



Esso (Thailand) Public Company Limited

# Annual Report 2015



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## Message from the Chairman

### To Our Shareholders

Results for 2015 reflect our steadfast commitment to generate long-term value for the shareholders of Esso. The tremendous talent of the 557 men and women who work for Esso and their dedication to the highest standards of business conduct and integrity provide a strong foundation for exceptional business performance.

We delivered solid financial and operating results in 2015, despite a challenging industry environment, which included a 43% decline in global crude oil prices during the year and uncertain global and domestic economic conditions. Net profit for the year was Baht 1.7 billion, with improved industry refining margins, strong operational reliability, and higher sales volumes contributing to a Baht 12 billion improvement versus 2014, even with continued weakness in industry paraxylene margins. Excluding the impact of a significant stock loss that resulted from the sharp decline in oil prices, net profit for the year represented a best-ever result on a comparable, non-stock impact basis. We also generated cash flow from operations of Baht 6.9 billion, allowing the Company to substantially strengthen its financial position.

Integrated efforts continued across the business to capture cost savings, enhance margins, and improve competitiveness. Our refinery advanced several projects to streamline operations, increase the production of higher-margin products, and further reduce energy consumption. This included greater crude diversification with the introduction of 11 new crudes during the year.

We delivered solid financial and operating results in 2015, despite a challenging industry environment, which included a 43% decline in global crude oil prices during the year and uncertain global and domestic economic conditions.

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As a result of these focused activities, the refinery achieved full-year flawless operations and best-ever energy performance. Close coordination across the value chain and efforts to expand our retail network to 541 sites allowed us to place the majority of our products in the higher-margin domestic market. A net increase of 17 retail sites in 2015 represented the largest annual gain since our initial public offering. The presence of premium products at more of our sites, nationwide marketing campaigns, and an expanded alliance portfolio helped us maintain our position as the largest international brand fuels retailer in Thailand. We also grew our Mobil-branded lubricants business with successful marketing and sales initiatives and the opening of 28 new Mobil 1 centers.

An unwavering commitment at every level of the organization to operational excellence and effective risk management underpinned the exceptional financial and operating results and led to strong environmental and safety performance. Our employees execute their daily activities supported by well-established processes and tools that aid in the management of financial and operational risks. This dedicated focus to what we view as fundamental business practices is evident in our results as we demonstrated strong safety performance and reached 8 years without a recordable spill.

We also employ sound corporate governance as demonstrated by the core principles outlined in our Standards of Business Conduct, which provide our employees with guidelines for appropriately managing business activities. In addition, we greatly value our partners in the communities in which we operate and strictly adhere to principles and practices that make us a good corporate citizen. As recognition of these efforts, we received the Thailand American Chamber of Commerce (AMCHAM) recognition award for Corporate Social Responsibility for the sixth consecutive year. Consistent application of these business practices underlies the foundation of a sustainable business model and positions the Company well for continued success.

On behalf of the Board of Directors, I appreciate the confidence you place in our company and its employees as evidenced by your ongoing investment in Esso (Thailand) Public Company Limited. We reaffirm our commitment to work diligently to create long-term value for our shareholders.



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



# SAFETY IS A CORE VALUE AND AN INTEGRAL PART OF OUR COMPANY CULTURE

## Safety

Protecting the safety of our workforce is a fundamental priority. We remain relentless in the pursuit of safety with the goal that *Nobody Gets Hurt*.

This commitment extends to members of the communities in which we operate. All employees and third-party contractors share the responsibility of working safely, regardless of their job responsibilities.



WE ARE COMMITTED TO DOING  
THE RIGHT THING, THE RIGHT WAY,  
EVERY TIME

## Integrity

A strong commitment to integrity is a core aspect of our company culture.

Employees, officers, directors and those working on behalf of the Company are required to comply with the laws, rules, and regulations applicable to our business. Everyone is expected to uphold the highest standards of business integrity.





# WE RECOGNIZE THE IMPORTANCE OF EFFECTIVE INTERNAL CONTROL SYSTEMS

## Controls

We utilize ExxonMobil's System of Management Control Basic Standards and Controls Integrity Management System. The System of Management Control Basic Standards defines essential business control principles and concepts. The Controls Integrity Management System assesses and measures control risks and outlines procedures for mitigating those risks and monitoring compliance with associated processes and tools.

Regular self-assessments along with internal and external audits help ensure that each operating unit consistently implements and follows key controls.



# WE STRIVE TO MAKE A POSITIVE CONTRIBUTION IN THE LOCAL COMMUNITIES WHERE WE OPERATE

## Corporate Social Responsibility

The success and sustainability of our business relies on how well we manage socioeconomic impacts and address the interests of the communities in which we operate. Proactively identifying and managing potential impacts, while also enhancing community benefits, is integral to completing projects successfully and developing long-term, positive relationships.

We are proud of our numerous contributions and support of meaningful activities in local communities and the country at large. As a corporate citizen, we contribute to the Thai society in the areas of education, arts and culture, safety and health, women empowerment, environmental conservation, and social development.



## 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, 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Telephone: 02 009-9999 (SET Contact 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

## Business Overview



**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 Mobil and other 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
- A premiere line of Mobil 1 synthetic lubricants and a network of Mobil 1 centers
- Sales of aromatics and other chemical products

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

Our refinery configuration incorporates ExxonMobil's unique proprietary technologies that provide significant flexibility to process a wide range of crude oil and produce high-value products such as gasoline, diesel, and jet fuel. The 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 the flexibility to deliver our refined petroleum products via pipeline in addition to truck and marine transportation.



## OPERATION AND REVENUE STRUCTURE

Sales revenue in the downstream and petrochemical segments is divided as follows:

	2015		2014		2013	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Net Sales</b>						
Downstream segment:						
Refined petroleum products	152,157	89.5	194,431	88.1	206,898	84.4
Lubricants	3,683	2.2	3,825	1.7	3,772	1.5
Others <sup>(1)</sup>	797	0.5	3,339	1.5	9,665	3.9
Services <sup>(2)</sup>	586	0.3	605	0.3	634	0.3
<b>Total Downstream segment</b>	<b>157,223</b>	<b>92.5</b>	<b>202,200</b>	<b>91.6</b>	<b>220,969</b>	<b>90.1</b>
Petrochemical segment:						
Paraxylene	7,609	4.5	11,336	5.1	17,101	7.0
Others <sup>(3)</sup>	5,016	3.0	7,163	3.3	7,055	2.9
Services	43	0.0	36	0.0	48	0.0
<b>Total Petrochemical segment</b>	<b>12,668</b>	<b>7.5</b>	<b>18,535</b>	<b>8.4</b>	<b>24,204</b>	<b>9.9</b>
<b>Total Sales revenue</b>	<b>169,891</b>	<b>100.0</b>	<b>220,735</b>	<b>100.0</b>	<b>245,173</b>	<b>100.0</b>

(1) Mainly sales of crude oil 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, and plasticizers.

## NUMBER OF EMPLOYEES OF THE COMPANY AS OF DECEMBER 31, 2015

Corporate	Refining & Distribution <sup>(1)</sup>	Retail & Lubricants <sup>(2)</sup>	Chemicals	Total
21	446	81	9	557

(1) Includes engineers, technical staff, and operators at Sriracha Refinery 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 (%)
<b>Mobil Enterprises (Thailand) Limited (METL)</b> 3195/17-29 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone: 02 262-4000	Currently dormant	3,333,000	100
<b>Industry Promotion Enterprises Limited (IPEL)</b> 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>
<b>United Industry Development Company Limited (UIDC)</b> 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>
<b>Pacesetter Enterprises Limited (PSE)</b> 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>
<b>Thai C-Center Company Limited (TCC)</b> 3195/21 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone: 02 262-4000	Service station and convenience store operations	50,000,000	0 <sup>(3)</sup>
<b>Thai Petroleum Pipeline Company Limited (THAPPLINE)</b> 2/8 Moo 11, Lumlukka Road, Ladsawai, Lumlukka, Pathumthani 12150 Telephone: 02 991-9130	Petroleum products pipeline transportation	8,479,000,000	21
<b>Bangkok Aviation Fuels Services Public Company Limited (BAFS)</b> 171/2 Moo 10, Vibhavadi Rangsit Road, Sikan, Don Muang District, Bangkok 10210 Telephone: 02 834-8900	Aircraft refuelling services	637,496,657	7

(1) The remaining preferred shares are held by employees of the Company and/or ExxonMobil's 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	2015	2014*	2013
(Millions of Baht, unless otherwise stated)			
Sales revenue	169,891	220,735	245,173
Gross profit/(loss)	8,351	(5,938)	6,230
EBITDA	4,520	(9,689)	2,752
Profit/(loss) for the period	1,701	(10,306)	(378)
Profit/(loss) per share (Baht) <sup>(1)</sup>	0.49	(2.98)	(0.11)
Total assets	56,702	63,973	74,010
Total liabilities	42,933	52,053	51,431
Total shareholders' equity	13,769	11,920	22,579

Key Financial Ratios	2015	2014*	2013
Net profit/(loss) margin (%)	1.0	(4.7)	(0.2)
Interest coverage (times)	5.8	(10.7)	2.8
Net debt to equity (times)	2.1	3.0	1.5

Dividend Payment	2015	2014	2013
Dividend payment (Baht/share) <sup>(1)</sup>	-	-	-

\*Restated per revised accounting standards effective January 1, 2015. See financial statements for additional details.

(1) Based on current number of shares: 3,461 million shares

## Operational Highlights

The Company benefits from the integration of its refining and petrochemical operations, providing the ability to produce higher-value products, optimize operations, and realize cost savings. This allows us to maximize value throughout the ups and downs of the business cycle.

### 2015 Business Highlights

- Progressed margin and efficiency enhancement projects to maximize production of high-value products, improve refining margins, and increase energy efficiency
- Diversified crude mix with less-expensive crudes to reduce raw material costs
- Improved refinery utilization and maintained safe operations without a lost-time incident or a recordable spill
- Captured gasoline and asphalt market growth by optimizing refinery operations and leveraging sales channels
- Placed 87% of products in the higher-margin domestic market
- Maintained position as the largest international brand fuels retailer in Thailand with 14% market share
- Achieved the largest annual increase ever in the service station network and improved site equipment and appearance
- Expanded alliance partners to 260 locations and offering of premium products to an additional 89 stations for premium diesel and 73 stations for E20
- Increased availability of best-in-class high-performance lubricants by adding 28 new Mobil 1 centers to the network

### Refining and Petrochemical

Throughput at the Sriracha refinery was 140 thousand barrels per day in 2015, an increase from 130 thousand barrels per day in 2014, reflecting stronger refining economics, improved operating performance, and the absence of planned maintenance. Average refinery utilization in 2015 was 80%, representing a 5% increase from 2014.

Industry refining margins in 2015 significantly improved versus 2014 due to lower prices for crude oil, high crack spreads supported by stronger demand, especially for gasoline, and a decrease in supply with several capacity outages in the region. The average gross refining margin in 2015 was \$4.7/bbl, compared to an average negative gross refining margin of \$3.5/bbl in 2014, mainly due to the higher crude run and stronger industry refining margins.

Regulation of Liquefied Petroleum Gas prices continued to negatively impact earnings as controlled prices remained below international market prices.

The refinery continued efforts to further enhance margin and efficiency with several self-help and optimization programs. For example, an increase in crude diversification reduced raw material costs as a result of the introduction of 11 new crudes in 2015. Integrated efforts across the downstream value chain resulted in the placement of the majority of petroleum products in the higher-margin domestic market. Margin enhancement projects, including efforts to streamline refinery operations, increase production of higher-margin asphalt, improve FCCU feed quality, and enhance optimization, positively impacted results.

## Sriracha Refinery Performance

Continued focus on efficient operations and margin improvement resulted in the highest gross refining margin since 2009, excluding the impact of stock gains/losses

8%

increase in the crude run

4.5%

reduction in the Energy Intensity Index

Substantial increase in production of higher-margin products

- Gasoline +11%
- Diesel +10%
- Asphalt +46%

31%

increase in the use of less-expensive Regional and Middle East crudes

31%

decrease in the use of higher-cost Caspian and Far East crudes



Paraxylene production was 244 thousand tons in 2015, down from 254 thousand tons in 2014. The decrease in production was driven by continued weak industry Paraxylene margins as the Company managed production levels to achieve optimum value by leveraging the integration of refining and petrochemical units while meeting contractual commitments to customers.

Aromatics products include Paraxylene and Benzene. All of Paraxylene produced in 2015 was sold domestically while more than 80% of Benzene was exported. Other chemical products, including solvents and plasticizers, were exclusively sold to local customers.

Distribution assets are managed to improve overall efficiency, reduce operating costs, and increase reliability. The Company invested in terminal facilities in 2015 to increase production of premium products, further maximizing the value of sales channels and improving overall competitiveness.

### Marketing

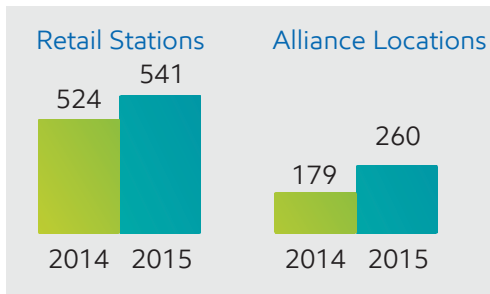
Petroleum products are sold through diversified channels including retail, commercial, and export with the goal of optimizing product realizations.

Esso service stations provide a secure, value-added, and steady outlet. We are well-positioned to compete in the dynamic and competitive retail market with logistical and operational advantages. We are focused on enhancing the retail network by offering products and promotions that align with customer demand. This includes expanding alliance programs to enhance service quality and convenience for customers.

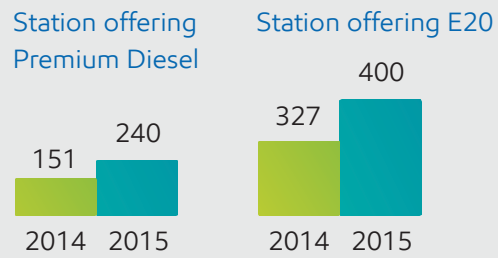
The Company further optimized its retail network, making opportunistic enhancements to service stations while maintaining capital and cost discipline. Esso achieved increased fuel sales volume by offering an attractive product mix and improving site equipment and appearance. Sales through retail channels increased by 6%, compared to 2014 and accounted for 38% of total sales volume in 2015.

Esso increased its retail network to 541 service stations by the end of 2015, an increase of 17 sites compared to the end of 2014, representing the largest annual gain in the network since the initial public offering. As a result of marketing campaigns and strategic locations, retail market penetration was approximately 14% as we remained the largest international brand fuels retailer in Thailand.

## Retail Network Expansion



## Premium Product Expansion



We upgraded 103 sites in 2015, resulting in more than 90% of the retail network receiving image enhancements since the program began in 2011. The program improves site visibility, site cleanliness, and forecourt services. Furthermore, the Company launched various programs to enhance service quality and strengthen relationships with a new generation of dealers. We also converted 100 sites from a company direct operation to a dealer operation model to gain additional efficiencies and opened 23 new service stations across the country. These enhancements support sustainable growth in the retail business.

In addition to increasing the number of retail sites, we successfully expanded premium product offerings. We had 240 and 400 stations offering Premium Diesel and Supreme E20, respectively, at the end of 2015. The Premium Diesel and Supreme E20 offerings were higher than initial plans, contributing to stronger brand equity and increased sales volumes. Nationwide marketing programs were also launched in 2015 to improve brand awareness and support premium products.

In addition to fuels marketing operations, we enhanced non-fuel income through strong alliances. The Company further expanded the number of alliance partnerships with Tesco Lotus Express, Mobil 1 Centers, McDonald's, Burger King, B-Quik, Bosch, FamilyMart, Rabika Coffee, and Caffè D'Oro bringing the total number of alliance partner locations to 260 across the retail network. These alliances help optimize retail site profitability and provide high-quality offerings and services for customers.

We supply automotive and industrial lubricant products directly to strategic customers and through distributors for resale. The Company continued to grow the Mobil-branded lubricants business in 2015 with successful marketing and sales initiatives, and celebrated the 90<sup>th</sup> anniversary of Mobil Delvac. Esso also expanded its automotive lubricants business, supported by a network of 295 Mobil 1 Centers across Thailand. Mobil 1 Centers provide best-in-class car care services to customers through consistent delivery of professional services and premium products. The Company delivered high-performance lubricant solutions for its customers.

## Retail Fuels Marketing

Opened **23**  
new retail stations

Upgraded image of  
**103** sites

Achieved **6%**  
growth in sales volume



## Lubricants

Expanded Mobil 1 Centers to  
**295**

Opened **28**  
new Mobil 1 Centers

Achieved **2%**  
growth in sales volume  
from Mobil 1 Centers

## Commercial Business Objectives and Growth

Achieve superior supply reliability

Ensure product integrity

Facilitate effective customer interfaces

Provide insightful customer solutions



11%  
growth in Commercial sales volume

43%  
increase in Asphalt sales volume

20%  
increase in Gasoline sales volume

Commercial sales channels include four business-to-business segments: Industrial and Asphalt, Aviation, Marine, and Wholesale. Sales through these channels accounted for 49% of total sales volume in 2015. We captured efficiency enhancements across the commercial marketing value chain, including efforts to develop a new on-line system for customers to order lubricant and petroleum products. The on-line ordering system will allow customers to order products 24 hours a day using their computer, mobile phone, or tablet. The Company also continued customer appreciation programs to improve value-added offerings and support for industrial and wholesale customers.

The Company exported the remaining 13% of petroleum products, mainly within the Asia Pacific region. Export volumes decreased by 9% from 2014 as efforts continued to increase higher-margin commercial sales within the domestic market. We further reduced gasoline exports to 2.6 KBD, compared to 3.9 KBD in 2014, the lowest-ever annual level.

The Company also maintained a disciplined approach to credit management, improving overdue and bad debt performance despite intense competition and less favorable economic conditions.

### Quality Workforce

We believe the Company's capable and dedicated employees are one of its greatest strengths. Employee development systems utilize integrated processes to support the development of a highly-productive, dedicated, and motivated workforce.

The Company recruits talented individuals and invests in employee development through work assignments, on-the-job experience, and career-long training and education. Career development is undertaken as a shared responsibility between the Company and the employee. We promote from within and require managers and supervisors to foster an environment where continuous personal and professional growth is encouraged. The goal is to develop employees to have the highest technical and leadership capabilities in the industry. We leverage the ExxonMobil network to provide training and challenging assignments to employees, including foreign assignments in other affiliates. Equally important, we promote an environment of high expectations that recognizes and rewards employee contributions to both individual and team goals.

## Safety

The Company strongly encourages and consistently fosters a culture in which the value of safety is embedded at every level of the organization. The Operations Integrity Management System (OIMS) provides a robust framework for managing both the safety of the company's operations and its personnel. The Loss Prevention System (LPS) encourages employees to focus on underlying personnel behaviors to identify enhancements to facilities, systems, and competencies. The Company's approach to safety and health management yields successful results and facilitates progress toward the objective of achieving a work environment in which *Nobody Gets Hurt*.

One critical success factor in achieving the goal of a work environment in which *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 also encouraged to welcome suggestions on how to work more safely. As a result of these robust programs, we achieved several impressive safety milestones in 2015. For example, the Sriracha refinery complex reached 13.8 million work hours without a lost-time safety incident and the terminal operations achieved a milestone of 22 years without a lost-time safety incident. Overall, the Company accomplished exceptionally strong safety performance 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 the strong safety culture that permeates every level of the organization.

## Environment

The Company conducts regular reviews of all aspects of its business to ensure compliance with environmental laws and regulations and internal policies. We implement various pollution control and other environmental impact mitigation measures, including the use of ExxonMobil technologies that reduce emissions and conserve resources.

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

We also improved wastewater treating facilities including a new Biological Oxidation Unit. The new unit enhances the ability to treat used water prior to its release back to the environment.

### Safety and Environmental Performance

# 13.8 million

Refinery reached 13.8 million work hours without a lost-time safety incident

# 8 Years

Refinery achieved 8 years without a recordable spill

# 22 Years

Terminal operations celebrated 22 years without a lost-time safety incident





# Management's Discussion and Analysis

## Review of consolidated results for 2015

Statement of Comprehensive Income	2015	2014*
(Million Baht)		
Sales	169,891	220,735
Profit/(loss) from sales	2,322	(11,838)
<i>Downstream</i>	5,280	(8,985)
<i>Petrochemical</i>	(2,958)	(2,853)
EBITDA	4,520	(9,689)
Finance costs, net	(770)	(897)
Income tax (expenses)/credit	(282)	2,608
Profit/(loss) for the period	1,701	(10,306)
Earnings/(loss) Baht per share <sup>(1)</sup>	0.49	(2.98)

(1) Based on current no. of shares of 3,461 million shares

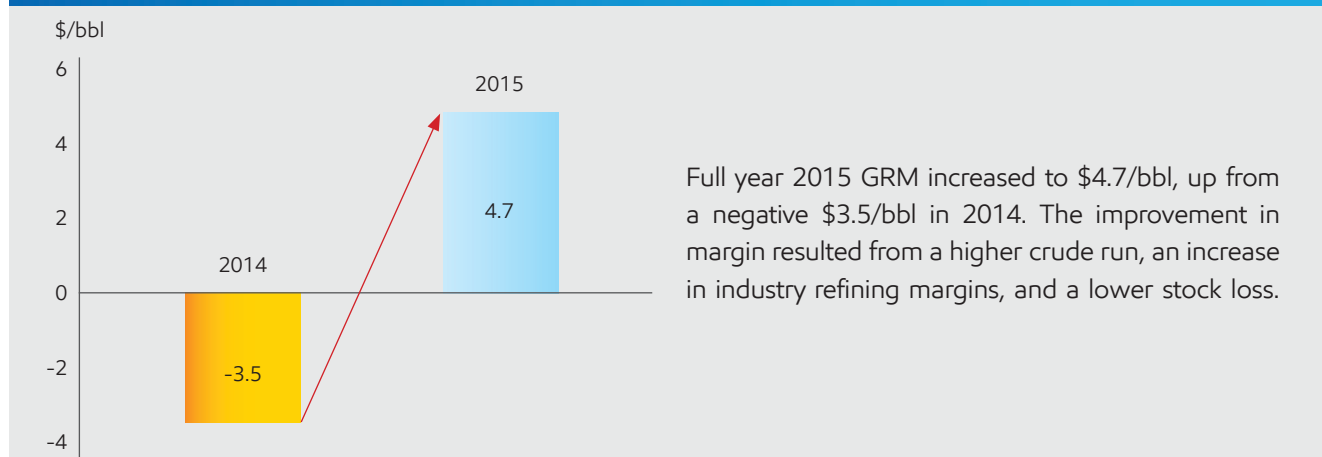
\*Restated per revised accounting standards effective January 1, 2015. See financial statements for additional details.

Sales in 2015 declined from the previous year due to lower product prices, partially offset by higher sales volume. The full year profit from sales in 2015 was Baht 2,322 million, compared to a loss of Baht 11,838 million in 2014, with the increase of Baht 14,160 million resulting from a lower stock loss impact, higher industry refining margins, an increase in the crude run, and stronger fuel demand. Downstream had an incremental profit of Baht 14,265 million and Petrochemicals had an incremental loss of Baht 105 million, compared to 2014.

2015 EBITDA was Baht 4,520 million, compared to negative Baht 9,689 million in 2014. Net finance costs decreased by Baht 127 million for full year 2015, compared to the same period as last year as a result of lower debt balances and interest rates. Income tax expense in 2015 was Baht 282 million compared to an income tax credit of Baht 2,608 million for full year 2014.

Profit for full year 2015 was Baht 1,701 million, supported by a lower stock loss impact and higher industry refining margins.

## Gross Refining Margins



## Statement of Financial Position

2015

2014\*

(Million Baht)

Total assets	56,702	63,973
Total liabilities	42,933	52,053
Total shareholders' equity	13,769	11,920

\*Restated per revised accounting standards effective January 1, 2015. See financial statements for additional details.

Current assets decreased by Baht 6,107 million from year-end 2014, mainly due to lower trade receivables, inventories, and other receivables. Non-current assets were lower by Baht 1,164 million, primarily due to a decrease in deferred income tax assets, and property, plant and equipment.

Capital expenditures for the year 2015 were Baht 930 million, mainly for refinery capacity maintenance and enhancement projects to maintain and improve overall refining efficiency combined with investments to enhance the retail network.

Total liabilities decreased by Baht 9,120 million from year-end 2014. Current liabilities decreased by Baht 11,688 million, mainly resulting from repayments of short term loans, and a decline in crude payables due to lower crude prices. Non-current liabilities increased by Baht 2,568 million in 2015 primarily due to a net increase in long-term loans.

As of year-end 2015, total debt was Baht 29,120 million, a decrease of Baht 6,555 million from year-end 2014. 2015 debt consisted of Baht 17,120 million of short-term debt and Baht 12,000 million of long-term borrowings. Short-term debt included Baht 7,420 million of short-term bank loans and Baht 9,700 million of loans from related parties. New facilities in 2015 included a Baht 6,000 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. The Company maintains a credit rating of A+ from TRIS Rating agency and F1(th) from Fitch Ratings.

Total shareholders' equity increased by Baht 1,849 million, primarily reflecting the impact of 2015 profit.

Statement of Cash Flows	2015	2014*
(Million Baht)		
Cash flow from (used in) operating activities	6,926	(1,062)
Cash flow from (used in) investing activities	(776)	(1,010)
Cash flow from (used in ) financing activities	(6,295)	1,478

\*Restated per revised accounting standards effective January 1, 2015. See financial statements for additional details.

Cash flow from operating activities for 2015 was Baht 6,926 million, mainly resulting from the profit for the period. Cash flow used in investing activities was Baht 776 million, reflecting capital investments mainly for capacity maintenance and the retail network. Cash flow used in financing activities was Baht 6,295 million primarily for the repayment of debt.

Financial Ratios	2015	2014*
Current ratio (times)	0.7	0.6
Quick ratio (times)	0.2	0.1
Total debt to equity ratio (times)	2.1	3.0
Long term debt to equity ratio (times)	0.9	0.8
Net debt to equity ratio (times)	2.1	3.0

\*Restated per revised accounting standards effective January 1, 2015. See financial statements for additional details.

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

# Corporate Social Responsibility

## Strong communities and sustainable growth

Esso believes that a strong community contributes to the growth and prosperity. We support many projects that strengthen local communities near our operating facilities and in rural areas around Thailand with a focus on basic health, infrastructure, skill development, and quality of life.

### Health promotion programs in remote areas

We partnered with Mae Fah Luang University and the Dusit Technical Border Patrol Police School in a program aimed at promoting a healthy environment for students.

In addition to medical check-ups and dental services for students and people in the local community, the program helped the school improve its sanitation facilities, established a health corner in the school's library, and developed youth leaders for health and sanitation promotion.

The Esso employee club also raised funds for scholarships, activities focused on healthy lunches, and the purchase of water purifiers and bedroom accessories. We are proud of these efforts to promote sustainable practices in health promotion at the Dusit Technical Border Patrol Police School and in local communities in the Chiang Rai province.



## Skills for Women and Girls in the Laem Chabang Area

We supported the establishment of the Skills Enhancement Center for Women and Girls in the Laem Chabang area as recognition of the important role women play in sustainable development.

The project covers 10 communities in the Laem Chabang area near our Sriracha refinery and helps provide women and girls with skills, resources, and facilities to assist them in improving their economic circumstances, business management skills, and opportunities to drive positive change in their communities.



## Water supply system for villagers

We partnered with the Operation Blessing Foundation (Thailand) to develop a hill water storage and waterworks system for villages in the Baan Pa Ni Kee, Mae Ramad District, Tak Province.

The project provided sustainable storage of water and a waterworks system to supply water to remote villages to alleviate water shortage resulting from an increase in population and demand in water consumption, especially during the dry season.



### Volunteer Engineer Student Camp

We provided support to a rural development camp organized by engineering students at Chulalongkorn University through which they applied their engineering knowledge to build facilities such as bridges, spillways, and school buildings. The additional infrastructure facilities greatly benefited local areas including farmers.



### Corporate citizenship programs

We identify and support programs that benefit rural development, education, art and culture, environmental conservation, and health and safety in the communities surrounding Esso's operations and the country at large.



*We support education at all levels, from elementary to college.*



We work with various public organizations to encourage the study of science.



We host an internship program that provides opportunities for interns to gain skills related to teamwork, leadership, management, creative thinking, and effective communication.



We actively participate in safety promotion campaigns to support road safety.





## Board of Directors and Executives



### Mr. Neil A. Hansen

Chairman  
and Managing Director  
(Executive)  
Age: 41

#### 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.

#### Experience in the past 5 years:

2014 – 2015

- » 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.

2013 – 2014

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

2012 – 2013

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

2011 – 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  
(Executive)  
Age: 57

#### Education:

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

#### Current Positions:

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

#### Experience in the past 5 years:

2011 – 2015

- » 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  
(Executive)  
Age: 52

#### Education:

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

#### Current Positions:

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

#### Experience in the past 5 years:

2013 – 2015

- » Refinery Manager, Esso (Thailand) Public Company Limited
- 2011 – 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  
(Executive)  
Age: 58

#### Education:

- » M.Eng, Asian Institute of Technology, Thailand

#### Current Positions:

- » Chemicals Manager, Esso (Thailand) Public Company Limited

#### Experience in the past 5 years:

- 2011 – 2015
- » 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  
(Executive)  
Age: 58

#### 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.
- » Controller, Mobil Enterprises (Thailand) Limited

#### Experience in the past 5 years:

- 2011 – 2015
- » 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
  - » Controller, ExxonMobil Exploration and Production Khorat Inc.
  - » Controller, Mobil Enterprises (Thailand) Limited

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

### Mr. Yodpong Sutatham

Director  
(Executive)  
Age: 48

#### 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

#### Experience in the past 5 years:

- 2011 – 2015
- » 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

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



### Ms. Ratrimani Pasiphol

Director  
(Executive)  
Age: 48

#### Education:

- » MBA, University of Washington, USA

#### Current Positions:

- » Treasurer / Tax Manager, Esso (Thailand) Public Company Limited
- » Director and Treasurer / Tax Manager, 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.
- » Treasurer, Mobil Enterprises (Thailand) Limited

#### Experience in the past 5 years:

2011 – 2015

- » Treasurer / Tax Manager, Esso (Thailand) Public Company Limited
- » Treasurer / Tax Manager, 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.
- » Treasurer, Mobil Enterprises (Thailand) Limited

Records of violation of law\*: None  
Family Relationship with Executives of the Company: None  
Shareholding in the Company: 10,000 shares (0.0003%)

### Ms. Wattanee Phanachet

Independent Director and  
Member of Audit Committee  
(Non-executive)  
Age: 78

#### Education:

- » M.A. (Accounting), University of Alabama, USA

#### 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

#### 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  
(Non-executive)  
Age: 69

#### Education:

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

#### Current Positions:

- » -

#### 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  
(Non-executive)  
Age: 75

#### 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 and The Royal Institute
- » Chairman of Thailand Quality Award (TQA)
- » Chairman of Sub-committee of  
State Enterprise Performance Appraisal,  
State Enterprise Policy Office
- » Director of Monitoring and  
Evaluation Committee,  
King Prajadhipok's Institute
- » Vice Chairman of Foundation for  
Research of Thailand

#### 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  
(Non-executive)  
Age: 59

#### 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

#### Experience:

- 2014 – 2015
- » Inspector General, Ministry of Finance
- 2013 – 2014
- » Director General, Revenue Department
- 2013
- » Inspector General, Ministry of Finance
- 2012 – 2013
- » Deputy Director General, Revenue  
Department
- 2011 – 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  
(Non-executive)  
Age: 76

#### Education:

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

#### Current Positions:

- » -

#### Experience:

- » Chief Operating Officer,  
Thai Petrochemical Industries Public  
Company Limited
- » Logistics Director,  
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. Phiroon Yolwised

Industrial and Wholesale  
Manager  
(Executive)  
Age: 58

#### Education:

- » MBA, Nova Southeastern University,  
Florida, USA

#### Current Positions:

- » WS & LPG Manager,  
Wholesale & Specialties,  
Esso (Thailand) Public Company Limited

#### Experience in the past 5 years:

2011 – 2015

- » WS & LPG Manager,  
Wholesale & Specialties,  
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. Warathum Tungittiplakorn

Thailand Fuels Operations  
Manager  
(Executive)  
Age: 49

#### Education:

- » MBA, Old Dominion University,  
Virginia, USA

#### Current Positions:

- » Thailand Fuels Operations Manager,  
Esso (Thailand) Public Company Limited
- » Director,  
Thai Petroleum Pipeline Company Limited

#### Experience in the past 5 years:

2012 – 2015

- » Thailand Fuels Operations Manager,  
Esso (Thailand) Public Company Limited
- 2011
- » Special Assignment  
Esso (Thailand) Public Company Limited

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

\* 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.

# Shareholding and Management Structure

## 1 Shareholders

The top 10 shareholders registered in the share register book as of March 19, 2015 were as follows :

Shareholders *	Number of Shares	Shareholding (%)
1. ExxonMobil Asia Holdings Private Limited	2,283,750,000	65.99
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	31,175,900	0.90
5. State Street Bank and Trust Company	27,039,600	0.78
6. East Fourteen Limited-Dimensional EMER MKTS Value Fund	20,659,500	0.60
7. State Street Bank Europe Limited	19,941,300	0.58
8. Mr. Chaipitak Vorapatrasilawong	16,302,300	0.47
9. Mr. Prawit Phansaichuea	14,238,900	0.41
10. East Fourteen Limited- Emerging Markets Small Cap Series	13,534,600	0.39
<b>Total</b>	<b>2,680,392,100</b>	<b>77.46</b>

\* Excluding 112,263,362 shares (3.24%) under Thai NVDR Co., Ltd.

## 2 Dividend Policy

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

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

### 3 Board of Directors

The Articles of Association provide that the Board of Directors (the "Board") will be comprised of at least five directors, not less than half of whom are required to reside in Thailand. In addition, one-third, or the number of directors closest to one-third if the number of directors is not a multiple of three, of the Board is required to retire at each annual general meeting of shareholders. Retiring directors are eligible for re-election.

The Board consists of qualified persons with relevant experience.

#### The Board of Directors serving in 2015 comprised :

Name	Position
1. Mr. Neil A. Hansen	Chairman
2. Mr. Chai Jangsirikul	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 Pasiphol	Director
8. Mr. Sutthichai Sungkamanee	Independent Director
9. Mr. Wattana Chantarasorn	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

#### 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 value for 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.





## Board Appointment

The appointment, removal or resignation of directors is prescribed in the 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 cannot split his/her shares and cast his/her split votes 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.

## Independent Directors

In addition to the qualification described in item 7 (Nomination of Directors), 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 business relationship with the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person which may interfere with his 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 the normal business transaction, rent or lease of immovable property, transactions related to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantee, 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 the Securities and Exchange Commission and Stock Exchange of Thailand regulations. 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 effective October 19, 2015:**

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; Ms. Shanisara Rungsirijaratthong is the Audit Committee coordinator replacing Mr. Arthit Piya-Isragul effective November 5, 2015.

### 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 connected transactions or transactions 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 credibility 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 offence 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

The 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.

**The Performance Evaluation Committee members listed below were re-appointed for another 2 year term effective November 29, 2015:**

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, 2015:

Name	Position
1. Mr. Neil A. Hansen	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. Rattrimani Pasiphol	Director and Treasurer / Tax Manager
8. Mr. Phiroon Yolwised	Industrial and Wholesale Manager
9. Mr. Warathum Tungittiplakorn <sup>(1)</sup>	Thailand Fuels Operations Manager

(1) Mr. Warathum Tungittiplakorn become an executive officer effective August 1, 2015

(2) Mr. Kemchai Osathapan resigned from his position as an executive officer effective July 1, 2015

## 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

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 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

### Director 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 who are not receiving separate compensation from the Company, or its affiliates for any type of full-time service is comparable to those paid by other companies, and is as follows:

1. Directors who are also 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 2015:

Name	Fiscal year ended December 31, 2015 (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. Rattrimani Pasiphol <sup>(1)</sup>	-	-	-	-
8. Mr. Sutthichai Sungkamanee	-	1,600,008	-	1,600,008
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
<b>Total</b>	-	<b>9,200,028</b>	-	<b>9,200,028</b>

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

### Executive Remuneration

For the fiscal year ended December 31, 2015, the total executive remuneration for 10 executives (including the 1 executive who resigned in 2015), which includes salaries, wages, benefits, and post-employment benefits, to the extent borne by the Company, was Baht 84.3 Million.

Compensation	2015		2014	
	Number of Executives	Amount (K Baht)	Number of Executives	Amount (K Baht)
Salaries and other short-term employment benefit	10	61,640	11	57,575
Post-employment benefit	10	22,683	11	20,760
Bonus	10	-	11	-
<b>Total</b>		<b>84,323</b>		<b>78,335</b>

## 9 Management Structure

The management structure of the Company, its subsidiaries, and associated companies as of December 31, 2015 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. Rattrimani 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. Warathum Tungittiaplakorn	//						/

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, 2015 is as follows:

Name	Company			Shareholdings (%)	Subsidiaries** (company / No. of shares (%))
	No. of Shares as of December 31, 2014	No. of Shares as of December 31, 2015	Change Increase/ (Decrease) in 2015		
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	0.0003%	Mobil Enterprises (Thailand) Limited 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	0.0023%	-
14. Mr. Warathum Tungittiplakorn <sup>(1)</sup>	-	-	-	-	-

(1) Mr. Warathum Tungittiplakorn became an executive officer effective August 1, 2015

\* Including shareholding of spouse and minor child.

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

\*\*

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



## Corporate Governance

The Company believes the methods it employs to achieve results are as important as the results themselves. Directors, officers, and employees are expected to observe the highest standards of integrity and must comply with the Company's "Standards of Business Conduct". In addition, the corporate governance practices employed by the Company reflect the principles prescribed by the Stock Exchange of Thailand.

### 1 Standards of Business Conduct

The Company has well-established "Standards of Business Conduct" consisting of various policies and guidelines that apply to all officers and employees. Officers and employees are expected to review these policies annually and provide written confirmation of compliance. Formal business practice reviews are conducted periodically for all officers and 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 annual training on the anti-corruption policy to employees in designated positions.

The Standards of Business Conduct contain 17 foundational policies as follows:

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

The Company is committed to the highest standards of business conduct and rigorous anti-corruption compliance. We adopt the Anti-Corruption Legal Compliance Guide of Exxon Mobil Corporation which outlines a commitment to comply with the U.S. Foreign Corrupt Practices Act (FCPA), the United Kingdom Bribery Act, and global anti-corruption standards. It also describes elements of the Company's anti-corruption compliance program. Employees and contractors acting on behalf of the Company are strictly prohibited from making payments to or engaging in transactions with government officials to improperly influence the performance of their official duties.

In addition, the Company has an open door communications procedure set out in the Standards of Business Conduct that encourages employees 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, or the Company's internal controls, so that management can take appropriate corrective action. These foundational policies are posted on the Company's website at ([www.esso.co.th](http://www.esso.co.th)).



## 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 at, raise questions during, or propose agenda items for the annual general meeting of shareholders; nominate directors; and vote at general meetings of shareholders regarding the Company's performance, 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.

The Company facilitates and encourages its shareholders, including institutional shareholders, to attend the general meetings of shareholders. The Company attempts to select a meeting venue accessible by mass transportation for the convenience of its shareholders. In case of an appointment of a proxy, shareholders, including institutional shareholders, are encouraged to submit registration documents duly prepared in accordance with rules stipulated in the notice of the general meeting of shareholders along with all supporting documents to the Company prior to the meeting date. A barcode system is used for registration and vote counting to expedite the registration and vote computation process. The Company also provides stamp duty for the appointment of proxies.

### 2.2 Equitable Treatment of Shareholders

It is the Company's policy that directors, officers, and employees should avoid any actual or apparent conflict between their own personal interests and the interests of the Company. Furthermore, 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 potential 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 financial statements not to disclose any material information prior to disclosure of such information to the SET and the board of directors; and
- Remind the Company's directors, executives, employees, and officers, that they and 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 subject the individual 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 potential irregularities, incorrect financial reporting, deficiencies in internal controls, or unethical practices.

We recognize the importance and value of the communities and the environment in which we operate. We have a policy that sets the expectation of compliance with all applicable laws, rules, and regulations, and reiterates the importance of respect for 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 laws or Company policies. It is expected that all transactions are appropriately and accurately reflected in the Company's books and records. The falsification of books and records or 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 or in other public communications. Relevant information is 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 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's Investor Relations function serves as a focal point to conduct investor relations activities and ensure effective communication with investors and securities analysts. Various communication channels and methods are utilized including 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 convenience.

## 2.5 Board Responsibilities

### Board Structure and Responsibilities

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

### Board Meetings

In accordance with the 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 for the year are scheduled with notification provided to each director in advance. Normally, the notice of the meeting is sent to the directors 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 review by relevant persons.

Independent directors may meet to discuss Company items or issues without the presence of management. The outcome of such discussions are subsequently communicated to the Board.

**In 2015, the Board met 5 times with details of attendance as follows:**

Name	Board Meeting Attendance (times)
1. Mr. Neil A. Hansen	5/5
2. Mr. Chai Jangsirikul	5/5
3. Mr. Mongkolnimit Auacherdkul	5/5
4. Mr. Yodpong Sutatham	4/5
5. Mr. Adisak Jangkamolkulchai	4/5
6. Mr. Somjate Saifon	5/5
7. Ms. Ratrimani Pasiphol	5/5
8. Mr. Sutthichai Sungkamanee	4/5
9. Mr. Wattana Chantarasorn	4/5
10. Mr. Sompop Amatayakul	5/5
11. Mr. Smit Tiemprasert	5/5
12. Ms. Wattanee Phanachet	5/5

### Audit Committee

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

**In 2015, the Audit Committee met 8 times which included meetings involving individual discussions with the external auditors. The details of attendance were as follows:**

Name	Board Meeting Attendance (times)
1. Mr. Sompop Amatayakul	8/8
2. Mr. Smit Tiemprasert	8/8
3. Ms. Wattanee Phanachet	8/8

### Performance Evaluation Committee

See the Performance Evaluation Committee charter, responsibilities, and 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 2015, reviewed the assessment with the Board, and provided feedback to the Managing Director.

### 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 a report with the Company regarding their interest or related person's interest (i.e. information on shareholdings, directorships, or executive positions in other legal entity (ies)) which relates to management of the Company or its subsidiaries at the beginning of the year or upon a change.

### Director Development

It is expected that directors remain well-informed regarding current aspects of the Company's operations, projects, and best practices in corporate governance. In that regard, the Board encourages directors to participate in continuing education opportunities inside and outside of the Company, such as the programs offered by the Thai Institute of Directors Association (IOD).

Director participation in training courses sponsored by the IOD is summarized as follows:

Name	Course	Date of Attendance	Course Attendance in year 2015
1. Mr. Neil A. Hansen	DAP	6 Feb 2015	6 Feb 2015
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	18 May 2015	18 May 2015
9. Mr. Wattana Chantarasorn	DAP	27 Mar 2009	-
10. Mr. Sompop Amatayakul	DAP	26 Sep 2008	-
11. Mr. Smit Tiemprasert	DAP	Jan – Mar 2006	-
	FN	2005	-
12. Ms. Wattanee Phanachet	DAP	12 Mar – 16 Aug 2002	-
	DAP Refresher	25 Feb 2007	-
	ACP	14 – 15 Feb 2007	-

DAP = Director Accreditation Program  
 DCP = Director Certification Program  
 ACP = Audit Committee Program  
 FN = Finance for Non-Finance Director

#### Auditor Remuneration

The audit fees paid to the office of the external auditor, PricewaterhouseCoopers ABAS Limited, for the 2015 accounting period were Baht 4,500,000. 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 the Company's 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. The plans 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 strives to protect the safety, security, and health of its employees, those involved with its operations, its customers, and the public. These commitments are documented in the Company's 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 2013, Lloyd's Register Quality Assurance, Inc. 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.



## Control Systems

The System of Management Control Basic Standards (SMC) defines essential principles and concepts that form the foundation of the Company's business controls.

The Controls Integrity Management System (CIMS) is designed to assess and measure financial and business risks. CIMS includes embedded procedures for mitigating 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 the Company's 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 previously, many of these risk factors are not within the Company's control and could adversely affect its business and 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 generally 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 the Company's 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. The Company also may be adversely affected by the outcome of litigation or other legal proceedings including large and unpredictable punitive damage awards.

## Management Effectiveness

In addition to external factors, future business results depend on the ability to successfully manage those factors that are at least in part within the Company's control. The extent to which the Company can manage these factors will impact its performance.

### Operational Efficiency

An important component of the Company's performance, especially given the commodity-based nature of many of its 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 the asset portfolio.

### Safety, Business Controls, and 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. The Company's results depend on management's ability to mitigate these risks and effectively control business activities. We apply rigorous management systems and maintain a constant 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

The Company's ability to mitigate adverse impacts from natural disasters, human error, political or civil unrest, and similar events depends in part upon the effectiveness of 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

The Company is highly dependent on Exxon Mobil Corporation and/or its affiliates with respect to several aspects of its 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 significant agreements with Exxon Mobil Corporation and its affiliates were terminated, and we were unable to secure alternative sources for such services or recruit additional key personnel, this could adversely affect the Company's 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%.

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 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 the Company's 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 the 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 its 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 are 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 the Company's 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)

The System of Management Control (SMC) sets forth basic control principles, concepts, and standards. The Company implemented 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)

The 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 and Feedback Mechanism.

## Auditing and Compliance

### Business Practice Reviews (BPR)

The Company has long recognized the importance and value of sound corporate governance, a straight-forward business model, and high 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 practice reviews (BPR) 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 policies; and
- Report compliance concerns and ensure employee awareness of channels available for reporting 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 is subject to 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 fees paid to the office of the external auditor, PricewaterhouseCoopers ABAS Limited, for the 2015 accounting period were Baht 4,500,000. There were no other fees paid to the Company's auditor.

## Related Party Transactions

In order to leverage the global expertise of ExxonMobil, the Company executed numerous agreements with ExxonMobil and its affiliates. These agreements are beneficial to the Company and its operations. The terms and conditions of the agreements are on the same basis as those applied generally to all ExxonMobil affiliates worldwide. The agreements are on terms and conditions that are appropriate and reasonable. All of the related party agreements were either reviewed by the Audit Committee or are consistent with prescribed criteria.

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

Related party transactions undertaken in the past year pursuant to these agreements are for the benefit of the Company and were 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 considered and provided an opinion that such transactions were entered into in the normal course of business, are consistent with prescribed criteria and properly disclosed.

### **Approval of related party transactions**

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. Where 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 the 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 are on 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 expense in connection with financing transactions with the Company's affiliates is generally based on 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**

Listed below are the main agreements with related parties as of December 31, 2015.

Parties/Relationship with the Company		2015 Transaction Value (Million Baht)		
Agreements	Main Purposes	Sales	Purchase	Service Expenses
<b>Goods and Services</b>				
Crude Oil, LPG, Products and Feedstock, and Lube Basestock Supply Agreement	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 is an affiliate of Exxon Mobil Corporation (EMC). EMC indirectly holds 100% of shares in EMAPPL			
Paraxylene and Benzene Concentrate Supply and Offtake Agreement	EMAPPL provides services to 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.			
Assignment and Assumption Agreement for the Manufacture and/or sale of Toyota Oil and Chemical Product	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.			
Inter-Affiliate Product Sale and Purchase Agreement	Esso purchases finished lubricants, base oils, base stocks, and/or lubricant additives from EMAPPL.			
Inter-Affiliate Product Sale and Purchase Agreement	Esso sells finished lubricants, and/or lubricant additives as ordered by EMAPPL from time to time.	9,516	65,048	1,120
Downstream Regional Headquarters/Affiliate Master Service Agreement	EMAPPL provides services to 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.			
Chemical Regional Headquarters/Affiliate Service Agreement	EMAPPL provides services to 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.			

Parties/Relationship with the Company		2015 Transaction Value (Million Baht)		
Agreements	Main Purposes	Sales	Purchase	Service Expenses
<b>Goods and Services</b>				
Sale Agreement	<p>ExxonMobil Chemical Asia Pacific (“EMCAP”), a division of EMAPPL</p> <p>EMCAP is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMCAP</p> <p><b>EMCAP</b></p>		3,160	204
Paraxylene Sales Agreement	<p><b>EMCAP</b></p> <p>EMCAP sells to Esso paraxylene products in such a volume as Esso nominates from time to time.</p>			
Crude Oil, Products and Feedstocks Supply Agreement	<p>ExxonMobil Sales and Supply (“EMS&amp;S”)</p> <p>EMS&amp;S is an affiliate of EMC, EMC indirectly holds 100% of shares in EMS&amp;S</p>		28,619	
“Bangkok Business Support Center” Master Service Agreement	<p>ExxonMobil Limited (“EML”)</p> <p>EML is an affiliate of EMC and a subsidiary of ExxonMobil International Holdings Inc.</p>			1,353
Master Service Agreement	<p>EMC indirectly holds 100% of shares in EMC</p> <p>ExxonMobil Global Services Company (“EMGSC”)</p>			71
ExxonMobil Petroleum & Chemical Master Business Support Agreement	<p>EMGSC is an affiliate of EMC. EMC directly holds 100% of shares in EMGSC</p> <p>ExxonMobil Petroleum &amp; Chemical (“EMPC”)</p> <p>EMPC is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMPC</p>			7



Parties/Relationship with the Company		2015 Transaction Value (Million Baht)		
Agreements		Sales	Purchase	Service Expenses
Goods and Services		Main Purposes		
EssoAir Service Agreement	ExxonMobil Aviation International Ltd. (" <b>EMA</b> ") EMA is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMA			54
Inter Affiliate Marine Transportation Services Agreement	Standard Tankers Bahamas Ltd (" <b>STB</b> ") STB is an affiliate of EMC, which EMC indirectly holds 100% of shares in STB		2,218	2
Standard Research Agreement	ExxonMobil Research and Engineering Company (" <b>EMRE</b> ") EMRE is an affiliate of EMC, which EMC directly holds 100% of shares in EMRE			115
Catalyst Lease Agreement	ExxonMobil Catalyst Technologies LLC (" <b>EMCT</b> ") EMCT is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMCT		32	29
Catalyst Supply Agreement	<b>EMCT</b>			
Trademark License Agreement	Exxon Mobil Corporation (" <b>EMC</b> ") EMC is the ultimate parent company of various affiliates and subsidiaries			
Clearing House Service Agreement	<b>EMC</b>			4

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.

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.

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.

EMCT, as a lessor, commits to supply and lease catalysts to Esso.

Esso purchases catalysts from EMCT.

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.

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.

Parties/Relationship with the Company		2015 Transaction Value (Million Baht)			
		Sales	Purchase	Service Expenses	
<b>Goods and Services</b>					
Service Agreement	ExxonMobil Hong Kong Limited (“EMHKL”) EMHKL is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMHKL	EMHKL provides services to Esso covering managerial, professional and administrative, and other operational advice relating to their overall corporate operations to Esso.		0	
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	
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, which 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		
Inter-Affiliate Product Sale and Purchase Agreement	<b>EMML</b>	Esso sells finished lubricants, lubricating oils, greases and/or other marine lubricant products as ordered by EMML from time to time.	21		
Others			21	107	
<b>TOTAL (see notes to the financial statements no.33)</b>			<b>9,357</b>	<b>99,098<sup>(1)</sup></b>	<b>3,067</b>

(1) Baht 863 million service expenses paid to Thai Petroleum Pipeline Company Limited is not included

Agreements		Parties	Main Purposes	2015 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.	1,351		22
Promissory Notes	ExxonMobil United Finance Company ("EMUFC")		Esso issued five promissory notes at a discounted value of Baht 5,000 million in September 2012. The promissory notes were redeemed from holder on maturity date in September 2015.			133
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. Drawdowns and repayment can be made once per calendar month.	5,749		147
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 mature in December 2019.	5,600		155
Long-Term Loan Agreement	EMDFC		EMDFC provides Thai Baht-denominated long-term loan to Esso of Baht 6,000 million with principal repayment every 3 months. The loan will mature in October 2020.	6,000		35
<b>TOTAL (see notes to the financial statements no.33)</b>				<b>18,700</b>		<b>492</b>



## Report of the Audit Committee

The Audit Committee consists of three independent directors, with competencies of financial accounting, refinery management, and international management. In 2015, the Committee conducted eight meetings involving the external auditors, the internal control manager, and the Company's management. The Committee presented findings and submitted reports to the Board of Directors on a quarterly basis.

The Committee reviewed with management and the external auditors the accounting policies applied to the financial statements, financial issues, and management judgment made in connection with the financial statements. The Committee had a meeting with the external auditors without the presence of the Company's management with regards to the appropriateness of accounting policies, the application of new accounting standards, and the adequacy of risk management processes related to the Company's financial reporting. The Committee also focused on the impact of crude oil prices which continued to weaken and negatively impact the Company's earnings as a result of significant stock losses.

The external auditors reported the audit opinion that the financial statements were fairly stated in conformity with Thai accounting standards and that, there were no adjustments which had a material effect on the Company's financial statements. The external auditors reported no irregularities, fraud, or illegal acts involving the Company's management. Based on the results of the external auditors' report and the Committee's review with them, the Committee concluded that the financial statements were prepared in accordance with Thai Financial Reporting Standards (TFRS).

The Committee reviewed the appropriateness and reasonableness of related-party transactions, and queried management regarding significant changes to the terms and conditions of key inter-company agreements. There were no issues identified. Information and transactions with related parties were adequately disclosed.

The Committee reviewed the risk management framework including risk identification, risk assessment, mitigation measures, and the controls that the Company deploys. The Committee also reviewed the internal controls processes in relation to risk management with the external auditors, who confirmed the adequacy of internal controls over financial reporting processes. The Committee concluded that the Company's risk management system is comprehensive and appropriate.

The Committee had four meetings with the internal control manager to review the scope, activities, responsibilities, resources, and staffing for the internal controls function. In addition, the Committee reviewed the adequacy and integrity of internal controls, reports of findings from internal controls activities covering major issues, and the corrective actions taken by management.

The Committee reviewed legal and regulatory compliance and provided advice to further strengthen related controls and processes including clarifying and emphasizing the roles and responsibilities of Directors and Executives in overseeing business unit compliance with the Company's policies as well as applicable laws and regulations.

The Committee participated in screening and reviewing the qualifications and remuneration of the 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

Mrs. Wattanee Phanachet  
Audit Committee Member

Mr. Smit Tiemprasert  
Audit Committee Member

## Statement of Board 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 the requirements of the Public Company Act B.E. 2535, the Securities and Exchange Commission Act B.E. 2535, the Announcement of the Department of Business Development dated September 28, 2011 issued in accordance with Section 11, Paragraph 3 of the Accounting Act B.E. 2543, and the Financial Reporting Standards prescribed by the Federation of Accounting Professions.

The Board of Directors is responsible for the financial statements which have been prepared in a prudent manner and contain accurate and complete material information to provide reasonable assurance that the financial position, results of operations and cash flows of the Company and its subsidiaries are presented accurately, an effective internal control system has been established, accounting records have been properly and adequately maintained to safeguard assets and prevent fraud and other irregularities with material implications, appropriate accounting policies have been consistently applied in accordance with Financial Reporting Standards and material information has been adequately disclosed in the notes to the financial statements. The independent auditor has expressed opinion on the financial statements of Esso (Thailand) Public Company Limited and its subsidiaries in the Auditor's Report.



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 2015



# 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 2015, 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

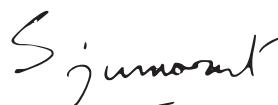
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 2015, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



**Somchai Jinnovart**

Certified Public Accountant (Thailand) No. 3271  
PricewaterhouseCoopers ABAS Ltd.  
Bangkok

23 February 2016

Esso (Thailand) Public Company Limited  
**Statement of Financial Position**

As at 31 December 2015

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated			Company		
		31 December 2015	31 December 2014	1 January 2014	31 December 2015	31 December 2014	1 January 2014
			Restated	Restated		Restated	Restated
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	6	264,476	409,116	1,002,448	221,668	277,156	502,421
Trade receivables, net	7	4,110,239	4,271,010	6,697,414	4,106,853	4,256,254	6,673,449
Trade receivables from a related party	33f	-	-	-	201,242	968,082	2,543,788
Amounts due from related parties	33f	4,345	-	133	44,574	58,659	100,982
Inventories, net	8	13,526,409	19,201,910	27,889,024	13,479,460	18,925,024	27,494,851
Other receivables, net	9	1,006,724	1,177,220	2,103,690	992,554	1,130,917	2,101,922
Other current assets	10	992,807	952,700	729,100	1,147,065	1,096,451	893,819
<b>Total current assets</b>		<b>19,905,000</b>	<b>26,011,956</b>	<b>38,421,809</b>	<b>20,193,416</b>	<b>26,712,543</b>	<b>40,311,232</b>
<b>Non-current assets</b>							
Investments in subsidiaries	11	-	-	-	114,589	114,589	114,589
Investments in an associate	11	2,330,800	2,076,517	1,705,346	1,729,360	1,729,360	1,729,360
Available-for-sale financial assets	12	1,316,250	1,125,000	990,000	1,316,250	1,125,000	990,000
Long-term loans to related parties	33g	-	-	-	2,593,352	2,416,901	2,383,058
Deferred income tax assets, net	14	3,366,491	3,681,380	1,099,283	3,241,399	3,564,348	968,933
Intangible assets, net	15	130,071	177,789	229,924	130,071	177,789	229,924
Property, plant and equipment, net	16	28,559,479	29,833,726	30,818,597	24,300,995	25,575,241	26,560,930
Non-current assets held for sale, net		-	-	104,710	-	-	-
Prepaid rental and deferred charges	17	1,005,248	967,040	720,847	2,174,195	2,300,038	2,195,490
Other non-current assets		88,276	100,150	35,037	72,277	83,120	18,948
<b>Total non-current assets</b>		<b>36,796,615</b>	<b>37,961,602</b>	<b>35,703,744</b>	<b>35,672,488</b>	<b>37,086,386</b>	<b>35,191,232</b>
<b>Total assets</b>		<b>56,701,615</b>	<b>63,973,558</b>	<b>74,125,553</b>	<b>55,865,904</b>	<b>63,798,929</b>	<b>75,502,464</b>


  
 Director *CM* *Neil A Hansen*

Esso (Thailand) Public Company Limited  
**Statement of Financial Position**

As at 31 December 2015

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated			Company		
		31 December 2015	31 December 2014	1 January 2014	31 December 2015	31 December 2014	1 January 2014
			Restated	Restated		Restated	Restated
<b>Liabilities and shareholders' equity</b>							
<b>Current liabilities</b>							
Short-term borrowings							
from financial institutions	18	7,419,878	13,709,656	17,184,230	7,419,878	13,709,656	17,184,230
Trade and other payables	19	4,448,577	3,509,415	3,674,121	4,421,824	3,413,910	3,570,747
Short-term loans from related parties	33h	9,699,940	12,365,557	6,198,667	9,749,433	12,873,593	7,833,629
Amounts due to related parties	33f	6,145,496	9,640,017	11,131,340	6,147,766	9,630,029	11,132,490
Short-term provisions for employee benefits	20	669,145	846,986	496,932	606,728	636,949	496,932
<b>Total current liabilities</b>		<b>28,383,036</b>	<b>40,071,631</b>	<b>38,685,290</b>	<b>28,345,629</b>	<b>40,264,137</b>	<b>40,218,028</b>
<b>Non-current liabilities</b>							
Long-term borrowings							
from financial institutions	18	3,000,000	4,000,000	5,800,000	3,000,000	4,000,000	5,800,000
Long-term loans from related parties	33h	9,000,000	5,600,000	5,213,195	9,001,084	5,600,798	5,213,804
Long-term provisions for employee benefits	20	2,548,031	2,376,901	2,308,226	2,548,031	2,376,901	2,308,226
Other non-current liabilities		1,358	4,821	1,893	1,358	4,821	1,893
<b>Total non-current liabilities</b>		<b>14,549,389</b>	<b>11,981,722</b>	<b>13,323,314</b>	<b>14,550,473</b>	<b>11,982,520</b>	<b>13,323,923</b>
<b>Total liabilities</b>		<b>42,932,425</b>	<b>52,053,353</b>	<b>52,008,604</b>	<b>42,896,102</b>	<b>52,246,657</b>	<b>53,541,951</b>
<b>Shareholders' equity</b>							
Share capital							
Authorised share capital							
3,467,916,666 ordinary shares							
with par value of							
Baht 4.9338 each	21	17,110,007	17,110,007	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	21	17,075,181	17,075,181	17,075,181	17,075,181	17,075,181	17,075,181
Share premium	21	4,031,711	4,031,711	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	653,243	653,243
Unappropriated		(8,418,978)	(10,119,214)	187,609	(9,210,935)	(10,479,716)	38,604
Other components of equity	23	420,602	271,853	161,774	420,602	271,853	161,774
Equity attributable to owners of the parent		13,761,759	11,912,774	22,109,518	12,969,802	11,552,272	21,960,513
Non-controlling interests		7,431	7,431	7,431	-	-	-
<b>Total shareholders' equity</b>		<b>13,769,190</b>	<b>11,920,205</b>	<b>22,116,949</b>	<b>12,969,802</b>	<b>11,552,272</b>	<b>21,960,513</b>
<b>Total liabilities and shareholders' equity</b>		<b>56,701,615</b>	<b>63,973,558</b>	<b>74,125,553</b>	<b>55,865,904</b>	<b>63,798,929</b>	<b>75,502,464</b>

The notes on pages 81 to 120 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 2015

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated		Company	
		2015	2014	2015	2014
			Restated		Restated
Sales	24	169,535,195	218,187,435	168,373,298	216,632,036
Subsidy from Oil Fuel Fund		355,924	2,547,570	355,924	2,547,570
Cost of sales		(161,539,648)	(226,673,464)	(160,998,214)	(225,895,982)
<b>Gross profit (loss)</b>		8,351,471	(5,938,459)	7,731,008	(6,716,376)
Selling expenses		(5,633,606)	(5,479,797)	(5,331,205)	(4,886,323)
Administrative expenses		(395,765)	(419,996)	(395,765)	(419,996)
<b>Profit (Loss) from sales</b>		2,322,100	(11,838,252)	2,004,038	(12,022,695)
Other income		68,155	98,975	170,394	81,666
Interest income		4,488	5,017	167,825	167,195
Interest expense		(774,762)	(901,772)	(787,714)	(931,582)
Share of profit from an associate	11	363,239	371,171	-	-
Other non-operating expense	27	-	(648,940)	-	(435,787)
<b>Profit (Loss) before income tax</b>		1,983,220	(12,913,801)	1,554,543	(13,141,203)
Income tax (expense) credit	26	(282,181)	2,607,794	(285,762)	2,622,883
<b>Profit (Loss) for the year</b>		1,701,039	(10,306,007)	1,268,781	(10,518,320)
<b>Other comprehensive income, net of income tax:</b>					
Item that will not be reclassified to profit or loss:					
Remeasurements of post-employment benefit obligations	23	(4,251)	2,079	(4,251)	2,079
Item that will be reclassified subsequently to profit or loss:					
Gains on remeasuring available-for-sale investments	23	153,000	108,000	153,000	108,000
<b>Total comprehensive income (expense) for the year</b>		1,849,788	(10,195,928)	1,417,530	(10,408,241)
<b>Profit (Loss) attributable to:</b>					
Owners of the parent		1,700,236	(10,306,823)	1,268,781	(10,518,320)
Non-controlling interests		803	816	-	-
		1,701,039	(10,306,007)	1,268,781	(10,518,320)
<b>Total comprehensive income (expense) attributable to:</b>					
Owners of the parent		1,848,985	(10,196,744)	1,417,530	(10,408,241)
Non-controlling interests		803	816	-	-
		1,849,788	(10,195,928)	1,417,530	(10,408,241)
<b>Earnings (Loss) per share for profit (loss) attributable to the equity holders of the parent</b> (expressed in Baht per share)					
Basic/diluted	28	0.49	(2.98)	0.37	(3.04)

The notes on pages 81 to 120 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 2015

(All amounts in Baht thousand unless otherwise stated)

		Consolidated									
		Attributable to owners of the parent					Other components of equity				
		Retained earnings (Deficits)		Other comprehensive income			Total attributable to owners of the parent		Total shareholders' equity		
Note	Issued and paid-up share capital	Share premium	Appropriated - legal reserve	Unappropriated - retained earnings	Available for-sale investments	Post-employment benefit obligations	Other components of equity	Non-controlling interests	Total	Retained earnings (Deficits)	Other comprehensive income
	17,075,181	4,031,711	653,243	48,242	763,200	-	763,200	22,571,577	7,431	22,579,008	
	-	-	-	139,367	-	(601,426)	(601,426)	(462,059)	-	(462,059)	
3	17,075,181	4,031,711	653,243	187,609	763,200	(601,426)	161,774	22,109,518	7,431	22,116,949	
	-	-	-	(10,306,823)	108,000	2,079	110,079	(10,196,744)	816	(10,195,928)	
	-	-	-	-	-	-	-	-	(816)	(816)	
	17,075,181	4,031,711	653,243	(10,119,214)	871,200	(599,347)	271,853	11,912,774	7,431	11,920,205	
	17,075,181	4,031,711	653,243	(10,298,213)	871,200	-	871,200	12,333,122	7,431	12,340,553	
	-	-	-	178,999	-	(599,347)	(599,347)	(420,348)	-	(420,348)	
3	17,075,181	4,031,711	653,243	(10,119,214)	871,200	(599,347)	271,853	11,912,774	7,431	11,920,205	
	-	-	-	1,700,236	153,000	(4,251)	148,749	1,848,985	803	1,849,788	
	-	-	-	-	-	-	-	-	(803)	(803)	
	17,075,181	4,031,711	653,243	(8,418,978)	1,024,200	(603,598)	420,602	13,761,759	7,431	13,769,190	

The notes on pages 81 to 120 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 2015

(All amounts in Baht thousand unless otherwise stated)

	Company							
	Issued and paid-up share capital	Share premium	Retained earnings (Deficits)		Other components of equity			Total other components of equity
			Appropriated - legal reserve	Unappropriated - retained earnings	Available-for-sale investments	Post-employment benefit obligations	Total shareholders' equity	
<b>Opening balance 2014</b>	17,075,181	4,031,711	653,243	(100,763)	763,200	-	763,200	22,422,572
Retrospective adjustment from								
Changes in accounting policy	3	-	-	139,367	-	(601,426)	(601,426)	(462,059)
<b>Balance after adjustment</b>	17,075,181	4,031,711	653,243	38,604	763,200	(601,426)	161,774	21,960,513
Changes in equity for the year 2014								
Total comprehensive (expense) income	-	-	-	(10,518,320)	108,000	2,079	110,079	(10,408,241)
<b>Closing balance at 31 December 2014</b>	17,075,181	4,031,711	653,243	(10,479,716)	871,200	(599,347)	271,853	11,552,272
<b>Opening balance 2015</b>	17,075,181	4,031,711	653,243	(10,658,715)	871,200	-	871,200	11,972,620
Retrospective adjustment from								
Changes in accounting policy	3	-	-	178,999	-	(599,347)	(599,347)	(420,348)
<b>Balance after adjustment</b>	17,075,181	4,031,711	653,243	(10,479,716)	871,200	(599,347)	271,853	11,552,272
<b>Changes in equity for the year 2015</b>								
Total comprehensive income (expense)	-	-	-	1,268,781	153,000	(4,251)	148,749	1,417,530
<b>Closing balance at 31 December 2015</b>	17,075,181	4,031,711	653,243	(9,210,935)	1,024,200	(603,598)	420,602	12,969,802

The notes on pages 81 to 120 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 2015

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

	Notes	Consolidated		Company	
		2015	2014	2015	2014
			Restated		Restated
<b>Cash flows from operating activities</b>					
Cash generated from operations	29	7,951,523	32,574	8,526,350	1,525,300
Interest paid		(1,023,709)	(1,087,971)	(1,042,134)	(1,119,753)
Income tax paid		(2,067)	(6,367)	-	-
<b>Net cash generated from (used in) operating activities</b>		<b>6,925,747</b>	<b>(1,061,764)</b>	<b>7,484,216</b>	<b>405,547</b>
<b>Cash flows from investing activities</b>					
Loan payments received from related parties	33g	-	-	41,101	188,759
Loans made to related parties	33g	-	-	(217,552)	(222,602)
Dividend Received		140,726	35,280	143,226	38,080
Purchase of intangible assets	15	(3,043)	-	(3,043)	-
Purchase of property, plant and equipment	16	(926,919)	(1,161,698)	(926,919)	(1,161,698)
Interest received		4,488	5,017	166,577	167,739
Proceeds from disposal of property, plant and equipment	29	8,938	111,520	8,938	6,519
<b>Net cash used in investing activities</b>		<b>(775,810)</b>	<b>(1,009,881)</b>	<b>(787,672)</b>	<b>(983,203)</b>
<b>Cash flows from financing activities</b>					
Net (payments on) proceeds from short-term borrowings		(5,490,450)	1,301,369	(5,490,450)	1,301,369
Payments on long-term borrowings		(2,800,000)	(7,100,000)	(2,800,000)	(7,100,000)
Proceeds from long-term borrowings		1,000,000	1,000,000	1,000,000	1,000,000
Net proceeds from (payments on) short-term loans from related parties		1,396,674	677,760	938,133	(449,167)
Payment on long-term loans from related parties		(6,400,000)	-	(6,403,735)	(4,036)
Proceeds from long-term loans from related parties		6,000,000	5,600,000	6,004,020	5,604,225
Dividends paid to non-controlling interests		(801)	(816)	-	-
<b>Net cash (used in) generated from financing activities</b>		<b>(6,294,577)</b>	<b>1,478,313</b>	<b>(6,752,032)</b>	<b>352,391</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(144,640)</b>	<b>(593,332)</b>	<b>(55,488)</b>	<b>(225,265)</b>
Cash and cash equivalents at the beginning of the year		409,116	1,002,448	277,156	502,421
<b>Cash and cash equivalents at the end of the year</b>	6	<b>264,476</b>	<b>409,116</b>	<b>221,668</b>	<b>277,156</b>

The notes on pages 81 to 120 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 2015

*(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 and the operation of retail service stations. The Group operates a refinery and chemical 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 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 2016.

### 2 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 its 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 4.

As at 31 December 2015, the current liabilities of the Group exceeded the current assets by approximately Baht 8,478,036 thousand. The Group currently has adequate financing sources to enable the payment of liabilities when they become due as follows: (1) uncommitted borrowing facilities from related companies and third parties in the amount of Baht 79,055,707 thousand to fund the payment of liabilities, and (2) ability to offer Baht 12,000,000 thousand of bills of exchange in a revolving program as approved by the Securities and Exchange Commission. 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 and interpretations

### 1) New financial reporting standards, revised accounting standards, revised financial reporting standards which 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 interests 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 property, plant and equipment when they meet the definition of property, plant and equipment. 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 27 (revised 2014) provide the requirements relating to separate financial statements.

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 segments. 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 12 requires entities to disclose information that helps readers of financial statements to evaluate the nature of risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

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. This standard has no impact to the group, except for disclosures.

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 except for TAS 19 as disclosed in Note 3 will not significantly impact the financial information being presented.

## 2) New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2016.

TAS 16 (revised 2015)	Property, plant and equipment
TAS 19 (revised 2015)	Employee benefits
TAS 24 (revised 2015)	Related party disclosures
TAS 27 (revised 2015)	Separate financial statements
TAS 36 (revised 2015)	Impairment of assets
TAS 38 (revised 2015)	Intangible assets
TAS 40 (revised 2015)	Investment property
TAS 41(revised 2015)	Agriculture
TFRS 2 (revised 2015)	Share-based payment
TFRS 3 (revised 2015)	Business combinations
TFRS 4 (revised 2015)	Insurance contracts
TFRS 8 (revised 2015)	Operating segments
TFRS 10 (revised 2015)	Consolidated financial statements
TFRS 12 (revised 2015)	Disclosure of interests in other entities
TFRS 13 (revised 2015)	Fair value measurement
TFRIC 21 (revised 2015)	Levies

TAS 16 (revised 2015), 'Property, plant and equipment' clarifies how the gross carrying amount and the accumulated depreciation are treated when an entity uses the revaluation model.

TAS 19 (revised 2015), 'Employee benefits' is amended to apply to contributions from employees or third parties to defined benefit plans and to clarify the accounting treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.

TAS 27 (revised 2015) allows an investment entity that is exempted from consolidating its subsidiaries presenting separate financial statements as its only financial statements. It requires the investment entity to measure its investment in subsidiaries at fair value through profit or loss.

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy, 2) when fair value measurement categorised within level 2 and level 3, disclosures are required for valuation technique and key assumption.

TAS 38 (revised 2015), 'Intangible assets' is amended to clarify how the gross carrying amount and the accumulated amortisation are treated when an entity uses the revaluation model.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to the chief operating decision maker.

TFRS 10 (revised 2015) 'Consolidated financial statements' is amended to define an investment entity and introduce an exception from consolidation. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss.

TFRS 12 (revised 2015) introduces disclosures that an investment entity needs to disclose.

TFRS 13 (revised 2015), 'Fair value measurement' is amended to clarify that the portfolio exception in TFRS 13 applies to all contracts (including non-financial contracts) within the scope of TAS 39 (when announced) or IFRS 9 (when announced).

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 Group Accounting - Investments in subsidiaries and associates

### (a) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. 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 consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognise and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or losses 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 separated financial statements, investments in subsidiaries are reported using the cost method. Details of the subsidiaries are included in Note 11.

*(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 control, 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. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

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.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the income statement.

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

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 11.

**2.4 Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. 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 expenditures. 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.

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 levied by the same taxation authority.

## 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 overhead.

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, 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 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 lease 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, 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.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of Thai Government bonds 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

### (c) *Employee Savings Plan*

Beginning 2009, the Group operates an Employee Savings 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 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 sale 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 Change in accounting policies

## Employee benefits

The accounting policies for employee benefits used in the financial statements for the year ended 31 December 2015 are consistent with those used in the annual financial statements for the year ended 31 December 2014, except for changes by the revised accounting standard as follows:

- The Group recognised actuarial gains and losses in other comprehensive income in the period in which they arose.
- The Group recognised past-service costs in profit or loss immediately.

The effect of the adoption of the amended standards and related interpretations to the statement of financial position as at 31 December 2014 are presented as follows:

Consolidated	Originally stated	Adjustments	Restated
<b>Statement of financial position</b>			
<b>as at 1 January 2014</b>			
Deferred income tax assets	983,768	115,515	1,099,283
Long-term provisions for employee benefits	1,730,652	577,574	2,308,226
Retained earnings-unappropriated	48,242	139,367	187,609
Other components of equity	763,200	(601,426)	161,774
<b>Statement of financial position</b>			
<b>as at 31 December 2014</b>			
Deferred income tax assets	3,576,293	105,087	3,681,380
Long-term provisions for employee benefits	1,851,466	525,435	2,376,901
Retained earnings - unappropriated	(10,298,213)	178,999	(10,119,214)
Other components of equity	871,200	(599,347)	271,853
<b>Statement of comprehensive income</b>			
<b>for the year ended 31 December 2014</b>			
Cost of sales	(226,715,122)	41,658	(226,673,464)
Selling expenses	(5,487,679)	7,882	(5,479,797)
Income tax credit	2,617,702	(9,908)	2,607,794
Loss for the year	(10,345,639)	39,632	(10,306,007)
Loss per share	(2.99)	0.01	(2.98)
Company	Originally stated	Adjustments	Restated
<b>Statement of financial position</b>			
<b>as at 1 January 2014</b>			
Deferred income tax assets	853,418	115,515	968,933
Long-term provisions for employee benefits	1,730,652	577,574	2,308,226
Retained earnings-unappropriated	(100,763)	139,367	38,604
Other components of equity	763,200	(601,426)	161,774
<b>Statement of financial position</b>			
<b>as at 31 December 2014</b>			
Deferred income tax assets	3,459,261	105,087	3,564,348
Long-term provisions for employee benefits	1,851,466	525,435	2,376,901
Retained earnings - unappropriated	(10,658,715)	178,999	(10,479,716)
Other components of equity	871,200	(599,347)	271,853
<b>Statement of comprehensive income</b>			
<b>for the year ended 31 December 2014</b>			
Cost of sales	(225,937,640)	41,658	(225,895,982)
Selling expenses	(4,894,205)	7,882	(4,886,323)
Income tax credit	2,632,791	(9,908)	2,622,883
Loss for the year	(10,557,952)	39,632	(10,518,320)
Loss per share	(3.05)	0.01	(3.04)

## 4 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.

#### *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.

## 5 Segment information

As at 31 December 2015, 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 2015 are as follows:

	Downstream	Petrochemicals	Group
Total segment revenue	180,122,110	27,275,919	207,398,029
Inter-segment revenue	(22,899,547)	(14,607,363)	(37,506,910)
Revenue	157,222,563	12,668,556	169,891,119
Segment profit (loss) from sales	5,279,978	(2,957,878)	2,322,100
Segment fixed assets	25,697,026	2,862,453	28,559,479

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	202,199,743	18,535,262	220,735,005
Segment loss from sales	(8,984,934)	(2,853,318)	(11,838,252)
Segment fixed assets	26,416,470	3,417,256	29,833,726

## 6 Cash and cash equivalents

	Consolidated		Company	
	2015	2014	2015	2014
Cash at bank	77,172	100,843	64,232	81,756
Cash on hand	187,304	308,273	157,436	195,400
Cash and cash equivalents	264,476	409,116	221,668	277,156

The average interest rate for cash at bank in 2015 was 0.7% (2014: 0.7%).

## 7 Trade receivables, net

	Consolidated		Company	
	2015	2014	2015	2014
Trade receivables, gross	4,133,162	4,296,772	4,129,776	4,282,016
Less: Allowance for impairment of trade receivables (Note 29)	(22,923)	(25,762)	(22,923)	(25,762)
Trade receivables, net	4,110,239	4,271,010	4,106,853	4,256,254

Outstanding trade receivables, as at 31 December 2015 and 2014, are analysed as follows:

	Consolidated		Company	
	2015	2014	2015	2014
Current	4,104,380	4,269,738	4,100,994	4,254,982
Overdue:				
- Less than 3 months	3,510	-	3,510	-
- 3 to 6 months	-	-	-	-
- 6 to 12 months	-	-	-	-
- Over 12 months	25,272	27,034	25,272	27,034
	4,133,162	4,296,772	4,129,776	4,282,016
Less: Allowance for impairment of trade receivables (Note 29)	(22,923)	(25,762)	(22,923)	(25,762)
	4,110,239	4,271,010	4,106,853	4,256,254

## 8 Inventories, net

	Consolidated		Company	
	2015	2014	2015	2014
Crude oil	7,070,210	9,540,233	7,070,210	9,540,233
Petroleum products	4,642,935	7,476,055	4,601,563	7,257,816
Chemical products	885,203	1,212,882	885,203	1,212,882
Materials and supplies	918,543	907,469	918,543	907,469
Other merchandise	9,518	65,271	3,941	6,624
Inventories, net	13,526,409	19,201,910	13,479,460	18,925,024

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, were 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 2015, the value of this inventory amounted to Baht 4,268,176 thousand (2014: Baht 8,612,769 thousand).

## 9 Other receivables, net

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

## 10 Other current assets

	Consolidated		Company	
	2015	2014	2015	2014
Accounts receivable - other	111,132	89,661	101,339	69,361
Prepaid expenses and deferred charges	881,675	863,039	1,045,726	1,027,090
	992,807	952,700	1,147,065	1,096,451

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

## 11 Investments in subsidiaries and an associate

### 11.1 Subsidiaries

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

Business		Investment value per cost method		% Ordinary share ownership	
		2015	2014	2015	2014
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.

### 11.2 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 movements in investments in an associate are as follows:

	Consolidated		Company	
	2015	2014	2015	2014
At 1 January	2,076,517	1,705,346	1,729,360	1,729,360
Share of profit from an associate (Note 29)	363,239	371,171	-	-
Dividend received	(108,956)	-	-	-
At 31 December	2,330,800	2,076,517	1,729,360	1,729,360

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

	Consolidated	
	2015	2014
Assets	2,515,975	2,233,750
Liabilities	(185,175)	(157,233)
Net assets	2,330,800	2,076,517
Revenues	714,478	696,077
Net profit	363,239	371,171
Dividend received	108,956	-

## 12 Available-for-sale financial assets

	Consolidated and Company	
	2015	2014
At 1 January	1,125,000	990,000
Unrealised gain recognised in OCI (Note 23)	191,250	135,000
At 31 December	1,316,250	1,125,000

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.



## 13 Fair value

### Fair value estimation

The table below analyses financial instruments carried at fair value, by the valuation method. The different levels have been defined as follows:

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

The following table presents the Group's financial assets that are measured at fair value Level 1 at 31 December 2015.

	Consolidated and Company
<b>Asset</b>	
Available-for-sale financial assets	
• Equity securities	1,316,250
Total asset	1,316,250

The Group and the Company have no financial assets that are measured at fair value Level 2 and 3.

## 14 Deferred income tax, net

The analysis of deferred tax assets and deferred tax liability is as follows:

	Consolidated		Company	
	2015	2014	2015	2014
<b>Deferred tax assets:</b>				
- To be recovered within 12 months	783,304	213,204	767,196	205,156
- To be recovered after more than 12 months	2,839,237	3,685,976	2,730,253	3,576,992
	3,622,541	3,899,180	3,497,449	3,782,148
<b>Deferred tax liabilities:</b>				
- To be settled after more than 12 months	(256,050)	(217,800)	(256,050)	(217,800)
<b>Deferred tax assets, net</b>	3,366,491	3,681,380	3,241,399	3,564,348

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.

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

	Consolidated		Company	
	2015	2014	2015	2014
At 1 January	3,681,380	1,099,283	3,564,348	968,933
(Charged) Credited to profit or loss (Note 26)	(277,702)	2,609,617	(285,762)	2,622,935
Charged to OCI (Note 23)	(37,187)	(27,520)	(37,187)	(27,520)
At 31 December	3,366,491	3,681,380	3,241,399	3,564,348

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:

	Consolidated			
	At 1 January 2014	(Charged)/ Credited to profit or loss	Charged to OCI	At 31 December 2014
<b>Deferred tax assets</b>				
Depreciation	315,585	(40,670)	-	274,915
Pensions and employee benefits (Note 23)	561,032	42,258	(520)	602,770
Tax losses carried forward	88,877	2,703,639	-	2,792,516
Interest on zero coupon bonds	152,396	(74,724)	-	77,672
Others	172,193	(20,886)	-	151,307
Deferred tax assets	1,290,083	2,609,617	(520)	3,899,180
<b>Deferred tax liabilities</b>				
Unrealised gain on available-for- sale financial assets (Note 23)	(190,800)	-	(27,000)	(217,800)
Deferred tax liabilities	(190,800)	-	(27,000)	(217,800)

## Consolidated

	At 1 January 2015	(Charged)/ Credited to profit or loss	Credited/ (Charged) to OCI	At 31 December 2015
<b>Deferred tax assets</b>				
Depreciation	274,915	(41,648)	-	233,267
Pensions and employee benefits (Note 23)	602,770	39,588	1,063	643,421
Tax losses carried forward	2,792,516	(198,571)	-	2,593,945
Interest on zero coupon bonds	77,672	(77,672)	-	-
Others	151,307	601	-	151,908
Deferred tax assets	3,899,180	(277,702)	1,063	3,622,541
<b>Deferred tax liabilities</b>				
Unrealised gain on available-for- sale financial assets (Note 23)	(217,800)	-	(38,250)	(256,050)
Deferred tax liabilities	(217,800)	-	(38,250)	(256,050)

## Company

	At 1 January 2014	(Charged)/ Credited to profit or loss	Charged to OCI	At 31 December 2014
<b>Deferred tax assets</b>				
Depreciation	315,585	(40,670)	-	274,915
Pensions and employee benefits (Note 23)	561,032	42,258	(520)	602,770
Tax losses carried forward	81,207	2,703,262	-	2,784,469
Interest on zero coupon bonds	152,396	(74,724)	-	77,672
Others	49,513	(7,191)	-	42,322
Deferred tax assets	1,159,733	2,622,935	(520)	3,782,148
<b>Deferred tax liabilities</b>				
Unrealised gain on available-for- sale financial assets (Note 23)	(190,800)	-	(27,000)	(217,800)
Deferred tax liabilities	(190,800)	-	(27,000)	(217,800)

	Company			
	At 1 January 2015	(Charged)/ Credited to profit or loss	Credited/ (Charged) to OCI	At 31 December 2015
<b>Deferred tax assets</b>				
Depreciation	274,915	(41,648)	-	233,267
Pensions and employee benefits (Note 23)	602,770	27,105	1,063	630,938
Tax losses carried forward	2,784,469	(194,148)	-	2,590,321
Interest on zero coupon bonds	77,672	(77,672)	-	-
Others	42,322	601	-	42,923
	<b>3,782,148</b>	<b>(285,762)</b>	<b>1,063</b>	<b>3,497,449</b>
<b>Deferred tax liabilities</b>				
Unrealised gain on available-for- sale financial assets (Note 23)	(217,800)	-	(38,250)	(256,050)
	<b>(217,800)</b>	<b>-</b>	<b>(38,250)</b>	<b>(256,050)</b>

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.

## 15 Intangible assets, net

	Consolidated and Company		
	Computer software	Royalties and licences	Total
<b>At 1 January 2014</b>			
Cost	616,354	805,248	1,421,602
Less: Accumulated amortisation	(541,398)	(650,280)	(1,191,678)
	<b>74,956</b>	<b>154,968</b>	<b>229,924</b>
<b>Year ended 31 December 2014</b>			
Opening net book amount	74,956	154,968	229,924
Write-off*	-	-	-
Amortisation charge (Note 29)	(29,057)	(23,078)	(52,135)
	<b>45,899</b>	<b>131,890</b>	<b>177,789</b>

	Consolidated and Company		
	Computer software	Royalties and licences	Total
<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>	<b>45,899</b>	<b>131,890</b>	<b>177,789</b>
<b>Year ended 31 December 2015</b>			
Opening net book amount	45,899	131,890	177,789
Write-off*	-	-	-
Addition	3,043	-	3,043
Amortisation charge (Note 29)	(28,314)	(22,447)	(50,761)
<b>Closing net book amount</b>	<b>20,628</b>	<b>109,443</b>	<b>130,071</b>
<b>At 31 December 2015</b>			
Cost	615,191	802,047	1,417,238
Less: Accumulated amortisation	(594,563)	(692,604)	(1,287,167)
<b>Net book amount</b>	<b>20,628</b>	<b>109,443</b>	<b>130,071</b>

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 2015, the Company wrote off royalties and licences with a net book value of Baht 1, Baht 3,200,000 in cost, and Baht 3,199,999 in accumulated amortisation. 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.

## 16 Property, plant and equipment, net

	Consolidated			Total
	Land	Buildings, plant and equipment	Construction in progress	
<b>At 1 January 2014</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>	<b>5,018,865</b>	<b>24,519,656</b>	<b>1,280,076</b>	<b>30,818,597</b>

	Consolidated			Total
	Land	Buildings, plant and equipment	Construction in progress	
<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	-	(49,125)	(680)	(49,805)
Adjustment	818	-	-	818
Transfers	-	1,833,261	(1,833,261)	-
Depreciation charge (Note 29)	-	(2,097,582)	-	(2,097,582)
<b>Closing net book amount</b>	<b>5,019,683</b>	<b>24,206,210</b>	<b>607,833</b>	<b>29,833,726</b>
<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>	<b>5,019,683</b>	<b>24,206,210</b>	<b>607,833</b>	<b>29,833,726</b>
<b>Year ended 31 December 2015</b>				
Opening net book amount	5,019,683	24,206,210	607,833	29,833,726
Additions	-	-	926,919	926,919
Disposals	-	(50,388)	(4,079)	(54,467)
Transfers	-	927,363	(927,363)	-
Depreciation charge (Note 29)	-	(2,146,699)	-	(2,146,699)
<b>Closing net book amount</b>	<b>5,019,683</b>	<b>22,936,486</b>	<b>603,310</b>	<b>28,559,479</b>
<b>At 31 December 2015</b>				
Cost	5,019,683	59,998,013	603,310	65,621,006
Less: Accumulated depreciation	-	(37,061,527)	-	(37,061,527)
<b>Net book amount</b>	<b>5,019,683</b>	<b>22,936,486</b>	<b>603,310</b>	<b>28,559,479</b>

	Company			
	Land	Buildings, plant and equipment	Construction in progress	Total
<b>At 1 January 2014</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>	<b>675,420</b>	<b>24,605,435</b>	<b>1,280,075</b>	<b>26,560,930</b>
<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	-	(49,125)	(680)	(49,805)
Transfer	-	1,833,261	(1,833,261)	-
Depreciation charge (Note 29)	-	(2,097,582)	-	(2,097,582)
<b>Closing net book amount</b>	<b>675,420</b>	<b>24,291,989</b>	<b>607,832</b>	<b>25,575,241</b>
<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>	<b>675,420</b>	<b>24,291,989</b>	<b>607,832</b>	<b>25,575,241</b>
<b>Year ended 31 December 2015</b>				
Opening net book amount	675,420	24,291,989	607,832	25,575,241
Additions	-	-	926,919	926,919
Disposals	-	(50,387)	(4,079)	(54,466)
Transfers	-	927,363	(927,363)	-
Depreciation charge (Note 29)	-	(2,146,699)	-	(2,146,699)
<b>Closing net book amount</b>	<b>675,420</b>	<b>23,022,266</b>	<b>603,309</b>	<b>24,300,995</b>
<b>At 31 December 2015</b>				
Cost	675,420	59,632,742	603,309	60,911,471
Less: Accumulated depreciation	-	(36,610,476)	-	(36,610,476)
<b>Net book amount</b>	<b>675,420</b>	<b>23,022,266</b>	<b>603,309</b>	<b>24,300,995</b>

As at 31 December 2015, the cost of fully-depreciated property, plant and equipment of the Group and the Company, that were still in use amounted to Baht 11,068,980 thousand and Baht 10,732,700 thousand, respectively (2014: Baht 11,139,096 thousand and Baht 10,802,816 thousand).

## 17 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.

## 18 Borrowings from financial institutions

	Consolidated and Company	
	2015	2014
<b>Current</b>		
Bank overdrafts	64,878	10,327
Short-term borrowings	5,355,000	9,920,000
Bill of exchange	-	979,329
Current portion of long-term loan	2,000,000	2,800,000
	7,419,878	13,709,656
<b>Non-current</b>		
Bank borrowings	3,000,000	4,000,000
	10,419,878	17,709,656

Bank borrowings and other facilities detailed below are unsecured and bear interest at rates based on prevailing market rates. The interest rates in 2015 ranged between 1% to 2% per annum (2014: 2% to 3% per annum).

### Short-term borrowings

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

### 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 2015 the outstanding loan balance was Baht 3,200,000 thousand, of which Baht 1,600,000 thousand is payable in 2016.
- 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 2015, the outstanding loan balance was Baht 800,000 thousand, of which Baht 200,000 thousand is payable in 2016.
- A 5-year loan of Baht 1,000,000 thousand which was obtained in September 2015 and is repayable in 20 quarterly installments commencing from January 2016 to October 2020. The loan bears the interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2015, the outstanding loan balance was Baht 1,000,000 thousand, of which Baht 200,000 thousand is payable in 2016.

The carrying amounts at each year end of short-term borrowings and long-term borrowings reasonably approximate their fair values. All borrowings are denominated in Baht.



**Maturity of long-term bank borrowings**

	Consolidated and Company	
	2015	2014
No later than 1 year	2,000,000	2,800,000
Later than 1 year and no later than 5 years	3,000,000	4,000,000
	5,000,000	6,800,000

**19 Trade and other payables**

	Consolidated		Company	
	2015	2014	2015	2014
Trade accounts payable	2,973,088	1,964,273	2,957,594	1,889,480
Other tax payables	666,637	819,571	664,506	819,292
Other payables and accruals	808,852	725,571	799,724	705,138
	4,448,577	3,509,415	4,421,824	3,413,910

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

**20 Provisions for employee benefits**

	Consolidated		Company	
	2015	2014	2015	2014
Statement of financial position				
Liability in the statement of financial position	3,217,176	3,223,887	3,154,759	3,013,850
Profit or loss charge included in operating profit	281,568	489,505	266,568	274,505
Remeasurements	5,314	(2,600)	5,314	(2,600)

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

	Consolidated		Company	
	2015	2014	2015	2014
At 1 January	3,223,887	2,805,160	3,013,850	2,805,160
Current service cost	170,065	354,846	155,065	139,846
Interest cost	111,503	134,659	111,503	134,659
	3,505,455	3,294,665	3,280,418	3,079,665
Remeasurements recognised in OCI (Note 23)				
Loss from change in financial assumptions	70,961	275,925	70,961	275,925
Experience gain	(65,647)	(278,525)	(65,647)	(278,525)
	5,314	(2,600)	5,314	(2,600)
Payment from plans:				
Benefits paid	(293,593)	(68,178)	(130,973)	(63,215)
At 31 December	3,217,176	3,223,887	3,154,759	3,013,850
Analysis of total provisions for employee benefits:				
- Current	669,145	846,986	606,728	636,949
- Non-current	2,548,031	2,376,901	2,548,031	2,376,901
At 31 December	3,217,176	3,223,887	3,154,759	3,013,850

The principal actuarial assumptions used were as follows:

	Consolidated and Company	
	2015	2014
	%	%
Discount rate	3.75	4.00
Expected rate of salary increases	7.00	7.00

The discount rate used is based on Thai Government bonds 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.

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 4.43%	Increase by 4.73%

The Group did not expect the change in expected rate of salary increase based on historical data.

The above sensitivity analysis is based on a change in the discount rate assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Through its defined benefit, the group is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields: A decrease in Thai Government bond yields will increase plan liabilities.

Expected maturity analysis of undiscounted employee benefits:

	Consolidated	Company
- Less than a year	129,327	66,910
- Between 1-2 years	182,877	182,877
- Between 2-5 years	423,401	423,401
- Over 5 years	6,163,660	6,163,660
	<u>6,899,265</u>	<u>6,836,848</u>

## 21 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 2015 and 2014	3,460,858	17,075,181	4,031,711	<u>21,106,892</u>

As at 31 December 2015 and 2014, 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.

## 22 Legal reserve

	Consolidated and Company	
	2015	2014
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 and the remeasurements of provisions for employee benefits are as follows:

	Consolidated and Company	
	2015	2014
At 1 January	271,853	161,774
Net unrealised gain recognised in OCI, net of tax (Notes 12, 14 and 20)	148,749	110,079
At 31 December	420,602	271,853

## 24 Sales

	Consolidated		Company	
	2015	2014	2015	2014
Sales of goods	168,906,360	217,545,985	167,694,019	215,890,997
Sales of services	628,835	641,450	679,279	741,039
	169,535,195	218,187,435	168,373,298	216,632,036

## 25 Expenses by nature

The following expenditure items, classified by nature, have been charged in arriving at the operating profit.

	Consolidated		Company	
	2015	2014	2015	2014
Net changes in inventories of finished goods	3,203,176	3,178,877	2,986,615	3,089,280
Raw materials and consumables used	152,773,147	217,475,942	152,435,348	216,788,058
Depreciation and amortisation (Notes 15 and 16)	2,197,460	2,149,717	2,197,460	2,149,717
Employee expenses	1,548,976	1,712,553	1,548,976	1,712,553

## 26 Income tax expense

	Consolidated		Company	
	2015	2014	2015	2014
<b>Current tax :</b>				
Current tax on profits for the year	1,697	1,771	-	-
Adjustments in respect to prior year	2,782	52	-	52
<b>Total current tax</b>	<b>4,479</b>	<b>1,823</b>	<b>-</b>	<b>52</b>
<b>Deferred tax :</b>				
Deferred tax for the year	277,702	(2,609,617)	285,762	(2,622,935)
<b>Total deferred tax (Note 14)</b>	<b>277,702</b>	<b>(2,609,617)</b>	<b>285,762</b>	<b>(2,622,935)</b>
<b>Total income tax expense (credit)</b>	<b>282,181</b>	<b>(2,607,794)</b>	<b>285,762</b>	<b>(2,622,883)</b>

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	
	2015	2014	2015	2014
Profit (loss) before tax	1,983,220	(12,913,801)	1,554,543	(13,141,203)
Tax calculated at domestic tax rates	396,644	(2,582,760)	310,908	(2,628,241)
Tax effect of:				
Income not subject to tax	(118,322)	(34,103)	(28,548)	(3,126)
Expenses not deductible for tax purposes	3,859	9,069	3,402	8,484
Income tax expense (credit)	282,181	(2,607,794)	285,762	(2,622,883)

## 27 Other non-operating expense

Other non-operating expense of Baht 648,940 thousand in 2014 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.

## 28 Earnings (loss) per share

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

	Consolidated		Company	
	2015	2014	2015	2014
Profit (loss) attributable to equity holders of the Company	1,700,236	(10,306,823)	1,268,781	(10,518,320)
Weighted average number of ordinary shares in issue (thousands shares)	3,460,858	3,460,858	3,460,858	3,460,858
Basic earnings (loss) per share (Baht per share)	0.49	(2.98)	0.37	(3.04)

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

## 29 Cash generated from operations

	Consolidated		Company	
	2015	2014	2015	2014
Net profit (loss) for the year	1,701,039	(10,306,007)	1,268,781	(10,518,320)
Adjustments for:				
Depreciation (Note 16)	2,146,699	2,097,582	2,146,699	2,097,582
Amortisation (Note 15)	50,761	52,135	50,761	52,135
Allowance for impairment of trade receivables (Note 7)	(2,839)	4,684	(2,839)	4,684
Write-down of inventory to net realisable value	-	184,434	-	181,074
Allowance for impairment of non-current assets held for sale	-	(16,301)	-	-
Loss on disposal of property, plant and equipment and intangible assets	45,528	58,478	45,528	43,286
Share of profit from an associate (Note 11)	(363,239)	(371,171)	-	-
Interest income	(4,488)	(5,017)	(167,825)	(167,194)
Interest expense	774,762	901,772	787,714	931,581
Dividend income	(31,770)	(35,280)	(143,226)	(38,080)
Income tax expense (credit) (Note 26)	282,181	(2,607,794)	285,762	(2,622,883)
Net unrealised foreign exchange Loss	14,196	215,947	14,196	215,947
Changes in working capital				
Trade receivables	163,264	2,411,212	151,894	2,402,004
Trade receivables from a related party	-	-	766,841	1,575,705
Amount due from related parties	(4,345)	133	15,332	41,780
Inventories	5,675,501	8,502,680	5,445,563	8,388,753
Other receivables	170,495	926,471	138,363	971,006
Other current assets	(40,107)	(223,652)	(50,614)	(202,632)
Prepaid rental and deferred charges	(38,209)	(246,192)	125,842	(104,548)
Other non-current assets	11,874	(65,115)	10,842	(64,225)
Trade and other payables	945,518	(147,437)	1,016,684	(144,165)
Amount due to related parties	(3,529,811)	(1,723,243)	(3,512,081)	(1,732,408)
Provisions for employee benefits	(12,025)	421,327	135,595	211,290
Other non-current liabilities	(3,462)	2,928	(3,462)	2,928
<b>Cash generated from operations</b>	<b>7,951,523</b>	<b>32,574</b>	<b>8,526,350</b>	<b>1,525,300</b>

In the cash flow statement, proceeds from sale of property, plant and equipment:

	Consolidated		Company	
	2015	2014	2015	2014
Net book amount	54,466	169,998	54,466	49,805
Loss on disposal of property, plant and equipment	(45,528)	(58,478)	(45,528)	(43,286)
Proceeds from disposal of property, plant and equipment	8,938	111,520	8,938	6,519

## 30 Contingent liabilities

As at 31 December 2015, the Group had contingent liabilities in respect to bank guarantees arising in the ordinary course of business, amounting to Baht 61,371 thousand (2014: Baht 61,955 thousand) to third parties. It is not anticipated that any material liabilities will arise from these bank guarantees.

## 31 Commitments

### *Capital commitments*

Capital expenditures contracted for at the statement of financial position date but not yet incurred amounted to approximately Baht 335,975 thousand (2014: Baht 166,948 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 rates.

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

	Consolidated and Company	
	2015	2014
No later than 1 year	114,109	103,926
Later than 1 year and no later than 5 years	364,598	262,441
Later than 5 years	562,751	355,743
	1,041,458	722,110

Certain subsidiaries lease land to the Company; however, there are no future minimum lease payments in respect to such leases which are prepaid (Notes 10 and 17).



*Other commitments*

	Consolidated and Company	
	2015	2014
Lease of compulsory stock obligation	3,400	-

## 32 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 rates risk), credit risk, liquidity risk, and capital risk.

### 32.1 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 2015 and 2014, the Group has no short-term or long-term debt denominated in foreign currencies. In 2015, 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.

## 32.2 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 to 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 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.

## 32.3 Liquidity risk

The Group manages liquidity risk by maintaining a minimum operating level of 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 at 31 December 2015, the Group has uncommitted facilities of Baht 79,055,707 thousand (2014: Baht 77,099,556 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 has not been utilised as at 31 December 2015 (2014: Baht 1,000,000 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.

## 32.4 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.

# 33 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 at 31 December 2015. 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 11.

The following transactions were carried out with related parties:

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

	Consolidated		Company	
	2015	2014	2015	2014
Sales of goods and services:				
- Subsidiary	-	-	13,833,506	25,407,622
- Other related parties	9,536,682	19,535,459	9,536,682	19,535,459
	9,536,682	19,535,459	23,370,188	44,943,081

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	
	2015	2014
Purchases of goods:		
- Other related parties	99,098,137	169,655,744
Purchases of services:		
- An associate	862,917	818,498
	99,961,054	170,474,242

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	
	2015	2014	2015	2014
Expenses paid to:				
- Subsidiaries	-	-	340,688	252,042
- Other related parties	3,067,063	3,470,533	2,976,293	3,354,097
	3,067,063	3,470,533	3,316,981	3,606,139

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

**(d) Finance costs, net**

	Consolidated		Company	
	2015	2014	2015	2014
Interest income received from:				
- Subsidiaries	-	-	163,381	162,264
	-	-	163,381	162,264
Interest expenses paid to:				
- Subsidiaries	-	-	13,013	30,159
- Other related parties	492,426	449,482	492,426	449,482
	492,426	449,482	505,439	479,641

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

**(e) Key management compensation**

	Consolidated and Company	
	2015	2014
Salaries and other short-term employment benefits	61,640	57,575
Post-employment benefits	22,683	20,760
	84,323	78,335

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 the 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	
	2015	2014	2015	2014
Trade receivables:				
- Subsidiary	-	-	201,242	968,082
Amounts due from:				
- Subsidiaries	-	-	44,574	58,659
- Other related parties	4,345	-	-	-
	4,345	-	44,574	58,659
Amounts due to:				
- Subsidiaries	-	-	4,935	6,994
- Other related parties	6,145,496	9,640,017	6,142,831	9,623,035
	6,145,496	9,640,017	6,147,766	9,630,029

Trade receivables from a related party arise mainly from the sale of petroleum products with credit terms being approximately 25 days. As at 31 December 2015, there is no long outstanding receivables from related parties.

Amounts due from related parties relate primarily to dividends and interest receivables on long-term loans (Note 33g).

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	
	2015	2014	2015	2014
Long-term loans to:				
- Subsidiaries	-	-	2,593,352	2,416,901

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

	Company	
	2015	2014
Opening amount as at 1 January	2,416,901	2,383,058
Additional borrowings	217,552	222,602
Repayments of borrowings	(41,101)	(188,759)
Closing amount as at 31 December	2,593,352	2,416,901

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	
	2015	2014	2015	2014
<b>Current</b>				
Short-term loans from:				
- Subsidiaries	-	-	49,493	508,036
- Other related parties	7,099,940	5,577,199	7,099,940	5,577,199
	7,099,940	5,577,199	7,149,433	6,085,235
Current portion of Long-term loans from				
- Other related parties	2,600,000	6,788,358	2,600,000	6,788,358
	9,699,940	12,365,557	9,749,433	12,873,593
<b>Non-current</b>				
Long-term loans from:				
- Subsidiaries	-	-	1,084	798
- Other related parties	9,000,000	5,600,000	9,000,000	5,600,000
	9,000,000	5,600,000	9,001,084	5,600,798

Short-term loans from other related parties include:

- Revolving loan from a related party totaling Baht 5,748,778 thousand out of facility size Baht 12,000,000 thousand at the end of December 2015
- Short-term loan from a related party under Loan and Current Account Agreement totaling Baht 1,351,162 thousand at the end of December 2015.

Short-term loans from related parties are unsecured. 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).

Long-term loans from other related parties include:

- A 5-year loan of Baht 7,000,000 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 2015, the outstanding loan balance was Baht 5,600,000 thousand, of which Baht 1,400,000 thousand is payable within 1 year.
- A 5-year loan of Baht 6,000,000 thousand which was obtained in September 2015 and is repayable in 20 quarterly installments commencing from January 2016 to October 2020. The loan bears the interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2015, the outstanding loan balance was Baht 6,000,000 thousand, of which Baht 1,200,000 thousand is payable within 1 year.

Long-term loans from related parties bear interest based on the adjusted minimum lending rate of Bangkok Bank Public Company Limited or Bangkok Interbank Offered Rate (BIBOR).

#### Maturity of long-term loans from related parties

	Consolidated		Company	
	2015	2014	2015	2014
No later than 1 year	2,600,000	6,788,358	2,600,000	6,788,358
Later than 1 year and no later than 5 years	9,000,000	5,600,000	9,001,084	5,600,798
	11,600,000	12,388,358	11,601,084	12,389,156

## 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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# ในทุกบทบาทของผม ต้องดูแลให้เต็มที่เสมอ

เอสโซ่ ซูพรีม ดีเซลพลัส

ดูแลอย่างต่อเนื่อง ทำทุกฝันได้เต็มพลัง



ซูพรีม  
ดีเซล  
พลัส

- หัวฉีดสะอาด
- แรงเต็มพลัง
- ประหยัดน้ำมัน

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Investors can obtain more information about the Company  
from the Company's Annual Registration Statement (Form 56-1) available at  
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