

TPI POLYENE POWER

Public Company Limited

สารบัญปีงบประมาณ ๒๕๖๐
ANNUAL
REPORT 2017



C o n t e n t s

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Investors can access the information of the Company that issued security, from the annual report
(form 56-1) of the company through the website at www.sec.or.th

TPI Polene Power focuses on using clean energy and reducing domestic waste.

Under the concept “Clean Energy and Clean-up Country”, TPI Polene Power is a leading operator of power plants in Thailand, with the largest waste-to-energy power plant operations in the country.

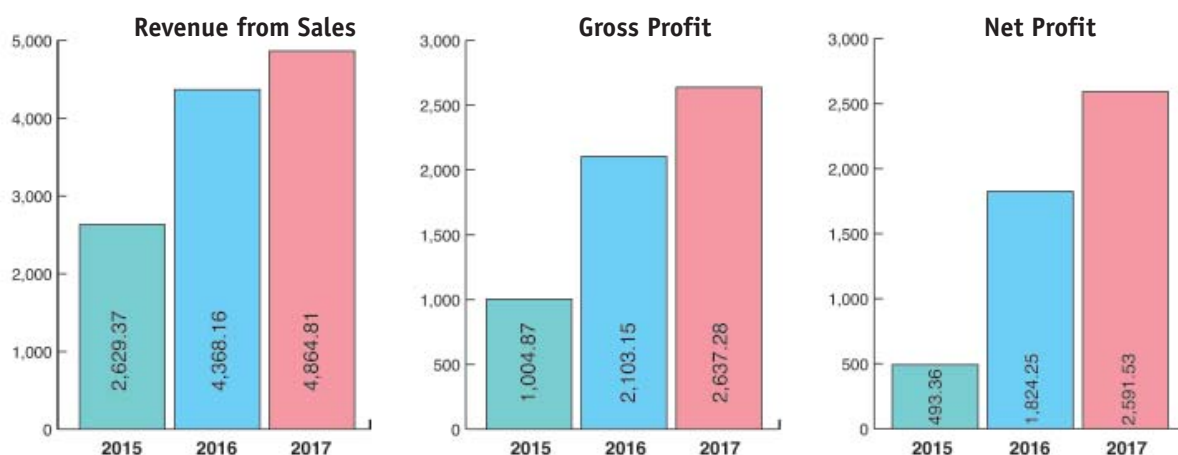
Thus, TPI Polene Power always pledges its commitment to pursue its business operations under Vision and mission to be a leading operator of power plants for the utilization of highly efficient renewable green energy to generate electricity with “Zero Waste” with a commitment to good corporate governance, and social responsibilities and environmental preservation to create public well-being in the community as always.



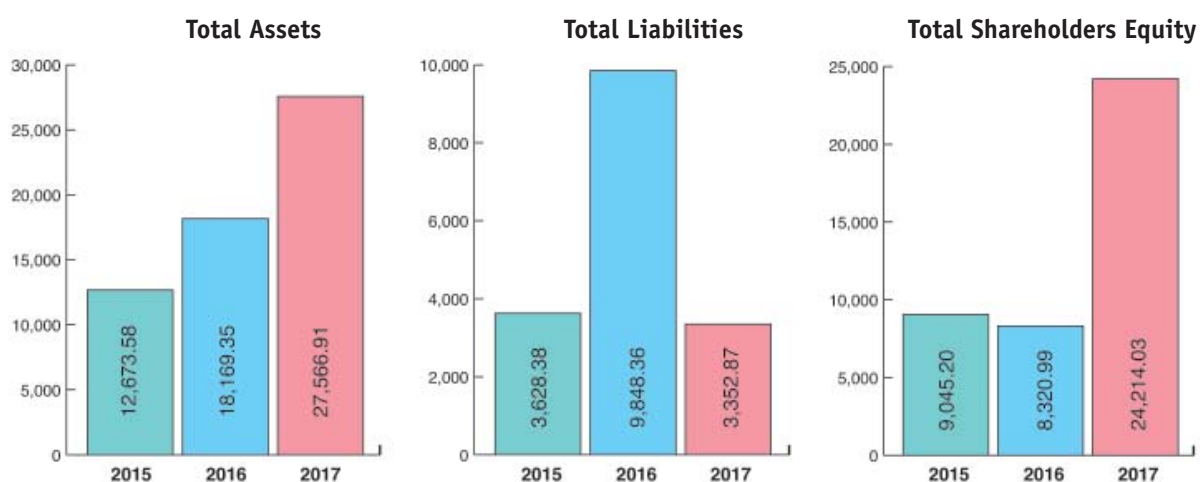
Financial Highlights

	Unit	2015	2016	2017
Statements of Income				
Revenue from Sales	(Baht Mil.)	2,629.37	4,368.16	4,864.81
Total Revenues	(Baht Mil.)	2,794.83	4,433.32	5,188.15
Cost of Sales	(Baht Mil.)	1,624.50	2,265.01	2,227.54
Gross Profit	(Baht Mil.)	1,004.87	2,103.15	2,637.28
EBITDA	(Baht Mil.)	1,284.34	2,317.64	2,798.55
Net Profit	(Baht Mil.)	493.36	1,824.25	2,591.53
Statement of Financial Position				
Total Assets	(Baht Mil.)	12,673.58	18,169.35	27,566.91
Interest Bearing Debt	(Baht Mil.)	1,635.02	7,055.48	-
Total Liabilities	(Baht Mil.)	3,628.38	9,848.36	3,352.87
Paid-up Capital	(Baht Mil.)	5,900.00	5,900.00	8,400.00
Total Equity	(Baht Mil.)	9,045.20	8,320.99	24,214.03
Financial Ratios				
Gross Profit Margin	(%)	38.22	48.15	54.21
Net Profit Margin	(%)	17.65	41.15	49.95
EBITDA Margin	(%)	48.85	53.06	57.53
Return on Assets	(%)	3.95	11.83	11.33
Return on Equity	(%)	6.22	21.01	15.93
Debt to Equity	(times)	0.40	1.18	0.14
Interest Bearing Debt to Equity	(times)	0.18	0.84	-
Interest Bearing Debt to EBITDA	(times)	1.27	3.04	-

Total Revenues and Net Profit



Financial Status



Corporate Profile

Company's Name	: TPI Polene Power Public Company Limited
Abbreviation in the SET	: TPIPP
Registration Number	: 0107559000184
Nature of Business	: The Company operates power plants, focusing on waste-to-energy power plants and waste-heat recovery power plants, and operates petrol and gas stations.
Registered Capital and Paid-up Capital	: Baht 8,400,000,000
	: Consisting of 8,400,000,000 ordinary shares, at the par value of Baht 1 each.
Accounting Period	: January 1 - December 31

Location

Head Office Location	: 26/56 Chan Tat Mai Road, Thungmahamek, Sathorn, Bangkok 10120
Tel. Number	: +66 (0) 2213-1039 - 49, 285-5090 -9
Fax Number	: +66 (0) 2213-1035, 213-1038
Web Address	: http://www.tpipolenepower.co.th
Power Plant and RDF Plant	: 299 Moo 5, Mittraparp Road, Tambol Tubkwang, Amphur Kangkhoy, Saraburi 18260
Tel. Number	: +66 (0) 3633-9111
Fax Number	: +66 (0) 3633-9228-30

Investors Relation Unit:

Tel. Number	: +66 (0) 2213-1039 ext. 12985 and 12988
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Other Relevant Information:

Share Registrars	: Thailand Securities Depository Company Limited
Office Location	: The Stock Exchange of Thailand, 93 Rajadapisek Road, Khwang Dindaeng, Dindaeng, Bangkok 10110
Tel. Number	: +66 (0) 2009-9000, call center +66 (0) 2009-9999
Fax Number	: +66 (0) 2009-9991

Auditor

Statutory Auditor	: KPMG Phoomchai Audit Limited
Address	: 1 Empire Tower, Floor 50-51, South Sathorn, Kwang Yannawa, Sathorn, Bangkok 10120
Tel. Number	: +66 (0) 2677-2000
Fax Number	: +66 (0) 2677-2222

Message from the Board of Directors

Dear Shareholders,

In 2017 the Company changed its shareholding structure as well as financial structure by fundraising through initial public offering of newly-issued ordinary shares and became a listed company on the Stock Exchange of Thailand. The Company parallel expanded its power business by constructing three additional power plants with installed capacity of 290MW, resulting in total capacity of 440MW. With the cooperation of all management and staff in performing their duties well, the Company's performance grew continuously and the Company passed the stringent official rules and regulations to be listed on the Stock Exchange of Thailand on April 5, 2017.

The Company is the leading expert operator of power plants in Thailand, with the largest waste-to-energy power plant operations in the country. The Company is ready to expand continuously in renewable power plants. The company has an experienced staff and is prepared for fast-paced technology to implement investment projects with high returns at manageable risk. The Company strongly believes that the operation of Power Plants using waste heat and RDF will benefit from the Government's policy to support and promote Electrical Power Generating Plants using renewable energy. In addition, the Company's business will benefit and grow with sustainability due to domestic economic growth and higher energy demand.

Bright Performance

In 2017 total revenue from sales of power and goods and revenue from adder were Baht 4,865 million, compared with Baht 4,368 million in 2016, an increase of 11.27%, due to the increase of units of power sales in 2017. Total income in 2017 was Baht 5,188 million compared with Baht 4,433 million in 2016, an increase of 17.03%. In 2017, the Company registered a profit for the year of Baht 2,592 compared with Baht 1,824 million in 2016, an increase of 42.06%.

Investment Projects

Currently, the Company has 4 commercially-run power plants with combined capacity of 150 MW, comprising two waste-heat recovery power plants with total capacity of 70 MW (30MW+40MW) and two RDF-fired power plants with total capacity of 80 MW (60MW +20MW).

In addition, the Company has one Coal-RDF-fired power plant of 70MW capacity. The construction and test-run of this power plant has been completed. It is expected to sell electricity to TPI Polene Public Company Limited by Q1 2018. Furthermore, the Company completed the construction of a RDF-fired power plant of 70 MW capacity and received related licenses while in the process of applying for a permit to combine the capacity of a RDF-fired power plant of 70MW and the waste heat recovery power plant of 30 MW to become a RDF power plant of total capacity of 100 MW to sell electricity to the Electricity Generating Authority of Thailand (EGAT) under the power purchase agreement of 90 MW. It is expected to start commercial operations by Q1 2018.

In addition, the Company is constructing a coal-fired power plant of 150 MW capacity which is expected to be completed by Q1 2018.

In conclusion, when all power plants are operating commercially, the company will have a total electricity capacity of 440 MW, of which 163 MW will be sold to EGAT (with an installed capacity of 180 MW) and the remaining will be sold to TPI Polene Public Company Limited with an installed capacity of 260 MW.

Awards that make us proud

In 2017, the Company received several prestigious awards domestically and abroad including: Thailand Energy Awards 2017 from the Ministry of Energy; CSR-DIW Awards 2017 from the Ministry of Industry; ASEAN Energy Awards 2017, which was held in Manila, the Philippines; and Thailand Voluntary Emission Reduction Program: T-VER, from Thailand Greenhouse Gas Management Organization.

All of the prestigious awards the company received domestically and abroad showed the clear role of corporate social responsibility for the company while balancing excellent business operations achievement, good corporate governance, and care for society both in the industrial and agricultural sectors, the community, and national environment.

The Company aims to increase its core competency by maximizing the efficiency of its electricity power plants, learning technology development, and new production processes continuously to achieve the highest efficiency in business operations. The Company trusts in its technology knowledge and expertise as a significant strong point to gain competitive advantage and maintain it. Thus, the Company focuses on technology improvement and innovation continuously

The Company's current success is our proudest achievement as a Thai corporation to be able to develop a technology that processes Thai-style multi-character high-moisture waste to become efficient RDF with high heat content for generating electricity, which is a challenging task requiring expertise and experience.

On the behalf of the Company, the company's Board of Directors would like to take this opportunity to thank all related parties for their ongoing support and trust in the Company to create continuous progress for the organization and to motivate the management team and all levels of the Company's staff to overcome obstacles to achieve the goal of building stability of the organization, enhancing the economic strength of the country, supporting public well-being and consistently protecting the surrounding environment to further enhance the sustainable growth of the country.

Sincerely Yours,



A handwritten signature in black ink, consisting of a stylized 'P' followed by a series of loops and a final vertical stroke.

Mr. Prachai Leopairatana

Chairman of the Board

Awards that made us proud

In 2017 the Company received awards as follows: -

- **Thailand Energy Awards 2017**

On August 21, 2017 TPI Polene Power Plc. received a “Thailand Energy Award 2017”, the outstanding performance reward in the category of On-Grid Renewable Project for the Power generation of 60MW from Refused Derived Fuel (RDF) Project from the Department of Alternative Energy Development and Efficiency under the Ministry of Energy.

- **CSR-DIW Awards 2017: Standard for Corporate Social Responsibility- Department of Industrial Works**

On August 17, 2017 TPI Polene Power Plc. won a CSR-DIW Award 2017, in the category of “Standards for Corporate Social Responsibility”, from the Department of Industrial works, Ministry of Industry.

- **ASEAN Energy Awards 2017**

On September 27, 2017 TPI Polene Power Plc. was awarded the first runner-up ASEAN Energy Award 2017 for the Renewable Energy Project in the “On-grid” -Grid category from the 60MW Power Plant from refused-derived fuel (RDF). The ASEAN Energy Business Forum 2017 was held at Conrad Hotel in Manila, the Philippines.

- **Thailand Voluntary Emission Reduction Program: T-VER**

On September 19, 2017, TPI Polene Power Plc. received the certificate for reduced carbon dioxide gas from the processing of Refused-derived Fuel (RDF) plant from municipal solid waste under the project “Thailand Voluntary Emission Reduction Program: T-VER” from Thailand Greenhouse Gas Management Organization (“TGO”).



Audit Committee's Report for 2017

To: Shareholders:

Dear Sirs,

The Audit Committee of TPI Polene Power Public Company Limited consists of 3 independent directors, who are all qualified with knowledge of finance, accounting, law and management administration: namely, Mr. Manu Leopairote as the Chairman of the Audit Committee; Dr. Thiraphong Vikitset and Dr. Abhijai Chandrasen as Audit Committee members, with Miss Weeranuch Khimkhum, the Corporate Secretary, as Secretary to the Audit Committee. All Audit Committee members possess appropriate qualifications and are, in all aspects, in compliance with the rules and regulations imposed by the Stock Exchange of Thailand.

The Audit Committee has fully performed its duties and responsibilities to review and evaluate internal control systems, disclosure of Company information, and to review implementation of the provisions of related governing laws, as well as any other important tasks. In 2017, the Audit Committee convened 5 meetings as follows:-

1. To review and to evaluate internal control systems.

The Company has appropriate internal control systems and has operated the business efficiently and effectively under appropriate and sufficient internal controls, as supported by the operational performance report. The Company has internal controls and risk management systems that can protect against potential risks to the Company and to all related parties. The systems are in place to ensure that any mistakes and irregularities will be identified in due course; and that financial reports are accurate, adequate and reliable; and the assets used by the Company, benefit all parties as well as shareholders. In addition, the Company has performed in compliance with the principles of good corporate governance and has embraced the Code of Conduct as a policy for all employees to follow, by emphasizing the balanced consideration of all related parties, fair treatment to all parties concerned, including shareholders, suppliers, contractors and the community as a whole. The Company also realizes the importance of creating public well-being and environmental conservation and fostering the development of all our staff to expand their knowledge so as to become a knowledge organization. This will further enhance our long-term development and create sustainable growth for the Company.

2. To review the disclosure of all relevant information for investors.

The Company has a policy of disclosing all relevant information for investors, such as connected transactions and any other transactions that might affect the interests of related parties. The Company always discloses accurate, reliable and relevant information on a timely basis.

3. To review and to ensure that the Company performs in compliance with all regulations and related governing laws.

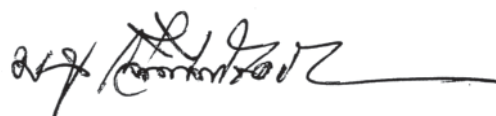
The Company has a clear policy to comply with all regulations and related governing laws, and codes of conduct, to protect against the use of insider information. As announced in the Company's Rules and Regulations, any misuse of internal information shall be subject to disciplinary action, including dismissal. The Company supervises submission by the Management of reports of their shareholding in the Company to comply with related governing laws. The Company realizes the importance of information disclosure, including financial statements and other reports, and ensures that they are complete, accurate, reliable and timely.

4. To select, nominate, and propose the remuneration of the statutory auditors of the Company for the year 2018.

The Audit Committee has taken into consideration the independence, performance, experience and an appropriate remuneration of auditors. The Audit Committee has passed a unanimous resolution to propose to the Company's Board of Directors for consideration and to propose to the shareholders' meeting to consider and approve the appointment of Mr. Ekkasit Chuthamsathit, CPA registration no. 4195 or Mr. Boonyarit Thanormcharoen, CPA registration no. 7900 or Mr. Natthapongse Thantijathanon, CPA registration no. 8829, KPMG Phoomchai Audit Limited, to be the statutory auditors of the Company for 2018.

The Audit Committee considers that in the previous year, the Board of Directors as well as the Management of the Company, was in complete compliance with the principles of good corporate governance. They performed their duties and responsibilities ethically, with integrity, and in a professional manner, to achieve the objectives of the Company. In addition, a product quality system, in compliance with international standards and applicable laws, has been developed. The Audit Committee recognizes that the Company is committed to social and environmental responsibility. The Company has also prepared financial reports in compliance with generally accepted accounting principles, with an adequate disclosure of information, internal control and audit systems, and is able to ensure product quality and good corporate governance, without any material deficiencies.

On behalf of the Audit Committee,



Mr. Manu Leopairote

Chairman of the Audit Committee

TPI Polene Power and Corporate Social Responsibilities (CSR)

1. Environmental Activities

TPI Polene Power Public Company Limited was proud to receive awards related to corporate social responsibility. In addition, the Company participates in activities for the environment and other activities as follows: -

- TPI Polene Power Public Company was awarded the first runner-up of the ASEAN Energy Awards 2017 for renewable energy projects linked to the ON-Grid systems for the RDF-fired power plant of 60 MW.
- The Company received a certificate in the “Heart Together, Relieving the Global Warming” in the year 2017 from TPIPP’s waste-to-fuel production program, which has been certified greenhouse gas reduction under the project, “Thailand Voluntary Emission Reduction Program: T-VER” to honor the work and good examples of Thai organizations, in both the public and private sectors, local government agencies, and the people in the management and activities to effectively reduce greenhouse gas emissions, and also to encourage those who participate in reducing domestic greenhouse gas emissions. This reduces the overall environmental impact of the country and moves Thailand forward to become a low-carbon economy and society.
 - The Company received a “Thailand Energy Award 2017”, the outstanding performance reward in the category of On-Grid Renewable Project for the Power generation of 60MW from Refused Derived Fuel (RDF) Project. This award was to honor and admire those who have outstanding performance in the energy conservation and development of renewable energy, and to encourage energy conservation on a broader scale.
 - The Company won a CSR-DIW Award 2017, in the category of “Standards for Corporate Social responsibility”, from the Ministry of Industry, as an organization which complies with the standards of corporate social responsibility and conducts business by focusing on sustainable public well-being in the surrounding communities.
- The annual TPI Power forestation and environmental conservation year 2017 program was to increase green areas at the power plant of TPI Polene Power Plc., Kaeng Khoi, Saraburi province, by planting 2,000 trees with the aim of increasing green areas in the area. In addition to the improvement of the ecosystem around the plant, it also resulted in the absorption of carbon dioxide which accumulated in the atmosphere every day. It also created a harmonious relationship and good attitude for the conservation of the environment and let everyone turn their attention and join hands to plant trees to reduce global warming more seriously.
- Building a healthy community by launching a Mobile Medical Unit in the TPI Polene Power Health Care Program to provide medical checkups, health education, benefits of lung screening, and knowledge of medicinal herbs. Organic vegetables are grown by





using organic TPI fertilizer for the health benefits for people in the surrounding communities in Kaeng Khoi District, Muak Lek District, and Chaloem Phra Kiat District, in Saraburi.

- Annual Blanket Donation Project 2017

Management and staff of TPI Polene Power Public Company Limited / TPI Polene Public Company Limited / and its subsidiaries, together with the Environment for Better Life Foundation distributed 10,000 blankets to local people who suffer in the cold in the remote areas. As for the areas in the North, the companies distributed: 3,000 blankets to the Border Patrol Police Bureau 3, Chiang Mai, to further deliver to the students, teachers and people under surveillance; distributed 1,500 blankets to meditation center "Dharmasilp" to further distribute to the students, hill tribes, and people in the area of «Pai district, Pang Ma Pa district, Chiang Mai; and donated 500 blankets through the Sri Don Mun Temple, distributed to people suffering from the cold weather. As for areas in the Northeast, the company distributed: 2,000 blankets to the Border Patrol Police Bureau 2, Khon Kaen; 2,000 blankets to the Border Patrol Police Bureau 24 at Senironnayuth Camp, Udonthani province to further deliver to the students, teachers and people under surveillance; and 1,000 blankets to the victims of the cold in Sikhiu district and Dan Khun Thot district, Nakhon Ratchasima. The companies have planned to provide the warmth to those victims and help alleviate their suffering from severe cold weather.

- The Company donated Baht 100,000 to the Thai Red Cross AIDS Research Center to support research and development, the treatment of infected people, as well as appropriate and youth-friendly health services such as AIDS and sexually transmitted disease prevention, pre-mature pregnancy and other problems of teens.

2. Academic and Youth Activities

The Company knows the importance of education, education development, promotion of learning including the quality improvement of schools. The company has provided scholarships to students who are well-educated but lacking in funding from Rajamangala University of Technology Krungthep, Rattanakosin Sompoch Ladkrabang School, Pathum Konka School, Wat Thatthong High School, Thonburi Vocational College, and Siam Technology College for the total amount of baht 2,300,000. These scholarships support and provide students educational opportunities which are the foundation of life and for them to grow into quality people in the future.

- TPI Polene Power promotes education by supporting a program to provide musical instruments to Mualkek kindergarten school, Saraburi, so that students will be aware of and appreciate the importance of Thai music conservation and propagation, and participate in school musical activities in the local community, and know how to spend their free time usefully and away from drugs.
- Educational Personnel Development Project, Interdisciplinary Study of Pha Daeng sub-district, Kaeng Khoi District, Saraburi, organized a study tour in Phetchaburi-Prachuap Khiri Khan to promote personnel in education and to focus on the development of

educational personnel and to develop the Thai education structure to succeed in promoting education to local youth.

3. Religious Activities

- **Katin Ceremony**

TPI Polene Power Public Company Limited is committed to supporting and promoting Buddhism by offerings of Kathin to fund the renovation of the temple and the buildings in the temple area totaling Baht 1,800,000 baht, such as co-hosting the Royal Kathin Robe at Wat Pa Daraphirom, Chiang Mai, to support the restoration of the monastery and maintenance of the Buddhist school; co-hosting the Katin Ceremony of Wat Sridonmoon, Chiang Mai to support the construction of the Basilica of Mercy; co-hosting the Kathin Ceremony of Wat Baanhinlap, Saraburi for the restoration of the ordination hall. The Company joined the New Year merit-making ceremony with community leaders and local people at Baan Tumpattana, Kaeng Khoi District, Saraburi Province, to cultivate religion, and to participate in a community forum to consult with community leaders and villagers for sustainable community development.

- **Preservation of Traditional Thai Culture**

The company realizes the importance of the living community surrounding the plant; hence, it participates in community events occasionally. The Company promotes the preservation of good local traditions and culture, such as supporting TPI drinking water to join the tradition of Asanhabucha Day and Buddhist Lent Day at 26 temples in Kaeng Khoi District and Muak Lek district, in Saraburi; the tradition of flower offering in Phra Phutthabat, Saraburi; the tradition of Songkran and water blessing of the elderly in the Songkran Festival in Kaeng Khoi District, Muak Lek District, Wang Muang District and Tubkwang Municipality in Saraburi; the tradition of making merit by casting bundled boiled-rice at Wat Phra Phutthachai, Saraburi; Loy Krathong festival at Chalermprakiat district and Kaeng Khoi district in Saraburi etc.



Policy and Business Overview

1. Overview of Business Operations

The Company is a power plant operator in Thailand, with the largest waste-to-energy power plant operations in the country in terms of installed waste-to-energy power generation capacity, according to AWR Lloyd.

The Company operates three types of power plants, namely, RDF-fired power plants in connection with its waste-to-energy operations, waste-heat recovery power plants and a coal-fired power plant. All of the Company's RDF-fired power plants also have the capacity to generate power from waste heat.

The Company's power offtakers are the Electricity Generating Authority of Thailand ("EGAT") and the Company's parent, TPI Polene Public Company Limited ("TPIPL"), a listed company principally engaged in the business of manufacturing and selling cement and low-density polyethylene/ethylene vinyl acetate plastic resin and selling construction materials.

As of December 31, 2017, the Company had four commercially operating power plants with a total of 150MW of installed power generation capacity, all of which are located in the same vicinity as TPIPL's cement production plants in Kangkhoy, Saraburi Province in Thailand:

- a waste heat recovery power plant with an installed power generation capacity of 40 MW ("**WHPP-40MW**"), consisting of two 20 MW power generation units;
- a RDF-fired power plant with an installed power generation capacity of 20 MW ("**RDFPP-20MW**");
- a waste heat recovery power plant with an installed power generation capacity of 30 MW ("**WHPP-30MW**")
- a RDF-fired power plant with an installed power generation capacity of 60 MW ("**RDFPP-60MW**");

In addition, the Company has a Coal-RDF-fired power plant with an installed power generation capacity of 70 MW ("**Coal-RDF-PP-70MW**"). A test run for this power plant has been completed and is expected to commence commercial operations by Q1 in 2018. Furthermore, the Company completed the construction of a RDF-fired power plant with an installed power generation capacity of 70 MW ("**RDFPP-70MW**") and received related licenses while in the process of applying for a permit to combine the capacity of RDF power plant of 70MW and the waste heat recovery power plant of 30 MW to become a RDF power plant of total capacity of 100 MW to sell electricity to Electricity Generating Authority of Thailand (EGAT) under the power purchase agreement of 90 MW. Currently the Company is in the process of applying for related licenses and of parallel testing to join with the distribution system of EGAT and testing other relevant systems to sell electricity to EGAT.

In addition, the Company is expanding its energy and utilities business operations. The Company has one power plant under Saraburi construction:

- a coal-fired power plant with an installed power generation capacity of 150 MW ("**Coal-PP-150MW**"), which is expected to commence commercial operations in the first quarter of 2018.

The Company produces RDF from its own RDF production plants as fuel to generate power. The RDF production plants have the daily installed capacity to process up to 6,000 tons of MSW (and/or landfill waste, residual organic materials equivalent to the use of MSW in producing RDF) and produce up to 3,000 tons of RDF. Under the power generation process, the Company uses RDF from its RDF production plants as fuel to generate power.

In addition to MSW, the Company procures both unsorted landfill waste and pre-sorted landfill waste to ensure sufficient waste supply to support its RDF requirements.

The Company believes that its RDF-fired power plant operations are well positioned to benefit from the Thai government's policy of promoting power generation from renewable fuel sources. The Thai government provides adders to renewable power producers at rates that vary based on the type of energy source. In selling power to EGAT, for example, each of the Company's RDF-fired power plants receives an adder at the rate of THB3.5 per kWh in addition to the base tariff.

In addition, the Company operates petrol and gas stations and derives revenue from the sale of petrol, gas and convenience store goods from these stations. As of December 31, 2017, the Company had eight petrol stations, one gas station and three petrol and gas stations in Bangkok and other provinces in Thailand.

The Company generates revenues from the sale of goods from the agriculture segment, which primarily consists of revenues from selling residual organic materials from the Company's RDF production plants to TPI Polene Bio Organics Co., Ltd. to be used as a raw material to produce organic fertilizers.

Sales Revenue Structure

Unit: Million Baht

	2015		2016		2017	
	Baht Mil.	%	Baht Mil.	%	Baht Mil.	%
Energy & Utilities	1,692.1	64.4	3,509.6	80.3	4,164.7	85.6
Petrol and gas stations	858.3	32.6	781.3	17.9	700.1	14.4
Agriculture	78.9	3.0	77.3	1.8	-	-
Total Revenue from Sales	2,629.4	100.0	4,368.2	100.0	4,864.8	100.0

2. Vision and Mission

The Company is determined to follow a zero waste plan and focuses on maintaining its position as a leader in the business of power generation using clean and efficient renewable energy sources, reducing greenhouse gas emissions and controlling the level of nitrogen oxides and sulfur dioxide. In addition, the Company intends to operate its businesses by adhering to the principle of good corporate governance and environmental responsibility.

3. Corporate History and Milestones

The Company was incorporated in Thailand in November 1991. The following table sets forth the key milestones in the Company's history and development:

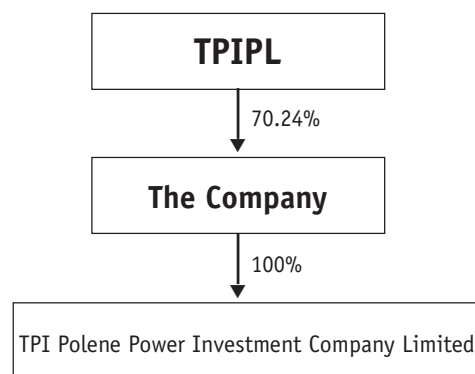
Month / Year	Milestones
November 1991	<ul style="list-style-type: none"> Established as TPI Nylon Co., Ltd. by the Leophairatana family.
June 1996	<ul style="list-style-type: none"> Renamed to TPI Polene Power Co., Ltd., with an objective to carry out power generation operations as the principal business.
June 2007	<ul style="list-style-type: none"> Expanded into the business of operating petrol stations by acquiring 11 petrol stations from IRPC Public Company Limited.
December 2007	<ul style="list-style-type: none"> Entered into a power purchase agreement to sell power generated from WHPP-40MW to TPIPL (the "WHPP-40MW PPA")
January 2009	<ul style="list-style-type: none"> Expanded into the business of operating gas stations by adding gas service capacity to one of the Company's existing petrol stations.
June 2009	<ul style="list-style-type: none"> Commenced the operations of WHPP-40MW and began selling power to TPIPL. WHPP-40MW initially consisted of two power generation units each with an installed power generation capacity of 20MW, totaling 40MW.
August 2009	<ul style="list-style-type: none"> Expanded the installed power generation capacity of WHPP-40MW to 60 MW by adding a 20MW power generation unit.
December 2009	<ul style="list-style-type: none"> Added gas service capacity to two other existing petrol stations. Constructed one gas station.
January 2011	<ul style="list-style-type: none"> Commenced operations of the Company's RDF production plants.
November 2013	<ul style="list-style-type: none"> Entered into a power purchase agreement to sell a contracted power generation capacity of 55 MW from RDFPP-60MW to EGAT (the "RDFPP-60MW PPA").
November 2014	<ul style="list-style-type: none"> Entered into a power purchase agreement to sell a contracted power generation capacity of 18 MW from RDFPP-20MW to EGAT (the "RDFPP-20MW PPA"). Received a binding acceptance letter from EGAT for the sale of 90 MW of power generation capacity from RDFPP-100MW to EGAT.
January 2015	<ul style="list-style-type: none"> RDFPP-20MW became commercially operational and began to sell power to EGAT. In connection with the commencement of commercial operations of RDFPP-20MW to sell power to EGAT, the Company transferred one of the then three 20 MW power generation units of WHPP-40MW to RDFPP-20MW. As a result, the installed power generation capacity of WHPP-40MW decreased from 60 MW to 40 MW. Entered into an engineering, procurement and construction ("EPC") agreement for the construction of RDFPP-70MW.
July 2015	<ul style="list-style-type: none"> Started the construction of RDFPP-70MW.
August 2015	<ul style="list-style-type: none"> RDFPP-60MW became commercially operational and began to sell power to EGAT. Entered into an EPC agreement for the construction of Coal-PP-150MW.

September 2015	<ul style="list-style-type: none"> Underwent the Corporate Reorganization by disposing assets and equity interests of companies that do not engage in the Company's main businesses.
December 2015	<ul style="list-style-type: none"> Disposed of the assets, rights, benefits and obligations in connection with the Petroleum Concession. Disposed of the Company's 200 million shares in TPIPL to eliminate cross-shareholding in TPIPL.
January 2016	<ul style="list-style-type: none"> Disposed of the Company's remaining holding of 163,540 shares in TPIPL to eliminate cross-shareholding in TPIPL. Entered into an EPC agreement for the construction of Coal-RDF-PP-70MW. Started the expansion of the Company's RDF production capacity from 2,000 tons per day to 3,000 tons per day and was completed in April 2017. Commenced the operations of WHPP-30MW and began selling power from WHPP-30MW to TPIPL.
February 2016	<ul style="list-style-type: none"> Started the construction of Coal-PP-150MW, which is expected to commence commercial operations by Q1 2018.
May 2016	<ul style="list-style-type: none"> Converted into public company limited
September 2016	<ul style="list-style-type: none"> Entered into an EPC agreement for the installation of two additional RDF boilers to be used as a back-up boilers for RDFPP-60MW and RDFPP-70MW, for when the boilers of these power plants undergo maintenance and to allow the power plants to run at their full production capacity. The installation of the additional boilers is expected to be completed by the first to second quarter of 2018.
December 2016	<ul style="list-style-type: none"> Installed one additional RDF boiler at RDFPP-20MW to be jointly operated with its current boilers to increase the amount of steam generated and to maintain the plant's utilization rate in case the amount of steam decreases due to the suspension of TPIPL's cement production operations from time to time or due to the scheduled maintenance of the RDF boilers.
January 2017	<ul style="list-style-type: none"> Installed one additional RDF boiler at WHPP-40MW to be jointly operated with its current boilers in order to increase the amount of steam generated and to maintain the plant's utilization rate in case the amount of steam derived from the waste heat fired-boiler decreases due to the suspension of TPIPL's cement production operations from time to time. Entered into an EPC agreement to improve the efficiency of operations when recovering waste heat from TPIPL's cement production process at WHPP-30MW. This improvement will increase the plant's utilization rate and is expected to be completed by the second quarter of 2017. The Company received a letter from the Energy Regulatory Commission which resolved to extend the time period for the execution of the power purchase agreement in respect of RDFPP-100MW, whereby the Company shall execute a power purchase agreement with EGAT by September 7, 2017. Furthermore, on February 21, 2017, EGAT issued a letter to the Company acknowledging the Energy Regulatory Commission's resolution and notifying the Company to execute the power purchase agreement by September 7, 2017.
March 2017	<ul style="list-style-type: none"> The Company has made the initial public offering of 2,500,000 ordinary shares at the offering price of Baht 7 per share, the total offering value is Baht 17,500 million, during March 22-29, 2017.
April 2017	<ul style="list-style-type: none"> The ordinary shares of the Company were first traded in the Stock Exchange of Thailand on April 5, 2017. The Company established TPI Polene Power Investment Company Limited, the registered company in Cambodia, with registered capital of USD 125,000 with an objective to study potential investment opportunity in power plant business in Cambodia. Later, the company agreed with the partner in Cambodia to hold 1,000 shares (100% of paid-up capital). The Company made a payment of share capital in the amount of USD 125,000 in January 2018. The Company received a letter from the Office of Natural Resources and Environmental Policy and Planning notifying that the meeting of Expert Committee considering the applicant for Environmental Impact Assessment report, passed a resolution to approve the Environmental Impact Assessment report (EIA) for 40 MW Coal-RDF-fired Power Plant (TG 7) of the Company.
May 2017	<ul style="list-style-type: none"> The Company announced the interim dividend payment of the operating performance up to the first quarter 1/2017 at Baht 0.10 per share.
July 2017	<ul style="list-style-type: none"> The Company received a letter from the Office of Natural Resources and Environmental Policy and Planning notifying that the meeting of Expert Committee considering the applicant for Environmental Impact Assessment report, passed a resolution to approve the Environmental Impact Assessment report (EIA) for 70 MW RDF-fired Power Plant (TG 6) of the Company.
August 2017	<ul style="list-style-type: none"> The Company signed a non-firm 90 MW Power Purchase Agreement, with the Electricity Generating authority of Thailand ("EGAT") on August 17, 2017 with the Scheduled Commercial Operation Date (SCOD) on October 2, 2017. The Company announced the interim dividend payment of the operating performance up to the second quarter 2/2017 at Baht 0.10 per share.

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| September 2017 | <ul style="list-style-type: none"> The Company received a letter from the Office of Natural Resources and Environmental Policy and Planning notifying that the meeting of Expert Committee considering the applicant for Environmental Impact Assessment report, passed a resolution to approve the Environmental and Health Impact Assessment report (EHIA) for 150 MW Coal-fired Power Plant (TG 8) of the Company. |
| December 2017 | <ul style="list-style-type: none"> The test run of the Coal-RDF-PP-70MW is completed. It is expected to start commercial operations and began to sell power to TPIPL by Q1 2018. . The Company announced the interim dividend payment of the operating performance up to the third quarter of the year 2017 at Baht 0.06 per share. |

4. Corporate Structure

As of March 31, 2018, the following diagram illustrates the Company's corporate structure after the Corporate Reorganization:



5. Relationship with a major shareholder group

The businesses of TPIPL and the Company have been separated whereby the Company will be the TPIPL Group's flagship company for all types of power generation business domestically and outside Thailand. TPIPL and its other subsidiaries will not engage in any types of power generation business competing with that of the Company or its subsidiaries (if any).

Nature of Business

1. Revenue structure

The Company's principal businesses are energy and utilities and petrol and gas stations. In its energy and utilities business, the Company primarily operates power plants with a focus on RDF-fired power plants and waste heat recovery power plants, and sells power to EGAT and TPIPL. To support its RDF-fired power generation capacity, the Company operates its RDF production plants with the daily installed capacity to process up to 6,000 tons of MSW and produce up to 3,000 tons of RDF.

In its petrol and gas stations business, the Company operates petrol and gas stations in Bangkok and other provinces in Thailand and derives revenue from sales of petrol, gas and convenience store goods from these stations.

The Company generates revenue from the sale of goods from the agriculture segment, which primarily consists of revenue from selling residual organic materials produced by the Company's RDF production plants to TPIPL Bio Organics to be used as a raw material to produce organic fertilizers.

The following table sets forth a breakdown of the Company's revenue from sale of goods for the periods indicated:

Unit : Million Baht

	2015		2016		2017	
	Baht Mil.	%	Baht Mil.	%	Baht Mil.	%
Energy & Utilities	1,692.1	64.4	3,509.6	80.3	4,164.7	85.6
Petrol and gas stations	858.3	32.6	781.3	17.9	700.1	14.4
Agriculture	78.9	3.0	77.3	1.8	17.1	0.4
Total Revenue from Sales	2,629.4	100.0	4,368.2	100.0	4,864.8	100.0

2. Nature of Business

2.1 Energy and Utilities

The Company currently operates three types of power plants: (i) waste heat recovery power plants, which use waste heat emitted during TPIPL's cement production process to generate power; and (ii) RDF-fired power plants, which generate power by burning combustible waste known as RDF as the primary fuel. (iii) coal-fired power plant. The Company believes that its waste heat recovery power plants and RDF-fired power plant operations are well positioned to benefit from the trend towards renewable energy, and particularly, the Thai government's policy of promoting and supporting power generation from renewable fuel sources.

In selling power to EGAT, all of the Company's RDF-fired power plants in operation are entitled to an adder of THB3.5 per kWh, which is payable in addition to the base price of power under the power purchase agreements.

As of December 31, 2017, the Company had 4 commercially operating power plants with a total of 150 MW of installed power generation capacity. In addition, the Company had a Coal-RDF-PP70MW, of which test run is completed and it is expected to start commercial operation by Q1 2018 and a RDF-fired power plant whose construction was completed and received the related license while in the process of applying for a permit from official agencies to combine such capacity with waste heat recovery power plant of 30 MW capacity to become RDF-fired power plant of 100 MW capacity to sell power to EGAT under power purchase contract of 90 MW. In addition, one power plant is under construction (150 MW of power generation capacity) which is expected to be completed by Q1 2018. All of these plants are located in the same vicinity as TPIPL's cement production plants in Kangkhoy, Saraburi province in Thailand. The details are as follows.

1. Power Plants

a) WHPP-40MW

Located in the same vicinity as TPIPL's cement production plants, this waste-heat-recovery power plant commenced commercial operations in June 2009 and initially consisted of two power generation units each with an installed power generation capacity of 20 MW, totaling 40 MW and uses waste heat emitted during TPIPL's cement production process to generate power.

In addition, the Company has a 150-ton steam production facility the “**Steam Production Facility**”) that produces steam by using coal as fuel. The steam is used as a back-up fuel source only for power generation in case the waste heat from TPIPL is insufficient for the waste heat power plants to generate power sold to TPIPL.

The Company sells power generated from WHPP-40MW to TPIPL pursuant to the WHPP-40MW PPA. Under the WHPP-40MW PPA, the Company shall receive a monthly power tariff from TPIPL at the same rate per kWh of power as the average tariff rate at which TPIPL purchases power from the Provincial Electricity Authority (the “**PEA**”) each month, subject to any value-added tax. The power tariff is determined based on the actual amount of power delivered each month. Under the WHPP-40MW PPA, WHPP-40MW is not obligated to supply a minimum amount of power to TPIPL since WHPP-40MW obtains waste heat from TPIPL’s cement production process for power generation and sells such power to TPIPL, then TPIPL’s use of power is in line with WHPP-40MW’s power production. In line with this, WHPP-40MW’s scheduled maintenance is aligned with the scheduled maintenance of the cement production plants.

Later, in 2018, the power purchase agreement was revised. The company charges electricity from TPI Polene based on the electricity sold by the Company to TPI Polene each month at the rate of Baht / Kwh which is equal to the tariff per unit according to time of use rate (TOU). This is the same rate as the electricity purchased by TPI Polene Public Company Limited directly from the Provincial Electricity Authority with No Demand Charge (The price is exclusive of VAT), based on the amount of electricity traded. The company will receive a return that covers the company’s investment costs plus a small return.

The term of WHPP-40MW PPA will end upon the expiration of the lease agreement for WHPP-40MW entered into between the Company as lessee and TPIPL as lessor. The lease agreement will expire in July 2044. The Company may agree with TPIPL to enter into a new lease agreement with TPIPL upon one month notice by the Company prior to the expiry date of the lease term.

Pursuant to the TPIPL Framework Agreement, to enable WHPP-40MW to generate power from waste heat, TPIPL agrees to sell waste heat in the form of exhaust gas emitted during its cement production process to the Company.

The Company installed one additional RDF boiler at WHPP-40MW in January 2017 to be jointly operated with its current boilers in order to increase the amount of steam and to maintain its utilization rate in case the amount of steam derived from the waste heat fired-boiler decreases due to the suspension of TPIPL’s cement production operations from time to time.

WHPP-40MW also derives income from the sale of steam and fly ash to TPIPL, which are the by-products of the power generation process.

WHPP-40MW has been granted a promotion certificate from the BOI, which entitles it to a number of benefits including exemptions from certain taxes.

b) RDFPP-20MW

RDFPP-20MW generates power by burning RDF as well as partially utilizing waste heat emitted from TPIPL’s cement production process. The power plant has an installed power generation capacity of 20 MW. RDFPP-20MW commenced commercial operations in January 2015. The Company sells power generated from RDFPP-20MW to EGAT pursuant to the RDFPP-20MW PPA, which specifies a contracted power generation capacity of 18 MW. The Company’s sale of power from RDFPP-20MW to EGAT is on a non-firm basis, and as such, while EGAT is required to offtake power supplied to it from RDFPP-20MW, RDFPP-20MW is not obligated to supply a minimum amount of power to EGAT under the RDFPP-20MW PPA.

Under the RDFPP-20MW PPA, the Company shall receive a monthly power tariff from EGAT consisting of an energy payment and an adder, subject to value added tax:

- **Energy payment:** The Company receives an energy payment which is calculated as the product of the actual amount of power supplied to EGAT and an energy payment rate. The energy payment rate is the aggregate of (i) the bulk supply purchase price at which EGAT sells power to power distribution agencies such as the PEA and the Metropolitan Electricity Authority (the “**MEA**”), subject to adjustments by EGAT; and (ii) a fuel adjustment surcharge for bulk power supply (“**FT**”), which is adjusted and announced by the Energy Regulatory Commission of Thailand (the “**ERC**”) every four months.
- **Adder:** The Company also receives an adder at the rate of BHT3.5 per kWh of power supplied to EGAT for a period of seven years from the commencement of commercial operations of RDFPP-20MW in January 2015.

The RDFPP-20MW PPA has a term of five years from the date on which RDFPP-20MW first sold power to EGAT and will expire in January 2020. At the expiration date, the RDFPP-20MW PPA will be automatically extended for an additional five-year term, subject to at least 30 days’ prior written notice from the Company to EGAT. The Company will automatically receive the adder during the first two years of the next five-year term, subject to the fuel source requirements specified in the RDFPP-20MW PPA. The adder for RDFPP-20MW will expire in January 2022. The Company understands that the Thai government is in the process of

formulating future policies in relation to its support of the development of the renewable energy industry by replacing the adder payment structure with a feed-in tariff scheme after the current adder payments expire. In this regard, the Thai government is currently in discussions with power producers who will be affected by such transition, including the Company.

The Company installed one additional RDF boiler at RDFPP-20 MW in December 2016 which would increase the utilization rate of power generation.

RDFPP-20MW has been granted a promotion certificate from the BOI, which entitles it to a number of benefits including exemptions from certain taxes.

c) RDFPP-60MW

RDFPP-60MW generates power by burning RDF as well as partially utilizing waste heat emitted from TPIPL's cement production process. RDFPP-60MW commenced commercial operations in August 2015. The power plant has an installed power generation capacity of 60 MW. The Company sells power generated from RDFPP-60MW to EGAT pursuant to the RDFPP-60MW PPA, which specifies a contracted power generation capacity of 55 MW. The Company's sale of power from RDFPP-60MW to EGAT is on a non-firm basis, and as such, while EGAT is required to offtake power supplied to it from RDFPP-60MW, RDFPP-60MW is not obligated to supply a minimum amount of power to EGAT under the RDFPP-60MW PPA.

Under the RDFPP-60MW PPA, the Company shall receive a monthly power tariff from EGAT consisting of an energy payment and an adder, subject to value added tax, subject to the fuel source requirements specified just like in the RDFPP-20MW PPA which required waste as a main source of power generation.

The RDFPP-60MW PPA has a term of five years from the date of which RDFPP-60MW first sold power to EGAT and will expire in August 2020. At the expiration date, the RDFPP-60MW PPA will be automatically extended for additional five-year terms, subject to at least 30 days' prior written notice from the Company to EGAT. The Company will automatically receive the adder during the first two years of the next five-year term, subject to the fuel source requirements specified in the RDFPP-60MW PPA. The adder for RDFPP-60MW will expire in August 2022. The Company understands that the Thai government is in the process of formulating future policies in relation to its support of the development of the renewable energy industry by replacing the adder payment structure with a feed-in tariff scheme after the current adder payments expire. The Thai government is currently in discussions with power producers who will be affected by this transition, including the Company.

The Company is in the process of installing one additional RDF boiler to be used as a back-up boiler for RDFPP-60MW when the boilers of RDFPP-60MW undergo maintenance and to allow the plant to run at its full production capacity. The installation is expected to be completed by the first to second quarter of 2018.

RDFPP-60MW has been granted a promotion certificate from the BOI, which entitles it to a number of benefits including exemptions from certain taxes.

d) RDFPP-70MW and WHPP-30MW, total 100MW, combined as RDFPP-100MW

RDFPP-100MW consists of (i) WHPP-30MW commenced commercial operations in January 2016, is currently to sell power to TPIPL and (ii) RDFPP-70MW whose construction was completed and received related licenses while in the process of applying for a permit to combine the capacity of RDF power plant of 70MW and the waste heat recovery power plant of 30 MW to become a RDF power plant of total capacity of 100 MW to sell electricity to Electricity Generating Authority of Thailand (EGAT) under the power purchase agreement of 90 MW. Currently the Company is in the process of applying for related licenses and of parallel testing to join with the distribution system of EGAT and testing other relevant systems to sell electricity to EGAT

RDFPP-100MW will initially sell power generated from WHPP-30MW to TPIPL to be used in TPIPL's cement production process pursuant to a power purchase agreement with TPIPL entered into in January 2016, as amended (the "WHPP-30MW PPA") until RDFPP-70MW becomes commercially operational. The WHPP-30MW PPA requires the Company to supply power generated from WHPP-30MW sold to TPIPL, except for power sales to EGAT once RDFPP-70MW becomes commercially operational

The Company uses its Steam Production Facility of 150 ton capacity, which produces steam by using coal as fuel, as a back-up fuel source for power generation in case the waste heat from TPIPL is insufficient for the waste heat power plants to generate power.

The Company improved the efficiency of operations of WHPP-30MW when recovering waste heat from TPIPL's cement production process. This improvement increases WHPP-30MW's utilization rate and is completed in Q2/2017.

The Company is in the process of installing one additional RDF boiler to be used as a back-up boiler for RDFPP-70MW for when the boilers of RDFPP-70MW undergo maintenance and to allow the plant to run at full production capacity. The installation of the additional boiler is expected to be completed by the first to second quarter of 2018.

Each of WHPP-30MW and RDFPP-70MW has been granted a promotion certificate from BOI, which entitles it to a number of benefits including exemptions from certain taxes.

e) Coal-RDF-PP-70MW

The construction and test runs of Coal-RDF-PP-70MW were completed in Q4/2017. In January 2016, the Company entered into a power purchase agreement with TPIPL for the sales of power from Coal-RDF-PP-70MW (the "Coal-RDF-PP-70MW PPA"). It is expected to sell power to TPIPL in Q1/2018.

Later, in 2018, the power purchase agreement was revised. The company charges electricity from TPI Polene based on the electricity sold by the Company to TPI Polene each month at the rate of Baht / Kwh which is equal to the tariff per unit according to time of use rate (TOU). This is the same rate as the electricity purchased by TPI Polene Public Company Limited directly from the Provincial Electricity Authority with No Demand Charge (The price is exclusive of VAT), based on the amount of electricity traded. The company will receive a return that covers the company's investment costs plus a small return.

Under the Coal-RDF-PP-70MW PPA, Coal-RDF-PP-70MW is not obligated to supply a minimum amount of power to TPIPL. The term of Coal-RDF-PP-70MW PPA will end upon the expiration of the lease agreement for Coal-RDF-PP-70MW entered into between the Company as lessee and TPIPL as lessor. The lease agreement will expire in July 2042.

Coal-RDF-PP-70MW is designed and constructed to enhance the Company's operational flexibility. In the event that any of the Company's RDF-fired power plants operates at less than full capacity due to machinery breakdown, maintenance or otherwise, Coal-RDF-PP-70MW can be used as a backup power plant to provide power for such power plants, where necessary. The Company estimates that the switch in configurations to allow Coal-RDF-PP-70MW to act as a backup power plant will take approximately one to two weeks. The Company believes that Coal-RDF-PP-70 MW allows it to minimize tariff losses during operational interruption of its RDF-fired power plants.

f) Coal-PP-150MW

The Company is constructing a coal-fired power plant, Coal-PP-150MW. The Company entered into an EPC agreement in August 2015. Civil works for the construction of Coal-PP-150MW began in February 2016. The power plant is expected to commence commercial operations and supply power to TPIPL by the first quarter of 2018.

In January 2016, the Company entered into a power purchase agreement with TPIPL for the sales of power from Coal-PP-150MW, as amended (the "Coal-PP-150MW PPA"). Under the Coal-PP-150MW PPA, the Company shall receive a monthly power tariff from TPIPL at the same rate per kWh of power as the average tariff rate at which TPIPL purchases electricity from the PEA each month, subject to any value-added tax. Power tariff is determined based on the actual amount of power delivered each month. Under the Coal-PP-150MW PPA, Coal-PP-150MW is obligated to supply and TPIPL is obligated to offtake at least 30% of power generated by Coal-PP-150MW each year to TPIPL. The Company's board of directors believes that the 30% minimum offtake requirement would allow the Company to recover its investment costs relating to Coal-PP-150MW and provide the Company with a small amount of investment gains.

Later, in 2018, the power purchase agreement was revised. The company charges electricity from TPI Polene based on the electricity sold by the Company to TPI Polene each month at the rate of Baht / Kwh which is equal to the tariff per unit according to time of use rate (TOU). This is the same rate as the electricity purchased by TPI Polene Public Company Limited directly from the Provincial Electricity Authority with No Demand Charge (The price is exclusive of VAT), based on the amount of electricity traded. The company will receive a return that covers the company's investment costs plus a small return.

The term of Coal-PP-150MW PPA will end upon the expiration of the lease agreement for Coal-PP-150MW entered into between the Company as lessee and TPIPL as lessor. The lease agreement will expire in July 2042.

The Company has budgeted a total of BHT 7,300.0 million for the construction of Coal-PP-150MW.

The Company prepared and submitted an EHIA report for Coal-PP-150MW to the Office of Natural Resources and Environmental Policy and Planning, which approved such report. However, the Energy Regulatory Commission is under the arrangement for public hearing.

Coal-PP-150MW has been granted a promotion certificate from the BOI, which entitles it to a number of benefits including exemptions from certain taxes.

2. Production Processes

The Company's waste heat recovery power plants generate power by using waste heat emitted from TPIPL's cement production process to convert water into steam to drive steam turbine power generators.

The Company's RDF-fired power plants, on the other hand, generate power by using the steam derived from burning RDF as primary fuel and using waste heat as co-fuel to drive steam turbine power generators. At the rotary kiln, a series of complex physical and chemical reactions take place, and the raw meal is turned into clinker.

Set forth below is a description of the processes of generating power from waste heat and RDF.

a). Power Generation from Waste Heat

The Company produces power by capturing waste heat emitted during TPIPL's cement production process and converting the waste heat into power. In the cement production process, the raw meal undergoes a series of heat exchanges with hot exhaust gas before entering the rotary kiln for the production of clinker. At the rotary kiln, a series of complex physical and chemical reactions take place, and the raw meal is turned into clinker. To help the hot clinker solidify and prevent liquid formation, air quenching chamber coolers ("AQC's") quickly lower the temperature of the hot clinker with cool air. The cooling process results in the emission of hot exhaust gas from the AQC's. Detail of the power generating process from waste heat recovery power plant is as follows:-

1. Recovery of Hot Exhaust Gas from Preheater Tower: Suspension preheater boilers recover hot exhaust gas from the preheater tower and produce steam by heating condensate water with the recovered waste heat.
2. Recovery of Hot Exhaust Gas from AQC's: AQC boilers recover hot exhaust gas from the AQC's and produce steam by heating condensate water with the recovered waste heat.
3. Power Generation: The steam from the suspension preheater boilers and the AQC boilers is then fed into steam turbines that drive power generators to produce power.

b). Power Generation from RDF

The Company's RDF-fired power plants generate power by burning RDF as heat source to boil water to produce steam. The steam is then used to drive the steam turbine power generator. All of the Company's RDF-fired power plants also have the capacity to generate power by using waste heat as heat source. Detail of the power generating process from RDF power plant is as follows:-

1. **Burning of RDF:** RDF is burned in the RDF boiler to boil water to produce steam.
2. **Power Generation:** The steam from the RDF boiler is then fed into steam turbines that drive power generators to produce power.
3. **Condensation of Steam into Water:** The condenser captures steam from the steam turbine and condenses the steam into water. Water derived from the condensation process is reused as feed water in the RDF boiler.
4. **Deaeration:** As dissolved oxygen in water can cause corrosion damage in metal equipment by forming rust, the Company has installed deaerators to remove oxygen from feed water before the water re-enters RDF boilers for steam production.

c). Production of RDF

The majority of RDF used in the Company's RDF-fired power plants is produced by processing MSW and unsorted landfill waste, and the remaining RDF is sourced directly from waste management companies in the form of pre-sorted landfill waste, which can be used directly as RDF with minimal processing. The Company sources pre-sorted landfill waste, unsorted landfill waste and MSW from an extensive network of suppliers.

In addition, the Company has entered into three contracts for semi-mobile waste-sorting machines at a landfill site in (1) Chonburi (2) Samutsakon and (3) Nakornrajsrima province to source landfill waste and is installing additional semi-mobile waste-sorting machines at these sites, which are expected to be completed in the first quarter of 2018. The Company is also negotiating with another waste management companies to install semi-mobile waste-sorting machines at additional landfill sites in (1) Ayuthaya (Amphur Bangsai) (2) Ayuthaya (Ampur Tha-rua) (3) Rayong and (4) Chonburi province. It is expected to be completed by Q1/2018.

The Company has developed a deep understanding of the characteristics of landfill waste and MSW in Thailand, which typically have high moisture content and low heat content. The Company has developed its proprietary technologies to process such waste into RDF.

The waste supplied to the RDF production plants are sorted into MSW and landfill waste. With respect to the MSW, the Company checks the waste quantity with weighing machines each time, collects samples for its component analysis to meet the qualifications and conditions of RDF production, and enters the RDF production process. With respect to the landfill waste, most of it is of a higher quality than MSW and therefore, are lightly processed in the RDF preparation facilities machines to enhance the quality of the RDF produced that will be used as fuel to generate electricity.

The Company's RDF production plants currently have the daily installed capacity to process up to 6,000 tons of MSW and produce up to 3,000 tons of RDF. During the course of waste processing, the waste undergoes a pre-shredding process to be reduced in size. The Company then uses a separator to collect light fraction waste such as plastic, which is more suitable for the production of RDF than heavy fraction waste. The light fraction waste undergoes dehydrating, as well as further processing and shredding, to achieve optimal size and heat content for RDF production. The RDF produced is then used as fuel to generate steam to drive power generators.

The Company has established RDF storage facilities which can store up to 100,000 tons of RDF. The RDF storage facilities can store sufficient RDF to sustain the Company's RDF-fired power plant operations for up to approximately one month.

d). Operation and Maintenance

The maintenance of power plants and RDF production plants is a critical aspect of the Company's business.

Proper maintenance not only allows the Company to operate more efficiently and generate more power with higher efficiency, but also protects the Company's facilities against the risk of major breakdowns and failures. While the Company performs its own operations and routine maintenance and inspections, major overhauls are outsourced to either TPIPL.

Major overhauls usually take place at steam turbines and involve the shutdown of every boiler of a power plant. Major overhauls are carried out once every five years in accordance with the guidelines of equipment manufacturers and generally take 30 to 60 days. Between major overhauls, routine maintenance and inspections are scheduled once a year and generally take approximately 15 to 30 days. Routine maintenance and inspections can be carried out without shutting down the power plants. In addition, each boiler is subject to scheduled shutdown for 30 to 45 days per year for maintenance. In order to minimize disruption to the Company's power generation operations, to the extent that multiple boilers are installed on a power plant, the Company generally performs maintenance on the boilers in turn in order to ensure continuous operation of its power plants. The maintenance schedule of the Company's waste heat recovery power plants is also well integrated with that of TPIPL's cement production lines.

3. Supply of Raw Material

a). Waste Heat Supply

The Company purchases waste heat from TPIPL pursuant to the TPIPL Framework Agreement and pays TPIPL a fee of BHT0.06 per kWh of power generated.

b). Waste Supply

The Company's RDF-fired power plants generate power by burning RDF which the Company produces from waste in its RDF production plants, in addition to partially using waste heat. The Company procures three primary types of waste, (i) pre-sorted landfill waste generally supplied by waste management companies; (ii) unsorted landfill waste supplied by waste management companies; and (iii) MSW transported to the Company by municipal governments and waste management companies authorized by municipal governments to dispose of MSW. Pre-sorted landfill waste is waste from landfills that has been processed by waste management companies to remove items with low combustion value, such as sand, stone and metal. Substantially all pre-sorted landfill waste can be used for burning in RDF boilers as RDF with minimal processing. Unsorted landfill waste is waste from landfills that has not been processed. Unsorted landfill waste requires processing by the Company before it can be used for burning in RDF boilers as RDF.

With respect to waste supply, the Company purchases waste based on a calculation of the expected amount of power to be generated and an evaluation of the amount of RDF for such power generation, as well as the amount of waste that should be purchased for RDF production in order to prevent waste purchase in excess of the RDF production. In the case of stoppage of a power plant's production due to regular maintenance or emergency, which will result in a decrease of demand for RDF, the Company is still able to store and preserve 100,000 tons of RDF for approximately one month. The Company also has the right to reduce the amount of, or cancel the landfill waste and/or MSW being purchased, as deemed appropriate, by providing the waste suppliers 30-days prior written notice.

Each type of waste is blended together in order to ensure the consistent quality of the Company's RDF. Any residual organic material from MSW that is not used in the production of RDF is primarily sold to TPIPL Bio Organics.

Landfill Waste

The Company has entered into landfill waste purchase agreements with waste management companies to purchase both pre-sorted and unsorted landfill waste. These agreements typically specify a minimum amount of pre-sorted and unsorted landfill waste to be provided by waste management companies, and generally have a three-year term. The price of pre-sorted and unsorted landfill waste varies based on the heat content of the waste, and the Company has established facilities to determine the heat content of each batch of waste that arrives at its site.

As of December 31, 2017, the Company has entered into landfill waste purchase agreements to purchase pre-sorted and unsorted landfill waste with 59 waste management companies with a total of 1,548,960 tons per year under contract.

In addition, the Company has entered into three contracts for semi-mobile waste-sorting machines at a landfill site in (1) Chonburi (2) Samutsakon and (3) Nakornrajsima province to source landfill waste and is installing additional semi-mobile waste-sorting machines at these sites, which are expected to be completed in the first quarter of 2018. The Company is also negotiating with another waste management companies to install semi-mobile waste-sorting machines at additional landfill sites in (1) Ayuthaya (Amphur Bangsai) (2) Ayuthaya (Ampur Tha-rua) (3) Rayong and (4) Chonburi province. It is expected to be completed by Q1/2018.

The Company believes that the semi-mobile waste-sorting machines allow it to diversify waste sourcing channels and increase the quality of waste sourced.

MSW

As of December 31, 2016, the Company has entered into MSW deposit agreements with 89 municipal governments and 13 waste management companies in Bangkok and seven provinces in Thailand, including Rajburi, Saraburi, Pathumthani, Chonburi, Nakornnayok, Samutprakarn and Ayutthaya provinces.

The Company typically processes MSW in its RDF production plants within three hours after such MSW is deposited at the Company's site.

c). Coal Supply

There is currently no need for a substantial amount of coal as the coal-fired power plant; Coal-PP-150MW is still under construction. Nevertheless, under the TPIPL Framework Agreement, TPIPL supplies coal to the Company as part of the initial stages and in preparation for the commercial operation of Coal-PP-150MW. Furthermore, considering that TPIPL procures a substantial amount of coal for its cement manufacturing business, TPIPL has more bargaining power in negotiating coal purchases. Thus, the Company purchases coal from TPIPL.

According to the TPIPL Framework Agreement, the Company is not prohibited from procuring coal from other suppliers. With the commencement of the commercial operations of the Coal-PP-150MW, the Company will have more demand for coal supply and will be in a better position to negotiate coal supply arrangements independently. At such time, the Company can deal directly with the coal suppliers. The Company plans to obtain coal from various sources and suppliers and to enter into various procurement arrangements in view of fluctuations in the price and supply of coal.

d). Sales and Marketing

The Company's offtakers are EGAT and TPIPL, which are a parent company and a listed company in the Stock Exchange of Thailand.

2.2 Petrol and Gas Stations Business

The Company also operates petrol and gas stations and derives revenue from sale of goods from these stations. As of December 31, 2017, the Company had eight petrol stations, one gas station and three petrol and gas stations. Under the "TPIPL" brand, the Company's petrol stations primarily sell petrol and gas to retail customers. The Company's stations are located in Bangkok and other provinces in Thailand.

The Company was granted the license to use the trademark of TPIPL in accordance with a trademark licensing agreement dated March 7, 2019 between the Company and TPIPL (the "**TPIPL Trademark Agreement**") entered into in March 2016 in connection with the Company's sales of certain petrol and gas products. The Company has filed an application for the registration of the TPIPL Trademark Agreement with the Department of Intellectual Property of Thailand. The application is pending the consideration of the Department of Intellectual Property of Thailand.

The Company procures petrol for its petrol stations from oil companies such as Bangchak Petroleum Public Company Limited, Esso (Thailand) Public Company Limited, IRPC Public Company Limited and Shell Oil Company Limited at market price on a spot basis. For its petrol stations in Saraburi province, the Company also purchases petrol from TPIPL, which regularly purchases petrol at large volumes and at discounted prices in the open market. TPIPL sells petrol to the Company at cost.

The Company procures gas for its gas stations from PTT Public Company Limited ("PTT") under long-term gas sale and purchase agreements.

The gas station has been granted promotion certificates from BOI, which entitle it to a number of benefits including exemptions from certain taxes.

3. Board of Investment Privileges

The Company has been granted promotional privileges under the Investment Promotional Act, B.E. 2520 (as amended) by the Thai Board of Investment (“BOI”).

Subject to the conditions prescribed in the promotional certificates, the principal BOI privileges for the Company’s power plants, RDF production plants and gas station include the following:

- permission to own land in order to carry on the promoted activities as the BOI deems appropriate;
- exemptions from import duty on machinery as approved by the BOI;
- an exemption from corporate income tax on net profit derived from the promoted business for a period of eight years commencing from the first date on which the promoted business earned operating income;
- a reduction in the normal rate of corporate income tax on net profit by 50.0% for a period of five years after the expiry date of the corporate income tax exemption period; and
- exemptions from withholding tax on dividends paid from the profit of the promoted business for a period of eight years.

The following table sets forth a summary of the board of investment privileges of the Company’s power plants, RDF production plants and gas station as follows:

Plant / Gas Station	Month on which Income was First Derived from Promoted Activity	Expiration of Full Income Tax Exemption	Expiration of 50% Income Tax Reduction
WHPP-40MW	June 2009	Card expired	N/A ⁽¹⁾
RDFPP-20MW	June 2009	Card expired	N/A ⁽¹⁾
RDFPP-60MW	September 2015	September 2023	September 2028
WHPP-30MW	January 2016	January 2024	N/A ⁽¹⁾
RDFPP-70 MW	– ⁽²⁾	Eight years from the date on which income from operation is first received	N/A ⁽¹⁾
Coal-PP-150MW	– ⁽²⁾	Eight years from the date on which income from operation is first received	N/A ⁽¹⁾
RDF production plants	July 2011	June 2019	June 2024
Gas Station	July 2009	Card expired	July 2022

Notes:

(1) The 50% income tax reduction does not apply after the expiry date of the full corporate income tax exemption period.

(2) RDFPP-70 MW and Coal-PP-150MW have not derived income from their respective promoted activities yet.

4. Environmental, Health and Safety Matters

The Company is subject to the Enhancement and Conservation of National Environment Quality Act B.E. 2535 (1992), and the Office of Natural Resources and Environmental Policy and Planning has approved environmental impact assessments for each of the Company’s operating facilities. The Company is liable for breaches of environmental laws and would be responsible for making any improvements and/or modifications to its facilities which may be required to continue to comply with environmental laws. Currently, each of the Company’s plants is in compliance, in all material respects, with existing environmental regulations and standards applicable to them. The Company also believes that its operations are fully in compliance with World Bank guidelines set forth for power generation. The Company has not been party to any litigation, arbitration, suit or proceeding in relation to environmental matters or compliance with any environmental regulation.

The Company is determined to follow a “zero waste” plan and works continuously to supervise, control and improve its processes in order to ensure that regulated emissions from its operations are within and below stipulated maximum levels. The Company uses continuous emission monitoring systems to monitor emissions from the combustion processes of its plants. The Company also monitors ambient air quality at several locations within the vicinity of its plants. For each combustion process, the Company monitors and controls oxides of nitrogen (“NO_x”) and sulfur dioxide (“SO₂”). The temperature and the fuel/air ratio are controlled

during the combustion process in order to maintain emissions within applicable limits. The Company periodically monitors the quality of effluent discharge and compares it to the environmental impact assessment mitigation and monitoring programs to ensure that it complies with regulatory standards. For its emissions and discharge, the Company is well within regulatory requirements.

The following table sets forth the Company's policy for the emission of SO₂ and NO_x, as compared to World Bank guidelines and Thai regulatory requirements:

	SO ₂	NO _x
	(mg / Nm ³)	
The Company	30	120
World Bank guidelines	230	510
Thai regulatory requirements	320	350

The Company has implemented policies, procedures and control mechanisms in order to reduce the risk of chemical leakages and employee exposure to hazardous chemicals. The Company carefully selects chemicals for its processes and seeks to rely only on chemicals that have a minimal adverse impact on the environment and on employee health.

The Company has put in place an environmental, health and safety training program to heighten employee awareness of environmental, health and safety issues. The Company also has a chemical leakage contingency plan in place and provides training for employees, including emergency drills in relation to this plan. The Company prepares, on a regular basis, reports for government agencies on disposal of the Company's hazardous and non-hazardous waste. The Company also has in place a classification and storage program for waste products. The Company has contracts with noise control specialists who periodically monitor noise levels to ensure compliance with government regulations.

The Company has been recognized for its efforts in promoting environmental production and energy efficiency and has received the following awards in this regard:

- **High Quality CDM Projects "Crown Standard":** In 2009, WHPP-40MW was recognized as a "Crown Standard" CDM project by the Thailand Greenhouse Gas Management Organization, a recognition given to energy projects that contribute to the development of environmental and social sustainability. The Thailand Greenhouse Gas Management Organization is an autonomous governmental organization that promotes the reduction of greenhouse gas emission in Thailand.
- **Thailand Energy Awards 2014:** The Company received the Thailand Energy Awards 2014 from the Department of Alternative Energy Development and Efficiency (the "DEDE") under the Ministry of Energy of Thailand (the "MOE") for adhering to best practices for energy efficiency and renewable energy among off-grid connected renewable power generation projects.
- **ASEAN Energy Awards 2014:** In the Renewable Project Awards 2014 held by the ASEAN Centre for Energy, the Company was named the second runner-up in the "off-grid-thermal" category. The ASEAN Centre for Energy is an organization that promotes environmental sustainability in the energy sector in ASEAN countries.
- **Thailand Energy Awards 2015:** The Company received the Thailand Energy Awards 2015 from the DEDE for adhering to best practices for energy efficiency and renewable energy among on-grid connected renewable power generation projects with an installed power generation capacity of at least 20MW.
- **CSR-DIW Awards 2016: Standard for Corporate Social Responsibility- Department of Industrial Works**
On July 28, 2016, TPI Polene Power won a CSR-DIW Award 2016, in the category, "Standards for Corporate Social Responsibility", from the Department of Industrial Works, Ministry of Industry, as a corporation which focused on the importance of "Corporate Social Responsibility" to consistently preserve society while creating sustainable public well-being in surrounding communities.

The certificates that TPI Polene Power has been awarded as above are considered an important part of its success in pursuing business operations with an adherence to fostering a good governance corporate culture while creating public well-being in surrounding communities and consistently protecting the surrounding environment in order to create sustainable development for societies.

- **Thailand Voluntary Emission Reduction Program: T-VER**

On September 19, 2016, TPI Polene Power participated and registered in the project "Thailand Voluntary Emission Reduction Program: T-VER" from Thailand Greenhouse Gas Management Organization ("TGO") and promoted investment in projects for

the processing of RDF from municipal solid waste that helps reduce the greenhouse gas emissions that cause global warming and reduce carbon dioxide gas in the equivalent amount of 34,754 tons per annum. It enables TPI Polene Power to generate revenues from the sale-purchase of carbon credits for the upcoming power plant and help creates good will towards TPI Polene Power for its commitment to be a prototype of a good corporation, leading to sustainable preservation of the surrounding environment.

- **Thailand Energy Awards 2017**

On August 21, 2017 TPI Polene Power Plc. received a “Thailand Energy Award 2017”, the outstanding performance reward in the category of On-Grid Renewable Project for the Power generation of 60MW from Refused Derived Fuel (RDF) Project from the Department of Alternative Energy Development and Efficiency under the Ministry of Energy. This award was to honor and admire those who have outstanding performance for energy conservation and alternative energy development, and to exemplify and encourage the energy conservation in larger scale.

- **CSR-DIW Awards 2017: Standard for Corporate Social Responsibility- Department of Industrial Works**

On August 17, 2017 TPI Polene Power Plc. won a CSR-DIW Award 2017, in the category, “Standards for Corporate Social Responsibility”, from the Department of Industrial works, Ministry of Industry, as a corporation which focused on the importance of “Corporate Social Responsibility” to consistently preserve society while creating sustainable public well-being in surrounding communities.

- **ASEAN Energy Awards 2017**

On September 27, 2017, TPI Polene Power Plc. was awarded the first runner-up ASEAN Energy Award 2017 for the Renewable Energy Project in the “On-grid” -Grid category from the 60MW Power Plant from refused-derived fuel (RDF). The ASEAN Energy Business Forum 2017 was held at Conrad Hotel in Manila, the Philippines.

- **Thailand Voluntary Emission Reduction Program: T-VER**

On September 19, 2017, TPI Polene Power Plc. received the certificate for reduced carbon dioxide gas from the processing of Refused-derived Fuel (RDF) plant from municipal solid waste under the project “Thailand Voluntary Emission Reduction Program: T-VER” from Thailand Greenhouse Gas Management Organization (“TGO”) on September 20, 2017 at “Roiduangjai Ruamjialodlokron 2007” event, which was held to honor the good work and the Thai organizations from governmental and private sectors, local administrative organizations, and public sector for their administrative management and activities to effectively reduce the green gas emission. TPI Polene Power participated in reducing green gas emissions, which mitigated the impact to the environment and drove Thailand toward low-carbon economy and society.

5. Industry Overview

Power Development Plan

In June 2015, the Thai government approved a new Power Development Plan (“PDP”), called “Thailand Power Development Plan 2015-2036” (“PDP2015”), with an outlook towards 2036. This is the first new PDP since 2010, incorporating the significant growth of renewables since 2005. Future plans for renewable energy (“RE”) are detailed in the Alternative Energy Development Plan (“AEDP”)

Target Share of Power Generation by Fuel Type

Fuel type	Share in 2014	Share in 2026	Share in 2036
Imported hydro power	7%	10-15%	15-20%
Clean coal including lignite	20%	20-25%	20-25%
Renewables including hydro power	8%	10-20%	15-20%
Natural gas	64%	45-50%	30-40%
Nuclear -	-	0-5%	
Diesel/Fuel oil	1%	-	-

Source: Power Development Plan of Thailand 2015

Thailand Renewable Sector Overview

The development of the renewable energy sector is a cornerstone of Thailand's Power Development Plan and a core component of the country's goal of lowering dependence on imported energy. The Ministry of Energy of Thailand (**MoE**) also has a target to decrease CO₂ emissions by 2036 largely through the increased production of renewables-based power and energy.

Segment Organization and Value Chain Structure

Specifically, the AEDP proposes a variety of policies, including, among others:

- *Solar power*: Target of 6 GW by 2036. Dedicated 25-year FIT for rooftop solar at households (up to 10 kW) and businesses (up to 1 MW), government sector and agricultural cooperatives (up to 5.0 MW) and, in the longer-term, additional solar farms (up to 90 MW).
- *Wind power*: Target of 3 GW by 2036. Construction of wind farms in areas with moderate wind speeds and classified as unprotected. As with solar, large-scale wind development will be incentivized further at a later stage.
- *Biomass and biogas*: Aggregate target of 6.2 GW by 2036, nearly tripling the current installed capacity. To be promoted as initial priority under the AEDP, especially projects with a capacity of less than 3 MW. Additionally, promotion of direct heat generation and fossil fuel substitution by industries.
- *Waste power generation*: Target of 500 MW by 2036 for power generation from Municipal Solid Waste ("**MSW**") and other non-hazardous waste. As with biomass/biogas, promoted as initial priority and targeted for fossil fuel substitution.
- *Small hydro*: promote hydro power generation in mountainous and border areas not connected to the national grid;
- For all RE types, incentives will be provided by using competitive bidding with FITs as ceilings, and by zoning of available grid capacity and RE potential.

Renewable energy currently accounts for close to 10% of all power produced in Thailand and is crucial for ensuring energy security and reducing dependence on foreign energy resources. Growing energy security concerns, depleting gas reserves, the difficulty of siting coal-fired power, and improving renewable energy economics make this a trend likely to continue.

Solar: The annual average daily solar radiation in Thailand is about 5.0 to 5.3 kWh/m²/day, corresponding to 18-19 MJ/m²/day. High values, of about 20-24 MJ/m²/day, are recorded during April and May. The Northeastern and Northern regions receive roughly 2,200 to 2,900 hours of sunshine per year (equivalent to 6-8 sunshine-hours per day). Thailand currently uses photovoltaic solar cells for electricity generation and, to a limited extent, solar thermal units for thermal applications such as hot water and steam.

Wind: There is considerable potential for wind energy on a larger scale in Thailand, especially in the Northeast and in the Southern regions of the country. Total potential for power generation is estimated at 14 GW. The wind current in Thailand is relatively light and unsteady, thus it has been frequently overlooked. Compared to wind turbines commonly manufactured for the European and U.S. markets, the country needs low-speed wind turbines to accommodate local conditions. The two major obstacles in using such turbines are the cost per unit of electricity generation and the lack of investment in Thailand for the low speed turbines. However, Thailand forecasts a large increase in wind energy use in the longer-term future as these issues are being solved progressively.

Biomass: Solid biomass has played a strong role as an energy source in Thailand and comprises roughly 16% of energy consumption. Most biomass feedstock is from rice husk, bagasse, wood waste, and oil palm residue and is used in residential and manufacturing sectors. Thailand has promoted biomass for heat and electricity. Biomass power generation has increased rapidly over the last decade but growth has slowed more recently.

Biogas: Anaerobic digestion of agro-industrial waste streams has been proven as a cost-effective treatment of agro-industrial waste water. Biogas technology has become a mainstream technical option, particularly for cassava-based starch mills and palm oil mills, which generates large volumes of organic waste water. Nearly 200 biogas projects have been implemented, either for onsite energy generation or electricity sales under the VSPP.

Waste: There are increasing opportunities for Waste-to-Energy ("**WTE**"). Total installed capacity selling to the grid has increased from 26 MW in 2010 to 151 MW in January 2017 and is projected to increase considerably in the near future. In addition, waste is increasingly used as fuel by cement factories and other industries. The country is faced with a growing waste disposal problem and the government has developed a roadmap for MSW management including the promotion of WTE.

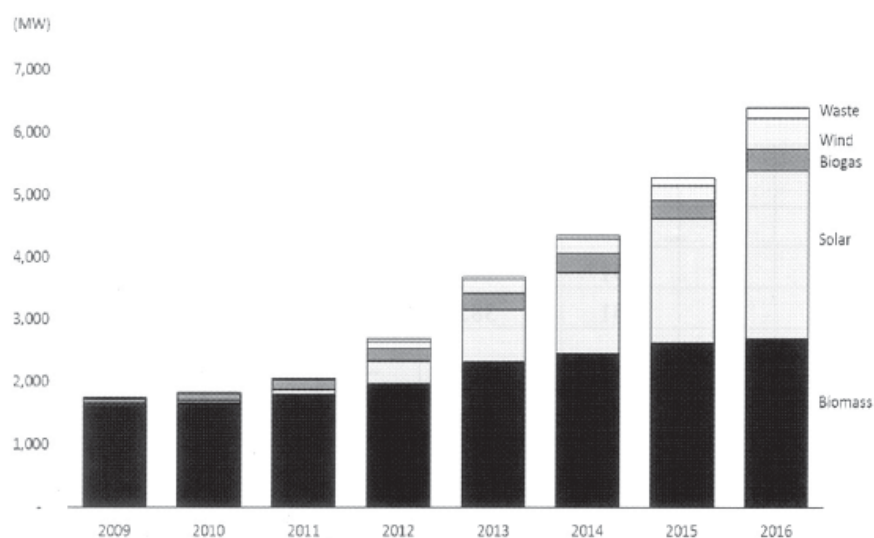
Hydro: The government has been sponsoring development projects of small hydro power plants for additional capacity of 350 MW. DEDE and PEA are the main institutions involved with mini- and micro-hydro power plants. DEDE has also installed many village-level hydropower plants, and there is considerable potential for village-scale small hydro in Eastern and Central Thailand.

Installed Renewable Capacity by Generation Ownership Type (January 2017)

MW	Generation Type					
	Wind	Solar	Biomass	Biogas	Waste	Total
EGAT	3	2	-	-	-	5
SPP (Firm)	-	-	469	-	-	469
SPP (Non-Firm)	468	545	460	-	80	1,553
VSPP	30	2,141	1,762	348	71	4,353
Total	502	2,688	2,690	348	151	6,380
Share	8%	42%	42%	5%	2%	100%

Source: EGAT, ERC

Trend of Renewable Energy Installed Capacity (2009 - 2016)



Source: DEDE, ERC

Thai Experience with WTE and RDF

Installed WTE Capacity

The development of WTE in Thailand has been building positive momentum over the last 5 years. According to ERC statistics, in January 2017 WTE capacity connected to the grid reached 151 MW up from only 26 MW in 2010. Of the total 26 operating WTE power plants, 18 are either landfill or gasification gas projects that employ gas engine technology. These are all VSPP projects with an average capacity of 2.1 MW. The remaining 8 projects employ combustion technology, ranging from 1 to 60 MW.

TPI Polene Power Public Company Limited (TPIPP) has the largest installed capacity in WTE and is the only company with operational projects selling electricity to EGAT under the SPP program. TPIPP also appears to be the largest producer of RDF in Thailand. As with the VSPPs, these two projects receive the adder of 3.5 BHT/kWh.

To obtain a PPA for an SPP or VSPP WTE, project developers need to submit an application to the Energy Regulatory Commission (ERC). As shown in table below, ERC received a total of 125 applications for WTE projects, out of which more than half have been rejected or cancelled, either by the developer or by ERC. This implies that out of the 280 MW still under development, many are unlikely to reach COD.

Current Status of WTE Power Purchase Agreements (PPAs) (January 2017)

	Power Plants (#)	Installed Capacity (MW)	Contracted Capacity (MW)	Number of Projects by Installed Capacity					
Current and potential projects				Number of current and potential projects (#)					
Application accepted	9	161	140	24	23	1	1	1	1
PPA signed	16	119	105	Up to 5 MW	>5 to 10 MW	>10 to 20 MW	>20 to 50 MW	>50 to 90 MW	> 90 MW
COD	26	151	140	Number of cancelled projects (#)					
Total	51	431	385	36	35	1	0	0	1
Cancelled applications	74	478	417	0 to 5 MW	>5 to 10 MW	>10 to 20 MW	>20 to 50 MW	>50 to 90 MW	> 90 MW
Grand total	125	909	802						

Source: ERC

6. Competitive Strengths

The Company believes that it possesses the following competitive strengths which differentiate it from its competitors in the waste-to-energy industry in Thailand.

6.1 Largest waste-to-energy power plant operator in Thailand, with a proven track record in in-house project development

The Company is the largest waste-to-energy power plant operator in Thailand in terms of installed power generation capacity according to AWR Lloyd. The Company is also one of the first companies in Thailand to have commenced waste-to-energy power generation operations, according to AWR Lloyd. As such, the Company has the advantage of being a first-mover with its know-how that enables it to efficiently address challenges in the waste-to-energy industry in Thailand.

The Company believes that its proven project execution capabilities and contracted sales arrangement in the waste-to-energy industry position it as the leading waste-to-energy power plant operator in Thailand. With its market-leading position and strong operational track record, the Company has received several awards from established institutions both domestically and internationally, including the High Quality Clean Development Mechanism ("CDM") Projects "Crown Standard," the Thai Energy Awards 2014 and 2015 and the ASEAN Energy Awards 2014. The Company believes that it is able to compete effectively with other waste-to-energy power producers in securing additional power purchase agreements with EGAT and expand its business.

6.2 Established track record and expertise in waste management and proprietary technologies well adapted to waste-to-energy operations in Thailand

The Company has an established track record and expertise in waste management and possesses proprietary technologies well adapted to waste-to-energy operations in Thailand. The Company has developed a deep understanding of the characteristics of landfill waste and MSW in Thailand, which typically have high moisture content and low heat content. The Company has developed its proprietary technologies to process such waste into RDF.

The Company's RDF production plants currently have daily installed capacity to process up to 6,000 tons of MSW and produce up to 3,000 tons of RDF.

The Company believes that such technological know-how constitutes one of its key competitive strengths, and allows it to maintain its competitive advantage. The Company competes with other waste-to-energy power producers to enter into power purchase agreements with EGAT. The Company competes with other power producers in terms of, among others, technological capabilities. In this regard, the Company believes that its track record and expertise in waste management, as well as its proprietary technologies in waste-to-energy operations, represent one of its key competitive advantages over its competitors.

6.3 Strong relationships with key players in the waste-to-energy industry value chain

The Company has established strong relationships with key players in the waste-to-energy industry value chain. In terms of waste supply, the Company competes with its competitors primarily in terms of waste procurement. The Company has developed an

extensive network of suppliers from which it sources pre-sorted landfill waste, unsorted landfill waste and MSW for further processing into RDF to be used as fuel in power generation. In addition, the Company has also maintained a good relationship with EGAT.

6.4 Supportive government policies in the renewable power generation industry in Thailand

The Company believes that its RDF-fired power plant operations are well positioned to benefit from the trend towards renewable energy, and particularly, the Thai government's policy of promoting power generation from renewable fuel sources.

Consistent with the Power Development Plan 2015 and the Alternative Energy Development Plan 2015, the Thai government promotes power generation from renewable energy sources by providing incentives to power producers. ERC and EGAT announced the payment of an adder provided to power producers in addition to energy payment for power generation from biomass, biogas, waste, wind, and solar. The adder provided to SPPs who generate electricity from waste by a thermal process shall be at a rate of BHT3.5 per kWh for a period of seven years from the commercial operation date of the relevant power plant.

The Company has benefited from these policies. In selling power to EGAT, all of the Company's RDF-fired power plants in operation are entitled to an adder of BHT3.5 per kWh, which is payable in addition to the base price of power under the power purchase agreements. The Company believes that the strong government support provides it with significant opportunities to expand its business operations.

The Company understands that the Thai government is in the process of formulating future policies in relation to its support of the development of the renewable energy industry by replacing the adder payment structure with a feed-in tariff scheme after the current adder payments expire. In this regard, the Thai government is currently in discussions with power producers who will be affected by such a transition, including the Company.

6.5 Future growth driven by strong growth pipeline of power generation projects and projected GDP growth and growth in power demand in Thailand

The Company has a number of power generation projects, including RDF-fired power plants, coal-fired power plant, waste heat recovery power plant and coal and RDF- fired power plant.

The favorable macroeconomic conditions in Thailand also allow the Company to grow its operations. According to AWR Lloyd, power demand in Thailand is estimated to grow at an average of 2.7% annually between 2014 and 2036, underpinned by an average population growth of 0.03% and an expected real GDP growth of 3.5% for 2017. The Company believes that it can take advantage of the strong economic growth outlook in Thailand and the resulting growth in energy demand to develop its business sustainably.

6.6 Strong support from TPIPL

The Company enjoys strong and continuing support from its major shareholder, TPIPL.

The Company believes that the strong relationship between the Company and TPIPL in all respects under the special reciprocal business operations will further strengthen the business of both to grow continuously so as to create sustainability within the group.

6.7 Experienced and forward-looking management team and dedicated operating and technical staff

The Company's management team has extensive experience in the power industry and a proven track record of successfully developing, operating and expanding power plants. According to AWR Lloyd, waste management practices in Thailand are relatively underdeveloped, compared to other developed countries. The Company's management team believes waste management issues in Thailand present an opportunity for the Company to enter into the waste-to-energy industry.

7. Business Strategies

The Company seeks to consolidate its leading position in the waste-to-energy industry in Thailand and has adopted the following strategies to attain this goal:

7.1 To achieve and maintain optimal efficiency in power plant operations through ongoing research and development initiatives.

The Company seeks to enhance its competitiveness by achieving and maintaining optimal efficiency in its power plant operations. The Company is continuously exploring the development of new technologies and processes to optimize its operational efficiency.

The Company believes that such technological know-how constitutes one of its key competitive strengths, and to maintain its competitive advantage, it places emphasis on continuous improvement and innovation of its technological know-how.

7.2 To continue to be a socially responsible and environmentally friendly enterprise by reducing green-house gas emissions and minimizing residual waste from operations

The Company is a socially responsible enterprise dedicated to the environmentally-friendly treatment of solid waste and promoting environmental awareness. The Company believes that using waste as a fuel source for power generation represents an effective waste treatment method for reducing the toxicity and volume of waste and transforming it into a useful resource. The Company prioritizes the control of environmental emissions from its power plants, and its operations strive for strict compliance with all applicable environmental regulations.

The company's "zero waste" plan aims to fully utilize all the resources used in the production process, thereby increasing the company's operational efficiency while reducing any potential environmental impact.

The Company has been recognized for its efforts in promoting environmentally-friendly production and energy efficiency and strives to continue to be a socially responsible and environmentally friendly enterprise.

7.3 To maximize shareholder value through prudent capital management and business expansion

The Company seeks to continue its prudent capital management by optimizing its debt level and to strengthen its financial position by increasing revenue through its solid pipeline of power generation projects.

The Company is also actively expanding its power generation operations. The Company also plans to diversify its fuel source, including coal, to expand its power generation capacity.

7.4 To maintain fair and sustainable relationships with stakeholders in the waste-to-energy value chain

The Company strives to maintain fair and sustainable relationships with all stakeholders in the waste-to-energy value chain in Thailand. The Company enters into the some MSW deposit agreements with local governments in Saraburi province as part of its corporate social responsibility initiatives. Under such Agreement, the Company agrees to pay the waste management companies a transportation fee, provided that the Company is satisfied with the quality of the MSW. The Company believes that such waste procurement arrangements are fair and sustainable and allows it to maintain long-term relationship with waste suppliers.

Furthermore, the Company seeks to build positive relationships with the community by adhering to good corporate governance practices. In this regard, the Company has published conflicts of interest policies as guidelines for employees to interact properly with related parties with conflicts of interest.

The Company also strives to create a sustainable relationship with its employees by providing comprehensive training and following a policy of fair treatment and rewards.

Risk Factors

1. Uncertainties and adverse changes in the Thai government's initiatives, incentives and policies that affect the waste-to-energy industry may unfavorably affect the Company's business and results of operations.

In selling power to EGAT, all of the Company's RDF-fired power plants in operation are entitled to an adder of BHT3.5 per kWh, which is payable in addition to the base price of power under the power purchase agreements. Consistent with the current policies of the Thai government, the adder is available to each of the Company's RDF-fired power plants for a period of seven years from the date of commercial operations commencement of the respective power plants.

Presently, the Thai government is in the process of formulating future policies in relation to its support of the development of the renewable energy industry by replacing the adder rate payment structure with a feed-in tariff scheme or a fixed amount per kWh is paid during the life of the PPA or a fixed amount per kWh is paid during the life of the PPA plus tipping fee.

2. Full energy payment and adder rates from EGAT depend on the Company meeting the requirements specified in the power purchase agreements.

Under the power purchase agreements with EGAT for the Company's RDF-fired power plants, the Company must satisfy certain requirements in respect of the fuel source. The Company is required to use waste as the primary fuel. The power purchase agreements with EGAT also allow the Company to use other types of fuel as co-fuel, including waste heat emitted from TPIPL's cement production process, but the Company may not use coal as co-fuel. The use of such other types of fuel must not exceed 25.0% of the total amount of thermal energy used in power generation in any contract year.

The Company has placed an emphasis on the above issue as the top priority, being in compliance with regulations imposed for employing of fuel source and has always received the full energy payment and adder rates throughout the life of the PPA terms.

3. The Company has a small number of offtakers.

The Company sells substantially all of the power produced to EGAT and TPIPL. EGAT is the Company's largest and most important customer and the Company's power purchase agreements with EGAT are material to its business,

The power purchase agreements with EGAT are on a non-firm basis and as such, while EGAT is required to offtake power supplied to it, these plants are not obligated to supply a minimum amount of power to EGAT.

The Company's offtakes are primarily state enterprises and creditable private companies, thereby; EGAT is the Company's offtakers, a strongly financial background state enterprise in Thailand whilst TPIPL, which is considered as an investment grade company.

4. The Company's competitors compete with the Company for waste supply and entry into power purchase agreements with EGAT, and the competition could intensify as waste processing technology matures and as new competitors enter the market.

There is intense competition in waste sourcing. In the event that the Company's competitors' waste processing technology enables them to process waste in a more cost - effective manner than the Company, they may be able to make waste-sourcing arrangements with local government and waste companies on terms that are more attractive to these parties than the Company is able to offer. Such competition may intensify further as new domestic and international waste-to-energy power generation companies enter the market.

In addition, the Company competes with other power producers to enter into power purchase agreements with EGAT. Once a power producer has entered into a power purchase agreement with EGAT, it benefits from a stable stream of power sales income for a fixed number of years as specified in the agreement in exchange for supplying power to EGAT. As such, most competition in the waste-to-energy industry occurs during the contract bidding phase. The Company typically secures power purchase agreements through a public tender process with EGAT. The Company faces strong competition mainly from domestic waste-to-energy companies which compete in terms of technology, reliability and project execution capability, among others.

With the long-established proficiency to consistently pursue its waste-to-energy power plant operations and generate successfully operational profit, the Company has become a leading and a large RDF power plants operator in the country and continues to strengthen its competitive advantages over its competitors. With its readiness of capital investment together with its long experience to manage production plants and modern production technology as well as its creditability, TPI Polene Power has accomplished and successfully implemented sustainable power plant projects throughout the period.

5. The Company's generation of power from RDF depends on a steady supply of waste with sufficient heat content.

The Company relies on a steady supply of landfill waste and MSW for the generation of power from RDF.

The amount of power which the Company can generate from RDF depends on the heat content of RDF that the Company produces from waste. RDF with higher heat content produces more power.

The Company purchases MSW and landfilled waste to be processed at the Company's RDF plants with its daily capacity to process up to 6,000 tons of MSW, representing up to 3,000 tons of daily qualified RDF to be produced. Presently, average heat content of RDF that the Company can generate power from has increased consistently. In this regard, the Company has arranged the waste sourcing by entering into waste deposit agreements with local governments and waste management companies, all of which enable to supply landfill waste and MSW to the Company greater than 100 contracts.

In addition, to diversify risk for the waste sourcing arrangement, the Company has made an investment to construct and install semi-mobile waste-sorting machines at the landfill sites in Samuthsakorn province, Ayuthaya province, Choburi province and Rayong province to ensure sufficient supplies of raw material sources and to further reduce production costs. In addition, the Company purchases sorted landfill with heat content not lower than 2,500 Kcal from waste management companies.

Besides, the Company has RDF storage facilities which can store up to 100,000 tons of RDF. The RDF storage facilities can store sufficient RDF to sustain the Company's RDF-fired power plant operations for up to approximately one month, which can mitigate risk associated from raw material procurement to some extent.

6. The Company's generation of power from waste heat depends on a steady supply of waste heat from TPIPL.

The Company relies on a steady supply of waste heat for the generation of power from its waste heat recovery and RDF-fired power plants. The Company sources all its waste heat requirements from TPIPL by recovering hot exhaust gas emitted from TPIPL's cement production process. In the event of a disruption in TPIPL's cement production process, a decrease or slowdown in TPIPL's cement production or gas recovery equipment breakdown, the Company may not have sufficient waste heat supply to generate power from its waste heat recovery power plants and RDF-fired power plants. In such an event, the Company's power production could be disrupted and its business, financial condition and results of operations may be materially and adversely affected. In addition, technological changes in the cement production process reducing waste heat emission may render the Company's waste heat recovery power generation capacity inefficient and therefore materially and adversely affect the Company's business and prospects.

However, the Company has its modern production technology for power generation that is separated entirely from cement production process of TPIPL, its parent company. In this regard, the Company can manage whether to use RDF or waste heat or coal as fuel to generate power, aiming for the ultimate benefit of the Company. As for the electricity that the Company sells to the parent Company, the Company opts to use waste heat or RDF or coal at 100% as fuel to generate power whenever there is no waste heat emitted from cement production plants of the parent company or select to shut down the Company's power plant for maintenance to be in line with planned shutdown of cement plant of the parent company.

7. A failure to secure commercially reasonable coal supply arrangements or any interruptions in coal supplies may adversely affect the Company's operations of its coal-fired power plants.

The Company is currently in the process of constructing, among others, a coal-fired power plant. The success of the Company's operations of these power plants depends on, among others, the ability to source

a sufficient amount of coal at competitive prices. The Company has entered into the TPIPL Framework Agreement to purchase coal at a fixed price from TPIPL.

The Company group has long experience over 20 years to purchase coal from a verities sources of supply and has maintained the policy to purchase coal in a large quantity, enabling us to gain more bargaining power to purchase qualified coal at relatively low cost with low bituminous.

8. Investments in research and development may not necessarily lead to timely improvements in technology and the Company may be unable to keep pace with technological changes in the industry.

An important factor for the Company's success is the timely development of important new technologies to ensure that the Company's power plants, particularly its RDF-fired power plants, and RDF production can keep pace with technological developments. Each successive improvement in waste processing techniques generally involves an increase in complexity that may enhance the required level of investment and demand more development effort. In addition, the Company may devote research and

development resources to technologies that turn out to be unsuccessful or do not yield the expected results in a timely manner. The Company has long experience to manage RDF production plant to produce qualified RDF with high heat content for power generation. The Company maintained its position to become a leading power plant operator in Thailand, with the largest waste-to-energy power plant operations in the country, so we are confident that the Company is able to adapt its production process to be in line with technology change.

In addition, the Company fosters staff at all levels to develop team work, including production and maintenance staff. The Company schedules training programs to educate employees to be able to fully perform their own tasks and staff can work in place of others.

9. The Company may be adversely affected if there is any significant downtime at any of the Company's plants.

Normal wear and tear of the power plants is a natural consequence of operations in the Company's industry and results from exposure to the elements and deterioration of equipment. The Company cannot assure that repairs and maintenance activities will be conducted in a timely manner or at all, and any extensive downtime at any of the Company's plants could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has developed and improved production efficiency as planned by having invested in the purchase of an additional 4 boilers to be used as back-up boilers when the existing boilers undergo maintenance in order to increase steam production capacity to greater than 150% for Turbine Generators of all power plants. In addition, the Company prepares and reserves various machine and spare parts to be ready for emergency or unplanned shut down of power plants, thus reducing impact from plant shutdown. The Company has a continuous plan for repair and maintenance for its power plants. This aims to enhance high utilization rate of all power plants and mitigate risk associated from the effect of plant downtime.

10. For the Company's projects under development, the estimated time frame and budget for the completion of critical tasks may be materially different from the actual completion date and costs, which may delay the date of commercial operations of the projects or result in cost overruns.

The Company is expanding its power generation operations and currently has three coal power plants under construction. These projects involve environmental, engineering, construction and commission risks, which may result in cost overruns, delays or performance that is below expected levels of output or efficiency. In addition, projects under construction may be affected by the timing of the issuance of permits and licenses by government agencies, any litigation or disputes, inclement weather, natural disasters, accidents or unforeseen circumstances, manufacturing and delivery schedules for key equipment, defects in design or construction, and supply and cost of equipment and materials such as cement, steel and other items. Further, project delays or cancellations or adjustments to the scope of work may occur from time to time due to incidents of force majeure or legal impediments.

The Company is currently constructing a 150 MW coal-fired power plant and the project has been granted EHIA from the related governmental authority. However, the Energy Regulatory Commission is arranging for a public hearing. However, the construction progress of the 150 MW coal-fired power plant is approximately 95% complete and the above project is expected to start commercial operation within the first quarter of 2018. Hence, the risk associated from the delay of construction is considered relatively low.

11. The Company may be unable to fully comply with the laws and regulations relating to regulatory approvals for business operations with relevant authorities, laws and regulations regarding health, hygiene, safety, and environmental and other laws and regulations as well as the conditions under relevant licenses.

Because of the nature of the Company's power plants and petrol and gas operations, the Company is subject to the laws and regulations relating to regulatory approvals for business operations, construction of power plants and installation of machinery with relevant authorities, laws and regulations regarding health, hygiene, safety, environment and other laws, and conditions under licenses required for business operations and regulations of Thailand. Such laws and regulations govern, among other matters, air emissions, wastewater discharges, solid and hazardous waste management, and the use, composition, handling, distribution and transportation of hazardous materials.

The Company implemented Quality Standard System ISO9000 for all products of the Company, International Environmental Standard System ISO14000 as well as Health & Safety Management System ISO18000, certifying that it has conducted the business operations according to all the rules and regulations related to health and safety for production plants to be environmentally friendly, including an assessment of operations and risks to ensure that the Company's operations are in compliance with related governing laws.

Research and Development

The Company's has developed proprietary technologies to adapt its RDF-fired power generation operations to suit the type of waste in Thailand, which typically have high moisture content and low heat content. The Company believes that such technological know-how constitutes one of its key competitive strengths, and to maintain its competitive advantage, it places emphasis on continuous improvement and innovation of its technological know-how. The Company's research and development efforts focus on improving and adapting its existing technologies as well as waste sorting and processing techniques so as to increase the operational efficiency of its plants and reduce the environmental impact from its operations. The Company's current research and development initiatives include:

- improvement and development of sorting machines to enhance the efficiency of RDF production from waste found in Thailand, which typically has high moisture level and low heat content;
- improvement in efficiency in converting organic matters into fuel;
- reduction of sulfur dioxide emission with the use of limestone sand in boilers;
- use of low nitrogen oxide burners;
- improvement in the content of RDF so as to reduce the slag build-up in the boiler tubes; and
- improvement of the efficiency of dust settling chambers so as to increase the useful life and efficiency of boilers in the Company's waste heat recovery power plants.

By investing in the development of technologies and processes that increase its operational efficiency and reducing its environmental impact, the Company seeks to solidify its competitive position and maintain its technological advantages.

In addition, the Company has entered into the TPIPL Framework Agreement with TPIPL, whereby TPIPL shall, among others, provide research and development services to the Company. With a research and development team of more than 150 scientists, engineers and technicians, TPIPL has provided the Company with research and development support in the past and is expected to continue to do so in the future. TPIPL also regularly engages professors from local universities, including Chulalongkorn University, Suranaree University of Technology and Kasetsart University, to assist with its research and development initiatives.

Property Used In Business

1. Major Fixed Assets

As at December 31, 2017, the Company has Property, plant and equipment as follows:

Asset	Ownership style	Net value (Mill. Baht)	Obligation
1. Plants	Owner	171.06	- none -
2. Machinery	Owner	8,611.69	- none -
3. Tools and factory equipment	Owner	100.90	- none -
4. Furniture, fixtures and office equipment	Owner	6.86	- none -
5. Major spare parts	Owner	18.29	- none -
6. Assets under construction and installation	Owner	12,488.47	- none -
7. Vehicles	Owner	0.11	- none -
8. Decommissioning assets	Owner	106.15	- none -
Total		21,503.53	

2. Intangible Asset

- None -

3. Investment Policy in Subsidiary and Associated Company

As of December 31, 2017, The Company holds 100% registered capital or USD 125,000 in TPI Polene Power Investment Company Limited, its subsidiary company, founded in Cambodia.

The Company has established its subsidiary company to be in line with its vision and business policy of the group to ensure better performance or synergy effect, increase comparative advantage and to be one of the top leading companies in the power plant business. The Company will consider additional investment in other businesses if the rate of return of such investment is acceptable. The additional investment is subject to the approval of the Company's board of directors or the shareholders' meeting (if any).

Future projects

The Company is committed to be the top leading company in RDF power plant in Thailand by expanding in the energy and utilities sectors. The Company has future projects as follows: -

1. The 150 MW Coal-fired Power Plant Project

The Company is constructing a coal-fired power plant with an expected installed power generation capacity of 150 MW. This power plant is located in the same vicinity as TPIPL's cement production plants in Kangkhoy, Saraburi Province in Thailand. The Company has budgeted a total of BHT7,300.0 million for the construction of the Coal-PP-150MW, of which construction progress is at 95%. It is expected to commence commercial operations in the first quarter of 2018.

2. Additional RDF Boilers Project

The Company is in the process of installing two additional RDF boilers to be used as a back-up boilers for RDFPP-70MW and RDFPP-60MW for when the boilers of such power plants undergo maintenance and to allow the plants to run at full production capacity. The installation of the additional boilers is expected to be completed by the first - second quarter of 2018.

The Company has budgeted a total of BHT1,540.0 million for the two additional boilers at RDFPP-60MW and RDFPP-70MW.

3. Investment in additional semi-mobile waste-sorting machines at the landfill site

The Company is in process of investing in an additional semi-mobile waste-sorting machine at the landfill sites. The Company entered into agreements with some waste management companies and is negotiating to enter into agreements with some waste management companies in order to allow the company to diversify waste sourcing channels and increase the quality of waste sourced.

The Company has budgeted BHT450 million for such additional waste sorting machine and expect installation work to be completed by the first quarter of 2018.

Legal Dispute

From time to time, the Company is involved in legal disputes arising in the ordinary course of business. The Company is not, as of December 31, 2017, engaged in any material litigations, arbitrations or claims, nor is the Company aware of any litigations, arbitrations or claims pending or threatened by or against it that would have a material adverse effect on its results of operations or financial condition, defined under Thai rules as litigations, arbitrations or claims with a claim amount higher than 5.0% of the Company's shareholders' equity.

Securities and Shareholder Information

1. Registered Capital and Paid up Capital

As of December 31, 2017, the registered capital of the company was Baht 8,400 million consisting of 8,400,000,000 ordinary shares, at the par value of Baht 1 each. Paid-up capital was Baht 8,400 million.

2. Restriction of transfer of shares

The shares of the Company can be transferred without limitation provided that ownership of the shares by non-Thai persons does not exceed 49% of the Company's registered and paid-up capital.

3. Shareholding Structure

Major Shareholders as at December 29, 2017 (At the last closing date)

Shareholders	Number of Shares	Shareholding (%)
1. TPI Polene Public Company Limited	5,899,999,300	70.24
2. Thai NVDR Company Limited	159,021,631	1.89
3. N.C.B.TRUST LIMITED-NORGES BANK 11	114,342,000	1.36
4. K20 SELECT LTF	107,818,200	1.28
5. THE BANK OF NEW YORK MELLON	88,451,300	1.05
6. HSBC BANK PLC-HSBC GLOBAL INVESTMENT FUNDS ASIA EX JAPAN EQUITY SMALLER COMPANIES	64,902,000	0.77
7. Mr. Paiboon Sereewiwattana	59,500,000	0.71
8. Bangkok Life Assurance Public Company Limited	57,323,500	0.68
9. Mr.Sirisak Sanasopon	36,303,000	0.43
10. CHASE NOMINEES LIMITED	34,882,380	0.42

11. Dividend Payment Policy

The Company's dividend payment policy is to distribute annual dividends to its shareholders at a rate of not less than 50.0% of the net profit as recorded in the Company's separate financial statements after deductions for income tax and legal reserves as required by law and its article of association. Notwithstanding the foregoing, dividend payments are subject to the discretion of the Company's board of directors based on the Company's results of operations, cash flow, investment plans, future needs and other factors as the Company's Board of Directors deems appropriate, and the dividend payment must be approved by the annual general meeting of shareholders.

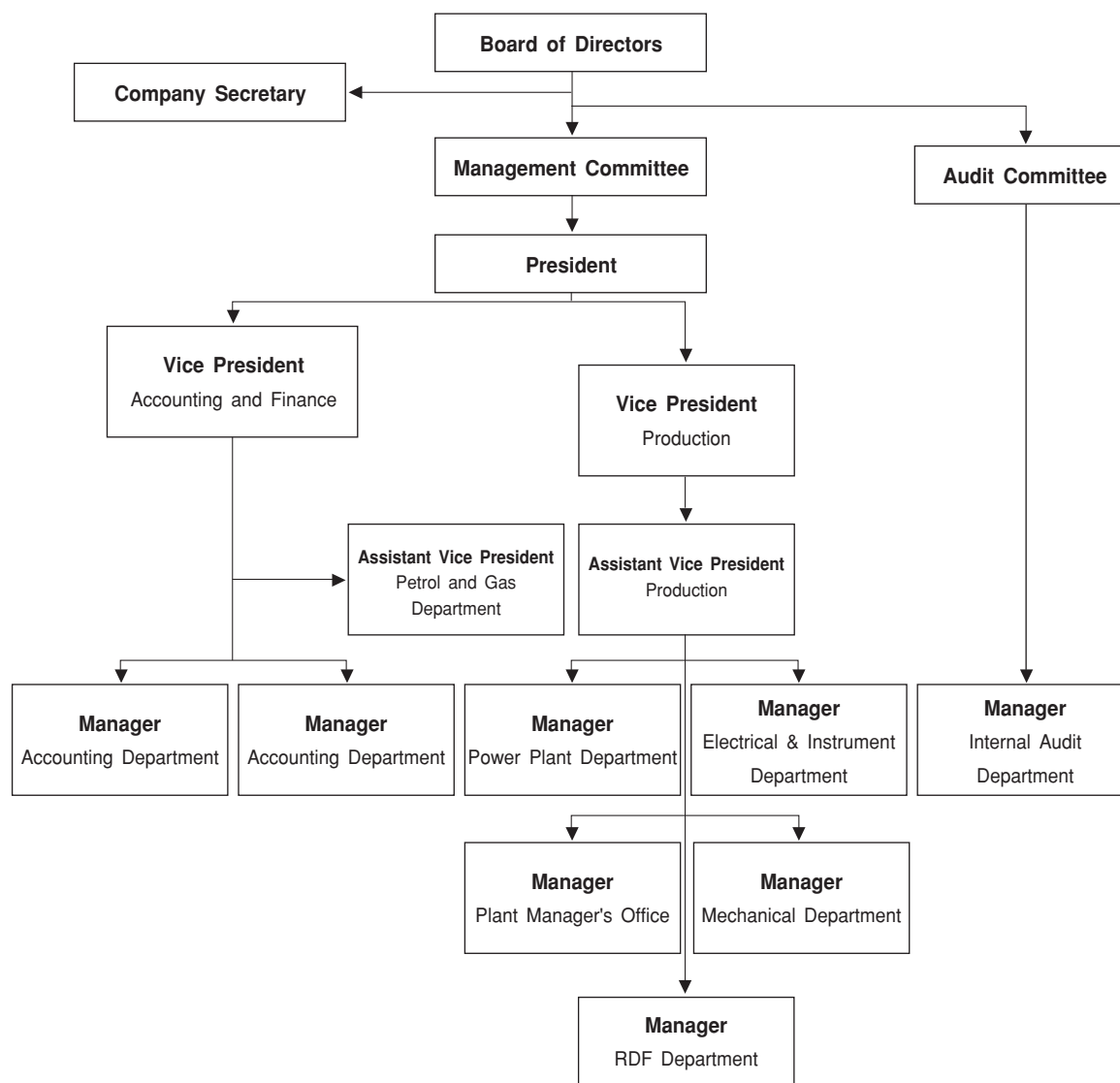
In addition, the Board of Directors may, from time to time, pay the shareholders the interim dividends, provided that it is of the view that the Company has adequate profits to make such payment. After the interim dividends have been paid, such dividend payment shall be reported to the shareholders at the next shareholders' meeting.

Separate Financial Statement	2017
Net Profit per share (Baht)	0.333
Dividend per share (Baht)	0.300
Par Value per Share (Baht)	1.00
Dividend Payout Ratio (%)	90.09

Note: * According to the Company's Board of Director's meeting no.2/2561, held on February 27, 2018, however, the right of shareholders to receive the dividend payment is still uncertain as the dividend payment to be approved in the 2018 Annual General Shareholders' Meeting, which will be scheduled on April 19, 2018.

Management Structure

As of December 31 2017, the Management structure of the Company was as follows:



1. Board of Directors

As at December 31, 2017, the management structure of the Company consists of three Executive Committees: (1) the Board of Directors (2) Sub-committee including the Executive Management Committee and the Audit Committee and (3) The Management.

The Company does not have a recruitment committee or a remuneration committee. Nevertheless, the Company put in place the necessary policies and criteria for proper appointment and remuneration of member of the Board of Directors. These standards are consistent with those followed by other public companies listed on the SET, which are in similar industries and have similar financial position and performance as the Company. The Company believes that these policies and standards allow it to appoint suitable, qualified, knowledgeable, capable, skilled and experienced individuals for the benefit of the Company. Besides, the Company put in place the necessary policies and criteria for proper appointment and remuneration of member of the Management.

1.1 Board of Directors

As at December 31, 2017, the Board of Directors of the Company comprised 14 directors as follows:

No	Name	Position
1	Mr. Prachai Leophairatana	Chairman
2	Dr. Pramuan Leophairatana	Vice Chairman
3	Mrs. Orapin Leophairatana	Vice Chairman
4	Mr. Prayad Liewphairatana	Director
5	Miss Pattrapan Leopairut	Director
6	Mr. Pakorn Leopairut	Director
7	Mr. Pakkapol Leopairut	Director
8	Ms. Nitawan Leophairatana	Director
9	Ms. Malinee Leopairut	Director
10	Mr. Manu Leopairote	Independent Director ; Chairman of the Audit Committee
11	Mr. Thiraphong Vikitset	Independent Director ; Member of the Audit Committee
12	Mr. Abhijai Chandrasen	Independent Director ; Member of the Audit Committee
13	Mr. Khantachai Vichakkhana	Independent Director
14	Mr. Wanchai Manosooti	Independent Director

All Directors of the Company have participated in at least 1 training course organized by the Thai Institute of Director Association: the Directors Certification Program (DCP) or the Directors Accreditation Program (DAP).

Authorized Director

“Mr. Prachai Leophairatana, Dr. Pramuan Leophairatana, Mrs. Orapin Leophairatana, Mr. Prayad Liewphairatana, Miss Pattrapan Leopairut, Mr. Pakorn Leopairut, Mr. Pakkapol Leopairut, Mrs. Nitawan Leophairatana, two directors of which signing jointly with Company seal affixed.”

Independence of the Board of Directors

At present, the Board of Directors consists of 14 directors, five of whom are independent directors and constitute one-third of the total number of directors of the Company, which is in compliance with the Notification of the Capital Market Supervisory Board No. TorChor.39/2559 Re: Application for and Approval of Offer for Sale of Newly-Issued Shares. The SET recommended practices and principles of good corporate governance prescribe, however, that if the Chairman of the Board of Directors is not an independent director, then the number of independent directors should be more than one-half of the total number of directors.

Although the number of independent directors of the Company is less than one half of the total number of directors, the Company is of the view that the transparency of the structure of its Board of Directors sufficiently safeguards the interests of the shareholders and the Company. This is because the Board of Directors comprises five independent directors, all of whom, including the Audit Committee members, are third parties who possess the knowledge, capability, and experience that are beneficial to the business operations of the Company, and who are impartial and have no conflicts of interest with the major shareholders of the Company. Moreover, after becoming listed on the SET, the Company must comply with the rules and regulations prescribed by the SEC Office, the Capital Market Supervisory Board, and the SET, such as the regulations governing connected transactions and the acquisition and disposal of assets. These regulations require that matters of material importance shall be approved at a shareholders' meeting, and that the opinion of the Audit Committee, to the extent that it differs from that of the Board of Directors, shall be reported to the shareholders. In such a case, the Audit Committee acts as the representatives of the minority shareholders of the Company. As such, as shareholders would be informed of the opinion of the Audit Committee, they would receive adequate information to enable them to make decisions on agenda items.

In addition, all of the directors have the duty to comply with all relevant laws such as the fiduciary duty under the SEC Act, the Public Limited Company Act, as well as the various policies of the Company, including the Company corporate governance policy and Code of Conduct, which prescribe that all directors and persons related to the business operations of the Company have the duty to comply with all relevant laws and policies in order to maximize the benefits for the shareholders of the Company.

The Board's meeting

In 2017, the Board of Directors convened meetings a total of 14 times, with attendance as detailed below:

No	Name	Position	Number of Meeting Attendance
1	Mr. Prachai Leophairatana	Chairman	14/14
2	Mr.Pramuan Leophairatana	Vice Chairman	12/14
3	Mrs. Orapin Leophairatana	Vice Chairman	14/14
4	Mr.Prayad Liewphairatana	Director	11/14
5	Miss Pattrapan Leopairut	Director	14/14
6	Mr. Pakorn Leopairut	Director	12/14
7	Mr. Pakkapol Leopairut	Director	10/14
8	Ms.Nitawan Leophairatana	Director	12/14
9	Ms. Malinee Leopairut	Director	13/14
10	Mr. Manu Leopairote	Independent Director and Chairman of the Audit Committee	14/14
11	Mr. Thiraphong Vikitset	Independent Director and Audit Committee	13/14
12	Mr. Abhijai Chandrasen	Independent Director and Audit Committee	13/14
13	Mr. Khantachai Vichakkhana	Independent Director	14/14
14	Mr. Wanchai Manosooti	Independent Director	14/14

1.2 Audit Committees

As at December 31, 2017, the Audit Committee is comprised of 3 directors as follows:

No	Name	Position
1.	Mr. Manu Leopairote	Chairman of the Audit Committee
2.	Dr. Thiraphong Vikitset	Member of the Audit Committee
3.	Dr. Abhijai Chandrasen	Member of the Audit Committee

Ms. Weeranuch Khimkhum has been appointed as a secretary to the Audit Committee.

Dr. Thiraphong Vikitset has a background and experience in the accounting and finance field, which are adequate to be responsible for reviewing the reliability of financial statements of the Company. Dr. Thirapong Wikitsait holds a Bachelor's degree of Science in Chemical Engineering and a Ph.D in Economics from West Virginia University.

Meeting of the Audit Committee

In 2017, the Audit Committee convened meetings a total of 5 times, with attendance as detailed below:

No	Name	Position	Number of Meeting Attendance
1.	Mr. Manu Leopairote	Chairman of the Audit Committee	5/5
2.	Dr. Thiraphong Vikitset	Member of the Audit Committee	5/5
3.	Dr. Abhijai Chandrasen	Member of the Audit Committee	5/5

1.3 Management Committee

As at December 31, 2017, the Management Committee is comprised of 8 directors as follows:

No	Name	Position
1.	Mr. Prachai Leophairatana	Chairman of the Management Committee
2.	Dr. Pramuan Leophairatana	Vice Chairman of the Management Committee
3.	Mrs. Orapin Leophairatana	Vice Chairman of the Management Committee
4.	Mr. Prayad Liewphairatana	Member of the Management Committee
5.	Miss Pattapan Leopairut	Member of the Management Committee
6.	Mr. Pakorn Leopairut	Member of the Management Committee
7.	Mr. Pakkapol Leopairut	Member of the Management Committee
8.	Ms. Nitawan Leophairatana	Member of the Management Committee

2. The Management

The Management as the definition of the Management of the announcement of S.E.C. of Kor. Jor. 17/2551 Re: the definition of the announcement of the issuing and the offering of the stock (including additional revision).

As at December 31, 2017, the Management team is comprised of 7 members as follows:

No	Name	Position
1.	Mr. Pakorn Leopairut	President
2.	Mr. Pakkapol Leopairut	Executive Vice President - Accounting and Finance
3.	Mr. Worawit Lerdbussarakam	Vice President - Production
4.	Mrs. Sirirat Lerthirunrat	Assistant Vice President - Petrol and Gas
5.	Mr. Somkiat Teeratakulpisal	Assistant Vice President - Production
6.	Miss Karuna Permsiripan	Manager - Accounting
7.	Miss Weerawan Larpchaiwut	Manager - Finance

Remarks:

The Management means the President or the first four executives, following descending in a hierarchical structure. All those in equal positions as such four executive management also include executive level in charge of the Accounting or Finance department, who are in the position of Department Manager or higher.

3. Corporate Secretary

Miss Weeranuch Khimkhum has been appointed at the meeting of the Board of Directors' meeting no. 6/2016 held on September 22, 2016, as a corporate secretary of the Company since September 22, 2016. The corporate secretary is deemed to be responsible for the duties as imposed by the Securities and Exchange Act.

4. Remuneration of the Directors and the Management

4.1 Remuneration of the Directors

As at December 31, 2017, remuneration awarded to the Company's 14 directors in the form of meeting allowances and bonuses was Baht 15,920,000 Details of remuneration in 2017 are as follows:

Unit: Baht

No.	Name	position	Meeting allowances	Bonuses	Total
1	Mr. Prachai Leophairatana	Chainman	1,040,000	80,000	1,120,000
2	Mr. Prateep Leopairut *	Vice Chairman	160,000	80,000	240,000
3	Mr.Pramuan Leophairatana	Vice Chairman	1,040,000	80,000	1,120,000
4	Mrs. Orapin Leophairatana	Vice Chairman	1,040,000	80,000	1,120,000
5	Mr. Prayad Liewphairatana	Director	1,040,000	80,000	1,120,000
6	Miss Pattrapan Leopairut	Director	1,040,000	80,000	1,120,000
7	Mr. Pakorn Leopairut	Director	1,040,000	80,000	1,120,000
8	Mr. Pakkapol Leopairut	Director	1,040,000	80,000	1,120,000
9	Ms. Nitawan Leophairatana	Director	1,040,000	80,000	1,120,000
10	Ms. Malinee Leopairut	Director	1,040,000	80,000	1,120,000
11	Mr. Manu Leopairote	Independent Director and Chairman of the Audit Committee	1,040,000	80,000	1,120,000
12	Mr. Thiraphong Vikitset	Independent Director and Audit Committee	1,040,000	80,000	1,120,000
13	Mr. Abhijai Chandrasen	Independent Director and Audit Committee	1,040,000	80,000	1,120,000
14	Mr. Khantachai Vichakkhana	Independent Director	1,040,000	80,000	1,120,000
15	Mr. Wanchai Manosooti	Independent Director	1,040,000	80,000	1,120,000
Total			14,720,000	1,200,000	15,920,000

Note: * Mr. Prateep Leopairut resigned from the position of Director on March 1, 2017 and received remuneration up to February 2017.

4.2 Remuneration of Management

In 2017, remuneration awarded to the Company's 5 Executives including salaries and bonuses was Baht 16,517,012. Such remuneration did not include remuneration of accounting manager.

The Company shares held by the Directors and the Management (including married couples and their offspring) as at December 29, 2017:

No	Name	Shareholding as at December 29, 2017
1	Mr. Prachai Leophairatana	5,354,806
2	Dr. Pramuan Leophairatana	4,994,025
3	Mrs. Orapin Leophairatana*	*
4	Mr. Prayad Liewphairatana	5,452,056
5	Miss Pattrapan Leopairut	3,883,192
6	Mr. Pakorn Leopairut	5,325,591
7	Mr. Pakkapol Leopairut	570,399
8	Ms. Nitawan Leophairatana	250,571
9	Ms. Malinee Leopairut	50,265
10	Mr. Manu Leopairote	-
11	Mr. Thiraphong Vikitset	179
12	Mr. Abhijai Chandrasen	-
13	Mr. Khantachai Vichakkhana	171
14	Mr. Wanchai Manosooti	-
15	Mr. Worawit Lerdussarakam	650,000
16	Mrs. Sirirat Lerthirunrat	-
17	Mr. Somkiat Teeratakulpisal	-
18	Miss Karuna Permsiripan	-
19	Miss Weerawan Larpchaiwut	-

Note: * Included in shareholding of Mr. Prachai Leophairatana to comply with the provisions contained in the Securities and Exchange Act, article 258

5. Personnel

5.1 Number of employees

As at December 31, 2017, the company had 1,024 employees.

5.2 Remuneration of Employee

In 2017, the Company paid personnel expenses or salary expense to employees in the total amount of Baht 374,229,509.30, in the form of salaries, bonuses and other remuneration with details as follows:-

Remuneration	Unit: Baht 2017
Salaries and Bonuses	346,778,804.61
Other remuneration ¹	27,450,704.69
Total	374,229,509.30

Note : ¹ Other remuneration included food, medical fee and provident fund

5.3 Provident Fund

The company contributes 3 percent of employee's salary to the provident fund and the employees contribute at least 3 percent of their own salary. The Company started putting money into the provident fund in May 2017 and the provident fund expenses amount to Baht 6,031,363 as of December 2017.

5.4 Employee Development Policy

The Company realizes the importance of personnel; thus, its policy is to develop skills, knowledge and ability to work for all employees in an appropriate and consistent manner as follows:

- Staff Training Plan and Courses: To teach both the work to be done and to provide employees with the knowledge to work properly, safely, and consistently, suitable for each and every job position. The training will be conducted in accordance with the rules and regulations of the Department of Skill Development. Ministry of Labor, with 50% of all employees required to attend the training.

- **External Training:** To develop the capacity, knowledge, ability based on the appropriate work by sending employees to join the training or seminars with external training institutions., sending employees to broaden their horizons in both domestic and international settings, also sending staff to training center for skills development to prepare to be the lecturer and the inspector of the skill level of the workers at the plant.
- **In-house Training:** To develop ideas, potential, knowledge, and ability to perform the job to meet the goals of the organization and the current competitive situation.
- **On-Job Training (OJT):** To develop employees to perform more effectively and to consistently train staff according to the Training Road Map (TRM) of each department to self-develop in performing the job effectively. For new employees and employees who have been promoted, the company has organized a learning course for them to have knowledge and understanding the work of each section as follows:
- **Mind Development and Preparation Course:** To promote the moral and ethics by Dharma practice for new employees. Dhamma listening and practicing, Meditation Training, and Walking Meditation are held for one day at Wat Rama IX Karnchanapisek, Bangkok, to create virtue, honesty and good attitude to the work and colleagues.
- **Management training for employees and administrators at all levels:** To develop management skills in line with the Company's business operations, such as systematic decision making, preparation for junior management, goal setting and work planning, happiness creation and team building, creative initiatives, succession planning, job analysis and organization to put the right man to the right job, people management to reduce conflicts in the organization, techniques to successfully work with people of all generations, psychology in governing and motivating colleagues, IQ & EQ and self-development and value creation at work, employee engagement, etc.
- **Quality system courses:** such as OHSAS 18001: 2007 Upgrade Training Course, ISO / IEC 17025: 2005, Quality System Documentation and Related Documentation in accordance with ISO / IEC 17025, Quality Control, Knowledge of ISO: 14001 and OHSAS: 18001 requirements, Social Responsibility for Executives, Prevention of Danger from Radiation, Prevention of danger from operating in confined spaces, general waste and hazardous waste management.
- **Occupational health and safety programs:** such as advanced firefighting, risk assessment, safety officer at supervisor and management level. etc.
- **Energy courses:** such as training on energy management standards, training on TSV Energy Chart & Energy Equation, awareness campaign on energy conservation.

5.5 Labor dispute

From the year 2014 to the year 2017, the Company has no labor disputes in which it is a litigant that may have a significant impact on the Company's business.

1. Policy

The Company values ethical business conduct by putting corporate social responsibility into clear practice. The Company issued a Code of Business Conduct, which is disclosed on the Company's website, and is constantly reviewed to make a Code of Business Conduct more suitable for changed circumstances. The Company's Directors acknowledge best practices for directors of a listed company as their principle guideline. The Directors, the management and all levels of staff carry out their duties with honesty, integrity, and good ethics. All realize that the Company is a long-established, leading, reputable company with a track record of over 20 years. Corporate governance practices of the Company can be divided into 5 sections as follows:

1.1 Section 1. Stakeholder Rights

The Company realizes and respects the importance of the rights of all shareholders. The Company has policies to protect shareholders fundamental rights and ensure equitable treatment under the law as follows:

1. Shareholders' Meeting

The Company schedules an annual general meeting of the shareholders ("AGM") within 4 months of the annual closing date of its accounting books. In case there are emergency issues that might affect the interest of the shareholders and/or related to the terms and regulations or any legal issues, to be proposed for approval in the meeting. The extraordinary shareholders' meeting will be held as the case may be. The Audit Committee of the Company and the Legal Advisor acted as the agents for the ballot throughout the meeting.

2. Delivering Meeting Notices

After the Company's Board of Directors approved and resolved the Annual General Shareholders Meeting, the Company will disclose the Invitation to the Annual General Shareholders Meeting with all relevant documents on the Company's website for shareholders' consideration in advance of the meeting.

The meeting notices contained details of the agenda and accompanying documents (both supplementary and supporting) for the decisions of the Board of Directors, the Securities Registrar mails the opinion of the Board, minutes of the previous meeting, the annual report, all meeting documents, and proxy forms designed by the Ministry of Commerce, to shareholders at least 7 days or 14 days (as the case may be) ahead of the meeting date. An invitation to the AGM is also announced in newspapers for 3 consecutive days in advance of the meeting.

3. Facilitating Shareholders

The Company treats all shareholders in a fair manner. The Company always allows registration of shareholders at least one hour before each meeting. A barcode system summarizing details of each shareholder is printed on the registration form, or the proxy form, to facilitate registration and save time. A suitable reception is also extended to all shareholders.

4. Conduct of Shareholders' Meetings

Before the meeting, the Chairman explains clearly the rules on voting and vote counting for individual agenda items. Once information has been disclosed for each item, the chairman allocates sufficient time for each item and facilitates the meeting appropriately. During the meeting, the chairman allows thorough expression of views and queries by shareholders before voting and summarizes the meeting's resolution on each agenda item. Minutes of the meeting must be completely and accurately recorded, with a summary of voting results on each item.

5. After the Shareholders' Meetings

The Company duly submits the resolution of the Shareholders' meeting to the SET one day after the meeting ends. The Company duly submits the minutes of the Shareholders' meeting to the SET, the Securities Registrar of Public Company, Department of Business Development, the Ministry of Commerce, within 14 days and also discloses the minutes of the Shareholders' meeting on the Company's website.

1.2 Section 2. Equitable Treatment of Shareholders

The Company values and treats all shareholders equally and fairly through the following actions:

1. Conducting the meeting in sequence of agenda items as specified in the invitation and not adding agenda items without notifying shareholders in advance, to ensure they have enough time to investigate before making their decisions.

2. Appointing Proxies to maintain the rights of those shareholders who cannot attend in person: they are able to appoint proxies, or to delegate their votes to any independent director in attendance.
In addition, the Company also discloses the format of the proxies (as per the format set by the Ministry of Commerce) together with all details and procedures on the Company's website in advance of the meeting.
3. Encouraging shareholders to use ballots for every agenda item, voting tickets are provided for each agenda item separately.
4. All groups of shareholders can access the Company information completely, accurately, transparently, and in a timely manner. The Company has established an Investor Relations Office to take responsibility for providing information in both Thai and English to all shareholders, equally and completely, to ensure that shareholders can make appropriate investment decisions. Corporate information is disclosed on the Company's website, as well as on the websites of the SET, to facilitate access by shareholders and other interested investors.
5. Ensuring strict supervision of the use of inside information by explicitly defining in writing the misuse of inside information as part of the Code of Conduct. In addition, in order to prevent any conflicts of interest, or misuse of inside information by the Board and Management, the Company has put in place internal information controls to supervise the use of inside information as follows:
 1. Directors and Management will be regularly informed of related laws and regulations pertaining to misuse of inside information, through various communication channels.
 2. The Company discloses in the TPIPL annual report the shareholdings of Directors, Management (and the holdings of management equivalents in Finance and Accounting Division) in compliance with the regulations of the Office of Securities and Exchange Commission.
 3. The Directors and Management of the Company are fully responsible for submitting a report of their shareholdings in the Company, and those of their spouses and minors, in accordance with provisions contained in the Securities and Exchange Act.
 4. Any misuse of internal information shall be subject to disciplinary action, including dismissal, as announced in the Company's rules and regulations.
6. Devising practical guidelines for potential conflict of interest in its Good Corporate Governance and Code of Conduct for the Directors. Management and employees must strictly comply with these.

1.3 Section 3. Stakeholder Roles

The Company is well aware of the roles of all stakeholders. The Company sets precise responsibilities to be prudent, fair, and respect the rights of all stakeholders, in operating its business. Hence, the Company has established a Code of Business Conduct emphasizing the balanced consideration of all stakeholders, which has been disclosed via the Company's website.

TPI Polene has embraced the Code of Conduct as a policy for Directors, Management and all employees to put the Code into practice and to abide by strict moral guidelines.

All management levels have to strictly follow the Code of Conduct as best practice principles, and it is a strict policy to ensure that all employees under each relevant organization line will acknowledge, understand, and follow the Code of Conduct.

The Company has a strict policy to treat all stakeholders fairly as follows:

1. **Shareholders:** The Company concentrates on establishing the greatest benefit to shareholders. The accounting and financial systems are in place to ensure that any mistakes and irregularities will be identified in due course and that financial reports are accurate, adequate and reliable. The Company's continuously strong financial potential is demonstrated in its ability to make appropriate dividend payments to shareholders.
2. **Customers:** The Company places a great emphasis on customer satisfaction through the quality of its products and services, provided at reasonable prices.
3. **Management and Employees:** The Company realizes the importance of human resources. Hence, the Company fosters development of all levels of management and staff with internal and external training to enhance their capabilities. The Company applies compensation systems which reward and benefit management and staff appropriately and in line with remunerations in other companies in the same industry.
In addition, the Company also focuses on the safety of its human resources by adopting Health and Safety Management standards.

4. **Trade partners:** The Company ethically sets its business operation strategies, thus enhancing relationships with all trade partners through transparent and fair practices. The Company has a policy of benefit sharing and equitable treatment for trade partners and strictly adheres to contractual agreements made. The Company is independent, without strong involvement with any trade partners.
5. **Community and Society:** The Company, as a Thai Company, continues to be determined to discharge its responsibilities towards the nation, society and communities. Accordingly, the Company is continuously committed to promoting and supporting beneficial activities towards society, religion, education and youth.
6. **Environmental Responsibility:** The Company acts as a good citizen, conscious and aware of being part of this society. It continues to be determined to discharge its responsibilities towards relevant rules and regulations and support the community surrounding its facilities by eliminating problems and protecting the environment, thus providing better living standards for the communities near its plants.

The Company also has Anti-Corruption operational guidelines in its Code of Conduct and Business Ethics regarding giving and/or accepts Gifts as follows:-

1. The Directors, the Management and the employees may offer or accept gifts, assets, or all kind of benefits in any circumstances from other persons for the benefits of the business of the Company, nonetheless not involving in the manners of circumstances that are involved in any corruption with other persons in business dealing with the Company or potential partners of the Company. Such offering or accepting must be proceeded transparently and can be disclosed.
2. The Directors, the Management and the employees must avoid accepting gifts (including both monetary and nonmonetary offerings) from suppliers or other persons in business dealing with the Company, except for the special events or traditional occasions.
3. The Company does not have the policy to offer gifts, assets, or other kinds of benefits in order to acquire the business of customers, business partners or other persons covering the business except for entertaining customers for the special events or traditional occasions, or for trade discounts and sales promotion of the Company.
4. The Directors, the Management and the employees have the responsibility to report the accepting of gifts, assets, or all kind of benefits from suppliers, contractors, customers or other persons covering the business that directly affect themselves to perform their duties and/or that might have conflicts of interest.
5. The Directors, the Management and the employees have the responsibility to report accepting gifts, assets, or all kind of benefits from other persons in business dealing with the Company and the Company will constantly keep the suppliers, contractors, customers or other persons in business dealing with the Company informed regarding the policy of accepting gifts or all kinds of gifts or benefits.
6. Any acceptance thereof as above from other persons must comply and must be proceeded transparently and in alignment with related laws and regulations.
7. The Company does not prohibit offering gifts under TPIPL logo to customers in case those gifts comply with the Anti-Corruption policies and measures and are reasonably offered to other persons in compliance with business operations of the Company.

1.4 Section 4. Information Disclosure and Transparency

The Company is aware of its duty to conduct business in conformity with relevant rules and regulations set by the SEC and the SET as follows:

1. Disclosure of Company information including financial reports is executed accurately, completely and in a timely fashion as reflected in the Annual Report form (Form 56-1), the Company's Annual Report (Form 56-2) and other reports, which are carried out in compliance with the guidelines set by the SEC and the SET.
2. A plant visit is provided for interested institutional investors, shareholders and analysts to access information and have meetings with the Management of the Company. In addition, the Investor Relations Unit has been established to be responsible for communicating information to institutional investors, shareholders, analysts, and relevant authorities in an equitably and fair manner.
3. Disclosure of Company information is made through approved communication channels via the SET and the Company's website in Thai and in English.

4. The Company pays close attention to the quality of the financial information it provides: particularly in its accuracy and adequacy. In addition, all financial information conforms to generally-accepted accounting principles and is audited by independent auditors. Hence, the Company will provide a report of the Board of Director's responsibility for financial statements in Annual Report.
5. Functions and responsibilities of the Board and Sub-Committees are disclosed: In addition, the number of meetings and meeting attendance of each member are disclosed in the Annual Report and 56-1 Form.
6. Disclosure of remuneration to Directors and Management Remuneration: Remuneration levels are based on the operating results of the Company during the previous fiscal year; they reflect duties and responsibilities fairly and reasonably; and are comparable to general practices in the industry.

1.5 Section 5. Responsibility of the Board

The Board plays a key role in supervising corporate governance to create maximum benefits for the Company. Each director represents all shareholders, and takes part in promoting good corporate governance within the Company, and in maintaining the rights of, and creating benefits for, all shareholders and other stakeholders. Details as follows:

1. Structure of the Board

(1) Composition

The Company's Board of Directors comprises at least 5 directors, of whom 3 were independent directors. This exceeds one-third of the Board. The Board of Directors of at least half of total number of directors must have permanent residence in Thailand and those directors may or may not hold shares in the Company.

(2) Qualifications of the Company's Directors

The Company's Board of Directors comprises qualified members who have skills, experience, honesty, ethics, and independence. They have capabilities in diverse fields, pertinent to the Company's businesses and, accordingly, can safeguard the interests of all shareholders.

In addition, all Directors are aware of their duties, responsibilities and nature of the Company's businesses. They perform their duties with honesty and prudence, and regularly update themselves on new knowledge. Directors attend each Board meeting with full responsibilities.

(3) Definition of the Independent Director Qualification

The Board of Directors has defined the qualification of Independent Directors in line with the requirements of the Thai Capital Markets Supervisory Board and SET.

(4) Segregation of the Power of the Chairman of the Board and the President

The Company's Board is well organized to ensure there is clear distinction between supervision, policy-making, and day-to-day business administrative roles. The positions of the Chairman of the Board and the President are separated. This ensures separation between governing and managing duties.

(5) Chairman of the Board

In addition, the Chairman's leadership plays a key role in ensuring the Board's efficiency and the Shareholder's meeting promotion to be in compliance with good corporate governance as the listed Company.

(6) Corporate Secretary

A knowledgeable and experienced Corporate Secretary to the Board serves as an advisor to the Board regarding pertinent laws, relevant rules and regulations, and monitors compliance of the Board's actions on a regular basis. In addition, the Secretary is also responsible for assisting in Board activities and coordinating with other relevant functions to comply with the Board's resolutions and good corporate governance principles.

2. Sub-Committee:

The Board of Directors has appointed Directors who have knowledge and skills suitable to be members of Sub-Committees to assist in important matters. The Sub-Committees consist of the Management Committee and the Audit Committee.

The Management Committee is composed of members who are knowledgeable, capable, ethical and experienced in the business. They manage functions and undertake acts in relation to the day-to-day management of the Company.

The Audit Committee consists of 3 Independent Directors. Members' qualifications meet the requirements stipulated in the relevant Thai Capital Markets Supervisory Board and SET announcements. The Committee is assigned to perform checks on management and secure the balance of power in various business activities to ensure reliability and integrity, and serving the best interests of all stakeholders at all times.

3. Roles, Duties and Responsibilities of the Board

- (1) Good Corporate Governance and the Code of Business Conduct. The Board of Directors values good corporate governance and maintains high standards of integrity and ethics. All Directors have responsibilities in carrying out their duties and are held accountable to the Company and its stakeholders. They perform their duties with integrity, in compliance with the governing laws and regulations of the Company, and based on professional standards. The Company conducts business in a transparent, honest and fair manner for the interests of all groups of stakeholders.

The Company also issued a Code of Business Conduct for its Board, Management, staff and all employees. These principles are strictly followed, together with the Company's rules and regulations, as detailed in Section 3: Stakeholder Roles.

- (2) Conflict of Interest: The Board has a clear policy to execute transactions, which have potential conflicts of interest in a manner that is in the best interests of the Company and its shareholders. Transactions between the Company and anyone, with which a possible conflict of interest might occur, require approval under the rules and regulations imposed by the Thai Capital Markets Supervisory Board, the SEC and the SET concerning information disclosure and undertaking of the listed Company regarding connected transactions. In addition, such transactions are subject to an approval process in which only unconnected persons may participate.

Details of connected transactions that may involve conflicts of interest (according to criteria of the Thai Capital Markets Supervisory Board, the SET and the SEC) must be disclosed in the Company's Annual Report; in the Annual Report form (Form 56-1) or declared in other reports (as the case may be). This also includes disclosure of information on connected transactions according to the general accepted accounting standard criteria. Details of connected transactions are disclosed in the section "Inter-Company Transactions".

In addition, pursuant to the Articles of Association, Directors shall notify the Company without delay of their interests in any contract executed with the Company or affiliated companies, and of their holding, and its increase or decrease, of shares or debentures of the Company.

- (3) Internal Control and Internal Audit:

The Board employs an appropriate, and effective, internal control system to ensure Management prevents and mitigates business risks, and produces accurate and reliable financial statements.

To protect the assets of the Company and shareholders' investments from potential loss, an internal audit unit has been set up as a separate division, responsible for auditing and monitoring the Company's operations for efficiency and effectiveness under a sufficient and appropriate internal audit system. The internal audit unit is independent and able to report its resultant audit openly. This allows management to be notified of problems and irregularities in a timely manner and to be able to establish measures to safeguard the Company's assets and shareholders' investments against fraud in the Company or its subsidiaries. This can also be applied to improve and develop the efficiency and effectiveness of the Company's operations.

In addition, an Audit Committee has been appointed to review and evaluate internal control systems, to examine disclosure and assessment of all relevant information for investors, and to ensure that the Company performs in compliance with regulations and governing laws.

Five aspects of the sufficiency of the internal control systems of the Company and its subsidiaries were evaluated. These were: the organization and environmental control system; the risk management system; Management control system; the information and communication system; and the monitoring system.

In addition, the Company and its subsidiaries have policies and measures in place to regulate business transactions with major shareholders, Directors and Management or connected persons so as to avoid conflicts of interest, in order to pursue the best interests of all parties concerned.

4. Meetings of the Board:

The Company arranges regular meetings of the Board at least once a month, and may hold special meetings as deemed appropriate, to continuously supervise management operations. The time allowed for each meeting is sufficient for the Board to consider all related matters. The Chairman and the President jointly establish and approve meeting agendas to ensure that

all material issues are fully considered by the Board. Each Director may independently propose agenda items and freely expresses opinions. At meetings, Directors are encouraged to use discretion to consider all raised issues.

The Company convenes each meeting in compliance with the provisions of the Public Company Act. The minutes of each meeting are properly documented, are certified by the Board, and are systematically filed under tight security.

5. Remuneration of Directors and Management

The Company rewards its Directors fairly and reasonably, taking into account directors' responsibilities and the Company's operating results. Directors' remuneration has been approved at the shareholders meeting.

The Company fairly remunerates its Management, taking into account their responsibilities, performance, the operating results of the Company, and comparability within the same field of business.

6. Training of Directors and the Executive

The Company continuously builds the corporate governance knowledge of its Directors and Management so they may carry out their business operations in compliance with good corporate governance principles. The Company supports all Directors to participate in training courses organized by the Thai Institute of Directors Association ("IOD"), so as to add to their knowledge concerning their roles in the Company, and apply such learning to their job performance.

2. Structure of the Board of Directors of the Company

As at December 31, 2017, the management structure of the Company consisted of three Executive Committees: (1) the Board of Directors (2) Sub-Committee including the Executive Management Committee and the Audit Committee and (3) The Management.

2.1 Functions and Responsibilities

2.1.1 Functions and Responsibilities of the Board of Directors

The Company has to manage the business operations of the Company to be in compliance with governing laws, objectives and resolutions of the shareholders' meeting. In addition, the Board of Directors of the Company is committed to conduct the business operations in compliance with corporate governance and has functions and responsibilities to approve the following: -

1. To carry out activities prudently and in compliance with related governing laws, the objectives of the Company, and the Articles of Association, in order to protect the Company's interests and for the benefit of shareholders.
2. To consider policy, vision, work plans and key strategies, as well as ethical standards for business operations, and to supervise and monitor the Management, to ensure that they perform duties efficiently and are in compliance with the Company's policies.
3. To monitor the operational results of the Company and any other key progress criteria.
4. To determine interim dividends to shareholders.
5. To ensure that financial reports are complete, accurate, reliable and timely, and are prepared in compliance with generally accepted accounting principles.
6. To monitor the implementation of internal control and audit systems; to comply with all regulations and related governing laws; and to ensure appropriate risk management.
7. To ensure that the Company performs in compliance with good corporate governance policies, and focuses on fair treatment for all related parties, and discloses all relevant information that might affect the interests of related parties and the public.
8. To monitor and to prevent conflicts of interest, and ensure that connected transactions and any other transactions that might affect the interests of related parties are in compliance with related rules and regulations.

2.1.2 Functions and Responsibilities of the Audit Committee

The Audit Committee is responsible for reviewing the Company's financial report, the adequacy of internal control systems, the risk management system, and the compliance with relevant laws, rules and regulations. In addition, the Audit Committee has to prepare a report or provide its opinion to the Board of Directors or the Company's shareholders (as the case may be) as the following:

1. to review the financial reporting process to ensure that the Company's financing reporting is accurate and adequate;
2. to review the internal audit systems and ensure that the Company has adequate internal control;

3. to ensure that the Company has duly complied with the laws on securities and exchange, the SET regulations, and the laws relating to its business;
4. to consider, select and nominate an independent auditor, to propose the independent auditor's remuneration, and to attend a non-management meeting with the independent auditor at least once a year;
5. to review connected transactions and transactions that may lead to conflicts of interests to ensure that they are in compliance with laws and the SET regulations and are reasonable and for the Company's highest benefit;
6. to prepare, and to disclose the Company's annual report, an audit committee's report which must be signed by the chairman of the audit committee and consist of at least the following information:
 - an opinion on the accuracy, completeness and creditability of the financial report;
 - an opinion on the adequacy of the internal control system;
 - an opinion on the compliance with the law on securities and exchange, the SET regulations, or the laws relating to the business;
 - an opinion on the suitability of an auditor;
 - an opinion on transactions that may lead to conflicts of interest;
 - the number of the audit committee meetings, and the attendance of such meeting by each committee member;
 - an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter; and
 - other transactions which, according to the audit committee's opinion, should be known to the Company's shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board of Directors;
7. In performing its duties as the Audit Committee, if suspicious cases such as the following are found, which might have significant effects on the financial status and performance of the Company, the Audit Committee has to report such cases to the Board of Directors of the Company in order to improve and solve the problem within the time frame approved by the Audit Committee:
 - Conflict of interest transactions
 - Fraud or defect in the internal control system
 - Non compliance with rules and regulations of the Securities and Exchange Act and rules and regulations of the SET and related governing laws.

In case the Board of Directors of the Company or the Management do not take any actions in order to improve and solve problems within the time frame as specified, the Audit Committee are deemed appropriate to report such transactions or such actions to the SEC or the SET.
8. To perform any other tasks as assigned by the Board of Directors upon the Audit Committee's consent.
9. To submit an operational report to the Board of Directors at least once a year.

Dr. Thiraphong Vikitset has a background and experience in the accounting and finance field, which is adequate to be responsible for reviewing the reliability of financial statements of the Company. Dr. Thirapong Wikitsait holds a Bachelor's degree of Science in Chemical Engineering and a Ph.D in Economics from West Virginia University.

2.1.3 Functions and Responsibilities of the Management Committee

The Management Committee was appointed by the Company's Board of Directors or the Shareholders' Meeting, to perform the following functions:

1. To manage and determine the business strategies, targets and operational plan, financial objectives and the budget of the Company by appropriately taking business factors into consideration and approval by the Board of Directors; in case circumstances change, the Management Committee shall review the use of the allocated budget to ensure that it is appropriate considering the circumstances. The Management Committee shall also undertake acts in line with the Company's business strategies in compliance with the policies determined by the Company's Board of Directors;
2. To monitor the work performance of each department to ensure the efficient and effective compliance with the Company's policies, business strategies, targets and operational plan, financial objectives and budget of the Company as approved by the Board of Directors considering the business environment, and to provide advice and suggestions on management to the high level management;
3. To select and nominate the high level management of the Company. In the initial stage, the Management Committee members shall consider persons who are fully-qualified, and who possess the knowledge, skills and experience that are

beneficial to the Company's business operations. The names of these persons shall then be nominated for approval by the Company's Board of Directors'; to specify the organizational structure and the management policy; to consider and monitor the succession plan for the Management, and the workforce plans, as well as the rules for remuneration payment and evaluation criteria for work performance by the Management.

4. To appoint and remove employees of the Company from office, and to determine their rewards.
5. To consider and provide suggestions or comments to the Board of Directors on proposed projects or the entering into of any transactions relating to the Company's business, and to consider fund-raising options where necessary and greater than the allocated budget and/or the amount provided by the relevant laws, rules, and regulations, or the amount that the Articles of Association of the Company require that the Shareholders' Meeting and/or approved by the Board of Directors, as provided in the Articles of Association of the Company.
6. To perform any acts relating to the general management of the Company, and such Committee shall have the authority and responsibilities as assigned by or as provided in the policy of the Board of Directors;
7. To appoint and/or assign the member of Management Committee or any person(s) to act within the scope of the Management Committee as it deems appropriate, and within the scope provided in the Table of Authority as defined by the Board of Directors. The Management Committee has the right to revoke or amend such authority within its scope of authority.

2.1.4 Functions and Responsibilities of the President

The President is responsible for duties as assigned by the Board of Directors of the Company as follows: -

1. To carry out activities prudently; to be in compliance with the objectives of the Articles of Association; and to be in line with establishing policy as approved by the Board of Directors of the Company, in order to protect the Company's interests and for the benefit of shareholders.
2. To monitor and manage daily operational results of each department to ensure these are carried out effectively and efficiently.
3. To assign, nominate, remove and punish employees and staff of the Company to comply with Company discipline.
4. To report work progress to be in line with work plans and budget as approved by the Board of Directors
5. To have the authority to issue orders, rules and regulations, notifications to manage the business operation to be in compliance with the Company's policy and for the best interest of the Company and to keep discipline within the organization.
6. To have the authority to appoint a sub-attorney or other person to be a representative to perform special duties under the scope of power of attorney and/or to be in compliance with rules and regulations, including Table of Authorities, as approved by the Company's Board of Directors and/or guidelines of the Company's Board of Directors and/or the Company.

3. Recruitment and Appointment of the Director, Sub-Committee and President

3.1 Recruitment of the Directors of the Company

The Company is responsible for the selection of Directors. The selection of Directors takes into consideration their background, knowledge, experience in related fields of business or consider representatives from the major shareholders of the Company who have appropriate qualifications deemed beneficial to the Company. The Appointment of new Directors must be resolved and approved at the meeting of the Board of Directors and/or the Shareholders' meeting (as the case may be). Below are procedures and criteria for the selection of the Directors.

- (1) Each shareholder shall have one vote for each share held.
- (2) At any shareholders' meeting to elect directors, each shareholder may exercise his voting right by electing candidates one by one or by electing a whole group comprising a number of candidates which is equal to the number of directors to be elected at the meeting at one time, as the meeting of shareholders may deem appropriate. In exercising the right to vote in either of the two options as aforesaid, each shareholder shall give all the votes that he is entitled to exercise as specified in (1) above to each candidate, and each shareholder may not divide his votes into portions to various candidate.
- (3) The candidates who receive the highest votes in their respective order of the votes shall be elected as directors in the number equal to the number of the directors of the Company or the number of the directors to be elected at such meeting. In the event of a tie of votes which causes the number of candidates to be elected to exceed the number of the directors of the Company or of the number of the directors to be elected at such meeting, the Chairman shall have a casting vote.

At every annual ordinary meeting of shareholders, one-third of the total number of directors of the Company shall retire. If the number of directors cannot be divided into three parts, the number of directors nearest to one-third shall retire. The directors to retire from office in the first and second years following the registration of the Company shall be determined by drawing lots. In the subsequent years, the directors who have been longest in office shall retire. Retired directors may be re-elected.

In the case of a vacancy of directorship for reason other than expiration of term of office, the board of directors shall elect a person possessed of qualifications and not possessed of disqualifications under the rules and regulations of the Public Company Act and the Securities and Exchange Act as the replacement director in the next meeting of board of directors, unless the remaining term of office of the director is less than two months.

The resolution of the board of directors under the above paragraph one must be supported by votes not less than three-fourths of number of the remaining directors.

The replacement director pursuant to the above paragraph one may hold only for the remainder of term of office of the director whom is replaces.

3.2 Recruitment of Independent Directors

The Company has a policy to recruit independent directors to be in compliance with notification of the Capital Market Supervisory Board No. 39/2559, Application for and Approval of Offer for Sale of Newly Issued Shares, dated September 30, 2016, (including the amendment), with details as follows: -

1. Holding share not exceeding 1% of voting shares in the Company, parent company, subsidiary companies, associated company or controlling persons of the Company, including shares held by related persons of such independent director.
2. Neither being nor used to be an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, a parent company, subsidiary companies, associated companies, same-level subsidiary companies, major shareholders, or controlling person, unless the foregoing status has ended for not less than two years prior to his or her appointment as the Company's independent director. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit, which is a major shareholder, or a controlling person of the Company.
3. Not being a person related by blood or legal registration as a father, mother, spouse, sibling, and child, including spouse of a child of the Company's directors, executives, major shareholders, controlling persons, or persons to be nominated as a director, executive, or controlling persons of the Company or subsidiary company.
4. Neither having nor used to have business relationship with the Company, a parent company, subsidiary companies, associated companies, major shareholders, or controlling persons, in the manner which may interfere with his or her independent judgment, and neither being nor used to be a significant shareholder, or controlling person of anyone having a business relationship with the Company, a parent company, subsidiary companies, associated companies, major shareholders, or controlling persons, unless the foregoing relationship has ended for not less than two years.

The term business relationship under the first paragraph shall include normal business transactions, rental or lease immovable property, and transactions relating to assets or services or granting or receiving of financial assistance. For example, these include receiving or extending of loans, guarantee, providing assets as collateral, and other similar actions which can potentially result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of net tangible assets of the Company or twenty million baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of the value of connected transactions under the notification of the Capital Market Supervisory Board's governing rules on connected transactions *mutatis mutandis*. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with person commences.

5. Neither being nor used to be an auditor of the Company, a parent company, subsidiary companies, associated companies, major shareholders, or controlling persons, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, a parent company, subsidiary companies, associated companies, major shareholders, or controlling persons, unless the foregoing relationship has ended for not less than two years.
6. Neither being nor used to be a provider of any professional services, including those as a legal advisor or financial advisor who receives service fees exceeding two million baht per year from the Company, a parent company, subsidiary companies, associated companies, major shareholders, or controlling person, and not being a significant shareholder, controlling person, or partner of the provider of the professional services, , unless the foregoing relationship has ended for not less than two years.

7. Not being a director appointed as representative of director of the Company, a major shareholder or any shareholders who are related to the major shareholder
8. Not undertaking any business in the same nature and in competition to the business of the Company or subsidiary companies, or nor being a significant partner in a partnership of an executive director, employee, staff, advisor who receives salary or hold shares exceeding one percent of total number of shares with voting rights of a company which undertakes its business in the same manner and in competition to that of the Company or subsidiary companies.
9. Not having any other characteristics which cause an inability to express independent opinions regarding the Company's business operation.

3.3 General Criteria for appointment of Directors in various sub-committee of the Company

The Board of Directors may appoint a sub-committee or many sub-committees to support the implementation of the Board of Directors. The sub-committee will be responsible to consider reviewing special important issues. The Board of Directors is responsible for appointing members of sub-committees, including issuing charter, functions and responsibilities and relevant others, in relation to such sub-committee. In each year, the Board of Directors will consider reviewing the charter of each sub-committee.

3.4 General criteria for appointing the President and remuneration

The Management Committee is responsible for the selection and appointment of top management. Members of the Management Committee will preliminary consider to recruit qualified persons who have knowledge, as well as appropriate qualification, skills, and experience which deemed beneficial to the Company' operation prior to submission of the name of the qualified persons to the Company's Board of Directors for approval. In addition, the Board of Directors is responsible to determine the organization structure, a management plan, a succession plan, manpower and criteria for remuneration as well as assessment of the Management's performance.

4. Supervision of operation in a subsidiary and associated company

The Company has a policy to supervise operation of a subsidiary or associated companies as follows: -

1. The Company will appoint a representative to be in a position of Director in each subsidiary company and/or associated company according to the Company's shareholding percentage in respective company. However, the Company's representative shall be considered and approved by the Company's Board of Directors.
2. The Board of Directors and the Management of each subsidiary company and/or associated company shall have functions and responsibilities to be in accordance with related governing laws. For example, the Board and the Management of each subsidiary company and/or associated company will report the Company of its financial status and performance, connected transactions, and acquisition or disposition of assets. In addition, they have to report the Company of the transactions which have potential conflicts of interest including their related persons to avoid conflict of interest. This is to comply with rules and regulations imposed by the Capital Market Supervisory Board and the SET.
3. The Company will set up a necessary work plan and action to ensure that a subsidiary company and/or associated company to report reliable financial status and performance. The Company will ensure an appropriation and sufficiency of disclosure system and internal control of a subsidiary company and/or associated company for a business operation.

In addition, the Company will closely follow up performance and operations of a subsidiary company and/or associated company and submit analysis report as well as its opinion or recommendation to the Company's Board of Directors as well as the Board of Directors of a subsidiary company and/or associated company for consideration to set up a policy or to improve a business operation to promote business development and continued growth in a subsidiary company and/or associated company.

5. Supervision of the use of inside information

The Company values supervision to ensure all group of shareholders can access the Company's information equitably and fairly. The inside information or undisclosed information which might have a direct impact on share price of the Company is considered confidential information for internal use to operate the Company's business. The Directors and the Management and all level of employees have to keep internal information as confidential. The Company has put in place the use of inside information as follows: -

1. Employees shall keep information of the Company's clients as confidential and shall not trade information and not to disclose, except to the extent required to be disclosed by applicable law or approved by the Board of Directors of the Company.

2. Any disclosure of information which might have any effect to the Company must be carried out by authorized person except for obtaining authorization from the authorized person.
3. The inside information involving business operations and administration is considered as confidential. Disclosure of such inside information to the public might have effect to the Company.
4. All employees and related persons shall not disclose non-public information to the public and shall not sell or purchase securities of the Company or of any Companies such persons get involved by using non-public information.
5. Important documents and confidential information must be carefully kept, taken care of and easy to find under special method at each level or each type of information (document or electronic). After the expiry period of the data retention, the responsible employee has to destroy information properly and correctly as some documents are to be kept to comply with governing laws. (as the case may be).

The Company has a policy to regulate the Directors and the Management to use inside information, that not disclosed to the public, for their benefit including purchasing and selling the security as follows: -

1. The Company will advise the Directors, the Management and the person who is in charge of the Accounting & Finance department to understand their duties to submit a report of ownership in the Company, including their spouses and children not yet of legal age, to the SEC to be in accordance with provision contained in section 59 and section 257 of the Securities and Exchange Act B.E. 2535. This includes a report of their acquisition and sales of security in the Company, including their spouses and children not yet of legal age, to the SEC to be in accordance with the section 246 and section 298 of the Securities and Exchange Act B.E. 2535.
2. The Company requires the Board, the Management and executive persons in charge of the Accounting or Finance department, including their spouses and children not yet of legal age, to prepare and submit reports of their ownership in the Company to the corporate secretary prior to filing such report to the SEC. Such report shall be prepared and submitted to the corporate secretary within 30 days from the date when they first hold the position. After that they shall report every transaction within three business working days from the purchasing or selling date.
3. Prohibition of the Board of Directors and employees in related departments, including their spouse and children not yet of legal age, of purchasing or selling the Company's securities within 1 month before quarterly and yearly financial report are due to be released publicly and within 24 hours from the disclosure date of such financial statements to the public.

In addition, the Board of Directors and employees in related department, including their spouse and children not yet of legal age, are prohibited from purchasing or selling the Company's security by using undisclosed information, which might affect the price of the Company's security, up until the expiration of the 24-hour period after such information has been disclosed to the public.
4. The Company has set up criteria and guidelines for penalties for offenders for use of inside information for personal advantage. The penalties include a letter of employee reminder, waiver of wage payment, temporary work suspension without payment, and lay off. The penalties will be considered subject to the intent of the action and the seriousness of the offense.

6. Audit Fees

For the fiscal year ended December 31, 2017, the Company paid an audit fee to the statutory auditors of the Company in the amount of BHT2,000,000. In addition, the Company paid other audit fees related to the report of the company's business operations in relation to the BOI, to the statutory auditors of the Company in the amount of BHT 180,000.

Social Responsibility

1. Overview of Policy

The Company has a policy to pursue its business operations with under well-managed administration practices with an adherence to creating a corporate culture in good corporate governance in parallel with social conservation and environmental preservation. The Company also realizes the importance of educational support, public well-being and safety, art, cultural preservation and social development with an aim to respond the need of the people in the local community to further enhance the sustainable growth in all respects, which can be partly reported below.

1.1 Business Operation with Fairness

The company aims to conduct business according to the Corporate Governance Policy and Code of Conduct of the company (Please see details under Section 2.11 Corporate Governance -11.1 Corporate Governance Policy) and is determined to promote the firm to be an organization that does business with transparency, ethics, and responsibility for shareholders and stakeholders.

The Board of Directors is determined to conduct business according to good corporate governance, focusing on justice, transparency, fairness, responsibility for society, culture and the environment, together with building sustainable development for all staff, customers, the community, and all stakeholders under the management.

“Transparent Thailand where all citizens live happily”

The Company's Board of Directors specifies principles of Good Corporate Governance for the Board, management, and all employees of the company to hold as follows:

- (1) Directors hold on to universal Corporate Governance and is determined to improve Good Corporate Governance continuously i.e. shareholders rights, equitable treatment of shareholders, shareholder roles, information disclosure and transparency, and responsibility of the Board.
- (2) Directors, Management and staff concentrate to apply Principle of Corporate Governance i.e. Creation Shared Value, Responsibility, Equitable treatment, Accountability, Transparency, and Ethics (C.R.E.A.T.E.) to use as a guideline to conduct business and to strictly abide by laws and related regulations of invested countries.
- (3) Directors establish the management structure to treat Directors, Management and shareholders with fairness, and consider policy, vision, work plans and key strategies, and supervise and monitor business operations, and ensure appropriate risk management. They are independent and responsible for business operations to conform to Good Corporate Governance by being an ethical leader and a good example to follow the Corporate Governance and Code of Conduct as well as promote the culture of Corporate Governance. They are responsible for all related stakeholders and to promote human rights, consumer rights, and fair labor as well as to establish a system to follow up, evaluate, and review for all employees to practice Corporate Governance in a complete and sustainable manner.

In addition, the Company makes a written announcement of a Code of Conduct for all stakeholders with shares values principle between the Company and stakeholders whereas the top management is responsible for the participation from all stakeholders and improves communication channels to express opinions to responsible business units continuously. The Company has a strict policy to treat all stakeholders fairly including shareholders, customers, employees, trade partners, competitors, community and society. The management and employees put the Code of Conduct into practice so they clearly understand how to fairly treat shareholders, trade partners, and customers, etc.

1.2 Anti-Corruption Policy

The Company is committed to pursuing its business operations with an emphasis on transparency with ethics and responsibility to shareholders, customers, employees, society and others stakeholders. The Directors, the Management and all level of employees are prohibited from operating or accepting, soliciting, demanding, or accepting assets or other benefits to other persons in business dealing with the Company, whether directly or indirectly, as a motive for them to do or refrain from doing any act to acquire or keep benefits that are unsuitable to the business, except as allowed by the laws, rules, regulations, local customs or tradition, or business customs, to create the balanced consideration of all related parties and fair treatment to all parties concerned. The Company has conducted Anti-Corruption awareness as guideline policies for the management and employees of the

group to perform in compliance with the principles of good corporate governance, Code of Conducts and/or related to the terms and regulations or any legal issues to create sustainable value and long-term growth of the business.

Objective

1. All levels of employees must not induce to act or refrain from acting that may lead to malfeasance and corruption, by not involving in corruption, whether directly or indirectly.
2. To support all level of employees' roles and responsibilities to take part in the activities of Anti-Corruption Policy Corruption, not to solicit, demand, or accept assets or other benefits to other persons in business dealing with the Company,
3. To conduct its business with fairness and enhance the confidence to its stakeholders.

Scope of Anti-Corruption Policy

Stakeholders of the Company who are involved in Anti-Corruption Policy Corruption are classified into 2 major groups as follows:-

1. **Internal** : Director, Management Team, and all level of staffs/employees
2. **External** : Customer or suppliers, contractor's sub-contractors, business partners, creditors, governmental authorities and private officers.

Anti-Corruption Definition

Corruption means any types of bribery; an offering, agreement to give, giving, promising to give, soliciting, or receiving of money, asset, or other inappropriate benefits from the government officers, government sectors, private sectors, or responsible person either in direct or indirect action so that such person could proceed or disregard his/her function in order to acquire, retain the business, recommend specific company to the entity, or achieve any improper benefits in business transaction. Exceptions shall be applied in case of laws, regulations, statements, standards, customs, or business traditions.

Roles and Responsibilities

1. The Board of Directors is responsible for determining the policy, and monitoring, and forming an effective system supporting Anti-Corruption acts in order to affirm that the Management Team intensively concerns, emphasizes, and cultivates an Anti-Corruption mindset as the company's culture.
2. Presidents and the Management are responsible for determining an Anti-Corruption system, promoting, and encouraging Anti-Corruption manners conveyed to all staff and related parties. This also includes reconsideration on systems or regulations in order to best adjust with business changes, regulation, standard, and laws.
3. The Audit Committee is responsible for revision of financial and accounting reports, internal control, internal audit function, and risk management so that such operations are concise, appropriate, effective, and conform to global standards.
4. The Internal Audit Director is responsible for auditing, assessment, and evaluations in business transactions whether they are accurate and comply with guidelines, approval authority, standards, laws, and policies in such monitored department in order to ensure that the internal controls are sufficient and suitable for probable risk in corruption. This shall be directly reported to the Audit Committee.

Anti-Corruption Guidelines

1. Staff shall not be negligent in any corruption conditions involved directly with the Company. All staff must notify such acts to supervisors or responsible persons provided in particular channels, including collaborate with the fact-finding investigations.
2. A person who commits the corruption is considered to have committed a disciplinary offense. This means such person needs to be considered for disciplinary action according to the Company's standards. Legal conviction may be applied in case such acts violate the laws.
3. The Company shall provide fairness and safeguard staffs who inform corruption cases relating to Anti-Corruption information.
4. The Company is concerned about the importance of dissemination, knowledge sharing, and constant communication with employees.
5. The Internal Audit Department of the Company will be responsible for reviewing and evaluating internal control systems, disclosure of Company information, and to review implementation of the provisions and risk management systems that can mitigate risks against corruption and report directly to the Audit Committee.

Provision in Implementation

Implementation of Anti-Corruption Policy (to interact properly with business partners and the related parties who have conflicts of interest)

All level of employees will be responsible for Anti-Corruption Policy in the business connection with customers, suppliers and all parties concerned. (Hereafter called “related parties who have conflicts of interest” who have a direct impact on business operations)

1. The employees must comply with the Anti-Corruption policy and measures, the Company’s corporate governance principles and code of business conduct and hospitality activities from other persons in business dealing with the Company.
2. The employees must not accept Gifts, Entertainment and Hospitality Offering gifts or entertainment and hospitality activities from other persons in business dealing with the Company, by not involving in, whether directly or indirectly.
3. Employees must not be corrupt or accept corruption in any form in any circumstance, covering the business otherwise getting prior approval from the direct supervisors. Any acceptance thereof as above from other persons must comply with the Anti-Corruption policy and measures, the Company’s corporate governance principles and code of business conduct and must not have any impact in business decision of such employee.
4. The employees must not perform any act to acquire or keep benefits from their positions in the Company or to accept Gifts, Entertainment and Hospitality Offering gifts or entertainment and hospitality activities from other persons in business dealing with the Company.
5. Whenever the employees advise the personnel to the Company, those actions must not go against the benefits and/or recruitment of the Company or refrain from doing any act to acquire or keep benefits that are against related laws and regulation.
6. There are no close relationships between supervisors and those under their supervision within the same departments such as: married couples, parents or offspring, that may impose conflicts of interest.
7. Business Relations and Procurement Process with the Public Sector or all types of bribery or illegal payments are prohibited in all business transactions, operation, and connection to the government.
8. Corrupt persons who violate or fail to comply with the Anti-Corruption measures must face punishment under the Company’s rules and may also face prosecution if the action violates the law.
9. Employees must be granted an approval from their supervisors before offering all types of gifts (such as the Company’s products) or entertainment and hospitality activities to other persons covering the business to be in compliance with the Anti-Corruption policy and measures, the Company’s corporate governance principles and code of business conduct. In case of emergency that in any circumstances, it has not been granted approval from their supervisors in advance, such employees are deemed to get an approval from their supervisors whatsoever after offering all types of gifts (such as the Company’s products) or all forms in any circumstances, to other persons covering the business.
10. The employees must not acquire or take benefits from their positions in the Company to perform inappropriate relationship, sexual harassment and other verbal or physical harassment of a sexual nature, any kinds of treatment or consideration of, or making a distinction in favor of or against (such discrimination based on race, sex, disabilities or religious). This also includes burglary, threats, force or any other kind of the action that violates the law.
11. Employees should ask or use request forms to get opinions from their supervisors or responsible persons when the employees face or doubt any act that is considered corruption in order to avoid any argument.

File complaints or reports of Fraud

1. Complaints or recommendations

- 1.1 A complaint if encountering any acts that are considered corruption, direct or indirect.
- 1.2 Any act that is considered corruption and/or have a direct effect on the internal control of the Company cooperate in the fact-finding investigation stipulated by the Company’s regulations.
- 1.3 Any act that has a direct impact on the Company’s reputation and benefits.
- 1.4 Any misconduct that is against the law, morals and/or business ethics.

2. Suitable report channel to file a complaint

When they face or doubt any act that might be considered corruption, employees have a responsibility to notify supervisors or responsible persons or through suitable report channels.

3. Channels of Communication between the Company and its Employees (Internal complaint)

1. Head of the Internal Control Department/ Head of the Human Resources Department or Head of Legal Department.
2. Mail Box
3. E-Mail : Orapin@tpipolenepower.co.th

4. Channels of Communication between the Company and outsiders (External complaints)

1. Letters : Mrs. Ordain Leophairatana
Vice Chairman
TPI Polene Power Public Company Limited
26/56 Chan Tat Mai Road, Thungmahamek, Sathorn, Bangkok 10120
2. E-Mail : orapin@tpipolenepower.co.th
3. Letters : The Audit Committee
TPI Polene Power Public Company Limited
26/56 Chan Tat Mai Road, Thungmahamek, Sathorn, Bangkok 10120
4. Tel. no. 02-285-5090 or 02-213-1039 Internal Audit Department

Identities and confidentiality protected

1. Identities protected

As the whistleblower or the person filing the grievance in good faith are greatly beneficial to the Company and all employees, therefore, the whistleblower or the person subject to such grievance and parties involving in the fact-finding and reporting process, no matter difficulties they might have, the Company will ensure that no employees shall be demoted, penalized or be otherwise affected because they honestly decline to participate in corruption.

The Company has the policy to investigate such reports with equity transparency, care and fairness and subject them to a proper investigation, information will be kept confidential and only be revealed when necessary while we will take into consideration safety and damage of the whistleblower or the person filing grievance, which will be carried out in a confidential manner to ensure staff who make the reports will have their identities protected.

2. Names and Confidentiality Protected

The whistleblower or the person filing the grievance (various groups of stakeholders or employee) may choose not to reveal his name, address or contact number unless he feels that such a disclosure will enable the Company to inform him a progress. Information will be kept confidential and only be revealed when necessary while we will take into consideration safety and damage of the whistleblower or the person filing grievance. The Company will hear all such reports with equity, transparency, care and fairness and subject them to a proper investigation, which will be carried out in a confidential manner to ensure staff that makes the reports will have their identities protected with fair treatment.

Fact-finding process and Penalty

1. Having received the grievance, the Management Representatives, whose members consist of the Compliance Unit and the Audit Committee, will be responsible to conduct an investigation.
2. Under the fact-finding process, the Management Representatives and the Audit Committee might assign the Management Representatives to keep them informed of the progress of further investigation.
3. In case that tips or the grievance are found to contain materiality, the person committing corruption or violating or failing to comply with the Anti-Corruption measures will be notified. The Company will grant the opportunities for the persons committing corruption or proved to be guilty to acknowledge the excuses and reserve the right for them to prove themselves by providing additional information, evidence that they aren't involved in any corruption or are guilty of violating or failing to comply with the Anti-Corruption measures as accused.
4. In case that the person who is committed corruption or violating or failing to comply with the Anti-Corruption measures, are proved to be guilty, the Company will take actions in accordance with the established procedures to investigate and levy disciplinary punishment on employees at fault, relating to corruption matters. Such person will be considered for discipline according to the Company standards. Legal conviction may be applied in case such act violates the laws. The Management's decision is considered the final judgment for punishment on employees at fault, relating to corruption matters.

Disclosure of the Anti-Corruption Policy

1. The Company announces the written publication of the Anti-Corruption Policy and measurements as a principal guideline for employees to follow.
2. The Company discloses the written publication of the Anti-Corruption Policy and measurements through the Company's channel, such as letters, the Company's Website and Annual Report., etc.
3. The Anti-Corruption Policy needs to be reviewed regularly, including with a possible revision of such policy and implementation provision in order to accord with business changes, regulation, standard, and laws.

1.3 Respecting Human Rights

The company realizes that community and environment are susceptible to its activities and business conduct; hence, the Board, the management, and all employees must respect the law, customs, traditions and local cultures where the company is conducting business. The Company consequently set the following guidelines:

- (1) Employees must treat any person in the areas of the establishment with respect, on the basis of human dignity, justice and respect for each other. They also comply with all applicable laws in the country.
- (2) The Company promotes diversity in employment and provides opportunities to grow and advance in career path without discrimination in favor or against any person, race, nationality, religion, country, education, age, sex, status, disability, and so on.
- (3) Employees must carefully handle stakeholder information.
- (4) Employees will not disclose confidential information of stakeholders to unauthorized persons, except for the written consent of the stakeholder or the authorized person of the company.
- (5) Employees must limit disclosure, use and access of stakeholder information as necessary.
- (6) Prohibiting employees from harassing or causing sexual nuisances in the workplace.

In addition, the operation and management of the security of the Company's area must comply with voluntary compliance with security and human rights principles.

1.4 Fair Labor Practices

The Company values its employees, focusing on all employees to progress, to have welfare and security, to develop their potential, and to be safe to work. To treat employees fairly, the guidelines are as follows:

- (1) The company has plans and training courses to teach the job to be done or relevant issues for employees to understand and to work properly, safely and suitably with the employees in each job position.
- (2) The Company organizes training for knowledge development, competitive advantage of its employees to support its growth and the progress of the employees
- (3) The company encourages the transfer of knowledge, teaching, work learning among employees.
- (4) The Company provides opportunities and support for employee education, and training to increase knowledge both inside and outside the organization following proper job description.
- (5) The Company has clear and strict employment regulations, including progress in the job with no restriction on gender, age, social status, race, ethnic, religious, educational institutions. The employment policies and working conditions are based on the needs of the job.
- (6) The company will not employ migrant workers including contractors and subcontractors.
- (7) The Company provides a channel for listening to employees' feedback and suggestions.
- (8) The Company provides benefits and welfare, equivalent to other companies in the same industry.
- (9) The Company creates a good working environment and a safe place to work.

1.5 Consumer Responsibility

The Company is committed to providing customers or consumers who buy products and services from the Company benefits and most satisfaction with the product by producing fair-priced, good quality products which show responsibility to customers and consumers. It needs to serve customers and consumers quickly and without discrimination. It also maintains sustainable relationships with customers and consumers. The guidelines are as follows.

- (1) To develop quality products and give full service by continuously delivering goods and services quickly to meet the needs of customers and consumers. The employees must also be fully dedicated to meeting customer needs with reasonable prices and without restrictions on consumer rights.
- (2) Not to commit any fraud or deception in the quality of the company's product and services by producing products and services that are safe, reliable and non-hazardous to the health of consumers. The warning signs and documentation must be specified in accordance with international quality management standard systems.
- (3) To store customer data in a secure system and not to disclose customers' data illegally and specify the fair price of the products and services.
- (4) To provide an agency responsible for providing adequate recommendation knowledge and understanding of products and services including counseling and offering solution. We also receive complaints in order to maximize customer satisfaction in products and services.

1.6 Environmental protection

The main business of the Company is the production and distribution of electricity and the service station for fuel and natural gas (NGV). It focuses on power plants that use waste heat and RDF fuels. Most of businesses are eco-friendly. The Company aims to create added value for society and the stakeholders with social responsibility.

1.7 Community or social development

Commitment to social and community development, promoting quality of life, and maintaining the environment so that the industry can live in harmony with society and the community, are what the company, as a company of Thai people, knows the importance of doing them along with business operations throughout. The Company has focused on developing sustainable practices in various areas as follows:

1.8 Innovative use and dissemination of innovations that is socially and environmentally responsible.

The Company is focused on innovation through the maximization of resources. The Company is focused on generating electricity from waste heat and RDF which uses waste as raw material for production. The use of alternative energy reduces carbon dioxide (CO₂) emissions into the atmosphere; thus, it is deemed an environmental-friendly innovation. The Company has publicized this principle to the community and people to learn and understand the Company's operations on various occasions.

In addition, RDF is produced from waste which derived from local communities and factories. The Company's business is an innovative business to recycle waste and also helps the community reduce waste, which is a national problem. It also helps reducing waste disposal processes of other public and private sectors, which saves energy indirectly, in accordance with the company's philosophy to create balance between business growth and environmental protection, and to create a strong Thai society and to be a driving force for the Thai economy and Thai society.

2. Implementation and Reporting (CSR in Process)

The Company has a clear policy on CSR and is committed to working closely with such policy to ensure that it helps create a quality society and environment. The company policy has been implemented for the benefit of the community and society as follows:

- (1) The Company is committed to implementing the guidelines of "Zero Waste" and has consistently followed this policy by regulating, supervising, and developing processes to ensure that the rate of waste emissions from operations is below the highest level allowed by the law. Also the Company reuses the waste heat from the cement production process to produce electricity power.
- (2) The Company is focusing on ways to reduce carbon dioxide (CO₂) emissions into the atmosphere, which causing greenhouse effect for the community. As a result, the Company has focused on operating the RDF power plant.
- (3) The Company is committed to reducing community waste by utilizing community waste for alternative RDF project. The use of such alternative fuels to generate electricity helps community waste management and reduces the quantity of the waste and the space for garbage collection.
- (4) The Company continues to use the waste monitoring system to monitor the emission of waste from the combustion process of the power plant and keeps tracks and controls the oxides of nitrogen (NO_x) and sulfur dioxide (SO₂) in each combustion process. And it controls the temperature and fuel-to-air ratio during the combustion process to maintain the level of waste discharge to the level required by law.
- (5) The Company shall cooperate and comply with the regulations, laws and other requirements related to the environment.

3. Businesses that affect social responsibility

- None -

4. Additional Guidelines on Prevention of Corruption Involvement

The Company has a policy against corruption. The Company focuses on promoting morality, ethics, transparency in business operation according to the business ethics of the Company. It also operates a business using a management system that is efficient, transparent, and auditable. In addition, the Company encourages its personnel at all levels not to deal with corruption directly and indirectly and to participate in preventing and combating corrupted practices related to the Company's business.

The Company has a policy regarding gifts and other benefits from/to the person or company that conducts business with the Company. To avoid any conflict of interest, the employees of the company must not accept or claim, directly or indirectly, any gifts or bribes, special remuneration or incentives that are valued by outsiders who are involved in business. And if any employees need to do that, one must receive approval by the direct supervisor before. The receipt of such gift must comply with the rules, business practices or business etiquette and it must have no influence on business decisions of employees.

In addition, the Company has a policy that does not allow or encourage unlawful payments or bribe a government agency. It also provides a way to clearly report clues or complaints when people see the wrong action. The investigation and penalties are set out in the Company's Anti-Corruption Policy.

Internal Control and Risk Management

At the Board of Directors' meeting no. 1/2561, held on January 30, 2018, attended by the 3 Audit Committees, the Board considered and evaluated the sufficiency of the internal control systems of the Company by investigating the Management and other relevant departments, and considering assessment report, which was prepared by the Management and reviewed by the Audit Committee. These were 5 aspects of internal control systems as follows:-

1. The organization and environmental control system
2. The risk management system
3. Management control system
4. Information and communication system
5. The monitoring system

The resultant assessment showed that the internal control systems of the Company operated appropriately and sufficiently. The Company provided sufficient employee to efficiently follow-up the internal control systems, and to sufficiently monitor the operation of the Company to safeguard the Company's assets including transactions which a possible conflict of interest might occur. The Board also considered that other aspect of the internal control systems is sufficient.

Inter-Company Transactions

Disclosure of information about inter-company transactions, and other transactions that might have the potential to involve conflicts of interest, is in compliance with the rules and regulations imposed by the SET and the SEC.

The Audit Committee has performed its duties and responsibilities to review inter-company transactions. The procedures used in inter-company transactions have always been subject to the normal terms and conditions of business and reflect applicable market prices. The Company established procedures for the above transactions in the same manner as for transactions with general customers and all inter-company transactions reflect applicable market prices to ensure that there are no conflicts of interest.

As of December 31, 2017, the Company had inter-company transactions with related persons, which might have the potential to involve conflicts of interest. The Directors and/or Management have considered the reasonableness of the above inter-company transactions, and all were undertaken for the maximum benefit of the Company and were subject to the normal terms and conditions of business to reflect applicable market prices and in compliance with the rules and regulations imposed by the SET and the SEC. Details of the inter-company transactions are contained in Note 4 of the consolidated financial statements as at December 31, 2017, which can be summarized as follows:

13.1 Inter-Company Transaction between the Company and related persons that might have the potential to involve conflicts of interest

(1) TPI Polene Public Company Limited ("TPIPL")

TPIPL is a major shareholder of the Company. TPIPL holds 70.24% of paid up capital in the Company. In addition, TPIPL and the Company have 6 common directors including: Mr. Prachai Leophairatana, Dr. Pramuan Leophairatana, Mr. Prayad Liewphairatana, Mrs. Orapin Leophairatana, Miss Malinee Leophairut and Mr. Khantachai Vichakkhana as of December 31, 2017.

Transaction	Transaction Size (Million BHT)		Necessity and Reasonableness	Opinion of the Audit Committee
	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017		
Revenue from power sales	555.0	570.3	The Company sold power generated from its power plant to TPIPL. The Company received a monthly electricity tariff from TPIPL at the same rate as the average tariff rate at which TPIPL purchased power from the PEA.	Classified as ordinary course of business of the Company at reasonable price and beneficial to the Company.
A/R	54.5	80.1		
Revenue from sales of shredded tire	7.2	-	The Company provided service for tire shredding to TPIPL by charging fee at actual cost plus 10% margin. The Company will have this transaction with TPIPL until there is no used tire in the stock of TPIPL. The Company purchased used tire from TPIPL to be processed for use in the Company's business.	Classified as ordinary course of business of the Company at actual cost plus 10% margin to better reflect opportunity cost of the Company.
Revenue from service of shredding tire	10.0	9.0		
A/R	1.9	0.9		
Expense for purchasing used tire	9.0	-		
Revenue from petrol and gas station	38.7	41.1	The Company sold petrol and gas at its service stations at retail market price to TPIPL for use in TPIPL's vehicles.	Classified as ordinary course of business of the Company at retail market price, which is reasonable and beneficial to the Company.
A/R	3.2	3.1		
Revenue from sales of steam	24.8	35.1	The Company sold steam to TPIPL at BHT650 per ton which was derived from production cost plus 10% margin.	Classified as ordinary course of business of the Company at actual cost plus 10% margin which reflects opportunity cost of the Company.
A/R	2.1	2.7		
Revenue from provision of labor	24.0	37.4	The Company sent certain of its employees to operate power plant of TPIPL's tile production plants by charging labor cost at actual cost plus 10% margin.	Classified as transaction at reasonable price and beneficial to the Company.
Other A/R	1.9	3.7		
Expenses to purchase waste heat from TPIPL	9.6	10.8	The Company entered into an agreement with TPIPL to purchase waste heat emitted from cement plant of TPIPL at BHT0.06/Kwh, which was derived from additional cost of TPIPL to deliver waste heat to power plant of the Company.	Classified as ordinary course of business of the Company, which results in lower production cost of power of the Company as compared with other fuel. This transaction is reasonable and beneficial to the Company.
Payables and advance from related parties	10.8	1.1		

Transaction	Transaction Size (Million BHT)		Necessity and Reasonableness	Opinion of the Audit Committee
	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017		
Expenses for power purchase	82.6	34.7	The Company purchased power from TPIPL to be used in the Company's RDF plant and some petrol and gas service at the same tariff rate as the rate at which TPIPL purchased power from the PEA using a 115 kv system. Such tariff rate was lower than the tariff rate applicable to the Company if the Company purchased power from the PEA. The Company would also need to install additional transmission lines to connect its power system with that of the PEA if the Company purchased power from the PEA.	Classified as ordinary course of business of the Company at market price. This transaction is reasonable and beneficial to the Company
Payables and advance from related parties	0.5	3.1		
Expenses to purchase petrol	54.6	47.1	The Company purchased petrol from TPIPL for its petrol service station only in Saraburi Province at TPIPL's cost. TPIPL regularly purchases at large volumes and at discounted prices in the open market.	Classified as ordinary course of business of the Company at market price. This transaction is reasonable and beneficial to the Company
A/P	7.5	3.8		
Expenses to purchase coal	240.9	551.7	The Company purchased coal from TPIPL at TPIPL' cost plus 10% margin. The price was adjustable subject to heat content of coal.	Classified as ordinary course of business of the Company at actual cost plus 10% margin. This transaction is necessary to the Company. This transaction is reasonable and beneficial to the Company
A/P	14.2	60.5		
Expenses to purchase untreated water	33.5	45.9	The Company purchased untreated water from TPIPL for use in its power generation process at actual cost plus 10% margin.	Classified as ordinary course of business of the Company at actual cost plus 10% margin. This transaction is necessary to the Company. This transaction is reasonable and beneficial to the Company. In case the Company makes its own investment in water facility, the project investment cost is too high and it is not feasible to invest.
A/P	4.0	5.8		
Expenses to purchase shredded tire	41.7	34.9	The Company purchased shredded tire from TPIPL at production cost plus 10% margin of TPIPL.	Classified as ordinary course of business of the Company at actual cost plus 10% margin. This transaction is necessary to the Company. This transaction is reasonable and beneficial to the Company.
Payables and advance from related parties	9.7	3.4		
Expenses for rental of land	7.6	8.3	The Company leased a number of premises from TPIPL, including land for power plant, RDF plant and petrol and gas service stations. The land was leased at the rate comparable or less than the rate as offered by TPIPL to outsider.	Classified as ordinary course of business of the Company at market rate. This transaction is necessary to the Company. This transaction is reasonable and beneficial to the Company.
Advance payment	4.1	4.1		
Revenue from sales of spare parts and others	7.4	1.8	The Company and TPI Polene Plc. and its affiliated companies have many plant equipment and spare parts that can be used together. Therefore, both the Company and TPI Polene and its affiliates have a discussion on how to keep the factory equipment and spare parts from overlapping. This was the case when the company needed to use plant equipment and spare parts that TPI Polene and its affiliates had available and could be used quickly and saw the readiness of the plant and spare parts. Thus, the Company purchased plant equipment and spare parts from TPI Polene and its affiliates at the real cost plus 10% of the cost. In addition, the Company has hired China National Electric Engineering Co., Ltd. ("CNEEC") to design, purchase and control the construction of its power plants. Under the contract, CNEEC has purchased the cement from the Company and the Company can deduct its purchase from the payment to CNEEC. Therefore, the Company purchased the cement from TPI Polene Plc. at a cost plus 10% of the cost and sold to CNEEC at the market price. The company benefited from the use of TPI Polene's cement products, which are high quality cement, and from cost savings of transportation since TPI Polene's cement plant is also located in the vicinity of the company's power plant project.	Classified as ordinary course of business of the Company at market rate. This transaction is necessary to the Company. This transaction is reasonable and beneficial to the Company.
A/R Receivables and advance to related parties	0.1	0.0		
Expenses for purchasing spare parts, cement and others	335.3	206.7		
Account Payables Payables and advance from related parties	78.4	15.2		

Transaction	Transaction Size (Million BHT)		Necessity and Reasonableness	Opinion of the Audit Committee
	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017		
Expenses for service fee under Framework Agreement	120.0	120.0	The Company entered into a Framework Agreement with TPIPL whereby TPIPL was engaged to perform certain task and responsibilities for the Company both at the factory and head office, primarily relating to, among others, purchasing, administration, accounting, finance, security service, public relations, legal, engineering, information technology, HR and other services. The service fee was at BHT 10,000,000 per month, which was derived from service cost plus 10% margin.	Classified as ordinary course of business that supports the Company's operation. TPIPL's service under the Framework Agreement reduces the need for the Company to employ its own personnel for these tasks. This transaction is therefore reasonable and beneficial to the Company
Payables and advance from related parties	-	10.0		
Expenses for purchasing products and other services	9.8	23.8	The Company purchased products from TPIPL for trading in its convenient store at its petrol and gas stations. The price was made on market rate as offered by TPIPL to both related and non-related parties. Other product and services purchased from TPIPL were made on actual cost plus 10% margin. Other products and services included water, telephone, and equipment and security services used in the Company's office.	Classified as ordinary course of business that supports the Company's operation. This transaction is therefore reasonable and beneficial to the Company.
Payables and advance from related parties	0.9	3.3		

(2) TPI Polene Bio Organics Company Limited

TPI Polene BIO Organics Company Limited is a 99.99%- owned subsidiary company of TPIPL. TPIPL holds 99.99% of paid up capital in TPI Polene BIO Organics Co., Ltd. In addition, the Company and TPI Polene Bio Organics Co., Ltd. have 8 common directors including: Mr. Prachai Leophairatana, Dr. Pramuan Leophairatana, Mr. Prayad Liewphairatana, Mrs. Orapin Leophairatana, Miss Pattrapan Leopairut, Mr. Pakorn Leopairut, Mr. Pakapol Leopairut and Mrs. Nitawan Leophairatana as of December 31, 2017.

Transaction	Transaction Size (Million BHT)		Necessity and Reasonableness	Opinion of the Audit Committee
	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017		
Revenue from Sales of organic material and other raw material	77.3	17.1	The Company sold residual organic material produced by the Company's RDF production plants to TPI Polene Bio Organics Co., Ltd. to be used as raw material to produce organic fertilizers. The selling price of organic materials was indexed to the Company's cost of production plus a profit margin. However, in the future, the Company expects that this transaction will be less significantly as the Company has developed production process to use the residual organic material as input to produce output as RDF in the Company's RDF plant.	Classified as ordinary course of business. This transaction is therefore reasonable and beneficial to the Company. In addition, the Company has policy to classify aging for Account Receivables and provide provision loss for doubtful account of related parties to be the same as those for non- related parties
A/R	66.4	5.5		
Payables and advance from related parties	1.2	1.0		

(3) TPI Concrete Company Limited

TPI Concrete Company Limited is a 99.99%- owned subsidiary company of TPIPL. TPIPL holds 99.99% of paid up capital in TPI Concrete Company Limited. In addition, the Company and TPI Concrete Company Limited have 4 common directors including: Mr. Prachai Leophairatana, Dr. Pramuan Leophairatana, Mr. Prayad Liewphairatana and Mrs. Orapin Leophairatana as of December 31, 2017.

Transaction	Transaction Size (Million BHT)		Necessity and Reasonableness	Opinion of the Audit Committee
	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017		
Revenue from sales of petrol and gas	9.7	7.1	The Company sold petrol and gas to TPI Concrete Co., Ltd. for use in vehicles of TPI Concrete Co., Ltd. at retail price as offered by the Company to both related parties and non-related parties.	Classified as ordinary course of business at market ate. This transaction is therefore reasonable and beneficial to the Company
A/R	0.8	0.6		

(4) Polene Plastic Company Limited

Polene Plastic Company Limited is a 99.99%- owned subsidiary company of TPIPL. TPIPL holds 99.99% of paid up capital in Polene Plastic Company Limited. In addition, the Company and TPI Concrete Company Limited have 7 common directors including: Mr. Prachai Leophairatana, Dr. Pramuan Leophairatana, Mr. Prayad Liewphairatana and Mrs. Orapin Leophairatana, Miss Pattapan Leopairut, Mr. Pakorn Leopairut and Mr. Pakkapol Leopairut as of December 31, 2017.

Transaction	Transaction Size (Million BHT)		Necessity and Reasonableness	Opinion of the Audit Committee
	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017		
Short-term loans	-	-	The Company had US dollar expenses and investments in the course of constructing power plants. Polene Plastic Co., Ltd., engaged in import-export business, has income in USD dollars. The Company sourced USD dollars from Polene Plastic Co., Ltd. to pay its USD dollars - denominated expenses at an exchange rate lower than that offered by financial institutions. However, since January 2016, such transactions are documented in a BHT promissory note with an interest rate of MLR minus 1.5% per annum.	Classified as ordinary course of business. This transaction is therefore reasonable and beneficial to the Company
Interest expenses	16.5	-		

(5) Bangkok Union Insurance Public Company Limited

Bangkok Union Insurance Public Company Limited is 26.61% held by Leophairatana Enterprises Co., Ltd., 9.19% held by Hong Yiah Seng Real Estate and Investment Co., Ltd. and 14.57% by Leophairatana group. In addition, the Company and Bangkok Union Insurance Public Company Limited have 3 common directors including: Mr. Prachai Leophairatana, Miss Malinee Leophairut and Mr. Manu Leopairote as of December 31, 2017.

Transaction	Transaction Size (Million BHT)		Necessity and Reasonableness	Opinion of the Audit Committee
	Fiscal year ended December 31, 2016	Fiscal year ended December 31, 2017		
Expenses for insurance premium	18.1	29.6	The Company purchased all risk insurance cover from Bangkok Union Insurance Public Company Limited at premium rate as offered to outsider.	Classified as ordinary course of business of the Company. This transaction was made on bidding basis at market price. This transaction is therefore reasonable and beneficial to the Company.
Advance for insurance premium	10.5	16.6		
Payables and advance from related parties	0.6	0.0		

2. Procedures to approve Related Transactions

The Company's Board of Directors' meeting no.13/2560, held on November 30, 2017, passed a resolution to establish and approve policies governing related party transactions as follows:-

1. The Company is required to comply with measures and approval procedures set forth in the relevant rules and regulations of the SEC and the SET, concerning related party transactions and relevant disclosure requirements. The procedures used in related party transaction have always been subject to the normal term and conditions of business and reflect applicable market prices. The Directors and the person who have potential conflicts of interest will not attend the Board of Directors' meeting on such agenda, to consider and approve the related party transactions.
2. The Board of Directors will provide procedures to approve the related party transactions to be carried out under the standards of integrity and reviewed by the Audit Committee to be in the best interest of the Company and its shareholders. This complies with the SEC and the SET regulations. The Company will disclose the related party transactions to the public accurately and completely. The related party transactions are subject to reflect applicable market prices.

3. Policy for the Related Party Transactions

To have the related party transactions carried out on transparency basis, the Company has policy for the related party transactions as follows:

1. The Company expects to continue its business transactions with major shareholder and related parties in the normal course of its business without conflict of interest. The Company is committed to comply with regulations of the SET and related authorities based on reasonable criteria and applicable market prices.
2. In case there will be any related party transactions occurring in the future, the Company will carry out the related party transaction to be in compliance with regulations of the Securities and Exchange Act B.E 2535. Disclosure of related party transactions shall be in accordance with the relevant rules and regulations of the SET as well a prevailing accounting policy.
3. In case the related party transactions continuously occur as normal course of business, the Company has policies and measures in place to regulate such related party transactions to be carried out under normal commercial terms and conditions with fair and reasonable prices. Such transactions can be audited and are in compliance with normal terms and conditions of general trading, which will be approved by the Board of Directors.
4. In case there are related party transactions or any amendments of the agreement and terms in relation to any transaction with major shareholders, Directors or Management or any person, which conflict of interests might occur, such transactions are subject to an approval process in which only unconnected persons may participate.

4. Potential Future Related Transactions

The Company expects to continue its business transactions with major shareholder and/or related parties in the normal course of its business. Such transactions are necessary to the business operation of the Company. The transactions are as follows-

1. To sell power to TPIPL
2. To sell petrol and gas at petrol and gas stations to TPIPL group and persons that might have the potential to involve conflicts of interest.
3. To lease a number of premises, including land and office space, from TPIPL group and persons that might have the potential to involve conflicts of interest.
4. To purchase / to sell products and services with TPIPL group as follows:
 - To purchase products and services i.e., waste heat, untreated water, coal, spare parts and services provided by TPIPL at both factory and head office to support the Company's operation under the Frame Work Agreement
 - To sell products and services to TPIPL i.e. steam, provision of labor for repair and maintenance of power plants.
5. To purchase / sell various products and services within TPIPL group such as RDF, organic material, spares parts and other raw materials.
6. To purchase all risk insurance cover and life insurance cover from related parties that might have the potential to involve conflicts of interest.

The Company adheres to practice for the connected transactions to comply with measures and approval procedures set forth in the relevant rules and regulations of the Securities and Exchange Act B.E 2535, the Capital Market Supervisory Board, the SEC, and the SET including the policy and related notifications of the Company such as Code of Practice, policies governing related party transactions.

Operating Results and Financial Status for 2017

1. Operating Result of the Company

Revenues

Total revenue from sales (comprising revenue from sale of power and goods and revenue from adders in 2017 were Baht 4,864.8 million compared with Baht 4,368.2 million in 2016, an increase of Baht 496.7 million or 11.4%. An increase in sales revenues was primarily attributed to the increase in sales revenues in the energy and utilities business, which was Baht 4,164.7 million in 2017 compared with Baht 3,509.6 million in 2016.

In 2016, sales of power were Baht 3,501.2 million comprising of sales to EGAT Baht 2,982.0 million and sales to TPIPL Baht 519.2 million; whereas in 2017 sales of power were Baht 4,120.5 million comprising of sales to EGAT Baht 3,550.2 million and sales to TPIPL Baht 570.3 million. The sales increase was primarily due to higher average utilization rate of power plants in 2017 compared with the same in 2016.

Sales from petrol and gas stations decreased from Baht 781.3 million in 2016 to Baht 700.1 million in 2017, which was mainly due to decreased sales volumes of petrol and gas.

Other Income

In 2017 the Company had investment income of Baht 72.3 million compared with Baht 6 million in 2016, an increase of Baht 66.3 million or 1,097.8 %. due to interest income increase as a result of higher amount of cash and investments in 2017. Other income increased from Baht 34.0 million in 2016 to Baht 49.4 million in 2017, an increase of Baht 15.5 million or 45.5 %.

Cost of Goods Sold

Cost of goods sold decreased from Baht 2,265.0 million in 2016 to baht 2,227.5 million in 2017, a decrease of baht 37.5 million or 1.7% mainly due to the fact that cost of goods sold of petrol and gas business decreased Baht 65.1 million to be in line with the decreased proportion of sales revenues.

Gross Profit

Gross profit increased from Baht 2,103.2 million in 2016 to baht 2,637.3 million in 2017, an increase of baht 534.1 million or 25.4 % as a result of an increase in power generating in 2017 compared with the same in 2016. Gross profit margins increased from 48.1 % in 2016 to 54.2 % in 2017.

Selling Expenses

Selling expenses decreased from Baht 65.0 million in 2016 to Baht 63.8 million, a decrease of baht 1.2 million or 1.9% mainly due to a decrease in utilities and repair and maintenance expenses of petrol and gas stations. Selling expenses were accounted for 1.5% of sales revenue in 2016 while were accounted for 1.3 % of sales revenue in 2017, a decrease was a result of increased sales revenue especially those from Energy and Utilities business.

Administrative Expenses

Administrative expenses increased from Baht 125.6 million in 2016 to Baht 188.8 million in 2017, an increase of Baht 63.2 million or 50.4% due to an increase in the number of power plants. Administrative expenses were accounted for 2.9% of sales revenue in 2016 whereas were accounted for 3.9 % of sales revenue in 2017, an increase was a result of an increase in the number of power plants.

Finance cost

In 2016, the Company had finance costs of Baht 160.4 million compared with Baht 40.9 million in 2017, a decrease of baht 119.5 million or 74.5% mainly due to the fact that the Company used the proceeds from the shares offering to repay long-term loans, decreasing interest expenses.

Income Tax Expense

In 2017 the company paid income tax expense of Baht 75.6 million because WH-40MW and RDF-20MW power plants started paying tax after the tax exemption benefit from BOI was expired in June 2017.

Net Profit

In 2017 the Company registered net profits of Baht 2,591.5 million compared with Baht 1,824.2 million in 2016, an increase of Baht 767.3 million or 42.1%. The Company's net profit margin increased from 41.1% in year 2016 to 50.0% in 2017 due to the increase amount of power sold.

2. Financial Status and Financial Ratio

Assets

At year-end 2016 and 2017, total consolidated assets were Baht 18,169 million and Baht 27,567 million respectively. The increase in assets value was mainly due to an increase in current investments because the Company issued common shares in the initial public offering of the Company and used the proceeds to primarily repay the long-term debt and the remaining proceeds were invested in a private investment fund managed by an independent asset management company. Property, plant and equipment also increased from investment in the power plants of the Company.

At year-end 2016 and 2017, total consolidated current assets were Baht 1,705 million and Baht 5,840 million respectively. The increase in total current assets was in line with the increase in cash and cash equivalent, and current investments. Accounts receivables represented 48.3% and 12.6% of total current assets, which equated to an average collection period of 103 days and 58 days respectively. Inventory accounted for 23.0% and 7.70% of total current assets in 2016 and 2017, equating to average inventory turnover periods of 66 days and 68 days respectively.

As of December 31, 2016 and December 31, 2017, the property, plant and equipment of the Company were Baht 15,459 million and Baht 21,504 million respectively. The increase in the property, plant and equipment was mainly due to additional investments in various projects in energy and utilities businesses.

Liabilities

Total consolidated liabilities were Baht 9,848 million and Baht 3,353 million at the end of 2016 and 2017 respectively. The debt liabilities decreased because the Company has paid back loans from financial institutions and related parties by the proceeds from the shares offering. As of December 31, 2017 the Company had no financial obligation to financial institutes. Other payables accounted for 84.3% and 91.7% of total current liabilities in 2016 and 2017 respectively since the Company imported machinery of power plant from abroad.

Trade account receivables at year-end 2016 and 2017 were Baht 97 million and Baht 173 million, equating to an average payment period of 15 days and 22 days respectively.

Shareholders' Equity

As of December 31, 2016 and December 31, 2017, shareholders' equity was Baht 8,321 million and Baht 24,214 million respectively. As a result of the shares offering in the initial public offering of the Company, shares premium on ordinary shares were Baht 14,581 million as of December 31, 2017.

Capital Structure

At the end of 2016 and 2017, the debts to equity ratios were at 1.18 times and 0.14 times respectively, and the financial debt to equity ratios were 0.84 times and 0 times respectively because the Company used the proceeds from the shares offering to repay long-term and short-term debts from financial institutions and related parties.

Financial Liquidity

In 2016 and 2017, consolidated net cash flow from operating activities of the Company were Baht 2,826 million and 2,596 million respectively.

In 2016 and 2017 net cash flow from investing activities of the company were Baht (5,324) million and Baht (8,580) million respectively as the Company consistently invested in power plants.

In 2016 and 2017 net cash flow from financing activities of the Company were Baht 2,670 million and Baht 6,155 million respectively since the Company received Baht 17,500 million from shares offering in the initial public offering of the Company in 2017. As a result, by year-end 2016 and 2017 net increase in cash and cash equivalent were Baht 172 million and Baht 170 million respectively.

Financial Information

1. Summary of Separate financial statements of TPI Polene Power Plc. in 2015, 2016 and 2017

1.1 Statement of financial position

(unit : Million Baht)	As of December 31,					
	2015	%	2016	%	2017	%
Current assets						
Cash and cash equivalents	113.74	0.90	285.86	1.57	456.16	1.65
Current investments	0.34	0.00	-	-	3,774.56	13.69
Trade accounts receivable	1,678.61	13.24	822.81	4.53	736.99	2.67
Other receivables	12.15	0.10	38.66	0.21	126.40	0.46
Short-term loans to related party	-	-	-	-	-	-
Receivables and advances to related parties	16.75	0.13	18.95	0.10	27.62	0.10
Inventories	440.29	3.47	392.64	2.16	449.33	1.63
Other current assets	11.93	0.09	146.42	0.81	268.49	0.97
Total current assets	2,273.82	17.94	1,705.34	9.39	5,839.55	21.18
Non-current assets						
Investments in subsidiaries	-	-	-	-	-	-
Other long-term investments	5.55	0.05	5.48	0.03	5.41	0.02
Investment properties	44.26	0.35	-	-	-	-
Property, plant and equipment	9,282.40	73.24	15,459.21	85.08	21,503.53	78.00
Leasehold rights	1.46	0.01	0.65	0.00	0.38	0.00
Advances for plant and equipment	882.43	6.96	808.93	4.45	103.29	0.37
Deferred tax assets	183.66	1.45	189.74	1.04	114.76	0.42
Parent's shares held for donation	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-
Total non-current assets	10,399.76	82.06	16,464.01	90.61	21,727.36	78.82
Total assets	12,673.58	100.00	18,169.35	100.00	27,566.91	100.00
Current liabilities						
Short-term loans from financial institutions	-	-	28.73	0.16	-	-
Trade accounts payable	85.54	0.68	96.89	0.53	173.25	0.63
Other payables	1,366.22	10.78	2,382.16	13.11	2,902.91	10.53
Payables and advances from related parties	425.12	3.35	101.25	0.56	32.37	0.12
Short-term loans from related party	-	-	1.27	0.01	-	-
Current portion of long-term loans from financial institutions	-	-	165.00	0.91	-	-
Income tax payable	-	-	-	-	-	-
Other current liabilities	85.43	0.68	49.57	0.27	55.89	0.20
Total current liabilities	1,962.31	15.49	2,824.87	15.55	3,164.42	11.48
Non-current liabilities						
Long-term loans from financial institutions	-	-	2,331.63	12.83	-	-
Long-term loan from related party	1,635.02	12.90	4,528.85	24.93	-	-
Provisions for employee benefits	31.05	0.24	58.15	0.32	70.65	0.26
Decommissioning costs	-	-	104.86	0.58	117.81	0.43
Total non-current liabilities	1,666.07	13.15	7,023.48	38.66	188.46	0.68
Total liabilities	3,628.38	28.63	9,848.36	54.20	3,352.87	12.16
Shareholders' equity						
Authorized share capital	5,900.00	46.55	8,400.00	46.23	8,400.00	30.47
Issued and paid share capital	5,900.00	46.55	5,900.00	32.47	8,400.00	30.47
Shares premium on ordinary shares	-	-	-	-	14,580.89	52.89
Retained earnings						
Appropriated						
Legal reserve	-	-	218.80	1.20	348.38	1.26
Unappropriated	3,145.20	24.82	2,202.19	12.12	884.77	3.21
Other components of equity	-	-	-	-	-	-
Total shareholders' equity	9,045.20	71.37	8,320.99	45.80	24,214.03	87.84
Total liabilities and shareholders' equity	12,673.58	100.00	18,169.35	100.00	27,566.91	100.00

1.2 Statement of comprehensive income

(unit : Million Baht)	As of December 31,					
	2015	%	2016	%	2017	%
Income						
Revenue from sale of power and goods	1,996.38	71.43	2,690.64	60.69	2,853.60	55.00
Revenue from adders	632.99	22.65	1,677.52	37.84	2,011.21	38.77
Net foreign exchange gain	-	-	25.16	0.57	201.62	3.89
Investment income	24.05	0.86	6.04	0.14	72.30	1.39
Other income	141.41	5.06	33.96	0.77	49.42	0.95
Total income	2,794.83	100.00	4,433.32	100.00	5,188.15	100.00
Expenses						
Cost of sales of power and goods	(1,624.50)	(58.13)	(2,265.01)	(51.09)	(2,227.54)	(42.94)
Selling expenses	(68.93)	(2.47)	(65.03)	(1.47)	(63.82)	(1.23)
Administrative expenses	(33.28)	(1.19)	(125.56)	(2.83)	(188.77)	(3.64)
Net loss in fair value of trading investments	-	-	-	-	-	-
Impairment loss on parent's shares held for donation	-	-	-	-	-	-
Loss from disposal of investment in subsidiaries	(537.07)	(19.22)	-	-	-	-
Net foreign exchange loss	(48.98)	(1.75)	-	-	-	-
Finance costs	(94.60)	(3.38)	(160.38)	(3.62)	(40.92)	(0.79)
Total expenses	(2,407.36)	(86.14)	(2,615.97)	(59.01)	(2,521.04)	(48.59)
Profit before income tax expense	387.47	13.86	1,817.34	40.99	2,667.11	51.41
Income tax (expense) income	105.89	3.79	6.91	0.16	(75.58)	(1.46)
Profit for the year	493.36	17.65	1,824.25	41.15	2,591.53	49.95
Other comprehensive income (expense)						
Gains (losses) on remeasurements of defined benefit plans	(4.89)	(0.17)	4.12	0.09	(2.97)	(0.06)
Income tax relating to items that will not be reclassified	0.98	0.03	(0.82)	(0.02)	0.59	0.01
Net change in fair value of available-for-sale investments	(8.75)	(0.31)	-	-	-	-
Other comprehensive income (expense) for the year, net of tax	(12.66)	(0.45)	3.30	0.07	(2.37)	(0.05)
Total comprehensive income (expense) for the year	480.70	17.20	1,827.55	41.22	2,589.16	49.91
Basic earnings per share (in Baht)	9.66	-	0.31	-	0.33	-
Basic earnings per share calculated at the par value of Baht 1 each	0.097	-	0.31	-	0.33	-

Note: * Separate financial statements

1.3 Revenue from external customers

(unit : Million Baht)	2015	%	2016	%	2017	%
Income						
Energy & Utilities	1,692.11	64.35	3,509.56	80.34	4,164.73	85.61
Petrol and gas stations	858.32	32.64	781.26	17.89	700.09	14.39
Agriculture and other	78.95	3.00	77.34	1.77	-	-
Total	2,629.37	100.00	4,368.16	100.00	4,864.81	100.00

1.4 Statement of cash flow

(unit : Million Baht)

	As of December 31,		
	2015*	2016	2017
Net cash from operating activities	346.63	2,826.14	2,595.87
Net cash used in investing activities	(140.99)	(5,323.67)	(8,580.44)
Net cash from (used in) financing activities	(123.28)	2,669.65	6,154.89
Net increase (decrease) in cash and cash equivalents	82.36	172.12	170.32
Cash and cash equivalents at 1 January	31.38	113.74	285.86
Effect of exchange rate changes on balances held in foreign currencies	-	0.00	(0.03)
Cash and cash equivalents at 31 December	113.74	285.86	456.16

Note: * Separate financial statements

2. Key Financial Ratio

Financial Ratio	Separate financial statements As of December 31,		
	2015	2016	2017
Liquidity Ratios			
Current ratio (times)	1.16	0.60	1.85
Quick ratio (times)	0.93	0.41	1.62
Cash ratio (times)	0.15	1.18	0.87
Receivables turnover (times)	1.68	3.49	6.24
Collection period (days)	214.49	103.08	57.71
Inventory turnover (times)	3.90	5.44	5.29
Inventory turnover period (days)	92.42	66.19	68.04
Accounts payable turnover (times)	15.10	24.83	16.49
Payment Period (days)	23.84	14.50	21.83
Cash cycle (days)	283.07	154.77	103.92
Profitability Ratios			
Gross profit margin (%)	38.22	48.15	54.21
Operating profit margin (%)	37.48	44.70	51.52
Other profit margin (%)	2.96	0.90	2.35
Cash to net profit ratio (%)	35.18	144.74	103.57
Net profit margin (%)	17.65	41.15	49.95
Return on equity (%)	6.22	21.01	15.93
Efficiency Ratios			
Return on assets (%)	3.95	11.83	11.33
Return on fixed assets (%)	9.41	17.75	15.99
Total assets turnover (times)	0.22	0.29	0.23
Financial Policy Ratios			
Financial debts to equity ratio (times)	0.18	0.84	-
Debts to equity ratio (times)	0.40	1.18	0.14
Interest coverage ratio (times)	5.86	11.71	29.52
Debt service coverage ratio (times)	0.19	0.44	0.28

Board of Directors as at December 31, 2017

NAME/AGE/POSITION/ FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/TRAINING	% SHARE HOLDING ¹	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Mr. Prachai Leophairatana 73 years of age Position -Chairman of the Board; Chairman of the Management Committee - Miss Malinee Leophairatana (Elder sister) - Dr. Pramuan Leophairatana (Younger brother) - Mr. Prayad Liewphairatana (Younger brother)	1. Honorary Doctorate in Industrial Engineering , Rajamangala University of Technology Krugthep 2. M.S.E.E University of California (Berkeley) U.S.A. 3. B.E. (1st Class Hons.) University of Canterbury, New Zealand 4. Directors Accreditation Program (DAP- No.35/2005) Thai Institute of Directors (IOD)	0.06	1991-Present	Chairman	TPI Polene Power Plc.
			Jan2016-Present	Chairman of the Management Committee	TPI Polene Power Plc.
			2001-Present	Chief Executive Officer	TPI Polene Plc.
			Apr2012-Present	Directors	Bangkok Union Insurance Plc.
			2000-2006	Board Executive Director	Bangkok Union Insurance Plc.
			1978-2006	Chief Executive Officer	Thai Petrochemical Industry Public Co., Ltd. and entities
			1992-2000	Senator	Parliamentary Commission
			1969-1997	Chairman	Cathay Finance & Securities Plc.
Dr. Pramuan Leophairatana 68 years of age Position -Vice Chairman of the Board; Vice Chairman of the Management Committee - Miss Malinee Leophairatana (Elder sister) - Mr. Prachai Leophairatana (Elder brother) - Mr. Prayad Liewphairatana (Younger brother)	1. M.S., SC.D. Massachusetts Institute of Technology (MIT), U.S.A. 2. B.S. (Honors) University of California (Berkeley), U.S.A. 3. Directors Accreditation Program (DAP- No.39/2005) Thai Institute of Directors (IOD) 4. National Defense College of Thailand class 41 and class 11	0.06	Jan2016-Present	Vice Chairman and Vice Chairman of the Management Committee	TPI Polene Power Plc.
			1991-Jan2016	Director	TPI Polene Power Plc.
			1973-Present	Director	Leophairatana Enterprises Co., Ltd.
			1988-Present	Director	Thai Plastic Product Co., Ltd.
			1989-Present	Director	Thai Plastic Film Co., Ltd.
			1989-Present	Director	United Grain Industry Co., Ltd.
			1991-Present	Executive Director	TPI Concrete Co., Ltd.
			1997-Present	Chairman	Bangkok Union Life Insurance Plc.
			2001-Present	Director/President	TPI Polene Plc.
			2002-Present	Executive Director	Polene Plastic Co., Ltd.
			2010-Present	Executive Director	TPI Polene Bio Organics Co., Ltd.
			Jul2014-Present	Executive Director	Mondo Thai Co., Ltd.
			Oct2013-Jan2015	Executive Director	Thai Nitrate Co., Ltd.
			1996-Jul2014	Director	Mondo Thai Co., Ltd.
			1990-Aug2013	Director	Thai Nitrate Co., Ltd.
			1978-2006	President	Thai Petrochemical Industry Plc.
			Aug2016-Present	Director	Thai Nitrate Co., Ltd.
Mr. Prayad Liewphairatana 66 years of age Position -Director; Member of the Management Committee - Miss Malinee Leophairatana (Elder sister) - Mr.Prachai Leophairatana (Elder brother) - Dr.Pramuan Leophairatana (Elder brother)	1. M.S.C.E. University of Michigan (ANN ARBOR) U.S.A. 2. Directors Accreditation Program (DAP- No.29/2004) Thai Institute of Directors (IOD)	0.06	1991-Present	Director	TPI Polene Power Plc.
			Jan2016-Present	Member of the Management Committee	TPI Polene Power Plc.
			1973-Present	Director	Leophairatana Enterprises Co., Ltd.
			1987-Present	Director/President	TPI Polene Plc.
			1981-2006	Director	International Plastic Trading Co., Ltd.
			1988-Present	President	Thai Plastic Product Co., Ltd.
			1988-Present	President	United Grain Industry Co., Ltd.
			1989-Present	President	Thai Plastic Film Co., Ltd.
			1991-Present	Executive Director	TPI Concrete Co., Ltd.
			1996-Present	Executive Director	Mondo Thai Co., Ltd.
			1997-Present	Executive Director	Bangkok Union Life Insurance Plc.
			2002-Present	Executive Director	Polene Plastic Co., Ltd.
			2010-Present	Executive Director	TPI Polene Bio Organics Co., Ltd.
			2Aug2016-Present	Executive Director	Thai Nitrate Co., Ltd.

NAME/AGE/POSITION/ FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/TRAINING	% SHARE HOLDING ^a	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Mrs. Orapin Leophairatana 70 years of age Position -Vice Chairman of the Board; Vice Chairman of the Management Committee - Mr.Prachai Leophairatana (Husband)	1. Political Science (2nd Class Honors) Chulalongkorn University 2. Directors Accreditation Program (DAP- No.35/2005) Thai Institute of Directors (IOD)	0.06	Jan2016-Present	Vice Chairman and Vice Chairman of the Management Committee	TPI Polene Power Plc.
			2007-Jan2016	Directors	TPI Polene Power Plc.
			1998-Present	Executive Director	TPI Concrete Co., Ltd.
			2002-Present	Executive Director	Polene Plastic Co., Ltd.
			2005-Present	Director/Senior Executive Vice President	TPI Polene Plc.
			2009-Present	Executive Director	TPI All Seasons Co., Ltd.
			2010-Present	Executive Director	United Grain Industry Co., Ltd.
			2010-Present	Executive Director	Thai Petrochemical Industry Co., Ltd.
			2010-Present	Executive Director	TPI Polene Bio Organics Co., Ltd.
			Jul 2014-Present	Executive Director	Mondo Thai Co., Ltd.
			Oct2013-Jan2015	Executive Director	Thai Nitrate Co., Ltd.
			2009-Aug2013	Director	Thai Nitrate Co., Ltd.
			2001-2011	Director	Thai Listed Company Association
			1998-2003	Senior Executive Vice President	TPI Polene Plc.
			Apr-Dec1997	Director	Association of Finance Companies
			1995-1997	Director	Bangkok Stock Trading Center
			1995-1997	Chairman	Association of the Securities Brokerage
Miss Pattrapan Leopairut 39 years of age Position -Director; Member of the Management Committee - Mr.Pakorn Leopairut (Younger brother) - Mr.Pakkapol Leopairut (Younger brother)	1. Assumption University (ABAC) (Master Degree) 2. Bangkok University International College (BUIC) (Bachelor Degree) 3. International School Bangkok (ISB) (High School) 4. Movement of Thai industrial investor toward India and Myanmar 5. Employee Fraud Prevention Detection 6. Excellence in Practice Quality Control 7. Investigation & Litigation, Business Process Transformation & Operation 8. Relationship Marketing & Customer 9. Relationship Management 10. Directors Accreditation Program (DAP- No.131/2016) Thai Institute of Directors (IOD)	0.05	2007-Present	Director	TPI Polene Power Plc.
			Jan2016-Present	Member of the Management Committee	TPI Polene Power Plc.
			2009-Present	Assistant Vice President	TPI Polene Plc.
			2010-Present	Executive Director	TPI Polene Bio Organics Co., Ltd.
			2014-Present	Executive Director	Zenith International Trading Co.,Ltd.
			Oct2014-Present	Executive Director	TPI Commercial Co., Ltd.
			2006-Present	Executive Director	Thai Petrochemical Industry Co., Ltd.

NAME/AGE/POSITION/ FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/TRAINING	% SHARE HOLDING ¹	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Mr. Pakorn Leopairut 38 years of age Position -Director; Member of the Management Committee and President - Miss Pattrapran Leopairut (Elder sister) - Mr.Pakkapol Leopairut (Younger brother)	1. Master of Public and Private Management NIDA	0.06	2007-Present	Director	TPI Polene Power Plc.
			Jan 2016-Present	Member of the Management Committee	TPI Polene Power Plc.
	2. CEDI-BABSON ENTREPRENEURIAL LEADERSHIP PROGRAM No. 1/2556		Feb2016-Present	President	TPI Polene Power Plc.
			2008-Present	Assistant Vice President	TPI Polene Plc.
	3. Young F.T.I Eite No. 1 The Federation Of Thai Industries		2009-Present	Executive Director	TPI All Seasons Co., Ltd.
			2010-Present	Executive Director	TPI Polene Bio Organics Co., Ltd.
	4. Executive Development Program No.10 Ministry of Finance		2010-Present	Executive Director	TPI service Co., Ltd.
	FPO : Forum Economic Guru Seminar No. 3 Ministry of Finance		2010-Present	Executive Director	Zenith International Trading Co.,Ltd.
			2014-Present	Executive Director	TPI Commercial Co., Ltd.
			Jul2015-Present	Executive Director	TPI Intertrade Co.,Ltd.
			Jul2015-Present	Executive Director	TPI Refinery (1997) Co.,Ltd.
	5. Energy Executive Program No. 1 The Federation Of Thai Industries		2007-2008	Investment Analyst	MFC Asset Management Plc.
			2011-Present	Executive Director	Thai Petrochemical Industry Co., Ltd.
			2002-2007	Supervisor	Thai Petrochemical Industry Plc.
			2007-Present	President	Thai Nitrate Co., Ltd.
	6. Directors Accreditation Program (DAP-No.132/2016) Thai Institute of Directors (IOD)				
Mr. Pakkapol Leopairut 35 years of age Position -Director ; Member of the Management Committee and Executive Vice President-Accounting and Finance - Mr.Pakorn Leopairut (Elder brother) - MissPattrapran Leopairut (Elder sister)	1. Economic University of Southern California (Master Degree)	0.01	Feb2016-Present	Executive Vice President	TPI Polene Power Plc.
			Jan2016-Present	Member of the Management Committee	TPI Polene Power Plc.
	2. Economic University of Kansas (Bachelor Degree)		Jul2015-Present	Director	TPI Polene Power Plc.
			2008-Jan2016	Assistant Vice President	TPI Polene Plc.
	3. CEDI-BABSON ENTREPRENEURIAL LEADERSHIP PROGRAM No. 1/2013		2010-Present	Executive Director	TPI service Co.,Ltd.
			2010-Present	Executive Director	Zenith International Trading Co.,Ltd.
			2011-Present	Executive Director	TPI Polene Bio Organics Co., Ltd.
	4. CMO by Marketing Association of Thailand No.1/2013		2014-Present	Executive Director	TPI Commercial Co., Ltd.
			Jul2015-Present	Executive Director	TPI Intertrade Co.,Ltd.
	5. Executive Development Program No. 10 (July 2014)		Jul2015-Present	Executive Director	TPI Refinery (1997) Co.,Ltd.
	6. Directors Accreditation Program (DAP-No.132/2016) Thai Institute of Directors (IOD)				

NAME/AGE/POSITION/ FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/TRAINING	% SHARE HOLDING ^a	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Ms. Nitawan Leophairatana 38 years of age Position -Director; Member of the Management Committee - Dr.Pramuan Leophairatana (Father)	1. Juris Doctor Seattle University - School of Law, Graduated 2006	0.00	Jan2016-Present	Member of the Management Committee	TPI Polene Power Plc.
			Jul2015-Present	Director	TPI Polene Power Plc.
			2013-Feb2016	Assistant Vice President	TPI Polene Power Plc.
	2. LL.M in Taxation New York University - School of Law, Graduated 2007		Mar2016-Present	Assistant Vice President	TPI Polene Plc.
			2009-Present	Executive Director	TPI All Seasons Co., Ltd.
			2010-Present	Executive Director	TPI Polene Bio Organics Co., Ltd.
	3. Licensed Attorney in New York State		2010-Present	Executive Director	TPI service Co.,Ltd.
			2010-Present	Executive Director	Zenith International Trading Co.,Ltd.
	4. M.P.A. Cornell University, Graduated 2003		2014-Present	Executive Director	TPI Commercial Co., Ltd.
			Jul2015-Present	Executive Director	TPI Intertrade Co.,Ltd.
			Jul2015-Present	Executive Director	TPI Refinery (1997) Co.,Ltd.
	5. B.A. Cornell University Major In Chemistry and Chemical Biology) Graduated 2002		2008-2013	Assistant Vice President	TPI Polene Public Co.,Ltd.
			2007-2008	Senior Associate	Earnst and Young LLP, New York City, USA.
	6. Directors Accreditation Program (DAP-No.131/2016) Thai Institute of Directors (IOD)			Executive Director	United Grain Industry Co., Ltd.
Ms. Malinee Leopairut 75 years of age Position -Director - Mr.Prachai Leophairatana (Younger brother) - Dr.Pramuan Leophairatana (Younger brother) - Mr.Prayad Liewphairatana (Younger brother)	1. Master Degree in Actuarial Science Georgia State University, U.S.A.	0.00	Jan2016-Present	Director	TPI Polene Power Plc.
			1973-Present	Director	Leophairatana Enterprises Co., Ltd.
			2015-Present	Director	Thai Special Steel Industry Plc.
			1997-Present	Director	Bangkok life Insurance Plc.
	2. Bachelor of Commerce and Accounting Major in Statistics (Second Honour) Chulalongkorn University		1997-Present	Chief Executive Officer	Bangkok Union Insurance Plc.
			1973-2011	Managing Director	Bangkok Union Insurance Plc.
			1987-1989	President	Thai General Insurance Association
	3. Certified as Actuary under Section 78/2 of The Non-Life Insurance Act B.E.2535 as Amended by Non-Life Insurance Act (No.2), B.E.2551				
	4. Certified as Actuary under Section 83/2 of The Life Insurance Act B.E.2535 as Amended by Life Insurance Act (No.2), B.E.2551				
	5. Directors Certification Program (DCP) No.22/2002 Thai Institute of Directors (IOD)				

NAME/AGE/POSITION/ FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/TRAINING	% SHARE HOLDING ¹	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Mr. Manu Leopaiprote 75 years of age Position -Independent Director; Chairman of the Audit Committee - None -	1. Honorary Doctorate in Business Administration, Thammasat University.	-	Jan2016-Present	Independent Director and Chairman of the Audit Committee	TPI Polene Power Public Co.,Ltd.
	2. Master's degree of Science in Economics, University of Kentucky, U.S.A.		2003-Present	Member of the Council of State, group 5	The Council of State (Trade and Industrial)
	3. Science in Economics (Honors), Thammasat University		2004-Present	Chairman and Chairman of the Audit Committee	Polyplex (Thailand) Plc.
	4. Certificate, Industrial Development, "Nagoya, Japan"		2004-Present	Chairman	Khon Kaen Sugar Industry Plc.
	5. National Defense College class 34		2004-Present	Director and Independent Director	Thai Beverage Plc.Singapore Stock Exchange (SGX)
	6. Role of Chairman Program (RCP) No.3/2001 Thai Institute of Directors (IOD)		2004-Present	Chairman	Bangkok Union Insurance Plc.
	7. Directors Certification Program (DCP) No.30/2003 Thai Institute of Directors (IOD)		2006-Present	Director and Member of the Audit Committee	Siam Steel International Plc.
	8. Directors Accreditation Program (DAP- No.2003) Thai Institute of Directors (IOD)		2010-Present	Chairman	Jubilee Enterprise Plc.
			2010-Present	Chairman	ARIP Plc.
			2011-Present	Chairman	T.M.C Industry Plc.
			2005-2010	Chairman	Neighboring Countries Economic Development Cooperation Agency (Public Organization): NEDA
			1999-2004	Permanent Secretary Historical	Ministry of Industry
				- Chairman	PTT Plc.
				- Chairman	PTT Exploration and Production Plc.
				- Chairman	PTT Chemical Plc.
				- Chairman	Thai Oil Plc.

NAME/AGE/POSITION/ FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/TRAINING	% SHARE HOLDING ¹	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Dr. Abhijai Chandrasen 70 years of age Position -Independent Director; Member of the Audit Committee - None -	1. Ph.D. in Law (Honors), Paris University (Sorbonne) France.	-	Jan2559-Present	Independent Director and Member of the Audit Committee	TPI Polene Power Public Co.,Ltd.
	2. Bachelor of Law (Second Honour), Chulalongkorn University		2000-Present	Director and Legal Advisor	Kasikornbank Public Co., Ltd.
			2005-Present	Director	Siam Motors Co.,Ltd.
			2011-Present	Member of the Human Resources and Remuneration Committee	Kasikornbank Public Co., Ltd.
	3. Thai Barrister at Law, Institute of Legal Education of the Thai Bar		2003-2013	Chairman of the Nomination and Remuneration Committee Member of the Audit Committee and the Risk Management Committee	Sammakorn Public Co., Ltd.
	4. Thai Institute of Directors (IOD)				
	- Audit Committee Program (ACP) No.24/2008		2000-2013	Advisor Director to the Management Committee	Kasikornbank Public Co., Ltd.
	- Role of the Compensation Committee (RCC) No. 2/2007		1994-2013	Director	Sammakorn Public Co., Ltd.
	- Developing Corporate Governance Policy, 2006			Chairman of Audit committee	Lawyers council of Thailand (1997-2000)
	- Finance for Non-Finance Director (FN - No.11/2004)			Managing Director	Narai Phand Co., Ltd (a joint venture with the public sector by the Ministry of Industry) (Jan 1987 - Jun 2000)
	- Directors Accreditation Program (DAP- No.5/2003)			Expert Committee	The Property Management Committee, Chulalongkorn University
	- TFRS 9 Financial Instruments: Overview and key challenges 2017			Executive Director	The Thai Red Cross Fund
				Director	The Thai Red Cross Society
				Legal Advisor	The Chaipattana Foundation
				Legal Advisor	Office of the Royal Development Projects Board
				Legal Advisor	King Service Center Co., Ltd.
				Legal Advisor	Aeronautical Radio of Thailand Ltd. state enterprise in Thailand under the Ministry of Transport
				Legal Advisor	The Bangkok Dock Company (1957 Limited) state enterprise in Thailand under the Ministry of Defense.
				Legal Advisor	Chulalongkorn University
				Legal Advisor	Prince Mahidol Award Foundation
				Legal Advisor	The Kidney Foundation of Thailand
				Legal Advisor	Princess Maha Chakri Sirindhorn Foundation (PMF)
				Legal Advisor	The Foundation of Queen Sirikit Park
				Legal Advisor	H.R.H Princess Maha Chakri Sirindhorn Charity Fund
				Legal Advisor	Fund for Classical Music Promotion under the Patronage of HRH Princess Galyani Vadhana
				Legal Advisor	His Royal Highness Prince Dipangkorn Rasmijoti Fund
				Arbitrator	The Thai Chamber of Commerce and Board of Trade of Thailand

NAME/AGE/POSITION/ FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/TRAINING	% SHARE HOLDING ¹	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Dr. Thiraphong Vikitset 72 years of age Position -Independent Director; Member of the Audit Committee - None -	1. Ph.D. (Economics) West Virginia University, U.S.A.	0.00	Jan 2016-Present	Independent Director and Member of the Audit Committee	TPI Polene Power Public Co.,Ltd.
	2. B.S. Ch.E. West Virginia University, U.S.A.		Present	Professor of Economic Development	National Institute of Development Administration (NIDA)
	Training Certificate		1997-Present	Independent Director and Chairman of the Audit committee	I.C.C. International Public Co., Ltd.
	1. Certificate of Professional Study on "Petroleum Management Program" awarded by Arthur D. Little Management Education Institute, Inc. 1982		1997-Present	Director	Better Way (Thailand) Co., Ltd.
			2004-2014	Member of the Subcommittee on Energy Conservation Assessment Subcommittee	
			1995-1998	Director of Academic Council	National Institute of Development Administration (NIDA)
	2. Thai Institute of Directors (IOD)		1986-1991	Vice President for Academic Affairs	National Institute of Development Administration (NIDA)
	- Director Accreditation Program Certificate, (DAP- 2003)		1985-1986	Dean of the Faculty of Economic Development	National Institute of Development Administration (NIDA)
	- Director Certificate Program, (DCP- 2004)		1983-1985	Deputy Dean, Faculty of Economic Development	National Institute of Development Administration (NIDA)
			1976-1980	Assistant Professor, Faculty of Economic Development	National Institute of Development Administration (NIDA)
			1974-1976	Professor of Economics	National Institute of Development Administration (NIDA)
			2008	Subcommittee for tracking oil consumption on Government Policy	
			2004	Project Evaluation Subcommittee under Energy Conservation Plan	
			2002	The committee considered the use of ethanol.	
			1989	Member of Subcommittee on Energy Planning for the 7th Economic and Social Development Plan	
			1989	Committee members in the working group tariff changes over time.	
			1989	Committee on Electricity Development Working Group	
			1989	Committee members in the working group, the purchase of electricity from small power producers.	
			1989	Committee members in the working group tariff restructuring.	
			1989	Committee members working in private sector participation in the electricity sector.	
			1989	The Committee members on the working group of Electricity in industry	
			1989	The standard committee member of university education	
			1989	Committee members working in the tariff adjustment	
			1988	Committee members working on electricity demand	
			1986	Subcommittee on Energy Policy Formulation	

NAME/AGE/POSITION/ FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/TRAINING	% SHARE HOLDING ^a	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Mr. Khantachai Vichakkhana 69 years of age Position -Independent Director - None -	1. Master’s degree in Political Science (Public Administration), Thammasat University 2. Bachelor of Laws, Thammasat University. 3. Guest Speaker Training Program- Land Class 2: Department of Land (1979) 4. Division Director of Security within the Kingdom Program (Ka.Rmn): Royal Thai Army (1979) 5. Advance Land Management School Program Class 3: Department of Lands (1984) 6. Advance administration Program: Class 30, Institute of Administration Development, Department of Provincial Administration (1993) 7. High Level Information Technology Executives (CIO) Seminar (2003) 8. Political Development in Democratic Governance for Executives Program Class 8, King Prajadhipok’s Institute (2004) 9. Thai Institute of Directors (IOD) Directors Accreditation Program (DAP-No.112/2014) Role of Compensation Committee (RCC-No.19/2014) Directors Certification Program (DCP-No.119/2015)	0.00	Jan2016-Present 2009-Present Aug2014-Present Feb2016-Present 2002-2008 2000-2002 2000 1999-2000 1998-1999 1995-1998 1992-1995 1990-1992 1989-1990 1988-1989 1986-1988 1986 Extracurricular	Independent Director Independent Director Director and the Nomination, Remuneration and Corporate Governance Committee Independent Director Deputy Director Directors: Land Registration Bureau of Standards Staff Plan & Policy Analysis (Land) Inspector-General Director of Bureau Authority Land Land Management Division Department of Important book Land Officer- Chonburi Land Officer- Phuket Land Officer-Nonthaburi and Bangyai District Land Officer-Nakhornnayok Land Officer-Uttaradit Council Member Qualified Director Assets Management Committee Committee Consultants Committee Committee Committee Committee Committee Committee	TPI Polene Power Public Co.,Ltd. TPI Polene Public Co.,Ltd. L.P.N. Development Public Co., Ltd. L.P.N. Development Public Co., Ltd. Department of Lands Department of Lands Department of Lands Department of Lands Department of Lands Department of Lands Department of Lands Department of Lands Department of Lands Department of Lands Department of Lands Rajamangala University of technology Bangkok National Council Boy Scouts Thai Red Cross Council Office of The Election Commission of Thailand Islamic Bank of Thailand Triamudomsuksa Alumni Foundation Retired Government Officials’ Pension Association of Interior Foundation Executive Public Administration Foundation (EPAF) Anan Anantakool Foundation Dr.SukPhukyaphon, Foundation Hospital & Phrapiya school Foundation
Mr. Wanchai Manosooti 68 years of age Position -Independent Director - None -	1. Master’s degree in Business Administration from Chulalongkorn University. 2. Bachelor’s degree of Accounting, Chulalongkorn University. 3. Directors Certification Program (DCP) No. 18/2002 Thai Institute of Directors (IOD)	-	Mar2016-Present 1999-2001 2002-2007	Independent Director EXECUTIVE V.P. Managing Director	TPI Polene Power Public Co.,Ltd. TISCO Bank Public Co.,Ltd. TISCO Securities Co.,Ltd.

NAME/AGE/POSITION/ FAMILY RELATION AMONG DIRECTORS & EXECUTIVES	EDUCATIONAL BACKGROUND/TRAINING	% SHARE HOLDING ¹	WORK EXPERIENCE		
			DURATION	POSITION	COMPANY/ BUSINESS
Mr. Worawit Lerdbussarakam 53 years of age Position -Vice President-Production - None -	1. Business of Administration from Kasetsart University 2. Bachelor's degree in faculty of engineering (Electrical engineer), Prince of Songkla University	0.01	Feb2016- Present	Vice President -Production	TPI Polene Power Public Co.,Ltd.
			Jan1990-Feb2016	Vice President -Production	TPI Polene Public Co.,Ltd.
Mrs. Sirirat Lerthirunrat 59 years of age Position -Assistant Vice President-Petrol and Gas - None -	Bachelor's degree in Management from Sukhothai Thammathirat University	-	Feb2012-Present	Assistant Vice President - Petrol and Gas	TPI Polene Power Public Co.,Ltd.
Mr. Somkiat Teeratakulpisal 51 years of age Position -Assistant Vice President -Production - None -	1. Master's degree of GSPA from National Institute of Development Administration (NIDA) 2. Bachelor's degree in faculty of engineering, Prince of Songkla University	-	Jun2014-Present	Assistant Vice President -Production	TPI Polene Power Public Co.,Ltd.
Miss Karuna Permsiripan 55 years of age Position -Manager-Accounting - None -	Bachelor's degree in Commerce and Accountancy - Chulalongkorn University	-	Mar2016-Present	Manager-Accounting	TPI Polene Power Public Co.,Ltd.
			Jul2012-Feb2016	Manager-Accounting	TPI Polene Public Co.,Ltd.
Miss Weerawan Larpchaiwut 54 years of age Position -Manager -Finance - None -	1. Bachelor's degree of Finance and Banking Ramkhamhaeng University 2. Master's degree in Business Administration, Ramkhamhaeng University	-	Apr2016-Present	Manager-Finance	TPI Polene Power Public Co.,Ltd.
			Dec2006-Mar2016	Assistant Manager-Finance	TPI Polene Public Co.,Ltd.
Miss Weeranut KimKom 46 years of age Position -Secretary - None -	1. Bachelor of Law, Thammasat University 2. Lawyer License from Training Department of the Lawyer council. 3. Company Secretary Program (CSP) No.76/2017	-	Sep2016-Present	Secretary	TPI Polene Power Public Co.,Ltd.
			Nov2012-Present	Supervisor	TPI Polene Public Co.,Ltd.

Remark : (1) Percentage of shareholding date was as at December 29, 2017.

Position of the Management and Controlling Persons over the Company and Related Companies as of 31 December 2017

Company	Mr. Prachai Leophairatana	Mr. Pramuan Leophairatana	Mrs. Orapin Leophairatana	Mr. Prayad Liewphairatana	Miss Patrapan Leopatrit	Mr. Pakorn Leopatrit	Mr. Pakkapol Leopatrit	Mrs. Nitawan Leophairatana	Miss Malinee Leophairatana	Mr. Manu Leopatrote	Dr. Thiraphong Vikitset	Dr. Abhijai Chandrasen	Mr. Khantachai Wichakkhana	Mr. Vanchai Manosuthi	Mr. Worawit Lerdussarakam	Ms. Sirirat Lethirunrat	Mr. Somket Teeratrakulpisal	Miss Karuna Permsiripan	Miss Weerawan Larpchaitiwut
TPI Polene Power Public Company Limited	X//	/V	/V	/V	/V	/V	/V	/V	/	///	///	///	/	/	/	/	/	/	/
Related Company																			
TPI Power Co., Ltd.	X//	//	//	//	//	//	//	//	/	///	///	///	/	/	/	/	/	/	/
TPI Service Co., Ltd.	X//	//	//	//	//	//	//	//	/	///	///	///	/	/	/	/	/	/	/
Polene Plastic Co., Ltd.	X//	//	//	//	//	//	//	//	/	///	///	///	/	/	/	/	/	/	/
TPI Polene Bio Organics Co., Ltd.	X//	//	//	//	//	//	//	//	/	///	///	///	/	/	/	/	/	/	/
Thai Propoxide Co., Ltd.	X//	//	//	//	//	//	//	//	/	///	///	///	/	/	/	/	/	/	/
Thai Special Steel Plc.	//	//	//	//	//	//	//	//	/	///	///	///	/	/	/	/	/	/	/
TPI EDEG Co., Ltd.	X//	//	//	//	//	//	//	//	/	///	///	///	/	/	/	/	/	/	/
Hong Yiah Seng Co., Ltd.	X//	//	//	//	//	//	//	//	//	///	///	///	//	//	//	//	//	//	//
Hong Yiah Seng Real Estates and Investment Co.,Ltd.	X//	//	//	//	//	//	//	//	//	///	///	///	//	//	//	//	//	//	//
Saraburi Ginning Mill Co., Ltd.	X//	//	//	//	//	//	//	//	//	///	///	///	//	//	//	//	//	//	//
Pornchai Enterprises Co., Ltd.	X//	//	//	//	//	//	//	//	//	///	///	///	//	//	//	//	//	//	//
Bangkok Union Insurance Plc.	/	-	-	-	-	-	-	-	//	X	X	X	//	//	//	//	//	//	//
TPI Concrete Co., Ltd.	X//	//	//	//	//	//	//	//	//	///	///	///	//	//	//	//	//	//	//
TPI All Seasons Co., Ltd.	X//	//	//	//	//	//	//	//	//	///	///	///	//	//	//	//	//	//	//
United Grain Industry Co., Ltd.	X//	//	//	//	//	//	//	//	//	///	///	///	//	//	//	//	//	//	//
Thai Petrochemical Industry Co., Ltd.	-	-	//	//	//	//	//	-	-	///	///	///	-	-	-	-	-	-	-
Bangkok Union Life Insurance Plc.	-	X//	//	//	-	-	-	-	-	///	///	///	-	-	-	-	-	-	-
Leophairatana Enterprises Co., Ltd.	X//	//	//	//	-	-	-	-	-	///	///	///	-	-	-	-	-	-	-
TPI Commercial Co., Ltd.	-	-	-	-	//	//	//	//	//	///	///	///	-	-	-	-	-	-	-
TPI Intertrade Co., Ltd.	X//	//	//	//	-	-	-	//	-	///	///	///	-	-	-	-	-	-	-
TPI Refinery (1997) Co., Ltd.	X//	//	//	//	-	-	-	//	-	///	///	///	-	-	-	-	-	-	-
Thai Plastic Product Co., Ltd.	X//	//	//	//	//	//	//	//	//	///	///	///	-	-	-	-	-	-	-
Thai Plastic Film Co., Ltd.	X//	//	//	//	//	//	//	//	//	///	///	///	-	-	-	-	-	-	-
Polyplex (Thailand) Public Company Limited	-	-	-	-	-	-	-	-	-	X	X	X	-	-	-	-	-	-	-
Khon Keen Sugar Industry Public Company Limited	-	-	-	-	-	-	-	-	-	X	X	X	-	-	-	-	-	-	-
Thai Beverage Public Company Limited (Singapore Exchange (SGX))	-	-	-	-	-	-	-	-	-	///	///	///	-	-	-	-	-	-	-
Jubilee Enterprise Public Company Limited	-	-	-	-	-	-	-	-	-	X	X	X	-	-	-	-	-	-	-
ARIP Public Company Limited	-	-	-	-	-	-	-	-	-	X	X	X	-	-	-	-	-	-	-
T.M.C. Industrial Public Company Limited	-	-	-	-	-	-	-	-	-	X	X	X	-	-	-	-	-	-	-
I.C.C. International Public Company Limited	-	-	-	-	-	-	-	-	-	X	X	X	-	-	-	-	-	-	-
Better Way (Thailand) Co.,Ltd.	-	-	-	-	-	-	-	-	-	-	///	///	-	-	-	-	-	-	-

	Mr. Rachai Leophatratanana	Mr. Pramuan Leophatratanana	Mrs. Orapin Leophatratanana	Mr. Prayad Liewphatratanana	Miss Patrapan Leopairut	Mr. Pakorn Leopairut	Mr. Pakapol Leopairut	Mrs. Nitawan Leophatratanana	Miss Malinee Leophatratanana	Mr.Manu Leoparote	Dr. Thiraphong Vikitsat	Dr. Abhijai Chandrasen	Mr. Khandachai Wichakkhana	Mr. Vanchai Manosuthi	Mr. Worawit Lerdbussarakam	Ms. Sirirat Lerthirurat	Mr. Somkiet Teeratrakulpisal	Miss Karuna Permsiripan	Miss Weerawan Larpchahiwut
Kasikornbank Public Company Limited																			
Siam Motors Co., Ltd.																			
L.P.N. Development Public Company Limited																			
International Trading Development Co., Ltd.																			
Phomphan Phanich Co., Ltd.	X//	//	//	//	//	//	//	//											
Thai Agrico Co., Ltd.	X//	//	//	//	//	//	//	//											
Hong Yiah Seng Warehouse Co., Ltd.	X//	//		//	//	//	//	//											
TPI All Seasons Company Limited	X//	//	//	//															
TPI Polene Public Company Limited	//	//	//	//															
Jaturat Co., Ltd.	//	//		//															
TPI Holdings Co., Ltd.	X//	//	//	//															
Mondo Thai Co., Ltd.	X//	//	//	//															
Rayong Forest Co., Ltd.	X//	//		//															
TPI TANK TERMINAL CO.,LTD.	X//	//		//															
TPI Olefins Co., Ltd.	X//	//		//															
Master Archeep (Thailand) Co., Ltd.	X//																		
Rangsit Patumporn Co.,Ltd	-	//		//															
K. Cotton & Gloss Co., Ltd.	//			//															
Lian Thai Apparel Co.,Ltd.	-																		
Kang Yong Electric Public Company Limited	-																		
Sukhumvit62 medical Co., Ltd.	-																		
GML Exhibition (Thailand) Co., Ltd.	-																		
GML Enterprise (Thailand) Co., Ltd.	-																		
DR Development Co., Ltd.	-																		
THAI DMT PAINT MFG Co., Ltd.	-																		
Tamaka Sugar Industry Co., Ltd.	-																		
New Kwang Soon Lee Sugar Factory Co., Ltd.	-																		
Blue Ocean Spa Co., Ltd.	-																		
Beer Thip Brewery (1991) Co., Ltd.	-																		
Beer Thai (1991) Public Company Limited	-																		
UBK Asia (Thailand) Co., Ltd.	-																		
Rangsit Phatumporn Housing Project Co., Ltd.	-																		
New Krung Thai Sugar Factory Co.,Ltd.	-																		
Siam Steel International Public Company Limited	-																		

Report of the Board of Directors' Responsibilities for Financial Statements

The Board of Directors of the Company are aware of their duties and responsibilities to ensure that the financial reports of the Company are accurate, complete, and transparent, and are prepared in compliance with generally accepted accounting principles, and reflect the application of an appropriate and consistent accounting policy. Such reports must be prepared prudently and on a reasonable basis, and must reflect the Company's financial position and operational performance fairly and precisely for the benefit of shareholders and general investors.

In this regard, the Board of Directors have entrusted an Independent Audit Committee to be responsible for the review of accounting policy and financial reports, internal controls, internal audit and risk management systems. Comments on these issues have been included in the Audit Committee Report, which thereby forms a part of this Annual Report.

The Board of Directors are of the opinion that the overall internal control systems of the Company and its subsidiaries have functioned satisfactorily and creditably to ensure that the financial statements of the Company and its subsidiaries present financial position, operational results and financial cash flow which are accurate and reliable in all material aspects.

Sincerely Yours,



Mr. Prachai Leopairatana

Chairman of the Board

Independent Auditor's Report

To the Shareholders of TPI Polene Power Public Company Limited

Opinion

I have audited the financial statements of TPI Polene Power Public Company Limited (the "Company"), which comprise the statement of financial position as at 31 December 2017, the statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). 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 Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 judgment, 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.

Recognition of deferred tax assets	
Refer to Note 10 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>The Company have recognised deferred tax assets which were calculated from temporary differences and unutilised tax losses by considering the forecast of future taxable profits whether they will be sufficient for the utilisation of temporary differences and unutilised tax losses (before the latter expire).</p> <p>I considered this as the key audit matter because the consideration of the forecast of future taxable profits of management involved a significant level of judgment in determining the key assumptions.</p>	<p>My audit procedures in this area included, among others:</p> <ul style="list-style-type: none">• understanding the method of the management's recognition of deferred tax assets and the assessment of assumptions used in projecting the Company's future taxable profits;• considering the reasonableness of the forecast of future taxable profits by comparing the past forecast to the actual operating results and the operation plans and evaluating assumption used by management by comparing to operation plan and external information; and• evaluating the adequacy of disclosure in accordance with the related Thai Financial Reporting Standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report 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 will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available 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.

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 TFRSs, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 TSAs 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 TSAs, I exercise professional judgment 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 Company'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 Company'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 Company to cease to continue as a going concern; and
- 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.

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.



(Bunyarit Thanormcharoen)
Certified Public Accountant
Registration No. 7900

KPMG Phoomchai Audit Ltd.
Bangkok
19 February 2018

Statement of financial position

TPI Polene Power Public Company Limited

		31 December	
Assets	Note	2017	2016
		(in thousand Baht)	
Current assets			
Cash and cash equivalents	5	456,161	285,862
Current investments	6	3,774,563	-
Trade accounts receivable	4, 7	736,992	822,808
Other receivables		126,396	38,660
Receivables and advances to related parties	4	27,617	18,954
Inventories	8	449,328	392,640
Other current assets		268,488	146,416
Total current assets		5,839,545	1,705,340
Non-current assets			
Other long-term investments	6	5,410	5,480
Property, plant and equipment	9	21,503,529	15,459,205
Leasehold rights		383	653
Advances for plant and equipment		103,285	808,925
Deferred tax assets	10	114,756	189,743
Total non-current assets		21,727,363	16,464,006
Total assets		27,566,908	18,169,346

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

Statement of financial position

TPI Polene Power Public Company Limited

		31 December	
	<i>Note</i>	2017	2016
<i>(in thousand Baht)</i>			
Liabilities and equity			
<i>Current liabilities</i>			
Short-term loans from financial institutions	11	-	28,726
Trade accounts payable	4, 12	173,248	96,886
Other payables	13	2,902,911	2,382,163
Payables and advances from related parties	4	32,366	101,249
Short-term loans from related party	4	-	1,274
Current portion of long-term loans from financial institutions	11	-	165,000
Other current liabilities		55,892	49,573
Total current liabilities		3,164,417	2,824,871
<i>Non-current liabilities</i>			
Long-term loans from financial institutions	11	-	2,331,629
Long-term loan from related party	4, 11	-	4,528,846
Provisions for employee benefits	14	70,645	58,148
Decommissioning costs	4, 15	117,812	104,861
Total non-current liabilities		188,457	7,023,484
Total liabilities		3,352,874	9,848,355
<i>Equity</i>			
Share capital:	16		
Authorised share capital		8,400,000	8,400,000
Issued and paid share capital		8,400,000	5,900,000
Shares premium:			
Shares premium on ordinary shares	16	14,580,886	-
Retained earnings			
Appropriated			
Legal reserve	28	348,376	218,800
Unappropriated		884,772	2,202,191
Total equity		24,214,034	8,320,991
Total liabilities and equity		27,566,908	18,169,346

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

Statement of comprehensive income

TPI Polene Power Public Company Limited

		Year ended 31 December	
	Note	2017	2016
		(in thousand Baht)	
Revenue			
Revenue from sale of power and goods	18, 26	2,853,600	2,690,641
Revenue from adders	18, 26	2,011,214	1,677,519
Net foreign exchange gain		201,621	25,158
Investment income	19	72,297	6,036
Other income	27	49,421	33,962
Total income		5,188,153	4,433,316
Expenses	23		
Cost of sales of power and goods	8	2,227,535	2,265,009
Selling expenses	20	63,820	65,025
Administrative expenses	21	188,770	125,555
Finance costs	24	40,916	160,384
Total expenses		2,521,041	2,615,973
Profit before income tax expense		2,667,112	1,817,343
Tax expense (income)	25	(75,581)	6,905
Profit for the year		2,591,531	1,824,248
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss			
Gains (losses) on remeasurements of defined benefit plans	14	(2,968)	4,121
Income tax relating to items that will not be reclassified	10	594	(824)
Total items that will not be reclassified to profit or loss		(2,374)	3,297
Other comprehensive income (expense) for the year, net of tax		(2,374)	3,297
Total comprehensive income for the year		2,589,157	1,827,545
Basic earnings per share (in Baht)	27	0.333	0.309

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

Statement of changes in equity

TPI Polene Power Public Company Limited

		Retained earnings			
	Note	Issued and paid-up share capital	Legal reserve	Unappropriated	Total equity
(in thousand Baht)					
Year ended 31 December 2016					
Balance at 1 January 2016		5,900,000	-	3,145,196	9,045,196
Transaction with owners, recorded directly in equity					
Distributions to owners					
Dividends	28	-	-	(2,551,750)	(2,551,750)
Total distributions to owners		-	-	(2,551,750)	(2,551,750)
Comprehensive income (expense) for the year					
Profit		-	-	1,824,248	1,824,248
Other comprehensive income (expense)		-	-	3,297	3,297
Total comprehensive income for the year		-	-	1,827,545	1,827,545
Transfer to legal reserve		-	218,800	(218,800)	-
Balance at 31 December 2016		5,900,000	218,800	2,202,191	8,320,991

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

Statement of changes in equity

TPI Polene Power Public Company Limited

			Retained earnings			
	Note	Issued and paid-up share capital	Share Premium	Legal reserve	Unappropriated	Total equity
(in thousand Baht)						
Year ended 31 December 2017						
Balance at 1 January 2017		5,900,000	-	218,800	2,202,191	8,320,991
Transaction with owners, recorded directly in equity						
Contributions by and						
distributions to owners						
Issue of ordinary shares	16	2,500,000	14,580,886	-	-	17,080,886
Dividends	28	-	-	-	(3,777,000)	(3,777,000)
Total contributions by and						
distributions to owners		2,500,000	14,580,886	-	(3,777,000)	13,303,886
Comprehensive income (expense) for the year						
Profit		-	-	-	2,591,531	2,591,531
Other comprehensive income (expense)		-	-	-	(2,374)	(2,374)
Total comprehensive income for the year		-	-	-	2,589,157	2,589,157
Transfer to legal reserve		-	-	129,576	(129,576)	-
Balance at 31 December 2017		8,400,000	14,580,886	348,376	884,772	24,214,034

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

Statement of cash flows

TPI Polene Power Public Company Limited

Year ended 31 December

2017 2016

(in thousand Baht)

Cash flows from operating activities

Profit for the year	2,591,531	1,824,248
<i>Adjustments to reconcile profit to cash receipts (payments)</i>		
Depreciation and amortisation	364,439	371,103
Interest income	(64,964)	(809)
Finance costs	40,916	160,384
Unrealised (gain) loss on foreign exchange	(164,416)	9,340
Losses on inventories devaluation	10,366	18,767
Gain on sale and write-off of land and equipment	(20,698)	(401)
Gain on sale of investment properties	-	(1,500)
Loss on sale of current investments	-	10
Provision for employee benefits	5,638	5,269
Tax (income) expense	75,581	(6,905)
	<u>2,838,393</u>	<u>2,379,506</u>

Changes in operating assets and liabilities

Trade accounts receivable	85,816	855,802
Other receivables	(80,312)	(26,510)
Receivable and advances to related parties	(3,376)	23,743
Inventories	(67,054)	28,880
Other current assets	(118,046)	(133,248)
Trade accounts payable	76,362	11,344
Other payables	(67,925)	47,581
Payable and advances from related parties	(68,883)	(323,871)
Other current liabilities	6,319	(35,857)
Employee benefit paid by the plan	(1,396)	-
Cash generated from operating activities	<u>2,599,898</u>	<u>2,827,370</u>
Taxes paid	<u>(4,026)</u>	<u>(1,235)</u>
Net cash from operating activities	<u>2,595,872</u>	<u>2,826,135</u>

Cash flows from investing activities

Interest received	57,610	877
Proceeds from sale of investment properties	-	45,763
Acquisition of plant and equipment	(4,129,520)	(3,892,938)
Proceeds from sale of property and equipment	118,898	11,517
Decrease (increase) of current investments	(3,774,563)	333
Advance payment for machine	<u>(852,860)</u>	<u>(1,489,220)</u>
Net cash used in investing activities	<u>(8,580,435)</u>	<u>(5,323,668)</u>

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

Statement of cash flows

TPI Polene Power Public Company Limited

Year ended 31 December

2017 2016

(in thousand Baht)

Cash flows from financing activities

Finance cost paid	(94,798)	(197,869)
Dividends paid to owners of the Company	(3,777,000)	(2,551,750)
Proceeds from short-term loans from financial institutions	-	28,813
Repayment of short-term loans from financial institutions	(28,726)	-
Proceeds from loan from related parties	2,887,081	7,906,084
Repayment of loan from related parties	(7,415,927)	(5,012,259)
Proceeds from long-term loans from financial institutions	-	2,496,629
Repayment of long-term loans from financial institutions	(2,496,629)	-
Proceeds from issue of ordinary shares	17,500,000	-
Transaction cost from issue of shares	(419,114)	-
Net cash from financing activities	6,154,887	2,669,648

Net increase in cash and cash equivalents,

before effect of exchange rates

170,324 172,115

Effect of exchange rate changes on cash and cash equivalents

(25) 4

Net increase in cash and cash equivalents

170,299 172,119

Cash and cash equivalents at 1 January

285,862 113,743

Cash and cash equivalents at 31 December

456,161 285,862

Non-cash transactions

Other payable - plant and equipment	2,800,429	2,211,376
Advances for plant and equipment	103,285	808,925

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

Notes to the financial statements

TPI Polene Power Public Company Limited
For the year ended 31 December 2017

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the audit committee, as appointed by the Board of Directors of the Company on 19 February 2018.

1 General information

TPI Polene Power Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 26/56, TPI Tower, Chan Tat Mai Road, Tungmahamek, Sathorn, Bangkok.

The Company was listed on the Stock Exchange of Thailand (“SET”) on 5 April 2017.

The ultimate parent company during the financial year was TPI Polene Public Company Limited, “parent company”, which is incorporated in Thailand and is the major shareholder and the parent of the Company and owned 70.24% of the Company’s issued and paid-up share capital as at 31 December 2017 (31 December 2016: 99.99%).

The principal business of the Company are manufacturing and distributing electricity and refuse derived fuel (RDF), organics waste and distributing diesel and natural gas 12 stations.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) and guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. The initial application of these new and revised TFRS has resulted in changes in certain of the Company’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements. The Company has made a preliminary assessment of the potential initial impact on the Company’s financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise stated in the accounting policies.

(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company’s functional currency. All financial information has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amount recognised in the financial statements is included in the following notes:

- Note 10 Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 14 Measurement of defined benefit obligations: key actuarial assumptions; and
- Note 15 Recognition and measurement of decommissioning costs: key assumptions about the likelihood and magnitude of an outflow of resources.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 29 to the financial instruments.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

(b) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(c) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated as follow;

- 1) Finished goods: Diesel and natural gas are calculated using the first in first out principle.
- 2) Inventories other than those mentioned in 1) are calculated using the weighted average cost principle.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(e) Investments

Investments in other debt and equity securities

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses, are recognised directly in equity. Impairment are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold using the weighted average method applied to the carrying value of the total holding of the investment.

(f) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working

condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and structures	20 and 30 years
Machinery	5 - 30 years
Tools and factory equipment	3 - 20 years
Furniture, fixtures and office equipment	3 - 10 years
Vehicles	10 years

No depreciation is provided on land, assets under construction and installation and major spare parts have not been issued.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(g) Leasehold right

Leasehold right that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is recognised in profit and loss on a straight-line basis over the period of the lease agreement. The period of the lease agreement is 8 - 10 years.

(h) Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the assets is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Interest-bearing liabilities

Interest-bearing liabilities are recognised at cost.

(j) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(k) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan. The Company's net obligation in respect of defined benefit legal severance pay plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(l) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market

assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Decommissioning costs

The Company recorded provision for decommissioning cost whenever it is probable that there is an obligation as a result of the past event and reliable amount of obligation.

Decommissioning costs is based on discounting the expected future cash flows of provision for decommissioning costs. The estimates of decommissioning costs have been determined based on reviews and estimates by the Company's own engineers and managerial judgment.

(m) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale

Sale of goods

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

Sale of electricity

Income from the sale of electricity is recognised in profit or loss in accordance with delivery units supplied and price as stipulated in the contract. Incomes from the sale of electricity to Electricity Generating Authority of Thailand ("EGAT") is entitled to receive ADDER for the period of 7 years from the commencement of commercial sales. Thereafter, subsequent to this initial period income from sale of electricity is recognised at normal rates.

Investments

Revenue from investments comprises rental income, dividend and interest income from investments and bank deposits.

Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

Interest income

Interest income is recognised in profit or loss as it accrues.

(n) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

(o) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(p) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

(r) Segment reporting

Segment results that are reported to the Company's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets.

4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with key management and other related parties were as follows:

Name of entities	Country of incorporation/nationality	Nature of relationships
Key management personnel	Thailand	Persons having authority and responsibility for planning,
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.
TPI Polene Public Co., Ltd.	Thailand	Parent, 70.24% shareholding, some common directors
TPI Polene Power Investment Co., Ltd.	Cambodia	Subsidiary, 100.00% shareholding, some common directors
TPI Polene Bio Organics Co., Ltd.	Thailand	Subsidiary of the parent's company and some common directors
Zenith International Trading Co., Ltd.	Thailand	Subsidiary of the parent's company and some common directors
TPI Service Co., Ltd.	Thailand	Subsidiary of the parent's company and some common directors
TPI Refinery (1997) Co., Ltd.	Thailand	Subsidiary of the parent's company and some common directors
TPI Intertrade Co., Ltd.	Thailand	Subsidiary of the parent's company and some common directors
TPI Commercial Co., Ltd.	Thailand	Subsidiary of the parent's company and some common directors
TPI Concrete Co., Ltd.	Thailand	Subsidiary of the parent's company and some common directors
TPI All Seasons Co., Ltd.	Thailand	Subsidiary of the parent's company and some common directors
Thai Propoxide Co., Ltd.	Thailand	Subsidiary of the parent's company and some common directors
Thai Nitrate Co., Ltd.	Thailand	Subsidiary of the parent's company and some common directors
Polene Plastic Co., Ltd.	Thailand	Indirect subsidiary of the parent's company and some common directors
United Grain Industry Co., Ltd.	Thailand	Associate of the parent's company and some common directors
BUI Life Insurance Public Co., Ltd.	Thailand	Associate of the parent's company and some common directors
Thai Plastic Film Co., Ltd.	Thailand	Indirect subsidiary of the parent's company and some common directors
Thai Plastic Products Co., Ltd.	Thailand	Indirect subsidiary of the parent's company and some common directors
Pornchai Enterprise Co., Ltd.	Thailand	Some common directors
Bangkok Union Insurance Public Co., Ltd.	Thailand	Some common directors
Hong Yiah Seng Real Estates and Investment Co., Ltd.	Thailand	Some common directors
Saraburi Ginning Mill Co., Ltd.	Thailand	Some common directors
Leophairatana Enterprise Co., Ltd.	Thailand	Some common directors
Rayong Forest Co., Ltd.	Thailand	Some common directors

The pricing policies for transactions are explained further below:

Transactions	Pricing policies
Sale of goods and electricity power	Market price / agreed price
Purchase of goods and services fee	Market price / agreed price
Sale of assets	Book value / agreed price
Other income	Agreed price
Shared service expense	Agreed price
Rental	Agreed price
Insurance premium	Market price
Interest expense	MLR - 1.5%

Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	<i>2017</i>	<i>2016</i>
	<i>(in thousand Baht)</i>	
Parent company		
Sale of goods and electricity power	655,508	565,044
Purchase of goods and services fee	736,056	328,586
Other income	4,315	28,910
Sale of assets	-	11,489
Shared service expense - cost of sale	85,253	85,253
Shared service expense - administrative expense	34,747	34,747
Interest expense	60,201	151,992
Dividend paid	3,127,000	2,551,750
Administrative expenses	809	828
Other related parties		
Sale of goods	8,026	89,122
Purchase of goods	2,656	3,580
Other income	17,520	221
Sale of assets	36,397	45,763
Interest expense	-	16,508
Insurance premium	31,283	19,275
Administrative expenses	8,453	8,429
Key management personnel		
Key management personnel compensation		
Short-term employee benefits	36,196	33,101
Post-employment benefits	650	696
Total key management personnel	36,846	33,797

Balances as at 31 December with related parties were as follows:

	<i>2017</i>	<i>2016</i>
	<i>(in thousand Baht)</i>	
Trade accounts receivable - related parties		
Parent company	86,822	61,916
Other related parties		
TPI Polene Bio Organics Co., Ltd.	5,545	66,468
TPI Concrete Co., Ltd.	563	780
TPI All Seasons Co., Ltd.	42	31
Thai Nitrate Co., Ltd.	3	5
United Grain Industry Co., Ltd.	-	1
Bangkok Union Insurance Public Co., Ltd.	20	25
BUI Life Insurance Public Co., Ltd.	12	6
Total	93,007	129,232

Receivables and advance to related parties

2017 2016

(in thousand Baht)

Parent company	7,969	6,143
Other related parties		
TPI Polene Bio Organics Co., Ltd.	14	11
United Grain Industry Co., Ltd.	2,414	1,857
BUI Life Insurance Public Co., Ltd.	578	407
Bangkok Union Insurance Public Co., Ltd.	16,642	10,535
Saraburi Ginning Mill Co., Ltd.	-	1
Total	27,617	18,954

Trade accounts payable - related parties

Parent company	74,027	26,172
Other related parties		
TPI Polene Bio Organics Co., Ltd.	716	880
TPI Concrete Co., Ltd.	5	-
Total	74,748	27,052

Payables and advance from related parties

Parent company	32,019	100,264
Other related parties		
TPI Concrete Co., Ltd.	75	87
TPI Polene Bio Organics Co., Ltd.	268	272
Pornchai Enterprise Co., Ltd.	4	20
Bangkok Union Insurance Public Co., Ltd.	-	606
Total	32,366	101,249

Loans from related party**Interest rate**

2017 2016

(% per annum)

2017 2016

(in thousand Baht)

Short-term loan				
Accrued interest expenses				
Parent company			-	1,274
Short-term loans from related party			-	1,274
Long-term loan				
Parent company	MLR-1.5	MLR-1.5	-	4,528,846
Long-term loans from related party			-	4,528,846

Movements during the years ended 31 December of loans from related parties were as follows:

Loans from related parties	2017	2016
	<i>(in thousand Baht)</i>	
Short-term loan		
Parent company		
At 1 January	-	-
Increase	-	9,736
Decrease	-	(9,736)
At 31 December	-	-
Other related party		
At 1 January	-	-
Increase	-	3,082,900
Decrease	-	(3,082,900)
At 31 December	-	-
Long-term loan		
Parent company		
At 1 January	4,528,846	1,635,021
Increase	2,887,081	4,813,448
Decrease	(7,415,927)	(1,919,623)
At 31 December	-	4,528,846
Total loans from related parties		
At 1 January	4,528,846	1,635,021
Increase	2,887,081	7,906,084
Decrease	(7,415,927)	(5,012,259)
At 31 December	-	4,528,846

Significant agreements with related parties

(a) The Company entered into several land and factory building agreements with related parties for 3 years to 30 years were as follows:

	2017	2016
	<i>(in thousand Baht)</i>	
Non-cancellable operating lease commitments		
Within one year	14,371	14,313
After one year but within five years	63,575	72,555
After five years	325,589	339,006
Total	403,535	425,874

Several land rental agreements specified that the Company have to decommission the assets from rental area at the end of contract, causing the Company to set up the decommissioning costs as at 31 December 2017 in amount of Baht 118 million (2016: Baht 105 million). (see note 15)

- (b) The Company entered into an electricity supply contract with parent company. The parent company will provide the waste heat to the Company that will be used in the manufacturing process for electricity. The Company shall supply the electricity solely to the parent company based on certain percentage as specified in the agreement. The agreement shall remain in full force and effect so long as, unless it is terminated by mutual agreement in writing of both parties.
- (c) On 1 April 2016, the Company entered into sale & purchase and service agreement with the parent company. The parent company will provide services related to infrastructure, human resources, purchase and sale of goods and resources and other services whereby the Company agree to pay fee as specified in agreement. The initial period of the contract is for 3 years which commenced on 1 April 2016 and shall continue for consecutive period of three years, unless earlier terminated by either party.

5 Cash and cash equivalents

	2017	2016
	<i>(in thousand Baht)</i>	
Cash on hand	2,250	2,864
Cash at banks - current accounts	2,414	17,206
Cash at banks - savings accounts	446,566	265,791
Cash at banks - savings account (Private Funds)	4,930	-
Highly liquid short-term investment	1	1
Total	456,161	285,862

6 Other investments

	2017	2016
	<i>(in thousand Baht)</i>	
Cash and cash equivalent (Private funds)	4,930	-
Current investments		
Fixed deposits with financial institutions	850,691	-
Equity securities held for trading (Short term general bond)	100,113	-
Debt securities held for trading	200,307	-
Debt securities held for trading (Private funds)	2,623,452	-
Total	3,774,563	-
Other receivable - Interest receivable (Private funds)	5,936	-
Other long-term investments		
Debt securities held to maturity	5,410	5,480

During 2017, the Company set up private funds which are managed by 2 independent assets management companies. Those private funds have invested in fixed deposits with the financial institutions and debt securities which had high liquidity and rating as investment grade. As at 31 December 2017, value of private funds totalling Baht 2,634 million (31 December 2016: Nil).

During 2017, the Company entered into CIMB-Principal Daily Income Plus Fund (CIMB - PRINCIPAL DPLUS), to invest in onshore and offshore debt and/or cash deposits, rating of the instrument or issuer is at an investment grade. The Company purchased 10 million units or amounting to Baht 100 million which its fair value as at 31 December 2017 is Baht 100 million (31 December 2016: Nil).

7 Trade accounts receivable

	Note	2017	2016
		<i>(in thousand Baht)</i>	
Related parties	4	93,007	129,232
Other parties		643,985	693,576
Total		736,992	822,808
Less allowance for doubtful accounts		-	-
Net		736,992	822,808
Bad and doubtful debts expense for the year (reversal of)		-	-

Aging analyses for trade accounts receivable were as follows:

Related parties

Within credit terms	86,997	127,453
Overdue:		
Less than 3 months	6,010	1,779
	93,007	129,232
Less allowance for doubtful accounts	-	-
	93,007	129,232

Other parties

Within credit terms	643,402	693,125
Overdue:		
Less than 3 months	583	451
	643,985	693,576
Less allowance for doubtful accounts	-	-
	643,985	693,576
Net	736,992	822,808

The Company requires various customers to provide cash, and bank guarantees as collateral.

The normal credit term granted by the Company ranges from 15 days to 30 days.

8 Inventories

	2017	2016
	<i>(in thousand Baht)</i>	
Finished goods	21,538	17,327
Work in process	75,810	84,437
Raw materials, package and chemical	100,040	68,970
Spare parts and supplies	280,714	200,188
Goods in transit	359	40,485
	478,461	411,407
Less allowance for declining in value	(29,133)	(18,767)
Net	449,328	392,640
Inventories recognised as an expense in 'cost of sales of goods':		
- Cost	2,217,169	2,246,242
- Write-down to net realisable value	10,366	18,767
Net total	2,227,535	2,265,009

9 Property, plant and equipment

	Land	Plants	Machinery	Tools and factory equipment	Furniture, fixtures and office equipment <i>(in thousand Baht)</i>	Vehicles	Major spare parts	Assets under construction and installation	Decommissioning assets	Total
Cost										
At 1 January 2016	10,579	72,840	7,467,879	124,858	15,756	-	29,885	3,016,221	-	10,738,018
Additions	-	-	7,600	19,995	1,740	-	12,026	6,414,206	102,650	6,558,217
Transfers	-	103,525	2,066,114	3,592	1,742	-	(29,988)	(2,144,985)	-	-
Disposals	(10,579)	-	(7,600)	(77)	(369)	-	-	-	-	(18,625)
At 31 December 2016 and										
1 January 2017	-	176,365	9,533,993	148,368	18,869	-	11,923	7,285,442	102,650	17,277,610
Additions	-	-	8,427	31,211	3,954	117	-	6,453,242	9,742	6,506,693
Transfers	-	15,997	1,227,789	-	60	-	6,368	(1,250,214)	-	-
Disposals	-	-	(128,609)	(40)	-	-	-	-	-	(128,649)
At 31 December 2017	-	192,362	10,641,600	179,539	22,883	117	18,291	12,488,470	112,392	23,655,654
Depreciation										
At 1 January 2016	-	9,684	1,380,915	53,089	11,929	-	-	-	-	1,455,617
Depreciation charge for the year	-	4,916	348,733	12,150	1,928	-	-	-	2,570	370,297
Disposals	-	-	(7,064)	(77)	(368)	-	-	-	-	(7,509)
At 31 December 2016 and										
1 January 2017	-	14,600	1,722,584	65,162	13,489	-	-	-	2,570	1,818,405
Depreciation charge	-	6,703	337,741	13,515	2,536	5	-	-	3,669	364,169
Disposals	-	-	(30,409)	(40)	-	-	-	-	-	(30,449)
At 31 December 2017	-	21,303	2,029,916	78,637	16,025	5	-	-	6,239	2,152,125
Net book value										
At 1 January 2016	10,579	63,156	6,086,964	71,769	3,827	-	29,885	3,016,221	-	9,282,401
At 31 December 2016 and										
1 January 2017	-	161,765	7,811,409	83,206	5,380	-	11,923	7,285,442	100,080	15,459,205
At 31 December 2017	-	171,059	8,611,684	100,902	6,858	112	18,291	12,488,470	106,153	21,503,529

The original cost of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2017 amounted to Baht 815 million (2016: Baht 753 million).

Capitalised borrowing costs relating to the acquisition of new factory as of 31 December 2017 amounted to Baht 55 million (2016: Baht 41 million), with capitalization rate of MLR-1.75% to MLR-1.5% (2016: MLR-1.75% to MLR-1.5%).

10 Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

	Assets		Liabilities	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Total	115,065	189,743	(309)	-
Set off of tax	(309)	-	309	-
Net deferred tax assets	114,756	189,743	-	-

Movements in total deferred tax assets and liabilities during the year were as follows:

		(Charged) / Credited to:		
	At 1	(Note 25)		At 31
	January	Profit or loss	Other	December
	2017		comprehensive	2017
		(in thousand Baht)		
Deferred tax assets				
Depreciation gap of assets	95,881	(10,305)	-	85,576
Inventories	3,753	2,074	-	5,827
Provisions for employee benefits	6,441	847	594	7,882
Loss carry forward	83,668	(67,888)	-	15,780
Total	189,743	(75,272)	594	115,065
Deferred tax liabilities				
Revaluation on fair value of trading investment	-	(309)	-	(309)
Total	-	(309)	-	(309)
Net	189,743	(75,581)	594	114,756

		(Charged) / Credited to:		
	At 1	(Note 25)		At 31
	January	Profit or loss	Other	December
	2016		comprehensive	2016
		(in thousand Baht)		
Deferred tax assets				
Depreciation gap of assets	94,805	1,076	-	95,881
Inventories	-	3,753	-	3,753
Provisions for employee benefits	6,210	1,055	(824)	6,441
Loss carry forward	82,666	1,002	-	83,668
Total	183,681	6,886	(824)	189,743
Deferred tax liabilities				
Revaluation on fair value of trading investment	(19)	19	-	-
Total	(19)	19	-	-
Net	183,662	6,905	(824)	189,743

The Company recognised deferred tax asset arising from loss carry forward in the financial statements as at 31 December 2017 amounted to Baht 79 million, which expire during 2020 to 2021, because management consider it probable that future taxable profits will be available against which the Company can utilize the benefit therefrom.

11 Interest-bearing liabilities

	Note	2017	2016
		(in thousand Baht)	
Current			
Short-term loans from financial institutions Secured		-	28,726
Current portion of long-term loans from financial institutions Secured		-	165,000
Total current interest-bearing liabilities		-	193,726
Non-current			
Long-term loans from financial institutions Secured		-	2,331,629
Long-term loans from related party Unsecured	4	-	4,528,846
Total non-current interest-bearing liabilities		-	6,860,475
Total		-	7,054,201

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	2017	2016
	(in thousand Baht)	
Within one year	-	193,726
After one year but within five years	-	6,507,246
After five years	-	353,229
Total	-	7,054,201

As at 31 December 2017, the Company has no unutilised credit facilities (2016: Baht 803 million).

On 9 March 2016, the Company had signed loan agreement in the amount of Baht 3,300 million with local financial institutions for investment in Alternative Fuel Power Plant with total capacity of 70 megawatt, with the term of 7 years. First principle instalment repayment shall be made after 2 years. Interest rate is as specified in agreement. As at 31 December 2017, the balance of loan under this facility was nil as it was fully paid in 2017 (2016: Baht 2,497 million).

12 Trade accounts payable

	Note	2017	2016
		(in thousand Baht)	
Related parties	4	74,748	27,052
Other parties		98,500	69,834
Total		173,248	96,886

13 Other payables

	2017	2016
	<i>(in thousand Baht)</i>	
Retention payable	1,480,805	1,619,544
Other payables - Machine	1,357,630	633,401
Accrued expenses	34,351	29,288
Deposit from sales and guarantee	3,696	23,654
Others	26,429	76,276
Total	2,902,911	2,382,163

14 Provisions for employee benefits

	2017	2016
	<i>(in thousand Baht)</i>	
Statement of financial position		
Provisions for:		
Post-employment benefits	70,645	58,148
Year ended 31 December		
Statement of comprehensive income:		
Recognised in profit or loss:		
Post-employment benefits	5,638	5,269
Recognised in other comprehensive income:		
Actuarial (gain) losses recognised in the year	2,968	(4,121)

Defined benefit plan

The Company operate defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Movement in the present value of the defined benefit obligations.

	2017	2016
	<i>(in thousand Baht)</i>	
At 1 January	58,148	31,052
Include in profit or loss:		
Current service cost and interest on obligation	5,638	5,269
Included in other comprehensive income		
Actuarial (gain) loss	2,968	(4,121)
Other		
Benefit paid	(1,396)	-
Transferred employee benefit obligations	5,287	25,948
Defined benefit obligations at 31 December	70,645	58,148

Actuarial gains and losses recognised in other comprehensive income were mainly arose from the change of employee turnover, discount rate and future salary growth.

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2017	2016
	(%)	
Discount rate	3.12	3.43
Future salary growth	6.73	6.72

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2017, the weighted-average duration of the defined benefit obligation was 28 years (2016: 27 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Increase	Decrease
	(in thousand Baht)	
At 31 December 2017		
Discount rate (1% movement)	(9,022)	10,910
Future salary growth (1% movement)	9,646	(8,234)
At 31 December 2016		
Discount rate (1% movement)	(7,745)	9,338
Future salary growth (1% movement)	8,308	(7,114)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

15 Decommissioning costs

	(in thousand Baht)
1 January 2016	-
Provisions made	104,861
At 31 December 2016 and 1 January 2017	104,861
Provisions made	12,951
At 31 December 2017	117,812
At 31 December 2016 and 1 January 2017	
Non-current	104,861
At 31 December 2017	
Non-current	117,812

16 Share capital

	Par value	2017		2016	
	per share	Number	Amount	Number	Amount
	(in Baht)	(thousand shares / thousand Baht)			
Authorised					
At 1 January					
- ordinary shares	100	-	-	59,000	5,900,000
- ordinary shares	1	8,400,000	8,400,000	-	-
Reduction in par value					
- from Baht 100 to Baht 1	1	-	-	5,900,000	5,900,000
Issue of new shares	1	-	-	2,500,000	2,500,000
At 31 December					
- ordinary shares	1	8,400,000	8,400,000	8,400,000	8,400,000
Issued and paid					
At 1 January					
- ordinary shares	100	-	-	59,000	5,900,000
- ordinary shares	1	5,900,000	5,900,000	-	-
Reduction in par value					
- from Baht 100 to Baht 1	1	-	-	5,900,000	5,900,000
Issue of new shares	1	2,500,000	2,500,000	-	-
At 31 December					
- ordinary shares	1	8,400,000	8,400,000	5,900,000	5,900,000

The reduction of par value and increase in authorised share capital

On 19 April 2016, the ordinary shareholder's meeting passed the extraordinary resolution of the reduction of the par value from Baht 100 to Baht 1 and the increase in the authorised share capital of Baht 2,500 million (from Baht 5,900 million to Baht 8,400 million) by issuing 2,500 million ordinary shares at Baht 1 par value for the Initial Public Offering ("IPO") and approved the listing of its ordinary shares on the Stock Exchange of Thailand. The Company registered the par value reduction and the capital increase with the Ministry of Commerce on 2 May 2016.

Initial Public Offering

In March 2017, the Company offered its common shares to the initial public offering by issuing 2,500 million common shares. The new shares were sold at a price of Baht 7 per share (par value at Baht 1 and premium on common share at Baht 6), totaling Baht 17,500 million which includes the premium on common share of Baht 15,000 million. Directly attributable expenses of the initial public offering totalling approximately Baht 419 million were deducted from the premium on share capital received from the offering. The shares of the Company begin trading in the Stock Exchange of Thailand on 5 April 2017.

17 Reserves

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

18 Segment information

The Company comprises the following main business segments:

- Energy & Utilities
- Petrol and gas stations
- Agriculture and other

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Company's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

(a) Reportable segment results

	Revenue from external customers		Inter-segment revenue		Total segment revenue		Reportable segment profit (loss) before income tax	
	2017	2016	2017	2016	2017	2016	2017	2016
	<i>(in thousand Baht)</i>							
Energy & Utilities	4,164,727	3,509,561	-	-	4,164,727	3,509,561	2,603,324	1,844,894
Petrol and gas stations	700,087	781,258	-	-	700,087	781,258	46,724	(13,526)
Agriculture and other	-	77,341	-	-	-	77,341	17,064	(14,025)
Total	4,864,814	4,368,160	-	-	4,864,814	4,368,160	2,667,112	1,817,343
Other losses							-	-
							2,667,112	1,817,343
Elimination of inter-segment (profit) loss							-	-
Profit before income tax expense for the year							2,667,112	1,817,343

(b) Reportable segment financial position

	Segment assets	
	2017	2016
	<i>(in thousand Baht)</i>	
Energy & Utilities	22,954,338	17,518,308
Petrol and gas stations	52,770	56,569
Agriculture	5,544	92,658
	23,012,652	17,667,535
Unallocated assets	4,554,256	501,811
Total assets	27,566,908	18,169,346

Geographical segments

The Company is managed and operated principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

Major customer

Revenues from 2 customers of the Company's represents approximately Baht 4,206 million (2016: Baht 3,547million) of the Company's total revenues.

19 Investment income

	2017	2016
	<i>(in thousand Baht)</i>	
Interest income	64,964	809
Rental income	5,670	5,227
Others	1,663	-
Total	72,297	6,036

20 Selling expenses

	2017	2016
	<i>(in thousand Baht)</i>	
Personnel expenses	26,667	25,832
Utilities expenses	11,534	12,415
Rental	9,915	9,899
Depreciation and amortisation	4,876	5,942
Others	10,828	10,937
Total	63,820	65,025

21 Administrative expenses

	2017	2016
	<i>(in thousand Baht)</i>	
Personnel expenses	54,163	51,239
Shared service expenses	36,021	35,412
Professional fees	31,256	3,941
Insurance expenses	13,032	10,431
Registration fees	10,598	6,636
Depreciation and amortisation	19,229	3,975
Others	24,471	13,921
Total	188,770	125,555

22 Employee benefit expenses

	2017	2016
	<i>(in thousand Baht)</i>	
Management		
Wages and salaries	20,336	17,641
Defined benefit plans	650	696
Others	15,860	15,460
	36,846	33,797
Employee		
Wages and salaries	346,977	303,993
Defined benefit plans	4,988	4,573
Others	30,890	28,787
	382,855	337,353
Total	419,701	371,150

23 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	2017	2016
	<i>(in thousand Baht)</i>	
<i>Included in cost of sales of goods:</i>		
Changes in inventories of finished goods and work in progress	4,415	79,558
Raw materials and consumables used	1,434,041	1,377,240
Employee benefit expenses	338,871	294,079
Depreciation and amortisation	340,334	361,186
<i>Included in selling expenses:</i>		
Employee benefit expenses	26,667	25,832
Depreciation and amortisation	4,876	5,942
<i>Included in administrative expenses:</i>		
Employee benefit expenses	54,163	51,239
Depreciation and amortisation	19,229	3,975

24 Finance costs

	Note	2017	2016
		<i>(in thousand Baht)</i>	
<i>Interest expense:</i>			
Related parties	4	60,201	168,500
Bank loan and overdrafts		32,943	31,024
Total interest expense		93,144	199,524
Other		3,208	2,211
		96,352	201,735
Less amounts included in the cost of qualifying assets:			
- Construction contracts work in progress	9	(55,436)	(41,351)
Net		40,916	160,384

25 Income tax expense

Income tax recognised in profit or loss

	Note	2017	2016
		<i>(in thousand Baht)</i>	
Current tax expense			
Current year		-	-
Deferred tax expense			
Movements in temporary differences	10	75,581	(6,905)
Total income tax expense (income)		75,581	(6,905)

Reconciliation of effective tax rate

	2017		2016	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		2,667,112		1,817,343
Income tax using the Thai corporation tax rate	20	533,422	20	363,469
Permanent difference between accounting and taxation		(20,878)		-
Profit was derived from promoted activities		(440,644)		(371,512)
Expenses not deductible for tax purposes		3,681		1,138
Total	2.8	75,581	(0.4)	(6,905)

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

26 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company has been granted privileges by the Board of Investment relating to natural gas stations, power plants and fuel production from garbage and waste. The privileges granted include:

- exemption from payment of import duty on machinery and equipment approved by the Board;
- exemption from payment of corporate income tax for certain operations for a period of 8 years from the dates on which the income is first derived from such operations;
- a 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of 5 years, commencing from the expiry date in (b) above;
- a deduction of twice the actual transportation, electrical and water supply expenses for a period of 10 years from the respective revenues and a 25% reduction of the capital expenditure for the installation or the construction of the facilities in addition to the normal depreciation; and
- losses occur during the period could be carried forward 5 years commencing from the expiry date of the privileges to deducted from the profit that occur after the period of exemption of corporate income tax.

As a promoted company, the Company must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses:

	2017			2016		
	Promoted business	Non Promoted business	Total	Promoted business	Non Promoted business	Total
	(in thousand Baht)					
Domestic sales	3,556,971	1,307,843	4,864,814	3,689,831	678,329	4,368,160
Total	3,556,971	1,307,843	4,864,814	3,689,831	678,329	4,368,160

27 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2017 and 2016 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years, after adjusting the number of the ordinary shares to reflect the impact of the split of par value of shares from Baht 100 per share to Baht 1 per share. The prior year's basis earnings per share has been recalculated as if the split of par value of shares had been distributed at the beginning of earliest year. The calculations are as follows:

	2017	2016
	<i>(in thousand Baht/thousand shares)</i>	
Profit attributable to ordinary shareholders of the Company (Basic)	2,591,531	1,824,248
Number of ordinary shares outstanding at 1 January	5,900,000	59,000
Effect of share issued	1,890,411	-
Effect from change of par value of shares	-	5,841,000
Weighted average number of ordinary shares outstanding (basic)	7,790,411	5,900,000
Earnings per share (basic) (in Baht)	0.333	0.309

28 Appropriation of retained earnings

At the Board of Director's meeting of the Company held on 30 November 2017, the Board of Director's meeting passed a resolution to declare the interim dividend payment from retained earnings as of 30 September 2017, in amount of Baht 0.06 per share for the Baht 8,400 million common shares, amounting to Baht 504 million. The dividend was paid to the shareholders on 27 December 2017.

At the Board of Director's meeting of the Company held on 31 August 2017, the Board of Director's meeting passed a resolution to declare the interim dividend payment from retained earnings as of 30 June 2017, in amount of Baht 0.1 per share for the Baht 8,400 million common shares, amounting to Baht 840 million. The dividend was paid to the shareholders on 22 September 2017.

At the Board of Director's meeting of the Company held on 8 May 2017, the Board of Director's meeting passed a resolution to declare the interim dividend payment from retained earnings as of 31 March 2017, in amount of Baht 0.1 per share for the Baht 8,400 million common shares, amounting to Baht 840 million. The dividend was paid to the shareholders on 2 June 2017.

At the annual general meeting of the shareholders of the Company held on 1 March 2017, the shareholders approved the appropriation of dividend of Baht 0.27 per share for 5,900 million common shares, amounting to Baht 1,593 million. The dividend was paid to shareholders on 15 March 2017.

At the annual general meeting of the shareholders of the Company held on 19 April 2016, the shareholders approved the appropriation of dividend of Baht 43.25 per share for 59 million common shares (at amount of share before the reduction of par value disclosed in Note 16), amounting to Baht 2,552 million. The dividend was paid to the shareholders on 4 May 2016.

As at 31 December 2017, the Company allocated profit from operation to legal reserve in amount of Baht 129 million, the total legal reserve are Baht 348 million. *(31 December 2016: the Company allocated profit from operation to legal reserve in amount of Baht 219 million, the total legal reserve are Baht 219 million)*

29 Financial instruments

Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Company's objective of managing the capital is to preserve the abilities to operate continuously to generate the wealth for shareholder and the benefit for stakeholders, and to sustain the capital structure with appropriate finance cost.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows because loan interest rates are mainly floating. The Company is primarily exposed to interest rate risk from its borrowings.

The effective interest rates of debt securities and loans receivable as at 31 December and the periods in which the loans receivable and debt securities mature or re-price were as follows:

	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
<i>(in thousand Baht)</i>					
2017					
Current					
Short-term loans from financial institutions		-	-	-	-
Current portion of long-term loans from financial institutions		-	-	-	-
Non-current					
Long-term loans from financial institutions		-	-	-	-
Long-term loan from related party		-	-	-	-
Total		-	-	-	-
2016					
Current					
Short-term loans from financial institutions	2	28,726	-	-	28,726
Current portion of long-term loans from financial institutions	MLR - 1.75	165,000	-	-	165,000
Non-current					
Long-term loans from financial institutions	MLR - 1.75	-	1,978,400	353,229	2,331,629
Long-term loan from related party	MLR - 1.5	-	4,528,846	-	4,528,846
Total		193,726	6,507,246	353,229	7,054,201

Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases of spare parts, supplies, machines and equipments which are denominated in foreign currencies.

At 31 December, the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	2017	2016
<i>(in thousand Baht)</i>		
United States Dollars		
Cash and cash equivalents	83	113
Other payables	(2,774,021)	(2,189,417)
	(2,773,938)	(2,189,304)
EURO		
Interest - bearing liabilities	-	(28,726)
Other payables	(26,408)	(21,960)
	(26,408)	(50,686)
Others		
Cash and cash equivalents	10	7
	10	7
Gross balance sheet exposure	(2,800,336)	(2,239,983)

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due. The Company has concentrations of credit risk since most of its revenues are contracted under long-term agreements with a small number of parties generally government authorities, private corporations and related parties. Therefore, the risk perceived is low.

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Fair values of financial assets and liabilities

The fair value of cash and cash equivalents, trade and other short-term receivables, and trade and other short-term payable are taken to approximate the carrying value due to the relatively short-term maturity of these financial instruments.

The fair value of long-term loans carrying a floating rate, which is considered to be market rate, are taken to approximate their fair values.

Other financial assets not stated above had the fair and carrying value as at 31 December 2017 are as follows:

	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
Current investment					
Equity securities held for trading (Short term general bond)	100,113	-	100,113	-	100,113
Debt securities held for trading	200,307	-	200,307	-	200,307
Debt securities held for trading (Private funds)	2,623,452	-	2,623,452	-	2,623,452

Measurement of fair values

Valuation techniques

The following tables show the valuation techniques used in measuring Level 2 fair values.

Type	Valuation technique
Equity securities held for trading (Short term general bond)	The net asset value as of the reporting date.
Debt securities held for trading	Thai Bond Market Association Government Bond Yield Curve as of the reporting date.

30 Commitments with non-related parties

	2017	2016
	(in thousand Baht)	
<i>Capital commitments</i>		
<i>Contracted but not provided for:</i>		
Agreements for construction, machine and equipment	<u>447,427</u>	<u>5,447,873</u>
<i>Non-cancellable operating lease commitments</i>		
Within one year	3,640	2,299
After one year but within five years	<u>5,690</u>	<u>4,216</u>
Total	<u>9,330</u>	<u>6,515</u>

Operating leases

The Company entered into several lease agreements covering the lands, and the vehicles for the period of 1 - 5 years. In consideration thereof, the Company is committed to pay rental fees at various annual rental rates as specified in the agreements.

	2017	2016
	<i>(in thousand Baht)</i>	
Other commitments		
Bank guarantees	37,252	31,297
Total	37,252	31,297

Power Purchase Agreement

On 13 November 2013, the Company entered into the 55 Megawatts, which uses garbage as fuel and waste heat from the cement production process as a fuel supplement, Power Purchase Agreement (1st project) in term of “Non-firm” with Electricity Generating Authority of Thailand (“EGAT”) for the period of 5 years since start trading date. The contract can be extended for a period of 5 years subject to the provision of written notice to the counterparty not less than 30 days before the contract expire. The Company obtained adder form selling price of electricity for period of 7 years since start trading date. The Company has started generating revenue from electricity supply on 6 August 2015.

On 7 November 2014, the Company entered into the 18 Megawatts, which uses garbage as fuel and waste heat from the cement production process as a fuel supplement, Power Purchase Agreement (3rd project) in term of “Non-firm” with Electricity Generating Authority of Thailand (“EGAT”) for the period of 5 years since start trading date. The contract can be extended for a period of 5 years subject to the provision of written notice to the counterparty not less than 30 days before the contract expire. The Company obtained adder form selling price of electricity for period of 7 years since start trading date. The Company has started generating revenue from electricity supply on 16 January 2015.

On 17 August 2017, the Company entered into the 90 Megawatts, which uses garbage as fuel and waste heat from the cement production process as a fuel supplement, Power Purchase Agreement (2nd project) in term of “Non-firm” with Electricity Generating Authority of Thailand (“EGAT”) for the period of 5 years since start trading date. The contract can be extended for a period of 5 years subject to the provision of written notice to the counterparty not less than 30 days before the contract expire. The Company obtained adder form selling price of electricity for period of 7 years since start trading date.

The Company has to comply with conditions as specified in the Power Purchase Agreements.

Other agreement

On 7 December 2017, the Company entered into Land Sale and Purchase agreement with third party, the Company is committed to pay as specified in the agreement.

31 Other information

On 17 April 2017, the Board of Directors’ meeting pass the resolution to approve the Company to establish TPI Polene Power Investment Company Limited (“TPIPPI”), the registered company in Cambodia. The authorised share capital of USD 125,000 (1,000 shares at USD 125 par value) was registered on 23 June 2017. The Company holds 490 shared or 49% of the registered capital.

On 27 July 2017, the Board of Directors’ meeting pass the resolution to approve the Company to purchase 510 shares of TPIPPI from the partner in Cambodia, representing 51% of registered capital of TPIPPI. After the purchase, the Company will hold 1,000 shares of 100% of the registered capital of TPIPPI.

As at 31 December 2017, TPIPPI has not called for paid-up share capital nor started its commercial operation yet. Therefore, the Company did not prepare the consolidated financial statements due to the financial statements of TPIPPI was immaterial to the consolidated financial statements of the Company.

Later, on 23 January 2018, TPIPPI Called for 100% paid-up share capital and the Company fully paid share capital amounting to USD 125,000 or equivalent to Baht 3.96 million.



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