	636
Commodity swaps	788	819,044	-	819,832
Interest rate swaps	-	18,945	-	18,945

(Unit: Thousand Baht)

	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Derivatives				
Foreign currency forward contracts	-	458	-	458
Commodity swaps	-	1,674,981	-	1,674,981
<b>Financial liabilities measured at fair value</b>				
Derivatives				
Foreign currency forward contracts	-	631	-	631
Commodity swaps	-	819,044	-	819,044
Interest rate swaps	-	19,023	-	19,023



*[Handwritten signature]*

### 34. Financial instruments

#### 34.1 Financial risk management

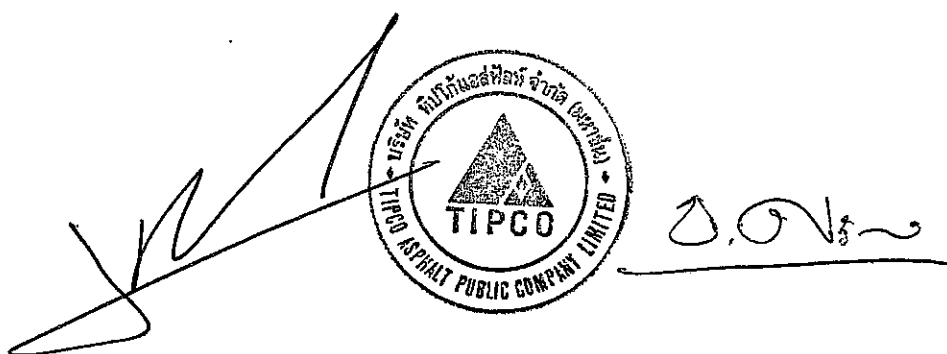
The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, trade and other payables, liabilities under finance lease agreements 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.



The block contains a handwritten signature on the left and a circular corporate stamp in the center. The stamp features a triangle with the letters 'TIPCO' inside. The text around the triangle reads 'บริษัท ทีพีซีแอสฟัลท์ จำกัด (มหาชน)' in Thai and 'TIPCO ASPHALT PUBLIC COMPANY LIMITED' in English. To the right of the stamp is another handwritten signature.

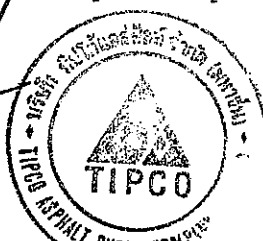
Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2015						
Fixed interest rates		Floating	Non-			
Within		interest	interest			
1 year	1-5 years	rate	bearing	Total	Interest rate	
(% p.a.)						
<b>Financial Assets</b>						
Cash and cash equivalents	-	-	678	675	1,353	0.1 - 2.6
Trade and other receivables	-	-	-	3,272	3,272	-
<b>Financial liabilities</b>						
Short-term loans from financial institutions	36	-	-	-	36	0.8 - 7.2
Trade and other payables	-	-	-	1,824	1,824	-
Liabilities under finance lease agreements	3	1	-	-	4	2.6 - 48.9
Long-term loans from financial institutions	72	243	2,167	-	2,482	1.9 - 2.2

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2014						
Fixed interest rates		Floating	Non-			
Within		interest	interest			
1 year	1-5 years	rate	bearing	Total	Interest rate	
						(% p.a.)
<b>Financial Assets</b>						
Cash and cash equivalents	-	-	55	222	277	0.1 - 2.6
Trade and other receivables	-	-	-	4,018	4,018	-
<b>Financial liabilities</b>						
Short-term loans from financial institutions	4,094	-	-	-	4,094	0.8 - 7.2
Trade and other payables	-	-	-	1,314	1,314	-
Liabilities under finance lease agreements	4	4	-	-	8	2.6 - 48.9
Long-term loans from financial institutions	68	315	2,615	-	2,998	1.8 - 4.7
Long-term loans from related party	-	-	-	8	8	-



*[Handwritten signature]*

(Unit: Million Baht)

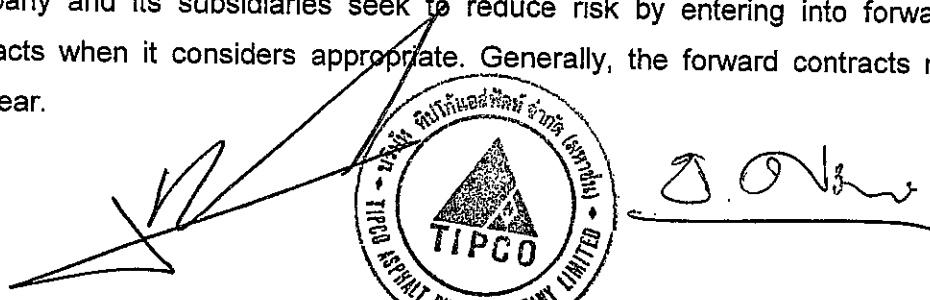
Separate financial statements						
As at 31 December 2015						
Fixed interest rates		Floating	Non-			
Within		interest	interest			
1 year	1-5 years	rate	bearing	Total	Interest rate	
					(% p.a.)	
<b>Financial Assets</b>						
Cash and cash equivalents	-	-	579	88	667	0.1 - 1.6
Trade and other receivables	-	-	-	2,925	2,925	-
Short-term loans to related parties	-	-	-	218	218	-
<b>Financial liabilities</b>						
Short-term loans from financial institutions	-	-	-	1,758	1,758	-
Trade and other payables	2	-	-	-	2	4.8 - 48.9

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2014						
Fixed interest rates		Floating	Non-			
Within		interest	interest			
1 year	1-5 years	rate	bearing	Total	Interest rate	
					(% p.a.)	
<b>Financial Assets</b>						
Cash and cash equivalents	-	-	11	13	24	0.1 - 1.6
Trade and other receivables	-	-	-	4,090	4,090	-
Short-term loans to related parties	-	-	-	6	6	-
<b>Financial liabilities</b>						
Short-term loans from financial institutions	3,901	-	-	-	3,901	0.8 - 0.9
Trade and other payables	-	-	-	1,593	1,593	-
Liabilities under finance lease agreements	3	3	-	-	6	4.8 - 48.9
Long-term loans from financial institutions	-	-	773	-	773	2.9 - 3.6

### 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.

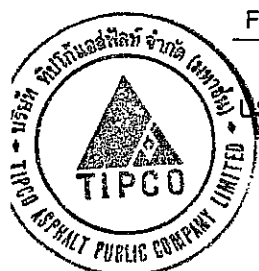
Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2015	2014	2015	2014	2015	2014
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	37	49	40	145	36.1	33.0
Yen	-	-	53	14	0.3	0.3
Ringgit	15	33	38	21	8.4	9.4
Vietnam Dong	15	13	-	-	0.0016	0.0016
Indonesia Rupiah	5	5	-	-	0.0026	0.0027

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2015	2014	2015	2014	2015	2014
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	49	87	30	136	36.1	33.0
Renminbi	81	-	-	-	5.5	5.3
Ringgit	-	-	3	1	8.4	9.4

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

As at 31 December 2015						
Foreign currency	Consolidated financial statements		Separate financial statements		Contractual exchange rate	
	Sold amount	Bought amount	Sold amount	Bought amount	Sold	Bought
	(Million)	(Million)	(Million)	(Million)		
US Dollar	3	9	3	9	35.6 - 36.2 Baht per 1 US Dollar	35.9 - 36.3 Baht per 1 US Dollar

As at 31 December 2014						
Foreign currency	Consolidated financial statements		Separate financial statements		Contractual exchange rate	
	Sold amount	Bought amount	Sold amount	Bought amount	Sold	Bought
	(Million)	(Million)	(Million)	(Million)		
US Dollar	6	4	6	3	32.7 - 33.2 Baht per 1 US Dollar	32.3 - 33.0 Baht per 1 US Dollar



*[Handwritten signature]*

*[Handwritten signature]*

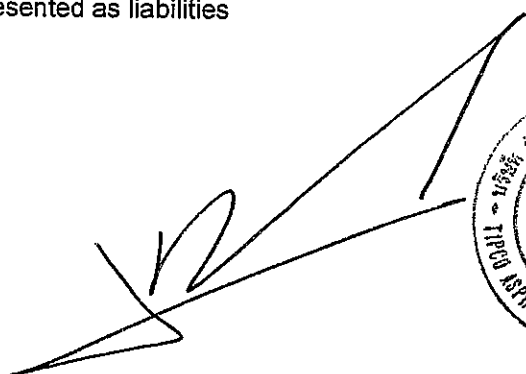
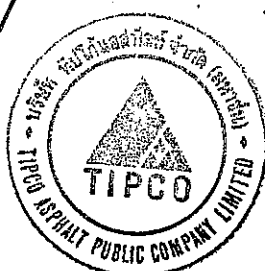
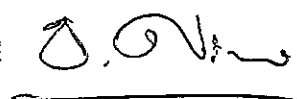
In addition, the Company and its subsidiaries are exposed to foreign exchange risk on their investments in overseas subsidiaries joint venture and associate. These investments are currently not hedged by derivative financial instruments.

***Risk from fluctuation in raw materials and finished goods prices***

The Company and its subsidiaries is 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 forward/future contracts to purchase/sell of raw materials and finished goods, and option contracts to purchase/sell of raw materials and finished goods to hedge the risk from fluctuation in such prices.

As at 31 December 2015 and 2014, the Company and its subsidiary had outstanding price hedging contracts which maturity date within one year are presented in the statements of financial position at fair value and were summarised below.

		(Unit: Million Baht)			
Contract type	Type of product	Consolidated		Separate	
		financial statements		financial statements	
		2015	2014	2015	2014
<u>Contracts presented as assets</u>					
Bought forward contract	Petroleum product	3	-	3	-
Sold forward contract	Crude oil	496	199	496	199
Sold forward contract	Petroleum product	1,146	-	1,146	-
Two-ways collar option	Petroleum product	30	-	30	-
Total price hedging contracts					
presented as assets		1,675	199	1,675	199
<u>Contracts presented as liabilities</u>					
Bought forward contract	Crude oil	298	-	298	-
Bought forward contract	Petroleum product	473	-	473	-
Sold forward contract	Crude oil	7	-	7	-
Sold forward contract	Petroleum product	3	-	3	-
Sold future contract	Asphalt product	1	-	-	-
Four-ways collar option	Crude oil	38	243	38	243
Total price hedging contracts					
presented as liabilities		820	243	819	243

### 34.2 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.

### 35. 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.

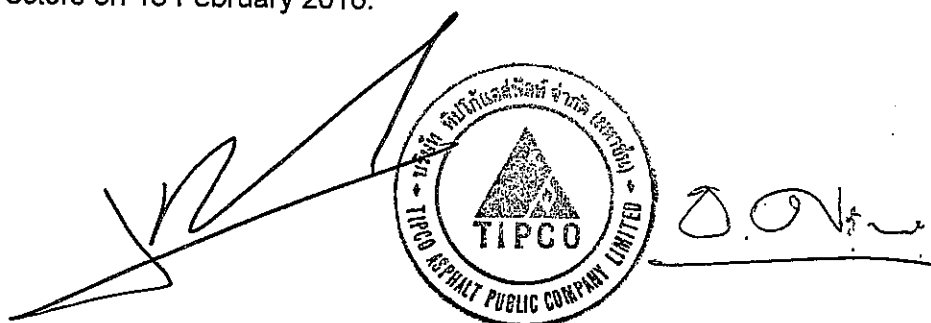
The Group manages its capital position with reference to financial ratio. As at 31 December 2015 and 2014, these financial ratios were as follow:

Financial Ratio	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Interest Bearing Short-term Debt-to-Equity Ratio	0.04 : 1	0.80 : 1	-	0.78 : 1
Interest Bearing Long-term Debt-to-Equity Ratio	0.19 : 1	0.36 : 1	-	0.08 : 1

The Trust Receipts (in Note 15) is revolving in nature and used to fund the working capital of crude inventory and receivables which have less than four-month cash conversion cycle.

### 36. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 15 February 2016.



The image shows a handwritten signature in black ink, followed by a circular stamp. The stamp contains the text 'TIPCO ASPHALT PUBLIC COMPANY LIMITED' around the perimeter and 'TIPCO' in the center. To the right of the stamp is another handwritten signature.