



Tipco Asphalt Public Company Limited

Annual Report 2017



TIPCO ASPHALT PUBLIC COMPANY LIMITED

Tipco Asphalt Public Company Limited (“the Company”) was established in 1979. The Company, its subsidiaries, joint ventures and associated companies (“the Group”) are leading manufacturers and distributors of asphalt products for repairing, maintaining and constructing road pavements, highways and airport runways in Thailand and Asia-Pacific region. Its asphalt products are sold to importers and road contractors in Africa, Australia and North America as well.

The Company also sells non-asphalt products, such as naphtha, gas oil and fuel oil, from its asphalt crude refining process to oil traders and refineries in Singapore and Malaysia. In late 2016, the Company entered into pavement and airport runway repair and construction activities by taking up a 25% stake in a Thai construction company and its wholly owned subsidiary that specialized in pavement, highway and airport runways repair and construction.

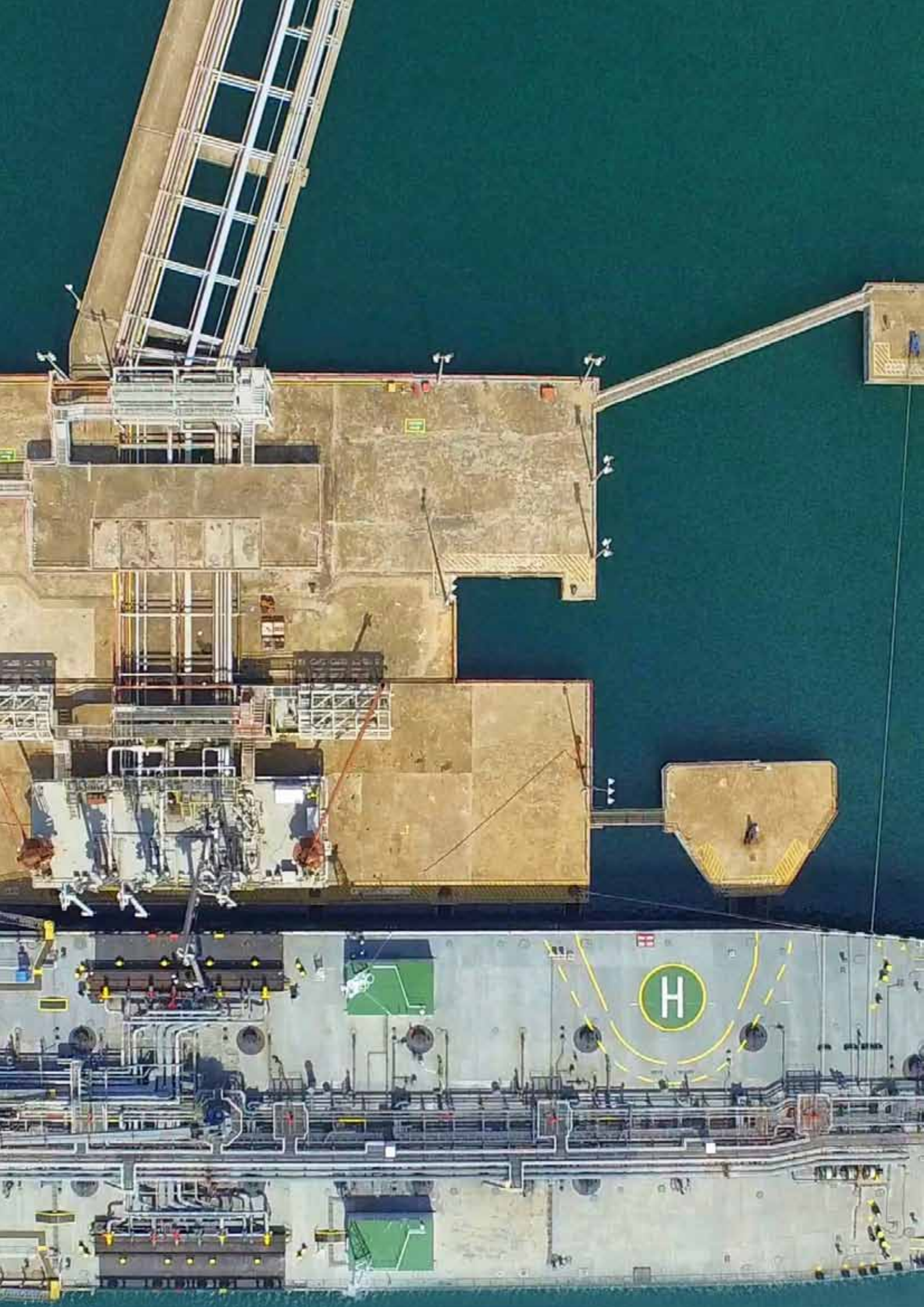
With the cooperation of one of its major shareholders, Colas S.A. of France (“Colas”) (world leader in construction and maintenance of transport infrastructures), the Group is able to deliver the highest quality asphalt products and innovative road pavements to its customers.

MISSION

TO BE A GLOBALLY PREFERRED INTEGRATED ASPHALT AND PETROLEUM RELATED PRODUCTS COMPANY

VISION

TO DISTRIBUTE 6 MILLION TONS OF ASPHALT AND PETROLEUM RELATED PRODUCTS ACROSS 5 CONTINENTS BY 2020 IN A SUSTAINABLE AND RESPONSIBLE MANNER



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FINANCIAL HIGHLIGHTS

	2013	2014	2015	2016	2017
Financial Highlights (THB million)					
Total Revenue ^{1/}	34,140	46,249	37,580	24,392	28,982
Gross Profit	1,739	2,004	7,504	4,690	3,479
EBITDA ^{2/}	1,789	2,630	6,375	4,728	4,514
Net Profit	831	1,200	5,079	3,110	2,537
Total Assets	20,273	15,145	16,869	19,503	19,513
Total Liabilities	14,382	9,020	6,305	7,238	6,583
Shareholders' Equity	5,891	6,125	10,564	12,265	12,930
Financial Ratio					
Total number of shares issued (shares) ^{3/}	1,525,808,680	1,532,779,570	1,543,850,070	1,552,998,070	1,562,464,570
Book value per share (Baht) ^{3/}	3.44	3.89	6.69	7.83	8.19
Earnings per share (Baht) ^{3/}	0.54	0.78	3.30	2.01	1.63
Dividend per share (Baht) ^{3/}	0.10	0.20	0.90	0.90	1.20 ^{4/}
Net profit margin (%)	2.44	2.60	13.51	12.75	8.75
Return on equity (%)	17.20	21.44	62.38	27.67	20.33
Return on assets (%)	6.05	8.78	40.83	21.40	15.55
Debt to Equity Ratio	2.44	1.47	0.60	0.59	0.51

1/ Including profit from investment in joint ventures and associates

2/ Equal to profit from operating activities before change in operating assets and liabilities of financial statements

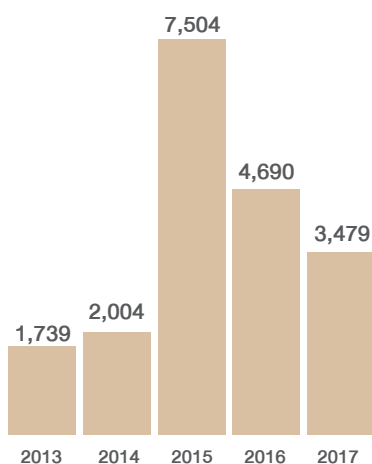
3/ 2013 – 2014 figures were adjusted based on par value at Baht 1 per share

4/ Final dividend of 0.90 Baht per share is subjected to approval at Annual General Meeting No.1/2018

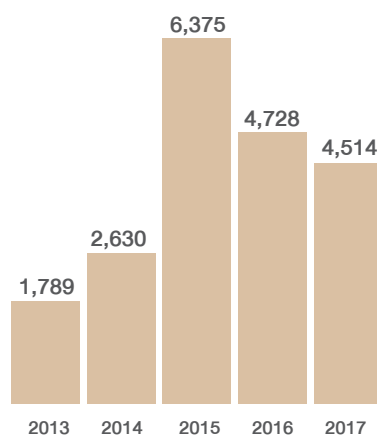
5/ Exchange rate in 2013, 2014, 2015, 2016 and 2017 were 30.72, 32.48, 34.28, 35.28 and 33.93 Baht per USD, respectively

FINANCIAL HIGHLIGHTS (THB MILLION)

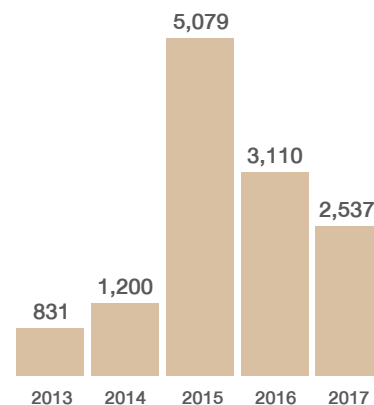
Gross Profit



EBITDA^{1/}



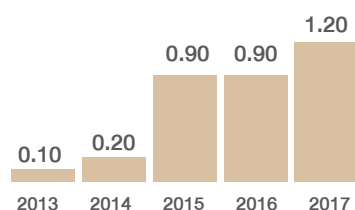
Net Profit



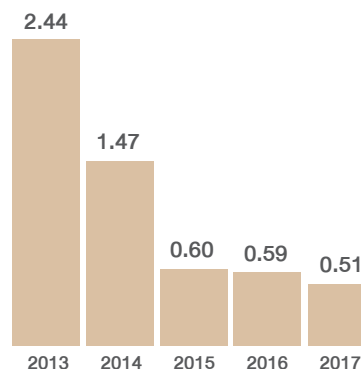
^{1/} Equal to Profit from operating activities before change in operating assets and liabilities of financial statements

FINANCIAL RATIO

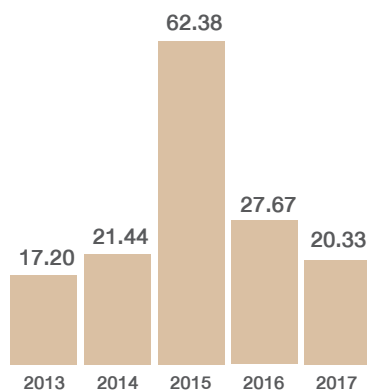
Dividend per Share (Baht)



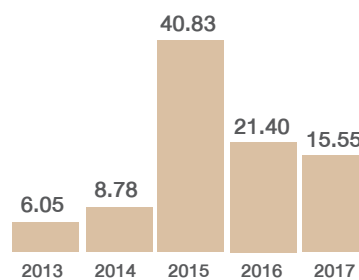
Debt to Equity Ratio



Return on Equity (%)



Return on Assets (%)



MESSAGE FROM THE CHAIRMAN

I am pleased to report that the Company and its subsidiaries (“the Group”) had achieved another commendable performance for the year 2017 with total sales of Baht 28.3 million and a net profit after tax of Baht 2.5 billion.

We performed satisfactorily despite facing many challenges during the year, such as, volatility of crude prices, severe weather conditions affecting asphalt consumptions in many countries in ASEAN and temporary disruptions of crude oil delivery system in Venezuela. We thank the management for their dedication and remarkable resilience in handling the adverse conditions to maintain the Group’s strength and leading position and ended the year with such strong result.

The Thai domestic market remained as the star performer in 2017. Strong government infrastructure spending to boost domestic economy and subsequent increase in asphalt products consumption in Thailand have induced new players to enter the market. Nonetheless, we have been able to maintain our market leader position with superior road pavement technology and high product quality. We also anticipate that high asphalt demand for infrastructure projects and road maintenance will continue in 2018.

Our export markets in Vietnam, China and Indonesia reported mixed performance. Vietnam and Indonesia were affected by adverse weather and slow government budget allocation which caused delay in road construction and pavement projects. As a result, both markets failed to achieve their asphalt sales targets. Nevertheless, with the continued strong demand from China, the overall export sale volume for 2017 was within expectation. We expect the deferred asphalt demand that was delayed by severe weather conditions in 2017 will return in 2018. To support sales logistic, we took delivery a new build asphalt vessel in October 2017. This new vessel, TASCO TARA, with 12,000 Deadweight Ton (DWT), is the biggest and most modern in our fleet of vessels. With her

arrival, the total cargo carrying capacity of our fleet increased to 48,969 tons.

Our refinery in Malaysia processed 9.6 million barrels of crude during the year as compared with 9.7 million barrels in 2016. Operations wise, the refinery has achieved the highest reliability record above 98% with over 4.5 million man-hours without lost-time due to injury (“LTI”). This is a very significant milestone for the industry and we remain committed to improving on the overall refinery operational performance.

One of the key challenges which the Group always encountered is price and margin risks caused by volatility of crude and product prices. In other words, time gap between committing the crude price and selling the products produced from such crude which is approximately 3 to 4 months and how to secure the gross profit margin expected at the time we committed the crude price are extremely crucial. The risk management policy and comprehensive hedging strategy employed by management have worked well to mitigate this risk rather satisfactorily. The year 2017 saw a very volatile oil market driven by strong global oil demand while supply of crude was limited by production cuts of both OPEC and Non-OPEC members as well as the intense geopolitical situations in the Middle East. Consequently, price of Brent was pushed from \$45/bbl to close at \$66/bbl by the end of 2017.

In line with our vision 2020, we have entered into two joint-ventures during the year namely Borneo Asphalt Sdn. Bhd. in East Malaysia, and Tipco Asphalt Lao Co. Ltd. in Laos. The size of these investments is not big relatively to the local market size but it gives us a firm local presence in the retail market. It is our long-term strategy to develop the Tipco Asphalt brand throughout the ASEAN region.

Strong demand for asphalt products in 2018 will continue. This is attributable to the positive global economic development

with respect to the stabilization of China GDP growth in the last two years which could provide a sound foundation for the country to continue its strong investment momentum. China's record level of crude consumption, despite the significant increase in crude price, provides confidence that the underlying economic fundamental of its economy. GDP positive outlook in US and EURO Zone at macro level also provides a corresponding export increase projection of developing countries in Asia for 2018. Moreover, many countries in ASEAN, like Vietnam, Indonesia, Cambodia, Thailand and Malaysia are heading into next round of general elections and we expect that the on-going infrastructure projects of these countries will be pushed hard to complete by their respective governments.

In conclusion, 2017 was very challenging but certainly another year of satisfactory performance for the Group. I am pleased to inform our shareholders that with cashflow generated from operations for the year reaching Baht 4.5 billion, the Board has proposed to the Annual General Meeting No. 1/2018 for a final dividend of Baht 0.90 per share. This will bring the total dividend for 2017 to Baht 1.20 per share, representing a payout ratio of 74% of net consolidated profit of the Group. This record high dividend payout ratio will not only ensure that the Company remains in the SET HD (High Dividend) index but also confirm our intention to give highest possible total return to shareholder.

Lastly, on behalf of the Board of Directors, I wish to sincerely thank the shareholders for their kind and continued support and the management and staff for their commendable performance. Their high team spirit, integrity, prudence, commitment and open-minded attitude in performing their duties are very much appreciated.



A handwritten signature in black ink, appearing to read 'Chainoi Puankosoom'.

MR. CHAINOI PUANKOSOOM

Chairman

REPORT OF THE AUDIT COMMITTEE

The Audit Committee (“AC”) consisted of 3 independent directors who are knowledgeable and experienced in business administration, accounting, management and engineering. The AC is chaired by Mr. Phirasilp Subhapholsiri, with Mr. Parnchalerm Sutatam and Mr. Nopporn Thepsithar making up the remaining two members. There were no changes to the composition of the AC during 2017.

During 2017, the AC had performed its duties as assigned by the Company’s Board of Directors, while adhering to the Company’s AC Charter which is aligned to the regulations of the Stock Exchange of Thailand (or, “SET”). The AC also exercised oversight over the Internal Audit Department (“IAD”)’s performance of an “Anti-Corruption” review for Tipco Asphalt Public Company Limited, which was a recommended practice by the Thai Institute of Directors.

During 2017, the AC held 10 meetings, for which attendance by executives, the external auditor and the IAD can be summarized as follows:

	ATTENDANCE BY		
	EXECUTIVES	EXTERNAL AUDITOR	IAD
Monthly Meetings	6	-	6
Quarterly Meetings	3	3	3
Quarterly Meetings (without the presence of Management)	1 ^{N1}	1	1

^{N1} Attendance by management was for a special agenda; and separate from the private session with the auditors.

REVIEW OF FINANCIAL REPORTS

The AC reviewed quarterly, annual and consolidated financial statements with Management and the external auditors. Among other activities, the AC held discussions with the external auditor to ascertain the completeness and accuracy of the presentation of the Company’s financial statements, key

accounting adjustments, adequacy of accounting methods, scope of the audit, accuracy and adequacy of disclosures, as well as the external auditor’s independence. Accordingly, the AC was satisfied that the Company’s financial statements had complied with all relevant accounting standards and regulations. Consequently, the AC was satisfied that the accounting procedures and financial statements were both accurate and reliable, and that adequate and timely information had been disclosed in the financial statements for the benefit of investors and other users of the statements.



RISK MANAGEMENT

The current Enterprise Risk Management (“ERM”) process as employed in the Company was implemented in 2013 and continually evolves to serve the interests of the Company. This process includes a formal ERM framework which consists of an ERM policy as well as related procedures. The Corporate-level risks as identified and assessed during this process are a key input into the development of the rolling, risk-based internal audit plan that will be applied for the years 2018 (and onwards) as reviewed and approved by the AC.

REVIEW OF RELATED PARTY TRANSACTIONS

The AC reviews related party transactions of the Company on a quarterly basis, or more frequently in the event of any new class of related party transactions as reported by management. The AC confirms that such transactions are conducted fairly and performed with the best interests of the Company and its shareholders.

REVIEW OF INTERNAL CONTROL EFFECTIVENESS

The AC has reviewed the adequacy, appropriateness and effectiveness of the internal control system from the 2017 internal audit results of the IAD on the Company and its subsidiaries. The AC is satisfied that the internal control system of the Company and its subsidiaries is adequate and effective for its business. The AC also evaluated the adequacy of the internal control system in accordance to The Securities and Exchange Commission and noted that an adequate, appropriate and effective system of internal control has been implemented.

REVIEW OF GOOD CORPORATE GOVERNANCE

The AC has been satisfied that the Company has complied with the relevant laws, regulations (including regulations of

the SET) and agreements with external parties (as necessary). The AC was also satisfied that the significant related party business transactions have been disclosed in the financial statements and the notes thereon in accordance to the requirements of the SET and the Securities Exchange Commission. The AC agreed with the external auditor that such transactions conformed to the agreed criteria of normal business conduct.

OVERSIGHT OF INTERNAL AUDIT

The AC reviewed the review reports of the IAD, which during 2017 mainly focused on the Company’s operations at overseas subsidiaries in Malaysia, Cambodia, Indonesia and Vietnam as well as the operations of its Marine Group. The IAD also reviewed the completion of committed action plans by management to address previously-reported observations.

APPOINTMENT OF THE EXTERNAL AUDITOR FOR 2018

The AC has considered the appointment of EY Office Limited as the Company’s external auditor for another year and also reviewed their proposed fees for 2018. Consequently, the AC proposed these to the Board for approval by the shareholders at the Annual General Meeting of 2018.

In conclusion, the AC has comprehensively performed in accordance to the AC Charter as approved by the Board of Directors. The AC also commented that the Company and its subsidiaries have properly presented their financial statements, performed in good business conduct, and implemented an appropriate and effective internal control system and internal auditing process. The Company and its subsidiaries have complied with relevant laws, regulations and agreements while properly disclosing related party transactions under good governance practices of transparency and trustworthiness. The Company and its subsidiaries have also continually improved the internal control system in terms of quality and suitability to its business environment.



Mr. Phirasilp Subhapholsiri
Chairman of the Audit Committee

Corporate Governance Committee

The Corporate Governance Committee (“CG Committee”) consisted of 2 independent directors (Mr. Phirasilp Subhapholsiri and Mrs. Anne-Marie Machet) and 2 executive directors (Mr. Jacques Marechal and Mr. Chaiwat Srivalwat). In 2017, the CG Committee continued to perform its duties as set forth in the Company’s charter and held a total of four meetings.

Below is a summary of key developments:

Rights of Shareholders

- The CG Committee reviewed the facilitation plan for convening the Annual General Shareholders’ Meeting (AGM), and made suggestions to ensure that the AGM was carried out in an orderly, transparent, and efficient manner and in compliance with Thai Investors Association’s AGM Checklist. As a result, the Company’s AGM was rated at 98.00 percent by the Thai Investors’ Association in 2017.
- The CG Committee provided opportunities for shareholders to propose agenda and nominate candidate to be director prior to the 2018 AGM during the period of 19 October 2017 to 29 December 2017.

Equitable Treatment of Shareholders

- The CG Committee published information relating to the AGM’s agenda on the Company’s website 1 months before the AGM date. Related documents were distributed to the shareholders no less than 21 days before the AGM date.

Role of Stake holders

- The CG Committee reviewed and revised the Company’s Code of Ethics to be in line with corporate governance guidelines from Institute of Directors Association (IOD). The Code of Ethics was also informed to all stakeholders including customers, business partners, and any other related parties.
- The Company signed declaration to coalition against Corruption with Private Sector Collective Action Coalition Against Corruption Council (CAC) and has been certified in the year 2017

Disclosure and Transparency

- The CG Committee provided recommendations on compliance with the rules and regulations of the Stock Exchange of Thailand on disclosure of information and quality of financial statements in Annual Report, Form 56-1, and the Company’s website.
- The CG Committee provided recommendations on the Company’s disclosure of information in accordance with the Best Investor Relations Awards guidelines. In 2017, the Company’s score on Best IR award regarding the level of information disclosure on IR webpage improved from 73.33% to 75.19%.

Board Responsibilities

- The CG Committee considered and proposed to the Board of Directors on the performance appraisal of directors as well as disclosure of the self-evaluation process and criteria according to the corporate governance reports of Thai listed companies.
- The CG Committee fully recognizes that good corporate governance is one of the key elements for sustainable development of the Company. In 2017, the Company's CG score assess by Institution of Directors ("IOD") remained at 88% ("Very Good"). In addition, the Company was selected to be in the universe of ESG100 for the year 2017 by Thaipat Institute.



Mr. Phirasilp Subhapholsiri
Chairman of the Corporate Governance Committee





Nomination and Remuneration Committee

The Nomination and Remuneration Committee (“N&R Committee”) consisted of 3 independent directors (Mr. Nopporn Thepsithar (Chairman) and Mrs. Anne-Marie Machet and Mr. Pamchalerm Sutatam) and 1 executive director (Mr. Jacques Pastor)

The N&R Committee continued to perform its duties as set forth in the committee’s charter. In 2017, N&R committee was held 2 meeting with the following highlights.

- Review nomination process to be in accordance with Company’s nomination criteria.
- Review qualification and composition of Board of Directors and sub-committees with guideline from the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand, and the Thai Institute of Directors.
- Determine the compensation paid to directors. The remuneration of Board of Directors and sub-committees was deliberated based on remuneration of other listed companies in same industry and result of self-assessment of Board of Directors and sub-committees.
- Determine the compensation paid to executive directors. The remuneration was deliberated by corporate performance against goals. With regard to Chief Executive Officer remuneration, the remuneration was also determined by result of self-assessment of Chief Executive Officer by Board of Directors.

A handwritten signature in black ink, appearing to be 'Nopporn Thepsithar', written in a cursive style.

Mr. Nopporn Thepsithar
Chairman of the Nomination & Remuneration Committee



BOARD OF DIRECTORS

BOARD OF DIRECTORS



1. **MR. CHAINOI PUANKOSOOM**
Chairman
2. **MR. KOH BAN HENG**
Vice Chairman
3. **MS. LAKSANA SUPSAKORN**
Director
4. **MR. JACQUES PASTOR**
Executive Director
5. **MR. SOMCHIT SERTTHIN**
Chief Executive Officer
6. **MR. CHAIWAT SRIVALWAT**
Managing Director
7. **MR. JACQUES LEOST**
Director



8. **MR. HERVÉ LE BOUC**
Director

9. **MR. NIPHON SUTHIMAI**
Independent Director

10. **MRS. ANNE-MARIE MACHET**
Independent Director

11. **MR. NOPPORN THEPSITHAR**
Independent Director

12. **MR. PHIRASILP SUBHAPHOLSIRI**
Independent Director

13. **MR. PARNCHALERM SUTATAM**
Independent Director

14. **MR. JACQUES MARECHAL**
Executive Director

15. **MR. SITILARB SUPSAKORN**
Executive Director

BOARD OF DIRECTORS



MR. CHAINOI PUANKOSOOM

**CHAIRMAN,
INDEPENDENT DIRECTOR**

Age 67

Starting date of Directorship

13 August 2015

Education

- Bachelor Degree in Higher Accounting, California College of Commerce, USA
- Master of Management (MM), Sasin Graduate Institute of Business Administration, Chulalongkorn University

Training

- The Role of Chairman in Leading Strategic Risk Oversight 2017
- Director Accreditation Program (DAP), Class 63/2007
- The Role of the Chairman Program (RCP), Class 33/2014
- Financial Institute Governance Program, Class 3/2011

Shareholding in Company – none –

Family Relationship with Other Directors and Executives – none –

Related Experience

2017 – Present	Chairman, Chairman of Audit Committee, Ticon Industrial Connection Plc. (Type of business : Industrial and Warehouse for Rent)
2016 – Present	Chairman, Tipco Asphalt Plc.
2015 – Present	Chairman of Audit Committee, Prima Marine Plc. (Type of business : Operator of petroleum and chemicals tanker)
2012 – Present	Director and member of Audit Committee, Golden land Property Development Plc. (Type of business : Property development)
2017 – Present	Director, Chairman of Audit Committee, Sapthip Company Limited. (Type of business : Producer of Ethanol from cassava)
2016 – Present	Director, Petroleum Institute of Thailand
2016 – Present	Director, Working Capital Committee, The Comptroller General's Department (CGD)
2011 – Present	Director, Energy Fund Administration Institute
2010 – Present	Director and member of Audit Committee, National Power Supply Plc. (Type of business : Energy and renewable energy)



MR. KOH BAN HENG

**VICE CHAIRMAN,
INDEPENDENT DIRECTOR**

Age 69

Starting date of Directorship

1 July 2011

Education

- Post-Graduate Diploma in Business Administration, University of Singapore
- Bachelor's Degree in Applied Chemistry

Training

- 2017 Leaders Insights - "Outlook for the Global Economies" by The Economist Intelligence Unit
- 2017 SID's AC Chapter - Pit Stop Series on "The Critical Role of ACs in Valuation and Impairment of Assets"
- 2017 Governance, Risk, Compliance and Safety Programme
- 2017 Seminar on audit committee, ACRA, SGX and Singapore Institutes of Directors
- 2016 Building a High Impact Board, Singapore Institutes of Directors
- 2016 Cybersecurity for Directors, Singapore Institutes of Directors
- 2016 Competition Law and Corporate Governance, KCL GRC

Shareholding in Company – none –

Family Relationship with Other Directors and Executives – none –

Related Experience

2016 – Present	Vice Chairman, Tipco Asphalt Plc.
2015 – Present	Director and Chairman of Audit Committee, Cue Energy Resources Limited (Type of business : Oil and Gas exploration and production)
2015 – Present	Independent Director and non-executive Chairman and Member of Audit Committee, Keppel Infrastructure Trust (Type of business : Trustee manager of Keppel infrastructure Trust)
2014 – Present	Director, Chung Cheng High School Ltd. (Type of business: Education)
2013 – Present	Director and Chairman of Audit Committee, Keppel Infrastructure Holdings Pte. Ltd. (Type of business: Investment holding company)
2011 – Present	Advisor, Malaysian KLSE listed company Dialog Group Bhd. (Type of business: Integrated specialist technical services provider mid stream and up stream in the oil, gas and petrochemical industry)
2011 – Present	Independent Director, Tipco Asphalt Plc.
2013 – 2015	Director, Linc Energy Limited (Type of business: Oil and gas operations)



MS. LAKSANA SUPSAKORN

AUTHORIZED DIRECTOR

Age 65

Starting date of Directorship

16 August 2013

Education

- MBA Wharton Business School, University of Pennsylvania, USA
- Bachelor's Degree in Accounting (Honor), Chulalongkorn University

Training

- 2014 Director Certification Program (DCP)
- 2014 Role of the Chairman Program (RCP)
- 2012 Director Accreditation Program (DAP)

Shareholding in Company

13,860,000 shares (0.887%)

Family Relationship with Other Directors and Executives

Sister of Mr. Sitilarb Supsakorn and sister-in-law of Mr. Somchit Serththin

Related Experience

2015 – Present	Director, Tipco Tower Co., Ltd (Type of business: Real estate service)
2013 – Present	Director, Tipco Asphalt Plc.
2013 – Present	Chairman, Tipco Foods Plc. (Type of business: Manufacturer and exporter of canned pineapple)
2013 – Present	Chairman, Tipco F&B Co., Ltd. (Type of business: Manufacturer and distributor of ready-to-drink beverages)
2012 – Present	Director, Siam Container Terminal Co., Ltd. (Type of business: Logistics service)
2011 – Present	Director, Vanichapark Co., Ltd. (Type of business: Real estate service)
2003 – Present	Director, Thanomwongse Service Co., Ltd. (Type of business: Road construction and maintenance service)
2012 – 2017	Director, Peyanarongwit Co., Ltd. (Type of business: Real estate service)
2013 – 2016	Chairman, Tipco Asphalt Plc.



MR. JACQUES PASTOR

**AUTHORIZED DIRECTOR,
 MEMBER OF THE EXECUTIVE COMMITTEE,
 MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE**

Age 63

Starting date of Directorship

1 August 2000

Education

- Advanced Management Program (AMP), Harvard Business School, MA, USA
- Ecole Nationale Supérieure d'Arts et Métiers

Training

- 2013 Director Accreditation Program (DCP)
- 2013 Director Certification Program (DAP)

Shareholding in Company

1,500,000 shares (0.096%)

Family Relationship with Other Directors and Executives – none –

Related Experience

2016 – Present	Director, Thanomwongse service Co., Ltd (Type of business: Asphalt road construction services)
2004 – Present	Director, Thai Slurry Seal Co., Ltd. (Type of business: Asphalt road construction services)
2001 – Present	Executive Director Tipco Asphalt Plc.
1993 – Present	CEO Asia Pacific Colas Regional Office, Thailand (Type of business: Manufacturer and distributor of asphalt products)
1989 – 1992	Managing Director COLAS AJMC, Mauritius Island
1986 – 1989	Agency Manager COLAS MAYOTTE, Comoro Island
1983 – 1986	Agency Manager COLAS GTR, Morocco
1980 – 1983	Site Agent COLAS GUINEA BISSAO, West Africa
1978 – 1980	Site Agent COLAS TOGO AND BENIN, West Africa

BOARD OF DIRECTORS



MR. SOMCHIT SERTTHIN

**AUTHORIZED DIRECTOR,
CHAIRMAN OF THE EXECUTIVE COMMITTEE,
CHIEF EXECUTIVE OFFICER,**

Age 65

Starting date of Directorship

29 April 1994

Education

- B.S. Business Administration, Babson College, MA, USA

Training

- 2014 National Director Conference
- 2014 Anti – Corruption for Executive Program (ACEP)
- 2013 Director Certification Program (DCP)
- 2003 Director Accreditation Program (DAP)

Shareholding in Company

39,600,000 shares (2.534%)

Family Relationship with Other Directors and Executives

Brother-in-law of Ms. Laksana Supsakorn and Mr. Sitilarb Supsakorn

Related Experience

2016 – Present	Director, Thai Slurry Seal Co., Ltd. (Type of business: road maintenance and construction services)
2016 – Present	Director, Thanomwongse service co. Ltd. (Type of business: road maintenance and construction services)
2007 – Present	Director, Tipco Biotech Co., Ltd. (Type of business: manufacturer and distributor of plant extract and natural ingredient)
2005 – Present	Director, Tipco Foods Plc. (Type of business: manufacturer and exporter of canned pineapple and fruit juices)
1994 – Present	Director, Tipco Asphalt Plc.
1986 – Present	Chief Executive Officer, Tipco Asphalt Plc.



MR. CHAIWAT SRIVALWAT

**AUTHORIZED DIRECTOR,
MEMBER OF THE EXECUTIVE COMMITTEE,
MEMBER OF THE CORPORATE GOVERNANCE COMMITTEE,
MANAGING DIRECTOR**

Age 57

Starting date of Directorship

13 February 2002

Education

- B.Eng. (Engineering), Liverpool University, England

Training

- 2017 Sustainability Strategy: Key Blueprint for Business Growth
- 2014 National Director Conference
- 2014 Anti-Corruption for Executive Program (ACEP)
- 2003 Director Certification Program (DCP)

Shareholding in Company

1,400,000 shares (0.090%)

Family Relationship with Other Directors and Executives – none –

Related Experience

2016 – Present	Director, Thai Slurry Seal Co., Ltd. (Type of business: Asphalt road construction services)
2002 – Present	Managing Director, Tipco Asphalt Plc.
1999 – 2002	Marketing Director, Tipco Asphalt Plc.
1995 – 1998	Senior Marketing Manager, Tipco Asphalt Plc.
1993 – 1995	Senior Plant Manager, Tipco Asphalt Plc.
1992	Group Plant Manager, Tipco Asphalt Plc.
1983 – 1991	Plant Manager, Tipco Asphalt Plc.



MR. HERVÉ LE BOUC

AUTHORIZED DIRECTOR

Age 65

Starting date of Directorship

November 17, 2008

Education

- Master's Degree in Civil Engineering – Ecole Supérieure des Travaux Publics

Training – none –

Shareholding in Company – none –

Family Relationship with Other Directors and Executives – none –

Related Experience

2008 – Present	Director, Tipco Asphalt Plc.
2007 – Present	Chairman and Chief Executive Officer, COLAS S.A. Group (Type of business: Road construction services)
2002 – 2007	Chairman and Chief Executive Officer, SAUR Group (Type of business: Water and waste management)
2001 – 2002	Chief Operating Officer, BOUYGUES CONSTRUCTION (Type of business: Construction services)
1998 – 2002	Chairman and Chief Executive Officer, BOUYGUES OFFSHORE (Type of business: Oil services construction)



MR. JACQUES LEOST

AUTHORIZED DIRECTOR

Age 65

Starting date of Directorship

5 April 2011

Education

- Engineering Degree from Ecole Centrale Lille

Training – none –

Shareholding in Company – none –

Family Relationship with Other Directors and Executives – none –

Related Experience

2011 – Present	Director, Tipco Asphalt Plc.
2010 – Present	International Managing Director, COLAS Group (Type of business: Road construction service)
2002 – 2010	Chairman and Chief Executive Officer, SAIPEM SA (Type of business: Road construction service)
2001	Chief Executive Officer, Bouygues Offshore (Type of business: Road construction service)
1996 – 2000	Chief Operating Officer, Bouygues Offshore (Type of business: Road construction service)
1994 – 1995	Vice President (Africa, North Sea and Mexico), Petromar (Type of business: Manufacturer and distributor of petroleum)
1989 – 1993	Vice President (Africa), Petromar (Type of business: Manufacturer and distributor of petroleum)

BOARD OF DIRECTORS



MR. NIPHON SUTHIMAI

INDEPENDENT DIRECTOR

Age 59

Starting date of Directorship

16 February 2006

Education

- Master's Degree in Operational Research, London School of Economics, UK
- Licence de Droit (Law), Universite de Droit, Lyon, France

Training

- 2017 Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance
- 2015 CG Forum 3/2015 Risk Oversight : High Priority Roles of the Board
- 2006 Audit Committee Program (ACP)
- 2006 Director Accreditation Program (DAP)

Shareholding in Company – none –

Family Relationship with Other Directors and Executives – none –

Related Experience

2017 – Present	Vice President Corporate Affairs and Corporate Risk Management Acting Cargo Sales Director, Nok Airlines Plc. (Type of business: Airline service)
2016 – 2017	Vice President – Customer Services, Nok Airlines Plc. (Type of business: Airline service)
2012 – 2015	Vice President – People, Nok Airlines Plc. (Type of business: Airline service)
2006 – Present	Independent Director, Tipco Asphalt Plc.
1999 – Present	Associate Director, Geodis Overseas Co., Ltd. (Type of business: Logistics service)
2007 – 2013	Managing Partner, CLY International Limited (Type of business: Human resources consulting service)
2005 – 2008	Consultant, Thai Air Cargo Co., Ltd. (Type of business: Air freight service)



MRS. ANNE-MARIE MACHET

INDEPENDENT DIRECTOR,

**MEMBER OF THE CORPORATE GOVERNANCE COMMITTEE,
MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE**

Age 62

Starting date of Directorship

23 February 2010

Education

- MBA Finance, ESCP-EAP
- Bachelor's Degree in Math and Science
- International Coaching Academy – Accredited Coach in 2008

Training

- 2015 Thailand CG Forum: Governance as a driving force for business sustainability
- 2014 Director Certification Program (DCP)
- 2010 Director Accreditation Program (DAP)

Shareholding in Company – none –

Family Relationship with Other Directors and Executives – none –

Related Experience

2010 – Present	Independent Director, Tipco Asphalt Plc.
2009 – Present	President of Franco - Thai Chamber of Commerce HR Committee (Type of business: Promotion of trade relationships and business development)
2011 – 2017	Vice President of EABC (European Association for Business and Commerce).
2008 – 2009	President of French International School of Bangkok (Type of business: Education)
2007 – 2008	Executive Advisor and Team Motivator, FP Coaching to Lead (Thailand) (Type of business: Education)



**INDEPENDENT DIRECTOR,
 MEMBER OF THE AUDIT COMMITTEE,
 CHAIRMAN OF THE NOMINATION AND REMUNERATION COMMITTEE**

Age 64

Starting date of Directorship

27 April 2012

Education

- Bachelor's Degree in Electrical Engineering, Chulalongkorn University
- Ph.D (Honorable) in Logistics and Supply Chain Management, Sripatum University

Training

- 2012 Audit Committee Effectiveness Seminar
- 2005 Director Accreditation Program (DAP)

Shareholding in Company – none –

Family Relationship with Other Directors and Executives – none –

Related Experience

- | | |
|----------------|--|
| 2014 – Present | Director and Chairman of the Board of Executive Director, Export-Import Bank of Thailand (EXIM Thailand)
(Type of business: Import and export service) |
| 2013 – 2017 | Chairman of the Thai National Shippers' Council (TNSC) |
| 2012 – Present | Independent Director, Tipco Asphalt Plc. |
| 2011 – Present | Independent Director, Member of Audit Committee and Chairman of Risk Management Committee, Ananda Development Plc.
(Type of business: Property development) |
| 2005 – Present | Independent Director and Chairman Audit Committee, Union Petrochemical Plc.
(Type of business: Importer and distributor of petrochemical products) |



**INDEPENDENT DIRECTOR,
 CHAIRMAN OF THE AUDIT COMMITTEE,
 CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE**

Age 64

Starting date of Directorship

13 May 2013

Education

- B.A., Business Administration, Yokohama National University, Japan

Training

- 2005 Director Accreditation Program (DAP)

Shareholding in Company – none –

Family Relationship with Other Directors and Executives – none –

Related Experience

- | | |
|----------------|--|
| 2013 – Present | Independent Director, Tipco Asphalt Plc. |
| 2010 – Present | Chairman, Kaizen Consulting Co., Ltd.
(Type of business: Consulting service) |
| 2009 – Present | Chairman, Food and Drinks Plc.
(Type of business: Manufacturer of food and beverages) |
| 2009 – Present | Chairman, Thai-Nichi Ventures Co., Ltd.
(Type of business: Consulting service) |
| 1989 – Present | Chairman, Subhadhana Co., Ltd.
(Type of business: Office for rent) |

BOARD OF DIRECTORS



MR. PARNCHALERM SUTATAM

**INDEPENDENT DIRECTOR,
MEMBER OF THE AUDIT COMMITTEE,
MEMBER OF THE NOMINATION AND REMUNERATION COMMITTEE**

Age 64

Starting date of Directorship

14 June 2004

Education

- MBA, University of Bridgeport, CT, USA
- Bachelor's Degree, Accounting, Babson College, MA, USA

Training

- 2006 Audit Committee Program (ACP)
- 2005 Director Accreditation Program (DAP)

Shareholding in Company – none –

Family Relationship with Other Directors and Executives – none –

Related Experience

- 2016 – Present Director, Boonphat Property Co., Ltd.
(Type of business: Office rental and leasing service)
- 2004 – Present Independent Director, Tipco Asphalt Plc.



MR. JACQUES MARECHAL

**AUTHORIZED DIRECTOR,
MEMBER OF THE EXECUTIVE COMMITTEE,
MEMBER OF THE CORPORATE GOVERNANCE COMMITTEE**

Age 52

Starting date of Directorship

27 April 2012

Education

- Corporate Finance, Dauphine University

Training

- 2014 Director Certification Program (DCP)
- 2013 Director Accreditation Program (DAP)

Shareholding in Company – none –

Family Relationship with Other Directors and Executives – none –

Related Experience

- 2012 – Present Director, Tipco Asphalt Plc.
- 2012 – Present Director, Thai Slurry Seal Co., Ltd.
(Type of business: Asphalt road construction service)
- 2000 – 2011 International Finance Manager, COLAS SA,
Paris, France
(Type of business: Road construction service)
- 1996 – 2000 Deputy International Finance Manager, COLAS SA,
Paris, France
(Type of business: Road construction service)



**AUTHORIZED DIRECTOR,
MEMBER OF THE EXECUTIVE COMMITTEE**

Age 66

Starting date of Directorship

10 May 2001

Education

- B.S. Business Administration, Babson College, MA, USA

Training

- 2012 Director Accreditation Program (DAP)

Shareholding in Company

16,100,000 shares (1.030%)

Family Relationship with Other Directors and Executives

Brother of Ms. Laksana Supsakorn and elder brother-in-law of Mr. Somchit Sertthin

Related Experience

- | | |
|----------------|---|
| 2016 – Present | Director, Thai Slurry Seal Co., Ltd.
(Type of business: Asphalt road construction service) |
| 2015 – Present | Director, Tipco Tower Co., Ltd.
(Type of business: Real estate service) |
| 2012 – Present | Director, Tipco Foods Plc.
(Type of business: Manufacturer and exporter of canned pineapple) |
| 2001 – Present | Executive Director, Tipco Asphalt Plc. |
| 1997 – Present | Director, Siam Container Terminal Co., Ltd.
(Type of business: Logistics service) |
| 1996 – Present | Director, Thanomwongse Service Co., Ltd.
(Type of business: Road construction and maintenance service) |

EXECUTIVE OFFICERS

MR. KOH LAI HUAT

CHIEF FINANCIAL OFFICER

Age 58

Education

- Chartered Association of Certified Accountant UK
- MBA International Business

Shareholding in Company 1,070,000 shares (0.07%)

Family Relationship with Other Directors and Executives – none –

Related Experience

- 2014 – Present Chief Financial Officer, Tipco Asphalt Plc.
- 2009 – Present Chief Financial Officer, Kemaman Oil Corporation Sdn. Bhd.
(Type of business: Investment holding company)
- 2010 – 2013 Director – Accounting and Budgeting, Tipco Asphalt Plc.
- 2004 – 2008 Chief Financial Officer, Seloga Holdings Bhd.
(Type of business: Investment holding company)

MR. HUGUES DE CHAMPS

CHIEF OPERATING OFFICER – INTERNATIONAL WHOLESALE

Age 49

Education

- Master's degree in Public and Maritime Works
- Civil Engineering Option, University of Technology Degree

Training

- 2015 Director Certification Program (DCP)
- 2013 Director Accreditation Program (DAP)

Shareholding in Company 430,000 shares (0.03%)

Family Relationship with Other Directors and Executives – none –

Related Experience

- 2017 – Present Chief Operating Officer – International Wholesale, Tipco Asphalt Plc.
- 2014 – 2016 Chief Operating Officer – International, Tipco Asphalt Plc.
- 2011 – Present Operations Manager, Colas Asia area
(Type of business: Road construction service)
- 2011 – 2013 Director, Tipco Asphalt Plc.
- 2004 – 2011 Managing Director, COLAS South Africa (Pty) Ltd.
(Type of business: Road construction service)
- 1995 – 2004 Operations Manager, COLAS Asia area
(Type of business: Road construction service)
- 1990 – 1994 Project Manager, COLAS France, Morocco, India
(Type of business: Road construction service)

MR. THIERRY ALAIN SIMON DEFRENE

CHIEF OPERATING OFFICER – INTERNATIONAL TRADING AND BUSINESS DEVELOPMENT

Age 47

Education

- Bachelor of Engineering (Civil Engineering), ALES Mining school, France

Shareholding in Company – none –

Family Relationship with Other Directors and Executives – none –

Related Experience

- 2017 – Present Chief Operating Officer – International Trading and Business Development, Tipco Asphalt Plc.
- 2012 – 2017 Chief Executive Officer, COLAS Australia Group (Pty) Ltd. – Australia
(Type of business: Road construction services)
- 2005 – 2011 International Sales & Marketing Director, Tipco Asphalt Plc.
- 2000 – 2004 Managing Director, COLAS South Africa (Pty) Ltd. – South Africa
(Type of business: Road construction services)

- 1998 – 1999 Managing Director, COLAS East Africa Ltd. – Kenya
(Type of business: Road construction services)

MR. CHRISTOPHE BERNARD VOY

CHIEF OPERATING OFFICER – INTERNATIONAL RETAIL

Age 51

Education

- Institute of Management Bouygues (IMB), HEC, France
- B.S. Business Administration, SDSU, USA

Training

- 2014 Director Certification Program (DCP)

Shareholding in Company – none –

Family Relationship with Other Directors and Executives – none –

Related Experiences

- 2016 – Present Chief Operating Officer – International Retail, Tipco Asphalt Plc.
- 2007 – 2015 President Director, Colas Companies in Indonesia, Vietnam & Singapore
(Type of business: Road construction service)
- 2005 – 2006 Marketing Director, North & Central Europe, Shell International
(Type of business: Oil and Gas)
- 2001 – 2004 Marketing Director, Construction Specialties – Asia Pacific, Shell Oil Products
(Type of business: Oil and Gas)
- 1997 – 2000 General Director, Shell Bitumen Vietnam
(Type of business: Oil & gas)
- 1995 – 1996 Business Development Manager, Shell Vietnam (Downstream) (Type of business: Oil and Gas)

MS. AUCHCHA RATTRAKULTIP

DIRECTOR – CORPORATE FINANCE

Age 70

Education

- Mini MBA Economics, Business Administration
- Mini MBA Commerce and Accounting, Business Administration Kasetsart University

Shareholding in Company 1,331,000 shares (0.09%)

Family Relationship with Other Directors and Executives – none –

Related Experience

- 2002 – Present Director – Finance, Credit and Legal, Tipco Asphalt Plc.
- 2001 – 2002 Senior Manager, Tipco Asphalt Plc.

MR. CHANCHAI LOHAPRATARN

DIRECTOR – DOMESTIC SALES AND MARKETING

Age 51

Education

- Master of Business Administration, Victoria University of Technology (VUT), Melbourne, Australia
- Bachelor of Science, B.Sc., (Civil Engineer), Prince of Songkla University

Shareholding in Company – none –

Family Relationship with Other Directors and Executives – none –

Related Experience

- 2017 – Present Director – Domestic Sales and Marketing, Tipco Asphalt Plc.
- 2012 – 2016 Vice President (Sale & Service), Siam Hitachi Elevator Co., Ltd. "SHE"
- 2011 – 2012 Managing Director, Bangkok Komatsu Sales Co., Ltd. "BKS"
- 2008 – 2011 Managing Director, Pidilite Bamco Limited "PBL"

MR. SUPHAT PIPITAWAN

DIRECTOR – OPERATIONS

Age 48

Education

- Engineering, King Mongkut Institute of Technology – Ladkrabang Campus

Shareholding in Company – none –

Family Relationship with Other Directors and Executives – none –

Related Experience

2016 – Present Director – Operations, Tipco Asphalt Plc.

2001 – 2015 Plant Manager, Guardian Thailand
(Type of business: Manufacturer of float glass and fabricated glass products)

MR. SORANARD NANTAMONTRY

DIRECTOR – INTERNATIONAL SALES AND MARKETING

Age 44

Education

- MBA, Saint Louis University, Missouri, USA
- Bachelor of Engineering (Civil Engineering), Chulalongkorn University

Shareholding in Company 140,000 shares (0.009%)

Family Relationship with Other Directors and Executives – none –

Related Experience

2015 – Present Director – International Sales & Marketing, Tipco Asphalt Plc.

2014 Plant Manager – Nakornratchasima, Tipco Asphalt Plc.

2012 – 2013 Senior Manager - Domestic Asphalt Product Sales, Tipco Asphalt Plc.

2010 – 2012 Group Manager - International Sales and Marketing, Tipco Asphalt Plc

2004 – 2010 Marketing Manager, Kemaman Bitumen Company Sdn. Bhd. (Malaysia)
(Type of business: Asphalt refinery)

2001 – 2004 Senior Technical Officer, Tipco Asphalt Plc.

1995 – 2001 Civil Engineer, Thanomwongse Service Co., Ltd.
(Type of business: Road construction and maintenance service)

MRS. PUNSIRI SUTTIENKUL

DIRECTOR – CORPORATE BRANDING AND CORPORATE SOCIAL RESPONSIBILITY

Age 58

Education

- M.L.A., University of Pennsylvania, USA
- B.Arch, Silpakorn University

Shareholding in Company – none –

Family Relationship with Other Directors and Executives – none –

Related Experience

2016 – Present Corporate Branding and Corporate Social Responsibility Director, Tipco Asphalt Plc.

2014 – 2016 Domestic Sales and Marketing Director, Tipco Asphalt Plc.

2013 – 2014 Country Director, Villeroy & Boch (Thailand) Co., Ltd.
(Type of business: Manufacturer and distributor of sanitary ware)

2011 – 2012 President Asia Pacific & Global Branding, Mahaphant Fibre-Cement PLC

(Type of business: Manufacturers of fibre cement products)

2009 – 2010 General Manager, Grohe (Thailand) Limited

(Type of business: Manufacturer of sanitary fittings)

MRS. UDOMPORN PUNPATCH

DIRECTOR – HUMAN CAPITAL MANAGEMENT

Age 56

Education

- Master's Degree in Human Resources Management, College of Management, Mahidol University
- Mini-Master of Business Administration, Thammasat University
- Bachelor of Industrial Psychology, Chaingmai University

Shareholding in Company 767,000 shares (0.046%)

Family Relationship with Other Directors and Executives – none –

Related Experience

2011 – Present Director – Human Capital Management, Tipco Asphalt Plc.

2007 – 2010 Senior Manager – Human Resources, Tipco Asphalt Plc.

2000 – 2006 Group Manager – Human Resources, Tipco Asphalt Plc.

MR. LOUIS – FREDERIC SACHS

DIRECTOR – MARINE GROUP

Age 43

Education

- Master's Degree in Nautical Science, Antwerp Maritime Academy, Antwerp, Belgium
- Bachelor in Business Administration, NEOMA B.S., Reims, France

Shareholding in Company – none –

Family Relationship with Other Directors and Executives – none –

Related Experience

2013 – Present Director – Marine Group, Tipco Asphalt Plc.

2012 – 2013 Senior Marine Cargo Underwriter & Project Cargo Trade Sector Manager – Asia, AXA Corporate Solutions
(Type of business: Risk management and insurance solutions)

2008 – 2012 Regional Marine Risk Manager – Asia, AXA Corporate Solutions
(Type of business: Risk management and insurance solutions)

2005 – 2008 Chief Officer LNG Tankers, Gazocean GDF SUEZ
(Type of business: Merchant Marine)

1996 – 2005 Deck Officer, EXMAR (Type of business: Merchant Marine)

MR. THANAPOL LAOSIRIPONG

COMPANY SECRETARY

Age 33

Education

- MBA Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Engineering, King Mongkut's Institute of Technology, Ladkrabang

Training

- 2017 Sustainable Investment: Opportunity of Long Term Growth for Businesses and Investors

- 2016 Anti-corruption: The Practical Guide (ACPG)

- 2015 CG Forum 3/2015 "Risk Oversight"

- 2014 Company Secretary Program (CSP)

Shareholding in Company – none –

Family Relationship with Other Directors and Executives – none –

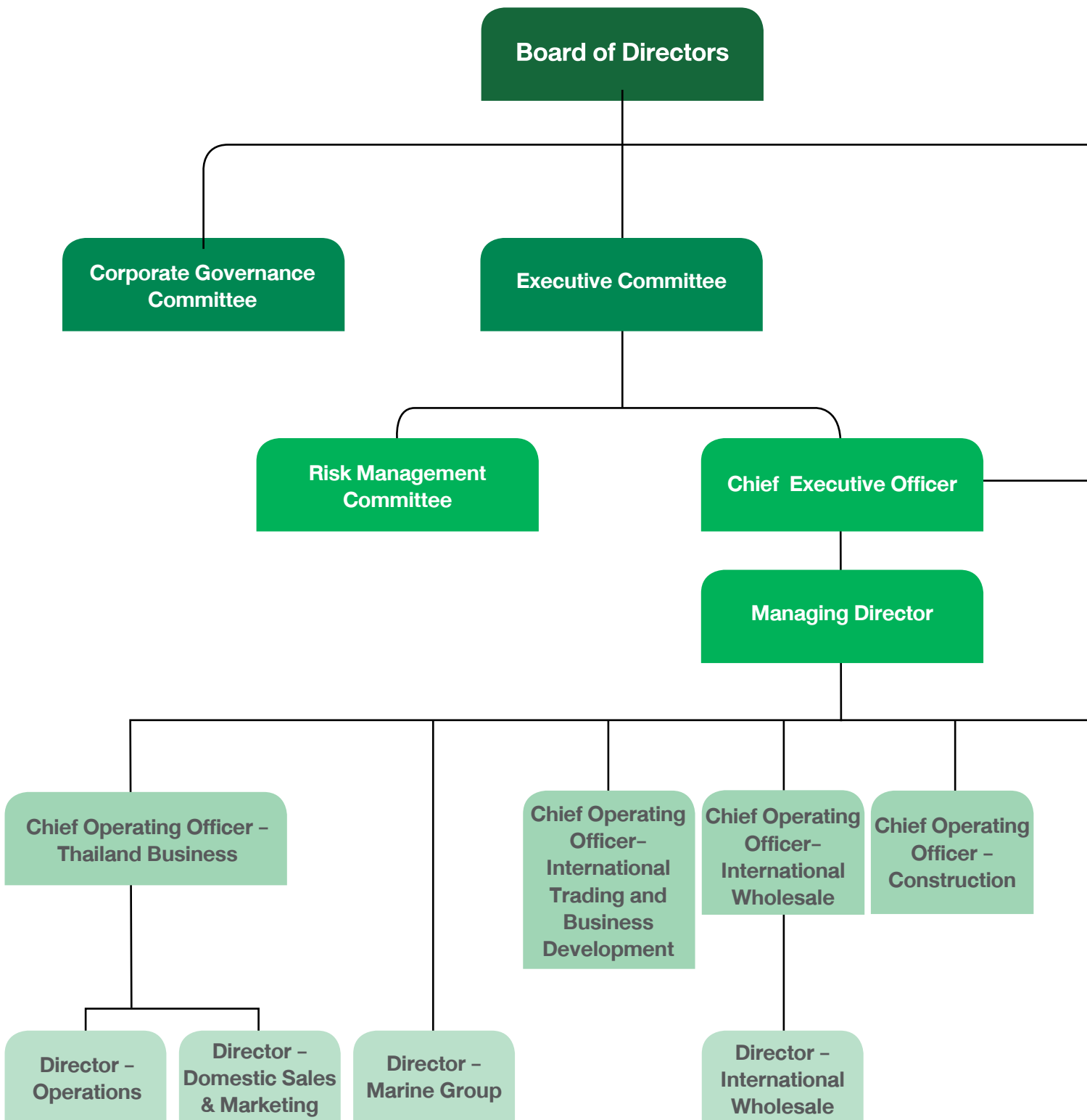
Related Experience

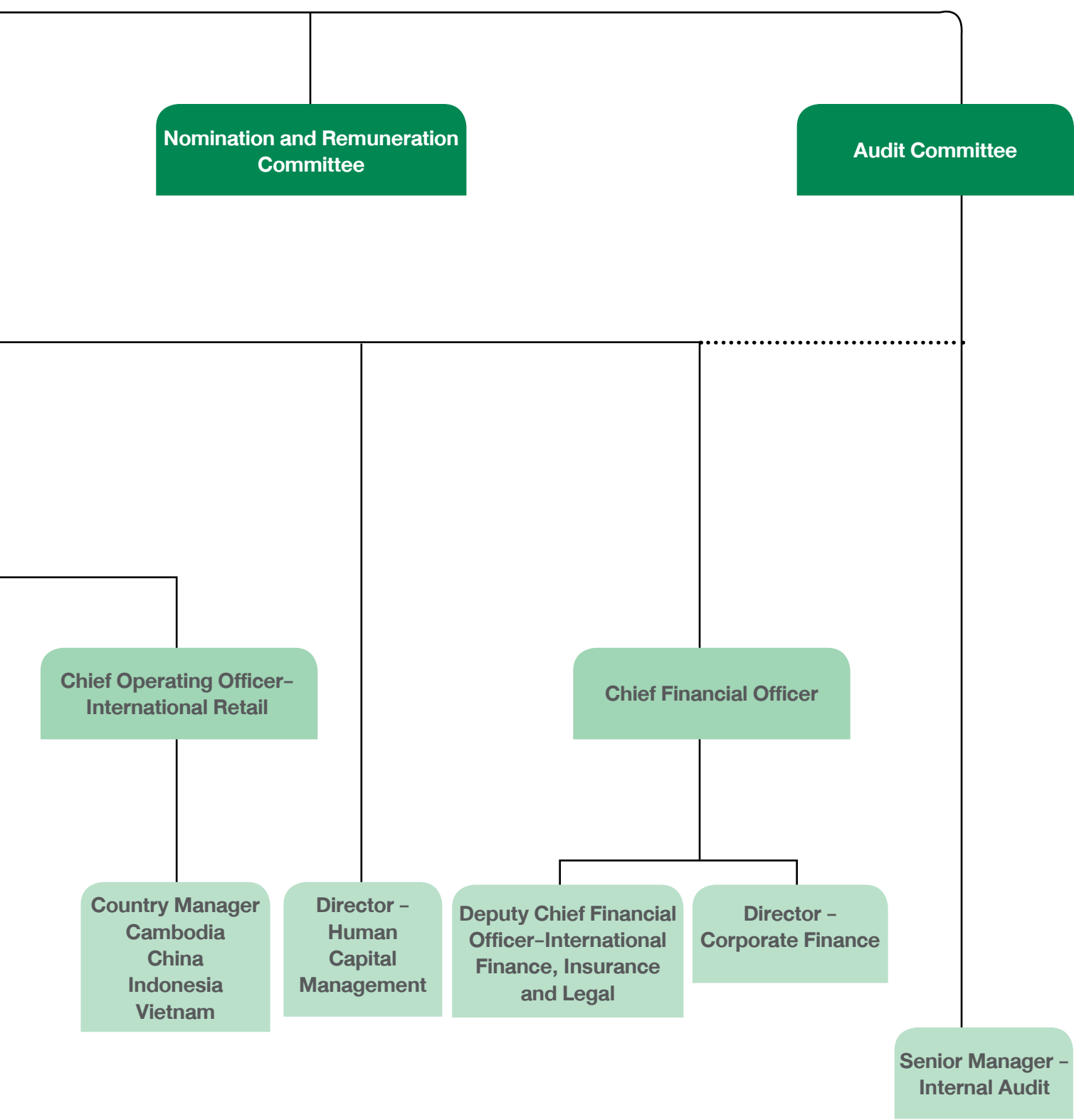
2015 – Present Company Secretary – Corporate Affairs and Planning, Tipco Asphalt Plc.

2014 – 2015 Senior Officer – Corporate Affairs and Strategy, Tipco Asphalt Plc.

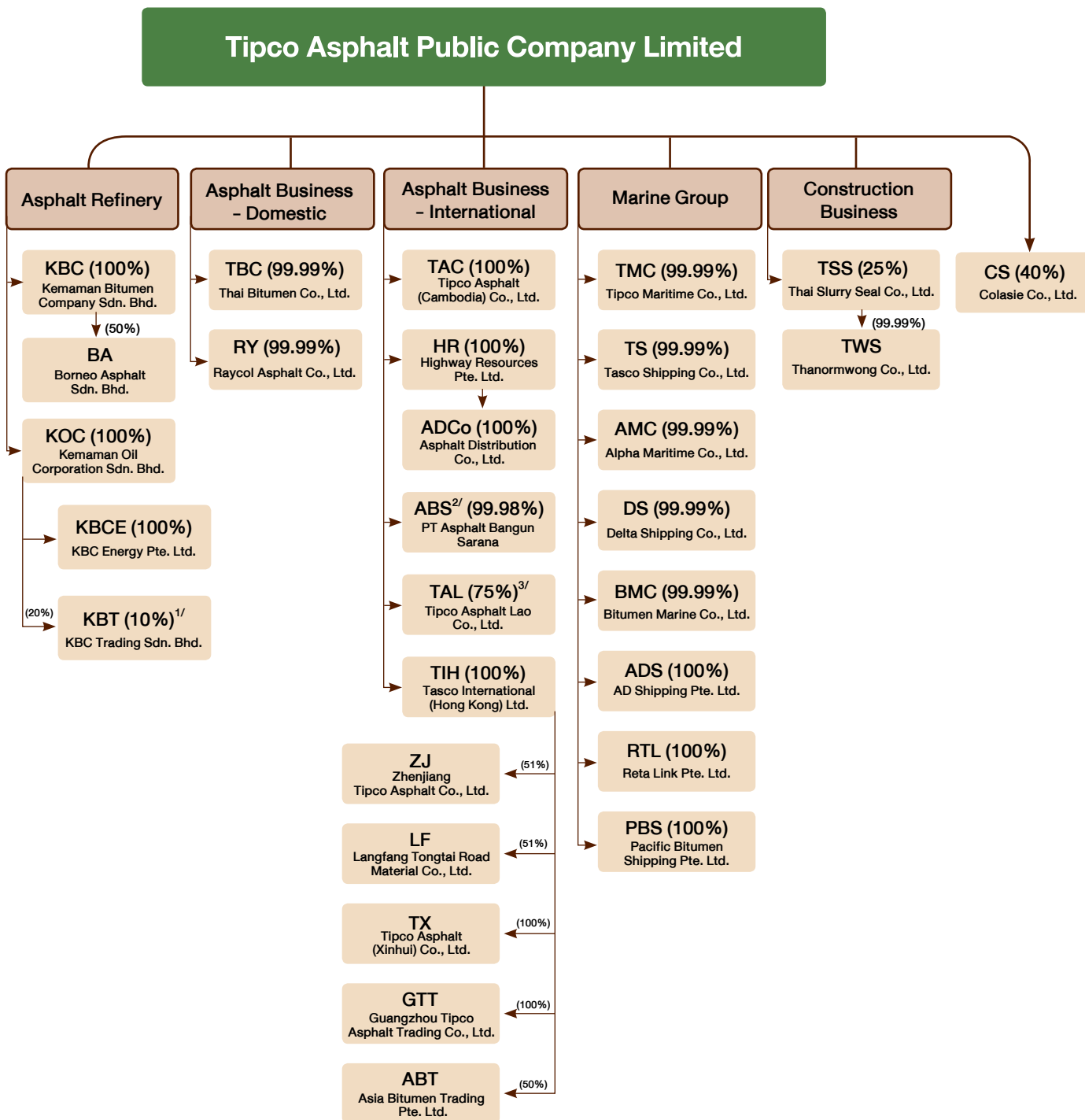
2012 – 2014 Senior Officer – Strategist for international business, Siam Commercial Bank (Type of business: Banking)

ORGANIZATION STRUCTURE





SHAREHOLDING STRUCTURE OF THE GROUP



1/ KBC Trading Sdn. Bhd. (KBT) was held 20% by Kemaman Oil Corporation Sdn. Bhd. (KOC) and 10% by Tipco Asphalt Public Company Limited

2/ PT Asphalt Bangun Sarana (ABS) holds 100% of ordinary shares in PT Saranaraya Reka Cipta (SRC) and 49% in PT Sarana Distribusi Aspal Nusantara (SDAN)

3/ Tipco Asphalt Lao Co., Ltd. was incorporated on 12th January 2018

MAJOR SHAREHOLDERS

RELATIONSHIP BETWEEN THE MAJOR SHAREHOLDER'S BUSINESS GROUPS

The first group of major shareholders are Tipco Foods Plc. and the Supsakorn family, the founding shareholders. The other group is Colas S.A. of France, world leader in construction and maintenance of transport infrastructure. Colas became a 22.7% strategic shareholder in the Company in 2000. Shareholding currently stands at 31.407%. Through a Technical Assistance Agreement, the Company receives full assistance on asphalt technology from Colas which includes access to the latter's central asphalt research and development center in France as well as all speciality asphalt products formulations and application techniques.

MAJOR SHAREHOLDERS

The Company's top 10 major shareholders as of 31st December 2017 are as follows:

RANK	MAJOR SHAREHOLDERS	NO. OF SHARES	%
1.	BNP PARIBAS SECURITIES (ASIA) PTE LTD - FOR COLAS	490,731,040	31.407
2.	Tipco Foods Plc.	369,881,660	23.673
3.	Supsakorn Family	121,076,000	7.749
4.	NVDR	45,554,209	2.916
5.	Provident fund for employees of Electricity Generating Authority of Thailand	11,642,400	0.745
6.	Mr. Chuwong Tientsu	10,805,000	0.692
7.	STATE STREET EUROPE LIMITED	10,663,500	0.682
8.	Mr. Pichit Lertamrub	10,031,200	0.642
9.	HSBC (SINGAPORE) NOMINEES PTE LTD	9,955,600	0.637
10.	CHASE NOMINEES LIMITED	8,739,400	0.559
11.	Others	473,384,561	30.297
	Total	1,562,464,570	100.000

As of 31st December 2017, total shares held by members of Board of Directors accounts for 4.6% of total shares

DIVIDEND POLICY

The Company has the policy to pay dividend of not less than 60% of consolidated net profit of each fiscal year. However, the actual dividend payment depends on cash flow, investment plan of the Company, term and conditions of agreements entered by the Company, together with all other conditions of necessity and suitability in the future.

Details of dividend paid (baht/share) for the past 5 years are as follows:

Unit:	2013	2014	2015	2016	2017
Dividend/share	0.1	0.2	0.9	0.9	1.2 ^{1/}

2013 - 2014 figures are adjusted based on par value at Baht 1 per share

1/ Include the proposed final dividend of Baht 0.9 per share, which is subjected to approval at AGM No.1/2018

REVENUE STRUCTURE

During 2017, sales revenue increased in line with the high crude oil market price while 97.46% of total revenue were sales of asphalt and petroleum related products. Domestic and International sales contributed approximately 25.64% and 74.36% of total volume, respectively.

Based on the Company's consolidated financial statements for the years 2015, 2016 and 2017, revenues categorized by companies units are as follows:

Product Line /Business Category	Shareholding (%)	2015		2016		2017	
		THB mm	%	THB mm	%	THB mm	%
1. Asphalt and Petroleum Related Business							
Tipco Asphalt PLC	-	29,395.99	78.41	16,514.95	67.97	19,729.08	68.40
Thai Bitumen Co., Ltd.	99.99	2,006.49	5.35	1,576.98	6.49	1,648.25	5.71
Raycol Asphalt Co., Ltd.	100.00	970.83	2.59	745.38	3.07	912.95	3.17
Tipco Asphalt (Cambodia) Co., Ltd.	100.00	745.24	1.99	420.56	1.73	702.61	2.44
KOC and KBC and subsidiaries	100.00	2,267.75	6.05	907.14	3.73	1,308.07	4.53
TIH and subsidiaries	100.00	1,684.68	4.49	1,566.25	6.45	1,002.61	3.48
Highway Resources Pte Ltd.	100.00	-	-	1,148.78	4.72	1,448.29	5.02
PT Asphalt Bangun Sarana	99.98	-	-	891.88	3.67	1,357.71	4.71
Total		37,070.98	98.88	23,771.92	97.83	28,109.57	97.46
2. Marine Group							
Tipco Maritime Co., Ltd.	99.99	45.00	0.12	68.26	0.28	60.70	0.21
Delta Shipping Co., Ltd.	99.99	433.78	1.16	710.76	2.93	458.37	1.59
Alpha Maritime Co., Ltd.	99.99	259.87	0.69	249.90	1.03	238.32	0.82
Bitumen Marine Co., Ltd.	99.99	209.17	0.56	324.52	1.34	253.35	0.88
Tasco Shipping Co., Ltd.	99.99	340.94	0.91	341.95	1.41	274.56	0.95
AD Shipping Pte. Ltd.	100.00	-	-	124.34	0.51	96.94	0.33
Reta Link Pte. Ltd.	100.00	-	-	78.03	0.32	62.62	0.22
Pacific Bitumen Shipping Pte. Ltd.	100.00	-	-	-	-	51.04	0.18
Less: Inter-company Transaction		(1,222.97)	(3.26)	(1,631.91)	(6.72)	(1,345.14)	(4.66)
Total		65.79	0.18	265.85	1.09	150.76	0.52
Total Sales and Services Income		37,136.77	99.06	24,037.77	98.93	28,260.33	97.98
Other Revenue Income		355.53	0.94	256.98	1.06	582.13	2.02
Total Revenue		37,492.30	100.00	24,294.75	100.00	28,842.46	100.00

Note: Excluded profit (loss) from investment in joint ventures and associated companies.

PRODUCTION FACILITIES, OIL AND ASPHALT TERMINALS





PERFORMANCE & RISK MANAGEMENT

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40 BUSINESS PERFORMANCE

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PRODUCTS OF THE GROUP



TYPES AND SOURCES OF RAW MATERIALS

Asphalt Cement (AC) is a refined product from crude oil and is used as the main raw material for manufacturing asphalt emulsion, cutback asphalt, polymer-modified asphalt, and natural latex modified asphalt cement. Currently, the Company sources AC supply from its asphalt refinery in Malaysia, and from local and international refineries. This has mitigated the risk associated with sole reliance on one single source and hence able to control cost of main raw material.

OTHER RAW MATERIALS

The Company imports chemicals used in manufacturing of asphalt emulsion and polymer modified asphalt, representing around 10% of total raw materials used. Meanwhile, the remaining 90% is sourced through local suppliers. In addition, the Company also purchases ultra low ammonia latex locally for the environmental friendly production of natural latex modified asphalt cement.

CHEMICALS CAN BE CLASSIFIED INTO TWO CATEGORIES AS FOLLOWS:

- Solvents: The market price of solvents fluctuates in line with the price of oil. All solvents can be sourced from local suppliers so that there is negligible risk of raw material shortages.
- Emulsifiers: This Company uses several kinds of emulsifiers, which can be imported from international suppliers through their authorized agents or sourced locally. Market prices of emulsifiers are relatively stable.

PRODUCTS OF THE GROUP



PRODUCTS PRODUCED BY THE COMPANY INCLUDE:

- Asphalt Cement (AC): Our refinery in Malaysia refines AC from heavy crude oil. AC accounts for approximately 75% of total refinery output. There are various grades of asphalt which are 20/30, 40/50, and 60/70. In the event of high demand, the Company will secure additional volume from other local and international suppliers.
- Asphalt Emulsion (AE) is a mixture of asphalt cement, water and chemicals. AE is environmentally friendly which eliminate oil evaporation into the atmosphere. Emulsified Asphalt Prime (“EAP”) is the latest AE which was developed in order to phase out cutback asphalt and thereby to reduce the environmental impact from road construction and maintenance. The Company is the first company to receive official specification approval from the Department of Highways for its prime coat product.
- Cutback Asphalt (CB) is a mixture of asphalt cement and petroleum solvents. It is used mainly for prime coating. At present, cutback asphalt has become less popular due to its rather high production cost, coupled with its properties which are unfriendly to the environment.
- Polymer modified asphalt cement (PMA) is a premium-grade asphalt mixture comprising polymer compounds and asphalt cement. PMA has multiple superior properties when compared to regular AC – in particular the softening point, elastic recovery, cohesion, toughness and tenacity. These characteristics generate greater rutting resistance on highways. Once applied to the surface pavement of highways and airport runways, PMA will help extend the useful life of the road, as compared to normal asphalt cement. The Company was the innovator to launch new modified asphalt by using natural latex as a modifier. The Department of Highways has established this new asphalt product under the name, natural rubber modified asphalt or Para AC. Para AC is better suited for construction and maintenance in areas with high traffic density. In 2017, we successfully developed of Para AC utilizing special grade concentrated natural latex which ultimately can reduce Para AC odor and hence eliminate pollution during production and product application.
- Modified asphalt emulsion or natural rubber modified emulsion is a mixture of asphalt cement, water, chemicals and natural latex. The product application is similar to that of slurry seal. The key benefit of Para slurry seal is the increase in skid resistance on the road surface, which in turn serves to promote road safety. Another key benefit of Para slurry seal is the significant reduction in road closure time. Para slurry seal requires only one hour of curing time before a repaired area can be reopened to traffic, which contrasts markedly with the four hours associated with regular slurry seal.
- Premix is an instant, ready-mixed, ready-to-be-used product that is sold in 20 kg retail packages. Premix product is made from selected aggregates (with proper gradation), readily mixed asphalt emulsion and some additives, all combining to promote extra bonding properties. Premix products offer perfect solutions for road surface repairs, potholes and other small road projects.

BUSINESS PERFORMANCE

- Tipco Joint Sealer and Tipco Joint Primer are asphalt cement mixed with special additives, which possess extra durability under extreme weather conditions. Both sealer and primer exhibit high properties of flexibility while adhering strongly to joint components. Their applications are used for sealing joints between concrete slabs.
- Kerosene, Naphtha, Atmospheric Gas Oil (AGO), and Vacuum Gas Oil (VGO) are by-products from the KBC refinery in Malaysia. These products are distributed directly to local and regional customers.

PRODUCTS FOR WHICH THE COMPANY SERVES AS DISTRIBUTOR:

- Asphalt Cement purchased from local and international suppliers
- Diesel and bunker oil purchased from oil refineries and traders
- Lubricant products such as engine oil, transmission fluid, hydraulic oil purchased from refinery in South Korea and traders

ASPHALT REFINERY FACILITY AND OPERATIONS IN MALAYSIA

Operations of the Company's refinery in Malaysia operated by Kemaman Bitumen Company Sdn. Bhd. ("KBC"), a wholly owned by subsidiary, were stable during the year. In 2017, KBC processed 9.6 million barrels of crude oil, produced 1.21 million tons of high quality asphalt products, along with 301,000 tons of non-asphalt products. The throughput of the KBC refinery was less than original target due to lower than expected crude oil receipts from the preferred suppliers. However, the throughput has shown an improvement over the previous year, in line with market conditions. The refinery operated at a reliability rate of 98.5% which is an excellent indicator of the refinery team's success in maintaining the plant at highest level of operational readiness and reliability. Safety being of paramount importance in operations of a continuous process plant such as the KBC refinery, Health, Safety, Security and Environment - HSSE has always been the focus of all activities. KBC refinery completed 4.7 million man-hours without any Lost Time due to Injury (LTI). While this is a very significant milestone, we remain committed to improving on this performance in the years ahead.

KBC refinery is also progressing with the installation of mechanical loading arms at the West Wharf Jetty in order to improve efficiency as well as safety of vessel loading/unloading operations. The owners of the West Wharf Jetty have initiated an extensive maintenance activity at the jetty while the loading arms will be installed in early 2018 after the completion of the maintenance work. This project, along with the installation of a new 10" pipeline for asphalt will help improve asphalt loading operations significantly.

In continuation of its efforts to increase its participation in the domestic asphalt market in Malaysia, KBC has drawn up plans to improve market penetration in the East Malaysian States of Sabah and Sarawak. KBC entered into a Joint Venture with M/s Senari Synergy Sdn. Bhd., a State Government Linked Company in Sarawak. A new Joint venture company, namely Borneo Asphalt Sdn. Bhd. ("BA") was incorporated and has already commenced action on setting up a coastal import, storage and distribution facility for asphalt products at Kuching in the State of Sarawak. This facility will be ready by middle of 2018, in time to start supplying asphalt to the ambitious Pan-Borneo Highway construction project. BA will further expand its activities in a phased manner, depending upon the growth in market demand in the region. KBC has also intensified its efforts to act as a catalyst for the introduction of improved materials and technology in the road construction industry in Malaysia.

In 2017, Malaysia market demand for asphalt was steady without any significant upturn due to the limited road works projects in progress. Domestic asphalt producers are always under pressure of cheaper imports from Singapore that has a huge surplus of asphalt which finds its way into Malaysia in the absence of any trade barriers. The domestic asphalt trading company of the Company, namely KBC Trading Sdn. Bhd. sold 125,000 MT of asphalt cement in Malaysia during 2017 and contributed significantly to the overall asphalt sales volume of the Company.

DOMESTIC MARKET

Total demand for all asphalt products in Thailand reached 1.3 million tons in 2017. It comprised 1 million tons of asphalt cement, while the remaining 300,000 tons were asphalt emulsion and other products, such as cutback asphalt, polymer-modified asphalt, and natural latex modified asphalt



cement. This represented a small growth of 2% as compared to 2016. The incremental demand resulted from the strong government budget and Thai government's policy of stimulating the economy through fiscal stimulus projects. The government has focused its effort upon the development of special economic zone infrastructure, with a special emphasis on the use of natural latex as an ingredient in the asphalt mix.

As the market leader for asphalt products in Thailand, the Company gained customer confidence and trust by supplying excellent-quality products, superior-customer services, prompt deliveries and continuous efforts on product innovation. The Company was able to significantly expand the market for latex-based product as the preferred construction and maintenance technique selected by the Department of Highways, the Department of Rural Highways and the Expressway Authority of Thailand.

2016 KEY CONSTRUCTION AND MAINTENANCE PROJECTS:

MICRO-SURFACING TECHNIQUE (PARA SLURRY SEAL):

- Borommaratchachonnani Elevated Highway
- Don Mueang Tollway (Donmueng - Rangsit)
- Burapavithi Expressway (Bangna - Chonburi)

COLORED PARA SLURRY SEAL TECHNIQUE:

- Development project for tourism and sport recreation along the Phakdee-Rumphai canal, under the Royal Patronage, downtown Chanthaburi province

- The bicycle way project, Phlio Waterfall, Phlio sub district, Laemsing district, Chanthaburi province

PREMIUM GRADE ASPHALT TECHNIQUE:

- Runway, taxi lane and apron repair and rehabilitation, at Suvarnabhumi International Airport, Samut Prakran province
- Highway and main road maintenance, using asphalt cement grade 40-50 on Highways No. 305 Rangsit - Nakornnayok
- Highway and main road maintenance of Department of Highways, using polymer modified asphalt cement or PMA on Highways No.1 Nakornsawan - Slokbath)
- Rural roads maintenance of Department of Rural, using natural rubber modified asphalt cement or Para AC on Roads No. 2148 Banpakum Dankunthod district Nakorn Ratchasima province
- Asphalt Overlaying of Department of Rural, using porous asphalt technique along Ratchapruet Road nearby Rama V roundabout and Maha-Sawad canal
- Road surface rehabilitation for royal urn-carrying chariot for the royal cremation ceremony of H.M. The Late King Bhumipol Adulyadej (KING RAMA IX)

The Company has manufacturing facilities and asphalt terminals in the center of key provincial regions, such as Samutprakarn, Nakhon Ratchasima, Phitsanulok, Rayong and Suratthani. With these strategic locations of domestic manufacturing facilities across Thailand, we can provide timely delivery services to our customers,

both domestic and those in neighbouring countries, via our own 300 road tanker truck fleets. This superior logistic capability serves as the key for us to maintain dominance in the domestic market.

Our domestic sales and marketing teams serve more than 550 key customers nationwide. With more than 37 years of experience, our sales teams are professionally trained to provide quality services and technical advice to customers. In addition, we also have dedicated technical support teams, which have extensive experience and knowledge in road maintenance techniques and in the maintenance of heavy machinery. Our rapid response team is ready to provide on-site support/assistance to our customers so as to ensure that our customers can execute their work with high efficiency and excellent results.

In addition, the Company employs a customer relationship management (CRM) concept to study, understand and assess the complex requirements of each group of customers. All study results are used as inputs for devising effective sales and service program that directly reflect our customers' requirements. According to the annual customer's survey, we are pleased to inform that customer satisfaction is maintained at high level.

INTERNATIONAL WHOLESALE

In 2017, the international market underwent a consolidation period. After satisfactory start during Q1 and part of Q2, sluggish demands within the region emerged and pressured on sales prices. As opposed to 2016, steady and cheap supply from the Middle East triggered competitive arbitrages to the Indian subcontinent and some South-East Asian countries. As a result, international wholesales asphalt sales volume exceeded 1.1 million tons.

Chinese market demands for 2017 increased by 5%, as compared to 2016. However, such demand increase was largely met by higher productions from local refineries, hence leading to strong price competitions for imported cargo and keeping import volumes from regional refineries rather steady. The Company's sales volume to China exceeded 2016's by 15%. Meanwhile sales to the Indonesian market dropped significantly due to aggressive competition on key customer. Moreover, local refinery pricing has placed great pressure on our cargoes.

On the other hand, sales to Vietnam market in 2017 have regained considerable market share compared to 2016, in midst of fierce domestic competitions among importers. With our continual marketing efforts, export sales to Indonesia and Vietnam are expected to improve over the following years.

Export sales to Australia registered slight decline from 2016 due to lesser availability of Australian grades in the beginning of the year. The key customers in Australia still remains with Colas' subsidiary in Australia.

Nevertheless, with correct market prospect and adequate supplies of special bitumen grades from KBC refinery, the Company was able to compensate sales volumes shortfalls pertaining to certain export markets by achieving high export volumes to some remote markets such as Hawaii and New Zealand. While expanding our portfolio of customers, we also increased our sales of asphalt products to Myanmar.

In 2017, despite the arbitrage opening for supplies from the Middle East, our ability to produce VG grades at KBC refinery was the key factor to maintain our sales volume to India and Bangladesh markets. We were also able to tie commercial relations with new parties for exports to India.

INTERNATIONAL RETAIL

Vietnam retail asphalt market demand has shown very slow growth in 2017 due to curbs on road infrastructure spending and heavy rains impacting road construction activities during the last two quarters of the year. Most asphalt suppliers faced challenges to raise domestic prices along the year due to high inventories while key market players continued increasing their storage

capacity in 2017. Vietnam subsidiary, ADCo, managed to maintain its market share while successfully launched innovative premium products into the market as the construction industry is gradually seeking for road maintenance solutions and high performance pavement solutions for airports.

Indonesian government started important infrastructure development programs which led to an increase in retail asphalt demand in 2017. The increase of highway construction projects were primarily in Sumatra and Java islands. While the number of asphalt storage facilities is increasing across the country, our Indonesia subsidiary, ABS, managed to grow its sales activities by 55% in 2017. ABS is supplying premium



asphalt products to new airports and highways projects and will continue efforts to develop innovative solutions premium road projects in 2018.

Cambodia asphalt market demand showed strong growth in 2017 due to upcoming national elections. Our Cambodia subsidiary, TAC, maintained a market leadership position while it has successfully secured the supply of premium grade asphalt products to international airports (Siem Reap) and national roads projects.

China retail asphalt demand growth in 2017 was slower than expectation due to government environmental inspections pushing up domestic inventories and slowing road construction activity. In spite of stronger competition from local refineries together with road contractors/ customers being in a dominant bargaining position, our China subsidiaries managed to deliver better financial performance thanks to enhanced efforts on bad debt recovery.

THE MARINE GROUP

Our Marine Group is a major contributor to the Company's overall performance by defining a clear shipping strategy meeting the logistic requirement of our various trading and supply departments.

The Marine Group manages and operates a fleet of ten owned asphalt tankers for a total of 48,969MT lifting capacity, dedicated to the Company's logistics needs. In 2017, the fleet added the delivery of the asphalt tanker TASCO TARA, 12,000 DWT. This state-of-the-art tanker will help us to strengthen our long-ton-mile destinations on a global scale as well as supporting the Company's Vision 2020 strategic direction.

The fleet is managed through our in-house, ship-management company following strict tanker quality management systems and Industry best practices. The ship-management team strives to achieve KPIs as per the TMSA (Tanker Management and Self-Assessment) and OCIMF/VIQ guidelines.

The Chartering Department greatly supported our sales growth throughout the Asia Pacific region, with chartering-in and chartering-out activities to meet internal demands.

As a policy, the Company maintains and owns a fleet of asphalt tankers that meet 60-70% of its overall logistic requirements while chartering in from open market for the rest. In this regard, the Marine Group has secured 4 asphalt tankers on long-term time charter in 2017.

RISK MANAGEMENT AND RISK FACTORS



ENTERPRISE RISK MANAGEMENT

The Group has remained focused on enhancing its Enterprise Risk Management framework by proactively identifying and addressing the uncertainties associated with its strategic and business objectives. The Group aims to enhance the scope of the risk management practices beginning with all existing units/entities in Thailand, maritime business, local plants, the refinery facility and would soon encompass all other offshore subsidiaries and businesses in which the Group has a significant investment (at least 20% percent of shares with voting rights).

Under the guidance of the Board of Directors and the Executive Committee (EC), the Risk Management Committee (RMC) has been working in compliance with the principles of Good Corporate Governance, and its Risk Management Policy to ensure that the Group's principal and substantial risks are identified through consideration of related internal and external factors while all stakeholders follow prudent risk management practices and are fully prepared for all possible scenarios.

Since 2015, the RMC has established a Risk Management Office (RMO) to facilitate and exercise adequate oversight of the risk management practices employed by the respective business units (BU). The RMO works proactively with the

respective BU leaders and Risk Champions / Officers in order to ensure effective implementation of the risk management progresses and internal controls. The RMO operates within the ERM framework, conducts regular monitoring and reports the findings to the RMC, EC and ultimately, the Board of Directors.

The Risk Management Policy was formulated in consistent with the Group's goals, strategies and risk appetite while supporting identification and prioritization of early warning signals of key risk through impact/likelihood assessments, with corresponding risk mitigation plans and internal controls are in place.

RISK FACTORS

RISK RELATED TO FINANCE

The Group's business activities are exposed to various financial risks, including those related to credit, liquidity, foreign currency, interest rates and oil prices. The Group utilizes various financial instruments to manage the identified financial risks, but does not use financial instruments for trading or speculative purposes.

The Group's Finance Department operates as a service center, providing treasury advice, funding, risk and management assistance; it also coordinates access to financial markets and manages financial risks relating to the Group's overall operations in order to ensure that Tipco Asphalt's strategic objectives are met. The use of financial instruments is strictly controlled by policies approved by the Group's Board of Directors. The policies provide specific direction in relation to financial risk management, including commodity hedging, foreign currency, interest rate, credit and liquidity risks.

CREDIT RISK

Credit policy is regularly reviewed, and exposure to credit risk is monitored on an on-going basis. Credit review and evaluations are performed on all customers, while credit approvals are based on delegated limits of authority.

There was no significant exposure to any sales in 2017. Meanwhile, the previous year receivables in one of the subsidiary's in China have been collected as expected. The Group has continued to improve its collection efforts. Credit risk related to financial instruments is minimized by using reputable local and international banks and other counterparts.

LIQUIDITY RISK

The Group operates under unsecured short-term trade and working capital facility arrangements with reputable local and international banks that have combined limits of over Baht 48 billion or USD 1.35 billion. Low crude prices have resulted in less financing requirements for crude purchases. In addition, strong cash flow generated from operations with 90-120 days trade cycle will help reduce requirements of short-term borrowings. Hence, liquidity risk of the Group is minimized.

CURRENCY RISK

The Group is exposed to foreign currency risk. This occurs as a result of purchases of raw materials and export revenue. This risk is adequately mitigated by the provision of financing and exporting revenue in the same currency. There are also forward contracts booked for known foreign currency debts and expenses which all have maturities of less than six months.

INTEREST RATE RISK

The Group entered into interest swaps to achieve fixed interest rate borrowing on its existing loans, and will consider entering into new interest swap when it is exposed to any new long term loan.

RISKS RELATED TO OIL PRICE FLUCTUATION

Petroleum products markets have been moving upward in line with crude price range between USD 45-66 per barrel during the year. The Group's hedging policy is effective and contributed a sustainable positive operating result in managing these market risks. In order to address and mitigate price fluctuation risks for both crude oil and finished products at all times, the Group evaluates carefully its hedging strategy for each crude cargo. A four-way collar is used to protect the risk of higher crude costs, while the down-side risk of non-bitumen revenue is protected by selling SWAP.

RISKS RELATED TO SOURCING OF HEAVY CRUDE OIL

The execution of long-term supply contract for heavy crude oil in 2014 supported the Company's refinery on continuity of production to meet its sales commitments. Moreover the Company has put in place a series of action plans to diversify crude supply sources aiming to minimize risk of dependence on one crude supply source, such as qualifying new crude types, increasing market access to various crude sources or crude suppliers. The Company continues to evaluate the need to upgrade the refinery in order to promote greater flexibility in processing variety of heavy crude supplies and to produce products to meet customer requirements.

RISK RELATED TO REFINERY OPERATIONS

Kemaman Bitumen Company Sdn. Bhd. ("KBC") refinery continues to approach the management of risk in all its operations with the highest level of priority. While there is always a certain level of risk involved – both strategic as well as operational – in the business of operating a continuous processing plant like the KBC Refinery, the risk management efforts of the company are solidly based upon the core value of 'Prudence' and all unnecessary and excessive risks are completely eschewed. Like previous years, the KBC refinery has accorded the highest

priority to risk management and focused on managing the overall Business Risk relating to the operations of its Refinery. A continuous appraisal of the inherent as well as emerging risk is part of the risk management philosophy.

Safety of the employees, community and the property of the company are a paramount concern for each member of the KBC team. All activities, big or small, are carried out while keeping Safety of employees and assets as the foremost priority. The KBC Refinery has dedicated considerable efforts to upgrade the plant and equipment through routine preventive maintenance. In addition, an exercise to inspect the integrity of all the crude oil & product storage tanks in a progressive manner and carry out repairs where required was initiated during 2017. As a result of these efforts, the KBC Refinery achieved the distinction of continuous operations for 4.6 million man hours without any Time Lost to Injury (LTI). This is a significant achievement for the refinery in this industry and a shining example for the Group.

As always, the KBC team continues to be inspired by the five core values of the Group,

- Strong 'Teamwork' helps achieve the safety related KPIs and reduce risk to As Low As Reasonably Practicable (ALARP).
- 'Integrity' is reflected in not only routine operations but also in our Risk Based Inspections (RBI) according to the ISO standards to ensure all equipment operate within the safety levels.
- Every job carried out in the refinery has to go through a Job Hazard Analysis which is prepared by the Work leader and approved by the Senior General Manager of the Refinery. This daily process ensures everyone on the workforce has to work with 'Prudence' to breakdown complex jobs into small step by step activities and analyse for any risk/hazard therein.

- 'Commitment' to safety is paramount in all operations as well as maintenance and project related activities.
- Finally, the team works with 'Open Mindedness' to ensure that learnings are shared and put to good use. Regular meetings are held within teams to review any unsafe activities or areas identified.

The Plant reliability is a good indicator of the health of the refinery as also the success of the efforts of the refinery team to manage risks. The KBC refinery operated at a reliability of nearly 98.5% in the year 2017, which is a testimony to the success of the efforts put in. In addition, the ISO 9001, ISO14001 and OHSAS 180001 certifications of the company have been renewed by the relevant agencies up to September 2018, which once again goes to show the robust operating standards and processes of the company.

KBC's sales and marketing team also looks at the strategic and operational risks with a view to ensuring business continuity in the domestic market. Non-availability of product from own refinery and advent of international trading companies as competitors remain to be the biggest operational risks and the company has identified suitable management mechanisms for the same.

RISKS RELATED TO ASPHALT CEMENT SUPPLY

Fluctuations in raw material prices have posed a major risk to the Group. The Group continues to mitigate supply risks by maintaining good, long-term relationships with all refineries in Asia, a task which is accomplished through regular supply contracts and enquiries. Currently, supply risk is mitigated by the ability to source asphalt from the Group's own asphalt refinery in Malaysia. Expanding collaborative networks with key partners has also helped the Group to identify new sources of supply at competitive prices.

RISKS RELATED TO MARINE

The Group owns, manages and operates ten asphalt tankers. The Group is focused on maintaining a high quality tonnage through a clear shipping strategy and prudent sales and purchase. The modernized quality tonnage maintained by the Group will suitably support the increased sales activities in the Asia Pacific and Australia regions, thus reducing the risk exposure associated with capacity constraints.

The Marine Group operates with the mission of zero accidents, zero injuries and zero oil spills. In addition, our Assets are insured by First Class Insurance Companies.

The biggest challenge facing the industry is the shortage of well-trained personnel. The Group continues to make serious efforts in training and developing its shipping personnel in order to face the industry's challenges

RISKS RELATED TO THE DOMESTIC MARKET

Majority of asphalt demand is largely linked to the government's policy and its budget. Stability of the government has a significant impact on Thailand asphalt demand.

In the fiscal year 2016, the government allocated 113,500 million Baht for road maintenance and construction. The government budget remained strong in 2017 to support the 5 years plan for strengthen infrastructure and connecting. In addition, government budget in 2018 which was announced in August 2017 was expedited to be disbursed in quarter 4 of 2017.

RISKS RELATED TO THE INTERNATIONAL WHOLESALE BUSINESS

Risk for international market in 2017 was combinations of surplus of bitumen supply in the region due to increase in domestic production for China and Indonesia and arbitrage price competitive cargo from middle east origin especially in Vietnam whereas comparatively stable bitumen demand in

general for those key markets. Those creates high price competitive environment for export market for China and South East Asia region. With risk awareness on market demand-supply fluctuation, the Group continuously enforced market diversification strategy. Thanks to unique quality of KBC bitumen, the Group successfully expanded market coverage further to other new countries outside regular territories such as New Zealand and USA with sizable volume.

RISKS RELATED TO THE INTERNATIONAL RETAIL BUSINESS

Operating depots and plants in various locations of Cambodia, China, Indonesia and Vietnam involves significant exposure to all risks related to operations. The Group has continued to give high priority to safety of all employees. New initiatives such as safety weeks were launched during the year 2017 as part as continuing improvement.

RESPONSIBILITIES OF THE BOARD

50 BOARD OF DIRECTORS

62 EXECUTIVE COMMITTEE

63 AUDIT COMMITTEE

64 NOMINATION AND REMUNERATION COMMITTEE

66 CORPORATE GOVERNANCE COMMITTEE



Appendix 1

consider and adopt the minutes of Board of Directors meeting No. 5/2017

RESPONSIBILITIES OF THE BOARD



BOARD OF DIRECTORS

The Board of Directors of Tipco Asphalt Plc. is composed of 15 members as follows:

- | | |
|--------------------------------|--|
| 1. Mr. Chainoi Puankosoom | Chairman/Independent Director |
| 2. Mr. Koh Ban Heng | Vice Chairman/Independent Director |
| 3. Mr. Phirasilp Subhapholsiri | Independent Director |
| 4. Mr. Nopporn Thepsithar | Independent Director |
| 5. Mrs. Anne-Marie Machet | Independent Director |
| 6. Mr. Parnchalerm Sutatam | Independent Director |
| 7. Mr. Niphon Suthimai | Independent Director |
| 8. Ms. Laksana Supsakorn | Director |
| 9. Mr. Hervé Le Bouc | Director |
| 10. Mr. Jacques Leost | Director |
| 11. Mr. Jacques Pastor | Executive Director |
| 12. Mr. Jacques Marechal | Executive Director |
| 13. Mr. Sitilarb Supsakorn | Executive Director |
| 14. Mr. Somchit Serththin | Executive Director/Chief Executive Officer |
| 15. Mr. Chaiwat Srivalwat | Executive Director/Managing Director |

DIRECTORS WITH AUTHORITY TO SIGN ON BEHALF OF THE COMPANY

The Authorized Directors who can bind the Company consisted of two groups of Directors. To bind the Company requires one Director from Group A and another Director from Group B to jointly sign and affix the Company's seal. Directors in Group A are Mr. Hervé Le Bouc, Mr. Jacques Leost, Mr. Jacques Pastor, and Mr. Jacques Marechal. Directors in Group B are Ms. Laksana Supsakorn, Mr. Somchit Serththin, Mr. Sitarb Supsakorn and Mr. Chaiwat Srivalwat.

COMPOSITION AND APPOINTMENT

1. The Board shall consist of at least 10 directors, but not exceed 15 directors. Directors of not fewer than half of the number of all directors shall have residence in the Kingdom of Thailand;
2. At least one-third of all directors must be independent directors, the number of whom must be at least three;
3. The Board of Directors shall elect one director to be the chairman of the Board ("Chairman") and elect one director to be vice chairman ("Vice Chairman") of the Board. Vice Chairman is entitled to perform any act under the Articles of Association on behalf of the Chairman;
4. The positions of Chairman of the Board and Chief Executive Officer are not held by the same individual for the sake of clear-cut segregation of roles and responsibilities; and
5. The appointment of Directors must be based on transparency and clarity and shall abide by laws, regulations and relevant rules.

QUALIFICATIONS FOR DIRECTORS

In selecting candidates to be appointed as the Company's Directors, the Nomination and Remuneration Committee is empowered to screen and nominate qualified persons. The desirable characteristics of Directors include:

1. Integrity and accountability;
2. Proven competency in financial, commercial or industrial matters and skills/capacity to provide strategic insight and direction;
3. Proven experience in corporate management;

4. Good interpersonal and communication skills;
5. No conflict of interest or prohibited characteristics as specified in the Public Limited Company Act B.E. 2535; and
6. Independent directors shall possess the qualifications as specified in the Securities and Exchange Commission's guidelines and the Company's definition of Independent Director.

Directors may hold directorships in no more than five listed companies but such holdings shall not adversely affect their work as Directors of the Company.

TERM OF OFFICE

1. In every annual general meeting of shareholders, one-third of directors shall vacate in proportion. If the number of directors is not a multiple of three, the number of directors closest to one-third shall vacate;

A director who vacates under this section may be re-elected;

2. In the case of a vacancy in the Board of Directors for reasons other than the termination of the term of office, the Board of Directors shall elect a person who has the qualifications and is not being under any of the prohibition under section 68 of Public Limited Company Act B.E. 2535 as the substitute director at the next meeting of Board of Directors, unless the remaining term of office of the said director is less than two months;

The resolution of the Board of Directors under the above paragraph shall be a vote of not less than three-fourths of number of directors remaining;

The substitute director under paragraph one shall hold office only for the remaining term of office of the director whom he or she replaces;

3. Term of office of Chairman is two years;
4. In addition to vacating office upon the termination of the term under the Public Limited Company Act B.E. 2535, Directors shall vacate office upon:
 - 4.1 Death;
 - 4.2 Resignation;
 - 4.3 Being disqualified or being under any of the prohibitions;
 - 4.4 Removal by a resolution of the meeting of shareholders; and

- 4.5 Removal by court order.
5. Retirement age is 75;
6. A member will be allowed to retain his/her directorship after his/her 75th birthday and remain as Director until his/her three-year term expires; and
7. Any director wishing to resign from office shall submit his or her resignation letter to the Company and the resignation shall be effective from the date on which the Company receives the resignation letter.

DUTIES AND RESPONSIBILITY OF THE BOARD OF DIRECTORS

The Board of Directors of Tipco Asphalt Public Company Limited (“Company”) has a commitment to its fiduciary duties and responsibilities and shall ensure that the Company is managed and operated in the best interests of the shareholders. To adhere to these fiduciary duties, each director commits to the following key duties;

1. To perform duties with due care (Duty of Care);
2. To perform their duties with loyalty to protect the best interest of the Company and shareholders (Duty of Loyalty);
3. To comply with the laws and regulations, the Company’s Objectives, the Company’s Articles of Association, and the resolutions of the Board of Directors and shareholders’ meetings (Duty of Obedience); and
4. To disclose the information to the shareholders in the accurate, complete, transparent and timely manner (Duty of Disclosure).

In addition, the Board of Directors defines and reviews the Company’s vision, mission, policies, strategies, etc., covering all facets of operations, and measures the employees’ performance against the Key Performance Indicators (KPI) and budget.

The basic responsibilities of the Directors are to exercise their business judgment in the best interest of its shareholders and for the sustainable growth of the Company. The Board shall ensure that each director performs his/her duty in accordance with all relevant laws and regulations.

In furtherance of its responsibilities, the Board of Directors shall;

1. Define, evaluate, approve and review, on a regular basis, the Company’s vision, mission, corporate values, business policies, long-term plans and strategies;
2. Review, evaluate and approve the Company’s budget and forecast, include resource allocation and capital expenditures;
3. Regularly review the Company’s financial and operating results and adjust the Company’s business strategies accordingly;
4. Review, evaluate and approve the overall corporate organizational structure, the assignment of senior management responsibilities and succession plans;
5. Review, evaluate and approve compensation packages pertaining to senior management of the Company;
6. Adopt, implement and monitor compliance with the Company’s Code of Ethics;
7. Review and assess the effectiveness of the Company’s policies and practices with respect to internal control, risk assessment and risk management;
8. Periodically review the Company’s policies and progress relating to social responsibilities;
9. Conduct an annual self- evaluation and the assessment will be discussed with the full Board each year in order to identify the areas which require improvement;
10. Periodically review the performance of the Chief Executive Officer and approve a compensation package as deemed appropriate by the Board;
11. Review, at least annually, of (i) the status of major litigation, (ii) Compliance with significant regulatory requirements affecting the Company; and (iii) corporate governance matters; and
12. Perform any other duties in accordance with the Board’s and shareholders’ resolutions.

DUTIES AND RESPONSIBILITIES OF THE CHAIRMAN OF THE BOARD

1. To summon the meetings of the Board of Directors according to the pre-determined schedules and others as necessary;
2. To preside over the Board of Directors meeting;
3. To promote corporate governance standards of the Board of Directors;
4. To preside over the Shareholders' meeting and conducting the meeting following the sequences of the agenda and in compliance with the Company's Articles of Association; and
5. To perform the duties specified by the laws and regulations.

RESPONSIBILITIES OF CHIEF EXECUTIVE OFFICER

1. General operation management and control the business of the Company to comply with its objectives, policy, the Articles of Association, Public Limited Company Act, and Securities and Exchange Act;
2. Propose business investment plans to the Executive Committee and the Board of Directors for approval;
3. Approval Authority according to Company's Chart of Authority; and
4. Carry out any assignment from the Board of Directors and/or the shareholders of the Company.

BALANCE OF NON-EXECUTIVE DIRECTORS

The Board of Directors has 15 members, consisting of:

Executive Directors	5
Non-executive Directors	3
Independent Directors	7

There are three members of the Board of Directors who are non-executive directors but have relevant experience – Ms. Laksana Supsakorn, Mr. Herve Le Bouc and Mr. Jacques Leost.

SEPARATION OF POSITION

The positions of Chairman of the Board of Directors and Chief Executive Officer are not held by the same individual.

BOARD MEETINGS

1. The Directors must hold meetings at least five meetings a year by setting meeting dates in advance and may convene extraordinary sessions if necessary;
2. The Chairman or the assigned person shall send meeting invitations specifying the date, time, venue, and agenda details to all Directors at least five business days ahead of the meeting. Except for the urgent case to protect the company's interest, notification of the meeting can be given through other means and the meeting can be convened earlier;
3. At a meeting of the Board of Directors, a quorum is constituted when at least eleven directors (more than two-thirds of total number of directors) are present. If that quorum is not present within thirty minutes from the time when the meeting should have begun or if during the meeting there is no longer a quorum, the meeting shall be adjourned for not less than seven business days;
4. In the event that the Chairman of the Board does not attend the meeting or is unable to perform his/her duty, the Vice Chairman shall be chairman of the meeting. If the Vice Chairman is not present or is unable to perform his duty, the Directors present may elect one of their members to be chairman of the meeting;
5. Decisions at the meeting shall be made by majority votes;
6. Each Director shall have one vote, but a director who has interests in any matter shall not be entitled to vote on such matter; and
7. The company secretary or the assigned person is responsible for preparing the minutes of the meetings and arranging for the safe keeping of such certified minutes which had been approved by the Directors at 25th Floor, Tipco Tower, 118/1 Rama 6 Rd., Samsen Nai, Phayathai, Bangkok 10400 and made available for review.

The schedule for every meeting is set annually in advance. Attendance for Board of Directors Meetings, Audit Committee Meetings, Nomination and Remuneration Committee Meetings, Corporate Governance Meetings, and Shareholders' Meeting for 2017 by all Directors are summarized as follows:

Name	Position	Attendance of Meetings (Times)				
		Board of Directors Meeting	Audit Committee Meeting	Nomination and Remuneration Committee Meeting	Corporate Governance Committee Meeting	Shareholders' Meeting
Mr. Chainoi Puankosoom	Chairman	6/6	-	-	-	1/1
Mr. Koh Ban Heng	Independent Director	6/6	-	-	-	1/1
Ms. Laksana Supsakorn	Director	6/6	-	-	-	1/1
Mr. Jacques Pastor	Executive Director	6/6	-	2/2	-	1/1
Mr. Niphon Suthimai	Independent Director	6/6	-	-	-	1/1
Mr. Parnchalem Sutatam	Independent Director	6/6	10/10	2/2	-	1/1
Mr. Nopporn Thepsithar	Independent Director	6/6	10/10	2/2	-	1/1
Mr. Phirasilp Subhapholsiri	Independent Director	6/6	10/10	-	4/4	1/1
Mrs. Anne-Marie Machet ^{2/}	Independent Director	6/6	-	2/2	4/4	1/1
Mr. Hervé Le Bouc	Director	2/6	-	-	-	0/1
Mr. Jacques Leost	Director	3/6	-	-	-	0/1
Mr. Sitilarb Supsakorn	Director	6/6	-	-	-	1/1
Mr. Somchit Serthin	Executive Director and Chief Executive Officer	6/6	-	-	-	1/1
Mr. Chaiwat Srivalwat	Executive Director and Managing Director	6/6	-	-	4/4	1/1
Mr. Jacques Marechal ^{3/}	Executive Director	6/6	-	-	3/4	1/1

1. Referring to Board of Directors meeting No.6/2017 on 13 November 2017, the 2nd agenda is the agenda for discussion by non-executive directors without presence of executive directors.
2. Mrs. Anne-Marie Machet attended Board of Director meeting No. 5/2017 on 9 August 2017 and Corporate Governance Committee meeting No.2/2017 on 2 May 2017 via tele-conference.
3. Mr. Jacques Marechal attended Board of Directors meeting No.6/2017 on 13 November 2017 and Corporate Governance Committee meeting No.4/2017 on 11 October 2017 via tele-conference.

BOARD SELF ASSESSMENT

Collective and Individual Self-assessment of the Board of Directors

The Board Self-Assessment form provided by the Stock Exchange of Thailand (“SET”) is for consideration by the Board of Directors of listed companies. The assessment comprises (i) Collective Self-assessment and (ii) Individual Self-assessment. The main objective of the self-assessment form is to evaluate the performance of the board, as a team, and of Directors, as a collective body as well as on an individual basis, in light of recognized best practices and principles of good corporate governance. Procedures are as follows:

1. The Board of Directors performs self-assessment evaluations provided by the SET;
2. The Company Secretary summarizes the self-assessment result of all the members of Board of Directors; and
3. The Company Secretary reports the self-assessment result to the Board of Directors and ensures to improve for the effective performance.

The categories covered by the Board collective and individual Self-Assessment Form are as follows:

1. Structure and qualifications of the board (Collective and individual)
2. Roles, duty and responsibilities of the board (Collective and individual)
3. The board meetings (Collective and individual)
4. Duties of directors (Collective)

5. Relationship with Management (Collective)
6. Director’s self-improvement and management training (Collective)

The Company scored 3.85 out of 4 rating and 3.92 out of 4 rating on collective and Individual score the Board Self-Assessment evaluation, respectively.

Self-Assessment of Sub-committees

The Sub-committees, comprising of the Executive Directors Committee, the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Governance Committee shall perform self-assessment once a year to reflect operation efficiency under the principles of good corporate governance in compliance with Corporate Governance Report (“CGR”). These self-assessments include (i) Collective self-assessment of the sub-committee and (ii) individual self-assessment of the sub-committee.

Procedures are as follows:

1. The Sub-committees perform self-assessment evaluations under the principles of good corporate governance of Thai Institute of Directors Association (IOD) and guideline practices of Sub-committees;
2. The Company Secretary summarizes and reports the self-assessment result to the Sub-committees and ensures to improve for the effective performance; and
3. The Company Secretary reports the self-assessment result of the Sub-committees of the Board of Directors.

The categories covered by the collective and individual Self-Assessment Form of the Sub-committees are as follows:

	Collective				Individual			
	EC	AC	N&R	CG	EC	AC	N&R	CG
1. Structure and qualifications of the board	✓	✓	✓	✓	✓	✓	✓	✓
2. Roles, duty and responsibilities of the board	✓							
3. The board meetings	✓	✓	✓	✓	✓	✓	✓	✓
4. Duties of directors	✓	✓	✓	✓	✓	✓	✓	✓
5. Relationship with Management	✓							
6. Director's self-improvement and management training	✓							

Results of the assessment of all the Sub-committees in 2017 were summarized as follows:

Sub-committees	Result of the assessment	
	Collective assessment	Individual assessment
1. Executive Directors Committee	3.95	3.96
2. Audit Committee	4.00	3.94
3. Nomination and Remuneration Committee	3.82	3.95
4. Corporate Governance Committee	3.59	3.80

Thus, the Company shall summarize the assessment results both of the Board of Directors and the Sub-committees and report to all the Directors for acknowledgement.

DIRECTOR'S ORIENTATION

For new Directors, the Company arranges orientation program to inform him/her of its business policies, capital structure, shareholding structure, business performance, information systems and related laws and regulations. Moreover, each Director receives a Director's Handbook and other information. The new Directors will also receive briefing from the Chief Executive Officer and/or Managing Director on the Company policies, relevant information (including the capital structure, shareholders, performance, and processes in use at the Company), laws, regulations, a marketing/ operational overview, and update on performance.

KNOWLEDGE IMPROVEMENT OF DIRECTORS AND EXECUTIVES

The Board of Directors has a policy to support and facilitate the participation of trainings and continuous knowledge improvement of the directors and executives. The Company has encouraged the directors and executives to attend training courses with the Thai Institute of Directors (IOD), the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and others with details as follows: In 2017, training of each director was summarized as follows:

Name	Position	Course
Mr. Chainoi Puankosoom	Chairman	- Chairman Forum: The Role of Chairman in Leading Strategic Risk Oversight
Mr. Koh Ban Heng	Independent Director	- SID's AC Chapter - Pit Stop Series on "The Critical Role of ACs in Valuation and Impairment of Assets" - Governance, Risk, Compliance and Safety Programme - 2017 Seminar on audit committee, ACRA, SGX and Singapore Institutes of Directors
Mr. Niphon Suthimai	Independent Director	- Independent Director Forum 2017: Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance
Mr. Somchit Sertthin	Executive Director and Chief Executive Officer	- Directing in the Year of the Rooster: Hot Issues and Outlook for 2017
Mr. Chaiwat Srivalwat	Executive Director and Managing Director	- Directing in the Year of the Rooster: Hot Issues and Outlook for 2017 - SET SD Forum 2/2017: Sustainability Strategy: Key Blueprint for Business Growth

REMUNERATION FOR THE BOARD AND EXECUTIVES

1. Total cash remuneration in 2017 for fixed, variable and extra-variable were Baht 5,800,000; 4,000,000; and 2,750,000 respectively. The remuneration was approved by shareholder.

Name	Scope of Authority	2016 (THB)			2017 (THB)		
		Fixed	Variable	Extra variable	Fixed	Variable	Extra variable
1. Chainoi Puankosoom	Chairman	437,500	62,500	62,500	500,000	437,500	437,500
	Independent Director						
2. Koh Ban Heng	Vice Chairman	250,000	250,000	250,000	250,000	250,000	250,000
	Independent Director						
3. Laksana Supsakorn	Director	312,500	500,000	500,000	250,000	312,500	312,500
4. Niphon Suthimai	Independent Director	250,000	250,000	250,000	250,000	250,000	250,000
	Chairman of Audit Committee (2016)	125,000	-	500,000	-	-	-
5. Nopporn Thepsithar	Independent Director	250,000	250,000	250,000	250,000	250,000	250,000
	Audit Committee Member	400,000	-	400,000	400,000	-	-
	Chairman of Nomination and Remuneration committee	20,000	-	20,000	40,000	-	-
6. Parnchalerm Sutatam	Independent Director	250,000	250,000	250,000	250,000	250,000	250,000
	Audit Committee Member	400,000	-	400,000	400,000	-	-
	Nomination and Remuneration committee member	20,000	-	20,000	40,000	-	-
7. Phirasilp Subhapholsiri	Independent Director	250,000	250,000	250,000	250,000	250,000	250,000
	Chairman of Audit Committee Member	475,000	-	400,000	500,000	-	-
	Chairman of Corporate Governance committee	100,000	-	100,000	100,000	-	-
8. Anne Marie Machet	Independent Director	250,000	250,000	250,000	250,000	250,000	250,000
	Nomination and Remuneration committee member	20,000	-	20,000	40,000	-	-
	Corporate Governance committee member	80,000	-	80,000	80,000	-	-
9. Jacques Pastor	Executive Director	250,000	250,000	-	250,000	250,000	-
	Nomination and Remuneration committee member	20,000	-	20,000	40,000	-	-
10. Jacques Marechal	Executive Director	250,000	250,000	-	250,000	250,000	-
	Corporate Governance committee member	80,000	-	80,000	80,000	-	-
11. Chaiwat Srivalwat	Executive Director	250,000	250,000	-	250,000	250,000	-
	Corporate Governance committee member	80,000	-	80,000	80,000	-	-
12. Herve Le Bouc	Director	250,000	250,000	250,000	250,000	250,000	250,000
13. Jacques Leost	Director	250,000	250,000	250,000	250,000	250,000	250,000
14. Sitilarb Supsakorn	Executive Director	250,000	250,000	-	250,000	250,000	-
15. Somchit Serththin	Executive Director	250,000	250,000	-	250,000	250,000	-
Total		5,820,000	3,812,500	4,682,500	5,800,000	4,000,000	2,750,000

Note : - Refer to Board of Directors meeting on 17 February 2016, the meeting resolved to appoint Mr. Chainoi Puankosoom to be chairman by replacing Ms. Laksana Supsakorn whose term expired. In addition, the meeting resolved Mr. Koh Ban Heng to be Vice chairman.
- Mr. Niphon Suthimai resigned from Audit Committee on 11 April 2016. Mr. Phirasilp Subhapholsiri was appointed as chairman of Audit committee.

2. In 2017, there was no payment of non-financial remuneration to the Board of Directors.
3. Other remuneration: -None-
4. The remuneration in 2016 for 15 Executive Directors and Executive Officers was Baht 135 million while The remuneration in 2017 for 16 Executive Directors and Executive Officers was Baht 134 million. The remuneration included salary, bonus, and provident fund.

DIRECTORS & OFFICERS (D&O) LIABILITY INSURANCE

The Group has Directors and Officers (D&O) liability insurance in place. The insurance has a coverage of Baht 1,000 million that protects the Group's Directors and Officers from claims made against them as a result of wrongful acts.

LITIGATION AGAINST THE BOARD OF DIRECTORS

There is no record of litigation against the Board of Directors during the past 17 years.

INDEPENDENT DIRECTORS

The Board of Directors has seven Independent Directors as follows:

1. Mr. Chainoi Puankosoom
2. Mr. Koh Ban Heng
3. Mr. Phirasilp Subhapholsiri
4. Mr. Nopporn Thepsithar
5. Mrs. Anne-Marie Machet
6. Mr. Parnchalerm Sutatam
7. Mr. Niphon Suthimai

TIPCO ASPHALT'S DEFINITION OF INDEPENDENT DIRECTOR

Independent directors shall possess the qualifications as specified in the Securities and Exchange Commission's guidelines. The Company's definition of Independent Director is as follows:

1. An Independent Director holds not more than 1% of all shares with voting rights of the Company, the Parent Company, a Subsidiary, a Joint/Associated Company, a Major Shareholder or an Entity with Controlling Authority. This is inclusive of shares held by anyone who is affiliated with them.

2. An Independent Director is a Director, who is not involved in the management of work, employees, staff, consultants with monthly salary or entities with controlling authority over the Company, the parent company, a subsidiary, a joint/associated Company, a major shareholder or an entity with controlling authority, either at the present time or within two years prior to his/her appointment as an Independent Director.
3. An Independent Director has no connection by blood or legal registration as father, mother, spouse, sibling, son/daughter or spouse of son/daughter of another Director. Further, an Independent Director has no such connection with an executive, a major shareholder, an entity with controlling authority or an individual who will be nominated as director, executive or entity with controlling authority over the Company or the subsidiary.
4. An Independent Director has no business relationship with the Company, the parent Company, a subsidiary, a joint/associated company, a major shareholder or an entity with controlling authority in such a manner that may obstruct their exercise of independent discretion. Further, an Independent Director is not a significant shareholder or an entity with controlling authority over a party with business relationship with the Company, the parent company, a subsidiary, a joint/associated company, a major shareholder or an entity with controlling authority, either at the present time or within two years prior to his/her appointment as Independent Director.

Such business relationship is inclusive of a trading transaction occurring on a conventional basis for the conduct of business; a rent or lease of real property; a transaction involving assets or services; a provision or an acceptance of financial assistance through means of a loan, a guarantee, a use of an asset as collateral against debt; and, other similar actions which result in the Company or the party to the contract having a debt to be repaid to another party for the amount from 3% of net corporeal assets of the Company or from 20 Million Baht, whichever is less. This amount is determined by the calculation of Related Transaction value as per the announcement of the Securities and Exchange Commission. It is inclusive of debt(s) arising within one year prior to the day of business relationship with the same party.

5. An Independent Director is not an auditor of the Company, the parent company, a subsidiary, a joint/ associated company, a major shareholder or an entity with controlling authority, and, not a significant shareholder (holding more than 10% of all shares with voting rights of the Company, including shares held by linked entities), an entity with controlling authority or a partner to the audit office with which the auditors of the parent company, a subsidiary, a joint/associated company, a major shareholder or an entity with controlling authority are associated at the present time or have been within two years prior to his/her appointment as an Independent Director.
6. An Independent Director is not a person rendering any professional service or a legal or financial consultant who is paid more than 2 Million Baht in service fee per year by the Company, the parent Company, a subsidiary, a joint company, a major shareholder or an entity with controlling authority, and, not a significant shareholder or an entity with controlling authority over the Company or a partner to such professional service provider at the present time or within two years prior to his/her appointment as an Independent Director.
7. An Independent Director is not a Director who is appointed to be a nominee of a Director of the Company, a major shareholder or a shareholder who is connected to a major shareholder.
8. An Independent Director does not engage in a business of the same nature as and which is significantly competitive to that of the Company, the parent company or a subsidiary. An Independent Director is not a significant partner to a partnership or a Director with involvement in the management of work, Employees, staff, consultants with monthly salary, or, who holds more than 1% of all shares with voting rights of another company which is engaged in a business of the same nature as and which is significantly competitive to that of the Company or a subsidiary.
9. An Independent Director does not have any other characteristic which prevents him or her from opining freely on the operation of the Company.

COMPANY SECRETARY

The Board of Directors appointed Mr. Thanapol Laosiripong, Manager - Corporate Affairs and Planning, on 13th August 2015 as the Company Secretary to take responsibility as set forth by law. The Company Secretary reports functionally to the Chairman of the Board of Directors and operationally to the Managing Director. The curriculum vitae of the company secretary has been included under section of the curriculum vitae of the directors and management.

ROLES OF COMPANY SECRETARY

Company Secretary has the important roles as follows:

- Act as a Consultant and Secretary of board of directors and other committees;
- Act as a Corporate Governance and Compliance Officer;
- Act as a Corporate Communication Officer by being the center of communication among the Company's directors, management and stakeholders;
- Act as a Controller of Management Functions in following up on all the resolutions of board of director into practice; and
- Act as a Coordinator with Stock Exchange of Thailand, The Securities and Exchange Commission, and other relevant organizations.

DUTIES OF COMPANY SECRETARY:

- To adhere to good corporate governance;
- To plan meetings and propose relevant agenda;
- To manage the Board of Directors' meeting and coordinate with the minutes recorder in conducting the meeting in a proper manner and in line with the Company's regulations;
- To administer the Shareholders' meeting in line within the legal framework;
- To give advices on legal matters, Public Companies Act and all other rules and regulations of listed companies, the Company's affidavits aiming at full compliance with relevant laws;
- To make sure that the resolutions of Board of Directors are adhered to;
- Become a contact point providing information to Directors and third parties; and
- All matters concerning the Company's registrar and related document in safe keeping.

THE BOARD OF DIRECTORS' SUB-COMMITTEES

The Board has appointed sub-committees to study and review specific matters. At present, Tipco Asphalt has four committees appointed by the Board of Directors: the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Governance Committee;

1. EXECUTIVE COMMITTEE

The Company established an Executive Committee to assume full executive responsibilities on behalf of the Board of Directors in order to have flexibility in management and operations. Members of the Executive Committee are as follows:

- | | |
|---------------------------|---|
| 1. Mr. Somchit Serththin | Chairman of Executive Committee |
| 2. Mr. Jacques Pastor | Executive Committee Member |
| 3. Mr. Chaiwat Srivalwat | Executive Committee Member |
| 4. Mr. Sitilarb Supsakorn | Executive Committee Member |
| 5. Mr. Hugues de Champs | Executive Committee Member |
| 6. Mr. Koh Lai Huat | Executive Committee Member |
| 7. Mr. Christophe Voy | Executive Committee Member |
| 8. Mr. Theirry Defrene | Executive Committee Member |
| 9. Mr. Jacques Marechal | Executive Committee Member/
Secretary of Executive Committee |

The Executive Committee has responsibilities as established by the Board of Directors. The Chairman of the Executive Committee has the highest authority to set operational policies related to the Company, while the Chief Executive Officer has the highest authority for implementation.

SCOPE OF AUTHORITY OF THE EXECUTIVE COMMITTEE

The Executive Committee, pursuant to the resolutions of the Board of Directors of the Company, is responsible for the following:

1. Proposing agenda for meetings of the Board of Directors and counseling the Board of Directors on major decisions
2. Establishing the policies and operating procedures of the Company

3. Managing, making decisions and directing the business and affairs of the Company

Except as otherwise specified herein, all actions by the Executive Committee shall require the approval of three-fourths of the members (present or represented by proxy), with a positive voting from at least 1 member from each Group ("the Majority of the Members") and all decisions made by the Executive Committee pursuant to these Rules and Regulations (except for decisions which by the express terms of the Articles of Association or the Public Limited Companies Act require the approval the Shareholders or which by the express terms of Rules and Regulations require the approval of the Board of Directors) shall be binding on the Company and its management. The Executive Committee may, from time to time upon the approval of a Majority of the Members, submit a written request to the Board of Directors requesting the Board of Directors to ratify, confirm or authorize any matters or the matters as so requested or directed by the Executive Committee.

Matters which are delegated to and may be decided by the Executive Committee

1. Award of any contract to vendors or suppliers not exceeding an amount to be fixed by the Company Board;
2. Employment, promotion and dismissal of top management personnel;
3. Prepare and submit for Board of Directors approval of any proposal to merge the Company with another economic organization or to form a joint venture company or partnership between the Company and any organization;
4. Policies on salaries, wages of officers and employees of the Company, benefits and allowances;
5. Marketing and Sales policies;
6. Prepare and submit for Board of Directors for approval of Annual profit and loss budget, annual cash flow projections, strategic plan, business plan and investment and disposal plans of the Company and the Subsidiaries;
7. The entry by the Company or any Subsidiary into any transaction which is covered by a profit and loss budget, strategic plan, business plan or financial policy approved by Board of Directors;

8. The entry by the Company or any Subsidiary into any transaction which is covered by the investment and asset disposal plan approved by shareholders;
9. The appointment and removal of directors of any Subsidiary;
10. Submitting and participating in bids, signing contracts, correspondences or documents binding the Company;
11. Representing the Company and acting on its behalf with third parties, public or private persons, Ministries, Administrations, and local communities;
12. Granting sub delegations to beneficiaries with the necessary means, skills and authority, as the Executive Committee deems timely, for a duration it shall determine, concerning any or part of the present Rules and Regulation; and
13. Carrying out all acts, which are necessary for the execution of the present Rules and Regulations, with the exception of the following cases where by the Board of Director's consideration and approval are required;
 - Entry into any transaction which is subject to Board of Directors approval under Chart of Authority
 - Entry into any connected transaction and acquisition and disposition of asset transaction as stipulated under the Rule and Guidelines mandated by Securities and Exchange Commission, Thailand and Stock Exchange of Thailand that requires by law to be considered and approved by the Board of Directors or Shareholders.

2. AUDIT COMMITTEE

The Company has a process that inspects and controls the business by appointing three Independent Directors to the Audit Committee.

1. Mr. Phirasilp Subhapholsiri Chairman of Audit Committee
2. Mr. Parnchalerm Sutatam Audit Committee Member
3. Mr. Nopporn Thepsithar Audit Committee Member
- Mr. Joseph Soosay Secretary of Audit Committee

All members of the Audit Committee have adequate expertise and experience to review the creditability of the financial reports. Mr. Parnchalerm Sutatam graduated with Bachelor's degree in Accounting, Babson College, USA.

TERMS OF OFFICE OF THE AUDIT COMMITTEE

Audit Committee directly reports to the Board of Directors. The Audit Committee member has a three-year term.

New members will be appointed and/or old members are re-appointed by the Board of Directors at the end of the term.

SCOPE OF AUTHORITY OF THE AUDIT COMMITTEE

The role of the Audit Committee, as assigned by the Company Board of Directors, is as follows:

1. Review the reporting of the Company's financial statements for their accuracy and adequacy;
2. Review the suitability and effectiveness of the Company's internal control system, internal audit function and the independence of the Internal Audit Department, while providing concurrence to the appointments, transfers, and terminations of the Head of the Internal Audit Department or any other department responsible for performing internal audit responsibilities;
3. Review the Company's compliance to any regulations on securities, the regulations of the SET and any other regulations relevant to the Company's business;
4. Propose to the Company's Board of Directors on the selection or termination of the independent external auditor. The Audit Committee shall also review the proposed fees (of the independent external auditor) when proposing the selection of the independent external auditor to the Company's Board of Directors. The Audit Committee shall also participate in a meeting with the independent external auditor at least once a year without the presence of the Company's Management;
5. Consider the Company's business transactions with related parties or any transaction that may lead to potential conflicts of interest in compliance with the relevant rules and regulations of the SET to ensure their rationality and maximum benefit to the Company;
6. Issue a report of the Audit Committee, to be signed by the Chairman of the Audit Committee and disclosed in the Company's Annual Report, and shall at least contain comments in the following areas:



- 6.1 Accuracy, adequacy and credibility of the Company's financial statements.
 - 6.2 Adequacy of the Company's internal control system.
 - 6.3 Compliance to any regulations on securities, the regulations of the SET and other regulations relevant to the Company's business.
 - 6.4 Appropriateness of the external auditor.
 - 6.5 Transactions of possible conflicts of interests.
 - 6.6 Meetings of the Audit Committee and contributions of members.
 - 6.7 Overall comments from performing in accordance to this Charter.
 - 6.8 Other transactions that shareholders or other investors should be aware of in accordance to the role and responsibility assigned by the Company Board of Directors.
7. Perform any other task as assigned by the Company's Board of Directors with the approval of the Audit Committee.

3. The Audit Committee must be independent in carrying out the work and will be directly responsible to the Board of Directors.
4. The status of the Audit Committee member will cease upon the member's death, resignation, dismissal or retirement by rotation.
5. The Audit Committee's remuneration will be decided by the Board of Directors.
6. There must be at least four Audit Committee meetings each year, with results reported to the Board of Directors.

REQUIREMENTS FOR APPOINTMENT OF THE AUDIT COMMITTEE

1. The Board of Directors may appoint at least three Independent Directors as the Audit Committee members, provided that one of the members must have accounting knowledge. The Audit Committee must elect one of the members to be the Chairman.
2. The term of an Audit Committee member is three years.

3. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consisted of four directors of whom one is an Executive Director and three are Independent Directors. One of the Independent Director was appointed Chairman of the Nomination and Remuneration Committee. Members of the Committee are as follows;

1. Mr. Nopporn Thepsithar
Chairman of Nomination and Remuneration Committee
2. Mrs. Anne-Marie Machet
Nomination and Remuneration Committee Member
3. Mr. Parnchalerm Sutatam
Nomination and Remuneration Committee Member
4. Mr. Jacques Pastor
Nomination and Remuneration Committee Member

SCOPE OF AUTHORITY OF THE NOMINATION AND REMUNERATION COMMITTEE

1. To screen and select the appropriate persons as members of the Board of Directors and to present the selected individuals to the Board of Directors, who then submit names to the shareholders' meeting for approval.
2. To screen and select appropriate qualified persons to be nominated as the Chief Executive Officer, Managing Director and Executive Director and then propose their names to the Board of Directors for approval.
3. To screen and propose the remuneration of the Company's Directors and sub committees to the Board of Directors and for the latter to further propose same to the shareholders' meeting for approval.
4. To propose the salary and bonus packages for the Chief Executive Officer, Managing Director and seating Executive Directors and then make proposals to the Board of Directors for approval.

Policy on Chief Executive Officer, Managing Director and top executives holding position in organizations outside Tipco Asphalt Public Company Limited

The Board of Directors has established a policy allowing the Chief Executive Officer ("CEO"), Managing Director ("MD") and top executives to hold directorship in companies that are not subsidiaries or associate companies of Tipco Asphalt Public Company Limited ("the Company"). The CEO, MD and top executives may hold directorships in no more than five listed companies but such holdings shall not adversely affect their work.

In order to enable the CEO and, MD and top executives to dedicate their time to the performance of their duties for the utmost benefit of the Company, the CEO, MD and top executives must not serve as executive, executive directors, CEO or MD in other companies other than the Company's subsidiaries or associate companies.

Remuneration for Chief Executive Officer, Managing Director and Executive Directors

The Nomination and Remuneration Committee assesses the performance of the Chief Executive Officer, Managing Director and Executive Directors and proposes the remuneration packages of the Chief Executive Officer, Managing Director, and executive directors, for the Board of Directors' approval, taking into account the following information.

1. Performance-based Pay – The pay shall be subject to the achievement of the Group's performance, based on Key Performance Indicators (KPIs) of Financial, Customer, Internal/Business process and Learning and Growth Perspectives
2. Strategic Initiatives of Tipco Asphalt Group – the progress of Corporate strategies per the Vision 2020 to add value to business and shareholders.
3. Competitive compensation policy – the compensation is benchmarked with other listed companies in the same industry, adopting an entrepreneurial approach with emphasis on the performance-based bonus in order to be competitive with other companies.

Compensation structure of Chief Executive Officer, Managing Director and Executive Directors

- The package includes remuneration paid in cash i.e. salary, which is reviewed annually; variable bonus based on yearly performance. Other compensation includes the provident fund scheme, health and life insurance policy(s), and employee stock options program.

SUCCESSION PLAN

The Nomination and Remuneration Committee has been assigned by the Board to be responsible for a succession plan, especially to ensure that the Company has an appropriate succession plan in place for the positions of the Chief Executive Officer, Managing Director and other senior executives, and to make recommendations to the Board for approval. Nomination for appropriate leaders has been recognized as a priority by the Board in order to strengthen the Company's management and ensure continued progress.

EXECUTIVE OFFICERS

The Company's executive officers are composed of 16 members as follows:

1. Mr. Somchit Serththin	Chief Executive Officer
2. Mr. Jacques Pastor	Vice Chairman
3. Mr. Chaiwat Srivalwat	Managing Director
4. Mr. Hugues de Champs	Chief Operating Officer – International Wholesale and construction
5. Mr. Thierry Alain Simon Defrene	Chief Operating Officer - International Trading and Business Development
6. Mr. Christophe Bernard Voy	Chief Operating Officer – International Retail
7. Mr. Koh Lai Huat	Chief Financial Officer
8. Mr. Sitilarb Supsakorn	Executive Director
9. Mr. Jacques Marechal	Director - Finance and International Legal Affairs
10. Ms. Auchcha Rattrakultip	Director - Finance, Credit Control and Legal
11. Mr. Louis - Frederic SACHS	Director - Marine Group
12. Mr. Charnchai Lohapratarn	Director - Domestic Sales and Marketing
13. Mr. Suphat Pipitawan	Director - Domestic Operation
14. Mrs. Punsiri Suttienkul	Director - Corporate Branding and Corporate Social Responsibility
15. Mr. Soranard Nantamontry	Director - International Sales and Marketing
16. Mrs. Udornporn Punpatch	Director - Human Capital Management

PERFORMANCE ASSESSMENT OF CHIEF EXECUTIVE OFFICER AND TOP EXECUTIVES

The Nomination and Remuneration Committee assesses the performance of the Chief Executive Officer and other executive officers based on the Company's operating results, implementation of the Board's policies, BSC (Balanced Scorecard) performance and the overall socio-economic circumstances. The Nomination and Remuneration Committee will then consider the appropriate remuneration for the Chief Executive Officer and Executive Directors and propose such amount to the Board for approval.

The Board utilizes the CEO Self-Assessment form provided by the SET. The main objective of the self - assessment form is to evaluate the performance of the Chief Executive Officer.

THE 3 CATEGORIES COVERED BY THE CEO SELF-ASSESSMENT FORM ARE AS FOLLOWS:

1. Status of Achievements
2. Performance Measures
3. Development Need

4. CORPORATE GOVERNANCE COMMITTEE

The Board of directors appointed the Corporate Governance Committee to improve corporate governance practices of the Company in order to comply with the Principles of Good Corporate Governance for listed companies. The Committee consisted of four directors (of which two are independent directors and the other two are executive directors) as follows:

1. Mr. Phirasilp Subhapholsiri
Chairman of the Corporate Governance Committee
2. Mrs. Anne - Marie Machet
Corporate Governance Committee Member
3. Mr. Jacques Marechal
Corporate Governance Committee Member
4. Mr. Chaiwat Srivalwat
Corporate Governance Committee Member



TERMS OF OFFICE OF THE CORPORATE GOVERNANCE COMMITTEE

1. The term of each member is three years. Members whose term of office expires may be re-appointed;
2. The Corporate Governance Committee members shall vacate the office upon expiration of their term of office, death, resignation, and removal from the directorship; and
3. In the event where positions within the Committee become vacant by reasons other than upon the expiration of term of office and the number of the members become less than three, the Board of Directors shall appoint persons who are fully qualified as replacement within three months. The replacing member shall hold the office for the remaining term of office of the members whom they replace.

ROLES AND RESPONSIBILITIES OF THE CORPORATE GOVERNANCE COMMITTEE

1. Propose corporate governance (CG) principles, policies and guidelines to the Board;
2. Advise the Board on CG matters;
3. Ensure that the duties and responsibilities of directors and management conform to the CG principles and policies; and
4. Revise guidelines of the Company's CG to comply with the CG guidelines as recommended by the Securities and Exchange Commission of Thailand ("SEC").

CORPORATE GOVERNANCE & CORPORATE SOCIAL RESPONSIBILITY

70 Corporate Governance (CG)

87 Corporate Social Responsibility (CSR)







In 2013, the Board of Directors appointed a CG committee to improve corporate governance practices of the Company in order to comply with the principles of good corporate governance for listed companies. The CG committee consists of four directors (two independent and two executive directors) as follows:

1. Mr. Phirasilp Subhapholsiri
Chairman of the Committee
2. Mrs. Anne-Marie Machet
Committee Member
3. Mr. Jacques Marechal
Committee Member
4. Mr. Chaiwat Srivalwat
Committee Member

DUTIES AND RESPONSIBILITIES OF THE CORPORATE GOVERNANCE COMMITTEE

1. Propose corporate governance (CG) principles, policies and guidelines to the Board;
2. Advise the Board on CG matters;
3. Ensure that the duties and responsibilities of directors and management conform to the CG principles and policies; and
4. Revise guidelines for the Company's CG to comply with the CG guidelines as recommended by the Securities and Exchange Commission of Thailand.

The Board of Directors recognizes the critical importance of corporate governance in the Company's sustainable growth path, creating shareholder value, and securing trust from all stakeholders, including shareholders, employees, customers, business partners, competitors, and creditors. The Board of Directors and management have, therefore, promoting good corporate governance practices within the Company, subsidiaries and affiliates. The Company is pleased to inform that the Company's corporate governance rating by the Thai

Institute of Directors in 2017 was 88% (“Very Good”). In addition, the Company was also selected to be in the Universe of Environment, Social and Governance (ESG100) for the year 2017 by the Thaipat Institute.

CORPORATE GOVERNANCE POLICY

The Board of Directors of the Company continuously strives for good corporate governance practices in order to maintain sustainable development of the Group with respect to the interests of all stakeholders and to observe ethical business practices with transparency and traceability. The Group has established the following corporate governance policy for the Board of Directors, the directors, and the employees to abide by:

1. The Board of Directors shall take the lead in the matter of business ethics by setting the Code of Ethics to manage and monitor the Group’s operations to ensure all business activities are conducted in accordance with the applicable laws and ethical standards;
2. The Board of Directors shall play an important role in the development of strategies, policies, management guidelines and action plans, taking into account all pertinent involved risk factors, for the best interest of the Group;
3. The Board of Directors shall strive to add value to the business in the long run as well as manage the business with prudent practices in order to maximize shareholders’ returns. This will be achieved while maintaining the highest standards of social responsibility at all times;
4. The Board of Directors shall encourage shareholders to be aware of their rights as the owners of the Group and exercise their rights through the process of appointing the Company’s Directors to act as their representatives. Shareholders are also eligible to make decisions on any significant changes of the Group;
5. The Board of Directors shall treat all shareholders, including minority shareholders, fairly and equally;
6. The Board of Directors shall create the optimal balance between the existing needs and future expectations of the Company and all stakeholders respectively based upon the sustainable mutual and equitable benefits; and

7. The Board of Directors shall disclose the information, both financial and non-financial, correctly, adequately, transparently and traceably through the proper two-way communication channels for the benefit of stakeholders’ decision making.

RIGHTS OF SHAREHOLDERS

The Company shall ensure that (i) shareholders, both as investors and as owners of the Company, are entitled to all basic rights and adequate information in the Annual General Meeting (“AGM”) and the AGM minutes; (ii) Chairman of the meeting and each sub-committee attends the AGM in order to communicate with shareholders; and (iii) the Company’s shareholder structure is in compliance with rules and regulations as well as corporate governance practices. In 2017, the Company’s AGM was rated at 98.00 percent by the Thai Investors Association. The basic rights of the Company’s shareholders are as follows:

- Shareholders are entitled to the basic rights such as right to receive dividend, propose agenda, nominate a person to be director, and approve certain matters.
- Shareholders who arrive after the meeting has commenced are able to vote on the agenda item being considered provided that a resolution is not yet made. They will constitute part of the quorum starting from the agenda item.
- Prior to the Annual General Meeting No. 1/2018, shareholders of the Company were entitled to recommend issues to be included in the agenda of the ordinary general meeting of shareholders for the year 2018. Shareholders are allowed to exercise such right during the period of 19 October 2017 to 29 December 2017 for the consideration of the Board of Directors. Should the proposed issue be included on the meeting agenda, the Company will specify in the notice of the meeting that such agenda was proposed by a shareholder. However, in the case that the proposed issue is rejected, the Company will inform shareholders the reasons at the annual general meeting of shareholders. Moreover, any shareholder is entitled to nominate any qualified candidates for the election as a Board member in advance. The Nomination and Remuneration Committee

- will consider the proposed nominees together with other nominated persons according to the Company's criteria for the nomination of directors. The Committee shall then present the nominees to the Board for consideration before proposing them to the shareholders' meeting for approval.
- On the date of the meeting, the Company uses the barcode system for registration to provide convenience for shareholders since each reference number is already included in the registration and proxy forms. In addition, for each agenda, the Company will collect the ballot paper from the shareholders who vote "disapprove" or "abstain" in order to deduct the votes from the total entitled voting rights. The Company also applies the barcode system to perform the calculation in order to ensure immediate voting results are promptly available for announcement right after the end of each agenda. Shareholders are entitled to verify each voting result after the meeting.
 - One-third of the directors must retire from office on a rotation basis in each annual general meeting of shareholders and the election of directors to replace the retired directors takes place during the meeting. However, if the numbers of candidates exceed the number of directors required, each candidate is then elected individually.
 - At the meeting, shareholders can freely express their opinions, give suggestions, and raise questions on any agenda item before casting votes thus ensuring that shareholders have sufficient detailed information on the matter. Should shareholders have questions or inquiries, specialists in each field are available to answer queries on behalf of the Board of Directors.
 - An agenda on the Board's remuneration is included to inform the shareholders the amount and type of remuneration received by each director including fixed remuneration and variable remuneration which are meeting allowance and the Board's bonus respectively. Other remuneration, if any, is also stated.
 - Notice of the AGM consists of precise and adequate data for decision making of shareholders. Also, minutes of AGM includes the voting method and results as well as questions and comments made by shareholders.

- Chairmen of Board of Directors and Chairmen of all sub-committees attended 2017 AGM to communicate and inform shareholders on matters relating to sub-committees.
- The Company's ownership structure in 2017 is in compliance with good corporate governance practice. To illustrate, shareholding of Directors in aggregate does not exceed 25% of total paid-up capital. In addition, free float accounts for 36% of total paid-up capital.

EQUITABLE TREATMENT OF SHAREHOLDERS

The Company provides equitable treatment to every individual, major or minor, institution or foreign, shareholders. To that effect, the Company strives to find means to ensure equality especially for minor shareholders. These means are:

- Shareholders have the right to vote at meetings according to the number of shares owned by each shareholder, whereby one share is for one vote and no particular share allows them privilege to limit the rights of other shareholders.
- Shareholders of the Company have the right to nominate candidates for directorship via the channels which the Company provides.
- The Company has an established policy governing the use of internal information and has incorporated it into the employee regulations with penalties for the executives or employees in the event internal information is disclosed to outsiders for personal benefit. In 2017, there was no insider trading case.
- The Company's Code of Ethics includes the additional guidelines that prohibit employees from using the Company's assets or spending working hours to conduct researches, search, contact brokers or engage in share-trading activities for personal gain or for any parties.
- Under Company's Code of Ethics, top executives and employees working in related departments (including their spouses and children who are minors) are recommended to refrain from trading the Company shares for 21 days prior to the release of the Company's quarterly and annual financial statements (blackout period). In addition, the Board of Directors will monitor all required actions in accordance



with the related standards. Any changes in shareholding of directors must be reported in the Board of Directors' meetings. In this regard, it will be included in the agenda of the Board of Directors meeting on a quarterly basis.

- Standard related party transactions are approved by Board of Directors every year according to section 89/12 of Security and Exchange Commission act every year. The standard related party transaction relies on the fair and arms' length basis. The other related party transactions are determined by Notification of the Capital Market Supervisory Board No. Tor. Chor. 21/2551.
- Any acquisition and disposal of asset which is subject to shareholder approval is determined by the Notification of the Capital Market Supervision Board No. Tor. Chor. 20/2551.
- The Company has a clear and transparent shareholder structure. There is no cross-holding of major shareholders, thereby preventing any conflict of interests or transfer of benefits to one party or another. The shareholder structures

of the Company and its subsidiaries are published in the Company's annual report, as well as the holding of the Board member's shares in the Company.

- The Company treats all shareholders equally and in a proper manner. The Company provides shareholders with proxy forms for appointment of another individual or one of the Company's independent directors. The Company has prepared the proxy forms in compliance with the specifications defined by the Ministry of Commerce in which the shareholders can exercise their voting rights as wished. These forms can also be downloaded from the Company's website. In addition, the Company provides shareholders with duty stamps to be sealed on the proxy forms for their convenience.
- The Company ensures that shareholders have adequate time to prepare for AGM attendance. In 2017, the notice to AGM was posted on Company's website and submitted to shareholders one month and 21 days, respectively,



before the AGM date. The AGM notice was issued in both Thai and English.

- There is a clear separation of duties and responsibilities of the Board, management, and shareholders, thereby ensuring no overlapping of their duties and responsibilities. The directors or executives who may have interests in any agenda under consideration in the AGM or Board meeting must neither attend the meeting nor vote on such agenda. This is to ensure that the Board and executives make decisions in a fair manner for the utmost benefit of shareholders.

THE ROLE OF STAKEHOLDERS

The Board of Directors places great emphasis on the contributions of all stakeholders: shareholders, employees, customers, suppliers, creditors, business partners and competitors. All stakeholders are invited to work with the Company toward shared goals and mutual benefits, while making the Company a competitive and successful business.

We therefore adhere to the principle of fulfilling corporate

social responsibilities as well as contractual obligations that the Company is a party to, as they pertain to our stakeholder relationships.

SHAREHOLDERS

Shareholders have basic rights stipulated by law and by Company's regulations, such as the right to expect a fair return, to request a verification of their number of shares, to receive share certificates, and to attend, vote and freely express their opinions at shareholders' meetings.

All shareholders will receive significant and sufficient detailed information concerning the date and the agenda prior to the date of the shareholders' meeting. Such information will be posted on the Company's website around one month before the related documents are submitted to shareholders at least 21 days prior to the meeting. The shareholders' right to attend the meetings and the right to vote on resolutions are clearly stated in the notice of the meeting submitted by the Company.

The Company also believes that shareholders, as owners of the Company, have the right to make suggestions and comments on the affairs of the Company. It is responsibility of the independent directors to receive such input. All comments and suggestions will be carefully considered and presented to the Board of Directors.

EMPLOYEES

Human Capital Management is an integral part of the Group to achieve its Mission and Vision 2020. Hence the Group put much effort in developing and recruiting new hires. The Group has initiated to revamp the international assignment policy in order to develop employees in international subsidiaries to make them competent leaders and foster their confidence.

The Group remained focused in promoting favorable and rewarding work environment which gives utmost emphasis on employees' health, safety, working conditions and competitive remuneration package.

HUMAN RIGHTS POLICY

The Group continuously strives for good corporate governance practices in order to maintain a sustainable development of the Group. With the purpose to protect the rights of the employees and all stakeholders, the Group has established human rights policy as follows:

1. The Group will take active measures to identify, correct and prevent any violation of human rights (whether such human rights are defined by any legislations or international practices) that could impact the stakeholders of the Group. The Group will also review all risks that have an impact on human rights and will take pro-active measures to manage such risks;
2. The Group shall implement or develop mechanisms to resolve human rights disputes for the mutual benefit of the Group and stakeholders. The Group will work with all stakeholders to achieve a common understanding over our position on human rights;
3. The Group shall respect the rights of employees and all stakeholders without any discrimination towards concepts, beliefs, race, gender, color, religion, marital status, sexual orientation and satisfaction, nationality, age, or disabilities. The Group shall raise the awareness of human rights for underprivileged groups in the value-chain of the Group's business;
4. The Group shall promote the civil rights, political rights, economics rights, social and cultural rights among the employees and all stakeholders in the group;
5. The Group shall respect personal security and the freedom of association, and will not tolerate harassment, or harsh or inhumane treatment in the workplace; and
6. The Group shall promote the improvement of working conditions regarding to the humanity, health and safety for the employees without any form of forced, bonded or indentured labor and child labor.

REMUNERATION

The Group deemed necessary to constantly review employee welfare and remuneration packages in addition to salary, bonus and provident fund to attract, retain and motivate highly competent employees.

Remuneration package for international assignment is also revised and updated regularly to account for condition in assigned countries.

EMPLOYEE DEVELOPMENT POLICY

To become a sustainable organization, the Group continues developing and improving its process and mechanisms for HR management to ensure higher efficiency and realize the full potential of its employees, which will lead the Group toward its goals. Employees will also be able to demonstrate their competence, advance in their careers, and continue to grow with the Group. In 2017, the Group has implemented major projects as highlighted below:

Organizational Structure Redesign in supporting business strategy

We have redesigned and completed micro organizational structure across the Group in alignment with the macro organizational structure to support Vision and Mission 2020, while developing job profile for each position in order to develop and hire the right people to perform the duties that need to reach the group goals. Job profiling also allows the Group to create potential career path for employees as well as conduct analyses of the various job performance requirements, which will support the employees' development.

Develop HR Systems Reliability

The Group has implemented new Human Resources Information System with the objective to centralize the Group's employee database, streamline the administration tasks and to plan and control HR costs more effectively with less resources.

Grow a High Performing Team

The current business challenges and intense competition, efficient Human Resources Management is essential for business goal attainment. Therefore, the Group prioritizes the personnel readiness in terms of both capacity and capability with the effective systems to ensure the competitive advantage and flexibility supporting future business expansion.

The Group values and supports employees' learning through Leadership Development Program with goals in establishing standards in building of employees' capability through Management and Leadership Courses for all the Group's employees in the same direction. We have continually provided Management and Leadership Courses for management and employees to prepare them for corporate core competencies and strategic challenges. The course structure covers the development of all employees, from the new recruits to top management. This year, the program concentrate on Management Foundation for Success, Effective Communication: Managing Change and Transition, Finance for Non-Finance, Train-the Trainer, and Effective Communication: Communicating to get results.

We have continued Management Trainee Program to select qualified personnel in line with the Group's strategies. These personnel will receive additional training to prepare and develop themselves for the work. They will be assigned the tasks that related to the Group's Operations and International related businesses. This will enable them to learn and accrue experiences in business acumen through on-the-job training. The average training hours/person/year was 26 against target at 24 training hours/person/year.

In addition, we have established Career and Competency Model to develop a framework for defining knowledge, hard and soft skills requirements of a successful job performance. Consequently, the Group can utilize the job's competency for recruitment and hiring as well as talent and performance management.

Organizational Knowledge Management

In the age of information and knowledge, when world has shifted the focus from Hardware Base to Software Base, emphasizing on knowledge and innovation, it is essential to create Knowledge Asset for the Group. For further application and development, the Knowledge Asset includes innovation, one point lesson, work process improvement, tool, tip and trick.

In 2017, we have established "Asphalt Knowledge Curriculum" for each group of employees in order to ensure that our employees have sufficient knowledge to support the business expansion.

The Group Core Values

The Group understands that to transform the whole organization to become more competitive, employees must exemplify the T-I-P-C-O Core Values to represent the Group in their day-to-day business transactions.

In 2017, the Group has successfully rolled out TIPCO's Way to its international subsidiaries through collaborative activities to promote the core values and motivate employees participation. Through internal communication campaign, selected Management team is assigned a core value to represent and give a meaningful message to encourage employees to think and behave according to the principles of each core values.

The Group continues to strengthen the core values by focusing on behaviors and positive reinforcement to mold action-oriented and empower employees with high work ethics who are ready to deliver their best and profitable performance.

CONFLICT OF INTEREST

The Group continuously strives for good corporate governance practices in order to maintain sustainable development of the Group. To ensure of the integrity of professionalism in doing business, the Group has reviewed the Code of Ethics to minimize potential conflict of interests between individuals and the Company. In this review, potential conflict of interest also includes that of family members of employees -- parents, full-blooded brother /sister, legal spouse, children and adopted children.

While all the employees are required to acknowledge the reviewed Code of Ethics, there is also an additional requirement that the Board of Directors, all Management, as well as all employees in sales, procurement and purchase, must submit the "Conflict of Interest : Acknowledgement and Disclosure Form". This is a responsibility to promptly notify Tipco Asphalt Group Management, with an acknowledgement of the Director – Human Capital Management, in writing at any time when they become aware of any actual or potential conflicts of interest, or if the information provided becomes inaccurate or incomplete.

Therefore, a full disclosure of all actual and potential conflicts is a must in cases that management and employees in specific functions participate in decision making of related business matters.

CUSTOMERS

To develop and maintain sustainable relationship, the Company stresses that customers should receive equitable benefit in service, quality and price. A new Customer Support Office was established to provide product information, solve problems, and receive complaints in a way that can improve quality and ensure total satisfaction.

- Providing products and services commensurate with the price and fits for its intended purposes that meets the needs of customers.

- Providing products and services by taking into consideration the product's life cycle and reduction in social and environmental impacts.
- Providing factual, non-deviant information about products and services, such as price, product quality, product characteristics in terms of health and safety, to the benefit of the customers' decisions.
- Establishing fair agreements that are equally beneficial to both the Tipco Asphalt Group and our customers.
- Protecting the health and safety of customers, with our processes of product research and development.
- Providing timely and meaningful support in response to the complaints and conflicts with customers.
- Protecting information to preserve the rights and privacy of our customers.
- Providing knowledge and awareness to our customers to elevate fairness of procurement and sustainable consumption.

Issues of Concern:

- 1) Our relationships with customers shall not minimize business professionalism.
- 2) Be cautious about excessive and inappropriate giving, receiving gifts or entertaining in

CREDITORS

The Company conducts its business in such a way to fully complies with the terms and conditions of its loans and obligations to all financial creditors. Details of which are as follows:-

- The Company seeks Board of Directors' approval before entering into new loan or borrowing, with information of all major terms and conditions under such new loan, i.e. financial covenants, guarantee requirements, etc.
- Once the loan agreement is executed, the Company monitors all the time to ensure that all conditions are fully complied with.

- For financial covenants, the Company examines for full compliance of after month-end account closing. All condition and covenants compliance checks are reported to the Board by external auditor on a quarterly basis.
- In case that there is any material adverse conditions which may affect the ability of the Company to comply with all terms and conditions, the Management is obligated to inform immediately the Board to ensure that all is aware of such adverse conditions and seek any solution to prevent the breach of the conditions.

BUSINESS PARTNERS

Operating within a competitive business context requires building and maintaining trust, the Company strictly adheres to its Code of Ethics, honors its promises and upholds its commitments to trading partners in every way, including quality products and timely delivery.

- Following policies and procedures of the Company's procurement and purchasing processes.
- Selecting business partners with fairness, by comparing prices, services, technology, quality, and retaining traceable records accordingly.
- When procuring, priority must be given to business entities, except in cases that individual expertise is needed (or offer higher benefits to the Company's operations).

Issues of Concern:

- 1) Be aware of choosing vendors who are relatives or are related to employees of the Tipco Asphalt Group.
- 2) Be aware of a business partner's potential incompatibility to proper applicable standards (such as labor practices, environmental laws, or other industry norms).
- 3) Be aware of personal benefits that might be gained from choosing a business partner, such as accepting improper gifts.

COMPETITORS

The Company also operates within a competitive business context by being fair and strictly following laws and its own Code of Ethics in its dealings in the industry and markets. The Company has never been in any disputes with its competitors.

- Never coercing or defaming competitors - directly or indirectly; bullying, setting trade barriers that would unfairly lessen competitors' opportunities.
- Being careful in maintaining relationships with competitors since they could be customers of our affiliates/subsidiaries.
- Never disclosing intellectual properties, confidential information of the Company, such as pricing policy, contractual conditions, product lists, market research reports, production plans or production capacity.
- Never violating legal rights of competitors.
- Never setting agreements with competitors or persons that shall decrease or limit their competitiveness.

Issues of Concern:

- 1) Be aware of binding an agreement that shall lead to limitation of customers' choice of purchase.
- 2) Be aware of setting prices or selling conditions that might be unfair to customers.

No Intellectual Property Infringement

The Company has established policy and guidelines in the Company' code of Ethics whereby no intellectual property infringement can take place. These guidelines are:-

Information and Assets

- Recording and reporting information accurately, completely and based on facts.
- Retaining and processing information according to schedules and guidelines established by the Company and in accordance with the law.

- Restricting the use of electronic equipment, electronic data, or information technologies that are in compliance with IT policies and regulations, and to the benefit of the Company only. Usage of these equipment, data and technologies for personal or other benefits especially related to politics is strictly prohibited.
 - Securing and never allow other apply individual access codes to gain entry into the Company's information systems.
 - The Company reserves the right to inspect usage of electronic equipment data, electronic equipments, and information technologies, such as the transfer and storage of data, without seeking permission of the relevant assigned users.
 - Securing the Company's intellectual property from unauthorized use or disclosure.
 - Any output derived from an employee's performance on the job is to be regarded as the property of the Company, unless the Company specifically states that the intellectual property produced belongs to its inventor, creator, researcher, or any other person.
 - Employees must take care of their work to ensure that reports, information, formulas, statistics, programs, techniques, processes, and facts representing the intellectual property of the Company are not violated.
 - Employees must surrender all intellectual property to the Company after the termination of employment, or as otherwise required by the Company.
 - Complying with the intellectual property laws that apply to the country in which the Company is operating, and consult with appropriate intellectual property experts to seek advice for proper understanding.
 - Avoid disclosing information that might affect the Company's stock price to external parties.
 - Avoid giving advice on buying or selling the Company's stock unless specifically assigned by the Company to do so.
 - Employees and other persons in charge of the Company's information are prohibited from disclosing or conveying corporate information or secrets to unauthorized persons, including their family members, relatives, and friends.
- Issues of Concern:**
- Informing, presenting, or disclosing corporate information or documents, in any form, to any unauthorized person inside or outside the Company.
 - Hiring or engaging other external individuals, departments or business entities without prior agreement in writing, that states the rights of, and benefits from intellectual property according to the Company's intellectual property policy.
 - Copying, adjusting, or revising electronic equipment, electronic data, or information technologies without a proper reason.
 - Disclosing or conveying information to persons or organizations not normally entitled to receive it.
 - Spreading rumors or giving information that would affect the Group.



ANTI-CORRUPTION

The Board of Directors of the Company adopted its anti-corruption policy with the ultimate aim of preventing corruption across all value-chain activities while maintaining vigilant operations.

ANTI-CORRUPTION POLICY

The Company continuously strives for good corporate-governance practices in order to maintain sustainable development of the Group. The Company has established an anti-corruption policy with the purpose of preventing corruption in every activity of the value-chain of the Group's business.

Corruption Definition

Corruption means any type of bribery, such as an offer, a promise, a guarantee, an inquiry, or the acquisition of money, or asset, gift item, or any other inappropriate benefits to/from government officials, private sector staff, either by direct or indirect action such that a person could proceed with, or disregard his/her function, in order to acquire or retain business, recommend a specific company to the Group as a whole, or achieve any improper benefits in a business transaction.

The above policy is reflected in the context of scrupulous observation of the following considerations:

- A zero-tolerance policy in respect of corruption by any person including directors within the Group;

- The Board of Directors will determine and promote the implementation of the anti-corruption policy and lead by example;
- The Board of Directors will manage and govern the Company's business operations in order to comply with the anti-corruption policy, and will communicate any anti-corruption actions to all stakeholders through the various communication channels;
- The Company will continuously promote and encourage all employees and stakeholders to raise awareness for the eradication of corruption; and
- The Company will regularly review and improve business operations in order to comply with any changes in relevant laws and anti-corruption guidelines at all times.

Anti-corruption risk assessment has been performed by the Risk Management Committee (through Risk Management Office) to constantly identify related risks, corresponding likelihood and impacts including internal controls and related working instructions to mitigate residual risks. In addition, the Risk Management Committee established guideline upon preventing anti-corruption risks coupled with regular monitoring system in place while results of tracking/monitoring of risks will be reported to the Board of Directors.

Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)

The Company has encouraged its Directors to attend Anti-Corruption for Executive (ACEP) training course, while employees are encouraged to participate in the establishment and communication of the corruption prevention seminars as organized by the Stock Exchange of Thailand.

In 2014, The Company has signed the Declaration of Intent in View of Establishing Thailand's Private Sector Collective Action Coalition Against Corruption (CAC).

On 19 August 2015, the Company's representatives participated in the Anti-corruption Program seminar organized by the Office of the National Anti-Corruption Commission in collaboration with the Royal Thai Government.

In 2016, the Company's representatives also participated in the "2016 National Anti-Corruption Day" activities with the theme of "Sin of Cheating" at the Sanam Luang Royal Plaza, Bangkok, organized by the Anti-Corruption Organization of Thailand (ACT) in collaboration with the Thai Chamber of Commerce and Board of Trade of Thailand. This was to join force against corruption and manifest the penalties of corruption.

On 6 Sep 2017, the Company's representative participated in the Anti-Corruption Day - "New Government! Old corruption! or รัฐบาลใหม่! คอร์รัปชันเก่า" at Centara Grand & Bangkok Convention Centre at CentralWorld organized by the Thai Institute of Directors ("IOD"). On 9 Dec 2017, the Company's representative participated in the Anti-Corruption Day (Thailand) at Muangthongthani, Nonthaburi.

Finally, the Company has been certified in Thailand's Private Sector Collective Action Against Corruption (CAC) in 2017.

DISCLOSURE AND TRANSPARENCY

Disclosure and transparency is the top priority of the Company. Disclosure of the Company's general and financial information is done on an accurate, complete, transparent, and timely basis. The disclosed information includes Company's structure, performance and risk, director profile, and information related to investors.

- All relevant information is disclosed via annual report, Form 56-1, Company's website and SET's website. Disclosures of information and quality of financial statements in Annual Report, Form 56-1, and company website are in compliance with the rules and regulations of the Stock Exchange of Thailand. The information includes shareholding structure, major shareholders, shareholding of directors and top executives, the Company's vision & mission, performance by business unit, and top corporate risks, etc. In addition, disclosure on directors includes profiles, meeting attendances, training, shareholding and remuneration.
- Directors and executives are required to file report on their and in accordance with the rules and procedures which stipulate that directors and executives shall file with the company report on their interest or related person's interest in relation to management of the Company or the subsidiary for the company's use in complying with the rules on connected transactions which may cause conflicts of interest and lead to siphoning of assets of the company and the subsidiary. The fact that the Company's directors and executives are bound by their fiduciary duties in the way that they must not have interest, whether directly or indirectly, in the matter under their decision, such report on interest is also useful in monitoring their adherence to such duties. The Company Secretary acknowledges, signs and submits the report to the Chairman of the Board and the Chairman of Audit Committee within 7 days after the submission in compliance with Announcement No. 006/2009 Reporting Criteria of Directors' Direct and Indirect Interest in the Company dated 18 August 2009.
- Top executives are also stipulated to file with the SEC for every purchase, sale and transfer of Company's shares in compliance with Notification of the Office of the Securities and Exchange Commission No. Sor. Chor.12/2552. The report is also submitted to the Chairman of Audit Committee and Chairman of the Board of Directors. In addition, summary of shareholding of directors and top executives are reported at every Board of Directors meeting.

- Changes in Company's shareholding of the directors and top executives are as follows:

No.	Name	Position	Shareholding amount as of 31 December 2016	Changes of Shareholding amount increase/ (decrease) in 2017	Shareholding amount as of 31 December 2017	Shareholding proportion in the Company (%) 1,562,464,570 shares
1.	Mr. Chainoi Puankosoom	Chairman, Independent Director	-	-	-	-
	Spouse/ Minor child		-	-	-	-
2.	Mr. Koh Ban Heng	Vice Chairman, Independent Director	-	-	-	-
	Spouse/ Minor child		-	-	-	-
3.	Ms. Laksana Supsakorn	Director	13,000,000	860,000	13,860,000	0.89%
	Spouse/ Minor child		-	-	-	-
4.	Mr. Phirasilp Subhapholsiri	Chairman of the Audit Committee, Governance Committee Chairman of the Corporate Governance Committee, Independent Director	-	-	-	-
	Spouse/ Minor child		-	-	-	-
5.	Mr. Nippon Suthimai	Independent Director	-	-	-	-
	Spouse/ Minor child		-	-	-	-
6.	Mr. Nopporn Thepsithar	Independent Director, Member of the Audit Committee, Chairman of the Nomination and Remuneration Committee	-	-	-	-
	Spouse/ Minor child		-	-	-	-
7.	Mr. Pamchalerm Sutatam	Member of the Audit Committee, Member of the Nomination and Remuneration Committee Independent Director,	-	-	-	-
	Spouse/ Minor child		-	-	-	-
8.	Mrs. Anne-Marie Machet	Member of the Nomination and Remuneration Committee Member of the Corporate Governance Committee Independent Director,	-	-	-	-
	Spouse/ Minor child		-	-	-	-
9.	Mr. Herve Le Bouc	Director	-	-	-	-
	Spouse/ Minor child		-	-	-	-
10.	Mr. Jacques Leost	Director	-	-	-	-
	Spouse/ Minor child		-	-	-	-
11.	Mr. Jacques Pastor	Executive Director, Member of the Nomination and Remuneration Committee	1,000,000	500,000	1,500,000	0.10%
	Spouse/ Minor child		-	-	-	-

No.	Name	Position	Shareholding amount as of 31 December 2016	Changes of Shareholding amount increase/ (decrease) in 2017	Shareholding amount as of 31 December 2017	Shareholding proportion in the Company (%) 1,562,464,570 shares
12.	Mr. Sittilarb Supsakorn	Executive Director	15,400,000	700,000	16,100,000	1.03%
	Spouse/ Minor child	-	-	-	-	-
13.	Mr. Jacques Marechal	Executive Director, Member of the Corporate Governance Committee Deputy Chief Financial Officer-International Finance, Insurance and Legal	-	-	-	-
	Spouse/ Minor child	-	-	-	-	-
14.	Mr. Somchit Serththin	Chief Executive Officer	28,600,000	500,000	29,100,000	1.86%
	Spouse/ Minor child		10,000,000	500,000	10,500,000	0.67%
15.	Mr. Chaiwat Srivalwat	Managing Director Member of the Corporate Governance Committee	1,200,000	200,000	1,400,000	0.09%
	Spouse/ Minor child		-	-	-	-
16.	Mr. Christophe Bernad Voy	Chief Operating Officer - International Retail	-	-	-	-
	Spouse/ Minor child		-	-	-	-
17.	Mr. Hugues de Champs	Chief Operating Officer - International Wholesales	250,000	180,000	430,000	0.03%
	Spouse/ Minor child		-	-	-	-
18.	Mr. Koh Lai Huat	Chief Financial Officer	800,000	270,000	1,070,000	0.07%
	Spouse/ Minor child		-	-	-	-
19.	Mr.Thierry Defrene	Chief Operating Officer - International Trading and Business Development	-	-	-	-
	Spouse/ Minor child		-	-	-	-





INVESTOR RELATIONS

Information related to investors is posted on the Company's website at http://www.tipcoasphalt.com/investor_news.aspx. Disclosure of information is developed based on Corporate Governance and Best Investor Relations Awards guidelines. In 2017, the Company's score on Best IR award on Level of information disclosure on IR webpage improved from 73.33% to 75.19%.

In 2017, the Company participated in activities to exchange information with investors, analysts, and fund managers with details as follows:

- Participated in events organized by the SET's Opportunity Day on 22nd February 2017, 17th May 2017, 17th Aug 2017, 17th November 2017, and Thailand Focus 2017 on 30th August 2017.
- Hosted four analyst meetings on 20th February, 16th May, 16th August and 16th November 2017.
- Participated in activities to meet with local fund managers held by other organizations e.g. TISCO CEO Insights on 20th March 2017, Non-deal Roadshow hosted by CIMB Securities (Thailand) on 23rd November 2017, and TASC0 meetings investors hosted by Asia Pus Securities Company Limited on 23rd November 2017.
- Gave an interview for Business Model TV Program on Money Channel on 19th September 2017.

- Participate in "Money Talk Weekly" program on Money Channel on 19th December 2017.
- Participated in one international roadshows to meet international fund managers: Pulse of Asia Conference Hong Kong held by DBS Vickers Securities during 24th -25th May 2017
- Organized site visit for analysts on 4th Oct 2017 at Phrapadeang site.
- The updated regulation and investor feedback are routinely reported to top management and the Corporate Governance Committee for further development.
- Information requests, comments and inquiries related to investor relations should be made by contacting at tel. +66 2273 6642, fax. +66 2271 3417, or by email at investors@tipcoasphalt.com.

COMPLAINT & WHISTLEBLOWING POLICY

The Company expects all employees to monitor compliance with the Company's corporate governance and Code of Ethics and encourages all employees to raise any question and concern they may have regarding these policies. In addition, all employees report any misconduct or non-compliance, or send their enquiry to any Company's director, the Company Secretary and Head of Internal Audit or Human Resources Department.

Procedures pertaining to violations of the Code of Ethics and Reporting of Violations of or Non- Compliance with the Code of Ethics are made known to and must be observed by all employees.

In the event they notice (or suspect) a violation of or non-compliance with the Code of Ethics, they may direct their questions or complaints by phone, e-mail, letter to, or personally inform any of the following persons:

- Any Company Director
- Director – Human Capital Management
- Company Secretary
- Senior Manager – Internal Audit

The above persons shall report such matters to the Chief Executive Officer and/or Managing Director within 24 hours.

The Company shall conduct investigations to all complaints with due urgency and confidentiality.

All employees are expected to cooperate in the investigations as necessary, which is conducted legally, when there is a complaint of violation or non-compliance with the Code of Ethics.

Measures for Protection and Compensation

Any person making complaints, reports, or cooperating with a fact-finding investigation shall be protected according to the whistleblowers' protection policy:

- Those who complain, reports, or co-operate may choose not to disclose their identities. However, their identities should be disclosed to the investigators appointed by the Group to facilitate the effectiveness of any such investigations.
- The Company regards such information as confidential, and discloses such information only as necessary to ensure the safety of, and prevent harm to, those who report, their sources, and other individuals involved.
- Appropriate protection will be provided to those who complain, report, or co-operate if they believe that they will be under threat.
- Anyone harmed while providing information to assist the Company's investigations will be compensated in a fair and appropriate manner.

RESPONSIBILITIES OF THE BOARD

The Board of Directors has a commitment to its fiduciaries duties and shall ensure that the Company is managed and operated in the best interest of shareholders.

- The Board of Directors and sub-committee structures are in accordance with good corporate governance guidelines. The Board of Directors comprises directors with various backgrounds, including 7 independent directors. The Chairman of the Board is an independent director with specific roles and responsibilities. The roles and responsibilities of the Board of Directors and management are clearly defined and published in annual reports. Terms and conditions of directorship are in line with good corporate governance guidelines. For example, Company directors are encouraged not to take directorship in more than 5 listed companies.
- The Board of Directors approves corporate governance policies and Code of Ethics which are published in annual report and Company website. The Board of Directors assigns the Corporate Governance Committee to oversee corporate governance and Code of Ethics and periodically update the Board of directors.
- The Board of Directors defines and reviews the Company's vision and mission for a specific period. Besides, the Board of Directors reviewed strategy of the Company annually.
- The Board of Directors appointed the Audit Committee to oversee the state of internal controls within the Company.
- The Board of Directors appointed the Nomination and Remuneration Committee to oversee the nomination and remuneration of the Board and succession plan of senior executive.
- The Board of Directors encourages directors to train on relevant courses.
- Since 2015, the Corporate Governance Committee proposed to the Board of Directors to conduct self-assessment of the Board of Directors and all sub-committees. The assessment comprises collective and individual levels.

CORPORATE SOCIAL RESPONSIBILITIES



SOCIAL RESPONSIBILITY POLICY

The Company has adopted the social responsibility policy that has been aligned to meet leading international standards in order to serve as the operating guidelines for the Board of Directors, executives and employees in matters related to the economy, society and environment:

1. The Company shall manage business under good corporate governance practices and the code of business conduct;
2. The Company shall respect and support the human rights of employees and all stakeholders in the value-chain of the Company's business, and refuse to support any activities that violate such human rights;
3. The Company shall continuously improve the human resources operations, particularly in matters concerning health, security, safety, and the environment;
4. The Company shall strategically and continually improve the capability of environmental operations in order to minimize the environmental impact of our operations in a sustainable manner;
5. The Company shall treat all stakeholders fairly by observing good code of business conduct;
6. The Company shall treat both current and prospective customers fairly;
7. Everyone in the Company is encouraged to participate in community development initiatives and contribute their talents to facilitate the sustainable environmental practices advocated by the Company;
8. The Company shall strategically integrate the social responsibility guidelines into the decision-making process of the business in order to better define the value-chain of the Company's business;
9. The Group shall regularly review and manage its business impact in line with the expectations of all stakeholders; and also in accordance with the changes of environmental conditions; and
10. The Group shall communicate its social responsibility guidelines to employees and all stakeholders clearly and in a timely manner in order to raise the awareness and voluntary spirit of social responsibility among them to better support the value-chain of the Company's business.

Board of Directors met on 13th January 2015 whereby it approved and mandated an annual CSR budget policy whereby the Group shall allocate not less than 1% of the average consolidated net profit for the past 3 years for Corporate Social Responsibility projects and activities every year starting 2015. As of to date, the Company has been certified as follows:

CERTIFIED MANAGEMENT SYSTEMS

MANAGEMENT SYSTEM	INTERNATIONAL STANDARD	THAILAND STANDARD	CERTIFIED PLANT
Quality	ISO 9001:2015	TIS 9001 - 2558	All plants in Thailand
Environmental	ISO 14001:2015	TIS 14001 - 2558	All plants in Thailand
Health and Safety	OHSAS 18001:2007	TIS 18001 - 2554	All plants in Thailand
Integrated Management System		IMS R-100	All plants in Thailand except Thartong plant
Laboratory	ISO/IEC 17025:2005	TIS 17025 - 2548	Research and Development (Testing) and Nakhon Ratchasima (Testing and calibration)
Road Traffic Safety	ISO 39001: 2012	TIS 39001-2556	Phitsanulok, Rayong and Phrapradaeng Plant
Corporate Social Responsibility, the Department of Industrial Works		CSR-DIW2559	All plants in Thailand

ENVIRONMENT MANAGEMENT SYSTEM

We recognized the importance of preserving the environment, managing natural resources, and preventing pollution, including key issues pertaining to climate change. For our part, we have worked relentlessly to improve the environment and quality of life of our key stakeholders, (including employees, contractors and local communities nearby our plants), in compliance with ISO 26000. For instance, we successfully reduced fossil fuel use in our asphalt production heating process. In addition, we Group also organized regular training and workshop sessions to raise public awareness on environmental issues. The Company has also incorporated workshop training in our culture, by setting a minimum requirement of no less than six hours' training per employee per year on environmental issues. In 2017, participation in this training is a total of 3,072 hours.

The Company succeeded in achieving fuel saving in the manufacturing of modified asphalt in our plants through the removal of carbon scales on the surface of the heat-transferring pipes at our modified asphalt storage tanks. These "clean-up" encourages quicker and more effective heat transfer hence achieving fuel saving, and further promotes environmental protection.

The Company constantly pursues research initiatives and ideas on energy saving, along with measures to reduce pollution and greenhouse gas emissions. For instance, we switched the heating method of asphalt cement for manufacturing modified asphalt products in the storage tanks to "direct fire" technique, thereby replacing the traditional hot oil heat transfer during the first phrase of the process. These new techniques enhance heating efficiency, while helping to reduce energy consumption down by more than 25 percent as compared to the traditional method.

We have also embarked on projects designed to improve upon energy efficiency in our operations continuously. This includes:

- Reducing solvent content in our products without reducing their end-product quality;
- Cutting down on fuel usage by utilizing larger size asphalt tankers and trucks to reduce the number of delivery trips. High- efficiency insulation is installed in each asphalt tanker to minimize heat loss during transportation;

- Replacing bunker oil in hot boiler with diesel in order to reduce pollution;
- Reducing fuel consumption by implementing GPS technology to optimize transport routes and delivery time;
- Cutting down on CO2 emissions by replacing fuel oil with LPG during asphalt product heating process;
- Reducing energy consumption through better preventive maintenance of production equipment;
- Increasing clean energy use, by replacing firewood with LPG for product heating in asphalt tankers/trucks;
- Strengthening our commitment and collaboration with local government units and community by providing long term action plans on the forest improvement and development one of which was in Phitsanulok province.

Protection of the environment, biodiversity and restoration of natural habitats

Despite the fact that we work to improve our production process to achieve a zero discharge of pollutants, the Company is committed to further improve the waste reduction, as evidenced by the following initiatives;

- Recycling of treated waste water for production of asphalt emulsion;
- Recycling of lubricants and engine oil from asphalt trucks as additives in the asphalt production process;
- Reducing nitrogen oxide (NOx) emissions through engine procurement;
- Collaborating with government unit under the Ministry of Science & Energy (MTEC) on its vision of sustainable development. We're currently working with them on the new raw material to reduce the environmental effect (fume) of PARA AC during production. The use of natural rubber which is one of the key ingredients of PARA AC was driven by the government which was fully supported by the group;
- Investing on new machinery to reduce environmental effect of the production of PARA AC and PMA products;
- Reducing Co2 emission from our product delivery by replacing them with new and more fuel efficient trucks;
- Showing our dedication to tackle global warming with improved work procedures while ensuring the consumers with full data access on greenhouse gas emission data pertaining to carbon footprint of each product category; and

The Company emphasizes the importance of creating awareness of the need for reforestation and restoration of the ecosystem. We have supported sustainable reforestation by collaborating with local communities and planting trees in an integrated manner focusing on economic plants and perennial trees. We aim to become a Company of ecology and to establish a project for each executive and employee to plant five trees per year while making a strong commitment to take continuous care of trees we planted for a period of five years. The tree planting projects have been conducted since 2013 i.e. the Wat Bangkrasob community in Samut Prakan Province. and Bueng Takreng in Phitsanulok Province in 2016

HEALTH AND SAFETY MANAGEMENT SYSTEM

The Company has implemented the policy on Occupational Health and Safety Guidelines in order to closely control and prevent any potential risk that might result in illnesses and injuries to employees and stakeholders. In this regard, a Safety Index was also established. This includes zero accidents reported during the performing of their duties by employees and the driving of vehicles on the road. In addition, all our plants have constantly been awarded national outstanding workplace recognition pertaining to workers' excellent occupational health and their working environment. In 2014, the Company received certificated recognition of its compliance with occupational health and safety international standard OHSAS 18001:2007. We aims for ISO45001 standard which will be implemented in 2018.



ROAD TRAFFIC MANAGEMENT SYSTEM

In 2017, Phitsanulok, Rayong and Phrapradaeng Plants were certified with ISO 39001:2012 (Road Traffic Safety Management System). This is to ensure effective management and road accident prevention for our delivery truck drivers. With continual focus on road traffic management practice, one of our drivers was nominated as representative from Thailand to participate in the “UD Trucks Extra Mile Challenge” international truck operating competition in Japan. He received “the best driver skill” category award competing against truck driver’s from all over the world.

CORPORATE SOCIAL RESPONSIBILITY, THE DEPARTMENT OF INDUSTRIAL WORKS

Since 2008, the Group has actively participated in the Corporate Social Responsibility promotion program initiated by the Department of Industrial Works (CSR-DIW). By late-2012, we became the first asphalt company in Thailand to receive the first full assessment in compliance with the international standard of ISO 26000: 2010 (Guidance on Social Responsibility), or TIS 26000-2553, conducted by the Management System Certification Institute (Thailand) (MASCI). In order to maintain standard and continuous improvement, assessment review by MASCI was conducted every 2 years which were 2014 and 2016. In addition, The Group registered special officer who oversees CSR activities in our plants under notification of Ministry of Industry.

CONSISTENT COMMUNITY INVOLVEMENT AND DEVELOPMENT

In 2017, our employees, both at Head Office and in all production plants, participated in various strategic CSR initiatives, involving activities in education, sports, environmental protection, and cultural and community services, as well as economic development. Some of these CSR activities are as follows:

- Leveraging the Company’s expertise with customers by constructing the “Green road to school” in provinces that group’s plant are located such as Wat Thathong school in Suratthani province, Nikom 4 and Nikom 7 school in Rayong province, and Laem Phra Tah School in Phitsanulok province;
- Utilizing the specialized technical skills of the Company, through projects with the community and nearby schools in order to increase income of the local community. We initiated “one plant one product” programme at our plants. This involves giving assistance to local communities in producing better local products to substitute their income.
- Providing supports to local hospitals nearby our plants in order to promote great well beings of local communities. We provide supports in term of medical equipment and facilities such as mobile medical unit vehicles, construction of sterilize room facility in conjunction with the Naresuan university;



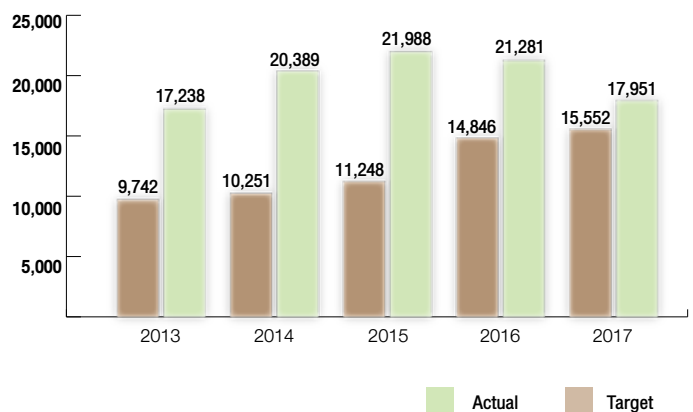
- Co-hosting with Department of Rural Road (Zone 5) for the “Rak Thang Rak Thin” activity along Suranaree district roads. Featuring Tipco’s premix asphalt, this project focused on reconditioning traffic road surfaces in order to prevent accidents and asset losses;
- Engaging with schools, education institutions and local communities by inviting them to visit our plants. We also invite local teachers, students and the local communities to participate in our Safety Week and Open House on a regular basis;
- Conducting joint academic research on asphalt product development with the faculty of engineering at Naresuan University in order to promote academic excellence, technology, and innovation which will bring benefits to future engineers, universities and the country as a whole, such as visiting professor for development of curriculum and laboratory for asphalt testing;
- Collaborating with Raks Thai foundation in order to improve knowledge and skill for teenager and teacher; and
- Recognizing the value of education and preserving Thai arts and cultures, our Group has provided support for Ban Rien Lakorn Moradokmai, the New Heritage Drama Art School in promoting and organizing plays every year in order to generate income for the school.

HOURS OF COMMUNITY SERVICES

In order to embed a volunteering spirit in our corporate culture, the Company has set a target for individual staff to achieve a minimum requirement of 16 hours of community service per year since 2011. This target provides an opportunity for our staff to participate in community activities and also to foster an improved awareness of CSR.

In 2017, our staff consistently achieved a remarkable 17,951 man hours for community activities, well exceeding the minimum target requirement of 15,552 man hours.

Hours of Community Services





INTERNAL CONTROL & INTERNAL AUDIT

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Manager – Internal Audit Department**

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INTERNAL CONTROL

Internal control system at the Company generally conforms to the internal control model advocated by the Committee of Sponsoring Organizations of the Treadway Commission (or, “COSO”). Management has instituted an appropriate control environment for the organisation, which is further guided by the five core values of the Company (that is, Teamwork, Integrity, Prudence, Commitment and Open-mindedness).

This control environment is supported by an organisation structure that has been developed to support the realisation of ambitious strategic objectives underpinning the Company’s Vision 2020. The organisation structure sets out clearly delineated lines of responsibility whilst still promoting co-ordination across departments. A Chart of Authority (which is regularly reviewed and updated) is in place to set out the authority limits by which management at all levels of the Company may operate to achieve these organisational objectives.

The Company’s core value of Prudence reinforces the importance of good corporate governance (or, “CG”) at the Company. This is further reflected by the implementation of a systematic enterprise risk management (or, “ERM”) process

at the Company. This involves the identification, assessment and management of threats and opportunities that can affect the Company. The establishment of a CG Committee (a sub-committee of the Board of Directors) further emphasises the value of good CG for the Company.

Risks at all levels of the Company are managed through an effective internal control system that is periodically reviewed and updated to reflect the evolving needs of the business. The system of internal controls is documented in procedure manuals and is subjected to independent reviews by the Company’s internal audit function.

Finally, appropriate information communication mechanisms (through the use of information technology where applicable) are in place to facilitate the monitoring of operations and key controls by both operating management and Senior Management of the Company. The Company’s commitment to information technology is clearly demonstrated by its investment in the Oracle enterprise resource planning (or, “ERP”) solution, which went “live” in late-2017.

INTERNAL AUDIT



INTERNAL AUDIT

The Company's Internal Audit Department (or, "IAD") is committed to the International Standards for the Professional Practice of Internal Auditing ('Standards') as issued by the Institute of Internal Auditors. This has been embraced in the Company's current Internal Audit Charter (as approved in 2012).

Since 2012, the IAD has been evolving from a function that focused on compliance-based audits, to a function that is now focused on risk-based audits (which also encompasses compliance, as necessary). Consequently, the IAD is now better positioned to not only comment on the effectiveness of existing controls; but also on the adequacy of these controls to meet the evolving risk profile of the organization. This is particularly important with the continuous growth of the Company, as well as its expanding global footprint. In this regard, 2017 saw the IAD performing reviews in new territories of the Company in Indonesia and Vietnam (as well as reviews in existing operations of the Company).

The IAD plays an important role in challenging management's perception of risk and controls. This has enabled the Company to bring closure to known risks (especially those included in the reports of the IAD); and better prepares the organization for the challenge of meeting its ambitious strategic targets.

The IAD formulates a risk-based audit plan which is updated annually for the approval of the Audit Committee (or, "AC"). The risk-based audit plan considers several risk factors – such as the scale of operations of the entities and processes that makes up the Company's 'audit universe', enterprise risks of the Company, the strategic objectives of the Company as well as the results of previous internal audit reviews. These plans are discussed with Senior Management of the Company and ultimately approved by the AC of the Company.

Individual internal audit reviews focus on objectives such as the efficiency and effectiveness of operations, reliability of financial and management reporting, compliance with applicable laws and regulations, and the safeguarding of assets. The results of each internal audit review are presented to the AC (who generally meets on a monthly basis).

Finally, the IAD also provides regular updates to the AC on the status of completion of audit projects against the risk-based audit plan. At the end of each year, an annual status update is also provided to the AC.

AUDIT COMMITTEE'S OPINION OF THE SENIOR MANAGER – INTERNAL AUDIT DEPARTMENT

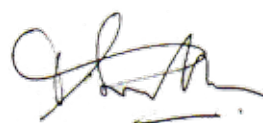
The AC and the Managing Director of the Tipco Asphalt Group jointly appointed Mr. Joseph Soosay as Senior Manager - Internal Audit Department with effect from 16 July 2012.

We hereby express our opinion that the Senior Manager - Internal Audit Department of the Company is adequately experienced

to manage the IAD. As a Certified Internal Auditor, he is suitably qualified to fulfil his duties in accordance to the Standards of the Institute of Internal Auditors. Professional credentials of the Senior Manager – Internal Audit Department are listed in the table below:

FULL NAME	EDUCATION/ PROFESSIONAL CERTIFICATIONS	WORK EXPERIENCE IN PAST 5 YEARS	
		PERIOD	POSITION/ COMPANY
Joseph Mugilen Soosay Manickam	Certified Internal Auditor (CIA); Chartered Management Accountant (ACMA); Chartered Global Management Accountant (CGMA)	2012 - Present	Senior Manager - Internal Audit Department/ Tipco Asphalt Public Co., Ltd.
		2008 - 2012	Associate Director - Advisory Services/ PricewaterhouseCoopers FAS Ltd.

The appointment, removal and transfer of the Senior Manager – Internal Audit Department is subject to approval by the Managing Director and the AC.



Mr. Phirasilp Subhapholsiri
Chairman of the Audit Committee

RELATED PARTY TRANSACTION

Unit: THB Million

Related Companies, Details and Amount		2017	Pricing Policy	2016
	Asia Bitumen Trading Pte Ltd.	1,405		1,399
	Thanomwongse Service Company Limited	216		243
	Thai Slurry Seal Company Limited	127		140
	Colas S.A. (Colas S.A. and Sami Bitumen Technology)	1,168		1,196
Sales and Services Provided to	Hindustan Colas Private Limited	-	Market price/	26
	PT Sarana Distribusi Aspal Nusantara	-	Contract price	3
	Siam Container Transport and Terminal Co., Ltd.	1		1
	Tipco Tower Company Limited	1		1
	Tipco Food Public Company Limited	1		1
	ISCO Industry PTE	9		-
	Grand Total Revenues	2,928		3,009
	Siam Container Transport and Terminal Co., Ltd.	7		7
	Thanomwongse Service	1		2
	Tipco F&B Co., Ltd.	2		2
Rental and Service Expenses Paid to	Tipco Tower Company Limited	29	Market price/	29
	Marketing Consultant Co., Ltd.	8	Contract price	6
	Asia Bitumen Trading Pte Ltd.	-		7
	Colas S.A. (Colas S.A. and Sami Bitumen Technology)	40		42
	Ruamsupsin Co., Ltd.	1		1
	subtotal	88		96
Technical Assistance				
Fee Expenses Paid to	Colas S.A.	37	Contract price	41
	Grand Total Expenses	125		137



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OPERATIONAL ANALYSIS

The Company and its subsidiaries (The Group) is pleased to report 2017 Net Profit After Tax of Baht 2,537 million, as compared to the Net Profit After Tax of Baht 3,110 million in 2016.

Sales and services stood at Baht 28,260 million, reflecting an increase of 18% from last year. This increase was mainly attributable to the increase in asphalt selling price in line with higher crude price during the year. However, sales volume decreased by 8% comparing to 2016 because of disruptions of crude supplies from the key supplier during the year. The management has taken actions to mitigate the impact and monitoring closely the development of the political situation in Venezuela. Our export markets in Vietnam, China and Indonesia reported mixed performance. Vietnam and Indonesia were affected by adverse weather and slow government budget allocation which caused delay in road construction and pavement projects. As a result, both markets failed to achieve their asphalt sales targets. Nevertheless, with the continued strong demand from China, the overall export sale volume for 2017 was within expectation. We expect the deferred asphalt demand that was delayed by severe weather conditions in 2017 will return in 2018.

In order to stimulate the economy, the Government of Thailand maintained the same level of its annual road infrastructure spending as 2016. Total asphalt consumption reached an all-time high of 1.3 million tons. As a result, our domestic asphalt sales achieved satisfactory margin and sales volume.

Cost of sales and services in 2017 stood at Baht 24,109 million or 85.3% (83.0% in 2016) of sales and services. The Company suffered mark to market valuation loss on its four ways collar option from reversing all its unrealised mark to market valuation gain of Baht 265 million in 2016 when Brent fell from \$56.56 to a low at \$45 and stayed below \$56 in the first 9 months in 2017. However, there was no negative cashflow impact as the option was settled within the collar range. On the other hand, the loss of Baht 495 million from hedging was

offset by a substantial realized profit on non-bitumen products sales and also unrealized gain in the inventory when the Brent price rebounded strongly hitting new heights above \$66/bbl at the end of 2017. The Group recorded FX gain of Baht 244 million attributable to the weak USD associated to working capital transacted in USD but reported in Baht currency.

Selling and administrative expenses stood at Baht 159 million and Baht 1,178 million representing 0.56% and 4.17% of sales and services respectively. Comparatively, these expenses in 2016 stood at Baht 259 million and Baht 1,045 million or 1.08% and 4.35% of sales and services respectively. The decrease in selling expense was in line with decrease in sales volume, while the Company is committed to controlling these overheads.

There was a recovery of doubtful account in 2017 of Baht 112 million from certain customers of an overseas subsidiary in China. There was no net increase in allowance for doubtful accounts for domestic sales. The allowance for doubtful accounts was based on the Group's prudent policy to fully provide for any debt outstanding more than 1 year.

Financial expense in 2017 was Baht 106 million compared to Baht 110 million in the previous year. The decrease was mainly due to prepayment of more expensive long-term loans. The Company's effective tax rate has reduced from 17.3% to 12.7% attributable to the tax incentive for International Head Quarter (IHQ) and International Trading Center (ITC) status granted in 2016.

Net Profit After Tax of Baht 2,537 million for 2017 represented earning per share of Baht 1.63 (par value of Baht 1 each) as compared to Baht 2.01 per share 2016. The Group's Return on Equity (ROE) remained healthy at 20.3% and 27.7% in 2017 and 2016 respectively.

FINANCIAL ANALYSIS

Total bank borrowings remained low while some of the expensive long term loans of the Company's subsidiaries were prepaid from operating cash flow. As a result, Debt/Equity (D/E) ratio improved further to 0.51. We believe in maintaining a healthy cash position by controlling capital expenditure at a modest level whilst seeking for new business expansions. As a sign of confidence, Fitch Credit Rating Agency reaffirmed our long term credit rating of "A-" in last October 2017. The Group continues to receive full support from commercial banks in both inventory and other working capital financing.

FINANCIAL POSITION

Cash flow generated from operations stood at Baht 4,514 million compared to Baht 4,728 million in previous year. Consolidated debt to equity ratio (D/E ratio) continued to improve to 0.51 from 0.59 after prepayment of long-term loan due to strong cash flow. Furthermore, the long-term borrowing/equity ratio has also decreased to 0.04 from 0.10.

A change in financial position of the Company at the end of 2017 compared to 2016 can be summarized as follows:-

- Increase in inventories due to increase in market price of crude in transit at end of the year;
- Decrease in property, plant, and equipment due to depreciation;
- Decrease in trade and other payables due to timing of payment for crude in transit;
- Increase in short-term loans from financial institutions due to an increase of short-term crude financing at the end of year;
- Decrease in long-term loans from financial institutions due to prepayment of long-term loan.

KEY FINANCIAL RATIO

Key financial ratio of the Group at the end of 2017 can be summarized as follows:-

- Net profit margin slightly decreased in 2017 to 8.8% from 12.8% in 2016
- Return on equity decreased in 2017 to 20.3% from 27.7% in 2016

CASH FLOW

Cash flow of the Group at the end of 2017 can be summarized as follows:-

- Net cash from operating activities of Baht 2,355 million was mainly due to cash generated from operations;
- Net cash used in investing activities of Baht 1,166 million was mainly due to the acquisition of new vessel and investment of subsidiaries;
- Net cash used in financing activities of Baht 1,368 million was mainly due to prepayment of long-term loan and dividend paid to shareholder.

THE CONFIRMATION FOR THE COMPLETE CORRECTNESS OF THE PAYMENTS TO AUDITOR

For the year ended 31 December 2017

AUDIT FEE

No.	Company	Name of auditor	Audit fee (Baht)
1	Tipco Asphalt Public Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	2,650,000.-
2	Raycol Asphalt Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	570,000.-
3	Thai Bitumen Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	1,050,000.-
4	Bitumen Marine Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	330,000.-
5	Tipco Maritime Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	270,000.-
6	Alpha Maritime Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	250,000.-
7	Delta Shipping Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	270,000.-
8	Tasco Shipping Company Limited	EY Office Limited (by Mr. Supachai Phanyawattano)	290,000.-
Total audit fee			5,680,000.-

NON-AUDIT FEE

No.	Company	Non-audit service	Name of company service	Non-audit fee	
				Paid for the period	For Payment in the future
9	Alpha Maritime Company Limited	Agreed-upon procedures - Compliance with conditions stipulated in the investment promotion certificate	EY Office Limited (by Mr. Supachai Phanyawattano)	-	90,000.-
10	Tasco Shipping Company Limited	Agreed-upon procedures - Compliance with conditions stipulated in the investment promotion certificate	EY Office Limited (by Mr. Supachai Phanyawattano)	-	90,000.-
11	Bitumen Marine Company Limited	Agreed-upon procedures - Compliance with conditions stipulated in the investment promotion certificate	EY Office Limited (by Mr. Supachai Phanyawattano)	-	45,000.-
12	Tipco Asphalt Public Company Limited	Tax consult	EY Corporate Services Limited	-	237,500.-
13	Tipco Asphalt Public Company Limited	Accounting support on implementation of Hedge Accounting Requirements of International Financial Reporting Standard (IFRS) 9 Financial Instruments	EY Corporate Services Limited	300,000.-	1,200,000.-
Total non-audit fee				300,000.-	1,662,500.-

Above information:

Correct and complete. I hereby confirmed that there was no other service performed to the Company and Subsidiaries which generated any fee income to the auditing company which I am a partner of and/or from other related individuals and/or other related parties that I am aware of and is not disclosed in the above information.

Incorrect and incomplete:.....

 in amending the above information (if any), I hereby confirm that all the information in this report herewith shows the compensation for auditing work and other services that the Company and Subsidiaries paid to the undersigned, the auditing firm which I am a partner, to related individuals or to related parties and to the auditing firm, are correct and complete.



(Mr. Supachai Phanyawattano)

EY Office Limited

The auditor of Tipco Asphalt Public Company Limited

REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the consolidated and separate financial statements of Tipco Asphalt Public Company Limited and other financial information appears in the Annual Report pertaining to the Company and its subsidiaries. The financial statements are prepared in accordance with Thai Financial Reporting Standards and free from material misstatement, whether due to fraud or error, while the Accounting Policies are selected for their appropriateness and consistently implemented. The financial statements are also prepared with careful considerations and best possible estimates while significant information is sufficiently and transparently disclosed in the notes for the benefits of shareholders and other investors.

The Board of Directors had appointed the Audit Committee, comprised of independent directors whose qualifications are in accordance with requirements of the Stock Exchange of Thailand, to review the accuracy and sufficiency of the Company's financial reports and the disclosures of related transactions and the adequacy and efficiency of internal control system. Opinion of the Audit Committee is reported in the Audit Committee's report published in this Annual Report.

The Board of Directors is of opinion that the consolidated and separate financial statements of the Company ended 31st December 2017, of which audited by the external auditor and jointly reviewed by the Audit Committee and Management, had presented fairly, in all material respects, the financial position and financial performance in accordance with Thai Financial Reporting Standards.



(Ms. Laksana Supsakorn)
Chairman



(Mr. Chaiwat Srivalwat)
Managing Director



REPORT AND CONSOLIDATED FINANCIAL STATEMENT

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 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of 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 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition

The revenue from sales is significant in amount in the financial statements and directly affects the Company 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 Company 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 Company issued after the period-end. In addition, I performed analytical procedures on disaggregated

data to detect possible irregularities in sale transactions throughout the period, particularly for accounting entries made through journal vouchers.

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.

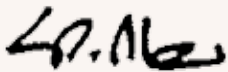
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude 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.

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

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



Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

EY Office Limited
Bangkok: 13 February 2018

STATEMENT OF FINANCIAL POSITION

Tipco Asphalt Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents		1,025,410,421	1,333,229,093	153,903,305	234,077,594
Trade and other receivables	6, 7	3,667,896,644	3,491,349,459	3,138,407,368	2,653,403,952
Short-term loans to related parties	7	-	-	32,514,600	-
Inventories	8	3,892,145,391	3,769,635,960	3,072,990,826	3,106,106,733
Price hedging contracts	33, 34	344,889,174	514,320,894	344,889,174	514,320,894
Other current assets		<u>323,625,336</u>	<u>252,395,469</u>	<u>61,727,713</u>	<u>30,897,467</u>
Total current assets		<u>9,253,966,966</u>	<u>9,360,930,875</u>	<u>6,804,432,986</u>	<u>6,538,806,640</u>
Non-current assets					
Investments in subsidiaries	9	-	-	7,631,132,471	7,335,599,937
Investments in joint ventures	10	42,047,725	30,951,742	-	-
Investments in associates	11	526,641,530	435,085,897	243,447,034	243,447,034
Long-term loans to related parties	7	-	-	1,290,158,909	636,652,215
Investment properties	12	256,932,559	199,432,559	94,342,234	99,837,943
Property, plant and equipment	13	8,558,655,479	8,690,381,515	865,067,859	885,156,564
Goodwill		146,293,504	146,293,504	-	-
Other intangible assets	14	260,995,385	228,849,463	103,481,916	53,722,488
Leasehold rights	15	331,790,689	375,084,549	2,962,729	3,190,631
Deferred tax assets - net	26	88,749,652	25,116,082	92,628,726	56,428,448
Interest rate swap contracts	19, 33	154,149	389,373	-	-
Other non-current assets		<u>46,470,312</u>	<u>10,100,618</u>	<u>2,208,307</u>	<u>4,232,430</u>
Total non-current assets		<u>10,258,730,984</u>	<u>10,141,685,302</u>	<u>10,325,430,185</u>	<u>9,318,267,690</u>
Total assets		<u>19,512,697,950</u>	<u>19,502,616,177</u>	<u>17,129,863,171</u>	<u>15,857,074,330</u>

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

STATEMENT OF FINANCIAL POSITION (continued)

Tipco Asphalt Public Company Limited and its subsidiaries

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	16	2,026,716,961	1,468,287,723	1,677,195,906	1,269,830,852
Trade and other payables	7, 17	2,982,455,370	4,053,188,900	3,477,470,270	4,118,004,563
Short-term loans from related party	7	-	-	256,000,000	-
Current portion of long-term loans from financial institutions	18	324,862,596	377,855,875	-	-
Income tax payable		48,817,391	224,788,486	10,238,461	150,578,848
Price hedging contracts	33, 34	774,516,833	50,331,376	774,516,833	50,331,376
Other current liabilities		67,750,532	137,203,504	25,976,584	44,683,043
Total current liabilities		6,225,119,683	6,311,655,864	6,221,398,054	5,633,428,682
Non-current liabilities					
Long-term loans from financial institutions - net of current portion	18	212,322,840	777,903,321	-	-
Long-term loan from related party	7	7,371,315	7,570,206	-	-
Interest rate swap contracts	19, 33	889,671	9,537,502	889,671	9,537,502
Provision for long-term employee benefits	21	137,624,257	130,486,627	87,540,137	87,497,314
Other non-current liabilities		130,636	391,387	-	-
Total non-current liabilities		358,338,719	925,889,043	88,429,808	97,034,816
Total liabilities		6,583,458,402	7,237,544,907	6,309,827,862	5,730,463,498

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

STATEMENT OF FINANCIAL POSITION (continued)

Management Discussion Analysis & Financial Statements
Company Information

Tipco Asphalt Public Company Limited and its subsidiaries

As at 31 December 2017

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Shareholders' equity					
Share capital	22				
Registered					
1,579,343,570 ordinary shares of Baht 1 each		<u>1,579,343,570</u>	<u>1,579,343,570</u>	<u>1,579,343,570</u>	<u>1,579,343,570</u>
Issued and fully paid					
1,562,464,570 ordinary shares (2016: 1,552,998,070 ordinary shares) of Baht 1 each		1,562,464,570	1,552,998,070	1,562,464,570	1,552,998,070
Premium on share capital		1,046,878,673	1,008,953,799	1,046,878,673	1,008,953,799
Share subscription	22	8,638,781	4,825,807	8,638,781	4,825,807
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)	(570,310,802)	-	-
Capital reserve for share-based payment transactions	23	155,756,068	119,382,361	155,756,068	119,382,361
Retained earnings					
Appropriated - statutory reserve	24	172,123,329	172,123,329	172,123,329	172,123,329
Unappropriated		11,008,947,953	9,873,733,941	7,874,173,888	7,268,327,466
Other components of shareholders' equity		<u>(589,750,271)</u>	<u>(13,503,665)</u>	<u>-</u>	<u>-</u>
Equity attributable to owners of the Company		12,800,986,056	12,154,440,595	10,820,035,309	10,126,610,832
Non-controlling interests of the subsidiaries		<u>128,253,492</u>	<u>110,630,675</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>12,929,239,548</u>	<u>12,265,071,270</u>	<u>10,820,035,309</u>	<u>10,126,610,832</u>
Total liabilities and shareholders' equity		<u>19,512,697,950</u>	<u>19,502,616,177</u>	<u>17,129,863,171</u>	<u>15,857,074,330</u>

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

STATEMENT OF COMPREHENSIVE INCOME

Tipco Asphalt Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Revenues					
Sales and service income		28,260,329,614	24,037,769,819	23,862,492,964	19,111,116,711
Other income					
Dividend income from subsidiaries and associate	9, 11	-	-	393,447,765	969,938,019
Gain on exchange		244,459,050	65,673,695	242,359,242	72,667,090
Others		337,670,331	191,308,738	383,872,365	223,132,443
Total revenues		28,842,458,995	24,294,752,252	24,882,172,336	20,376,854,263
Expenses					
Cost of sales and services		24,108,781,591	19,948,811,574	21,305,674,104	17,287,611,209
(Gain) loss from price hedging contracts	33, 34	740,492,785	(403,342,481)	775,228,013	(393,841,528)
Reversal of reduction of cost of inventory to net realisable value	8	(67,452,010)	(197,244,020)	(174,714,169)	(188,040,059)
		24,781,822,366	19,348,225,073	21,906,187,948	16,705,729,622
Selling expenses		158,547,029	259,426,515	89,461,001	107,401,408
Administrative expenses		1,177,877,983	1,045,427,861	642,005,340	566,909,879
Other expenses					
Reversal of allowance for doubtful accounts		(112,063,488)	(153,033,460)	(71,363,550)	(45,883,762)
Impairment loss of investment in subsidiary	9	-	-	-	8,300,000
Reversal of allowance for impairment loss on investment properties	12	(57,500,000)	-	(9,000,000)	-
Total expenses		25,948,683,890	20,500,045,989	22,557,290,739	17,342,457,147
Profit before share of profit from investments in joint ventures and associates, finance cost and income tax		2,893,775,105	3,794,706,263	2,324,881,597	3,034,397,116
Share of profit from investments in joint ventures and associates	10, 11	139,780,225	97,720,104	-	-
Profit before finance cost and income tax		3,033,555,330	3,892,426,367	2,324,881,597	3,034,397,116
Finance cost		(105,967,714)	(110,043,611)	(47,458,823)	(32,527,390)
Profit before income tax		2,927,587,616	3,782,382,756	2,277,422,774	3,001,869,726
Income tax	26	(370,632,231)	(655,138,744)	(271,100,689)	(432,568,030)
Profit for the year		2,556,955,385	3,127,244,012	2,006,322,085	2,569,301,696
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currencies		(578,467,791)	(48,002,313)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(578,467,791)	(48,002,313)	-	-
<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	(1,421,198)	2,944,625	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(1,421,198)	2,944,625	-	-
Other comprehensive income for the year		(579,888,989)	(45,057,688)	-	-
Total comprehensive income for the year		1,977,066,396	3,082,186,324	2,006,322,085	2,569,301,696

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

STATEMENT OF COMPREHENSIVE INCOME (continued)

Tipco Asphalt Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	Note	2017	2016	2017	2016
Profit attributable to:					
Equity holders of the Company		2,537,110,873	3,110,133,633	<u>2,006,322,085</u>	<u>2,569,301,696</u>
Non-controlling interests of the subsidiaries		<u>19,844,512</u>	<u>17,110,379</u>		
		<u>2,556,955,385</u>	<u>3,127,244,012</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		1,959,443,069	3,074,074,056	<u>2,006,322,085</u>	<u>2,569,301,696</u>
Non-controlling interests of the subsidiaries		<u>17,623,327</u>	<u>8,112,268</u>		
		<u>1,977,066,396</u>	<u>3,082,186,324</u>		
Earnings per share					
	29				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>1.63</u>	<u>2.01</u>	<u>1.29</u>	<u>1.66</u>
Diluted earnings per share					
Profit attributable to equity holders of the Company		<u>1.61</u>	<u>1.98</u>	<u>1.28</u>	<u>1.64</u>

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Tipco Asphalt Public Company Limited and its subsidiaries

For the year ended 31 December 2017

	Consolidated financial statements											(Unit: Baht)			
	Equity attributable to owners of the Company						Other components of equity								
	Issued and paid-up share capital	Premium on share capital	Share subscription	Non-controlling interests of subsidiary acquired by the Company at price lower than book value	Change in the Company's subsidiaries interest in subsidiaries which did not result in a loss of control	Capital reserve for share-based payment transactions	Retained earnings	Appropriated statutory reserve	Unappropriated reserve	Other comprehensive income	Exchange differences on translation of financial statements in foreign currencies		Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries
Balance as at 1 January 2016	1,543,850,070	969,634,291	554,020	6,237,755	(908,455,017)	75,456,879	172,123,329	7,843,967,182	25,500,537	25,500,537	25,500,537	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	-	-	-	-	-	-	-	2,944,625	(39,004,202)	(39,004,202)	(39,004,202)	(39,004,202)	(36,059,577)	(8,998,111)	(45,057,688)
Total comprehensive income for the year	-	-	-	-	-	-	3,113,078,258	3,113,078,258	(39,004,202)	(39,004,202)	(39,004,202)	(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)	-	-	-	-	(261,855,785)	-	-	-	-	-	-	-	(261,855,785)	(125,655,962)	(387,511,747)
Increase in share capital	9,148,000	39,319,508	(554,020)	-	-	-	-	-	-	-	-	-	47,913,488	-	47,913,488
Cash receipts from share subscription	-	-	4,825,807	-	-	-	-	-	-	-	-	-	4,825,807	-	4,825,807
Share-based payment transactions (Note 23)	-	-	-	-	-	43,925,482	-	-	-	-	-	-	43,925,482	-	43,925,482
Dividend paid (Note 31)	-	-	-	-	-	-	(1,083,311,499)	(1,083,311,499)	-	-	-	-	(1,083,311,499)	-	(1,083,311,499)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,443,018)	(7,443,018)
Balance as at 31 December 2016	1,552,998,070	1,008,953,799	4,825,807	6,237,755	(670,310,802)	119,382,361	172,123,329	9,873,733,941	(13,503,665)	(13,503,665)	(13,503,665)	(13,503,665)	12,154,440,595	110,630,675	12,265,071,270
Balance as at 1 January 2017	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	(13,503,665)	(13,503,665)	(13,503,665)	(13,503,665)	12,154,440,595	110,630,675	12,265,071,270
Profit for the year	-	-	-	-	-	-	2,537,110,873	-	-	-	-	-	2,537,110,873	19,844,512	2,556,955,385
Other comprehensive income for the year	-	-	-	-	-	-	(1,421,198)	(576,246,606)	(576,246,606)	(576,246,606)	(576,246,606)	(576,246,606)	(577,667,804)	(2,221,185)	(579,888,989)
Total comprehensive income for the year	-	-	-	-	-	-	2,535,689,675	2,535,689,675	(576,246,606)	(576,246,606)	(576,246,606)	(576,246,606)	1,959,443,069	17,623,327	1,977,066,396
Increase in share capital (Note 22)	9,466,500	37,924,874	(4,825,807)	-	-	-	-	-	-	-	-	-	42,565,567	-	42,565,567
Cash receipts from share subscription (Note 22)	-	-	8,638,781	-	-	-	-	-	-	-	-	-	8,638,781	-	8,638,781
Share-based payment transactions (Note 23)	-	-	-	-	-	36,373,707	-	-	-	-	-	-	36,373,707	-	36,373,707
Dividend paid (Note 31)	-	-	-	-	-	-	(1,400,475,663)	(1,400,475,663)	-	-	-	-	(1,400,475,663)	-	(1,400,475,663)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(510)	(510)
Balance as at 31 December 2017	1,562,464,570	1,046,878,673	8,638,781	6,237,755	(570,310,802)	155,756,068	172,123,329	11,008,947,953	(589,750,271)	(589,750,271)	(589,750,271)	(589,750,271)	12,800,986,056	128,253,492	12,929,239,548

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)

Tipco Asphalt Public Company Limited and its subsidiaries
For the year ended 31 December 2017

	Separate financial statements							Total shareholders' equity
	Issued and paid-up share capital	Premium on share capital	Share subscription	Capital reserve		Retained earnings	Total shareholders' equity	
				for share-based payment transactions	Unappropriated			
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	-	-	-	-	-	-	-	
Increase in share capital	9,148,000	39,319,508	(554,020)	-	-	-	47,913,488	
Cash receipts from share subscription	-	-	4,825,807	-	-	-	4,825,807	
Share-based payment transactions (Note 23)	-	-	-	43,925,482	-	-	43,925,482	
Dividend paid (Note 31)	-	-	-	-	-	(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	
Balance as at 1 January 2017	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	
Profit for the year	-	-	-	-	-	2,006,322,085	2,006,322,085	
Other comprehensive income for the year	-	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	-	-	-	
Increase in share capital (Note 22)	9,466,500	37,924,874	(4,825,807)	-	-	-	42,565,567	
Cash receipts from share subscription (Note 22)	-	-	8,638,781	-	-	-	8,638,781	
Share-based payment transactions (Note 23)	-	-	-	36,373,707	-	-	36,373,707	
Dividend paid (Note 31)	-	-	-	-	-	(1,400,475,663)	(1,400,475,663)	
Balance as at 31 December 2017	1,562,464,570	1,046,878,673	8,638,781	155,756,068	172,123,329	7,874,173,888	10,820,035,909	

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

CASH FLOW STATEMENT

Tipco Asphalt Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities:				
Profit before income tax	2,927,587,616	3,782,382,756	2,277,422,774	3,001,869,726
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	1,007,091,685	825,693,577	196,644,669	111,476,345
Written off goodwill	-	525,700	-	-
Written off withholding tax	23	3,214	-	-
Reversal of allowance for doubtful accounts	(112,063,488)	(157,147,372)	(71,363,550)	(45,883,762)
Reversal of reduction of cost of inventory to net realisable value	(67,452,010)	(197,244,020)	(174,714,169)	(188,040,059)
Dividend income from subsidiaries and associate	-	-	(393,447,765)	(969,938,019)
Allowance for impairment loss on investment in subsidiary	-	-	-	8,300,000
Unrealised (gain) loss on exchange rate	(3,876,026)	17,288,709	114,710,062	36,606,830
(Gain) loss on sales of land and equipment	(74,308,830)	5,410,161	(26,583,972)	(1,465,028)
Gain on sale of investment properties	-	-	(45,504,435)	-
Reversal of allowance for impairment loss on investment properties	(57,500,000)	-	(9,000,000)	-
Share of profit from investments in joint ventures and associates	(139,780,225)	(97,720,104)	-	-
Share-based payment transactions	36,373,707	43,925,482	29,040,190	35,129,260
Provision for long-term employee benefits	17,564,423	17,090,819	8,960,025	9,868,931
Change in fair value of forward exchange contracts	(524,743)	(696,960)	882,779	526,598
Change in fair value of price hedging contracts	893,617,177	391,158,966	893,617,177	391,946,803
Change in fair value of interest rate swap contracts	(8,412,606)	(9,797,099)	(8,647,831)	(9,485,418)
Interest expenses	95,810,436	107,075,018	50,317,734	36,825,632
Profit from operating activities before changes in operating assets and liabilities	4,514,127,139	4,727,948,847	2,842,333,688	2,417,737,839
(Increase) decrease in operating assets				
Trade and other receivables	(47,180,928)	669,364,899	(438,352,789)	300,219,321
Inventories	(56,104,468)	(886,419,566)	207,830,076	(918,554,694)
Other current assets	(193,763,529)	(117,846,786)	(91,807,376)	(32,938,726)
Other non-current assets	3,458,154	99,459,218	2,018,642	(3,358,766)
Increase (decrease) in operating liabilities				
Trade and other payables	(1,096,671,047)	1,553,831,537	(438,242,234)	2,150,484,792
Other current liabilities	(69,857,805)	(98,896,205)	(19,867,688)	(14,111,696)
Other non-current liabilities	(13,371,419)	-	(8,917,202)	-
Cash flows from operating activities	3,040,636,097	5,947,441,944	2,054,995,117	3,899,478,070
Cash paid for interest expenses	(72,130,854)	(136,253,656)	(58,021,356)	(46,049,438)
Cash paid for corporate income tax	(613,599,181)	(975,928,771)	(447,641,353)	(710,315,832)
Net cash flows from operating activities	2,354,906,062	4,835,259,517	1,549,332,408	3,143,112,800

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

CASH FLOW STATEMENT (continued)

Tipco Asphalt Public Company Limited and its subsidiaries

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities:				
Cash paid for investments in subsidiaries	-	-	(288,199,017)	(1,910,497,858)
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 and associate	38,448,365	4,838,209	188,448,245	644,076,424
(Increase) decrease in short-term loans to related parties	-	-	(37,434,236)	6,452,506
Increase in long-term loans to related parties	-	-	(738,958,425)	(34,620,000)
Acquisition of equipment	(1,238,669,894)	(1,209,975,155)	(106,783,508)	(413,809,728)
Acquisition of computer software	(65,365,638)	(33,681,868)	(63,485,202)	(31,149,681)
Proceeds from sales of investment properties	-	-	60,000,000	-
Proceeds from sales of land and equipment	99,099,377	3,581,148	32,406,777	1,626,855
Net cash flows used in investing activities	(1,166,487,790)	(2,738,940,639)	(954,005,366)	(4,115,109,066)
Cash flows from financing activities:				
Cash paid for acquisition of non-controlling interests of subsidiaries	-	(387,511,747)	-	-
Increase in short-term loans from financial institutions	590,649,159	1,049,938,942	417,685,114	1,246,340,682
Increase (decrease) in short-term loans from related parties	-	(448,158,750)	256,000,000	325,000,000
Cash paid under finance lease agreements	(640,953)	(9,897,651)	(380,380)	(1,995,492)
Repayment of long-term loans	(609,366,639)	(1,312,788,873)	-	-
Cash receipts from capital increase	42,565,567	47,913,488	42,565,567	47,913,488
Cash receipts from share subscription	8,638,781	4,825,807	8,638,781	4,825,807
Dividend paid to shareholders	(1,400,010,413)	(1,083,303,479)	(1,400,010,413)	(1,083,303,479)
Dividend paid to non-controlling interests of subsidiaries	(510)	(7,443,018)	-	-
Net cash flows from (used in) financing activities	(1,368,165,008)	(2,146,425,281)	(675,501,331)	538,781,006
Exchange differences on translation of financial statements in foreign currencies	(128,071,936)	29,814,969	-	-
Net decrease in cash and cash equivalents	(307,818,672)	(20,291,434)	(80,174,289)	(433,215,260)
Cash and cash equivalents at beginning of year	1,333,229,093	1,353,520,527	234,077,594	667,292,854
Cash and cash equivalents at end of year	1,025,410,421	1,333,229,093	153,903,305	234,077,594
Supplemental cash flows information				
Non-cash transactions				
Accounts payable from purchase of equipment	5,361,098	7,926,107	-	-
Settlement of dividend received from subsidiary with account payable, short-term loans from and accrued interest expenses to related parties (Note 9)	-	-	204,999,520	325,861,595
Settlement of cash paid from purchase of investments in subsidiaries with short-term loans to and accrued interest income from subsidiaries and cash received from capital reduction in subsidiary (Note 9)	-	-	-	1,378,801,641

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Tipco Asphalt Public Company Limited and its subsidiaries

For the year ended 31 December 2017

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 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		2017 (Million Baht) (Except for other specified currency)	2016 (Million Baht)	2017 (%)	2016 (%)
Subsidiaries incorporated in Thailand					
Raycol Asphalt Co., Ltd.	Manufacture and distribution of asphalt products	111	111	100.00	100.00
Thai Bitumen Co., Ltd.	Manufacture and distribution of asphalt products	375	375	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
Subsidiaries incorporated in Malaysia					
Kemaman Oil Corporation Sdn Bhd ("KOC")	Holding company and manufacture and distribution of asphalt and petroleum products	151.96	151.96	100.00	100.00
Kemaman Bitumen Company Sdn Bhd	Manufacture and distribution of asphalt and petroleum products	305.55	305.55	100.00	100.00
KBC Trading Sdn Bhd	Distribution of asphalt products	0.30	0.30	30.00	30.00
(10% owned by the Company and 20% owned by KOC)					
Subsidiaries incorporated in Singapore					
KBC Energy Pte. Ltd. (100% owned by KOC)	Dormant	0.01	0.01	100.00	100.00
Pacific Bitumen Shipping Pte. Ltd.	Marine transportation	0.04	0.01	100.00	100.00
Highway Resources Pte. Ltd. ("HIR")	Distribution of asphalt products	4.78	4.78	100.00	100.00
AD Shipping Pte. Ltd.	Marine transportation	7.13	7.13	100.00	100.00
Reta Link Pte. Ltd.	Marine transportation	0.05	0.05	100.00	100.00

Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		2017 (Million Baht) (Except for other specified currency)	2016 (Million Baht)	2017 (%)	2016 (%)
<u>Subsidiary incorporated in Vietnam</u>					
Asphalt Distribution Co., Ltd. (100% owned by HR)	Manufacture and distribution of asphalt products	115,650 Million VND	115,650 Million VND	100.00	100.00
<u>Subsidiaries incorporated in Indonesia</u>					
PT Asphalt Bangun Sarana ("ABS")	Manufacture and distribution of asphalt products	58,450 Million IDR	58,450 Million IDR	99.98	99.98
PT Saranaraya Reka Cipta (100% owned by ABS)	Manufacture and distribution of asphalt products	10,477 Million IDR	10,477 Million IDR	99.98	99.98
<u>Subsidiary incorporated in Cambodia</u>					
Tipco Asphalt (Cambodia) Co., Ltd.	Manufacture and distribution of asphalt products	20.00 Million riel	20.00 Million riel	100.00	100.00
<u>Subsidiary incorporated in Hong Kong</u>					
Tasco International (Hong Kong) Ltd. ("TIHK")	Holding company	97.97 Million HKD	30.97 Million HKD	100.00	100.00
<u>Subsidiaries incorporated in China (owned by TIHK)</u>					
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	6.00 Million RMB	100.00	100.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
 - c) Subsidiaries are fully consolidated 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 present investments in subsidiaries, joint ventures and associates under the cost method.

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 its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which were effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards did 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 revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

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

4. Significant accounting policies

4.1 Revenue recognition

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.

4.5 Investments

- a) Investments in joint ventures 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 (if any).

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 (if any).

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 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, tools and equipment	2.5 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 accumulated amortisation and less allowance for loss on impairment of assets (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 group of cash-generating unit that are expected to benefit from the synergies of the combination. The Company and its subsidiaries estimate the recoverable amount of each group of cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss and will not be reversed in future periods.

4.10 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. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

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.

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 is 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.

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:

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.

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.

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.

6. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade receivables - related parties (Note 7)				
Aged on the basis of due dates				
Not yet due	347,626	336,669	1,094,424	478,604
Past due				
Up to 3 months	7,791	4,393	775	4,193
3 - 6 months	-	-	44,300	-
6 - 9 months	-	-	3,558	5,128
9 - 12 months	-	-	54	5,184
Over 12 months	-	10,063	244,360	314,752
Total	355,417	351,125	1,387,471	807,861
Less: Allowance for doubtful accounts	-	-	(245,207)	(314,739)
Total trade receivables - related parties, net	355,417	351,125	1,142,264	493,122
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	2,577,871	2,199,534	1,728,593	1,591,689
Past due				
Up to 3 months	513,027	509,623	46,430	119,968
3 - 6 months	109,450	18,869	6,961	240
6 - 9 months	24,111	9,829	7,450	-
9 - 12 months	15,832	32,091	4	-
Over 12 months	329,728	443,952	63,567	64,989
Total	3,570,019	3,213,898	1,853,005	1,776,886
Less: Allowance for doubtful accounts	(324,274)	(456,244)	(63,158)	(64,989)
Total trade receivables - unrelated parties, net	3,245,745	2,757,654	1,789,847	1,711,897
Total trade receivables - net	3,601,162	3,108,779	2,932,111	2,205,019
Other receivables				
Amounts due from related parties (Note 7)	16,614	10,874	153,380	100,235
Accounts receivable from price hedging contracts	44,298	344,974	44,298	344,974
Other receivables	5,823	26,722	8,618	3,176
Total other receivables	66,735	382,570	206,296	448,385
Trade and other receivables - net	3,667,897	3,491,349	3,138,407	2,653,404

7. Related party transactions

During the year, 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	financial statements	financial statements	
	2017	2016	2017	2016	
Transactions with subsidiaries					
(eliminated from the consolidated financial statements)					
Sales and service income	-	-	4,059	2,701	Cost plus certain margin
Rental and service income	-	-	20	95	Contract price
Technical assistance fee income	-	-	65	12	Contract price
Interest income	-	-	21	13	At rate of 1.4 - 2.5 percent and LIBOR plus 1.5 percent per annum
Dividend income	-	-	355	965	
Purchases of goods	-	-	21	73	Cost plus certain margin
Rental and service expenses	-	-	2,236	2,398	Contract price
Interest expense	-	-	-	1	At rate of 1.0 - 4.0 percent per annum
Transactions with joint ventures					
Sales and service income	1,405	1,397	1,305	1,144	Market price / contract price
Rental and service income	-	2	-	-	Contract price
Rental and service expenses	-	7	-	7	Contract price
Transactions with associates					
Sales and service income	342	408	279	302	Market price / contract price
Rental and service income	1	4	1	1	Contract price
Rental and service expenses	1	2	-	2	Contract price
Dividend income	-	-	38	5	
Transactions with related companies					
Sales and service income	1,177	1,196	1,169	1,196	Market price / contract price
Rental and service income	3	2	3	2	Contract price
Rental and service expenses	87	87	80	79	Contract price
Technical assistance fee expenses	37	41	37	41	Contract price

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Trade and other receivables- related parties</u> (Note 6)				
Subsidiaries	-	-	1,197,418	588,753
Joint venture	115,089	159,017	115,086	157,507
Associates	114,379	123,685	86,253	82,962
Related companies (common shareholders and directors)	142,563	79,297	142,094	78,874
Total trade and other receivables - related parties	372,031	361,999	1,540,851	908,096
Less : Allowance for doubtful accounts	-	-	(245,207)	(314,739)
Total trade and other receivables - related parties, net	372,031	361,999	1,295,644	593,357
<u>Short-term loans to related party</u>				
Subsidiary	-	-	32,515	-
Total short-term loans to related party	-	-	32,515	-
<u>Long-term loans to related parties</u>				
Subsidiaries	-	-	1,290,159	636,652
Total long-term loans to related parties	-	-	1,290,159	636,652
<u>Trade and other payables - related parties</u> (Note 17)				
Subsidiaries	-	-	1,116,243	897,937
Joint venture	-	12	-	12
Associates	270	754	20	201
Related companies (common shareholders and directors)	126,017	89,883	124,626	89,314
Total trade and other payables - related parties	126,287	90,649	1,240,889	987,464
<u>Short - term loans from related parties</u>				
Subsidiaries	-	-	256,000	-
Total short-term loans from related parties	-	-	256,000	-
<u>Long-term loan from related party</u>				
Related company (shareholder of subsidiary)	7,371	7,570	-	-
Total long-term loan from related party	7,371	7,570	-	-

Loans to related parties and loans from related parties

As at 31 December 2017 and 2016, the balances of loans between the Company and those related companies and the movement were as follows:

(Unit: Thousand Baht)

		Consolidated financial statements		
		Exchange differences		
Company's name	Related by	Balance as at 31 December 2016	on translation of financial statements in foreign currencies	Balance as at 31 December 2017
<u>Long-term loan from related party</u>				
	Shareholder of			
Zhenjiang Highway Materials Company	subsidiary	7,570	(199)	7,371

(Unit: Thousand Baht)

		Separate financial statements				
Company's name	Related by	Balance as at 31 December 2016	Increase during the year	Decrease during the year	Loss on exchange	Balance as at 31 December 2017
<u>Short-term loans to related party</u>						
Highway Resources Pte. Ltd.	Subsidiary	-	120,848	(83,414)	(4,919)	32,515
<u>Long-term loans to related parties</u>						
AD Shipping Pte. Ltd.	Subsidiary	285,270	-	-	(25,153)	260,117
Reta Link Pte. Ltd.	Subsidiary	160,465	-	-	(14,149)	146,316
Pacific Bitumen Shipping Pte. Ltd.	Subsidiary	190,917	738,958	-	(46,149)	883,726
Total		636,652	738,958	-	(85,451)	1,290,159
<u>Short - term loans from related parties</u>						
Raycol Asphalt Co., Ltd.	Subsidiary	-	55,000	-	-	55,000
Thai Bitumen Co., Ltd.	Subsidiary	-	201,000	-	-	201,000
Total		-	256,000	-	-	256,000

Directors and management's benefits

During 2017 and 2016, 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	
	2017	2016	2017	2016
Short-term employee benefits	129	129	112	109
Post-employment benefits and other long-term benefits (Note 21)	4	6	4	4
Share-based payment transactions (Note 23)	21	26	18	22
Total	154	161	134	135

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	
	2017	2016	2017	2016	2017	2016
Finished goods	1,231,605	695,131	(19,610)	(10,194)	1,211,995	684,937
Raw materials	1,153,291	798,941	(5,749)	(83,958)	1,147,542	714,983
Packaging materials, spare parts and factory supplies	114,197	111,306	(2,935)	(546)	111,262	110,760
Goods in transit	1,421,346	2,258,956	-	-	1,421,346	2,258,956
Total	3,920,439	3,864,334	(28,294)	(94,698)	3,892,145	3,769,636

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduction of cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	645,516	402,423	-	(2,143)	645,516	400,280
Raw materials	1,019,547	693,901	-	(174,959)	1,019,547	518,942
Packaging materials, spare parts and factory supplies	25,488	9,005	(2,935)	(546)	22,553	8,459
Goods in transit	1,385,375	2,178,426	-	-	1,385,375	2,178,426
Total	3,075,926	3,283,755	(2,935)	(177,648)	3,072,991	3,106,107

9. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)			
	Investment cost		Dividend received during the year	
	2017	2016	2017	2016
Domestic subsidiaries				
Raycol Asphalt Co., Ltd.	580,712	580,712	-	177,600*
Thai Bitumen Co., Ltd. ("Thai Bitumen")	374,916	374,916	150,000	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	165,000**	-
Delta Shipping Co., Ltd.	79,999	79,999	40,000**	-
Tasco Shipping Co., Ltd.	289,999	289,999	-	-
Overseas subsidiaries				
Tasco International (Hong Kong) Ltd. ("TIHK")	417,216	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)	(65,420)	-	-
Kemaman Oil Corporation Sdn Bhd ("KOC")	1,303,035	1,303,035	-	-
Kemaman Bitumen Company Sdn Bhd ("KBC")	2,752,967	2,752,967	-	-
KBC Trading Sdn Bhd ("KBT")	1,377	1,377	-	-
Tipco Asphalt (Cambodia) Co., Ltd.	165	165	-	-
PT Asphalt Bangun Sarana	337,254	337,254	-	-
Pacific Bitumen Shipping Pte. Ltd. ("PBS")	1,340	350	-	-
Highway Resources Pte. Ltd.	717,054	717,054	-	-
AD Shipping Pte. Ltd. ("ADS")	430,232	430,232	-	-
Reta Link Pte. Ltd. ("RTL")	28,682	28,682	-	-
Total investments in subsidiaries	7,599,599	7,311,401	355,000	965,100
Cost of share-based payment transactions, under warrants to purchase new ordinary shares of the Company issued to the subsidiaries' employees (Note 23)	31,533	24,199		
Total investments in subsidiaries - net	7,631,132	7,335,600		

* 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. and Delta Shipping Co., Ltd. offset the dividend against the amount due from the Company.

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 2017, 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 7.3 million (2016: Baht 8.8 million), as a cost of investments in subsidiaries.

Investment in new subsidiaries in 2016

During 2016, the Company and a subsidiary acquired ordinary shares of companies in asphalt business and vessel business from Colas S.A. The Company and a subsidiary paid for such ordinary shares (net from cash and cash equivalent received) approximately Baht 1,279 million (The Company only: approximately Baht 1,513 million) and received the transfer of such shares during 2016.

As a result of the investment transactions in new subsidiaries, the Company has control over such subsidiaries from the acquisition date onward. Under TFRS No.3 (revised 2015), the Company must consider the net fair value of the identifiable assets, liabilities and contingent liabilities of new subsidiaries on the acquisition date. During 2016, the Company and its subsidiary completed the assessments of the fair values of identifiable assets and liabilities of such subsidiaries and recorded fair values of assets and liabilities incurred from the acquisition in the consolidated financial statements of 2016.

In addition, during 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 Company already paid for the purchase of such loans during 2016.

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

During 2016, the Company had acquired the ordinary shares of Raycol from the previous shareholders, the related parties. The Company paid for the ordinary shares and received the transfer of such shares during 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 262 million under the caption of "Change in the Company's interest in subsidiaries which does not result in a loss of control" in shareholders' equity in the consolidated financial statements of 2016.

Shareholding restructure in subsidiaries in 2016

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 for a period of 15 years, as defined in the terms announced by the Revenue Department. 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 to purchase all ordinary shares of KOC, KBC, KBT and PBS. The agreements stated the amount that the Company shall pay to KOC, TIHK and Thai Bitumen totaling Baht 2,902 million. Subsequently, the Company and TIHK entered into the memorandum of understanding to offset cash payment from the purchase of ordinary shares of KOC, KBC and KBT with loans to TIHK. In addition, the Company and Thai Bitumen entered into the memorandum of understanding to offset cash payment from the purchase of ordinary shares of KOC and KBC with cash received from the capital reduction in Thai Bitumen.

From the Agreement for Sales and Purchase of Shares and the memorandum of understanding, the Company paid the net amount of Baht 1,523 million to KOC, TIHK and Thai Bitumen. The Company paid for such shares and received the share transfer during 2016.

In addition, the Agreement for Sales and Purchase of Shares made with TIHK stated that the Company shall purchase a long-term loan of USD 5.35 million (approximately Baht 191 million) that TIHK had provided to PBS. The Company paid for the purchase of such loan during 2016.

Investment in Thai Bitumen Company Limited (“Thai Bitumen”)

During 2016, Thai Bitumen had reduced its registered and paid up share capital by Baht 1,125 million, through the retirement of 11.25 million shares of Baht 100 each. Thai Bitumen completed the share reduction process during 2016 and 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 November 2017, the Board of Director’s meeting of TIHK passed a resolution to approve the increase in its registered and paid up capital by HKD 67 million (approximately Baht 287 million), through the issue of 67 million new shares of HKD 1 each. As a result of the capital increase, TIHK’s registered and paid-up capital consists of 97,966,000 shares of HKD 1 each, totaling HKD 97,966,000. TIHK completed the share increase process and registered the new share capital on 29 November 2017.

Investment in Pacific Bitumen Shipping Pte. Ltd. (“PBS”)

In October 2017, the extraordinary shareholders’ meeting of PBS passed a resolution to approve the increase in its registered and paid up capital of USD 29,500 (approximately Baht 1 million), through the issue of 29,500 new ordinary shares of USD 1 each. The Company has invested in such new shares in full. As a result of the capital increase, PBS’s registered and paid-up capital consists of 39,500 shares of USD 1 each, totaling USD 39,500. PBS completed the share increase process and registered the new share capital on 11 October 2017.

Investment in Tipco Asphalt Lao Co., Ltd. (“TAL”)

On 9 August 2017, the Board of Directors Meeting No.5/2017 of the Company passed a resolution to approve the investment in a new company incorporated in Lao People’s Democratic Republic. This company will be engaged in the manufacture and distribution of asphalt emulsion and other asphalt products. The Company will have 75 percent of shareholding in such company. Subsequently, on 24 October 2017, the Company entered into a Joint Venture Agreement with Seneoudom Company Limited, a company incorporated in Lao People’s Democratic Republic, to establish TAL. TAL completed the incorporation process on 12 January 2018 with the registered share capital of LAK 26,675 million.

10. Investments in joint ventures

10.1 Details of investments in joint ventures:

Investments in joint ventures represent investments in entities which are jointly controlled by the subsidiaries of the Company and other companies. Details of these investments are as follows:

(Unit: Thousand Baht)

Joint ventures	Consolidated financial statements					
	Shareholding percentage		Carrying amounts based on equity method			
	2017	2016	Cost		2017	2016
	(%)	(%)	2017	2016	2017	2016
Asia Bitumen Trading Pte. Ltd. (Distribution of asphalt and petroleum products)	50	50	242	242	38,362	30,952
Borneo Asphalt Sdn Bhd (Distribution of asphalt products)	50	-	4,759	-	3,686	-
Total			5,001	242	42,048	30,952

Investment in Borneo Asphalt Sdn Bhd ("BA")

In June 2017, Kemaman Bitumen Company Sdn Bhd ("KBC") invested in BA a new company incorporated in Malaysia with the registered capital of MYR 2, which is the joint venture with Senari Synergy Sdn Bhd, to trade bitumen. KBC has 50 percent of shareholding in this company.

In October 2017, BA increased its registered capital by MYR 99,998 from MYR 2 to MYR 100,000 and KBC invested 50 percent in such capital or equivalent to MYR 49,999 (approximately Baht 0.4 million). BA registered the paid-up capital increase on 16 October 2017.

In November 2017, BA increased its registered capital by MYR 1,100,000 from MYR 100,000 to MYR 1,200,000 and KBC invested 50 percent in such capital or equivalent to MYR 550,000 (approximately Baht 4.4 million). BA registered the paid-up capital increase on 11 November 2017.

10.2 Share of comprehensive income

During the year, the subsidiaries of the Company recognised its share of profit (loss) from investments in the joint ventures in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Joint ventures	Consolidated financial statements	
	Share of profit (loss) from investments in joint ventures during the year	
	2017	2016
Asia Bitumen Trading Pte. Ltd.	10,660	9,573
Borneo Asphalt Sdn Bhd	(1,074)	-
Total	9,586	9,573

10.3 Summarised financial information about material joint ventures

Summarised information about financial position as at 31 December 2017 and 2016:

		(Unit: Million Baht)	
		Asia Bitumen Trading Pte. Ltd.	
		2017	2016
Cash and cash equivalents		155.72	73.35
Trade and other receivables		255.89	193.86
Other assets		5.74	1.34
Trade and other payables		(287.28)	(200.77)
Other current liabilities		(53.35)	(5.87)
Net assets		76.72	61.91
Shareholding percentage (%)		50	50
Carrying amounts of joint venture based on equity method		38.36	30.95

Summarised information about profit and loss for the years ended 31 December 2017 and 2016:

		(Unit: Million Baht)	
		Asia Bitumen Trading Pte. Ltd.	
		2017	2016
Total revenues		3,260.77	2,735.56
Cost of goods sold		(3,198.41)	(2,675.93)
Total expenses		(41.04)	(40.48)
Profit for the year		21.32	19.15

11. Investments in associates

11.1 Details of associates:

		(Unit: Thousand Baht)					
		Consolidated financial statements					
Company's name	Nature of business	Shareholding		Carrying amounts based			
		percentage		Cost		on equity method	
		2017	2016	2017	2016	2017	2016
		(%)	(%)				
Colasie Co., Ltd.	Holding company	40	40	18,404	18,404	271,835	209,055
PT Sarana Distribusi Aspal Nusantara	Barge rental service	49	49	1,313	1,313	645	988
Thai Slurry Seal Company Limited	Road rehabilitation contractor	25	25	225,043	225,043	254,162	225,043
Total investments in associates				244,760	244,760	526,642	435,086

(Unit: Thousand Baht)

Company's name	Nature of business	Separate financial statements					
		Shareholding		Carrying amounts			
		percentage		Cost		based on cost method	
		2017	2016	2017	2016	2017	2016
		(%)	(%)				
Colasie Co., Ltd.	Holding company	40	40	18,404	18,404	18,404	18,404
Thai Slurry Seal Company Limited	Road rehabilitation contractor	25	25	225,043	225,043	225,043	225,043
Total investments in associates				<u>243,447</u>	<u>243,447</u>	<u>243,447</u>	<u>243,447</u>

Investment in Thai Slurry Seal Company Limited (“Thai Slurry Seal”)

During 2016, the Company subscribed 1,243,334 new ordinary shares of Thai Slurry Seal at Baht 181 per share, totaling Baht 225 million. The Company paid for such shares subscriptions during 2016.

11.2 Share of profit and dividend received

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

Company's name	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Share of profit from investment in		Dividend received	
	associate during the year		during the year by the Company	
	2017	2016	2017	2016
Colasie Co., Ltd.	101,290	88,147	38,448	4,838
PT Sarana Distribusi Aspal Nusantara	(215)	-	-	-
Thai Slurry Seal Company Limited	29,119	-	-	-
Total	<u>130,194</u>	<u>88,147</u>	<u>38,448</u>	<u>4,838</u>

11.3 Summarised financial information about material associates

Financial information of Colasie Co., Ltd.

Financial information of Colasie Co., Ltd. as at 31 December 2017 and 2016 and for the years then ended are summarised below.

	(Unit: Million Euro)	
	2017	2016
Paid-up capital	1.04	1.04
Total assets	5.57	3.72
Total liabilities	-	0.01
Total revenues	4.37	2.59
Profit for the year	4.40	2.53

Financial information of Thai Slurry Seal Company Limited

Summarised information about financial position of Thai Slurry Seal as at 31 December 2017 and 2016 are as follows:

	(Unit: Million Baht)	
	2017	2016
Current assets	748	495
Non-current assets	748	834
Current liabilities	(465)	(408)
Non-current liabilities	(125)	(131)
Net assets	906	790
Net assets attributable to the Company's investment (25%)	227	198
Goodwill	27	27
Carrying amounts of the associate based on equity method	254	225

Summarised information about comprehensive income for the year ended 31 December 2017 are summarised below.

	(Unit: Million Baht)
	2017
Total revenues	1,794
Cost of goods sold	(1,457)
Total expenses	(221)
Profit for the year	116

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 2017:			
Cost	268,377	383,608	651,985
<u>Less</u> Accumulated depreciation	(138,692)	-	(138,692)
<u>Less</u> Allowance for diminution in value	(86,885)	(169,475)	(256,360)
Net book value	<u>42,800</u>	<u>214,133</u>	<u>256,933</u>
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	<u>33,800</u>	<u>165,633</u>	<u>199,433</u>

(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 2017:			
Cost	268,377	61,438	329,815
<u>Less</u> Accumulated depreciation	(138,692)	(9,896)	(148,588)
<u>Less</u> Allowance for diminution in value	(86,885)	-	(86,885)
Net book value	<u>42,800</u>	<u>51,542</u>	<u>94,342</u>
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	<u>33,800</u>	<u>66,038</u>	<u>99,838</u>

A reconciliation of the net book value of investment properties for 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	199,433	199,433	99,837	99,838
Disposals - net book value	-	-	(14,495)	-
Depreciation charged during the year	-	-	-	(1)
Reversal of allowance for diminution in value	57,500	-	9,000	-
Net book value at end of year	<u>256,933</u>	<u>199,433</u>	<u>94,342</u>	<u>99,837</u>

The fair values of the investment properties, appraised by an independent professional valuer using the Sales Comparison Approach, as at 31 December 2017 and 2016 are stated below:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
The Company's land for rent located at Suratthani Province	-	-	213,000	141,000
The Company's land, buildings and equipment located at Petchburi Plant	42,800	33,800	42,800	33,800
Land of Thai Bitumen	219,908	165,633	-	-

In December 2017, the Company and Thai Bitumen arranged for an independent professional valuer to appraise the value of the land, buildings and equipment using the Sales Comparison Approach, with the valuer appraising the assets at Baht 262.7 million. As a result of the appraisal, the Company and Thai Bitumen reversed an allowance for impairment loss of the assets amounting to Baht 57.5 million and presented in the consolidated profit or loss for 2017 (The Company only: amounting to Baht 9.0 million)

13. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels	Construction in progress and equipment under installation	Total
Cost							
As at 1 January 2016	661,268	656,115	4,906,961	834,045	2,433,361	1,594,620	11,086,370
Increase from investments in new subsidiaries (Note 9)	-	117,793	175,195	174,435	778,715	11,771	1,257,909
Additions	230	8,081	75,440	326,316	75,222	656,184	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)	(2,005,432)	-
As at 31 December 2016	641,242	787,403	6,919,014	1,497,443	3,225,021	257,143	13,327,266
Additions	5,969	3,636	83,555	36,638	91,009	1,015,298	1,236,105
Disposals/write-off	(907)	(2,221)	(21,226)	(172,259)	(5,044)	-	(201,657)
Transfer in (transfer out)	12,991	24,764	69,281	12,646	927,389	(1,047,071)	-
As at 31 December 2017	659,295	813,582	7,050,624	1,374,468	4,238,375	225,370	14,361,714
Accumulated depreciation							
As at 1 January 2016	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
Depreciation for the year	13,913	40,589	497,489	132,545	214,440	-	898,976
Accumulated depreciation on disposals/write-off	(906)	(1,493)	(19,511)	(162,495)	-	-	(184,405)
As at 31 December 2017	327,285	489,854	3,148,918	712,835	874,861	-	5,553,753
Allowance for impairment loss							
As at 1 January 2016	1,183	50,431	23,421	1,985	-	2,828	79,848
Disposals/write-off	-	-	(1,613)	-	-	-	(1,613)
As at 31 December 2016	1,183	50,431	21,808	1,985	-	2,828	78,235
Disposals/write-off	-	-	(496)	-	-	-	(496)
As at 31 December 2017	1,183	50,431	21,312	1,985	-	2,828	77,739
Translation adjustments							
As at 1 January 2016	-	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
Translation adjustments during the year	-	7,904	(365,415)	(12,884)	(61,274)	(20,431)	(452,100)
As at 31 December 2017	-	28,430	(152,031)	(10,859)	(64,622)	27,515	(171,567)
Net book value							
As at 31 December 2016	325,781	306,740	4,439,650	754,698	2,561,252	302,261	8,690,382
As at 31 December 2017	330,827	301,727	3,728,363	648,789	3,298,892	250,057	8,558,655
Depreciation for the year							
2016 (Baht 555 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)							725,022
2017 (Baht 702 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)							898,976

(Unit: Thousand Baht)

	Separate financial statements					Total
	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	
Cost						
As at 1 January 2016	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
Additions	5,784	1,681	34,168	11,439	53,712	106,784
Disposals/write-off	(907)	(577)	(8,942)	(138,024)	-	(148,450)
Transfer in (transfer out)	1,286	1,416	32,933	2,963	(38,598)	-
As at 31 December 2017	480,536	265,341	602,440	839,672	66,770	2,254,759
Accumulated depreciation						
As at 1 January 2016	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
Depreciation for the year	10,364	6,744	30,615	72,320	-	120,043
Accumulated depreciation on disposal/write-off	(905)	(478)	(8,698)	(131,539)	-	(141,620)
As at 31 December 2017	239,222	193,918	494,207	461,161	-	1,388,508
Allowance for impairment loss						
As at 31 December 2016	1,183	-	-	-	-	1,183
As at 31 December 2017	1,183	-	-	-	-	1,183
Net book value						
As at 31 December 2016	243,427	75,169	71,991	442,914	51,656	885,157
As at 31 December 2017	240,131	71,423	108,233	378,511	66,770	865,068
Depreciation for the year						
2016 (Baht 42 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)						80,536
2017 (Baht 85 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)						120,043

As at 31 December 2017, 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 2,433 million (2016: Baht 1,602 million) (The Company only: Baht 1,087 million (2016: Baht 1,073 million)).

14. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements					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 2017:								
Cost	167,525	177,083	11,724	2,020	358,352	140,406	1,977	142,383
Less Accumulated amortisation	(63,253)	(29,514)	(5,269)	-	(98,036)	(38,901)	-	(38,901)
Translation adjustments	1,212	-	(533)	-	679	-	-	-
Net book value	105,484	147,569	5,922	2,020	260,995	101,505	1,977	103,482
As at 31 December 2016:								
Cost	95,576	177,083	11,723	9,567	293,949	69,330	9,567	78,897
Less 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

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	228,849	31,541	53,722	30,498
Increase from investments in new subsidiaries (Note 9)	-	189,813	-	-
Acquisition of computer software	65,366	33,682	63,486	31,149
Amortisation	(32,445)	(26,701)	(13,726)	(7,925)
Translation adjustments	(775)	514	-	-
Net book value at end of year	260,995	228,849	103,482	53,722

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

The book value of the leasehold rights as at 31 December 2017 and 2016 can be summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Cost	427,284	427,284	6,837	6,837
<u>Less</u> Accumulated amortisation	(77,541)	(66,979)	(3,874)	(3,646)
<u>Less</u> Allowance for impairment loss	(12,019)	(12,019)	-	-
Translation adjustments	(5,933)	26,799	-	-
Net book value	<u>331,791</u>	<u>375,085</u>	<u>2,963</u>	<u>3,191</u>

A reconciliation of the net book value of leasehold rights for the years 2017 and 2016 are presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Net book value at beginning of year	375,085	399,248	3,191	3,419
Increase from investments in new subsidiaries (Note 9)	-	57,702	-	-
Transfer out to property, plant and equipment (Note 13)	-	(57,995)	-	-
Amortisation	(10,562)	(9,379)	(228)	(228)
Translation adjustments	(32,732)	(14,491)	-	-
Net book value at end of year	<u>331,791</u>	<u>375,085</u>	<u>2,963</u>	<u>3,191</u>

16. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Trust receipts	1,629,196	1,269,831	1,629,196	1,269,831
Promissory note	48,000	-	48,000	-
Loans in Vietnam Dong	36,820	99,040	-	-
Loan in Indonesia Rupiah	312,701	99,417	-	-
Total	<u>2,026,717</u>	<u>1,468,288</u>	<u>1,677,196</u>	<u>1,269,831</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.

Short-term loans from local banks carry interest at the rates ranging from 1.65 to 2.64 percent per annum (2016: 0.75 to 1.30 percent per annum).

Short-term loans from overseas financial institutions, located in the same country of overseas subsidiaries, carry interest at the rates ranging from 3.80 to 8.35 percent per annum (2016: 4.00 to 9.85 percent per annum).

17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Trade and other payables - related parties (Note 7)	126,287	90,649	1,240,889	987,464
Trade and other payables - unrelated parties	2,269,160	3,248,180	1,884,722	2,761,440
Accounts payable from price hedging contracts	27,102	184,200	27,102	184,200
Accrued expenses	559,906	530,160	324,757	184,901
Total trade and other payables	<u>2,982,455</u>	<u>4,053,189</u>	<u>3,477,470</u>	<u>4,118,005</u>

18. Long-term loans from financial institutions

(Unit: Thousand Baht)

				Consolidated	
				financial statements	
Loan	Borrower	Interest rate	Repayment schedule	2017	2016
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	171,000	243,000
(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	69,400	98,900
(3)	Tasco Shipping Company Limited	Rate referenced to THBFIX	Quarterly installments as stipulated in the agreements, commencing from October 2012	150,615	213,615
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	146,170	241,937
Long-term loans in USD from bank in Malaysia					
(5)	Kemaman Bitumen Company Sdn Bhd	Rate referenced to USD LIBOR	Quarterly installments as stipulated in the agreements, commencing from December 2016	-	358,307
Total				537,185	1,155,759
Less: Current portion				(324,862)	(377,856)
Long-term loans from financial institutions - net of current portion				<u>212,323</u>	<u>777,903</u>

During the year 2017, two subsidiaries repaid long-term loan from banks amounted to 6.32 USD 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.

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 interest rate as per agreement (%)	Agreements expire	Notional amount balance	
				31 December 2017	31 December 2016
The Company	September 2014	1.20 to 1.26	December 2017	-	USD 25 million
The Company	October 2014	1.15 to 1.26	December 2017	-	USD 25 million
The Company	May 2012	5.21	March 2018	Baht 53 million	Baht 285 million
KBC	December 2013	0.93	April 2018	USD 2 million	USD 7 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 2017 and 2016 of the assets are summarised below.

(Unit: Million Baht)

	Consolidated financial statements	
	2017	2016
Leasehold rights - net	165	315
Property, plant and equipment - net	3,518	5,421

- 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.

21. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Provision for long-term employee benefits at beginning of year	130,487	112,941	87,497	92,746
Increase from investments in new subsidiaries (Note 9)	-	19,955	-	-
Included in profit or loss:				
Defined benefit plans				
Current service cost	12,878	12,115	6,515	7,188
Interest cost	4,057	4,320	1,977	2,196
Long service award	(451)	(936)	(474)	(926)
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	(446)	-	-
Financial assumptions changes	1,879	(3,803)	-	-
Experience adjustments	16	331	-	-
Benefits paid during the year	(8,818)	(15,420)	(7,975)	(13,707)
Translation adjustments	(2,424)	1,430	-	-
Provision for long-term employee benefits at end of year	137,624	130,487	87,540	87,497

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cost of sales	6,899	6,669	2,921	2,898
Selling and administrative expenses	10,665	10,422	6,039	6,971
Total expense recognised in profit or loss	17,564	17,091	8,960	9,869

The Company and its subsidiaries in Thailand expect to pay Baht 7 million of long-term employee benefits during the next year (Separate financial statements: Baht 6 million) (2016: Baht 8 million, separate financial statements: Baht 6 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit was 9 years (Separate financial statements: 9 years) (2016: 9 years, separate financial statements: 9 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.5 - 7.1	2.5 - 8.3	2.5	2.5
Future salary increase rate	5.0 - 7.0	5.0 - 7.0	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 2017 and 2016 are summarised below:

(Unit: Million Baht)

	31 December 2017			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(7)	8	(4)	4
Salary increase rate	10	(9)	6	(5)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Staff turnover rate	(5)	6	(4)	4

(Unit: Million Baht)

	31 December 2016			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(24)	31	(5)	5
Salary increase rate	30	(26)	5	(4)
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Staff turnover rate	(4)	4	(3)	3

22. Share capital

Below is the summary of the share registration from exercise of ESOP-W3 and ESOP-W4 warrants during the year.

	2017
Number of warrants exercised (warrants)	946,650
Number of ordinary shares issued (shares)	9,466,500
Amount of cash received (Baht)	47,391,374
Paid-up capital after share registration	1,579,343,570

As at 31 December 2017, the Company received advance subscription from the exercise of ESOP-W3 and ESOP-W4 warrants as follows:

	ESOP-W3	ESOP-W4	Total
Number of warrants exercised (warrants)	10,000	164,100	174,100
Number of ordinary shares issued (shares)	100,000	1,641,000	1,741,000
Amount of cash received (Baht)	530,600	8,108,181	8,638,781

The Company registered the capital increase from the exercise of such warrants with the Ministry of Commerce on 10 January 2018.

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 2017 of the Company and its subsidiaries were totaled Baht 36 million (2016: Baht 44 million) (the Company only: Baht 29 million (2016: Baht 35 million)).

As at 31 December 2017, the fair value of remaining option granted and the inputs of the model used were summarised below.

	ESOP-W5
Fair value of options granted	Baht 9.02 per share
Dividend yield	1.77%
Expected stock volatility*	40.30%
Risk-free interest rate	2.48%
Expected life of share options	3 years
Model used	Black-Scholes

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

As at 31 December 2017 and 2016, the remain unexercised of ESOP are summarised below.

	<u>2017</u>	<u>2016</u>
ESOP-W2	-	15,000 units
ESOP-W3	50,000 units	138,200 units
ESOP-W4	236,700 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:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Salary and wages and other employee benefits	1,205	1,319	532	531
Depreciation and maintenance expenses	1,072	942	155	139
Costs related to production of goods and services (excluding of staff cost, depreciation and maintenance expenses)	22,692	18,858	20,826	17,103

26. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	(437,648)	(687,607)	(307,301)	(463,613)
Adjustment in respect of income tax of previous year	10,260	44	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	56,756	32,424	36,200	31,045
Income tax expense reported in the statement of comprehensive income	(370,632)	(655,139)	(271,101)	(432,568)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax relating to actuarial gain	(459)	(982)	-	-

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accounting profit before tax	2,927,588	3,782,383	2,277,423	3,001,870
Income tax at Thai corporate income tax rate of 20%	(585,518)	(756,477)	(455,485)	(600,374)
Adjustment in respect of income tax of previous year	10,260	44	-	-
Utilisation of previously unrecognised tax losses and capital allowance	87,113	97,588	-	-
Difference in tax rate in group companies	(26,185)	2,389	-	-
Effects of:				
Non-deductible expenses	(33,437)	(83,297)	(6,820)	(30,721)
Additional expenses deductions allowed	15,907	16,171	11,954	12,201
Exemption of income	(7,608)	-	71,000	193,988
Promotional privileges (Note 27)	27,173	45,604	-	-
Tax privilege for a company that operates as an international trading center	108,597	-	108,597	-
Tax privilege for a company that operates as an international headquarters	10,655	-	10,655	-
Tax privileges for maritime commerce (Note 28)	6,981	28,727	-	-
Share of profit from investment in joint ventures and associates	27,956	19,544	-	-
Others	(12,526)	(25,432)	(11,002)	(7,662)
Total	143,698	1,317	184,384	167,806
Income tax expenses reported in the statement of comprehensive income	(370,632)	(655,139)	(271,101)	(432,568)

The tax rates enacted at the end of the reporting period of the Company and its subsidiaries is 0% to 25% (2016: 0% to 25%).

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax assets				
Provision for long-term employee benefits	29,211	27,061	17,508	17,499
Allowance for doubtful accounts	39,261	47,516	61,673	75,946
Reduce cost of inventories to net realisable value	4,265	15,932	587	35,530
Allowance for asset impairment	51,519	63,018	17,614	19,414
Fair value of price hedging contracts	23,150	10,066	23,149	10,066
Others	6,269	22,552	284	15,111
Total	153,675	186,145	120,815	173,566
Deferred tax liabilities				
Fair value of price hedging contracts	(10,308)	(102,864)	(10,308)	(102,864)
Difference depreciation for tax purpose	(19,758)	(15,294)	(17,819)	(14,010)
Fair value of forward exchange contracts	(65)	(264)	(59)	(264)
Fair value adjustment of assets from investments in subsidiaries (Note 9)	(34,794)	(42,607)	-	-
Total	(64,925)	(161,029)	(28,186)	(117,138)
Deferred tax assets - net	88,750	25,116	92,629	56,428

As at 31 December 2017 and 2016, the overseas subsidiaries had deductible temporary differences and unused tax losses on which deferred tax assets have not been recognised as these subsidiaries believed that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses, as follows:

	2017	2016
	(Million)	(Million)
USD	14	16
Ringgit	98	89
Renminbi	27	24

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
Bitumen Marine Company Limited	
Marine transportation	15 June 2015
Tasco Shipping Company Limited	
Marine transportation	24 May 2011 19 December 2012
Alpha Maritime Company Limited	
Marine transportation	28 June 2011 9 October 2014

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

28. Tax privileges for maritime commerce

The subsidiaries in Thailand which engaged in marine transportation business, are entitled to withholding income tax privileges under the 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.

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.

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

Consolidated financial statements							
		Weighted average number				Earnings per share	
Profit for the year		of ordinary shares					
2017	2016	2017	2016	2017	2016	2017	2016
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)		
Basic earnings per share							
Profit attributable to equity holders							
of the Company	2,537,111	3,110,134	1,557,968	1,548,578	1.63	2.01	
Effect of dilutive potential							
ordinary shares							
ESOP-W2	-	-	89	189			
ESOP-W3	-	-	682	5,211			
ESOP-W4	-	-	6,515	9,325			
ESOP-W5	-	-	6,553	5,407			
	-	-	13,839	20,132			
Diluted earnings per share							
Profit of ordinary shareholders							
assuming the conversion of							
warrants to ordinary shares	2,537,111	3,110,134	1,571,807	1,568,710	1.61	1.98	
Separate financial statements							
		Weighted average number				Earnings per share	
Profit for the year		of ordinary shares					
2017	2016	2017	2016	2017	2016	2017	2016
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)		
Basic earnings per share							
Profit attributable to equity							
holders of the Company	2,006,322	2,569,302	1,557,968	1,548,578	1.29	1.66	
Effect of dilutive potential							
ordinary shares							
ESOP-W2	-	-	89	189			
ESOP-W3	-	-	682	5,211			
ESOP-W4	-	-	6,515	9,325			
ESOP-W5	-	-	6,553	5,407			
	-	-	13,839	20,132			
Diluted earnings per share							
Profit of ordinary shareholders							
assuming the conversion of							
warrants to ordinary shares	2,006,322	2,569,302	1,571,807	1,568,710	1.28	1.64	

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	
	2017	2016	2017	2016	2017	2016	2017	2016
	Revenue from external customers	22,460	18,973	5,800	5,065	-	-	28,260
Intersegment revenues	3,418	2,007	1,423	1,255	(4,841)	(3,262)	-	-
Total revenue	<u>25,878</u>	<u>20,980</u>	<u>7,22</u>	<u>6,320</u>	<u>(4,841)</u>	<u>(3,262)</u>	<u>28,260</u>	<u>24,038</u>
Segment operating income	<u>2,031</u>	<u>2,487</u>	<u>505</u>	<u>612</u>	<u>1</u>	<u>11</u>	<u>2,537</u>	<u>3,110</u>

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

(Unit: Million Baht)

	Geographic segment located in Thailand		Geographic segment located in overseas		Total	
	2017	2016	2017	2016	2017	2016
	Non-current assets	3,448	3,688	6,679	6,428	10,127

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

31. Dividend

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht per share)
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
Final dividends for 2016	Annual General Meeting of the shareholders on 5 April 2017	932.3	0.6
Interim dividends for 2017	Board of Directors' meeting on 9 August 2017	468.2	0.3
Total for 2017		1,400.5	0.9

32. Commitments and contingent liabilities

32.1 Capital commitment

As at 31 December 2017 and 2016, 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	
	2017 (Million)	2016 (Million)	2017 (Million)	2016 (Million)
Baht	40	114	25	95
Ringgit	10	9	-	-
US Dollar	-	22	-	-
Vietnam Dong	23,972	29,314	-	-

32.2 Operating lease commitments

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

Future minimum rental and service fees payable under these agreements as at 31 December 2017 and 2016 were as follows:

(Unit: Million)

As at 31 December 2017								
Payable within:	Consolidated financial statements						Separate financial statements	
	Baht	US Dollar	Vietnam Dong	Renminbi	Indonesia Rupiah	Malaysian Ringgit	Baht	US Dollar
1 year	65	8	3,366	-	2,095	2	57	7
2 to 5 years	24	-	7,977	-	3,055	-	20	-
Over 5 years	-	-	29,295	-	4,111	-	-	-

(Unit: Million)

As at 31 December 2016								
Payable within:	Consolidated financial statements						Separate financial statements	
	Baht	US Dollar	Vietnam Dong	Renminbi	Indonesia Rupiah	Malaysian Ringgit	Baht	US Dollar
1 year	70	2	3,839	1	2,178	2	61	-
2 to 5 years	50	-	10,554	-	3,405	-	43	-
Over 5 years	-	-	30,852	-	4,778	-	-	-

32.3 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, 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 2017 and 2016 amounted to approximately Baht 37 million and Baht 41 million, respectively.

32.4 Crude oil purchase commitments

During the year 2014, the Company entered into an agreement with a company in Venezuela to purchase crude oil amounting to 44 million barrels. The term of the agreement is 4 years and ends in December 2017. However, on 25 May 2017, 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 2017, the Company had outstanding commitment in respect of receiving crude oil under such purchase agreement of approximately 45 million barrels.

32.5 Bank guarantees

As at 31 December 2017 and 2016, 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	
	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)
Baht	3	14	2	12
Ringgit	10	7	-	-
Indonesia Rupiah	-	253	-	-

32.6 Tax assessment

An oversea subsidiary, of which investment cost is Baht 3 million, has been assessed by the authority on corporate income tax, withholding tax and value added tax by approximately USD 18 million (equivalent to Baht 593 million), covering the years 2008 - 2012 and 2014. The management has appointed an independence tax advisor to appeal the assessments and the independence tax advisor is of an opinion that the case is defensible. The Company's management believes that there will not be any significant loss resulting from the assessment in excess of the investment cost.

33. Fair value of financial instruments

The assets and liabilities of the Company and its subsidiaries that were measured at fair value are derivatives. The level in determining the fair value of such assets and liabilities is level 2.

As at 31 December 2017 and 2016, the fair value of such assets and liabilities are presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
Financial assets measured at fair value				
Forward exchange contracts	2,637	1,322	1,987	1,322
Price hedging contracts	344,889	514,321	344,889	514,321
Interest rate swap contracts	154	389	-	-
Financial liabilities measured at fair value				
Forward exchange contracts	3,690	2,901	3,569	2,022
Price hedging contracts	774,517	50,331	774,517	50,331
Interest rate swap contracts	890	9,538	890	9,538

34. Financial instruments

34.1 Financial risk management

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

Credit risk

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

Interest rate risk

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

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 2017					
	Fixed interest rates		Floating	Non-	Total	Interest rate
	Within		interest	interest		
1 year	1-5 years	rate	bearing		(% p.a.)	
Financial assets						
Cash and cash equivalents	158	-	236	631	1,025	0.1 - 5.5
Trade and other receivables	-	-	-	3,668	3,668	-
Financial liabilities						
Short-term loans from financial institutions	2,027	-	-	-	2,027	Note 16
Trade and other payables	-	-	-	2,982	2,982	-
Long-term loans from financial institutions	72	99	366	-	537	Note 18
Long-term loans from related parties	-	-	-	7	7	-

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2016						
Fixed interest rates		Floating		Non-		Total
Within		interest		interest		
1 year	1-5 years	rate	bearing	rate	bearing	
Financial assets						
Cash and cash equivalents	223	-	284	826	1,333	0.3 - 4.7
Trade and other receivables	-	-	-	3,491	3,491	-
Financial liabilities						
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)

Separate financial statements						
As at 31 December 2017						
Fixed interest rates		Floating		Non-		Total
Within		interest		interest		
1 year	1-5 years	rate	bearing	rate	bearing	
Financial assets						
Cash and cash equivalents	-	-	68	86	154	0.3 - 0.6
Trade and other receivables	-	-	-	3,138	3,138	-
Short-term loans to related party	33	-	-	-	33	Note 7
Long-term loans to related parties	-	884	406	-	1,290	Note 7
Financial liabilities						
Short-term loans from financial institutions	1,677	-	-	-	1,677	Note 16
Trade and other payables	-	-	-	3,477	3,477	-
Short-term loans from related parties	256	-	-	-	256	Note 7

(Unit: Million Baht)

Separate financial statements**As at 31 December 2016**

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate
	Within					
	1 year	1-5 years				
Financial assets						
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	Note 7
Financial liabilities						
Short-term loans from financial institutions	1,270	-	-	-	1,270	Note 16
Trade and other payables	-	-	-	4,118	4,118	-

Foreign currency risk

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

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

Foreign currency	Consolidated financial statements				Average exchange rate	
	Financial assets		Financial liabilities		as at 31 December	
	as at 31 December		as at 31 December			
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	28	27	60	112	32.7	35.8
Euro	-	-	33	1	39.0	37.8
Yen	-	-	3	4	0.3	0.3
Ringgit	7	1	33	7	8.1	8.0
Vietnam Dong	5	-	-	-	0.0014	0.0016

Foreign currency	Separate financial statements				Average exchange rate	
	Financial assets		Financial liabilities		as at 31 December	
	as at 31 December		as at 31 December			
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	86	47	62	114	32.7	35.8
Euro	-	-	32	1	39.0	37.8
Renminbi	58	64	-	-	5.0	5.1
Ringgit	-	-	-	2	8.1	8.0
Indonesia Rupiah	-	-	11	-	0.0024	0.0027

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

As at 31 December 2017

Foreign currency	Consolidated		Separate		Contractual exchange rate	
	financial statements		financial statements			
	Sold	Bought	Sold	Bought	Sold	Bought
	amount	amount	amount	amount	Per 1 US Dollar	
	(Million)	(Million)	(Million)	(Million)		
US Dollar	9	13	8	12	32.5 - 33.2 Baht	32.5 - 33.2 Baht
US Dollar	-	1	-	-	-	22,721 Vietnam Dong
US Dollar	-	8	-	-	-	13,588 - 13,664 Indonesia Rupiah

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	9	5	9	34.9 - 36.0 Baht	35.6 - 36.1 Baht
US Dollar	-	3	-	-	-	13,500 - 13,630 Indonesia Rupiah

In addition, the Company and its subsidiaries exposed to foreign exchange risk on their investments in overseas subsidiaries, joint ventures and associates, loans to overseas subsidiaries and loans from financial institution. These investments and loans 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 2017 and 2016, 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	
		2017	2016
Contracts presented as assets			
Bought forward contract	Crude oil	195	205
Bought forward contract	Petroleum product	-	10
Sold forward contract	Crude oil	-	9
Four-way collar option	Crude oil	150	290
Total price hedging contracts presented as assets		345	514
Contracts presented as liabilities			
Bought forward contract	Crude oil	-	2
Sold forward contract	Crude oil	697	32
Sold forward contract	Petroleum product	-	16
Two-way collar option	Crude oil	78	-
Total price hedging contracts presented as liabilities		775	50

34.2 Fair value of financial instruments

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

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

35. Capital management

The primary objective of the capital management of the Company and its subsidiaries is to ensure that they have an appropriate financial structure and 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 2017 and 2016, these financial ratios were as follow:

Financial Ratio	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Interest Bearing Short-term Debt-to-Equity Ratio	0.18 : 1	0.15 : 1	0.18 : 1	0.13 : 1
Interest Bearing Long-term Debt-to-Equity Ratio	0.02 : 1	0.06 : 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.

36. Events after the reporting period

On 11 January 2018, the Board of Directors Meeting No.1/2018 of the Company passed a resolution to approve the investment in a new company incorporated in Philippines. This company will be engaged in the manufacture and distribution of asphalt products. The Company will have 40 percent of shareholding in this company. Subsequently, on 16 January 2018, the Company entered into a Joint Venture Agreement with P-H-O-E-N-I-X Petroleum Philippines, Inc., a company incorporated Philippines, and Carlito B. Castrillo, a Filipino citizen, to establish this company. Currently, this new company is in the process of fulfilling legal requirements relating to the establishment.

37. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 13 February 2018.



COMPANY INFORMATION



COMPANY INFORMATION

HEAD OFFICE

Tipco Tower,
118/1 Rama 6 Road, Samsen Nai, Phayathai District, Bangkok 10400, Thailand.
Tel. +66 2273 6000
Fax. +66 2271 3363
Email : info@tipcoasphalt.com
Website : www.tipcoasphalt.com

PRODUCTION FACILITIES

Domestic production facilities of the Tipco Asphalt Group are as follows:

NAKHON RATCHASIMA

259 M.8 Soi Ror Por Chor 12032, Mittapap Road, Naklang, Soongnoen,
Nakhon Ratchasima 30380
Tel. +66 4433 5495-9, +66 2273 6000 Ext. 3
Fax. +66 4433 5499, +66 4433 5050

PHITSANULOK

271 Moo 15 Baan Wang Koom, Bangrakam, Phitsanulok 65140
Tel. +66 5537 1581-3, +66 5537 1461-2
Fax. +66 5537 1461-2 Ext. 6360

THATHONG

(subsidiary)

123 Moo 3, Suratthani-Kanchanadit Road, Bangkok, Muang District, Suratthani 84000
Tel. +66 7795 3030
Fax. +66 7792 2575

RAYONG

(subsidiary)

93 Moo 5 Makumkoo, Nikompattana District, Rayong 21180
Tel. +66 3889 3641-5
Fax. +66 3889 3640

OIL AND ASPHALT TERMINALS

The Company operates domestic asphalt terminals and oil depots at the following locations:

PHRAPRADAENG

61 Moo 5, Suksawat Road, Bangjak, Phrapradaeng, Samut Prakan 10130
Tel. +66 2463 0169-70, +66 2817 5111-14,
Fax. +66 2817 5117

THATHONG

(subsidiary)

123 Moo 3, Suratthani-Kanchanadit Road, Bangkok, Muang District, Suratthani 84000
Tel. +66 7795 3030
Fax. +66 7792 2575

SUBSIDIARIES, JOINT VENTURES, AND ASSOCIATED COMPANIES

Juristic entities in which the Company has equity in excess of 10%.

SUBSIDIARIES IN THAILAND

THAI BITUMEN CO., LTD.

Nature of business	Producer and distributor of asphalt product
Head Office	118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400 Tel. +66 2273 6000 Fax. +66 2273 6030
Thathong Plant	123 Moo 3, Suratthani - Kanchanadit Road, Bangkung, Muang District, Suratthani 84000 Tel. +66 7795 3030 Fax. +66 7792 2575
Ordinary shares	3,750,000
Registered capital	Baht 375 million
Percentage holding	99.99%

RAYCOL ASPHALT CO., LTD.

Nature of business	Producer and distributor of asphalt products
Head Office	118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400 Tel. +66 2273 6000 Fax. +66 2273 6030
Rayong	93 Moo 5 Makumkoo, Nikompattana District, Rayong 21180 Tel. +66 3889 3641-5 Fax. +66 3889 3640
Ordinary shares	11,100,000
Registered capital	Baht 111 million
Percentage holding	99.99%

BITUMEN MARINE CO., LTD.

Nature of business	Marine transportation
Head Office	118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400 Tel. +66 2273 6000 Ext. 6774 Fax. +66 2271 3370
Ordinary shares	1,500,000
Registered capital	Baht 150 million
Percentage holding	99.99%

DELTA SHIPPING CO., LTD.

Nature of business	Marine transportation
Head Office	118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400 Tel. +66 2273 6000 Ext. 6774 Fax. +66 2271 3370
Ordinary shares	800,000
Registered capital	Baht 80 million
Percentage holding	99.99%

ALPHA MARITIME CO., LTD.

Nature of business	Marine transportation
Head Office	118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400 Tel. +66 2273 6000 Ext. 6774 Fax. +66 2271 3370
Ordinary shares	1,430,000
Registered capital	Baht 143 million
Percentage holding	99.99 %

TIPCO MARITIME CO., LTD.

Nature of business	Ship management and agency
Head Office	118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400 Tel. +66 2273 6000 Ext. 6774 Fax. +66 2271 3370
Ordinary shares	20,000
Registered capital	Baht 2 million
Percentage holding	99.99 %

TASCO SHIPPING CO., LTD.

Nature of business	Marine transportation
Head Office	118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400 Tel. +66 2273 6000 Ext. 6774 Fax. +66 2271 3370
Ordinary shares	2,900,000
Registered capital	Baht 290 million
Percentage holding	99.99 %

FOREIGN SUBSIDIARIES

KEMAMAN BITUMEN COMPANY SDN. BHD.

Nature of business	A producer, refiner, supplier and distributor of petroleum and oil products in Malaysia
Address	A-06-3A, Empire Tower, Empire Subang Jalan SS16/1, SS16 47500 Subang Jaya Selangor, Malaysia Tel. +603 5635 0998 Fax. +603 5635 0993 Email: info@kbc.com.my Website: www.kbc.com.my
Refinery address	Plot PT 7195, Telok Kalong Industrial Area 24000 Kemaman Terengganu, Malaysia
Ordinary shares	316,111,823 (263,311,823 Class A of RM1.00 each & 52,800,000 Class B of RM0.80 each)
Registered capital	Ringgit Malaysia 500 million
Total capital issued	Ringgit Malaysia 305.5 million
Percentage holding	99.99%

KEMAMAN OIL CORPORATION SDN. BHD.

Nature of business	Investment holding and distribution of petroleum and oil products in Malaysia
Address	A-06-3A, Empire Tower, Empire Subang Jalan SS16/1, SS16 47500 Subang Jaya Selangor, Malaysia Tel. +603 5635 0998 Fax. +603 5635 0993
Ordinary shares	151,964,513
Registered capital	Ringgit Malaysia 255.7 million
Total capital issued	Ringgit Malaysia 151.9 million
Percentage holding	99.99 %

KBC ENERGY PTE. LTD.

Nature of Business	Trading of Crude Oil and Petroleum
Address	80, Raffles Place #25-01, UOB Plaza, Singapore 048624 Tel. +65 6238 3000 Fax. +65 6438 4184
Ordinary shares	10,000
Registered capital	USD 10,000
Total capital issued	USD 10,000
Percentage holding:	100% held by Kemaman Oil Corporation Sdn. Bhd.

KBC TRADING SDN. BHD.

Nature of Business	Store, supplier and distributor of petroleum and oil products
Address	A-06-3A, Empire Tower, Empire Subang, Jalan SS16/1, SS16, 47500 Subang Jaya, Selangor, Malaysia Tel. +603 5635 0998 Fax. +603 5635 0993
Ordinary shares	300,000
Registered capital	Ringgit Malaysia 300,000
Total capital issued	Ringgit Malaysia 300,000
Percentage holding	20% held by Kemaman Oil Corporation Sdn.Bhd. and 10% held by Tipco Asphalt Public Company Limited

TASCO INTERNATIONAL (HONG KONG) LTD.

Nature of business	Holding company for investments in China
Address	Room 1103-12, 11 th Floor, Nan Fung Tower, 88 Connaught Road Central, Hong Kong.
Registered capital	Hong Kong Dollars 97.966 million
Percentage holding	100 %

ZHENJIANG TIPCO ASPHALT CO., LTD.

Nature of Business	Producer and distributor of asphalt products
Address	10 Dongfang Dagang, Zhenjiang, Jiangsu, China
Registered capital	RMB 20 million
Percentage holding:	51% held by TASCO International (Hong Kong) Ltd.

LANGFANG TONGTAI ROAD MATERIAL CO., LTD.

Nature of Business	Producer and distributor of asphalt products
Address	No.56, Quanxing Road, Langfang Economic Technology Development Zone, Hebei Province, P.R.China 065001
Registered capital	USD 2.1 million
Percentage holding:	51% held by TASCO International (Hong Kong) Ltd.

TIPCO ASPHALT (XINHUI) CO., LTD.

Nature of Business	Producer and distributor of asphalt products
Address	23-11, Central Zone, Jinguzhou Economic Development Experimental Zone, Xinhui, Guangdong, P.R.China 529100
Registered capital	RMB 30 million
Percentage holding:	100% held by TASCO International (Hong Kong) Ltd.

GUANGZHOU TIPCO ASPHALT TRADING CO., LTD.

Nature of business	Principally engaged in the trading asphalt products and asphalt future trading in Shanghai Bitumen Exchange
Address:	2309, 23/F Yian Plaza, 33 Jianshe 6 Road, Guangzhou, Guangdong Province, 510060 China
Registered capital	RMB 6,000,000
Percentage holding	100% held by TASC0 International (Hong Kong) Ltd.

TIPCO ASPHALT (CAMBODIA) CO., LTD.

Nature of business	Trade asphalt products and distributes asphalt
Address	No.51, St. 350, Sangkat Boeung Keng Kang III, Khan Chamkamon, Phnom Penh, Cambodia
	Tel. +855 2399 7991
	Fax. +855 2399 7992
	Email: info@tipcoasphalt.com.kh
Registered capital	20 Million riel
Percentage holding	100 %

TIPCO ASPHALT LAO CO., LTD.

Nature of business	Producer and distributor of asphalt products
Address	No.404, Unit 28, Ban Phonphanao, Xaysettha district, Vientiane capital, P.O.Box 3039, Lao PDR
	Tel. +856 21 452699
	Fax. +856 21 452699
Ordinary shares	2,500,000
Registered capital	2,500,000 USD
Percentage holding	75%

PT ASPHALT BANGUN SARANA

Nature of business	Distributor of asphalt products to the Road constructor in Indonesia
Address	Head Office Gedung Graha Pratama, 19th Floor, Jl. Mt. Haryono Kav. 15, Jakarta 12810, Indonesia
	Tel. +62 2 1837 09516
	Fax. +62 2 1837 09517
	Email: absjakarta@pt-abs.co.id
	Website: www.pt-abs.co.id/
Registered capital	IDR 58,450,080,000
Percentage holding	99.98%

PT SARANARAYA REKA CIPTA

Nature of business	Distributor of asphalt products, PMB, and Emulsion to the Road constructor in Indonesia
Address	Head Office Gedung Graha Pratama, 19th Floor, Jl. Mt. Haryono Kav. 15, Jakarta 12810, Indonesia
	Tel. +62 2 1837 09516
	Fax. +62 2 1837 09517
Registered capital	IDR 10,476,600,000
Percentage holding	99.98%

HIGHWAY RESOURCE PTE. LTD.

Nature of business	Trade asphalt products and distributes asphalt
Address	7 Temasek Boulevard, Suntec Tower One #20-01, Singapore 038987
	Tel. +65 62249808
	Fax. +65 62249228
Registered capital	SGD 4,780,000
Percentage holding	100 %

ASPHALT DISTRIBUTION CO., LTD.

Nature of business	Distributor of asphalt products in Vietnam
Address	12 th floor, Center building, No. 1 Nguyen Huy Tuong, Thanh Xuan Trung ward, Thanh Xuan district, Hanoi city
	Tel. +84 243 934 1048
	Fax. +84 243 934 9811
Registered capital	VND 135,361,887,000
Percentage holding	100 %

AD SHIPPING PTE. LTD.

Nature of business	Marine transportation
Address	7 Temasek Boulevard, Suntec Tower One #20-01, Singapore 038987
	Tel. +65-62249808
	Fax. +65-62249228
Registered capital	SGD 7,125,000
Percentage holding	100%

RETA LINK PTE. LTD.

Nature of business	Marine transportation
Address	7 Temasek Boulevard, Suntec Tower One #20-01, Singapore 038987
	Tel. +65-62249808
	Fax. +65-62249228
Registered capital	SGD 50,000
Percentage holding	100%

PACIFIC BITUMEN SHIPPING PTE. LTD.

Nature of business	Marine transportation
Address	7 Temasek Boulevard #20-06 Suntec Tower One Singapore, 038987
Registered capital	USD 39,500
Percentage holding	100%

Joint Venture companies

ASIA BITUMEN TRADING PTE. LTD.

Nature of Business	Trader of asphalt products
Address	7, Temasek Boulevard, #20-01, Suntec Tower One, Singapore 038987
	Tel. +65 6887 3600
	Fax. +65 6235 0637
	Email: info@asiabitumen.com.sg
	Website: www.asiabitumen.com.sg
Ordinary shares	1,000
Registered capital	SGD 100,000
Percentage holding:	50% held by TASCO International (Hong Kong) Ltd.

BORNEO ASPHALT SDN. BHD.

Nature of business	Manufacturing, marketing and distributing bitumen and bitumen related products in Malaysia.
Address	Lot 7689-7690, Section 64, KTLD Jalan Pending, 93450 Kuching, Sarawak, Malaysia.
	Tel. 082482927
	Fax. 082483922
	Email: rojini@senarisynegygp.com
Ordinary shares	1,200,000
Registered capital	Ringgit Malaysia 10 million
Total capital issued	Ringgit Malaysia 1,200,000
Percentage holding	50 % by KEMAMAN BITUMEN COMPANY SDN. BHD.

ASSOCIATED COMPANIES

PT SARANA DISTRIBUSI ASPAL NUSANTARA

Nature of business	Barge Rental Services
Address	Head Office Gedung Graha Pratama, 19 th Floor, Jl. Mt. Haryono Kav. 15, Jakarta 12810, Indonesia
	Tel. +62 2 1837 09516
	Fax. +62 2 1837 09517
Registered capital	IDR 1,000,000,000
Percentage holding	49 % (51% held by PT Mitra Nusantara Investama, 49% held by PT Asphalt Bangun Sarana)

COLASIE CO., LTD.

Nature of business	Holding company for investment in Asphalt Emulsion and Polymer Modified Asphalt plants in India
Address	7, Place Rene Clair F-92653 Boulogne - Billancourt France Cedex
Registered capital	Euro 1 million
Percentage holding	40%

THAI SLURRY SEAL CO., LTD.

Nature of business	Asphalt road construction service
Head Office	118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400
	Tel. +66 3527-2609
Ordinary share	4,973,334
Registered capital	Baht 497,333,400
Percentage holding	25.00%

THANOMWONGSE SERVICE CO., LTD.

Nature of business	Asphalt road construction service
Head Office	118/1 Rama VI Rd., Samsen Nai, Phayathai, Bangkok 10400
	Tel. +66 2273 6000
	Fax. +66 2271 1771
	E-mail: tw-construction@tipco.co.th
	Website: www.tipco.co.th
Ordinary shares	2,500,000
Registered capital	Baht 2,500 million
Percentage holding	99.99% held by Thai Slurry Seal Co., Ltd.

OTHER IMPORTANT INFORMATION

Stock Code	TASCO (Listed on the Stock Exchange of Thailand - SET) Registration No 0107535000044
Registered Capital	1,579,343,570 Baht
Paid Up Capital	1,562,464,570 Baht
No. of Shares Issued	1,562,464,570 shares
Website:	www.tipcoasphalt.com
Registrar of Shares	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Tel. +66 2009 9388 Fax. +66 2009 9476
Auditor	Mr. Supachai Phanyawattano, Certified Public Accountant Registration No. 3930 and/or Ms. Siraporn Ouuanunkun Certified Public Accountant Registration No. 3844 and/or Ms. Supanee Triyanantakul Certified Public Accountant Registration No. 4498 EY Office Limited 33 rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road Klongtoey, Bangkok 10110 Tel. +66 2264 0777, +66 2661 9190 Fax. +66 2264 0789-90, +66 2661 9192
Legal Consultants	Mr. Parama Saovabha R & T Asia (Thailand) Limited 973 President Tower, 12 th Floor, Units 12A-12F, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 Tel. +66 2656 1991 Fax. +66 2656 0833 Mr. Tawatchai Jaranakaran Chor. Chanasongkram Advocates & Solicitors 52/3 Phrasumeru Rd., Bangkok Tel. +66 2282 2995
Consultant or	None Contract Manager

(form 56-1) displaying at www.sec.or.th or the Company's website: www.tipcoasphalt.com





Tipco Asphalt Public Company Limited

Tipco Tower, 118/1 Rama 6 Road, Samsen Nai,
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