



# ANNUAL REPORT 2014

ESSO (THAILAND) PUBLIC COMPANY LIMITED





**10.9** million  
work hours without  
a lost time incident

**1.5%** Energy  
Intensity Index  
Improvement



## OPERATIONAL EXCELLENCE

- Employ a High Standard of Ethics and Business Controls
- Received ExxonMobil Global Standard of Excellence Award

## REFINERY

- Implemented Energy efficiency and Margin enhancements



24

New service stations

## RETAIL

- Expanded service station network and premium product offering

## MOBIL 1

- Celebrated 40<sup>th</sup> anniversary of Mobil 1 & Increased footprint of Mobil 1 centers

280

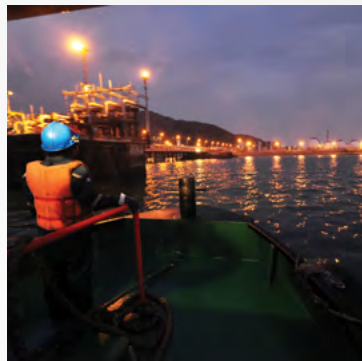
Mobil 1 Centers

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# TO OUR SHAREHOLDERS

Esso progressed multiple projects during the year to improve energy efficiency, enhance margins, and expand and optimize our retail and lubricants networks. These efforts support our steadfast commitment to generate long-term value for our shareholders.



## To Our Shareholders

We remain steadfast in our commitment to generate long-term value for our shareholders by supplying safe, reliable, and affordable energy. An unwavering focus on safety, controls, operational excellence, and corporate citizenship forms the framework of a business model that is designed to capture value throughout the ups and downs of the business cycle. While 2014 represented another difficult year for refiners and chemical producers in the region, we continued to emphasize the factors within our control that we believe will maximize shareholder value over the long-term.

Regional industry refining and paraxylene margins in 2014 reached their lowest levels since 2010. In addition, global crude oil prices declined by approximately 45% during the year. The challenging price and margin environment negatively impacted our 2014 financial results as we incurred a loss of Baht 10.3 billion, mainly from negative gross refining margins as a result of significant stock losses that were generated from the sharp decrease in oil prices in the second half of the year. Our financial results were also adversely influenced by lower crude runs and a decline in paraxylene production, driven by economic optimization efforts in response to market conditions combined with partial planned shutdowns. Refinery throughput averaged 130 thousand barrels a day and paraxylene production was 254 thousand tons, down from 140 thousand barrels a day and 324 thousand tons in 2013, respectively.

Although we operated in a very challenging environment in 2014, we continued efforts to enhance margins by maximizing the production of higher value products while minimizing raw material costs. Self-help initiatives were also undertaken to de-bottleneck profitable units and improve energy efficiency. Multiple projects were implemented that improved our Energy Intensity Index by 1.5%. In addition, margin enhancement projects progressed during the year and are expected to complete by the first half of 2015, which will enable us to maximize the Fluidized Catalytic Cracking Unit (FCCU) more efficiently. We believe these efforts position the refinery for improved profitability in the future.

# MESSAGE

## FROM THE CHAIRMAN

Our marketing business continues to provide a secure and reliable outlet for our refined products and remains a key priority for the company. We executed multiple initiatives during the year to optimize our retail and lubricant networks. Several promotional programs were conducted to improve engagement with customers and increase brand awareness while we also actively expanded the number of sites, premium product offerings, and alliance partnerships. We opened 24 new Esso-branded service stations in 2014, bringing the total number of retail sites to 524 compared to 516 at the end of 2013. This represents the first year-on-year gain in the retail network since our initial public offering in 2008. In addition, we increased the number of retail sites offering premium diesel and supreme E20 to 151 and 327 sites, respectively, up from 67 and 35 sites at the end of 2013. We enhanced relationships with strategic partners by opening an additional 22 alliances in service stations including new partners such as Bosch, Lawson, and Burger King. We also expanded the number of Mobil 1 centers to 280 sites, up from 263 sites in 2013 as we seek to grow volumes for our flagship lubricants brand Mobil 1.

Effective execution of these business initiatives provides foundation for stronger financial and operating results. At the same time, we continue to emphasize the importance of conducting business with the highest levels of integrity and social responsibility. Safety and controls excellence remains a top priority, as demonstrated by several key accomplishments in 2014. The Sriracha refinery was one of only three ExxonMobil-owned refineries to receive ExxonMobil's Global Standard of Excellence award for demonstrating excellence in both personnel and process safety. We also achieved our strongest safety performance since 2010 as measured by the rate of recordable incidents and the absence of any incidents that resulted in lost time. This exceptional safety performance was highlighted by our terminal operations reaching a milestone of 21 years without a lost-time safety incident. These impressive results are reflective of a strong safety culture that permeates every level of the organization. We also place significance on executing daily activities with the highest levels of financial and operational controls. Well-established and consistently-applied controls and operational excellence systems provide the processes and tools to effectively manage financial and operational risks.

In addition to exceptional safety and controls performance, we are committed to transparency and sound corporate governance. This is demonstrated by the core principles outlined in our Standards of Business Conduct, which provides each employee with the guidelines for managing business activities. We also strictly adhere to principles and practices that make us a good corporate citizen as we strive to work closely with our valued partners in the communities in which we operate. As recognition of these efforts, we received the Thailand American Chamber of Commerce (AMCHAM) recognition award for Corporate Social Responsibility excellence for the fifth consecutive year.

Consistent application of these business practices has resulted in a sustainable business model. We are proud of our 120-year history of helping to meet the growing demand for energy in Thailand. Essential to our success over the past 12 decades are our employees who demonstrated a daily commitment to sound principles and practices. I appreciate the confidence you place in our company and employees as demonstrated by your ongoing investment in Esso (Thailand) Public Company Limited. We reaffirm our commitment to work diligently to supply Thailand with safe, reliable, and affordable energy.



Neil A. Hansen  
Chairman and Managing Director

# GENERAL INFORMATION



## Company information:

<b>Company Name</b>	Esso (Thailand) Public Company Limited
<b>Symbol</b>	ESSO
<b>Registration Number</b>	0107539000073
<b>Business</b>	Integrated petroleum refining, petrochemical, and marketing
<b>Registered Capital</b>	Baht 17,110,007,246.71 Comprising 3,467,916,666 common shares of Baht 4.9338 per share
<b>Paid-up Capital</b>	Baht 17,075,181,200.40 Comprising 3,460,858,000 common shares of Baht 4.9338 per share
<b>Head Office</b>	3195/17-29 Rama IV Road, Klong Ton Klong Toey District, Bangkok 10110 Telephone: 02 262-4000
<b>Website</b>	<a href="http://www.esso.co.th">www.esso.co.th</a>
<b>Investor Relations</b>	Telephone: 02 262-4788 E-mail: <a href="mailto:essolR@exxonmobil.com">essolR@exxonmobil.com</a>

## References:

<b>Securities Registrar</b>	Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building, 62 Ratchadapisek Road, Klong Toey District, Bangkok 10110 Telephone: 02 229-2888 (Call Center)
<b>Auditor</b>	PricewaterhouseCoopers ABAS Limited 15 <sup>th</sup> Floor, Bangkok City Tower, 179/74-80 South Sathorn Road, Bangkok 10120 Telephone: 02 344-1000





## 2014 BUSINESS HIGHLIGHTS: OPERATIONAL EXCELLENCE

### High Standard of Ethics and Business Controls

- Operate with a high standard of ethics, good corporate governance, accountability, honesty, and strong business controls.
- Commitment to safety, health, and environmental excellence

### ExxonMobil Global Standard of Excellence Award

- Sriracha refinery was one of three out of 24 ExxonMobil refineries that received an award in 4 categories:
  1. Standard of Excellence in Personnel Safety
  2. Standard of Excellence in Process Safety
  3. Standard of Excellence in Environmental Performance
  4. Operational Excellence Award

# OUR BUSINESS



Esso (Thailand) Public Company Limited (“the company”) is an affiliate of Exxon Mobil Corporation, an industry leader in the global energy business. We have operated businesses in Thailand for more than 120 years.

We employ ExxonMobil’s highly-disciplined business model with a focus on long-term fundamentals and growth in shareholder value. The benefits of majority ExxonMobil ownership include access to expertise in crude oil and raw material procurement services, a global sales network for refined petroleum products and chemicals, advanced technological, operational and engineering services, and research and development programs. We also benefit from the use of Esso and other ExxonMobil trademarks licensed from ExxonMobil as well as the availability of ExxonMobil and affiliated management, technical personnel, and corporate support services.

We are an integrated petroleum refining, petrochemical, and marketing company with the following key businesses:

- A complex refinery with a maximum rated capacity (based on stream days) of 174,000 barrels per day
- An aromatics plant with a capacity of 500,000 tons per annum of paraxylene
- A solvent production unit with a capacity of 50,000 tons per annum
- An extensive network of Esso branded retail service stations throughout Thailand
- Direct commercial sales of petroleum products in the industrial, wholesale, aviation and marine sectors comprising of LPG, gasoline, jet fuel/kerosene, diesel, fuel oil, asphalt, and lubricants
- Professional services and a premiere line of synthetic lubricants through Mobil 1 centers
- Sales of aromatics and other chemical products



An industry leader in the energy business. We have

operated in Thailand for more than 120 years.



Our refinery configuration incorporates ExxonMobil's unique proprietary technologies that provide us with significant flexibility to process a wide range of crude oils and produce high-value products such as gasoline, diesel, and jet fuel. Our refinery is strategically located near the Laem Chabang deep sea port in Sriracha, Chonburi Province. The site benefits from its ready access to a deep sea port, road networks, and a multi-product transmission pipeline. This provides us with the flexibility of delivering our refined petroleum products via pipeline in addition to truck and marine.

Our aromatics production is fully integrated with our refinery operations. We produce aromatics primarily in the form of paraxylene which is used to make purified terephthalic acid (PTA), the raw material used for producing polyester film, packaging resin, and fabrics. Our other chemical products include solvents and plasticizers.



## Operation and Revenue Structure

Our sales revenue in the downstream and petrochemical segments are divided as follows:

	2014		2013		2012	
	Million Baht	%	Million Baht	%	Million Baht	%
Net Sales						
Downstream segment:						
Refined petroleum products	194,431	88.1	206,898	84.4	211,770	86.5
Lubricants	3,825	1.7	3,772	1.5	3,753	1.5
Others <sup>(1)</sup>	3,339	1.5	9,665	3.9	4,370	1.8
Services <sup>(2)</sup>	605	0.3	634	0.3	591	0.2
Total Downstream segment	202,200	91.6	220,969	90.1	220,484	90.0
Petrochemical segment:						
Paraxylene	11,336	5.1	17,101	7.0	17,511	7.1
Others <sup>(3)</sup>	7,163	3.3	7,055	2.9	7,085	2.9
Services	36	0.0	48	0.0	47	0.0
Total Petrochemical segment	18,535	8.4	24,204	9.9	24,643	10.0
<b>Total Sales revenue</b>	<b>220,735</b>	<b>100.0</b>	<b>245,173</b>	<b>100.0</b>	<b>245,127</b>	<b>100.0</b>

(1) Mainly sales of crude oil which were purchased from an affiliate and resold before processing. Also included are goods sold at convenience stores.

(2) Mainly franchise fees from dealers, product handling and storage fees from aviation customers, and rental income.

(3) Mainly sales of benzene, solvents, plasticizers, and other chemicals.

## Number of employees as of December 31, 2014

Corporate	Refining & Distribution <sup>(1)</sup>	Retail & Lubricants <sup>(2)</sup>	Chemicals	Total
23	460	94	7	584

(1) Includes engineers, technical staff and operators at Sriracha Refinery complex, together with commercial and export sales personnel.

(2) Includes retail and lubricant sales personnel.

## Subsidiaries, Associated and Related Companies

Company Name and Address	Business	Registered Capital (Baht)	Shareholding (%)
Mobil Enterprises (Thailand) Limited (METL) 3195/17-29 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone : 02 262-4000	Currently dormant	3,333,000	100
Industry Promotion Enterprises Limited (IPEL) 3195/26 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone : 02 262-4000	Real estate leasing	3,333,400	30 <sup>(1)</sup>
United Industry Development Company Limited (UIDC) 3195/27 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone : 02 262-4000	Real estate leasing	10,000,000	49 <sup>(1)</sup>
Pacesetter Enterprises Limited (PSE) 3195/27 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone : 02 262-4000	Real estate leasing	10,000,000	33 <sup>(2)</sup>
Thai C-Center Company Limited (TCC) 3195/21 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone : 02 262-4000	Service station and convenience store operation	50,000,000	0 <sup>(3)</sup>
Thai Petroleum Pipeline Company Limited (THAPPLINE) 2/8 Moo 11, Lumlukka Road, Ladsawai, Lumlukka, Pathumthani 12150 Telephone : 02 991-9130	Petroleum products pipeline transportation	8,479,000,000	21
Bangkok Aviation Fuels Services Public Company Limited (BAFS) 171/2 Moo 10, Vibhavadi Rangsit Road, Sikan, Don Muang District, Bangkok 10210 Telephone : 02 834-8900	Aircraft refuelling services	509,998,044	7

(1) The remaining preferred shares are held by employees of the Company and/or ExxonMobil affiliates.

(2) The remaining shares are held by UIDC and IPEL.

(3) The Company does not directly hold shares in TCC. All of TCC's issued shares are held by UIDC.

# FINANCIAL HIGHLIGHTS



## Financial Highlights

2014

2013

2012

(millions of Baht, unless otherwise stated)

Sales revenue	220,735	245,174	245,127
Gross profit/(loss)	(5,980)	6,230	5,496
EBITDA	(9,738)	2,752	2,546
Profit/(loss) for the period	(10,346)	(378)	(1,698)
Profit/(loss) per share (Baht) <sup>(1)</sup>	(2.99)	(0.11)	(0.49)
Total assets	63,868	74,010	75,862
Total liabilities	51,527	51,431	52,930
Total shareholders' equity	12,341	22,579	22,932

## Key Financial Ratios

2014

2013

2012

Net profit/(loss) margin (%)	(4.7)	(0.2)	(0.7)
Interest coverage (times)	(10.8)	2.8	2.1
Net debt to equity (times)	2.9	1.5	1.4

## Dividend Payment

2014

2013

2012

Dividend payment (Baht/share) <sup>(1)</sup>	-	-	0.05
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<sup>(1)</sup> Based on current number of shares: 3,461 million shares





## 2014 BUSINESS HIGHLIGHTS: REFINERY

### ENERGY EFFICIENCY AND MARGIN ENHANCEMENT

- Enhance margins by maximizing production of higher value products
- Minimize raw material costs by utilizing technology
- Implement “Self-Help” improvement program

Invested in multiple projects to improve energy efficiency and margin enhancement:

- 7 projects to improve energy efficiency and reduce Energy Intensity Index by 1.5%
- 5 projects to improve gross refining margins

# OUR PERFORMANCE



The Company believes the rigor, discipline and degree of accountability required to achieve strong safety performance are the same attributes that produce successful business results - both operational and financial.

## **Optimization through Integration**

The production levels of our refining and petrochemical units are primarily determined by market demand and economics. We benefit from the integration of our operations, which provides us with the ability to produce higher-value products, optimize operations, and capture cost savings.

We sell petroleum products through diversified channels including retail, commercial, and export markets for optimal product realization. We maximize sales value in the general interest by working closely across all of our business lines in a well-established Integrated Business Team.

## **Operational Excellence and Continuous Improvement Refining and Petrochemical**

Our refinery throughput was 130 thousand barrels per day in 2014, down from 140 thousand barrels per day in 2013, reflecting refining economics and planned maintenance for 21 days in June on the Fluidized Catalytic Cracking Unit and Continuous Catalytic Reformer and 46 days in September on the Atmospheric Pipestill, Vacuum Pipestill, and Naphtha/Kerosene/Gasoil Hydrofiner. The maintenance was conducted to improve capacity utilization. We also took the opportunity during the scheduled downtime to improve refinery efficiency and implement margin enhancement projects. Industry refining margins remained challenging in 2014 and reached their lowest levels since 2010 due to tighter crude-product spreads. The gross refining margin in 2014 was negative, mainly from stock losses, as oil prices declined by 45% over the year. In addition, the



government's regulation of LPG prices continued to negatively impact earnings as the controlled prices were well below international market prices. While we cannot control margin fluctuations and market conditions, we continued efforts to reduce costs and enhance margins with several self-help projects. Multiple projects were implemented that improved our Energy Intensity Index by 1.5%, resulting in lower energy costs. In addition, we progressed several margin enhancement projects during the year that are expected to complete by the first half of 2015. These projects will enable us to operate the Fluidized Catalytic Cracking Unit (FCCU) more efficiently.

Paraxylene production was 254 thousand tons in 2014, down from 324 thousand tons in 2013. Weaker demand and lower margins along with planned shutdowns impacted production levels. We managed paraxylene production levels to achieve optimum value by leveraging the integration of our refining and petrochemical units and optimizing contractual commitments to customers, consistent with the weaker market conditions.

### Reduced Energy Intensity Index by 1.5%

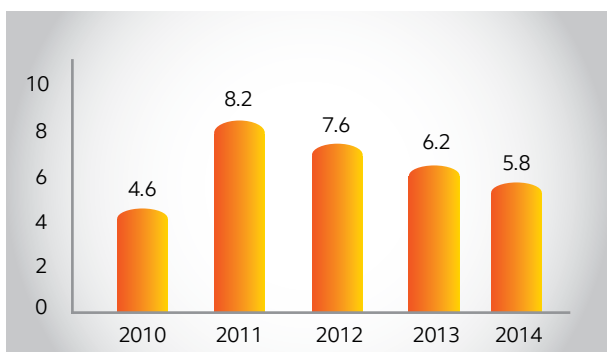
*Energy costs are one of the largest components of our cost structure. We completed multiple projects to reduce energy consumption and overall operating costs.*

### Industry Refining Margins at lowest levels since 2010

*Market conditions remained challenging with capacity additions outpacing demand growth*



Reuters Gross Refining Margin **\$/ bbl**



More than 80% of our aromatics products, Paraxylene and Benzene, were sold domestically to commercial customers. Other chemical products, including solvents and plasticizers, were mainly sold to local commercial customers.

We continue to utilize and manage our distribution assets to improve overall efficiency, reduce operating costs, and increase terminal reliability. In addition, the Company installed facilities at our terminals to enable our marketing business to maximize the value of our sales channels and improve competitiveness.

### Marketing

We sell petroleum products through diversified channels including retail, commercial, and export for optimal product realization.

Esso service stations continue to provide a secure, value-added, and steady outlet. Sales through our service stations accounted for 38% of total sales volume in 2014.

We are well-positioned to compete in this dynamic and competitive market with logistical and operational advantages. Esso increased its retail network to 524 service stations by the end of 2014, an increase of 8 sites compared to the end of 2013, representing the first year-on-year gain since our initial public offering in 2008. As a result of marketing campaigns and strategic locations, our market penetration was approximately 14.6% as we maintained our position as the largest international brand fuels retailer in Thailand.

In addition to increasing the number of retail sites, we successfully introduced premium products at more of our service stations. We had 151 and 327 stations offering Premium ADO and Supreme E20, respectively, at the end of 2014. The Premium Diesel and Supreme E20 offerings were higher than our initial plans, resulting in stronger brand equity and increased sales volumes. Nationwide marketing programs were also launched in late 2014 to increase brand awareness and introduce new products. As a result of these actions, we successfully maintained our position as the largest international brand fuels retailer in Thailand and increased revenue.





## 24 NEW Service Stations

In addition to fuel operations, we enhanced our non-fuel income through strong alliance programs. We launched new alliances in 2014 with Burger King, Bosch, and Lawson. The Company also further expanded the number of alliance partnerships with Tesco Lotus Express, B-Quik, Wizard Car Wash, Mobil 1 centers, McDonalds, FamilyMart, Rabika Coffee, and Caffè D'Oro, bringing the total number of alliance partner locations to 179 across our retail network. These alliances help us to optimize retail site profitability and provide high quality offerings and services for our customers.

### Opened 24 new service stations and experienced a gain in the retail network for the first time since our IPO in 2008

*We opened 24 new service stations in 2014 and our retail network increased to 524 service stations. A larger retail network improves our ability to provide high-quality products for our customers and helps us to maximize sales through our most profitable sales channel.*

Our commercial sales channels include four business-to-business segments: Industrial and Wholesale, Aviation, Marine, and Supply. Sales through these channels accounted for 48% of total sales volume in 2014. We continue to focus on efficiency enhancements across the network. In addition, we launched a customer appreciation program to improve value-added offerings for our Industrial and Wholesale customers.

The remaining 14% of our petroleum products were exported, mainly within the Asia Pacific region.

We continued to achieve outstanding performance in our lubricants business in 2014 as a result of various marketing and sales initiatives, resulting in excellent sales results for our Automotive and Industrial flagship synthetic products. We also celebrated the 40<sup>th</sup> anniversary of Mobil 1 and continued to expand the number of Mobil 1 Centers.

### Lowest Mogas export sales volume since the IPO

*Our commercial sales channels expanded by 30 new customers in 2014 and achieved their highest sales volume since the IPO. This helped the company reduce Mogas export volumes to only 3.9 KBD, compared to the previous annual average of 6 KBD.*

## 3.9 KBD

of Mogas Export



Market expansion reduced Mogas export volume to only **3.9** KBD in 2014

## Mobil SHC - The premiere line of synthetic lubricants for industry

*There are now 280 Mobil 1 centers nationwide, providing professional services and premium products to customers.*

**280**  
Mobil 1 centers



## Quality Workforce

We believe that our capable and dedicated employees are one of the Company's greatest strengths. Our employee development system utilizes integrated processes that ensure the ongoing development of highly productive, dedicated, and motivated employees.

We recruit talented individuals and are committed to employee development through work assignments, on-the-job experiences, focused training, and education. We believe ongoing career planning is a shared responsibility between the Company and its employees. We promote from within and require managers and supervisors to foster an environment where continuous personal and professional growth is encouraged. Our goal is to develop employees to have the highest technical and leadership capabilities in the industry. We leverage the ExxonMobil network to provide training to employees, including foreign assignments in other ExxonMobil affiliates for selected individuals. Equally important, we promote an environment of high expectations that recognizes and rewards employee contributions to both individual and team goals.

## Disciplined Investing

We further optimized our retail marketing network during the year, making opportunistic enhancements to service stations while maintaining capital and cost discipline. Increased fuel sales were achieved by offering an attractive product mix and improving site equipment and appearance via our Image Upgrade Program at selective locations. We upgraded 108 sites in 2014, bringing the total number of sites to receive an image upgrade since 2011 to more than 400 sites. The enhancement program included forecourt, backcourt, and restroom improvements. These upgrades help to ensure sustainable growth in the retail business. In addition, the Company opened 24 new service stations across the country in 2014.

We supply automotive and industrial lubricant products directly to strategic customers and to distributors for resale. We expanded our automotive lubricants business in 2014 and now have a network of 280 Mobil 1 centers nationwide. These Mobil 1 centers provide best-in-class car care services to customers through consistent delivery of professional services and premium products.

The company maintained a disciplined approach to credit management and improved overdue and bad debt performance during the year despite intense competition and unfavorable economic conditions.



## Commitment to Safety, Health, and Environment

### Safety and Health

We have a culture in which the value of safety is embedded at every level of the organization. Our Operations Integrity Management System (OIMS) provides a robust framework for managing both the safety of our operations and our personnel. Our personnel safety programs utilize the Loss Prevention System (LPS), a proven approach for focusing on underlying behaviors to identify enhancements to facilities, systems, and competencies. Our approach to safety and health management yields successful results, but we will not be satisfied until we have achieved a work environment in which *Nobody Gets Hurt*.

### The Sriracha Refinery received Standard of Excellence Awards from ExxonMobil

for Personnel Safety, Process Safety, Environmental Performance, and Operational Excellence. It was one of only 3 ExxonMobil refineries worldwide to receive the awards.



**10.9** million work hours with no lost time incident at Sriracha refinery

One critical success factor in achieving our goal of *Nobody Gets Hurt* is the empowerment of everyone in the Company to intervene and challenge when unsafe acts are observed. Each and every employee in the organization is empowered to caution their colleagues if they observe an unsafe situation or behavior. Employees are encouraged to welcome suggestions on how to work more safely. As a result of these robust programs, we achieved several key safety milestones in 2014. For example, the Sriracha refinery complex has operated for 10.9 million work hours without a lost-time safety incident and was one of only three ExxonMobil-owned refineries to receive ExxonMobil's Global Standard of Excellence award for demonstrating excellence in both personnel and process safety. Our terminal operations reached a milestone of 21 years without a lost-time safety incident. Overall, we achieved our strongest safety performance as a company since 2010 as measured by the rate of recordable incidents and the absence of any incidents that resulted in lost time. These impressive results are reflective of a strong safety culture that permeates every level of the organization.



## Environment

We conduct regular reviews of all aspects of our business to ensure compliance with environmental laws and regulations and internal policies. We implement various pollution control and other environmental impact mitigation measures to control waste emissions, including ExxonMobil technologies that reduce emissions and conserve resources.

Our refinery operations also utilize recycled fresh water produced by our two desalination plants, thus preserving natural fresh water resources. In addition, we installed vapor recovery units at all of our operated and jointly-operated terminals to reduce the hydrocarbon vapor released into the atmosphere by recovering it as a product.

We continue to improve our wastewater treatment facilities including the installation of a new Biological Oxidation Unit in 2014. The new unit enhances our ability to treat used water prior to its release back to the environment.

**7 Years**  
without a recordable spill



### Continued excellence in environmental performance

*with no recordable oil or chemical spills for seven consecutive years.*

## ENVIRONMENT

7 Years without a recordable spill  
7 Years without a recordable spill  
7 Years without a recordable spill  
7 Years without a recordable spill  
7 Years without a recordable spill



# MANAGEMENT'S DISCUSSION AND ANALYSIS



## Review of consolidated results for 2014

Income Statement	2014	2013
<i>(Million Baht)</i>		
Sales	220,735	245,174
Profit/(loss) from sales	(11,888)	567
Downstream	(9,034)	1,173
Petrochemical	(2,854)	(606)
EBITDA	(9,738)	2,752
Finance costs, net	(896)	(984)
Income tax (expenses)/credit	2,617	(420)
Profit/(loss) for the period	(10,346)	(378)
Profit/(loss) per share (Baht/share)	(2.99)	(0.11)

*Based on current number of shares of 3,461 million shares*

Sales in 2014 declined from the previous year due to lower product prices and production. The full year 2014 loss from sales was Baht 11,888 million, compared to a profit of Baht 567 million in 2013. Downstream had an incremental loss of Baht 10,207 million and Petrochemicals had an incremental loss of Baht 2,248 million, compared to 2013.

Refining margins decreased to a negative 3.5 dollar per barrel, down from 2.9 dollar per barrel in 2013, driven by the decrease in crude oil prices in the second half of the year that resulted in a stock loss. 2014 Paraxylene margins decreased to a negative 168 dollars per ton compared to a positive 34 dollars per ton in 2013.

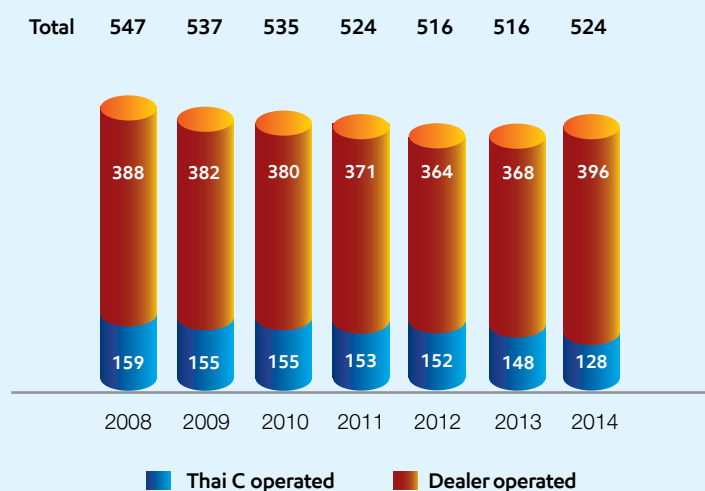
2014 EBITDA was negative Baht 9,738 million, compared to positive Baht 2,752 million in 2013. Selling and administrative expenses were higher than the previous year by Baht 245 million largely due to higher marketing expenses relating to the launch of new premium products, advertising & sales promotions, and service station image upgrades.

Finance costs decreased by Baht 88 million from the prior year due to lower interest rates, despite higher average debt balances during the year. The income tax credit for full year 2014 was Baht 2,617 million, compared to an income tax expense of Baht 420 million for the previous year.

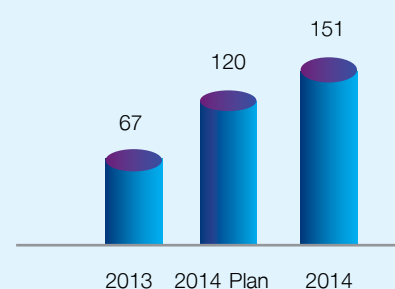
The loss for full year 2014 was Baht 10,346 million, mainly caused by a stock loss and weak industrial refining margins.

## Operating Performance-Marketing

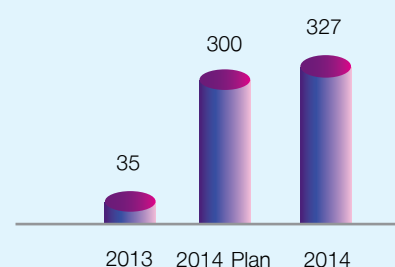
Number of Service Stations



Service Stations offering Premium ADO



Service Stations offering E20



### Strong marketing position

- Maintained strong market presence in terms of the number of service stations; opened 24 new Esso- branded service stations, bringing the total number of retail sites to 524
- Expanded premium products: Premium ADO and Supreme Gasohol E20, offered at 151 and 327 service stations, respectively
- Continued with Fuels Quality Campaign with a strong nationwide marketing program

### Balance Sheet

	2014	2013
<i>(Million Baht)</i>		
Total assets	63,868	74,010
Total liabilities	51,527	51,431
Total shareholders' equity	12,341	22,579

Current assets decreased by Baht 12,410 million from year-end 2013, mainly due to lower cash and cash equivalents, trade receivables, inventories, and tax claim receivables. Non-current assets were higher by Baht 2,268 million, primarily due to an increase in investments in subsidiaries and associates and deferred income tax assets, partly offset by a decrease in property, plant and equipment.

Total liabilities increased by Baht 97 million mainly resulting from higher debt, partly offset by lower trade payables. Non-current liabilities decreased from Baht 12,746 million in 2013 to Baht 11,456 million in 2014 due to a reclassification of long-term debt that is due in the next twelve months to short term debt.



As of year-end 2014, total debt was Baht 35,675 million, an increase from Baht 34,396 million at year-end 2013. Debt consisted of Baht 26,075 million of short-term debt and Baht 9,600 million of long-term borrowings. Short-term debt included Baht 979 million of Bills of Exchange and Baht 12,366 million of short-term loans from related parties. New facilities in 2014 included a Baht 7,000 million 5-year floating rate loan from an ExxonMobil Affiliate and a Baht 1,000 million 5-year floating rate loan from a financial institution, which were used to partially refinance existing short-term revolving loans. The company also obtained an additional credit limit of Baht 7,000 million for revolving loan facilities from an ExxonMobil Affiliate. The Company continues to maintain a credit rating of A- from TRIS Rating agency and F1(thai) from Fitch Ratings.

Total shareholders' equity decreased by Baht 10,238 million, reflecting the loss for 2014.

Cash Flow	2014	2013
<i>(Million Baht)</i>		
Cash generated from/(used in) operations	33	(1,636)
- Net cash generated from/(used in) operating activities (after interest and tax)	(1,062)	(2,169)
Cash flow from investment	(1,010)	(1,038)
Cash flow from financing	1,477	2,155
Net increase/(decrease) in cash	(595)	(1,052)

Cash flow used in operating activities was Baht 1,062 million, mainly due to the loss for the period. Cash flow used in investing activities was Baht 1,010 million, reflecting capital investments for capacity maintenance. Cash flow from financing activities was Baht 1,477 million, mainly resulting from net proceeds from short term borrowings, partly offset by the repayment of long term borrowings. In total, cash decreased by Baht 595 million as of December 31, 2014.

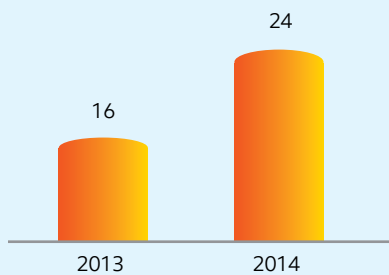
Financial Ratio	2014	2013
Current ratio (times)	0.6	1.0
Quick ratio (times)	0.1	0.2
Total debt to equity ratio (times)	2.9	1.5
Long term debt to equity ratio (times)	0.8	0.5
Net debt to equity ratio (times)	2.9	1.5

<i>Current ratio</i>	=	<i>Current assets / Current liabilities</i>
<i>Quick ratio</i>	=	<i>(Cash and cash equivalents + Short term investments + Trade receivables) / Current liabilities</i>
<i>Total debt to equity ratio</i>	=	<i>Total debt / Total shareholders' equity</i>
<i>Long term debt to equity ratio</i>	=	<i>Non-current borrowings / Total shareholders' equity</i>
<i>Net debt to equity ratio</i>	=	<i>(Total debt - Cash and cash equivalents) / Total shareholders' equity</i>

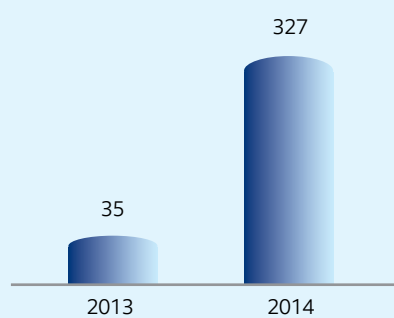


## 2014 BUSINESS HIGHLIGHTS: RETAIL

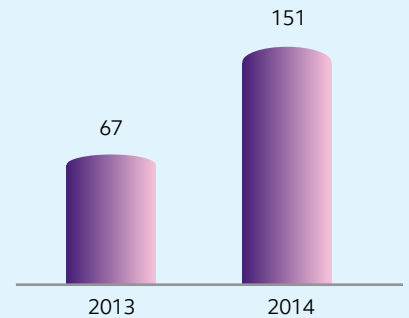
New Service Stations



Service Stations offering E20



Service Stations offering Premium ADO



- Expanded service station network and premium product offerings
- Continued improving site equipment and appearance through our Image Upgrade Program; 108 sites upgraded in 2014
- Launched new alliances with Burger King, Bosch and Lawson; expanded partnership with Tesco Lotus Express, FamilyMart, Rabika coffee, and Caffè D'oro



# CORPORATE SOCIAL RESPONSIBILITY

## Supporting Royal Initiatives

- Assisted with building of a rice mill under His Majesty's initiative in Sakon Nakhon province.
- Supported the construction of a building and installation of equipment for the dairy project at the Phu Phan Royal Development Study Center.
- Collaborated with the the Satellite Education Foundation to expand educational opportunities to children and youth throughout the country.
- Supplied refrigerated blood delivery vans to the Thai Red Cross Society.
- Constructed a check dam and supported marine conservation activities at the Kung Krabaen Bay Development Study Center.
- Provided assistance to the organization of the National Arts Exhibition.
- Supported activities organized by the Bangsai Arts and Craft Center under the royal patronage of Her Majesty the Queen.



Mr. Neil A. Hansen, Chairman and Managing Director of Esso (Thailand) Public Company Limited, presented a 3,111,120 Baht check to HRH Princess Maha Chakri Sirindhorn, in her capacity as the Executive Vice President of the Thai Red Cross Society







HRH Princess Maha Chakri Sirindhorn viewed one of the Esso-Vocational Science contestants during the National Science Week.



## Promoting Education in Thailand

- Supported education from basic to advanced levels.
- Created toy libraries where kids learn to play and share.
- Provided University students with the Esso Challenge Innovative Internship program to gain professional experience along with opportunities to contribute to a better society.
- Promoted science knowledge for children and youth across the country through the Esso-Vocational Science Contest; supported the National Science Museum in various science innovation activities, e.g. Science Movie Dome and a new exhibition titled "Science on the Move".
- Joined efforts with public and private partners to provide information and knowledge to promote road safety.
- Supported community colleges to help strengthen Thai students in preparation for the ASEAN Economic Community.





## Empowering Women for Sustainable Development

- Supported female social workers from Thailand through the "Leadership for Development" global training in Washington D.C; helped them to apply knowledge gained to the Thai context.



## Building a Better Society

- Participated in blood donations.
- Partnered with a customer to renovate a library, a computer room, and a sports facility for the Wat Pho School.
- Constructed a home, in partnership with the Habitat for Humanity Thailand for the less fortunate.



- Established an occupational promotion center to build the skills of women in 10 communities near the Esso Sriracha refinery.



- Taught English to students at the Wat Laem Chabang School.
- Provided lectures on energy to university students and science teachers throughout the country.





Esso received the “Gold Level” award from the American Chamber of Commerce in Thailand for its continued commitment to corporate social responsibility.

Pictured at the ceremony, are (left to right): Mr. Patrick Murphy, Deputy Chief of Mission of the U.S. Embassy; Mr Neil A. Hansen, Chairman and Managing Director of Esso (Thailand); and Mr. Darren Buckley, President of AMCHAM.

## 120 Years of Continued Friendship

Esso has operated in Thailand for more than a century, holding fast to the principle of good corporate citizenship. The company has worked with many partners in its endeavors to better the lives of the Thai people. Some examples are provided below.

## Promoting Thailand to Become a Society of Learning

### Esso-Rattanakosin Bicentennial Fund scholarships



Assoc. Prof. Kamjorn Tatiyakavee,  
M.D. Secretary General,  
Office of the Higher  
Education Commission

“The Esso-Rattanakosin Bicentennial scholarships, which Esso has been supporting for more than 30 years, provide an opportunity for needy students studying engineering, science, technology, energy and related fields from state universities nationwide. With Esso scholarships, students are equipped with the knowledge and skills that prepare them for better career opportunities and to become a major driving force of the country.”



Waranyoo Saisawa  
Esso scholarship student,  
2011-2012

“The scholarship from Esso that was granted to me for 2 years when I was studying in the Faculty of Engineering at Walailak University allowed me to be able to focus on and fully commit myself to studying. I had less worries about the education expenses and the financial burden to my family, and felt hopeful and encouraged to follow my dream and pursue my goal of becoming an energy engineer.”



## Building Skilled Workers, Creating Jobs, Promoting Art and Culture

Bang Sai Folk Arts and Crafts Center



Privy Councilor H.E.  
Mr. Tanin Kraivixien  
Vice President, SUPPORT  
Foundation under the Royal  
Patronage of Her Majesty  
the Queen

“On the occasion of the 120<sup>th</sup> anniversary of Esso in Thailand, I would like to thank Esso for the continued support to the organization of Bang Sai Folk Arts and Crafts Center exhibition of arts and crafts products and showcasing activities. Esso’s support contributes to our work to fulfill Queen Sirikit’s goals of providing Thai people who are living in poverty with special skills that can generate income for themselves, and promoting skilled workers to expand knowledge to create jobs in their respective communities. This project, therefore, not only helps improve the quality of life of Thai villagers but also preserves the traditional Thai culture in art and handicraft”

## Promoting Volunteer Spirit, Expanding Knowledge to Young People

Mae Fah Luang University



Assoc. Prof.  
Dr. Chomnard Potjanamart  
Vice Dean, School of  
Nursing, Community Service  
Mae Fah Luang University

“The project ‘Health Promotion and Community Health Services for People with Disabilities, Chronic Patients, and Disadvantaged People’, supported by Esso, follows the King’s Mother, Her Royal Highness Princess Sri Nakarindra Baromraj Chonni’s interest in forest plantation and people development. The activities focus on providing knowledge on comprehensive health promotion to students in remote areas so that they can bring back information to educate their communities. This project not only contributes to the sustainable health at the individual, family and community levels, but also creates volunteer spirit among Mae Fah Luang University students as well as its staff”

## Building Skills of People with Disabilities, Creating Sustainable Job Opportunities

Father Ray Foundation



Father Dr. Picharn Jaiseri  
Vice President,  
Father Ray Foundation

“I would like to thank Esso for continuously supporting our activities, especially organizing the Esso 120<sup>th</sup> Anniversary Charity Mini Marathon to help raise funds, for the Father Ray Foundation, and for providing notebook computers to the computer lab of the Electronics and Computer Skill Center of the Redemptorist Vocational School of People with Disabilities. Esso’s support fulfills the needs of the school and allows students with disabilities to equip themselves with knowledge and skills on computer repair and maintenance. These skills allow students with disabilities to find a decent job after graduation, which will then lead to a better quality of life and higher self-esteem as they enter the workforce.”



Pathum Sukkerd  
Office Manager,  
Father Ray Foundation

“After students successfully gain hands-on experience in the computer repair and maintenance class where computers are provided by Esso, we then return such computers in safe and sound condition to Esso so that they can be given to organizations, communities, or temples that have a need for computers to support their respective communities.”



HRH Princess Maha Chakri Sirindhorn, in her capacity as Executive Vice President of the Thai Red Cross Society, graciously granted an audience to Mr. Mongkolnimit Auacherdkul, Esso Director and Public and Government Affairs Manager, to receive a refrigerated blood delivery van from Esso for use by the National Blood Center, the Thai Red Cross Society.

## Contributing to Treatment and Life-Saving Blood Delivery Thai Red Cross Society



M.R. Priyansri Wattanakul  
Director of Fund Raising Bureau,  
National Blood Center, Thai Red  
Cross Society

“Thai Red Cross Society plays a key role in providing blood from donors to support the treatment of patients across the country. Up to the present, we have received support from Esso in many areas, such as the support to the malaria clinic along the Thai border, the provision of refrigerated blood delivery vans, the purchase of medical equipment for the ‘Bhumisiri Mungklanusorn’ building at Chulalongkorn Hospital, and the blood donation from Esso staff regularly every year.”



Supanee Gewalin  
Chief of General Administration  
Division National Blood Center,  
Thai Red Cross Society

“The refrigerated blood delivery vans provided by Esso greatly contribute to the plasma fractionation plant which marks the 60<sup>th</sup> anniversary of H.R.H. Princess Maha Chakri Sirindhorn on 2 April 2015. While these vans help deliver plasma - the crucial blood component in the treatment of many serious health problems, our relevant staff were given an opportunity to learn about the operation of the refrigerated blood delivery mobile system including the temperature control and the storage of plasma during delivery in order to maintain its best quality for the best benefit of patients who need it”.

# SHAREHOLDING AND MANAGEMENT STRUCTURE



## 1. Shareholders

The top 10 major shareholders registered in the share register book as of March 27, 2014 were as follows:

Shareholders *	Number of Shares	Shareholding (%)
1. ExxonMobil International Holdings Inc.**	2,264,500,000	65.43
2. Vayupak Fund 1 by MFC Asset Management Public Co., Ltd	126,875,000	3.67
3. Vayupak Fund 1 by Krung Thai Asset Management Public Co., Ltd	126,875,000	3.67
4. Mr. Supachai Suthipongchai	30,025,800	0.87
5. State Street Bank Europe Limited	25,394,200	0.73
6. East Fourteen Limited-Dimensional EMER MKTS Value Fund	23,848,000	0.69
7. State Street Bank and Trust Company	23,146,100	0.67
8. Mr. Chaipitak Vorapatrasilawong	16,302,300	0.47
9. Mr. Prawit Phansaichuea	14,188,900	0.41
10. East Fourteen Limited-Emerging Markets Small Cap Series	12,141,400	0.35
<b>Total</b>	<b>2,663,296,700</b>	<b>76.96</b>

\* Excluding 49,334,402 shares (1.43%) under Thai NVDR Co., Ltd.

\*\* Effective November 28, 2014, ExxonMobil International Holdings Inc. and the other seven ExxonMobil shareholders, who collectively held 65.99% of the Company's issued shares, transferred their shareholdings in the Company to ExxonMobil Asia Holdings Private Limited, an ExxonMobil affiliate.



## 2. Dividend Policy

Our Board of Directors may recommend annual dividends, subject to the approval of the Company's shareholders. Our Board of Directors may, by resolution, decide to pay to our shareholders such interim dividends as appear to the directors to be justified by our profits. Distribution of an interim dividend must be reported to the shareholders at the next general meeting of shareholders following approval of our Board of Directors.

It is the current policy of our Board of Directors to recommend to our shareholders a dividend of not less than 40% of net profits after deduction of all specified reserves, subject to our investment plans, applicable laws, contingencies, and other relevant considerations. The actual dividend payout ratio may vary above or below the level indicated in our dividend policy and is subject to the risks outlined in our regulatory filings.

The Board consists of qualified persons with relevant experience. Our Board of Directors serving in 2014 comprised:

Name	Position
1. Mr. Neil A. Hansen <sup>(1)</sup>	Chairman
2. Mr. Chai Jangsirikul <sup>(2)</sup>	Director
3. Mr. Mongkolnimit Auacherdkul	Director and Member of Performance Evaluation Committee
4. Mr. Yodpong Sutatham	Director
5. Mr. Adisak Jangkamolkulchai	Director
6. Mr. Somjate Saifon	Director
7. Ms. Ratrimani Pasiphon	Director
8. Mr. Sutthichai Sungkamanee <sup>(3)</sup>	Independent Director
9. Mr. Wattana Chantarasorn <sup>(4)</sup>	Independent Director and Member of Performance Evaluation Committee
10. Mr. Sompop Amatayakul	Independent Director and Chairman of Audit Committee
11. Mr. Smit Tiemprasert	Independent Director, Chairman of Performance Evaluation Committee, and Member of Audit Committee
12. Ms. Wattanee Phanachet	Independent Director and Member of Audit Committee

*Ms. Kathiona Lie and Ms. Angsna Pirentorn are the Company's secretaries*

*(1) Mr. Neil A. Hansen was appointed chairman to replace Mr. Z John Atanas effective June 12, 2014*

*(2) Mr. Chai Jangsirikul was appointed director to replace Mr. Anuwat Rungruangrattanagul (who resigned from the director position effective February 3, 2014) with effect from February 24, 2014*

*(3) Mr. Sutthichai Sungkamanee was appointed independent director to replace Mr. Kurujit Nakornthap (who resigned from the independent director position effective July 1, 2014) with effect from September 10, 2014*

*(4) Mr. Wattana Chantarasorn was appointed independent director effective September 10, 2014*



## Board Appointment

The appointment, removal, or resignation of directors is prescribed in our Articles of Association which is summarized as follows:

1. The Board shall consist of at least five directors and not less than half of the directors are required to reside in Thailand.
2. The shareholders shall appoint directors in accordance with the following principles and procedures:
  - i. In the election of each director, each shareholder will have vote(s) equal to the number of shares held by him/her.
  - ii. Each shareholder may vote all of his/her shares in the exercise of the right he/she has under (i) to elect each of the candidates of his/her choice as a director but he/she cannot split his/her shares and cast his/her split in favor of two or more candidates to one directorship; and
  - iii. Candidates who receive the largest number of votes in descending order from the highest to the lowest number of votes received will be elected until all director positions required at such time are filled. In the event of candidates receiving equal votes and exceeding the number of vacancies to be filled, the chairman of the meeting shall have a casting vote, or, in case the chairman is not the Company's shareholder, the decision shall be made by drawing a lot;
3. At each annual general meeting of shareholders, one-third or the number of directors closest to one-third, of the Board is required to retire. Retiring directors are eligible for re-election;
4. Any director who decides to resign must submit a letter of resignation to the Company. The resignation shall be effective on the date the Company receives the letter; and
5. Removal of a director before the end of the term shall require a resolution of shareholders passed by not less than three-fourths of the total votes of shareholders and proxies (if any) attending the meeting and eligible to vote and not less than one-half of the total number of shares held by shareholders and proxies (if any) attending the meeting and eligible to vote.

## Scope of Duties and Responsibilities of the Board

The Board of Directors has full power and authority to conduct the Company's business in accordance with the Company's policies, objectives, Articles of Association, board and shareholder resolutions, and applicable laws. The Board also has duties and responsibilities prescribed in applicable laws. The Board appreciates the importance of good corporate governance, and believes in the following principles:

1. Commitment to the creation of added value to the business in the long run, management of the business with prudence, and the avoidance of conflicts of interest;
2. Operation of the business in a transparent way with adequate disclosure to relevant parties;
3. Operation of the business based on appropriate risk control and management systems;
4. Implementation of appropriate Standards of Business Conduct applicable to the Company's directors, officers, and employees.

The Board will issue a directors' report on the activities of the Company and its financial performance for review prior to the shareholders' meeting.

## Independent Directors

In addition to the qualification described in item 7 (Nomination of Directors and Executives), independent directors meet the following qualifications pursuant to the regulation of the Securities and Exchange Commission and Stock Exchange of Thailand:

1. Not hold shares exceeding 1% of the total number of voting rights of the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person, including the shares held by related persons of the independent director;
2. Not be nor have been an executive officer, employee, staff, salaried consultant or a controlling person of the Company, its parent company, its subsidiaries, affiliates, same-level subsidiaries, major shareholder or controlling person unless foregoing status has ended not less than two years prior to the date of appointment except where the independent director(s) was the government officer or consultant of the government agency which is the major shareholder or a controlling person of the Company;
3. Not be a person related by blood or registration under laws, such as father, mother, spouse, sibling or child, including spouse of the children, executives or majority shareholders or controlling persons or persons to be nominated as executive or controlling persons of the Company or its subsidiaries;
4. Not have a business relationship with the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person which may interfere with his/her independent judgment and neither being nor having been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person unless the foregoing relationship has ended not less than two years prior to the date of appointment.

The term "business relationship" includes normal business transactions, rent or lease of immovable property, transactions related to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, and any other similar actions which result in the Company or its counterparty being subject to indebtedness payable to the other party amounting to three (3) percent or more of the net tangible assets of the Company or Baht twenty (20) million, whichever is lower. The value of the business relationship shall be calculated according to the method stipulated by the Capital Market

Supervisory Board governing rules on connected transactions. 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 the person commences;

5. Neither be nor have been an auditor of the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person unless the foregoing relationship has ended not less than two years prior to the date of appointment;
6. Neither be nor have been any professional advisor, including legal advisor or financial advisor, who receives an annual service fee exceeding two million Baht from the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person, and neither being nor having been a significant shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended not less than two years prior to the date of appointment;
7. Not be a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder;
8. Not operate a business of the same nature as and in competition with the Company or subsidiaries nor be the partner or executive, director, employee, staff, salaried consultant or hold shares exceeding 1% of the total number of voting rights of the other companies operating the business of the same nature as and in competition with the Company or subsidiaries; and
9. Not have any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.

## 4. Audit Committee

The Audit Committee, which was appointed by the Board of Directors, is comprised solely of independent directors who meet the qualifications set out in regulation of the Securities and Exchange Commission and Stock Exchange of Thailand. The Chairman and members of the Audit Committee hold office for a term of two years subject to them meeting the requisite qualifications and remaining as directors of the Company.



The Audit Committee members listed below were re-appointed for another 2 year term at the Board of Directors' meeting effective October 19, 2013:

Name	Position
1. Mr. Sompop Amatayakul	Independent Director / Chairman
2. Mr. Smit Tiemprasert	Independent Director / Member
3. Ms. Wattanee Phanachet	Independent Director / Member (with accounting and finance background)

*Mr. Chai Jangsirikul is the Audit Committee secretary ; Mr. Arthit Piya-Isragul is the Audit Committee coordinator replacing Ms.Tanyarat Ratwattanakulkil effective May 7, 2014.*

## Audit Committee Responsibilities

The scope of duties and responsibilities of the Audit Committee are as follows:

1. To review the Company's financial reporting process to ensure accuracy and adequacy;
2. To ensure that the Company has a suitable and efficient internal control system and an internal audit system, to determine the internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of internal audit;
3. To review the performance of the Company to ensure compliance with the securities and exchange law, regulations of the Stock Exchange of Thailand and laws relating to the business of the Company;
4. To consider, select, nominate and recommend remuneration of the Company's external auditors as well as to attend a non-management meeting with the external auditor at least once a year;
5. To review a connected transaction or transaction that may lead to conflict of interest so as to ensure that they are in compliance with laws and the Exchange's regulations, and are reasonable and for the benefit of the Company;
6. To prepare a report on monitoring activities of the Audit Committee and disclose it in the annual report of the Company, and have such report signed by the Chairman of the Audit Committee provided that it shall consist of at least the following information:
  - (a) an opinion on the reliability, completeness, and creditability of the Company's financial report;
  - (b) an opinion on the adequacy of the Company's internal control system;
  - (c) an opinion on the Company's compliance with the securities and exchange laws and regulations, and other laws applicable to the Company's business;
  - (d) an opinion on the suitability of the nominated external auditors;
  - (e) an opinion on transactions that may lead to conflicts of interests, if any;
  - (f) the number of audit committee meetings, and the attendance at such meetings by each committee member;
  - (g) an opinion or general comment observed by the audit committee from its performance of duties in accordance with the charger; and
  - (h) other transactions, within the scope of duties and responsibilities assigned by the Board, which, according to the audit committee's opinion, should be disclosed to the shareholders and general investors;
7. To perform any other task assigned by the Board and agreed to by the Audit Committee;
8. To report to the Board for rectification within the period that the Audit Committee thinks fit if the Audit Committee found or suspected that there is a transaction or any of the following acts which may materially or significantly affect the Company's financial condition and operating results:
  - (a) a transaction which causes a conflict of interest;
  - (b) any fraud, irregularity, or material defect in an internal control system; or
  - (c) an infringement of the securities and exchange laws and regulations, or any law applicable to the Company's business; and

9. To review without delay after receiving written notice from the external auditor of the discovery of any suspicious circumstance that the director, manager or any person responsible for the Company commits an offense as prescribed by the relevant Securities and Exchange regulations, report any finding confirming the suspicion of the external auditor to the Board and request the Board to disclose such finding to the Office of the Securities and Exchange Commission and/or the external auditor or to the Office of the Securities and Exchange Commission and/or the external auditor as required by the Securities and Exchange Act within thirty days.



## 5. Performance Evaluation Committee

Our Performance Evaluation Committee was appointed by the Board of Directors. The Chairman and members of the Performance Evaluation Committee will hold office for a term of two years subject to them retaining their position as directors of the Company.

Our Performance Evaluation Committee members listed below were re-appointed for another 2 year term at the Board of Directors' meeting effective November 29, 2013:

Name	Position
1. Mr. Smit Tiemprasert	Independent Director / Chairman
2. Mr. Wattana Chantarasorn	Independent Director / Member
3. Mr. Mongkolnimit Auacherdkul	Director / Member acting as Secretary of the Performance Evaluation Committee

### Performance Evaluation Committee Responsibilities

The scope of duties and responsibilities of the Performance Evaluation Committee are to assess the performance of the Managing Director, to review the Managing Director's performance with the Board, and to provide feedback to the Managing Director's home affiliate regarding such performance during the regular performance appraisal cycle.

## 6. Executive Officers

The following executive officers constituted the management committee as of December 31, 2014.

Name	Position
1. Mr. Neil A. Hansen <sup>(1)</sup>	Chairman and Managing Director
2. Mr. Chai Jangsirikul	Director and Controller
3. Mr. Mongkolnimit Auacherdkul	Director and Public and Government Affairs Manager
4. Mr. Yodpong Sutatham	Director and Retail Manager
5. Mr. Adisak Jangkamolkulchai	Director and Refinery Manager
6. Mr. Somjate Saifon	Director and Chemicals Manager
7. Ms. Ratrimani Pasiphol	Director and Treasurer / Tax Manager
8. Mr. Phiroon Yolwised	Industrial and Wholesale Manager
9. Mr. Kemchai Osathapan	Investor Relations Manager

(1) Mr. Neil A. Hansen became an executive officer replacing Mr. Z John Atanas effective June 12, 2014.



## Managing Director's Responsibilities

The Managing Director has full authority to manage the affairs of the Company in accordance with its policies, objectives, Articles of Association, Board and Shareholders' resolutions, and applicable laws provided that the Managing Director may not exercise such authority if he/she has a conflict of interest in any manner with the Company, in exercising such authority.

If the Managing Director delegates authority to a person, such person shall have the right to exercise such authority on the Managing Director's behalf, provided that such person may not exercise such authority if he/she has a conflict of interest in any manner with the Company, in exercising such authority.

## 7. Nomination of Directors and Executives

In the event a director vacancy arises or in the event that an additional director is to be appointed, the remaining directors will nominate a qualified director with relevant knowledge, experience and skill to fill the vacancy. An appointed director or executive must have all the qualifications set out in Section 68 of the Public Limited Companies Act B.E. 2535 (and as amended) and the Securities and Exchange Commission Procedure no. Tor Jor 24/2552, "The Qualification of Director and Executive of Listed Company" (and as amended). For directors retiring by normal rotation or for

election of new directors, after the Board has approved the list of director nominees, the Board will propose the list of nominees at a general meeting of shareholders in accordance with the voting procedure described under item 3 (Board of Directors).

## 8. Remuneration of Directors and Executives

### Directors Remuneration

The directors will determine the remuneration of directors taking into account all appropriate factors including market compensation levels for directors. The remuneration of directors is comparable to those paid by other companies, and is as follows:

1. Directors who also are members of the Audit Committee receive a monthly remuneration of 166,667 Baht.
2. Directors who are not members of the Audit Committee receive a monthly remuneration of 133,334 Baht.
3. Notwithstanding item (1) and (2), directors who receive separate compensation from the Company or its affiliates for any type of full-time service rendered are not eligible for remuneration as directors.



The following remuneration was paid to directors in 2014:

Name	Fiscal year ended December 31, 2014 (Baht)			
	Meeting allowance	Monthly remuneration	Bonus	Total
1. Mr. Neil A. Hansen <sup>(1)</sup>	-	-	-	-
2. Mr. Chai Jangsirikul <sup>(1)</sup>	-	-	-	-
3. Mr. Mongkolnimit Auacherdkul <sup>(1)</sup>	-	-	-	-
4. Mr. Yodpong Sutatham <sup>(1)</sup>	-	-	-	-
5. Mr. Adisak Jangkamolkulchai <sup>(1)</sup>	-	-	-	-
6. Mr. Somjate Saifon <sup>(1)</sup>	-	-	-	-
7. Ms. Ratrimani Pasiphol <sup>(1)</sup>	-	-	-	-
8. Mr. Sutthichai Sungkamanee <sup>(2)</sup>	-	488,491	-	488,491
9. Mr. Wattana Chantarasorn	-	1,600,008	-	1,600,008
10. Mr. Sompop Amatayakul	-	2,000,004	-	2,000,004
11. Mr. Smit Tiemprasert	-	2,000,004	-	2,000,004
12. Ms. Wattanee Phanachet	-	2,000,004	-	2,000,004
Director resigning during 2014				
Mr. Z John Atanas <sup>(1)</sup>	-	-	-	-
Mr. Anuwat Rungruangrattanagul <sup>(1)</sup>	-	-	-	-
Mr. Kurujit Nakornthap <sup>(3)</sup>	-	800,004	-	800,004
<b>Total</b>	<b>-</b>	<b>8,888,515</b>	<b>-</b>	<b>8,888,515</b>

(1) Not eligible for director remuneration as they receive separate compensation from the Company or its affiliates for full-time services rendered.

(2) Appointed independent director effective September 10, 2014

(3) Resigned from independent director position effective July 1, 2014

## Executives Remuneration

For the fiscal year ended December 31, 2014, total executive remuneration for 11 executives (including the 2 executives who resigned in 2014), which includes salaries, wages, benefits, and post-employment benefits, to the extent borne by the Company, was Baht 78.3 Million.

Compensation	2014		2013	
	Number of Executives	Amount (K Baht)	Number of Executives	Amount (K Baht)
Salaries and other short-term employment benefit	11	57,575	12	60,446
Post-employment benefit	11	20,760	12	21,727
Bonus	11	0	12	0
<b>Total</b>		<b>78,335</b>		<b>82,173</b>

## 9. Management Structure

The management structure of the Company, its subsidiaries, and associated companies as of December 31, 2014 is as follows:

Name	Company	Subsidiaries/Associated Company					
		1	2	3	4	5	6
1. Mr. Neil A. Hansen *	x, /, //	x, /, //					
2. Mr. Chai Jangsirikul *	/, //	//	//	//	//	//	
3. Mr. Mongkolnimit Auacherdkul *	/, //						
4. Mr. Yodpong Sutatham *	/, //		x, /, //	x, /, //	x, /, //		
5. Mr. Adisak Jangkamolkulchai *	/, //						
6. Mr. Somjate Saifon *	/, //						
7. Ms. Ratrimani Pasiphol *	/, //	//	//	//	//	//	
8. Mr. Sutthichai Sungkamanee	/						
9. Mr. Wattana Chantarasorn	/						
10. Mr. Sompop Amatayakul	/						
11. Mr. Smit Tiemprasert	/						
12. Ms. Wattanee Phanachet	/						
13. Mr. Phiroon Yolwised	//						
14. Mr. Kemchai Osathapan	//						

x = Chairman    / = Director    // = Executive Officer    \* = Authorized Director

1. Mobil Enterprises (Thailand) Limited
2. Industry Promotion Enterprises Limited
3. United Industry Development Company Limited
4. Pacesetter Enterprise Limited
5. Thai C-Center Company Limited
6. Thai Petroleum Pipeline Company Limited

## 10. Shareholding of Directors and Executives \*

Shareholding of directors and executives as of December 31, 2014 is as follows:

Name	Company				Subsidiaries**
	No. of Shares as of December 31, 2013	No. of Shares as of December 31, 2014	Change Increase/ (Decrease) in 2014	Shareholdings (%)	(company / No. of shares (%))
1. Mr. Neil A. Hansen	-	-	-	-	-
2. Mr. Chai Jangsirikul	-	-	-	-	-
3. Mr. Mongkolnimit Auacherdkul	-	-	-	-	-
4. Mr. Yodpong Sutatham	-	-	-	-	-
5. Mr. Adisak Jangkamolkulchai	-	-	-	-	-
6. Mr. Somjate Saifon	-	-	-	-	-
7. Ms. Ratrimani Pasiphol	10,000	10,000	-	0.0003%	METL 1 (0.003%)
8. Mr. Sutthichai Sungkamanee	-	-	-	-	-
9. Mr. Wattana Chantarasorn	-	-	-	-	-
10. Mr. Sompop Amatayakul	-	-	-	-	-
11. Mr. Smit Tiemprasert	-	-	-	-	-
12. Ms. Wattanee Phanachet	-	-	-	-	-
13. Mr. Phiroon Yolwised	80,300	80,300	-	0.0023%	-
14. Mr. Kemchai Osathapan	100,000	100,000	-	0.0029%	-

\* Including shareholding of spouse and minor child.

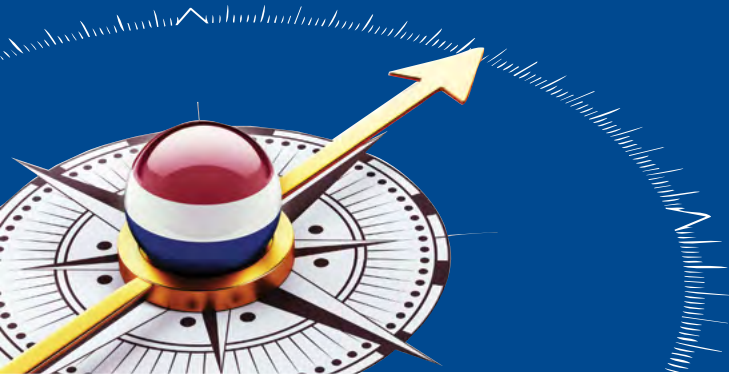
Remark: Some of the employee directors and executives may own shares of Exxon Mobil Corporation stock through employee savings or other plans sponsored by Exxon Mobil Corporation and / or its affiliates.

\*\*

1. Mobil Enterprises (Thailand) Limited (METL)
2. Industry Promotion Enterprises Limited (IPEL)
3. United Industry Development Company Limited (UIDC)
4. Pacesetter Enterprise Limited (PSE)
5. Thai C-Center Company Limited (TCC)
- 6 Thai Petroleum Pipeline Company Limited (THAPPLINE)



# CORPORATE GOVERNANCE



The Company believes the methods it employs to achieve business results are as important as the results themselves. Our directors, officers, and employees are expected to observe the highest standards of integrity and must comply with our “Standards of Business Conduct”. In addition, our corporate governance practices reflect the principles prescribed by the Stock Exchange of Thailand.

## 1. Standards of Business Conduct

The Company has long established “Standards of Business Conduct” consisting of various policies and guidelines that apply to our officers and employees. Officers and employees are expected to review these policies annually, and provide written confirmation of compliance. Formal “Business Practices Review” training sessions are conducted periodically for all employees to ensure an even greater understanding of these standards. In addition, periodic training sessions are held on specific policies. For example, the Company provides training on the anti-corruption policy annually to employees in designated positions.

Our “Standards of Business” Conduct contain 17 foundational policies as follows:

1. Ethics Policy
2. Conflicts of Interest Policy
3. Corporate Assets Policy
4. Directorships Policy
5. Gifts and Entertainment Policy
6. Political Activities Policy
7. International Operations Policy
8. Antitrust Policy
9. Health Policy
10. Environment Policy
11. Safety Policy
12. Product Safety Policy
13. Customer Relations and Product Quality Policy
14. Alcohol and Drug Use Policy
15. Equal Employment Opportunity Policy
16. Harassment in the Workplace Policy
17. Anti-corruption Policy

In addition, pursuant to “Procedures & Open Door Communication”, employees are encouraged to ask questions, voice concerns, and make appropriate suggestions regarding the business practices of the Company. Employees are expected to report promptly to management suspected violations of law, the Company’s policies, and the Company’s internal controls, so that management can take appropriate corrective action. These foundational policies and procedures are posted on the Company’s website at [www.esso.co.th](http://www.esso.co.th).

# Good Corporate Governance encouraged by the Stock Exchange of Thailand



## 2. Corporate Governance Practices

The Company generally observes the principles of good corporate governance encouraged by the Stock Exchange of Thailand including the following:

### 2.1 Rights of Shareholders

The Company recognizes the rights of shareholders, including the right to freely buy, sell or transfer shares; to participate in, express opinions, raise questions, propose agenda items for the annual general meeting; nominate directors; and vote at general meetings of shareholders regarding the Company's performance review, election or removal of directors, directors' remuneration, appointment of external auditors, auditor's fee, declaration of final dividends, amendments to the Memorandum and Articles of Association, capital increases or decreases and the approval of extraordinary transactions requiring shareholder approval. General meetings of shareholders are attended by relevant knowledgeable executives to answer questions.

Shareholders are provided with adequate information, including relevant opinions of the directors, regarding issues presented for voting at general meetings of shareholders in a timely manner to enable shareholders to exercise their voting rights effectively.

### 2.2 Equitable Treatment of Shareholders

It is the Company's policy that directors, officers, and employees are expected to avoid any actual or apparent conflict between their own personal interests and the interests of the Company. Our directors, officers, and employees are expected to avoid securities transactions that are based on material, non-public information obtained through their positions with the Company. In relation to the misuse of insider information, the Company has undertaken the following steps:

- Educate the Company's executives regarding their responsibilities to report holdings of the Company's shares, and the penalties for non-disclosure under the Securities and Exchange Act B.E. 2535 and SET regulations;
- Advise the Company's executives to report changes in such holdings of the Company's shares to the SEC in accordance with the Securities and Exchange Act B.E. 2535;
- Counsel the Company's executives on the sensitivities associated with the use of Company information which may have a bearing on the Company's share price. The Company advises relevant employees one month prior to the release of the Company's annual financial statements not to disclose any material information prior to disclosure to the SET and the board of directors; and



- Remind the Company’s directors, executives, employees, officers that they, along with their respective spouses and dependents, are prohibited from using the Company’s information to sell, buy, transfer or receive any transfer of the Company’s shares before such information is disclosed to the public. Any such use may violate applicable laws and may subject the offending employee to disciplinary action by the Company.

### 2.3 Role of Stakeholders

The Company recognizes the importance of the legal rights of various groups of stakeholders. We strive to provide channels for stakeholders to communicate their concerns with regard to irregularities, incorrect financial reporting, insufficient internal controls or unethical practices.

We recognize the importance of the communities and the environment in which we operate. We have a policy to comply with all applicable laws, rules, and regulations, and respect local and national cultures. Above all other objectives, we are dedicated to running safe and environmentally responsible operations.

### 2.4 Disclosure and Transparency

The Company expects compliance with its standards of integrity throughout the organization and will not tolerate employees who achieve results by violating the laws or the Company’s policies. All transactions will be accurately

reflected in its books and records. The falsification of books and records and the creation or maintenance of any off-the-record bank accounts is strictly prohibited.

It is the Company’s policy to make full, fair, accurate, timely and understandable disclosures in reports and documents that the Company files with the authorities, and in other public communications. Relevant information will be disclosed to shareholders in accordance with applicable laws. In the past year, the Company disclosed essential matters as required by relevant rules and regulations through the Stock Exchange of Thailand’s channel in a timely manner. Financial reports and relevant information are also posted on the Company’s website ([www.esso.co.th](http://www.esso.co.th)).

Moreover, the Company has set up an Investor Relations function as a focal point to conduct investor relations activities and to ensure effective communication with investors and securities analysts. Various communication channels are available via the Company’s website, quarterly analyst meetings, company visits, e-mails, and telephone calls. A direct IR phone line (02 262-4788) and e-mail ([essoIR@exxonmobil.com](mailto:essoIR@exxonmobil.com)) are also provided for contact convenience.

## 2.5 Board Responsibilities

### Board Structure and Responsibilities

See Board of Directors structure and responsibilities, and the list of the directors serving the Board in the section Shareholding and Management Structure under item 3 (Board of Directors).

### Board Meetings

Under our Articles of Association, the Board normally meets once every three months. However, additional meetings may be scheduled as required. The dates of the Board meetings throughout the year are scheduled with notification provided to every director in advance. Normally, the notice of the meeting will be sent to every director at least seven days prior to the date of the meeting.

The minutes of key items are documented and presented for approval at subsequent Board meetings, and retained for inspection by relevant persons.

Independent directors may meet as necessary among themselves without the management team to discuss their concerns about management issues. The outcome is relayed to the Board.



In 2014, the Board met 5 times with details of attendance as follows:

Name	Board Meeting Attendance (times)
1. Mr. Neil A. Hansen <sup>(1)</sup>	2/2
2. Mr. Chai Jangsirikul <sup>(2)</sup>	4/4
3. Mr. Mongkolnimit Auacherdkul	3/5
4. Mr. Yodpong Sutatham	5/5
5. Mr. Adisak Jangkamolkulchai	4/5
6. Mr. Somjate Saifon	5/5
7. Ms. Ratrimani Pasiphon	5/5
8. Mr. Sutthichai Sungkamanee <sup>(3)</sup>	1/1
9. Mr. Wattana Chantarasorn	5/5
10. Mr. Sompop Amatayakul	5/5
11. Mr. Smit Tiemprasert	5/5
12. Ms. Wattanee Phanachet	4/5
<b>Director resigning during 2014</b>	
Mr. Anuwat Rungruangrattanagul	0/0
Mr. Z John Atanas	3/3
Mr. Kurujit Nakornthap <sup>(3)</sup>	2/3

(1) Mr. Neil A. Hansen was appointed director to replace Mr. Z John Atanas effective June 12, 2014.

(2) Mr. Chai Jangsirikul was appointed director to replace Mr. Anuwat Rungruangrattanagul (who resigned from the director position effective February 3, 2014) effective February 24, 2014.

(3) Mr. Sutthichai Sungkamanee was appointed independent director to replace Mr. Kurujit Nakornthap (who resigned from the independent director position effective July 1, 2014) effective September 10, 2014.

### Audit Committee

See the Audit Committee charter and its responsibilities, and the list of members in the section Shareholding and Management Structure under item 4 (Audit Committee).

In 2014, the Audit Committee met 9 times which included meetings for individual discussions with internal legal counselors and external auditors. The details of attendance were:

Name	Audit Committee Attendance (times)
1. Mr. Sompop Amatayakul	9/9
2. Mr. Smit Tiemprasert	9/9
3. Ms. Wattanee Phanachet	9/9

### Performance Evaluation Committee

See the Performance Evaluation Committee charter and its responsibilities, and the list of members in the section Shareholding and Management Structure under item 5 (Performance Evaluation Committee).

The Performance Evaluation Committee assessed the Managing Director's performance for 2014 and reviewed the assessment with the Board, and provided feedback to the Managing Director's home affiliate.

### Director Remuneration

Details of remuneration paid to directors is disclosed in the section Shareholding and Management Structure under item 8 (Remuneration of Directors and Executives).

### Executive Remuneration

Total remuneration paid to executives is disclosed in the section Shareholding and Management Structure under item 8 (Remuneration of Directors and Executives).

## Director and Executive Report of Interest

Directors and executives are required to file with the Company a report on their interest, or related person's interest (i.e. information on shareholding and directorship or executive position held in other legal entity (ies)) which relates to management of the Company or its subsidiaries at the beginning of the year and upon a change.

## Director Development

It is expected that directors will remain well-informed regarding current aspects of the Company's operations, developments, and best practices in corporate governance. In that regard, the Board considers it desirable that directors participate in continuing education opportunities with relevant available training programs inside and outside the Company, such as the programs offered by the Thai Institute of Directors Association (IOD).

Directors who have completed training courses by the IOD can be summarized as follows:

Name	Course	Date of Attendance	Course Attendance in year 2014
1. Mr. Neil A. Hansen	DAP	*	-
2. Mr. Chai Jangsirikul	DAP	15 Feb 2011	-
3. Mr. Mongkolnimit Auacherdkul	DAP	26 Sep 2008	-
4. Mr. Yodpong Sutatham	DAP	30 Nov 2010	-
5. Mr. Adisak Jangkamolkulchai	DAP	7 Nov 2008	-
6. Mr. Somjate Saifon	DAP	26 Sep 2008	-
7. Ms. Ratrimani Pasiphol	DAP	16 Jul 2012	-
8. Mr. Sutthichai Sungkamanee	DAP	**	-
9. Mr. Wattana Chantarasorn	DAP	27 Mar 2009	-
10. Mr. Sompop Amatayakul	DAP	26 Sep 2008	-
11. Mr. Smit Tiemprasert	DCP	Jan - Mar 2006	-
	FN	2005	-
12. Ms. Wattanee Phanachet	DCP	12 Mar - 16 Aug 2002	-
	DCP Refresher	25 Feb 2007	-
	ACP	14 - 15 Feb 2007	-

\* Attended DAP in February 2015

\*\* Registered to attend DAP in May 2015

DAP = Director Accreditation Program

DCP = Director Certification Program

ACP = Audit Committee Program

FN = Finance for Non-Finance Director

## Auditor Remuneration

For the fiscal year ended December 31, 2014, the total remuneration for the Company's auditor was Baht 4.5 Million. There were no other fees paid to the Company's auditor.

# RISK MANAGEMENT



## Comprehensive Risk Management

The Company systematically applies risk assessment and management practices and processes to address inherent risks in both the operational and financial aspects of its business. We have put in place processes to identify, analyze, and assess the significance of potential risks and determine mitigation measures to reduce those risks to acceptable levels. The ultimate goal is to safeguard shareholders' interests and Company assets. The primary cornerstones of our risk management approach are the Operations Integrity Management System (OIMS) and the Controls Integrity Management System (CIMS). OIMS is utilized for setting tolerance levels for safety, security, health, and environmental (SSH&E) risks while methodically managing them. The purpose of CIMS is to do the same for the financial and business risks faced by the company.

In accordance with the aforementioned frameworks and guidelines, risk management plans are embedded as an integral part of every business process. They are developed with consideration for both internal and external risk factors and include ongoing assessments and follow-up processes to ensure effective implementation and continuous improvement. As a result of this embedded risk management structure, the company's management committee effectively assumes the roles and responsibilities of a risk management committee.

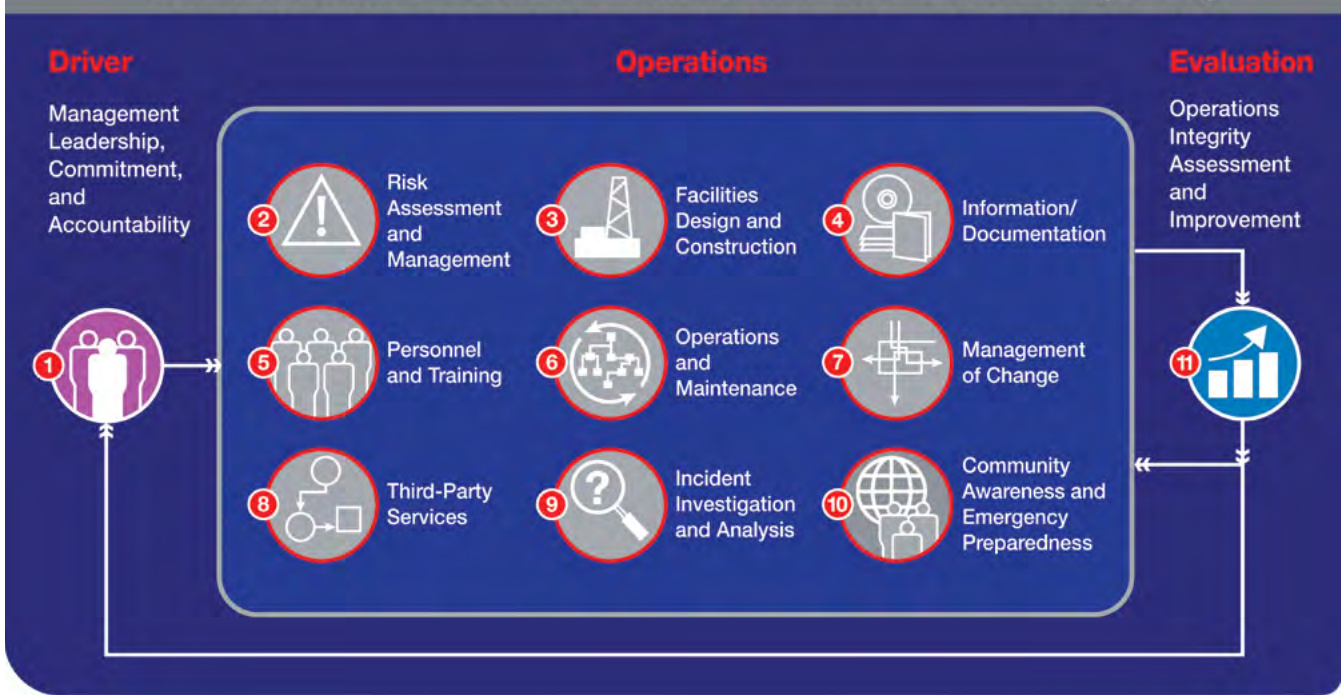
## Operations Integrity Management System (OIMS)

The Company is committed to conducting business in a manner that is compatible with the environmental and economic needs of the communities in which we operate, and protects the safety, security, and health of our employees, those involved with our operations, our customers, and the public. These commitments are documented in our Safety, Security, Health, Environmental, and Product Safety policies. These policies are put into practice through a disciplined management framework called the Operations Integrity Management System (OIMS).

OIMS provides a systematic, structured, and disciplined approach to measure progress and track accountability across business lines, facilities, and projects. In 2011, Lloyd's Register Quality Assurance, Inc., reviewed our ongoing performance and attested that OIMS is consistent with the standard on environmental management systems of the International Organization for standardization (ISO 14001 : 2004) and the Occupational Health and Safety Assessment Series for health and safety management systems (OHSAS 18001:2007). OIMS consists of the 11 elements illustrated in the following diagram.



# OPERATIONS INTEGRITY MANAGEMENT SYSTEM (OIMS)



## Control Systems

The System of Management Control Basic Standards (SMC) defines essential principles and concepts that form the foundation of our business controls. Similar to OIMS, the Controls Integrity Management System (CIMS) is designed to assess and measure financial and business risks. This includes embedded procedures for mitigating these risks, steps to monitor compliance with standards, and practices for reporting results to the appropriate operational and management groups. These company-wide controls meet or exceed the requirements of the Sarbanes-Oxley Act and NYSE listing standards.

PricewaterhouseCoopers LLP conducted an independent assessment of our internal control systems and determined they are effective. Regular self-assessments and internal audits help ensure that every operating unit consistently implements these control standards.

## Risk Factors

The Company is subject to a variety of financial and operational risks inherent in the regional and global petroleum and petrochemical businesses. Although the company monitors and manages these risks through the comprehensive management systems mentioned above, many of these risk factors are not within the Company's control and could adversely affect our business and our financial and operating results. Some of these risk factors include the following:

## Supply and Demand

The petroleum and petrochemical businesses are fundamentally commodity businesses. This means the Company's operational and financial results, including stock

gains and losses, may be significantly impacted by changes in refined petroleum and petrochemical product prices and margins. Refined petroleum and petrochemical product prices and margins are determined by local, regional, and global events or conditions that affect supply and demand for the relevant commodity.

## Economic Conditions

The demand for refined petroleum and petrochemical products correlates closely with general economic growth rates. The occurrence of recessions or other periods of low or negative economic growth will typically have a direct adverse impact. Other factors that affect general economic conditions in the world or in a major region, such as changes in population growth rates or periods of civil unrest, also impact the demand for energy and petrochemicals. Economic conditions that impair the functioning of financial markets and institutions also pose risks to the Company, including risks to the safety of financial assets and the ability of partners and customers to fulfill their commitments to the Company.

## Other Demand-Related

Other factors that may affect the demand for oil and petrochemicals include technological improvements in energy efficiency; seasonal weather patterns, which affect the demand for energy associated with heating and cooling; increased competitiveness of alternative energy sources that have so far generally not been competitive with oil and gas without the benefit of government subsidies or mandates; and changes in technology or consumer preferences that alter fuel choices such as alternative energy fueled vehicles.

## Other Supply-Related

Commodity prices and margins also vary depending on a number of factors affecting supply. For example, increases in industry refining or petrochemical manufacturing capacity above current demand levels tend to reduce margins. The global petroleum and petrochemical industry can also be affected by other factors that reduce available supplies, such as adherence by OPEC member countries to production quotas, the occurrence of wars, hostile actions, natural disasters, or the unexpected unavailability of distribution channels. Technological change can also alter the relative costs to produce and refine oil and manufacture petrochemicals.

## Other Market Factors

The Company's business results are also exposed to potential negative impacts due to changes in currency exchange rates, interest rates, inflation, and other local or regional market conditions. We do not use financial instruments to hedge such market exposures.

## Government Policies, Laws and Regulations

The Company's results can be adversely affected by changes in government policy, the laws that govern our businesses, or other regulatory factors such as increases in taxes; restrictive permitting; price controls; changes in environmental regulations or other laws that increase cost of compliance or reduce or delay available business opportunities; adoption of regulations mandating the use of alternative fuels or other uncompetitive fuel components. We also may be adversely affected by the outcome of litigation or other legal proceedings including very large and unpredictable punitive damage awards.

## Management Effectiveness

In addition to external factors, our future business results depend on our ability to successfully manage those factors that are at least in part within our control. The extent to which we manage these factors will impact our performance.

## Operational Efficiency

An important component of the Company's performance, especially given the commodity-based nature of many of our businesses, is the ability to operate efficiently, including managing expenses and improving production yields. This requires ongoing management focus, technology improvements, cost control, productivity enhancements, and regular reappraisal of our asset portfolio.

## Safety, Business Controls & Environmental

The company faces a variety of risks associated with safety, business controls, and the environment that are inherent to the petroleum and petrochemical businesses. Our results depend on management's ability to mitigate these risks and

effectively control our business activities. We apply rigorous management systems and a continuous focus to minimize or eliminate risks such as workplace safety, spills or other adverse environmental events, air emissions, and cybersecurity breaches. Substantial liabilities and other adverse impacts could result if management systems and controls do not function to mitigate these risks.

## Preparedness

Our ability to mitigate adverse impacts from natural disasters, human error, political or civil unrest, and similar events depends in part upon the effectiveness of our rigorous disaster preparedness and response planning, as well as business continuity planning.

## Others

### Dependence on Exxon Mobil Corporation and/or its affiliates for numerous services

We are highly dependent on Exxon Mobil Corporation and/or its affiliates with respect to several aspects of our operations, including access to expertise in crude oil and raw material procurement services, a global sales network for refined petroleum products and chemicals, advanced technological, operational and engineering services, research and development programs, trademarks and other services. We cannot assure that Exxon Mobil Corporation and/or its affiliates will continue to provide this support to us. If we were to lose the support of Exxon Mobil Corporation and/or its affiliates, or if any of our significant agreements with Exxon Mobil Corporation and its affiliates were terminated, and we are unable to secure alternative sources for such services or recruit additional key personnel, this could adversely affect our business. Many of the agreements we have with ExxonMobil for services, technology, trademarks and other support services contain automatic termination clauses in the event Exxon Mobil Corporation directly or indirectly ceases to own or control more than 50% of the ownership interest in the Company. Certain pre-emption rights apply if ExxonMobil shareholders wish to reduce their aggregate shareholdings in the Company to below 50%.

Our ExxonMobil shareholders are not bound to retain any minimum interest in the Company and may reduce their shareholdings in the Company at any time. In addition, Exxon Mobil Corporation and its affiliates are not obligated to grant loans to us or provide any other type of financial assistance and there can be no assurance that they will do so in the future.

### Current and future litigation

We are defendants in a variety of litigation cases in the ordinary course of business. Any significant new litigation with an unfavorable outcome could have a materially adverse effect on our business.

# INTERNAL CONTROLS



The Audit Committee independently assesses and evaluates the effectiveness of the Company's internal control systems to ensure that they are in compliance with good corporate governance principles. The Audit Committee has performed an assessment of the effectiveness of our system of internal controls including a review of all internal audit findings and recommendations. Based on the Audit Committee's assessment, the Board has concluded that the Company's internal control systems are suitable and adequate, and are functioning consistent with the good corporate governance aspects described below.

## Organization and Control Environment

The Company believes the existing organizational structure is appropriate and effective in operating the Company's businesses. It is the Company's policy that directors, officers, and employees are expected to observe the highest code of ethics and avoid any actual or apparent conflict between their own personal interests and the interests of the Company. They are also expected to deal fairly with each other and with the company's suppliers, customers, competitors, and other third parties.





## Risk Management

The Company applies rigorous risk assessment and management practices in all aspects of our business. The Company has processes in place to analyze and assess the significance of potential risk and determine mitigation measures to reduce those risks to the extent feasible. Risk management plans are embedded as an integral part of business processes, developed with consideration for both internal and external risk factors, and designed to include follow-up processes to ensure effective implementation and continuous improvement.

## Management Control

The Company has adopted a Delegation of Authority Guide which summarizes the responsibilities and authorities that form the overall framework for ensuring that business arrangements and transactions are reviewed and approved at an appropriate level. By delegating authority, management ensures that decisions will be made by individuals with the required skills and knowledge. A basic premise is that the delegated authority bears with it the obligation to exercise good business judgment and due diligence as well as effective segregation of duties.

## Information and Communication

Meeting agendas and supporting information are provided to Board members in a timely fashion to ensure that material information is available to those responsible for making relevant decisions. Minutes of the Board meetings, including relevant comments by Board members, are properly documented for subsequent review. All financial and supporting documents are retained in accordance with the Company's Information Management System (IMS).

## Monitoring and Evaluation

Controls training is provided to all employees consistent with job requirements. Internal audit staff independently assesses compliance with policies and procedures and evaluates the effectiveness of all control systems relating to the business. Material control weaknesses, irregularities, and business practice issues are promptly addressed and reported to management and subsequently reviewed by the Board Audit Committee. Corrective actions, in accordance with internal audit findings and recommendations, are monitored by the management of each business unit until the issues are appropriately resolved. The Audit Committee periodically reviews and assesses the effectiveness of the management follow up process.

## Internal Control System

The Company recognizes the importance of an effective internal control system. In this regard, extensive internal controls and procedures, including those set out in our System of Management Control (SMC) - Basic Standards and Controls Integrity Management System (CIMS), are fully established at all levels in the organization.

The internal control system, including compliance with policies and procedures, is formally assessed by independent internal audit staff and external auditors during each audit cycle. This includes a review of the effectiveness of all financial, operational, and related controls.

## System of Management Control (SMC)

Our System of Management Control (SMC) sets forth basic control principles, concepts and standards. We have developed this system of management control to ensure the effective, efficient and proper utilization of the Company's resources. The basic purpose of the controls framework is to make sure business activities are conducted properly and in accordance with management's general and specific directives.

The SMC is based on 7 basic principles: Decentralization of Management, Segregation of Duties and Responsibilities, Documentation, Supervision and Review, Timeliness, Relevance to Risk, and Minimum Interdependence of Controls. Management at all levels and in all businesses is required to establish systems and procedures that meet or exceed these control principles.

## Controls Integrity Management System (CIMS)

Our Controls Integrity Management System (CIMS) is a formal system of internal methods and analytical tools to assess and mitigate operational, financial, and administrative control risks. It also facilitates the timely reporting to management of control weaknesses and business practice issues. CIMS is based on the principles and standards of SMC and provides key attributes of an effective control system that helps to ensure the Company's policies and in-line controls are implemented and effectively sustained over time.

CIMS is comprised of seven elements: “Management, Leadership, Commitment & Accountability”, “Risk Assessment”, “Business Process Management & Improvement”, “Personnel & Training”, “Management of Change”, “Reporting & Resolution of Control Weakness”, and “Controls Integrity Assessment”. Each element has five components: Objectives, Standards, Procedures, Expected Results, and Verification & Feedback Mechanism.

## Auditing and Compliance

### Business Practices Reviews (BPR)

The Company has long recognized the importance and value of sound corporate governance, a straight-forward business model, and ethical business standards. We believe the methods we use to obtain business results are as important as the results themselves. All employees are expected to be familiar with the Company’s policies and standards of business conduct and apply them to their daily work. They are required to confirm their knowledge and compliance with the policies and standards on an annual basis. In addition, formal Business Practices Review (BPR) sessions are attended by all employees every four years. The BPR objectives are:

- Promote the Company’s reputation for honesty and straightforward approach to business integrity;
- Promote clear understanding of and compliance with the Standards of Business Conduct;
- Demonstrate applicability of the Standards to all aspects of day-to-day business activities and practices at every level in the organization;
- Convey consequences for non-compliance with the Standards;
- Identify, evaluate, report, and where necessary, correct practices that may not be consistent with the policy; and
- Report compliance concerns and ensure employee awareness of channels available for reporting their concerns.

### Internal Audit

The internal audit staff independently assesses compliance with policies and procedures, and evaluates the effectiveness of all control systems related to the business. Management of each business segment is obligated to consider all internal audit findings and recommendations, and take appropriate corrective actions. Generally, each segment of the business receives an internal audit every three years. In addition, business segments appoint Controls Advisors to provide guidance on controls and facilitate self-assessments for their units at the mid-point of the audit cycle based on CIMS and audit standards.

The plan and results of internal audits are reviewed by the Audit Committee.

### Independent External Audit

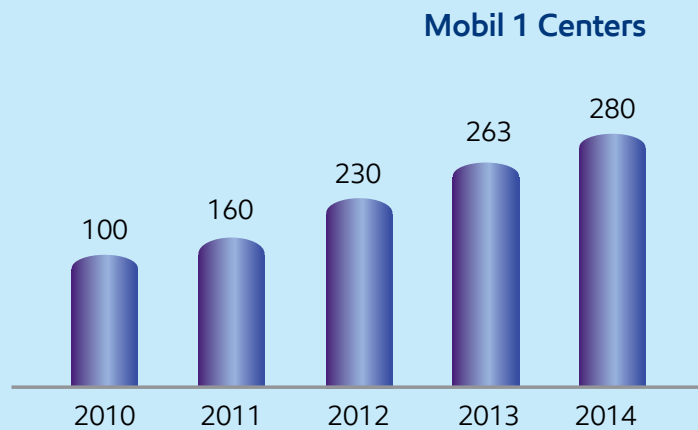
Independent external auditors audit the Company’s financial statements in accordance with generally accepted auditing standards in Thailand to ensure that the financial statements are free of material misstatement and in conformity with generally accepted accounting principles.

### Auditor’s Remuneration

The audit fee paid to the office of the external auditor, PricewaterhouseCoopers ABAS Limited, for the 2014 accounting period was Baht 4,500,000.



## 2014 BUSINESS HIGHLIGHTS: MOBIL 1



- Increased footprint of Mobil 1 centers from 263 to 280
- Continued to achieve outstanding performance in our lubricants business
- Celebrated the 40<sup>th</sup> anniversary of Mobil 1



# REPORT OF THE AUDIT COMMITTEE

The Audit Committee consists of three independent directors as appointed by the Board of Directors. One member of the Committee has financial accounting competency as required by the guidelines of the Stock Exchange of Thailand; one member has refinery experience; and one member has experience in general and international management. The Committee held nine meetings in 2014, as well as extensive reviews and discussions with the external auditors, the internal control manager, and the Company's management. The Committee submitted reports and presented findings to the Board of Directors on a quarterly basis.

The Committee reviewed and discussed with management and the external auditors the accounting policies applied to the financial statements, financial issues, and judgments made in connection with the financial statements. The Committee met with the external auditors without the presence of management and discussed the appropriateness of accounting policies, the application of new accounting standards, and the adequacy of risk management processes related to the financial statements. The Committee reviewed and discussed with management and the external auditors the drastic decrease in oil prices in the second half of the year, which impacted the company earnings negatively as a result of the significant stock loss. The external auditors expressed their opinion that the financial statements are fairly stated in conformity with Thai accounting standards. As a result, the Committee concluded that the financial statements were prepared in accordance with Thai Financial Reporting Standards (TFRS), and information, including transactions with related parties, was adequately disclosed.



The Committee reviewed the risk management framework including risk identification, risk assessment, mitigation measures and the controls that the Company deploys, and considered it a comprehensive and appropriate risk management process.

The Committee had four meetings with the internal control manager to review the scope, activities, responsibilities, resources, and staffing for internal control functions. The Committee reviewed the adequacy and integrity of internal control, reports from internal audit covering major issues arising from internal audit activities, and the status of actions taken by management. The Committee also discussed internal controls in relation to risk management with the external auditors, who confirmed the adequacy of internal controls over the financial reporting process.

The Committee reviewed the appropriateness and reasonableness of related-party transactions, and queried management regarding significant changes to the terms and conditions of key intercompany agreements. There were no issues identified.

The Committee reviewed the legal and regulatory compliance process and viewed that the process in place was adequate.

The Committee participated in screening and reviewing the qualifications and remunerations of external auditors as proposed by management and consented to the Board of Directors to propose the external auditors for approval at the Annual Shareholders' General Meeting.

Mr. Sompop Amatayakul  
Chairman of the Audit Committee

Mr. Smit Tiemprasert  
Audit Committee Member

Mrs. Wattanee Phanachet  
Audit Committee Member

# RELATED PARTY TRANSACTIONS



In order to leverage the global expertise of ExxonMobil, the Company has executed numerous agreements with ExxonMobil and its affiliates. These agreements are beneficial to the Company and positively contribute to the way the Company operates its businesses. These agreements have term and conditions that are on the same basis as those applied generally to all ExxonMobil affiliates worldwide. We believe these agreements are at arm's length and have terms, and conditions that are fair and reasonable. All of these related party agreements have been reviewed by the Audit Committee or are consistent with prescribed criteria.

## **Necessity and reasonableness of related party transactions**

All related party transactions undertaken in the past year pursuant to these agreements are for the benefit of the Company and have been subject to review by the Company's external auditors as part of their audit of the Company's annual financial statements and by the Audit Committee. The Audit Committee has considered and provided an opinion that such transactions were entered into in the normal course of business, are arm's length, and have been properly disclosed.

## **Approval of related party transactions**

All of our existing related party agreements are established in the normal course of business. The approval processes for related party agreements are consistent with those prescribed by the relevant rules and regulations of the Capital Market Supervisory Board and the Stock Exchange of Thailand. When there is a likelihood of a conflict of interest arising from the Company's entry into a related party agreement with a person who is a shareholder, director or executive of the Company, the said shareholder, director or executive will not participate in the approval process for such agreement.

On August 28, 2008, the Board of Directors approved the Company and its subsidiaries to enter into certain transactions with its directors, executives and/or related persons (as defined in the Securities and Exchange Act) where, in principle, such transactions have the same terms as those which may ordinarily be entered into by ordinary persons with unrelated counterparties under similar circumstances, based on commercial negotiations, and without preference resulting from the status of being a director, executive or related person, as the case may be, or where the transactions reflect fair prices or are on a cost or cost plus basis pursuant to agreements between the Company and its affiliates, or where the charges under the transactions are consistent with those charged by other affiliates around the world for similar services or goods, or where the interest expenses in connection with financing transactions with the Company's affiliates are generally based on fair market rates.

## **Related party transactions in the future**

Any new related party agreements in the future will comply with the Board resolution of August 28, 2008 described above, as well as applicable laws and regulations of the Securities and Exchange Commission, the Capital Market Supervisory Board, and the Stock Exchange of Thailand.

Subject to the above, when the Company proposes executing a related party agreement, the Audit Committee will review and render an opinion on such an agreement. The Audit committee's opinion will be communicated to the Board of directors or shareholders, as the case may be, to ensure the proposed agreement is in the best interest of the Company.



## Detail of related party transactions

We list below the main agreements with related parties as of December 31, 2014.

Agreements	Parties/Relationship with the Company	Main Purposes	2014 Transaction Value (Million Baht)		
			Sales	Purchase	Service Income Service Expenses
<b>Goods and Services</b>					
Crude oil, LPG, Products and Feedstock, and Lube Basestock Supply Agreement	ExxonMobil Asia Pacific Pte. Ltd. ("EMAPPL") EMAPPL is an affiliate of Exxon Mobil Corporation (EMC), EMC indirectly holds 100% of shares in EMAPPL	EMAPPL sells or procures for sale to Esso Asia Pacific crude oil. In addition to such crude oil, EMAPPL agrees to sell or procure for sale LPG, products and feedstock, and lube basestock. EMAPPL purchases crude oil, LPG, products, feedstock and lube basestock which Esso desires to sell and export.			
Paraxylene and Benzene concentrate Supply and Offtake Agreement	EMAPPL	Esso sells EMAPPL paraxylene and benzene concentrate.			
Finished lubes Sale and Purchase Agreement (spot basis) (With effective November 1, 2014, this spot basis agreement was replaced by Inter-Affiliate Product Sale and Purchase Agreement)	EMAPPL	Esso purchases finished lubricants, base oils, base stocks, and/or lubricant additives from EMAPPL.	16,879	72,741	
Assignment and Assumption Agreement for the Manufacture and/or sale of Toyota Oil and Chemical Product	EMAPPL	EMAPPL assigns its rights and obligations under relevant agreement with Toyota Motor Corporation as a local blender and/or seller of Toyota branded oil and chemical products in Thailand to Esso.			
Sale Agreement	ExxonMobil Chemical Asia Pacific ("EMCAP"), a division of EMAPPL. EMCAP is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMCAP	EMCAP sells or causes to be sold to Esso chemical products in such a volume as Esso nominates from time to time.		4,355	179
Poroxyiene sales agreement	EMCAP	EMCAP sells to Esso paroxylene products in such a volume as Esso nominates from time to time.			

Agreements		Parties/Relationship with the Company		2014 Transaction Value (Million Baht)		
				Sales	Purchase	Service Income
<b>Goods and Services</b>						
Crude oil, Products and Feedstocks Supply Agreement	ExxonMobil Sales and Supply ("EMS&S") EMS&S is an affiliate of EMC, EMC indirectly holds 100% of shares in EMS&S	EMS&S sells or procures to sell non Asia Pacific crude oil. In addition to such crude oil, EMS&S agrees to sell or procure for sale products and feedstock to Esso. EMS&S purchases crude oil, LPG, products, feedstock and lube basestock which Esso desires to sell and export.	2,637	90,729		
"Bangkok Business Support Center" Master Service Agreement	ExxonMobil Limited ("EML") EML is an affiliate of EMC and a subsidiary of ExxonMobil International Holdings Inc., EMC indirectly holds 100% of shares in EMC	EML provides various services including certain management consulting, functional advice, administrative, technical, professional and other supporting services relating to Esso's business and operations.				1,358
Downstream Regional Headquarters/ Affiliate Master Service Agreement	EMAPPL	EMAPPL provides /receives services to/from Esso covering a wide range of management consulting, functional advice, administrative, technical, professional, and other supporting services relating to Esso's downstream business such as fuels marketing, refining and supply, etc.			8	1,483
Chemical Regional Headquarters/ Affiliate Service Agreement	EMAPPL	EMAPPL provides/receives services to/from Esso covering certain management consulting, functional advice, administrative, technical, professional, and other supporting services in connection with chemicals business such as accounting, legal, tax, human resources, office space, and clerical activities, computer network services and procurement services.				
Master Service Agreement	ExxonMobil Global Services Company ("EMGSC") EMGSC is an affiliate of EMC, EMC directly holds 100% of shares in EMGSC	EMGSC provides Esso with advice and assistance relating to (i) information technology services (ii) procurement services (iii) real estate services and facilities services.				68
ExxonMobil Petroleum & Chemical Master Business Support Agreement	ExxonMobil Petroleum & Chemical ("EMPC") EMPC is an affiliate of EMC, EMC indirectly holds 100% of shares in EMPC	EMPC provides Esso a variety of services relating to accounting and administrative services through personnel based out of business centers established outside of Thailand.				5
EssoAir Service Agreement	ExxonMobil Aviation International Ltd. ("EMA") EMA is an affiliate of EMC, EMC indirectly holds 100% of shares in EMA	EMA provides Esso a wide range of marketing and technical assistance appropriate to Esso's aviation fuel business including solicitation of aviation sales and general advisory services and consultancy.				97

Parties/Relationship with the Company		2014 Transaction Value (Million Baht)			
Main Purposes		Sales	Purchase	Service Income	Service Expenses
<b>Goods and Services</b>					
Inter-Affiliate Marine Transportation Services Agreement	Standard Tankers Bahamas Ltd ("STB") STB is an affiliate of EMC, EMC indirectly holds 100% of shares in STB	STB provides services related to (i) vessel pool activities and transportation for purchasers' cargoes of crude oil, petroleum products, and chemicals (ii) chartering and transportation support services (iii) marine vetting services (iv) other supporting services related to the pool vessels as well as other marine transportation activities.	1,735		2
Standard Research Agreement	ExxonMobil Research and Engineering Company ("EMRE") EMRE is an affiliate of EMC, EMC directly holds 100% of shares in EMRE	Agreement is made for the purpose of (i) creation, acquisition and management of a body of technical information, technical services, and patent and copyright protection for the benefit of petroleum and chemical operations (ii) access to technical information and the use of patent and copyright protection (iii) engineering assistance and special research (iv) administer intellectual property and technical information acquired or made for the benefit of Esso.			95
Catalyst Lease Agreement	ExxonMobil Catalyst Technologies LLC ("EMCT") EMCT is an affiliate of EMC, EMC indirectly holds 100% of shares in EMCT	EMCT, as a lessor, commits to supply and lease catalysts to Esso.			27
Trademark License Agreement	Exxon Mobil Corporation ("EMC") EMC is the ultimate parent company of various affiliates and subsidiaries	EMC authorizes Esso to use Esso, Exxon, Esso Oval and Exxon Emblem trademarks in Thailand in association with the products and services sold or provided.			4
Clearing House Service Agreement	EMC	EMC provides the service of operating the Trade Central Clearing House Sub-Account and other Central Clearing House Sub-Account for the purpose of facilitating efficient settlement and processing of transactions.			
Service Agreement	ExxonMobil Hong Kong Limited ("EMHKL") EMHKL is an affiliate of EMC, EMC indirectly holds 100% of shares in EMHKL	EMHKL provides / receives services to/from Esso covering managerial, professional and administrative, and other operational advice relating to their overall corporate operations to Esso.			1
Service Agreement	ExxonMobil Catalyst Services Inc. ("EMCSI") EMCSI is an affiliate of EMC, EMC directly holds 100% of shares in EMCSI	EMCSI provides services including arranging for supply of precious metals; arranging for the fabrication of catalyst, the reclamation of precious metals from spent catalyst, and catalyst operations such as regeneration as well as consulting services relating to catalyst.			1



Agreements	Parties/Relationship with the Company	Main Purposes	2014 Transaction Value (Million Baht)		
			Sales	Purchase	Service Income / Service Expenses
<b>Goods and Services</b>					
Service Agreement	ExxonMobil Chemical Company ("EMCC") EMCC is a division of EMC	Esso provides certain services relating to marketing efforts in Thailand to EMCC.			0
ExxonMobil Marine Fuels Supply and Services Agreement	ExxonMobil Marine Limited ("EMML") and EMAPPL EMML is an affiliate of EMC, EMC indirectly holds 100% of shares in EMML	Esso sells and delivers marine fuels as well as provides related services to EMML and EMAPPL.	0		
Other			11	96	150
			19,527	169,656 <sup>(1)</sup>	3,470

(1) Baht 818 million service expenses paid to Thai Petroleum Pipeline Company Limited is not included

Agreements	Parties	Main Purposes	2014 Transaction Value (Million Baht)		
			Loan Balance	Deposit Balance	Interest Expense / Interest Income
<b>Financial Assistance</b>					
Loan and Current Account Agreement	EML	Esso provides a loan commitment to EML with the maximum principal amount of Baht 3,000 million. In the event that money from EML is deposited in current account, Esso can make use of such fund and is required to pay interest for the deposited amount.	754		19
Promissory Notes	ExxonMobil United Finance Company ("EMUFC")	Esso issued five promissory notes at a discounted value of Baht 5,000 million in September 2012 and maturity date in September 2015 and three promissory notes at a discounted value of Baht 3,000 million in April 2013. Esso already redeemed Baht 3,000 million from holder on maturity date in May 2014.	5,388		206
Short-Term Loan Agreement	ExxonMobil Development Finance Company ("EMDFC")	EMDFC provides revolving loan facility to Esso with the maximum aggregate amount of Baht 12,000 million. Drawdown and repayment can be made once per calendar month.	4,823		204
Long-Term Loan Agreement	EMDFC	EMDFC provides Thai Baht-denominated long-term loan to Esso of Baht 7,000 million with principal repayment every 3 months. The loan will be matured in December 2019.	7,000		20
			17,965		449

TOTAL (see note to financial statement no.34)

# BOARD OF DIRECTORS AND EXECUTIVE OFFICERS



# BOARD OF DIRECTORS



**Mr. Neil A. Hansen**  
Chairman and Managing Director  
Age: 40

**Education:**

- MS in Accounting, University of St. Thomas, Texas, USA
- MBA, Thunderbird School of Global Management, Arizona, USA

**Current Positions:**

- Chairman and Managing Director, Esso (Thailand) Public Company Limited
- Chairman and Managing Director, ExxonMobil Limited
- Chairman and Managing Director, Mobil Enterprises (Thailand) Limited
- Director, ExxonMobil Exploration and Production Khorat Inc.

**Work Experience:**

2013 - 2014

- Finance Manager, Affiliate Finance, Treasurer's, Exxon Mobil Corporation, USA

2012 - 2013

- Manager, Planning & Financial Markets, Treasurer's, Exxon Mobil Corporation, USA

2010 - 2012

- Advisor, Investor Relations, Exxon Mobil Corporation, USA

Records of violation of law\* : None

Family Relationship with Executives of the Company : None

Shareholding in the Company : None



**Mr. Mongkolnimit Auacherdkul**  
Director and Member of Performance Evaluation Committee  
Age: 56

**Education:**

- M.Sc in Mechanical Engineering, University of Cincinnati, USA

**Current Positions:**

- Public and Government Affairs Manager, Esso (Thailand) Public Company Limited

**Work Experience:**

2010 - 2014

- Public and Government Affairs Manager, Esso (Thailand) Public Company Limited

Records of violation of law\* : None

Family Relationship with Executives of the Company : None

Shareholding in the Company : None



**Mr. Adisak Jangkamolkulchai**  
Director  
Age: 51

**Education:**

- Ph.D in Chemical Engineering, University of Tulsa, USA

**Current Positions :**

- Refinery Manager, Esso (Thailand) Public Company Limited

**Work Experience:**

2013 - 2014

- Refinery Manager, Esso (Thailand) Public Company Limited

2010 - 2013

- Refinery Process Manager, Esso (Thailand) Public Company Limited

Records of violation of law\* : None

Family Relationship with Executives of the Company : None

Shareholding in the Company : None





**Mr. Somjate Saifon**  
**Director**  
**Age: 57**

**Education:**

- M.Eng, Asian Institute of Technology, Thailand

**Current Positions:**

- Chemicals Manager, Esso (Thailand) Public Company Limited

**Work Experience:**

2010 - 2014

- Chemicals Manager, Esso (Thailand) Public Company Limited

Records of violation of law\* : None

Family Relationship with Executives of the Company : None

Shareholding in the Company : None



**Mr. Chai Jangsirikul**  
**Director**  
**Age: 57**

**Education:**

- MBA, Thammasat University, Thailand

**Current Positions:**

- Controller, Esso (Thailand) Public Company Limited
- Director and Controller, ExxonMobil Limited
- Controller, Industry Promotion Enterprises Limited
- Controller, United Industry Development Company Limited
- Controller, Pacesetter Enterprises Limited
- Controller, Thai C-Center Company Limited
- Controller, ExxonMobil Exploration and Production Khorat Inc.

**Work Experience:**

2010 - 2014

- Controller, Esso (Thailand) Public Company Limited
- Controller, ExxonMobil Limited
- Controller, Industry Promotion Enterprises Limited
- Controller, United Industry Development Company Limited
- Controller, Pacesetter Enterprises Limited
- Controller, Thai C-Center Company Limited

Records of violation of law\* : None

Family Relationship with Executives of the Company : None

Shareholding in the Company : None



**Mr. Yodpong Sutatham**  
**Director**  
**Age: 47**

**Education:**

- MBA in General Management, Seattle Pacific University, USA

**Current Positions:**

- Retail Manager, Esso (Thailand) Public Company Limited
- Chairman and Managing Director, Industry Promotion Enterprises Limited
- Chairman and Managing Director, United Industry Development Company Limited
- Chairman and Managing Director, Pacesetter Enterprises Limited

**Work Experience:**

2010 - 2014

- Retail Manager, Esso (Thailand) Public Company Limited
- Managing Director, Industry Promotion Enterprises Limited
- Managing Director, United Industry Development Company Limited
- Managing Director, Pacesetter Enterprises Limited

Records of violation of law\* : None

Family Relationship with Executives of the Company : None

Shareholding in the Company : None

# BOARD OF DIRECTORS



**Ms. Ratrimani Pasiphol**  
**Director**  
**Age: 47**

**Education:**

- MBA, University of Washington, USA

**Current Positions:**

- Treasurer / Tax Manager, Esso (Thailand) Public Company Limited
- Director and Treasurer / Tax Manager, ExxonMobil Limited
- Treasurer / Tax Manager, Industry Promotion Enterprises Limited
- Treasurer / Tax Manager, United Industry Development Company Limited
- Treasurer / Tax Manager, Pacesetter Enterprises Limited
- Treasurer / Tax Manager, Thai C-Center Company Limited
- Treasurer / Tax Manager, ExxonMobil Exploration and Production Khorat Inc.

**Work Experience:**

2010 - 2014

- Treasurer / Tax Manager, Esso (Thailand) Public Company Limited
- Treasurer, ExxonMobil Limited
- Treasurer, Industry Promotion Enterprises Limited
- Treasurer, United Industry Development Company Limited
- Treasurer, Pacesetter Enterprises Limited
- Treasurer, Thai C-Center Company Limited
- Treasurer, ExxonMobil Exploration and Production Khorat Inc.

Records of violation of law\* : None

Family Relationship with Executives of the Company : None

Shareholding in the Company : 10,000 share (0.0003%)



**Ms. Wattanee Phanachet**  
**Independent Director and Member of Audit Committee**  
**Age: 77**

**Education:**

- M.A. (Accounting), University of Alabama, USA
- Certified Public Accountant

**Current Positions:**

- Independent Director and Chairman of Audit Committee, Capital Nomura Securities Public Company Limited
- Specialist in the field of finance and accounting, Civil Service Commission

**Work Experience:**

- Associate Dean for Academic Affairs, member of the Executive Board, Faculty of Commerce and Accountancy, Chulalongkorn University
- Executive Committee and Subcommittee Member, The Federation of Accounting Professions
- Group Business Committee Member, Electricity Generating Public Company Limited
- Independent Director and Audit Committee Member, Electricity Generating PLC
- Independent Director and Chairman of Audit Committee, Thai Poly Acrylic Public Company Limited
- Independent Director and Chairman of Audit Committee, Delta Electronics Thailand Public Company Limited

Records of violation of law\* : None

Family Relationship with Executives of the Company : None

Shareholding in the Company : None



**Mr. Wattana Chantarasorn**  
**Independent Director and Member of Performance Evaluation Committee**  
**Age: 68**

**Education:**

- M.Sc in Chemical Engineering, Illinois Institute of Technology, USA

**Current Positions:**

- -

**Work Experience:**

2006 - 2007

- Asia Pacific Refining Business Advisor, ExxonMobil Limited

2004 - 2006

- Asia Pacific Refining Business Advisor, Esso (Thailand) Public Company Limited

1997 - 2004

- Refinery Manager, Esso (Thailand) Public Company Limited

Records of violation of law\* : None

Family Relationship with Executives of the Company : None

Shareholding in the Company : None



**Mr. Sompop Amatayakul**  
**Independent Director and Chairman**  
**of Audit Committee**  
**Age: 74**

**Education:**

- MBA in General Management, University of Thai Chamber of Commerce
- Honorary Doctorate in Commerce, Thammasat University, Thailand
- Honorary Doctorate in Business Administration, National Institute of Development Administration, Thailand
- International Management Course, Columbia University, USA

**Current Positions:**

- Director of Civil Service Commission, Royal Thai Government
- Chairman of Sub-committee, Bureau of Classification and Compensations, Civil Service Commission
- Chairman of the Committee of Classification and Compensation ministry of Commerce, The Board of Investment of Thailand, The Royal Institute
- Chairman of Thailand Quality Award (TQA), Thailand Productivity Institute
- Chairman of Sub-committee of State Enterprise Performance Appraisal, State Enterprise Policy Office
- Director of Monitoring and Evaluation Committee, King Prajadhipok's Institute

**Work Experience:**

- Deputy Minister of Industry
- Chairman of the Board, Bangkok Metropolitan Bank PLC
- Chairman of the Board, The State Railway of Thailand
- General Manager, IBM Thailand Co., Ltd.

Records of violation of law\* : None  
 Family Relationship with Executives of the Company : None  
 Shareholding in the Company : None



**Mr. Sutthichai Sungkamanee**  
**Independent Director**  
**Age: 58**

**Education:**

- Honorary Degree Doctor of Philosophy (Management of Development), Rajabhat Rajanagarinda University
- Bachelor of Business Administration, University of Chamber of Commerce
- Certificate, Senior Executive Development Program, Office of the Civil Service Commission
- National Defense College Year 2013

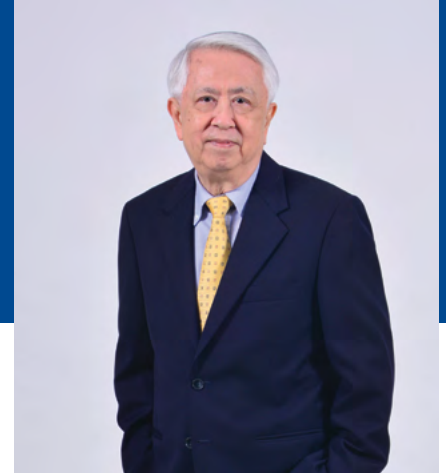
**Current Positions:**

- Inspector General, Ministry of Finance

**Work Experience:**

- 2014 - Present
  - Inspector General, Ministry of Finance
- 2013 - 2014
  - Director General, Revenue Department
- 2013
  - Inspector General, Ministry of Finance
- 2012 - 2013
  - Deputy Director General, Revenue Department
- 2010 - 2012
  - Director, Regional Revenue Office 3

Records of violation of law\* : None  
 Family Relationship with Executives of the Company : None  
 Shareholding in the Company : None



**Mr. Smit Tiemprasert**  
**Independent Director, Chairman of**  
**Performance Evaluation Committee**  
**and Member of Audit Committee**  
**Age: 75**

**Education:**

- M.S. in Industrial Engineering and Management, Oklahoma State University, USA

**Current Positions:**

- -

**Work Experience:**

- Over 35 years extensive management and engineering experience in the petroleum and petrochemical industries; served various key executive positions in supply, planning, distribution, refining, and marketing in Esso (Thailand) Public Company Limited and Thai Petrochemical Industry Public Company Limited before retirement in 2003

Records of violation of law\* : None  
 Family Relationship with Executives of the Company : None  
 Shareholding in the Company : None



# EXECUTIVE OFFICERS



**Mr. Phiroon Yolwised**  
**Industrial and Wholesales Manager**  
**Age: 57**

**Education:**

- MBA, Nova Southeastern University, Florida, USA

**Current Positions:**

- Industrial and Wholesales Manager  
Esso (Thailand) Public Company Limited

**Work Experience:**

2010 - 2014

- Industrial and Wholesales Manager  
Esso (Thailand) Public Company Limited

Records of violation of law\* : None

Family Relationship with Executives of the Company : None

Shareholding in the Company : 35,000 shares; Spouse 45,300 shares (0.0023%)



**Mr. Kemchai Osathapan**  
**Investor Relations Manager**  
**Age: 44**

**Education:**

- MBA in International Business,  
Loyola College, Baltimore, USA

**Current Positions:**

- Investor Relations Manager,  
Esso (Thailand) Public Company Limited

**Work Experience:**

2013 - 2014

- Investor Relations Manager,  
Esso (Thailand) Public Company Limited

2010 - 2013

- Asia Pacific Customer Support Manager,  
Asia Pacific Fuels Marketing Customer  
Services, ExxonMobil Limited

Records of violation of law\* : None

Family Relationship with Executives of the Company : None

Shareholding in the Company : 100,000 shares (0.0029%)

\* This covers any of the following within the past 10 years :

- (1) a conviction under a criminal charge, excluding conviction for traffic offences and minor charges ;
- (2) being declared bankrupt or having assets controlled; or
- (3) being dismissed from government service or a state organization or agency for dishonesty at work.



# STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Esso (Thailand) Public Company Limited and its subsidiaries and the financial statements of Esso (Thailand) Public Company Limited have been prepared in conformity with generally accepted accounting standards in Thailand under the Accounting Act B.E. 2543, and the financial reporting requirements of the Securities and Exchange Commission under the Security and Exchange Act B.E. 2535.

The Board of Directors is of the opinion that the financial statements have been prepared in a prudent manner and contain accurate and complete material information in respect to the financial condition, results of operations, and cash flows of the Company and its subsidiaries. An effective internal control system has been established to ensure that accounting records are accurate, complete and timely, assets are safeguarded, and weaknesses are identified to prevent fraud, unlawful conduct and other irregularities with material implications. The appropriate accounting policies were consistently applied in accordance with generally accepted accounting principles and material information was adequately disclosed in the notes to the financial statements.

Mr. Neil A. Hansen  
Chairman and Managing Director  
Esso (Thailand) Public Company Limited



**ESSO (THAILAND) PUBLIC COMPANY LIMITED**  
**CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS**  
**31 DECEMBER 2014**

# AUDITOR'S REPORT

## To the Shareholders of Esso (Thailand) Public Company Limited

I have audited the accompanying consolidated and company financial statements of Esso (Thailand) Public Company Limited and its subsidiaries and of Esso (Thailand) Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of Esso (Thailand) Public Company Limited and its subsidiaries and of Esso (Thailand) Public Company Limited as at 31 December 2014, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Nattaporn Phan-Udom  
Certified Public Accountant (Thailand) No. 3430  
PricewaterhouseCoopers ABAS Ltd.

Bangkok  
23 February 2015



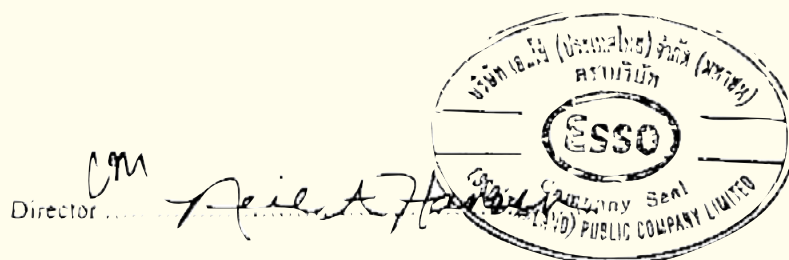
# Esso (Thailand) Public Company Limited

## Statement of Financial Position

As at 31 December 2014

(All amounts in Baht thousand unless otherwise stated)

Assets	Notes	Consolidated		Company	
		2014	2013	2014	2013
<b>Current assets</b>					
Cash and cash equivalents	5	409,116	1,002,448	277,156	502,421
Trade receivables, net	6	4,271,010	6,697,414	4,256,254	6,673,449
Trade receivables from a related party	34 f	-	-	968,082	2,543,788
Amounts due from related parties	34 f	-	133	58,659	100,982
Inventories, net	7	19,201,910	27,889,024	18,925,024	27,494,851
Tax claim receivable, net	8	1,177,220	2,103,690	1,130,917	2,101,922
Other current assets	9	952,700	729,100	1,096,451	893,819
		26,011,956	38,421,809	26,712,543	40,311,232
<b>Non-current assets</b>					
Investments in subsidiaries and an associate	10	2,076,517	1,705,346	1,843,949	1,843,949
Available-for-sale financial assets	11	1,125,000	990,000	1,125,000	990,000
Long-term loans to related parties	34 g	-	-	2,416,901	2,383,058
Deferred income tax assets, net	12	3,576,293	983,768	3,459,261	853,418
Intangible assets, net	13	177,789	229,924	177,789	229,924
Property, plant and equipment, net	14	29,833,726	30,818,597	25,575,241	26,560,930
Non-current assets held for sale, net	15	-	104,710	-	-
Prepaid rental and deferred charges	16	967,040	720,847	2,300,038	2,195,490
Other non-current assets		100,150	35,037	83,120	18,948
		37,856,515	35,588,229	36,981,299	35,075,717
<b>Total assets</b>		<b>63,868,471</b>	<b>74,010,038</b>	<b>63,693,842</b>	<b>75,386,949</b>


  
 Director .....

The notes on pages 74 to 111 are an integral part of these consolidated and company financial statements.

# Esso (Thailand) Public Company Limited

## Statement of Financial Position

As at 31 December 2014

(All amounts in Baht thousand unless otherwise stated)

Liabilities and shareholders' equity	Notes	Consolidated		Company	
		2014	2013	2014	2013
<b>Current liabilities</b>					
Borrowings	17	13,709,656	17,184,230	13,709,656	17,184,230
Trade and other payables	18	3,509,415	3,674,121	3,413,910	3,570,747
Short-term loans from related parties	34 h	12,365,557	6,198,667	12,873,593	7,833,629
Amounts due to related parties	34 f	9,640,017	11,131,340	9,630,029	11,132,490
Short-term provisions for employee benefits	19	846,986	496,932	636,949	496,932
		40,071,631	38,685,290	40,264,137	40,218,028
<b>Non-current liabilities</b>					
Long-term loans from related parties	34 h	5,600,000	5,213,195	5,600,798	5,213,804
Borrowings	17	4,000,000	5,800,000	4,000,000	5,800,000
Long-term provisions for employee benefits	19	1,851,466	1,730,652	1,851,466	1,730,652
Other non-current liabilities		4,821	1,893	4,821	1,893
		11,456,287	12,745,740	11,457,085	12,746,349
<b>Total liabilities</b>		51,527,918	51,431,030	51,721,222	52,964,377
<b>Shareholders' equity</b>					
Share capital					
Authorised share capital					
3,467,916,666 ordinary shares with					
par value of Baht 4.9338 each					
	20	17,110,007	17,110,007	17,110,007	17,110,007
Issued and paid-up share capital					
3,460,858,000 ordinary shares with					
paid up value of Baht 4.9338 each					
	20	17,075,181	17,075,181	17,075,181	17,075,181
Share premium	20	4,031,711	4,031,711	4,031,711	4,031,711
Retained earnings (Deficit)					
Appropriated					
Legal reserve					
	22	653,243	653,243	653,243	653,243
Unappropriated					
		(10,298,213)	48,242	(10,658,715)	(100,763)
Other components of equity	23	871,200	763,200	871,200	763,200
Equity attributable to owners of the parent		12,333,122	22,571,577	11,972,620	22,422,572
Non-controlling interests		7,431	7,431	-	-
<b>Total shareholders' equity</b>		12,340,553	22,579,008	11,972,620	22,422,572
<b>Total liabilities and shareholders' equity</b>		63,868,471	74,010,038	63,693,842	75,386,949

The notes on pages 74 to 111 are an integral part of these consolidated and company financial statements.

**Esso (Thailand) Public Company Limited**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2014**

*(All amounts in Baht thousand unless otherwise stated)*

Assets	Notes	Consolidated		Company	
		2014	2013	2014	2013
Sales	24	218,187,435	242,304,975	216,632,036	240,739,559
Subsidy from Oil Fuel Fund		2,547,570	2,868,344	2,547,570	2,868,344
Cost of sales	25	(226,715,122)	(238,943,704)	(225,937,640)	(238,140,926)
<b>Gross (loss)/profit</b>		(5,980,117)	6,229,615	(6,758,034)	5,466,977
Selling expenses	25	(5,487,679)	(5,278,082)	(4,894,205)	(4,627,967)
Administrative expenses	25	(419,996)	(384,755)	(419,996)	(384,755)
<b>(Loss)/profit from sales</b>		(11,887,792)	566,778	(12,072,235)	454,255
Other income		98,975	89,125	81,666	69,267
Finance costs, net	26	(896,755)	(984,328)	(764,387)	(861,241)
Share of profit from an associate	10	371,171	363,893	-	-
Other non-operatin (expense)/income	28	(648,940)	6,953	(435,787)	-
<b>(Loss)/profit before income tax</b>		(12,963,341)	42,421	(13,190,743)	(337,719)
Income tax credit/(expense)	27	2,617,702	(420,349)	2,632,791	(415,671)
<b>Loss for the year</b>		(10,345,639)	(377,928)	(10,557,952)	(753,390)
<b>Other comprehensive income, net of income tax:</b>					
Gains on remeasuring available-for-sale investments	23	108,000	198,720	108,000	198,720
<b>Total comprehensive expense for the year</b>		(10,237,639)	(179,208)	(10,449,952)	(554,670)
<b>Loss attributable to:</b>					
Owners of the parent		(10,346,455)	(378,755)	(10,557,952)	(753,390)
Non-controlling interests		816	827	-	-
		(10,345,639)	(377,928)	(10,557,952)	(753,390)
<b>Total comprehensive expense attributable to:</b>					
Owners of the parent		(10,238,455)	(180,035)	(10,449,952)	(554,670)
Non-controlling interests		816	827	-	-
		(10,237,639)	(179,208)	(10,449,952)	(554,670)
<b>Loss per share for loss attributable to the equity holders of the parent</b> (expressed in Baht per share)					
Basic/diluted	29	(2.99)	(0.11)	(3.05)	(0.22)

The notes on pages 74 to 111 are an integral part of these consolidated and company financial statements.

**Esso (Thailand) Public Company Limited**  
**Statement of Changes in Shareholders' Equity**

**For the year ended 31 December 2014**  
*(All amounts in Baht thousand unless otherwise stated)*

**Consolidated**

	Attributable to owners of the parent							Total shareholders' equity
	Issued and paid-up share capital	Share premium	Appropriated -legal reserve	Retained earnings (Deficits)	Other comprehensive income	Total attributable to owners of the parent	Non-controlling interests	
<b>Opening balance 2013</b>	17,075,181	4,031,711	653,243	600,040	564,480	22,924,655	7,431	22,932,086
<b>Changes in equity for the year 2013</b>								
Total comprehensive (expense)/income	-	-	-	(378,755)	198,720	(180,035)	827	(179,208)
Dividend	-	-	-	(173,043)	-	(173,043)	(827)	(173,870)
<b>Closing balance at 2013</b>	17,075,181	4,031,711	653,243	48,242	763,200	22,571,577	7,431	22,579,008
<b>Opening balance 2014</b>	17,075,181	4,031,711	653,243	48,242	763,200	22,571,577	7,431	22,579,008
<b>Changes in equity for the year 2014</b>								
Total comprehensive (expense)/income	-	-	-	(10,346,455)	108,000	(10,238,455)	816	(10,237,639)
Dividend	-	-	-	-	-	-	(816)	(816)
<b>Closing balance at 2014</b>	17,075,181	4,031,711	653,243	(10,298,213)	871,200	12,333,122	7,431	12,340,553

The notes on pages 74 to 111 are an integral part of these consolidated and company financial statements.



## Statement of Changes in Shareholders' Equity

For the year ended 31 December 2014

(All amounts in Baht thousand unless otherwise stated)

### Company

	Issued and paid-up share capital	Share premium	Appropriated -legal reserve	Retained earnings (Deficits)	Other comprehensive income	Total shareholders' equity
Opening balance 2013	17,075,181	4,031,711	653,243	825,670	564,480	23,150,285
<b>Changes in equity for the year 2013</b>						
Total comprehensive (expense)/income	-	-	-	(753,390)	198,720	(554,670)
Dividend	-	-	-	(173,043)	-	(173,043)
Closing balance at 2013	17,075,181	4,031,711	653,243	(100,763)	763,200	22,422,572
Opening balance 2014	17,075,181	4,031,711	653,243	(100,763)	763,200	22,422,572
<b>Changes in equity for the year 2014</b>						
Total comprehensive (expense)/income	-	-	-	(10,557,952)	108,000	(10,449,952)
Closing balance at 2014	17,075,181	4,031,711	653,243	(10,658,715)	871,200	11,972,620

The notes on pages 74 to 111 are an integral part of these consolidated and company financial statements.

# Esso (Thailand) Public Company Limited

## Statement of Cash Flows

For the year ended 31 December 2014

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated		Company	
		2014	2013	2014	2013
<b>Cash flows from operating activities</b>					
Cash generated from/(used in) operations	30	32,574	(1,635,895)	1,525,300	(2,717,655)
Interest paid		(1,087,971)	(528,573)	(1,119,753)	(566,888)
Income tax paid		(6,367)	(4,631)	-	-
<b>Net cash (used in)/generated from operating activities</b>		<b>(1,061,764)</b>	<b>(2,169,099)</b>	<b>405,547</b>	<b>(3,284,543)</b>
<b>Cash flows from investing activities</b>					
Net additional long-term loans to related parties	34 g	-	-	(33,843)	(155,349)
Purchase of property, plant and equipment	14	(1,161,698)	(1,126,699)	(1,161,698)	(1,126,698)
Interest received		5,017	4,686	167,739	162,051
Dividend received		35,280	29,161	38,080	33,661
Proceeds from disposals of property, plant and equipment, and non-current assets held for sale	30	111,520	54,952	6,519	18,452
<b>Net cash used in investing activities</b>		<b>(1,009,881)</b>	<b>(1,037,900)</b>	<b>(983,203)</b>	<b>(1,067,883)</b>
<b>Cash flows from financing activities</b>					
Net proceeds/(repayments) from short-term borrowings		1,300,000	(2,260,000)	1,300,000	(2,260,000)
Payments on long-term borrowings		(7,100,000)	(1,600,000)	(7,100,000)	(1,600,000)
Proceeds from long-term borrowings		1,000,000	500,000	1,000,000	500,000
Net proceeds from short-term loans from related parties		677,760	5,689,153	(449,167)	6,745,863
Payment on long-term loans from related party		-	-	(4,036)	(6,099)
Proceeds from long-term loans from related party		5,600,000	-	5,604,225	4,261
Dividends paid to equity holders	21	-	(173,043)	-	(173,043)
Dividends paid to minority interests		(816)	(827)	-	-
<b>Net cash generated from financing activities</b>		<b>1,476,944</b>	<b>2,155,283</b>	<b>351,022</b>	<b>3,210,982</b>
<b>Net increase/(decrease) in cash and cash equivalents and bank overdrafts</b>		<b>(594,701)</b>	<b>(1,051,716)</b>	<b>(226,634)</b>	<b>(1,141,444)</b>
Cash and cash equivalents and bank overdrafts at the beginning of the year		993,490	2,045,206	493,463	1,634,907
<b>Cash and cash equivalents and bank overdrafts at the end of the year</b>	5	<b>398,789</b>	<b>993,490</b>	<b>266,829</b>	<b>493,463</b>

The notes on pages 74 to 111 are an integral part of these consolidated and company financial statements.

## Esso (Thailand) Public Company Limited

# Notes to the Consolidated and Company Financial Statements

For the year ended 31 December 2014

*(All amounts in Baht thousand unless otherwise stated)*

## 1. General information

Esso (Thailand) Public Company Limited ("the Company") is a public limited company incorporated and domiciled in Thailand. The address of its registered office is 3195/17-29 Rama IV Road, Klongton, Klongtoey, Bangkok, 10110.

The Company listed on the Stock Exchange of Thailand ("SET") on 6 May 2008.

The Company and its subsidiaries (together "the Group") are involved in the refining and marketing of petroleum products as well as in the operation of retail service stations. The Group operates a refinery and chemicals manufacturing plant in Sriracha, Thailand. The Group also operates distribution facilities and oil terminals throughout Thailand. The Group's products are sold through a network of retail service stations, directly to industrial customers and through export. Additionally, the Group is also involved in the sale of chemical products to both domestic and overseas customers.

The Company is a subsidiary of ExxonMobil Group which holds 65.99% of the Company's shares.

These consolidated and company financial statements were authorised for issue by the Board of Directors on 23 February 2015.

## 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and company financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles ("Thai GAAP") under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The consolidated and company financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies for the revaluation of available-for-sale financial assets.

The preparation of financial statements in conformity with Thai GAAP requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and company financial statements are disclosed in Note 3.

As at 31 December 2014, the current liabilities of the Group exceeded the current assets by approximately Baht 14,059,675 thousand. The Group currently has adequate financing sources to enable the payment of liabilities and when they become due as follows: (1) uncommitted borrowing facilities from related companies and third parties in the amount of Baht 77,099,556 thousand to fund the payment of liabilities, and (2) the Group has also received an approval from the Securities and Exchange Commission to offer for sale Baht 12,000,000

thousand of bills of exchange in a revolving program, of which Baht 1,000,000 thousand has been utilised as of 31 December 2014. Accordingly, the consolidated and company financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to amounts or classification of liabilities that may be necessary if the going concern basis of preparing the consolidated and company financial statements is not appropriate.

An English version of the consolidated and company financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

## 2.2 New financial reporting standards and revised financial reporting standards

1) Revised accounting standards which are effective on 1 January 2014.

TAS 1 (Revised 2012)	Presentation of financial statements
TAS 7 (Revised 2012)	Statement of Cash Flows
TAS 12 (Revised 2012)	Income taxes
TAS 17 (Revised 2012)	Leases
TAS 18 (Revised 2012)	Revenue
TAS 19 (Revised 2012)	Employee Benefits
TAS 21 (Revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (Revised 2012)	Related party disclosures
TAS 28 (Revised 2012)	Investments in associates
TAS 31 (Revised 2012)	Interest in Joint ventures
TAS 34 (Revised 2012)	Interim financial reporting
TAS 36 (Revised 2012)	Impairment of assets
TAS 38 (Revised 2012)	Intangible assets
TFRS 2 (Revised 2012)	Share-based payment
TFRS 3 (Revised 2012)	Business combinations
TFRS 5 (Revised 2012)	Non-current assets held for sale and discontinued operations
TFRS 8 (Revised 2012)	Operating segments
TFRIC 1	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4	Determining whether an arrangement contains a lease
TFRIC 5	Right to Interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7	Applying the restatement approach under TAS 29 Financial Reporting in hyperinflationary economics
TFRIC 10	Interim financial reporting and impairment
TFRIC 12	Service concession arrangements
TFRIC 13	Customer loyalty programmes
TFRIC 17	Distributions of non-cash assets to owners
TFRIC 18	Transfers of assets from customers
TSIC 15	Operating leases - Incentives
TSIC 27	Evaluating the substance of transactions in the legal form of a lease
TSIC 29	Service concession arrangements : disclosure
TSIC 32	Intangible assets - Web Site Costs



TAS 1 (revised 2012) clarifies that conversion features that are at the holder's discretion do not impact the classification of the liability component of a convertible instrument. TAS 1 also explains that, for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

TAS 7 (revised 2012) clarifies that only expenditures that result in a recognized asset in the statement of financial position are eligible for classification as investing activities.

TAS 12 (revised 2012) amends an exception to the existing principle for the measurement of deferred tax assets or liabilities on investment property measured at fair value. TAS 12 currently requires an entity to measure deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. This amendment therefore adds the rebuttable presumption that the carrying amount of an investment property measured at fair value is entirely recovered through sale. As the result of the amendment, TSIC 21 - Income tax - recovery of revalued non-depreciable assets is incorporated in to TAS 12 (revised 2012).

TAS 17 (revised 2012) deletes the guidance for the lease of land with an indefinite useful life to be classified as an operating lease. The standard has been amended to clarify that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with TAS 17's general principles.

TAS 18 (revised 2012) removes the appendix to TAS 18.

TAS 19 (revised 2012) deletes the transition provisions of the current TAS 19.

TAS 21 (revised 2012) clarifies the method of recording cumulative amount of the exchange rate differences relating to disposal or partial disposal of a foreign operation. This matter should be adjusted prospectively effective for the period that begins on or after 1 January 2011.

TAS 24 (revised 2012) removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of related parties.

TAS 28 (revised 2012) clarifies that when the method of accounting of an entity is changed from the equity basis accounting to the cost basis of accounting in the company's separate financial statements, the standard requires this to be adjusted retrospectively. When an entity loses significant influence, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effective for the period that begins on or after 1 Jan 2011.

TAS 34 (revised 2012) emphasises the existing disclosure principles for significant event and transactions. Additional requirements cover disclosure of changes in fair value measurements (if significant), and the need to update relevant information from the most recent annual report.

TFRS 2 (revised 2012) expands the scope to cover classification and accounting of both cash-settled and equity-settled share-based payment transactions in group situation.

TFRS 5 (revised 2012) specifies the disclosures required for assets held for sale and discontinued operations. Disclosures in other standards do not apply, unless those TFRS requires.

TFRS 8 (revised 2012) clarifies that an entity is required to disclose a measure of segment assets only if the measure is regularly reported to the chief operating decision-maker.

TFRIC 1 provides guidance on accounting for changes in the measurement of an existing decommissioning, restoration and similar liability that results from changes in estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate.

TFRIC 10 prohibits reversal of impairment losses recognised in a previous interim period in respect of goodwill.

- 2) New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015.

TAS 1 (Revised 2014)	Presentation of financial statements
TAS 16 (Revised 2014)	Property, plant and equipment
TAS 19 (Revised 2014)	Employee benefits
TAS 27 (Revised 2014)	Separate financial statements
TAS 28 (Revised 2014)	Investments in associates and joint ventures
TAS 34 (Revised 2014)	Interim financial reporting
TFRS 10	Consolidated financial statements
TFRS 11	Joint arrangements
TFRS 12	Disclosure of interest in other entities
TFRS 13	Fair value measurement
TFRIC 14 (Revised 2014)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 20	Stripping costs in the production phase of a surface mine

TAS 1 (revised 2014), the main change is that a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

TAS 16 (revised 2014) indicates that spare part, stand-by equipment and servicing equipment are recognised as PP&E when they meet the definition of PP&E. Otherwise, such items are classified as inventory.

TAS 19 (revised 2014), the key changes are (a) actuarial gains and losses are renamed 'remeasurements' and will be recognised immediately in 'other comprehensive income' (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss; and (b) past-service costs will be recognised in the period of a plan amendment; unvested benefits will no longer be spread over a future-service period.

TAS 28 (revised 2014) provide the requirements for investment in associates and joint ventures accounted for by the equity method.

TAS 34 (revised 2014), the key change is the disclosure requirements for operating segment. An entity shall disclose information of a measure of total assets and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

TFRS 10 has a single definition of control and supersedes the principles of control and consolidation included within the original TAS 27, 'Consolidated and separate financial statements'. The standard sets out the requirements for when an entity should prepare consolidated financial statements, defines the principles of control, explains how to apply the principles of control and explains the accounting requirements for preparing consolidated financial statements. The key principle in the new standard is that control exists, and consolidation is required, only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns.

TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs.

TFRIC 14 (Revised 2014), this interpretation applies to all post-employment defined benefits and other long-term employee benefits. For the purpose of this interpretation, minimum funding requirements are any requirements to fund a post-employment or other long-term benefit plan. This interpretation explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement.

The Group's management has determined that the revised accounting standards, revised financial reporting standards, and related interpretations will not significantly impact the financial information being presented.

## 2.3 Consolidation

### (a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group. They are de-consolidated from the date that the control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group, including those under common control. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are reported using the cost method. Details of the subsidiaries are included in Note 10.

*(b) Transactions with non-controlling interests*

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

*(c) Associates*

Associates are all entities over which the Group has significant influence but not the ability to govern the financial and operating policies, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associate's post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, and its shares of post-acquisition movements in reserves are recognised in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate, or is committed to providing continued financial support.

In the Company's separate financial statements, the investment in an associate is reported using the cost method. Details of the associate are included in Note 10



Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associate have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

## 2.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

## 2.5 Investments

### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value based on the quoted bid price on the Stock Exchange of Thailand at the statement of financial position date.

Unrealised gains or losses arising from changes in the fair value of investments classified as available-for-sale are recognised, net of tax, in the consolidated and company statement of comprehensive income. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated and company statement of comprehensive income as part of other income or costs. Dividends on available-for-sale financial assets are recognised in the consolidated and company statement of comprehensive income as part of other income when the Group's and Company's right to receive payment is established.

## 2.6 Trade receivables

Trade receivables are carried at original invoice amount and subsequently measured at the invoice amount less allowance for impairment. An allowance for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the carrying amount and the amount expected to be collectible. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'selling expenses'. The receivables are written-off against the allowance account when it is uncollectible. Subsequent recoveries of accounts previously written-off are credited against "selling expenses" in the statement of comprehensive income.

## 2.7 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined under the following methods:

Crude oil and petroleum products	First-in, first-out method
Chemical products	First-in, first-out method
Materials and supplies	Average unit cost method
Other merchandise	Average unit cost method

Purchase cost includes the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods is primarily comprised of raw materials, transportation costs, direct labour, and direct manufacturing expenditure. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

## 2.8 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

## 2.9 Intangible assets

### (a) Royalties and licenses

Acquired royalties and licenses are shown at historical cost. Royalties and licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of royalties and licenses over their estimated useful lives (5 to 20 years).

### (b) Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and which will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives (5 to 15 years).

## 2.10 Property, plant and equipment

Land is stated at historical cost. All other property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated and company statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of each asset, except for land which is considered to have an indefinite life, to its residual value over its estimated useful life, as follows :

- Buildings	20 years
- Plant and equipment	3 to 25 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'selling expenses', 'administrative expenses' and 'other income' in the statement of comprehensive income.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted-average interest rate applicable to the outstanding borrowings during the year. Where funds are borrowed specifically for the construction of property, plant and equipment, the amount of borrowing costs for capitalisation is determined from the actual borrowing costs during the period less any income on the temporary investment of those borrowings.

## 2.11 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation or amortisation and are tested annually for impairment. Assets that are subject to depreciation, or amortisation, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.12 Leases - where the Group is the lessee

The Group leases certain property, plant or equipment. Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance cost is charged to the consolidated and company statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

## 2.13 Borrowings

Borrowings are recognised initially at contractual amounts, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds, net of transaction costs, and the redemption value being recognised in the consolidated and company statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

## 2.14 Employee benefits

### (a) Provident Fund Plan

The Group operates a Provident Fund that is a defined contribution plan, the assets of which are held in a separate trust fund, in accordance with the Provident Fund Act B.E. 2530. The Provident Fund is funded by payments from employees and the Group. Contributions to the Provident Fund are charged to the statement of comprehensive income in the year to which they relate. All employees hired on or after 1 September 1997 are required to be members of the Provident Fund.



The Group provides for post-employment benefits, payable to Provident Fund members reaching normal retirement age, in accordance with Thai Labour Law. The benefit liability is recorded as the present value of estimated future cash outflows using interest rates which have terms to maturity approximating the terms of the related liabilities.

*(b) Employee Separation Benefit and Long Service Allowance Plan*

The Group maintains a defined benefit plan for employees hired prior to 1 September 1997 and who do not elect to participate in the Provident Fund, with this plan being unfunded. The plan contains Employee Separation Benefit and Long Service Allowance Plans, which is in accordance with the retirement laws and regulations of Thailand. Entitlement to these benefits is based on a minimum service period, and final month's salary and the plan provisions.

Actuarial valuations of the benefit plan requirements are performed every 3 years using the projected unit credit method. Based on the valuation, appropriate provisions are accrued and all payments are made against the accumulated provisions. The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for unrecognised past service costs and unrecognised actuarial gains/losses.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are amortised on a straight line basis over the remaining expected service life of employees to receive the plan benefits.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of investments grade private debt securities that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related obligations.

*(c) Employee Saving Plan*

Beginning 2009, the Group operates an Employee Saving Plan for all regular Thai employees. The entitlement to this plan is based on a minimum service period of three years and the plan's provisions on withdrawal rights after vesting. This plan will vest 50 percent after three years and 100 percent after six years.

## **2.15 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events such that it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset at the time when reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## 2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, from the proceeds.

## 2.17 Foreign currency translation

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the company's functional and the group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

## 2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

### (a) Sales of goods

Sales of goods are recognised at the time when the risks and rewards of ownership have passed to the buyer which is generally at the point of delivery.

### (b) Sales of services

The Group receives rental income and franchise fees from dealers who operate branded retail stations. Revenue is recognised in the period in which the services are provided.

### (c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

### (d) Dividend income

Dividend income is recognised when the right to receive payment is established.

When inventories are exchanged or swapped for inventories which are of a similar nature and value, the exchange is not considered a transaction which generates revenue.

## 2.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

## 2.20 Financial instruments

Financial assets carried on the statement of financial position include cash and cash equivalents, short-term investments, trade receivables, trade receivables from a related party, amounts due from related parties, loans to related parties, tax claim receivables, and other assets. Financial liabilities carried on the statement of financial position include borrowings, trade and other payables, amounts due to related parties, loans from related parties, and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item where applicable.

## 2.21 Segment reporting

Segment results that are reported to the Group's Management Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## 2.22 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower end of the carrying amount and fair value less cost to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continued use.

# 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, not necessarily equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### *Recognition of deferred tax assets associated with tax losses carried forward*

A deferred tax asset is recognised to the extent it is probable that the tax losses carried forward will be utilised. Such an assessment is based upon management's review of the forecasted financial income.

# 4. Segmental information

As of 31 December 2014, the Group is organised into two main business segments, namely:

- Downstream, which includes the refining and marketing of petroleum products as well as, the operation of retail service stations; and,
- Petrochemicals, which includes the manufacturing and marketing of chemical products.

Inter-segment transactions are priced under normal commercial terms and conditions that would also be available to unrelated third parties.

The segment information for the year ended 31 December 2014 are as follows:

	Downstream	Petrochemicals	Group
Total segment revenue	232,177,642	37,598,591	269,776,233
Inter-segment revenue	(29,977,899)	(19,063,329)	(49,041,228)
Revenue	<u>202,199,743</u>	<u>18,535,262</u>	<u>220,735,005</u>
Segment loss from sales	<u>(9,033,701)</u>	<u>(2,854,091)</u>	<u>(11,887,792)</u>
Segment fixed assets	<u>26,416,470</u>	<u>3,417,255</u>	<u>29,833,725</u>

The segment information for the year ended 31 December 2013 are as follows:

	Downstream	Petrochemicals	Group
Total segment revenue	253,543,287	45,294,489	298,837,776
Inter-segment revenue	(32,574,531)	(21,089,926)	(53,664,457)
Revenue	<u>220,968,756</u>	<u>24,204,563</u>	<u>245,173,319</u>
Segment profit/(loss) from sales	<u>1,173,327</u>	<u>(606,550)</u>	<u>566,777</u>
Segment fixed assets	<u>26,816,103</u>	<u>4,002,494</u>	<u>30,818,597</u>

## 5. Cash and cash equivalents

	Consolidated		Company	
	2014	2013	2014	2013
Cash at bank and on hand	102,539	265,235	81,756	157,312
Cash in transit	<u>306,577</u>	<u>737,213</u>	<u>195,400</u>	<u>345,109</u>
Cash and cash equivalents	<u>409,116</u>	<u>1,002,448</u>	<u>277,156</u>	<u>502,421</u>

The average interest rate on cash at bank in 2014 is 0.7% (2013: 0.3%).

Cash, cash equivalents and bank overdrafts are represented in the statement of cash flows as follows:

	Consolidated		Company	
	2014	2013	2014	2013
Cash and cash equivalents	409,116	1,002,448	277,156	502,421
Bank overdrafts (Note 17)	<u>(10,327)</u>	<u>(8,958)</u>	<u>(10,327)</u>	<u>(8,958)</u>
	<u>398,789</u>	<u>993,490</u>	<u>266,829</u>	<u>493,463</u>



## 6. Trade receivables, net

	Consolidated		Company	
	2014	2013	2014	2013
Trade receivables, gross	4,296,772	6,718,492	4,282,016	6,694,527
Less: Allowance for impairment of trade receivables (Note 30)	(25,762)	(21,078)	(25,762)	(21,078)
Trade receivables, net	<u>4,271,010</u>	<u>6,697,414</u>	<u>4,256,254</u>	<u>6,673,449</u>

Outstanding trade receivables, as at 31 December 2014 and 2013, are analysed as follows:

	Consolidated		Company	
	2014	2013	2014	2013
Current	4,269,738	6,237,992	4,254,982	6,214,027
Overdue:				
- Less than 3 months	-	448,554	-	448,554
- 3 to 6 months	-	-	-	-
- 6 to 12 months	-	9,720	-	9,720
- Over 12 months	27,034	22,226	27,034	22,226
	<u>4,296,772</u>	<u>6,718,492</u>	<u>4,282,016</u>	<u>6,694,527</u>
Less: Allowance for impairment of trade receivables (Note 30)	(25,762)	(21,078)	(25,762)	(21,078)
	<u>4,271,010</u>	<u>6,697,414</u>	<u>4,256,254</u>	<u>6,673,449</u>

## 7. Inventories, net

	Consolidated		Company	
	2014	2013	2014	2013
Crude oil	9,540,233	14,862,914	9,540,233	14,862,914
Petroleum products	7,476,055	10,452,799	7,257,816	10,126,616
Chemical products	1,212,882	1,433,473	1,212,882	1,433,473
Materials and supplies	907,469	1,065,336	907,469	1,065,336
Other merchandise	65,271	74,502	6,624	6,512
Inventories, net	<u>19,201,910</u>	<u>27,889,024</u>	<u>18,925,024</u>	<u>27,494,851</u>

As at 31 December 2014, petroleum and chemical products in the consolidated and company financial statements of Baht 2,740,567 thousand and Baht 2,622,999 thousand, respectively (2013: Petroleum products of Baht 1,709,955 thousand in the consolidated and company financial statements), are carried at net realisable value with this being lower than cost.

The provisions of the Oil Trading Act B.E. 2543 require the Group to maintain certain minimum levels of inventory at all times. As at 31 December 2014, the value of this inventory amounted to Baht 8,612,769 thousand (2013: Baht 14,285,009 thousand).

## 8. Tax claim receivable, net

The tax claim receivables primarily relate to value-added tax and subsidy claims which are expected to be refunded within 12 months.

## 9. Other current assets

	Consolidated		Company	
	2014	2013	2014	2013
Accounts receivable - other	89,661	194,025	69,361	172,286
Prepaid expenses and deferred charges	863,039	535,075	1,027,090	721,533
	<u>952,700</u>	<u>729,100</u>	<u>1,096,451</u>	<u>893,819</u>

Prepaid expenses and deferred charges primarily relate to prepaid excise tax and the short-term portion of rental prepayments on service stations.

## 10. Investments in subsidiaries and an associate

The movements in investments in subsidiaries and an associate are as follows:

	Consolidated		Company	
	2014	2013	2014	2013
At 1 January	1,705,346	1,341,453	1,843,949	1,843,949
Share of profit from an associate (Note 30)	371,171	363,893	-	-
At 31 December	<u>2,076,517</u>	<u>1,705,346</u>	<u>1,843,949</u>	<u>1,843,949</u>

### 10.1 Subsidiaries

The principal subsidiaries, all of which are incorporated and domiciled in Thailand, are:

Business		Investment value per cost method		% Ordinary share ownership	
		2014	2013	2014	2013
Mobil Enterprises (Thailand) Limited	Lubes and Specialties	833	833	100.00	100.00
Industry Promotion Enterprises Limited	Real Estate Leasing	51,484	51,484	100.00	100.00
United Industry Development Company Limited and its subsidiaries	Real Estate Leasing	58,939	58,939	100.00	100.00
- Pacesetter Enterprises Limited	Real Estate Leasing	3,333	3,333	99.99	99.99
- Thai C-Center Company Limited	Service Station Operator	-	-	99.99	99.99

The ownership percentages detailed above include the effects of both direct and indirect ordinary shareholdings, but exclude preference shares. The Company does not own any of the preference shares issued by these subsidiaries, but has the ability to govern the financial and operating policies of each subsidiary.

## 10.2 Associate

The Company holds a 20.78% interest in an associate, Thai Petroleum Pipeline Company Limited (“Thappline”), which is incorporated and domiciled in Thailand with its primary business activity being the operation of a petroleum pipeline business.

The Group’s share of the results of its associate, which is unlisted, and its aggregated assets and liabilities, are as follows :

	Consolidated	
	2014	2013
Assets	2,233,750	1,863,260
Liabilities	(157,233)	(157,914)
Net assets	<u>2,076,517</u>	<u>1,705,346</u>
Revenues	<u>696,077</u>	<u>664,885</u>
Net Profit	<u>371,171</u>	<u>363,893</u>

## 11. Available-for-sale financial assets

	Consolidated and Company	
	2014	2013
At 1 January	990,000	741,600
Unrealised gain recognised in equity (Note 23)	135,000	248,400
At 31 December	<u>1,125,000</u>	<u>990,000</u>

Available-for-sale financial assets consist primarily of an investment in equity securities of Bangkok Aviation Fuel Services Public Company Limited (BAFS) which is listed on the Stock Exchange of Thailand.

## 12. Deferred income tax, net

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes issued by the same taxation authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated and company statement of financial position:

	Consolidated		Company	
	2014	2013	2014	2013
<b>Deferred tax assets:</b>				
- To be recovered after more than 12 months	3,580,889	979,151	3,471,905	853,255
- To be recovered within 12 months	213,204	195,417	205,156	190,963
	<u>3,794,093</u>	<u>1,174,568</u>	<u>3,677,061</u>	<u>1,044,218</u>
<b>Deferred tax liabilities:</b>				
- To be recovered after more than 12 months	(217,800)	(190,800)	(217,800)	(190,800)
<b>Deferred tax assets, net</b>	<u>3,576,293</u>	<u>983,768</u>	<u>3,459,261</u>	<u>853,418</u>

Deferred income taxes are calculated on all temporary differences, under the liability method, using the statutory tax rates expected to apply in periods when the related deferred tax asset is realised or the deferred tax liability is settled. On 21 December 2011, new corporate tax rates were enacted in accordance with the Royal Decree number 530. Pursuant to this enactment, a statutory tax rate of 23% must be applied for 2012 and 20% must be applied during 2013 and 2014. Subsequently, the Royal Decree No. 577 enacted on 3 November 2014, extends the statutory tax rate of 20% for year 2015. With respect to tax years beginning 2016 onwards, the Company continues to apply the rate of 20%, consistent with further guidance for companies provided previously by the Federal of Accounting Professionals as being considered substantially enacted.

The gross movement of the deferred income tax account is as follows:

	Consolidated		Company	
	2014	2013	2014	2013
At 1 January	983,768	1,451,901	853,418	1,318,769
Charged to profit or loss				
(Note 27)	2,619,525	(418,453)	2,632,843	(415,671)
Tax charged directly to equity				
(Note 23)	(27,000)	(49,680)	(27,000)	(49,680)
At 31 December	<u>3,576,293</u>	<u>983,768</u>	<u>3,459,261</u>	<u>853,418</u>



The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

<b>Consolidated</b>					
	At 1 January 2013	(Charged)/ Credited to profit or loss/Equity	At 31 December 2013	(Charged)/ Credited to profit or loss/Equity	At 31 December 2014
<b>Deferred tax assets</b>					
Depreciation	348,802	(33,217)	315,585	(40,670)	274,915
Pensions and employee benefits	386,189	59,328	445,517	52,166	497,683
Tax losses carried forward	616,314	(527,437)	88,877	2,703,639	2,792,516
Interest on zero coupon bonds	65,057	87,339	152,396	(74,724)	77,672
Others	176,659	(4,466)	172,193	(20,886)	151,307
Deferred tax assets	<u>1,593,021</u>	<u>(418,453)</u>	<u>1,174,568</u>	<u>2,619,525</u>	<u>3,794,093</u>
<b>Deferred tax liabilities</b>					
Unrealised gain on available-for-sale financial assets (Note 23)	(141,120)	(49,680)	(190,800)	(27,000)	(217,800)
Deferred tax liabilities	<u>(141,120)</u>	<u>(49,680)</u>	<u>(190,800)</u>	<u>(27,000)</u>	<u>(217,800)</u>

<b>Company</b>					
	At 1 January 2013	(Charged)/ Credited to profit or loss/Equity	At 31 December 2013	(Charged)/ Credited to profit or loss/Equity	At 31 December 2014
<b>Deferred tax assets</b>					
Depreciation	348,802	(33,217)	315,585	(40,670)	274,915
Pensions and employee benefits	386,189	59,328	445,517	52,166	497,683
Tax losses carried forward	602,812	(521,605)	81,207	2,703,262	2,784,469
Interest on zero coupon bonds	65,057	87,339	152,396	(74,724)	77,672
Others	57,029	(7,516)	49,513	(7,191)	42,322
Deferred tax assets	<u>1,459,889</u>	<u>(415,671)</u>	<u>1,044,218</u>	<u>2,632,843</u>	<u>3,677,061</u>
<b>Deferred tax liabilities</b>					
Unrealised gain on available-for-sale financial assets (Note 23)	(141,120)	(49,680)	(190,800)	(27,000)	(217,800)
Deferred tax liabilities	<u>(141,120)</u>	<u>(49,680)</u>	<u>(190,800)</u>	<u>(27,000)</u>	<u>(217,800)</u>

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The Company had written off or recognised valuation allowance for losses carried forward that were not utilised in the amount of Baht 479 million in 2013.

### 13. Intangible assets, net

	Consolidated and Company		
	Computer software	Royalties and licences	Total
<b>At 1 January 2013</b>			
Cost	616,400	805,248	1,421,648
Less : Accumulated amortisation	(510,283)	(627,201)	(1,137,484)
<b>Net book amount</b>	<u>106,117</u>	<u>178,047</u>	<u>284,164</u>
<b>Year ended 31 December 2013</b>			
Opening net book amount	106,117	178,047	284,164
Amortisation charge (Note 30)	(31,161)	(23,079)	(54,240)
<b>Closing net book amount</b>	<u>74,956</u>	<u>154,968</u>	<u>229,924</u>
<b>At 31 December 2013</b>			
Cost	616,354	805,248	1,421,602
Less : Accumulated amortisation	(541,398)	(650,280)	(1,191,678)
<b>Net book amount</b>	<u>74,956</u>	<u>154,968</u>	<u>229,924</u>
<b>Year ended 31 December 2014</b>			
Opening net book amount	74,956	154,968	229,924
Write-off*	-	-	-
Amortisation charge (Note 30)	(29,057)	(23,078)	(52,135)
<b>Closing net book amount</b>	<u>45,899</u>	<u>131,890</u>	<u>177,789</u>
<b>At 31 December 2014</b>			
Cost	612,148	805,248	1,417,396
Less: Accumulated amortisation	(566,249)	(673,358)	(1,239,607)
<b>Net book amount</b>	<u>45,899</u>	<u>131,890</u>	<u>177,789</u>

All amortisation charges are recorded in cost of sales, selling expenses and administrative expenses in the statement of comprehensive income based on the nature of the asset.

\* In 2014, the Company wrote off computer software with a net book value of Baht 6, Baht 4,206,055 in cost, and Baht 4,206,049 in accumulated amortisation.

## 14. Property, plant and equipment, net

	Consolidated			
	Land	Buildings plant and equipment	Construction in progress	Total
<b>At 1 January 2013</b>				
Cost	5,150,490	58,471,219	630,975	64,252,684
Less: Accumulated depreciation	-	(32,199,556)	-	(32,199,556)
<b>Net book amount</b>	<u>5,150,490</u>	<u>26,271,663</u>	<u>630,975</u>	<u>32,053,128</u>
<b>Year ended 31 December 2013</b>				
Opening net book amount	5,150,490	26,271,663	630,975	32,053,128
Additions	-	-	1,126,699	1,126,699
Disposals (Note 30)	(10,614)	(67,399)	(32,210)	(110,223)
Transferred to non-current assets held for sale (Note 15)	(121,011)	-	-	(121,011)
Transfers	-	445,388	(445,388)	-
Depreciation charge (Note 30)	-	(2,129,996)	-	(2,129,996)
<b>Closing net book amount</b>	<u>5,018,865</u>	<u>24,519,656</u>	<u>1,280,076</u>	<u>30,818,597</u>
<b>At 31 December 2013</b>				
Cost	5,018,865	58,447,546	1,280,076	64,746,487
Less: Accumulated depreciation	-	(33,927,890)	-	(33,927,890)
<b>Net book amount</b>	<u>5,018,865</u>	<u>24,519,656</u>	<u>1,280,076</u>	<u>30,818,597</u>
<b>Year ended 31 December 2014</b>				
Opening net book amount	5,018,865	24,519,656	1,280,076	30,818,597
Additions	-	-	1,161,698	1,161,698
Disposals (Note 30)	-	(49,125)	(680)	(49,805)
Adjustment	818	-	-	818
Transfers	-	1,833,261	(1,833,261)	-
Depreciation charge (Note 30)	-	(2,097,582)	-	(2,097,582)
<b>Closing net book amount</b>	<u>5,019,683</u>	<u>24,206,210</u>	<u>607,833</u>	<u>29,833,726</u>
<b>At 31 December 2014</b>				
Cost	5,019,683	59,835,232	607,833	65,462,748
Less: Accumulated depreciation	-	(35,629,022)	-	(35,629,022)
<b>Net book amount</b>	<u>5,019,683</u>	<u>24,206,210</u>	<u>607,833</u>	<u>29,833,726</u>

	Company			
	Land	Buildings plant and equipment	Construction in progress	Total
<b>At 1 January 2013</b>				
Cost	675,420	58,106,033	630,975	59,412,428
Less: Accumulated depreciation	-	(31,763,349)	-	(31,763,349)
<b>Net book amount</b>	<u>675,420</u>	<u>26,342,684</u>	<u>630,975</u>	<u>27,649,079</u>
<b>Year ended 31 December 2013</b>				
Opening net book amount	675,420	26,342,684	630,975	27,649,079
Additions	-	-	1,126,698	1,126,698
Disposals (Note 30)	-	(67,400)	(32,210)	(99,610)
Transfer	-	445,388	(445,388)	-
Depreciation charge (Note 30)	-	(2,115,237)	-	(2,115,237)
<b>Closing net book amount</b>	<u>675,420</u>	<u>24,605,435</u>	<u>1,280,075</u>	<u>26,560,930</u>
<b>At 31 December 2013</b>				
Cost	675,420	58,082,275	1,280,075	60,037,770
Less: Accumulated depreciation	-	(33,476,840)	-	(33,476,840)
<b>Net book amount</b>	<u>675,420</u>	<u>24,605,435</u>	<u>1,280,075</u>	<u>26,560,930</u>
<b>Year ended 31 December 2014</b>				
Opening net book amount	675,420	24,605,435	1,280,075	26,560,930
Additions	-	-	1,161,698	1,161,698
Disposals (Note 30)	-	(49,125)	(680)	(49,805)
Transfer	-	1,833,261	(1,833,261)	-
Depreciation charge (Note 30)	-	(2,097,582)	-	(2,097,582)
<b>Closing net book amount</b>	<u>675,420</u>	<u>24,291,989</u>	<u>607,832</u>	<u>25,575,241</u>
<b>At 31 December 2014</b>				
Cost	675,420	59,469,960	607,832	60,753,212
Less: Accumulated depreciation	-	(35,177,971)	-	(35,177,971)
<b>Net book amount</b>	<u>675,420</u>	<u>24,291,989</u>	<u>607,832</u>	<u>25,575,241</u>

In February 2013, a subsidiary of the Company sold a plot of land valued at Baht 10,614 thousand. Baht 36,500 thousand was received as compensation.

As at 31 December 2014, the cost of fully depreciated property, plant and equipment of the Group and the Company, that were still in use amounted to Baht 11,139,096 thousand and Baht 10,802,816 thousand, respectively (2013 : Baht 10,438,119 thousand and Baht 10,101,839 thousand).



## 15. Non-current assets held for sale, net

In November 2013, a subsidiary of the company entered into an agreement to sell a plot of land valued at Baht 121,011 thousand. The transaction was completed in March 2014. Baht 16,301 thousand allowance for impairment was recognised to reflect the anticipated loss net of related selling costs as at 31 December 2013.

	Consolidated	
	2014	2013
Non-current assets held for sale, gross	-	121,011
Less: Allowance for impairment of non-current assets held for sale (Note 30)	-	(16,301)
Non-current assets held for sale, net	-	104,710

## 16. Prepaid rental and deferred charges

Prepaid rental and deferred charges primarily relate to the long-term portion of rental prepayments on service stations and refinery catalyst replacement.

## 17. Borrowings

	Consolidated and Company	
	2014	2013
<b>Current</b>		
Bank overdrafts (Note 5)	10,327	8,958
Short-term borrowings	9,920,000	8,100,000
Bill of exchange	979,329	1,496,839
Current portion of long-term loan	2,800,000	7,578,433
	<u>13,709,656</u>	<u>17,184,230</u>
<b>Non-current</b>		
Bank borrowings	4,000,000	5,800,000
	<u>17,709,656</u>	<u>22,984,230</u>

Bank borrowings and other facilities detailed below are unsecured and bear interest at rates based on prevailing market rates. The interest rates in 2014 ranged between 2% to 3% per annum (2013: 3% to 4% per annum).

### Short-term borrowings

Short-term borrowings comprised of bank revolving facilities (overnight loans and promissory notes due within 3 months) and bills of exchange due within 270 days.

### Long-term borrowings

The long-term bank loans consisted of the following:

- A 7-year loan of Baht 8,000,000 thousand which was obtained in 2010 and is repayable in 20 quarterly installments commencing from February 2013 to November 2017. The loan bears the interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2014, the outstanding loan balance was Baht 4,800,000 thousand, of which Baht 1,600,000 thousand is payable in 2015.
- A 3-year fixed interest rate loan of Baht 1,000,000 thousand which was obtained in September 2012 and is payable in September 2015. The interest is payable annually. As at 31 December 2014, the book value and the fair value of the loan was Baht 1,008,653 thousand and Baht 1,016,222 respectively.
- A 5-year loan of Baht 1,000,000 thousand which was obtained in November 2014 and is repayable in 20 quarterly installments commencing from March 2015 to December 2019. The loan bears the interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2014, the outstanding loan balance was Baht 1,000,000 thousand, of which Baht 200,000 thousand is payable in 2015.

The carrying amounts at each year end of short-term borrowings and long-term borrowings other than long-term fixed rate promissory note reasonably approximate their fair values. All borrowings are dominated in Baht.

### **Maturity of long-term bank borrowings**

	<b>Consolidated and Company</b>	
	<b>2014</b>	<b>2013</b>
No later than 1 year	2,800,000	7,592,457
Later than 1 year and no later than 5 years	4,000,000	5,800,000
	<u>6,800,000</u>	<u>13,392,457</u>

## **18. Trade and other payables**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Trade accounts payable	1,964,273	2,520,173	1,889,480	2,449,250
Other tax payables	819,571	389,893	819,292	378,003
Other payables and accruals	725,571	764,055	705,138	743,494
	<u>3,509,415</u>	<u>3,674,121</u>	<u>3,413,910</u>	<u>3,570,747</u>

Other tax payable represents excise tax payable generated as a result of normal operations.

## 19. Provisions for employee benefits

The amounts recognised in the statement of financial position are determined as follows:

	Consolidated		Company	
	2014	2013	2014	2013
Present value of unfunded obligations	3,223,887	2,805,160	3,013,850	2,805,160
Unrecognised actuarial loss	(525,435)	(577,576)	(525,435)	(577,576)
Liability in the statement of financial position	<u>2,698,452</u>	<u>2,227,584</u>	<u>2,488,415</u>	<u>2,227,584</u>

The movement in the defined benefit obligation over the year is as follows:

	Consolidated		Company	
	2014	2013	2014	2013
At 1 January	2,805,160	2,649,030	2,805,160	2,649,030
Current service cost	354,846	162,130	139,846	162,130
Interest cost	134,659	119,776	134,659	119,776
Actuarial gain	(2,600)	(80,626)	(2,600)	(80,626)
Benefits paid	(68,178)	(45,150)	(63,215)	(45,150)
At 31 December	<u>3,223,887</u>	<u>2,805,160</u>	<u>3,013,850</u>	<u>2,805,160</u>

The changes in the provision for employee benefits under the defined benefit plan during the year were as follows:

	Consolidated		Company	
	2014	2013	2014	2013
At 1 January	2,227,584	1,930,944	2,227,584	1,930,944
Net expenses charged to the statement of comprehensive income	539,046	341,790	324,046	341,790
Payments to separating employees and retirees	(68,178)	(45,150)	(63,215)	(45,150)
At 31 December	<u>2,698,452</u>	<u>2,227,584</u>	<u>2,488,415</u>	<u>2,227,584</u>

Analysis of total provisions for employee benefits:

	Consolidated		Company	
	2014	2013	2014	2013
- Current	846,986	496,932	636,949	496,932
- Non-current	1,851,466	1,730,652	1,851,466	1,730,652
At 31 December	<u>2,698,452</u>	<u>2,227,584</u>	<u>2,488,415</u>	<u>2,227,584</u>

The amounts recognised in the statement of comprehensive income are as follows:

	Consolidated		Company	
	2014	2013	2014	2013
Current service cost	354,846	162,130	139,846	162,130
Interest cost	134,659	119,776	134,659	119,776
Amortisation of actuarial loss	49,541	59,884	49,541	59,884
Total	<u>539,046</u>	<u>341,790</u>	<u>324,046</u>	<u>341,790</u>

The charge to the statement of comprehensive income is included within cost of sales, selling expenses and administrative expenses under employee expenses.

The principal actuarial assumptions used were as follows:

	Consolidated and Company	
	2014	2013
	%	%
Discount rate	4	5
Expected rate of salary increases	7	7

The discount rate used is based on investment grade private debt securities with tenure approximating the tenure of the employee benefits liability. The salary growth rate takes into account market factors such as projected market salary growth and incorporates assumptions relating to inflation rates.

## 20. Share capital and premium

	Issued and paid-up share capital			Total
	Number of Shares (thousands)	Ordinary shares	Share premium	
At 1 January and 31 December 2014 and 2013	3,460,858	17,075,181	4,031,711	21,106,892

As at 31 December 2014 and 2013, the total authorised number of ordinary shares is 3,467,917 thousand shares with a par value of Baht 4.9338 per share. All issued shares are fully paid.

## 21. Dividends

Further to a resolution passed by majority vote at the Annual General Meeting of shareholders on 25 April 2013, the Company paid a dividend from the Company's retained earnings as of 31 December 2012 at Baht 0.05 per share, totalling Baht 173,043 thousand on 23 May 2013.

## 22. Legal reserve

	Consolidated and Company	
	2014	2013
At 1 January	653,243	653,243
Current year allocation of net profit	-	-
At 31 December	653,243	653,243

Under the Public Limited Companies Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5 percent of its net profit after taking into account any accumulated deficit brought forward until the reserve is not less than 10 percent of the registered capital. The legal reserve is non-distributable.

## 23. Other component of equity

The movement of other component of equity which is the fair value revaluation of available-for-sale financial assets is as follows:

	Consolidated and Company	
	2014	2013
At 1 January	763,200	564,480
Net unrealised gain recognised in equity, net of tax (Notes 11 and 12)	108,000	198,720
At 31 December	871,200	763,200



## 24. Sales

	Consolidated		Company	
	2014	2013	2014	2013
Sales of goods	217,545,985	241,623,229	215,890,997	239,951,269
Sales of services	641,450	681,746	741,039	788,290
	<u>218,187,435</u>	<u>242,304,975</u>	<u>216,632,036</u>	<u>240,739,559</u>

## 25. Expenses by nature

	Consolidated		Company	
	2014	2013	2014	2013
Net changes in inventories of finished goods	3,178,877	(230,059)	3,089,280	(199,876)
Raw materials and consumables used	217,475,942	233,529,960	216,788,058	232,697,000
Depreciation and amortisation (Notes 13 and 14)	2,149,717	2,184,236	2,149,717	2,169,477
Employee expenses	1,762,093	1,842,798	1,762,093	1,842,798
Maintenance and repair, materials, contract services, and utilities	1,596,208	1,800,792	1,638,389	1,800,792
Transport and distribution	1,397,840	1,374,971	1,397,840	1,374,971
Business service expenses	1,023,730	826,284	1,015,424	819,476
Business and technical support, research and development expenses	1,654,990	1,504,906	1,654,990	1,504,906
Company operated service station expenses	827,700	797,759	-	-
Other expenses	1,555,700	974,894	1,756,050	1,144,104
Total cost of sales, selling expenses and administrative expenses	<u>232,622,797</u>	<u>244,606,541</u>	<u>231,251,841</u>	<u>243,153,648</u>

## 26. Finance costs, net

	Consolidated		Company	
	2014	2013	2014	2013
Interest income	5,017	4,686	167,194	164,498
Interest expense	(901,772)	(989,014)	(931,581)	(1,025,739)
Finance costs, net (Note 30)	<u>(896,755)</u>	<u>(984,328)</u>	<u>(764,387)</u>	<u>(861,241)</u>

## 27. Income tax expense

	Consolidated		Company	
	2014	2013	2014	2013
<b>Current tax:</b>				
Current tax on profits for the year	1,771	1,719	-	-
Adjustments in respect of prior year	52	177	52	-
<b>Total current tax</b>	<u>1,823</u>	<u>1,896</u>	<u>52</u>	<u>-</u>
<b>Deferred tax:</b>				
Origination and reversal of temporary differences	(2,661,532)	(60,245)	(2,632,843)	(63,027)
Tax losses carried forward valuation reversal	-	(1,286,800)	-	(1,286,800)
Tax losses carried forward written-off	-	1,765,498	-	1,765,498
Deferred tax assets valuation allowance	42,007	-	-	-
<b>Total deferred tax (Note 12)</b>	<u>(2,619,525)</u>	<u>418,453</u>	<u>(2,632,843)</u>	<u>415,671</u>
<b>Total income tax (credit)/expense</b>	<u>(2,617,702)</u>	<u>420,349</u>	<u>(2,632,791)</u>	<u>415,671</u>

The tax on the Group's and Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities and Company as follows:

	Consolidated		Company	
	2014	2013	2014	2013
(Loss)/profit before tax	(12,963,341)	42,421	(13,190,743)	(337,719)
Tax calculated at domestic tax rates	(2,592,668)	8,484	(2,638,149)	(67,544)
Tax effect of:				
Income not subject to tax	(76,110)	(78,688)	(3,126)	(6,732)
Expenses not deductible for tax purposes	9,069	11,855	8,484	11,249
Tax losses carried forward revaluation reversal	-	(1,286,800)	-	(1,286,800)
Tax losses carried forward written-off	-	1,765,498	-	1,765,498
Deferred tax assets valuation allowance	42,007	-	-	-
<b>Income tax (credit)/expense</b>	<u>(2,617,702)</u>	<u>420,349</u>	<u>(2,632,791)</u>	<u>415,671</u>

The statutory tax rate for the year 2014 and 2013 is 20%.

## 28. Other non-operating expense

Other non-operating expense of Baht 648,940 thousand consisted mainly of the following:

- Baht 215,000 thousand employee severance provision recognized by Thai C-Center Company Limited, a subsidiary of the Company, following a restructuring of company operations.
- Baht 435,787 thousand payment for a customs fine paid following a Supreme Court ruling against the company in respect to lube base stocks imported in 1987 and 1988.

## 29. Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Consolidated		Company	
	2014	2013	2014	2013
Loss attributable to equity holders of the Company	(10,346,455)	(378,755)	(10,557,952)	(753,390)
Weighted average number of ordinary shares in issue (thousands shares)	3,460,858	3,460,858	3,460,858	3,460,858
Basic loss per share (Baht per share)	(2.99)	(0.11)	(3.05)	(0.22)

There are no potential ordinary shares in issue during the years presented and as such diluted earnings per share is not presented.

## 30. Cash generated from/(used in) operations

	Consolidated		Company	
	2014	2013	2014	2013
Net loss	(10,345,639)	(377,928)	(10,557,952)	(753,390)
Adjustments for:				
Depreciation (Note 14)	2,097,582	2,129,996	2,097,582	2,115,237
Amortisation (Note 13)	52,135	54,240	52,135	54,240
Allowance for impairment of trade receivables (Note 6)	4,684	(1,194)	4,684	(1,194)
Write-down of inventory to net realisable value	184,434	64,249	181,074	64,249
Allowance for impairment of non-current assets held for sale (Note 15)	(16,301)	16,301	-	-
Loss on disposal of property, plant and equipment and intangible assets	58,478	39,271	43,286	65,158
Share of profit from an associate (Note 10)	(371,171)	(363,893)	-	-
Finance costs, net (Note 26)	896,755	984,328	764,387	861,241
Dividend income	(35,280)	(29,161)	(38,080)	(33,661)
Income tax (credit)/expense (Note 27)	(2,617,702)	420,349	(2,632,791)	415,671
Net unrealised foreign exchange loss/(gain)	215,947	(268,111)	215,947	(268,111)

	Consolidated		Company	
	2014	2013	2014	2013
Changes in working capital				
Trade receivables	2,411,212	388,006	2,402,004	390,890
Trade receivables from a related party	-	-	1,575,705	(1,141,417)
Amount due from related parties	133	(3)	41,780	(46,608)
Inventories	8,502,680	(317,360)	8,388,753	(301,215)
Tax claim receivables	926,471	(511,312)	971,006	(521,501)
Other current assets	(223,652)	92,727	(202,632)	101,401
Prepaid rental and deferred charges	(246,192)	78,766	(104,548)	306,494
Other non-current assets	(65,115)	468	(64,225)	400
Trade and other payables	(147,437)	(422,980)	(144,165)	(410,406)
Amount due to related parties	(1,723,243)	(3,909,383)	(1,732,408)	(3,911,862)
Provisions for employee benefits	470,867	296,640	260,830	296,640
Other non-current liabilities	2,928	89	2,928	89
<b>Cash generated from/(used in) operations</b>	<b>32,574</b>	<b>(1,635,895)</b>	<b>1,525,300</b>	<b>(2,717,655)</b>

In the cash flow statements, proceeds from sale of property, plant and equipment, and non-current assets held for sale comprise:

	Consolidated		Company	
	2014	2013	2014	2013
Net book amount	169,998	110,223	49,805	99,610
Loss on disposal of property, plant and equipment and non-current assets held for sale	(58,478)	(39,271)	(43,286)	(65,158)
Accounts receivable from disposal of property, plant and equipment	-	(16,000)	-	(16,000)
Proceeds from disposal of property, plant and equipment and non-current assets held for sale	111,520	54,952	6,519	18,452

### 31. Contingent liabilities

As at 31 December 2014, the Group had contingent liabilities in respect of bank guarantees arising in the ordinary course of business, amounting to Baht 61,955 thousand (2013 : Baht 71,693 thousand) to third parties. It is not anticipated that any material liabilities will arise from these bank guarantees.

## 32. Commitments

### *Capital commitments*

Capital expenditure contracted for at the statement of financial position date but not yet incurred amounted to approximately Baht 166,948 thousand (2013 : Baht 363,075 thousand).

### *Operating lease commitments - Group company as lessee*

The Group leases various plots of land on which retail service stations are operated under non-cancellable operating lease agreements. The lease terms generally range between 15 and 25 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Consolidated and Company	
	2014	2013
No later than 1 year	103,926	87,958
Later than 1 year and no later than 5 years	262,441	199,792
Later than 5 years	355,743	181,744
	<u>722,110</u>	<u>469,494</u>

Certain subsidiaries lease land to the Company; however, there are no future minimum lease payments in respect of such leases which are prepaid (Notes 9 and 16).

## 33. Financial risk management

The Group's activities expose it to a variety of financial risks, which include market risk (including market prices for petroleum commodities risk, foreign exchange risk and interest rate risk), credit risk, liquidity risk, and capital risk.

### 33.1 Market risk

#### *(a) Market prices for petroleum commodities risk*

The Group's financial results can be significantly affected from time to time by volatility and cyclical movement in the market prices for crude oil, petroleum and petrochemical products that are not predictable. Given the large size and the long-term nature of its business, the Group expects that this risk will be moderated over time. The Group does not employ the use of derivative instruments to manage the risk.

#### *(b) Foreign exchange risk*

The Group's activities are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Purchases of goods and export sales are primarily transacted in US Dollars. Domestic sales are transacted predominantly in Baht, and are thus not subject to foreign exchange risk.



As at 31 December 2014 and 2013, the Group has no short-term or long-term debt denominated in foreign currencies. In 2014, the Group did not enter into any forward foreign currency contracts. The Group's foreign exchange guidelines prohibit speculative foreign exchange transactions.

(c) *Interest rate risk*

As the Group has no significant interest bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The interest rate risk arises from borrowings with those issued at variable interest rates exposing the Group to cash flow interest rate risk. The Group continually optimises the mix in its borrowing facilities to maximise financing flexibility while minimising financing cost.

## 33.2 Credit risk

Credit risk is managed on a Group basis. Credit risk primarily arises from cash and cash equivalents, and credit exposures to wholesale and retail trade customers, including outstanding receivables and committed transactions. Credit risk in respect of balances outstanding with related parties has been assessed to be low due to the overall strength of the ExxonMobil Group.

In the case of cash and cash equivalents, only independently rated banks with a minimum rating of at least BBB-, or equivalent, are accepted.

For trade customers, risk evaluations are performed internally which include reviews of financial positions, business success indicators, past experience and other factors. Individual risk limits are set based on the resultant internal ratings in accordance with limits set by the management. Risk categories are established for individual customers based on internal credit guidelines ranging from very low to very high risk. The risk categories are intended to reflect the risk of payment default by a customer and are similar to the rating scales established by external rating agencies.

## 33.3 Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash and cash equivalent balances. In addition, the Group maintains committed credit facilities as well as a number of uncommitted credit facilities from banks and related parties. The Group reviews requirements for future cash flows through the completion of an annual finance plan review. The finance plan review is completed for the forthcoming year to ensure that estimates of future requirements are analysed such that appropriate facilities can be made available.

The Group currently has adequate financing sources. As of 31 December 2014, the Group has uncommitted facilities of Baht 77,099,556 thousand (2013: Baht 71,664,926 thousand). The Group has also received an approval from the Securities and Exchange Commission to offer for sale Baht 12,000,000 thousand of bills of exchange in a revolving program, of which Baht 1,000,000 thousand has been utilised as of 31 December 2014 (2013: Baht 1,500,000 thousand).

Liquidity risk may also arise if customers are not able to settle obligations to the Group within the normal credit term. To manage this risk, the Group periodically assesses financial viability of customers and may require certain customers to provide bank guarantees or other similar instruments.

### 33.4 Capital risk

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders. In the future, the Group may adjust the amount of dividend paid to shareholders in order to maintain an appropriate capital structure. Annually, the Group completes a finance plan which seeks to establish positions for the current and future years' dividend projections.

## 34. Related party transactions

ExxonMobil Asia Holding Private Limited acquired 65.43% of the shares from ExxonMobil International Holdings Incorporated and 0.56 % of the shares from other companies within the ExxonMobil Group on 28 November 2014.

Therefore, the Group is controlled by ExxonMobil Asia Holding Private Limited incorporated in Singapore, which owns 65.99% of the Company's shares as of 31 December 2014. The ultimate holding company is Exxon Mobil Corporation incorporated in the United States of America. A further 7.33% of the shares are held by Vayupak Fund 1, a mutual fund established by the Ministry of Finance, with the remaining shares held by a variety of institutional and retail investors.

The Vayupak Fund 1 acquired the shares from the Ministry of Finance on 15 September 2010. The significant investments in subsidiaries and an associate are set out in Note 10.

The following transactions were carried out with related parties:

#### (a) Sales of goods and services

	Consolidated		Company	
	2014	2013	2014	2013
Sales of goods and services:				
- Subsidiary	-	-	25,407,622	27,474,922
- Other related parties	19,535,459	32,732,490	19,535,459	32,732,490
	<u>19,535,459</u>	<u>32,732,490</u>	<u>44,943,081</u>	<u>60,207,412</u>

Sales of goods and services between related parties are based on market prices and primarily relate to the sale of petroleum and petrochemical products.

#### (b) Purchases of goods and services

	Consolidated and Company	
	2014	2013
Purchases of goods:		
- Other related parties	169,655,744	190,873,523
Purchases of services:		
- An associate	818,498	872,066
	<u>170,474,242</u>	<u>191,745,589</u>

Purchases of goods from related parties primarily relate to the purchase of petroleum and petrochemical products. Purchases of services from an associate relate to the provision of pipeline transportation services for the Group's products. Purchases of goods and services are based on market prices.

(c) Expenses

	Consolidated		Company	
	2014	2013	2014	2013
Expenses paid to:				
- Subsidiaries	-	-	252,042	179,134
- Other related parties	3,470,533	2,937,283	3,354,097	2,856,830
	<u>3,470,533</u>	<u>2,937,283</u>	<u>3,606,139</u>	<u>3,035,964</u>

Expenses primarily relate to the provision of support services and are charged on either at cost or cost plus basis.

(d) Finance costs, net

	Consolidated		Company	
	2014	2013	2014	2013
Interest income received from:				
- Subsidiaries	-	-	162,264	159,887
	<u>-</u>	<u>-</u>	<u>162,264</u>	<u>159,887</u>
Interest expenses paid to:				
- Subsidiaries	-	-	30,159	37,273
- Other related parties	449,482	276,481	449,482	276,481
	<u>449,482</u>	<u>276,481</u>	<u>479,641</u>	<u>313,754</u>

Interest charges are based on market rates at the time the agreements were entered.

(e) Key management compensation

	Consolidated and Company	
	2014	2013
Salaries and other short-term employment benefits	57,575	60,446
Post-employment benefits	20,760	21,727
	<u>78,335</u>	<u>82,173</u>

The above information is prepared in accordance with the Securities and Exchange Commission's regulations. This includes the managing director, the first four managers reporting to managing director as well as all managers at the same level.

(f) Year-end balances arising from sales/purchases of goods/services and expenses

	Consolidated		Company	
	2014	2013	2014	2013
Trade receivables:				
- Subsidiaries	-	-	968,082	2,543,788
Amounts due from:				
- Subsidiaries	-	-	58,659	100,849
- Other related parties	-	133	-	133
	-	133	58,659	100,982
Amounts due to:				
- Subsidiaries	-	-	6,994	8,618
- Other related parties	9,640,017	11,131,340	9,623,035	11,123,872
	9,640,017	11,131,340	9,630,029	11,132,490

Trade receivables from a related party arise mainly from the sale of petroleum products with credit terms being approximately 25 days.

Amounts due from related parties relate primarily to dividend and interest receivable on long-term loans (Note 34g).

The amounts due to related parties reflect a net payable which arises mainly from the purchase and sales of petroleum and petrochemical products under standard industry terms.

(g) Loans to related parties

	Consolidated		Company	
	2014	2013	2014	2013
Long-term loans to:				
- Subsidiaries	-	-	2,416,901	2,383,058

Movements in long-term loans to related parties are analysed as follows:

	Company	
	2014	2013
Opening amount as at 1 January	2,383,058	2,227,709
Additional borrowings	222,602	199,162
Repayments of borrowings	(188,759)	(43,813)
Closing amount as at 31 December	<u>2,416,901</u>	<u>2,383,058</u>

Long-term loans to related parties are unsecured. They bear interest based on the minimum lending rate of Bangkok Bank Public Company Limited minus a spread.

#### (h) Loans from related parties

	Consolidated		Company	
	2014	2013	2014	2013
Short-term loans from:				
- Subsidiaries	-	-	508,036	1,634,962
- Other related party	12,365,557	6,198,667	12,365,557	6,198,667
	<u>12,365,557</u>	<u>6,198,667</u>	<u>12,873,593</u>	<u>7,833,629</u>
Long-term loans from:				
- Subsidiaries	-	-	798	609
- Other related party	5,600,000	5,213,195	5,600,000	5,213,195
	<u>5,600,000</u>	<u>5,213,195</u>	<u>5,600,798</u>	<u>5,213,804</u>

Short-term loans from other related party include:

- Revolving loan from a related party totaling Baht 4,822,711 thousand out of facility size Baht 12,000,000 thousand at the end of December 2014.
- Short-term loan from a related party under Loan and Current Account Agreement totaling Baht 754,487 thousand at the end of December 2014.
- Five promissory notes issued in September 2012 at discounted value of Baht 5,000,000 thousand, which have maturity date in September 2015. The amortised cost and the fair value of the promissory note was Baht 5,388,359 thousand and 5,431,942 thousand, respectively, at the end of December 2014.

Short-term loans from related parties are unsecured. Except the promissory notes issued in September 2012, they have no fixed term of repayment and bear interest based on the adjusted minimum lending rate of Bangkok Bank Public Company Limited or Bangkok Interbank Offered Rate (BIBOR).



Movements in short-term loans from related parties are analysed as follows:

	Consolidated		Company	
	2014	2013	2014	2013
Opening amount as at 1 January	6,198,667	427,574	7,833,629	1,005,826
Additional borrowings	11,529,293	6,529,296	12,002,233	8,276,476
Repayments of borrowings	(12,150,762)	(758,203)	(13,750,628)	(1,448,673)
Long-term loans due within 1 year	6,788,359	-	6,788,359	-
Closing amount as at 31 December	<u>12,365,557</u>	<u>6,198,667</u>	<u>12,873,593</u>	<u>7,833,629</u>

Long-term loans from other related party include:

- A 5-year loan of Baht 7,000,000 thousand which was obtained in November 2014 is repayable in 20 quarterly installments commencing from March 2015 to December 2019. The loan bears the interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2014, the outstanding loan balance was Baht 7,000,000 thousand, of which Baht 1,400,000 thousand is payable in 2015.

Long-term loans from related parties bear interest based on the adjusted minimum lending rate of Bangkok Bank Public Company Limited.

Movements in long-term loans from related parties are analysed as follows:

	Consolidated		Company	
	2014	2013	2014	2013
Opening amount as at 1 January	5,213,195	5,043,726	5,213,804	5,046,173
Additional borrowings	7,175,164	169,469	7,179,389	173,730
Repayments of borrowings	-	-	(4,036)	(6,099)
Long-term loans due within 1 year	<u>(6,788,359)</u>	-	<u>(6,788,359)</u>	-
Closing amount as at 31 December	<u>5,600,000</u>	<u>5,213,195</u>	<u>5,600,798</u>	<u>5,213,804</u>

### 35. Asset retirement obligations

It is recognised that the Group may incur asset retirement obligations for the dismantling and site restoration costs of its manufacturing facilities. The timing and amount of cash flows is difficult to estimate as the Group has no intention to decommission the sites in the near future. Accordingly and consistent with industry practice, no provision is recorded for asset retirement obligations as the amount cannot be measured with sufficient reliability due to the significant uncertainties involved.

## Corporate Separateness Notice

Nothing in this material is intended to override the corporate separateness of local entities. Working relationships discussed in this material do not necessarily represent a reporting connection, but may reflect a functional guidance, stewardship, or service relationship. Where shareholder consideration of a local entity matter is contemplated by this material, responsibility for action remains with the local entity.

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## “ดูแลดีตลอด ก็เต็มที่ได้ทุกเส้นทาง”

เพราะการดูแลรถอย่างต่อเนื่อง  
ด้วยน้ำมันดีเซล เกรดพรีเมียม จากเอสโซ่  
ซูพรีมดีเซลพลัส ช่วยทำความสะอาดหัวฉีด  
เพิ่มสมรรถนะให้เครื่องยนต์ทำงานเต็มพลัง  
และช่วยประหยัดน้ำมันมากขึ้น

ซูพรีม **ดีเซลพลัส**  
พิถีพิถัน ร้อย แรงทุกเส้นทาง





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**Investors can obtain more information about the Company  
from the Company's Annual Registration Statement (Form 56-1)  
available at [www.sec.or.th](http://www.sec.or.th) or [www.esso.co.th](http://www.esso.co.th)**