



Esso (Thailand) Public Company Limited

# Annual Report 2017



Energy lives here™

Supreme<sup>+</sup>



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# Message from the Chairman

## To Our Shareholders

On behalf of the Board of Directors, I am very proud to present to you the outstanding 2017 financial and operating results delivered by the dedicated employees of Esso Thailand. This past year has been a blend of steadfast dedication to operations excellence and exciting opportunities to position our company for success in the years ahead.

Our evaluation of performance will always begin with an assessment of safety and environmental results. Esso achieved 5 consecutive years without a lost-time injury, a remarkable accomplishment given the risks we face every day in operations. Our fuels terminals and distribution organization achieved 24 years without a lost-time incident, which demonstrates the long-term commitment of employees to safety, and the quality of our safety management programs. Esso had no reportable spills in 2017, and our vehicle safety results were the best we've had in the last 4 years. We remain committed to supporting the communities we operate in, with Corporate Social Responsibility (CSR) investment across Thailand focused on education, health, safety and environmental conservation.

The refinery in Sriracha delivered excellent results in 2017, allowing shareholders to fully benefit from improved industry conditions. The refinery safely

completed a significant maintenance program in the second quarter, which enabled outstanding reliability and high capacity utilization in the second half of the year. The refinery continues to identify cost-effective ways to improve profitability, including the diversification of feedstocks to increase production of higher value light and middle-distillate products.

Notwithstanding the excellent performance in our base business, some of the most exciting progress came from efforts to expand our product offering and strengthen Esso's position in Thailand. In April, we launched a new fuels product Supreme+ Gasohol 95. With higher performance benefits than standard formula fuels, Supreme+ Gasohol 95 provides customers with superior engine performance. The launch of this new product was a great success, with distribution to our network of service stations exceeding target coupled with strong customer response. In November, we launched a new lubricant Mobil Super™ 3000, a fully-synthetic product which provides enhanced protection, and prolongs engine life.

In addition to new products, Esso established a partnership with Pure Thai Energy Company Limited for the conversion of 49 Pure Thai retail sites to the Esso brand. Partnerships like this provide shareholders the opportunity to expand the retail footprint and brand presence of Esso in Thailand in a cost-effective way. In total, the network of Esso branded

retail stations grew by 11 to 553 at the end of 2017, our highest total since 2009. The expanded network allows greater flexibility for customers to leverage loyalty programs like Smiles Driver Rewards, which has grown since its May 2016 launch to more than 1.3 million members.

All of these efforts to deliver base performance and expand our line-up of quality products underpinned financial results in 2017. Net profit for the year was a record of Baht 7.3 billion, an increase of Baht 0.6 billion from 2016 driven by improved industry refining margins and increased production of higher value products. Most importantly, earnings during the year were sufficient to position Esso to deliver a dividend to shareholders in 2018. Cash flow from operations has continued to be strong, and we emerge from 2017 in excellent financial condition with record low debt levels.

The strong financial and operating performance reflects the dedication and commitment our employees have made to deliver value to shareholders. Coupled with investments we have made in new products and an expanded retail footprint, I am excited for the future of our company. On behalf of the Board of Directors, I thank you for your continued support of Esso.



**Mr. Jeremy Robert Osterstock**  
Chairman and Managing Director  
Esso (Thailand) Public Company Limited

# SUPREME<sup>+</sup> PRODUCT QUALITY



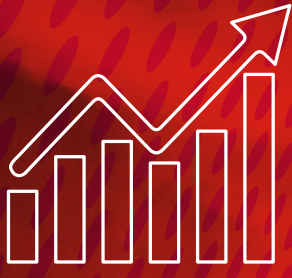
## Our premium products

- Esso fuels are formulated to not only enhance driving power, but also offer your car the best protection for every trip

## New products in 2017

- Supreme Plus Gasohol 95
- Supreme Plus Diesel
- Mobil Super™ 3000 Series





**Best-ever net profit of Baht 7.3 billion**

**Debt to Equity ratio improved to 0.4**

**Gross margins of Baht 14.6 billion**

**Cash flow from operations of Baht 11.2 billion**

**Record high 2017 Gross Refining Margins of \$8.1/BBL**





# SUPREME<sup>+</sup> FINANCIAL PERFORMANCE

SAFETY FIRST  ปลดภัยไว้ก่อน



# SUPREME<sup>+</sup> CUSTOMER EXPERIENCE





## Extensive service station network

- 553 total service stations

## Completed 28 service station upgrades

## A new partnership with Pure Thai Energy Company Limited

- With this partnership, 49 Pure Thai service stations will be converted to Esso-branded service stations

## Increased premium product availability

- 141 stations with Supreme Plus Gasohol 95
- 337 stations with Supreme Plus Diesel
- 473 stations with E20

**1.3 million Smiles card members**

**5.2 million Esso Thailand LINE Official Account members**



# SUPREME<sup>+</sup> OPERATION EXCELLENCE





### **High reliability standard**

- The refinery safely completed a significant maintenance program in the second quarter

### **Increased efficiency**

- Utilization of streamlined operations and further crude diversification with 10 new types of crude introduced in 2017

### **Safe operations**

- Esso Thailand achieved 5 consecutive years without a lost-time injury
- Fuels Terminals achieved 24 years without a lost time incident

### **Operational integrity**

- The refinery achieved 10 years without a recordable oil spill

# General Information

## Company Information

Company Name	Esso (Thailand) Public Company Limited
Symbol	ESSO
Registration Number	0107539000073
Business	Integrated petroleum refining, petrochemical, and marketing
Registered Capital	Baht 17,110,007,246.71 Comprising 3,467,916,666 common shares of Baht 4.9338 per share
Paid-up Capital	Baht 17,075,181,200.40 Comprising 3,460,858,000 common shares of Baht 4.9338 per share
Head Office	3195/17-29 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone: 0 2262 4000
Website	<a href="http://www.esso.co.th">www.esso.co.th</a>
Investor Relations	Telephone: 0 2262 4788 E-mail: <a href="mailto:essoIR@exxonmobil.com">essoIR@exxonmobil.com</a>



## References

Securities Registrar	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)
Auditor	PricewaterhouseCoopers ABAS Limited 15th Floor, Bangkok City Tower, 179/74-80 South Sathorn Road, Bangkok 10120 Telephone: 02 844-1000



# Business Overview







Esso (Thailand) Public Company Limited (“the Company”) is an affiliate of Exxon Mobil Corporation, an industry leader in the global energy business. The Company has operated in Thailand for more than 120 years and employs ExxonMobil’s integrated 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 brands 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 premier line of Mobil 1™ synthetic lubricants and a network of Mobil 1™ Centers
- Sales of aromatics and other chemical products

The Esso refinery is strategically located near the Laem Chabang deep sea port in Sriracha, Chonburi Province. 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 site also benefits from its ready access to a deep sea port, road networks, and a multi-product transmission pipeline. This provides the flexibility to deliver refined petroleum products via pipeline in addition to truck and marine transportation.

Aromatics production is fully integrated with refinery operations. The Company produces 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.

## Operation and Revenue Structure

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

	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Net Sales</b>						
Downstream segment:						
Refined petroleum products	156,532	87.6	134,586	89.2	152,157	89.5
Lubricants	2,829	1.6	3,094	2.0	3,683	2.2
Other <sup>(1)</sup>	5,527	3.1	1,752	1.2	797	0.5
Services <sup>(2)</sup>	680	0.3	667	0.4	586	0.3
<b>Total Downstream Segment</b>	<b>165,568</b>	<b>92.6</b>	<b>140,099</b>	<b>92.8</b>	<b>157,223</b>	<b>92.5</b>
Petrochemical segment:						
Paraxylene	7,777	4.4	6,568	4.4	7,609	4.5
Other <sup>(3)</sup>	5,320	3.0	4,312	2.8	5,016	3.0
Services	41	0.0	34	0.0	43	0.0
<b>Total Petrochemical Segment</b>	<b>13,138</b>	<b>7.4</b>	<b>10,914</b>	<b>7.2</b>	<b>12,668</b>	<b>7.5</b>
<b>Total Sales Revenue</b>	<b>178,706</b>	<b>100.0</b>	<b>151,013</b>	<b>100.0</b>	<b>169,891</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, 2017

Corporate	Refining & Distribution <sup>(1)</sup>	Retail & Lubricants <sup>(2)</sup>	Chemicals	Total
30	442	74	6	552

(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

\* Following the conversion of all service stations previously operated by the Company to a dealer-operated model, Thai C-Center Company Limited (Thai C) registered its dissolution request with the Department of Business Development on 30 November 2016, and completed liquidation registration process with the Department of Business Development on 23 February 2018.

(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	2017	2016	2015
<b>(Millions of Baht, unless otherwise stated)</b>			
Sales revenue	178,706	151,013	169,891
Gross profit/(loss)	14,559	14,104	8,351
EBITDA	10,826	10,274	4,520
Profit/(loss) for the period	7,288	6,650	1,701
Profit/(loss) per share (Baht) <sup>(1)</sup>	2.11	1.92	0.49
Total assets	59,019	58,751	56,702
Total liabilities	30,837	37,999	42,933
Total shareholders' equity	28,182	20,752	13,769
<b>Key Financial Ratios</b>			
Net profit/(loss) margin (%)	4.1	4.4	1.0
Interest coverage (times)	29.1	20.3	5.8
Net debt to equity (times)	0.4	1.1	2.1
<b>Dividend Payment</b>			
Dividend payment per share (Baht) <sup>(1)</sup>	1.0 <sup>(2)</sup>	-	-

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

(2) To be proposed to the 2018 Annual General Meeting of Shareholders for approval

# Operational Highlights

The Company maintains an unwavering focus on safety, reliability, and operational excellence. This long-term approach compels the Company to improve the underlying business to identify cost-effective ways to increase profitability. In 2017, the company processed new crudes in the refinery to capture the benefit of a more attractive market for light sweet crude and introduced new premium products to the market. Petroleum products are sold through diversified channels including retail, commercial, and export with the goal of optimizing product realizations. The Company believes a disciplined investment approach throughout the ups and downs of the business cycle will generate value for shareholder over the long-term.

## 2017 Business Highlights



### 2017 Business Highlights



Continued impressive safety and environmental performance with no safety lost-time incidents and no recordable spills

**5.2 million** Esso Thailand LINE Official Account members within the first year of this program. The LINE Connect offers convenience to Smiles members; Roadside assistance and care for our members and easy redemption of rewards via mobile phone/LINE.

Retained position as the largest international fuels operator in domestic market with 11% market penetration.

**11** %

Improved our logistics and distribution systems to enhance reliability and support sales growth, including upgrades to terminal facilities, installation of asphalt heating tanks, and implementation of an improved terminal automation system.

Continued to leverage our integrated business model across fuels, lubricants and chemicals, seeking the most profitable channels for product placement.



The refinery safely completed a significant maintenance program in the second quarter, which in turn allowed for outstanding reliability and high capacity utilization in the second half of the year.



The refinery continued efforts to further enhance margin and cost efficiency with several improvement projects, including full utilization of streamlined operations.

Further crude diversification with **10 types** of new crude introduced in 2017. Under a more attractive market for light sweet crudes from the Far East and South East Asia, together with our optimization of the crude slate, our refinery captured benefits to improve product yields, producing higher margin products at a competitive cost.



Placed more than **93%** of products in the higher-margin domestic and cross-border markets, through integrated efforts across the downstream value chain.

Established a partnership with Pure Thai Energy to convert **49 Pure Thai service stations** to Esso-branded service stations. Consumers will be able to buy high-quality Esso fuel and Mobil lubricant products, participate in our Smiles Driver Rewards Program, and can expect the same outstanding service at all Esso-branded sites.

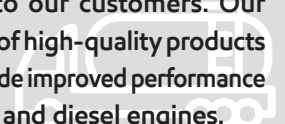
Continued to provide quality fuels and offer great customer experiences. This is supported by the introduction of a new premium product offering with the addition of Supreme Plus Gasohol 95.

Opened **27 new service stations** and completed retail site upgrades for an additional 28 sites.

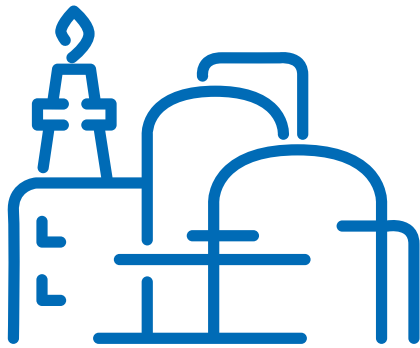


**1.3 million Smiles card** members: At Esso, we are committed to offering a rewards program that truly caters to customer needs. Our successful loyalty card program makes it easier for customers to claim rewards than ever before.

Increased the availability of premium products in order to provide superior product quality to our customers. Our extensive line-up of high-quality products is designed to provide improved performance for both gasoline and diesel engines.



## Refining and Petrochemical



Average throughput at the Sriracha refinery was 137 thousand barrels per day, an increase from 133 thousand barrels per day in the prior year, due primarily to improved industry margins. The average gross refining margin in 2017 was \$8.1/bbl, higher than the average gross refining margin of \$7.7/bbl in 2016, mainly supported by optimized product yields and higher average industry gross refining margins. Total paraxylene production was 269 thousand tons in 2017, increased from 229 thousand tons in 2016, mainly due to additional economic spot sales.

The refinery continued efforts to enhance margin and cost efficiency with several improvement projects, including full utilization of streamlined operations and further crude diversification. As a result, the refinery achieved additional flexibility to optimize production by utilizing challenged crudes that are difficult to process and trade at a significant discount in the market. The refinery diversified its crude intake by employing an additional 10 new crudes. The refinery also captured benefits of a more attractive market for light sweet crudes in order to optimize product yields and increase production of higher margin products.

In 2017, the Company undertook efforts to ensure the safety and reliability of its operations by successfully performing scheduled refinery maintenance activities lasting 39 days, which the Company finalized safely and on budget. The Company continues to invest in margin enhancement and energy efficiency projects, which help increase refinery reliability and improve capacity utilization.

In addition, the Company invested in logistics and distribution systems to enhance reliability and support sales growth. The improvements included upgrades to terminal facilities to support the roll out of new premium products, installation of heating tanks to support increased asphalt sales, de-bottlenecking of terminal facilities to increase loading capacity for cross-border sales, and enhancements to terminal automation systems to improve the efficiency of blending and distribution operations.

The refinery received five ExxonMobil Global Standard of Excellence Awards for personal safety, process safety, environmental, reliability, and overall excellence.

The Company's aromatics plant produces aromatics primarily in the form of paraxylene, using reformat, mixed xylene, and hydrogen as feedstock, and has a capacity of 500,000 tons per annum. Paraxylene is an aromatic product used to make PTA, the raw material for producing polyester film, packaging resin, and fabrics.

In 2017, the Company produced 269 thousand tons of paraxylene, an increase of 17% from the prior year. The Company sold 266 thousand tons of paraxylene in 2017, an increase of 12% from last year. This was driven by the capture of economic spot sale opportunities.

### Sriracha Refinery Performance

new challenged  
crudes

10



increase in the use of light sweet crudes



13%



6 consecutive years without a lost-time  
injury

ExxonMobil Global Standard of  
Excellence Awards

5



## Retails Fuel Sales

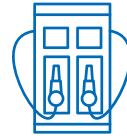
The Company is well-positioned to compete in the dynamic and competitive Thailand retail market with superior product quality and consistent supply reliability. A steady supply of fuels that meet high standards of quality is supported by a fully-integrated business including refining and distribution. Sales through the retail sales channel accounted for 40% of total fuel sales volume in 2017. Esso has improved its competitive position in Thailand through network expansions, including the partnership with Pure Thai in November 2017, a new premium product offering, nationwide marketing campaigns to promote brand awareness, value-added product offerings and promotions.

Esso service stations continued to provide quality fuels and offer great customer experiences. This is supported by the introduction of a new premium product offering with the addition of Supreme Plus Gasohol 95, a premium graded fuel, which provides superior care for our customers' vehicles. Supreme Plus Gasohol 95 provides higher performance than standard formula fuels, and now with an expanded number of service stations offering premium products, Esso enjoys even stronger brand recognition. The number of stations offering Premium Gasohol 95, Premium Diesel and Supreme Gasohol E20 ended the year at 141, 337 and 473, respectively. Our loyalty card program - Esso Smiles Driver Rewards - allows consumers to earn points when they fill up at Esso service stations which are redeemable for many benefits including Esso fuel, Tesco-Lotus Club Card Points, McDonald's meals, Major Cineplex's movie tickets, and miles on Air Asia. The customer-focused loyalty program had approximately 1.3 million members at the end of 2017.

The Company expanded its retail network, making opportunistic investments in service stations while maintaining capital and cost discipline. The Company opened 27 new service stations and closed 16 sub-economic sites during the year in an effort to optimize the network. Esso's retail network included 553 service stations at the end of 2017. Furthermore, the Company improved the Esso service station network by completing site upgrades to an additional 28 sites. Site upgrades included appearance and equipment improvement as well as underground tank maintenance.

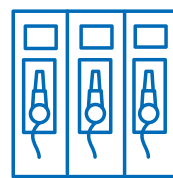
## Retail Performance

Record high gasoline sales volume since IPO



**553** stations with **307** alliance stores

Partnership with Pure Thai converting **49** sites to Esso brand by end of 2018

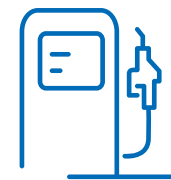


**141** stations offering Supreme Plus Gasohol 95 within the first year of launching

**337** stations offering Supreme Plus Diesel representing an increase of **39** sites



**473** stations offering E20 representing an increase of **37** sites

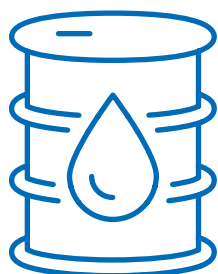


In 2017, the Company established a new partnership with Pure Thai Energy Company Limited for the conversion of 49 Pure Thai retail sites to the Esso-branded service stations. Partnerships like this provide the opportunity to expand the retail footprint and brand presence of Esso in Thailand in a cost-effective way. Consumers will be able to buy high-quality Esso fuel and Mobil lubricant products, participate in our Smiles Driver Rewards Program, and can expect the same outstanding service at all Esso-branded sites.

In addition to successful fuels marketing operations, the Company enhanced its non-fuel income through strong alliances. The Company actively grew non-fuel income by expanding existing alliance offers and establishing new relationships with alliance partners. Esso alliance partnerships include relationships with Tesco Lotus Express, Family Mart, Mini Big C, S MiniMart, McDonald's, Burger King, KFC, The Pizza Company, B-Quik, Bosch, Wizard, Rabika coffee, and Caffe D'oro. The Company finished 2017 with 307 alliance stores across its retail network. These alliances help optimize retail site profitability and provide high-quality offerings and services for customers.

In 2017, alliance stores increased by 28 stores from the prior year. We also have the highest number of Burger King drive-thru stores in service stations in 2017, with a total of 11 Burger King stores at Esso-branded service stations. Additionally, we recently expanded our business with new alliance partners, including Mini Big-C and The Pizza Company.

## Lubricants



The Company supplies automotive and industrial lubricant products under the Mobil brand directly to strategic customers and through distributors. The Company grew its Mobil lubricants business with successful marketing and sales initiatives including the introduction of new products and services along with the launch of several promotions. The Company expanded its branded automotive lubricants business, supported by a network of 278 Mobil 1 Centers across Thailand. Mobil 1 Centers provide best-in-class car care services to consumers through consistent delivery of professional services and premium products. The Company also expanded the distribution of automotive lubricants through the Esso retail network and other established channels including its partnership with multi-branded outlets such as B-Quik and A.C.T.

In 2017, the Company introduced new lubricant products to the market under the Mobil Super™ 3000 series. This premium fully synthetic engine oil is designed to provide outstanding levels of protection and performance. The new marketing campaigns included three nationwide consumer promotions; gold lucky draw and give away premium Mobil T-shirt when purchasing Mobil 1 or Mobil Delvac products. We also sponsored the B-Quik Racing Team and AAS Motorsport in 2017 Thailand Super Series racing.

## Commercial Fuel Sales

Commercial sales channels include four business-to-business segments: Wholesale Fuels, Asphalt, Aviation, and Marine. The Company implemented an on-line ordering system for Wholesale Fuels and Asphalt sales which provides customers the ability to order products 24 hours a day using a computer, mobile phone, or tablet.

Sales through commercial channels accounted for 53% of total sales volume in 2017. This included an increase in domestic sales within Transportation, Construction and Industrial sectors by 38%. The Company captured other new business opportunities in the Commercial sales channel, including an increase in supply agreements to local fuel retailers by 13%, and sales of fuel products to neighboring countries in the Greater Mekong region by 5%. In addition, asphalt sales expanded to more customers across our various sales channels; domestic, cross border, and export. In 2017 the company exported more than 3,000 tons of asphalt products to Australia.

The remaining 7% of petroleum products sold to commercial customers went through export sales channels, mainly within the broader Asia Pacific region. Export volumes increased from 6% in 2016 as a result of higher export margins.

## 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 personal behaviors to identify enhancements to facilities, systems, and competencies. The Company's approach to effective management of employee safety and health produces positive 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 has authority 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, the Company achieved several impressive safety milestones in 2017. For example, the Sriracha refinery complex achieved 6 years without a lost-time safety incident and terminal operations reached 24 years without a lost-time injury.



## Commercial Business Performance

Increase in sales to local fuel retailers

# 38%



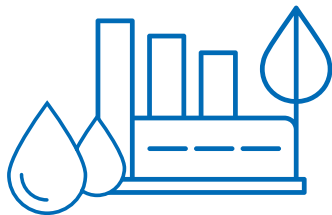
Increase in fuel sales to neighboring countries



# 5%

Overall, the Company accomplished best-ever 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.

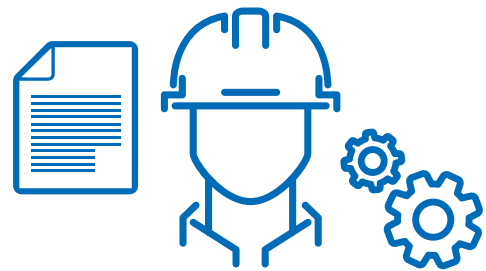
### Environment



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

Refinery operations utilize sea water processed by two desalination plants, thus preserving natural fresh water resources. In addition, the Company installed vapor recovery units at the Lumlukka and Sriracha terminals to reduce the hydrocarbon vapor released into the atmosphere by recovering it as a product.

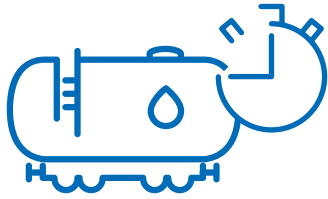
### Quality Workforce



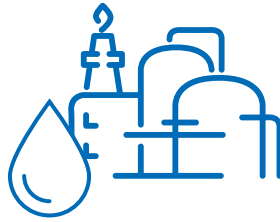
The Company's capable and dedicated employees are one of its greatest strengths. Employee development systems utilize integrated processes to support the development of a highly-productive, dedicated, and motivated workforce.

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. The Company promotes from within and requires 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.

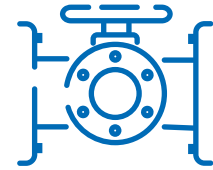
## Safety and Environmental Performance



Refinery reached **6 years** without a lost-time safety incident



Refinery achieved **10 years** without a recordable spill



Terminal operations celebrated **24 years** without a lost-time safety incident

## Attracting a Supreme+ workforce



The Company searches for talented people from diverse backgrounds, and we encourage them to think independently, take initiative and be innovative. With our focus on hiring local employees, we have created a positive impact on the economies in which we operate.

We provide education and skills development through a proven global training curriculum, customized to our business environment, and through on the job training provided by multiple different assignments over a career. This helps us develop competent and committed employees who are fully prepared to meet future business needs, both locally and globally.

Our highly capable and dedicated employees are one of our greatest strengths. Employee development systems utilize integrated processes to support the development of a highly-productive, dedicated, and motivated workforce.

## Developing a Supreme+ workforce

Our people development philosophy is to develop from within, through a wide range of assignments and experiences. We encourage all employees to contribute fully to the achievement of superior business results.

Developing a premier workforce is the goal of our career development process. We place a high priority on employee development, with an approach based on long-term career orientation. Early identification and accelerated development of talent are critical. Employees' skills and competencies are built through training and various work experiences in a wide range of assignments in multiple functions around Thailand and the world.



## Retaining a Supreme+ workforce

The Company promotes a culture of inclusion, upholds disciplined employment practices, and offers robust training and benefit programs that support employee retention. The diversity of ideas, perspectives, skills, knowledge and cultures across our company facilitates innovation and is a key competitive advantage. We strive to offer a work environment where all employees have the opportunity to fully express their creative talents to improve business results and create shareholder value. We actively support skill development, community volunteerism and employee mentoring programs.

# Management's Discussion and Analysis

Review of consolidated results for 2017

Statement of Comprehensive Income	2017	2016
(Million Baht)		
Revenue from Sales	178,706	151,013
Profit/ (loss) from sales	8,852	8,238
<i>Downstream</i>	10,163	9,654
<i>Petrochemical</i>	(1,311)	(1,416)
EBITDA	10,826	10,274
Finance costs, net	(365)	(501)
Income tax (expenses)/credit	(1,702)	(1,556)
Profit/(loss) for the period	7,288	6,650
Earnings/(loss) Baht/share <sup>(1)</sup>	2.11	1.92

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

Revenue from sales for the full-year 2017 was higher than 2016, driven by increases in product prices and sales volume.

Profit from sales for the full-year 2017 was Baht 8,852 million, compared to Baht 8,238 million in 2016. The Downstream segment made a profit of Baht 10,163 million, supported by strong industry margins and favorable stock effects. The Petrochemical segment improved slightly compared to the prior year, due to improved average industry paraxylene margins in 2017.

2017 EBITDA was Baht 10,826 million, compared to Baht 10,274 million in 2016.

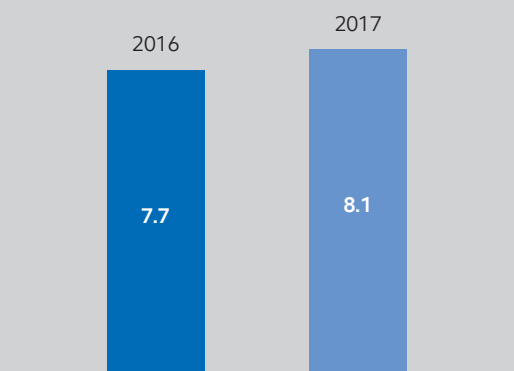
Net finance costs decreased by Baht 136 million in 2017, as a result of lower average interest rates and reduced loan balances.

Income tax expense in full-year 2017 was Baht 1,702 million, compared to Baht 1,556 million for full-year 2016.

Profit for full-year 2017 was Baht 7,288 million. 2017 profit was a best-ever result since the Company's IPO in 2008, reflecting increases in industry and product margins, while the Company also achieved a record-high in sales volume.

## Gross Refining Margin (GRM)

USD per Barrel



Full-year 2017 Gross Refining Margin (GRM) improved to \$8.1 per Barrel versus \$7.7 per Barrel in 2016. The \$0.4 per Barrel increase in full-year 2017 GRM resulted from higher industry refining margins and improved product mix, partly offset by lower positive inventory effects.

Statement of Financial Position	2017	2016
(Million Baht)		
Total assets	59,019	58,751
Total liabilities	30,837	37,999
Total shareholders' equity	28,182	20,752

Current assets as of December 31, 2017 increased by Baht 1,749 million from year-end 2016, mainly due to an increase in trade account receivables and higher inventory value driven by higher crude and product prices. Non-current assets decreased by Baht 1,481 million, primarily due to utilization of deferred tax assets on the tax loss carry forward, and lower property, plant and equipment balances.

Total liabilities decreased by Baht 7,162 million from year-end 2016. Current liabilities decreased by Baht 1,881 million, mainly resulting from the repayment of short-term loans, partly offset by higher crude purchase payables. Non-current liabilities decreased by Baht 5,281 million in 2017 primarily due to the repayment of long-term loans.

As of year-end 2017, total debt was Baht 12,346 million, a decrease of Baht 10,623 million from year-end 2016 and the lowest debt level since IPO. Debt consisted of Baht 8,546 million of short-term loans and Baht 3,800 million of long-term borrowings. Short-term debt included Baht 3,971 million of borrowings from financial institutions and Baht 4,575 million of loans from related parties. The Company maintains a credit rating of A+ from TRIS Rating agency and F1(thai) from Fitch Ratings.

Total equity increased by Baht 7,430 million as a result of full-year 2017 profits.

Statement of Cash Flows	2017	2016
(Million Baht)		
Cash flow from (used in) operating activities	11,219	7,316
Cash flow from (used in) investing activities	(685)	(812)
Cash flow from (used in ) financing activities	(10,643)	(6,212)

Cash flows from operating activities for 2017 were Baht 11,219 million, and included full-year earnings and favorable working capital effects from extended excise tax payment terms. Cash flows used in investing activities were Baht 685 million, reflecting Baht 1,100 million in capital investments for service station upgrades and refinery efficiency improvements, partly offset by dividends received. Cash flows used in financing activities was Baht 10,643 million, primarily from the repayment of debt.

Liquidity and Debt to Equity Ratios	2017	2016
Current ratio (times)	1.1	0.9
Quick ratio (times)	0.2	0.2
Total debt to equity ratio (times)	0.4	1.1
Long term debt to equity ratio (times)	0.1	0.5
Net debt to equity ratio (times)	0.4	1.1

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 shareholder's equity



ESSO



# Corporate Social Responsibility

## Employee volunteerism builds on the Company's programs

Esso (Thailand) Public Company Limited encourages employees to contribute to the communities where they live and work by granting time off to volunteer. In 2017, our employees volunteered about 2,600 hours and donated 3,900,000 Baht to create as well as build on the contribution projects that the Company started. In addition, there were many joint efforts between the Esso Employee Club, Retail Sales, Esso's Sriracha refinery and our business and alliance partners.



In May 2017, employees continued the Company's 10 years of support to Kung Krabaen Bay Royal Development Study Center in Chanthaburi province by mending check dams and joined the center's aquatic resource conservation activities. Our support to the Kung Krabaen Bay Royal Development Study Center has ranged from building 284 check dams, to improving watershed and mangrove forest conditions, to supporting the Joint Coordination for Cleanliness and Development of Sea Beach Project by cleaning Chaolao and Laem Sadet beaches and coastline to promote sustainable coastal resource conservation and ecotourism.



In June 2017, employees in Bangkok offices joined volunteers from Thai Television Channel 3, Theptharin Hospital, Chulalongkorn University Book Center and the Rama 4 community in renovating Wat Saphan School's library, which is located near Esso Tower. The Company encouraged employees to donate books, supplies and educational toys for the "Toy Library Corner" to support this program. On that day, employee volunteers taught students to make "Ramayana paper mask" and led activities for students to play with clay, which promotes muscular development and creativity. Other activities included bookshelf arrangements and library decorations with the objective to transform this library into a creative learning space for all young readers at Wat Saphan School.

In early July, the "Smiles with Esso" project – a joint effort between Retail Sales, dealers, business and alliance partners, as well as employees – raised 2.4 million Baht for 800 students in the southernmost provinces of Songkhla, Yala, Narathiwat, and Pattani. The Company contributed 100,000 Baht to the project's 500,000-Baht donation to buy an automated external defibrillator (AED) for Yang Daeng Hospital in Pattani province and a newborn phototherapy lamp for Srisakorn Hospital in Narathiwat province.





In July 2017, about 150 refinery employees and their families planted coral and cleaned Samae San Beach at Sattahip district as part of the refinery's "Day of Caring" program. Initiated 11 years ago, the program encourages refinery employees to spend their weekend doing something good for the community.



In September, our employees entertained and provided lunches to blind students of Thammik Vitthaya School in Petchaburi province.

In November, the Esso Employee Club and the Company presented 350,000 Baht and 10 laptop computers to Ban Sri Pathumwan school in Surat Thani province for the renovation of the School building. This donation came from a variety of fund-raising activities by our employees, including a charity bazaar, concert and auctions early in the year. Aside from the donation, our volunteer employees painted the school building and playground.





Building on the education fund established by the Company in 1999 to generate scholarships for needy students in Chonburi province, the Esso Sriracha refinery organized annual fund-raising activities among employees at all sites. This year, the donations totaled 1,296,000 Baht for a total of 445 scholarships, both of which were records for the program. The scholarship presentation ceremony was held on November 24, 2017, as refinery employees volunteered to entertain the students with snacks, ice cream, and a variety of games. The Company has awarded 4,123 scholarships to local students since the beginning of this program.

## Continuous support to STEM education

### STEM camp with NSM & NSM Science Caravan

Education is fundamental in human development, especially in the fields of science, technology, engineering and mathematics, or STEM. The Company has supported many projects to promote STEM education among youths in Thailand.



The Company has joined with the National Science Museum (NSM) in several programs that promote science learning outside classrooms among children nationwide. This year, the "Science Caravan" travelled to schools in 30 provinces and fascinated more than 500,000 young minds with a variety of exhibitions, laboratory kits, and science shows.

In Bangkok, Esso supported the National Science Museum to organize the "STEM Maker Day" camps for children and families in November 2017. With a total of 150 participants, the camps provided science shows, a tour of NSM, exhibitions on "Monsters of the Sea," and Kids Maker Workshops on "From inventors to innovation." Some employees' children joined in the second session as well.





### Esso-Vocational Science Contest

To drive STEM education among vocational schools, Esso has supported the Science Society of Thailand under the Patronage of His Majesty the King, and the Office of Vocational Education Commission to organize the Esso-Vocational Science Contest for more than 26 years.



This year, the announcement ceremony of the 2017 Esso-Vocational Science Contest was held at the IMPACT Muang Thong Thani, where cheers and applause filled the stage. Smiles lightened up the faces of about 200 vocational students and their teachers, who were among the 40 finalist teams.

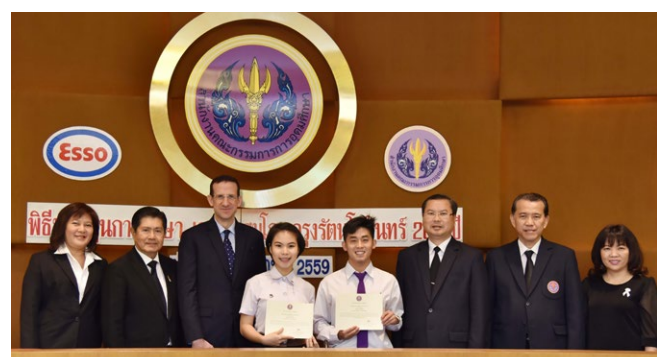
The contest was held nationwide at various levels from institutional, provincial, regional and national rounds. This year, 452 teams of vocational students submitted their projects that apply science to find solutions for problems in their communities.



The national winning team at the high vocational level was from Luang Pratanrajnikorn Industrial and Community Education College in Songkhla, for a project making instant noodles from Chlorella and a food-grade seasoning packet from tapioca starch. Another national winning team at the vocational level was from Surat Thani Vocational Education College for a project making clay from durian and mangosteen shells for the crafting of miniature Thai boats as the village's souvenir.

### Esso-Rattanakosin Bi-centennial Scholarships

At the university level, the Company partnered with the Office of the Higher Education Commission to administer the Esso-Rattankosin Bicentennial Fund to generate scholarships for undergraduate students in engineering, science and related fields since 1982. This year, 70 undergraduate students in engineering, science and related fields from state universities nationwide received 10,000-Baht scholarships under the program. To date, about 2,100 scholarships have been granted with a total contribution of more than 15.7 million Baht.



## Remembering and honor the late King Bhumibol Adulyadej

The Company was grateful to be a co-host organization of the royal praying rite for the late King Bhumibol Adulyadej on February 19, 2017.



From June to August 2017, employees made 9,999 cremation flowers under the project "Cremation Flowers for the Late King Rama 9." These flowers were later passed on to the Bangkok Social Development Office for distribution and use during the Royal Cremation of His Majesty the late King Bhumibol Adulyadej in October 2017.

The Company also donated 30,000 water bottles to the Bangkok Metropolitan Administration to be given to mourners who attend the Royal Cremation Ceremony for the late King Bhumibol Adulyadej at the Thai-Japanese Bangkok Youth Center on October 26, 2017. In addition, the Company donated 20,000 water bottles to other organizations located in the communities where we operate including Klong Toey district in Bangkok and Sriracha district in Chon Buri province. The donated water bottles were used for the Royal Cremation Ceremony held in those communities.



# Board of Directors and Executives



## Mr. Jeremy Robert Osterstock

Chairman  
(Executive)  
Age: 42

### Education:

- MBA, Pennsylvania State University, 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:

2017

- 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.

2014 – 2017

- Senior Vice President and Chief Financial Officer, Aera Energy LLC, USA

2013 – 2014

- Manager, Planning and Financial Markets, Exxon Mobil Corporation, USA

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: 60

### 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, ExxonMobil Exploration and Production Khorat Inc.
- Controller, Mobil Enterprises (Thailand) Limited

### Experience in the past 5 years:

2013 – 2017

- 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. Mongkolnimit Auacherdkul

Director and Member of Performance Evaluation Committee  
(Executive)  
Age: 59

### 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:

2013 – 2017

- 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. Suchart Phowattanasathian

Director  
(Executive)  
Age: 46

#### Education:

- Master of Science in Chemical Engineering; The Petroleum and Petrochemical College, Chulalongkorn University

#### Current Positions:

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

#### Experience in the past 5 years:

2017

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

2016

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

2013 – 2016

- Technical Manager, Singapore Refinery, ExxonMobil Asia Pacific Pte. Ltd.

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: 50

#### 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, ExxonMobil Exploration and Production Khorat Inc.
- Treasurer, Mobil Enterprises (Thailand) Limited

#### Experience in the past 5 years:

2013 – 2017

- 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%)



### Mr. Manoch Munjitjuntra

Director  
(Executive)  
Age: 49

#### Education:

- MBA in Finance, Sasun Graduate Institute of Business Administration of Chulalongkorn University

#### Current Positions:

- Retail Sales Manager, Esso (Thailand) Public Company Limited

#### Experience in the past 5 years:

2016 – 2017

- Sales Support and Business Development Manager, Esso (Thailand) Public Company Limited

2015 – 2016

- Retail Project Development Manager, ExxonMobil Limited

2011 – 2014

- CORS Operations 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



### Ms. Pajaree Meekangvan

Director  
(Non-executive)  
Age: 41

#### Education:

- MAIB, International Business Management, University of Florida, USA

#### Current Positions:

- Thailand Lubricants Sales Manager, ExxonMobil Limited

#### Experience in the past 5 years:

- 2016 – 2017
  - Project Advisor, ExxonMobil Limited
- 2016
  - AP PVL Brand Supervisor, ExxonMobil Limited
- 2013 – 2016
  - Project Advisor, 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. Chakkrit Parapuntakul

Independent Director  
(Non-executive)  
Age: 58

#### Education:

- Master Degree in Business Administration, Angelo State University, Texas, USA

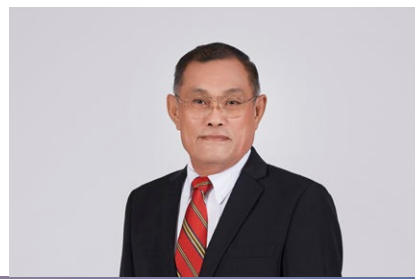
#### Current Positions:

- Deputy Permanent Secretary, Chief of The Revenue Cluster, Ministry of Finance

#### Experience in the past 5 years:

- 2015 – 2017
  - Director General of Treasury Department, Ministry of Finance
- 2014
  - Deputy Permanent Secretary, Chief of The Revenue Cluster, Ministry of Finance
- 2014
  - Deputy Permanent Secretary, Chief of The Asset Cluster, Ministry of Finance
- 2009-2012
  - Director of Public Debt Management office, Ministry of Finance

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 Chairman of Audit Committee  
(Non-executive)  
Age: 71

#### 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





### Ms. Wattanee Phanachet

Independent Director  
(Non-executive)  
Age: 80

#### 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



### Ms. Prachit Hawat

Independent Director and Member of Audit Committee  
(Non-executive)  
Age: 59

#### Education:

- Ph.D. Management Information Systems, The University of Calgary, Canada
- MSBA, Management Information Systems, Mississippi State University, USA
- M. Acc., Accounting, Chulalongkorn University

#### Professional Certifications:

- Certified Internal Audit (CIA)
- Certified Information System Auditor (CISA)
- Certified Public Accountant (CPA, Thailand)
- SAP Certified Consultant – Financial Accounting Module

#### Current Positions:

- Associate Professor, Department of Accountancy, Faculty of Commerce and Accountancy, Chulalongkorn University

#### Experience:

- Lecturer, Department of Accountancy, Chulalongkorn University
- Independent Director and Member of Audit Committee, Thailand Iron Works Public Company Limited
- Senior Internal Auditor, Charoen Pokphand Group of Companies
- Auditor, Jaiyos & Co., Ltd

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: 78

#### 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. Warathum Tungittiplakorn

Thailand Fuels Operations Manager  
(Executive)

Age: 51

#### 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:

2013 – 2017

- Thailand Fuels Operations 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



### Ms. Sairuedee Suchato

Investor Relations and Planning  
Manager

(Executive)

Age: 53

#### Education:

- Master of Science; Major Industrial Management, New Jersey Institute of Technology, USA, New Jersey, USA

#### Current Positions:

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

#### Experience in the past 5 years:

2016 - 2017

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

2013 – 2015

- Thailand Human Resources Manager, ExxonMobil Limited

Records of violation of law\*: None

Family Relationship with Executives of the Company: None

Shareholding in the Company\*\*: 5,800 shares (0.0001%)



### Mr. Vanchai Vichakchon

Thailand Wholesale Fuels Area Manager  
(Executive)

Age: 49

#### Education:

- Bachelor Degree, Business Administration Faculty, Marketing Major, Assumption University

#### Current Positions:

- Thailand Wholesale Fuels Area Manager, Esso (Thailand) Public Company Limited

#### Experience in the past 5 years:

2017

- Thailand Wholesale Fuels Area Manager, Esso (Thailand) Public Company Limited

2012 – 2017

- Thailand Industrial and Commercial Area 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

\* 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 dishonest at work.

\*\* Information as at December 31, 2017

# Shareholding and Management Structure

## 1. Shareholders

The top 10 shareholders registered in the share register book as of March 28, 2017 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. Santi Singwangcha	35,027,000	1.01
5. Mr. Supachai Suthipongchai	31,175,900	0.90
6. State Street Bank and Trust Company	28,935,277	0.84
7. Mr. Kamolsawat Visut	22,000,000	0.64
8. State Street Bank Europe Limited	21,529,834	0.62
9. Mrs. Watchanee Singwangcha	21,400,000	0.62
10. HSBC (Singapore) Nominee PTE LTD	20,831,377	0.60
<b>Total</b>	<b>2,718,399,388</b>	<b>78.55</b>

\* Excluding 229,632,897 shares (6.64%) 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 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 include 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 2017 comprised the following:

Name	Position
1. Mr. Jeremy Robert Osterstock <sup>(1)</sup>	Chairman
2. Mr. Chai Jangsirikul	Director
3. Mr. Mongkolnimit Auacherdkul	Director and Member of Performance Evaluation Committee
4. Mr. Manoch Munjitjuntra <sup>(2)</sup>	Director
5. Mr. Suchart Phowatthanasathian <sup>(3)</sup>	Director
6. Ms. Pajaree Meekangvan <sup>(4)</sup>	Director
7. Ms. Ratrimani Pasiphol	Director
8. Mr. Chakkrit Parapuntakul <sup>(5)</sup>	Independent Director
9. Mr. Wattana Chantarasorn <sup>(6)</sup>	Independent Director and Chairman of Audit Committee
10. Ms. Prachit Hawat <sup>(7)</sup>	Independent Director and Member 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

Ms. Angsna Pirentorn is the Company's secretary

(1) Mr. Jeremy Robert Osterstock was appointed as director and the Chairman to replace Mr. Neil A. Hansen effective April 25, 2017.

(2) Mr. Manoch Munjitjuntra was appointed as director to replace Mr. Yodpong Sutatham effective November 30, 2017.

(3) Mr. Suchart Phowatthanasathian was appointed as new director effective April 25, 2017.

(4) Ms. Pajaree Meekangvan was appointed as director to replace Mr. Adisak Jangkamolkulchai effective November 30, 2017.

(5) Mr. Chakkrit Parapuntakul was appointed as an independent director to replace Mr. Somchai Poolsavasdi effective November 30, 2017.

(6) Mr. Wattana Chantarasorn was elected as member of Audit Committee to replace Ms. Wattanee Phanachet and Chairman of Audit Committee to replace Mr. Sompop Amatayakul effective October 19, 2017.

(7) Ms. Prachit Hawat was appointed as an independent director and was elected as a member of Audit Committee to replace Mr. Sompop Amatayakul effective November 30, 2017.

## 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 sustainable value to the business in the long run, management of the business with prudence, and the avoidance of conflicts of interest;
2. Promote governance outcomes as a framework for the operation of the company and ensure that the company's annual and medium-term objectives, goals, strategies, and plans are consistent with the long-term objectives, while utilizing innovation and technology effectively;
3. Operation of the business in a transparent way with adequate disclosure to relevant parties;
4. Operation of the business based on appropriate risk control and management systems;

5. Implementation of appropriate Standards of Business Conduct applicable to the Company's directors, officers, and employees;
6. Regularly monitoring financial liquidity and debt servicing ability together with the management committee, including discussion to establish a mechanism to support operations under tight financial constraints.

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 our Articles of Association which is summarized as follows:

1. The Board shall consist of at least five directors and not less than half of the directors are required to reside in Thailand.
2. The shareholders shall appoint directors in accordance with the following principles and procedures:
  - (a) In the election of each director, each shareholder will have vote(s) equal to the number of shares held by him/her.
  - (b) 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
  - (c) 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 and Executives), independent directors meet the following qualifications pursuant to the regulation of the Securities and Exchange Commission and Stock Exchange of Thailand:

1. Not hold shares exceeding 1% of the total number of voting rights of the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person, including the shares held by related persons of the independent director;

2. Not be nor have been an executive officer, employee, staff, salaried consultant or a controlling person of the Company, its parent company, its subsidiaries, affiliates, same-level subsidiaries, major shareholder or controlling person unless foregoing status has ended not less than two years prior to the date of appointment except where the independent director(s) was the government officer or consultant of the government agency which is the major shareholders 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 three years subject to them meeting the requisite qualifications and remaining as directors of the Company. The Chairman of the Audit Committee may be rotated as deemed appropriate by the Board.

The Audit Committee members listed below were re-elected or elected (as the case may be) for another 3 year term effective October 19, 2017:

Name	Position
1. Mr. Wattana Chantarasorn <sup>(1)</sup>	Independent Director / Chairman
2. Mr. Smit Tiemprasert	Independent Director / Member
3. Ms. Prachit Hawat <sup>(2)</sup>	Independent Director / Member (with accounting and finance background)

Mr. Chai Jangsirikul is the Audit Committee secretary; Ms. Shanisara Rungsirijaratthong is the Audit Committee coordinator.

(1) Mr. Wattana Chantarasorn was elected as a member of Audit Committee to replace Ms. Wattanee Phanachet as member of Audit Committee and to replace Mr. Sompop Amatayakul as the Chairman of Audit Committee effective October 19, 2017.

(2) Ms. Prachit Hawat was elected as a member of Audit Committee to replace Mr. Sompop Amatayakul effective November 30, 2017.

### 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 a 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 reports,
  - (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 interest, 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 charter, 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) 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, 2017:

Name	Position
1. Mr. Smit Tiemprasert	Independent Director / Chairman
2. Mr. Mongkolnimit Auacherdkul	Director / Member and 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, 2017.

Name	Position
1. Mr. Jeremy Robert Osterstock <sup>(1)</sup>	Chairman and Managing Director
2. Mr. Chai Jangsirikul	Director and Controller
3. Mr. Mongkolnimit Auacherdkul	Director and Public and Government Affairs Manager
4. Mr. Manoch Munjitjuntra <sup>(2)</sup>	Director and Retail Manager
5. Mr. Suchart Phowatthanasathian	Director and Refinery Manager
6. Ms. Ratrimani Pasiphol	Director and Treasurer / Tax Manager
7. Mr. Vanchai Vichakchon <sup>(3)</sup>	Thailand Wholesales Fuels Area Manager
8. Mr. Warathum Tungittiplakorn	Thailand Fuels Operations Manager
9. Ms. Sairuedee Suchato	Investor Relations and Planning Manager

(1) Became an executive officer effective April 25, 2017

(2) Would become an executive officer to replace Mr. Yodpong Sutatham effective January 1, 2018

(3) Became an executive officer effective June 1, 2017

### 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 Notification, "The Characteristics including a Lack of Suitability and Trustworthiness of the Director and Executive" (and as amended). For directors retiring by normal rotation or for election of new directors, after the Board has approved the list of director nominees, the Board will propose the list of nominees at a general meeting of shareholders in accordance with the voting procedure described under item 3 (Board of Directors).

## 8. Remuneration of Directors and Executives

### Directors Remuneration

The directors will determine the remuneration of directors taking into account all appropriate factors including market compensation levels for directors. The remuneration of directors 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 also are members of the Audit Committee in 2017 receive a monthly remuneration of 166,667 Baht.
2. Directors who are not members of the Audit Committee in 2017 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 2017:

Fiscal year ended December 31, 2017 (Baht)				
Name	Meeting allowance	Monthly remuneration	Bonus	Total
1. Mr. Jeremy Robert Osterstock <sup>(1)</sup>	-	-	-	-
2. Mr. Chai Jangsirikul <sup>(1)</sup>	-	-	-	-
3. Mr. Mongkolnimit Auacherdkul <sup>(1)</sup>	-	-	-	-
4. Mr. Manoch Munjitjuntra <sup>(1)</sup>	-	-	-	-
5. Mr. Suchart Phowatthanasathian <sup>(1)</sup>	-	-	-	-
6. Ms. Pajaree Meekangvan <sup>(1)</sup>	-	-	-	-
7. Ms. Ratrimani Pasiphol <sup>(1)</sup>	-	-	-	-
8. Mr. Chakkrit Parapuntakul <sup>(2)</sup>	-	133,334.00	-	133,334.00
9. Mr. Wattana Chantarasorn <sup>(3)</sup>	-	1,680,652.35	-	1,680,652.35
10. Ms. Prachit Hawat <sup>(4)</sup>	-	166,667.00	-	166,667.00
11. Mr. Smit Tiemprasert	-	2,000,004.00	-	2,000,004.00
12. Ms. Wattanee Phanachet <sup>(3)</sup>	-	1,919,359.65	-	1,919,359.65
<b>Director resigning during 2017</b>				
Mr. Neil A. Hansen <sup>(1)</sup>	-	-	-	-
Mr. Adisak Jangkamolkulchai <sup>(1)</sup>	-	-	-	-
Mr. Somjate Saifon <sup>(1)</sup>	-	-	-	-
Mr. Somchai Poolsavasdi <sup>(2)</sup>	-	1,200,006.00	-	1,200,006.00
Mr. Yodpong Sutatham <sup>(1)</sup>	-	-	-	-
Mr. Sompop Amatayakul <sup>(4)</sup>	-	1,596,777.30	-	1,596,777.30
<b>Total</b>	<b>-</b>	<b>8,696,800.30</b>	<b>-</b>	<b>8,696,800.30</b>

- (1) Not eligible for director remuneration as they receive separate compensation from the Company or its affiliates for full-time services rendered.
- (2) Mr. Chakkrit Parapuntakul was appointed as an independent director effective November 30, 2017 to replace Mr. Somchai Poolsavasdi who resigned from his independent director position effective October 1, 2017.
- (3) Mr. Wattana Chantarasorn was elected as a member of Audit Committee effective to replace Ms. Wattanee Phanachet who resigned from her position as member of Audit Committee while continued to serve as an independent director effective October 19, 2017.
- (4) Ms. Prachit Hawat was appointed as an independent director and was elected as a member of Audit Committee effective November 30, 2017 to replace Mr. Sompop Amatayakul who resigned from his position as an independent director and member of Audit Committee effective October 19, 2017.

## Executives Remuneration

For the fiscal year ended December 31, 2017, the total executive remuneration for 13 executives (including the 4 executives whose executive position were ceased in 2017), which includes salaries, wages, benefits, and post-employment benefits, to the extent borne by the Company, was Baht 105.8 Million.

Compensation	2017		2016	
	Number of Executives	Amount (K Baht)	Number of Executives	Amount (K Baht)
Salaries and other short-term employment benefit	13	77,267	11	66,663
Post-employment benefit	13	28,507	11	24,564
Bonus	13	0	11	0
<b>Total</b>		<b>105,774</b>		<b>91,227</b>

## 9. Management Structure

The management structure of the Company, its subsidiaries, and associated companies as of December 31, 2017 is as follows:

Name	Company	Subsidiaries/Associated Company				
		1	2	3	4	5
1. Mr. Jeremy Robert Osterstock*	x, /, //	x, /, //				
2. Mr. Chai Jangsirikul*	/, //	//	//	//	//	
3. Mr. Mongkolnimit Auacherdkul*	/, //					
4. Mr. Manoch Munjitjuntra <sup>(1)</sup>	/, //		x, /, //	x, /, //	x, /, //	
5. Mr. Suchart Phowatthanasathian *	/, //					
6. Ms. Pajaree Meekangvan*	/					
7. Ms. Ratrimani Pasiphol*	/, //	//	//	//	//	
8. Mr. Chakkrit Parapuntakul	/					
9. Mr. Wattana Chantarasorn	/					
10. Ms. Prachit Hawat	/					
11. Mr. Smit Tiemprasert	/					
12. Ms. Wattanee Phanachet	/					
13. Mr. Vanchai Vichakchon	//					
14. Mr. Warathum Tungittiaplakorn	//					/
15. Ms. Sairuedee Suchato	//					

x = Chairman / = Director // = Executive Officer \* = Authorized Director of the Company

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

(1) Mr. Manoch Munjitjuntra would become executive office to replace Mr. Yodpong Sutatham effective January 1, 2018 and would be appointed Chairman of director and executive officer of those subsidiaries in January 2018.

## 10. Shareholding of Directors and Executives

Shareholding of directors and executives as of December 31, 2017 is as follows:

Name	Company			Shareholdings (%)	Subsidiaries (company / No. of shares (%))
	No. of Shares as of December 31, 2017	No. of Shares as of December 31, 2016	Change Increase/ (Decrease) in 2017		
1. Mr. Jeremy Robert Osterstock <sup>(1)</sup>	-	-	-	-	-
Spouse and minor child (children)	-	-	-	-	-
2. Mr. Chai Jangsirikul	-	-	-	-	-
Spouse and minor child (children)	-	-	-	-	-
3. Mr. Mongkolnimit Auacherdkul	-	-	-	-	-
Spouse and minor child (children)	-	-	-	-	-
4. Mr. Manoch Munjitjuntra <sup>(2)</sup>	-	-	-	-	-
Spouse and minor child (children)	-	-	-	-	-
5. Mr. Suchart Phowatthanasathian	-	-	-	-	-
Spouse and minor child (children)	-	-	-	-	-
6. Ms. Pajaree Meekangvan <sup>(3)</sup>	-	-	-	-	-
Spouse and minor child (children)	-	-	-	-	-
7. Ms. Ratriamani Pasiphol	10,000	10,000	0	0.0003%	-
Spouse and minor child (children)	-	-	-	-	-
8. Mr. Chakkrit Parapuntakul <sup>(4)</sup>	-	-	-	-	-
Spouse and minor child (children)	-	-	-	-	-
9. Mr. Wattana Chantarasorn	-	-	-	-	-
Spouse and minor child (children)	-	-	-	-	-
10. Ms. Prachit Hawat <sup>(5)</sup>	-	-	-	-	-
Spouse and minor child (children)	-	-	-	-	-
11. Mr. Smit Tiemprasert	-	-	-	-	-
Spouse and minor child (children)	-	-	-	-	-
12. Ms. Wattanee Phanachet	-	-	-	-	-
Spouse and minor child (children)	-	-	-	-	-
13. Mr. Vanchai Vichakchon <sup>(6)</sup>	-	-	-	-	-
Spouse and minor child (children)	-	-	-	-	-
14. Mr. Warathum Tungittiplakorn	-	-	-	-	-
Spouse and minor child (children)	-	-	-	-	-
15. Ms. Sairuedee Suchato	5,800	5,800	0	0.0001%	-
Spouse and minor child (children)	-	-	-	-	-

(1) Mr. Jeremy Robert Osterstock was appointed as director and the Chairman to replace Mr. Neil A. Hansen effective April 25, 2017.

(2) Mr. Manoch Munjitjuntra was appointed as director to replace Mr. Yodpong Sutatham effective November 30, 2017.

(3) Ms. Pajaree Meekangvan was appointed as director to replace Mr. Adisak Jangkamolkulchai effective November 30, 2017.

(4) Mr. Chakkrit Parapuntakul was appointed as an independent director to replace Mr. Somchai Poolsavasdi effective November 30, 2017.

(5) Ms. Prachit Hawat was appointed as an independent director and was elected as a member of Audit Committee to replace Mr. Sompop Amatayakul effective November 30, 2017.

(6) Mr. Vanchai Vichakchon became executive officer effective June 1, 2017.

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.

# 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 policies and guidelines regarding ethical behavior in all aspects of its operations and business, and these Standards apply to all officers and employees, without exception.

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

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

While the Company's policies cover a wide range of subjects, the uncompromising requirement for honesty, integrity and ethical dealing is fundamental to all of them. In particular, the Company's stringent standards against corruption are clearly reflected in the Ethics, Conflicts of Interest, Directorship, Gifts and Entertainment, and Anti-Corruption policies. It is not only the policy of the Company to comply with all governmental laws, rules, and regulations applicable to its business, but the Company's Ethics policy also goes further and requires that even where the law is permissive, the Company chooses the course of highest integrity. The Company expects compliance with its Standards of Business Conduct throughout the organization and will not tolerate employees who achieve results at the cost of violation of law or who deal unscrupulously. The Company's directors and officers support, and expect the Company's employees to support, any employee who passes up an opportunity or advantage that would sacrifice ethical standards. Officers and employees are required to review these policies annually and provide written confirmation of compliance.

It is the Company's policy that all transactions be accurately reflected in its books and records. This, of course, means that falsification of books and records and the creation or maintenance of any off-the-record bank accounts are strictly prohibited. Employees are expected to record all transactions accurately in the Company's books and records, and to be honest and forthcoming with the Company's internal and independent auditors.

The Company expects candor from employees at all levels and adherence to its policies and internal controls. One harm which results when employees conceal information from higher management or the auditors is that other employees

think they are given a signal that the Company's policies and internal controls can be ignored when they are inconvenient. That mindset can result in corruption and demoralization of an organization. The Company's system of management will not work without honesty, involving bookkeeping, budget proposals, and economic evaluation of projects. Local customs and practices may differ from place to place, but honesty is not subject to criticism in any culture.

The Company believes that a well-founded reputation for honest dealing is itself a priceless corporate asset. In support of these policies, the Company has adopted detailed guidelines and programs, such as:

1. Conflicts of Interest Guidelines
2. Directorship Guidelines
3. Gifts and Entertainment Guidelines
4. Guidelines for Interaction with Government Officials
5. Anti-corruption Legal Compliance Guidelines

These guidelines provide detailed explanations and practical rules for complying with the relevant policies, and avoiding conflicts between the Company's interests and those of officers and employees, whether real or apparent. In particular, these policies and guidelines seek to prevent corruption, and uphold the integrity of the Company in all its operations and businesses without exception. For example, The Gifts and Entertainment Guidelines defines the scope of "gifts" and "entertainment", the review and approval requirements for providing and receiving gifts and entertainment, and acceptable business contexts for providing and receiving gifts and entertainment. Another example is the Guidelines for Interaction with Government Officials, which defines "Government Officials", as well as "gifts", "entertainment" and "hosting" offered or provided to Government Officials, and the review and approval requirements for the same. It should be noted that the gift of cash or cash equivalents of any nature are strictly prohibited, as are facilitating payments of any kind. Further, high-value entertainment and hosting is subject to additional rules and stricter review processes.

### Anti-Corruption Practice

The Company's anti-corruption policy and compliance program are based on global ExxonMobil standards, which meet stringent US, UK and EU standards. While these have always been part of the Company's way of doing business, the Company formalized the policy and programs in 2011 and 2012. The Company's board of directors adopted the Anti-Corruption policy in November 2011, and added it to its Standards of Business Conduct so it is explicit to all employees and stakeholders. The Company's Chairman formally endorsed a consolidated Anti-Corruption Compliance Program in November 2012, setting out the practical framework, which contains six (6) elements as follows:

1. Management Leadership and Accountability
2. Assessment of Risk
3. Prevention and Detection Procedures and Measures
4. Communication of Policies and Procedures
5. Training
6. Assessment of Effectiveness.

These elements require management to:

- Provide visible leadership and be accountable for the Company's anti-corruption efforts
- Continually assess anti-corruption risks in the Company's operations and businesses, review these with legal counsel, as needed, and take appropriate mitigation or corrective action
- Have in place appropriate controls and procedures to detect and prevent corruption
- Regularly communicate the Company's anti-corruption policy, guidelines and programs to employees
- Provide regular training in all applicable anti-corruption laws, including US Foreign Corrupt Practices Act, UK Bribery Act and Thai anti-corruption laws, to ensure consistent understanding among all employees
- Conduct regular internal audits and internal self-assessments to help ensure rigorous enforcement of the Company's ethical standards

Failure to behave honestly, to comply with law, the Company's policies, and the Company's internal controls may result in disciplinary action, up to and including separation. No one in the Company has the authority to make exceptions or grant waivers to the Company's foundation policies.

The Company also enforces these ethical standards with contractors and third parties acting on our behalf. Contractors and third parties acting on behalf of the Company are prohibited from making payments to or engaging in transactions with government officials that improperly influence the proper performance of their official duties. The Company makes efforts to include in all procurement contract requirements to keep accurate books and records and, where appropriate, contains anti-bribery commitments from our vendors and suppliers.

Lastly, the Company has an open door communications procedure set out in the Standards of Business Conduct which 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, and the Company's internal controls, so that management can take appropriate corrective action.

The full text of these foundational policies can be found 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 ([essolr@exxonmobil.com](mailto:essolr@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 occur as required. The dates of the Board meetings throughout 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.

The Board met 6 times in 2017 with details of attendance as follows:

Name	Board Meeting Attendance (times)
1. Mr. Jeremy Robert Osterstock <sup>(1)</sup>	4/4
2. Mr. Chai Jangsirikul	6/6
3. Mr. Mongkolnimit Auacherdkul	6/6
4. Mr. Suchart Phowatthanasathian <sup>(2)</sup>	4/4
5. Mr. Manoch Munjitjuntra <sup>(3)</sup>	1/1
6. Mr. Pajaree Meekangvan <sup>(4)</sup>	1/1
7. Ms. Ratrimani Pasiphol	6/6
8. Mr. Chakkrit Parapuntakul <sup>(5)</sup>	1/1
9. Mr. Wattana Chantarasorn	6/6
10. Ms. Prachit Hawat <sup>(6)</sup>	1/1
11. Mr. Smit Tiemprasert	6/6
12. Ms. Wattanee Phanachet	6/6
Director resigning during 2017	
1. Mr. Neil A. Hansen	2/2
2. Mr. Adisak Jangkamolkulchai	4/4
3. Mr. Somjate Saifon	3/3
4. Mr. Somchai Poolsavasdi	4/5
5. Mr. Sompop Amatayakul	4/5
6. Mr. Yodpong Sutatham	4/5

(1) Mr. Jeremy Robert Osterstock was appointed as a director to replace Mr. Neil A. Hansen effective April 25, 2017

(2) Mr. Suchart Phowatthanasathian was appointed as a new director April 25, 2017.

(3) Mr. Manoch Munjitjuntra was appointed as a director to replace Mr. Yodpong Sutatham effective November 30, 2017.

(4) Ms. Pajaree Meekangvan was appointed as a director to replace Mr. Adisak Jangkamolkulchai (who resigned from his director position effective August 1, 2017) effective November 30, 2017

(5) Mr. Chakkrit Parapuntakul was appointed as an independent director to replace Mr. Somchai Poolsavasdi (who resigned from his independent director position effective October 1, 2017) effective November 30, 2017.

(6) Ms. Prachit Hawat was appointed as an independent director to replace Mr. Sompop Amatayakul (who resigned from his independent director position effective October 19, 2017) effective November 30, 2017

### Audit Committee

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

The Audit Committee met 6 times in 2017 which included meetings involving individual discussions with the external auditors. The details of attendance are as follows:

Name	Audit Committee Attendance (times)
1. Mr. Wattana Chantarasorn <sup>(1)</sup>	2/2
2. Mr. Smit Tiemprasert	5/6
3. Ms. Prachit Hawat <sup>(2)</sup>	0/0
Audit Committee members resigning during 2017	
1. Mr. Sompop Amatayakul	4/4
2. Ms. Wattanee Phanachet	4/4

(1) Mr. Wattana Chantarasorn was elected as an Audit Committee member to replace Ms. Wattanee Phanachet and Chairman of Audit Committee to replace Mr. Sompop Amatayakul effective October 19, 2017.

(2) Ms. Prachit Hawat was elected as an Audit Committee member to replace Mr. Sompop Amatayakul effective November 30, 2017.

### 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 2017, 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 2017
1.	Mr. Jeremy Robert Osterstock	-	-	-
2.	Mr. Chai Jangsirikul	DAP	15 Feb 2011	-
3.	Mr. Mongkolnimit Auacherdkul	DAP	26 Sep 2008	-
4.	Mr. Manoch Munjitjuntra	DAP	15 Jan 2018	-
5.	Mr. Suchart Phowatthanasathian	DAP	19 Feb 2018	-
6.	Ms. Pajaree Meekangvan	DAP	15 Jan 2018	-
7.	Ms. Ratrimani Pasiphol	DAP	16 Jul 2012	-
8.	Mr. Chakkrit Parapuntakul	DAP	2004	-
		ACP	2005	-
		-	-	BMT
		-	-	ELP
9.	Mr. Wattana Chantarasorn	DAP	27 Mar 2009	-
		AACP	26 Feb – 19 Mar 2018	-
10.	Ms. Prachit Hawat	DAP	15 Feb 2011	-
11.	Mr. Smit Tiemprasert	DCP	Jan – Mar 2006	-
		FN	2005	-
12.	Ms. Wattanee Phanachet	DCP	12 Mar – 16 Aug 2002	-
		DCP Refresher	25 Feb 2007	-
		ACP	14 – 15 Feb 2007	-

*DAP = Director Accreditation Program*

*DCP = Director Certification Program*

*ACP = Audit Committee Program*

*FN = Finance for Non-Finance Director*

*BMT = Board Matters and Trends*

*ELP = Ethical Leadership Program*

*AACP = Advanced Audit Committee Program*

### Auditor Remuneration

The audit fees paid to the office of the external auditor, PricewaterhouseCoopers ABAS Limited, for the 2017 accounting period were Baht 4,500,000. There were no other fees paid to the Company's auditor.

# Risk Management

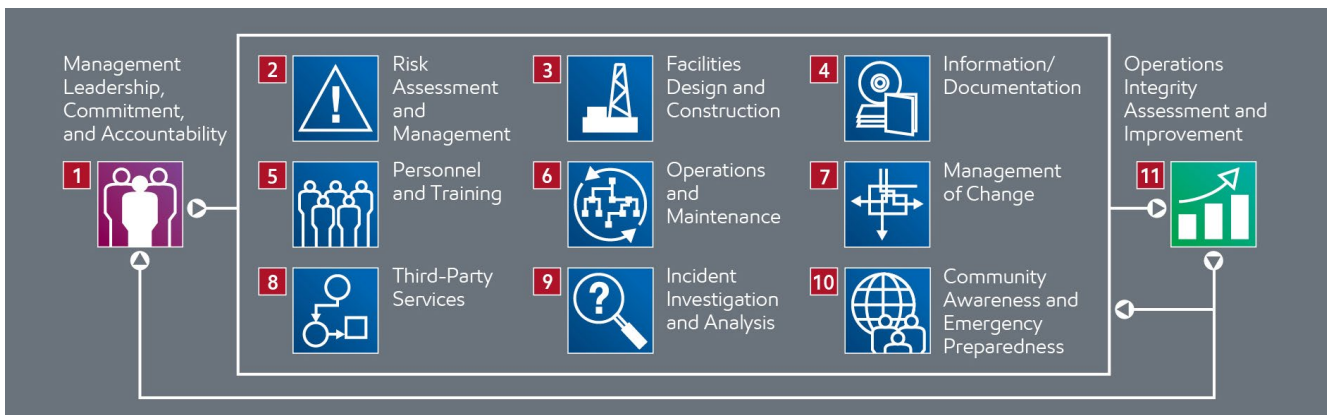
## Comprehensive Risk Management

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.

The Company's risk management process is in place with a focus on creating value for shareholders over the long term. The Company's management committee assuming the roles and responsibilities of a risk management committee, regularly conducts a rigorous and disciplined review process to ensure risk management plans which are embedded as an integral part of every business process, consistent and aligned with the Company's strategies. On a quarterly basis, the Board of Directors reviews operational and financial performances including Safety, Security, Health & Environment (SSH&E) performance, to ensure operations of the businesses based on appropriate risk control and management systems. On an annual basis, the Board Audit Committee reviews mitigation of key risk areas impacted by external and internal factors and attests the adequacy of risk management process.

The key risk areas reviewed with the Board Audit Committee in 2017 included operational efficiency, safety, business controls and environmental, oil price volatility with abundant supply and production capacity, positive economic conditions driven by government investment, intense competition with expanded offerings and greater customer expectations, government energy reform policy, cyber security threats, trends in energy demand and public sentiment toward fossil fuels. The Board of Audit Committee concluded that the risk management system in place is comprehensive and appropriate.



## 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 Previous Page 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. Oil prices can fluctuate with abundant or disruptive supply.

### 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.

Thailand economy advanced 3.9% year-on-year. It was the strongest expansion since the first quarter of 2013, boosted by faster rises in private consumption, government spending, investment and exports. This improvement in economic conditions supported energy demand growth in the country.

### 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 and changes in technology or consumer preferences that alter fuel choices such as alternative energy fueled vehicles.

### Other Supply-Related

Changes in industry refining margins, marketing margins, or increasing competitive pressures in fuels marketing and lubricants businesses also have direct impact to profitability of the company. In particular, the intense competition within the fuels retailing business is another risk factor. The lower crude oil prices during the past few years have led to increased demand for refined products. Many fuel retailers have rapidly expanded their number of service stations, and have launched marketing campaigns to increase market share.

Commodity prices and margins 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 or otherwise mitigate 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.

In 2017, the Company considered several potential regulatory and energy policies when evaluating future operating plans. Some examples include; Euro 5 fuels standard roadmap, Phase-out of select product grades, Bio-fuel content mandates, ex-refinery product prices, retail margins, and LPG price mechanisms.

### 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 (BCP). The Company reviews, updates and test the plan annually. The Company categories critical activities, identifies positions required to sustain critical activities, and documents the workarounds and mitigation measures in the event of disruption. These are events that we included in our BCP; loss of people, loss of facilities, loss of IT, and loss of other key external suppliers of critical activities.

## 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 are 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 5% 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.

## Engaging with critics on climate change

Society continues to face the dual challenge of meeting the world's growing energy demand, while simultaneously addressing the risks of climate change. The Company believes the risks of climate change warrant thoughtful action. We are committed to providing reliable and affordable energy to support human progress while advancing effective solutions to address climate change. Our climate change risk management strategy includes four components: developing technology solutions, mitigating emissions in our operations, providing solutions that reduce greenhouse gas emissions for our customers and engaging on climate change policy.

## Technology evolution

Recent advances in technology have resulted in abundant supply and unprecedented range of energy choices – from oil and natural gas to wind turbines, solar arrays, and electric vehicle options. Forecasts by the company and the industry anticipate that for the next few decades, oil will likely remain the country's primary energy source, supporting transportation needs, and chemical production. Nevertheless, modern renewable sources will likely have the highest growth rates, becoming a more prominent source of energy.

## Cybersecurity

Cybersecurity is the body of technologies, processes and practices designed to protect networks, computers, programs and data from attack, damage or unauthorized access.

Cybersecurity threats aimed at stealing Company information or damaging operational facilities are increasing, making the proper training and vigilance of all IT users an important part of our cybersecurity defenses. It is essential that all of the Company's computer users are able to recognize cybersecurity threats, and understand their role in protecting against these attacks. Therefore, cybersecurity awareness

training is a mandatory annual requirement for all employees, contractors, JV workers, and third parties. Email phishing attacks are one of the largest cybersecurity risks the Company faces. As part of the Company's training and awareness efforts on cybersecurity risks, mock phishing emails are sent to test a user's ability identify suspicious emails that could be used in a cyber attack.



# 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 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 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 designed to include follow-up processes to ensure effective implementation and continuous improvement.

## Management Control

The Company 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 & Feedback Mechanism.

## Auditing and Compliance

### Business Practice Reviews (BPRs)

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 to:

- 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 2017 accounting period were Baht 4,500,000. There were no other fees paid to the Company's auditor.

## Related Party Transactions

The Company executed numerous agreements with ExxonMobil and its affiliates in order to leverage their expertise in the global oil and gas industry. 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 and 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 Audit Committee and the Company's external auditors as part of their audit of the Company's annual financial statements. The Audit Committee considered and provided an opinion that such transactions were entered into in the normal course of business, consistent with prescribed criteria, and were 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. If 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 provided an approval for 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 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.

### New related party transactions

Any new related party agreements will comply with the Board resolution of August 28, 2008 described above, as well as the 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, if the Company proposes executing a related party agreement not consistent with the August 28, 2008 Board resolution, 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, 2017.

Parties/Relationship with the Company		2017 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	ExxonMobil Asia Pacific Pte. Ltd. (" <b>EMAPPL</b> ") EMAPPL is an affiliate of Exxon Mobil Corporation (EMC), EMC indirectly holds 100% of shares in EMAPPL	EMAPPL sells or procures for sale to Esso Asia Pacific crude oil. In addition to such crude oil, EMAPPL agrees to sell or procure for sale LPG, products and feedstock, and lube basestock. EMAPPL purchases crude oil, LPG, products, feedstock and lube basestock which Esso desires to sell and export.		
Paraxylene and Benzene Concentrate Supply and Offtake Agreement	<b>EMAPPL</b>	Esso sells EMAPPL paraxylene and benzene concentrate.		
Assignment and Assumption Agreement for the Manufacture and/or sale of Toyota Oil and Chemical Product	<b>EMAPPL</b>	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	<b>EMAPPL</b>	Esso purchases finished lubricants, base oils, base stocks, and/or lubricant additives from EMAPPL.	14,730	1,147
Inter-Affiliate Product Sale and Purchase Agreement	<b>EMAPPL</b>	Esso sells finished lubricants, and/or lubricant additives as ordered by EMAPPL from time to time.		
Downstream Regional Headquarters/ Affiliate Master Service Agreement	<b>EMAPPL</b>	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	<b>EMAPPL</b>	EMAPPL provides services to Esso covering certain management consulting, functional advice, administrative, technical, professional, and other supporting services in connection with Esso's chemical business such as accounting, legal, tax, human resources, office space, and clerical activities, computer network services and procurement services.		

Parties/Relationship with the Company		2017 Transaction Value (Million Baht)		
		Sales	Purchase	Service Expenses
<b>Agreements</b>				
<b>Goods and Services</b>				
Sale Agreement	ExxonMobil Chemical Asia Pacific (" <b>EMCAP</b> *"), a division of EMAPPL EMCAP is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMCAP	EMCAP sells or causes to be sold to Esso chemical products in such a volume as Esso nominates from time to time.	2,324	192
Paraxylene Sales Agreement	<b>EMCAP</b>	EMCAP sells to Esso paraxylene products in such a volume as Esso nominates from time to time.		
Crude Oil, Products and Feedstocks Supply Agreement	ExxonMobil Sales and Supply (" <b>EMS&amp;S</b> ") EMS&S is an affiliate of EMC, EMC indirectly holds 100% of shares in EMS&S	EMS&S sells or procures to sell non Asia Pacific crude oil. In addition to such crude oil, EMS&S agrees to sell or procure for sale products and feedstock to Esso. EMS&S purchases crude oil, LPG, products, feedstock and lube basestock which Esso desires to sell and export.	21,692	
"Bangkok Business Support Center" Master Service Agreement	ExxonMobil Limited (" <b>EML</b> ") EML is an affiliate of EMC and a subsidiary of ExxonMobil International Holdings Inc. EMC indirectly holds 100% of shares in EML.	EML provides various services including certain management consulting, functional advice, administrative, technical, professional, and other supporting services relating to Esso's business and operations.		1,110
Master Service Agreement	ExxonMobil Global Services Company (" <b>EMGSC</b> ") EMGSC is an affiliate of EMC, EMC directly holds 100% of shares in EMGSC	EMGSC provides Esso with advice and assistance relating to (i) information technology services (ii) procurement services (iii) real estate services and facilities services.		134
ExxonMobil Petroleum & Chemical Master Business Support Agreement	ExxonMobil Petroleum & Chemical (" <b>EMPC</b> ") EMPC is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMPC	EMPC provides Esso a variety of services relating to accounting and administrative services through personnel based out of business centers established outside of Thailand.		14

## Main Purposes

## Parties/Relationship with the Company

## 2017 Transaction Value (Million Baht)

## Agreements

## Goods and Services

Parties/Relationship with the Company		2017 Transaction Value (Million Baht)		
		Sales	Purchase	Service Expenses
<b>Goods and Services</b>				
EssoAir Service Agreement	ExxonMobil Aviation International Ltd. ("EMA") EMA is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMA	EMA provides Esso a wide range of marketing and technical assistance appropriate to Esso's aviation fuel business including solicitation of aviation sales and general advisory services and consultancy.		37
Inter-Affiliate Marine Transportation Services Agreement	Standard Tankers Bahamas Ltd ("STB") STB is an affiliate of EMC, which EMC indirectly holds 100% of shares in STB	STB provides services related to (i) vessel pool activities and transportation for purchasers' cargoes of crude oil, petroleum products, and chemicals (ii) chartering and transportation support services (iii) marine vetting services (iv) other supporting services related to the pool vessels as well as other marine transportation activities.	1,653	2
Standard Research Agreement	ExxonMobil Research and Engineering Company ("EMRE") EMRE is an affiliate of EMC, which EMC directly holds 100% of shares in EMRE	Agreement is made for the purpose of (i) creation, acquisition and management of a body of technical information, technical services, and patent and copyright protection for the benefit of petroleum and chemical operations (ii) access to technical information and the use of patent and copyright protection (iii) engineering assistance and special research (iv) administer intellectual property and technical information acquired or made for the benefit of Esso.		218
Catalyst Lease Agreement	ExxonMobil Catalyst Technologies LLC ("EMCT") EMCT is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMCT	EMCT, as a lessor, commits to supply and lease catalysts to Esso.		23
Catalyst Supply Agreement	<b>EMCT</b>	Esso purchases catalysts from EMCT.	0	

Parties/Relationship with the Company		2017 Transaction Value (Million Baht)			
Agreements	Main Purposes	Sales	Purchase	Service Expenses	
<b>Goods and Services</b>					
Trademark License Agreement	ExxonMobil Corporation ("EMC") EMC is the ultimate parent company of various affiliates and subsidiaries	EMC authorizes Esso to use Esso, Exxon, Esso Oval and Exxon Emblem trademarks in Thailand in association with the products and services sold or provided.		4	
Clearing House Service Agreement	<b>EMC</b>	EMC provides the service of operating the Trade Central Clearing House Sub-Account and other Central Clearing House Sub-Account for the purpose of facilitating efficient settlement and processing of transactions.			
Service Agreement	ExxonMobil Hong Kong Limited ("EMHKL") EMHKL is an affiliate of EMC, 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 catalysts, the reclamation of precious metals from spent catalysts, and catalyst operations such as regeneration as well as consulting services relating to catalysts.		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 <b>EMAPPL</b> 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.	11		
Other			0	(9)	98
<b>TOTAL (see note to financial statement no.31)</b>		<b>14,741</b>	<b>104,531<sup>(1)</sup></b>	<b>2,980</b>	

(1) Baht 840 million service expenses paid to Thai Petroleum Pipeline Company Limited is not included



## 2017 Transaction Value (Million Baht)

Agreements	Parties	Main Purposes	2017 Transaction Value (Million Baht)			
			Loan Balance	Deposit Balance	Interest Expense	Interest Income
<b>Financial Assistance</b>						
Loan and Current Account Agreement	<b>EML</b>	Esso provides a loan facility 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 funds and is required to pay interest for the deposited amount.	2,266		39	
Short-Term Loan Agreement	ExxonMobil Development Finance Company ("EMDFC")	EMDFC provides a 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.	9		19	
Long-Term Loan Agreement	<b>EMDFC</b>	EMDFC provides a 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.	2,800		73	
Long-Term Loan Agreement	<b>EMDFC</b>	EMDFC provides a 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.	1,200		87	
Long-Term Loan Agreement	<b>EMDFC</b>	EMDFC provides a Thai Baht-denominated long-term loan to Esso of Baht 1,500 million with principal repayment every 3 months. The loan will mature in December 2019.	1,000		25	
<b>TOTAL (see note to financial statement no.31)</b>			<b>7,275</b>		<b>243</b>	

# Report of the Audit Committee

The current Audit Committee of Esso (Thailand) Public Company Limited consists of three independent directors, with experiences and competencies in international business management, petroleum business management and accounting and financial reporting areas.

In the fiscal year 2017, the committee membership was as follows:

- January 1 – October 18: Mr. Sompop Amatayakul as the chairman, Mr. Smit Tiemprasert and Mrs. Wattanee Phanachet as members. Mr. Sompop Amatayakul and Mrs. Wattanee Phanachet resigned as of October 19.
- October 19 – December 31: Mr. Wattana Chantarasorn as the chairman, Mr. Smit Tiemprasert as member and Ms. Prachit Hawat, who was appointed a member effective November 30.

The Committee conducted six meetings in 2017 in fulfilling its duties in accordance with the audit committee charter, consistent with the regulations of the Stock Exchange of Thailand (SET) by reviewing matters with the external auditors, the Internal Audit lead, and the Company's management. The Committee presented the review activities and findings and submitted reports to the Board of Directors quarterly, which in summary is as follows.

## Review of Financial Reports

The Committee reviewed the quarterly and annual financial reporting by meeting with the company management and the external auditor for considering the financial statements and notes to the financial statements, applicable accounting policies and management judgment made in connection with financial reporting including Key Audit Matters and findings or observations reported by the auditor. The Committee had a meeting with the external auditor without the presence of the Company's management, according to SET best practices, with regards to the appropriateness of accounting policies, the application of new and revised financial reporting standards in effect, and the adequacy of controls in mitigating risk related to the Company's financial reporting. The Committee also focused on oil price

volatility, which could potentially result in a significant financial impact through the stock gain or loss on the Company's earnings.

Based on the aforementioned review, the Committee had a conclusion that the financial statements of Esso (Thailand) Public Company Limited for the year ended 31st December 2017 were fairly stated, in all material respects, in conformity with Thai Financial Reporting Standards (TFRS), and the financial information was disclosed adequately and appropriately, consistent with the opinion of the external auditor stated in its report presented to the Shareholders, and that the external auditor conducted the audit and expressed the opinion independently.

## Risk Management

The Committee reviewed the risk management framework including risk identification, risk assessment, measures and controls that the Company deploys for risk mitigation. The Committee viewed that the risk management process in place is comprehensive, appropriate and consistent with the Company's long term business strategy.

## Internal Controls and Audit

In 2017, the Committee conducted four meetings with parties overseeing internal controls of the Company for reviewing scope, activities, responsibilities, resources, and staffing for the internal control process. The Committee reviewed the adequacy and effectiveness of internal controls, internal audit work plan and key issues included in the internal audit reports, corrective actions for addressing issues, effectiveness of management monitoring in ensuring timely resolution of internal control issues. Also, the Committee reviewed and followed up the reportable irregularities involving violation of the policies, stated in the Company's Standards of Business Conduct.

The Committee viewed that the internal control process is adequate and effective and the actions by management for correction of internal control issues were effective.

### Appointment of External Auditor for 2018

The Committee participated in screening the external auditor of the Company based on expertise, experience and reputation including assessing its independence and quality of work in past years. For remuneration, the considerations included scope of responsibilities of the external auditor and the fees paid in the past.

The Committee concurred to appoint the external auditors from PricewaterhouseCoopers ABAS Ltd., and to recommend the Board of Directors to seek approval at the Annual General Meeting of Shareholders.

### Related Party Transactions

The Committee reviewed the appropriateness and reasonableness of related-party transactions or those which gave rise to potential conflicts of interest, based on the principles of reasonableness, transparency, disclosure adequacy, relevancy to normal course of business and best interests of the company. Based on the review, no issues were identified and information related to transactions with related parties was adequately disclosed.

### Anti-Corruption Practices

The Committee assessed the process in place for anti-corruption, which is one of important elements in the long standing Standards of Business Conduct being adhered to by the Company, by reviewing of related policies, guidelines, compliance programs, monitoring and reporting procedures, which are consistent with international standards, as well as the result of the evaluation conducted using the Self-Evaluation Tool for Countering Bribery issued by Private

Sector Collective Action Coalition Against Corruption. The Committee were satisfied with the robustness of the Company's policies, compliance programs and related controls.

### Legal and Regulatory Compliance

The Committee reviewed compliance to laws and regulations relevant to the company business as well as the Company's Standards of Business Conduct, which defines basic principles of the business practices required to be observed by directors, officers and employees, by considering the legal and regulatory compliance reports and relevant internal audit findings.

The Committee assessed that the process and compliance system of the company was clear with roles and accountability of directors and management well defined, and viewed that the Company had an effective oversight process in assuring compliance with the policies, laws and regulations applicable to the business by all operating units across the Company.

### Conclusion

In summary, the Audit Committee concluded that the company's financial statements were fairly stated, in all material respects, in accordance with Thai Financial Reporting Standards and the financial information was disclosed adequately, the system of internal controls and risk management process were effective and appropriate, applicable laws and regulations were complied with, and the review did not identify issues related to the connected transactions nor conflicts of interest.

February 23, 2018  
Onbehalf of the Audit Committee



**Mr. Wattana Chantarasorn**  
Chairman of the Audit Committee



# 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. Jeremy Robert Osterstock**  
Chairman and Managing Director  
Esso (Thailand) Public Company Limited



# ESSO (THAILAND) PUBLIC COMPANY LIMITED

## CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2017

# Independent Auditor's Report

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

### My opinion

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

### What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

### Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



## Key audit matters

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

Key audit matter	How my audit addressed the key audit matter
<p><b>Revenue Recognition</b></p> <p>In 2017, the Group recognised revenues of Baht 177,356 million which derived from two main business segments, Downstream and Petrochemical segments, as disclosed in the Notes 4 and 23 to the financial statements.</p> <p>The revenues are determined and recognized, based on the contractual price and volume of products delivered. The price is based on the market price and a number of other factors, depending on the distribution channels and contract terms with customers. The volumes sold are measured using applicable meters when the products are delivered to customers via pipeline, truck, or vessel.</p> <p>I focused on the revenue recognition of the petroleum products and petrochemical products because the revenue amounts and number of revenue transactions are material. In addition, selling prices are based on market prices and a number of other factors as stated in the contracts with customers</p>	<p>My work performed over revenue recognition included:</p> <ul style="list-style-type: none"> <li>▪ Obtaining an understanding and testing the design and operating effectiveness of key controls in relation to the recognition of revenues, particularly focus on controls around the timely and accurate recording of sales transactions and obtaining an understanding of revenue recognition to identify appropriateness of accounting policies the Group applied;</li> <li>▪ Testing gross sales transactions and credit/debit notes on sampling basis by tracing to relevant supporting documents, including invoices to customers, shipment documents and subsequent cash receipts from those customers. Additionally, I inspected sales contracts with significant values;</li> <li>▪ Selecting revenue samples prior to and after year end to test whether they are recorded in appropriate timing, based on terms and conditions set out in sales invoices and delivery documents or system generated reports; and</li> <li>▪ Sending debtor confirmations for balances as at 31 October 2017, completing appropriate roll-forward procedures and performing subsequent receipt testing on customer balances for which confirmations were not received</li> </ul> <p>From the procedures performed, I found that the revenue recognition of the petroleum products and petrochemical products was appropriately applied in accordance with the Group's accounting policies.</p>

## Key audit matter

## How my audit addressed the key audit matter

**Cost of Inventory**

As of 31 December 2017, the Group held inventories, mainly petroleum and petrochemical products, of Baht 7,842 million which represent 13 percent of the Group's total assets.

Cost of inventories primarily comprise purchase prices of crude oil and the manufacturing costs which are allocated to each type of products. Cost calculation requires the Group to perform the following procedures :

- Generating an automated report that computes the unit cost of each product. From this report, the production costs of inventories are pooled together and are allocated to each product using percentage of each product reference value to total production costs;
- Performing a comparison between product unit costs and market prices to ensure there is no significant unusual item; and
- Using final unit costs for calculation of inventory balance using FIFO application.

I focused on this area because the sizes of inventory balances from petroleum and petrochemical products are material to the Group's financial statements. In addition, the calculation of inventory cost is complex. The accuracy and the completeness of information used for unit cost calculation are important which influences pricing decision and the Group's profit and loss.

My work performed over cost of inventories included:

- Obtaining an understanding and testing the design and operating effectiveness of key controls in relation to over the inventory management and procurement cycle to the purchase requisition, purchase orders, goods receiving, payments and recording to reflect the accuracy of the cost of inventory;
- Testing purchase transactions in relation to timing, amounts and volumes on sampling basis by tracing to relevant supporting documents, including invoices from suppliers and receiving documents.
- Obtaining an understanding of basis of inventory cost to identify appropriateness of accounting policies the Group applied;
- Comparing unit cost of each product with its market price as at the reporting date to ensure there is no significant unusual item; and
- Engaging specialists in Information Systems and Technology to verify accuracy and reliability of the reports used in cost allocation.

From the procedures performed, I found that cost of inventories is calculated and allocated based on appropriate methodologies which are consistent with The Group's accounting policies.

**Other information**

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

## Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

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

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

PricewaterhouseCoopers ABAS Ltd.



**Pongthavee Ratanakoses**

Certified Public Accountant (Thailand) No. 7795

Bangkok

26 February 2018

## Esso (Thailand) Public Company Limited

**Statement of Financial Position**

As at 31 December 2017

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	5	448,169	557,033	448,169	557,033
Trade receivables, net	6	5,063,925	4,509,702	5,063,925	4,509,702
Amounts due from related parties	31f	-	30	45,483	44,400
Inventories, net	7	18,075,385	17,247,635	18,075,385	17,247,635
Other receivables, net	8	837,668	419,575	837,668	419,575
Other current assets	9	1,116,031	1,057,966	1,290,174	1,218,835
<b>Total current assets</b>		<b>25,541,178</b>	<b>23,791,941</b>	<b>25,760,804</b>	<b>23,997,180</b>
<b>Non-current assets</b>					
Available-for-sale investments	10	2,103,750	1,631,250	2,103,750	1,631,250
Investments in an associate	12	2,160,658	2,147,978	1,729,360	1,729,360
Investments in subsidiaries	12	-	-	114,589	114,589
Long-term loans to related parties	31g	-	-	2,887,873	2,748,600
Property, plant and equipment, net	13	26,914,243	27,908,549	22,679,966	23,650,065
Intangible assets, net	14	149,535	136,603	149,535	136,603
Deferred income tax assets, net	15	512,433	1,737,766	405,499	1,628,783
Prepaid rental and deferred charges	16	1,596,589	1,304,693	2,421,980	2,309,589
Other non-current assets		41,120	92,484	40,848	92,210
<b>Total non-current assets</b>		<b>33,478,328</b>	<b>34,959,323</b>	<b>32,533,400</b>	<b>34,041,049</b>
<b>Total assets</b>		<b>59,019,506</b>	<b>58,751,264</b>	<b>58,294,204</b>	<b>58,038,229</b>



The notes on pages 92-126 are an integral part of these consolidated financial statements and separate financial statements.

## Esso (Thailand) Public Company Limited

**Statement of Financial Position**

As at 31 December 2017

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Short-term borrowings from financial institutions	17	3,971,478	6,019,770	3,971,478	6,019,770
Trade and other payables	18	6,047,813	4,027,772	6,047,345	4,020,942
Amounts due to related parties	31f	8,354,556	7,803,733	8,362,626	7,803,017
Short-term loans from related parties	31h	4,574,913	7,549,571	4,584,716	7,562,863
Income tax payables		487,353	-	487,036	-
Short-term provisions for employee benefits	19	840,583	756,822	840,583	756,822
<b>Total current liabilities</b>		<b>24,276,696</b>	<b>26,157,668</b>	<b>24,293,784</b>	<b>26,163,414</b>
<b>Non-current liabilities</b>					
Long-term borrowings from financial institutions	17	1,100,000	2,000,000	1,100,000	2,000,000
Long-term loans from related parties	31h	2,700,000	7,400,000	2,701,748	7,401,558
Long-term provisions for employee benefits	19	2,760,408	2,435,790	2,760,408	2,435,790
Other non-current liabilities		192	5,435	192	5,435
<b>Total non-current liabilities</b>		<b>6,560,600</b>	<b>11,841,225</b>	<b>6,562,348</b>	<b>11,842,783</b>
<b>Total liabilities</b>		<b>30,837,296</b>	<b>37,998,893</b>	<b>30,856,132</b>	<b>38,006,197</b>

The notes on pages 92-126 are an integral part of these consolidated financial statements and separate financial statements.

## Esso (Thailand) Public Company Limited

**Statement of Financial Position**

As at 31 December 2017

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Liabilities and equity (continued)</b>					
<b>Equity</b>					
Share capital					
Authorised share capital					
3,467,916,666 ordinary shares					
with par value of Baht 4.9338 each	20	17,110,007	17,110,007	17,110,007	17,110,007
Issued and paid-up share capital					
3,460,858,000 ordinary shares					
with par value of Baht 4.9338 each	20	17,075,181	17,075,181	17,075,181	17,075,181
Share premium	20	4,031,711	4,031,711	4,031,711	4,031,711
Retained earnings (deficits)					
Appropriated					
Legal reserve	21	892,168	653,243	892,168	653,243
Unappropriated		5,278,472	(1,770,224)	4,539,588	(2,485,309)
Other components of equity	22	897,244	755,026	899,424	757,206
Equity attributable to owners of the parent		28,174,776	20,744,937	27,438,072	20,032,032
Non-controlling interests		7,434	7,434	-	-
<b>Total equity</b>		<b>28,182,210</b>	<b>20,752,371</b>	<b>27,438,072</b>	<b>20,032,032</b>
<b>Total liabilities and equity</b>		<b>59,019,506</b>	<b>58,751,264</b>	<b>58,294,204</b>	<b>58,038,229</b>

The notes on pages 92-126 are an integral part of these consolidated financial statements and separate financial statements.

Esso (Thailand) Public Company Limited  
**Statement of Comprehensive Income**

For the year ended 31 December 2017

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Revenue from sales	23	177,356,394	150,499,747	177,356,394	150,426,332
Subsidy from Oil Fuel Fund		1,349,373	513,496	1,349,373	513,496
Cost of sales		(164,146,494)	(136,909,574)	(164,160,740)	(136,872,815)
<b>Gross profit</b>		14,559,273	14,103,669	14,545,027	14,067,013
Selling expenses		(5,368,141)	(5,505,549)	(5,531,252)	(5,769,537)
Administrative expenses		(338,707)	(360,174)	(338,707)	(360,174)
<b>Profit from sales</b>		8,852,425	8,237,946	8,675,068	7,937,302
Other income		133,325	89,172	476,251	650,541
Interest income		6,080	4,558	181,591	172,583
Finance costs		(371,717)	(505,811)	(371,941)	(506,335)
Share of profit from an associate	12	370,414	379,755	-	-
<b>Profit before income tax expense</b>		8,990,527	8,205,620	8,960,969	8,254,091
Income tax expense	25	(1,702,138)	(1,556,078)	(1,697,147)	(1,528,465)
<b>Profit for the year</b>		7,288,389	6,649,542	7,263,822	6,725,626
<b>Other comprehensive income for the year, net of tax:</b>					
Item that will not be reclassified to profit or loss:					
Remeasurements of provisions for benefit obligations employee benefits	22	(235,782)	84,604	(235,782)	84,604
Share of other comprehensive income of an associate accounted for using the equity method	22	-	(2,180)	-	-
Item that will be reclassified subsequently to profit or loss:					
Changes in fair value of available-for-sale investments	22	378,000	252,000	378,000	252,000
<b>Total comprehensive income for the year</b>		7,430,607	6,983,966	7,406,040	7,062,230
<b>Profit attributable to:</b>					
Owners of the parent		7,287,621	6,648,754	7,263,822	6,725,626
Non-controlling interests		768	788	-	-
		7,288,389	6,649,542	7,263,822	6,725,626
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		7,429,839	6,983,178	7,406,040	7,062,230
Non-controlling interests		768	788	-	-
		7,430,607	6,983,966	7,406,040	7,062,230
<b>Earning per share for profit attributable to the equity holders of the parent</b> (expressed in Baht per share)					
Basic earnings per share	26	2.11	1.92	2.10	1.94

The notes on pages 92-126 are an integral part of these consolidated financial statements and separate financial statements.



Esso (Thailand) Public Company Limited  
**Statement of Changes in Equity**  
For the year ended 31 December 2017

(All amounts in Baht thousand unless otherwise stated)

	Consolidated financial statements										
	Attributable to owners of the parent										
	Retained earnings (Deficits)					Other components of equity					
	Issued and paid-up share capital	Share premium	Appropriated - legal reserve	Unappropriated - retained earnings	Available-for-sale investments	Provisions for employee benefits	Share of other comprehensive income of an associate	Total other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
<b>Opening balance 2016</b>	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
<b>Changes in equity for the year 2016</b>											
Total comprehensive income	-	-	-	6,648,754	252,000	84,604	(2,180)	334,424	6,983,178	788	6,983,966
Dividend paid	-	-	-	-	-	-	-	-	-	(785)	(785)
<b>Closing balance at 31 December 2016</b>	17,075,181	4,031,711	653,243	(1,770,224)	1,276,200	(518,994)	(2,180)	755,026	20,744,937	7,434	20,752,371
<b>Opening balance 2017</b>	17,075,181	4,031,711	653,243	(1,770,224)	1,276,200	(518,994)	(2,180)	755,026	20,744,937	7,434	20,752,371
<b>Changes in equity for the year 2017</b>											
Total comprehensive income	-	-	-	7,287,621	378,000	(235,782)	-	142,218	7,429,839	768	7,430,607
Dividend paid	-	-	-	-	-	-	-	-	-	(768)	(768)
Appropriation during the year	-	-	238,925	(238,925)	-	-	-	-	-	-	-
<b>Closing balance at 31 December 2017</b>	17,075,181	4,031,711	892,168	5,278,472	1,654,200	(754,776)	(2,180)	897,244	28,174,776	7,434	28,182,210

The notes on pages 92-126 are an integral part of these consolidated financial statements and separate financial statements.

	Separate financial statements								Total equity
	Note	Issued and paid-up share capital	Share premium	Retained earnings (Deficits)			Other components of equity		
				Appropriated - legal reserve	Unappropriated - retained earnings	Available-for-sale investments	Provisions for employee benefits	Total other components of equity	
<b>Opening balance 2016</b>		17,075,181	4,031,711	653,243	(9,210,935)	1,024,200	(603,598)	420,602	12,969,802
<b>Changes in equity for the year 2016</b>		-	-	-	6,725,626	252,000	84,604	-	7,062,230
Total comprehensive income									
<b>Closing balance at 31 December 2016</b>		17,075,181	4,031,711	653,243	(2,485,309)	1,276,200	(518,994)	757,206	20,032,032
<b>Opening balance 2017</b>		17,075,181	4,031,711	653,243	(2,485,309)	1,276,200	(518,994)	757,206	20,032,032
<b>Changes in equity for the year 2017</b>		-	-	-	7,263,822	378,000	(235,782)	142,218	7,406,040
Total comprehensive income									
Appropriation during the year	21	-	-	238,925	(238,925)	-	-	-	-
<b>Closing balance at 31 December 2017</b>		17,075,181	4,031,711	892,168	4,539,588	1,654,200	(754,776)	899,424	27,438,072

The notes on pages 92-126 are an integral part of these consolidated financial statements and separate financial statements.

## Esso (Thailand) Public Company Limited

**Statement of Cash Flows**

For the year ended 31 December 2017

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Cash flows from operating activities</b>					
Cash generated from operations	27	11,617,972	7,778,762	11,624,143	7,838,446
Interest paid		(371,783)	(457,474)	(372,002)	(459,129)
Income tax paid		(27,023)	(5,301)	(22,381)	-
Net cash generated from operating activities		11,219,166	7,315,987	11,229,760	7,379,317
<b>Cash flows from investing activities</b>					
Cash flows from investing activities Loan payments received from related parties	31 g	-	-	23,248	41,462
Loans made to related parties	31 g	-	-	(162,521)	(196,709)
Purchase of property, plant and equipment		(1,121,068)	(1,403,315)	(1,121,068)	(1,403,315)
Purchase of intangible assets	14	(40,080)	(42,725)	(40,080)	(42,725)
Proceeds from disposal of property, plant and equipment	27	57,896	8,800	12,696	8,800
Interest received		6,080	4,557	179,290	171,725
Dividends received from a subsidiary		-	-	3,200	2,500
Dividends received from an associate		357,734	560,397	357,734	560,397
Dividends received from available-for-sale investments		54,900	60,750	54,900	60,750
Net cash used in investing activities		(684,538)	(811,536)	(692,601)	(797,115)
<b>Cash flows from financing activities</b>					
Net payments from short-term borrowings		(449,539)	(1,898,861)	(449,539)	(1,898,861)
Payments on long-term borrowings		(2,500,000)	(2,000,000)	(2,500,000)	(2,000,000)
Proceeds from long-term borrowings		-	1,500,000	-	1,500,000
Net payments on short-term loans from related parties		(2,193,185)	(2,712,248)	(2,196,674)	(2,748,450)
Payments on long-term loans from related parties		(5,500,000)	(2,600,000)	(5,504,026)	(2,603,649)
Proceeds from long-term loans from related parties		-	1,500,000	4,216	1,504,123
Dividends paid to non-controlling interests		(768)	(785)	-	-
Net cash used in financing activities		(10,643,492)	(6,211,894)	(10,646,023)	(6,246,837)
<b>Net (decrease) increase in cash and cash equivalents</b>		(108,864)	292,557	(108,864)	335,365
Cash and cash equivalents at the beginning of the year		557,033	264,476	557,033	221,668
<b>Cash and cash equivalents at the end of the year</b>	5	448,169	557,033	448,169	557,033

The notes on pages 92-126 are an integral part of these consolidated financial statements and separate financial statements.

Esso (Thailand) Public Company Limited

## Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2017

(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, which includes a network 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 separate financial statements were authorised for issue by the Board of Directors on 26 February 2018.

### 2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate 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 separate financial statements have been prepared in accordance with Thai generally accepted accounting principles 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.

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

The preparation of financial statements in conformity with Thai generally accepted accounting principles 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 separate financial statements are disclosed in Note 3.

An English version of the consolidated and separate 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 Revised financial reporting standards and related interpretations

### 1) Revised financial reporting standards and interpretations which are effective on 1 January 2017.

TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 38 (revised 2016)	Intangible assets
TFRS 11 (revised 2016)	Joint arrangements

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28 (revised 2016) in addition to measurement at cost or at fair value (when announced) previously allowed. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

TAS 28 (revised 2016), the significant change is the amendments allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and perform a consolidation at the level of the investment entity associate or joint venture.

TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

TFRS 11 (revised 2016), the amendments clarify that 1) the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting and 2) existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained.

The Group's management assessed and considered that the above revised standards do not have a material impact on the Group.

### 2) Revised financial reporting standards which are effective for annual periods beginning on or after 1 January 2018.

TAS 7 (revised 2017)	Statement of cash flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale in the scope of TFRS 5 (revised 2017), except for the summarised financial information.

The Group's management is assessing the impact from the above revised standard and is considering that they will not have a material impact on the Group.

## 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 the 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 recognised 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 separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investments. Details of the subsidiaries are included in Note 12.

(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 is 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 related 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 accounted for at cost less impairment. Cost also includes direct attributable costs of investments. Details of the associate are included in Note 12.

## 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 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 collected. 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.

## 2.6 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
Petrochemical 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.

## 2.7 Investments

### *Available-for-sale investments*

Available-for-sale investments 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 of consideration paid plus transaction costs. Investments 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 investments 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 separate 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 separate statement of comprehensive income as part of other income or costs. Dividends on available-for-sale investments are recognised in the consolidated and separate statement of comprehensive income as part of other income when the Group's and Company's right to receive payment is established.

## 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.

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 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 expenditures that are 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 separate 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
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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 separate 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 separate 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 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 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to the compensation of costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grant, which is subsidy from oil fuel fund, is separately presented from revenue from sales.

## 2.20 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.

## 2.21 Financial instruments

Financial assets carried on the statement of financial position include cash and cash equivalents, trade receivables, amounts due from related parties, loans to related parties, and other assets. Financial liabilities carried on the statement of financial position include borrowings from financial institutions, 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.

## 2.22 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.

# 3 Critical accounting estimates and judgements

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

### Critical accounting estimates and assumptions

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

#### *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.

## 4 Segment information

As at 31 December 2017, the Group is organised into two main business segments, namely:

- Downstream, which includes the refining and marketing of petroleum products; 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 2017 are as follows:

	Downstream	Petrochemicals	Group
Total segment revenue	186,666,749	26,213,893	212,880,642
Inter-segment revenue	(21,099,259)	(13,075,616)	(34,174,875)
Revenue	165,567,490	13,138,277	178,705,767
Segment profit (loss) from sales	10,162,428	(1,310,003)	8,852,425
Segment fixed assets	24,758,097	2,156,146	26,914,243

The segment information for the year ended 31 December 2016 are as follows:

	Downstream	Petrochemicals	Group
Total segment revenue	158,437,635	22,648,868	181,086,503
Inter-segment revenue	(18,338,763)	(11,734,497)	(30,073,260)
Revenue	140,098,872	10,914,371	151,013,243
Segment profit (loss) from sales	9,654,228	(1,416,282)	8,237,946
Segment fixed assets	25,381,026	2,527,523	27,908,549

## 5 Cash and cash equivalents

	Consolidated and Separate financial statements	
	2017	2016
Cash on hand	194,088	151,962
Cash at bank	254,081	405,071
Cash and cash equivalents	448,169	557,033

The average interest rate for cash at bank in 2017 was 0.7% (2016: 0.8%).

## 6 Trade receivables, net

	Consolidated and Separate financial statements	
	2017	2016
Trade receivables, gross	5,078,338	4,528,401
Less: Allowance for impairment of trade receivables (Note 27)	(14,413)	(18,699)
Trade receivables, net	<u>5,063,925</u>	<u>4,509,702</u>

Outstanding trade receivables, as at 31 December 2017 and 2016, are analysed as follows:

	Consolidated and Separate financial statements	
	2017	2016
Current	5,040,396	4,488,042
Overdue:		
- Less than 3 months	22,617	20,562
- 3 to 6 months	517	446
- 6 to 12 months	-	1
- Over 12 months	14,808	19,350
	<u>5,078,338</u>	<u>4,528,401</u>
Less: Allowance for impairment of trade receivables (Note 27)	(14,413)	(18,699)
	<u>5,063,925</u>	<u>4,509,702</u>

## 7 Inventories, net

	Consolidated and Separate financial statements	
	2017	2016
Crude oil	9,280,994	8,909,482
Petroleum products	6,785,668	6,476,473
Petrochemical products	1,056,098	896,877
Materials and supplies	949,084	958,590
Other merchandise	3,541	6,213
Inventories, net	<u>18,075,385</u>	<u>17,247,635</u>

As at 31 December 2017, petroleum and petrochemical products in the consolidated and separate financial statements of Baht 489 million (2016: Baht 456 million) was 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 2017, the value of this inventory amounted to Baht 6,535 million (2016: Baht 5,910 million).



## 8 Other receivables, net

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

## 9 Other current assets

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Prepaid excise tax	663,246	655,820	663,246	655,820
Prepaid expenses and deferred charges	371,082	302,259	545,533	466,152
Others	81,703	99,887	81,395	96,863
	<u>1,116,031</u>	<u>1,057,966</u>	<u>1,290,174</u>	<u>1,218,835</u>

## 10 Available-for-sale investments

	Consolidated and Separate financial statements	
	2017	2016
At 1 January	1,631,250	1,316,250
Change in fair value of available-for-sale investments (Note 22)	472,500	315,000
At 31 December	<u>2,103,750</u>	<u>1,631,250</u>

Available-for-sale investments 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.

## 11 Fair value

### Fair value estimation

The table below demonstrates 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 2017 and 2016.

	Consolidated and Separate financial statements	
	2017	2016
Available-for-sale investments		
▪ Equity securities	2,103,750	1,631,250

The Group and the Company have no financial assets that are measured at fair value Level 2 or 3. There were no changes in valuation techniques during the periods.

## 12 Investments in subsidiaries and an associate

### 12.1 Subsidiaries

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

	Business	Investment value per cost method		% Ordinary share ownership	
		2017	2016	2017	2016
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 preferred shares. The Company does not own any of the preferred shares issued by these subsidiaries, but has the ability to govern the financial and operating policies of each subsidiary.

On November 30, 2016 Thai C-Center Company Limited (Thai C), a company over which the Company has control, registered its dissolution with the Department of Business Development and has been in the process of liquidation following the completion of the conversion of company service stations directly operated by Thai C to a third-party dealer operated model.

## 12.2 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 financial statements		Separate financial statements	
	2017	2016	2017	2016
At 1 January	2,147,978	2,330,800	1,729,360	1,729,360
Share of profit from an associate (Note 27)	370,414	379,755	-	-
Dividend received	(357,734)	(560,397)	-	-
Share of other comprehensive income (Note 22)	-	(2,180)	-	-
At 31 December	<u>2,160,658</u>	<u>2,147,978</u>	<u>1,729,360</u>	<u>1,729,360</u>

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

	Consolidated financial statements	
	2017	2016
Assets	2,339,691	2,335,011
Liabilities	(179,033)	(187,033)
Net assets	<u>2,160,658</u>	<u>2,147,978</u>
Revenues	<u>727,575</u>	<u>730,732</u>
Net profit	<u>370,414</u>	<u>379,755</u>

## 13 Property, plant and equipment, net

	Consolidated financial statements			
	Land	Buildings, plant and equipment	Construction in progress	Total
<b>At 1 January 2016</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>
<b>Year ended 31 December 2016</b>				
Opening net book amount	5,019,683	22,936,486	603,310	28,559,479
Additions	-	148	1,403,167	1,403,315
Disposals	-	(54,690)	(27)	(54,717)
Transfers	-	1,077,118	(1,077,118)	-
Depreciation charge (Note 27)	-	(1,999,528)	-	(1,999,528)
<b>Closing net book amount</b>	<b>5,019,683</b>	<b>21,959,534</b>	<b>929,332</b>	<b>27,908,549</b>
<b>At 31 December 2016</b>				
Cost	5,019,683	60,542,710	929,332	66,491,725
Less: Accumulated depreciation	-	(38,583,176)	-	(38,583,176)
<b>Net book amount</b>	<b>5,019,683</b>	<b>21,959,534</b>	<b>929,332</b>	<b>27,908,549</b>
<b>Year ended 31 December 2017</b>				
Opening net book amount	5,019,683	21,959,534	929,332	27,908,549
Additions	-	2,150	1,074,738	1,076,888
Disposals	(24,207)	(99,992)	(221)	(124,420)
Transfers	-	1,243,590	(1,243,590)	-
Depreciation charge (Note 27)	-	(1,946,774)	-	(1,946,774)
<b>Closing net book amount</b>	<b>4,995,476</b>	<b>21,158,508</b>	<b>760,259</b>	<b>26,914,243</b>
<b>At 31 December 2017</b>				
Cost	4,995,476	61,169,251	760,259	66,924,986
Less: Accumulated depreciation	-	(40,010,743)	-	(40,010,743)
<b>Net book amount</b>	<b>4,995,476</b>	<b>21,158,508</b>	<b>760,259</b>	<b>26,914,243</b>

	Separate financial statements			
	Land	Buildings, plant and equipment	Construction in progress	Total
<b>At 1 January 2016</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>
<b>Year ended 31 December 2016</b>				
Opening net book amount	675,420	23,022,266	603,309	24,300,995
Additions	-	148	1,403,167	1,403,315
Disposals	-	(54,690)	(27)	(54,717)
Transfers	-	1,077,118	(1,077,118)	-
Depreciation charge (Note 27)	-	(1,999,528)	-	(1,999,528)
<b>Closing net book amount</b>	<b>675,420</b>	<b>22,045,314</b>	<b>929,331</b>	<b>23,650,065</b>
<b>At 31 December 2016</b>				
Cost	675,420	60,177,439	929,331	61,782,190
Less: Accumulated depreciation	-	(38,132,125)	-	(38,132,125)
<b>Net book amount</b>	<b>675,420</b>	<b>22,045,314</b>	<b>929,331</b>	<b>23,650,065</b>
<b>Year ended 31 December 2017</b>				
Opening net book amount	675,420	22,045,314	929,331	23,650,065
Additions	-	2,150	1,074,738	1,076,888
Disposals	-	(99,992)	(221)	(100,213)
Transfers	-	1,243,590	(1,243,590)	-
Depreciation charge (Note 27)	-	(1,946,774)	-	(1,946,774)
<b>Closing net book amount</b>	<b>675,420</b>	<b>21,244,288</b>	<b>760,258</b>	<b>22,679,966</b>
<b>At 31 December 2017</b>				
Cost	675,420	60,812,880	760,258	62,248,558
Less: Accumulated depreciation	-	(39,568,592)	-	(39,568,592)
<b>Net book amount</b>	<b>675,420</b>	<b>21,244,288</b>	<b>760,258</b>	<b>22,679,966</b>

As at 31 December 2017, the cost of fully-depreciated property, plant and equipment of the Group and the Company, that were still in use amounted to Baht 11,508 million and Baht 11,180 million, respectively (2016: Baht 11,367 million and Baht 11,030 million).

## 14 Intangible assets, net

	Consolidated and Separate financial statements		
	Computer software	Royalties and licences	Total
<b>At 1 January 2016</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>
<b>Year ended 31 December 2016</b>			
Opening net book amount	20,628	109,443	130,071
Addition	42,725	-	42,725
Amortisation charge (Note 27)	(13,746)	(22,447)	(36,193)
<b>Closing net book amount</b>	<b>49,607</b>	<b>86,996</b>	<b>136,603</b>
<b>At 31 December 2016</b>			
Cost	657,916	802,047	1,459,963
Less: Accumulated amortisation	(608,309)	(715,051)	(1,323,360)
<b>Net book amount</b>	<b>49,607</b>	<b>86,996</b>	<b>136,603</b>
<b>Year ended 31 December 2017</b>			
Opening net book amount	49,607	86,996	136,603
Addition	40,080	-	40,080
Amortisation charge (Note 27)	(4,701)	(22,447)	(27,148)
<b>Closing net book amount</b>	<b>84,986</b>	<b>64,549</b>	<b>149,535</b>
<b>At 31 December 2017</b>			
Cost	697,996	802,047	1,500,043
Less: Accumulated amortisation	(613,010)	(737,498)	(1,350,508)
<b>Net book amount</b>	<b>84,986</b>	<b>64,549</b>	<b>149,535</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.

## 15 Deferred income tax, net

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Deferred tax assets:</b>				
- To be recovered within 12 months	175,221	1,270,311	175,221	1,270,311
- To be recovered after more than 12 months	750,762	786,505	643,828	677,522
	925,983	2,056,816	819,049	1,947,833
<b>Deferred tax liabilities:</b>				
- To be settled after more than 12 months	(413,550)	(319,050)	(413,550)	(319,050)
<b>Deferred tax assets, net</b>	<b>512,433</b>	<b>1,737,766</b>	<b>405,499</b>	<b>1,628,783</b>

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 financial statements		Separate financial statements	
	2017	2016	2017	2016
At 1 January	1,737,766	3,366,491	1,628,783	3,241,399
Charged to profit or loss (Note 25)	(1,189,779)	(1,544,574)	(1,187,730)	(1,528,465)
Charged to other comprehensive income (Note 22)	(35,554)	(84,151)	(35,554)	(84,151)
At 31 December	512,433	1,737,766	405,499	1,628,783

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 financial statements			
	At 1 January 2016	(Charged)/Credited to profit or loss	Charged to other comprehensive income	At 31 December 2016
<b>Deferred tax assets</b>				
Depreciation	233,267	(75,498)	-	157,769
Provisions for employee benefits	643,421	16,121	(21,151)	638,391
Tax losses carried forward	2,593,945	(1,483,614)	-	1,110,331
Others	151,908	(1,583)	-	150,325
Deferred tax assets	3,622,541	(1,544,574)	(21,151)	2,056,816
<b>Deferred tax liabilities</b>				
Changes in fair value of available-for-sale investments	(256,050)	-	(63,000)	(319,050)
Deferred tax liabilities	(256,050)	-	(63,000)	(319,050)

	Consolidated financial statements			
	At 1 January 2017	(Charged)/Credited to profit or loss	Credited/(Charged) to other comprehensive income	At 31 December 2017
<b>Deferred tax assets</b>				
Depreciation	157,769	(88,512)	-	69,257
Provisions for employee benefits	638,391	22,645	58,946	719,982
Tax losses carried forward	1,110,331	(1,110,331)	-	-
Others	150,325	(13,581)	-	136,744
Deferred tax assets	2,056,816	(1,189,779)	58,946	925,983
<b>Deferred tax liabilities</b>				
Changes in fair value of available-for-sale investments	(319,050)	-	(94,500)	(413,550)
Deferred tax liabilities	(319,050)	-	(94,500)	(413,550)

	Separate financial statements			
	At 1 January 2016	(Charged)/ Credited to profit or loss	Charged to other comprehensive income	At 31 December 2016
<b>Deferred tax assets</b>				
Depreciation	233,267	(75,498)	-	157,769
Provisions for employee benefits	630,938	28,606	(21,151)	638,393
Tax losses carried forward	2,590,321	(1,479,990)	-	1,110,331
Others	42,923	(1,583)	-	41,340
Deferred tax assets	<u>3,497,449</u>	<u>(1,528,465)</u>	<u>(21,151)</u>	<u>1,947,833</u>
<b>Deferred tax liabilities</b>				
Changes in fair value of available-for-sale investments	(256,050)	-	(63,000)	(319,050)
Deferred tax liabilities	<u>(256,050)</u>	<u>-</u>	<u>(63,000)</u>	<u>(319,050)</u>

	Separate financial statements			
	At 1 January 2017	(Charged)/ Credited to profit or loss	Credited/ (Charged) to other comprehensive income	At 31 December 2017
<b>Deferred tax assets</b>				
Depreciation	157,769	(88,512)	-	69,257
Provisions for employee benefits	638,393	22,645	58,946	719,984
Tax losses carried forward	1,110,331	(1,110,331)	-	-
Others	41,340	(11,532)	-	29,808
Deferred tax assets	<u>1,947,833</u>	<u>(1,187,730)</u>	<u>58,946</u>	<u>819,049</u>
<b>Deferred tax liabilities</b>				
Changes in fair value of available-for-sale investments	(319,050)	-	(94,500)	(413,550)
Deferred tax liabilities	<u>(319,050)</u>	<u>-</u>	<u>(94,500)</u>	<u>(413,550)</u>

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

## 16 Prepaid rental and deferred charges

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



## 17 Borrowings from financial institutions

	Consolidated and Separate financial statements	
	2017	2016
<b>Current</b>		
Bank overdrafts	18,478	21,017
Short-term borrowings	3,053,000	2,300,000
Bills of exchange	-	1,198,753
Current portion of long-term loan	900,000	2,500,000
	<u>3,971,478</u>	<u>6,019,770</u>
<b>Non-current</b>	<u>1,100,000</u>	<u>2,000,000</u>
Bank borrowings	<u>5,071,478</u>	<u>8,019,770</u>

Bank borrowings, bank overdrafts, short-term borrowing and bills of exchange are unsecured and bear interest at rates based on prevailing market rates. The interest rates in 2017 ranged between 1% and 3% per annum (2016: 1% to 7% per annum).

### Short-term borrowings

Short-term borrowings comprised 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 million which was obtained in 2010 and is repayable in 20 quarterly installments commencing from February 2013 to November 2017. The loan bears interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2017, there was no outstanding loan balance.
- A 5-year loan of Baht 1,000 million which was obtained in November 2014 and is repayable in 20 quarterly installments commencing from March 2015 to December 2019. The loan bears interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2017, the outstanding loan balance was Baht 400 million, of which Baht 200 million is payable in 2018.
- A 5-year loan of Baht 1,000 million which was obtained in September 2015 and is repayable in 20 quarterly installments commencing from January 2016 to October 2020. The loan bears interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2017, the outstanding loan balance was Baht 600 million, of which Baht 200 million is payable in 2018.
- A 3-year loan of Baht 1,500 million which was obtained in November 2016 and is repayable in 12 quarterly installments commencing from March 2017 to December 2019. The loan bears interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2017, the outstanding loan balance was Baht 1,000 million, of which Baht 500 million is payable in 2018.

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

### Maturity of long-term bank borrowings

	Consolidated and Separate financial statements	
	2017	2016
No later than 1 year	900,000	2,500,000
Later than 1 year and no later than 5 years	1,100,000	2,000,000
	<u>2,000,000</u>	<u>4,500,000</u>

## 18 Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade accounts payable	2,064,658	2,485,719	2,064,193	2,484,648
Other tax payables	3,100,677	676,266	3,100,677	671,532
Other payables and accruals	882,478	865,787	882,475	864,762
	<u>6,047,813</u>	<u>4,027,772</u>	<u>6,047,345</u>	<u>4,020,942</u>

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

## 19 Provisions for employee benefits

	Consolidated and Separate financial statements	
	2017	2016
Statement of financial position:		
Liability in the statement of financial position	3,600,991	3,192,612
Profit or loss charge included in operating profit	278,926	273,236
Remeasurements	294,728	(105,755)

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
At 1 January	3,192,612	3,217,176	3,192,612	3,154,759
Current service cost	161,428	161,720	161,428	161,720
Interest cost	117,498	111,516	117,498	111,516
	<u>3,471,538</u>	<u>3,490,412</u>	<u>3,471,538</u>	<u>3,427,995</u>
Remeasurements recognised in other comprehensive income (Note 22)				
Loss from change in demographic assumptions	43,317	-	43,317	-
Loss (gain) from change in financial assumptions	158,244	(68,685)	158,244	(68,685)
Experience loss (gain)	93,167	(37,070)	93,167	(37,070)
	<u>294,728</u>	<u>(105,755)</u>	<u>294,728</u>	<u>(105,755)</u>
Payment from plans:				
Benefits paid	(165,275)	(192,045)	(165,275)	(129,628)
At 31 December	<u>3,600,991</u>	<u>3,192,612</u>	<u>3,600,991</u>	<u>3,192,612</u>
Analysis of total provisions for employee benefits:				
- Current	840,583	756,822	840,583	756,822
- Non-current	2,760,408	2,435,790	2,760,408	2,435,790
At 31 December	<u>3,600,991</u>	<u>3,192,612</u>	<u>3,600,991</u>	<u>3,192,612</u>

The principal actuarial assumptions used were as follows:

	Impact on defined benefit obligation					
	Change in assumption		0.5 % Increase in assumption		0.5 % Decrease in assumption	
	2017	2016	2017	2016	2017	2016
Discount rate	3.50%	4.00%	Decrease by 4.39 %	Decrease by 4.10 %	Increase by 4.42 %	Increase by 4.37 %
Salary growth rate	7.00%	7.00%	Increase by 4.12 %	Increase by 4.23 %	Decrease by 3.91 %	Decrease by 4.01 %

The discount rate used is based on Thai Government bonds with tenure approximating the tenure of the employee benefit liability. The salary growth rate takes into account market factors such as projected market salary growth and incorporates assumptions relating to inflation rates.

The Group does not anticipate a change in expected rate of salary increase based on historical data.

The above sensitivity analysis is based on a change in an 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 changes in bond yields. A decrease in Thai Government bond yields will increase plan liabilities.

Expected maturity analysis of undiscounted employee benefits:

	Consolidated and Separate financial statements	
	2017	2016
- Less than a year	157,275	182,416
- Between 1-2 years	136,365	149,785
- Between 2-5 years	350,057	481,688
- Over 5 years	6,338,307	6,007,039
	<u>6,982,004</u>	<u>6,820,928</u>

## 20 Share capital and premium

	Issued and paid-up share capital			
	Number of shares (million)	Ordinary shares	Share premium	Total
At 1 January and 31 December 2017 and 2016	<u>3,461</u>	<u>17,075,181</u>	<u>4,031,711</u>	<u>21,106,892</u>

As at 31 December 2017 and 2016, the total authorised number of ordinary shares is 3,468 million shares with a par value of Baht 4.9338 per share. All issued shares are fully paid.

## 21 Legal reserve

	Consolidated and Separate financial statements	
	2017	2016
At 1 January	653,243	653,243
Appropriation during the year	<u>238,925</u>	<u>-</u>
At 31 December	<u>892,168</u>	<u>653,243</u>

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.

## 22 Other component of equity

The movement of other component of equity are as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
At 1 January	755,026	420,602	757,206	420,602
Remeasurement of provisions for employee benefits (Note 19)	(294,728)	105,755	(294,728)	105,755
Share of other comprehensive income of associate (Note 12)	-	(2,180)	-	-
Changes in fair value of available-for-sale investments (Note 10)	472,500	315,000	472,500	315,000
Income tax relating to components of other comprehensive income (Note 15)	(35,554)	(84,151)	(35,554)	(84,151)
At 31 December	<u>897,244</u>	<u>755,026</u>	<u>899,424</u>	<u>757,206</u>

## 23 Revenue from sales

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Revenue from sales of goods	176,634,803	149,798,719	176,634,803	149,724,275
Revenue from sales of services	721,591	701,028	721,591	702,057
	<u>177,356,394</u>	<u>150,499,747</u>	<u>177,356,394</u>	<u>150,426,332</u>

## 24 Expenses by nature

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net changes in inventories of finished goods	(465,744)	(1,842,499)	(465,744)	(1,888,855)
Raw materials and consumables used	158,925,586	133,268,921	158,925,586	133,265,240
Depreciation and amortisation (Notes 13 and 14)	1,973,922	2,035,721	1,973,922	2,035,721
Employee expenses	1,631,557	1,585,596	1,631,557	1,585,596

## 25 Income tax expense

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Current tax :</b>				
Current tax on profits for the year	518,841	10,257	517,301	-
Adjustments in respect to prior year	(6,482)	1,247	(7,884)	-
<b>Total current tax</b>	<b>512,359</b>	<b>11,504</b>	<b>509,417</b>	<b>-</b>
<b>Deferred tax :</b>				
Deferred tax for the year (Note 15)	1,189,779	1,544,574	1,187,730	1,528,465
<b>Total deferred tax</b>	<b>1,189,779</b>	<b>1,544,574</b>	<b>1,187,730</b>	<b>1,528,465</b>
<b>Total income tax expense</b>	<b>1,702,138</b>	<b>1,556,078</b>	<b>1,697,147</b>	<b>1,528,465</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 Group and the Company as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Profit before tax	8,990,527	8,205,620	8,960,969	8,254,091
Tax calculated at domestic tax rates	1,798,105	1,641,124	1,792,194	1,650,818
Tax effect of:				
Income not subject to tax	(91,728)	(88,812)	(90,808)	(124,729)
Expenses not deductible for tax purposes	4,250	5,064	4,250	3,674
Expenses more deductible for tax purposes	(8,489)	(1,298)	(8,489)	(1,298)
Income tax expense	<b>1,702,138</b>	<b>1,556,078</b>	<b>1,697,147</b>	<b>1,528,465</b>

## 26 Earnings per share

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Profit attributable to equity holders of the Company	7,287,621	6,648,754	7,263,822	6,725,626
Weighted average number of ordinary shares in issue (million shares)	3,461	3,461	3,461	3,461
Basic earnings per share (Baht per share)	2.11	1.92	2.10	1.94

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

## 27 Cash generated from operations

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net profit for the year	7,288,389	6,649,542	7,263,822	6,725,626
Adjustments for:				
Depreciation (Note 13)	1,946,774	1,999,528	1,946,774	1,999,528
Amortisation (Note 14)	27,148	36,193	27,148	36,193
Allowance for impairment of trade receivables (Note 6)	(4,286)	(4,224)	(4,286)	(4,224)
Write-down of inventory to net realisable value	6,910	6,952	6,910	6,952
Loss on disposal of property, plant and equipment and intangible assets	66,524	45,917	87,517	45,917
Share of profit from an associate (Note 12)	(370,414)	(379,755)	-	-
Interest income	(6,080)	(4,557)	(181,591)	(172,583)
Finance costs	371,717	505,811	371,941	506,335
Dividend income	(54,900)	(60,750)	(415,834)	(623,647)
Income tax expense (Note 25)	1,702,138	1,556,078	1,697,147	1,528,465
Net unrealised foreign exchange loss (gain)	204	(8,126)	204	(8,126)
Changes in working capital				
Trade receivables	(551,261)	(394,929)	(551,261)	(398,315)
Trade receivables from a related party	-	-	-	201,242
Amount due from related parties	30	4,315	1,219	1,032
Inventories	(834,660)	(3,728,179)	(834,660)	(3,775,127)
Other receivables	(418,093)	587,149	(418,093)	572,979
Other current assets	(58,065)	(65,159)	(71,339)	(71,770)
Prepaid rental and deferred charges	(291,896)	(299,444)	(112,391)	(135,392)
Other non-current assets	51,364	(4,208)	51,362	(19,933)
Trade and other payables	2,073,790	(423,389)	2,078,133	(397,264)
Amount due to related parties	564,230	1,674,728	573,012	1,672,873
Provisions for employee benefits	113,652	81,192	113,652	143,608
Other non-current liabilities	(5,243)	4,077	(5,243)	4,077
<b>Cash generated from operations</b>	<b>11,617,972</b>	<b>7,778,762</b>	<b>11,624,143</b>	<b>7,838,446</b>

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book amount	124,420	54,717	100,213	54,717
Loss on disposal of property, plant and equipment	(66,524)	(45,917)	(87,517)	(45,917)
Proceeds from disposal of property, plant and equipment	<u>57,896</u>	<u>8,800</u>	<u>12,696</u>	<u>8,800</u>

	Consolidated and Separate financial statements	
	2017	2016
<b>Non-cash transactions</b>		
Acquisition of property, plant, equipment	<u>385,986</u>	<u>430,166</u>

## 28 Contingent liabilities

As at 31 December 2017, the Group had contingent liabilities in respect to bank guarantees arising in the ordinary course of business, amounting to Baht 77 million (2016: Baht 68 million) to third parties. It is not anticipated that any material liabilities will arise from these bank guarantees.

## 29 Commitments

### *Capital commitments*

Capital expenditures contracted for at the statement of financial position date but not yet incurred amounted to approximately Baht 361 million (2016: Baht 187 million).

### *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 Separate financial statements	
	2017	2016
No later than 1 year	163,441	128,888
Later than 1 year but no later than 5 years	599,800	482,652
Later than 5 years	930,349	775,497
	<u>1,693,590</u>	<u>1,387,037</u>

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

## 30 Financial risk management

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

### 30.1 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. 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 2017 and 2016, the Group had no short-term or long-term debt denominated in foreign currencies. In 2017, 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 that are 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.

## 30.2 Credit risk

Credit risk is managed on a Group basis. Credit risk primarily arises from cash and cash equivalents, and credit exposures to commercial and retail 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 position, business success indicators, past experience, and other factors. Individual risk limits are set based on the resulting 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.

## 30.3 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. The finance plan 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 2017, the Group has uncommitted facilities of Baht 88,410 million (2016: Baht 84,708 million). The Group has also received an approval from the Securities and Exchange Commission to offer for sale Baht 12,000 million of bills of exchange in a revolving program, of which has not been utilised as of 31 December 2017.

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.

### 30.4 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.

## 31 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 2017. 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 12.

The following transactions were carried out with related parties:

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Sales of goods and services:				
- A subsidiary	-	-	-	515,844
- Other related parties	14,741,354	6,900,710	14,741,354	6,900,710
	<u>14,741,354</u>	<u>6,900,710</u>	<u>14,741,354</u>	<u>7,416,554</u>

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

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

	Consolidated and Separate financial statements	
	2017	2016
Purchases of goods:		
- Other related parties	104,531,357	80,555,502
Purchases of services:		
- An associate	839,723	789,268
	<u>105,371,080</u>	<u>81,344,770</u>

Purchases of goods from related parties primarily relate to the purchase of crude oil, 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 financial statements		Separate financial statements	
	2017	2016	2017	2016
Expenses paid to:				
- Subsidiaries	-	-	189,941	340,542
- Other related parties	2,979,950	3,078,243	2,975,182	3,058,976
	<u>2,979,950</u>	<u>3,078,243</u>	<u>3,165,123</u>	<u>3,399,518</u>

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 financial statements		Separate financial statements	
	2017	2016	2017	2016
Interest income received from:				
- Subsidiaries	-	-	175,512	168,031
	<u>-</u>	<u>-</u>	<u>175,512</u>	<u>168,031</u>
Interest expenses paid to:				
- Subsidiaries	-	-	224	525
- Other related parties	242,850	331,718	242,850	331,718
	<u>242,850</u>	<u>331,718</u>	<u>243,074</u>	<u>332,243</u>

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

**(e) Key management compensation**

	Consolidated and Separate financial statements	
	2017	2016
	77,267	66,663
Post-employment benefits	28,507	24,564
	<u>105,774</u>	<u>91,227</u>

The above information is prepared in accordance with the Securities and Exchange Commission's regulations. This includes the managing director, the first four managers reporting to 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 financial statements		Separate financial statements	
	2017	2016	2017	2016
Amounts due from:				
- Subsidiaries	-	-	45,483	44,370
- Other related parties	-	30	-	30
	-	30	45,483	44,400
Amounts due to:				
- Subsidiaries	-	-	8,180	43
- Other related parties	8,354,556	7,803,733	8,354,446	7,802,974
	<u>8,354,556</u>	<u>7,803,733</u>	<u>8,362,626</u>	<u>7,803,017</u>

Amounts due from related parties relate primarily to dividends and interest receivables on long-term loans (Note 31g).

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

**(g) Loans to related parties**

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Long-term loans to:				
- Subsidiaries	-	-	2,887,873	2,748,600

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

	Separate financial statements	
	2017	2016
At 1 January	2,748,600	2,593,352
Additional borrowings	162,521	196,709
Repayments of borrowings	(23,248)	(41,461)
At 31 December	<u>2,887,873</u>	<u>2,748,600</u>

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

#### (h) Loans from related parties

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Current</b>				
Short-term loans from:				
- Subsidiaries	-	-	9,803	13,292
- Other related parties	2,274,913	4,449,571	2,274,913	4,449,571
	<u>2,274,913</u>	<u>4,449,571</u>	<u>2,284,716</u>	<u>4,462,863</u>
Current portion of Long-term loans from:				
- Other related parties	2,300,000	3,100,000	2,300,000	3,100,000
	<u>4,574,913</u>	<u>7,549,571</u>	<u>4,584,716</u>	<u>7,562,863</u>
<b>Non-current</b>				
Long-term loans from:				
- Subsidiaries	-	-	1,748	1,558
- Other related parties	2,700,000	7,400,000	2,700,000	7,400,000
	<u>2,700,000</u>	<u>7,400,000</u>	<u>2,701,748</u>	<u>7,401,558</u>

Movements in loans from related parties are analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
At 1 January	14,949,571	18,699,939	14,964,421	18,750,518
Additional borrowings	1,961,237	3,987,257	1,966,941	4,045,691
Loans repaid during the period	(9,635,895)	(7,737,625)	(9,644,898)	(7,831,788)
At 31 December	<u>7,274,913</u>	<u>14,949,571</u>	<u>7,286,464</u>	<u>14,964,421</u>

Short-term loans from other related parties include:

- Revolving loan from a related party totaling Baht 9 million out of facility size Baht 12,000 million at the end of December 2017.
- Short-term loan from a related party under Loan and Current Account Agreement totaling Baht 2,266 million at the end of December 2017.

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 million which was obtained in November 2014 and is repayable in 20 quarterly installments commencing from March 2015 to December 2019. The loan bears interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2017, the outstanding loan balance was Baht 2,800 million, of which Baht 1,400 million is payable within 1 year.
- A 5-year loan of Baht 6,000 million which was obtained in September 2015 and is repayable in 20 quarterly installments commencing from January 2016 to October 2020. The loan bears interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2017, the outstanding loan balance was Baht 1,200 million, of which Baht 400 million is payable within 1 year.
- A 3-year loan of Baht 1,500 million which was obtained in November 2016 and is repayable in 12 quarterly installments commencing from March 2017 to December 2019. The loan bears interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2017, the outstanding loan balance was Baht 1,000 million, of which Baht 500 million 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 financial statements		Separate financial statements	
	2017	2016	2017	2016
No later than 1 year	2,300,000	3,100,000	2,300,000	3,100,000
Later than 1 year but no later than 5 years	2,700,000	7,400,000	2,701,748	7,401,558
	<u>5,000,000</u>	<u>10,500,000</u>	<u>5,001,748</u>	<u>10,501,558</u>

## 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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## **Annual Report 2017**

**Esso (Thailand) Public Company Limited**

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