

Tipco Asphalt Public Company Limited and its subsidiaries  
Report and consolidated financial statements  
31 December 2016

## Independent Auditor's Report

To the Shareholders of Tipco Asphalt Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Tipco Asphalt Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Tipco Asphalt Public Company Limited (the Company) for the same period.

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 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent from the Group in accordance with the *Code of Ethics for Professional Accountants* as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

### **Revenue recognition**

The revenue from sales is significant in amount in the financial statements of 2016 and directly affects the Group financial performance. I therefore focus on revenue recognition to ensure that revenue is recognised in the correct period.

I assessed the appropriateness and tested the effectiveness of the internal controls of the Group with respect to the revenue cycle by examining supporting documents, on a sampling basis, for actual sales transactions occurring during the year and expanding the scope of audit near the end of the reporting period. I also audited credit notes that the Group issued after the period-end. In addition, I performed analytical procedures of disaggregated data to detect possible irregularities in sale transactions throughout the period, particularly for accounting entries made through journal vouchers.

### **Estimation of net realisable value of inventory**

Estimating the net realisable value of inventory is an area of significant management judgment. This is because such estimation requires significant assumptions based on market price of crude oil and petroleum products which fluctuate according to the economic circumstances and the situation within the industry and also effect in determining the allowance set aside for diminution in the value of inventory causing the value of inventories presented in statement of financial position.

I gained an understanding of the process relevant to the determination of allowance for diminution in the value of inventories and assessed the appropriateness of the assumptions applied by management in determining such allowance as well as the consistency of the application of that basis and assumptions. I tested the calculation of the allowance for diminution in the value of inventories. I also compared the inventory holding periods and inventory movement to identified product group with indicators of lower than normal inventory turnover.

### **Business combination**

During the year 2016, the Company and a subsidiary invested in new subsidiaries and associate. As at the date of the acquisition, the Company and a subsidiary recognised and measured the assets acquired and liabilities assumed at their fair value and recognised goodwill from the business combination by applying the acquisition method. I have focused on this business acquisition since it was material to the financial statements as a whole, and management was required to exercise substantial judgement when appraising the fair value of the assets acquired and liabilities assumed which effect the recognition and measurement of the assets acquired and liabilities assumed, including recognised goodwill.

I reviewed the terms and conditions of the agreements and inquired with management as to the nature and objectives of the acquisition in order to evaluate whether the acquisition meets the definition of a business combination under Thai Financial Reporting Standard 3 (Revised: 2015) Business combinations. In addition, I checked the value of the acquisition to supporting documents and related payments to assess whether it reflected the fair value of the consideration transferred and did not include acquisition-related costs. I also assessed the fair value of assets acquired and liabilities assumed specified in the documentation of measurement under the acquisition method as prepared by an independent valuation specialist, by considering the methods and significant assumptions used by the independent valuation specialist in calculating the fair value of assets and liabilities and evaluating the expertise, ability and integrity of the independent valuation specialist. I also assessed the rationale of goodwill recognised from the business combination and examined the disclosures related to the business combination in notes to the financial statements.

## **Valuation of financial instruments**

The Group has entered into the financial instruments to protect the exposure from the fluctuation in price of raw materials and finished goods, exchange rate of foreign currency and interest rate of loans, with many counterparties, and presented the fair value of such financial instruments in statement of financial position. Management therefore relied on a valuation technique and model suggested by counterparties, in which the assumptions used in the model were based on comparable and observable market inputs. The difference in assumption used in calculation affected the fair value of such financial instruments presented in statement of financial position.

I gained an understanding of the transaction and recording process of fair value of financial instruments. I recalculated the fair value of such financial instruments. I sent the confirmation to counterparties to determine the completeness of transaction and verified supporting documents, on a sampling basis, for actual transactions occurring during the year and after the period-end. In addition, I tested the appropriateness of fair value used by comparing to available market inputs. Moreover, I examined the information disclosed in notes to the financial statements for appropriateness and completeness.

## **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



Building a better  
working world

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is  
Mr. Supachai Phanyawattano.

Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

EY Office Limited

Bangkok: 14 February 2017



Tipco Asphalt Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

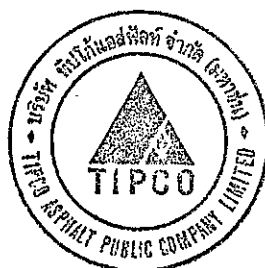
(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		1,333,229,093	1,353,520,527	234,077,594	667,292,854
Trade and other receivables	6, 7	3,491,349,459	3,271,776,388	2,653,403,952	2,926,605,517
Short-term loans to related parties	7	-	-	-	6,178,808
Inventories	8	3,769,635,960	2,402,519,199	3,106,106,733	1,999,511,980
Price hedging contracts	34, 35	514,320,894	1,674,980,594	514,320,894	1,674,980,594
Forward exchange contracts	34, 35	1,322,490	457,730	1,322,490	457,730
Other current assets		251,072,979	103,972,796	29,574,977	16,390,857
<b>Total current assets</b>		<b>9,360,930,875</b>	<b>8,807,227,234</b>	<b>6,538,806,640</b>	<b>7,291,418,340</b>
<b>Non-current assets</b>					
Investments in subsidiaries	9	-	-	7,335,599,937	3,657,581,856
Investment in joint venture	10	30,951,742	20,957,106	-	-
Investments in associates	11	435,085,897	126,739,281	243,447,034	18,403,580
Long-term loans to related parties	7	-	-	636,652,215	210,294,998
Investment properties	12	199,432,559	199,432,500	99,837,943	99,837,989
Property, plant and equipment	13	8,690,381,515	7,075,695,005	885,156,564	552,044,818
Goodwill	9	146,293,504	146,293,504	-	-
Other intangible assets	14	228,849,463	31,541,354	53,722,488	30,498,057
Leasehold rights	15	375,084,549	399,247,638	3,190,631	3,418,533
Deferred tax assets - net	26	25,116,082	1,629,776	56,428,448	25,383,379
Interest rate swap contracts	19, 34	389,373	-	-	-
Other non-current assets		10,100,618	60,538,245	4,232,430	3,982,822
<b>Total non-current assets</b>		<b>10,141,685,302</b>	<b>8,062,074,409</b>	<b>9,318,267,690</b>	<b>4,601,446,032</b>
<b>Total assets</b>		<b>19,502,616,177</b>	<b>16,869,301,643</b>	<b>15,857,074,330</b>	<b>11,892,864,372</b>

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



นายชัยวัฒน์ ศรีวรรณวัฒน์




นายจิทัศ มার্แจชล

Tipco Asphalt Public Company Limited and its subsidiaries

Statement of financial position (continued)

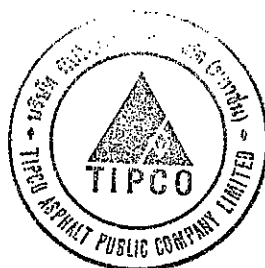
As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	16	1,468,287,723	36,088,600	1,269,830,852	-
Trade and other payables	7, 17	4,053,188,900	2,253,624,549	4,118,004,563	1,976,455,711
Current portion of liabilities under					
finance lease agreements		646,900	2,719,074	385,859	2,172,214
Current portion of long-term loans from financial institutions	18	377,855,875	436,653,494	-	-
Income tax payable		224,788,486	468,999,113	150,578,848	397,281,581
Price hedging contracts	34, 35	50,331,376	819,832,109	50,331,376	819,044,273
Forward exchange contracts	34, 35	2,900,527	635,876	2,022,022	630,664
Other current liabilities		133,656,077	100,332,817	42,275,162	41,269,164
Total current liabilities		6,311,655,864	4,118,885,632	5,633,428,682	3,236,853,607
Non-current liabilities					
Liabilities under finance lease agreements -					
net of current portion		391,387	1,032,799	-	285,911
Long-term loans from financial institutions -					
net of current portion	18	777,903,321	2,044,858,432	-	-
Long-term loan from related party	7	7,570,206	8,152,326	-	-
Interest rate swap contracts	19, 34	9,537,502	18,945,227	9,537,502	19,022,920
Provision for long-term employee benefits	21	130,486,627	112,940,794	87,497,314	92,746,076
Total non-current liabilities		925,889,043	2,185,929,578	97,034,816	112,054,907
Total liabilities		7,237,544,907	6,304,815,210	5,730,463,498	3,348,908,514

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

นายชัยวัฒน์ ศรีวรรณวัฒน์



นายจำลอง มารีเนซ

Tipco Asphalt Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

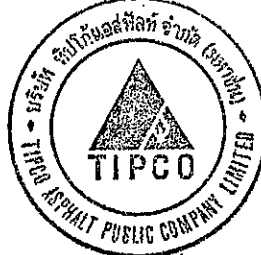
	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Shareholders' equity</b>					
Share capital	22				
Registered					
1,579,343,570 ordinary shares					
(2015: 1,578,735,570 ordinary shares) of Baht 1 each		1,579,343,570	1,578,735,570	1,579,343,570	1,578,735,570
issued and fully paid					
1,552,998,070 ordinary shares of Baht 1 each					
(2015: 1,543,850,070 ordinary shares) of Baht 1 each		1,552,998,070	1,543,850,070	1,552,998,070	1,543,850,070
Premium on share capital		1,008,953,799	969,634,291	1,008,953,799	969,634,291
Share subscription	22	4,825,807	554,020	4,825,807	554,020
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		(570,310,802)	(308,455,017)	-	-
Capital reserve for share-based payment transactions	23	119,382,361	75,456,879	119,382,361	75,456,879
Retained earnings					
Appropriated - statutory reserve	24	172,123,329	172,123,329	172,123,329	172,123,329
Unappropriated		9,873,733,941	7,843,967,182	7,268,327,466	5,782,337,269
Other components of shareholders' equity		(13,503,665)	25,500,537	-	-
Equity attributable to owners of the Company		12,154,440,595	10,328,869,046	10,126,610,832	8,543,955,858
Non-controlling interests of the subsidiaries		110,630,675	235,617,387	-	-
<b>Total shareholders' equity</b>		<b>12,265,071,270</b>	<b>10,564,486,433</b>	<b>10,126,610,832</b>	<b>8,543,955,858</b>
<b>Total liabilities and shareholders' equity</b>		<b>19,502,616,177</b>	<b>16,869,301,643</b>	<b>15,857,074,330</b>	<b>11,892,864,372</b>

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

นายชัยวัฒน์ ศรีวรรณวัฒน์

Directors

นายจำลอง มาร์แชล

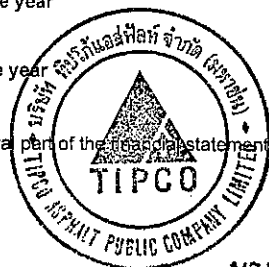


Tipco Asphalt Public Company Limited and its subsidiaries  
Statement of comprehensive income  
For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Revenues</b>					
Sales and service income		24,037,769,819	37,136,767,523	19,111,116,711	34,265,588,345
Other income					
Dividend income from subsidiaries	9	-	-	965,099,810	141,799,790
Dividend income from associate	11	-	-	4,838,209	61,540,222
Gain on exchange	34, 35	65,673,695	268,923,797	72,667,090	240,505,691
Others		191,308,738	86,605,390	223,132,443	128,058,041
<b>Total revenues</b>		<b>24,294,752,252</b>	<b>37,492,296,710</b>	<b>20,376,854,263</b>	<b>34,837,492,089</b>
<b>Expenses</b>					
Cost of sales and services		19,948,811,574	30,640,829,204	17,287,611,209	29,758,115,920
Gain from price hedging contracts	34, 35	(403,342,481)	(921,801,060)	(393,841,528)	(897,367,353)
Reversal of reduction of cost of inventory to net realisable value	8	(197,244,020)	(86,219,948)	(188,040,059)	(61,888,447)
		19,348,225,073	29,632,808,196	16,705,729,622	28,798,860,120
Selling expenses		259,426,515	200,452,987	107,401,408	104,505,733
Administrative expenses		1,045,427,861	944,622,404	566,909,879	555,221,381
Other expenses					
Allowance for doubtful accounts (reversal)		(153,033,460)	176,911,782	(45,883,762)	352,059,818
Impairment loss of investment in subsidiary		-	-	8,300,000	57,120,000
Impairment loss of equipment and leasehold rights	13, 15	-	89,236,148	-	-
<b>Total expenses</b>		<b>20,500,045,989</b>	<b>31,044,031,517</b>	<b>17,342,457,147</b>	<b>29,867,767,052</b>
<b>Profit before share of profit from investments in joint venture and associates, finance cost and income tax</b>		<b>3,794,706,263</b>	<b>6,448,265,193</b>	<b>3,034,397,116</b>	<b>4,969,725,037</b>
Share of profit from investment in joint venture	10	9,572,701	20,160,854	-	-
Share of profit from investments in associates	11	88,147,403	67,650,337	-	-
<b>Profit before finance cost and income tax</b>		<b>3,892,426,367</b>	<b>6,536,076,384</b>	<b>3,034,397,116</b>	<b>4,969,725,037</b>
Finance cost		(110,043,611)	(151,113,071)	(32,527,390)	(70,280,764)
<b>Profit before income tax</b>		<b>3,782,382,756</b>	<b>6,384,963,313</b>	<b>3,001,869,726</b>	<b>4,899,444,273</b>
Income tax	26	(655,138,744)	(1,188,690,180)	(432,568,030)	(958,979,461)
<b>Profit for the year</b>		<b>3,127,244,012</b>	<b>5,196,273,133</b>	<b>2,569,301,696</b>	<b>3,940,464,812</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	26	-	1,196,353	-	1,196,353
Exchange differences on translation of financial statements in foreign currencies		(48,002,313)	145,698,690	-	-
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax</i>		<i>(48,002,313)</i>	<i>146,895,043</i>	<i>-</i>	<i>1,196,353</i>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial (gain) loss - net of income tax	21, 26	2,944,625	(23,088,110)	-	(19,127,825)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</i>		<i>2,944,625</i>	<i>(23,088,110)</i>	<i>-</i>	<i>(19,127,825)</i>
<b>Other comprehensive income for the year</b>		<b>(45,057,688)</b>	<b>123,806,933</b>	<b>-</b>	<b>(17,931,472)</b>
<b>Total comprehensive income for the year</b>		<b>3,082,186,324</b>	<b>5,320,080,066</b>	<b>2,569,301,696</b>	<b>3,922,533,340</b>

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



นายชัยวัฒน์ ธีรารักษ์วัฒนา

นายจิราพงศ์ มาร์แชล

Tipco Asphalt Public Company Limited and its subsidiaries  
Statement of comprehensive income (continued)  
For the year ended 31 December 2016

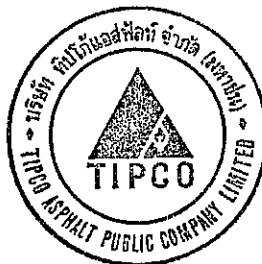
(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
Note	2016	2015	2016	2015
Profit attributable to:				
Equity holders of the Company	3,110,133,633	5,078,764,042	2,569,301,696	3,940,464,812
Non-controlling interests of the subsidiaries	17,110,379	117,509,091		
	<u>3,127,244,012</u>	<u>5,196,273,133</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	3,074,074,056	5,204,010,704	2,569,301,696	3,940,464,812
Non-controlling interests of the subsidiaries	8,112,268	116,069,362		
	<u>3,082,186,324</u>	<u>5,320,080,066</u>		
Earnings per share	29			
Basic earnings per share				
Profit attributable to equity holders of the Company	2.01	3.30	1.66	2.56
Diluted earnings per share				
Profit attributable to equity holders of the Company	1.98	3.25	1.64	2.52

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



นายชัยวัฒน์ ศรีวรรณวัฒน์





นายจितส์ มาร์แซล

Tipco Asphalt Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity  
For the year ended 31 December 2016

Consolidated financial statements													(Unit: Baht)
Equity attributable to owners of the Company													
	Issued and paid-up share capital	Premium on share capital	Share subscription	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			Total equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
							Appropriated - statutory reserve	Unappropriated	Exchange differences on translation of financial statements in foreign currencies	Fair value of interest rate swap contract	Total other components of shareholders' equity		
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)	5,955,321,564	168,694,607	6,125,016,171
Profit for the year	-	-	-	-	-	-	-	5,078,764,042	-	-	5,078,764,042	117,508,091	5,196,273,133
Other comprehensive income for the year	-	-	-	-	-	-	-	(21,807,598)	145,857,907	1,196,353	125,246,662	(1,439,729)	123,806,933
Total comprehensive income for the year	-	-	-	-	-	-	-	5,056,956,444	145,857,907	1,196,353	5,204,010,704	116,069,382	5,320,080,066
Increase in share capital (Note 22)	11,070,500	53,384,210	(7,748,118)	-	-	-	-	-	-	-	56,706,592	-	56,706,592
Cash receipts from share subscription (Note 22)	-	-	554,020	-	-	-	-	-	-	-	554,020	-	554,020
Share-based payment transactions (Note 23)	-	-	-	-	-	37,023,948	-	-	-	-	37,023,948	-	37,023,948
Dividend paid (Note 32)	-	-	-	-	-	-	-	(924,747,782)	-	-	(924,747,782)	-	(924,747,782)
Increase in share capital of new subsidiary	-	-	-	-	-	-	-	-	-	-	-	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	7,843,967,182	25,500,537	-	10,328,869,046	235,617,387	10,564,486,433
Balance as at 1 January 2016	1,543,850,070	969,634,291	554,020	6,237,755	(308,455,017)	75,456,879	172,123,329	7,843,967,182	25,500,537	-	10,328,869,046	235,617,387	10,564,486,433
Profit for the year	-	-	-	-	-	-	-	3,110,133,633	-	-	3,110,133,633	17,110,379	3,127,244,012
Other comprehensive income for the year	-	-	-	-	-	-	-	(39,004,202)	(39,004,202)	-	(39,004,202)	(8,988,111)	(45,057,688)
Total comprehensive income for the year	-	-	-	-	-	-	-	2,944,825	(39,004,202)	-	3,074,074,056	8,112,268	3,082,186,324
Change in the Company's interest in subsidiary which did not result in a loss of control (Note 9)	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase in share capital (Note 22)	9,148,000	39,319,508	(554,020)	-	(261,855,785)	-	-	-	-	-	(261,855,785)	(125,655,982)	(387,511,747)
Cash receipts from share subscription (Note 22)	-	-	4,825,807	-	-	-	-	-	-	-	47,913,488	-	47,913,488
Share-based payment transactions (Note 23)	-	-	-	-	-	43,925,482	-	-	-	-	4,825,807	-	4,825,807
Dividend paid (Note 32)	-	-	-	-	-	-	-	-	-	-	43,925,482	-	43,925,482
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(1,083,311,499)	-	-	(1,083,311,499)	-	(1,083,311,499)
Balance as at 31 December 2016	1,552,998,070	1,008,953,799	4,825,807	6,237,755	(570,310,802)	119,382,361	172,123,329	9,873,733,941	(19,503,665)	-	12,154,440,595	110,630,675	12,265,071,270

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

THAI

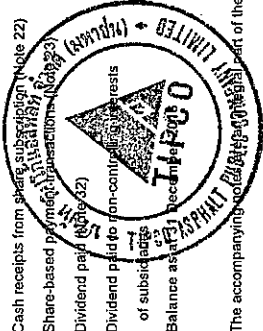
THAI

THAI

TH

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

นายวิวัฒน์ ศิริวรรณวัฒน์



Tipco Asphalt Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity (continued)  
For the year ended 31 December 2016

(Unit: Baht)

	Separate financial statements									
	Issued and paid-up share capital	Premium on share capital	Share subscription	Capital reserve for share-based payment transactions	Retained earnings		Fair value of interest rate swap contract	Other component of equity		Total shareholders' equity
					Appropriated - statutory reserve	Unappropriated		comprehensive income	Total other component of shareholders' equity	
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 22)	11,070,500	53,384,210	(7,748,118)	-	-	-	-	-	56,706,592	
Cash receipts from share subscription (Note 22)	-	-	554,020	-	-	-	-	-	554,020	
Share-based payment transactions (Note 23)	-	-	-	37,023,948	-	-	-	-	37,023,948	
Dividend paid (Note 32)	-	-	-	-	-	(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	
Balance as at 1 January 2016	1,543,850,070	969,634,291	554,020	75,456,879	172,123,329	5,782,337,269	-	-	8,543,955,858	
Profit for the year	-	-	-	-	-	2,569,301,696	-	-	2,569,301,696	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	-	2,569,301,696	-	-	2,569,301,696	
Increase in share capital (Note 22)	9,148,000	39,319,508	(554,020)	-	-	-	-	-	47,913,488	
Cash receipts from share subscription (Note 23)	-	-	4,825,807	-	-	-	-	-	4,825,807	
Share-based payment transactions (Note 23)	-	-	-	43,925,482	-	-	-	-	43,925,482	
Dividend paid (Note 32)	-	-	-	-	-	(1,083,311,499)	-	-	(1,083,311,499)	
Balance as at 31 December 2016	1,552,998,070	1,008,953,799	4,825,807	119,382,361	172,123,329	7,268,327,466	-	-	10,126,610,832	

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

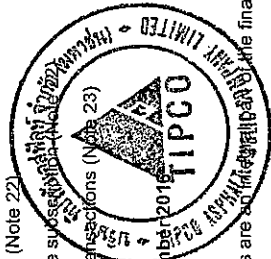
100%

100%

100%

100%</

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



นายชัยวัฒน์ ศรีวรรณวัฒน์

นายจำลอง มารีแซล

Tipco Asphalt Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from operating activities:</b>				
Profit before income tax	3,782,382,756	6,384,963,313	3,001,869,726	4,899,444,273
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	825,693,577	575,593,469	111,476,345	81,213,867
Written off goodwill	525,700	-	-	-
Written off withholding tax	3,214	137,923	-	-
Allowance for doubtful accounts (reversal)	(157,147,372)	176,911,782	(45,883,762)	352,059,818
Reversal of reduction of cost of inventory to net realisable value	(197,244,020)	(86,219,948)	(188,040,059)	(61,888,447)
Dividend income from subsidiaries	-	-	(965,099,810)	(141,799,790)
Dividend income from associate	-	-	(4,838,209)	(61,540,222)
Allowance for loss on impairment-investment in subsidiary	-	-	8,300,000	57,120,000
Unrealised (gain) loss on exchange rate	17,288,709	34,694,137	36,606,830	(23,413,432)
(Gain) loss on sales of equipment	5,410,161	(1,971,506)	(1,465,028)	(3,411,084)
Impairment loss of equipment and leasehold rights	-	89,236,148	-	-
Share of profit from investment in joint venture	(9,572,701)	(20,160,854)	-	-
Share of profit from investments in associates	(88,147,403)	(67,650,337)	-	-
Share-based payment transactions	43,925,482	37,023,948	35,129,260	29,749,022
Provision for long-term employee benefits	17,090,819	10,382,743	9,868,931	8,398,084
Change in fair value of forward exchange contracts	(696,960)	588,836	526,598	581,794
Change in fair value of price hedging contracts	391,158,966	(898,454,545)	391,946,803	(899,242,381)
Change in fair value of interest rate swap contracts recognised in profit or loss	(9,797,099)	(1,441,330)	(9,485,418)	(1,026,210)
Interest expenses	107,075,018	141,838,212	36,825,632	66,053,072
Profit from operating activities before changes in operating assets and liabilities	4,727,948,847	6,375,471,991	2,417,737,839	4,302,298,364
(Increase) decrease in operating assets				
Trade and other receivables	669,364,899	560,781,267	300,219,321	833,606,509
inventories	(886,419,566)	1,500,531,791	(918,554,694)	1,506,242,856
Other current assets	(117,846,786)	(62,142,439)	(32,938,726)	(15,865,048)
Other non-current assets	99,459,218	(51,815,968)	(3,358,766)	20,274,747
Increase (decrease) in operating liabilities				
Trade and other payables	1,553,831,537	838,382,519	2,150,484,792	486,734,084
Other current liabilities	(98,896,205)	51,136,198	(14,111,696)	13,392,537
Cash flows from operating activities	5,947,441,944	9,212,345,359	3,899,478,070	7,146,684,049
Cash paid for interest expenses	(136,253,656)	(124,161,222)	(46,049,438)	(68,481,113)
Cash paid for corporate income tax	(975,928,771)	(728,878,632)	(710,315,832)	(631,724,976)
<b>Net cash flows from operating activities</b>	<b>4,835,259,517</b>	<b>8,359,305,505</b>	<b>3,143,112,800</b>	<b>6,446,477,960</b>

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

นายชัยวัฒน์ ศรีวรรณวัฒน์



นายจำลอง มาร์แซล



Tipco Asphalt Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from investing activities:</b>				
Cash paid for investments in subsidiaries	-	-	(1,522,986,111)	-
Cash paid for investments in new subsidiaries - net from cash and cash equivalent received	(1,278,659,519)	-	(1,513,222,360)	-
Cash paid for acquisition of short-term loan in new subsidiaries from related party	-	-	(448,158,750)	-
Cash paid for investment in associate	(225,043,454)	-	(225,043,454)	-
Cash paid for acquisition of long-term loan in subsidiary	-	-	(190,763,020)	-
Dividends received from subsidiaries	-	-	639,238,215	36,800,000
Dividend received from associate	4,838,209	61,540,222	4,838,209	61,540,222
Decrease in short-term loans to related parties	-	-	6,452,506	-
Increase in long-term loans to related parties	-	-	(34,820,000)	(205,339,740)
Acquisition of equipment	(1,209,975,155)	(1,660,469,792)	(413,809,728)	(152,275,788)
Acquisition of computer software	(33,681,868)	(6,275,486)	(31,149,681)	(5,639,574)
Acquisition of leasehold rights	-	(2,175,024)	-	-
Proceeds from sales of equipment	3,581,148	5,045,462	1,626,855	4,726,299
<b>Net cash flows used in investing activities</b>	<b>(2,738,940,639)</b>	<b>(1,602,334,618)</b>	<b>(3,727,597,319)</b>	<b>(260,188,581)</b>
<b>Cash flows from financing activities:</b>				
Cash paid for acquisition of non-controlling interests of subsidiaries	(387,511,747)	-	(387,511,747)	-
Increase (decrease) in short-term loans from financial institutions	1,049,938,942	(4,062,469,921)	1,246,340,682	(3,900,734,121)
Increase (decrease) in short-term loans from related parties	(448,158,750)	-	325,000,000	-
Cash paid under finance lease agreements	(9,897,651)	(4,180,088)	(1,995,492)	(3,205,687)
Cash receipts from long-term loans	-	649,594,800	-	-
Repayment of long-term loans	(1,312,788,873)	(1,288,751,992)	-	(772,500,000)
Cash receipts from capital increase	47,913,488	56,706,592	47,913,488	56,706,593
Cash receipts from share subscription	4,825,807	554,020	4,825,807	554,020
Dividend paid to shareholders	(1,083,303,479)	(924,458,773)	(1,083,303,479)	(924,458,773)
Cash receipt for paid-up share capital in subsidiary from non-controlling interests of subsidiary	-	1,853,628	-	-
Dividend paid to non-controlling interests of subsidiaries	(7,443,018)	(52,000,210)	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>(2,146,425,281)</b>	<b>(5,623,151,944)</b>	<b>151,269,259</b>	<b>(5,543,637,968)</b>
<b>Exchange differences on translation of financial statements in foreign currencies</b>	<b>29,814,969</b>	<b>(57,266,468)</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(20,291,434)</b>	<b>1,076,532,475</b>	<b>(433,215,260)</b>	<b>642,651,411</b>
Cash and cash equivalents at beginning of year	1,353,520,527	276,988,052	667,292,854	24,641,443
Cash and cash equivalents at end of year	1,333,229,093	1,353,520,527	234,077,594	667,292,854
<b>Supplemental cash flows information</b>				
<b>Non-cash transactions</b>				
Accounts payable from purchase of equipment	7,926,107	76,428,813	-	-
Settlement of dividend received from subsidiary with account payable (Note 9)	-	-	-	104,999,790
Settlement of dividends received from subsidiaries with short-term loans from related parties (Note 9)	-	-	325,000,000	-
Settlement of dividends received from subsidiaries with accrued interest to related parties (Note 9)	-	-	861,595	-
Settlement of cash paid from purchase of investments in subsidiaries with short-term loans to subsidiaries (Note 9)	-	-	248,113,188	-
Settlement of cash paid from purchase of investments in subsidiaries with accrued interest income from subsidiaries (Note 9)	-	-	5,688,453	-
Settlement of cash paid from purchase of investment in subsidiary with cash received from capital reduction in subsidiary (Note 9)	-	-	1,125,000,000	-

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



นายชัยวัฒน์ ศรีวรรณวัฒน์

นางสาวจิตต์ งามะเสด

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

**Notes to consolidated financial statements**

**For the year ended 31 December 2016**

**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.

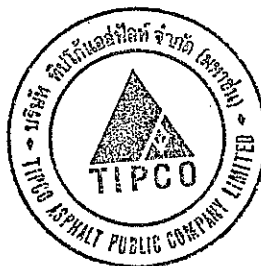
**2. Basis of preparation**

- 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.

  
นายชัยวัฒน์ ศรีวรรณวัฒน์



  
นายจ๊าคส์ มาร์แซล

## 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>2016</u> (Million Baht) (Except for other specified currency)	<u>2015</u> (Million Baht)	<u>2016</u> (%)	<u>2015</u> (%)
<u>Subsidiaries incorporated in Thailand</u>					
Raycol Asphalt Co., Ltd.	Manufacture and distribution of asphalt products	111	111	100.00	41.44
Thai Bitumen Co., Ltd. ("Thai Bitumen")	Holding company and manufacture and distribution of asphalt products	375	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



✓

นายชัยวัฒน์ ศรีวรรณวัฒน์

นายจำลอง มารีเนต

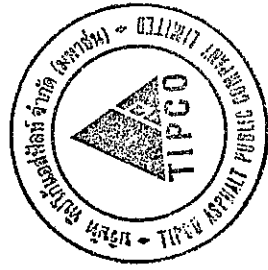
Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		2016	2015	2016	2015
		(Million Baht)	(Million Baht)	(%)	(%)
		(Except for other specified currency)			
		151.96	151.96	100.00	100.00
		Million ringgit	Million ringgit		
		305.55	305.55	100.00	100.00
		Million ringgit	Million ringgit		
		0.30	0.30	30.00	30.00
		Million ringgit	Million ringgit		

**Subsidiaries incorporated in Malaysia**

Kemaman Oil Corporation Sdn Bhd ("KOC")  
(2015: 26.11% owned by the Company,  
37.01% owned by Thai Bitumen and  
36.88% owned by TIHK)

Kemaman Bitumen Company Sdn Bhd ("KBC") Manufacture and distribution of  
(2015 : 27.74% owned by the Company, asphalt products  
26.06% owned by Thai Bitumen, 44.80%  
owned by KOC and 1.40% owned by TIHK)

KBC Trading Sdn Bhd ("KBT") Distribution of asphalt products  
(10% owned by the Company and 20%  
owned by KOC (2015: 10% owned by TIHK  
and 20% owned by KOC))



*(Signature)*

นายชัยวัฒน์ ศรีวรรณวัฒน์

*(Signature)*  
นายจำลอง มาร์แซล

Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		<u>2016</u> (Million Baht) (Except for other specified currency)	<u>2015</u> (Million Baht)	<u>2016</u> (%)	<u>2015</u> (%)
<b><u>Subsidiaries incorporated in Singapore</u></b>					
KBC Energy Pte. Ltd. (100% owned by KOC)	Dormant	0.01 Million USD	0.01 Million USD	100.00	100.00
Pacific Bitumen Shipping Pte. Ltd. ("PBS") (2015: 100% owned by TIHK)	Marine transportation	0.01 Million USD	0.01 Million USD	100.00	100.00
Highway Resources Pte. Ltd. ("HR")	Distribution of asphalt products	4.78 Million SGD	-	100.00	-
AD Shipping Pte. Ltd. ("ADS")	Marine transportation	7.13 Million SGD	-	100.00	-
Reta Link Pte. Ltd. ("RTL")	Marine transportation	0.05 Million SGD	-	100.00	-
<b><u>Subsidiary incorporated in Vietnam</u></b>					
Asphalt Distribution Co., Ltd. ("ADCo") (100% owned by HR)	Manufacture and distribution of asphalt products	115,650 Million VND	-	100.00	-



๕.

นายศักดิ์พงษ์ ศิริวรรณวัฒน์

✓

นายจำนงค์ มาร์แชล

Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		<u>2016</u> (Million Baht) (Except for other specified currency)	<u>2015</u> (Million Baht)	<u>2016</u> (%)	<u>2015</u> (%)
<b><u>Subsidiaries incorporated in Indonesia</u></b>					
PT Asphalt Bangun Sarana ("ABS")	Manufacture and distribution of asphalt products	58,450 Million IDR	-	99.98	-
PT Saranaraya Reka Cipta ("SRC") (100% owned by ABS)	Manufacture and distribution of asphalt products	10,477 Million IDR	-	99.98	-
<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



๕

นายคณกุล ตรีวรรณวัฒน์

✓

นายจำลอง มารีแชล


Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		<u>2016</u> (Million Baht) (Except for other specified currency)	<u>2015</u> (Million Baht)	<u>2016</u> (%)	<u>2015</u> (%)
<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
Guangzhou Tipco Asphalt Trading Co., Ltd.	Distribution of asphalt products	6.00 Million RMB	- Million RMB	100.00	-




นายชัยวัฒน์ ศรีวรรณวัฒน์

นายจำลอง มาร์แซล

- 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 KBC Trading Sdn Bhd are included in the consolidated financial statements even though the Company's and its subsidiary shareholding in KBC Trading Sdn Bhd is 30 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 associates under the cost method, have been prepared solely for the benefit of the public.

  
นายชัยวัฒน์ ศรีวรรณวัฒน์



  
นายจีรศักดิ์ มาร์แซล



### 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

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

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

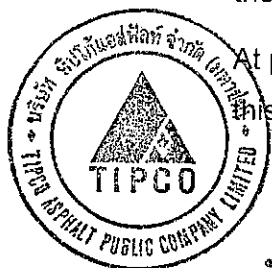
During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

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

#### TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.



นายชัยวัฒน์ ศีวีรวัฒนวัฒน์

นางเจ๊าดส์ มารีย์ชาล

#### **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**

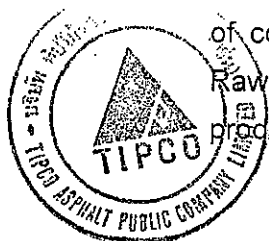
Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

##### **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.



นายชัยวัฒน์ ศรีวรรณวัฒน์

นายจำลอง มาร์แชล

#### 4.5 Investments

- a) Investments in joint venture and associates are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associates 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.

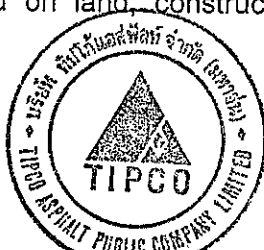
Building and equipment acquired through business combination are initially recognised at their fair value on the date of business acquisition. Following the initial recognition, the building and equipment are carried at cost less any accumulated depreciation and less allowance for loss on impairment of assets (if any).

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.

#### 4.8 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:


	<u>Useful lives</u>
Computer software	5 years
Customer Relationship	12 years
Non-competition clause	5 years

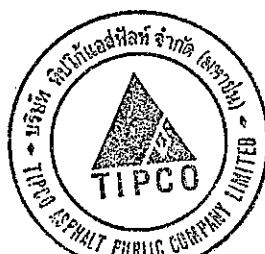
#### 4.9 Goodwill


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.

  
นายชัยวัฒน์ ศรีวรรณวัฒน์



  
นายไฉ่ยศ สารกุล

#### 4.10 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.

#### 4.11 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.

#### 4.12 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.

#### 4.13 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.

#### 4.14 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.

#### 4.15 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.

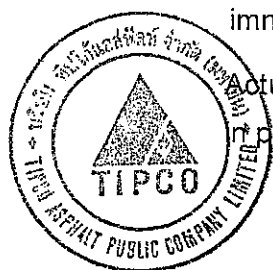
###### *Defined benefit plans and other long-term employee benefits*

The Company and its 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 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.



#### 4.16 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.

#### 4.17 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.

#### 4.18 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

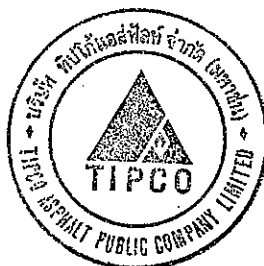
Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.


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.

  
นายชัยวัฒน์ ศรีวรรณวัฒน์



  
นายจัสต์ มาร์แซล

#### 4.19 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

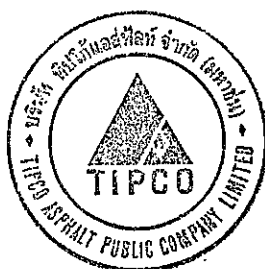
Interest rate swap contracts are the contracts under which the counter-parties agreed to exchange the amounts of interest, which are determined based on the pre-determined notional amount and the interest rates over the periods specified in the contracts. The Company and its subsidiaries recognised, 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.

#### 4.20 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.



นายชัยวัฒน์ ศรีวรรณวัฒน์



นายจาคส์ มาร์แซล



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**

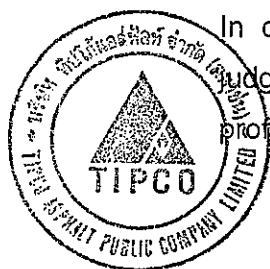
In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

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

The management of the Company determines that the Company and its subsidiary have control over KBC Trading Sdn Bhd ("KBT"), even though the Company and its subsidiary holds 30 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.

### **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.

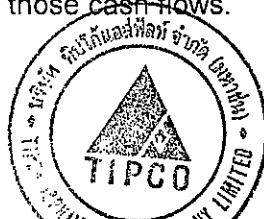
### **Property plant and equipment/Depreciation**

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.

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 and intangible assets**

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



Handwritten signature or mark.

### **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**

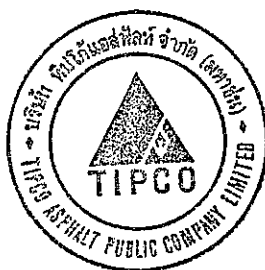
Estimating the cost of share-based payment transactions requires the determination of the fair value of the options granted under the transactions which involves appropriate assumptions, including but not limited to the expected life of the share options, share price volatility and dividend yield.

### **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.



นายชัยวัฒน์ ศรีวรรณวัฒน์

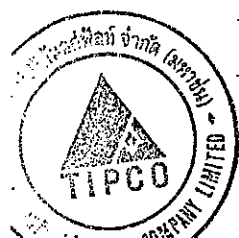


นายจืตส์ มาร์แชล

## 6. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b><u>Trade receivables - related parties</u></b> (Note 7)				
Aged on the basis of due dates				
Not yet due	336,669	676,818	478,604	954,902
Past due				
Up to 3 months	4,393	17,917	4,193	22,314
3 - 6 months	-	-	-	5,073
6 - 9 months	-	-	5,128	54,107
9 - 12 months	-	-	5,184	6,496
Over 12 months	10,063	119	314,752	374,969
Total	351,125	694,854	807,861	1,417,861
Less: Allowance for doubtful accounts	-	-	(314,739)	(353,907)
Total trade receivables - related parties, net	351,125	694,854	493,122	1,063,954
<b><u>Trade receivables - unrelated parties</u></b>				
Aged on the basis of due dates				
Not yet due	2,199,534	2,250,648	1,591,689	1,700,306
Past due				
Up to 3 months	509,623	203,045	119,968	82,864
3 - 6 months	18,869	25,661	240	2,593
6 - 9 months	9,829	2,510	-	938
9 - 12 months	32,091	26,404	-	1,777
Over 12 months	443,952	454,446	64,989	70,501
Total	3,213,898	2,962,714	1,776,886	1,858,979
Less: Allowance for doubtful accounts	(456,244)	(474,567)	(64,989)	(71,705)
Total trade receivables - unrelated parties, net	2,757,654	2,488,147	1,711,897	1,787,274
Total trade receivables - net	3,108,779	3,183,001	2,205,019	2,851,228
<b><u>Other receivables</u></b>				
Amounts due from related parties (Note 7)	10,874	9,764	100,235	29,964
Accounts receivable from price				
hedging contracts	252,796	43,107	252,796	43,108
Other receivables	118,900	35,904	95,354	2,306
Total other receivables	382,570	88,775	448,385	75,378
Trade and other receivables - net	3,491,349	3,271,776	2,653,404	2,926,606



## 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		
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales and service income	-	-	2,701	4,870	Cost plus certain margin
Rental and service income	-	-	95	54	Contract price
Technical assistance fee income	-	-	12	12	Contract price
Interest income	-	-	13	1	At rate of 1.4 - 2.5 percent and LIBOR plus 1.5 percent per annum
Dividend income	-	-	965	142	
Purchases of goods	-	-	73	2	Cost plus certain margin
Rental and service expenses	-	-	2,398	2,474	Contract price
Interest expense	-	-	1	-	At rate of 1.0 - 4.0 percent per annum
<u>Transactions with joint venture</u>					
Sales and service income	1,397	1,078	1,144	1,031	Market price / contract price
Rental and service income	2	-	-	-	Contract price
Rental and service expenses	7	-	7	-	Contract price
<u>Transactions with associates</u>					
Sales and service income	408	-	302	-	Market price / contract price
Rental and service income	4	-	1	-	Contract price
Rental and service expenses	2	-	2	-	Contract price
Dividend income	-	-	5	62	
<u>Transactions with related companies</u>					
Sales and service income	1,196	2,584	1,196	2,549	Market price / contract price
Rental and service income	2	3	2	3	Contract price
Rental and service expenses	87	50	79	38	Contract price
Technical assistance fee expenses	41	69	41	48	Contract price

นายชัยวัฒน์ ศรีวรรณวัฒน์

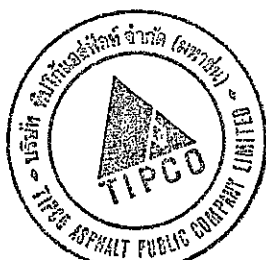


The balances of the accounts between the Company and its subsidiaries and those related companies as at 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b><u>Trade and other receivables- related parties</u></b> (Note 6)				
Subsidiaries	-	-	588,753	779,988
Joint venture	159,017	506,047	157,507	496,807
Associates	123,685	-	82,962	-
Related companies (common shareholders and directors)	79,297	198,571	78,874	171,030
Total trade and other receivables - related parties	361,999	704,618	908,096	1,447,825
Less : Allowance for doubtful accounts	-	-	(314,739)	(353,907)
Total trade and other receivables - related parties, net	361,999	704,618	593,357	1,093,918
<b><u>Short-term loans to related party</u></b>				
Subsidiary	-	-	-	6,179
Total short-term loans to related party	-	-	-	6,179
<b><u>Long-term loans to related parties</u></b>				
Subsidiaries	-	-	636,652	210,295
Total long-term loans to related parties	-	-	636,652	210,295
<b><u>Trade and other payables - related parties</u></b> (Note 17)				
Subsidiaries	-	-	897,937	411,557
Joint venture	12	9,235	12	-
Associates	754	-	201	-
Related companies (common shareholders and directors)	89,883	75,930	89,314	54,200
Total trade and other payables - related parties	90,649	85,165	987,464	465,757
<b><u>Long-term loan from related party</u></b>				
Related company (shareholder of subsidiary)	7,570	8,152	-	-
Total long-term loan from related party	7,570	8,152	-	-

นายชัยวัฒน์ ศรีวรรณวัฒน์



๒๒๓๕๕๕๕ ๒๒๓๕๕๕๕

## Loans to related parties and loans from related parties

As at 31 December 2016 and 2015, 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 31 December 2015	Exchange differences on translation of financial statements in foreign currencies	Balance as at 31 December 2016
Company's name	Related by			
<u>Long-term loan from related party</u>				
	Shareholder of			
Zhenjiang Highway Materials Company	subsidiary	8,152	(582)	7,570

(Unit: Thousand Baht)

		Separate financial statements				
		Balance as at	Increase	Decrease		Balance as at
		31 December	during	during	Gain (loss)	31 December
Company's name	Related by	2015	the year	the year	on exchange	2016
<b><u>Short-term loans to related parties</u></b>						
Kemaman Oil Corporation Sdn Bhd	Subsidiary	6,179	-	(5,827)	(352)	-
Highway Resources Pte. Ltd.	Subsidiary	-	153,104	(153,730)	626	-
AD Shipping Pte. Ltd. (Note 9)	Subsidiary	-	286,822	(280,134)	(6,688)	-
Reta Link Pte. Ltd. (Note 9)	Subsidiary	-	161,337	(157,575)	(3,762)	-
Total		6,179	601,263	(597,266)	(10,176)	-

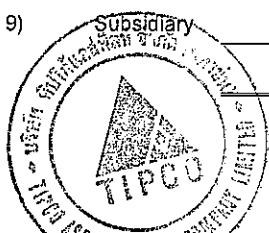
### **Long-term loans to related parties**

Tasco International (Hong Kong) Ltd.

(Note 9)	Subsidiary	210,295	34,620	(242,740)	(2,175)	-
AD Shipping Pte. Ltd. (Note 9)	Subsidiary	-	280,134	-	5,136	285,270
Reta Link Pte. Ltd. (Note 9)	Subsidiary	-	157,575	-	2,890	160,465
Pacific Bitumen Shipping Pte. Ltd.						
(Note 9)	Subsidiary	-	190,763	-	154	190,917
Total		210,295	663,092	(242,740)	6,005	636,652

### **Short-term loans from related parties**

Raycol Asphalt Co., Ltd. (Note 9)	Subsidiary	-	170,000	(170,000)	-	-
Thai Bitumen Co., Ltd. (Note 9)	Subsidiary	-	155,000	(155,000)	-	-
Total		-	325,000	(325,000)	-	-



### Directors and management's benefits

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits	129	127	109	109
Post-employment benefits and other long-term benefits (Note 21)	6	5	4	5
Share-based payment transactions (Note 23)	9	11	7	10
Total	<u>144</u>	<u>143</u>	<u>120</u>	<u>124</u>

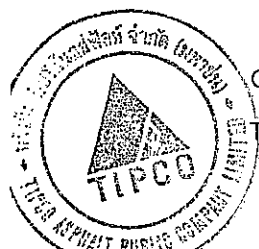
### Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 20 to the financial statements.

## 8. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduction of cost to net realisable value		Inventories - net	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Finished goods	695,131	667,474	(10,194)	(69,984)	684,937	597,490
Raw materials	798,941	1,145,560	(83,958)	(213,360)	714,983	932,200
Packaging materials, spare parts and factory supplies	111,306	88,581	(546)	(541)	110,760	88,040
Goods in transit	2,258,956	784,789	-	-	2,258,956	784,789
Total	<u>3,864,334</u>	<u>2,686,404</u>	<u>(94,698)</u>	<u>(283,885)</u>	<u>3,769,636</u>	<u>2,402,519</u>

	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Reduction of cost to net realisable value		Inventories - net	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Finished goods	402,423	596,263	(2,143)	(89,597)	400,280	506,666
Raw materials	693,901	1,024,714	(174,959)	(275,550)	518,942	749,164
Packaging materials, spare parts and factory supplies	9,005	9,477	(546)	(542)	8,459	8,935
Goods in transit	2,178,426	734,747	-	-	2,178,426	734,747
Total	<u>3,283,755</u>	<u>2,365,201</u>	<u>(177,648)</u>	<u>(365,689)</u>	<u>3,106,107</u>	<u>1,999,512</u>



นายสุวิทย์ ตรีวรรณวัฒน์

นายวิวัฒน์ งามวิเศษ



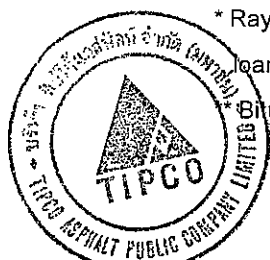
## 9. Investments in subsidiaries

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	
	2016	2015	2016	2015
<b><u>Domestic subsidiaries</u></b>				
Raycol Asphalt Co., Ltd.	580,712	193,200	177,600*	36,800
Thai Bitumen Co., Ltd.	374,916	1,499,917	787,500*	-
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**
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	(65,420)	(57,120)	-	-
Kemaman Oil Corporation Sdn Bhd ("KOC")	1,303,035	337,296	-	-
Kemaman Bitumen Company Sdn Bhd ("KBC")	2,752,967	818,644	-	-
KBC Trading Sdn Bhd ("KBT")	1,377	-	-	-
Tipco Asphalt (Cambodia) Co., Ltd. ("TAC")	165	165	-	-
PT Asphalt Bangun Sarana ("ABS")	337,254	-	-	-
Pacific Bitumen Shipping Pte. Ltd. ("PBS")	350	-	-	-
Highway Resources Pte. Ltd. ("HR")	717,054	-	-	-
AD Shipping Pte. Ltd. ("ADS")	430,232	-	-	-
Reta Link Pte. Ltd. ("RTL")	28,682	-	-	-
Total investments in subsidiaries	7,311,401	3,642,179	965,100	141,800
Cost of share-based payment transactions, under warrants to purchase new ordinary shares of the Company issued to the subsidiaries' employees (Note 23)	24,199	15,403		
Total investments in subsidiaries - net	7,335,600	3,657,582		

\* Raycol Asphalt Co., Ltd. and Thai Bitumen Co., Ltd. offset the partial dividend paid in 2016 against the short-term loans and accrued interest from the Company.

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



*(Signature)*

*(Signature)*

นายวิชาญ มารีแซด

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

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

During 2016, 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 23) amounted to Baht 8.8 million (2015: Baht 7.3 million), as a cost of investments in subsidiaries.

Investment in new subsidiaries

In December 2015, the Company had entered into Share Purchase Agreement with Colas S.A., a foreign related company, to acquire ordinary shares in companies in asphalt business and vessel business. Subsequently, on 5 January 2016, the Extraordinary General Meeting of the Company's shareholders No.1/2016 approved the acquisition of such ordinary shares as summarised below.

Company's name	Nature of business	Country of incorporation	Investment percentage	Investment amount	Loan amount
			(%)	(Million USD)	(Million USD)
PT Asphalt Bangun Sarana ("ABS")*	Manufacture and distribution of asphalt products	Indonesia	99.98	9.5	-
Highway Resources Pte. Ltd. ("HR")*	Distribution of asphalt products	Singapore	100.00	20.0	-
AD Shipping Pte. Ltd. ("ADS")	Marine transportation	Singapore	100.00	12.0	8.0
Reta Link Pte. Ltd. ("RTL")	Marine transportation	Singapore	100.00	0.8	4.5
Total				42.3	12.5

\*These subsidiaries have two subsidiaries and an associate as follows:

Company's name	Nature of business	Country of incorporation	Related by	Shareholding percentage
				(%)

Subsidiary and associate held by ABS

PT Saranaraya Reka Cipta ("SRC")	Manufacture and distribution of asphalt products	Indonesia	Subsidiary	100.00
PT Sarana Distribusi Aspal Nusantara ("SDAN")	Barge rental service	Indonesia	Associate	49.00

Subsidiary held by HR

Asphalt Distribution Co., Ltd. ("ADCo")	Manufacture and distribution of asphalt products	Vietnam	Subsidiary	100.00
---	--	---------	------------	--------

From the investment transactions in new subsidiaries, the Company has control over such subsidiaries from 1 January 2016 (the acquisition date) onward. Under TFRS No.3 (revised 2015), the Company must consider the net fair value of the identifiable asset, liabilities and contingent liabilities of new subsidiaries on the acquisition date.



๒

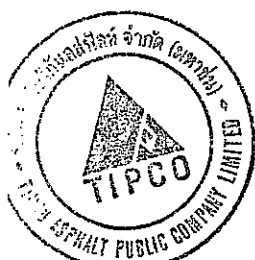
ร. ๓ ๒๕๖๑

The Company and its subsidiary completed the assessments of the fair values of identifiable assets and liabilities of such subsidiaries. The carrying amounts and fair values of assets and liabilities incurred from the acquisition as at 1 January 2016 (the acquisition date) are as follows:

(Unit: Thousand Baht)

	As at 1 January 2016	
	Fair value	Carrying value
Cash and cash equivalents	270,257	270,257
Trade and other receivables	712,692	712,692
Inventories	282,849	282,849
Other current assets	84,943	84,943
Plant and equipment	1,257,909	1,157,856
Leasehold rights	57,702	57,702
Intangible assets	12,730	12,509
Deferred tax assets - net	41,777	41,777
Other non-current assets	50,828	50,828
Short-term loans from financial institutions	(359,908)	(359,908)
Short-term loans from related party*	(451,108)	(451,108)
Trade and other payables	(345,712)	(345,712)
Accrued income tax	(42,446)	(42,446)
Other current liabilities	(117,706)	(117,706)
Provision for long-term employee benefits	(19,955)	(19,955)
Other non-current liabilities	(7,456)	(7,456)
Non-controlling interest	(35)	(35)
Net assets	1,427,361	1,327,087
Customer relationships	177,083	
Deferred tax liabilities	(56,053)	
Goodwill	526	
Acquisition cost	1,548,917	

\* In February 2016, the Company entered into Loan Purchase Agreement with Colas S.A. to purchase short-term loans of USD 12.5 million (approximately Baht 488 million) that Colas S.A. granted to ADS and RTL. The purchase amount is equal to the outstanding balances under the loan agreements, and the same terms and conditions are applied. Such loans bear interest rate with reference to LIBOR and mature in June 2016. The Company made a payment for a purchase of such loans in February 2016. However, on 28 June 2016, the Company made loan agreements with ADS and RTL to extend the loan period to ADS and RTL for another 3 years, maturing in June 2019. According to these loan agreements, the Company reclassified such loans as non-current assets and presented under the caption of "Long-term loans to related parties" in separate statement of financial position.



๒๐๑๖-๒๐๑๗

๒ - ๓

In addition, the Board of Director Meetings No.3/2016 held on 11 April 2016 passed a resolution to approve the Company and/or its subsidiary's acquisition of 100 percent of ordinary shares of Colas Vietnam Co., Ltd. ("CVN") from Colas S.A. at a price of USD 1 million. Subsequently, in July 2016, ADCo, a subsidiary company, entered into Share Purchase Agreement with Colas S.A. at a price of VND 22,309 million (approximately Baht 36 million), to acquire ordinary shares of such company. ADCo received the transfer of the above shares in August 2016.

Investment in Raycol Asphalt Co., Ltd. ("Raycol")

In December 2015, the Company entered into Share Purchase Agreement with Colas S.A., a foreign related company, to acquire 38 percent of ordinary shares of Raycol at a price of USD 7 million (approximately Baht 255 million). Subsequently, on 5 January 2016, the Extraordinary General Meeting of the Company's shareholders No.1/2016 approved the acquisition of such ordinary shares. The Company received the transfer of the above shares in January 2016.

In addition, the Board of Directors Meeting No.3/2016 held on 11 April 2016 passed a resolution approving the Company's acquisition of 20.56 percent of ordinary shares of Raycol at a price of USD 3.77 million (approximately Baht 132 million). Subsequently, on 27 April 2016, the Company entered into Share Purchase Agreement with Asiacol Co., Ltd. and Mrs. Riem Supsakorn, the related parties, to acquire ordinary shares of such company. The Company received the transfer of the above shares in April 2016.

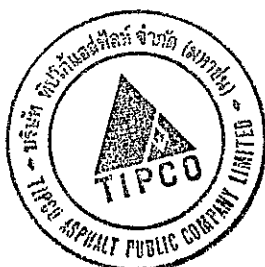
As a result of the transactions, the shareholding of the Company in Raycol increased from 41.44 percent to 100 percent and the Company recorded the change in the subsidiary interest amounting to Baht 261.9 million under the caption of "Change in the Company's interest in subsidiaries which does not result in a loss of control" in the consolidated shareholders' equity.

The merger of subsidiaries

In October 2016, ADCo has entered into Merger Contract with CVN to merge the business of CVN to operate under ADCo. As such, goodwill from acquisition of CVN of VND 329 million (approximately Baht 0.5 million) is recorded in profit or loss in the consolidated financial statements.



นายชัยวัฒน์ ชิริวรรณวัฒน์



นายจาคส์ มาร์แซด

### Shareholding restructure in subsidiaries

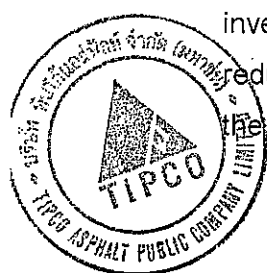
During the year 2016, the Company received the tax privilege for a company that operates as an international headquarters ("IHQ"). The privilege includes a reduction and an exemption from corporate income tax from income, as defined in the terms announced by the Revenue Department, of 15 years. As such, the Company restructured the shareholding in its subsidiaries by entering into Agreements for Sales and Purchase of Shares with KOC, TIHK and Thai Bitumen as follows:

The Counter party	Agreement date	Name of subsidiary that was sold	Number of share (Million share)	Shareholding percentage (%)	Investment amount
KOC	12 February 2016	KBC	141.63	44.80	123.2 million ringgit (Approximately Baht 1,067 million)
TIHK	30 November 2016	KOC	56.05	36.88	Baht 482.03 million
TIHK	30 November 2016	KBC	4.43	1.40	Baht 44.27 million
TIHK	30 November 2016	KBT	0.03	10.00	Baht 1.38 million
TIHK	30 November 2016	PBS	0.01	100.00	Baht 0.35 million
Thai Bitumen	30 November 2016	KOC	56.25	37.01	Baht 483.71 million
Thai Bitumen	30 November 2016	KBC	82.35	26.06	Baht 823.54 million

The Company received the share transferred in 2016

In addition, the Agreement for Sales and Purchase of Shares with TIHK relating to purchase of investment in PBS also stated that the Company shall purchase long-term loan of USD 5.35 million which TIHK had provided to PBS. The purchase amount is equal to the outstanding balances under the loan agreements, and the same terms and conditions are applied. The loan which has not yet been drawdown under such loan agreement amounted to USD 3.85 million. Such loan bears interest rate at 2.5 percent per annum and matures in October 2020.

The Company and TIHK entered into the memorandum of understanding to offset cash payment from the purchase of investment in KOC, KBC and KBT of Baht 528 million with loans to TIHK. Under this memorandum, the Company paid the net amount of Baht 274 million to TIHK on 7 December 2016. In addition, the Company and Thai Bitumen entered into the memorandum of understanding to offset cash payment from the purchase of investments in KOC and KBC of Baht 1,307 million with cash received from the capital reduction in Thai Bitumen of Baht 1,125 million. Under this memorandum, the Company paid the net amount of Baht 182 million to Thai Bitumen on 13 December 2016.



Investment in Guangzhou Tipco Asphalt Trading Co., Ltd. ("GTT")


In August 2016, Tasco International (Hong Kong) Limited ("TIHK") invested in GTT, a new company incorporated in China with the registered capital of RMB 6 million (approximately Baht 32 million), to trade bitumen. TIHK has 100 percent of shareholding in this company.

Investment in Thai Bitumen Company Limited ("Thai Bitumen")


On 25 October 2016, the extraordinary shareholders' meeting No. 1/2016 of Thai Bitumen passed a resolution to approve the reduction of its registered and paid up share capital by Baht 1,125 million, through the retirement of 11.25 million shares of Baht 100 each. After the share reduction process, Thai Bitumen's registered and paid-up capital will consist of 3.75 million shares of Baht 100 each, totaling Baht 375 million. Thai Bitumen completed the share reduction process and registered the change in share capital with the Ministry of Commerce on 13 December 2016 and also returned the reduction of capital to the Company by offsetting with cash receipts from the disposal of investment in KOC and KBC as described above.

Investment in Tasco International (Hong Kong) Limited ("TIHK")

In 2016, the Company recorded the impairment loss on investment in TIHK of Baht 8 million in profit or loss in the separate financial statements. However, the transaction had no effect to profit or loss in the consolidated financial statements.

  
นายชัยวัฒน์ ศรีวรรณวัฒน์



  
นายจำลอง มาร์แซล

## 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 2016, the Company recognised carrying amounts of joint venture based on equity method in the consolidated financial statements amounting to Baht 31 million (31 December 2015: Baht 21 million).

During 2016, the Company recognised share of profit from joint venture in the consolidated financial statements of Baht 10 million. (2015: Baht 20 million).

### Summarised financial information about material joint ventures

Summarised information about financial position as at 31 December 2016 and 2015:

	(Unit: Million Baht)	
	<u>2016</u>	<u>2015</u>
Cash and cash equivalent	73.35	338.99
Trade and other receivables	193.86	416.69
Other assets	1.34	5.31
Trade and other payables	(200.77)	(706.27)
Other current liabilities	(5.87)	(12.80)
<b>Net assets</b>	<b>61.91</b>	<b>41.92</b>
Shareholding percentage (%)	50	50
<b>Carrying amounts of joint venture based on equity method</b>	<b>30.95</b>	<b>20.96</b>

Summarised information about profit and loss for the year ended 31 December 2016 and 2015:

	(Unit: Million Baht)	
	<u>2016</u>	<u>2015</u>
Total revenues	2,735.56	1,835.11
Cost of goods sold	(2,675.93)	(1,763.19)
Total expenses	(40.48)	(31.60)
<b>Profit for the year</b>	<b>19.15</b>	<b>40.32</b>

นายชัยวัฒน์ ศรีวรรณวัฒน์



นายจาดส์ มาร์มเชล

## 11. Investment in associates

### 11.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements					
	Shareholding percentage		Cost		Carrying amounts based on equity method	
	2016	2015	2016	2015	2016	2015
	(%)	(%)				
Colasie Co., Ltd. (Registered under the law of France) (Holding company)	40	40	18,404	18,404	209,055	126,739
PT Sarana Distribusi Aspal Nusantara ("SDAN")	49	-	1,313	-	988	-
Thai Slurry Seal Company Limited	25	-	225,043	-	225,043	-
Total investment in associates			244,760	18,404	435,086	126,739

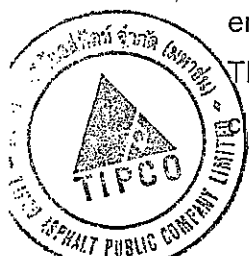
(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Shareholding percentage		Cost		Carrying amounts based on cost method	
	2016	2015	2016	2015	2016	2015
	(%)	(%)				
Colasie Co., Ltd.	40	40	18,404	18,404	18,404	18,404
Thai Slurry Seal Company Limited	25	-	225,043	-	225,043	-
Total investment in associates			243,447	18,404	243,447	18,404

#### Investment in Thai Slurry Seal Company Limited ("Thai Slurry Seal")

On 7 November 2016, the Board of Directors Meeting No. 6/2016 passed a resolution to approve the subscription of 1,243,334 new ordinary shares with par value of Baht 100 per share at Baht 181 per share, representing 25 percent shareholding in Thai Slurry Seal. Subsequently, the Company entered into Share Subscription Agreement with Thai Slurry Seal to subscribe of such shares. The Company paid for such investment on 10 November 2016 and classified this investment as investment in associate.

Thai Slurry Seal is a limited company incorporated and domiciled in Thailand and is principally engaged in road rehabilitation contractor. Thai Slurry Seal has one wholly owned subsidiary, Thanomwongse Services Company Limited, which is a special class road contractor as classified by a government unit.





Based on the analysis performed, the management believed that no material difference of fair value and carrying value of identifiable assets and liabilities of Thai Slurry Seal Co., Ltd and its subsidiary as at 31 December 2016 and at the share subscription date. As such, the difference between cash paid for shares subscription and net assets value as at 31 December 2016 of Baht 27 million is classify as goodwill.

#### 11.2 Share of profit and dividend received

The Company has recognised its share of profit from investment in associates in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit from investment in		Dividend received	
	associate during the year		during the year by the Company	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Colasie Co., Ltd.	88,147	67,650	4,838	61,540
Total	88,147	67,650	4,838	61,540

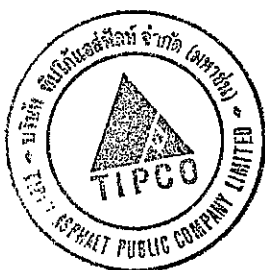
#### 11.3 Summarised financial information about material associates

Financial information of Colasie Co., Ltd. as at 31 December 2016 and 2015 and for the year then ended are summarised below.

(Unit: Million Euro)

	<u>2016</u>	<u>2015</u>
Paid-up capital	1.04	1.04
Total assets	3.72	1.58
Total liabilities	0.01	0.09
Total revenues	2.59	2.78
Profit for the year	2.53	2.61

นายชัยวัฒน์ ศรีวรรณวัฒน์



นายจิรัช มารีแซล

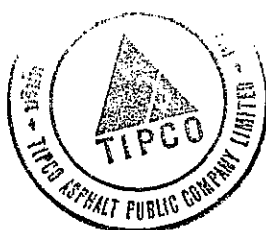
Summarised information about financial position of Thai Slurry Seal as at 31 December 2016 are as follows:

	(Unit: Million Baht)
	<u>2016</u>
Current assets	495
Non-current assets	834
Current liabilities	(408)
Non-current liabilities	(131)
<b>Net assets</b>	<b>790</b>
<b>Net assets attributable to the Company's investment (25%)</b>	<b>198</b>
Goodwill	27
<b>Carrying amounts of the associate based on equity method</b>	<b>225</b>

## 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 2016:			
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 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

นายชัยวัฒน์ ศรีวรรณวัฒน์



นายจำลอง มาร์แซด

(Unit: Thousand Baht)

## Separate financial statements

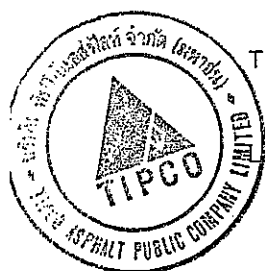
	The Company's land, buildings and equipment located at Petchburi Plant	The Company's land for rent located at Suratthani Province	Total
As at 31 December 2016:			
Cost	268,377	76,524	344,901
<u>Less</u> Accumulated depreciation	(138,692)	(10,486)	(149,178)
<u>Less</u> Allowance for diminution in value	(95,885)	-	(95,885)
Net book value	33,800	66,038	99,838
As at 31 December 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

A reconciliation of the net book value of investment properties for 2016 and 2015 is presented below.

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	199,433	199,433	99,838	100,106
Depreciation charged during the year	-	-	(1)	(268)
Net book value at end of year	199,433	199,433	99,837	99,838

The fair values of the investment properties, appraised by an independent professional valuer using the Sales Comparison Approach, as at 31 December 2016 and 2015 are stated below:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
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	-	-



นายชัยวัฒน์ ศรีวรรณวัฒน์

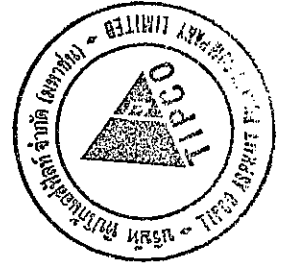
นางจักษุณี มาร์แซล

13. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

Cost	Consolidated financial statements					Total
	Land and land improvement	Buildings, improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels	
As at 1 January 2015	641,959	648,290	4,775,890	788,564	2,222,069	9,422,518
Additions	-	206	67,074	45,510	88,790	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	-
As at 31 December 2015	661,268	656,115	4,906,961	834,045	2,433,361	11,086,370
Increase from investments in new subsidiaries (Note 9)	-	117,793	175,195	174,435	778,715	1,257,909
Additions	230	8,081	75,440	326,316	75,222	1,141,473
Transferred from leasehold rights (Note 15)	-	7,919	50,076	-	-	57,995
Disposals/write-off	(35,397)	(61,892)	(34,576)	(24,063)	(60,553)	(216,481)
Transfer in (transfer out)	15,141	59,387	1,745,918	186,710	(1,724)	-
As at 31 December 2016	641,242	787,403	6,919,014	1,497,443	3,225,021	13,327,266



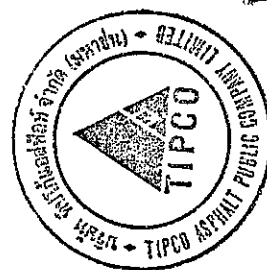
นายวัฒน ตรีวรรณวัฒน์

นายจุฑา ศาสตร์ มาร์แชล

(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>Accumulated depreciation</b>							
As at 1 January 2015	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
Depreciation for the year	16,450	59,934	361,468	108,615	178,555	-	725,022
Accumulated depreciation on disposals/write-off	(31,858)	(45,274)	(46,052)	(13,175)	(30,594)	-	(166,953)
As at 31 December 2016	314,278	450,758	2,670,940	742,785	660,421	-	4,839,182
<b>Allowance for impairment loss</b>							
As at 1 January 2015	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
Increase during the year	-	-	-	-	-	-	-
Disposals/write-off	-	-	(1,613)	-	-	-	(1,613)
As at 31 December 2016	1,183	50,431	21,808	1,985	-	2,828	78,235



นายวัฒน์ ศีวรรณวัฒน์

นายจำลอง มาร์แซล

(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>Translation adjustments</b>							
As at 1 January 2015	-	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
Translation adjustments during the year	-	(10,325)	(30,848)	(3,020)	(3,348)	(22,212)	(69,753)
As at 31 December 2016	-	20,526	213,384	2,025	(3,348)	47,946	280,533
<b>Net book value</b>							
As at 31 December 2015	330,399	200,437	2,772,248	189,760	1,920,901	1,661,950	7,075,695
As at 31 December 2016	325,781	306,740	4,439,650	754,698	2,561,252	302,261	8,690,382
<b>Depreciation for the year</b>							
2015 (Baht 442 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)							512,393
2016 (Baht 555 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)							725,022



๕.

นายชัยวัฒน์ ศิริวรรณวัฒน์

นายจำลอง มาร์ท

(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 2015	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
Additions	-	-	13,373	270,232	130,205	413,810
Disposals/write-off	(159)	(714)	(24,340)	(8,878)	-	(34,091)
Transfer in (transfer out)	10,419	22,871	43,857	99,671	(176,818)	-
As at 31 December 2016	474,373	262,821	544,281	963,294	51,656	2,296,425
<b>Accumulated depreciation</b>						
As at 1 January 2015	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
Depreciation for the year	11,299	6,827	16,130	46,280	-	80,536
Accumulated depreciation on disposal/write-off	(159)	(690)	(24,333)	(8,747)	-	(33,929)
As at 31 December 2016	229,763	187,652	472,290	520,380	-	1,410,085



Signature

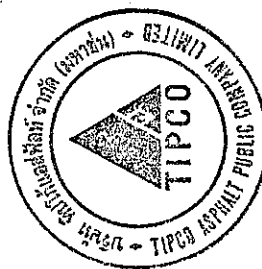
นายชัยวัฒน์ ศิริวรรณวัฒน์ นายจำลอง มาลีชูเชษฐ์

(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>Allowance for impairment loss</b>						
As at 31 December 2015	1,183	-	-	-	-	1,183
As at 31 December 2016	1,183	-	-	-	-	1,183
<b>Net book value</b>						
As at 31 December 2015	244,307	59,149	30,898	119,422	98,269	552,045
As at 31 December 2016	243,427	75,169	71,991	442,914	51,656	885,157
<b>Depreciation for the year</b>						
2015 (Baht 25 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)						59,179
2016 (Baht 42 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)						80,536

As at 31 December 2016, 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 1,602 million (2015: Baht 1,514 million) (The Company only: Baht 1,073 million (2015: Baht 1,037 million)).



นายชัยวัฒน์ ศรีวรรณรัตน์

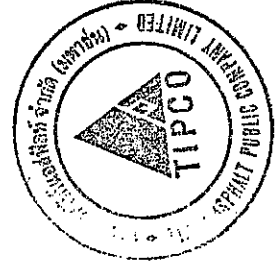
นายจำรัส มาร์มกุล



#### 14. Intangible assets

The net book value of intangible assets as at 31 December 2016 and 2015 is presented below.

	Consolidated financial statements					(Unit: Thousand Baht)		
	Separate financial statements							
	Computer software	Customer relationship	Non-competition clause	Computer software under installation	Total	Computer software	Computer software under installation	Total
As at 31 December 2016:								
Cost	95,576	177,083	11,723	9,567	293,949	69,330	9,567	78,897
<u>Less</u> Accumulated amortisation	(48,217)	(14,757)	(2,688)	-	(65,662)	(25,175)	-	(25,175)
Translation adjustments	339	-	223	-	562	-	-	-
Net book value	47,698	162,326	9,258	9,567	228,849	44,155	9,567	53,722
As at 31 December 2015:								
Cost	62,304	-	-	8,194	70,498	39,554	8,194	47,748
<u>Less</u> Accumulated amortisation	(39,005)	-	-	-	(39,005)	(17,250)	-	(17,250)
Translation adjustments	48	-	-	-	48	-	-	-
Net book value	23,347	-	-	8,194	31,541	22,304	8,194	30,498



๒

นายชัยวัฒน์ ศรีวรรณวัฒน์

นายจำลอง มารีเนต

A reconciliation of the net book value of intangible assets for the years 2016 and 2015 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	31,541	28,933	30,498	28,316
Increase from investments in new subsidiaries				
(Note 9)	189,813	-	-	-
Acquisition of computer software	33,682	6,275	31,149	5,640
Amortisation	(26,701)	(3,715)	(7,925)	(3,458)
Translation adjustments	514	48	-	-
Net book value at end of year	228,849	31,541	53,722	30,498

#### Intangible assets from business combination

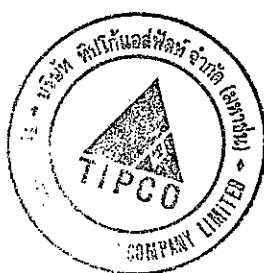
Intangible assets from business combination is customer relationship which the management of the Company and its subsidiaries believes that it will has economic benefit for a period of 12 years.

#### 15. Leasehold rights

The Company and its 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	11.0 million ringgit
7. A subsidiary in Vietnam	Vietnam	20	2032	36,257 million Vietnam Dong

นายชัยวัฒน์ ศรีวรรณวัฒน์



นายจำลอง มารีแซด

The book value of the leasehold rights as at 31 December 2016 and 2015 can be summarised below.

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cost	427,284	427,578	6,837	6,837
<u>Less</u> Accumulated amortisation	(66,979)	(57,600)	(3,646)	(3,418)
<u>Less</u> Allowance for impairment loss	(12,019)	(12,019)	-	-
Translation adjustments	26,799	41,289	-	-
Net book value	<u>375,085</u>	<u>399,248</u>	<u>3,191</u>	<u>3,419</u>

A reconciliation of the net book value of leasehold rights for the years 2016 and 2015 is presented below.

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net book value at beginning of year	399,248	382,415	3,419	3,646
Increase from investments in				
new subsidiaries (Note 9)	57,702	-	-	-
Transfer out to property, plant and				
equipment (Note 13)	(57,995)	-	-	-
Acquisition during the year	-	2,048	-	-
Amortisation	(9,379)	(6,589)	(228)	(227)
Impairment loss	-	(12,019)	-	-
Translation adjustments	(14,491)	33,393	-	-
Net book value at end of year	<u>375,085</u>	<u>399,248</u>	<u>3,191</u>	<u>3,419</u>



นายชัยวัฒน์ ศรีวรรณวัฒน์

นายจักษ์ มาร์ทแซล

## 16. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Trust receipts	1,269,831	-	1,269,831	-
Loans in US Dollars	-	36,089	-	-
Loans in Vietnam Dong	99,040	-	-	-
Loan in Indonesia Rupiah	99,417	-	-	-
Total	<u>1,468,288</u>	<u>36,089</u>	<u>1,269,831</u>	<u>-</u>

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 2016, the Company had short-term loans from local banks, which carry interest at the rates ranging from 0.75 to 1.30 percent per annum.

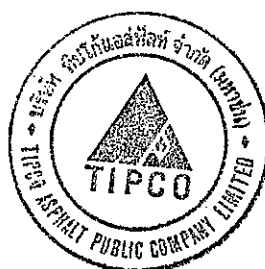
As at 31 December 2016, overseas subsidiaries had short-term loans from overseas financial institutions, which carry interest at the rates ranging from 4.00 to 9.85 percent per annum (2015: 2.16 percent per annum).

## 17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Trade payables - related parties (Note 7)	984	11,796	658,048	408,281
Trade payables - unrelated parties	3,011,926	1,518,367	2,659,370	1,209,923
Amounts due to related parties (Note 7)	89,665	73,369	329,416	57,476
Accounts payable from price hedging contracts	184,200	-	184,200	-
Accrued expenses	530,160	429,648	184,901	218,880
Other payables	236,254	220,445	102,070	81,896
Total trade and other payables	<u>4,053,189</u>	<u>2,253,625</u>	<u>4,118,005</u>	<u>1,976,456</u>

นายชัยวัฒน์ ศรีวรรณวัฒน์

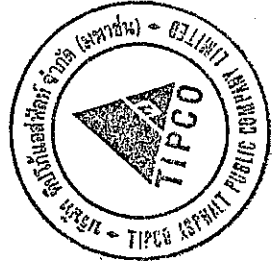


นายจำลอง มาร์แซล

# 18. Long-term loans from financial institutions

(Unit: Thousand Baht)

Loan	Borrower	Interest rate	Repayment schedule	2016	2015
Long-term loans in Baht from Bank in Thailand					
(1)	Thai Bitumen Company Limited	Fixed rate	Quarterly installments, as stipulated in the agreement, commencing from November 2014	243,000	315,000
(2)	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	98,900	125,900
(3)	Tasco Shipping Company Limited	Rate referenced to THBFX	Quarterly installments as stipulated in the agreements, commencing from October 2012	213,615	273,615
Long-term loans in USD from bank in Thailand					
(4)	Alpha Maritime Company Limited	Rate referenced to LIBOR	Quarterly installments as stipulated in the agreements, commencing from July 2015	241,937	417,644
Long-term loans in USD from bank in Malaysia					
(5)	Kemaman Bitumen Company	Rate referenced to USD LIBOR	Quarterly installments as stipulated in	-	89,860



Δ.

นายชัชวาลย์ ศรีวรรณวัฒน์

นายจำลอง มาร์แซด

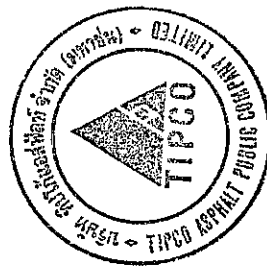
(Unit: Thousand Baht)

Loan	Borrower	Interest rate	Repayment schedule	Consolidated financial statements	
				2016	2015
(6)	Kemaman Bitumen Company Sdn Bhd	Rate referenced to USD LIBOR	Quarterly installments as stipulated in the agreements, commencing from November 2012	-	357,277
(7)	Kemaman Bitumen Company Sdn Bhd	Rate referenced to USD LIBOR	Quarterly installments as stipulated in the agreements, commencing from December 2016	358,307	902,215
Total				1,155,759	2,481,511
Less: Current portion				(377,856)	(436,653)
Long-term loans from financial institutions - net of current portion				777,903	2,044,858

During the year 2016, two subsidiaries repaid long-term loan from banks amounted to USD 27.5 million before the repayment schedule specified in its loan agreements which no penalty for such repayment.

#### 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.



๕

นายชัยวัฒน์ ศรีวรรณวัฒน์

นายจำลอง มาร์แชล

## 19. 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 2016	31 December 2015
(%)					
<u>For short-term loan</u>					
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
<u>For long-term loan</u>					
The Company	May 2012	5.21	March 2018	Baht 257 million	Baht 420 million
KBC	December 2013	0.54	August 2016	-	USD 2 million
KBC	December 2013	0.93	April 2018	USD 7 million	USD 11 million

## 20. Credit facilities

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

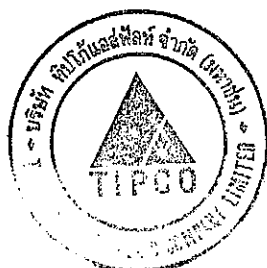
- The guarantees by the Company, its subsidiaries and a shareholder of a subsidiary.
- The pledges/mortgages by the assets of subsidiaries of which the net book value as at 31 December 2016 and 2015 of the assets are summarised below.

(Unit: Million Baht)

	Consolidated financial statements	
	2016	2015
Leasehold rights - net	315	387
Property, plant and equipment - net	5,421	5,391

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

นายชัยวัฒน์ ศรีวรรณวัฒน์



นายจำลอง มาร์แชล

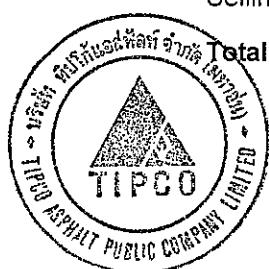
## 21. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Provision for long-term employee</b>				
<b>benefits at beginning of year</b>	112,941	87,635	92,746	72,800
Increase from investments in				
new subsidiaries (Note 9)	19,955	-	-	-
Included in profit or loss:				
Defined benefit plans				
Current service cost	12,115	5,464	7,188	4,433
Interest cost	4,320	2,988	2,196	2,495
Long service award	(936)	827	(926)	620
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(446)	1,404	-	1,181
Financial assumptions changes	(3,803)	9,640	-	7,753
Experience adjustments	331	17,816	-	14,976
Benefits paid during the year	(15,420)	(12,833)	(13,707)	(11,512)
Translation adjustments	1,430	-	-	-
<b>Provision for long-term employee</b>				
<b>benefits at end of year</b>	<u>130,487</u>	<u>112,941</u>	<u>87,497</u>	<u>92,746</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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cost of sales	6,669	3,526	2,898	2,584
Selling and administrative expenses	10,422	6,857	6,971	5,814
<b>Total expense recognised in profit or loss</b>	<u>17,091</u>	<u>10,383</u>	<u>9,869</u>	<u>8,398</u>



นายชัยวัฒน์ ศรีวรรณวัฒน์

นายจำลอง มาร์แซด



The Company and its subsidiaries expect to pay Baht 8 million of long-term employee benefits during the next year (Separate financial statements: Baht 6 million) (2015: Baht 19 million, separate financial statements: Baht 17 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit was 9 years (Separate financial statements: 9 years) (2015: 9 years, separate financial statements: 9 years).

Key actuarial assumptions used for the valuation are as follows:

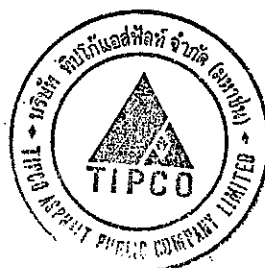
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.5 - 8.3	2.5	2.5	2.5
Future salary increase rate	5.0 - 7.0	5.0	5.0	5.0
Staff turnover rate (depending on age of employee)	0.0 - 15.0	0.0 - 15.0	0.0 - 15.0	0.0 - 15.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: Million Baht)

	31 December 2016			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(24)	31	(5)	5
Salary increase rate	30	(26)	5	(4)
	<u>Increase 20%</u>	<u>Decrease 20%</u>	<u>Increase 20%</u>	<u>Decrease 20%</u>
Turnover rate	(4)	4	(3)	3

นายชัยวัฒน์ ศรีวรรณวัฒน์



นายจำลอง มาร์แซด

(Unit: Million Baht)

31 December 2015

	Consolidated		Separate	
	financial statements		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

## 22. Share capital

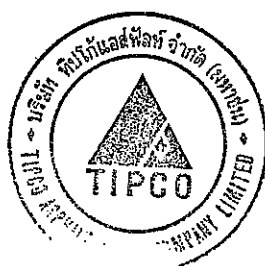
On 5 January 2016, the Extraordinary General Meeting of the Company's shareholders No.1/2016 approved to increase the current registered capital of Baht 1,578,735,570 (1,578,735,570 ordinary shares of Baht 1 each) to the new registered capital of Baht 1,579,343,570 (1,579,343,570 ordinary shares of Baht 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 Company registered the capital increased with the Ministry of Commerce on 13 January 2016.

Below is the summary of the share registration from exercise of ESOP-W1, ESOP-W2 and ESOP-W3 warrants during the year.

	2016
Number of warrants exercised (warrants)	914,800
Number of ordinary shares issued (shares)	9,148,000
Amount of cash received (Baht)	48,467,508
Paid-up capital after share registration	Baht 1,552,998,070
	(1,552,998,070 ordinary shares of Baht 1 each)

นายชัยวัฒน์ ศรีวรรณวัฒน์



นายจีวรี มารีเนล

As at 31 December 2016, the Company received advance subscription from the exercise of ESOP-W3 warrants as follows:

	ESOP-W3
Number of warrants exercised (warrants)	90,950
Number of ordinary shares issued (shares)	909,500
Amount of cash received (Baht)	4,825,807

The Company registered the capital increase from the exercise of such warrants with the Ministry of Commerce on 13 January 2017.

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

The expenses recognised for employee services received during 2016 of the Company and its subsidiaries were totaled Baht 44 million (2015: Baht 37 million) (the Company only: Baht 35 million (2015: Baht 30 million)).

As at 31 December 2016, the fair value of remaining option granted and the inputs of the model used are summarised below.

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

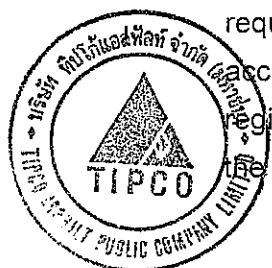
\*The expected volatility of the share options is based on historical data of the Company's stock price.

As at 31 December 2016 and 2015, the remain unexercised of ESOP are summarised below.

	2016	2015
ESOP-W1	-	15,000 units
ESOP-W2	15,000 units	50,700 units
ESOP-W3	138,200 units	1,099,100 units
ESOP-W4	1,178,300 units	1,178,300 units
ESOP-W5	11,140,000 units	11,140,000 units

**24. 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. At present, the statutory reserve has fully been set aside.



## 25. Expenses by nature

Significant expenses by nature are as follows:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Salary and wages and other employee benefits	1,539	1,057	531	527
Depreciation and maintenance expenses	942	697	139	111
Costs related to production of goods and services (excluding of staff cost, depreciation and maintenance expenses)	18,638	29,648	17,103	29,585

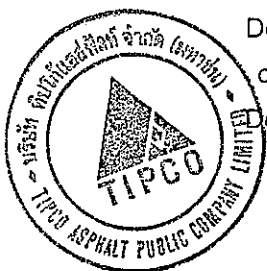
## 26. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Current income tax charge	(687,607)	(1,385,455)	(463,613)	(1,082,185)
Adjustment in respect of income tax of previous year	44	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	32,424	196,765	31,045	123,206
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>(655,139)</b>	<b>(1,188,690)</b>	<b>(432,568)</b>	<b>(958,979)</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Deferred tax relating to change in fair value of interest rate swap contract	-	(299)	-	(299)
Deferred tax relating to actuarial (gain) loss	(982)	5,772	-	4,782
	(982)	5,473	-	4,483
				51



นายชัยวัฒน์ ศรีวรรณวัฒน์

นายชัยวัฒน์ ศรีวรรณวัฒน์

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Accounting profit before tax	3,782,383	6,384,963	3,001,870	4,899,444
Income tax at Thai corporate income tax rate of 20%	(756,477)	(1,276,993)	(600,374)	(979,889)
Adjustment in respect of income tax of previous year	44	(62)	-	-
Utilisation of previously unrecognised tax losses and capital allowance	97,588	191,326	-	-
Difference in tax rate in group companies	2,389	(25,185)	-	-
Effects of:				
Non-deductible expenses	(83,297)	(102,118)	(30,721)	(19,813)
Additional expenses deductions allowed	16,171	420	12,201	55
Exemption of income	-	-	193,988	40,668
Promotional privileges (Note 27)	45,604	18,829	-	-
Tax privileges for maritime commerce (Note 28)	28,727	11,885	-	-
Share of profit from investment in associate	17,629	13,530	-	-
Share of profit from investment in joint venture	1,915	4,032	-	-
Unused tax loss in the current year	(5,825)	(22,539)	-	-
Loss on disposal of investment in subsidiaries	710	-	-	-
Others	(20,317)	(1,815)	(7,662)	-
Total	1,317	(77,776)	167,806	20,910
Income tax expenses reported in the statement of comprehensive income	(655,139)	(1,188,690)	(432,568)	(958,979)

The tax rates enacted at the end of the reporting period of the Company and its subsidiaries is 0% to 25% (2015: 0% to 25%).

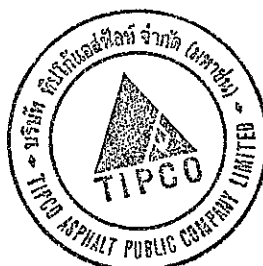
The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statement	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Deferred tax assets</b>				
Provision for long-term employee benefits	27,061	14,977	17,499	11,500
Allowance for doubtful accounts	47,516	28,644	75,946	85,122
Reduce cost of inventories to net realisable value	15,932	51,882	35,530	73,138
Allowance for asset impairment	63,018	63,018	19,414	19,414
Fair value of price hedging contracts	10,066	164,006	10,066	163,809
Others	22,552	18,631	15,111	10,979
Total	186,145	341,158	173,566	363,962
<b>Deferred tax liabilities</b>				
Fair value of price hedging contracts	(102,864)	(334,996)	(102,864)	(334,996)
Difference depreciation for tax purpose	(15,294)	(4,440)	(14,010)	(3,492)
Fair value of forward exchange contracts	(264)	(92)	(264)	(91)
Fair value adjustment of assets from investments in subsidiaries (Note 9)	(42,607)	-	-	-
Total	(161,029)	(339,528)	(117,138)	(338,579)
<b>Deferred tax assets - net</b>	25,116	1,630	56,428	25,383

As at 31 December 2016 and 2015, the overseas subsidiaries had 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:

	2016	2015
	(Million)	(Million)
USD	16	27
Ringgit	89	5
Renminbi	24	21

นายชัยวัฒน์ ศรีวรรณวัฒน์



นายจำลอง มาร์แซล

## 27. 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
<b>Bitumen Marine Company Limited</b> Marine transportation	15 June 2015
<b>Tasco Shipping Company Limited</b> Marine transportation	24 May 2011 19 December 2012
<b>Alpha Maritime Company Limited</b> 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.

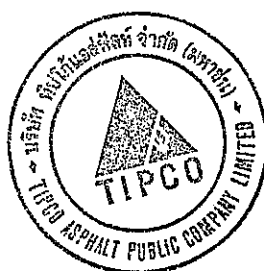
## 28. Tax privileges for maritime commerce


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.

## 29. 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.

  
นายชัยวัฒน์ ศรีวรรณวัฒน์



  
นายจิราจต์ มาร์แซล

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. 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 2016 and 2015.

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	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit attributable to equity holders						
of the Company	3,110,134	5,078,754	1,548,578	1,540,485	2.01	3.30
<b>Effect of potential ordinary shares</b>						
ESOP-W1	-	-	-	2,317		
ESOP-W2	-	-	189	889		
ESOP-W3	-	-	5,211	8,151		
ESOP-W4	-	-	9,325	8,622		
ESOP-W5	-	-	5,407	2,874		
	-	-	20,132	22,853		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders						
assuming the conversion of						
warrants to ordinary shares	3,110,134	5,078,754	1,568,710	1,563,338	1.98	3.25

  
นายชัยวัฒน์ ศรีวรรณวัฒน์



  
นายจัตสร์ มาร์แชล



Separate financial statements						
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	2,569,302	3,940,465	1,548,578	1,540,485	1.66	2.56
<b>Effect of potential ordinary shares</b>						
ESOP-W1	-	-	-	2,317		
ESOP-W2	-	-	189	889		
ESOP-W3	-	-	5,211	8,151		
ESOP-W4	-	-	9,325	8,622		
ESOP-W5	-	-	5,407	2,874		
	-	-	20,132	22,853		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	2,569,302	3,940,465	1,568,710	1,563,338	1.64	2.52

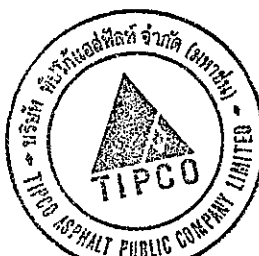
### 30. Segment information

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	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenue from external customers	18,973	32,439	5,065	4,698	-	-	24,038	37,137
Intersegment revenues	2,007	3,764	1,255	1,345	(3,262)	(5,109)	-	-
Total revenue	20,980	36,203	6,320	6,043	(3,262)	(5,109)	24,038	37,137
Segment operating income	2,487	4,536	612	552	11	(9)	3,110	5,079

นายชัยวัฒน์ ศรีวรรณวัฒน์



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

(Unit: Million Baht)

	Geographic segment located in Thailand		Geographic segment located in overseas		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Non-current assets	3,688	3,046	6,428	5,014	10,116	8,060

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

**31. Provident fund**

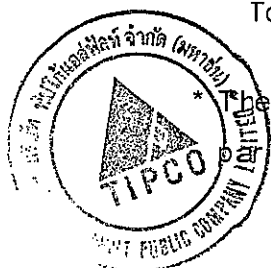
The Company, its local subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its local subsidiaries contribute to the fund on a monthly basis. The fund, which is managed by CIMB-Principal Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During 2016, the Company and its local subsidiaries contributed Baht 13 million (2015: Baht 11 million) to the fund (the Company only Baht 10 million, 2015: Baht 9 million).

**32. Dividend**

(Unit: Million Baht)

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht per share)
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
Final dividends for 2015	Annual General Meeting of the shareholders on 11 April 2016	617.6	0.4
Interim dividends for 2016	Board of Directors' meeting on 9 August 2016	465.7	0.3
Total for 2016		1,083.3	0.7

\* The final dividends for 2014 are the dividends which are approved before change in par value of the Company's ordinary shares.



นายชัยวัฒน์ ศรีวรรณวัฒน์

นายจำลอง มาร์แช่

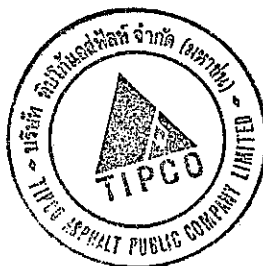
### 33. Commitments and contingent liabilities


#### 33.1 Capital commitment

As at 31 December 2016 and 2015, 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	
	<u>2016</u> (Million)	<u>2015</u> (Million)	<u>2016</u> (Million)	<u>2015</u> (Million)
Baht	114	64	95	47
Ringgit	9	48	-	-
US Dollar	22	22	-	-
Vietnam Dong	29,314	-	-	-

  
นายชัยวัฒน์ ศรีวรรณวัฒน์



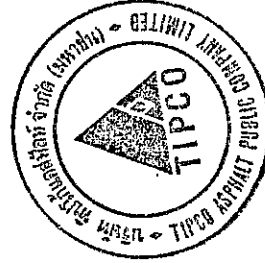
  
นายจืตส์ มาร์แตร์

### 33.2 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 as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements						Separate financial statements	
	Million Baht		Million USD		Million Vietnam Dong		Million Renminbi	
	2016	2015	2016	2015	2016	2015	2016	2015
Payable within:								
1 year	70	38	2	3	3,839	-	1	-
2 to 5 years	50	4	-	-	10,554	-	-	-
Over 5 years	-	-	-	-	30,852	-	-	-
							Million Ringgit	Million Baht
							2016	2015
							2	1
							2,178	35
							3,405	3
							4,778	-



*(Signature)*

นายชัยวัฒน์ ศรีวรรณรัตน์

นายจาคส์ มาร์แชล

### 33.3 Long-term service commitments

The Company has entered into a service agreement with Colas S.A. under which it receives management and marketing services and advice on methods and systems of management and technical assistance in the manufacture of Asphalt Emulsion and Modified Asphalt. Under this agreement, which was for a period of five years, expiring on 31 December 2017, unless terminated by either party with at least one year's prior notice, the Company agrees to pay an 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 and its subsidiaries generated from the stipulated products. The fees for the year-ended 31 December 2016 and 2015 amounted to approximately Baht 41 million and Baht 48 million, respectively.

### 33.4 Crude oil purchase commitments

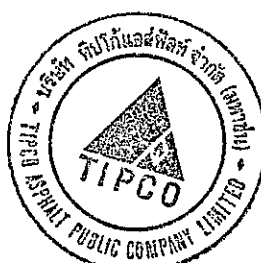
During the year 2014, the Company entered into an agreement with a company in Venezuela to purchase crude oil amounting to 44 million barrels. The term of the agreement is 4 years and ends in December 2017. However, on 25 May 2016, the Company has amended such agreement to increase the crude oil quantity by another 33 million barrels, to totaling 77 million barrels, and extend the term of agreement to another 3 years ending in December 2020.

As at 31 December 2016, the Company had outstanding commitment in respect of receiving crude oil under such purchase agreement of approximately 45 million barrels.

### 33.5 Bank guarantees

As at 31 December 2016 and 2015, 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	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Million)	(Million)	(Million)	(Million)
Baht	14	3	12	2
Ringgit	7	8	-	-
Renminbi	-	5	-	5
Indonesia Rupiah	253	-	-	-



### 34. Fair value of financial instruments

As at 31 December 2016 and 2015, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

	Consolidated financial statements							(Unit: Thousand Baht)
	As at 31 December 2016			As at 31 December 2015				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Derivatives								
Forward exchange contracts	-	1,322	-	1,322	-	458	-	458
Price hedging contracts	-	514,321	-	514,321	-	1,674,980	-	1,674,980
Interest rate swap contracts	-	389	-	389	-	-	-	-
Financial liabilities measured at fair value								
Derivatives								
Forward exchange contracts	-	2,901	-	2,901	-	636	-	636
Price hedging contracts	-	50,331	-	50,331	788	819,044	-	819,832
Interest rate swap contracts	-	9,538	-	9,538	-	18,945	-	18,945
(Unit: Thousand Baht)								
	Separate financial statements							
	As at 31 December 2016			As at 31 December 2015				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Derivatives								
Forward exchange contracts	-	1,322	-	1,322	-	458	-	458
Price hedging contracts	-	514,321	-	514,321	-	1,674,980	-	1,674,980
Financial liabilities measured at fair value								
Derivatives								
Forward exchange contracts	-	2,022	-	2,022	-	631	-	631
Price hedging contracts	-	50,331	-	50,331	-	819,044	-	819,044
Interest rate swap contracts	-	9,538	-	9,538	-	19,023	-	19,023
								61



นายชัยวัฒน์ ศรีวรรณวัฒน์

นายสุชาติ มาร์แชด

### 35. Financial instruments

#### 35.1 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.

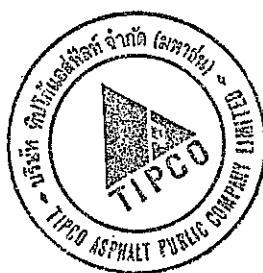
##### ***Credit risk***

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.

  
นายชัยวัฒน์ ศรีวรรณวัฒน์



  
นายจัตส มารีแซล

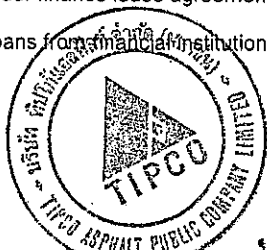
Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2016					
	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	223	-	284	826	1,333	0.3 - 4.7
Trade and other receivables	-	-	-	3,491	3,491	-
<b>Financial liabilities</b>						
Short-term loans from financial institutions	1,468	-	-	-	1,468	Note 16
Trade and other payables	-	-	-	4,053	4,053	-
Liabilities under finance lease agreements	1	-	-	-	1	2.6
Long-term loans from financial institutions	72	171	913	-	1,156	Note 18
Long-term loans from related parties	-	-	-	8	8	-

(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	Note 16
Trade and other payables	-	-	-	2,254	2,254	-
Liabilities under finance lease agreements	3	1	-	-	4	2.6 - 48.9
Long-term loans from financial institutions	72	243	2,167	-	2,482	Note 18



นายเจษฎาวัฒน์ ศรีวรรณวัฒน์

นายจาคส์ มาร์แชล



(Unit: Million Baht)


Separate financial statements						
As at 31 December 2016						
Fixed interest rates		Floating	Non-	Total	Interest rate	
Within		interest	interest			
1 year	1-5 years	rate	bearing			(% p.a.)
<b>Financial assets</b>						
Cash and cash equivalents	-	-	76	158	234	0.3 - 0.6
Trade and other receivables	-	-	-	2,653	2,653	-
Long-term loans to related parties	-	191	446	-	637	2.5 and LIBOR plus 1.5
<b>Financial liabilities</b>						
Short-term loans from financial institutions	1,270	-	-	-	1,270	Note 16
Trade and other payables	-	-	-	4,118	4,118	-

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2015						
Fixed interest rates		Floating	Non-	Total	Interest rate	
Within		interest	interest			
1 year	1-5 years	rate	bearing			(% p.a.)
<b>Financial assets</b>						
Cash and cash equivalents	-	-	579	88	667	0.1 - 1.6
Trade and other receivables	-	-	-	2,927	2,927	-
Short-term loans to related parties	-	-	-	218	218	-
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	1,976	1,976	-
Liabilities under finance lease agreements	2	-	-	-	2	4.8 - 48.9

**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.

  
 นายชัยวัฒน์ ศรีวรรณวัฒน์

  
 นายชัยวัฒน์ ศรีวรรณวัฒน์

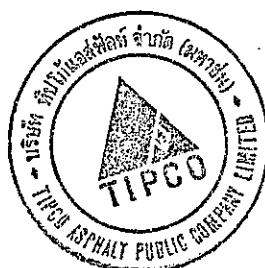
The balances of financial assets and liabilities of the Company and its subsidiaries denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	27	37	112	40	35.8	36.1
Euro	-	-	1	-	37.8	39.8
Yen	-	-	4	53	0.3	0.3
Ringgit	1	15	7	38	8.0	8.4
Vietnam Dong	-	15	-	-	0.0016	0.0016
Indonesia Rupiah	-	5	-	-	0.0027	0.0026

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	47	49	114	30	35.8	36.1
Euro	-	-	1	-	37.8	39.8
Renminbi	64	81	-	-	5.1	5.5
Ringgit	-	-	2	3	8.0	8.4

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

As at 31 December 2016						
Foreign currency	Consolidated		Separate		Contractual exchange rate	
	financial statements		financial statements			
	Sold	Bought	Sold	Bought	Sold	Bought
	amount	amount	amount	amount		
	(Million)	(Million)	(Million)	(Million)		
US Dollar	5	12	5	9	34.9 - 36.0 Baht per 1 US Dollar	35.6 - 36.1 Baht and 13,500 - 13,630 Indonesia Rupiah per 1 US Dollar



As at 31 December 2015

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

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

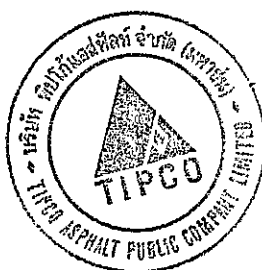
### ***Risk from fluctuation in raw materials and finished goods prices***

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 subsidiaries 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 2016 and 2015, the Company and its subsidiaries 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	
		2016	2015	2016	2015
<b><u>Contracts presented as assets</u></b>					
Bought forward contract	Crude oil	205	-	205	-
Bought forward contract	Petroleum product	10	3	10	3
Sold forward contract	Crude oil	9	496	9	496
Sold forward contract	Petroleum product	-	1,146	-	1,146
Two-ways collar option	Petroleum product	-	30	-	30
Four-ways collar option	Crude oil	290	-	290	-
Total price hedging contracts presented as assets		514	1,675	514	1,675

นายชัยวัฒน์ ศรีวรรณวัฒน์



นายจักษ์ มารีแซล

(Unit: Million Baht)

Contract type	Type of product	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<u>Contracts presented as liabilities</u>					
Bought forward contract	Crude oil	2	298	2	298
Bought forward contract	Petroleum product	-	473	-	473
Sold forward contract	Crude oil	32	7	32	7
Sold forward contract	Petroleum product	16	3	16	3
Sold future contract	Asphalt product	-	1	-	-
Four-ways collar option	Crude oil	-	38	-	38
Total price hedging contracts presented as liabilities		50	820	50	819

### 35.2 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.

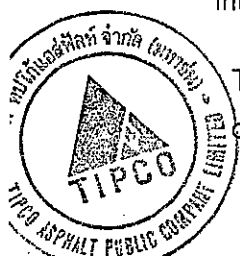
### 36. Capital management

The primary objective of the capital management of the Company and its subsidiaries is to ensure that they have an appropriate financial structure and preserve 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 2016 and 2015, these financial ratios were as follow:

Financial Ratio	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Interest Bearing Short-term Debt-to-Equity Ratio	0.15 : 1	0.04 : 1	0.13 : 1	-
Interest Bearing Long-term Debt-to-Equity Ratio	0.06 : 1	0.19 : 1	-	-

The Trust Receipts (in Note 16) 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.

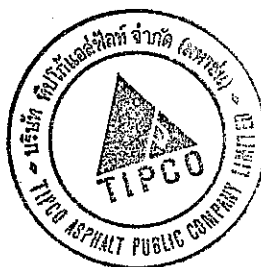


**37. Approval of financial statements**

These financial statements were authorised for issue by the Company's authorised directors on 14 February 2017.



นายชัยวัฒน์ ศีรชरणวัฒน์



นายแจ็คส์ มาร์แซด