

Tipco Asphalt Public Company Limited and its subsidiaries  
Report and consolidated financial statements  
31 December 2021

## Independent Auditor's Report

To the Shareholders of Tipco Asphalt Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Tipco Asphalt Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Tipco Asphalt Public Company Limited (the Company) for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tipco Asphalt Public Company Limited and its subsidiaries and of Tipco Asphalt Public Company Limited as at 31 December 2021, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

## **Key Audit Matters**

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

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

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

### **Valuation of commodity forward contracts**

As discussed in Notes 4 and 33 to the consolidated financial statements, the Group has entered into derivatives to protect the exposure from the fluctuation in price of commodities, with many counterparties, and presented the fair value of such derivatives in the financial statements. Management therefore relied on a valuation technique and model suggested by expert, in which the assumptions used in the model were based on comparable and observable market inputs. The difference in assumption used in calculation affected the fair value of such derivatives presented in the financial statements.

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

### **Business combination**

As discussed in Note 11 to the consolidated financial statements, in February 2021, the Group increased its shareholding in Thai Slurry Seal Company Limited. During the current year, the Group completed the assessment of the fair value of such company's identifiable assets acquired and liabilities assumed as at the acquisition date. I have focused on this increase in the shareholding since it is material to the financial statements as a whole, and management was required to exercise substantial judgement when appraising the fair value of the identifiable assets acquired and liabilities assumed. Therefore, there is a risk with respect to the recognition and measurement of the identifiable assets acquired and liabilities assumed, including recognition of goodwill.

I reviewed the terms and conditions of the share sale and purchase agreement and inquired of management as to the nature and objectives of the acquisition in order to determine whether the increase in shareholding meets the definition of a business combination under Thai Financial Reporting Standard 3 Business Combinations. In addition, I checked the value of the increase in shareholding to supporting documents related to the share purchase to ensure that it corresponds to the fair value of the consideration transferred and tested the calculation of the fair value of the identifiable assets acquired and liabilities assumed using the purchase price allocation method. I also reviewed the appropriateness of the significant methods and assumptions used by an independent valuation specialist in calculating the fair value of the assets and evaluated the expertise, ability and integrity of the independent valuation specialist. I tested the calculation and reviewed the rationale of the goodwill recorded by the Group, and reviewed the completeness and accuracy of the disclosures related to the increase in shareholding in the notes to the consolidated financial statements.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

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



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In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

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

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

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

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

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

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



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

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

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

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

Krongkaew Limkittikul

Certified Public Accountant (Thailand) No. 5874

EY Office Limited

Bangkok: 10 February 2022

Tipco Asphalt Public Company Limited and its subsidiaries

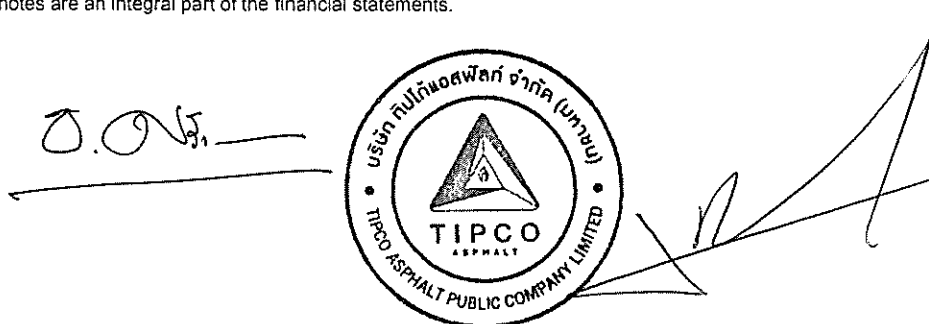
Statement of financial position

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		1,540,617,230	1,887,763,120	271,318,056	568,507,669
Trade and other receivables	6, 7	4,236,717,655	3,352,411,242	2,886,098,893	2,919,634,119
Contract assets	8	872,860,668	-	-	-
Advances to subcontractors		304,591,265	-	-	-
Short-term loans to related parties	7	25,226,121	127,000,000	110,000,000	265,000,000
Inventories	9	6,370,552,623	5,382,848,520	5,173,512,611	4,775,366,439
Derivative - commodity forward contracts	33	154,581,742	140,293,081	154,581,742	140,293,081
Other current assets		378,595,091	223,831,633	45,910,271	50,249,053
		13,883,742,395	11,114,147,596	8,641,421,573	8,719,050,361
Assets held for sale	10	446,235,018	-	-	-
<b>Total current assets</b>		<b>14,329,977,413</b>	<b>11,114,147,596</b>	<b>8,641,421,573</b>	<b>8,719,050,361</b>
<b>Non-current assets</b>					
Investments in subsidiaries	11	-	-	8,315,283,014	7,717,239,560
Investments in joint ventures	12	132,567,628	124,036,527	67,552,611	67,552,611
Investments in associates	13	479,190,367	659,731,450	18,403,580	243,447,034
Derivative - commodity forward contracts	33	33,720,679	3,940,267	33,720,679	3,940,267
Long-term loans to related parties	7	-	-	675,244,405	1,305,671,253
Investment properties	14	189,032,559	189,032,559	94,342,234	94,342,234
Property, plant and equipment	15	8,250,196,593	8,155,782,795	846,238,620	923,556,056
Right-of-use assets	20	728,649,714	559,220,279	102,748,737	127,353,103
Goodwill	11	195,932,109	146,293,504	-	-
Intangible assets	16	266,384,079	158,359,646	32,205,154	50,104,194
Deferred tax assets	26	177,023,897	208,272,062	108,470,849	172,766,564
Other non-current assets		18,226,988	15,640,897	4,032,717	4,226,625
<b>Total non-current assets</b>		<b>10,470,924,613</b>	<b>10,220,309,986</b>	<b>10,298,242,600</b>	<b>10,710,199,501</b>
<b>Total assets</b>		<b>24,800,902,026</b>	<b>21,334,457,582</b>	<b>18,939,664,173</b>	<b>19,429,249,862</b>

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





Tipco Asphalt Public Company Limited and its subsidiaries

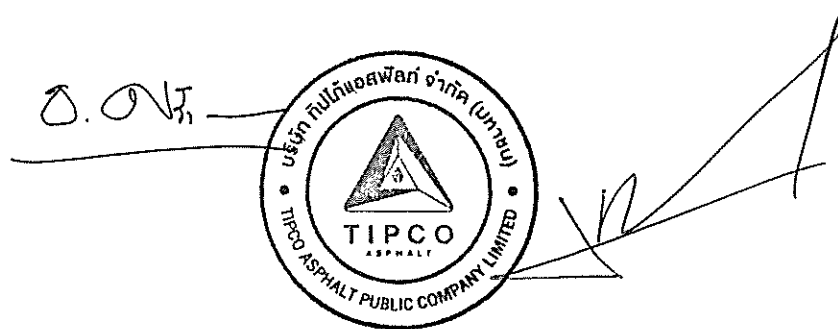
Statement of financial position (continued)

As at 31 December 2021

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2021	2020	2021	2020
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	17	3,415,910,559	1,540,412,467	3,096,246,795	1,451,764,316
Trade and other payables	7, 18	3,107,027,194	3,031,597,848	4,145,228,861	4,835,908,082
Short-term loans from related parties	7	-	-	80,000,000	-
Contract liabilities	8	665,845,150	-	-	-
<b>Current portion of liabilities</b>					
Long-term loan from financial institution		-	36,550,228	-	-
Lease liabilities	20	107,742,260	62,041,408	25,237,609	26,928,707
Derivative - commodity forward contracts	33	234,032,207	562,559,740	234,032,207	562,559,740
Income tax payable		115,019,489	581,592,977	69,711,225	428,528,352
Other current liabilities		254,511,284	103,689,699	17,964,912	2,333,678
<b>Total current liabilities</b>		<b>7,900,088,143</b>	<b>5,918,444,367</b>	<b>7,668,421,609</b>	<b>7,308,022,875</b>
<b>Non-current liabilities</b>					
Long-term loan from related party	7	7,718,529	6,789,489	-	-
<b>Long-term liabilities - net of current portion</b>					
Lease liabilities	20	315,896,929	218,477,045	79,764,486	100,097,983
Derivative - commodity forward contracts	33	-	3,721,597	-	3,721,597
Deferred tax liabilities	26	393,033,973	-	-	-
Provision for long-term employee benefits	21	246,882,196	166,385,959	145,856,344	114,115,455
<b>Total non-current liabilities</b>		<b>963,531,627</b>	<b>395,374,090</b>	<b>225,620,830</b>	<b>217,935,035</b>
<b>Total liabilities</b>		<b>8,863,619,770</b>	<b>6,313,818,457</b>	<b>7,894,042,439</b>	<b>7,525,957,910</b>

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



Tipco Asphalt Public Company Limited and its subsidiaries

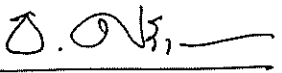

Statement of financial position (continued)

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Shareholders' equity					
Share capital	22				
Registered					
1,578,361,570 ordinary shares (2020: 1,579,883,570 ordinary shares) of Baht 1 each		<u>1,578,361,570</u>	<u>1,579,883,570</u>	<u>1,578,361,570</u>	<u>1,579,883,570</u>
Issued and fully paid					
1,578,361,570 ordinary shares of Baht 1 each		1,578,361,570	1,578,361,570	1,578,361,570	1,578,361,570
Premium on share capital		1,152,388,500	1,152,388,500	1,152,388,500	1,152,388,500
Non-controlling interests of subsidiary acquired by the Company at price lower than book value		6,237,755	6,237,755	-	-
Change in the Company's interest in subsidiaries which did not result in a loss of control		(570,310,802)	(570,310,802)	-	-
Capital reserve for share-based payment transactions		174,753,421	174,753,421	174,753,421	174,753,421
Retained earnings					
Appropriated - statutory reserve	23	172,123,329	172,123,329	172,123,329	172,123,329
Unappropriated		13,285,766,211	13,545,642,150	7,995,603,112	8,915,797,098
Other components of shareholders' equity		<u>(431,366,985)</u>	<u>(1,221,847,455)</u>	<u>(27,608,198)</u>	<u>(90,131,966)</u>
Equity attributable to owners of the Company		15,367,952,999	14,837,348,468	11,045,621,734	11,903,291,952
Non-controlling interests of the subsidiaries		<u>569,329,257</u>	<u>183,290,657</u>	-	-
Total shareholders' equity		<u>15,937,282,256</u>	<u>15,020,639,125</u>	<u>11,045,621,734</u>	<u>11,903,291,952</u>
Total liabilities and shareholders' equity		<u>24,800,902,026</u>	<u>21,334,457,582</u>	<u>18,939,664,173</u>	<u>19,429,249,862</u>

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

Directors



Tipco Asphalt Public Company Limited and its subsidiaries

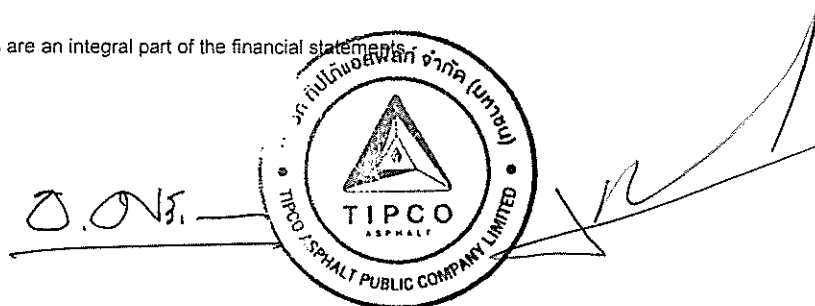
Statement of comprehensive income

For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales and service income		24,447,114,947	26,155,271,615	21,429,750,278	22,943,386,493
Revenues from construction contracts		2,605,664,633	-	-	-
Other income					
Dividend income from subsidiaries	11	-	-	187,480,548	226,700,970
Dividend income from associate	13	-	-	85,505,033	57,728,345
Gain on exchange		90,286,944	76,854,974	4,538,177	33,633,053
Others		133,595,246	123,284,476	141,858,267	120,340,448
<b>Total revenues</b>		<b>27,276,661,770</b>	<b>26,355,411,065</b>	<b>21,849,132,303</b>	<b>23,381,789,309</b>
<b>Expenses</b>					
Cost of sales and services		19,723,431,299	21,402,594,494	18,032,740,798	20,243,153,152
(Gain) loss from commodity forward contracts	33	1,048,417,215	(802,628,920)	1,048,417,215	(813,350,894)
Reduction of cost of inventories to net realisable value (reversal)	9	(3,885,676)	626,711	10,969	(5,379,027)
		20,767,962,838	20,600,592,285	19,081,168,982	19,424,423,231
Cost of construction		2,403,260,487	-	-	-
Selling expenses		169,822,267	169,111,338	95,113,197	114,161,338
Administrative expenses		1,184,005,519	1,209,277,202	729,399,504	752,758,758
Other expenses					
Impairment loss on investment properties and property, plant and equipment	14, 15	37,972,693	74,173,115	-	6,273,115
Insurance claim - net of damages and expenses from a fire	24	(270,647,162)	(109,893,166)	-	-
<b>Total expenses</b>		<b>24,292,376,642</b>	<b>21,943,260,774</b>	<b>19,905,681,683</b>	<b>20,297,616,442</b>
<b>Profit from operating activities</b>		<b>2,984,285,128</b>	<b>4,412,150,291</b>	<b>1,943,450,620</b>	<b>3,084,172,867</b>
Share of profit (loss) from investments in joint ventures	12	(1,221,883)	9,248,936	-	-
Share of profit from investments in associates	13	129,648,604	109,074,247	-	-
Finance income		23,490,250	12,429,665	28,656,733	38,628,057
Finance cost		(118,121,817)	(130,870,402)	(88,703,292)	(89,050,219)
Expected credit losses	6	(33,454,061)	(57,192,359)	(14,251,699)	(7,876,473)
Remeasurement gain on business combination	11	20,748,366	-	-	-
<b>Profit before income tax</b>		<b>3,005,374,587</b>	<b>4,354,840,378</b>	<b>1,869,152,362</b>	<b>3,025,874,232</b>
Income tax	26	(753,416,563)	(757,339,648)	(315,570,600)	(539,811,504)
<b>Profit for the year</b>		<b>2,251,958,024</b>	<b>3,597,500,730</b>	<b>1,553,581,762</b>	<b>2,486,062,728</b>

The accompanying notes are an integral part of the financial statements



Tipco Asphalt Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2021

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of					
financial statements in foreign currencies		744,119,888	(4,935,125)	-	-
Gain on cash flow hedges - net of income tax	26, 33	62,523,768	67,499,155	62,523,768	67,499,155
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		806,643,656	62,564,030	62,523,768	67,499,155
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Actuarial loss - net of income tax	21, 26	(34,222,353)	(698,237)	(27,422,621)	-
Share of other comprehensive income in associate					
- net of income tax		(2,348,000)	-	-	-
Gain on changes in value of equity investments					
designated at fair value through other comprehensive income					
- net of income tax		1,267,000	-	-	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		(35,303,353)	(698,237)	(27,422,621)	-
<b>Other comprehensive income for the year</b>		<b>771,340,303</b>	<b>61,865,793</b>	<b>35,101,147</b>	<b>67,499,155</b>
<b>Total comprehensive income for the year</b>		<b>3,023,298,327</b>	<b>3,659,366,523</b>	<b>1,588,682,909</b>	<b>2,553,561,883</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		2,219,712,251	3,591,824,102	1,553,581,762	2,486,062,728
Non-controlling interests of the subsidiaries		32,245,773	5,676,628		
		<u>2,251,958,024</u>	<u>3,597,500,730</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		2,976,957,658	3,647,507,371	1,588,682,909	2,553,561,883
Non-controlling interests of the subsidiaries		46,340,669	11,859,152		
		<u>3,023,298,327</u>	<u>3,659,366,523</u>		

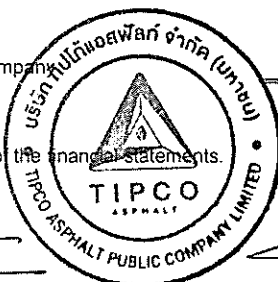
Earnings per share

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Basic earnings per share

Profit attributable to equity holders of the Company	1.41	2.28	0.98	1.58
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The accompanying notes are an integral part of the financial statements.



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*(Signature)*

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## [Unit: Baht]

The accompanying notes are an integral part of the financial statements



Tipco Asphalt Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2021

Other components of shareholders' equity are as follows:

	Consolidated financial statements (continued)					(Unit: Baht)
	Other components of shareholders' equity					
	Exchange differences on translation of financial statements in foreign currencies	Fair value reserve	Share of other comprehensive income in associate	Cash flow hedge reserve	Total	
Balance as at 1 January 2020	(1,120,597,840)	-	-	(157,631,121)	(1,278,228,961)	
Other comprehensive income for the year	(11,117,649)	-	-	67,499,155	56,381,506	
Balance as at 31 December 2020	(1,131,715,489)	-	-	(90,131,966)	(1,221,847,455)	
Balance as at 1 January 2021	(1,131,715,489)	-	-	(90,131,966)	(1,221,847,455)	
Other comprehensive income for the year	727,956,702	791,875	(2,348,000)	62,523,768	788,924,345	
Transfer to retained earnings	-	(791,875)	2,348,000	-	1,556,125	
Balance as at 31 December 2021	(403,758,787)	-	-	(27,608,198)	(431,366,985)	

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



D. O. K.

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Tipco Asphalt Public Company Limited and its subsidiaries

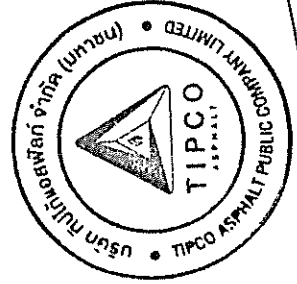
Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2021

(Unit: Baht)

	Separate financial statements									
	Issued and paid-up share capital	Premium on share capital	Share subscription	Capital reserve for share-based payment transactions	Retained earnings			Other components of shareholders' equity		
					Appropriated statutory reserve	Unappropriated reserve	Cash flow hedge reserve	Total other components of shareholders' equity	Total shareholders' equity	
Balance as at 1 January 2020	1,576,763,070	1,140,287,855	2,571,000	174,753,421	172,123,329	8,637,943,268	(157,631,121)	(157,631,121)	11,546,810,822	
Profit for the year	-	-	-	-	-	2,486,062,728	-	-	2,486,062,728	
Other comprehensive income for the year	-	-	-	-	-	-	67,499,155	67,499,155	67,499,155	
Total comprehensive income for the year	1,598,500	12,100,645	(2,571,000)	-	-	2,486,062,728	67,499,155	67,499,155	2,553,561,883	
The warrant holders exercise warrants	-	-	-	-	-	-	-	-	11,128,145	
Dividend paid (Note 31)	-	-	-	-	-	(2,208,208,898)	-	-	(2,208,208,898)	
Balance as at 31 December 2020	1,578,361,570	1,152,388,500	-	174,753,421	172,123,329	8,915,797,098	(90,131,966)	(90,131,966)	11,903,291,952	
Balance as at 1 January 2021	1,578,361,570	1,152,388,500	-	174,753,421	172,123,329	8,915,797,098	(90,131,966)	(90,131,966)	11,903,291,952	
Profit for the year	-	-	-	-	-	1,553,581,762	-	-	1,553,581,762	
Other comprehensive income for the year	-	-	-	-	-	(27,422,621)	62,523,768	62,523,768	35,101,147	
Total comprehensive income for the year	-	-	-	-	-	1,526,159,141	62,523,768	62,523,768	1,588,682,909	
Dividend paid (Note 31)	-	-	-	-	-	(2,446,353,127)	-	-	(2,446,353,127)	
Balance as at 31 December 2021	1,578,361,570	1,152,388,500	-	174,753,421	172,123,329	7,995,603,112	(27,608,198)	(27,608,198)	11,045,621,734	

The accompanying notes are an integral part of the financial statements



D. S. S.

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Tipco Asphalt Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<b>Cash flows from operating activities:</b>				
Profit before income tax	3,005,374,587	4,354,840,378	1,869,152,362	3,025,874,232
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	1,236,662,897	1,050,468,103	238,882,916	257,671,709
Written off withholding tax	9,247,182	20,296	-	-
Expected credit losses	33,454,061	57,192,359	14,251,699	7,876,473
Reduction of cost of inventories to net realisable value (reversal)	(3,885,676)	626,711	10,969	(5,379,027)
Impairment loss on investment properties and property, plant and equipment	37,972,693	74,173,115	-	6,273,115
Written off right-of-use assets	2,051,120	-	2,051,120	-
Dividend income from subsidiaries	-	-	(187,480,548)	(226,700,970)
Dividend income from associate	-	-	(85,505,033)	(57,728,345)
Unrealised (gain) loss on exchange	80,500,459	(22,841,069)	46,700,256	(42,572,108)
Gain on sales of equipment	(18,525,454)	(16,939,731)	(11,287,982)	(16,150,339)
Remeasurement gain on business combination	(20,748,366)	-	-	-
Share of (profit) loss from investments in joint ventures	1,221,883	(9,248,936)	-	-
Share of profit from investments in associates	(129,648,604)	(109,074,247)	-	-
Provision for long-term employee benefits	19,030,953	19,979,494	15,342,139	11,772,370
Change in fair value of forward exchange contracts	3,223,795	(6,094,465)	3,806,990	(1,149,032)
Change in fair value of commodity forward contracts	(298,163,492)	90,680,616	(298,163,492)	90,680,616
Finance income	(23,490,250)	(12,429,665)	(28,656,733)	(38,628,057)
Finance cost	74,929,951	119,186,940	62,852,190	83,885,829
Profit from operating activities before changes in operating assets and liabilities	4,009,207,739	5,590,539,899	1,641,956,853	3,095,726,466
(Increase) decrease in operating assets				
Trade and other receivables	(658,970,241)	1,790,456,322	28,104,886	1,960,569,081
Contract assets	(195,876,475)	-	-	-
Advances to subcontractors	(66,383,632)	-	-	-
Inventories	(903,742,841)	2,083,505,109	(398,157,141)	1,838,250,146
Other current assets	(194,952,719)	(24,436,904)	(50,299,854)	(83,665,921)
Other non-current assets	(3,150,810)	4,891,508	31,966	609,261
Increase (decrease) in operating liabilities				
Trade and other payables	(352,609,352)	(3,265,608,150)	(144,081,835)	(2,143,928,655)
Contract liabilities	(35,182,947)	-	-	-
Other current liabilities	55,562,891	(2,911,367)	13,255,723	(295,984)
Other non-current liabilities	(25,216,419)	(19,850,578)	(17,879,525)	(16,838,714)
Cash flows from operating activities	1,628,685,194	6,156,585,839	1,072,931,073	4,650,425,680
Cash paid for corporate income tax	(884,370,352)	(603,668,752)	(618,867,299)	(462,581,277)
Net cash flows from operating activities	744,314,842	5,552,917,087	454,063,774	4,187,844,403

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



Tipco Asphalt Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<b>Cash flows from investing activities:</b>				
Cash paid for investment in subsidiary - net from cash and cash equivalent received	(194,957,661)	-	(373,000,000)	-
Dividend received from subsidiaries	-	-	187,480,548	226,700,970
Dividend received from an associate	85,505,033	57,728,345	85,505,033	57,728,345
(Increase) decrease in short-term loans to related parties	101,773,879	(127,000,000)	155,000,000	(142,000,000)
Decrease in long-term loans to related parties	-	-	50,072,737	30,002,500
Cash receipt from interest	23,464,628	12,366,714	5,868,686	30,844,884
Acquisition and cash paid to settle payables from purchases of equipment	(500,200,483)	(698,370,819)	(57,370,702)	(84,036,816)
Cash paid for acquisitions of computer software	(10,975,449)	(8,731,817)	(6,224,531)	(5,684,958)
Proceeds from sales of equipment	26,889,734	23,847,423	13,618,260	19,168,581
<b>Net cash flows from (used in) investing activities</b>	<b>(468,500,319)</b>	<b>(740,160,154)</b>	<b>60,950,031</b>	<b>132,723,506</b>
<b>Cash flows from financing activities:</b>				
Increase (decrease) in short-term loans from financial institutions	1,846,670,492	(2,468,038,152)	1,644,482,478	(2,264,338,793)
Increase (decrease) in short-term loans from related parties	(39,193,713)	-	80,000,000	(160,000,000)
Payment of principal of lease liabilities	(92,722,560)	(99,369,212)	(28,503,738)	(26,602,336)
Repayment of long-term loan	(39,539,500)	(38,862,600)	-	-
Cash receipts from increase in capital	-	11,128,145	-	11,128,145
Dividend paid to shareholders	(2,445,919,651)	(2,207,875,621)	(2,445,919,651)	(2,207,875,621)
Dividend paid to non-controlling interests of subsidiaries	(102)	(30)	-	-
Interest paid	(77,723,374)	(107,568,615)	(62,262,507)	(81,984,737)
<b>Net cash flows used in financing activities</b>	<b>(848,428,408)</b>	<b>(4,910,586,085)</b>	<b>(812,203,418)</b>	<b>(4,729,673,342)</b>
<b>Exchange differences on translation of financial statements in foreign currencies</b>	<b>225,467,995</b>	<b>(13,824,826)</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(347,145,890)</b>	<b>(111,653,978)</b>	<b>(297,189,613)</b>	<b>(409,105,433)</b>
Cash and cash equivalents at beginning of year	1,887,763,120	1,999,417,098	568,507,669	977,613,102
Cash and cash equivalents at end of year	1,540,617,230	1,887,763,120	271,318,056	568,507,669

Supplemental cash flows information

Non-cash transactions

Acquisitions of equipment for which cash has not been paid	39,249,629	18,451,987	-	-
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The accompanying notes are an integral part of the financial statements.



# Tipco Asphalt Public Company Limited and its subsidiaries

## Notes to consolidated financial statements

For the year ended 31 December 2021

### 1. General information

#### 1.1 General information of the Company

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

#### 1.2 Coronavirus disease 2019 pandemic

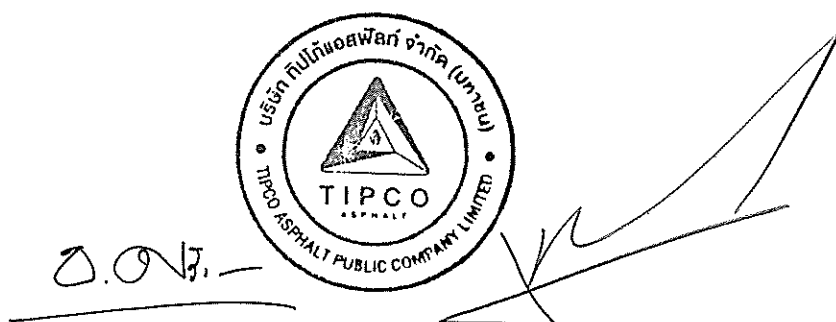
The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Group operates. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

### 2. Basis of preparation

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

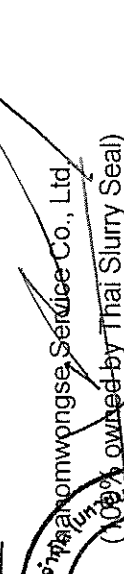
The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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



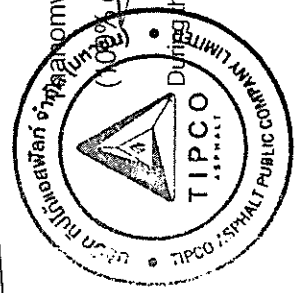
## 2.2 Basis of consolidation

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

Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		<u>2021</u> (Million Baht)	<u>2020</u> (Million Baht)	<u>2021</u> (%)	<u>2020</u> (%)
<b><u>Subsidiaries incorporated in Thailand</u></b>					
Raycol Asphalt Co., Ltd.	Manufacture and distribution of asphalt products	111	111	100.00	100.00
Thai Bitumen Co., Ltd.	Manufacture and distribution of asphalt products	375	375	99.99	99.99
Tipco Maritime Co., Ltd.	Shipping management and agency	2	2	99.99	99.99
Alpha Maritime Co., Ltd.	Marine transportation	143	143	99.99	99.99
Bitumen Marine Co., Ltd.	Marine transportation	150	150	99.99	99.99
Ravana 1020 Co., Ltd. (formerly known as Delta Shipping Co., Ltd.)	Distribution of machine, materials and tools relating to road construction (formerly engaged in marine transportation)	80	80	99.99	99.99
Tasco Shipping Co., Ltd.	Marine transportation	290	290	99.99	99.99
Thai Slurry Seal Co., Ltd. ("Thai Slurry Seal")*	Road rehabilitation services and sales of construction materials	243	243	62.5	25.00
 Thai Slurry Seal Co., Ltd. (100% owned by Thai Slurry Seal)	Construction service and sales of construction materials	791	791	62.5	25.00

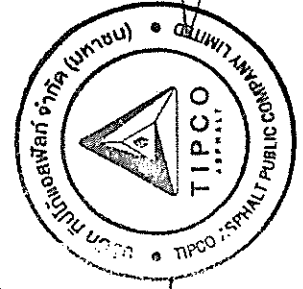
D. N. J. Thai Slurry Seal Co., Ltd. ("Thai Slurry Seal")\*

บริษัท ไทย สลurry ซีล จำกัด (100% owned by Thai Slurry Seal)



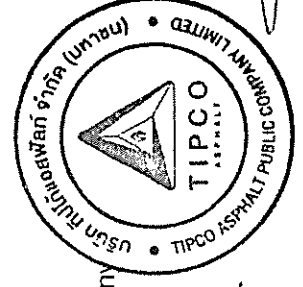
During the current year, Thai Slurry Seal's status was changed from an associate to a subsidiary as described in Note 11 to the consolidated financial statements.

Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
				(%)	(%)
<b><u>Subsidiaries incorporated in Malaysia</u></b>					
Kemaman Oil Corporation Sdn Bhd ("KOC")	Holding company and manufacture and distribution of asphalt and petroleum products	151.96 Million MYR	151.96 Million MYR	100.00	100.00
Kemaman Bitumen Company Sdn Bhd ("KBC")	Manufacture and distribution of asphalt and petroleum products	305.55 Million MYR	305.55 Million MYR	100.00	100.00
KBC Trading Sdn Bhd (10% owned by the Company and 20% owned by KOC)	Distribution of asphalt products	0.30 Million MYR	0.30 Million MYR	30.00	30.00
<b><u>Subsidiaries incorporated in Singapore</u></b>					
Pacific Bitumen Shipping Pte. Ltd.	Marine transportation	0.04 Million USD	0.04 Million USD	100.00	100.00
Highway Resources Pte. Ltd. ("HR")	Holding company	4.78 Million SGD	4.78 Million SGD	100.00	100.00
Highway Resources Trading Pte. Ltd. (100% owned by HR)	Dormant	0.01 Million USD	0.01 Million USD	100.00	100.00
AD Shipping Pte. Ltd.	Marine transportation	7.13 Million SGD	7.13 Million SGD	100.00	100.00



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Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		<u>2021</u>	<u>2020</u>	<u>2021</u> (%)	<u>2020</u> (%)
Reta Link Pte. Ltd.	Marine transportation	0.05 Million SGD	0.05 Million SGD	100.00	100.00
<b><u>Subsidiary incorporated in Vietnam</u></b>					
Asphalt Distribution Co., Ltd. (100% owned by HR)	Manufacture and distribution of asphalt products	115,650 Million VND	115,650 Million VND	100.00	100.00
<b><u>Subsidiaries incorporated in Indonesia</u></b>					
PT Asphalt Bangun Sarana ("ABS")	Manufacture and distribution of asphalt products	58,450 Million IDR	58,450 Million IDR	99.99	99.99
PT Saranaraya Reka Cipta (99.90% owned by ABS)	Manufacture and distribution of asphalt products	10,477 Million IDR	10,477 Million IDR	99.89	99.89
<b><u>Subsidiary incorporated in Cambodia</u></b>					
Tipco Asphalt (Cambodia) Co., Ltd.	Manufacture and distribution of asphalt products	20.00 Million Riel	20.00 Million Riel	100.00	100.00
<b><u>Subsidiary incorporated in Hong Kong</u></b>					
Tasco International (Hong Kong) Ltd. ("TIHK")	Holding company	97.97 Million HKD	97.97 Million HKD	100.00	100.00

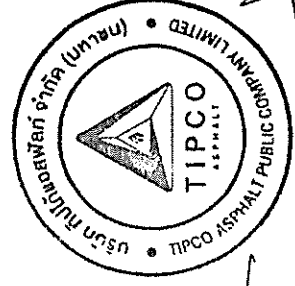


*[Signature]*

Company's name	Nature of business	Paid-up capital		Shareholding percentage	
		<u>2021</u>	<u>2020</u>	<u>2021</u> (%)	<u>2020</u> (%)
<u>Subsidiaries incorporated in China (owned by TIHK)</u>					
Langfang Tongtai Road Material Co., Ltd.	Manufacture and distribution of asphalt products	2.10 Million USD	2.10 Million USD	51.00	51.00
Zhenjiang Tipco Asphalt Co., Ltd.	Manufacture and distribution of asphalt products	20.00 Million RMB	20.00 Million RMB	51.00	51.00
Tipco Asphalt (Xinhui) Co., Ltd.	Manufacture and distribution of asphalt products	30.00 Million RMB	30.00 Million RMB	100.00	100.00
Guangzhou Tipco Asphalt Trading Co., Ltd.	Distribution of asphalt products	6.00 Million RMB	6.00 Million RMB	100.00	100.00

**Subsidiary incorporated in Lao People's Democratic Republic**

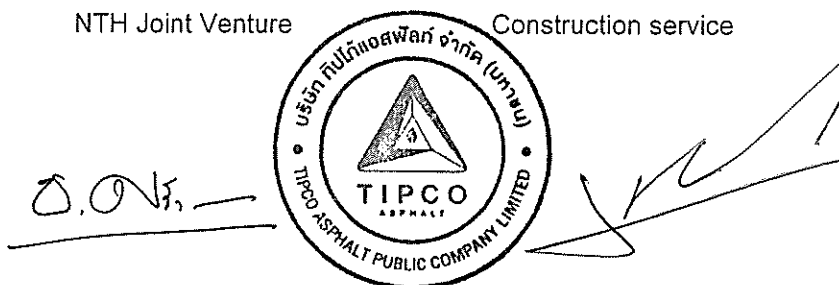
Tipco Asphalt Lao Co., Ltd.	Manufacture and distribution of asphalt products	26,675 Million LAK	26,675 Million LAK	75.00	75.00
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- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
  - c) Subsidiaries are fully consolidated as from the date on which the Company obtains control and continue to be consolidated until the date when such control ceases.
  - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as those of the Company.
  - e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rates prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currencies" in the statement of changes in shareholders' equity.
  - f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
  - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries, joint ventures and associates under the cost method.
- 2.4 The Group has interests in joint operations which are joint arrangements whereby the Group has rights to assets and obligations relating to the joint arrangements. The Group recognises assets, liabilities, revenues and expenses in relation to its interest in the following joint operations in the consolidated and separate financial statements from the date that joint control commences until the date that joint control ceases.

Company's name	Nature of business	Country of incorporation	Percentage of shareholding
TN Joint Venture	Construction service	Thailand	51.61
TN-CEI Joint Venture	Construction service	Thailand	51.00
TH Joint Venture	Construction service	Thailand	51.00
NTH Joint Venture	Construction service	Thailand	23.50



### **3. New financial reporting standards**

#### **3.1 Financial reporting standards that became effective in the current year**

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

#### **3.2 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2022**

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

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

#### **4.1 Revenue recognition**

##### *Sales of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts to customers.





### *Revenues from construction contracts*

The Group has determined that its construction contracts generally have one performance obligation. The Group recognises construction revenue over time where the stage of completion is measured using an input method, based on comparison of actual construction costs incurred up to the end of the period and total anticipated construction costs at completion.

The likelihood of contract variations claims and liquidated damages, delays in delivery or contractual penalties are taken into account in determining the revenue to be recognised, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the value and stage of completion of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

### *Rendering of services*

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

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

### *Costs of construction*

Costs of construction services consist of costs of materials, labour, sub-contractors, services and other expenses.

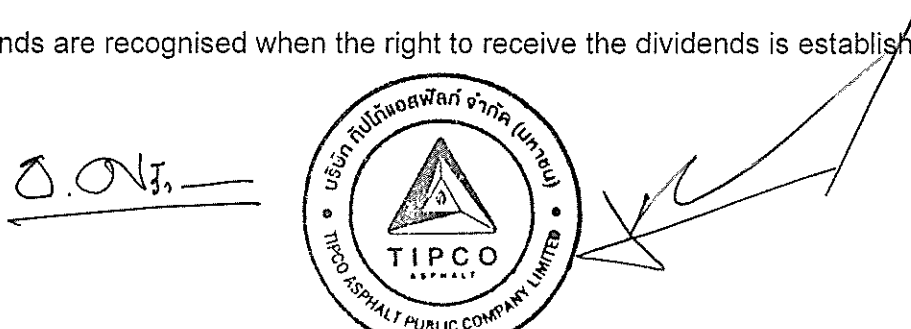
Costs of construction are recognised in accordance with satisfied performance obligations in the contract when incurred. Provision for anticipated losses on projects is made in the accounts in full when the possibility of loss is ascertained.

### *Finance cost*

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

### *Dividends*

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



## 4.2 Balances of contracts with customers

### *Contract assets*

A contract asset is the excess of cumulative revenue earned over the billings to date. Allowance for impairment loss is provided for the estimated losses that may be incurred in customer collection. Contract assets are transferred to receivables when the rights become unconditional.

### *Contract liabilities*

A contract liability is recognised when the billings to date exceed the cumulative revenue earned and the Group has an obligation to transfer services to its customer. Contract liabilities are recognised as revenue when the Group fulfils its performance obligations under the contracts.

## 4.3 Cash and cash equivalents

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

## 4.4 Inventories

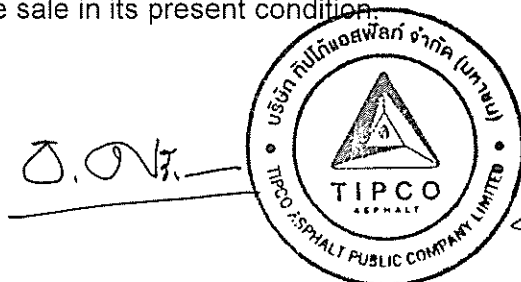
Finished goods and work in process are valued at the lower of cost determined under the weighted average cost method and net realisable value. Cost of finished goods includes all production costs and attributable factory overheads.

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

## 4.5 Assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Noncurrent assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The Group will classify assets held for sale when the sale is highly probable, which is completed within one year from the date of the classification. In addition, the asset is available for immediate sale in its present condition.



#### 4.6 Investments

Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries, joint ventures and associates are accounted for in the separate financial statements using the cost method less allowance for loss on impairment (if any).

#### 4.7 Investment properties

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

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

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

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

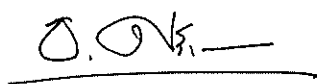
Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and less allowance for loss on impairment of assets (if any).

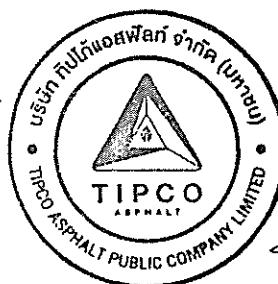
Building and equipment acquired through business combination are initially recognised at their fair value on the date of business acquisition. Following the initial recognition, the building and equipment are carried at cost less accumulated depreciation and less allowance for loss on impairment of assets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

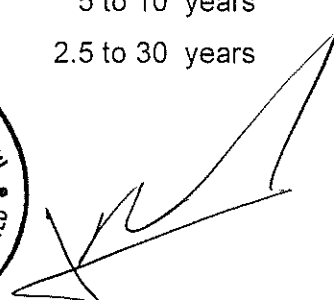
Depreciation of plant and equipment is calculated by reference to their costs less residual value on the straight-line basis over the following estimated useful lives:

Land improvement	20 years
Buildings and complements	20 to 47 years
Building improvements	20 to 30 years
Machinery, tools and equipment	5 to 20 years
Furniture and office equipment	3 to 5 years
Vehicles	5 to 10 years
Vessels, tools and equipment	2.5 to 30 years

Depreciation is included in profit or loss.







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

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

#### 4.9 Intangible assets

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

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

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

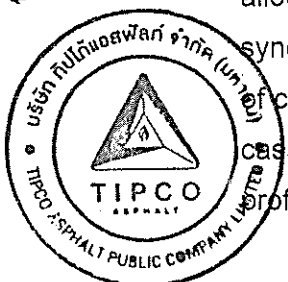
	<u>Useful lives</u>
Computer software	5 years
Customer relationship	8 to 29 years
Non-competition clause	5 years
Backlog	3 to 4 years

#### 4.10 Goodwill

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

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

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



#### 4.11 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises right-of-use assets and lease liabilities based on lease payments for all leases as at the date underlying assets are available for use (the commencement date of the lease), except a lease that has a lease term of no more than 12 months or a lease of low-value assets, for which the Group recognises lease payments as expenses on a straight-line basis over the lease term.

##### *Right-of-use assets*

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease terms.

Land and buildings	1 to 50 years
Machinery and equipment	5 to 17 years
Motor vehicles	3 to 6 years

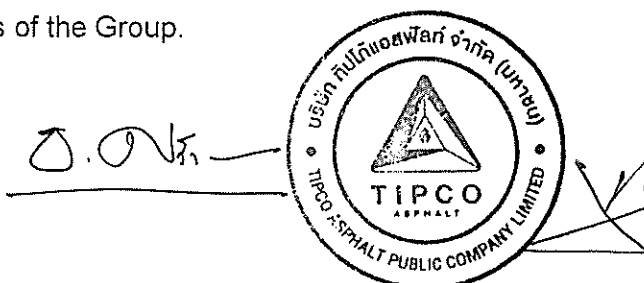
##### *Lease liabilities*

Lease liabilities are measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a lease modification.

#### 4.12 Related party transactions

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

They also include joint ventures, associates and individuals which directly or indirectly own a voting interest in the Group that gives them significant influence over the Group, key management personnel, directors and officers with authority in the planning and direction of operations of the Group.



#### 4.13 Foreign currencies

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

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

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

#### 4.14 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, investment properties and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

#### 4.15 Employee benefits

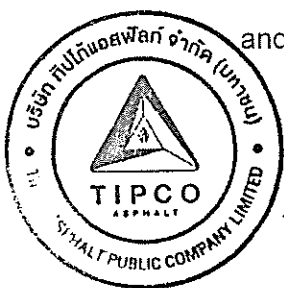
##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits and other long-term employee benefits***

##### ***Defined contribution plans***

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



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

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

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

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

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

#### **4.16 Provisions**

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

#### **4.17 Income Tax**

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

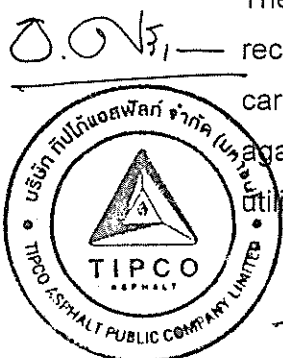
##### ***Current tax***

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

##### ***Deferred tax***

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

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



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

The Group records deferred tax directly to shareholders' equity if the tax relates to items those are recorded directly to shareholders' equity.

#### **4.18 Financial instruments**

The Group initially measures financial assets at their fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

##### **Classification and measurement of financial assets**

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

##### ***Financial assets at amortised cost***

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

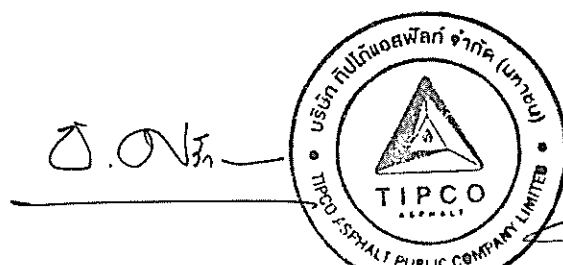
Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

##### ***Financial assets at FVTPL***

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.





## **Classification and measurement of financial liabilities**

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

## **Derecognition of financial instruments**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

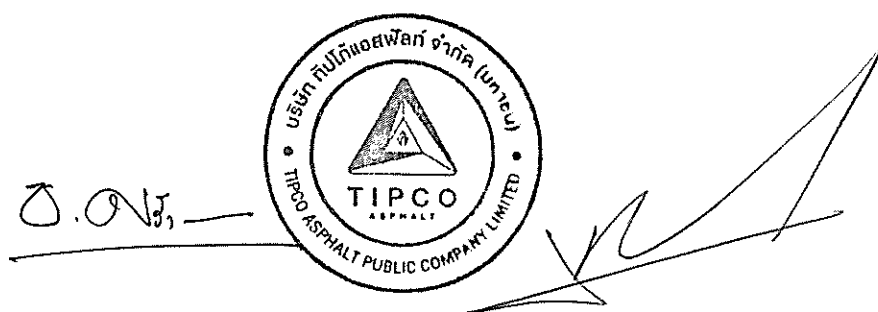
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

## **Impairment of financial assets**

The Group recognises allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



#### 4.19 Derivatives and hedge accounting

The Group entered into commodity forward contracts and forward exchange contracts to hedge against fluctuations in commodity prices and foreign exchange rates, respectively.

Derivatives are initially recognised at fair value on the date of the derivative contract and are subsequently remeasured at fair value. They are carried as financial assets or financial liabilities depending on the fair value of the derivatives. Subsequent changes in fair value are recognised in profit or loss, unless the derivative is designated as an effective hedging instrument under a cash flow hedge, when it is recognised using hedge accounting.

##### *Hedge accounting for cash flow hedges*

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve and later reclassified to profit or loss when the hedged cash flows affect profit or loss or no longer exist.

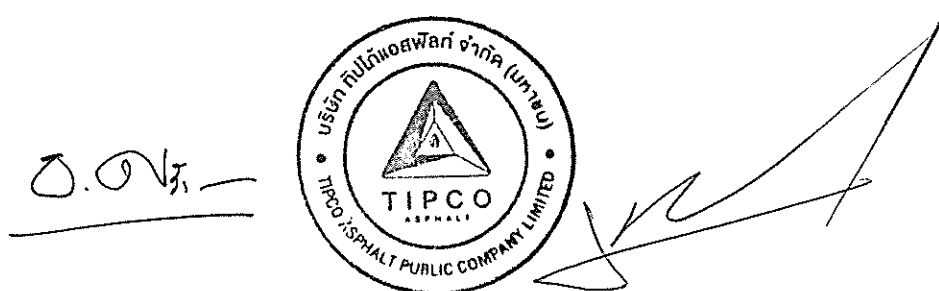
The Group prepares formal documentation on the date that hedge accounting is applied, and provides regular updates regarding the risk management objectives and strategies and the relationships between the hedging instruments and hedged items, including the nature of the risks being hedged, how the Group assesses the hedge effectiveness, analysis of the causes of hedge ineffectiveness and how the hedge ratio is determined.

The Group considers hedging effective when all of the following requirements are met.

- There is an economic relationship between hedged items and hedging instruments.
- Counterparty credit risk is not a significant factor in the change in the fair value of hedging instruments and hedged items.
- The ratio of the quantity of hedging instruments to the quantity of hedged items is equal to the hedge ratio.

#### 4.20 Fair value measurement

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



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

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

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

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

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

## 5. Significant accounting judgments and estimates

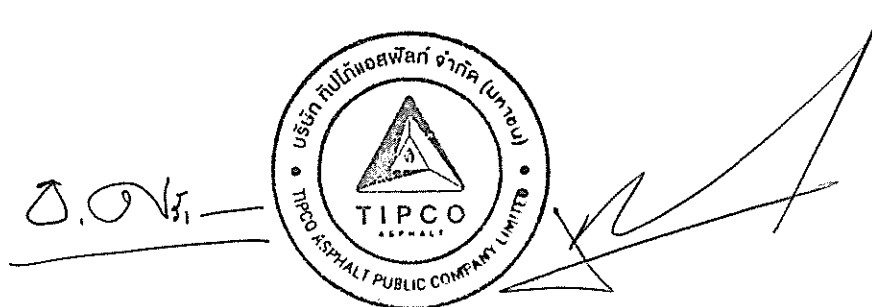
The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures, and actual results could differ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

### Consolidation of subsidiary that the Group hold less than half of shares

The management of the Group determined that the Group has control over KBC Trading Sdn Bhd, even though the Group holds 30 percent of shares that is less than half of shares. This is because the Group has control over that company through its board of directors. As a result, KBC Trading Sdn Bhd is deemed to be a subsidiary of the Group and has to be included in the consolidated financial statements from the date on which the Group assumed control.

### Allowance for expected credit losses of trade receivables and contract assets

In determining an allowance for expected credit losses of trade receivables and contract assets, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.



## Fair value of financial instruments

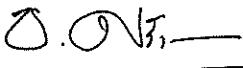
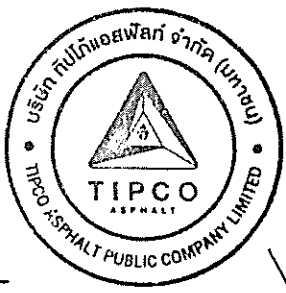
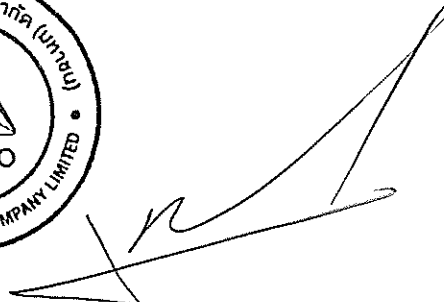
In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these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

## Net realisable value of inventories

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

## 6. Trade and other receivables

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b><u>Trade receivables - related parties</u></b> (Note 7)				
Aged on the basis of due dates				
Not yet due	407,677	494,285	708,590	872,208
Past due				
Up to 3 months	-	74	60,869	73,114
3 - 6 months	-	12,899	47,835	40,063
6 - 9 months	-	341	18,124	9,517
9 - 12 months	128	-	7,385	70
Over 12 months	-	-	252,027	225,048
Total	407,805	507,599	1,094,830	1,220,020
Less: Allowance for expected credit losses	-	-	(248,959)	(225,048)
Total trade receivables - related parties, net	407,805	507,599	845,871	994,972

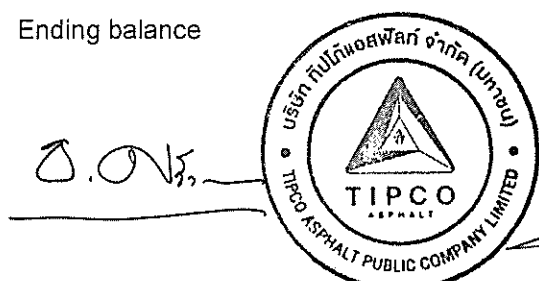
  
  


(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b><u>Trade receivables - unrelated parties</u></b>				
Aged on the basis of due dates				
Not yet due	2,609,909	2,002,695	1,203,480	1,268,593
Past due				
Up to 3 months	532,571	546,551	205,597	299,444
3 - 6 months	301,376	163,464	126,051	75,173
6 - 9 months	126,813	74,701	39,049	7,138
9 - 12 months	40,979	39,795	3,633	2,518
Over 12 months	434,481	372,772	84,381	67,906
Total	4,046,129	3,199,978	1,662,191	1,720,772
Less: Allowance for expected credit losses	(453,589)	(388,248)	(97,653)	(76,660)
Total trade receivables - unrelated parties, net	3,592,540	2,811,730	1,564,538	1,644,112
Total trade receivables - net	4,000,345	3,319,329	2,410,409	2,639,084
<b><u>Other receivables</u></b>				
Accounts receivable from commodity forward				
contracts	194,161	-	194,161	-
Other receivables - related parties (Note 7)	32,377	29,632	280,146	279,369
Other receivables - unrelated parties	9,835	3,450	1,383	1,181
Total other receivables	236,373	33,082	475,690	280,550
Total trade and other receivables - net	4,236,718	3,352,411	2,886,099	2,919,634

The normal credit terms are due within 90 days.

Set out below is the movements in the allowance for expected credit losses of trade and other receivables.

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Beginning balance	388,248	326,631	301,708	279,526
Allowance for expected credit losses	33,454	57,192	14,252	7,876
Effect from foreign exchange	31,887	4,425	30,652	14,306
Ending balance	453,589	388,248	346,612	301,708



## 7. Related party transactions

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

(Unit: Million Baht)

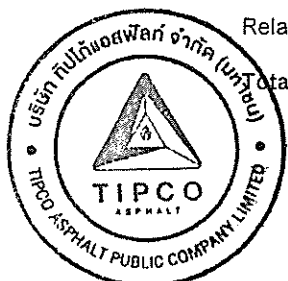
	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	2021	2020	2021	2020	
<b><u>Transactions with subsidiaries</u></b>					
(eliminated from the consolidated financial statements)					
Sales and service income	-	-	6,162	4,883	Cost plus certain margin
Rental and service income	-	-	8	6	Contract price
Technical and administrative assistance income	-	-	61	57	Contract price
Interest income	-	-	28	37	At rate of 1.0 - 2.5 percent and LIBOR plus 1.5 percent per annum
Dividend income	-	-	187	227	
Purchases of goods	-	-	10	5	Cost plus certain margin
Rental and service expenses	-	-	2,112	3,487	Contract price
<b><u>Transactions with joint arrangements</u></b>					
Sales and service income	727	1,722	724	1,722	Market price / contract price
Revenues from construction contracts	102	-	-	-	Contract price
Rental and service income	1	-	-	-	Contract price
Interest income	1	-	-	-	At rate of 3.2 percent per annum
<b><u>Transactions with associates</u></b>					
Sales and service income	13	190	12	157	Market price / contract price
Dividend income	-	-	86	58	
Rental and service expense	3	-	-	-	Contract price
<b><u>Transactions with related companies</u></b>					
Sales and service income	2,021	1,308	2,021	1,302	Market price / contract price
Rental and service income	4	1	3	1	Contract price
Rental and service expenses	91	86	68	82	Contract price
Technical and administrative assistance expenses	42	42	29	42	Contract price



The balances of the accounts between the Group and those related companies as at 31 December 2021 and 2020 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
<b><u>Trade and other receivables- related parties</u></b> (Note 6)				
Subsidiaries	-	-	1,106,588	1,023,516
Joint ventures	182,127	362,649	62,576	310,909
Associates	5,727	47,552	-	38,923
Related companies (other joint operator)	48,573	-	3,240	-
Related companies (common shareholders and directors)	203,755	127,030	202,572	126,041
Total trade and other receivables - related parties	440,182	537,231	1,374,976	1,499,389
Less: Allowance for expected credit losses	-	-	(248,959)	(225,048)
<b>Total trade and other receivables - related parties, net</b>	<b>440,182</b>	<b>537,231</b>	<b>1,126,017</b>	<b>1,274,341</b>
<b><u>Unbilled receivables</u></b>				
Related company (other joint operator)	13,642	-	-	-
<b>Total Unbilled receivables</b>	<b>13,642</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Short-term loans to related parties</u></b>				
Subsidiaries	-	127,000	110,000	265,000
Related company (other joint operator)	25,226	-	-	-
<b>Total short-term loans to related parties</b>	<b>25,226</b>	<b>127,000</b>	<b>110,000</b>	<b>265,000</b>
<b><u>Long-term loans to related parties</u></b>				
Subsidiaries	-	-	675,244	1,305,671
<b>Total long-term loans to related parties</b>	<b>-</b>	<b>-</b>	<b>675,244</b>	<b>1,305,671</b>
<b><u>Trade and other payables - related parties</u></b> (Note 18)				
Subsidiaries	-	-	2,317,203	2,426,698
Joint venture	-	13	-	13
Associates	-	54	-	54
Related companies (common shareholders and directors)	93,778	87,502	63,542	86,991
<b>Total trade and other payables - related parties</b>	<b>93,778</b>	<b>87,569</b>	<b>2,380,745</b>	<b>2,513,756</b>



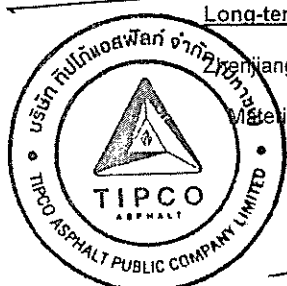
(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b><u>Advance received from customer</u></b>				
Related company (other joint operator)	39,402	-	-	-
<b>Total Advance received from customer</b>	<b>39,402</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Short-term loans from related parties</u></b>				
Subsidiaries	-	-	80,000	-
<b>Total short-term loans from related parties</b>	<b>-</b>	<b>-</b>	<b>80,000</b>	<b>-</b>
<b><u>Long-term loan from related party</u></b>				
Related company (shareholder of subsidiary)	7,719	6,789	-	-
<b>Total long-term loan from related party</b>	<b>7,719</b>	<b>6,789</b>	<b>-</b>	<b>-</b>

The balances and the movements of loans between the Company and those related companies are as follows:

(Unit: Thousand Baht)

		Consolidated financial statements				
			Increase from	Increase	Exchange	
		Balance as at	business	(decrease)	differences	Balance as at
		31 December	combination	during	of financial	31 December
Company's name	Related by	2020	(Note 11)	the period	statements	2021
<b><u>Short-term loans to related parties</u></b>						
Thai Slurry Seal Co., Ltd.	Subsidiary	127,000	-	(127,000)	-	-
Nawarat Patanakarn PCL.	Other joint operator	-	-	25,226	-	25,226
<b>Total</b>		<b>127,000</b>	<b>-</b>	<b>(101,774)</b>	<b>-</b>	<b>25,226</b>
<b><u>Short-term loan from related party</u></b>						
Nawarat Patanakarn PCL.	Other joint operator	-	39,194	(39,194)	-	-
<b><u>Long-term loan from related party</u></b>						
Chenjiang Highway Materials Company	Shareholder of subsidiary	6,789	-	-	930	7,719





(Unit: Thousand Baht)

		Separate financial statements				
		Balance as at	Increase	Decrease		Balance as at
		31 December	during	during	Gain on	31 December
Company's name	Related by	2020	the year	the year	exchange	2021
<u>Short-term loans to related parties</u>						
Alpha Maritime Co., Ltd.	Subsidiary	123,000	-	(13,000)	-	110,000
Tipco Maritime Co., Ltd.	Subsidiary	15,000	-	(15,000)	-	-
Thai Slurry Seal Co., Ltd.	Subsidiary	127,000	-	(127,000)	-	-
Total		265,000	-	(155,000)	-	110,000

Long-term loans to related parties

AD Shipping Pte. Ltd.	Subsidiary	148,041	-	(113,346)*	3,925	38,620
Reta Link Pte. Ltd.	Subsidiary	459,671	-	(459,671)*	-	-
Pacific Bitumen Shipping Pte. Ltd.	Subsidiary	697,959	-	(126,047)*	64,712	636,624
Total		1,305,671	-	(699,064)	68,637	675,244

\*AD Shipping Pte. Ltd., Reta Link Pte. Ltd. and Pacific Bitumen Shipping Pte. Ltd. offset their long-term loans to be repaid with outstanding balance of account payable to the Company.

Short-term loans from related parties

Raycol Asphalt Co., Ltd.	Subsidiary	-	60,000	-	-	60,000
Thai Bitumen Co., Ltd.	Subsidiary	-	20,000	-	-	20,000
Total		-	80,000	-	-	80,000

Directors and management's benefits

During the year 2021 and 2020, the Group had employee benefit expenses of their directors and management as detailed below.

(Unit: Million Baht)

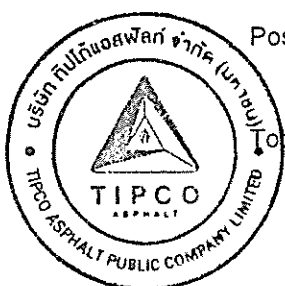
Consolidated		Separate	
financial statements		financial statements	
2021	2020	2021	2020
185	222	166	211
3	4	3	4
188	226	169	215

Short-term employee benefits

Post-employment benefits and

other long-term benefits

Total



### Guarantee obligations with related parties

The Group has outstanding guarantee obligations with its related parties, as described in Note 19 to the consolidated financial statements.

## **8. Contract assets/Contract liabilities**

### **8.1 Contract balances**

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2021</u>	<u>2020</u>
Contract assets		
Unbilled receivables	722,923	-
Retention receivables	149,938	-
Total contract assets	<u>872,861</u>	<u>-</u>
Contract liabilities		
Advances received from customers	665,845	-
Total contract liabilities	<u>665,845</u>	<u>-</u>

### **8.2 Unbilled receivables**

As at 31 December 2021, the balance of unbilled receivables of Baht 723 million was expected to be billed within one year (2020: Nil).

### **8.3 Revenue recognised in relation to contract balances**

During the year 2021, the Group recognised contract liabilities at the beginning of the year of Baht 245 million (2020: Nil) as revenue.

### **8.4 Revenue to be recognised for the remaining performance obligations**

As at 31 December 2021, the Group expected to recognise revenue totaling Baht 7,367 million (2020: Nil) in the future in respect of performance obligations under contracts with customers that have not been satisfied or partially unsatisfied. The Group expects to satisfy these performance obligations within 2 years.

## 9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements					
	Cost		Reduction of cost to net realisable value		Inventories - net
	2021	2020	2021	2020	2021 2020
Finished goods	1,889,151	1,289,211	(1,011)	(807)	1,888,140 1,288,404
Raw materials	4,207,962	2,958,803	(9,128)	(12,149)	4,198,834 2,946,654
Packaging materials, spare parts and factory supplies	145,131	132,327	(726)	(641)	144,405 131,686
Goods in transit	139,174	1,016,105	-	-	139,174 1,016,105
Total	6,381,418	5,396,446	(10,865)	(13,597)	6,370,553 5,382,849

(Unit: Thousand Baht)

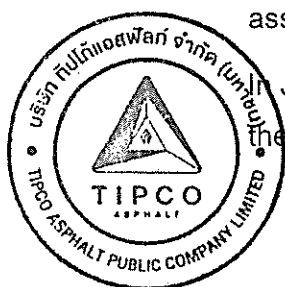
Separate financial statements					
	Cost		Reduction of cost to net realisable value		Inventories - net
	2021	2020	2021	2020	2021 2020
Finished goods	1,374,365	939,191	(513)	-	1,373,852 939,191
Raw materials	3,768,037	2,847,439	-	-	3,768,037 2,847,439
Packaging materials, spare parts and factory supplies	9,322	8,958	-	(502)	9,322 8,456
Goods in transit	22,302	980,280	-	-	22,302 980,280
Total	5,174,026	4,775,868	(513)	(502)	5,173,513 4,775,366

During the current year, the Group reversed reduction cost of inventories by Baht 3.9 million, to reflect the net realisable value. This was deducted in cost of sales (2020: write-down of Baht 0.6 million) (The Company only: None (2020: reversed by Baht 5.4 million)).

## 10. Assets held for sale

In November 2021, a subsidiary in Singapore entered into a sell contract of vessel, together with its bunker oil and other related assets with an unrelated overseas company amounting to approximately USD 13 million or approximately Baht 446 million which net book value of such assets was approximately Baht 482 million. As a result, the subsidiary recorded impairment loss on its assets amounting to Baht 36 million in profit or loss and presented its assets as assets held for sale in its account.

In January 2022, the subsidiary received payment for the sales of such assets and delivered the vessel to the buyer.

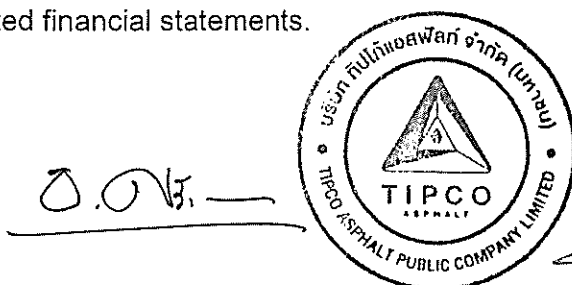


## 11. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)			
	Investment cost		Dividend received during the year	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b><u>Domestic subsidiaries</u></b>				
Raycol Asphalt Co., Ltd.	583,030	583,030	66,600	166,500
Thai Bitumen Co., Ltd.	386,696	386,696	112,500	-
Less: Allowance for impairment loss of investment	(60,775)	(60,775)	-	-
Tipco Maritime Co., Ltd.	2,945	2,945	-	-
Alpha Maritime Co., Ltd.	142,999	142,999	-	-
Bitumen Marine Co., Ltd.	149,999	149,999	-	-
Ravana 1020 Co., Ltd.				-
(formerly known as Delta Shipping Co., Ltd.)	79,999	79,999	-	-
Tasco Shipping Co., Ltd.	289,999	289,999	-	-
Thai Slurry Seal Co., Ltd.	598,043	-	-	-
<b><u>Overseas subsidiaries</u></b>				
Tasco International (Hong Kong) Ltd.	537,072	537,072	-	-
Less: Allowance for impairment loss of investment	(65,420)	(65,420)	-	-
Kemaman Oil Corporation Sdn Bhd	1,303,035	1,303,035	-	-
Kemaman Bitumen Company Sdn Bhd	2,769,493	2,769,493	-	-
KBC Trading Sdn Bhd	1,377	1,377	-	-
Tipco Asphalt (Cambodia) Co., Ltd.	3,352	3,352	-	60,201
PT Asphalt Bangun Sarana	337,254	337,254	-	-
Pacific Bitumen Shipping Pte. Ltd.	1,340	1,340	-	-
Highway Resources Pte. Ltd.	717,054	717,054	8,381	-
AD Shipping Pte. Ltd.	430,232	430,232	-	-
Reta Link Pte. Ltd.	28,682	28,682	-	-
Tipco Asphalt Lao Company Limited	78,877	78,877	-	-
Total investments in subsidiaries	<u>8,315,283</u>	<u>7,717,240</u>	<u>187,481</u>	<u>226,701</u>

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



### Investment in Thai Slurry Seal

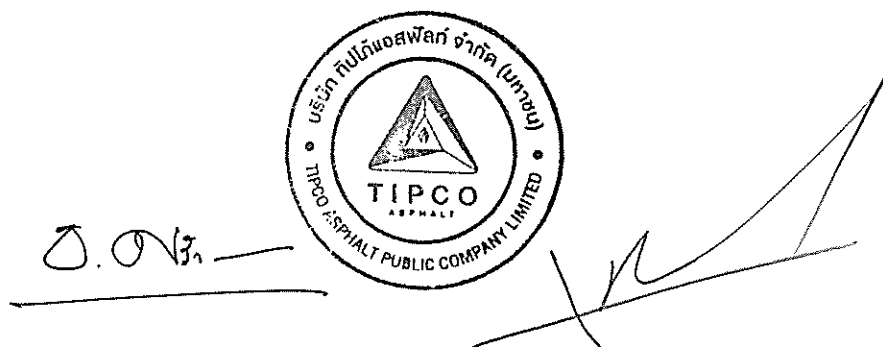
On 14 January 2021, the Company's Board of Director Meeting passed a resolution to approve the increase of its shareholding in Thai Slurry Seal from the current shareholding of 1,243,334 shares with the par value of Baht 100 per share, equivalent to 25 percent of total issued and paid-up shares, to 3,108,334 shares with the par value of Baht 100 per share, equivalent to 62.5 percent of total issued and paid-up shares, through the acquisition of 1,865,000 ordinary shares with the par value of Baht 100 per share, equivalent to 37.5 percent of the total issued and paid-up shares, at acquisition price of Baht 200 per share, totaling Baht 373 million.

On 1 February 2021, the Company received 1,865,000 ordinary shares of Thai Slurry Seal and made full payment for these shares. Therefore, the Company has had control over such subsidiary since 1 February 2021 (the acquisition date) onwards, resulted in Thai Slurry Seal's status change from an associate to a subsidiary.

As of 1 February 2021, Thai Slurry Seal had a subsidiary and joint operations as follows:

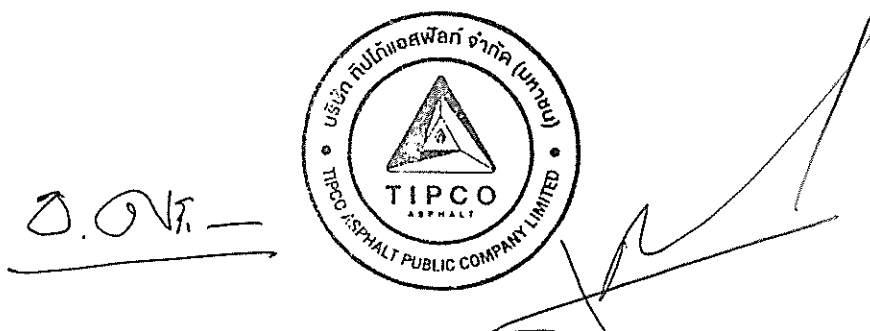
Company's name	Nature of business	Country of		Shareholding percentage (%)
		incorporation	Related by	
Thanomwongse Service Co., Ltd.	Construction service and sales of construction materials	Thailand	Subsidiary	100.00
TN Joint Venture	Construction service	Thailand	Joint operations	51.61
TN-CEI Joint Venture	Construction service	Thailand	Joint operations	51.00

The Company remeasured previously held interest at fair value at acquisition date and recorded remeasurement gain on business combination amounting to Baht 20.7 million in the consolidated statement of comprehensive income. The Group completed the assessments of the fair values of identifiable assets, liabilities and contingent liabilities of Thai Slurry Seal. The fair values of assets and liabilities and the carrying amounts in the consolidated financial statements of Thai Slurry Seal as of 1 February 2021 were as follows:



(Unit: Thousand Baht)

	Fair value	Carrying value
Cash and cash equivalents	178,042	178,042
Trade and other receivables	291,616	291,616
Contract assets	676,984	676,984
Advances to subcontractors	238,208	238,208
Inventories	87,247	87,247
Property, plant and equipment (Note 15)	458,589	212,668
Right-of-use assets (Note 20)	75,446	75,446
Other assets	95,602	95,602
Short-term loan from financial institutions	(20,000)	(20,000)
Trade and other payables	(345,630)	(345,630)
Short-term loan from related party	(39,194)	(39,194)
Contract liabilities	(701,028)	(701,028)
Retention for construction	(14,854)	(14,854)
Provision for long-term employee benefits (Note 21)	(40,576)	(40,576)
Lease liabilities (Note 20)	(67,584)	(67,584)
Deferred tax liabilities	(5,024)	(5,024)
Other liabilities	(53,930)	(53,930)
Total	813,914	567,993
Backlog (Note 16)	129,386	
Customer relationship (Note 16)	47,028	
Deferred tax liabilities	(84,467)	
Net acquired assets (at 100%)	905,861	
Less: Non-controlling interests (at 37.5%)	(339,698)	
Net acquired assets in the Company's proportion (at 62.5%)	566,163	
Add: Goodwill	49,639	
Acquisition cost	615,802	



Costs of the acquisition were summarised below.

(Unit: Thousand Baht)	
Carrying amount based on equity method before business combination	222,054
Remeasurement gain on business combination	20,748
Cash paid in the acquisition	373,000
Costs of the acquisition	615,802
Cash paid in the acquisition	373,000
Less: Cash and cash equivalents as of acquisition date	(178,042)
Cash paid in the acquisition - net from cash and cash equivalent received	194,958

## 12. Investments in joint ventures

### 12.1 Details of investments in joint ventures:

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

		(Unit: Thousand Baht)					
		Consolidated financial statements				Carrying amounts based on equity method	
Joint ventures	Nature of business	Shareholding percentage		Cost		method	
		2021 (%)	2020 (%)	2021	2020	2021	2020
Asia Bitumen Trading Pte. Ltd. (Owned by TIHK)	Distribution of asphalt and petroleum products	50	50	242	242	39,712	40,808
Borneo Asphalt Sdn Bhd (Owned by KBC)	Distribution of asphalt products	50	50	23,815	23,815	13,261	12,170
Phoenix Asphalt Philippines Inc.	Manufacture and distribution of asphalt and petroleum products	40	40	67,553	67,553	79,595	71,059
Total				91,610	91,610	132,568	124,037



(Unit: Thousand Baht)

		Separate financial statements					
Joint venture	Nature of business	Shareholding		Cost		Carrying amounts based on cost method	
		percentage					
		2021 (%)	2020 (%)	2021	2020	2021	2020
Phoenix Asphalt Philippines Inc.	Manufacture and distribution of asphalt and petroleum products	40	40	67,553	67,553	67,553	67,553
Total				67,553	67,553	67,553	67,553

## 12.2 Share of comprehensive income

The Group recognised its share of profit/loss from investments in the joint ventures in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Joint ventures	Consolidated financial statements	
	Share of profit (loss) from investments in joint ventures during the year	
	2021	2020
Asia Bitumen Trading Pte. Ltd.	(5,366)	9,623
Borneo Asphalt Sdn Bhd	(954)	(2,656)
Phoenix Asphalt Philippines Inc.	5,098	2,282
Total	(1,222)	9,249

## 12.3 Summarised financial information about material joint ventures

### Financial information of Asia Bitumen Trading Pte. Ltd. ("ABT")

Summarised information about financial position as at 31 December 2021 and 2020:

(Unit: Million Baht)

	2021	2020
Cash and cash equivalents	100.1	246.1
Trade and other receivables	-	174.6
Other assets	2.4	0.8
Trade and other payables	(13.2)	(324.8)
Other liabilities	(9.9)	(15.1)
Net assets	79.4	81.6
Shareholding percentage (%)	50	50
Carrying amounts of joint venture based on equity method	39.7	40.8





Summarised information about profit and loss for the years ended 31 December 2021 and 2020:

	(Unit: Million Baht)	
	<u>2021</u>	<u>2020</u>
Total revenues	1,187.0	3,092.6
Cost of goods sold	(1,171.6)	(3,044.6)
Total expenses	(26.2)	(28.8)
<b>Profit (loss) for the year</b>	<b>(10.8)</b>	<b>19.2</b>

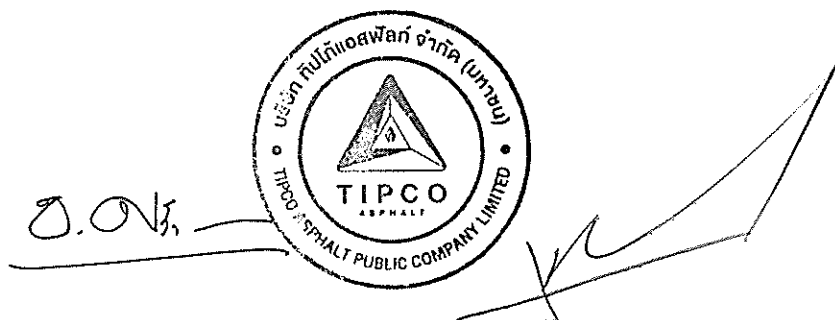
Financial information of Borneo Asphalt Sdn Bhd

Summarised information about financial position as at 31 December 2021 and 2020:

	(Unit: Million Baht)	
	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	41.1	9.1
Trade and other receivables	38.5	4.3
Other assets	407.3	326.8
Trade and other payables	(17.1)	(47.5)
Other liabilities	(443.2)	(268.3)
<b>Net assets</b>	<b>26.6</b>	<b>24.4</b>
Shareholding percentage (%)	50	50
<b>Carrying amounts of joint venture based on equity method</b>	<b>13.3</b>	<b>12.2</b>

Summarised information about profit and loss for the years ended 31 December 2021 and 2020:

	(Unit: Million Baht)	
	<u>2021</u>	<u>2020</u>
Total revenues	325.5	2.1
Cost of goods sold	(310.5)	(3.6)
Total expenses	(16.9)	(3.8)
<b>Loss for the year</b>	<b>(1.9)</b>	<b>(5.3)</b>



Financial information of Phoenix Asphalt Philippines Inc.

Summarised information about financial position as at 31 December 2021 and 2020:

(Unit: Million Baht)

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	15.0	27.2
Trade and other receivables	28.4	33.4
Other assets	195.4	161.0
Trade and other payables	(13.6)	(20.8)
Other liabilities	(26.2)	(23.2)
<b>Net assets</b>	<b>199.0</b>	<b>177.6</b>
Shareholding percentage (%)	40	40
<b>Carrying amounts of joint venture based on equity method</b>	<b>79.6</b>	<b>71.0</b>

Summarised information about profit and loss for the years ended 31 December 2021 and 2020:

(Unit: Million Baht)

	<u>2021</u>	<u>2020</u>
Total revenues	447.3	287.9
Cost of goods sold	(403.0)	(256.6)
Total expenses	(31.6)	(25.8)
<b>Profit for the year</b>	<b>12.7</b>	<b>5.5</b>

**13. Investments in associates**

**13.1 Details of associates**

(Unit: Thousand Baht)

Consolidated financial statements							
Company's name	Nature of business	Shareholding percentage		Cost		Carrying amounts based on equity method	
		<u>2021</u> (%)	<u>2020</u> (%)	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Colasie Co., Ltd.	Holding company	40	40	18,404	18,404	479,188	434,691
PT Sarana Distribusi	Barge rental service						
Aspal Nusantara (Owned by ABS)		49	49	1,313	1,313	2	53
Thai Slurry Seal Ltd.*	Road rehabilitation contractor	25	25	-	225,043	-	224,987
<b>Total investments in associates</b>				<b>19,717</b>	<b>244,760</b>	<b>479,190</b>	<b>659,731</b>



(Unit: Thousand Baht)

Company's name	Nature of business	Separate financial statements					
		Shareholding		Cost		Carrying amounts	
		percentage				based on	
		2021	2020	2021	2020	2021	2020
		(%)	(%)				
Colasie Co., Ltd.	Holding company	40	40	18,404	18,404	18,404	18,404
Thai Slurry Seal Co., Ltd.*	Road rehabilitation contractor	-	25	-	225,043	-	225,043
Total investments in associates				18,404	243,447	18,404	243,447

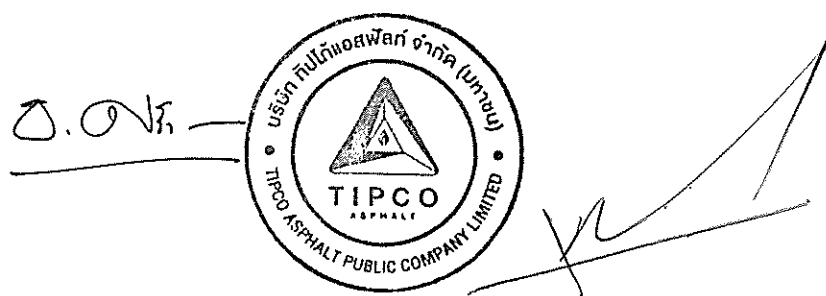
### 13.2 Share of comprehensive income and dividend received

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investment		Dividend received	
	in associates during the year		during the year by the Company	
	2021	2020	2021	2020
Colasie Co., Ltd.	130,365	124,148	85,505	57,728
PT Sarana Distribusi				
Aspal Nusantara	(131)	(187)	-	-
Thai Slurry Seal Co., Ltd.*	(585)	(14,887)	-	-
Total	129,649	109,074	85,505	57,728

\* During the current year, Thai Slurry Seal's status was changed from an associate to a subsidiary as described in Note 11 to the consolidated financial statements.



### 13.3 Summarised financial information about material associates

#### Financial information of Colasie Co., Ltd.

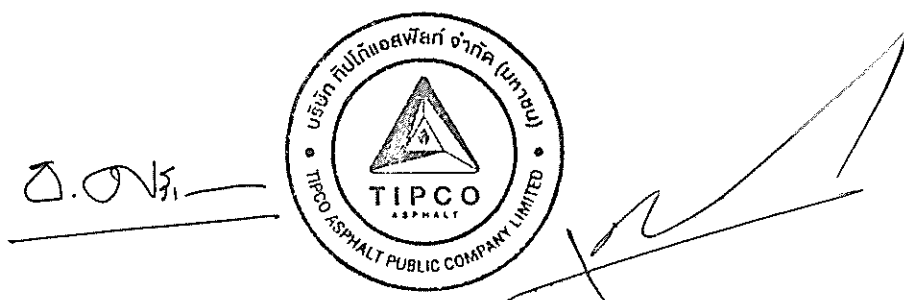
Financial information of Colasie Co., Ltd. as at 31 December 2021 and 2020 and for the years then ended are summarised below.

	(Unit: Million Euro)	
	<u>2021</u>	<u>2020</u>
Paid-up capital	1.04	1.04
Total assets	4.75	4.75
Total liabilities	0.03	0.00
Total revenues	5.87	3.62
Profit for the year	5.79	3.58

### 14. Investment properties

(Unit: Thousand Baht)

Consolidated financial statements			
	The Company's land, buildings and equipment located at Petchburi plant	Land of Thai Bitumen	Total
As at 31 December 2021:			
Cost	267,472	383,608	651,080
<u>Less</u> Accumulated depreciation	(137,804)	-	(137,804)
<u>Less</u> Allowance for diminution in value	(86,868)	(237,375)	(324,243)
Net book value	42,800	146,233	189,033
As at 31 December 2020:			
Cost	267,472	383,608	651,080
<u>Less</u> Accumulated depreciation	(137,804)	-	(137,804)
<u>Less</u> Allowance for diminution in value	(86,868)	(237,375)	(324,243)
Net book value	42,800	146,233	189,033



(Unit: Thousand Baht)

	Separate financial statements		
	The Company's land, buildings and equipment located at Petchburi plant	The Company's land for rent located at Suratthani province	Total
As at 31 December 2021:			
Cost	267,472	61,438	328,910
<u>Less</u> Accumulated depreciation	(137,804)	(9,896)	(147,700)
<u>Less</u> Allowance for diminution in value	(86,868)	-	(86,868)
Net book value	42,800	51,542	94,342
As at 31 December 2020:			
Cost	267,472	61,438	328,910
<u>Less</u> Accumulated depreciation	(137,804)	(9,896)	(147,700)
<u>Less</u> Allowance for diminution in value	(86,868)	-	(86,868)
Net book value	42,800	51,542	94,342

A reconciliation of the net book value of investment properties for 2021 and 2020 is presented below.

	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net book value at beginning of year	189,033	256,933	94,342	94,342
Impairment loss	-	(67,900)	-	-
Net book value at end of year	189,033	189,033	94,342	94,342



The fair values of the investment properties, appraised by an independent professional valuer using the Sales Comparison Approach, as at 31 December 2021 and 2020 are stated below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
The Company's land for rent located at				
Suratthani province	-	-	218,000	213,000
The Company's land, buildings and equipment				
located at Petchburi plant	42,800	42,800	42,800	42,800
Land of Thai Bitumen	146,233	146,233	-	-

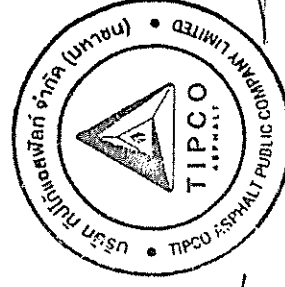




15. Property, plant and equipment

(Unit: Thousand Baht)

Cost	Consolidated financial statements					
	Land and land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels	Construction in progress and equipment under installation
As at 1 January 2020	680,966	930,447	7,261,488	1,328,204	4,560,485	778,773
Additions	4,682	12,483	51,077	37,138	93,202	485,950
Disposals/written off	(894)	(11,818)	(169,499)	(108,897)	(83,760)	(1,211)
Transfer in (transfer out)	12,455	40,212	828,032	17,268	-	(897,967)
As at 31 December 2020	697,209	971,324	7,971,098	1,273,713	4,569,927	365,545
Additions	2,711	6,767	60,585	27,936	60,078	362,921
Increase from business combination (Note 11)	18,086	14,586	282,923	142,994	-	-
Disposals/written off	(30,606)	(8,452)	(49,159)	(157,593)	-	(1,140)
Transfer in (transfer out)	9,599	82,427	170,315	3,406	-	(265,747)
Classified as assets held for sale (Note 10)	-	-	(280)	(104)	(599,809)	-
As at 31 December 2021	696,999	1,066,652	8,435,482	1,290,352	4,030,196	461,579
						15,981,260

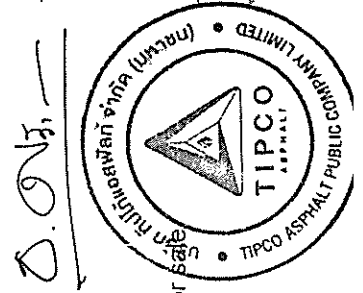


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(Unit: Thousand Baht)

## Consolidated financial statements

	Land and land improvement	Buildings, improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels	Construction in progress and equipment under installation	Total
<b>Accumulated depreciation</b>							
As at 1 January 2020	344,480	532,508	3,745,502	785,551	1,127,749	-	6,535,790
Depreciation for the year	5,615	27,609	409,535	124,249	234,670	-	801,678
Accumulated depreciation on disposals/written off	(776)	(10,899)	(166,339)	(106,969)	(83,760)	-	(368,743)
As at 31 December 2020	349,319	549,218	3,988,698	802,831	1,278,659	-	6,968,725
Depreciation for the year	10,442	33,849	493,076	136,983	268,165	-	942,515
Accumulated depreciation on disposals/written off	(30,252)	(7,587)	(44,761)	(154,026)	-	-	(236,626)
Classified as assets held for sale	-	-	(25)	(16)	(125,262)	-	(125,303)
As at 31 December 2021	329,509	575,480	4,436,988	785,772	1,421,562	-	7,549,311
<b>Allowance for impairment loss</b>							
As at 1 January 2020	1,183	50,769	26,921	2,066	-	5,049	85,988
Increase during the year	-	-	6,273	-	-	-	6,273
Disposals/write-off	-	-	(795)	-	-	-	(795)
As at 31 December 2020	1,183	50,769	32,399	2,066	-	5,049	91,466
Increase during the year	-	-	1,665	-	36,152	-	37,817
Classified as assets held for sale	-	-	-	-	(36,152)	-	(36,152)
As at 31 December 2021	1,183	50,769	34,064	2,066	-	5,049	93,131

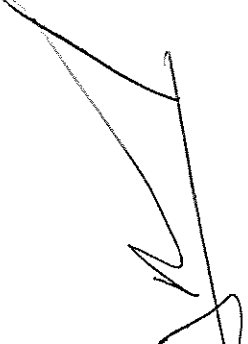
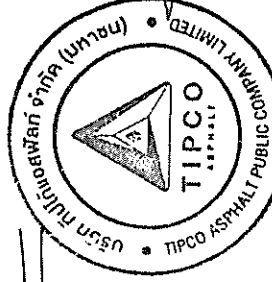




(Unit: Thousand Baht)

## Consolidated financial statements

	Land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Vessels	Construction in progress and equipment under installation	Total
<b>Translation adjustments</b>							
As at 1 January 2020	-	9,420	(364,374)	(23,687)	(224,863)	(29,369)	(632,873)
Translation adjustments during the year	-	1,661	(9,584)	(944)	3,564	5,334	31
As at 31 December 2020	-	11,081	(373,958)	(24,631)	(221,299)	(24,035)	(632,842)
Translation adjustments during the year	-	10,642	349,142	7,806	181,222	(4,592)	544,220
As at 31 December 2021	-	21,723	(24,816)	(16,825)	(40,077)	(28,627)	(88,622)
<b>Net book value</b>							
As at 31 December 2020	346,707	382,418	3,576,043	444,185	3,069,969	336,461	8,155,783
As at 31 December 2021	366,307	462,126	3,939,614	485,689	2,568,557	427,904	8,250,197
<b>Depreciation for the year</b>							
2020 (Baht 694 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)							801,678
2021 (Baht 760 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)							942,515

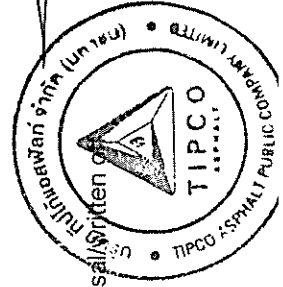
  


(Unit: Thousand Baht)

	Separate financial statements				
	Land and land improvement	Buildings, improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Construction in progress and equipment under installation
<b>Cost</b>					<b>Total</b>
As at 1 January 2020	493,681	343,359	692,562	799,142	134,523
Additions	3,594	2,879	18,969	4,101	54,494
Disposals/written off	(894)	(9,567)	(101,743)	(72,852)	(710)
Transfer in (transfer out)	10,506	21,768	100,753	7,552	(140,579)
As at 31 December 2020	506,887	358,439	710,541	737,943	47,728
Additions	1,784	4,875	13,236	2,740	34,800
Disposals/written off	(473)	(2,569)	(24,858)	(97,891)	(754)
Transfer in (transfer out)	2,941	24,056	43,860	408	(71,265)
As at 31 December 2021	511,139	384,801	742,779	643,200	10,509
<b>Accumulated depreciation</b>					<b>2,292,428</b>
As at 1 January 2020	251,727	206,580	547,603	471,932	-
Depreciation for the year	3,819	9,186	50,788	71,638	-
Accumulated depreciation on disposal/written off	(776)	(8,968)	(101,432)	(71,571)	-
As at 31 December 2020	254,770	206,798	496,959	471,999	-
Depreciation for the year	4,295	10,620	53,203	64,304	-
Accumulated depreciation on disposal/written off	(329)	(2,194)	(24,756)	(96,936)	-
As at 31 December 2021	258,736	215,224	525,406	439,367	-
					<b>1,438,733</b>

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Accumulated depreciation on disposal/written off

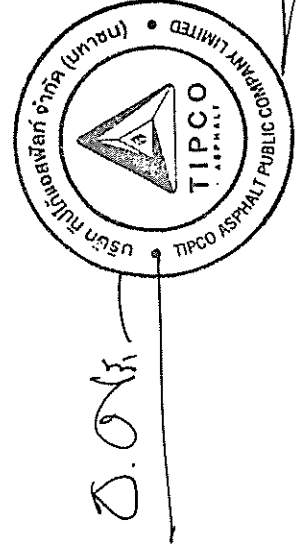


(Unit: Thousand Baht)

## Separate financial statements

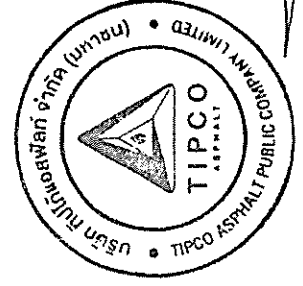
	Land and land improvement	Buildings, building improvements and complements	Machinery, tools and equipment	Furniture, office equipment and vehicles	Construction in progress and equipment under installation	Total
<b>Allowance for impairment loss</b>						
As at 31 December 2020	1,183	-	6,273	-	-	7,456
Increase during the year	-	-	-	-	-	-
As at 31 December 2021	1,183	-	6,273	-	-	7,456
<b>Net book value</b>						
As at 31 December 2020	250,934	151,641	207,309	265,944	47,728	923,556
As at 31 December 2021	251,220	169,577	211,100	203,833	10,509	846,239
<b>Depreciation for the year</b>						
2020 (Baht 117 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)						135,431
2021 (Baht 108 million included in manufacturing cost, and the balance in selling expenses and administrative expenses)						132,422

As at 31 December 2021, certain items of plant and equipment items had been fully depreciated but were still in use. The original cost of those assets amounted to approximately Baht 3,061 million (2020: Baht 3,008 million) (The Company only: Baht 1,165 million (2020: Baht 1,202 million)).



16. Intangible assets

	Consolidated financial statements					(Unit: Thousand Baht)		
						Separate financial statements		
	Computer software	Customer relationship	Non-competition clause	Backlog	Computer software under installation	Computer software under installation	Computer software under installation	Total
As at 31 December 2021:								
Cost	208,925	224,112	11,724	129,386	887	575,034	887	165,030
<u>Less</u> Accumulated amortisation	(167,984)	(90,929)	(10,725)	(40,123)	-	(309,761)	-	(132,825)
Translation adjustments	2,110	-	(999)	-	-	1,111	-	-
Net book value	43,051	133,183	-	89,263	887	266,384	887	32,205
As at 31 December 2020:								
Cost	191,827	177,083	11,724	-	1,966	382,600	1,966	158,805
<u>Less</u> Accumulated amortisation	(140,507)	(73,784)	(10,725)	-	-	(225,016)	-	(108,701)
Translation adjustments	1,775	-	(999)	-	-	776	-	-
Net book value	53,095	103,299	-	-	1,966	158,360	1,966	50,104



D.ONG

A reconciliation of the net book value of intangible assets for the years 2021 and 2020 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net book value at beginning of year	158,360	195,514	50,104	71,617
Acquisition of computer software	10,975	8,732	6,225	5,684
Increase from business combination (Note 11)	181,458	-	-	-
Amortisation	(84,744)	(45,837)	(24,124)	(27,197)
Translation adjustments	335	(49)	-	-
Net book value at end of year	<u>266,384</u>	<u>158,360</u>	<u>32,205</u>	<u>50,104</u>

#### 17. Short-term loans from financial institutions

	(Unit: Thousand Baht)					
	Interest rates		Consolidated		Separate	
	(% per annum)		financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Loans in Thai Baht	1.25 - 2.35	1.00 - 1.75	3,188,381	1,451,764	3,096,247	1,451,764
Loan in Renminbi	4.00	-	21,003	-	-	-
Loans in Indonesia Rupiah	6.40 - 6.55	6.85	206,527	88,648	-	-
			<u>3,415,911</u>	<u>1,540,412</u>	<u>3,096,247</u>	<u>1,451,764</u>

#### 18. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Trade payables - related parties (Note 7)	674	946	2,315,802	2,427,259
Trade payables - unrelated parties	2,050,598	2,086,299	1,515,174	1,930,651
Accounts payable from commodity forward contracts	-	45,079	-	45,079
Retention for construction	44,905	12,750	5,726	5,546
Other payables - related parties (Note 7)	93,104	86,623	64,943	86,497
Other payables and accrued expenses - unrelated parties	917,746	799,901	243,584	340,876
Total trade and other payables	<u>3,107,027</u>	<u>3,031,598</u>	<u>4,145,229</u>	<u>4,835,908</u>



## 19. Credit facilities

The credit facilities of the Group granted by financial institutions are secured by the following collaterals:

- The guarantees by the Company, its subsidiaries and a shareholder of a subsidiary.
- The pledges/mortgages by the assets of subsidiaries of which the net book value as at 31 December 2021 and 2020 of the assets are summarised below.

(Unit: Million Baht)

	Consolidated financial statements	
	<u>2021</u>	<u>2020</u>
Property, plant and equipment - net	345	363

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

## 20. Leases

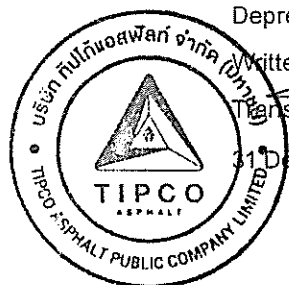
The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 1 - 50 years.

### a) Right-of-use assets

Movement of right-of-use assets for the years ended 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements				
	Land and buildings	Machinery and equipment	Motor vehicles	Office equipment	Total
1 January 2020	490,512	49,734	28,760	-	569,006
Additions	21,896	12,709	29,635	-	64,240
Depreciation for the year	(52,544)	(9,083)	(13,855)	-	(75,482)
Translation adjustments	1,443	13	-	-	1,456
31 December 2020	461,307	53,373	44,540	-	559,220
Additions	84,068	60,352	34,292	-	178,712
Increase from business Combination (Note 11)	20,006	31,508	22,412	1,520	75,446
Depreciation for the year	(64,619)	(16,454)	(26,636)	(522)	(108,231)
Written off	(11,179)	-	-	-	(11,179)
Translation adjustments	39,915	(5,233)	-	-	34,682
31 December 2021	529,498	123,546	74,608	998	728,650



(Unit: Thousand Baht)

	Separate financial statements		
	Land and buildings	Motor vehicles	Total
1 January 2020	100,496	25,018	125,514
Additions	1,508	27,509	29,017
Depreciation for the year	(15,167)	(12,011)	(27,178)
31 December 2020	86,837	40,516	127,353
Additions	811	14,535	15,346
Depreciation for the year	(14,206)	(15,180)	(29,386)
Written off	(10,564)	-	(10,564)
31 December 2021	62,878	39,871	102,749

**b) Lease liabilities**

(Unit: Thousand Baht)

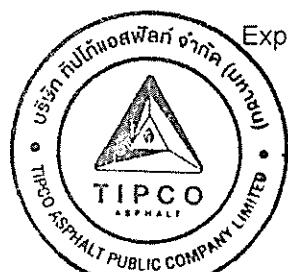
	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Lease payments	504,126	338,132	113,359	138,808
Less: Deferred interest expenses	(80,487)	(57,614)	(8,357)	(11,781)
Total	423,639	280,518	105,002	127,027
Less: Portion due within one year	(107,742)	(62,041)	(25,238)	(26,929)
Lease liabilities - net of current portion	315,897	218,477	79,764	100,098

A maturity analysis of lease payments is disclosed in Note 33.2 to the consolidated financial statements under the liquidity risk.

**c) Expenses relating to leases that are recognised in profit or loss**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Depreciation expense of right-of-use assets	108,231	75,482	29,386	27,178
Interest expense on lease liabilities	15,201	9,914	3,330	3,499
Expense relating to short-term leases	5,881	3,950	763	3,661
Expense relating to leases of low-value assets	5,762	5,457	4,521	3,645



#### d) Others

The Group had total cash outflows for leases for the year ended 31 December 2021 of Baht 128 million (2020: Baht 76 million) (the Company only: Baht 37 million, 2020: Baht 34 million), including the cash outflow related to short-term lease and leases of low-value assets.

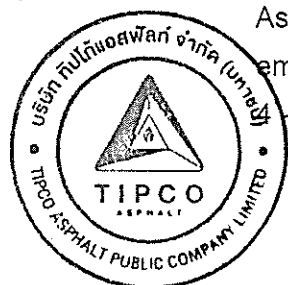
#### 21. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Provision for long-term employee benefits</b>				
at beginning of year	166,386	167,693	114,115	119,182
Increase from business combination (Note 11)	40,576	-	-	-
Included in profit or loss:				
Defined benefit plans				
Current service cost	17,262	15,200	9,540	9,308
Past service cost	(11,725)	-	-	-
Interest cost	5,086	4,031	1,799	1,906
Long service award	8,407	749	4,003	558
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	2	-	-
Financial assumptions changes	(5,272)	402	(4,086)	-
Experience adjustments	48,026	491	38,365	-
Benefits paid during the year	(25,216)	(19,851)	(17,880)	(16,839)
Translation adjustments	3,352	(2,331)	-	-
<b>Provision for long-term employee benefits</b>				
at end of year	<u>246,882</u>	<u>166,386</u>	<u>145,856</u>	<u>114,115</u>

The Group expect to pay Baht 44 million of long-term employee benefits during the next year (Separate financial statements: Baht 26 million) (2020: Baht 27 million, separate financial statements: Baht 16 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit was between 3 - 19 years (Separate financial statements: 3 years) (2020: 14 years, separate financial statements: 4 years).





Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.0 - 8.0	2.5 - 8.0	2.0	2.5
Future salary increase rate	3.0 - 7.0	5.0 - 7.0	3.0 - 4.0	5.0
Staff turnover rate (depending on age of employee)	0.0 - 25.0	0.0 - 15.0	0.0 - 15.0	0.0 - 15.0

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2021 and 2020 are summarised below:

(Unit: Million Baht)

	31 December 2021			
	Consolidated financial statements		Separate financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(13)	15	(7)	8
Salary increase rate	13	(12)	7	(6)

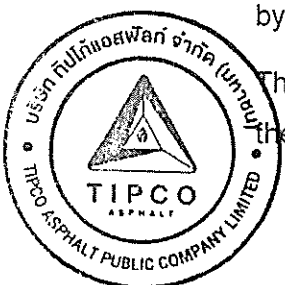
(Unit: Million Baht)

	31 December 2020			
	Consolidated financial statements		Separate financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(7)	8	(4)	4
Salary increase rate	8	(7)	4	(4)

## 22. Share capital

On 8 April 2021, the 2021 Annual General Meeting of the Company's shareholders passed a resolution to approve a decrease of Baht 1,522,000 in the Company's registered share capital, from Baht 1,579,883,570 (1,579,883,570 ordinary shares with a par value of Baht 1 each) to Baht 1,578,361,570 (1,578,361,570 ordinary shares with a par value of Baht 1 each) by cancelling 1,522,000 unissued ordinary shares with a par value of Baht 1 each.

The Company registered the corresponding reduction in its registered share capital with the Ministry of Commerce on 9 April 2021.



## 23. Statutory reserve

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

## 24. Insurance claim - net of damages and expenses from a fire

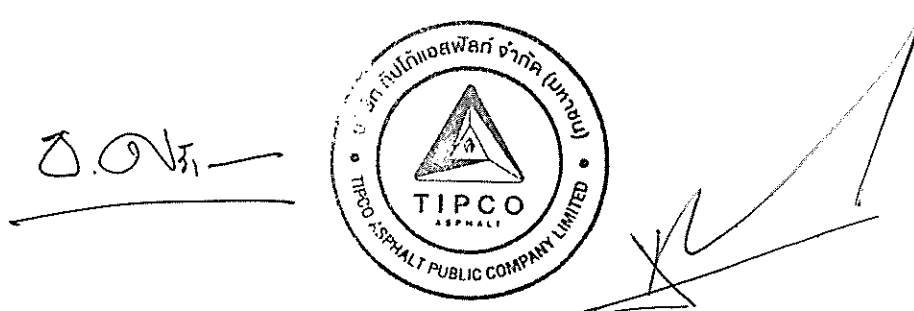
During 2020, the subsidiary had incurred additional operating expenses for crude storage, logistic handling and other related expenses amounted to USD 2 million or Baht 64 million. These expenses were presented as expenses from a fire incident until the date when damaged crude oil tanks were recommissioned for operation in the second quarter of 2020.

In the current year, the subsidiary received and recorded income of final payment pursuant to its insurance claim of MYR 34 million or approximately Baht 271 million (2020: MYR 24 million or approximately Baht 174 million).

## 25. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Salary, wages and other employee benefits	1,422	1,283	533	624
Depreciation and maintenance expenses	1,135	960	240	274
Costs related to production of goods and services (excluding of staff cost, depreciation and maintenance expenses)	20,477	20,103	17,826	20,009



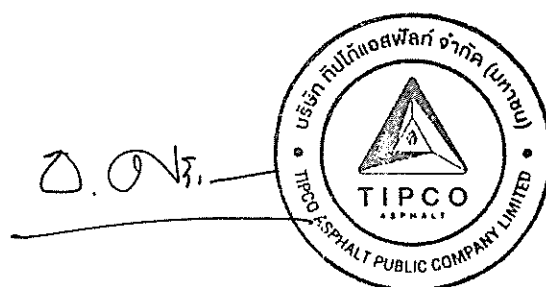
## 26. Income tax

Income tax expenses for the years ended 31 December 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	<u>2021</u>	<u>2020</u>
<b>Current income tax:</b>		
Current income tax charge	(419,382)	(786,308)
Adjustment in respect of income tax of previous year	(2,137)	(665)
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(331,898)	29,633
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>(753,417)</b>	<b>(539,812)</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

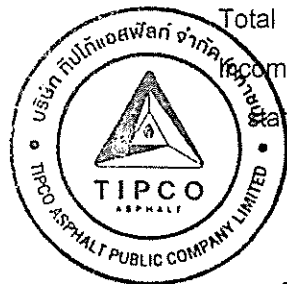
	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	<u>2021</u>	<u>2020</u>
Deferred tax on actuarial gains and losses	(8,746)	197
Deferred tax on change in fair value of hedging instruments of cash flow hedges	15,631	16,874
	<u>6,885</u>	<u>16,874</u>



Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2021 and 2020 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Accounting profit before tax	<u>3,005,375</u>	<u>4,354,840</u>	<u>1,869,152</u>	<u>3,025,874</u>
Income tax at Thai corporate income tax rate of 20%	(601,075)	(870,968)	(373,830)	(605,175)
Adjustment in respect of income tax of previous year	(2,137)	(665)	-	-
Utilisation of previously unrecognised tax losses and capital allowance	5,641	65,223	-	-
Unused tax loss which has not recognised as deferred tax assets	(4,275)	(214)	-	-
Unutilised investment tax allowances which has not recognised as deferred tax assets	(183,349)	-	-	-
Difference of tax rate in group companies	(7,262)	12,318	-	-
Effects of:				
Non-deductible expenses	(72,658)	(78,943)	(5,238)	(7,185)
Additional expenses deductions allowed	2,215	28,237	1,077	9,795
Exemption of income	30,771	16,831	54,597	56,885
Promotional privileges (Note 27)	9,082	16,026	-	-
Tax privilege for a company that operates as an international trading center	3,129	2,435	3,129	2,435
Tax privilege for a company that operates as an international business center	4,694	3,652	4,694	3,652
Tax privileges for maritime commerce (Note 28)	26,754	17,583	-	-
Share of profit from investment in joint ventures and associates	25,686	23,665	-	-
Others	9,367	7,480	-	(219)
Total	<u>39,040</u>	<u>36,966</u>	<u>58,259</u>	<u>65,363</u>
Income tax expenses reported in the Statement of comprehensive income	<u>(753,417)</u>	<u>(757,340)</u>	<u>(315,571)</u>	<u>(539,812)</u>




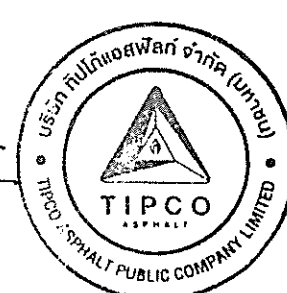
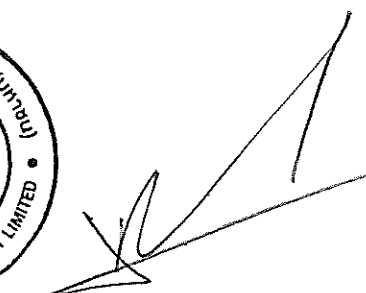
The tax rates enacted at the end of the reporting period of the Group is 0% to 25% (2020: 0% to 25%).

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

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statement	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	62,356	45,953	69,322	60,342
Reduction of cost of inventories to				
net realisable value	2,565	212	103	100
Fair value of commodity forward contracts	53,708	135,789	53,708	135,789
Allowance for asset impairment	65,099	65,099	17,614	17,614
Provision for long-term employee benefits	51,727	34,377	29,171	22,823
Effect on elimination of intercompany				
transaction	940	52,337	-	-
Unutilised tax loss and capital allowance	330,588	299,412	9,543	12,632
Others	19,196	4,624	636	161
<b>Total</b>	<b>586,179</b>	<b>637,803</b>	<b>180,097</b>	<b>249,461</b>
<b>Deferred tax liabilities</b>				
Difference depreciation for tax purpose	(644,716)	(355,714)	(26,764)	(24,728)
Fair value of commodity forward contracts	(44,563)	(51,380)	(44,562)	(51,380)
Fair value of forward exchange contracts	(309)	(586)	(300)	(586)
Fair value adjustment of assets from				
business combination	(112,601)	(21,851)	-	-
<b>Total</b>	<b>(802,189)</b>	<b>(429,531)</b>	<b>(71,626)</b>	<b>(76,694)</b>

Presented as follows:

Deferred tax assets	177,024	208,272	108,471	172,767
Deferred tax liabilities	393,034	-	-	-

As at 31 December 2021 and 2020, the overseas subsidiaries had deductible temporary differences and unused tax losses on which deferred tax assets have not been recognised as these subsidiaries believed that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses, as follows:

	<u>2021</u>	<u>2020</u>
	(Million)	(Million)
Malaysian Ringgit	98	5
Renminbi	33	33

In addition, Kemaman Bitumen Company Sdn Bhd were granted tax privilege for a corporate income tax reduction from the stipulated investment amount.

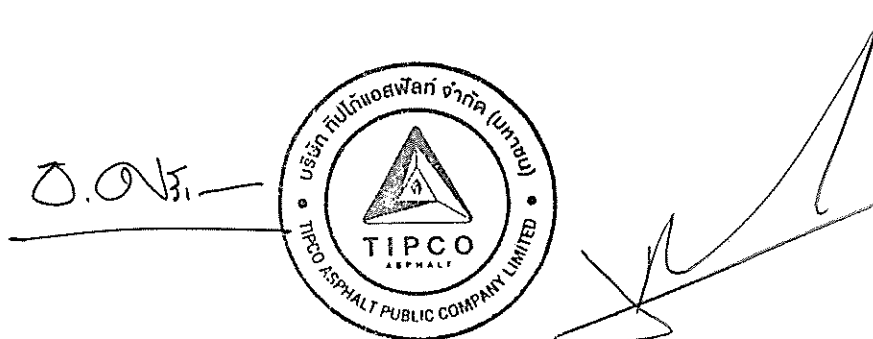
## 27. Promotional privileges

The subsidiaries were granted investment promotional privileges by the Board of Investment for mass transit systems and transportation of bulk goods. Important tax privileges is exemption of corporate income tax not exceeding of the stipulated amount for 8 years commencing from the following dates.

<u>Alpha Maritime Company Limited</u>	<u>Bitumen Marine Company Limited</u>	<u>Tasco Shipping Company Limited</u>
9 October 2014	29 October 2015	11 January 2013

## 28. Tax privileges for maritime commerce

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



## 29. Earnings per share

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

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

Consolidated financial statements					
Profit for the year		Weighted average number of ordinary shares		Earnings per share	
<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share					
Profit attributable to equity holders of					
the Company					
2,219,712	3,591,824	1,578,362	1,577,909	1.41	2.28

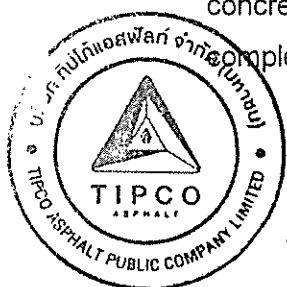
Separate financial statements					
Profit for the year		Weighted average number of ordinary shares		Earnings per share	
<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share					
Profit attributable to equity holders of					
the Company					
1,553,582	2,486,062	1,578,362	1,577,909	0.98	1.58

## 30. Segment information

During the year, the Company increased of its shareholding in Thai Slurry Seal as described in Note 11 to the consolidated financial statements, then the Group considered to organize into business groups based on types of products and services. The major segments of the Group are as follows:

### Manufacturing and trading

The Group conducts manufacturing and trading of asphalt, petroleum oil products and asphalt concrete in both domestic and overseas markets. Whereas, the marine logistic business complements the manufacturing and trading of asphalt and petroleum oil products.



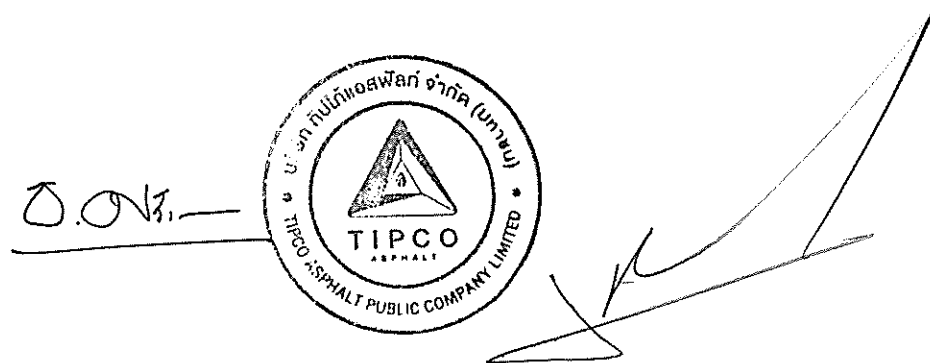
### Construction business

The Group conducts construction service related to highway construction and road rehabilitation in Thailand.

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.





Revenue and profit information regarding the Group's operating segments for the years ended 31 December 2021 and 2020 are as follows:

(Unit: Million Baht)

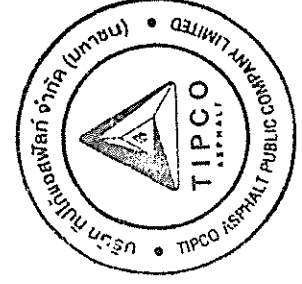
	For the years ended 31 December					
	Manufacturing and trading segment		Construction segment		Eliminated transactions	
	2021	2020	2021	2020	2021	2020
Revenues from external customers	24,447	26,155	2,606	-	-	27,053
Inter-segment revenues	591	-	-	-	(591)	-
Total revenues	25,038	26,155	2,606	-	(591)	26,155
Segment profit	2,190	3,592	34	-	(4)	3,592

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

(Unit: Million Baht)

	Geographic segment located in Thailand		Geographic segment located in overseas		Total	
	2021	2020	2021	2020	2021	2020
Non-current assets	3,986	3,267	6,308	6,745	10,294	10,012

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



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Revenue from external customers based on locations of the customers is as follows:

	(Unit: Million Baht)	
	<u>2021</u>	<u>2020</u>
Thailand	12,928	9,787
Overseas	14,125	16,368
Total	<u>27,053</u>	<u>26,155</u>

### 31. Dividend

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend</u>
		(Million Baht)	per share
			(Baht per share)
Final dividends for 2019	Annual General Meeting of the shareholders on 7 April 2020	1,734.7	1.10
Interim dividends for 2020	Board of Directors' Meeting on 17 August 2020	473.5	0.30
Total for 2020		<u>2,208.2</u>	<u>1.40</u>
Interim dividends for 2020	Board of Directors' Meeting on 14 January 2021	473.5	0.30
Final dividends for 2020	Annual General Meeting of the shareholders on 8 April 2021	1,578.3	1.00
Interim dividends for 2021	Board of Directors' Meeting on 11 August 2021	394.6	0.25
Total for 2021		<u>2,446.4</u>	<u>1.55</u>

### 32. Commitments and contingent liabilities

#### 32.1 Capital commitment

As at 31 December 2021 and 2020, the Group had outstanding capital commitments relating to the purchase of machinery, equipment and construction of building, as follows:

<u>Foreign currency</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(Million)	(Million)	(Million)	(Million)
Baht	6	23	5	15
Malaysian Ringgit	17	26	-	-
Vietnam Dong	7,805	5,755	-	-



### 32.2 Long-term service commitments

The Group has entered into service agreements. The terms of the agreements are generally between 1 and 5 years.

Future minimum service fees payable under these agreements as at 31 December 2021 were as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Within 1 year	40	22
2 to 5 years	10	8
Total	50	30

### 32.3 Long-term service agreement

The Group entered into service agreements with a related company related to management and marketing services, technical assistance in the manufacture of premium grade asphalt and construction project management. Those agreements have terms 2-5 years for which the Group is to pay fees at the rates stipulated in the agreements. The Group has fees for 2021 and 2020 amounted to approximately Baht 42 million and Baht 42 million, respectively (the Company only: Baht 29 million and Baht 42 million, respectively).

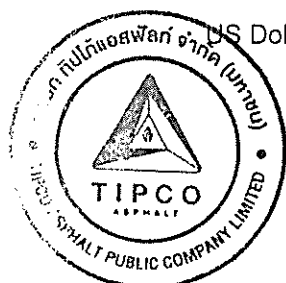
### 32.4 Project construction cost commitments

The Group has commitments related to agreements of project construction costs of Baht 2,078 million. The Group will make payment of these commitments upon delivery of the relevant goods or services.

### 32.5 Bank guarantees

As at 31 December 2021 and 2020, there were outstanding bank guarantees issued by the banks on behalf of the Group in respect of advance received, contractual performance and certain performance bonds as required in the normal course of business which are summarised below.

Foreign currency	Consolidated financial statements		Separate financial statements	
	2021 (Million)	2020 (Million)	2021 (Million)	2020 (Million)
Baht	2,019	3	2	2
Malaysian Ringgit	8	10	-	-
US Dollar	-	1	-	1



### 32.6 Tax assessment

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

## 33. Financial instruments

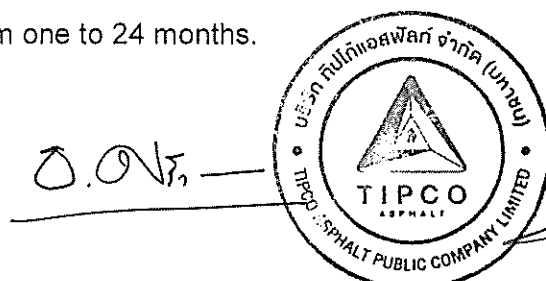
### 33.1 Derivatives and hedge accounting

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Derivative assets</b>				
Not designated as hedging instruments				
Commodity forward contracts	188,302	144,233	188,302	144,233
Forward exchange contracts	1,632	2,929	1,498	2,929
<b>Total derivative assets</b>	<u>189,934</u>	<u>147,162</u>	<u>189,800</u>	<u>147,162</u>
<b>Derivative liabilities</b>				
Not designated as hedging instruments				
Commodity forward contracts	192,241	452,564	192,241	452,564
Forward exchange contracts	3,179	1,253	3,179	804
Designated as hedging instruments				
Commodity forward contracts	41,791	113,717	41,791	113,717
<b>Total derivative liabilities</b>	<u>237,211</u>	<u>567,534</u>	<u>237,211</u>	<u>567,085</u>

All derivatives were measured at fair value in level 2.

#### Derivatives not designated as hedging instruments

The Group entered into commodity forward contracts and forward exchange contracts to manage against fluctuations in commodity prices and foreign exchange rates, respectively. The contracts are entered into for periods consistent with the underlying transaction, generally from one to 24 months.



## Derivatives designated as hedging instruments

### Cash flow hedges on commodity prices

The Group sells petroleum products produced from refining of crude oil and bitumen derived from crude oil distillation. The Group entered into commodity forward contracts to hedge against risks of petroleum price volatility in products expected to be sold in the future under risk management strategies established by the Group's Commodity Hedging Committee.

There is an economic relationship between the hedging instruments and the hedged items as the significant terms of the commodity forward contracts, i.e. notional amount and expected payment date, match those of the forecast sales (the expected highly probable forecast transactions). The Group has established a hedge ratio of 0.98:1 for the hedging relationships.

Hedge ineffectiveness can arise from:

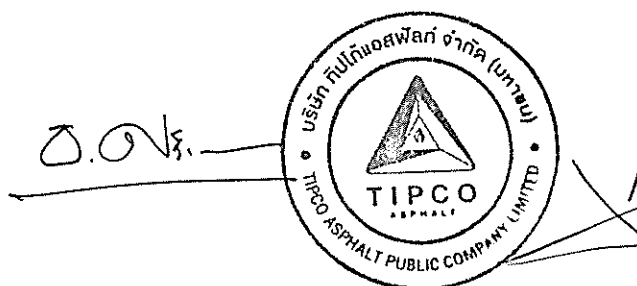
- Differences in the timing of the cash flows of hedged items and hedging instruments
- Differences in commodity indexes of hedged items and hedging instruments
- Changes to the forecasted amount of cash flows of hedged items or hedging instruments

Derivatives held by the Group as hedging instruments as at 31 December 2021 are to mature within one year and carries an average hedge rate of USD 82.0 per barrels (2020: USD 47.9 per barrels).

The impact of hedged items on the statement of financial position as at 31 December 2021 and 2020 are, as follows:

(Unit: Thousand Baht)

	Change in fair value used for measuring ineffectiveness		Cash flow hedge reserve			
			Continuing hedges		Discontinued hedges	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Highly probable forecast sales	35,218	116,249	34,510	112,665	708	3,584



The impact of the hedging instruments on the statement of financial position as at 31 December 2021 and 2020 and the effect of the cash flow hedge in the statement of comprehensive income for the years ended 31 December 2021 and 2020 are, as follows:

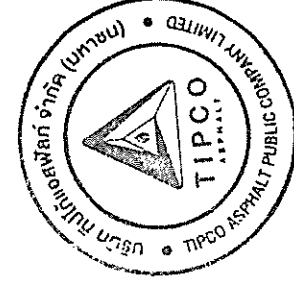
(Unit: Million Baht)

Consolidated and separate financial statements												
	Notional amounts		Carrying amount*		Changes in fair value used for measuring ineffectiveness		Effectiveness recognised in other comprehensive income		Ineffectiveness recognised in profit or loss**		Amount of cash flow hedge reserve reclassified to profit or loss***	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Commodity forward contracts												
- hedge the risk arising from petroleum products sales	461	584	(42)	(114)	(35)	(113)	(35)	(113)	-	-	(285)	(258)

\* Presented in statement of financial position as derivative - commodity forward contracts.

\*\* Presented in profit or loss as (gain) loss from commodity forward contracts.

\*\*\* Presented in profit or loss as deducted from sales and service income.



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### 33.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade and other receivables, trade and other payables, loans to and loans from related parties and financial institutions. The financial risks associated with these financial instruments and how they are managed is described below.

#### **Credit risk**

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

#### ***Trade receivables***

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored. An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks.

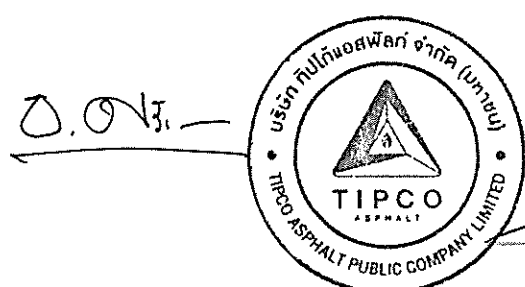
#### ***Financial instruments and cash deposits***

The credit risk on debt instruments and derivatives is limited because the Group have a policy to consider and approve credit limits assigned to each counterparty by the Group's Board of Directors. The counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

#### **Market risk**

There are three types of market risk comprising interest rate risk, currency risk and commodity price risk. The Group enters into a variety of derivatives to manage its risk exposure, including:

- Commodity forward contracts to hedge the commodity price risk arising on sales of products
- Forward exchange contracts to hedge the foreign currency risk arising on the export or import of goods




## Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions and borrowings that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2021 and 2020, the balances of financial assets and liabilities of the Group denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	16	33	48	64	33.4	30.0
Euro	-	-	-	1	37.9	36.9
Yen	-	-	-	7	0.3	0.3
Ringgit	20	15	20	23	8.0	7.4

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	62	86	76	88	33.4	30.0
Singapore Dollar	-	-	7	-	24.7	22.7
Euro	-	-	-	1	37.9	36.9
Renminbi	48	50	-	-	5.3	4.6
Ringgit	-	-	7	7	8.0	7.4




The Group outstanding forward exchange contracts which maturity date within one year are summarised below.

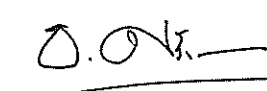
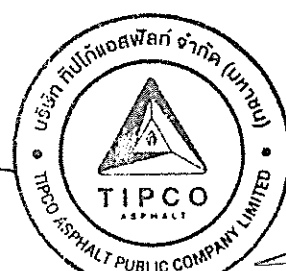

As at 31 December 2021

Foreign currency	Consolidated		Separate		Contractual exchange rate	
	financial statements		financial statements		Sold	Bought
	Sold	Bought	Sold	Bought		
	amount	amount	amount	amount	Sold	Bought
	(Million)	(Million)	(Million)	(Million)	(Per 1 foreign currency unit)	
US Dollar	16	12	16	12	32.8 - 33.7 Baht	32.8 - 33.7 Baht
US Dollar	-	3	-	-	-	22,910
						Vietnam Dong
US Dollar	-	3	-	-	-	14,298 - 14,460
						Indonesia Rupiah

As at 31 December 2020

Foreign currency	Consolidated		Separate		Contractual exchange rate	
	financial statements		financial statements		Sold	Bought
	Sold	Bought	Sold	Bought		
	amount	amount	amount	amount	Sold	Bought
	(Million)	(Million)	(Million)	(Million)	(Per 1 foreign currency unit)	
US Dollar	39	3	39	3	29.9 - 30.4 Baht	30.1 - 30.4 Baht
US Dollar	-	5	-	-	-	23,138 - 23,215
						Vietnam Dong
US Dollar	-	6	-	-	-	14,200 - 14,853
						Indonesia Rupiah

In addition, the Group exposed to foreign exchange risk on their investments in overseas subsidiaries, joint ventures and associates, loans to overseas subsidiaries and loan from financial institution. These investments and loans are currently not hedged by derivative financial instruments.

The following tables demonstrate the sensitivity of the Group's profit before tax to a reasonably possible change in US dollar exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2021 and 2020. The Group's exposure to foreign currency changes for all other currencies is not material.

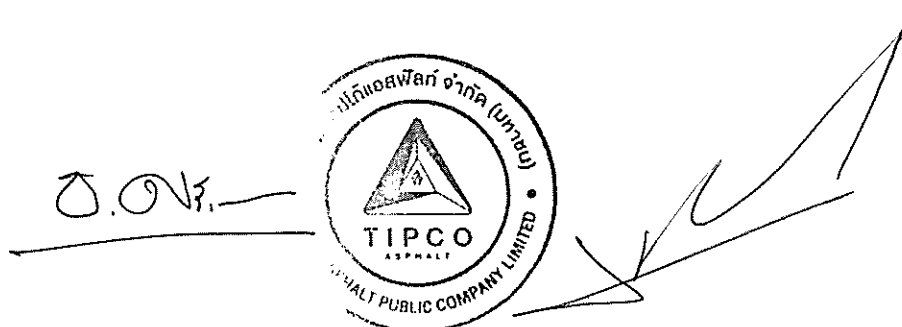
Currency	2021		2020	
	Change in FX rate	Effect on profit before tax (Thousand Baht)	Change in FX rate	Effect on profit before tax (Thousand Baht)
US dollar	+1%	(11,526)	+1%	(17,694)
	-1%	11,526	-1%	17,694

### ***Interest rate risk***

The Group exposure to interest rate risk relates primarily to its cash at banks, loans to and loans from related parties and financial institutions. However, since most of the Group's financial assets and liabilities bear fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on loans from financial institutions affected as at 31 December 2021 and 2020.

	2021		2020	
	Increase/ decrease	Effect on profit before tax (Thousand Baht)	Increase/ decrease	Effect on profit before tax (Thousand Baht)
Interest rate	+1%	(2,065)	+1%	(1,260)
	-1%	2,065	-1%	1,260



### ***Commodity price risk***

The Group is exposed to risk from fluctuations in the price of raw materials and finished goods. To manage these risks, the Group has entered into commodity forward contracts to hedge the risk from fluctuation in such prices.

The Group's Commodity Hedging Committee has developed and enacted a risk management strategy for commodity price risk and its mitigation. Based on a 12-month forecast sales, the Group hedges the selling price using commodity forward contracts. The forward contracts do not result in physical delivery of commodity products, but hedge the risk from fluctuation in commodity prices to offset the effect of price changes in commodity.

Forward contracts with a physical delivery that qualify for normal purchase, sale or usage are therefore not recognised as derivatives.

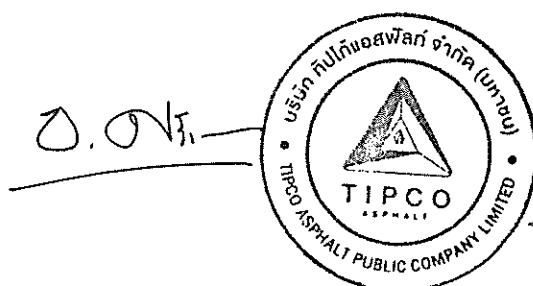
### ***Commodity price sensitivity***

The following table demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in commodity price, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of commodity forward contracts are as follow:

	2021			2020		
	Increase/d ecrease	Effect on profit before tax	Effect on equity	Increase/de crease	Effect on profit before tax	Effect on equity
		(Thousand Baht)	(Thousand Baht)		(Thousand Baht)	(Thousand Baht)
Crude price	+1%	(466)	-	+1%	(6,068)	-
	-1%	466	-	-1%	6,068	-
Petroleum price	+1%	(10,780)	(5,032)	+1%	(14,646)	(6,978)
	-1%	10,780	5,032	-1%	14,646	6,978

### ***Liquidity risk***

The Group implements liquidity risk management procedures through the use of loans from financial institutions and leases. The Group assesses the risk relating to its ability to repay as low since the Group has access to sufficient and varied sources of funding and ability to request an extension to the repayment period for debts due within 12 months.



The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2021 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

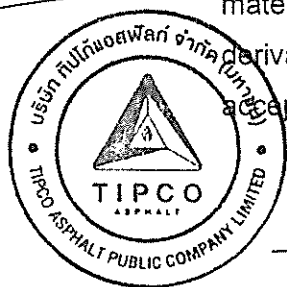
	Consolidated financial statements			
	Less than 1	1 to 5	> 5 years	Total
	year	years		
<b>Non-derivatives</b>				
Short-term loans from financial institutions	3,787,554	-	-	3,787,554
Trade and other payables	3,031,598	-	-	3,031,598
Lease liabilities	129,315	255,256	114,127	498,698
Long-term loan from related party	-	-	6,789	6,789
<b>Total non-derivatives</b>	<b>6,948,467</b>	<b>255,256</b>	<b>120,916</b>	<b>7,324,639</b>
<b>Derivatives</b>				
Derivative liabilities - commodity forward contracts	562,560	3,722	-	566,282

(Unit: Thousand Baht)

	Separate financial statements			
	Less than	1 to 5	> 5 years	Total
	1 year	years		
<b>Non-derivatives</b>				
Short-term loans from financial institutions	3,106,753	-	-	3,106,753
Trade and other payables	4,835,908	-	-	4,835,908
Lease liabilities	27,437	66,717	19,205	113,359
<b>Total non-derivatives</b>	<b>7,970,098</b>	<b>66,717</b>	<b>19,205</b>	<b>8,056,020</b>
<b>Derivatives</b>				
Derivative liabilities - commodity forward contracts	562,560	3,722	-	566,282

### 33.3 Fair value of financial instruments

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



### 34. Capital management

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

The Group manages its capital position with reference to financial ratio. As at 31 December 2021 and 2020, these financial ratios were as follow:

Financial Ratio	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interest Bearing Short-term Debt-to-Equity Ratio	0.214 : 1	0.105 : 1	0.288 : 1	0.122 : 1

### 35. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 10 February 2022.

Signature: 