

**The Opinion of Independent Financial Advisor Regarding Acquisition
Transaction and Connected Transaction**

Of



Tipco Asphalt Public Company Limited

By



Apple Wealth Securities PCL.

27 November 2015

-Translation-

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Glossary

The following abbreviated terms are to be defined as indicated below, unless declared otherwise.

Abbreviation	Definition
SEC, The Office of SEC	Securities and Exchange Commission of Thailand
The Stock Exchange, SET	Stock Exchange of Thailand
The Company, TASCO	Tipco Asphalt Public Company Limited
TIHK	TASCO International (Hong Kong) Ltd.
COLAS, Colas	COLAS S.A.
Notification of the Acquisition and Disposal of Assets	Notification of Capital Market Supervisory Board TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Asset B.E. 2546 dated 29 October 2004 and the amendments
Notification on Connected Transaction	Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand (“SET”) regarding Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transaction B.E. 2546 and the amendments
Independent Financial Advisor or IFA	Apple Wealth Securities PCL.
Asset Valuation Report by Independent Appraiser	Valuation report of assets of Raycol Asphalt Co., Ltd. by American Appraisal Thailand Co., Ltd.
Asset Valuation Report by Independent Appraiser	Valuation report of assets of Target Companies in Vietnam and Indonesia by Thai Property Appraisal Lynn Phillips Co., Ltd
Asphalt Tanker Valuation Report by Independent Appraiser	Valuation report of asphalt tanker registered in Singapore by Clarksons Valuations Limited

Abbreviation	Definition		
Currency Exchange	Currency exchange rate based on Bloomberg’s as of 11 November 2015		
	Currency	THB 1.00	USD 1.00
	THB	-	35.8370
	USD	0.0279	-
	IDR	379.4922	13,600.0000
	SGD	0.0296	1.42000
Raycol	Raycol Asphalt Co., Ltd.		
ABS	PT Asphalt Bangun Sarana		
SRC	PT Saranaraya Reka Cipta		
SDAN	PT Sarana Distribusi Aspal Nusantara		
HR	Highway Resources Pte Ltd.		
ADCo	Asphalt Distribution Co., Ltd.		
ADS	AD Shipping Pte Ltd.		
RTL	Reta Link Pte Ltd.		
Target Companies	1. Raycol Asphalt Co., Ltd. (“Raycol”) 2. PT Asphalt Bangun Sarana (“ABS”) along with its subsidiaries and joint companies 3. Highway Resources Pte Ltd. and its subsidiaries 4. AD Shipping Pte Ltd. (“ADS”) 5. Reta Link Pte Ltd. (“RTL”)		
WCP	Weerawong, Chinnavat & Peangpanor LTD.		
PWC	PricewaterhouseCoopers FAS LTD.		
NTA	Net Tangible Assets		
DCF	Discounted Cash Flow		
CAPM	Capital Asset Pricing Model		
EBIT	Earnings Before Interest and Tax		
EBITDA	Earnings before interest, taxes, depreciation, and amortization		
Asphalt, Asphalt Cement, Bitumen	Asphalt		
Emulsion	Asphalt Emulsion		
PMA, PMB	Polymer Modified Asphalt, Polymer Modified Bitumen		

IB 002/2558

27 November 2015

Subject: Opinion of the Independent Financial Advisors regarding Connected Transaction and Acquisition of Assets

To: Audit Committee and Shareholders

Tipco Asphalt Public Company Limited

- Reference:
- 1) Resolutions of TASCO's Board of Directors' meeting No. 5/2015 held on 25 September 2015 and No. 6/2015 held on 13 September 2015
 - 2) Information Memorandum on TASCO's Asset Acquisition Transaction and Connected Transaction
 - 3) Form 56-1 year 2012-2014 of Tipco Asphalt Public Company Limited for the period ending
 - 4) Financial statements of Tipco Asphalt Plc. for the year ended 31 December 2014 and reviewed financial statements of Tipco Asphalt Plc. for the period of 9 months ended 30 September 2015
 - 5) Financial Statement of Raycol Asphalt Co., Ltd. audited by the Certified Public Accountant for the year ending 31 December 2012-2014 and for the period of 9 months ending 30 September 2015
 - 6) Financial Statement of PT Asphalt Bangun Sarana a audited by the Certified Public Accountant for the year ending 31 December 2012-2014 and for the period of 9 months ending 30 September 2015
 - 7) Financial Statement of PT Saranaraya Reka Cipta a audited by the Certified Public Accountant for the year ending 31 December 2012-2014
 - 8) Pro-forma financial statement of PT Sarana Distribusi Aspal Nusantara for the year ending 31 December 2013-2014 and for the period of 9 months ending 30 September 2015
 - 9) Financial Statement of Highway Resource Pte audited by the Certified Public Accountant for the year ending 31 December 2012-2014 and for the period of 9 months ending 30 September 2015
 - 10) Financial Statement of Asphalt Distribution Co., Ltd. audited by the Certified Public Accountant for the year ending 31 December 2012-2014 and for the period of 9 months ending 30 September 2015
 - 11) Financial Statement of AD Shipping Pte Ltd. audited by the Certified Public Accountant for the year ending 31 December 2012-2014 and for the period of 9 months ending 30 September 2015
 - 12) Financial Statement of Reta Link Pte Ltd. audited by the Certified Public Accountant for the year ending 31 December 2012-2014 and for the period of 9 months ending 30 September 2015
 - 13) Valuation report of assets of Raycol Asphalt Co., Ltd. by an independent appraiser, prepared by American Appraisal Thailand Co., Ltd.

- 14) Valuation report of assets of ABS and ADCo by an individual appraiser, prepared by Thai Property Appraisal Lynn Phillips Co., Ltd
- 15) Valuation report of assets-tanker vessel by an independent appraiser, prepared by Clarksons Valuations Limited
- 16) Financial due diligence report by PricewaterhouseCoopers FAS LTD
- 17) Tax due diligence report by Pricewaterhouse Coopers FAS LTD
- 18) Legal due diligence report by Weerawong, Chinnavat & Peangpanor LTD

- Disclaimers:
- 1) The study results and opinions, rendered by Apple Wealth Securities PCL (“Independent Financial Advisor” or “IFA”) in this report, are based on information and assumptions obtained from the management of Tipco Asphalt Public Company Limited, COLAS S.A, and Target Companies and also from publicly disclosed information available in websites of the Office of the Securities and Exchange Commission (www.sec.or.th) and of the Stock Exchange of Thailand (www.set.or.th).
 - 2) The Independent Financial Advisor will not be responsible or liable for any profit, loss or effect incurred by the Transaction and/or by the Company’s future performance from the Transaction.
 - 3) The Independent Financial Advisor's study was conducted by using knowledge, skills, and cautions, based on sound professional practices.
 - 4) The Independent Financial Advisor determined and analyzed the Transaction based on current situations and information available to our knowledge. If there is any material adverse change and effect of the situations and information, it may affect the opinions provided herein by the Independent Financial Advisor.
 - 5) The Independent Financial Advisor’s opinions provided to the Tipco Asphalt Public Company Limited audit committee and shareholders do not ensure any success or completeness of the Transaction or future business performances of TASCOS and its acquired companies.

Per the resolutions of the Board of Directors’ Meeting No. 6/2015, held on 13 November 2015, excluding interested directors, namely 1) Mr. Jacques Marcel Pastor 2) Mr. Hervé Le Bouc 3. Mr. Jacques Leost and 4) Mr. Jacques Louis Yves Marie Marechal, the Board of Directors granted approval for the Company and its subsidiaries to acquire common shares of 5 companies

(“Target Companies”) from COLAS S.A, who is the connected person of the Company, in the same shareholding percentage detailed below.

Target Companies	Business	Acquisition %	Consideration Value		
			Consideration	USD Million ¹	THB Million (appx.)
Asphalt Business					
Raycol Asphalt Co., Ltd. (“Raycol”)	Raycol is a manufacturing and seller of asphalt, emulsion and petroleum-related business. Raycol has a manufacturing plant at Rayong province.	38.00%	Common Shares	7.00	250.86
PT Asphalt Bangun Sarana (“ABS”), subsidiary and joint company	ABS is an importer, producer and retail seller of asphalt in Indonesia. ABS owns shares in the following asphalt businesses in Indonesia 1) PT Saranaraya Reka Cipta (“SRC”) – at 100.00% 2) PT Sarana Distribusi Aspal Nusantara (“SDAN”) - at 49.00%.	99.98%	Common Shares	9.50	340.45
Highway Resource Pte. Ltd. (“HR”) and its subsidiary	HR is a bitumen sourcing and trading company for COLAS group located in Singapore. HR owns 100% of its subsidiary, Asphalt Distribution Co., Ltd. (“ADCo”), which engages in importing, producing, and distributing asphalt products in Vietnam.	100.00%	Common Shares	20.00	716.74
Vessel Business					
AD Shipping Pte. Ltd (“ADS”), in	ADS engage in charter business and is the owner of an asphalt taker, with	100.00%	– Common Shares	12.00	430.04

¹Based on the exchange rate from Bloomberg as of 11 November 2015

Target Companies	Business	Acquisition %	Consideration Value		
			Consideration	USD Million ¹	THB Million (appx.)
			- Loans to ADS	8.00	286.70
Reta Link Pte. Ltd. (“RTL“), in Singapore	RTL engages in charter business and owns an asphalt taker with 2,058 tons capacity.	100.00%	- Common Shares	0.80	28.67
			- Loans to RTL	4.50	161.27
Total				61.80	2,214.73
Consists of	Total Common Shares			49.30	1,766.76
Total Loans to ADS and RTL				12.50	447.97

The above acquisition is to purchase or acquire the business of another company in accordance with the Section 107 of the Public Limited Company Act B.E. 2535 (as amend) which requires approval from the shareholders’ meeting. Furthermore, the Transaction is also considered to be the acquisition of assets accordance with the Notification No. TorChor 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets dated 31 August 2008 and Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Asset B.E. 2547 and the amendments dated 29 October 2004 (“Notification of the Acquisition and Disposal of Assets”). Estimated total value of the Transaction is USD 61.80 mm, or approximately THB 2,224.80 mm (at USD1 = THB 35.8370 rate as of 11 November 2015), which accounts for 13.61% using the Total Value of Consideration approach based on the Company’s consolidated financial statement for the period of 9 months ending 30 September 2015. Therefore, the Transaction is categorized as an Acquisition of Asset Type 1 with transaction size below 15%. As a result, the Company is not required to disclose of its information memorandum to the Stock Exchange of Thailand. Additionally, during the past 6 months before the date the Company agreed to enter this transaction, there had been no asset acquisition transaction.

Furthermore, in this transaction, the Company will acquire shares from COLAS, who is also a major shareholder of the Company. As of 31 August 2015, COLAS holds 490,731,040 shares of the Company, or 31.81% of the company’s total registered and paid-up capital through BNP PARIBAS SECURITIES (ASIA) LTD- FOR COLAS. It has also appointed 4 authorized directors (of the total 15 in the Board of Directors), namely 1) Mr. Jacques Marcel Pastor 2) Mr. Hervé Le Bouc 3. Mr. Jacques Leost and 4) Mr. Jacques Louis Yves Marie Marechal. These qualify the Transaction as a connected transaction according to Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions and the

Notification of the Board of Governors of the Stock Exchange of Thailand (“SET”) regarding Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transaction B.E. 2546 and the amendments (Notification on Connected Transaction). The estimated transaction size in total is USD 61.80 mm, or approximately THB 2,223.80² mm. As such, the transaction size equals 23.86% of the Company’s Net Tangible Assets (NTA), thus exceeding THB 20 mm or 3% of total NTA, the Company is obligated to prepare and disclose Information Memorandum to the Stock Exchange of Thailand as well as organize a shareholders’ meeting to obtain approval to enter the connected transaction with a vote of not less than three-fourths of the total votes of shareholders who attend the meeting and have voting rights, excluding interested shareholders’ equity, that is BNP PARIBAS SECURITIES (ASIA)–FOR COLAS. As of 31 August 2015, COLAS owns 490,731,040 shares of the Company’s, which account for 31.81% of all issued and paid-up shares.

On this occasion, the Company had appointed Apple Wealth Securities PCL as the Independent Financial Advisor (“IFA”) to give opinion to the Company’s shareholders on the following aspects:

- 1) Reasonableness and benefit of the Transaction to the Company
- 2) Fairness of Transaction price and conditions
- 3) Whether the shareholders should vote for or against entering into the Transaction along with the rationale behind entering into the Transaction

To form the opinion for this Transaction, the IFA had studied information, documents, and hypotheses received from the management together with publicly available information, namely Resolutions of TASCO’s Board of Directors’ meeting No. 5/2015 held on 25 September 2015 and No. 6/2015 held on 13 September 2015, information memorandum regarding the Transaction submitted to the Stock Exchange of Thailand, the Company’s consolidated financial statement audited and reviewed by an auditor for the year ending 31 December 2012-2014 and financial projections and other hypotheses related to the feasibility study of the Company’s project, other information and documents related to the acquisition of assets from this investment, information from Annual Report (form 56-1), publicly available information in the Stock Exchange of Thailand’s website, the interview with the Company’s management, along with related economic overview, to analyze and give opinion on this Transaction.

The Independent Financial Advisor’s opinion was given in assumption that the information and documents received from the Company as well as the interview with the Company’s management is truthful, accurate, complete, and remain unchanged after they were given to the Independent Financial Advisor. The Independent Financial Advisor cannot guarantee truthfulness or completeness of the information received from the Company. Additionally, the Independent Financial Advisor's study was conducted by using knowledge, skills, and cautions, based on sound professional practices. The Independent Financial Advisor determined and analyzed the Transaction based on current situations and information available to our knowledge. If there is any

² At USD 1 = THB 35.8370 rate as of 11 November 2015

material adverse change and effect of the situations and information, it may affect the opinions provided herein by the Independent Financial Advisor.

The Independent Financial Advisor's summary of its opinion on the asset acquisition transaction and connected transaction is as follows:

Executive Summary

Per the resolutions of the Tipco Asphalt Public Company Limited's Board of Directors' Meeting No. 5/2015, held on 25 September 2015, and No. 6/2015, held on 13 November 2015, excluding interested directors, namely 1) Mr. Jacques Marcel Pastor 2) Mr. Hervé Le Bouc 3. Mr. Jacques Leost and 4) Mr. Jacques Louis Yves Marie Marechal, the Board of Directors granted approval for the Company and its subsidiaries to acquire common shares of 5 companies from COLAS S.A., who is the major shareholder and the connected person of the Company. As of 31 August 2015, COLAS holds 490,731,040 shares of the Company, or 31.81% of the company's total issued and paid-up capital through BNP PARIBAS SECURITIES (ASIA) LTD- FOR COLAS. The Company and its subsidiaries will acquire common shares of those companies as detailed below.

Target Companies	Acquisi-tion %	Consideration Value				
		Acquired items	Share Quantity (shares)	USD Million ³	THB Million (appx.)	Average Price per Share (THB)
Asphalt Business						
Raycol Asphalt Co., Ltd. (“Raycol”) Raycol is a manufacturing and seller of asphalt, emulsion and petroleum-related business. Raycol has a manufacturing plant at Rayong province.	38.00%	Common Shares	4,218,000	7.00	250.86	59.47
PT Asphalt Bangun Sarana (“ABS”), subsidiary and joint company ABS is an importer, producer and retail seller of asphalt in Indonesia. ABS owns shares in the following asphalt businesses in Indonesia 3) PT Saranaraya Reka Cipta	99.98%	Common Shares	8,397	9.50	340.45	40,544.24

³ Based on the exchange rate from Bloomberg as of 11 November 2015

(“SRC”) – at 100.00% PT Sarana Distribusi Aspal Nusantara (“SDAN”) - at 49.00%.						
Highway Resource Pte. Ltd. (“HR”) and its subsidiary HR is a bitumen sourcing and trading company for COLAS group located in Singapore. HR owns 100% of its subsidiary, Asphalt Distribution Co., Ltd. (“ADCo”), which engages in importing, producing, and distributing asphalt products in Vietnam.	100.00%	Common Shares	4,780,000	20.00	716.74	149.95
Vessel Business						
AD Shipping Pte. Ltd (“ADS”), in Singapore ADS engages in charter business and is the owner of an asphalt taker, with 3,646 tons capacity.	100.00%	- Common Shares - Loans to ADS	7,125,000	12.00 8.00	430.04 286.70	60.36
Reta Link Pte. Ltd. (“RTL”), in Singapore RTL engages in charter business and owns an asphalt taker with 2,058 tons capacity.	100.00%	- Common Shares - Loans to RTL	50,000	0.80 4.50	28.67 161.27	28.67
Total				61.80	2,214.73	
Consists of	Total Common Shares			49.30	1,766.76	
	Total Loans to ADS and RTL			12.50	447.97	

Note: Loans to ADS and RTL will have the same interest rate and due date as follows;

ADS Interest rate US LIBOR 1 month + 2% repay at calls

RTL Interest rate US LIBOR 1 month + 2% repay at calls

The purpose of the Transaction is to expand asphalt product business to Indonesia and Vietnam as well as to expand the Group's charter business.

Investing and acquiring the above shares is categorized as Type 1 asset according to the Notification of Acquisition and Disposal of Assets. The transaction size accounts for 13.61% using the Total Value of Consideration approach based on the Company's consolidated financial statement for the period of 9 months ending 30 September 2015. Therefore, the Transaction is categorized as an Acquisition of Asset Type 1 with transaction size below 15%.

Investing and acquiring the above shares is categorized as Connected Transaction according to Notification on Connected Transaction. The transaction size accounts for 23.86% of the Company and its subsidiaries' Net Tangible Assets, which makes it a transaction with value exceeding 3% of the Company and its subsidiaries' Net Tangible Assets by calculating based on the consolidated financial statement for the period of 9 months ending 30 September 2015.

Entering the asset acquisition Transaction and Connected Transaction to acquire shares and give loans, for Colas loan replacing, to Target Companies as mentioned above will enable the Company to expand its business as importer, producer, and distributor directly in three countries, which will increase sales of asphalts in consequence. Additionally, purchasing more asphalt tankers for transporting asphalts will add to the Company's fleet of asphalt tankers and will enable more capacity to transport asphalts.

The loans from the Company, which will replace Colas' loans, are pay at call and the interest rate is US LIBOR 1 month + 2%, which is the same interest rate. For these loans appropriateness, IFA has considered pay back abilities from the projected cash flow from operations. The projection shows that both ADS and RTL have abilities to pay back loan full amount in 2020 and 2024 respectively.

The Company and its subsidiaries stand to gain from the synergy, both in economy of scale and production cost reduction. Furthermore, the investment is in the business that the Company has experience operating and will reduce cost of expanding to foreign markets. The investment will not cause internal conflicts in Target Companies since the Company will allow the current management team of Target Companies to resume managing.

Nonetheless, entering into the Transaction is not without disadvantages; one being the Company has limited information

regarding the local market in target area. The Transaction will also require considerable sum of investment to proceed, which may require the Company to borrow, thus creating more debt obligations and interest expenses.

Share prices of Target Companies and the investment value can be summarized as displayed below

Companies	Valuation Approach (THB million)							Investment Value (THB million)		
	Book Value Approach	Adjusted Book Value Approach	Market Value Approach	Price-to-Book-Value ratio Approach: P/BV ratio	Price-to-Earnings Ratio Approach: P/E ratio	(Discounted Cash Flow Approach - FCF to Equity)	(Discounted Cash Flow Approach – FCF to Firm)	Shares	Loans	Total
Raycol	80.50	109.27	NA	216.76 – 233.13	595.20 – 649.87	256.66 – 325.77	675.41 - 857.28	250.86	-	250.86
ABS & subsidiary	322.03	337.34	NA	866.26 – 933.88	277.37 – 302.84	388.83 – 474.92	698.44 - 784.53	340.45	-	340.45
HR & subsidiary	435.58	510.17	NA	1,171.72 – 1,263.16	3,314.83–3,620.09	805.87 – 973.81	933.39 - 1,101.33	716.74	-	716.74
ADS	375.31	120.84	NA	221.45 – 296.47	491.34 – 590.02	296.91 – 350.67	582.38 - 636.13	430.04	286.7	716.74
RTL	43.11	26.87	NA	25.43 – 34.05	212.94 – 259.96	54.85 – 74.13	232.06 - 251.34	28.67	161.27	189.97
Total						1,803.12 – 2,199.31	3,121.68-3,630.61	1,766.76	447.97	2,214.73

-Translation-

The IFA has evaluated every 6 target companies' fair value and opined that the appropriate approach for valuating equity value of Raycol, ABS and subsidiaries, HR and subsidiary, ADS, and RTL, is Discounted Cash Flow Approach. DCF approach reflects business plan, ability to generate profit and growth trend as well as shareholders' return in the future. This approach can reflect the intrinsic value of share to a good extent. Since after the acquisition, TASCOT will hold 100.00% of RTLs common share and will be considered the major shareholder with control over the company, this approach is deemed appropriate.

On the fairness of Transaction price, the IFA had determined the fair value of the Transaction using DCF approach. The target companies group's value is between THB 1,803.12 mm – THB 2,199.31 mm when calculate by Free Cash flow to Equity methodology, which is higher than the investment in shares that only amounts to THB 1,766.76 mm. Therefore, the IFA opines this Transaction price **appropriate**. Also, if we include the Company's loan to ADS and RTL, the fair value calculation would be changed to Free Cash flow to Firm methodology, those 6 target companies total value is between Baht 3,121.68-3,630.61 mm, which is higher than an investment in equity and loans amount Baht 2,214.73 mm. Therefore, the IFA deems this Transaction price **appropriate**.

Taking into account the aforementioned factors, the IFA opines that the shareholders will benefit from entering into this Transaction. The Transaction is reasonable and its price and conditions are fair. Therefore, it is advised to vote favor of entering into this asset acquisition and connected Transaction.

In order to approve or disapprove the Transaction, the shareholders can consider from the reason and the opinion of the IFA stated above. The final decision is at the discretion of the shareholders.

1. Characteristics and details of the transaction

1.1. Objective and cause of the transaction

Per the resolutions of the Board of Directors' Meeting No. 5/2015, held on 25 September 2015, and No. 6/2015, held on 13 November 2015, excluding interested directors, namely 1) Mr. Jacques Marcel Pastor 2) Mr. Hervé Le Bouc 3. Mr. Jacques Leost and 4) Mr. Jacques Louis Yves Marie Marechal, the Board of Directors granted approval for the Company and its subsidiaries to acquire common shares of Raycol Asphalt Co., Ltd., PT Asphalt Bangun Sarana and its subsidiaries and joint company, Highway Resource Pte. Ltd. and subsidiary, AD Shipping Pte. Ltd., and Reta Link Pte. Ltd., from COLAS S.A, who is the major shareholder and the connected person of the Company. The purpose of this transaction is to expand asphalt product business to Indonesia and Vietnam as well as to expand the Group's charter business.

1.2. Transaction Date

The Company and its subsidiaries will enter the transaction after

- 1) The Extraordinary General Meeting of Shareholders No. 1/2016 resolves to approve entering into the Transaction
- 2) The Company believes it can enter an agreement to purchase within December 2015. If the Shareholders' Meeting approves the transaction, the Company expects that shares purchasing, payment of the consideration value, and ownership transfer will occur within the first quarter of 2016.

1.3. Contract parties

Transaction 1 – Acquisition of common shares of Raycol Asphalt Co., Ltd., (“Raycol”)

	Party	Code	Remark
Purchaser	Tipco Asphalt Public Company Limited	TASCO	Details in appendix 1
Seller	COLAS S.A.	COLAS	Details in appendix 2
Acquired item	- Common shares of Raycol Asphalt Co., Ltd. (“Raycol”) totaling 4,218,000 shares, or equivalent to 38.00%. After the acquisition, TASCO will own 79% of total registered capital (details in appendix 3)		

Source: the Letter of Intention between TASCO and Colas S.A. dated 12th November 2015 and the Information memorandum on acquisition and connected transactions

Transaction 2 – Acquisition of common shares of foreign companies

	Party	Abbreviation	Remark
Purchaser	TASCO International (Hong Kong) Ltd.	TIHK	-Tasco owns 100% of shares -Details in appendix 1
Seller	COLAS S.A.	COLAS	Details in appendix 2

Acquired item (details in appendix 3)	<ol style="list-style-type: none"> 8,397 shares, which is equivalent to 99%, of PT Asphalt Bangun Sarana ("ABS"). The subsidiaries and joint company are as follows: <ol style="list-style-type: none"> PT Saranaraya Reka Cipta ("SRC"). ABS owns 100.00% of its shares. PT Sarana Distribusi Aspal Nusantara ("SDAN"). ABS owns 49.00% of its shares. 4,780,000 shares, which is equivalent to 100.00%, of Highway resource Pte. Ltd. ("HR") and its subsidiary Asphalt Distribution Co., Ltd. HR owns 100% of the subsidiary, whose 100.00% of registered capital will belong to TIHK after the transaction. 7,125,000 shares, which is equivalent to 100.00%, of AD Shipping Pte. Ltd. ("ADS"). After acquiring said common shares, TIHK will own 100% of total registered capital. The value of loans to be given out to ADS will amount to USD 8.00 mm, which is approximately THB 286.70 mm. 50,000 shares, which is equivalent to 100.00%, of Reta Link Pte ("RTL"). After acquiring said common shares, TIHK will own 100.00% of total registered capital. The value of loans to be given out to RTL will amount to USD 4.50 mm, which is approximately THB 167.27 mm.
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Source: the Letter of Intention between TESCO and Colas S.A. dated 12th November 2015 and Information memorandum on acquisition and connected transactions

1.4. Relationship and stakes before entering into the Transaction.

Related party	Relationship
Colas S.A.	<ul style="list-style-type: none"> Colas S.A. is the Company's major shareholder. As of 31 August 2015, it holds 490,731,040 shares, which is equal to 31.81% of the Company's total registered and paid-up capital the Company's through BNP PARIBAS SECURITIES (ASIA) LTD-FOR COLAS. Colas S.A. appointed 4 authorized directors (of the total 15 in the Board of Directors), namely 1) Mr. Jacques Marcel Pastor 2) Mr. Hervé Le Bouc 3. Mr. Jacques Leost and 4) Mr. Jacques Louis Yves Marie Marechal Colas S.A. entered the contract to give unlimited assistance to the Company in technical issues regarding asphalt product. This includes granting the Company access to information from product research and development center in France as well as production formulas for special products and

	<p>other techniques.</p> <ul style="list-style-type: none"> - Colas S.A. is the Company's connected person according to the Notification on Connected Transaction - Colas S.A. is the major shareholder of Target Companies. After the acquisition, COLAS will no longer be a shareholder of Raycol, ABS, HR, ADS, and RTL.
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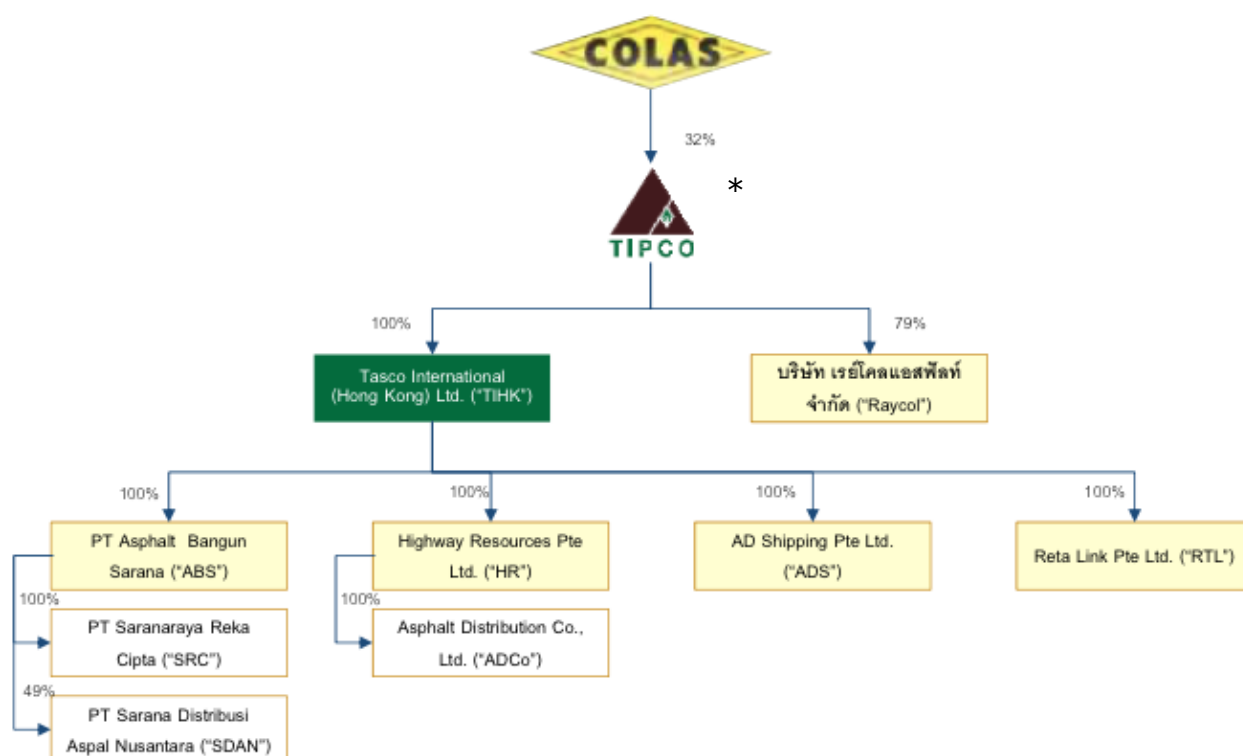
1.5. General characteristics and size of the transaction

General Characteristics of the Transaction

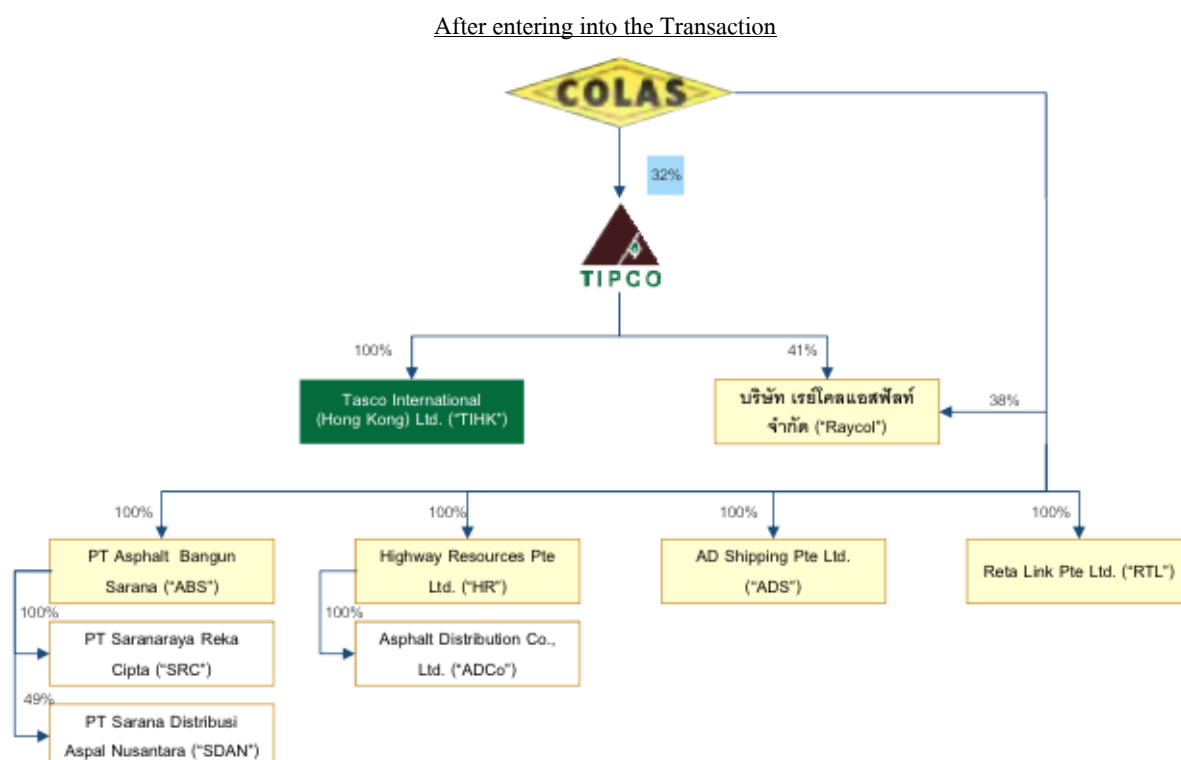
The Company and its subsidiaries intend to acquire companies in asphalt product and charter business, which amount to 5 companies in total (and will be collectively referred to as "Target Companies"), from COLAS, a connected person of the Company. All shares of the Target Companies owned by COLAS will be acquired, thus makes the total investment value USD 61.80 mm, or approximately THB 2,214.73 mm and can be broken down as follows:

Companies to be acquired by TASCO and TIHK	Investment Value	
	USD million	THB million (approximately)
1) Raycol Asphalt Co., Ltd. ("Raycol"), totaling 4,218,000 shares, or equivalent to 38.00%, with a par value per share of THB 10.00	7.00	250.86
2) PT Asphalt Bangun Sarana ("ABS"), totaling 8,397 shares, or equivalent to 99.98%, with a par value per share of IDR 6.96 mm. The subsidiaries and joint company are as follows: <ul style="list-style-type: none"> a. PT Saranaraya Reka Cipta ("SRC"). ABS owns 100.00% of its shares. b. PT Sarana Distribusi Aspal Nusantara ("SDAN"). ABS owns 49.00% of its shares. 	9.50	340.45
3) Highway Resource Pte. Ltd. ("HR") and its subsidiary, totaling 4,780,000 shares, or equivalent to 100.00%, with no par value per share. HR owns 100% of the subsidiary, Asphalt Distribution Co., Ltd.	20.00	716.74
4) AD Shipping Pte. Ltd ("ADS"), totaling 7,125,000 shares, or equivalent to 100.00, with no par value per share.	Common shares 12.00	430.04
	Loans to ADS = 8.00	286.70
5) Reta Link Pte. Ltd. ("RTL"), totaling 50,000 shares, or	Common share	28.67

equivalent to 100.00%, with no par value per share.	0.80	
	Loans to RTL = 4.50	167.27

Before entering into the Transaction

Note: * TASCO Trademark



Note: Other shareholders of Raycol are

1. Asia Coal Co., Ltd. holds 20.00%

(the Asia Coal Co., Ltd. Major Shareholders are Ms. Ream Supsakorn, holds 64.00% , and Colas S.A., holds 36.00%)

2. Ms.Ream Supsakorn, holds 1.00%

****Other SDAN shareholders are Mitra Nusantara Invetama (MNI), holds 51.00%)**

(MNI shareholders are Mr.Victor Sitorus and Mr.Soetjipto, holds 100.00%, these two persons are not the related person to the Company.

Transaction size calculation

1.5.1 Calculation of asset acquisition transaction size

The Company and its subsidiaries will acquire shares or invest in Raycol, ABS, HR, ADS, and RTL with investment value totaling approximately USD 61.80 mm, or equivalent to THB 2,214.73 mm (based on the exchange rate of USD 1 per THB 35.8370, according to the Notification of the Bank of Thailand dated 11 November 2015). Calculating the transaction size in accordance to the Notification of Acquisition and Disposal of Assets from the Company's consolidated financial statements for the period of 9 months ending 30 September 2015 yields the following results:

Method of Calculation	Calculation	Percent
1. Values of Assets Acquired Method	$1,183.52 / 9,282.57^{1/}$	12.75

2. Net Profit Method	395.30 / 4,416.80 ^{2/}	8.97
3. Total Value of Consideration Paid Method	2,214.73 / 16,268.35 ^{3/}	13.61
4. Value of Issued Securities Method	-No new share issued-	-NA- ^{4/}

Remark: ^{1/} Net Tangible Assets (NTA) of investment in 5 companies x % of shares acquired/ NTA of TASCO

^{2/} Profit Attributable to Shareholders of Each Company for the Last 12 Months of Target Companies x% of shares acquired / Profit Attributable to Shareholders of Each Company for the Last 12 Months of TASCO

^{3/} Share price of 5 companies/ Total assets of TASCO

^{4/} Cannot calculate as no new share was issued

According to the calculation as prescribed in the Notification of Acquisition and Disposal of Assets, the transaction size is 13.61%, therefore it is a Type 1 asset (less than 15%). The Company is not required to disclose of its information memorandum to the Stock Exchange of Thailand. Additionally, during the past 6 months before the date the Company agreed to enter this transaction, there had been no asset acquisition transaction.

The calculation of asset acquisition transaction size contains the following details

- Financial information

(Unit: million THB)

	As of 30 September 2015						Total
Company	TASCO	Raycol	ABS ^{1/}	HR ^{2/}	ADS ^{2/}	RTL ^{2/}	
Acquisition (%)	-	38.00	99.98	100	100	100	
Total Assets	16,268.35	284.19	971.78	1,342.93	674.32	248.38	3,521.60
Intangible Assets	178.66	-	12.43	59.62	-	-	72.06
Total Liabilities	6,751.69	72.34	650.35	907.35	299.02	205.27	2,134.33
Non-controlling Interest	56.42	-	0.03	-	-	-	0.03
Net Tangible Assets (NTA)	9,282.58	211.85	308.96	375.95	375.31	43.11	1,315.18
Net Tangible Assets (NTA) at Acquisition %age	-	80.50	308.96	375.95	375.31	43.11	1,183.83
Profit Attributable to Shareholders of Each Company for the Last 12 Months	4,416.80	94.35	49.58	247.12	45.19	18.23	454.48
Profit Attributable to Shareholders of Each Company for the Last 12	-	35.85	49.58	247.12	45.19	18.23	395.98

Monthsat Acquisition Percentage							
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Remark: The figures are referred from consolidated financial statement that was audited and reviewed by Certified Public

Accountant of each company

^{1/} *Exchange rate from Bloomberg as of 11th November 2015 which IDR 1 equal to Baht 0.00264*

^{2/} *Exchange rate from Bloomberg as of 11th November 2015 which US\$ 1 equal to Baht 35.8370.*

1.5.2 Connected Transaction

In this transaction, the Company will acquire or invest in Raycol, ABS, HT, ADS, and RTL from COLAS, who is also a major shareholder of the Company. As of 31 August 2015, COLAS holds 490,731,040 shares of the Company, or 31.81% of the company's total registered and paid-up capital through BNP PARIBAS SECURITIES (ASIA_ LTD- FOR COLAS. It has also appointed 4 authorized directors (of the total 15 in the Board of Directors), namely 1) Mr. Jacques Marcel Pastor 2) Mr. Hervé Le Bouc 3. Mr. Jacques Leost and 4) Mr. Jacques Louis Yves Marie Marechal. These qualify the Transaction as a connected transaction according to Notification on Connected Transaction, which indicates that calculation of transaction size of assets or services must use the total value of consideration paid, or book value, or market price value, whichever is higher. The details of each value are as follows:

Financial Information	Value (THB million)
1 Total Consideration Paid	
1.1 Value of common shares of the Target Companies	1,766.76
1.2 Value of Loan	447.96
Total Consideration Paid	2,214.73
2 Book Value	1,255.92
3 Market Price Value	- None -*
The Value Used in Calculating Transaction Size	2,214.73

*Remark: *Market value cannot be calculated due to there is none of company operates asphalt depot or similar business.*

- 1. Book value is referred from financial statement, which was reviewed or audited by the Target Companies' auditors, in proportion with % of Target Company's share acquisition.*
- 2. Exchange rate from Bloomberg as of 11th November 2015 which IDR 1 equal to Baht 0.00264 and US\$ 1 equal to Baht 35.8370.*

Using Total Consideration Paid, which amounts to THB 2,214.73 mm, to calculate the transaction size according to the Notification on Connected Transaction, the transaction size equals 23.86% of the Company's Net Tangible Assets (NTA) with reference to the Company's consolidated financial statement dated 30 September 2015 (NTA = THB 9,250.58 mm). Since the value of NTA exceeds THB 20 mm or 3% of total NTA, the Company is obligated to prepare and disclose Information Memorandum to the Stock Exchange of Thailand as well as organize a shareholders' meeting to obtain

approval to enter the connected transaction with a vote of not less than three-fourths of the total votes of shareholders who attend the meeting and have voting rights, excluding interested shareholders' equity.

1.6 Details of the assets (details in appendix 3)

1) Raycol Asphalt Co., Ltd. ("Raycol") – the Company will acquire 4,218,000 shares, or equivalent to 38.00%, with a par value per share of THB 10.00, totaling USD 7.00 mm or approximately THB 250.86 mm. Raycol's address is 1/118 Rama VI Rd. Sam Sen Nai, Phaya Thai, Bangkok 10400. Raycol is a manufacturing and seller of asphalt, emulsion and petroleum-related business. Raycol has a manufacturing plant at Rayong province.

2) PT Asphalt Bangun Sarana ("ABS") – the Company will acquire 8,397 shares, or equivalent to 99.98%, with a par value per share of IDR 6.96 mm, totaling USD 9.50 mm or approximately THB 340.45 mm. ABS's subsidiaries is PT Saranaraya Reka Cipta ("SRC"), with 100.00% of its shares belongs to ABS. And, ABS's joint company PT Sarana Distribusi Aspal Nusantara ("SDAN"). with 49.00% of its shares belongs to ABS. ABS's address is Gedung Graha Pratama, 19th Floor, Jl. M.T. Haryono Kav. 15, Jakarta, INDONESIA. ABS is an importer, producer and retail seller of asphalt in Indonesia.

3) Highway Resource Pte. Ltd. ("HR") and its subsidiary- The Company will acquire 4,780,000 shares, or equivalent to 100.00%, with no par value per share, totaling USD 20.00 mm, or approximately THB 716.74mm. HR owns 100% of the subsidiary, Asphalt Distribution Co., Ltd. HR's address is 300 Beach Road #26-07, The Concourse, Singapore 199555. HR is a bitumen sourcing and trading company for COLAS group.

4) AD Shipping Pte. Ltd ("ADS")– the Company will acquire 7,125,000 shares, or equivalent to 100.00, with no par value per share, totaling THB 430.04 mm. Loans given to ADS is USD 8.00 mm or approximately THB 286.70 mm. Its address is 300 Beach Road #26-07, The Concourse, Singapore 199555. ADS engages in charter business, owner of an asphalt taker, with 3,606 tons capacity.

5) Reta Link Pte. Ltd. ("RTL")- the Company will acquire 50,000 shares, or equivalent to 100.00%, with no par value per share, totaling USD 0.80 mm or approximately THB 28.67 mm. Loans given to RTL is USD 4.50 mm or approximately THB 167.27 mm. RTL's address is 300 Beach Road #26-07, The Concourse, Singapore 199555. RTL engages in charter business and owns an asphalt taker with 2,058 tons capacity.

1.7 Values of assets to be acquired

Common shares of the Target Companies to be acquired are as follows:

Target Companies	Investment Value (THB)
1) Raycol Asphalt Co., Ltd. ("Raycol"), totaling 4,218,000 shares, or equivalent to 38.00%, with a par value per share of THB 10.00	Value amounts to USD 7.00 mm, or approximately THB 250.86 mm.
2) PT Asphalt Bangun Sarana ("ABS") totaling 8,397 shares, or equivalent to 99.98%, with a par value per share of IDR 6.96 mm. ABS subsidiary and joint company are as follows: a) PT Saranaraya Reka Cipta ("SRC"). ABS owns 100.00% of	Value amounts to USD 9.50 mm, or approximately THB 340.45 mm

its shares. b) PT Sarana Distribusi Aspal Nusantara (“SDAN”). ABS owns 49.00% of its shares.	
3) Highway Resource Pte. Ltd. (“HR”) and its subsidiary, totaling 4,780,000 shares, or equivalent to 100.00%, with no par value per share ^{/1} . HR owns 100% of the subsidiary, Asphalt Distribution Co., Ltd.	Value amounts to USD 20.00 mm, or approximately THB 716.74 mm
4) AD Shipping Pte. Ltd (“ADS”), totaling 7,125,000 shares, or equivalent to 100.00, with no par value per share.	Value amounts to USD 12.00 mm, or approximately THB 430.04 mm. The value of loans to ADS is USD 8.00 million, or approximately THB 286.70 mm.
5) Reta Link Pte. Ltd. (“RTL”), totaling 50,000 shares, or equivalent to 100.00%, with no par value per share.	Value amounts to USD 0.80 mm, or approximately THB 28.67 mm. The value of loans to ADS is USD 4.50 million, or approximately THB 167.27 mm.

(Details of assets in each Target Company in appendix 4)

^{/1} Refer to Allen & Gledhill legal due diligence report as of October 2015.

1.8 Payment Condition

The Company will pay for the acquisition of common shares and loans by cash, which amounts to USD 61.80 mm, or approximately THB 2,214.43 mm after the Extraordinary General Meeting No.1/2016 to be held on 5 January 2016 resolve to approve the transaction. USD 49.30 mm, or approximately THB 1,766.76 mm of the sum will be paid as shareholder of the Target Companies, whereas USD 12.50 mm, or approximately THB 447.96 mm, will be paid as debtor of ADS and RTL. Once the payment of consideration value is complete, the Company will become Target Companies’ major shareholder and debtor instead of COLAS.

1.9 Financial Sources

To execute this totaling USD 61.80 mm or approximately THB 2,214.73 mm transaction, the Company will use its cash flows from operation and/or may loan from financial institution. As of 30th September 2015, the Company group has cash and equivalent amount THB 484.04 mm. Also, IFA recognize that the Company financial department’s documents have shown the available credit line from short-term loan (Promissory Note), L/C and T/R from Thai financial Institutional and foreign institutional, which have office in Thailand, amount THB 2,190 mm. and THB 41,711 mm. As of 30th September 2015, the Company has not use this source of fund and this credit line amount is overwhelm and abundant for the needs of this transaction. However, if the company uses this short-term funding, it might affect with the operation liquidity for a short period. But, It will be disbursed with the Company’s cash flow from operation. The Company anticipates that the

SPA agreement will be signed in December 2015. And, if the shareholder's approve to engage this transaction, the Company expects that share purchase, payments and right of claims transferences from these 5 target companies will be done in 1st Quarter 2015. If the Company cannot pay this transaction, no penalty will happen to the Company.

1.10 Policy After the Acquisition

Starting from 1 January 2016 onwards, the seller will shall terminate all technical fee and cease to charge directly management fee in foreign countries, which are ABS, HR, ADCo, ADS and RTL, and both parties shall establish a joint management committee to control the operation of the acquired companies. The Company does not plan to restructure its organization, human resources, and shareholding structure after the acquisition.

1.11 Business plan after the acquisition

The Company's mission is to become a globally preferred integrated asphalt & petroleum-related products company within 2020, and its vision is to distribute 6 million tons of asphalt and petroleum products across 5 continents by 2020 in a sustainable and responsible manner.

1.12 Conditions of the Transaction

The key characteristics of the Agreement to Purchase can be summarized as follows:

Parties	Purchaser: 1. Tipco Asphalt Public Company Limited 2. Tasco International (Hong Kong) Ltd. Seller: Colas S.A.
Sign Date	Within December 2015
Assets to be acquired	1) Raycol Asphalt Co., Ltd. ("Raycol") – the Company will acquire 4,218,000 shares, or equivalent to 38.00%, with a par value per share of THB 10.00, totaling USD 7.00 mm or approximately THB 250.86 mm. Raycol's address is 1/118 Rama VI Rd. Sam Sen Nai, Phaya Thai, Bangkok 10400. Raycol is a manufacturing and seller of asphalt, emulsion and petroleum-related business. Raycol has a manufacturing plant at Rayong province. 2) PT Asphalt Bangun Sarana ("ABS") – the Company will acquire 8,397 shares, or equivalent to 99.98%, with a par value per share of IDR 6.96 mm, totaling USD 9.50 mm or approximately THB 340.45 mm. ABS's subsidiaries are PT Saranaraya Reka Cipta ("SRC"), with 100.00% of its shares belongs to ABS, and joint company PT Sarana Distribusi Aspal Nusantara ("SDAN"). with 49.00% of its shares belongs to ABS. ABS's address is Gedung Graha Pratama, 19 th Floor, Jl. M.T. Haryono Kav. 15, Jakarta, INDONESIA. ABS is an importer, producer and retail seller of asphalt in Indonesia. 3) Highway Resource Pte. Ltd. ("HR") and its subsidiary- The Company will acquire 4,780,000 shares,

	<p>or equivalent to 100.00%, with no par value per share, totaling USD 20.00 mm, or approximately THB 716.74mm. HR owns 100% of the subsidiary, Asphalt Distribution Co., Ltd. HR's address is 300 Beach Road #26-07, The Concourse, Singapore 199555. HR is a bitumen sourcing and trading company for COLAS group.</p> <p>4) AD Shipping Pte. Ltd ("ADS")– the Company will acquire 7,125,000 shares, or equivalent to 100.00, with no par value per share, totaling THB 430.04 mm. Loans given to ADS is USD 8.00 mm or approximately THB 286.70 mm. Its address is 300 Beach Road #26-07, The Concourse, Singapore 199555. ADS engages in charter business, owner of an asphalt taker, with 3,606tons capacity.</p> <p>5) Reta Link Pte. Ltd. ("RTL")- the Company will acquire 50,000 shares, or equivalent to 100.00%, with no par value per share, totaling USD 0.80 mm or approximately THB 28.67 mm. Loans given to RTL is USD 4.50 mm or approximately THB 167.27 mm. RTL's address is 300 Beach Road #26-07, The Concourse, Singapore 199555. RTL engages in charter business and owns an asphalt taker with 2,058tons capacity.</p>
Purchase Price	USD 61.80 mm in total, or approximately THB 2,214.73 mm
Payment	Once the Seller completed Conditions Precedent for any Target Companies, the Purchaser must pay for the common share of that company by transferring the cash electronically to the specified account.
Key Condition Precedent	<ul style="list-style-type: none"> ■ The Transaction must be approved by the Company's shareholders. ■ All legal proceedings related to the process of changing shareholders such as redefining the Company's objectives, verifying documents accuracy, obtaining permissions from related government agencies, must be complete with regards to the future business operation of the Company.
Other Conditions	<ol style="list-style-type: none"> 1. The acquisition of all 5 Target Companies' common shares cannot be separated by company. 2. Starting from 1 January 2016 onwards, the seller shall terminate all technical fee and cease to charge directly management fee in foreign countries and both parties shall establish a joint management committee to control the operation of the acquired companies 3. Non-compete agreement <ol style="list-style-type: none"> a) Subject to the applicable law, the Seller shall not (whether directly or indirectly) engage into any bitumen or oil products trading business similar to the business carried out by the Companies and/or their Subsidiaries at the date of Closings, in Vietnam, Indonesia and Singapore for a period of 10 years from the respective Closing Dates, except with the prior written consent of the Purchaser b) For a period of five years from the date of this Agreement, the Seller shall to the extent practicable and subject to applicable laws grant a right of first refusal to the Purchaser when engaging in any bitumen and related oil business in the Philippines, Timor-Leste (East Timor), Myanmar and Sri Lanka) The restriction shall apply to the extent that such business activities

	<p>are not carried out for the operational needs of the Seller and its Affiliates; and until the earliest of the date on which the Seller holds less than 10% of all shares in the Purchase.</p> <p>4) The Seller will assume responsibility of possible damages and tax or other transactions related to business income tax, value added tax, taxation of aliens, or other taxes which also includes fines and other related interest expenses. The Purchaser will be responsible for the amount exceeding USD 200,000 but not more than 50% of the Transaction value.</p> <p>5) The agreement shall be governed by and construed in accordance with the laws of Switzerland.</p>
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2. Information and Business Performance of Tipco Asphalt Public Company Limited and TASCOS International (Hong Kong) Ltd.

Details can be found in appendix 1 of the Opinion of the Independent Financial Advisor Report

3. The Reasonableness and Advantages of the Transaction.

3.1 Objectives and Necessity of Entering into the Transaction

The Company operates in a business that produces and distributes asphalt and asphalt emulsion, a component regularly used for paving roads and repairing highways and roads. By the end of 2014, the Company was able to achieve the goal it set out to achieve in 2015, which is to become the leader in asphalt industry in South East Asia and to distribute at least 2 million tons of asphalt products. This achievement steered the Board of Directors and the management team to discuss and identify new business plan and goals for the Company in 2020. As a result, the Company set its mission to become a globally preferred integrated asphalt & petroleum-related products company within 2020, and its vision to distribute 6 million tons of asphalt and petroleum products across 5 continents by 2020 in a sustainable and responsible manner.

Therefore, entering into this Transaction to acquire assets from connected person is to acquire business operations in Indonesia, Vietnam, and Singapore, which will enable the Company to expand its business as the importer, manufacturer, and distributor of asphalts into these three countries and increase the sales quantity of asphalt as a result. Furthermore, acquiring more asphalt tankers for transporting products will increase tanker fleet and transportation capacity. From the Board of Directors' meeting No. 6/2015 dated 13 November 2015, the Board of Director resolved to allow the Company and its subsidiaries to acquire common shares of 5 companies (collectively referred to as "Target Companies") from COLAS, a connected person of the Company since COLAS holds 31.81% of the Company's registered and paid-up capital as of 31 August 2015. COLAS plans to dispose of these companies in order to pay for its debt and increase liquidity for its product management, which is to be centralized under TASCOS via share ownership.

As such, this acquisition Transaction is in line with the Company's business plan that aims to expand the asphalt product business to Indonesia and Vietnam as well as the Group's charter business – an action that will benefit the Company and its shareholders in the future as well as create income stability for the Company in the long run.

3.2 Advantages and disadvantages of entering and not entering into the Transaction

3.2.1 Advantages and disadvantages of entering into the Transaction

3.2.1.1 Advantages of entering into the Transaction

(1) The investment is in alignment with the Company's new 2020 mission and vision

The Company's mission is to become a globally preferred integrated asphalt & petroleum-related products company within 2020, and its vision is to distribute 6 million tons of asphalt and petroleum products across 5 continents by 2020 in a sustainable and responsible manner. The investment in Vietnam and Indonesia will allow the Company to enter into manufacturing and distribution of asphalt products in these countries. Therefore, entering into the Transaction is a continuation of the Company's business operation plan and is a corporate strategy in achieving 2020 mission and vision. In addition, it will create financial benefits for the Company as well.

(2) The investment will create synergy between the Company and COLAS

The investment will further enhance synergy between COLAS and the Company, both in economy of scale and production cost reduction. In other words, it will maximize production capacity of the Group's asphalt refinery and the Company can send these additional asphalts to sales and distributes in Indonesia and Vietnam to correspond with increasing demand in these markets. Also, the Depot acquisition in Indonesia and Vietnam save the Company investment budget due to the company can readily start its business in these countries without any delays. The investing in HR in Singapore will also increase sources for asphalt product procurement since HR's business is trading asphalt products. In effect, HR's access to additional raw material from other sources will be available for the Company. Additionally, purchasing two asphalt tankers will add additional carrying capacity to the Company's fleet. The additional capacity will in turn increase the Company's logistic flexibility and potential cost saving.

(3) The investment will increase the Company's size and extend its current business operation

Entering into the Transaction will increase the Company's total assets from THB 16,268.35 mm as of 30 September 2015 to THB 16,271,691.87 mm (the sum of total asset of the Target Companies, displayed here only to show its value after the acquisition.) Furthermore, entering into the Transaction give the Company additional distribution channel and new potential revenue source. As a result, the increase in size and distribution channel will create value for the Company and its shareholders in the long term.

(4) The investment is in the business that the Company has experience operating and will reduce market entry cost

By entering into the Transaction the Company is expanding its asphalt distribution business which is already its core business. The Company has expertise and experience in operating asphalt business for more than 36 years and over 20 years together with COLAS. This ensures seamless integration of the management team of the Target Companies to the Company's team. Furthermore, entering into the Transaction will reduce market entry cost to Vietnam and

Indonesia. The Company will also save time and efforts by not having to find location, supervising the construction and commissioning of its factory. The Company can easily improve operation processes using the techniques and solutions it accumulated over years of experience. Therefore, entering into the Transaction will give the Company speed to market, which will be beneficial for both the Company and its shareholders.

(5) The investment will eliminate potential conflict of interests

Target Companies also operate in a very similar business to the Company's, which can be considered as the Company's competitors and have the potential to cause conflict of interest. Therefore, entering into the Transaction will eliminate possible future conflict of interests.

3.2.1.2 Disadvantages of entering into the Transaction

(1) The Company has limited information of the local markets

Entering into the Transaction is to invest in shares of companies that operate in foreign markets, namely Indonesia, Vietnam, and Singapore. So far, the Company distributed asphalt products only in bulk to traders in these countries, in turn, traders will distribute the products to retail customers themselves. This leaves the Company with limited information regarding retail market in these countries, such as order quantity, order frequency, collection period, etc. Inevitably, entering into the Transaction bears risks of limited access to information of local customers, which can affect revenue forecast to deviate from the expected amount.

(2) The investment requires a large amount of capital, which may require the Company to enter into interest bearing loan, which may affect its liquidity directly and create more debt obligations and interest expenses.

Entering into the Transaction is to invest a total of USD 61.80 mm, which is equivalent to THB 2,214.73 mm – a significant sum of capital. In the first stage, the Company will make use of its internal cash flow, which is the working capital for its operation. Assuming that borrowing from financial institutions is required, the Company will bear more debt obligations and higher finance cost. If the Company took a THB 2,214.73 mm loan from financial institutions, its debt-to-equity ratio would increase from 0.71 time as of 30 September 2015 to 0.95 time. As a result, if the company wanted to invest in other projects in the future, its debt obligations and debt-to-equity ratio will further increase. Even though debt-to-equity ratio of the Company is currently relatively low, its mission to become a globally preferred integrated asphalt & petroleum-related products company within 2020 and its vision is to distribute 6 million tons of asphalt and petroleum products across 5 continents by 2020 in a sustainable and responsible manner will call for much more investment capital. For this reason, the Company would need to bear more debt obligations should there be more demand for investment in other projects, which will eventually increase its future debt-to-equity ratio.

3.2.2 Advantages and disadvantages of not entering into the Transaction

3.2.2.1 Advantages of not entering into the Transaction

(1) There will be no increase in debt obligations and interest expenses

This transaction is a large-scale investment and will require a total of USD 61.80 mm capital, which is equivalent to THB 2,214.73 mm. The Company may have to partially source its capital by borrowing from financial institution. If the Company opted out of entering into the Transaction, it would not borrow from financial institutions and, consequently, no debt obligations and interest expenses related to this investment would occur.

(2) Working capital can be repurposed for its current business operation

To enter into this investment, during the first stage the Company will make use of its operating cash flow to pay to COLAS for its share purchase. Should the Company opt out of entering this transaction; it can repurpose the working capital that was originally budgeted for investments to expand current business operation, or repay its debt with financial institutions. These actions will reduce the Company's interest expense and result in better results from business operation.

3.2.2.2 Disadvantages of not entering into the Transaction

(1) The Company will take longer to achieve its business plan

In its business plan, the Company's mission is to become a globally preferred integrated asphalt & petroleum-related products company within 2020, and its vision is to distribute 6 million tons of asphalt and petroleum products across 5 continents by 2020 in a sustainable and responsible manner. This investment is an expansion of business in alignment with the plan – to operate by creating added value. It will also drive the Company towards achieving leader status in asphalt business. Should the Company opt out of entering this transaction; it will delay the opportunities to realize all those plans.

(2) The Company will lose the opportunity to acquire new marketing and distribution channels

According to the business plan, this investment will help the Company obtain marketing and distribution channels in countries where it previously cannot directly distribute its products. Should the Company opt out of entering this transaction; the opportunity will be lost. In effect, the Company and its shareholders will also lose the opportunity to receive higher returns.

(3) The Company will lose the opportunity to receive higher returns.

Entering into the Transaction will increase the Company's revenue from sales of asphalt product in the region, which will enable the Group to maximize the production capacity of its asphalt factory and eventually improve the Group's turnover. Therefore, should the Company opt out of entering this transaction, revenue and profit from increased operation will never be received, which means both the Company and its shareholders would have lost the opportunity to receive higher returns.

**3.3 Advantages and disadvantages of entering into the Transaction
with connected person and third party**

3.3.1 Advantages and disadvantages of entering into the Transaction with connected person

3.3.1.1 Advantages of entering into the Transaction with connected persons

- (1) The Company is already familiar with the business to be invested and COLAS is aware of the Company's business competency

The investment will expand the Company's asphalt business in Singapore, Indonesia, and Vietnam. Asphalt is the Company's core business on which it has more than 36 years of experience and expertise. Therefore, entering into the Transaction will enable the Company to unlock additional synergies between COLAS and the Company. COLAS has considered to enter into the Transaction to sell their shares in the Target Companies in order to create value by unlocking additional synergies. At the same time, COLAS will still while maintain the same shareholding percentage in the Company post transaction.

- (2) The Company can audit the business operation and assets of the companies to be invested

The investment is to purchase assets from companies of which COLAS is the shareholder. Initially, there have been discussions of the Company's investment and the Company had its teams from various departments, namely marketing, production, accounting, and other departments to audit and inspect details of sales processes, distribution and inventory method as well as core operating assets. Due diligence on legal and accounting documents will also be completed before the Company enters into the Transaction in order to gain confidence in all business aspects and prevent errors during the preparation of the consolidated financial statement, which could affect shareholders and investors.

- (3) The Company can use existing human resource of the connected persons

The investment will give the company shares of several companies, to which the Company will not need to send additional management teams to resume managerial duties, thus, these companies will be completely unaffected on the operational level. This allows operation of the invested companies to continue uninterrupted and, in effect, reduces business interruption risk post transaction.

- (4) COLAS is an expert in asphalt business

COLAS operates on conservatism approach with expertise on asphalt business. Furthermore, the Company is well aware of COLAS's direction and management philosophy. Therefore, investing in COLAS's core business will grant the Company understanding of its management approach to further improve its business operation and unlock additional synergies.

3.3.1.2 Disadvantages of entering into the Transaction with connected persons

- (1) There is no price comparison with other sources

The investment will be in asphalt product business, which is a specialized business with limited operators in the market. As no other company that operates in a similar business offered to sell their shares, the Company was

unable to obtain price information from other sources for comparison. If an offer to sell similar assets at lower prices occurs in the future, the Company and its shareholders have overpaid for this transaction.

(2) Entering into a transaction with connected persons requires approval from the shareholders' meeting, thus costing the Company more expenses and obligations

The investment is a transaction between the Company and COLAS – a connected person of the Company. Investment value can be up to USD 61.80 mm, which is equivalent to THB 2,214.73 mm. Since the Transaction in question exceeds THB 20 mm or 3% of the Company's NTA, the Company is obliged to obtain approval to proceed with the Transaction from the shareholders' meeting and appoint independent financial advisor to give opinions on the reasonableness and fairness of the price of connected transaction. This will cause the Company to have more expenses. On the contrary, if the Transaction of the same size is with third party, the Company can proceed in accordance to the project's plan immediately after the board of director's meeting resolved to approve the investment.

3.3.2 Advantages and disadvantages of entering into the Transaction with a third party

3.3.2.1 Advantages of entering into the Transaction with third party

(1) The Transaction will be perceived as at arm's length as any other common business transactions

Entering into the Transaction with a third party reduces suspicions of misappropriation of assets because both parties assume to negotiate and agree to their own terms with their best interest in mind. The seller does not have a stake in the Company other than for business purpose.

Nevertheless, entering into the Transaction with connected persons can proceed at the same level- or higher - of transparency by disclosing complete information for shareholders' consideration, thus giving shareholders confidence to enter the Transaction.

(2) The Company hypothetically can purchase the same type of asset at a lower price

Entering into the Transaction with third party will grant the Company freedom to negotiate and select assets in different countries, which may result in obtaining lower price than entering into the Transaction with connected persons.

3.3.2.2 Disadvantages of entering into the Transaction with third party

The Company may not receive cooperation in auditing asset details because in this type of transaction with a third party, the seller may intend to sell his assets as is. Given the considerable size of the Transaction, the seller may not cooperate in the auditing of his assets or his company's financial position. In the event that there are contingent liabilities, the transaction could lead to lengthy lawsuits.

3.4 The necessity of entering into the Transaction with connected persons and the rationale behind not entering into the Transaction with the third party

The business in which the company operates is asphalt product. As it is a specialized business with limited operators in the market, entering into the Transaction with connected persons can be considered an acquisition of asset that will obtain new distribution channels in Indonesia and Vietnam. In effect, it helps the Company diversify the risk of operating in foreign countries as well as increase its capacity in operating the Group's businesses. Despite increased expenses and obligations from obtaining approval from the shareholders' meeting, this will become beneficial for the Company's shareholders in the long run.

Furthermore, in this proceeding, the Company can send its own team to support business operation of the Target Companies immediately. In fact, the Company had initially sent its teams from various departments, namely marketing, production, accounting, and other departments related to operating overseas to audit and inspect details of the Target Companies in order to gain confidence in all business aspects and mitigate any errors during the preparation of the consolidated financial statement, which could affect shareholders and investors.

Risk associated with the Transaction

- Risk of Foreign laws enforcement

The seller and buyer of this transaction agree to engage in Share Purchase Agreement, which details are shown under topic 1.12. That agreement specifies the Switzerland laws, which is a foreign law, as an enforced law. The reason that both parties agree to use Switzerland laws is because each party would like to use its country's law. The buyer would like to use Thai's laws, while seller would like to use French's laws. This matter makes both parties cannot reach an agreement. The Singapore laws also is raised as another choice, but, some target companies are located in there, which both parties agree that it is a country that relates to transaction. Therefore, both party mutually agree that they should chose the laws of country which is not related to both buyer and seller. Thus, they agree to use the laws of Switzerland which is internationally accepted as a neutral country. Therefore, there is risk of foreign laws enforcement that might happen.

However, the Company management team deems that this investment is a 5 target company's share acquisition, which payment will be paid one by one until 5 companies is been fully paid. When the payment is made for share acquisitions and/or loans in each country, the main law enforcement will be that country's laws. Its length also enforces both buyer and seller parties. Moreover, regardless of this transaction outcome is success or failure, the seller is a major shareholder in TASCOS who holds 31.81% who will receive the most effect from this transaction.

- Risk of competition by the seller returning in the future

This transaction engagement has non-compete clause in Share Purchase Agreement. It is specified that the Seller, or COLAS, will not engage in asphalt business and petroleum business which are relate to these share purchase target companies' business, both in Vietnam, Indonesia, and Singapore for 10 years from the closing date except the seller received a consent from TASCOS in writing. Also, the Seller will not engage in related

asphalt business and petroleum business in Philippine, Timor-Leste (East Timor), Myanmar, and Sri Lanka for 5 years from the closing date except the seller received a consent from TASCO in writing. Therefore, this is a risk to the Company when prohibit period in non-compete clause matured.

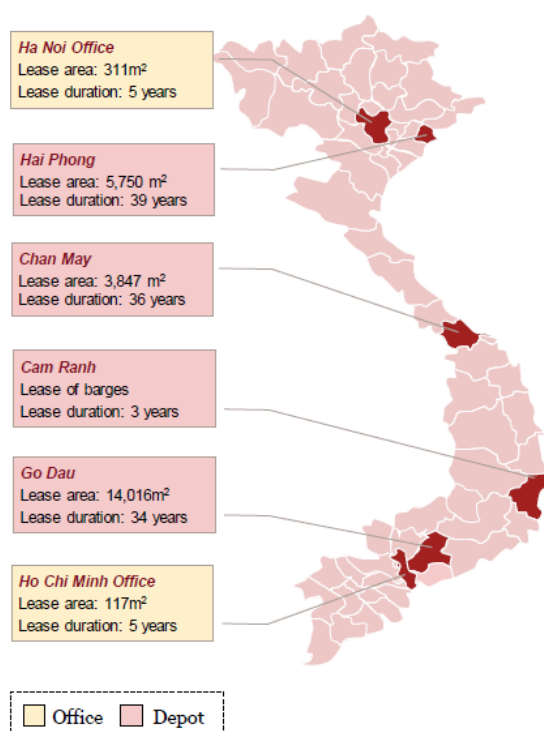
However, when the non-compete clause is matured, if the Seller would like to invest in these countries, the seller would have had a large funding capital and considerable amount of time period to build a new depot for product storage and distribution. Therefore, the Management team believes that, with the good relationship with the seller and seller policy that arrange the center point of product management to be at the Company and receive benefit as a major shareholder, the Company and negotiate with the seller when maturity time has come.

- Risk of investing in assets in foreign countries

This transaction will see the Company invest in acquiring assets as is. Therefore, the Company may need to make several improvements to many of the operating processes, such as the safety protocols when transporting asphalts from asphalt tankers to storage tanks, the production processes, and the asphalt transportation system from ports to storage tanks, to uphold the assets to the Company's standard. By enquiring the technical department who had inspected the asset, it was generally agreed that the Company could utilize existing equipment immediately since all Target Companies are currently operating smoothly. However, the transportation system may be improved to achieve better efficiency. The expenses for this improvement will be displayed under repair and maintenance and its amount was determined by the technical department to be low and insignificant.

- Risk of extending property lease in Vietnam

In the current operation of ADCo, a subsidiary of HR in Singapore, the construction of its asphalt storage warehouses were permitted on a property directly leased from the government. At present, some warehouses are approaching the end of its leasing period, such as the property at Cam Ranh, whose leasing period will expire within 3 years. In this regard, the Company bears the risk of extending property lease period. However, by enquiring the management of ADCo, the IFA was informed that other properties leased out to foreigners in that area had reached the end of its leasing period and leasing contracts were successfully extended, given that no unlawful activity was committed on the premise. In relation to this, since ADCo never committed any act against the regulations, its management believes that ADCo will be able to extend property lease contract.



- Risks of not having right to hold assets

Acquiring shares of PT Sarana Distribusi Aspal Nusantara (“SDAN”) will result in the Company owning 49.00% of all registered and paid-up capital of SDAN, who has ownership of the floating barges, while the other 51% belongs to Mitra Nusantara Investama. Therefore, there are risks of not being able to extend floating barge leasing contract should there be any dispute between the Company and Mitra Nusantara Investama.

The acquisition Transaction is to obtain assets in line with the Company’s business operation. Therefore, risks that are commonly associated with the Company can also apply to the Target Companies, which may include risks related to loans from financial institutions, liquidity, currency exchange, interest rate, and oil price. The Company has been managing these risks through the use of many financial tools, therefore, when the Company becomes a shareholder of Target Companies, it will also have to bear the following risks:

- Risks from liquidity and interest rate

To enter into this transaction, the Company will pay for the shares by using its working capital and/or loans from financial institutions. This could affect the Company’s liquidity since its operation involves purchasing crude oil through taking out unsecured short-term trade and working capital facilities from both local financial institutions and foreign ones

operating in Thailand with credit line up to USD 1.2 bn in total. Therefore, using capital from this source to enter the Transaction will inevitably affect current business operation. Furthermore, sourcing capitals from financial institutions will give the Company more risks from interest rate fluctuation as well.

- Risks from currency

The Company, its subsidiaries, and Target Companies bear foreign currency risk, which occur from purchasing raw material and collecting export sales in foreign currencies. So far, the Company has been managing these risks by having loans and revenues from sales in the same currency. The Company also entered futures contracts for expenses that may cause future risks from currency exchange in order to mitigate said risk to an insignificant level.

- Risks related to oil price fluctuation

Prices of petroleum product have considerably fluctuated in the past three year. Crude oil price increased from USD 116 per barrel in early 2013 to USD 150 per barrel during 2013 and shortly decreased to USD 58 per barrel in late 2014. This has consequently affected the cost of the Company's raw material. In response, the Company has set up its hedging policy on raw material purchasing as well as its management strategy in order to prevent any possible damage from price fluctuation to reduce the Company's exposure to risk of oil price fluctuation.

- Risks related to supply of asphalt cement

The business in which the Company operates has limited manufacturers. Even though the Group has a refinery of its own, the Company still seeks to minimize risks of procuring raw materials and finished product, asphalt, in order to prevent product shortage. So far, the Company has a good relationship with every refinery in Asia thanks to its constant connection and purchasing of their asphalt, a by-product of every refinery. The Company has also expanded its alliance network to cover areas beyond Asia in order to procure said product as well.

- Risks related to domestic and international market

Following economic expansions in many countries, demand for asphalt has increased. However, with different market conditions and growing competition, entering into a new territory have significant risk. Nevertheless, the Company has put its efforts in building a competent marketing team in response of the increasing competition. The Company emphasizes on developing human resources to foster fruitful relationship with clients in order to satisfy clients as well as create new marketing channels. These efforts will help reduce risks related to local and foreign market.

- Risks related to transportation by fleet of asphalt tankers and tank trucks

The Company's product requires specific method of transportation, a close-system transportation, in order to maintain product quality. Transferring the product, both from an asphalt tanker to a storage tank and from a tank truck to the client's storage tank, also requires heat. Therefore, maintaining asphalt tankers and tank trucks in good condition is no less important than other aspect of the Company's business operation. So far, the Company's fleet of asphalt tankers is routinely maintained, inspected, and repaired in order to prevent errors or inability to transport products. Furthermore, the Company takes great care in its chartering business to ensure that accidents, injuries and product leakage to the ocean will not happen. As for the tank truck fleet, the Company underlines the importance of driving mindfully to its drivers in order prevent accidents. The drivers are expected to also follow transportation protocols strictly. Additionally, the Company tracks truck route via GPS tracking system to boost confidence in transportation safety as well as prevent speeding.

- Risks related to natural disasters in the countries to be invested

A part of this transaction will be invested in Indonesia, a country situated on the tectonic plate fault line. Indonesia is prone to earthquakes, which can cause damages to the Company's assets and human resources in the area. Additionally, in the past tsunami occurrence, Indonesia was one of the most affected countries. The tsunami had costed Indonesia delays and termination of investment and both business and government operations. Therefore, if the aforementioned natural disaster occurred again, the Company can be affected adversely.

In addition, the majority of investment value in this transaction will be in foreign countries, which gives the Company the following risks to consider:

- Country risk, such as risks related to clients, economic risk, political risk, financial system risk, risk from tax and accounting, risk of managing human resources with culture difference

(1) Economic risk

This type of risk concerns the chance that the economy in the country to be invested will become fundamentally sluggish, which causes negative impact on revenue stability, business performance, and transaction quantity. Ultimately, the Company's business performance may not reach its expected goal. Generally, economic risk is determined by economic growth trends, the government sector's financial and fiscal status, international transactions and trade, international balance of payment, and economic stability.

(2) Political risk

There stands a chance that the government in countries to be invested will govern inefficiently. This risk can be determined from many factors, such as changes in sub-government ministers, the government's instability, inappropriate policies, pressure and social discordance, unrests, insufficient law enforcement system, and

international political conflicts. In this transaction, the Company will be investing in Singapore, Indonesia, and Vietnam, and the two latter countries recently had newly arranged cabinet. Therefore, the political risk should be recognized in this regard.

(3) Financial system risk

Financial fluctuation can directly affect Target Companies operation. Additionally, it can indirectly affect the business by many factors, such as, weak banking system and financial institutions, sluggish asset market, inefficient financial system monitoring structure, accounting standards that affects accurate disclosure of financial information, the government's fiscal and financial status, financial institutions alertness towards financial system fluctuation or external factors, and enforcement of Basel II in accordance with international banking standard.

3.5 Source of capital for the Transaction

In this transaction, which totals USD 61.80 mm or THB 2,214.73 mm, The Company will utilize its working capital and/or borrowings from financial institutions. As of 30 September 2015, the Group has THB 484.04 mm cash and cash equivalent. In addition, according to documents from finance department, the IFA discovered that the Company has THB 2,190 mm promissory note and THB 41,711 mm L/C, T/R credit line from both Thai and international financial institutions. As of 30 September 2015, the Company has not withdrawn from the said short-term loans, therefore, the loan is sufficient for, and even exceeding, the required amount for this investment. However, if the Company uses that short-term source of fund, it might affect to the liquidity of the Company's operation. And, when the Company received a cash flow from operation, the Company will repay that loan.

4. Appropriateness of the acquired assets

IFA has considered the value of assets by interviewing and reviewing the Targets' projections with COLAS' management and with the Targets' management together with publicly available information.

However, IFA's opinion is based on assumptions that information and documents received are complete and correct. IFA also considers current information, which can significantly affect the Company's business operation, forecast, and information and eventually affect shareholders' decision.

The opinion of IFA concerning fair value of the Transaction is based on the following six valuation approaches:

1. Book value approach
2. Adjusted book value approach
3. Price-to-Book-Value ratio approach ("P/BV Ratio")
4. Price-to-Earnings ratio approach ("P/E Ratio")
5. Market value approach
6. Discounted cash flow approach ("DCF Approach")

1 Raycol Asphalt Co., Ltd. ("Raycol")

1) Book value approach

This valuation approach reflects the value of net asset on the accounting book (total assets minus total liabilities) or equals to shareholders' equity divided by number of shares, to arrive at book value per share. From financial statement as of 30 September 2015, which is a management account in which IFA made some adjustment to reflect assets, liabilities and shareholders' equity, Book Value Approach gave the following results:

Item	Amount (THB mm)
Registered and paid-up share	111,000,000
<i>Add</i> Premium on share	19,000,000
Retained earnings	81,844,740
Total shareholders' equity	211,844,740
No. of shares (share)	11,100,000
Book value per share (THB)	19.09

Based on the book value approach, the share value of Raycol is THB 19.09 per share.

2) Adjusted book value approach

This valuation approach takes total assets and deduct it with total liabilities at any given moment and makes adjustments for commitments and contingent liabilities including the increment or discount of market value of fixed assets appraised by independent appraiser and other factors raised by management interview, then divides the amount by number of shares.

Items considered for adjustments in adjusted book value approach are property, plant and equipment. The detail of which are as follows:

Asset Item^{1/}	Book Value (THB)	Appraised Value^{2/} (THB)	Difference (THB)
Land and land improvement	18,512,548	43,500,000	24,987,452
Building and improvement	4,203,158	8,600,000	4,396,842
Machine	2,278,583	40,395,200	38,116,617
Equipment	1,677,525	3,529,200	1,851,675
Furniture	568,890	1,037,330	468,440
Computer	189,754	207,570	17,816
Vehicle	4,801,202	10,682,600	5,881,398
Total	32,231,658	107,951,900	75,720,242

Remark: Exchange rate from Bloomberg as of 11 November 2015: THB 35.837 / USD

^{1/} Appraisal value from independent appraisal report, American Appraisal (Thailand) Co., Ltd., dated 5 November 2015

^{2/} Fair value approach

American Appraisal (Thailand) Co., Ltd. appraised Raycols assets using 2 methods, which consists of 1) replacement cost – THB 321.10 mm, and 2) fair market value – THB 107.95 mm. The Independent Appraiser has appraised an additional remain useable period and increase the machine useable period to 15 years, while the Company policy is 5 - 10 years. Also, the Appraiser has appraised the additional investment in 9 months of 2015, such as furniture, Computers and equipments, including the additional fleet of trucks which are purchase in October 2015, which effect the appraisal value is higher than book values. However, IFA considers fair market value to be more reasonable since it compares the current market value. Therefore, the IFA uses fair value of THB 107.95 mm with net book value as of 30 September 2015 of THB 32.23 mm to calculate. The details of which are as follows:

Item	Amount (THB)
Book value as of 30 September 2015	211,844,740
<i>Add</i> Difference from appraisal report	75,720,242
Adjusted book value	287,564,982
No. of shares (share)	11,100,000
Adjusted book value per share	25.91

Based on the adjusted book value approach, the share value is THB 25.91 per share. IFA opines that adjusted book value approach from appraisal report reflects the intrinsic value.

3) Historical market price approach

This valuation approach is based on the historical weighted average market price of Raycol from the stock exchange, under time frame of 15 – 30 days counting backward on the date IFA conducts this approach. However, Raycol is not a listed company, therefore, this approach is not applicable.

4) Price-to-Book-Value ratio approach (“P/BV Ratio”)

This valuation approach is based on book value calculated in 1.1, which equals THB 19.09 per share, multiplied by the average Price-to-Book-Value ratio (P/BV) of companies listed in the Stock Exchange of Thailand under construction material involving in infrastructure and government spending sector, which leads to road infrastructure projects that use cement as a raw material which have the same trend with the asphalt business. Based on the information from the Stock Exchange of Thailand, IFA selected 8 comparable companies consisting of Chonburi Concrete Product Public Company Limited, DCON Products Public Company Limited, General Engineering Public Company Limited, The Siam Cement Public Company Limited, Siam City Cement Public Company Limited, Southern Concrete Pile Public Company Limited, Tipco Asphalt Public Company Limited, and TPI Polene Public Company Limited. Details of average P/BV of comparable listed companies from 15 to 180 trading days counting backward from 11 November 2015 are as follows:

Comparable Companies		Symbol	Average P/BV Ratio (Trading Days)					
			15-day	30-day	60-day	90-day	120-day	180-day
1	Chonburi Concrete Product Plc.	CCP	2.00	2.01	2.03	2.07	2.10	2.26
2	DCON Products Plc.	DCON	3.60	3.64	3.68	3.53	3.54	3.82
3	General Engineering Plc.	GEL	0.72	0.72	0.74	0.77	0.80	0.88
4	The Siam Cement Plc.	SCC	2.87	2.90	2.96	3.12	3.23	3.34
5	Siam City Cement Plc.	SCCC	3.67	3.68	3.63	3.68	3.76	3.92
6	Southern Concrete Pile Plc.	SCP	1.82	1.81	1.79	1.80	1.84	1.92
7	Tipco Asphalt Plc.	TASCO	7.61	6.99	5.94	5.72	5.37	4.56

8	TPI Polene Plc.	TPIPL	0.88	0.90	0.88	0.87	0.90	0.94
Average P/BV			2.90	2.83	2.71	2.70	2.69	2.70

Source: The Stock Exchange of Thailand as of 11 November 2015

Value from Price-to-Book-Value ratio approach is calculated from the following formula:

Fair Value	=	Average P/BV of comparable companies x Book value as of 30 September 2015
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	15-day	30-day	60-day	90-day	120-day	180-day
Average P/BV	2.90	2.83	2.71	2.70	2.69	2.70
Book value per share (THB)	19.09	19.09	19.09	19.09	19.09	19.09
Share value (THB)	55.27	54.04	51.63	51.46	51.39	51.62

Based on the Price-to-Book-Value ratio approach, the share value of Raycol is THB 51.39 per share – THB 55.27 per share.

5) Price-to-Earnings ratio approach (“P/E Ratio”)

This valuation approach is based on estimated 2015 earnings of Raycol, which equals THB 10.83 per share, multiplied by the average Price-to-Earnings ratio (P/E) of comparable companies as mentioned in 1.4. Details of P/E ratio of listed companies from 15 to 180 trading days counting backward from 11 November 2015 are as follows:

Comparable Companies		Symbol	Average P/E Ratio (Trading Days)					
			15-day	30-day	60-day	90-day	120-day	180-day
1	Chonburi Concrete Product Plc. ^{/1}	CCP	37.94	38.26	38.65	36.00	34.18	29.54
2	DCON Products Plc.	DCON	10.01	10.13	10.23	10.67	11.27	12.49
3	General Engineering Plc.	GEL	54.55	55.10	56.08	50.58	48.34	41.29
4	The Siam Cement Plc.	SCC	13.40	13.53	13.80	14.82	15.46	16.51
5	Siam City Cement Plc.	SCCC	18.15	18.11	17.85	18.07	18.43	18.24
6	Southern Concrete Pile Plc.	SCP	8.88	8.81	8.69	8.66	8.77	8.73
7	Tipco Asphalt Plc.	TASCO	18.71	17.18	14.59	15.56	15.36	15.18
8	TPI Polene Plc.	TPIPL	60.07	61.13	59.85	52.12	49.21	47.27
Average P/E			13.83	13.55	13.03	13.56	13.86	14.23

Source: The Stock Exchange of Thailand as of 11 November 2015

^{/1} Abnormal volatility, therefore, not included in calculation

Value from Price-to-Earnings ratio approach is calculated from the following formula:

Fair Value = Average P/E of comparable companies x Estimated 2015 earnings

	15-day	30-day	60-day	90-day	120-day	180-day
Average P/E	13.83	13.55	13.03	13.56	13.86	14.23
Earnings per share (THB)	10.83	10.83	10.83	10.83	10.83	10.83
Share value (THB)	149.72	146.73	141.11	146.78	150.05	154.07

Based on the Price-to-Earnings ratio approach, the share value of Raycol is THB 141.11 per share – THB 154.07 per share.

6) Discounted cash flow approach (“DCF Approach”)

The discounted cash flow approach is calculated by discounting the expected future cash flows at the weighted average cost of capital (“WACC”). This valuation exercise is prepared based on a going concern basis under the current economy.

IFA has provided the opinion based on the forecasts in order to show the appropriateness of the Transaction under the current economy, without incorporating the possibility of future projects. If any of the above factors or other external factors that could significantly impact the business operation changes from the assumptions made herein, the share value based on this approach may also differ.

IFA’s forecasted financial statements are based on the historical financial information, which includes documents seen/received from management and management interview. Key assumptions used in financial forecast are illustrated as follows:

1. Forecasted period: 6 years (2015 – 2020)

IFA evaluate that this timeframe has reflected the demand fluctuation from political factors and short-term investment sufficient.

2. Revenue and costs

Revenue forecast

IFA determines various revenue assumptions based on interviews with the management, past operating results, and the future trend. The main assumptions used in preparing the forecast are as follows.

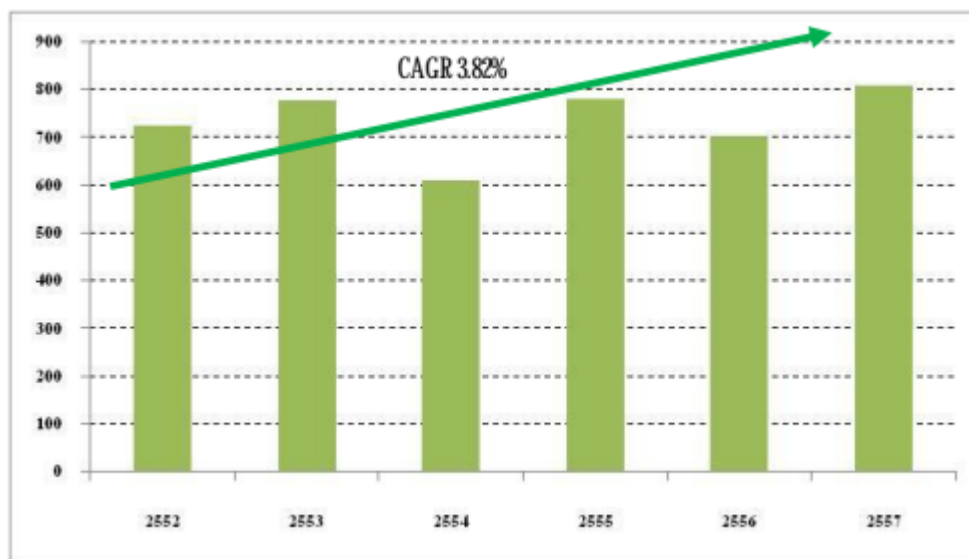
Asphalt sales quantity

Asphalt sales in 2015 are assumed to be 57,166 tons, or 19.21% growth from asphalt sales in 2014, with supports from the following factors:

- 1) High asphalt sales growth in the first 9 months of 2015. In the said period, Raycol sold 41,506 tons of asphalt products consisting of asphalt cement, asphalt emulsion, PMA, and special products.
- 2) Department of Highway budget for construction and maintenance of THB 25,000 mm and Department of Rural Roads budget for construction and maintenance of THB 15,000 mm to be spent within November 2015 to 2016 will drive a constant sales growth from late 2015 onwards.

The domestic asphalt demand expansion trend is uncertain and its cycle is not explicit. However, Thailand's asphalt demand depends on government budget for road construction and maintenance as well as political stability. IFA assumes asphalt sales based on historical asphalt demand growth (2010 – 2015) to reflect the demand and said political stability.

Demand for asphalt in Thailand (unit: 1000 tons)



Source: TASCO

Asphalt selling price

From 2012 – the first 9 months of 2015, average asphalt selling prices, including asphalt cement, asphalt emulsion, PMA, and special products, are ranged within THB 16,000 – 22,000 per ton, THB 21,000 – 22,000 per ton, THB 34,000 – 35,000 per ton, and THB 58,000 – 93,000 per ton, respectively. Selling prices changes in the same direction as crude oil price

but with lower volatility. This is because most of oil refineries chose to refine higher grade of light oil, hence the limited asphalt supplies.

IFA estimates that the selling price of asphalt will stabilize or increase thanks to 1) limited asphalt supply; 2) ASEAN Economic Community (AEC) which leads to higher infrastructure spending to boost economic growth, especially in Vietnam and Indonesia; and 3) Thai government's spending on large-scale projects.

However, on conservative basis, IFA assumes the selling price of asphalt to be close to their average or the average of lowest price points from 2012 to the period of 9 months in 2015 at THB 17,500 per ton for asphalt cement, THB 21,000 per ton for asphalt emulsion, THB 34,000 per ton for PMA, and THB 80,000 per ton for special products.

Costs

As Raycol's pricing policy is cost-plus margin, therefore, IFA assumes costs to be equal to average percentage of selling price. In 2015 forecast, cost to price percentage were assumed to be close to 9-month average costs for each product. Costs to price percentage for asphalt cement, asphalt emulsion, PMA and special products are assumed to be 92.17%, 61.69%, 59.61% and 60.37% of selling price, respectively. This leads to weighted average gross margin of 16.16%.

For 2016 - 2020, IFA based gross margin assumption on a conservative basis by using average percentage of selling prices from 2012 to the period of 9-month in 2015. Average cost to price percentage for asphalt cement, asphalt emulsion, PMA and special products are assumed to be 96.44%, 68.67%, 70.13% and 64.42% of selling price, respectively. This leads to weighted average gross margin of 10.62%.

Selling and administrative expenses

Selling and administrative expenses consist of salary expenses, management expenses, marketing expenses, rent, utility expenses, and etc. From an interview with the management, the increase in selling and administrative expenses is 4% per year. This is in line with salary and expenses policy of Raycol.

Technical fee to COLAS

Raycol pays technical fee for product development assistant from COLAS. Average technical fee from 2012 - the period of 9 months ending 30 September 2015 is 1.20% of revenue. Although TASCOT will hold 79.00% of Raycol after the acquisition, the technical fee policy will remain unchanged. Therefore, IFA assumed 1.20% of technical fee in the forecasted period.

Tax rate

Tax rate is assumed to be 20.00%, based on corporate tax rate. On a conservative basis, the assumed tax rate is higher than 15.75%, which was the average of effective tax rate from 2012 to the period of 9 months ending 30 September 2015, mainly as a result of the impact from deferred tax.

3. Working capital

Working capital consists of accounts receivable, accounts payable, other current assets, other non-current assets, other current liabilities, and other non-current liabilities. IFA assumes working capital as percentage of sales based on 2013 - 2014 average and on management information. Assuming constant percentage, working capital can be demonstrated as in the table below:

	Assumptions
Average days sales outstanding (days)	60
Average days payable outstanding (days)	21
Average days inventory outstanding (days)	18
Other current assets to sales (%)	0.08%
Other non-current assets to sales (%)	0.02%
Other current liabilities to sales (%)	0.42%
Other non-current liabilities to sales (%)	0.39%

4. Capital expenditure

From management interview, Raycol's capital expenditure plan for 2015 - 2020 is as follows:

2015

- | | | | | |
|----|--|-----|-------|----|
| 1. | Improvement of office and equipment | THB | 10.00 | mm |
| 2. | Investments in trucks and operating system | THB | 20.00 | mm |
| 3. | Investments in machines and equipment | THB | 20.00 | mm |

2016 - 2017

- | | | | | |
|----|--|-----|-------|----|
| 1. | Investments in trucks and operating system | THB | 20.00 | mm |
| 2. | Investments in machines and equipment | THB | 20.00 | mm |

2018 - 2020

Estimated capital expenditure of THB 5.00 mm per year for improvement of trucks, office, machine, system and equipment.

Terminal growth

To be conservative, IFA assumes terminal growth rate of 2.00% per year, which is lower than asphalt industry growth.

5. Discount rate

Discount rate, used to calculate present value of cash flows from operations, is calculated by using Weighted Average Cost of Capital (WACC) with the following assumptions:

$$\text{WACC} = (\text{Cost of interest bearing debt} \times \text{Interest bearing debt} / \text{Total value of the firm's financing}) + (\text{Cost of equity} \times \text{Total shareholder equity} / \text{Total value of the firm's financing})$$

$$= [K_d(1-T) \times D/(D+E)] + [K_e \times E/(D+E)]$$

Costs of equity (K_e) or return on equity (R_e) is calculated by using Capital Asset Pricing Model (CAPM) as follows:

$$K_e = R_f + \beta (R_m - R_f)$$

Where

R_f = Risk free rate, determined from 30-year government bond yield from www.thaibma.com as of 11 November 2015, which equals 3.66%. This is in consistence with IFA's going concern assumption.

β = Beta, the average risk from investing, calculated from beta of listed companies operating in construction businesses which related to the government spending. When the Government has spend their budget to build roads, the demand in cement and construction raw material will have the same trend with asphalt. Also, Even Raycol use the fund from equity as a main source, IFA considers to use Levered Beta instead Unlevered Beta to minimize the error in assumption, such as Effective rate which might effect to accrued taxation and the difference between each companies. The listed companies used in calculation are CCP, DCON, GEL, SCC, SCCC, SCP, TASCO, and TPIPL (calculated from 5-year historical average, 12 November 2010 – 11 November 2015).

Symbol	Company	Beta
CCP	Chonburi Concrete Product Public Company Limited	1.241
DCON	DCON Products Public Company Limited	0.813
GEL	General Engineering Public Company Limited	1.194
SCC	The Siam Cement Public Company Limited	0.997
SCCC	Siam City Cement Public Company Limited	0.827
SCP	Southern Concrete Pile Public Company Limited	1.072
TASCO	Tipco Asphalt Public Company Limited	1.114
TPIPL	TPI Polene Public Company Limited	1.107

The average beta of listed companies operating in similar businesses is 1.046.

Market Risk	=	Return from investing in the Stock Exchange of Thailand as of 11 November 2015 equals to 11.845% per year.
Kd	=	Maximum Loan Rate of 6 major commercial banks since 2012 – Sep 2015, which equals 7.125%.
D/E	=	From 2012 – 2014 audited financial statements and management accounts from the period of 9 months of 2015, Raycol does not have long-term loan. It utilizes internal cash flows for investing activities instead. From interview with management, Raycol will maintain the same policy for future investment. IFA assumes targeted D/E ratio of 0.00 times, which is the actual D/E ratio as of 30 September 2015.
T	=	Corporate tax rate of 20%.

According to the abovementioned assumptions, Raycol's WACC is 12.22% per year. From the above assumptions, the forecast of free cash flow and the present value of cash flow used in the calculation are as follows:

Assumptions and fair value of Raycol by DCF Approach

	Assumptions	2015F	2016F	2017F	2018F	2019F	2020F
Sales Volume (ton)	3.82% growth	57,166	59,352	61,621	63,978	66,424	68,964
Selling price (THB/ton)	Constant as 2015F	19,412	19,412	19,412	19,412	19,412	19,412
Gross profit margin before depreciation (%)	2013 – 2014 historical average	16.16%	10.62%	10.59%	10.61%	10.63%	10.65%
Other expenses							
Selling and administrative expenses	4.00% growth	10.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Technical fee to COLAS to sales	2012 – 2014 historical average	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
Effective tax rate	Historical average	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%

Assumptions and fair value of Raycol by DCF Approach (Cont'd)

Unit: THB mm	Q4/2015F	2016F	2017F	2018F	2019F	2020F
Time period	0.25	1.25	2.25	3.25	4.25	5.25
Sales	323.8	1,109.7	1,152.1	1,196.2	1,241.9	1,289.4
Costs	(276.1)	(925.1)	(1,023.9)	(1,063.1)	(1,103.7)	(1,145.9)
Gross profit	47.7	128.2	133.1	138.2	143.5	149.0
Selling and administrative expenses	(3.4)	(39.0)	(40.2)	(41.4)	(42.7)	(44.0)
Earnings before interest and tax	45.4	93.8	97.7	101.8	106.0	110.4
Tax expenses	(9.0)	(18.6)	(19.4)	(20.2)	(21.0)	(21.9)
Net earnings after tax	36.4	75.0	78.2	81.4	84.8	88.3
Depreciation	1.5	5.9	6.5	6.5	6.5	6.5
Change in working capital	6.4	(10.2)	(9.1)	(4.6)	(9.6)	(5.2)
CAPEX	(50.0)	(25.0)	(25.0)	(5.0)	(5.0)	(5.0)
Free cash flows to firm (FCFF)	(5.7)	45.7	50.6	78.3	76.7	84.6
Present value of FCFF	219.9					
Present value of terminal value	460.7					
Enterprise value	680.6					

Net debt as of 30 September 2015	74.7
Equity value	755.3
Equity value (38.00%)	287.0

Sensitivity analysis

IFA performs the sensitivity analysis by varying discount rate. 10% increase and 10% decrease from base case were assumed to consider the business value, as if external factors affect to those DCF rates.

Changes in discount rate	-10.00%	0.00%	+10.00%
Discount rate	11.00%	12.22%	13.44%
Equity value per share (THB)	77.23	68.05	60.85
Raycol's equity value (THB mm)	857.29	755.34	675.41
Raycol's equity value (38.00%) (THB mm)	325.77	287.03	256.66

2. Valuation Summary

The valuation results from various approaches are summarized as follows:

	Valuation Approaches	Fair Value (THB/share)	Equity Value (38.00%) (THB mm)	Appropriateness of Valuation Approach
1.	Book value approach	19.09	80.50	Inappropriate
2.	Adjusted book value approach	25.91	109.27	Inappropriate
3.	Market value approach	-	-	Inappropriate
4.	Price-to-Book-Value ratio approach	51.39 – 55.27	216.76 – 233.13	Inappropriate
5.	Price-to-Earnings ratio approach	141.11 – 154.07	595.20 – 649.87	Inappropriate
6.	Discounted cash flow approach	60.85 – 77.23	256.66 – 325.77	Appropriate

In entering into the Transaction, IFA opines that the inappropriate approaches are book value approach, adjusted book value approach, Price-to-Book-Value ratio approach, and Price-to-Earnings ratio approach due to the following reasons:

- Value from book value approach reflects financial position at a point in time without reflecting the fair value of the assets and important events that occurred after the referred financial statement date, as well as the future ability to generate profit. Therefore, this approach is inappropriate.
- Value from adjusted book value approach reflects value of net assets close to fair value and at present better than the book value approach. Furthermore, it also accounts for important events that occurred after the referred financial statement date. However, this approach does not reflect the company's ability to make future profit. Adjusted book value approach, therefore, is inappropriate.

- Value from market comparable approaches, i.e. Price-to-Book-Value ratio approach and Price-to-Earnings ratio approach, reflect values for minority investors. Since TASCOT will hold 79.00% of Raycol's common shares after the acquisition, TASCOT will be considered the major shareholder with control over the company, thus rendering these approaches inappropriate.

IFA opines that the appropriate valuation approach is Discounted Cash Flow (DCF) approach.

- DCF approach reflects business plan, ability to generate profit and growth trend as well as shareholders' return in the future. This approach can reflect the intrinsic value of share to a good extent. Since after the acquisition, TASCOT will hold 79.00% of Raycol's common share and will be considered the major shareholder with control over the company, this approach is deemed appropriate.

Conclusion of Independent Financial Advisor's Opinion

IFA performs the valuation of Raycol in proportion of this acquisition and arrives at the appropriate value between THB 60.85 - 77.23 per share or investment value of THB 256.66 mm - THB 325.77 mm. Since the range of appropriate value is higher the purchase price of THB 250.86 mm (calculated from USD 7.00 mm and the exchange rate of THB 35.837 / USD from Bloomberg as of 11 November 2015), or 2.31% - 29.86% higher than the purchase price, IFA opines that the transaction price is appropriate.

2. PT Asphalt Bangun Sarana ("ABS") and subsidiary

1) Book value approach

This valuation approach reflects the value of net asset on the accounting book (total assets minus total liabilities) or equals to shareholders' equity divided by number of shares, to arrive at book value per share. From financial statement as of 30 September 2015, which is a management account in which IFA made some adjustment to reflect assets, liabilities and shareholders' equity, can be shown below:

Item	Amount (IDR mm)	Amount (THB mm)
Registered and paid-up share	58,450,080,000	154,308,211.20
<i>Add</i> Premium on share	63,518,404,686	167,688,588.37
Retained earnings	121,980,359,712	322,028,149.66

Total shareholders' equity	121,980,359,718	322,028,149.66
No. of shares (share)	8,398	8,398
Book value per share (THB)	14,524,929.71	38,345.81

Remark: Exchange rate equals to THB 0.00264 / IDR

Based on the book value approach, the share value of ABS is THB 38,345.81 per share.

2) Adjusted Book Value Approach

This valuation approach takes total assets and deduct it with total liabilities at any given moment and makes adjustments for commitments and contingent liabilities including the increment or discount of market value of fixed assets appraised by independent appraiser and other factors raised by management interview, then divides the amount by number of shares.

Items considered for adjustments in adjusted book value approach are building and equipment and vehicle. The detail of which are as follows:

Asset Item^{/1}	Book Value (THB mm)	Appraised Value (THB mm)	Different (THB mm)
Building, building improvement and equipment	142,506,368.53	147,805,680.00 ^{/2}	5,299,311.47
Vehicle	31,097,340.43	41,112,720.00 ^{/3}	10,015,379.57
Total	173,603,708.96	188,918,400.00	15,314,691.04

Remark: Exchange rate from Bloomberg as of 11 November 2015: THB 0.00264 / IDR

^{/1} Appraisal value from independent appraisal report, Thai Property Appraisal Lynn Philips Co., Ltd., dated 5 November 2015

^{/2} Cost approach

^{/3} Market approach

From appraisal report dated 5 November 2015, Thai Property Appraisal Lynn Philips Co., Ltd. appraised ABS and its subsidiaries main assets' fair value of THB 188.92 mm (equivalent to IDR 471,560.00 mm, exchange rate from Bloomberg as of 11 November 2015: THB 0.00264 / IDR) by appraise the buildings and improvements, machines and equipments using cost approach. IFA opines that the appraiser extend the depreciation time period, because the Company has a policy to improve and maintain assets to be continuous usable. For vehicles, the appraiser has compared to market value. Because vehicles are well-maintained and timely maintenance, it made vehicles in good shape, which is need in that local area. Thus, the Appraiser evaluate higher value due to increased demands.

Therefore, the IFA uses the different fair value from appraisal report dated 5 November 2015 with net book value as of 30 September 2015 of THB 173.60 mm (equivalent to IDR 65,758.98 mm, exchange rate from Bloomberg as of 11 November 2015: THB 0.00264 / IDR) to calculate. The details of which are as follows:

Item	Amount (IDR mm)	Amount (THB mm)
Book value as of 30 September 2015	121,980,359,718	322,028,150
<u>Add</u> Different from appraisal report	5,801,019,335	15,314,691
Adjusted book value	127,781,379,053	337,342,841
No. of shares (share)	8,398	8,398
Adjusted book value per share (THB)	15,215,691.72	40,169.43

Remark: Exchange rate from Bloomberg as of 11 November 2015: THB 0.00264 / IDR

Based on the adjusted book value approach, the share value is THB 40,169.43 per share. IFA opines that adjusted book value approach from appraisal report reflects the intrinsic value.

3) Historical Market Price Approach

This valuation approach is based on the historical weighted average market price of ABS and its subsidiary and joint company from the stock exchange, under time frame of 15 – 180 days counting backward on the date IFA conducts this approach. However, ABS and its subsidiary and joint company is not a listed company, therefore, this approach is not applicable.

4) Price to book value ratio approach (“P/BV Ratio”)

This valuation approach is based on book value calculated in 1.1, which equals THB 38,345.81 per share, multiplied by the average Price-to-Book-Value ratio (P/BV) of companies listed in the Stock Exchange of Thailand under construction material involving in infrastructure and government spending sector, which leads to road infrastructure projects that use cement as a raw material which have the same trend with the asphalt business. Based on the information from the Stock Exchange of Thailand, IFA selects 8 comparable companies consisting of Chonburi Concrete Product Public Company Limited, DCON Products Public Company Limited, General Engineering Public Company Limited, The Siam Cement Public Company Limited, Siam City Cement Public Company Limited, Southern Concrete Pile Public Company Limited, Tipco Asphalt Public Company Limited, and TPI Polene Public Company Limited. Details of average P/BV of comparable listed companies from 15 to 180 trading days counting backward from 11 November 2015 are as follows:

Comparable Companies		Symbol	Average P/BV Ratio (Trading Days)					
			15-day	30-day	60-day	90-day	120-day	180-day
1	Chonburi Concrete Product Plc.	CCP	2.00	2.01	2.03	2.07	2.10	2.26
2	DCON Products Plc.	DCON	3.60	3.64	3.68	3.53	3.54	3.82
3	General Engineering Plc.	GEL	0.72	0.72	0.74	0.77	0.80	0.88
4	The Siam Cement Plc.	SCC	2.87	2.90	2.96	3.12	3.23	3.34
5	Siam City Cement Plc.	SCCC	3.67	3.68	3.63	3.68	3.76	3.92
6	Southern Concrete Pile Plc.	SCP	1.82	1.81	1.79	1.80	1.84	1.92
7	Tipco Asphalt Plc.	TASCO	7.61	6.99	5.94	5.72	5.37	4.56
8	TPI Polene Plc.	TPIPL	0.88	0.90	0.88	0.87	0.90	0.94
Average P/BV			2.90	2.83	2.71	2.70	2.69	2.70

Source: The Stock Exchange of Thailand as of 11 November 2015

Value from price to book value approach is calculated from the following formula:

Fair Value	=	Average P/BV of comparable companies x Book value as of 30 September 2015
------------	---	---

	15-day	30-day	60-day	90-day	120-day	180-day
Average P/BV	2.90	2.83	2.71	2.70	2.69	2.70
Book value per share (THB)	38,345.81	38,345.81	38,345.81	38,345.81	38,345.81	38,345.81
Share value (THB)	111,202.86	108,518.65	103,917.16	103,533.70	103,150.24	103,533.70

Based on the Price-to-Book-Value ratio approach, the share value of ABS and its subsidiary and joint company is THB 103,150.24 per share – THB 111,202.86 per share.

5) Price-to-Earnings ratio approach (“P/E Ratio”)

This valuation approach is based on estimated 2015 earnings of ABS and its subsidiary and joint company, equals to THB 1,576.13 per share, multiplied by the average Price-to-Earnings ratio (P/E) of comparable companies, as mentioned in 1.4. Details of P/E ratio of listed companies from 15 to 180 trading days counting backward from 11 November 2015 are as follows:

Comparable Companies		Symbol	Average P/E Ratio (Trading Days)					
			15-day	30-day	60-day	90-day	120-day	180-day
1	Chonburi Concrete Product Plc.	CCP	37.94	38.26	38.65	36.00	34.18	29.54
2	DCON Products Plc.	DCON	10.01	10.13	10.23	10.67	11.27	12.49
3	General Engineering Plc.	GEL	54.55	55.10	56.08	50.58	48.34	41.29
4	The Siam Cement Plc.	SCC	13.40	13.53	13.80	14.82	15.46	16.51
5	Siam City Cement Plc.	SCCC	18.15	18.11	17.85	18.07	18.43	18.24

Comparable Companies		Symbol	Average P/E Ratio (Trading Days)					
			15-day	30-day	60-day	90-day	120-day	180-day
6	Southern Concrete Pile Plc.	SCP	8.88	8.81	8.69	8.66	8.77	8.73
7	Tipco Asphalt Plc.	TASCO	18.71	17.18	14.59	15.56	15.36	15.18
8	TPI Polene Plc. ^{/1}	TPIPL	60.07	61.13	59.85	52.12	49.21	47.27
Average P/E			13.83	13.55	13.03	13.56	13.86	14.23

Source: The Stock Exchange of Thailand as of 11 November 2015

^{/1} Abnormal volatility, therefore, not included in calculation

Value from Price-to-Earnings ratio approach is calculated from the following formula:

Fair Value	=	Average P/E of comparable companies x Estimated 2015 earnings
------------	---	---

	15-day	30-day	60-day	90-day	120-day	180-day
Average P/E	13.83	13.55	13.03	13.56	13.86	14.23
Earnings per share (THB)	2,534.30	2,534.30	2,534.30	2,534.30	2,534.30	2,534.30
Share value (THB)	35,041.94	34,342.48	33,028.10	34,353.57	35,120.76	36,060.87

Based on the Price-to-Earnings ratio approach, the share value of ABS and its subsidiary and joint company is THB 33,028.10 per share – THB 36,060.87 per share.

6) Discounted cash flow approach (“DCF Approach”)

The discounted cash flow approach is calculated by discounting the expected future cash flows at the WACC. This valuation exercise is prepared based on a going concern basis under the current economic.

IFA has provided the opinion based on the forecasts in order to show the appropriateness of the Transaction under the current economic, without incorporate the possibility of future projects. If any of the above factors or other external factors that have impact on the operating of the business significantly changes from the assumptions made herein, the share value based on this approach may also differ.

IFA’s forecasted financial statements are based on the information obtained from historical financial including document seen/received from management and management interview. Key assumptions used in financial forecast are illustrated as follows:

1. Forecasted period: 6 years (2015 – 2020)

IFA evaluate that this timeframe has reflected the demand fluctuation from political factors and short-term investment sufficient.

2. Revenue and costs

Revenue forecast

IFA determines various revenue assumptions based on interviews with the management, past operating results, and the future trend. The main assumptions used in preparing the forecast are as follows.

Asphalt sales quantity

Asphalt cement sales in the first 9 months of 2015 are decreased by 9.82% comparing to the first 9 months of 2014. The reasons behind the decrease, from management interview, are as follows:

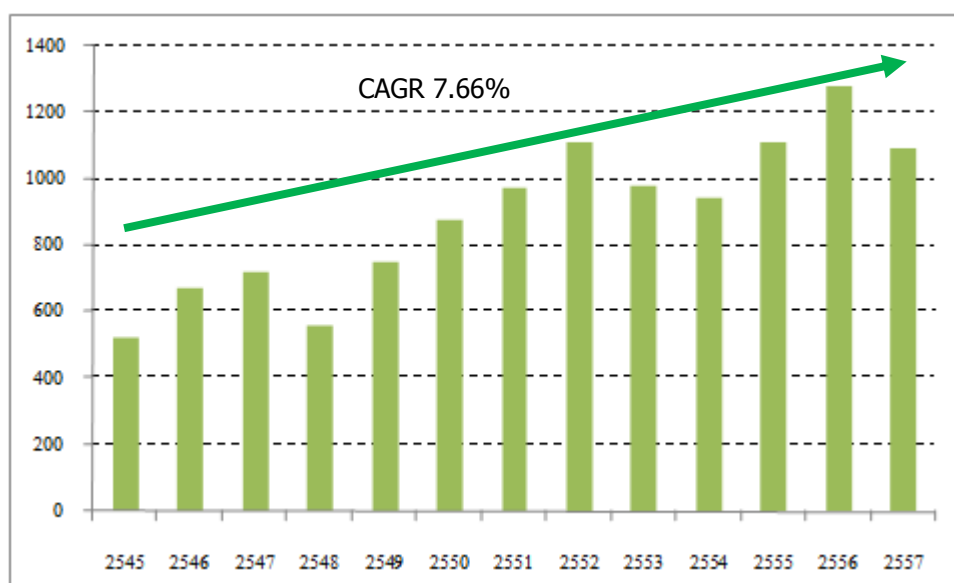
- 1) Customer selection policy to select quality receivable to control collection.
- 2) Lower government budget due to economic slowdown and political uncertainty.

IFA assumes asphalt cement volume sales to decrease by 9.82% in 2015 to reflect the above issues.

Trend of Indonesia asphalt demand in the past is not certain and does not have an explicit cycle. Mostly, it depends on government spending for road construction and maintenance, as well as political uncertainty. According to Jokowi's government plan, to promote infrastructure construction, government budget of IDR 276 tn is assigned, a 45% increase comparing to 2014 government budget. IFA assumes ABS and subsidiaries' asphalt demand equals to 7.66% based on average 2002 - 2015 asphalt demand growth rate in Indonesia to reflect the said issues.

In June 2015, ABS acquires asphalt emulsion plant from PT Widya Sapta Colas (WASCO) and has started asphalt emulsion operation since then. From management interview, plant utilization rate is around 60%, and it is estimated that ABS and subsidiaries will start to recognize revenue from asphalt emulsion in the second half of 2015. However, IFA verifies market growth rate and reduces the assumption on conservative basis by assuming plant utilization rate of 50% for 2015 - 2016 and increase by 7.66% per year for 2017 - 2020 according to growth rate of Indonesia asphalt demand.

Indonesia asphalt cement demand (unit: thousand tons)



Source: ABS and subsidiaries

Asphalt selling price

From 2012 – the first 9 months of 2015, average asphalt selling prices are IDR 7.20 mm – IDR 8.70 mm per ton. Selling prices changes in the same direction as crude oil price, however, with lower volatility. This is because most of oil refineries chose to refine higher grade of light oil, hence, lower asphalt supplies.

Management of ABS and subsidiaries estimates that asphalt selling price trend will be stable or increased because 1) limited asphalt supply since most refineries upgrade their cracking unit to produce more light oil, hence, lower asphalt supply; 2) as main policy of countries in ASEAN Economic Community (AEC) is to support infrastructure construction, demand for asphalt for road construction increases, especially in Indonesia where 2018 Asian Games will be held; and 3) Indonesian government spending in many major projects.

However, on conservative basis, IFA assumes 2015 selling price of asphalt cement and asphalt emulsion for 2016 – 2020 of IDR 7.80 mm per ton and IDR 8.00 mm per ton, respectively.

Costs

As ABS and subsidiaries' pricing policy is cost-plus margin, therefore, IFA assumes costs to be equal to historical average percentage of selling price. In 2015 forecast, cost to price percentage were assumed to be close to 2015 average of 88.12%, this leads to weighted average gross margin of 11.88%. From 2016 – 2020, IFA based gross margin assumption on a conservative basis by using average percentage of selling prices from 2012 to the period of 9-month in 2015. Average cost to price percentage is assumed to be 89.63% according to pricing policy of ABS and subsidiaries. This leads to weighted average gross margin of 10.37%.

Selling and administrative expenses

Selling and administrative expenses consist of salary expenses, management expenses, marketing expenses, rent, utility expenses, and etc. IFA assumes the increase in 2015 selling and administrative expenses is 26.80% from 2014 selling and administrative expenses due to acquisition of WASCO and its human resources. The increase in 2016 - 2020 selling and administrative expenses is assumed to be 6.00% per year. This is in line with salary and expenses policy of ABS and subsidiaries.

Technical fee to COLAS

ABS pays technical fee for product development assistant from COLAS. Average technical fee from 2012 - the period of 9 months ending 30 September 2015 is 1.82% of revenue, therefore, IFA assumes 2015 technical fee to be 1.82% of revenue. However, after the acquisition, as stated in SPA, COLAS agrees to not charge said fee to ABS and subsidiaries; therefore, from 2016, IFA assumes no technical fee.

Tax rate

Tax rate is assumed to be 36.30%, based on 2012 – 2014 average effective tax rate. The said tax rate is higher than corporate tax rate in Indonesia of 25.00, due to the effect of deferred tax.

3. Working capital

Working capital consists of accounts receivable, accounts payable, other current assets, other non-current assets, other current liabilities, and other non-current liabilities.

Average days sales outstanding assumption is based on 2013 – 2014 average days sales outstanding of 90 days and 50 days respectively. Since ABS main supplier is HR, one of the Targets, and after the acquisition, TASCOS will hold 100% in ABS and subsidiaries, average days payable outstanding is assumed to be gradually decreasing from 120 days in 2015 to 80 – 90 days in 2016 – 2017, and reached 70 days in 2020.

IFA assumes other current assets, other non-current assets, other current liabilities and other non-current liabilities as percentage of sales based on 2013 - 2014 average and on management information. Assuming constant percentage, working capital can be demonstrated as in the table below:

	Assumptions
Average days sales outstanding (days)	90
Average days payable outstanding (days)	70 – 120
Average days inventory outstanding (days)	50
Other current assets to sales (%)	3.62

Other non-current assets to sales (%)	1.28
Other current liabilities to sales (%)	3.73
Other non-current liabilities to sales (%)	0.61

4. Capital expenditure

From management interview, ABS and subsidiaries's capital expenditure plan for 2015 - 2020 is as follows:

2015

1. Investments in emulsion plants in Duri and Blaraja IDR 9,750 mm
2. Investments in trucks and operating system IDR 7,125 mm

2016

1. Investments in asphalt terminal in Sampit IDR 15,000 mm
2. Investments in trucks and operating system IDR 11,700 mm

2017 – 2020

Estimated capital expenditure of IDR 10,000 mm per year for improvement of trucks and operating system.

Terminal growth

To be conservative, IFA assumes terminal growth rate of 2.00% per year, which is lower than average asphalt industry growth in Indonesia.

5. Discount rate

Discount rate, used to calculate present value of cash flows from operations, is calculated by using Weighted Average Cost of Capital (WACC) with the following assumptions:

$$\text{WACC} = (\text{Cost of interest bearing debt} \times \text{Interest bearing debt} / \text{Total value of the firm's financing}) + (\text{Cost of equity} \times \text{Total shareholder equity} / \text{Total value of the firm's financing})$$

$$= [K_d(1-T) \times D/(D+E)] + [K_e \times E/(D+E)]$$

Costs of equity (Ke) or return on equity (Re) is calculated by using Capital Asset Pricing Model (CAPM) as follows:

$$K_e = R_f + \beta (R_m - R_f)$$

Where

Rf = Risk free rate, determined from 30-year government bond yield from www.thaibma.com as of 11 November 2015, which equals 3.66%. This is in consistence with IFA's going concern assumption.

β = Beta, the average risk from investing, calculated from beta of listed companies operating in construction businesses which related to the government spending. When the Government has spent their budget to build roads, the demand in cement and construction raw material will have the same trend with asphalt. The listed companies used in calculation are CCP, DCON, GEL, SCC, SCCC, SCP, TASCOT, and TPIPL (calculated from 5-year historical average, 12 November 2010 – 11 November 2015).

Symbol	Company	Beta
CCP	Chonburi Concrete Product Public Company Limited	1.241
DCON	DCON Products Public Company Limited	0.813
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SCCC	Siam City Cement Public Company Limited	0.827
SCP	Southern Concrete Pile Public Company Limited	1.072
TASCO	Tipco Asphalt Public Company Limited	1.114
TPIPL	TPI Polene Public Company Limited	1.107

The average beta of listed companies operating in similar businesses is 1.046.

Market Risk = Return from investing in the Stock Exchange of Thailand as of 11 November 2015 equals to 11.845% per year.

Kd = Interest rate from Bank Mandiri, a major bank in Indonesia as of November 2015, which equals 11.00%.

D/E = From 2012 – 2014 audited financial statements and management accounts from the period of 9 months of 2015, ABS and subsidiaries sources it capital by using revolving loan. As of 30 September, interest bearing debt to equity is 1.00 times. And from management interview, the capital sourcing policy will remain the same, therefore, IFA assumes targeted interest bearing debt to equity ratio of 1.00 times.

T = Effective tax rate of 36.30%.

According to the abovementioned assumptions, WACC of ABS and its subsidiary and joint company is 11.61% per year. From the above assumptions, the forecast of free cash flow and the present value of cash flow used in the calculation are as follows:

Assumptions and fair value of ABS and its subsidiary and joint company by DCF Approach

	Assumptions	2015F	2016F	2017F	2018F	2019F	2020F
Sales Volume (ton)	7.66% growth	72,454.1	79,943.2	86,066.9	92,659.7	99,757.5	107,399.0
Selling price (IDR mm/ton)	Constant as 2015F	7.81	7.81	7.81	7.81	7.81	7.81
Gross profit margin before depreciation (%)	2013 – 2015 historical average	11.88%	10.37%	10.37%	10.37%	10.37%	10.37%
Other expenses							
Selling and administrative expenses (%)	6.00% growth	26.80%	6.00%	6.00%	6.00%	6.00%	6.00%
Technical fee to COLAS to sales (%)	No technical fee from 2016	1.82%	0.00%	0.00%	0.00%	0.00%	0.00%
Effective tax rate	Historical average	44.00%	36.29%	36.29%	36.29%	36.29%	36.29%

Assumptions and fair value of ABS and subsidiaries by DCF Approach (Cont'd)

Unit: IDR mm	Q4/2015F	2016F	2017F	2018F	2019F	2020F
Time period	0.3	1.3	2.3	3.3	4.3	5.3
Sales	227,575.0	624,397.3	672,226.5	723,719.5	779,156.9	838,840.9
Costs	(208,530.4)	(559,675.6)	(602,547.1)	(648,702.6)	(698,393.7)	(751,891.1)
Gross profit before depreciation	19,044.6	64,721.7	69,679.4	75,016.9	80,763.3	86,949.8
Depreciation	(2,746.8)	(10,713.9)	(11,394.8)	(12,075.7)	(12,756.6)	(13,437.5)
Gross profit after depreciation	16,297.8	54,007.8	58,284.6	62,941.2	68,006.7	73,512.3
Selling and administrative expenses	(10,708.0)	(16,124.2)	(17,122.8)	(18,183.6)	(19,310.7)	(19,669.3)
Earnings before interest and tax	11,107.5	38,098.1	41,392.8	45,006.2	48,963.6	54,131.1
Tax expenses	(3,061.9)	(7,481.7)	(8,191.4)	(8,979.6)	(9,852.5)	(11,121.4)
Net earnings after tax	8,045.6	30,616.4	33,201.4	36,026.6	39,111.1	43,009.7
Depreciation	2,746.8	10,713.9	11,394.8	12,075.7	12,756.6	13,437.5
Change in working capital	103,238.7	(20,193.1)	(33,938.8)	(19,301.5)	(1,978.0)	(20,931.6)
CAPEX	(14,450.7)	(26,700.0)	(10,000.0)	(10,000.0)	(10,000.0)	(10,000.0)
Free cash flows to firm (FCFF)	99,580.5	(5,562.9)	657.3	18,800.8	39,889.7	25,515.7
Present value of FCFF	145,046.7					
Present value of terminal value	152,122.5					
Enterprise value	297,169.2					
Net debt as of 30 September 2015	(117,273.5)					
Equity value	179,385.7					

Sensitivity analysis

IFA performs the sensitivity analysis by varying discount rate. 0.50% - 10% increase of discount rate from base case were assumed. This sensitivity analysis is different from Raycol DCF analysis because IFA has considered the risk that may arise from business operation which mainly operates in foreign country.

Changes in discount rate	0.00%	+0.50%	+1.00%	+1.50%
Discount rate	11.61%	12.11%	12.61%	13.11%
Equity value (IDR mm)	179,895.69	167,939.98	157,121.17	147,285.68
Equity value per share (IDR mm)	21,421.25	19,997.62	18,709.36	17,538.19
Equity value (THB mm)	474.92	443.36	414.80	388.83
Equity value per share (THB)	56,552.11	52,793.71	49,392.70	46,300.81

Remark: Exchange rate from Bloomberg as of 11 November 2015: THB 0.00264 / IDR

2. Valuation Summary

The valuation results from various approaches are summarized as follows:

	Valuation Approaches	Fair Value (THB/share)	Equity Value (THB mm)	Appropriateness of Valuation Approach
1.	Book value approach	38,345.81	322.03	Inappropriate
2.	Adjusted book value approach	41,067.61	337.34	Inappropriate
3.	Market value approach	-	-	Inappropriate
4.	Price-to-Book-Value ratio approach	103,150.24 – 111,202.86	866.26 – 933.88	Inappropriate
5.	Price-to-Earnings ratio approach	33,028.10 – 36,060.87	302.84 – 277.37	Inappropriate
6.	Discounted cash flow approach	46,300.81 – 56,552.11	388.83 – 474.92	Appropriate

In entering into the Transaction, IFA opines that the inappropriate approaches are book value approach, adjusted book value approach, Price-to-Book-Value ratio approach, and Price-to-Earnings ratio approach due to the following reasons:

- Value from book value approach reflects financial position at a point in time without reflecting the fair value of the assets and important events that occurred after the referred financial statement date, as well as the future ability to generate profit. Therefore, this approach is inappropriate.

- Value from adjusted book value approach reflects value of net assets close to fair value and at present better than the book value approach. Furthermore, it also accounts for important events that occurred after the referred financial statement date. However, this approach does not reflect the company's ability to make future profit. Adjusted book value approach, therefore, is inappropriate.
- Value from market comparable approaches, i.e. Price-to-Book-Value ratio approach and Price-to-Earnings ratio approach, reflect values for minority investors. Since TASCOT will hold 99.98% of ABS's common shares after the acquisition, TASCOT will be considered the major shareholder with control over the company, thus rendering these approaches inappropriate.

IFA opines that the appropriate valuation approach is Discounted Cash Flow (DCF) approach.

- DCF approach reflects business plan, ability to generate profit and growth trend as well as shareholders' return in the future. This approach can reflect the intrinsic value of share to a good extent. Since after the acquisition, TASCOT will hold 99.98% of ABS's common share and will be considered the major shareholder with control over the company, this approach is deemed appropriate.

Conclusion of Independent Financial Advisor's Opinion

IFA performs the valuation of ABS and its subsidiary and joint company in proportion of this acquisition and arrives at the appropriate value between THB 46,300.81 – 56,552.11 per share or investment value of THB 388.83 mm - THB 474.92 mm. Since the range of appropriate value is higher the purchase price of THB 340.45 mm (calculated from USD 9.50 mm and the exchange rate of THB 35.837 / USD from Bloomberg as of 11 November 2015), or 14.21% - 39.50% higher than the purchase price, IFA opines that the transaction price is appropriate.

3 Highway Resource Pte ("HR") and subsidiary

1) Book Value Approach

This valuation approach reflects the value of net asset on the accounting book (total assets minus total liabilities) or equals to shareholders' equity divided by number of shares, to arrive at book value per share. From management accounts as of 30 September 2015, which is a management account in which IFA made some adjustment to reflect assets, liabilities and shareholders' equity, Book Value Approach gave the following results:

Item	Amount (USD mm)	Amount (THB mm)
Registered and paid-up share	3,594,636	128,820,970
<u>Add</u> Retained earnings (losses)	9,941,006	356,255,832
Less Foreign exchange translation reserve	(1,381,264)	(49,500,358)
Total shareholders' equity	12,154,378	435,576,444
No. of shares (share)	4,780,000	4,780,000
Book value per share (THB)	2.54	91.12

Remark: Exchange rate from Bloomberg as of 11 November 2015: THB 35.837 / USD

Share price estimated by Book Value Approach is THB 91.12 per share

2) Adjusted Book Value Approach

This valuation approach takes total assets and deduct it with total liabilities at any given moment and makes adjustments for commitments and contingent liabilities including the increment or discount of market value of fixed assets appraised by independent appraiser and other factors raised by management interview, then divides the amount by number of shares.

Items considered for adjustments in adjusted book value approach are adjusting entries for tangible assets and intangible assets. The detail of which are as follows:

Asset Item ^{/1}	Book Value (THB)	Appraised Value ^{2/} (THB)	Difference (THB)
<u>Tangible Assets</u>			
Buildings and improvement	56,152,253	52,650,860	(3,501,393)
Storage tank and equipment	58,028,424	95,547,463	37,519,039
Cars and Tanker Trucks	40,839,360	84,750,846	43,911,486
Equipment	1,968,258	2,804,990	836,733
Tanker trucks under financial contract	23,927,541	24,189,975	262,434
<u>Intangible Assets</u>			
Land-use rights	50,255,174	45,626,880	(4,628,294)
Software	730,267	926,171	195,905
Total adjusted asset value	231,901,277	306,497,186	74,595,909

Remark: Exchange rate from Bloomberg as of 11 November 2015: THB 35.837 / USD

^{/1} Appraisal value from independent appraisal report, Thai Property Appraisal Lynn Phillips Co., Ltd, dated 5 November 2015

^{/2} Asset appraisal was based on Sales Comparison approach

As such, the item considered in the adjustment to find share value by adjusted book value approach consists of additional item from asset value appraisal of ADCo, a subsidiary of which HR holds 100.00% of shares, prepared by Thai Property Appraisal Lynn Phillips Co., Ltd, dated 5 November 2015. The independent appraiser estimated asset value of ADCo using sales comparison approach at fair value of THB 306,497,186 (converted from USD 8.55 mm at USD 1.00 – THB 35.8370 rate based on exchange rate from Bloomberg as of 11 November 2015). The appraiser use sale comparison approach to appraise depot and equipment and vehicles. IFA opines that the appraiser compare these assets with those on the current market. Therefore, the well-maintain depot and equipment have an increasing in theirs' value. For vehicle, most of the additional are from asphalt trucks that compare with a value increasing in Vietnam truck market. For the office equipment and software, it is resulted from new procurement after September 2015.

Therefore, the IFA increased the difference between appraised value and book value of the asset as of 30 September 2015 by THB 74,595,909 in order to reflect the abovementioned impact by adjusting the items as depicted below.

Item	Amount	Amount
	(USD)	(THB)
Book value as of 30 September 2015	12,154,378	435,576,444
<u>Add</u> Difference from appraisal report	2,081,533	74,595,909
Adjusted book value	14,235,911	510,172,353
No. of shares (share)	4,780,000	4,780,000
Adjusted book value per share (THB)	2.98	106.73

Remark: Exchange rate from Bloomberg as of 11 November 2015: THB 35.837 / USD

Based on the adjusted book value approach, the share value of HR and subsidiary is THB 106.73 per share. IFA opines that adjusted book value approach from appraisal report reflects the intrinsic value.

3) Historical Market Price Approach

This valuation approach is based on the historical weighted average market price of HR from the stock exchange, under time frame of 15 – 180 days counting backward on the date IFA conducts this approach. However, since HR is not a listed company, this approach is not applicable.

4) Price to Book Value Ratio Approach: P/BV Ratio

This valuation approach is based on book value calculated in 1.1, which equals THB 91.12 per share, multiplied by the average Price-to-Book-Value ratio (P/BV) of companies listed in the Stock Exchange of Thailand under construction material involving in infrastructure and government spending sector, which leads to road infrastructure projects that use cement as a raw material, which have the same trend with the asphalt business. Based on the information from the Stock Exchange of Thailand, IFA selected 8 comparable companies consisting of Chonburi Concrete Product Public Company Limited, DCON Products Public Company Limited, General Engineering Public Company Limited, The Siam Cement Public Company Limited, Siam City Cement Public Company Limited, Southern Concrete Pile Public Company Limited, Tipco Asphalt Public Company Limited, and TPI Polene Public Company Limited. Details of average P/BV of comparable listed companies from 15 to 180 trading days counting backward from 11 November 2015 are as follows:

Comparable Companies		Symbol	Average P/BV Ratio (Trading Days)					
			15-day	30-day	60-day	90-day	120-day	180-day
1	Chonburi Concrete Product Plc.	CCP	2.00	2.01	2.03	2.07	2.10	2.26
2	DCON Products Plc.	DCON	3.60	3.64	3.68	3.53	3.54	3.82
3	General Engineering Plc.	GEL	0.72	0.72	0.74	0.77	0.80	0.88
4	The Siam Cement Plc.	SCC	2.87	2.90	2.96	3.12	3.23	3.34
5	Siam City Cement Plc.	SCCC	3.67	3.68	3.63	3.68	3.76	3.92
6	Southern Concrete Pile Plc.	SCP	1.82	1.81	1.79	1.80	1.84	1.92
7	Tipco Asphalt Plc.	TASCO	7.61	6.99	5.94	5.72	5.37	4.56
8	TPI Polene Plc.	TPIPL	0.88	0.90	0.88	0.87	0.90	0.94
Average P/BV			2.90	2.83	2.71	2.70	2.69	2.70

Source: The Stock Exchange of Thailand

Value from Price-to-Book-Value ratio approach is calculated from the following formula:

Fair Value = Average P/BV of comparable companies x Book value as of 30 September 2015

	15-day	30-day	60-day	90-day	120-day	180-day
Average P/BV	2.90	2.83	2.71	2.70	2.69	2.70
Book value per share (THB)	91.12	91.12	91.12	91.12	91.12	91.12
Share value (THB)	264.26	257.88	246.95	246.04	245.13	246.04

Based on the Price-to-Book-Value ratio approach, the share value of HR and subsidiary is THB 245.13 per share – THB 264.26 per share.

5) Price-to-Earnings ratio approach (“P/E Ratio”)

This valuation approach is based on estimated 2015 earnings of HR and subsidiary, which equals THB 53.22 per share, multiplied by the average Price-to-Earnings ratio (P/E) of comparable companies as mentioned in 1.4. Details of P/E ratio of listed companies from 15 to 180 trading days counting backward from 11 November 2015 are as follows:

Comparable Companies		Sym-bol	Average P/E Ratio (Trading Days)					
			15-day	30-day	60-day	90-day	120-day	180-day
1	Chonburi Concrete Product Plc. ^{/1}	CCP	37.94	38.26	38.65	36.00	34.18	29.54
2	DCON Products Plc.	DCON	10.01	10.13	10.23	10.67	11.27	12.49
3	General Engineering Plc.	GEL	54.55	55.10	56.08	50.58	48.34	41.29
4	The Siam Cement Plc.	SCC	13.40	13.53	13.80	14.82	15.46	16.51
5	Siam City Cement Plc.	SCCC	18.15	18.11	17.85	18.07	18.43	18.24
6	Southern Concrete Pile Plc.	SCP	8.88	8.81	8.69	8.66	8.77	8.73
7	Tipco Asphalt Plc.	TASCO	18.71	17.18	14.59	15.56	15.36	15.18
8	TPI Polene Plc.	TPIPL	60.07	61.13	59.85	52.12	49.21	47.27
Average P/E			13.83	13.55	13.03	13.56	13.86	14.23

Source: The Stock Exchange of Thailand as of 11 November 2015

^{/1} Abnormal volatility, therefore, not included in calculation

Value from Price-to-Earnings ratio approach is calculated from the following formula:

Fair Value = Average P/E of comparable companies x Estimated 2015 earnings

	15-day	30-day	60-day	90-day	120-day	180-day
Average P/E	13.83	13.55	13.03	13.56	13.86	14.23
Earnings per share (THB)	53.22	53.22	53.22	53.22	53.22	53.22
Share value (THB)	736.05	721.15	693.48	721.68	737.65	757.34

Based on the Price-to-Earnings ratio approach, the share value of HR and its subsidiary is THB 693.48 per share – THB 757.34 per share.

6) Discounted cash flow approach (“DCF Approach”)

The discounted cash flow approach is calculated by discounting the expected future cash flows at the weighted average cost of capital (“WACC”). This valuation exercise is prepared based on a going concern basis under the current economy.

IFA has provided the opinion based on the forecasts in order to show the appropriateness of the Transaction under the current economy, without incorporating the possibility of future projects. If any of the above factors or other external factors that could significantly impact the business operation changes from the assumptions made herein, the share value based on this approach may also differ.

IFA’s forecasted financial statements are based on the audited financial statement and historical financial information, including documents seen/received from management and management interview. Key assumptions used in financial forecast are illustrated as follows:

1. Forecasted period: 6 years (2015 – 2020)

IFA evaluate that this timeframe has reflected the demand fluctuation from political factors and short-term investment sufficient.

2. Revenue and costs

Revenue forecast

IFA determines various revenue assumptions based on interviews with the management, past operating results, and the future trend. The main assumptions used in preparing the forecast are as follows.

Asphalt sales quantity

HR is a bitumen sourcing and trading company for COLAS group located in Singapore. It resells bitumen to the following connected companies.

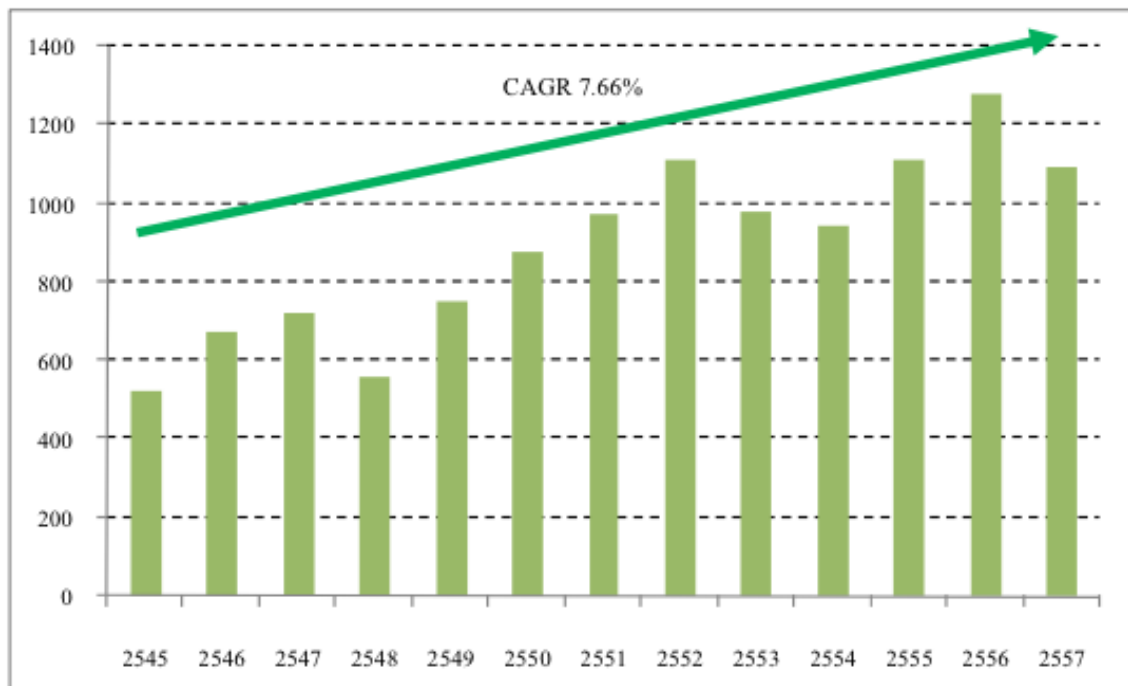
- 1) ABS and subsidiaries: A company engages in selling asphalt products in Indonesia and one of TASCO's Target Companies. In 2014, HR's sale quantity to ABS and subsidiaries accounted for 33% of total sales.
- 2) ADCo: a company engaging in importing, producing, and distributing asphalt products in Vietnam. HR holds 100.00% of its shares. In 2014, HR's sale quantity to ADCo accounted for 55% of total sales.

Therefore, HR's growth directly depends on demand for asphalt in Vietnam and Indonesia. Sales of bitumen to connected Companies are under raw material sourcing plan of COLAS (TASCO will replace COLAS after the Transaction). Supply excess will be sold to other companies.

As such, the IFA estimated that HR and subsidiary's sales quantity in 2015 will totals 275,287 tons, which represents 11.83% growth due to 1) a substantial increase in sales quantity from the period of 8 months in 2015 as a result of growing demand from investment in several large-scale projects in Vietnam such as Highway project which drove accumulated sales quantity to 180,000 tons; and 2) a rise in demand for asphalt in Vietnam to complete construction projects in progress within 2015, before the 2016 National Congress of the Communist Party. On the other hand, growth in Indonesia is relatively limited due to a decrease budget from the government as a result of political situation and sluggish economy. It is expected that an increase in government spending can help rectify the situation by the end of 2015.

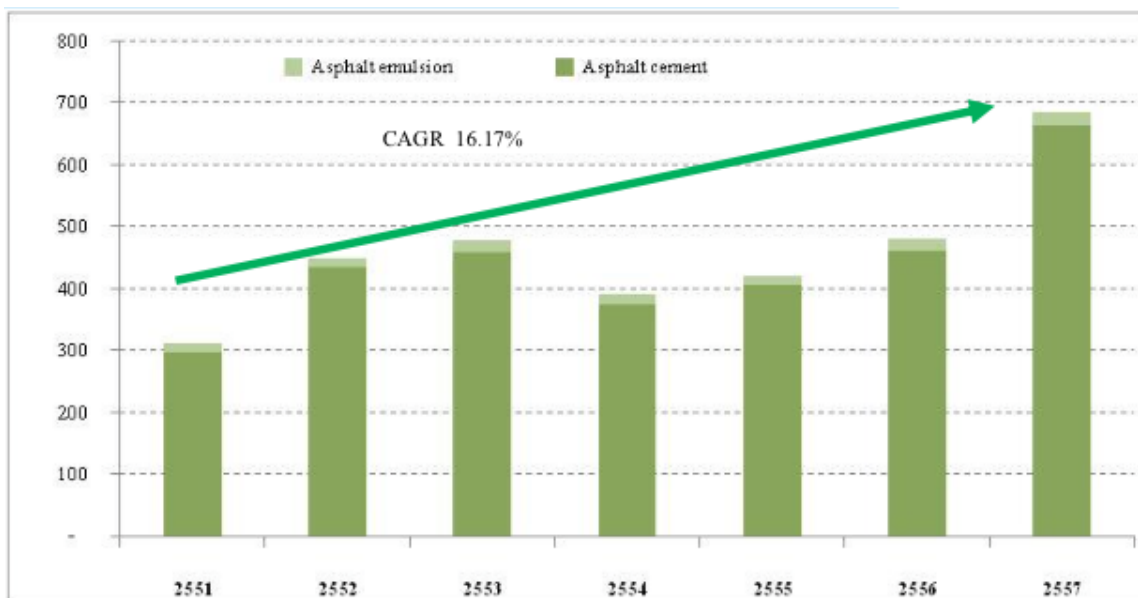
Historical growth trend of asphalt sales quantity was volatile as the major demand for it ties directly to government budget for road construction and maintenance as well as political stability. Therefore, IFA assumes asphalt sales forecast for 2016-2020 to be within close range of on historical asphalt demand growth. Sales growth of asphalt in Indonesia is assumed to be 7.66% in alignment with demand growth in Indonesia during 2002-2014. Similarly, sales growth of asphalt in Vietnam is assumed to be 16.17% in alignment with demand growth in Vietnam during 2008-2014. With the information obtained from an interview with the management, The IFA did not include sales of asphalt to other companies as HR has a policy to sell raw material only to connected companies due to limited asphalt supply.

Demand for asphalt cement in Indonesia (unit: 1000 tons)



Source: ABS and subsidiaries

Demand for asphalt cement in Vietnam (unit: 1000 tons)



Source: ADCo

Asphalt selling price

From 2012 – the first 9 months of 2015, average asphalt selling prices of ADCo, a subsidiary of HR, are ranged within USD 634-734 per ton, whereas asphalt selling prices given to ABS and subsidiaries is ranged within USD 410-650 per ton only as ABS and subsidiaries will have to distribute product to customers. Generally, selling prices change in the same direction as crude oil price but with lower volatility. This is because most of oil refineries chose to refine higher grade of light oil, hence the limited asphalt supplies.

The management of HR and subsidiary estimates that the selling price of asphalt will stabilize or increase thanks to 1) limited asphalt supply; 2) ASEAN Economic Community (AEC) which leads to higher infrastructure spending to boost economic growth, especially in Vietnam and Indonesia; and 3) Thai government's spending on large-scale projects.

However, on conservative basis, IFA assumes ADCo and ABS and its subsidiary to have the selling prices of asphalt close to their average in 2015, which are USD 614 per ton and USD 410 per ton respectively.

Costs

HR and subsidiary's pricing policy is cost-plus margin, with HR realizing higher gross margin rate from sales to ADCo than from sales to ABS and subsidiaries in its financial statement. This is because HR directly holds 100.00% of ADCo's shares and is only an intermediary in the asphalt trading with ABS and subsidiaries, therefore, gross margin rate from sales to ABS and subsidiaries is lower than that of ADCo. For this reason, the IFA assumes gross margin rate for 2015 for ADCo and ABS and subsidiaries to be 14.79% and 0.50% respectively. The rates are in close range of the historical average cost to price percentage from 2014 to the first 9 months of 2015.

For 2016 - 2020, IFA based gross margin assumption of ADCo and ABS on a conservative basis by using average percentage of selling prices from 2012 to 2014, which resulted in 9.50% and 0.50% respectively.

Transportation, selling, and administrative expenses

Transportation expense- a variable cost- is assumed to be 3.23% of sales revenue by referring historical averages. Selling and administrative expenses are assumed to increase by 6.00% from 2016-2020 in alignment with ABS and subsidiaries's policy to increase salary and other related expenses.

Technical fee to COLAS

ADCo, a subsidiary of HR, pays technical fee to COLAS for product development assistant from COLAS. Average technical fee from 2012 - the period of 9 months ending 30 September 2015 is 0.50% of revenue. Therefore, the IFA assumes the 0.50% rate to resume in 2015. However, the management speculated that after acquiring HR, COLAS would agree to waive said fee for ADCo permanently. For this reason, the IFA assumes no more technical fee in the forecast from 2016 onwards.

Tax rate

Tax rate is assumed to be 28.20%, based on effective tax rate of HR and subsidiary during 2012-2014. This rate is higher than Vietnam's tax rate of 22.00% (Where ADCo is located) as well as Singapore's tax rate of 17.00% (Where HR is located) as a result of the impact from deferred tax.

3. Working capital

Working capital consists of accounts receivable, accounts payable, other current assets, other non-current assets, other current liabilities, and other non-current liabilities. IFA assumes working capital as percentage of sales based on 2013 - 2014 average and on management information. Assuming constant percentage, working capital can be demonstrated as in the table below:

	Assumptions
Average days sales outstanding (days)	73
Average days payable outstanding (days)	51
Average days inventory outstanding (days)	12
Other current assets to sales (%)	0.00%
Other non-current assets to sales (%)	0.05%
Other current liabilities to sales (%)	0.51%
Other non-current liabilities to sales (%)	0.07%

4. Capital expenditure

From management interview, HR's capital expenditures plan for investing in ADCo, its own subsidiary, during 2015 - 2020 is detailed as follows:

2015

- | | | | | |
|----|---|-----|------|----|
| 1. | Investments in trucks and operating system | USD | 0.70 | mm |
| 2. | Operating system and other capital expenditures | USD | 0.11 | mm |

2016

- | | | | | |
|----|---|-----|------|----|
| 1. | Investment in warehouse | USD | 0.46 | mm |
| 2. | Investments in trucks and operating system | USD | 0.40 | mm |
| 3. | Operating system and other capital expenditures | USD | 0.10 | mm |

2017-2018

1.	Investment in warehouse	USD	0.50	mm
2.	Investments in trucks and operating system	USD	0.40	mm
3.	Operating system and other capital expenditures	USD	0.10	mm

2019-2020

Estimated capital expenditure of USD 0.50 mm per year for investment in trucks and operating system.

Terminal growth

To be conservative, IFA assumes terminal growth rate after forecasted period to be 2.00% per year, which is lower than average asphalt industry growth in Vietnam and Indonesia.

5. Discount rate

Discount rate, used to calculate present value of cash flows from operations, is calculated by using Weighted Average Cost of Capital (WACC) with the following assumptions:

WACC= (Cost of interest bearing debt x Interest bearing debt / Total value of the firm's financing) + (Cost of equity x Total shareholder equity / Total value of the firm's financing)

$$= [K_d(1-T) * D/(D+E)] + [K_e * E/(D+E)]$$

Costs of equity (K_e) or return on equity (R_e) is calculated by using Capital Asset Pricing Model (CAPM) as follows:

$$K_e = R_f + \beta(R_m - R_f)$$

Where

R_f = Risk free rate, determined from 30-year government bond yield from www.thaibma.com as of 11 November 2015, which equals 3.66%. This is in consistence with IFA's going concern assumption.

β = Beta, the average risk from investing, calculated from beta of listed companies operating in construction businesses which related to the government spending. When the Government has spent their budget to build roads, the demand in cement and construction raw material will have the same trend with asphalt. The listed companies used in calculation are CCP, DCON, GEL, SCC, SCCC, SCP, TASCO, and TPIPL (calculated from 5-year historical average, 12 November 2010 – 11 November 2015).

Symbol	Company	Beta
CCP	Chonburi Concrete Product Public Company Limited	1.241
DCON	DCON Products Public Company Limited	0.813
GEL	General Engineering Public Company Limited	1.194
SCC	The Siam Cement Public Company Limited	0.997
SCCC	Siam City Cement Public Company Limited	0.827
SCP	Southern Concrete Pile Public Company Limited	1.072
TASCO	Tipco Asphalt Public Company Limited	1.114
TPIPL	TPI Polene Public Company Limited	1.107

The average beta of listed companies operating in similar businesses is 1.046.

- Market Risk = Return from investing in the Stock Exchange of Thailand as of 11 November 2015 equals to 11.845% per year (data from Bloomberg).
- Kd = Estimation of interest rate of based on rates from 5 banks in Vietnam that HR and subsidiary use. The assumed rate is 7.80% - the maximum interest rate of effective rate during 2013-2014 ranging from 0.93% - 7.80%. (range from long term loan to short term loan)
- D/E = From 2012 – 2014 audited financial statements and management accounts from the period of 9 months of 2015, HR and subsidiary have been using revolving loan in its operation. Said loan causes HR's Interest-Bearing-Debt-to-Equity ratio to be 0.50 time. From an interview with the management, HR and subsidiary will maintain the same policy, therefore, the IFA estimated Target D/E Ratio to be 0.50 time.
- T = Corporate tax rate of 28.20%.

According to the abovementioned assumptions, WACC of HR and subsidiary is 10.01% per year. From the above assumptions, the forecast of free cash flow and the present value of cash flow used in the calculation are as follows:

Assumptions and fair value of HR and subsidiary by DCF Approach

	Assumptions	2015F	2016F	2017F	2018F	2019F	2020F
Sales Volume (ton)	Historical average growth	275,287.1	313,644.4	357,733.3	408,444.7	466,810.7	534,027.4
Selling price (THB/ton)	Constant as 2015F	560.37	563.31	566.15	568.88	571.49	573.99
Gross profit margin before depreciation (%)							
ADCo (Vietnam)	2013 – 2014 historical average	14.97%	9.50%	9.50%	9.50%	9.50%	9.50%
ABS (Indonesia)	2013 – 2014 historical average	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Weighted average gross profit margin		12.18%	7.87%	7.97%	8.06%	8.15%	8.24%
Other expenses							
Selling and administrative expenses(%)	6.00% growth	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Technical fee to COLAS to sales (%)	None from 2016 onwards	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%
Effective tax rate(%)	Historical average	28.18%	28.18%	28.18%	28.18%	28.18%	28.18%

Assumptions and fair value of HR and subsidiary by DCF Approach

Unit: USD 1,000	Q4/2015F	2016F	2017F	2018F	2019F	2020F
Time period	0.25	1.25	2.25	3.25	4.25	5.25
Sales	36,661.5	176,680.3	202,531.1	232,354.4	266,776.6	306,524.4
Costs	(29,711.9)	(162,777.5)	(186,393.3)	(213,621.0)	(245,029.0)	(281,276.2)
Gross profit before depreciation	6,949.5	13,902.8	16,137.8	18,733.4	21,747.6	25,248.2
Depreciation	(144.1)	(620.4)	(666.1)	(711.9)	(734.8)	(757.6)
Gross profit after depreciation	6,805.4	13,282.4	15,471.7	18,021.5	21,012.9	24,490.6
Selling and administrative expenses	(3,901.1)	(8,882.2)	(9,907.8)	(11,073.0)	(12,398.9)	(13,909.7)
Earnings before interest and tax	3,047.7	4,712.0	5,921.5	7,358.7	9,084.9	11,122.0
Less						
Tax expenses	(1,163.5)	(1,052.8)	(1,353.3)	(1,711.9)	(2,144.7)	(2,656.8)
Net earnings after tax	1,884.1	3,659.3	4,568.2	5,646.8	6,940.2	8,465.2
Add						
Depreciation	144.1	620.4	666.1	711.9	734.8	757.6
Change in working capital	2,055.5	(4,413.7)	(764.6)	(5,094.4)	(1,672.2)	(6,145.7)
CAPEX	(402.3)	(960.0)	(1,000.0)	(1,000.0)	(500.0)	(500.0)
Free cash flows to firm (FCFF)	3,681.4	(1,094.1)	3,469.7	264.4	5,502.8	2,577.2
Present value of FCFF	10,847.0					

Present value of terminal value	19,884.6
Enterprise value	30,731.6
Net debt as of 30 September 2015	(3,558.3)
Equity value	27,173.3

Sensitivity analysis

IFA performs the sensitivity analysis by varying discount rate. 0.50%-1.50% increase from base case was assumed as a result of overseas business operation. This sensitivity analysis is different from Raycol DCF analysis because IFA has considered the risk that may arise from business operation which mainly operates in foreign country.

Changes in discount rate (% per year)	0.00%	+0.50%	+1.00%	+1.50%
Discount rate	10.01%	10.51%	11.01%	11.51%
HR and subsidiary equity value (USD mm)	27.17	25.43	23.88	22.49
Equity value per share (USD mm)	5.68	5.32	5.00	4.70
HR and subsidiary equity value (THB)	973.81	911.27	855.66	805.87
Equity value per share (THB)	203.73	190.64	179.01	168.59

Remark: Exchange rate from Bloomberg as of 11 November 2015: THB 35.837 / USD

2. Valuation Summary

The valuation results from various approaches are summarized as follows:

	Valuation Approaches	Fair Value (THB/share)	Equity Value (38.00%) (THB mm)	Appropriateness of Valuation Approach
1.	Book value approach	19.09	80.50	Inappropriate
2.	Adjusted book value approach	25.91	109.27	Inappropriate
3.	Market value approach	-	-	Inappropriate
4.	Price-to-Book-Value ratio approach	51.39 - 55.27	216.76 – 233.13	Inappropriate
5.	Price-to-Earnings ratio approach	141.11 – 154.07	595.20 – 649.87	Inappropriate
6.	Discounted cash flow approach	60.85 – 77.23	256.66 – 325.77	Appropriate

In entering into the Transaction, IFA opines that the inappropriate approaches are book value approach, adjusted book value approach, Price-to-Book-Value ratio approach, and Price-to-Earnings ratio approach due to the following reasons:

- Value from book value approach reflects financial position at a point in time without reflecting the fair value of the assets and important events that occurred after the referred financial statement date, as well as the future ability to generate profit. Therefore, this approach is inappropriate.
- Value from adjusted book value approach reflects value of net assets close to fair value and at present better than the book value approach. Furthermore, it also accounts for important events that occurred

after the referred financial statement date. However, this approach does not reflect the company's ability to make future profit. Adjusted book value approach, therefore, is inappropriate.

- Value from market comparable approaches, i.e. Price-to-Book-Value ratio approach and Price-to-Earnings ratio approach, reflect values for minority investors. Since TASCOT will hold 100.00% of HR and subsidiary's common shares after the acquisition, TASCOT will be considered the major shareholder with control over the company, thus rendering these approaches inappropriate.

IFA opines that the appropriate valuation approach is Discounted Cash Flow (DCF) approach.

- DCF approach reflects business plan, ability to generate profit and growth trend as well as shareholders' return in the future. This approach can reflect the intrinsic value of share to a good extent. Since after the acquisition, TASCOT will hold 100.00% of HR and Subsidiary's common share and will be considered the major shareholder with control over the company, this approach is deemed appropriate.

Conclusion of Independent Financial Advisor's Opinion

IFA performs the valuation of HR and subsidiary in proportion of this acquisition and arrives at the appropriate value between THB 168.59 – 203.73 per share or investment value of THB 805.87 mm - THB 973.81 mm. Since the range of appropriate value is higher the purchase price of THB 716.74 mm (calculated from USD 20.00 mm and the exchange rate of THB 35.837 / USD from Bloomberg as of 11 November 2015), or 12.44% - 35.87% higher than the purchase price, IFA opines that the transaction price is appropriate.

4 AD Shipping Ptd. Ltd. ("ADS")

1) Book value approach

This valuation approach reflects the value of net asset on the accounting book (total assets minus total liabilities) or equals to shareholders' equity divided by number of shares, to arrive at book value per share. From financial statement as of 30 September 2015, which is a management account in which IFA made some adjustment to reflect assets, liabilities and shareholders' equity, can be shown below:

Item	Amount (USD mm)	Amount (THB mm)
Registered and paid-up share	5,000,000	179,185,000
Retained earnings	5,472,597	196,121,459
Total shareholders' equity	10,472,597	375,306,459
No. of shares (share)	7,125,000	7,125,000

Book value per share (THB)	1.47	52.67
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Remark: Exchange rate equals to THB 35.837 / USD

Based on the book value approach, the share value of ADS is THB 52.67 per share.

2) Adjusted Book Value Approach

This valuation approach takes total assets and deduct it with total liabilities at any given moment and makes adjustments for commitments and contingent liabilities including the increment or discount of market value of fixed assets appraised by independent appraiser and other factors raised by management interview, then divides the amount by number of shares.

Item considered for an adjustment in adjusted book value approach is a vessel, AD MATSU, main assets of ADS. The detail of which are as follows:

Asset Item^{1/}	Book Value (THB mm)	Appraised Value^{2/} (THB mm)	Different (THB mm)
AD MATSU vessel price	541,190,724.93	286,696,000.00	(254,494,724.93)

Remark: Exchange rate from Bloomberg as of 11 November 2015: THB 35.837 / USD

^{1/} Appraisal value from independent appraisal report, Clarkson Valuation Co., Ltd., dated 7 October 2015

^{2/} Market approach

Significant asset adjustment is made for AD MATSU, which is appraised by comparing AD MATSU with vessels with similar characteristics. The appraised price is THB 286,696,000.00 (equivalent to USD 8.00 mm, exchange rate from Bloomberg as of 11 November 2015: THB 35.837 / USD), which is below net book value of AD MATSU as of 30 September 2015 of THB 541,190,724.93 (equivalent to USD 16.01 mm, exchange rate from Bloomberg as of 11 November 2015: THB 35.837 / USD). The difference of book value and appraised value is THB 254,494,725. The details of which are as follows:

Item	Amount (USD mm)	Amount (THB mm)
Book value as of 30 September 2015	10,472,597	375,306,459
<u>Add</u> Different from appraisal report	(7,101,452)	(254,494,725)
Adjusted book value	3,371,145	120,811,734
No. of shares (share)	7,125,000	7,125,000

Adjusted book value per share	0.47	16.96
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Remark: Exchange rate from Bloomberg as of 11 November 2015: THB 35.837 / USD

Based on the adjusted book value approach, the share value is THB 16.96 per share.

3) Historical Market Price Approach

This valuation approach is based on the historical weighted average market price of ADS from the stock exchange, under time frame of 15 – 30 days counting backward on the date IFA conducts this approach. However, ADS is not a listed company, therefore, this approach is not applicable.

4) Price to book value ratio approach (“P/BV Ratio”)

This valuation approach is based on book value calculated in 1.1, which equals THB 52.67 per share, multiplied by the average Price-to-Book-Value ratio (P/BV) of companies listed in the Stock Exchange of Thailand under marine transport sector. Based on the information from the Stock Exchange of Thailand, IFA selects 4 comparable companies consisting of Thoresen Thai Agencies Public Company Limited, Regional Container Lines Public Company Limited, Precious Shipping Public Company Limited, and Jutha Maritime Public Company Limited. Details of average P/BV of comparable listed companies from 15 to 180 trading days counting backward from 11 November 2015 are as follows:

Comparable Companies		Symbol	Average P/BV Ratio (Trading Days)					
			15-day	30-day	60-day	90-day	120-day	180-day
1	Thoresen Thai Agencies Plc.	TTA	0.59	0.59	0.59	0.64	0.67	0.80
2	Regional Container Lines Plc.	RCL	0.56	0.57	0.57	0.64	0.70	0.75
3	Precious Shipping Plc.	PSL	0.60	0.62	0.65	0.72	0.77	0.85
4	Jutha Maritime Plc.	JUTHA	0.62	0.63	0.64	0.68	0.72	0.76
Average P/BV			0.59	0.60	0.61	0.67	0.72	0.79

Source: The Stock Exchange of Thailand as of 11 November 2015

Value from price to book value approach is calculated from the following formula:

Fair Value	=	Average P/BV of comparable companies x Book value as of 30 September 2015
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	15-day	30-day	60-day	90-day	120-day	180-day
Average P/BV	0.59	0.60	0.61	0.67	0.72	0.79
Book value per share (THB)	52.67	52.67	52.67	52.67	52.67	52.67
Share value (THB)	31.08	31.60	32.13	35.29	37.93	41.61

Based on the Price-to-Book-Value ratio approach, the share value of ADS is THB 31.08 per share – THB 41.61 per share.

5) Price-to-Earnings ratio approach (“P/E Ratio”)

This valuation approach is based on estimated 2015 earnings of ADS, equals to THB 5.65 per share, multiplied by the average Price-to-Earnings ratio (P/E) of comparable companies, as mentioned in 1.4. Details of P/E ratio of listed companies from 15 to 180 trading days counting backward from 11 November 2015 are as follows:

Comparable Companies	Symbol	Average P/E Ratio (Trading Days)					
		15-day	30-day	60-day	90-day	120-day	180-day
1 Thoresen Thai Agencies Plc. ^{1/}	TTA	N/A	N/A	N/A	131.71	132.99	87.17
2 Regional Container Lines Plc.	RCL	12.20	12.36	12.48	12.00	12.03	14.65
3 Precious Shipping Plc. ^{2/}	PSL	N/A	N/A	N/A	N/A	N/A	N/A
4 Jutha Maritime Plc. ^{2/}	JUTHA	N/A	N/A	N/A	N/A	N/A	N/A
Average P/E		12.20	12.36	12.48	12.00	12.03	14.65

Source: The Stock Exchange of Thailand as of 11 November 2015

Remark:^{1/} Abnormal volatility, therefore, excluded from calculation

^{2/} Negative earnings, therefore, not applicable

Value from Price-to-Earnings ratio approach is calculated from the following formula:

Fair Value	=	Average P/E of comparable companies x Estimated 2015 earnings
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	15-day	30-day	60-day	90-day	120-day	180-day
Average P/E	12.20	12.36	12.48	12.00	12.03	14.65
Earnings per share (THB)	5.65	5.65	5.65	5.65	5.65	5.65
Share value (THB)	68.96	69.87	70.55	67.83	68.00	82.81

Based on the Price-to-Earnings ratio approach, the share value of ADS is THB 68.96 per share – THB 82.81 per share.

6) Discounted cash flow approach (“DCF Approach”)

The discounted cash flow approach is calculated by discounting the expected future cash flows at the WACC. This valuation exercise is prepared based on a going concern basis under the current economic.

IFA has provided the opinion based on the forecasts in order to show the appropriateness of the Transaction under the current economic, without incorporate the possibility of future projects. If any of the above factors or other external factors that have impact on the operating of the business significantly changes from the assumptions made herein, the share value based on this approach may also differ.

IFA's forecasted financial statements are based on the information obtained from historical financial including document seen/received from management and management interview. Key assumptions used in financial forecast are illustrated as follows:

1. Forecasted period: 19 years (2015 – August 2034)

AD MATSU's remaining useful life is 19 years, until August 2034.

2. Revenue and costs

Revenue forecast

IFA determines various revenue assumptions based on interviews with the management, past operating results, and the future trend. The main assumptions used in preparing the forecast are as follows.

Time charter revenue

The majority of ADS's revenue from charter service is from transportation of asphalt products for the connected companies, namely HR and ABS (both are TASCOS's Target Companies). In 2014, revenue from service rendered for connected companies accounts for more than 90.00% of total revenue. It is ADS's policy to prioritize transportation service for the connected companies. Other companies will only receive ADS's service in case there is excess in transportation capacity. At present, ADS owns 1 fleet vessel with 3,646-ton capacity called AD MATSU.

The IFA estimated time charter revenue per day for 2015 to be USD 9,800 based on average service revenue ADS charged its client during the first 9 months of 2015. As supply for asphalt transportation in South East Asia is limited and the service ADS provide is for specific type of product, and, from the interview with the management, ADS intends to maintain the charter service fee at the same rate after the Transaction. For this reason, the IFA assumes time charter revenue per day at a rate similar to 2015, which is USD 9,800, for the entire forecasted period.

The IFA assumes the number of operating days in each accounting cycle to be 340-360 days per year based on historical data from 2013 to the period of 9 months in 2015. To arrive at said number, the IFA also considered off-hire period for dry-docking maintenance. It is assumed that ADS will routinely administer major repairs or dry-docking every 5 years as well as regular repairs every 2 years. Each maintenance is assumed to require 1-2 weeks of off-hire.

Cost of services

The majority of vessel operating costs are fixed costs which consist of crew salaries, food, medical expenses, supplies, vessel terminal services, and depreciation. IFA assumes costs related to crewing will grow at the rate of 4.00% per year. This is in line with salary and other expenses policy of ADS. Additionally, IFA determined vessel's depreciation by using vessel's book value after deducting salvage value then charging the amount evenly until the end of vessel's useful life, which is on August 2034. Vessel maintenance expenses will also be charged evenly over 5 years. Other assets' depreciation will be charged according to accounting policy of ADS.

Selling and administrative expenses

Selling and administrative variable expenses consists of variable costs such as repair and maintenance expenses, vessel parts, and fixed costs such as utility expenses, management fee, insurance costs, services expenses, and etc. IFA assumes these variable costs to vary depending on revenue. Whereas fixed costs are assumed to increase by 4% per year due to the increasing insurance premium trend.

Interest expenses

As of 30 September 2015, ADS has loan from COLAS of USD 8.00 mm that bears interest rate of US LIBOR 1 month plus 2.00%. The effective rate was ranging from 2.1650% - 2.1791% per year. After the acquisition, TASCOS estimates that it will refinance the existing debt and repay the principle of USD 1.00 mm – USD 2.00 mm per year. IFA makes adjustments to the forecast by assuming the interest rate to be close to actual interest rate in 2015 and assuming loan repayment of USD 1.00 mm – USD 2.00 mm per year.

Tax rate

IFA assumes 0.00% tax rate for the forecast period since corporate tax is exempt for marine transport business under Section 13A of the Singapore Income Tax Act, Cap. 134.

3. Working capital

Working capital consists of accounts receivable, accounts payable, other current assets, other non-current assets, other current liabilities, and other non-current liabilities. IFA assumes average days sales outstanding of 45 days for the loan repayment period and 60 days after the loan repayment period ends. According to ADS's policy payment to its accounts payable, for marine management company in TASCOS Group, average days sales outstanding is 30 days. Other current assets, other non-current assets, other current liabilities and other non-current liabilities are determined as percentage of historical average sales from 2012 – the period of 9 months 2015. Assuming constant percentage, working capital can be demonstrated as in the table below:

	Assumptions
Average days sales outstanding (days)	45 – 60
Average days payable outstanding (days)	30
Other current assets to sales (%)	0.50
Other non-current assets to sales (%)	0.00
Other current liabilities to sales (%)	4.10
Other non-current liabilities to sales (%)	0.00

4. Capital expenditure

From management interview, ADS's capital expenditure plan for 2015 - 2034 is as follows:

- | | | | |
|----|---|--------------------------|----------------|
| 1. | Investments in Ballast water management system (BWMS) | USD 0.70 mm | in 2016 |
| 2. | Investments in Stability Instruments on tankers | USD 0.80 mm | in 2016 |
| 3. | Investments in office supplies | USD 0.03 mm/year | in 2016 – 2034 |
| 4. | Special or intermediate survey | USD 0.25 – 0.50 mm/ year | |

Terminal growth

To be conservative, IFA assumes 0.00% terminal growth rate after the forecast period. IFA assumes salvage value of USD 600,000 at the end of August 2034, as instructed by ADS.

5. Discount rate

Discount rate, used to calculate present value of cash flows from operations, is calculated by using Weighted Average Cost of Capital (WACC) with the following assumptions:

$$\begin{aligned} \text{WACC} &= (\text{Cost of interest bearing debt} \times \text{Interest bearing debt} / \text{Total value of the firm's financing}) + (\text{Cost of equity} \times \text{Total shareholder equity} / \text{Total value of the firm's financing}) \\ &= [K_d(1-T) \times D/(D+E)] + [K_e \times E/(D+E)] \end{aligned}$$

Costs of equity (Ke) or return on equity (Re) is calculated by using Capital Asset Pricing Model (CAPM) as follows:

$$K_e = R_f + \beta (R_m - R_f)$$

Where

R_f = Risk free rate, determined from 19-year government bond yield from www.thaibma.com as of 11 November 2015, which equals 3.33%. This is in consistence with the forecast period.

β = Beta, the average risk from investing, calculated from beta of listed companies operating in marine transport businesses as ADS. The listed companies used in calculation are TTA, RCL, PSL and JUTHA (calculated from 5-year historical average, 12 November 2010 – 11 November 2015).

Symbol	Company	Beta
TTA	Thoresen Thai Agencies Plc.	1.116

RCL	Regional Container Lines Plc.	0.909
PSL	Precious Shipping Plc.	0.931
JUTHA	Jutha Maritime Plc.	0.828

The average beta of listed companies operating in similar businesses is 0.946.

Market Risk = Return from investing in the Stock Exchange of Thailand as of 11 November 2015 equals to 11.845% per year.

Kd = Interest rate of 2.20%, similar to US LIBOR 1 month plus 2.00%, ADS's current rate.

D/E = Estimated interest bearing debt to equity ratio of 0.90 time, close to capital structure as of 30 September 2015.

T = Corporate tax rate of 0.00%.

According to the abovementioned assumptions, ADS's WACC is 6.78% per year. From the above assumptions, the forecast of free cash flow and the present value of cash flow used in the calculation are as follows:

Assumptions and fair value of ADS by DCF Approach

	Assumptions	2015F	2016F	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F
Revenue assumptions											
Time charter revenue (USD 1,000 per day)	Historical average	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80
Operating day (days)	As scheduled	360.00	360.00	346.00	360.00	339.00	360.00	346.00	360.00	339.00	360.00
Cost assumptions (unit: USD 1,000)											
Crew salaries	4.00% growth	532.12	553.41	575.54	598.56	622.51	647.41	673.30	700.23	728.24	757.37
Depreciation	Accounting policy	911.49	944.12	992.63	922.63	922.63	922.63	922.63	922.63	922.63	922.63
Vessel terminal services	4.00% growth	15.04	15.12	15.19	15.27	15.35	15.42	15.50	15.58	15.66	15.73
Selling and administrative expenses assumptions (unit: USD 1,000)											
Utility expenses	4.00% growth	340.28	353.89	368.04	382.76	398.07	414.00	430.56	447.78	465.69	484.32
Consultant Fees	4.00% growth	12.54	13.04	13.56	14.11	14.67	15.26	15.87	16.50	17.16	17.85
Insurance	4.00% growth	27.78	28.89	30.05	31.25	32.50	33.80	35.15	36.56	38.02	39.54
Third party services	4.00% growth	367.08	381.77	397.04	412.92	429.43	446.61	464.48	483.05	502.38	522.47

Assumptions and fair value of ADS by DCF Approach (Cont'd)

	Assumptions	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	Aug 2034F
Revenue assumptions											
Time charter revenue (USD 1,000 per day)	Historical average	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80
Operating day	As scheduled	346.00	360.00	339.00	360.00	346.00	360.00	339.00	360.00	346.00	111.00
Cost assumptions (unit: USD 1,000)											
Crew salaries	4.00% growth	787.67	819.18	851.94	851.94	851.94	851.94	851.94	851.94	851.94	851.94
Depreciation	Accounting policy	992.63	992.63	992.63	992.63	992.63	992.63	992.63	992.63	992.63	383.62
Vessel terminal services	4.00% growth	15.81	15.89	15.97	15.97	15.97	15.97	15.97	15.97	15.97	6.17
Selling and administrative expenses assumptions (unit: USD 1,000)											
Utility expenses	4.00% growth	503.67	523.84	544.79	544.79	544.79	544.79	544.79	544.79	544.79	138.62
Fees	4.00% growth	18.56	19.30	20.08	20.08	20.08	20.08	20.08	20.08	20.08	5.11
Insurance	4.00% growth	41.13	42.77	44.48	44.48	44.48	44.48	44.48	44.48	44.48	11.32
Third party services	4.00% growth	543.37	565.11	587.71	587.71	587.71	587.71	587.71	587.71	587.71	149.54

Assumptions and fair value of ADS by DCF Approach (Cont'd)

Unit: USD 1,000	Q4/2015F	2016F	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F
Time period	0.25	1.25	2.25	3.25	4.25	5.25	6.25	7.25	8.25	9.25
Time charter revenue	788.2	3,528.0	3,390.8	3,528.0	3,322.2	3,528.0	3,390.8	3,528.0	3,322.2	3,528.0
Costs	(441.9)	(1,458.7)	(1,512.6)	(1,583.4)	(1,606.5)	(1,630.5)	(1,655.5)	(1,681.4)	(1,708.4)	(1,736.5)
Gross profit	346.3	2,069.3	1,878.2	1,944.6	1,715.7	1,897.5	1,735.3	1,846.6	1,613.8	1,791.5
Selling and administrative expenses	(36.5)	(747.7)	(777.6)	(808.7)	(841.0)	(874.7)	(909.7)	(946.1)	(983.9)	(1,023.3)
Earnings before interest and tax	309.8	1,237.8	998.7	1,080.5	817.0	962.9	763.3	835.7	562.4	698.1
Tax expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings after tax	309.8	1,237.8	998.7	1,080.5	817.0	962.9	763.3	835.7	562.4	698.1
Depreciation	187.5	944.1	992.6	992.6	992.6	992.6	992.6	992.6	992.6	992.6
Change in working capital	2,106.2	4.5	23.0	(15.2)	27.7	(170.6)	25.0	(20.6)	36.6	(31.9)
CAPEX	(258.8)	569.8	(1,080.0)	(30.0)	(530.0)	(30.0)	(380.0)	(30.0)	(530.0)	(30.0)
Free cash flows to firm (FCFF)	2,344.8	2,756.2	934.4	2,027.9	1,307.4	1,754.9	1,401.0	1,777.7	1,061.7	1,628.8

Assumptions and fair value of ADS by DCF Approach (Cont'd)

Unit: USD 1,000	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	Aug 2034F
Time period	10.25	11.25	12.25	13.25	14.25	15.25	16.25	17.25	18.25	19.25
Time charter revenue	3,390.8	3,528.0	3,322.2	3,528.0	3,390.8	3,528.0	3,322.2	3,528.0	3,390.8	1,087.8
Costs	(1,765.7)	(1,796.1)	(1,827.7)	(1,860.5)	(1,860.5)	(1,860.5)	(1,860.5)	(1,860.5)	(1,860.5)	(1,860.5)
Gross profit	1,625.1	1,731.9	1,494.5	1,667.5	1,530.3	1,667.5	1,461.7	1,667.5	1,530.3	(772.7)
Selling and administrative expenses	(1,064.2)	(1,106.7)	(1,151.0)	(1,197.1)	(1,197.1)	(1,197.1)	(1,197.1)	(1,197.1)	(1,197.1)	(1,197.1)
Earnings before interest and tax	487.9	549.3	264.6	470.4	333.2	470.4	264.6	470.4	333.2	64.2
Tax expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings after tax	487.9	549.3	264.6	470.4	333.2	470.4	264.6	470.4	333.2	64.2
Depreciation	992.6	992.6	992.6	992.6	992.6	992.6	992.6	992.6	992.6	992.6
Change in working capital	25.4	(20.2)	37.0	(34.3)	22.9	(22.9)	34.3	(34.3)	22.9	288.7
CAPEX	(380.0)	(30.0)	(530.0)	(30.0)	(380.0)	(30.0)	(530.0)	(30.0)	(380.0)	-
Free cash flows to firm (FCFF)	1,126.0	1,491.7	764.3	1,398.7	968.7	1,410.2	761.5	1,398.7	968.7	1,345.5
Present value of FCFF	17,577.1									
Present value of terminal value	173.5									
Enterprise value	17,750.6									
Net debt as of 30 September 2015	(7,965.6)									

Equity value	9,785.0
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Sensitivity analysis

IFA performs the sensitivity analysis by varying discount rate. 0.50% - 10% increase of discount rate from base case were assumed. This sensitivity analysis is different from Raycol DCF analysis because IFA has considered the risk that may arise from business operation which mainly operates in foreign country.

% Changes in discount rate per year	0.00%	+0.50%	+1.00%	+1.50%
Discount rate	6.78%	7.28%	7.78%	8.28%
Equity value (USD mm)	9.79	9.26	8.76	8.29
Equity value per share (USD)	1.36	1.28	1.21	1.15
Equity value (THB mm)	350.67	331.74	313.85	296.91
Equity value per share (THB)	48.60	45.98	43.50	41.15

Remark: Exchange rate from Bloomberg as of 11 November 2015: THB 35.837 / USD

2. Valuation Summary

The valuation results from various approaches are summarized as follows:

	Valuation Approaches	Fair Value (THB/share)	Equity Value (38.00%) (THB mm)	Appropriateness of Valuation Approach
1.	Book value approach	52.67	375.31	Inappropriate
2.	Adjusted book value approach	16.96	120.84	Inappropriate
3.	Market value approach	-	-	Inappropriate
4.	Price-to-Book-Value ratio approach	31.08 – 41.61	211.45 – 296.47	Inappropriate
5.	Price-to-Earnings ratio approach	68.96 – 82.81	491.34 – 590.02	Inappropriate
6.	Discounted cash flow approach	41.15 – 48.60	296.91 – 350.67	Appropriate

In entering into the Transaction, IFA opines that the inappropriate approaches are book value approach, adjusted book value approach, Price-to-Book-Value ratio approach, and Price-to-Earnings ratio approach due to the following reasons:

- Value from book value approach reflects financial position at a point in time without reflecting the fair value of the assets and important events that occurred after the referred financial statement date, as well as the future ability to generate profit. Therefore, this approach is inappropriate.

- Value from adjusted book value approach reflects value of net assets and fair value better and more accurately than the book value approach. Furthermore, it also accounts for important events that occurred after the referred financial statement date. However, this approach does not reflect the company's ability to generate future profit. Because, it just consider the business book value at one time without consider the business opportunity lost if ADS cannot procure tanker to support the group's business. For example, the opportunity cost to hire other tanker to transport goods while waiting new vessel assembly, at least 1 or 2 years, or, the current market situation that cannot procure new vessel due to lack of supply. Adjusted book value approach, therefore, is inappropriate.
- Value from market comparable approaches, i.e. Price-to-Book-Value ratio approach and Price-to-Earnings ratio approach, reflect values for minority investors. Since TASCOS will hold 100.00% of ADS's common shares after the acquisition, TASCOS will be considered the major shareholder with control over the company, thus rendering these approaches inappropriate.

IFA opines that the appropriate valuation approach is Discounted Cash Flow (DCF) approach.

- DCF approach reflects business plan, ability to generate profit and growth trend as well as shareholders' return in the future, including that ADS share acquisitions will make TASCOS increase its tanker number and increase its abilities to transport goods as round-trip. Also, Asphalt tanker is a special vessel that different from other vessel. Therefore, this approach can reflect the intrinsic value of share to a good extent. Since after the acquisition, TASCOS will hold 100.00% of ADS's common share and will be considered the major shareholder with control over the company, this approach is deemed appropriate.

Conclusion of Independent Financial Advisor's Opinion

IFA performed the valuation of ADS in proportion of this acquisition and arrived at the appropriate value between THB 41.15 – THB 48.60 per share or investment value of THB 296.91 mm - THB 350.67 mm. Since the range of appropriate value is higher the purchase price of THB 430.04 mm (calculated from USD 12.00 mm and the exchange rate of THB 35.837 / USD from Bloomberg as of 11 November 2015), or 18.46% - 30.96% higher than the purchase price, IFA opines that the transaction price is appropriate.

5. Reta Link Pte Ltd. (“RTL”)

1) **Book value approach**

This valuation approach reflects the value of net asset on the accounting book (total assets minus total liabilities) or equals to shareholders’ equity divided by number of shares, to arrive at book value per share. From management accounts as of 30 September 2015, which is a management account in which IFA made some adjustment to reflect assets, liabilities and shareholders’ equity, Book Value Approach gave the following results:

Item	Amount (USD)	Amount (THB)
Registered and paid-up share	41,370	1,482,577
<u>Add</u> retained earnings (losses)	1,161,473	41,623,708
Total shareholders’ equity	1,202,843	43,106,285
No. of shares (share)	50,000	50,000
Book value per share (THB)	24.06	862.13

Remark: Exchange rate from Bloomberg as of 11 November 2015: THB 35.837 / USD

Based on the book value approach, the share value of RTL is THB 826.13 per share.

2) **Adjusted book value approach**

This valuation approach takes total assets and deduct it with total liabilities at any given moment and makes adjustments for commitments and contingent liabilities including the increment or discount of market value of fixed assets appraised by independent appraiser and other factors raised by management interview, then divides the amount by number of shares.

Items considered for adjustments in adjusted book value approach are adjustment for the price of AD PHOENIX, a tanker vessel that is RTL’s major asset. The detail of which are as follows:

Asset Item ^{1/}	Book Value (THB)	Appraised Value ^{2/} (THB)	Difference (THB)
AD PHOENIX price	150,624,790.29	134,388,750	16,236,040.29

Remark: Exchange rate from Bloomberg as of 11 November 2015: THB 35.837 / USD

^{1/} Appraisal value from independent appraisal report, Clarksons Valuations Limited, dated 7 October 2015

^{2/} Market value approach

Reduction was made to the asset appraisal value by adjustment item by referring comparable market value of similar tanker vessel. As a result, fair value of AD PHOENIX is THB 134,388,750.00 (converted from USD 3.75 mm at USD 1.00 – THB 35.8370 rate based on exchange rate from Bloomberg as of 11 November 2015), which is lower than net book value of THB 150,624,790.29 (converted from USD 4.20 mm at USD 1.00 – THB 35.8370 rate based on exchange rate from Bloomberg as of 11 November 2015) as of 30 September 2015 by THB 16,236,040.29. Therefore, the IFA adjusted for the difference between net book value and appraised value by market value approach to reflect the impact of such difference.

Item	Amount (USD)	Amount (THB)
Shareholders' equity as of 30 September 2015	1,202,843	43,106,285
<u>Less</u> Difference from appraisal report	453,052	16,236,041
Net asset value after adjustment	749,791	26,870,244
No. of registered and paid-up shares (share)	50,000	50,000
Adjusted book value per share (THB)	15.00	537.40

Remark: Exchange rate from Bloomberg as of 11 November 2015: THB 35.837 / USD

Based on the adjusted book value approach, the share value is THB 537.40 per share. IFA opines that adjusted book value approach from appraisal report reflects the intrinsic value

3) Historical market price approach

This valuation approach is based on the historical weighted average market price of RTL from the stock exchange, under time frame of 15 – 180 days counting backward on the date IFA conducts this approach. However, RTL is not a listed company, therefore, this approach is not applicable.

4) Price-to-Book-Value ratio approach (“P/BV Ratio”)

This valuation approach is based on book value calculated in 1.1, which equals THB 862.13 per share, multiplied by the average Price-to-Book-Value ratio (P/BV) of companies listed in the Stock Exchange of Thailand under marine transport sector. Based on the information from the Stock Exchange of Thailand, IFA selected 4 comparable companies consisting of Thoresen Thai Agencies Plc., Regional Container Lines Public Company Limited, Precious Shipping Public Company Limited, and Jutha Maritime PCL. Details of average P/BV of

comparable listed companies from 15 to 180 trading days counting backward from 11 November 2015 are as follows:

Comparable Companies		Symbol	Average P/BV Ratio (Trading Days)					
			15-day	30-day	60-day	90-day	120-day	180-day
1	Thoresen Thai Agencies Plc.	TTA	0.59	0.59	0.59	0.64	0.67	0.8
2	Regional Container Lines Public Company Limited	RCL	0.56	0.57	0.57	0.64	0.7	0.75
3	Precious Shipping Public Company Limited	PSL	0.6	0.62	0.65	0.72	0.77	0.85
4	Jutha Maritime PCL	JUTHA	0.62	0.63	0.64	0.68	0.72	0.76
Average P/BV			0.59	0.6	0.61	0.67	0.72	0.79

Source: The Stock Exchange of Thailand

Value from Price-to-Book-Value ratio approach is calculated from the following formula:

Fair Value	=	Average P/BV of comparable companies x Book value as of 30 September 2015
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	15-day	30-day	60-day	90-day	120-day	180-day
Average P/BV	0.59	0.60	0.61	0.67	0.72	0.79
Book value per share (THB)	862.13	862.13	862.13	862.13	862.13	862.13
Share value (THB)	508.66	517.28	525.9	577.63	620.73	681.08

Based on the Price-to-Book-Value ratio approach, the share value of RTL is THB 508.66 per share – THB 681.08 per share.

5) Price-to-Earnings ratio approach (“P/E Ratio”)

This valuation approach is based on estimated 2015 earnings of RTL, which equals THB 354.90 per share (converted based on exchange rate from Bloomberg as of 11 November 2015: THB 35.837 / USD), multiplied by the average Price-to-Earnings ratio (P/E) of comparable companies as mentioned in 1.4. Details of P/E ratio of listed companies from 15 to 180 trading days counting backward from 11 November 2015 are as follows:

Comparable Companies		Symbol	Average P/E Ratio (Trading Days)					
			15-day	30-day	60-day	90-day	120-day	180-day
1	Thoresen Thai Agencies Plc. ^{/1}	TTA	N/A	N/A	N/A	131.71	132.99	87.17
2	Regional Container Lines Public Company Limited	RCL	12.2	12.36	12.48	12	12.03	14.65
3	Precious Shipping Public Company Limited ^{/2}	PSL	N/A	N/A	N/A	N/A	N/A	N/A
4	Jutha Maritime PCL ^{/2}	JUTHA	N/A	N/A	N/A	N/A	N/A	N/A
Average P/E			12.2	12.36	12.48	12.00	12.03	14.65

Source: The Stock Exchange of Thailand

/1 Abnormal volatility, therefore, not included in calculation

/2 Negative earnings, therefore, not applicable

Value from Price-to-Earnings ratio approach is calculated from the following formula:

Fair Value	=	Average P/E of comparable companies x Estimated 2015 earnings
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	15-day	30-day	60-day	90-day	120-day	180-day
Average P/E	12.20	12.36	12.48	12.00	12.03	14.65
Earnings per share (THB)	354.90	354.90	354.90	354.90	354.90	354.90
Share value (THB)	4,329.75	4,386.53	4,429.12	4,258.77	4,269.41	5,199.25

Based on the Price-to-Earnings ratio approach, the share value of RTL is THB 4,258.77 per share – THB 5,199.25 per share.

6) Discounted cash flow approach (“DCF Approach”)

The discounted cash flow approach is calculated by discounting the expected future cash flows at the weighted average cost of capital (“WACC”). This valuation exercise is prepared based on a going concern basis under the current economy.

IFA has provided the opinion based on the forecasts in order to show the appropriateness of the Transaction under the current economy, without incorporating the possibility of future projects. If any of the above factors or other external factors that could significantly impact the business operation changes from the assumptions made herein, the share value based on this approach may also differ.

IFA's forecasted financial statements are based on the historical financial information, which includes documents seen/received from management and management interview. Key assumptions used in financial forecast are illustrated as follows:

1. Forecasted period: 12 years beginning from 2015 to July 2027)

AD PHOENIX is estimated to have useful life of 12 years left, which is until the end of July 2027.

2. Revenue and costs

Revenue forecast

IFA determines various revenue assumptions based on interviews with the management, past operating results, and the future trend. The main assumptions used in preparing the forecast are as follows.

Time charter service

The majority of RTL's revenue from charter service is from transportation of asphalt products for the connected companies, namely HR and ABS (both are TASCOS's Target Companies). In 2014, revenue from service rendered for connected companies accounts for more than 90.00% of total revenue. It is RTL's policy to prioritize transportation service for the connected companies. Other companies will only receive RTL's service in case there is excess in transportation capacity. At present, RTL owns 1 fleet vessel with 2,058-ton capacity called AD PHOENIX.

The IFA estimated time charter revenue per day for 2015 to be USD 6,500 based on average service revenue RTL charged its client during the first 9 months of 2015. As supply for asphalt transportation in South East Asia is limited and the service RTL provide is for specific type of product and from the interview with the management, RTL intends to maintain the charter service fee at the same rate after the Transaction. For this reason, the IFA assumes time charter revenue per day at a rate similar to 2015, which is USD 6,500, for the entire forecasted period.

The IFA assumes the number of operating days in each accounting cycle to be 340-360 days per year based on historical data from 2013 to the period of 9 months in 2015. To arrive at said number, the IFA also considered off-hire period for dry-docking maintenance. It is assumed that RTL will routinely administer major repairs or dry-docking every 5 years as well as regular repairs every 2 years. Each maintenance is assumed to require 1-2 weeks of off-hire.

Cost of services

The majority of vessel operating costs are fixed costs which consist of crew salaries, food, medical expenses, supplies, vessel terminal services, and depreciation. IFA assumes costs related to crewing will grow at the rate of 4.00% per year in alignment with inflation. Additionally, IFA determined vessel's depreciation by using vessel's book value after deducting salvage value, then charging the amount evenly until the end of vessel's useful life, which, in RTL's case, is at the end of July 2027. Then, IFA charge the same depreciation over the useful life, which

will end on August 2034. Vessel maintenance expenses will also be charged evenly over 5 years. Other assets' depreciation will be charged according to accounting policy of RTL.

Selling and administrative expenses

Selling and administrative variable expenses consists of variable costs such as repair and maintenance expenses, vessel parts, and fixed costs such as utility expenses, management fee, insurance costs, services expenses, and etc. IFA assumes these variable costs to vary depending on revenue. Whereas fixed costs are assumed to increase by 4% per year due to the increasing insurance premium trend.

Interest expenses

As of 30 September 2015, RTL has loan from COLAS of USD 5.00 mm that bears interest rate of US LIBOR 1 month plus 2.00%. The effective rate was ranging from 2.150% - 2.164% per year. After the acquisition, TASCO estimates that it will refinance the existing debt and repay the principle of USD 0.50 mm – USD 1.00 mm per year. IFA makes adjustments to the forecast by assuming the interest rate to be close to actual interest rate in 2015 and assuming loan repayment of USD 0.50 mm – USD 1.00 mm per year.

Tax rate

IFA assumes 0.00% tax rate for the forecast period since corporate tax is exempt for marine transport business under Section 13A of the Singapore Income Tax Act, Cap. 134.

3. Working capital

Working capital consists of accounts receivable, accounts payable, other current assets, other non-current assets, other current liabilities, and other non-current liabilities. IFA assumes average days sales outstanding of 15 days for the loan repayment period and 30 days after the loan repayment period ends. According to RTL's policy payment to its accounts payable, for marine management company in TASCO Group, average days sales outstanding is 30 days. Other current assets, other non-current assets, other current liabilities and other non-current liabilities are determined as percentage of historical average sales from 2012 – the period of 9 months 2015. Assuming constant percentage, working capital can be demonstrated as in the table below:

	Assumptions
Average days sales outstanding (days)	15 – 30
Average days payable outstanding (days)	30
Other current assets to sales (%)	0.77
Other non-current assets to sales (%)	0.00
Other current liabilities to sales (%)	0.44
Other non-current liabilities to sales (%)	0.00

4. Capital expenditure

From management interview, ADS's capital expenditure plan for 2015 - 2034 is as follows:

- | | | | |
|----|--|----------------------------|----------------|
| 1. | Investments in Stability instruments on tankers | USD 0.05 mm | in 2016 |
| 2. | Investments in ballast tank pipelines & tank coating | USD 0.20 mm | in 2017 |
| 3. | Investments in Marine Boards | USD 0.10 mm/year | in 2017 |
| 4. | Investment in Ballast Water Management System (BWMS) | USD 0.70 mm | in 2017 |
| 5. | Investments in office supplies | USD 0.03 mm / year | in 2016 – 2027 |
| 6. | Special or Intermediate Survey expenses | USD 0.35 mm– 0.45 mm/ year | |

Terminal growth

To be conservative, IFA assumes 0.00% terminal growth rate after the forecast period. IFA assumes salvage value of USD 250,000 at the end of July 2027, as instructed by RTL.

5. Discount rate

Discount rate, used to calculate present value of cash flows from operations, is calculated by using Weighted Average Cost of Capital (WACC) with the following assumptions:

WACC= (Cost of interest bearing debt x Interest bearing debt / Total value of the firm's financing) + (Cost of equity x Total shareholder equity / Total value of the firm's financing)

$$= [Kd(1-T) * D/(D+E)] + [Ke * E/(D+E)]$$

Costs of equity (Ke) or return on equity (Re) is calculated by using Capital Asset Pricing Model (CAPM) as follows:

$$Ke = Rf + \beta (Rm - Rf)$$

Where

Rf = Risk free rate, determined from 12-year government bond yield from www.thaibma.com as of 11 November 2015, which equals 2.82%. This is in consistence with the forecast period (data as of 11 November 2015 from www.thaibma.or.th).

β = Beta, the average risk from investing, calculated from beta of listed companies operating in marine transport businesses as ADS. The listed companies used in calculation are TTA, RCL, PSL and JUTHA (calculated from 5-year historical average, 12 November 2010 – 11 November 2015).

Symbol	Company	Beta
TTA	Thoresen Thai Agencies Plc.	1.116
RCL	Regional Container Lines Plc.	0.909
PSL	Precious Shipping Plc.	0.931
JUTHA	Jutha Maritime Plc.	0.828

The average beta of listed companies operating in similar businesses is 0.946.

Market Risk = Return from investing in the Stock Exchange of Thailand as of 11 November 2015 equals to 11.845% per year.

Kd = Interest rate of 2.20%, similar to US LIBOR 1 month plus 2.00%, RTL's current rate.

D/E = Estimated interest bearing debt to equity ratio of 4.00 time, close to capital structure as of 30 September 2015.

T = Corporate tax rate of 0.00%.

According to the abovementioned assumptions, RTL's WACC is 6.78% per year. From the above assumptions, the forecast of free cash flow and the present value of cash flow used in the calculation are as follows:

Assumptions and fair value of ADS by DCF Approach

	Assumptions	2015F	2016F	2017F	2018F	2019F	2020F	2021F
Revenue assumptions								
Time charter revenue (USD 1,000 per day)	Historical average	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Operating day (days)	As scheduled	350	360	340	360	346	360	340
Cost assumptions (unit: USD 1,000)								
Crew Salaries	4.00% growth	459.40	477.78	496.89	516.76	537.43	558.93	581.29
Depreciation	Accounting policy	357.69	457.33	630.20	630.20	630.20	630.20	630.20
Vessel terminal services	4.00% growth	10.62	11.04	11.49	11.95	12.42	12.92	13.44
Selling and administrative expenses assumptions (unit: USD 1,000)								
Utility expenses	4.00% growth	296.05	307.89	320.20	333.01	346.33	360.19	374.59
Consultant Fees	4.00% growth	12.82	13.33	13.87	14.42	15.00	15.60	16.22
Insurance	4.00% growth	14.47	15.04	15.65	16.27	16.92	17.60	18.30
Third party services	4.00% growth	248.23	258.16	268.49	279.23	290.40	302.02	314.10

Assumptions and fair value of ADS by DCF Approach (Cont'd)

	Assumptions	2022F	2023F	2024F	2025F	2026F	Jul 2027F
Revenue assumptions							
Time charter revenue (USD 1,000 per day)	Historical average	6.50	6.50	6.50	6.50	6.50	6.50
Operating day	As scheduled	360	346	360	340	360	206
Cost assumptions (unit: USD 1,000)							
Crew salaries	4.00% growth	604.54	628.72	653.87	680.02	707.22	404.69
Depreciation	Accounting policy	630.20	630.20	630.20	630.20	630.20	360.62
Vessel terminal services	4.00% growth	13.97	14.53	15.12	15.72	16.35	9.35
Selling and administrative cost assumptions (unit: USD 1,000)							
Utility expenses	4.00% growth	389.58	405.16	421.37	438.22	455.75	260.79
Fees	4.00% growth	16.87	17.55	18.25	18.98	19.74	11.29
Insurance	4.00% growth	19.04	19.80	20.59	21.41	22.27	12.74
Third party services	4.00% growth	326.66	339.73	353.31	367.45	382.15	218.67

Assumptions and fair value of ADS by DCF Approach (Cont'd)

Unit: USD 1,000	Q4/2015 F	2016F	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	Jul2027F
Time period	0.25	1.25	2.25	3.25	4.25	5.25	6.25	7.25	8.25	9.25	10.25	11.25	11.83
Time charter revenue	454.5	2340.0	2210.0	2340.0	2249.0	2340.0	2210.0	2340.0	2249.0	2340.0	2210.0	2340.0	1339.0
Costs	(128.2)	(946.2)	(1138.6)	(1158.9)	(1180.1)	(1202.1)	(1224.9)	(1248.7)	(1273.5)	(1299.2)	(1325.9)	(1353.8)	(774.7)
Gross profit	326.3	1393.8	1071.4	1181.1	1068.9	1137.9	985.1	1091.3	975.5	1040.8	884.1	986.2	564.3
Selling and administrative expenses	(230.9)	(594.4)	(618.2)	(642.9)	(668.7)	(695.4)	(723.2)	(752.1)	(782.2)	(813.5)	(846.1)	(879.9)	(503.5)
Earnings before interest and tax	115.9	799.4	453.2	538.2	400.3	442.5	261.9	339.1	193.3	227.3	38.0	106.3	60.8
Less													
Tax expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings after tax	115.9	799.4	453.2	538.2	400.3	442.5	261.9	339.1	193.3	227.3	38.0	106.3	60.8
Add													
Depreciation	89.4	457.3	630.2	630.2	630.2	630.2	630.2	630.2	630.2	630.2	630.2	630.2	630.2
Change in working capital	513.7	6.7	22.5	(102.2)	10.0	(6.4)	13.7	(9.8)	10.3	(6.1)	14.1	(9.5)	42.8
CAPEX	0.0	(80.0)	(1380.0)	(30.0)	(480.0)	(30.0)	(380.0)	(30.0)	(480.0)	(30.0)	(380.0)	(30.0)	0.0
Free cash flows to firm (FCFF)	719.0	1183.4	(274.1)	1036.1	560.5	1036.3	525.8	929.5	353.9	821.4	302.3	697.0	733.9

Present value of FCFF	6,856.70
Present value of terminal value	156.6
<hr/>	
Enterprise value	7,013.40
<hr/>	
Net debt as of 30 September	
2015	(4,944.80)
<hr/>	
Equity value	2,068.60
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Sensitivity analysis

IFA performs the sensitivity analysis by varying discount rate. 0.50% - 1.50% increase of discount rate from base case were assumed. This sensitivity analysis is different from Raycol DCF analysis because IFA has considered the risk that may arise from business operation which mainly operates in foreign country.

% Changes in discount rate per year	0.00%	0.50%	1.00%	1.50%
Discount rate	4.03%	4.53%	5.03%	5.53%
Equity value (USD mm)	2.07	1.88	1.70	1.53
Equity value per share (USD)	41.37	37.63	34.04	30.61
Equity value (THB mm)	74.13	67.42	61.00	54.85
Equity value per share (THB)	1,482.65	1,348.48	1,220.03	1,097.01

Remark: Exchange rate from Bloomberg as of 11 November 2015: THB 35.837 / USD

2. Valuation Summary

The valuation results from various approaches are summarized as follows:

	Valuation Approaches	Fair Value (THB/share)	Equity Value (THB mm)	Appropriateness of Valuation Approach
1.	Book value approach	862.13	43.11	Inappropriate
2.	Adjusted book value approach	537.4	26.87	Inappropriate
3.	Market value approach	-	-	Inappropriate
4.	Price-to-Book-Value ratio approach	508.66 – 681.08	25.43 – 34.05	Inappropriate
5.	Price-to-Earnings ratio approach	4,258.77 – 5,199.25	212.94 – 259.96	Inappropriate
6.	Discounted cash flow approach	1,097.01 – 1,482.65	54.85 – 74.13	Appropriate

In entering into the Transaction, IFA opines that the inappropriate approaches are book value approach, adjusted book value approach, Price-to-Book-Value ratio approach, and Price-to-Earnings ratio approach due to the following reasons:

- Value from book value approach reflects financial position at a point in time without reflecting the fair value of the assets and important events that occurred after the referred financial statement date, as well as the future ability to generate profit. Therefore, this approach is inappropriate.

- Value from adjusted book value approach reflects value of net assets and fair value better and more accurately than the book value approach. Furthermore, it also accounts for important events that occurred after the referred financial statement date. However, this approach does not reflect the company's ability to generate future profit. Because, it just consider the business book value at one time without consider the business opportunity lost if ADS cannot procure tanker to support the group's business. For example, the opportunity cost to hire other tanker to transport goods while waiting new vessel assembly, at least 1 or 2 years, or, the current market situation that cannot procure new vessel due to lack of supply. Be adjusted book value approach, therefore, is inappropriate.
- Value from market comparable approaches, i.e. Price-to-Book-Value ratio approach and Price-to-Earnings ratio approach, reflect values for minority investors. Since TASCOT will hold 100.00% of RTL's common shares after the acquisition, TASCOT will be considered the major shareholder with control over the company, thus rendering these approaches inappropriate.

IFA opines that the appropriate valuation approach is Discounted Cash Flow (DCF) approach.

- DCF approach reflects business plan, ability to generate profit and growth trend as well as shareholders' return in the future, including that ADS share acquisitions will make TASCOT increase its tanker number and increase its abilities to transport goods as round-trip. Also, Asphalt tanker is a special vessel that different from other vessel. Therefore, this approach can reflect the intrinsic value of share to a good extent. Since after the acquisition, TASCOT will hold 100.00% of RTLs common share and will be considered the major shareholder with control over the company, this approach is deemed appropriate.

Conclusion of Independent Financial Advisor's Opinion

IFA performs the valuation of RTL in proportion of this acquisition and arrived at the appropriate value between THB 1,097.01 – THB 1,482.65 per share or investment value of THB 54.85 mm - THB 74.13 mm. Since the range of appropriate value is higher the purchase price of THB 28.67 mm (calculated from USD 0.80 mm and the exchange rate of THB 35.837 / USD from Bloomberg as of 11 November 2015), or 91.32% - 158.58% higher than the purchase price, IFA opines that the transaction price is appropriate.

5 Reasonableness and Conditions of the Transaction

The opinion of the IFA on fairness of price

Below is the comparison of different approaches for valuating Raycol, ABS and subsidiaries, HR and subsidiary, ADS, and RTL.

Companies	Valuation Approach (THB million)							Investment Value (THB million)		
	Book Value Approach	Adjusted Book Value Approach	Market Value Approach	Price-to-Book-Value ratio Approach: P/BV ratio	Price-to-Earnings Ratio Approach: P/E ratio	(Discounted Cash Flow Approach - FCF to Equity)	(Discounted Cash Flow Approach – FCF to Firm)	Shares	Loans	Total
Raycol	80.50	109.27	NA	216.76 – 233.13	595.20 – 649.87	256.66 – 325.77	675.41 - 857.28	250.86	-	250.86
ABS & subsidiary	322.03	337.34	NA	866.26 – 933.88	277.37 – 302.84	388.83 – 474.92	698.44 - 784.53	340.45	-	340.45
HR & subsidiary	435.58	510.17	NA	1,171.72 – 1,263.16	3,314.83–3,620.09	805.87 – 973.81	933.39 - 1,101.33	716.74	-	716.74
ADS	375.31	120.84	NA	221.45 – 296.47	491.34 – 590.02	296.91 – 350.67	582.38 - 636.13	430.04	286.7	716.74
RTL	43.11	26.87	NA	25.43 – 34.05	212.94 – 259.96	54.85 – 74.13	232.06 - 251.34	28.67	161.27	189.97
Total						1,803.12 – 2,199.31	3,121.68-3,630.61	1,766.76	447.97	2,214.73

Remark: In the valuation, the IFA calculate Free cash flow to equity, which had deducted net debt from equity value. Therefore, loans to ADS and RTL are displayed separately for comparison.

The IFA opines that the appropriate approach for valuating equity value of Raycol, ABS and its subsidiary and joint company, HR and subsidiary, ADS, and RTL, is Discounted Cash Flow Approach. DCF approach reflects business plan, ability to generate profit and growth trend as well as shareholders' return in the future. This approach can reflect the intrinsic value of share to a good extent. Since after the acquisition, TASCO will hold 100.00% of RTLs common share and will be considered the major shareholder with control over the company, this approach is deemed appropriate.

On the fairness of Transaction price, the IFA had determined the fair value of the Transaction using DCF approach. The outcome of the calculation is THB 1,803.12 mm – THB 2,199.31 mm, which is higher than the investment in shares that only amounts to THB 1,766.76 mm. Therefore, the IFA deems this Transaction price **appropriate**. Also, if we include the Company's loan to ADS and RTL, the fair value calculation would be changed to Free Cash flow to Firm methodology, those 6 target companies total value is between Baht 3,121.68-3,630.61 mm, which is higher than an investment in equity and loans amount Baht 2,214.73 mm. Therefore, the IFA deems this Transaction price **appropriate**.

In addition, the IFA also took into account the appraised value of assets by the following independent appraisers:

1. American Appraisal Thailand Co., Ltd. – appraised Raycol's asset value
2. Thai Property Appraisal Lynn Phillips Co., Ltd – appraised asset value of ABS and its subsidiary and joint company and ADCo, HR's subsidiary
3. Clarksons Valuations Limited – appraised asset value of ADS and RTL

The independent appraiser completed the appraisal of asset value of Raycol, ABS, ADCo, ADS, and RTL for the purpose of assessing asset value and for public interest. The independent appraiser used market approach and the result can be summarized as displayed below:

1. American Appraisal Thailand Co., Ltd.

The independent appraiser had appraised asset value of Raycol Asphalt Co., Ltd., as shown in appraisal report no. 2015/787 dated 5 November 2015, with the following details:

Unit: THB

	Replacement Cost (New)	Fair Market Value (Continued Use)
Land	40,700,000	40,700,000
Building and building improvement	21,700,000	8,600,000
Land improvement	9,200,000	2,800,000
Machines and equipment	182,591,200	40,395,200
Tools and equipment	8,629,400	3,529,200

	Replacement Cost (New)	Fair Market Value (Continued Use)
Furniture	3,418,860	1,037,330
Computer and equipment	776,350	207,570
Vehicle – factory	49,753,000	10,248,700
Vehicle – office	4,339,000	433,900
Total	321,107,810	107,951,900
Adjustment	321,100,000	108,000,000

IFA has considered and deemed that the independent appraiser chooses Fair Market Value Approach as an appraisal method is appropriate. The independent appraiser has expand the usable life of building and improvement, increase machine and equipment life time from 5-10 years to 15 years, and appraise an additional investment from 9 months period, such as furniture, computers and equipment. Also, new vehicle which the company has bought in October 2015 is included. Therefore, it made the appraisal value overwhelm the book value.

2. Thai Property Appraisal Lynn Phillips Co., Ltd. (“VPC”)

Independent appraiser had appraised asset value of PT Asphalt Bangun Sarana (“ABS”) and its subsidiary and joint company with the following details:

	Appraisal Report No.	Dated	Asset Location	Market Value (IDR)			Total
				Building, Building Improvement, Machines, & Equipment	Vehicles	Total	USD
1	019/SWR/APP - C/MISC/ZI/15	18 November 2015	ACEH	10,135,000,000	359,000,000	10,494,000,000	769,129
2	024/SWR/APP - C/MISC/ZI/15	18 November 2015	BALA RAJA	2,394,000,000	-	2,394,000,000	175,462
3	025/SWR/APP - C/MISC/ZI/15	18 November 2015	BALI KPAP AN	5,455,000,000	4,741,000,000	10,196,000,000	747,288

4	023/SWR/APP - C/MISC/ZI/15	18 November 2015	CIWA NDA N	16,805,000,000	2,585,000,000	19,390,000,000	1,421,137
5	021/SWR/APP - C/MISC/ZI/15	18 November 2015	DURI	2,226,000,000	-	2,226,000,000	163,149
6	020/SWR/APP - C/MISC/ZI/15	18 November 2015	MED AN	18,185,000,000	160,000,000	18,345,000,000	1,344,547
7	022/SWR/APP - C/MISC/ZI/15	18 November 2015	PALE MBA NG	787,000,000	7,728,000,000	8,515,000,000	624,084
8	026/SWR/APP - C/MISC/ZI/15	18 November 2015	SAMP IT	364,000,000	2,490,000,000	2,854,000,000	209,176
	Total			56,351,000,000	18,063,000,000	74,414,000,000	5,453,972

Remark: assumes IDR 13,644/USD

IFA has considered and deemed that that the independent appraiser chooses Cost approach methodology is appropriate to appraise the value of building and improvement, machine and equipments. The appraiser has extended the useable life due to the company policy to improve and maintain asset to be continuous usable. For vehicle, the appraiser uses the market approach to compare the market price. The Well and timely schedule maintenance made vehicle in good shape. Hence, good vehicles, which are needed in local market, have a price increasing along with demands.

VPC had appraised asset value of **Asphalt Distribution Co., Ltd. “ADCo”, a subsidiary of Highway Resource Pte (“HR”)** with the following details:

	Appraisal Report No.	Dated	Asset Location	Appraisal Approach	Appraisal Value
					USD
1	TP. 15/21/219	25 November 2015	Ha Noi Office & Ho chi Minh Office	Market Approach	158,000
2	TP. 15/21/218	25 November 2015	Hai Phong Port	Market Approach	1,622,000
3	TP. 15/21/222	25 November 2015	Chan May Port	Market Approach	1,686,000
4	TP. 15/21/221	25 November 2015	Cam Ranh Port	Market Approach	1,214,000
5	TP. 15/21/220	25 November 2015	Go Dau IZ	Market Approach	4,233,000
Total					8,913,000

IFA has considered and deemed that the independent appraiser use sales comparison approach is appropriated to appraise depots and equipment, cars and trucks’ value. IFA opines that the independent appraiser compare with the current asset price in the market. Hence, the well-maintain depot and equipment value has increased. For car and trucks, the increasing mainly comes from trucks which are compared to the continuous increased price for truck in Vietnam. For office equipment and computer programs, theirs’ value have increased from an additional procurement after 9-months 2015 period.

3. Clarksons Valuations Limited

The independent appraiser had appraised asset value of ADShipping Pte Ltd. (“ADS”) and Reta Link Pte (“RTL”), as shown in appraisal report no. CVL/14456-15 dated 7 October 2015, with the following details:

Companies – Asphalt Tankers	Value (USD)
ADS – m.t. “AD MATSU” Abt 3,646 dwt – Asphalt Carrier Built 2009 Nakatani S.Y., Japan	USD 8,000,000

96.5 m Loa 16.5m Beam Abt 3,691 cbm cargo capacity Heating Coils – Maintain Heat Temp. 180 C Double Hull Daihatsu diesel	
RTL – m.t. “AD PHOENIX” Abt 2,058 dwt – Asphalt Carrier Built 2002 Kurinoura Dockyard, Japan 78.0 m Loa 12.0m Beam Abt 1,679 cbm cargo capacity Heating Coils – Maintain Heat Temp. 160 C Double Hull Daihatsu diesel	USD 3,750,000

The IFA deems market value approach used by the independent appraiser appropriate as it is based on market value comparison and reflects current market value of the appraised asset.

In addition, the value of appraised asphalt tankers was compared with similar tankers the market, which were built in China and have shorter useful lives than tankers built in Japan. This may cause appraisal value of ADS and RTL to be below normal market price.

The opinion of the independent financial advisor on the appropriateness of payment condition

By considering the payment condition, The IFA learned that the Company will pay for common shares and loans, which totals USD 61.80 mm or THB 2,214.73 mm, by cash after the Extraordinary Shareholders' Meeting no. 1/2016 to be held on 5 January 2016 resolved to allow entering into the Transaction. The payment will consists of USD 49.30 USD, or THB 1,766,76 mm, to COLAS for common shares of the Target Companies and USD 12.50 mm, or THB 447.96 mm, loans to ADS and RTL. After the total value of consideration is paid and all conditions precedent are satisfied, the Company will become the major shareholder and debtor of the aforementioned loans instead of COLAS. The IFA opines that the Transaction will earn the Company 5 Target Companies, which will gain the Company more access to raw material source as well as new distribution channels in Vietnam and Singapore. The Transaction will also add additional carrying capacity to the Company's fleet. Furthermore, as COLAS agreed waive technical fee and management fee from all Target Companies, the Transaction will also reduce expenses of the Target Companies and, in turn, enhance its operation performance. Lastly, COLAS has entered non-compete agreement that prohibits operating in asphalt and petroleum business in Vietnam, Indonesia, and Singapore for the period of 10 years, and in the Philippines, Timor Leste, Myanmar, and Sri Lanka for the period of 5 years. Therefore, this Transaction presents the Company with an opportunity to achieve its mission and vision.

Summary of the Independent Financial Advisors Overall Opinions

The IFA has considered the asset acquisition Transaction and connected Transaction, which consists of:

1. Investment in Raycol asphalt Co., Ltd. (“Raycol”) in Thailand at 38.00%
2. Investment in PT Asphalt Bangunsarand (“ABS”) in Indonesia at 99.98% and its subsidiaries, namely
 - 1) PT Saranaraya Reka Cipta (“SRC”)- 100.00% owned by ABS
 - 2) PT Sarana Distribusi Aspal Nusantara (“SDAN”) – 49.00% owned by ABS
3. Investment in Highway Resource Pte (“HR”) and subsidiary, Asphalt Distribution Co., LTd. (“ADCo”), in Singapore and Vietnam at 100.00%
4. Investment in AD Shipping Pte Ltd. (“ADS”) in Singapore at 100.00% and loans to ADS totaling USD 8.00 mm
5. Investment in Reta Link Pte Ltd. (“RTL”) in Singapore at 100.00% and loans to ADS totaling USD 4.50 mm

The Transaction will require the capital of USD 61.80 mm, or THB 2,214.73 mm. The acquisition of shares and investment in the aforementioned companies will further expand the Company’s core business to Indonesia and Vietnam as well as its chartering business. The Transaction is in alignment with the Company’s mission and vision and will create synergy as well as eliminate potential conflict of interest between the Company and COLAS.

Nevertheless, the Transaction will invest in the aforementioned assets as is. It will also require a considerable sum of capital and the Company will bear risk of not being able to obtain permission necessary for operating in foreign countries.

After a careful consideration of benefits, advantages, disadvantages, risks, and fair equity value of the Transaction, the IFA opines that the asset acquisition is reasonable and beneficial for the Company and its shareholders in general. **The shareholders should resolve to approve the aforementioned asset acquisition Transaction and connected Transaction.**

Nevertheless, the final decision depends on individual discretion of shareholders, so the shareholders should thoroughly study this report and other related documents attached with the notice of invitation before giving a vote.

The Independent Financial Advisor's opinion was given in assumption that the information and documents received from the Company as well as the interview with the Company's management is truthful, accurate, complete, and remain unchanged after they were given to the Independent Financial Advisor. The Independent Financial Advisor cannot guarantee truthfulness or completeness of the information received from the Company. Additionally, the Independent Financial Advisor's study was conducted by using knowledge, skills, and cautions, based on sound professional practices. The Independent Financial Advisor determined and analyzed the Transaction based on current situations and information available to our knowledge. If there is any material adverse change and effect of the situations and information, it may affect the opinions provided herein by the Independent Financial Advisor.

The IFA had prepared the report of its opinion on acquisition Transaction and connected transaction dated 27 November 2015. We hereby certify that the report was prepared prudently and in line with professional practice with due regard to the interest of the shareholders.

Sincerely yours,
Apple Wealth Securities PCL.

.....-signature-.....

Kanchana Uthaichaisiri

Director

.....-signature-.....

Suwit Ratanayanont

Director

.....-signature-.....

Sumritchai Thangharat

Financial Advisor