



FUEL TECHNOLOGY
Synergy

ESSO



FUEL TECHNOLOGY
Synergy



ANNUAL REPORT
2018

Esso (Thailand)
Public Company Limited

Friendship Takes Time



125 Years of Friendship
Bond Together, Grow the Future



Celebrating 125 years
in Thailand

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Message from the Chairman



“2018 was a challenging year for the company, as volatile global crude prices and tightened regional product margins negatively impacted profitability. Despite these challenges, our dedicated team of Esso Thailand employees did an outstanding job of remaining focused on operational excellence and positioning the company for success.”

To Our Shareholders

In 2019 we are celebrating 125 years of operations in the Kingdom of Thailand, a remarkable achievement for the organization. Throughout the year, we will recognize the special relationship that Esso has had with our customers, employees and communities. Esso has been there every step of the way, providing the fuels, lubricants and chemical products needed to help Thailand grow to be a strong regional and global marketplace. We are proud of the role Esso Thailand has played in improving the lives of millions of people in Thailand over the last 125 years.

As we begin our review of 2018 performance, we start with safety and environmental results. While overall performance was strong, the Company did experience a serious safety incident in which a contractor was fatally injured. This event reminded us of the inherent risks in our operations, and sharpened our focus to remain vigilant as we pursue our objective of ‘Nobody Gets Hurt.’ Throughout the year

we examined opportunities to eliminate potentially serious personal and process safety risks from our operations. Our management team is committed to ensuring all of our employees, contractors and business partners are able to return home every day to their families safely and without injury. Environmental performance was strong as we reached 11 years without a recordable spill, and we achieved 2 percent emissions reduction from the prior year.

At the Sriracha refinery, crude throughput of 143 thousand barrels a day was a record since IPO in 2008. Utilization of processing units was also at record levels throughout the year, allowing the company to fully capture the margins available in the market. The company made selective investments in efficiency and energy conservation through the year with an aim to improve the cost competitiveness of our operations. In addition, the refinery continued to expand its crude slate, taking advantage of global and regional pricing differences to source the most economic feedstocks available. We introduced 5 new crudes in 2018, including barrels sourced from Asia, the U.S., and Africa.

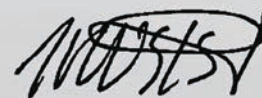
In terms of sales, Esso Thailand expanded the availability of high-quality fuels to customers in Thailand and the greater CLMV (Cambodia, Laos, Myanmar and Vietnam) region. Boosted by our partnership with Pure Thai Energy Company Limited, we increased the number of Esso-branded service stations in the country to 608, an increase of 55 sites from last year and the highest number of sites since 2008. In addition, we collaborated with our dealer network to introduce Synergy imaging and improved facilities to more than 200 sites in Thailand as a means to improve customer experience. Lastly, gains were made in the commercial sales channel to introduce our fuels into Cambodia, which helps maximize profitability of the barrels produced in the refinery by reducing export of finished products into lower margin regional markets.

Esso Thailand also introduced new lubricant products in 2018 with the launch of our Mobil-branded Super Moto engine oils for motorcycles and scooters. Specially formulated to meet a broad range of engine requirements, Super Moto provides improved wear protection and extended engine life to meet the demands of everyday traffic conditions. The introduction of Super Moto lubricants completes the full line-up of products to customers, no matter if your vehicle has four wheels or two. All of these product launches and investments in retail outlets allow Esso Thailand to compete to win in Thailand, as we deliver the high-quality products and services that customers have come to expect and enjoy.

Esso Thailand remains committed to making a positive impact on the communities we operate in through reliable and significant investments in education, safety, health and environmental conservation. In 2018, our corporate social responsibility programs provided more than Baht 3.7 million in funding, and more than 2,200 hours of employee volunteer efforts in our communities.

2018 was a challenging year for the company, as volatile global crude prices and tightened regional product margins negatively impacted profitability. Despite these challenges, our dedicated team of Esso Thailand employees did an outstanding job of remaining focused on operational excellence and positioning the company for success. We continued our role as a responsible neighbor and community partner, and look forward to the next 125 years of success as we continue to help Thailand grow together.

On behalf of the Board of Directors, thank you for your support.



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

125 Years of Esso in Thailand

For 125 years,

Esso has been growing together with Thailand. From humble beginnings as merchants of kerosene and lubricants, we have built on strong business fundamentals, including operational excellence, technology leadership, financial discipline and a talented workforce. These strengths enable us to safely and reliably deliver products and services to our customers, and improve the prosperity of the nation. The Company's long-term visions and strategies, as well as unwavering commitment to the highest standards of integrity, support the country's social and economic development, as well as the creation of shareholder value throughout the business cycle.

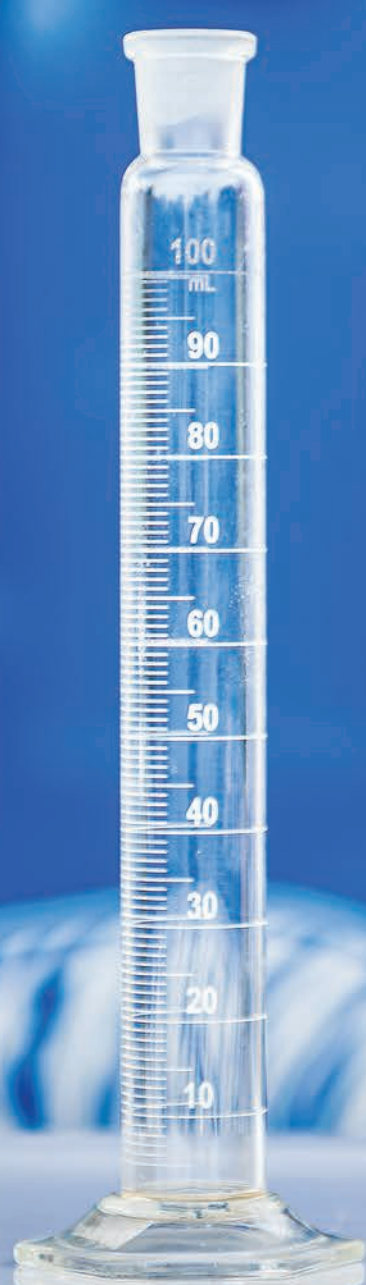


At Esso,

we believe collaboration leads to better business decisions, more efficient operations, and greater flexibility in responding to changing market conditions. Integration across value chains enables Esso to capture efficiencies and create value that exceeds the sum of our parts. Our Downstream and Chemical businesses work together to create shareholder value by sharing not only physical operations, but also knowledge, expertise, technology,

and best practices. Esso's Sriracha Refinery and the adjoining petrochemical facilities work together to produce high-quality fuels and chemical products at a competitive cost. Our midstream facilities, strategically located throughout Thailand, efficiently serve as hubs for fuels distribution to our customers, supported by a network of 608 Esso service stations countrywide.





The background of the page features a blurred laboratory setting with various pieces of glassware. In the foreground, a graduated cylinder on the left contains a dark reddish-brown liquid, and another on the right contains a light green liquid. The background shows other lab equipment and colorful posters on a blue wall.**Esso**

as Technologically Champion

Today's economy requires companies to pivot and adapt to new opportunities more quickly, and with greater effect in order to remain competitive. Esso firmly believes that innovation and technology leadership is a key enabler to allow the company to operate more safely, reliably and efficiently, and to create shareholder value. We foster a working environment that grows ideas and opportunities, which deliver better products and services to our customers, improves employee engagement, and supports our obligations to the environment.

In Esso's manufacturing facilities, we are digitally transforming the way we work to maintain our world-class facilities. Operators leverage technology to remotely access operating data, and to perform analysis that results in increased efficiency and higher productivity. Terminal facilities are equipped with industry leading automation systems that reduce the cost of delivering high-quality products to our customers, and allow us to quickly respond to changing market dynamics. New technology has been applied in our facilities to reduce emissions, and to allow for careful monitoring of the environmental footprint of our operations.


Our line-up of high quality fuels brings the full benefit of product technology to our customers, improving engine performance and fuel efficiency. And our Mobil branded lubricants provide the latest synthetic innovations to extend engine life and enhance engine response.

Throughout the company, Esso employees apply the latest tools to streamline activities, gain insights to make better decisions, and deliver solutions that provide customers with the products and experiences that they have come to expect from our company.

Esso

as Community Partner





Esso firmly believes that responsibly managing the impacts of operations on communities, and making valued social investments are integral to long-term success and sustainability. We identify and support programs that benefit community development, education, art, culture, environmental conservation, health and safety in the communities surrounding Esso's operations and the country at large. The Company also encourages employees to volunteer and contribute to the communities where they live and work.

Through the years, the Company has not only taken on new corporate social responsibility programs, but also maintained long-term commitments to projects started many years ago. The Esso-Rattanakosin Bicentennial Fund, established in 1982 as part of the Rattanakosin Bicentennial celebration, has been granting more than 50 scholarships every year to students enrolling in engineering, science, technology, energy and related fields at universities nationwide. Approximately 2,100 scholarships have been granted to date, with a total contribution of more than Baht 16 million. Encouraging scientific creativity among vocational students from over 400 institutions nationwide, Esso has also been sponsoring the Science Project Contest organized by the Science Society of Thailand and Vocational Education Commission since 1990. In 1999, the Company also established an education fund to grant scholarships for students in Chonburi province to support the development of the communities surrounding our refinery and chemical plant operations.

In recognition of these efforts, Esso received the Royal Garuda in 1998 for operational integrity and exceptional commitment to Thailand's economic and social development. We also received the Thailand American Chamber of Commerce (AMCHAM) recognition award for Corporate Social Responsibility in each year of the program's existence.

The Esso logo, consisting of the word "Esso" in white sans-serif font on a red rectangular background.

as Environmental Leader

As part of business sustainability, our environmental objective of *“Protect Tomorrow, Today”* lays out a framework for how Esso intends to improve environmental performance, including reducing emissions and increasing energy efficiency. We employ a robust set of processes designed to improve the energy efficiency of our operations and mitigating greenhouse gas emissions. For example, the refinery and petrochemical plant utilize cogeneration technology, which captures excess heat generated from the production of electricity for use in refining and chemical processing operations. We also use technologically-advanced, low nitrogen oxide (NO_x) burners to reduce emissions. Through the benefit of many investments and initiatives, Esso’s Sriracha refinery and the petrochemical plant’s emissions of volatile organic compounds (VOCs) and greenhouse gases (GHG) have decreased. Sulfur dioxide (SO₂) emissions reduced more than 60 percent over the past 10 years, and greenhouse gases were 2 percent lower than last year.





An aerial night view of a city, showing a mix of modern glass skyscrapers and older buildings. A wide, multi-lane road with traffic is visible in the lower left. The sky is dark blue with some clouds. The overall scene is illuminated by city lights.**Esso**

as Corporate Citizen

Esso is committed to doing what is in the best interests of our shareholders, employees and Thai society. We believe the methods we use to obtain business results are as important as the results themselves. We employ sound corporate governance as demonstrated by the core principles outlined in the Company's Standards of Business Conduct, which provide employees with guidelines for appropriately managing business activities. The Company requires that employees, officers, directors and those working on our behalf comply with all applicable laws.

We are committed to managing our social and environmental impacts responsibly, upholding respect for human rights, providing sustainable economic benefits and ensuring local participation in our business. In 2018, the Company together with our employees provided more than Baht 3.7 million in funding, and more than 2,200 hours of employee volunteer efforts in our communities. Esso greatly values the communities in which we operate and strictly adheres to principles and practices that make us a good corporate citizen.

Building on Successes in Year 125

2018 was yet another successful year for Esso with strong operating and financial results despite a volatile operating environment. The businesses were successful at capturing new opportunities, and further improved the quality and breadth of products and services offered to our customers.

The refinery increased crude intake to 143 thousand barrels per day, reflecting improved operating reliability and the benefit of disciplined equipment maintenance strategies. Economic crude feedstocks were introduced to enhance product margins and improve profitability. In addition, the Petrochemical plant opportunistically utilized advantaged feedstock to improve margin capture.

Finished product distribution focused on higher margin channels, which are retail and commercial sales. The Company has significantly grown its retail network to 608 Esso service stations at the end of 2018, a net increase of 55 sites from the prior year. This was the highest site count since the Company IPO in 2008. Commercial sales were successfully expanded within the CLMV, minimizing the sale of finished products into lower-margin regional export channels. During 2018, efforts

were made to position Esso for long-term success with the exciting launch of new products and services. The new Mobil Super Moto lubricant series was introduced, offering superior engine wear protection, and improved engine response for the 20 million motorcycle drivers across the country. In addition, Esso service station facilities are being upgraded to improve customer experience, and include the introduction of our new Synergy image.





As we progress into the 125th anniversary of Esso in Thailand in 2019, our commitment to shareholder value creation with a long-term strategic focus and unwavering commitment to the highest standards of integrity remains. Collaboration across our integrated operations will continue as we strive to improve operational efficiency, deliver industry-leading products, and achieve greater value for shareholders amidst ever-changing market conditions. All the while, we will provide products and services that allow our customers and communities to continue to grow for the sustainable benefit of all of Thailand.

General 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 2407 4000
Website	www.esso.co.th
Investor Relations	Telephone: 0 2262 4788 E-mail: essolR@exxonmobil.com



References

Securities Registrar

Thailand Securities Depository Company Limited
The Stock Exchange of Thailand Building,
93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400
Telephone: 0 2009 9999 (SET Contact Center)

Auditor

PricewaterhouseCoopers ABAS Limited
15th Floor, Bangkok City Tower, 179/74-80 South Sathorn Road, Bangkok 10120
Telephone: 0 2844 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 been doing business in Thailand for 125 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 of 174,000 barrels per day
- An aromatics plant with a production 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, sulfur, and lubricants
- A premier line of Mobil 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.

In 2018, the Company was the largest international fuel retailer in Thailand. More than 93 percent of finished products was placed in the higher-margin domestic and cross-border markets through retail and commercial channels.

Operation and Revenue Structure

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

	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Net Sales						
Downstream segment:						
Refined petroleum products	178,350	88.8	156,532	87.6	134,586	89.2
Lubricants	2,950	1.5	2,829	1.6	3,094	2.0
Services and others ⁽¹⁾	680	0.3	6,207	3.4	2,419	1.6
Total Downstream Segment	181,980	90.6	165,568	92.6	140,099	92.8
Petrochemical segment:						
Paraxylene	12,969	6.5	7,777	4.4	6,568	4.4
Services and others ⁽²⁾	5,849	2.9	5,361	3.0	4,346	2.8
Total Petrochemical Segment	18,818	9.4	13,138	7.4	10,914	7.2
Total Sales Revenue	200,798	100.0	178,706	100.0	151,013	100.0

⁽¹⁾ Mainly sales of crude oil purchased from an affiliate and resold before processing, franchise fees from dealers, product handling and storage fees from aviation customers, and rental income. Also included are goods sold at convenience stores.

⁽²⁾ Mainly sales of benzene, solvents, and plasticizers.

Number of Employees of the Company

as of December 31, 2018

Corporate	Refining & Distribution ⁽¹⁾	Retail & Lubricants ⁽²⁾	Chemicals	Total
15	469	60	6	550

⁽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 (%)
Mobil Enterprises (Thailand) Limited (METL) 3195/17-29 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone: 02 407-4000	Currently dormant	3,333,000	100
Industry Promotion Enterprises Limited (IPEL) 3195/26 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone: 02 407-4000	Real estate leasing	3,333,400	30 ⁽¹⁾
United Industry Development Company Limited (UIDC) 3195/27 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone: 02 407-4000	Real estate leasing	10,000,000	49 ⁽¹⁾
Pacesetter Enterprises Limited (PSE) 3195/27 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone: 02 407-4000	Real estate leasing	10,000,000	33 ⁽²⁾
Thai C-Center Company Limited (TCC)* 3195/21 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone: 02 407-4000	Service station and convenience store operations	50,000,000	0 ⁽³⁾
Thai Petroleum Pipeline Company Limited (THAPPLINE) 2/8 Moo 11, Lumlukka Road, Ladsawai, Lumlukka, Pathumthani 12150 Telephone: 02 991-9130	Petroleum products pipeline transportation	8,479,000,000	21
Bangkok Aviation Fuels Services Public Company Limited (BAFS) 171/2 Moo 10, Vibhavadi Rangsit Road, Sikan, Don Muang District, Bangkok 10210 Telephone: 02 834-8900	Aircraft refuelling services	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 28 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.



Operational Highlights



Refining and Petrochemical

The Refinery increased crude throughput

to **143** KBD, demonstrating outstanding reliability.

2018 Gross Refining Margin of \$4.6/Bbl

reflected unfavorable inventory effects and lower industry margins, partly offset by improved product mix.

The Company produced **366 thousand tons of paraxylene,**

an increase of 36 percent from the prior year, driven by high capacity utilization to capture benefits from a favorable margin environment.

Refining and Petrochemical



Esso Thailand's Sriracha Refinery and the adjoining petrochemical facilities work together to produce higher-value fuels and chemical products at a competitive cost. Our operations continuously seek opportunities to enhance margins and reduce costs; for example, peak utilization of equipment and facilities, diversification of crudes and feedstock, and energy efficiency projects.

In 2018, the Refinery increased crude throughput to 143 thousand barrels per day while maintaining outstanding reliability, demonstrating our commitment to operational excellence.

In response to the volatile industry environment, the Refinery continually optimized margins by utilizing new and challenged crudes that were trading at significant discounts. Five new crudes from Asia, the U.S., and Africa were used in production this year.



Further crude diversification with

5 types of new crude processed in efforts to improve refining margins.

Continued impressive safety and environmental performance

with **7** consecutive years without a lost time injury and **11** years without a recordable spill.

High operating reliability,

received 6 ExxonMobil Global Standard of Excellence Awards.

The Refinery not only succeeded in lowering crude costs, but was also successful at optimizing product yields and increasing production of higher margin products. In 2018, production of middle distillates was increased in response to improved distillate margins compared to other product types. The Refinery also enhanced margins by upgrading low value molecules to higher value products by optimizing capacity utilization for the Fluidized Catalytic Cracking Unit (FCCU). As a result, 2018 Gross Refining Margin (GRM) was \$4.6/Bbl. 2018 results reflect outstanding reliability and high capacity utilization amid unfavorable crude and product price trends.

The Company also increased aromatic plant capacity utilization by approximately 36 percent from last year, producing 366 thousand tons of paraxylene. Increased production was a result

of economic feedstock utilization in response to improved paraxylene industry margins amid strengthening regional demand.

Both the refinery and the aromatics plant have maintained their impressive safety and environmental performances with no safety lost-time incidents and no recordable spills during the year. The refinery and the aromatic plant achieved 7 years without a loss time injury for employees and contractors, respectively. And the terminal operations facilities reached 25 years without a lost-time incident.

“ 2018 operating results demonstrated our ability to optimize refinery and petrochemical operations to enhance integrated margins across the refinery and the aromatics plant. ”

Retails Fuel Sales

Highest retail sales volume in the past 10 years.

Esso service stations continued to provide quality fuels.

205 service stations offering Supreme Plus Gasohol 95 and 382 service stations offering Supreme Plus Diesel at the end of 2018.

Esso Thailand is celebrated the 2nd anniversary of Smiles Driver Rewards Program in 2018 with more than 2 million members.

More than 6 million customers registered to the Esso Thailand LINE Official Account.

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 percent of total fuel sales volume in 2018. To improve our competitive position, the Company focuses on “4S” strategy, which includes service station network expansion, Esso Smiles Driver Rewards royalty program, Supreme⁺ fuels, and the new service station image ‘Synergy’.

The Company expanded its retail network, making opportunistic investments in service stations while maintaining capital and cost discipline. In 2018, Retail Marketing finished the year with 608 service stations, the highest site count since the Company IPO in 2008, adding a net of 55 service stations to its network. The significant increase in Esso service stations reflected the Company’s strategy to expand the retail footprint and brand presence of Esso in Thailand. Consumers will be able to buy high-quality Esso fuels and Mobil lubricant products, and can expect the same outstanding service at all Esso-branded sites.

Esso service stations continued to provide quality fuels. The company expanded the premium



608 Esso service stations, the
highest site count since IPO.

The Company added a net increase of **55** service stations
the largest network expansion in the past 10 years.

Introduction of **Synergy** imaging as part of
facility upgrade efforts.

Successfully upgraded **213** service stations by the end of 2018.
Plan to complete other service stations in 2019.

product offerings, Supreme Plus Gasohol 95 and Supreme Plus Diesel, to customers throughout Thailand. At the end of the year, there were 205 service stations offering Supreme Plus Gasohol 95 and 382 service stations offering Supreme Plus Diesel. These high quality fuels bring the full benefit of product technology to our customers, improving engine performance and fuel efficiency.

Esso Thailand celebrated the 2nd anniversary of the Esso Smiles Driver Rewards Program in 2018 with more than 2 million members. The Program allows customers to collect points from both fuel and lubes purchases, and use them to redeem for numerous rewards. The 2nd anniversary celebrated the first time that our fuel and lubes royalty programs are fully integrated. The initiative allows us to understand our customers better, resulting in better services and experiences at Esso service stations. In addition to this program, our customers are also connected to the Company through Esso Thailand LINE Official Account. The application serves as one of the communication channels to our customers. Specifically for Smiles members, it allows easy redemption of rewards via LINE application, as well as offers convenience such as Roadside assistance. At the end of 2018, there were more than 6 million people registered to this LINE account.

Additionally, more than 213 stations were upgraded to include Synergy imaging by the end of 2018. The change of image, along with other facility upgrades such as toilets, is part of efforts to improve customer experience in support of our high-quality product offering.

Supporting 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 relationships with new alliance partners. In 2018, we introduced 3 new partners; Starbucks, 51-Tyreshop, and Kerry Express. Existing 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, Caffe D'oro, and Coffee Boy. The Company finished 2018 with 340 alliance stores across its retail network. These alliances help optimize retail site profitability and provide high-quality offerings and services for customers.

“

Retail business
continues to focus on '4S' strategy, which
includes Station Network, Smiles Driver
Rewards, Supreme+,
and Synergy Program.

”

Commercial Sales

Placed 53 percent of finished products

in commercial sales, including domestic and cross-border markets, an integrated effort to enhance margins across the downstream value chain.

Cross-broader sales to the CLMV region expanded 28 percent.

Improved logistics and distribution systems to enhance reliability and support sales growth,

including a contract to facilitate fuel outlet to customers at a terminal facility in Samut Songkhram Province in 2019, upgrades to terminal facilities, installation of asphalt heating tanks, and implementation of an improved terminal automation system.

Commercial Sales



In 2018, Esso was the largest fuel seller among international oil companies in Thailand. The Company focuses on selling through the highest margin channels. While the retail channel typically provides the highest margins, commercial sales provide an opportunity to capture value for shareholders, and to minimize sales of finished products through lower-margin regional exports. Commercial sales channels include four business-to-business segments: Wholesale Fuels, Asphalt & Sulfur, Aviation, and Marine.

Sales through commercial channels, including cross broader sales, accounted for 53 percent of total sales volume, reflecting product placement into higher-margin domestic and cross-border markets through integrated efforts across the downstream value chain. Cross-broader sales expanded more than 28 percent, mainly attributable to higher



penetration into the CLMV region.

To raise reliability and support sales growth, the logistics and distribution systems were improved. In December 2018, the Company signed a contract to facilitate fuel deliveries to customers via a terminal in Samut Songkhram Province. As a result, the Company will have a total of 8 terminal operations nationwide starting in 2019. In addition, upgrades to terminal facilities and installation of asphalt heating tanks resulted in faster product dispatch to customers. The implementation of an improved terminal automation system increased asset utilization at each dispensing unit so the Company can dispatch more product grades in less time. During 2018, the Company commenced sale of finished products via barge shipment from Thailand to customers in Cambodia for the first time, resulting in lower average transportation cost per barrel.

“

The Company focuses on selling through the highest margin channels. While the retail channel typically provides the highest margins, commercial sales provide an opportunity to capture value for shareholders, and to minimize sales of finished products through lower-margin regional exports.

”

Lubricants

Introduced a full range of motorcycle lubricants under 'Mobil Super Moto' brand.

Strengthened market coverage through targeted marketing campaigns, including paint the town blue with Mobil signage.

Innovative digital marketing investment, for example "Ride More Live More" campaign to engage motorcyclists on social media, and "Scan and Win" promotion campaign.

Synergized Fuels and Lubes marketing activities, including integrating Mobil lubricants into Esso Smiles program at Esso service stations.

Lubricants



In 2018, the Company not only demonstrated its commitment to provide high-quality products to customers, but also strengthened its distributor network and market coverage. Both were supported by strong brand and marketing programs.

The launch of Mobil Super Moto, specially formulated to address the needs of a broad range of motorcycle engines, targeted more than 20 million motorcyclists in Thailand. This was the first time that the Company brought a full range of premium motorcycle and scooter engine oils to the Thai market. Mobil Super Moto is the result of extensive research and development aimed at providing superior value to our customers.

The Company enhanced market coverage through many initiatives, including the "Paint the town blue" campaign to 1,221 outlets, which increased Mobil brand presence in the market. The initiative helped drive stronger distribution, give mechanics confidence to recommend Mobil products, and generate consumer demand. Other marketing

investment, in particular on digital platforms, includes the “Ride More Live More” campaign to engage motorcyclists on social media, and “Scan and Win” promotion campaign which not only supported sales but also provided access for customer insights.


In addition, the Company also has a network of 282 Mobil 1 Centers which provides best-in-class car care services to consumers through professional services and premium products across Thailand. On top of that, the Company expanded the distribution of automotive lubricants through Esso service stations and business partners such as B-Quik, retail shops and independent workshops nationwide.

In 2018, the Company took advantage of opportunities to collaborate between Fuels and Lubes marketing activities by integrating Mobil products to the well-established Esso Smiles program. Customers can collect or redeem Esso Smiles points for Mobil products at Esso service stations throughout Thailand.

The Company is committed to bringing innovative technologies and service to our customers. We continue to look for opportunities to grow through our products, technologies, services, and partnerships to meet the demand of Thailand’s growing economy.

“ Thailand Lubes focuses on expanding our product offer, enhancing market coverage, collaboration with fuels marketing activities, targeted marketing investment, and ‘Fit for Need’ supply and offer.

”




Mobil 1

Porsche recommends Mobil 1™.

When it comes to optimum performance, Mobil 1™ is the lubricant of choice for Porsche. That's why Mobil 1 exclusively goes into every Porsche produced engine as factory fill and is recommended for service fill.

Find out why at mobil1.com



Energy lives here™

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Financial Highlights

(Unit: Millions of Baht, unless otherwise stated)

Financial Highlights	2018	2017	2016
Sales revenue	200,798	178,706	151,013
Gross profit/(loss)	8,212	14,559	14,104
EBITDA	4,453	10,826	10,274
Profit/(loss) for the period	2,226	7,288	6,650
Profit/(loss) per share (Baht) ⁽¹⁾	0.64	2.11	1.92
Total assets	61,750	59,019	58,751
Total liabilities	35,918	30,837	37,999
Total shareholders' equity	25,832	28,182	20,752
Key Financial Ratios	2018	2017	2016
Net profit/(loss) margin (%)	1.1	4.1	4.4
Interest coverage (times)	18.1	29.1	20.3
Net debt to equity (times)	0.6	0.4	1.1
Dividend Payment	2018	2017	2016
Dividend payment per share (Baht) ⁽¹⁾	0.30 ⁽²⁾	1.00	-

⁽¹⁾ Based on current number of shares: 3,461 million shares⁽²⁾ To propose to the 2019 Annual General Meeting of Shareholders for approval. The amount includes the payment of an interim dividend of Baht 0.20 (Twenty Satangs only) per share paid for all eligible shares on October 2, 2018.

Management's Discussion and Analysis

Review of consolidated results for 2018

(Unit: Millions of Baht, unless otherwise stated)

Statement of Comprehensive Income	2018	2017
Revenue from sales	200,798	178,706
Profit (loss) from sales	2,442	8,852
<i>Downstream</i>	<i>3,323</i>	<i>10,163</i>
<i>Petrochemical</i>	<i>(881)</i>	<i>(1,311)</i>
EBITDA	4,453	10,826
Finance costs, net	(237)	(365)
Income tax (expense) credit	(429)	(1,702)
Profit (loss) for the period	2,226	7,288
Earnings (loss) per share (Baht) ⁽¹⁾	0.64	2.11

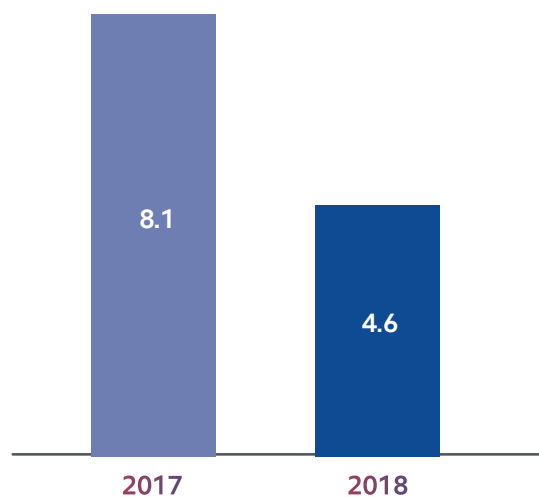
⁽¹⁾ Based on current number of shares: 3,461 million shares

Revenues from sales for full year 2018 were higher than the same period last year, reflecting higher product prices and increased sales volumes.

Profit from sales for full year 2018 included unfavorable inventory effects compared to favorable inventory effects last year, as well as decreased industry margins, and higher energy expenses. These factors resulted in a profit from sales of Baht 2,442 million.

The Downstream segment profit of Baht 3,323 million decreased by Baht 6,840 million from last year, reflecting unfavorable inventory effects and lower industry margins, partly offset by higher refinery throughput. Petrochemical segment profitability improved, mainly driven by increased industry paraxylene margins, partly offset by higher energy prices.

Compared to the same period last year, net finance costs decreased by Baht 128 million in 2018 as a result of lower average debt balances and lower average interest rates.

Gross Refining Margin (GRM)

Unit: USD per Barrel

Full-year 2018 Gross Refining Margin (GRM) of \$4.6 per barrel decreased from last year was a result of lower industry margins and unfavorable inventory effects. Decreased industry refining margins were driven by crude and product price volatility during 2018. A sharp drop in market prices approaching the end of the year negatively affected year-end inventory valuation. Nonetheless, crude intake in 2018 of 143 thousand barrels, the highest in 10 years, was a result of higher operations reliability and higher margin products optimization.

(Unit: million Baht)

Statement of Financial Position	2018	2017
Total assets	61,750	59,019
Total liabilities	35,918	30,837
Total equity	25,832	28,182

Current assets as of December 31, 2018 increased by Baht 3,744 million from year-end 2017, mainly due to higher sales, increased VAT claims driven by timing of crude purchase, and oil fuel fund balances. Non-current assets were lower by Baht 1,013 million mostly as a result of lower net property, plant and equipment balances and the lower market value of our investment in Bangkok Aviation Fuel Services Public Company Limited (BAFS).

Total liabilities of Baht 35,918 million increased Baht 5,081 million, driven by increases in borrowings and crude payables at year end.

Total debt at the end of 2018 was Baht 15,345 million compared to Baht 12,346 million at year-end 2017. Total debt consisted of Baht 13,745 million of short-term debt and Baht 1,600 million of long-term borrowings.

Total equity decreased by Baht 2,350 million, reflecting profits for the year offset by dividend payments and the unrealized loss from the investment in BAFS.

(Unit: million Baht)

Statement of Cash Flows	2018	2017
Cash flows from (used in) operating activities	2,102	11,219
Cash flows from (used in) investing activities	(889)	(685)
Cash flows from (used in) financing activities	(1,179)	(10,643)

Cash flows from operating activities of Baht 2,102 million for the year ended December 31, 2018, decreased from 2017 mainly due to lower profits and unfavorable working capital effects. Cash flows used in investing activities was Baht 889 million, reflecting capital investments for service station upgrades and refinery efficiency improvements, partly offset by dividends received from investments. Cash flows used in financing activities was Baht 1,179 million, reflecting net proceeds on loans and dividends payments.

Liquidity and Debt to Equity Ratios	2018	2017
Current ratio (times)	0.9	1.1
Quick ratio (times)	0.2	0.2
Total debt to equity ratio (times)	0.6	0.4
Long term debt to equity ratio (times)	0.1	0.1
Net debt to equity ratio (times)	0.6	0.4

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



Board of Directors and Executives



Mr. Jeremy Robert Osterstock

Chairman (Executive)

Age: 43

Education:

- Bachelor of Arts, Molecular Biology and Biochemistry, Wesleyan University, Connecticut, USA
- 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.

Position in other business or organization: None

Experience in the past 5 years:

2017 - 2018

- 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



Ms. Pachara Sungkhapan

Director (Executive)

Age: 50

Education:

- Bachelor of Business Administration, Major General Management, Faculty of Commerce and Accountancy, Chulalongkorn University
- Master of Business Administration, Major Finance, College of Business, Eastern Michigan University, USA

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

Position in other business or organization: None

Experience in the past 5 years:

2018

- 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

2017 - 2018

- Asia Pacific General Accounting Process Manager, ExxonMobil Limited

2014 - 2017

- General Accounting Process Manager, ExxonMobil Limited

2010 - 2014

- Chemical Financial Accounting and Reporting Manager, ExxonMobil Limited

Records of violation of law*: None

Family Relationship with Executives of the Company: None

Shareholding in the Company**: None

Mr. Taweesak Bunluesin

Director (Executive)

Age: 50

Education:

- Bachelor of Science, Chemical Engineering, Massachusetts Institute of Technology, USA
- Master of Science, Chemical Engineering, University of Pennsylvania, USA
- Ph.D. Chemical Engineering, University of Pennsylvania, USA

Current Position:

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

Position in other business or organization: None

Experience in the past 5 years:

2018

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

2013 - 2018

- Business Support & Control Manager, Sriracha Refinery, 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: 47

Education:

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

Current Position:

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

Position in other business or organization: None

Experience in the past 5 years:

2017 - 2018

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

2016 - 2017

- 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

Mr. Manoch Munjitjuntra

Director (Executive)

Age: 50

Education:

- Bachelor of Science, Mechanical Engineer, Faculty of Engineering, Chulalongkorn University
- MBA in Finance, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Current Position:

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

Position in other business or organization: None

Experience in the past 5 years:

2017 - 2018

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

2016 - 2017

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

2015 - 2016

- Retail Project Development Manager, ExxonMobil Asia Pacific Pte Ltd

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 (Executive)

Age: 42

Education:

- Bachelor Degree, Major International Business Management, Chulalongkorn University
- MAIB, International Business Management, University of Florida, USA

Current Position:

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

Position in other business or organization: None

Experience in the past 5 years:

2018

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

2017 - 2018

- Thailand Lubricants Sales Manager, ExxonMobil Limited

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

Ms. Ratrimani Pasiphol

Director (Executive)

Age: 51

Education:

- Bachelor of Accountancy, Chulalongkorn University
- 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

Position in other business or organization: None

Experience in the past 5 years:

2014 - 2018

- Treasurer / Tax Manager, Esso (Thailand) Public Company Limited
- Director and Treasurer / Tax Manager, ExxonMobil Limited
- Treasurer, Industry Promotion Enterprises Limited
- Treasurer, United Industry Development Company Limited
- Treasurer, Pacesetter Enterprises Limited
- Treasurer, Thai C-Center Company Limited ⁽¹⁾
- 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%)⁽¹⁾

Until year 2016



Mr. Chakkrit Parapuntakul

Independent Director (Non-executive)

Age: 59

Education:

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

Current Position: None

Position in other business or organization:

- Deputy Permanent Secretary, Chief of The Revenue Cluster, Ministry of Finance
- President of Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- Director, Member of the Nomination, Compensation and Corporate Governance Committee and Member of the Risk Oversight Committee, Siam Commercial Bank Public Company Limited
- Chairman and Independent Director MPG Corporation Public Company Limited

Experience:

2017 - 2018

- Deputy Permanent Secretary, Ministry of Finance

2015 - 2017

- Director General of Treasury Department, Ministry of Finance

2014

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

2013

- Deputy Permanent Secretary, Chief of The Revenue Cluster, 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: 72

Education:

- Bachelor of Science, Chemical Engineering, Chulalongkorn University
- M.Sc in Chemical Engineering, Illinois Institute of Technology, USA

Current Position: None

Position in other business or organization: None

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. Prachit Hawat

Independent Director and Member of Audit Committee (Non-executive)
Age: 60

Education:

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

Professional Certifications:

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

Current Position: None

Position in other business or organization:

- 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. Boontuck Wungcharoen

Director (Non-executive)
Age: 62

Education:

- Bachelor’s Engineering, Chemical Engineering, Chulalongkorn University
- MBA, Finance and International Business, New York University, USA

Current Position: None

Position in other business or organization:

- Independent Director, Member of the Risk Oversight Committee and Member of the Technology Committee, Siam Commercial Bank Public Company Limited
- Director, Asset World Corp Public Company Limited

Experience:

2008 - 2017

- Director and Chief Executive Officer, TMB Bank Public Company Limited

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: 79

Education:

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

Current Position: None

Position in other business or organization: None

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. Vanchai Vichakchon

Thailand Wholesale Fuels Area Manager (Executive)
Age: 50

Education:

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

Current Position:

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

Position in other business or organization: None

Experience in the past 5 years:

2017 - 2018

- Thailand Commercial sales Manager, Esso (Thailand) Public Company Limited

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



Mr. Warathum Tungittiplakorn

Thailand Fuels Operations Manager (Executive)
Age: 51

Education:

- Bachelor of Chemical Engineering, Faculty of Engineering, Chulalongkorn University
- MBA, Old Dominion University, Virginia, USA

Current Position:

- Thailand Fuels Operations Manager, Esso (Thailand) Public Company Limited

Position in other business or organization:

- Director, Thai Petroleum Pipeline Company Limited

Experience in the past 5 years:

2013 - 2018

- 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. Jutarat Wareechuensuk

Investor Relations and Planning Manager (Executive)
Age: 53

Education:

- Bachelor of Petroleum Engineering, Faculty of Engineering, Chulalongkorn University
- Master of Industrial Engineering and Management, Asian Institute of Technology, Thailand
- Master of Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Current Position:

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

Position in other business or organization: None

Experience in the past 5 years:

2018

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

2016 - 2018

- Bangkok Payables Center Manager, ExxonMobil Limited

2014 - 2016

- North America Payables Operations Manager, ExxonMobil 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.

** As of December 31, 2018

Shareholding and Management Structure

1. Shareholders

The top 10 shareholders registered in the share register book as of September 19, 2018 were as follows:

	Major Shareholders	Number of Shares	% Shares
1	Exxonmobil Asia Holdings Pte. Ltd.	2,283,750,000	65.99
2	Vayupak Fund 1 by MFC Asset Management Public Co., Ltd	135,425,000	3.91
3	Vayupak Fund 1 by Krung Thai Asset Management Public Co., Ltd	135,425,000	3.91
4	Mr.Vitit Pongpirodorn	67,250,000	1.94
5	State Street Europe Limited	51,422,663	1.49
6	K20 Select LTF by Kasikorn Asset Management	48,569,000	1.40
7	South East Asia UK (Type C) Nominees Limited	39,865,777	1.15
8	SE Asia (Type B) Nominees LLC	29,041,584	0.84
9	BNY Mellon Nominees Limited	20,997,646	0.61
10	State Street Bank and Trust Company	17,420,900	0.50
	Total	2,829,167,570	81.74

* Excluding 234,740,540 shares (6.78%) 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 percent 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 Board Corporate Governance Guidelines, reflecting the Company's current practices suitable for the Company's business was developed and posted on the Company's website (www.esso.co.th).

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 2018 comprised the following:

Name	Position
Mr. Jeremy Robert Osterstock	Chairman
Ms. Pachara Sungkhapan ⁽¹⁾	Director
Mr. Taweesak Bunluesin ⁽²⁾	Director and Member of Performance Evaluation Committee
Mr. Manoch Munjitjuntra	Director
Mr. Suchart Phowatthanasathian	Director
Ms. Pajaree Meekangvan	Director
Ms. Ratrimani Pasiphol	Director
Mr. Boontuck Wungcharoen ⁽³⁾	Director
Mr. Chakkrit Parapuntakul	Independent Director
Mr. Wattana Chantarasorn	Independent Director and Chairman of Audit Committee
Ms. Prachit Hawat	Independent Director and Member of Audit Committee
Mr. Smit Tiemprasert	Independent Director, Chairman of Performance Evaluation Committee and Member of Audit Committee

Ms. Angsna Pirentorn is the Company's secretary

⁽¹⁾ Ms. Pachara Sungkhapan was appointed as director to replace Mr. Chai Jangsirikul effective June 8, 2018.

⁽²⁾ Mr. Taweesak Bunluesin was appointed as director to replace Mr. Mongkolnimit Auacherdkul effective June 9, 2018.

⁽³⁾ Mr. Boontuck Wungcharoen was appointed as director to replace Ms. Wattanee Phanachet effective September 4, 2018.

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
7. Conduct an annual internal review of the implementation of recommended corporate governance practices as described by the 2017 Thai CG Code by means that are suitable to the company's business.

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 percent 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 percent 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	Independent Director / Chairman
2.	Mr. Smit Tiemprasert	Independent Director / Member
3.	Ms. Prachit Hawat	Independent Director / Member (with accounting and finance background)

* Ms. Pachara Sungkhapan is the Audit Committee secretary. Mr. Kriengkrai Srisawat is the Audit Committee coordinator.

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) 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 of Performance Evaluation Committee and Member of Audit Committee
2.	Mr. Taweesak Bunluesin ⁽¹⁾	Director and Member of Performance Evaluation Committee

⁽¹⁾ Mr. Taweesak Bunluesin was appointed as director to replace Mr. Mongkolnimit Auacherdkul effective June 9, 2018.

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, 2018.

Name	Position
Mr. Jeremy Robert Osterstock	Chairman and Managing Director
Ms. Pachara Sungkhapan ⁽¹⁾	Director and Controller
Mr. Taweesak Bunluesin ⁽²⁾	Director and Public and Government Affairs Manager
Mr. Manoch Munjitjuntra	Director and Retail Manager
Mr. Suchart Phowatthanasathian	Director and Refinery Manager
Ms. Ratrimani Pasiphol	Director and Treasurer / Tax Manager
Ms. Pajaree Meekangvan ⁽³⁾	Director and Thailand Lubricants Sales Manager
Mr. Vanchai Vichakchon	Thailand Wholesales Fuels Area Manager
Mr. Warathum Tungtittiplakorn	Thailand Fuels Operations Manager
Ms. Jutarat Wareechuensuk ⁽²⁾	Investor Relations and Planning Manager

⁽¹⁾ Became an executive officer effective June 1, 2018

⁽²⁾ Became an executive officer effective July 1, 2018

⁽³⁾ Became an executive officer effective April 1, 2018

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 receive a monthly remuneration of Baht 191,667.
2. Directors who are not members of the Audit Committee receive a monthly remuneration of Baht 153,333.
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 2018:

For the Year ended December 31, 2018 (Baht)				
Name	Meeting Allowance	Monthly Remuneration	Bonus	Total
Mr. Jeremy Robert Osterstock ⁽¹⁾	-	-	-	-
Ms. Pachara Sungkhapan ⁽¹⁾⁽²⁾	-	-	-	-
Mr. Taweesak Bunluesin ⁽¹⁾⁽³⁾	-	-	-	-
Mr. Manoch Munjitjuntra ⁽¹⁾	-	-	-	-
Mr. Suchart Phowatthanasathian ⁽¹⁾	-	-	-	-
Ms. Pajaree Meekangvan ⁽¹⁾	-	-	-	-
Ms. Ratrimani Pasiphol ⁽¹⁾	-	-	-	-
Mr. Boontuck Wungcharoen ⁽⁴⁾	-	597,998.70	-	597,998.70
Mr. Chakkrit Parapuntakul	-	1,760,000.00	-	1,760,000.00
Mr. Wattana Chantarasorn	-	2,200,004.00	-	2,200,004.00
Ms. Prachit Hawat	-	2,200,004.00	-	2,200,004.00
Mr. Smit Tiemprasert	-	2,200,004.00	-	2,200,004.00
Director resigning during 2018				
Mr. Chai Jangsirikul ⁽¹⁾	-	-	-	-
Mr. Mongkolnimit Auacherdkul ⁽¹⁾	-	-	-	-
Ms. Wattanee Phanachet	-	533,336.00	-	533,336.00
Total		9,491,346.70		9,491,346.70

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

⁽²⁾ Ms. Pachara Sungkhapan was appointed as director to replace Mr. Chai Jangsirikul effective June 8, 2018.

⁽³⁾ Mr. Taweesak Bunluesin was appointed as director to replace Mr. Mongkolnimit Auacherdkul effective June 9, 2018.

⁽⁴⁾ Mr. Boontuck Wungcharoen was appointed as director to replace Ms. Wattanee Phanachet effective September 4, 2018.

Executives Remuneration

For the fiscal year ended December 31, 2018, the total executive remuneration for 13 executives (including the 3 executives whose executive position were ceased in 2018), which includes salaries, wages, benefits, and post-employment benefits, to the extent borne by the Company, was Baht 90.4 Million.

Compensation	2018		2017	
	Number of Executives	Amount (thousand Baht)	Number of Executives	Amount (thousand Baht)
Salaries and other short-term employment benefit	13	71,869	13	77,267
Post-employment benefit	13	18,565	13	28,507
Bonus	13	0	13	0
Total		90,434		105,774

9. Management Structure

The management structure of the Company, its subsidiaries, and associated companies as of December 31, 2018 is as follows:

Name	Company	Subsidiaries/Associated Company				
		1	2	3	4	5
Mr. Jeremy Robert Osterstock ^{(1)*}	x, /, //	x, /, //				
Ms. Pachara Sungkhapan*	/, //	//	//	//	//	
Mr. Taweesak Bunluesin*	/, //					
Mr. Manoch Munjitjuntra*	/, //		x, /, //	x, /, //	x, /, //	
Mr. Suchart Phowatthanasathian*	/, //					
Ms. Pajaree Meekangvan*	/, //					
Ms. Ratriamani Pasiphol*	/, //	//	//	//	//	
Mr. Boontuck Wungcharoen	/					
Mr. Chakkrit Parapuntakul	/					
Mr. Wattana Chantarasorn	/					
Ms. Prachit Hawat	/					
Mr. Smit Tiemprasert	/					
Mr. Vanchai Vichakchon	//					
Mr. Warathum Tungittiplakorn	//					/
Ms. Jutarat Wareechuensuk	//					

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

- Mobil Enterprises (Thailand) Limited
- Industry Promotion Enterprises Limited
- United Industry Development Company Limited
- Pacesetter Enterprise Limited
- Thai Petroleum Pipeline Company Limited

10. Shareholding of Directors and Executives

Shareholding of directors and executives as of December 31, 2018 is as follows:

	Name	Company			Subsidiaries	
		No. of shares as of December 31, 2018	No. of shares as of December 31, 2017	Change Increase/ (Decrease) in 2018	Shareholdings (%)	(Company/No. of shares (%))
1	Mr. Jeremy Robert Osterstock	-	-	-	-	-
	Spouse and minor child (children)	-	-	-	-	-
2	Ms. Pachara Sungkhapan ⁽¹⁾	-	-	-	-	-
	Spouse and minor child (children)	-	-	-	-	-
3	Mr. Taweesak Bunluesin ⁽²⁾	-	-	-	-	-
	Spouse and minor child (children)	-	-	-	-	-
4	Mr. Manoch Munjitjuntra	-	-	-	-	-
	Spouse and minor child (children)	-	-	-	-	-
5	Mr. Suchart Phowatthanasathian	-	-	-	-	-
	Spouse and minor child (children)	-	-	-	-	-
6	Ms. Pajaree Meekangvan	-	-	-	-	-
	Spouse and minor child (children)	-	-	-	-	-
7	Ms. Rattrimani Pasiphol	10,000	10,000	0	0.0003%	-
	Spouse and minor child (children)	-	-	-	-	-
8	Mr. Boontuck Wungcharoen ⁽³⁾	-	-	-	-	-
	Spouse and minor child (children)	-	-	-	-	-
9	Mr. Chakkrit Parapuntakul	-	-	-	-	-
	Spouse and minor child (children)	-	-	-	-	-
10	Mr. Wattana Chantarasorn	-	-	-	-	-
	Spouse and minor child (children)	-	-	-	-	-
11	Ms. Prachit Hawat	-	-	-	-	-
	Spouse and minor child (children)	-	-	-	-	-
12	Mr. Smit Tiemprasert	-	-	-	-	-
	Spouse and minor child (children)	-	-	-	-	-
13	Mr. Vanchai Vichakchon	-	-	-	-	-
	Spouse and minor child (children)	-	-	-	-	-
14	Mr. Warathum Tungittiplakorn	-	-	-	-	-
	Spouse and minor child (children)	-	-	-	-	-
15	Ms. Jutarat Wareechuensuk ⁽⁴⁾	-	-	-	-	-
	Spouse and minor child (children)	-	-	-	-	-

(1) Ms. Pachara Sungkhapan was appointed as director to replace Mr. Chai Jangsirikul effective June 8, 2018.

(2) Mr. Taweesak Bunluesin was appointed as director to replace Mr. Mongkolnimit Auacherdkul effective June 9, 2018.

(3) Mr. Boontuck Wungcharoen was appointed as director to replace Ms. Wattanee Phanachet effective September 4, 2018.

(4) Ms. Jutarat Wareechuensuk became an executive officer effective July 1, 2018.

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.

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 in 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, are 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 2018 included operational efficiency, safety, business controls and environmental, oil price volatility with abundant supply and production capacity, positive economic conditions, 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 following diagram.



Control Systems

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

PricewaterhouseCoopers ABAS Ltd. 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.

According to the Office of the National Economic and Social Development Board, the Thai economy expanded by 4.1 percent in 2018, up from 4.0 percent in 2017 and was recorded as the fastest expansion in 6 years.

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 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 2018, the Company considered several potential regulatory and energy policies when evaluating future operating plans. Some examples include; the International Maritime Organization (IMO) enforcement for 0.5 percent sulphur cap on fuel oil content, adoption of Euro 5 fuels standard by Thai government, , 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 the Company. 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 50 percent 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 percent.

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 stakeholders 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 an 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 evaluates and reviews the effectiveness of the Company's internal control systems to ensure that they are in compliance with good corporate governance principles and the COSO internal control framework which is a generally accepted control framework. The Audit Committee reviewed internal audit reports including the 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 corporate governance principles and the COSO internal control framework as summarized in the following sections.

Control Environment

The existing organizational structure is appropriate and effective for the Company's businesses operations. 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 or 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 risks 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 of Directors 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 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:

- 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. 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.

Management of each business segment is obligated to consider all internal audit and self-assessment findings and recommendations, and take appropriate corrective actions. In addition, the 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 2018 accounting period were Baht 4,500,000. There were no other fees paid to the Company's auditor.

Corporate Sustainability

Esso (Thailand) Public Company Limited is committed to being Thailand's premier petroleum and petrochemical company. We work to meet growing demands for energy and chemical products in Thailand and the CLMV region while advancing other priorities such as environmental protection, education, health, security and human rights, resulting in sustainable economic growth. Key sustainability concepts were weaved into our corporate policies, culture, and procedures in efforts to maintain and strengthen our approach to sustainability.



Environmental Performance

Strong environmental management is critical for our business and for society. Our “Protect Tomorrow, Today” expectations underscore our dedication to improving environmental performance, including reducing emissions and increasing energy efficiency.

The Company conducts regular reviews of all aspects of its business to ensure compliance with environmental laws, regulations and internal policies. We implement various pollution control and other environmental impact mitigation measures, including the use of ExxonMobil technologies that reduce emissions and conserve energy. Adoption of the ExxonMobil's Global Energy Management System (GEMS) equips the Company with a comprehensive and rigorous system of operational, maintenance, and design best practices for energy management. Capital investments are continuously made to improve the reliability and efficiency of the refinery, as well as pollution control and other equipment to effectively manage environmental performance. Regular maintenance is performed on all units within the refinery to maintain safe and reliable operations.

Climate Change

The Company proactively manages our operations toward reducing greenhouse gas intensity to ensure minimum impact on the environment and surrounding communities. We also implement various pollution controls and other environmental impact mitigation measures to manage emissions as required by applicable law, including applying advanced technologies to reduce emissions and conserve resources.

The strategic location of our refinery at Sriracha provides us access to a convenient product delivery network that allows us to distribute products in a cost-effective manner, including a multi-product pipeline. The pipeline, to which our refinery is connected, is capable of transporting jet fuel, diesel, and gasoline. Pipeline transportation is the safest and most efficient means to move products from the refinery to terminals strategically located near demand centers for our products.

Air Quality

We seek opportunities to reduce the air emissions associated with our operations and the products we deliver to increase shareholder value and meet regulatory requirements. All three cogeneration gas turbine generators at the Esso Sriracha facility have low carbon dioxide emissions compared to conventional electricity generation. Other examples of how we have reduced emissions from our operations involves the implementation of leak detection and repair (LDAR) program, which is one of the initiatives to maximize fuel gas utilization, and the use of low NO_x burners. As a result of these efforts, Esso Sriracha refinery's emissions of volatile organic compounds (VOCs), sulfur dioxide (SO₂) and nitrogen oxides (NO_x) have decreased more than 60 percent over the past 10 years.

Spill Prevention and Response

The ability to respond to emergencies promptly is critical, and the Company conduct extensive training and drills to prepare for such situations. The Company believes effective emergency preparedness requires competent response teams. To that end, we establish strategic emergency support groups (ESGs) to develop and practice emergency response strategies and assist field responders. We routinely train ESG members, a wide variety of our employees, on a range of possible scenarios, including simulated spills, fires, explosions, natural disasters and security incidents. The Company takes a disciplined and structured "command and control" approach to emergency preparedness that is based on clear communication.

The Company established emergency support groups (ESGs) at the Refinery and at the country level to ensure readiness and preparedness for emergency response in country. At the Sriracha Refinery, we conduct four exercises per year in various possible scenarios. Regardless of the size of an event, our facility and business unit also have access to a wide array of trained responders, including our regional response teams (RRTs), which provide rapid tactical support when needed. In Thailand, we have about 30 Thai employees who are members of ExxonMobil's RRT. All of them participated in RRT training together in October as part of annual training programs.

Water Management

The Company implemented measures to preserve fresh water sources and treat waste water. Our refinery operations use and recycle fresh water produced by our two desalination plants, thus saving natural fresh water resources and energy. Our water treatment system features various units to separate oil from the water, including oil skimming tanks, an oily water separator and an induced air floatation unit, to remove oil from waste water, and an oxidation pond. In 2011, Esso Sriracha refinery constructed the biological oxidation (BIOX) wastewater treatment system at the refinery to ensure that the effluent water quality standards are met. The new BIOX system became fully operational since June 2014.

Waste Management

All wastes from either industrial waste from the operations or domestic wastes from offices are managed by Global ExxonMobil Standards. Each step of the waste management has a focus for example; Know what wastes are generated, Know how each waste should be managed, Segregate wastes according to risk and disposal method, Send waste only to approved disposal sites, Track wastes from source to disposal and Minimize waste generated. Since 2012, about 90 percent of disposed wastes from the Refinery were sent to beneficial reuse.



Social Performance

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 2018 as described under Operational Highlights

People and 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. We promote an environment of high expectations that recognizes and rewards employee contributions to both individual and team goals.

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.

Developing a 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.

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.

Retaining a 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.

Human Rights

Our company actively promotes respect for human rights and is committed to complying with all applicable laws and regulations. We expect our employees, officers and directors to comply with all applicable laws and regulations and seek to work with suppliers and business partners who share our commitment to human rights. Within our own workforce, our commitment to human rights is supported by our Standards of Business Conduct and our Statement on Labor and the Workplace. Our Statement reinforces support for the principles of the International Labor Organization 1998 Declaration on Fundamental Principles and Rights at Work, notably the elimination of child labor, forced labor and workplace discrimination. Our approach to human rights is consistent with the goals of the United Nations (UN) Guiding Principles on Business and Human Rights.



Corporate Social Responsibility Program Esso continues support on STEM education

Education - especially in science, technology, engineering, mathematics or STEM - is not only key to national development and economic growth, but also a vital part of the solution to social and environmental problems.

New plant nursery bags made from pineapple leaf cellulose bio-plastic, for instance, help plant growers to conserve the environment while growing trees. To support the aging society, a gripping accessory added to walking canes can help the elderly be more self-reliant. Both projects were among the 450 inventions of vocational students nationwide in the 2018 Esso-Vocational Science Project Contest.

"We have studied the degradation rate of many plants' leaves - banana, palm, sugarcane and pineapple," said Bangond Kamduangrom, a science teacher at Surat Thani Technical College. "We found out that pineapple leaves yield the most cellulose. When mixing with synthetic plastic granules from tapioca, the-bio plastic took 60 days to degrade compared to 40-50 years degradation time taken by regular plastic."

Satachanan Yoothong, a science teacher at the Phitsanulok Vocational College, talked about the creation of a walking cane with gripping accessory. "The walking cane with gripping accessory was created out of the need to solve the problem of the students' grandparents who could not bend to pick up the things they dropped."

These two inventions were among the projects submitted by 450 teams of vocational students in the 28th Vocational Science Project Contest held nationwide at various levels ranging from provincial, regional and national rounds. Esso Thailand has supported this STEM education promotion program since 1991, partnering with the Office of Vocational Education Commission and the Science Society of Thailand under the patronage of His Majesty the King. For 28 years, the Vocational Science Project Contest has provided a venue for vocational students to showcase innovative science projects that will solve problems their communities are facing.

In addition, Esso has teamed up with the National Innovation Agency under the Ministry of Science and Technology to give further training to the winning teams of the Vocational Science Project. This will help them scale up their projects as startups and maximize the social impact by transferring knowledge and skill to their communities.

Esso Thailand has supported other organizations to promote STEM education among youths in Thailand. The company joined with the National Science Museum (NSM) in several programs that promote science learning outside classrooms among children nationwide. For instance, the “Science Caravan” brought a variety of exhibitions, laboratory kits and science shows to about 500,000 upcountry children nationwide. The Science Movie Dome provided experience in astronomy via 360 degree screen.

Higher education and developing the next generation of scientists and engineers is critical to achieve success in today’s highly competitive and technology-driven world. Esso and the Office of the Higher Education Commission established the Esso-Rattanakosin Bicentennial Fund in 1982. The company has continued to support the fund as well as a scholarship program every year since then. To date, about 2,100 scholarships have been granted with a total contribution amount of more than 16 million Baht.

In 2018, the Company presented 70 scholarships worth 700,000 baht to undergraduate students in engineering, science, and related fields from state universities nationwide to support their educational pursuits.



Improve science and math teaching at secondary schools in remote areas.

Esso Thailand supported the construction of an Electronic and Computer Skill Center for the Redemptorist Vocational School for People with Disabilities operated by the Father Ray Foundation in 2010. Since then, we have continuously provided the students at the center with the opportunity to contribute to Thai society by cleaning, checking and mending company-used computers and laptops before donating to needy schools and institutions. This year, the Company added award-winning social enterprise Learn Education Company Limited to the supply chain of giving to improve science and mathematics teaching for needy secondary schools in Thailand.



Science and mathematics are the two basic fields in STEM. Tanin Timtong, Learn Education managing director, said: "We focus on secondary school levels (Matayom 1 to 3) where STEM teachers are most scarce while the number of students is the greatest. "We provide teachers with content developed by experts and tools to help them track their individual students' areas of improvement. In addition, our education team will help the teachers use the new content and tools effectively." This year, Esso Thailand donated 165 laptop computers through the joint program with Father Ray and Learn Education.

On joining in Esso Thailand's computer laptop donation program, Tanin noted: "I saw strong determination, thoughtfulness and activeness. Esso did not just give hundreds of computer laptops, but the Company attentively deleted all data, sent them to Father Ray's Redemptorist Vocational School for People with Disabilities to clean, install Windows and necessary systems, which also helped another group of needy people. I saw it as the complete supply chain of giving, which goes beyond just donating computer laptops, but to give them solutions to promote STEM education."



Refinery's Volunteer Teaching English Program: 16 years of motivating local students with a lively English class

Initiated 16 years ago, the Volunteer Teaching English Program has encouraged Esso refinery engineers to teach every-day English to the seventh grade students of Wat Laem Chabang School for one hour per week throughout the academic year.

The program aims to improve the students' speaking and listening skills while inspiring them to enjoy using English in their daily lives. Since the start, the program has motivated the students with a lively English class.

Patnaree Jeewanarangsarn, Sriracha refinery engineer, likes teaching and sharing her knowledge with others. "I enrolled in the program as soon as it was announced," Patnaree said. "I enjoyed teaching English to the students very much. I think it is a rewarding experience for those who have more opportunity to share their knowledge and talents with those who need it most. I am proud that our company organizes this program which make a long lasting impact on future generations." Patnaree was among 27 refinery engineers who joined the program this year.

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, and consistent with the Corporate Governance Code for listed companies 2017 developed by the Securities and Exchange Commission.

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

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

2. 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

The Company 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.

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.

3. Corporate Governance Practices

The Company generally observes the principles of good corporate governance that is consistent with the Corporate Governance Code for listed companies 2017 developed by the Securities and Exchange Commission, and encouraged by the Stock Exchange of Thailand including the following:

3.1 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 notice of general meeting of shareholders in both Thai and English are posted on the Company’s website at least 30 days before the meeting.

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.

3.2 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.

3.3 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

3.4 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).

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.

Investor Relations Contact

Phone line 0 2262 4788

E-mail essolR@exxonmobil.com

3.5 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 5 times in 2018 with details of attendance as follows:

Name	Board Meeting Attendance (times)
Mr. Jeremy Robert Osterstock	5/5
Ms. Pachara Sungkhapan ⁽¹⁾	3/3
Mr. Taweesak Bunluesin ⁽²⁾	2/2
Mr. Manoch Munjitjuntra	5/5
Mr. Suchart Phowatthanasathian	5/5
Ms. Pajaree Meekangvan	5/5
Ms. Ratrimani Pasiphol	5/5
Mr. Boontuck Wungcharoen ⁽³⁾	2/2
Mr. Chakkrit Parapuntakul	5/5
Mr. Wattana Chantarasorn	5/5
Ms. Prachit Hawat	5/5
Mr. Smit Tiemprasert	5/5
Director resigning during 2018	
Mr. Chai Jangsirikul	2/2
Mr. Mongkolnimit Auacherdkul	2/3
Ms. Wattanee Phanachet	2/2

⁽¹⁾ Ms. Pachara Sungkhapan was appointed as director to replace Mr. Chai Jangsirikul effective June 8, 2018.

⁽²⁾ Mr. Taweesak Bunluesin was appointed as director to replace Mr. Mongkolnimit Auacherdkul effective June 9, 2018.

⁽³⁾ Mr. Boontuck Wungcharoen was appointed as director to replace Ms. Wattanee Phanachet effective September 4, 2018.

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 2018 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	6/6
2. Mr. Smit Tiemprasert	6/6
3. Ms. Prachit Hawat	6/6

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 2018/2019
Mr. Jeremy Robert Osterstock	DAP	11 March 2019	DAP
Ms. Pachara Sungkhapan	DAP	12 November 2018	DAP
Mr. Taweesak Bunluesin	DAP	12 November 2018	DAP
Mr. Manoch Munjitjuntra	DAP	15 January 2018	DAP
Mr. Suchart Phowatthanasathian	DAP	19 February 2018	DAP
Ms. Pajaree Meekangvan	DAP	15 January 2018	DAP
Ms. Ratrimani Pasiphol	DAP	16 July 2012	-
Mr. Boontuck Wungcharoen	DAP	2008	-
Mr. Chakkrit Parapuntakul	DAP	16 July 2012	-
	ACP	2005	-
	BMT	30-31 October 2017	-
	ELP	15 September 2017	-
Mr. Wattana Chantarasorn	AACP	26 February 2018 - 19 March 2018	AACP
	DAP	27 March 2009	-
Ms. Prachit Hawat	DCP	3 September 2018 - 5 November 2018	DCP
	DAP	15 February 2011	-
Mr. Smit Tiemprasert	DCP	January - March 2006	-
	FN	2005	-

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 is disclosed in the section Internal Controls under item 4 (Auditor Remuneration).

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, 2018.

Agreements	Parties/Relationship with the Company	Main Purposes	2018 Transaction Value (Million Baht)		
			Sales	Purchase	Service Expenses
Goods and Services					
Crude Oil, LPG, Products and Feedstock, and Lube Basestock Supply Agreement	ExxonMobil Asia Pacific Pte. Ltd. ("EMAPPL") EMAPPL is an affiliate of Exxon Mobil Corporation (EMC), EMC indirectly holds 100 percent 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.			
Assignment and Assumption Agreement for the Manufacture and/or sale of Toyota Oil and Chemical Product	EMAPPL	EMAPPL assigns its rights and obligations under relevant agreement with Toyota Motor Corporation as a local blender and/or seller of Toyota branded oil and chemical products in Thailand to Esso.			
Inter-Affiliate Product Sale and Purchase Agreement	EMAPPL	Esso purchases finished lubricants, base oils, base stocks, and/or lubricant additives from EMAPPL.			
Inter-Affiliate Product Sale and Purchase Agreement	EMAPPL	Esso sells finished lubricants, and/or lubricant additives as ordered by EMAPPL from time to time.	8,421	92,078	1,077
Downstream Regional Headquarters/Affiliate Master Service Agreement	EMAPPL	EMAPPL provides services to Esso covering a wide range of management consulting, functional advice, administrative, technical, professional, and other supporting services relating to Esso's downstream business such as fuels marketing, refining and supply, etc.			
Chemical Regional Headquarters/Affiliate Service Agreement	EMAPPL	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.			

Agreements	Parties/Relationship with the Company	Main Purposes	2018 Transaction Value (Million Baht)		
			Sales	Purchase	Service Expenses
Sale Agreement	ExxonMobil Chemical Asia Pacific ("EMCAP"), a division of EMAPPL EMCAP is an affiliate of EMC, which EMC indirectly holds 100 percent 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.			
Paraxylene Sales Agreement	EMCAP	EMCAP sells to Esso paraxylene products in such a volume as Esso nominates from time to time.	5,181	2,505	192
Paraxylene and Benzene Concentrate Supply and Offtake Agreement	EMCAP	Esso sells EMAPPL paraxylene and benzene concentrate.			
Inter-Affiliate Supply Agreement	EMCAP	EMCAP sells to or procures for Esso paraxylene, benzene concentrate, and feedstock in such a volume as Esso nominates. Esso sells EMAPPL paraxylene, benzene concentrate, and feedstock.			
Crude Oil, Products and Feedstocks Supply Agreement	ExxonMobil Sales and Supply ("EMS&S") EMS&S is an affiliate of EMC, EMC indirectly holds 100 percent 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.		34,558	
"Bangkok Business Support Center" Master Service Agreement	ExxonMobil Limited ("EML") EML is an affiliate of EMC and a subsidiary of ExxonMobil International Holdings Inc. EMC indirectly holds 100 percent 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.			1,151
Master Service Agreement	ExxonMobil Global Services Company ("EMGSC") EMGSC is an affiliate of EMC, EMC directly holds 100 percent 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.			175

Agreements	Parties/Relationship with the Company	Main Purposes	2018 Transaction Value (Million Baht)		
			Sales	Purchase	Service Expenses
Trademark License Agreement	Exxon Mobil Corporation ("EMC") EMC is the ultimate parent company of various affiliates and subsidiaries	EMC authorizes Esso to use Esso, Exxon, Esso Oval and Exxon Emblem trademarks in Thailand in association with the products and services sold or provided.			
Clearing House Service Agreement	EMC	EMC provides the service of operating the Trade Central Clearing House Sub-Account and other Central Clearing House Sub-Account for the purpose of facilitating efficient settlement and processing of transactions.			4
Service Agreement	ExxonMobil Hong Kong Limited ("EMHKL") EMHKL is an affiliate of EMC, which EMC indirectly holds 100 percent 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.			1
Service Agreement	ExxonMobil Catalyst Services Inc. ("EMCSI") EMCSI is an affiliate of EMC, EMC directly holds 100 percent 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.			2
Service Agreement	ExxonMobil Chemical Company ("EMCC")	Esso provides certain services relating to marketing efforts in Thailand to EMCC.	0		
ExxonMobil Marine Fuels Supply and Services Agreement	ExxonMobil Marine Limited ("EMML") and EMAPPL EMML is an affiliate of EMC, which EMC indirectly holds 100 percent 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	EMML	Esso sells finished lubricants, lubricating oils, greases and/or other marine lubricant products as ordered by EMML from time to time.	11		
Other			0	0	98
TOTAL (see note to financial statement no.31)			13,613	131,151⁽¹⁾	3,005

(1) Baht 806 million service expenses paid to Thai Petroleum Pipeline Company Limited is not included

		2018 Transaction Value (Million Baht)				
Agreements	Parties	Main Purposes	Loan Balance	Deposit Balance	Interest Expense	Interest Income
Financial Assistance						
Loan and Current Account Agreement	EML	Esso provides a loan commitment to EML with the maximum principal amount of Baht 3,000 million. In the event that money from EML is deposited in current account, Esso can make use of such funds and is required to pay interest for the deposited amount.	2,515		40	
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.	2,234		32	
Long-Term Loan Agreement	EMDFC	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.	1,400		44	
Long-Term Loan Agreement	EMDFC	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.	800		21	
Long-Term Loan Agreement	EMDFC	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.	500		15	
TOTAL (see note to financial statement no.31)			7,449		152	



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, accounting and financial reporting.

Members of the Audit Committee in the fiscal year 2018 were as follows:

1. Mr. Wattana Chantarasorn as the chairman,
2. Mr. Smit Tiemprasert, and
3. Ms. Prachit Hawat

The Committee conducted six meetings in 2018 to fulfill 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 auditor, the internal audit coordinators, and the Company's management. The Committee reported results of those activities to the Board of Directors quarterly, which are summarized as follows.

Review of Financial Reports

The Committee reviewed the quarterly and annual financial statements and relevant notes to the financial statements by meeting with the Company's management and the external auditor. Applicable accounting policies and management judgment made in connection with financial reporting, including Key Audit Matters and findings were considered. Key concepts of the new accounting standard TFRS 15, Revenue from Contracts with Customers, to be effective January 1st, 2019, were also reviewed. 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 reviews, the Committee concluded that the financial statements of Esso (Thailand) Public Company Limited for the year ended 31st December 2018 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 in its report presented to Shareholders, and that the external auditor conducted the audit and expressed the opinion independently.

Risk Management

Management reviewed risk management process with Audit Committee. Key management systems and tools to manage enterprise risks were described and discussed. The Committee was also updated on key risk areas in 2018 including the actions taken to mitigate these risks. 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 2018, the Committee reviewed internal controls activities covering scope, activities, responsibilities, and resources for the internal control process. The Committee also reviewed the adequacy and effectiveness of internal controls, internal audit work plan, key issues included in the internal audit reports, and corrective actions for identified issues. The Committee viewed that the internal control process is adequate and effective and the actions by management for correcting the identified control issues were effective.

Appointment of External Auditor for 2019

The Committee participated in evaluating 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 auditor 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.

Legal and Regulatory Compliance

The Committee reviewed compliance to laws and regulations relevant to the Company's business including legal compliance tools as well as the roles and responsibilities for compliance within the Company. Key legal developments relevant to the Company were also reviewed. The Committee noted that no new litigation or penalties/fines significantly impacted the Company's financial statements.

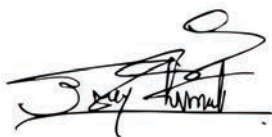
The Committee assessed that the process and systems used to ensure compliance were clear with roles and accountability of directors and management well defined. The Company has an effective oversight process in assuring compliance with the policies, laws and regulations applicable to the business by 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 either issues related to the related party transactions or conflicts of interest.

February 21, 2019

On behalf 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



สตาร์บัคส์
STARBUCKS

ESSO (THAILAND)
PUBLIC COMPANY LIMITED

CONSOLIDATED AND
SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2018

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 2018, 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 2018;
- 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>Revenue Recognition</p>	
<p>In 2018, the Group recognised revenues of Baht 199,059 million which derived from two main business segments, Downstream and Petrochemical segments, as disclosed in the Notes 4 to the financial statements.</p>	<p>My work performed over revenue recognition included:</p>
<p>The revenues are determined and recognised, 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>	<ul style="list-style-type: none"> ▪ 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; ▪ Testing gross sales transactions and credit/debit notes on sampling basis by tracing to relevant supporting documents, including invoices to customers, delivery documents and subsequent cash receipts from those customers. Additionally, I inspected sales contracts or other documents between the Group and customers that created enforceable right and obligation and I validated the accuracy of selling prices of the selected sale transactions by testing the price re-calculation and tracing to relevant supporting documents; ▪ 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 ▪ Sending debtor confirmations for balances as at 31 October 2018, completing appropriate roll-forward procedures and performing subsequent receipt testing on customer balances for which confirmations were not received.
<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>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
<p>Cost of Inventory</p>	
<p>As of 31 December 2018, the Group held inventories, mainly petroleum and petrochemical products, of Baht 7,485 million which represent 12 percent of the Group's total assets.</p> <p>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:</p> <ul style="list-style-type: none"> ▪ 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. 	<p>My work performed over cost of inventories included:</p> <ul style="list-style-type: none"> ▪ 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.
<p>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.</p>	<p>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.</p>

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

February 21, 2019

Esso (Thailand) Public Company Limited

Statement of Financial Position

As at 31 December 2018

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	5	482,648	448,169	482,648	448,169
Trade receivables, net	6	6,289,896	5,063,925	6,289,896	5,063,925
Amounts due from related parties	31f	50	-	47,803	45,483
Inventories, net	7	18,415,967	18,075,385	18,415,967	18,075,385
Other receivables, net	8	2,330,760	837,668	2,330,760	837,668
Other current assets	9	1,766,063	1,116,031	1,940,141	1,290,174
Total current assets		29,285,384	25,541,178	29,507,215	25,760,804
Non-current assets					
Available-for-sale investments	10	1,473,750	2,103,750	1,473,750	2,103,750
Investments in an associate	12	2,194,255	2,160,658	1,729,360	1,729,360
Investments in subsidiaries	12	-	-	114,589	114,589
Long-term loans to related parties	31g	-	-	3,035,705	2,887,873
Property, plant and equipment, net	13	25,999,722	26,914,243	21,794,832	22,679,966
Intangible assets, net	14	160,958	149,535	160,958	149,535
Deferred income tax assets, net	15	537,283	512,433	423,700	405,499
Prepaid rental and deferred charges	16	2,074,810	1,596,589	2,694,946	2,421,980
Other non-current assets		23,820	41,120	23,548	40,848
Total non-current assets		32,464,598	33,478,328	31,451,388	32,533,400
Total assets		61,749,982	59,019,506	60,958,603	58,294,204



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The notes on pages 103 to 141 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 2018

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Liabilities and equity					
Current liabilities					
Bank overdrafts and short-term borrowings from financial institutions	17	5,296,189	3,071,478	5,296,189	3,071,478
Trade and other payables	18	6,994,856	6,047,813	6,982,006	6,047,345
Amounts due to related parties	31f	9,995,379	8,354,556	10,010,154	8,362,626
Current portion of long-term borrowings from financial institutions	17	1,400,000	900,000	1,400,000	900,000
Current portion of long-term borrowings from related parties	31h	2,300,000	2,300,000	2,300,000	2,300,000
Short-term loans from related parties	31h	4,749,161	2,274,913	4,750,079	2,284,716
Current income tax payables		776	487,353	-	487,036
Short-term provisions for employee benefits	19	851,261	840,583	851,261	840,583
Total current liabilities		31,587,622	24,276,696	31,589,689	24,293,784
Non-current liabilities					
Long-term borrowings from financial institutions	17	1,200,000	1,100,000	1,200,000	1,100,000
Long-term loans from related parties	31h	400,000	2,700,000	401,200	2,701,748
Long-term provisions for employee benefits	19	2,728,319	2,760,408	2,728,319	2,760,408
Other non-current liabilities		1,943	192	1,943	192
Total non-current liabilities		4,330,262	6,560,600	4,331,462	6,562,348
Total liabilities		35,917,884	30,837,296	35,921,151	30,856,132

The notes on pages 103 to 141 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 2018

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Liabilities and equity (continued)					
Equity					
Share capital					
Authorised share capital					
3,467,916,666 ordinary shares					
with par value of Baht 4.9338 each	20	17,110,007	17,110,007	17,110,007	17,110,007
Issued and paid-up share capital					
3,460,858,000 ordinary shares					
with paid-up value of Baht 4.9338 each	20	17,075,181	17,075,181	17,075,181	17,075,181
Share premium	20	4,031,711	4,031,711	4,031,711	4,031,711
Retained earnings					
Appropriated					
Legal reserve	21	1,000,901	892,168	1,000,901	892,168
Unappropriated		3,241,873	5,278,472	2,452,481	4,539,588
Other components of equity	22	474,998	897,244	477,178	899,424
Equity attributable to owners of the parent		25,824,664	28,174,776	25,037,452	27,438,072
Non-controlling interests		7,434	7,434	-	-
Total equity		25,832,098	28,182,210	25,037,452	27,438,072
Total liabilities and equity		61,749,982	59,019,506	60,958,603	58,294,204

The notes on pages 103 to 141 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 2018

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenue from sales and services	23	199,058,512	177,356,394	199,058,512	177,356,394
Subsidy from Oil Fuel Fund		1,739,690	1,349,373	1,739,690	1,349,373
Cost of sales and rendering of services		(192,586,609)	(164,146,494)	(192,601,182)	(164,160,740)
Gross profit		8,211,593	14,559,273	8,197,020	14,545,027
Selling expenses		(5,470,723)	(5,368,141)	(5,662,350)	(5,531,252)
Administrative expenses		(298,619)	(338,707)	(298,619)	(338,707)
Profit from sales		2,442,251	8,852,425	2,236,051	8,675,068
Other income		65,848	133,325	425,071	476,251
Interest income		9,012	6,080	193,718	181,591
Finance costs		(245,848)	(371,717)	(245,928)	(371,941)
Share of profit from an associate	12	383,621	370,414	-	-
Profit before income tax expense		2,654,884	8,990,527	2,608,912	8,960,969
Income tax expense	25	(428,958)	(1,702,138)	(434,256)	(1,697,147)
Profit for the year		2,225,926	7,288,389	2,174,656	7,263,822
Other comprehensive income for the year, net of tax:					
Item that will not be reclassified to profit or loss: Remeasurements of provisions for employee benefits	22	81,754	(235,782)	81,754	(235,782)
Item that will be reclassified subsequently to profit or loss: Changes in fair value of available-for-sale investments	22	(504,000)	378,000	(504,000)	378,000
Total comprehensive income for the year		1,803,680	7,430,607	1,752,410	7,406,040
Profit attributable to:					
Owners of the parent		2,225,164	7,287,621	2,174,656	7,263,822
Non-controlling interests		762	768	-	-
		2,225,926	7,288,389	2,174,656	7,263,822
Total comprehensive income attributable to:					
Owners of the parent		1,802,918	7,429,839	1,752,410	7,406,040
Non-controlling interests		762	768	-	-
		1,803,680	7,430,607	1,752,410	7,406,040
Earning per share for profit attributable to the equity holders of the parent (expressed in Baht per share)					
Basic earnings per share	26	0.64	2.11	0.63	2.10

The notes on pages 103 to 141 are an integral part of these consolidated financial statements and separate financial statements.

Eso (Thailand) Public Company Limited
Statement of Changes in Equity

For the year ended 31 December 2018

(All amounts in Baht thousand unless otherwise stated)

		Consolidated financial statements										
		Attributable to owners of the parent					Other components of equity					
		Retained earnings (Deficits)		Other comprehensive income			Share of other comprehensive income of an associate		Equity attributable to owners of the parent		Non-controlling interests	Total equity
Note	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	
	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	
	-	-	-	7,287,621	378,000	(235,782)	-	142,218	7,429,839	768	7,430,607	
	-	-	-	-	-	-	-	-	-	(768)	(768)	
21	-	-	238,925	(238,925)	-	-	-	-	-	-	-	
	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	
	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	
	-	-	-	2,225,164	(504,000)	81,754	-	(422,246)	1,802,918	762	1,803,680	
32	-	-	-	(4,153,030)	-	-	-	-	(4,153,030)	(762)	(4,153,792)	
21	-	-	108,733	(108,733)	-	-	-	-	-	-	-	
	17,075,181	4,031,711	1,000,901	3,241,873	1,150,200	(673,022)	(2,180)	474,998	25,824,664	7,434	25,832,098	

The notes on pages 103 to 141 are an integral part of these consolidated financial statements and separate financial statements.

Eso (Thailand) Public Company Limited
Statement of Changes in Equity

For the year ended 31 December 2018

(All amounts in Baht thousand unless otherwise stated)

	Note	Separate financial statements							Total equity
		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	Total other components of equity	
Opening balance 2017		17,075,181	4,031,711	653,243	(2,485,309)	1,276,200	(518,994)	757,206	20,032,032
Changes in equity for the year 2017									
Total comprehensive income		-	-	-	7,263,822	378,000	(235,782)	142,218	7,406,040
Appropriation during the year	21	-	-	238,925	(238,925)	-	-	-	-
Closing balance at 31 December 2017		17,075,181	4,031,711	892,168	4,539,588	1,654,200	(754,776)	899,424	27,438,072
Opening balance 2018		17,075,181	4,031,711	892,168	4,539,588	1,654,200	(754,776)	899,424	27,438,072
Changes in equity for the year 2018									
Total comprehensive income		-	-	-	2,174,656	(504,000)	81,754	(422,246)	1,752,410
Dividend paid	32	-	-	-	(4,153,030)	-	-	-	(4,153,030)
Appropriation during the year	21	-	-	108,733	(108,733)	-	-	-	-
Closing balance at 31 December 2018		17,075,181	4,031,711	1,000,901	2,452,481	1,150,200	(673,022)	477,178	25,037,452

The notes on pages 103 to 141 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 2018

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Cash flows from operating activities					
Cash generated from operations	27	3,663,671	11,617,972	3,657,824	11,624,143
Interest paid		(230,495)	(371,783)	(230,614)	(372,002)
Income tax paid		(1,330,378)	(27,023)	(1,329,371)	(22,381)
Net cash generated from operating activities		2,102,798	11,219,166	2,097,839	11,229,760
Cash flows from investing activities					
Loan payments received from related parties	31g	-	-	44,702	23,248
Loans made to related parties	31g	-	-	(192,534)	(162,521)
Purchase of property, plant and equipment		(1,303,881)	(1,121,068)	(1,303,881)	(1,121,068)
Purchase of intangible assets	14	(41,065)	(40,080)	(41,065)	(40,080)
Proceeds from disposal of property, plant and equipment	27	40,709	57,896	15,785	12,696
Interest received		9,012	6,080	191,398	179,290
Dividends received from a subsidiary		-	-	4,000	3,200
Dividends received from an associate		350,024	357,734	350,024	357,734
Dividends received from available-for-sale investments		56,700	54,900	56,700	54,900
Net cash used in investing activities		(888,501)	(684,538)	(874,871)	(692,601)
Cash flows from financing activities					
Net proceeds from (payments on) short-term borrowings		2,224,710	(449,539)	2,224,710	(449,539)
Payments on long-term borrowings		(900,000)	(2,500,000)	(900,000)	(2,500,000)
Proceeds from long-term borrowings		1,500,000	-	1,500,000	-
Net proceeds from (payments on) short-term loans from related parties		2,449,264	(2,193,185)	2,440,379	(2,196,674)
Payments on long-term loans from related parties		(2,300,000)	(5,500,000)	(2,304,975)	(5,504,026)
Proceeds from long-term loans from related parties		-	-	4,427	4,216
Dividends paid to group shareholders		(4,153,030)	-	(4,153,030)	-
Dividends paid to non-controlling interests		(762)	(768)	-	-
Net cash used in financing activities		(1,179,818)	(10,643,492)	(1,188,489)	(10,646,023)
Net increase (decrease) in cash and cash equivalents		34,479	(108,864)	34,479	(108,864)
Cash and cash equivalents at the beginning of the year		448,169	557,033	448,169	557,033
Cash and cash equivalents at the end of the year	5	482,648	448,169	482,648	448,169

The notes on pages 103 to 141 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 2018

(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 21 February 2019.

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 accounting standards, revised financial reporting standards, and related interpretations

2.2.1 Revised accounting standards and 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 assessed and considered that the above revised standards do not have a material impact on the Group.

2.2.2 New and revised accounting standards, financial reporting standards and interpretations which are effective for annual periods beginning on or after 1 January 2019.

2.2.2.1 The Federation of Accounting Professions (FAP) has issued new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard.

TFRS 15 provides the requirements for the recognition of revenue. This standard will supersede the following standards:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programs
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

The new standard is based on the principle that revenue is recognised when control of a good or service is transferred to a customer - so the notion of control replaces the existing notion of risks and rewards.

An entity recognises revenue in accordance with the core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome, etc) - minimum amounts must be recognised if they are not at significant risk of reversal
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa
- There are new specific rules on licenses, warranties, non-refundable upfront fees and consignment arrangements
- As with any new standard, there are also increased disclosures.

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures.

The Group's management is currently assessing the impact of initial adoption of this standard.

2.2.2.2 Revised financial reporting standards will become effect for annual periods beginning on or after 1 January 2019 and are relevant to the Group. The Group has not yet adopted these standards.

TFRS 2 (revised 2018)

Share-based Payment

TAS 40 (revised 2018)

Investment Property

TFRS 2, the amendments clarify;

- The measurement basis for cash-settled share-based payments, vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, vesting conditions, other than market conditions, shall be taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction.

- Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole award will be treated as if it was equity-settled provided it would have been equity-settled without the net settlement feature, and
- The accounting for modifications that change an award from cash-settled to equity-settled.

TAS 40, the amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

2.2.2.3 The Group of financial instruments reporting standards consist of the following standards. These standards could be early adopted before the effective date only for the period beginning on or after 1 January 2019.

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The above new standards and interpretations will supersede the following standards:

TAS 101	Bad and Doubtful Debts
TAS 103	Disclosures in the Financial Statements of Bank and Similar Financial Institutions
TAS 104	Accounting for Troubled Debt Restructuring
TAS 105	Accounting for Investment in Debts and Equity securities
TAS 106	Accounting for Investment Companies
TAS 107	Financial Instruments: Disclosure and Presentation

TAS 32 Financial Instruments: Presentation, provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

TFRS 7 Financial Instruments: Disclosures, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follow:

- Classification and Measurement:
 - The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
 - Equity instrument financial assets shall be measured at fair value through profit or loss. An entity can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
 - Financial liabilities are classified and measured at amortised cost. An entity can choose to measure a liability at fair value through profit or loss when the conditions are met.
 - Derivatives are classified and measured at fair value through profit or loss.

- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three stage approach. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. Except for trade receivables and contractual assets which apply in TFRS 15 and are not significant financial components and lease receivables, they are permitted to measure by simplified approach for credit impaired consideration.

- The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

TFRIC 16 Hedges of a Net Investment in a Foreign Operation, clarifies the accounting treatment in respect of net investment hedging, and provides guidance on identifying the foreign currency risks that qualify as a hedged risk. Clarifying that hedging instruments that are hedges of a net investment in a foreign operation may be held anywhere in the group not only by the parent. This includes the guidance on how an entity should determine the amount to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

TFRIC 19 Extinguishing financial liabilities with equity instruments, provides the requirements for accounting treatment when the entity issues equity instruments to a creditor to extinguish all or part of a financial liability. The equity instruments issued shall be measured at fair value. The entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when it is extinguished in accordance with TFRS 9. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the fair value of equity instruments issued shall be recognised in profit or loss.

The Group's management is currently assessing the impact of initial adoption of these standards.

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 or Board of Directors (as the case maybe).

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 2018, 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 2018 are as follows:

	Downstream	Petrochemicals	Group
Total segment revenue	206,195,164	33,928,415	240,123,579
Inter-segment revenue	(24,214,631)	(15,110,746)	(39,325,377)
Revenue	181,980,533	18,817,669	200,798,202
Segment profit (loss) from sales	3,322,975	(880,724)	2,442,251
Segment fixed assets	24,218,979	1,780,743	25,999,722

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

5 Cash and cash equivalents

	Consolidated and Separate financial statements	
	2018	2017
Cash on hand	254,906	194,088
Cash at bank	227,742	254,081
Cash and cash equivalents	482,648	448,169

The average interest rate for cash at bank in 2018 was 0.7% (2017: 0.7%).

6 Trade receivables, net

	Consolidated and Separate financial statements	
	2018	2017
Trade receivables, gross	6,304,249	5,078,338
Less: Allowance for impairment of trade receivables (Note 27)	(14,353)	(14,413)
Trade receivables, net	6,289,896	5,063,925

Outstanding trade receivables, as at 31 December 2018 and 2017, are analysed as follows:

	Consolidated and Separate financial statements	
	2018	2017
Current	6,221,910	5,040,396
Overdue:		
- Less than 3 months	53,061	22,617
- 3 to 6 months	14,625	517
- 6 to 12 months	-	-
- Over 12 months	14,653	14,808
	6,304,249	5,078,338
Less: Allowance for impairment of trade receivables (Note 27)	(14,353)	(14,413)
	6,289,896	5,063,925

7 Inventories, net

	Consolidated and Separate financial statements	
	2018	2017
Crude oil	10,017,113	9,280,994
Petroleum products	6,410,230	6,785,668
Petrochemical products	1,075,158	1,056,098
Materials and supplies	911,917	949,084
Other merchandise	1,549	3,541
Inventories, net	18,415,967	18,075,385

As at 31 December 2018, petroleum and petrochemical products in the consolidated and separate financial statements of Baht 2,494 million (2017: Baht 489 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 2018, the value of this inventory amounted to Baht 6,600 million (2017: Baht 6,535 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	
	2018	2017	2018	2017
Prepaid excise tax	646,736	663,246	646,736	663,246
Prepaid expenses and deferred charges	491,083	371,082	665,586	545,533
Income tax receivable	483,645	-	483,645	-
Other	144,599	81,703	144,174	81,395
	<u>1,766,063</u>	<u>1,116,031</u>	<u>1,940,141</u>	<u>1,290,174</u>

10 Available-for-sale investments

	Consolidated and Separate financial statements	
	2018	2017
At 1 January	2,103,750	1,631,250
Change in fair value of available-for-sale investments (Note 22)	(630,000)	472,500
At 31 December	<u>1,473,750</u>	<u>2,103,750</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:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: 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 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial assets that are measured and recognised at fair value Level 1 at 31 December 2018 and 2017.

	Consolidated and Separate financial statements	
	2018	2017
Available-for-sale investments		
• Equity securities	<u>1,473,750</u>	<u>2,103,750</u>

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	
		2018	2017	2018	2017
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

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 30 November 2016, Thai C-Center Company Limited (Thai C), a company over which the Company control, had registered its dissolution with the Department of Business Development following the completion of the conversion of company service stations directly operated by Thai C to a third-party dealer operated model. On 28 February 2018, the company completed the liquidation process and registered the completion of liquidation with the Department of Business Development.

12.2 Associate

The Company holds a 20.78% interest in an associate, Thai Petroleum Pipeline Company Limited ("Thapline"), 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	
	2018	2017	2018	2017
At 1 January	2,160,658	2,147,978	1,729,360	1,729,360
Share of profit from an associate (Note 27)	383,621	370,414	-	-
Dividend received	(350,024)	(357,734)	-	-
At 31 December	2,194,255	2,160,658	1,729,360	1,729,360

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

	Consolidated financial statements	
	2018	2017
Assets	2,376,672	2,339,691
Liabilities	(182,417)	(179,033)
Net assets	2,194,255	2,160,658
Revenues	745,307	727,575
Net profit	383,621	370,414

13 Property, plant and equipment, net

	Consolidated financial statements			
	Land	Buildings, plant and equipment	Construction in progress	Total
At 1 January 2017				
Cost	5,019,683	60,542,710	929,332	66,491,725
Less: Accumulated depreciation	-	(38,583,176)	-	(38,583,176)
Net book amount	5,019,683	21,959,534	929,332	27,908,549
Year ended 31 December 2017				
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)
Closing net book amount	4,995,476	21,158,508	760,259	26,914,243
At 31 December 2017				
Cost	4,995,476	61,169,251	760,259	66,924,986
Less: Accumulated depreciation	-	(40,010,743)	-	(40,010,743)
Net book amount	4,995,476	21,158,508	760,259	26,914,243
Year ended 31 December 2018				
Opening net book amount	4,995,476	21,158,508	760,259	26,914,243
Additions	-	-	1,163,653	1,163,653
Disposals	(29,386)	(67,807)	-	(97,193)
Transfers	-	1,004,644	(1,004,644)	-
Depreciation charge (Note 27)	-	(1,980,981)	-	(1,980,981)
Closing net book amount	4,966,090	20,114,364	919,268	25,999,722
At 31 December 2018				
Cost	4,966,090	61,714,388	919,268	67,599,746
Less: Accumulated depreciation	-	(41,600,024)	-	(41,600,024)
Net book amount	4,966,090	20,114,364	919,268	25,999,722

	Separate financial statements			
	Land	Buildings, plant and equipment	Construction in progress	Total
At 1 January 2017				
Cost	675,420	60,177,439	929,331	61,782,190
Less: Accumulated depreciation	-	(38,132,125)	-	(38,132,125)
Net book amount	675,420	22,045,314	929,331	23,650,065
Year ended 31 December 2017				
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)
Transfer	-	1,243,590	(1,243,590)	-
Depreciation charge (Note 27)	-	(1,946,774)	-	(1,946,774)
Closing net book amount	675,420	21,244,288	760,258	22,679,966
At 31 December 2017				
Cost	675,420	60,812,880	760,258	62,248,558
Less: Accumulated depreciation	-	(39,568,592)	-	(39,568,592)
Net book amount	675,420	21,244,288	760,258	22,679,966
Year ended 31 December 2018				
Opening net book amount	675,420	21,244,288	760,258	22,679,966
Additions	-	-	1,163,654	1,163,654
Disposals	-	(67,807)	-	(67,807)
Transfers	-	1,004,644	(1,004,644)	-
Depreciation charge (Note 27)	-	(1,980,981)	-	(1,980,981)
Closing net book amount	675,420	20,200,144	919,268	21,794,832
At 31 December 2018				
Cost	675,420	61,358,017	919,268	62,952,705
Less: Accumulated depreciation	-	(41,157,873)	-	(41,157,873)
Net book amount	675,420	20,200,144	919,268	21,794,832

As at 31 December 2018, the cost of fully-depreciated property, plant and equipment of the Group and the Company, that were still in use amounted to Baht 11,615 million and Baht 11,288 million, respectively (2017: Baht 11,508 million and Baht 11,180 million).

In 2018, the Group received the notification from Mass Rapid Transit Authority of Thailand (“MRTA”) in respect to expropriating a plot of land for the construction of Metropolitan Rapid Transit Orange Line. The carrying values of the expropriated land and property on land were Baht 33 million while the compensation received was Baht 33 million. The Group plans to appeal to the MRTA for additional compensation of land expropriation, however this process has not been finalised.

14 Intangible assets, net

	Consolidated and Separate financial statements		
	Computer software	Royalties and licences	Total
At 1 January 2017			
Cost	657,916	802,047	1,459,963
Less: Accumulated amortisation	(608,309)	(715,051)	(1,323,360)
Net book amount	49,607	86,996	136,603
Year ended 31 December 2017			
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)
Closing net book amount	84,986	64,549	149,535
At 31 December 2017			
Cost	697,996	802,047	1,500,043
Less: Accumulated amortisation	(613,010)	(737,498)	(1,350,508)
Net book amount	84,986	64,549	149,535
Year ended 31 December 2018			
Opening net book amount	84,986	64,549	149,535
Addition	41,065	-	41,065
Amortisation charge (Note 27)	(7,195)	(22,447)	(29,642)
Closing net book amount	118,856	42,102	160,958
At 31 December 2018			
Cost	706,609	802,047	1,508,656
Less: Accumulated amortisation	(587,753)	(759,945)	(1,347,698)
Net book amount	118,856	42,102	160,958

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	
	2018	2017	2018	2017
Deferred tax assets:				
- To be recovered within 12 months	174,328	175,221	174,328	175,221
- To be recovered after more than 12 months	650,505	750,762	536,922	643,828
	824,833	925,983	711,250	819,049
Deferred tax liabilities:				
- To be settled after more than 12 months	(287,550)	(413,550)	(287,550)	(413,550)
Deferred tax assets, net	537,283	512,433	423,700	405,499

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	
	2018	2017	2018	2017
At 1 January	512,433	1,737,766	405,499	1,628,783
Charged to profit or loss (Note 25)	(80,711)	(1,189,779)	(87,360)	(1,187,730)
Charged to other comprehensive income (Note 22)	105,561	(35,554)	105,561	(35,554)
At 31 December	537,283	512,433	423,700	405,499

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 2017	(Charged)/ Credited to profit or loss	Credited/ (Charged) to other comprehensive income	At 31 December 2017
Deferred tax assets				
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	<u>2,056,816</u>	<u>(1,189,779)</u>	<u>58,946</u>	<u>925,983</u>
Deferred tax liabilities				
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>

	Consolidated financial statements			
	At 1 January 2018	(Charged)/ Credited to profit or loss	(Charged)/ Credited to other comprehensive income	At 31 December 2018
Deferred tax assets				
Depreciation	69,257	(87,799)	-	(18,542)
Provisions for employee benefits	719,982	15,834	(20,439)	715,377
Others	136,744	(8,746)	-	127,998
Deferred tax assets	<u>925,983</u>	<u>(80,711)</u>	<u>(20,439)</u>	<u>824,833</u>
Deferred tax liabilities				
Changes in fair value of available-for-sale investments	(413,550)	-	126,000	(287,550)
Deferred tax liabilities	<u>(413,550)</u>	<u>-</u>	<u>126,000</u>	<u>(287,550)</u>

	Separate financial statements			
	At 1 January 2017	(Charged)/ Credited to profit or loss	Credited/ (Charged) to other comprehensive income	At 31 December 2017
Deferred tax assets				
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>
Deferred tax liabilities				
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>

	Separate financial statements			
	At 1 January 2018	(Charged)/ Credited to profit or loss	(Charged)/ Credited to other comprehensive income	At 31 December 2018
Deferred tax assets				
Depreciation	69,257	(87,799)	-	(18,542)
Provisions for employee benefits	719,984	15,832	(20,439)	715,377
Others	29,808	(15,393)	-	14,415
Deferred tax assets	<u>819,049</u>	<u>(87,360)</u>	<u>(20,439)</u>	<u>711,250</u>
Deferred tax liabilities				
Changes in fair value of available-for-sale investments	(413,550)	-	126,000	(287,550)
Deferred tax liabilities	<u>(413,550)</u>	<u>-</u>	<u>126,000</u>	<u>(287,550)</u>

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 deferred charges related to marketing program.

17 Borrowings from financial institutions

	Consolidated and Separate financial statements	
	2018	2017
Current		
Bank overdrafts	4,767	18,478
Short-term borrowings	4,792,000	3,053,000
Bills of exchange	499,422	-
Current portion of long-term loan	1,400,000	900,000
	<u>6,696,189</u>	<u>3,971,478</u>
Non-current		
Bank borrowings	1,200,000	1,100,000
	<u>7,896,189</u>	<u>5,071,478</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 2018 ranged between 1% and 3% per annum (2017: 1% to 3% 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 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 2018, the outstanding loan balance was Baht 200 million, which is payable in 2019.
- 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 2018, the outstanding loan balance was Baht 400 million, of which Baht 200 million is payable in 2019.
- 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 2018, the outstanding loan balance was Baht 500 million, which is payable in 2019.
- A 3-year loan of Baht 1,500 million which was obtained in December 2018 and is repayable in 12 quarterly installments commencing from March 2019 to December 2021. The loan bears interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2018, the outstanding loan balance was Baht 1,500 million, of which Baht 500 million is payable in 2019.

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	
	2018	2017
No later than 1 year	1,400,000	900,000
Later than 1 year and no later than 5 years	1,200,000	1,100,000
	<u>2,600,000</u>	<u>2,000,000</u>

18 Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts payable	2,632,377	2,064,658	2,619,539	2,064,193
Other tax payables	3,456,993	3,100,677	3,456,993	3,100,677
Other payables and accruals	905,486	882,478	905,474	882,475
	<u>6,994,856</u>	<u>6,047,813</u>	<u>6,982,006</u>	<u>6,047,345</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	
	2018	2017
Statement of financial position:		
Liability in the statement of financial position	3,579,580	3,600,991
Profit or loss charge included in operating profit	296,444	278,926
Remeasurements	(102,193)	294,728

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

	Consolidated and Separate financial statements	
	2018	2017
At 1 January	3,600,991	3,192,612
Current service cost	179,561	161,428
Interest cost	116,883	117,498
	<u>3,897,435</u>	<u>3,471,538</u>
Remeasurements recognised in other comprehensive income (Note 22)		
Loss from change in demographic assumptions	-	43,317
(Gain) loss from change in financial assumptions	(70,730)	158,244
Experience (gain) loss	(31,463)	93,167
	<u>(102,193)</u>	<u>294,728</u>
Payment from plans:		
Benefits paid	(215,662)	(165,275)
At 31 December	<u>3,579,580</u>	<u>3,600,991</u>
Analysis of total provisions for employee benefits:		
- Current	851,261	840,583
- Non-current	2,728,319	2,760,408
At 31 December	<u>3,579,580</u>	<u>3,600,991</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	
	2018	2017	2018	2017	2018	2017
Discount rate	3.75%	3.50%	Decrease by 3.78 %	Decrease by 4.39 %	Increase by 4.01 %	Increase by 4.42 %
Salary growth rate	7.00%	7.00%	Increase by 3.87%	Increase by 4.12 %	Decrease by 3.69 %	Decrease by 3.91 %

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	
	2018	2017
- Less than a year	135,486	157,275
- Between 1-2 years	95,023	136,365
- Between 2-5 years	599,755	350,057
- Over 5 years	6,067,924	6,338,307
	<u>6,898,188</u>	<u>6,982,004</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 2018 and 2017	<u>3,461</u>	<u>17,075,181</u>	<u>4,031,711</u>	<u>21,106,892</u>

As at 31 December 2018 and 2017, 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	
	2018	2017
At 1 January	892,168	653,243
Appropriation during the year	<u>108,733</u>	<u>238,925</u>
At 31 December	<u>1,000,901</u>	<u>892,168</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	
	2018	2017	2018	2017
At 1 January	897,244	755,026	899,424	757,206
Remeasurement of provisions for employee benefits (Note 19)	102,193	(294,728)	102,193	(294,728)
Changes in fair value of available-for-sale investments (Note 10)	(630,000)	472,500	(630,000)	472,500
Income tax relating to components of other comprehensive income (Note 15)	105,561	(35,554)	105,561	(35,554)
At 31 December	474,998	897,244	477,178	899,424

23 Revenue from sales and services

	Consolidated and Separate financial statements	
	2018	2017
Revenue from sales of goods	198,321,801	176,634,803
Revenue from sales of services	736,711	721,591
	199,058,512	177,356,394

24 Expenses by nature

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

	Consolidated and Separate financial statements	
	2018	2017
Net changes in inventories of finished goods	358,370	(465,744)
Raw materials and consumables used	186,257,765	158,925,586
Depreciation and amortisation (Notes 13 and 14)	2,010,623	1,973,922
Employee expenses	1,748,799	1,631,557

25 Income tax expense

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current tax :				
Current tax on profits for the year	352,493	518,841	351,222	517,301
Adjustments in respect to prior year	(4,246)	(6,482)	(4,326)	(7,884)
Total current tax	348,247	512,359	346,896	509,417
Deferred tax :				
Deferred tax for the year (Note 15)	80,711	1,189,779	87,360	1,187,730
Total deferred tax	80,711	1,189,779	87,360	1,187,730
Total income tax expense	428,958	1,702,138	434,256	1,697,147

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	
	2018	2017	2018	2017
Profit before tax	2,654,884	8,990,527	2,608,912	8,960,969
Tax calculated at domestic tax rates	530,977	1,798,105	521,782	1,792,194
Tax effect of:				
Income not subject to tax	(94,060)	(91,728)	(79,567)	(90,808)
Expenses not deductible for tax purposes	4,125	4,250	4,125	4,250
Expenses more deductible for tax purposes	(12,084)	(8,489)	(12,084)	(8,489)
Income tax expense	428,958	1,702,138	434,256	1,697,147

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	
	2018	2017	2018	2017
Profit attributable to equity holders of the Company	2,225,164	7,287,621	2,174,656	7,263,822
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)	0.64	2.11	0.63	2.10

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

27 Cash flow information**27 (a) Reconciliation of net profit to cash flows from operating activities:**

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit before income tax expense	2,654,884	8,990,527	2,608,912	8,960,969
Adjustments for:				
Depreciation (Note 13)	1,980,981	1,946,774	1,980,981	1,946,774
Amortisation (Note 14)	29,642	27,148	29,642	27,148
Allowance for impairment of trade receivables (Note 6)	(60)	(4,286)	(60)	(4,286)
Write-down of inventory to net realisable value	197,907	6,910	197,907	6,910
Loss on disposal of property, plant and equipment and intangible assets	56,484	66,524	52,022	87,517
Share of profit from an associate (Note 12)	(383,621)	(370,414)	-	-
Interest income	(9,012)	(6,080)	(193,718)	(181,591)
Finance costs	245,848	371,717	245,928	371,941
Dividend income	(56,700)	(54,900)	(410,724)	(415,834)
Net unrealised foreign exchange (gain) loss	(96,593)	204	(96,593)	204
Changes in working capital				
Trade receivables	(1,228,373)	(551,261)	(1,228,373)	(551,261)
Amount due from related parties	(50)	30	-	1,219
Inventories	(538,489)	(834,660)	(538,489)	(834,660)
Other receivables	(1,493,096)	(418,093)	(1,493,096)	(418,093)
Other current assets	(650,032)	(58,065)	(649,967)	(71,339)
Prepaid rental and deferred charges	(478,221)	(291,896)	(272,966)	(112,391)
Other non-current assets	17,300	51,364	17,300	51,362
Trade and other payables	2,068,788	2,073,790	2,056,749	2,078,133
Amount due to related parties	1,750,128	564,230	1,756,872	573,012
Income tax payables	(486,577)	-	(487,036)	-
Provisions for employee benefits	80,782	113,652	80,782	113,652
Other non-current liabilities	1,751	(5,243)	1,751	(5,243)
Cash generated from operations	3,663,671	11,617,972	3,657,824	11,624,143

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net book amount	97,193	124,420	67,807	100,213
Loss on disposal of property, plant and equipment	(56,484)	(66,524)	(52,022)	(87,517)
Proceeds from disposal of property, plant and equipment	40,709	57,896	15,785	12,696

27 (b) Non-cash transactions of investing and financing activities:

	Consolidated and Separate financial statements	
	2018	2017
Non-cash transactions		
Acquisition of property, plant, equipment	245,758	385,986

27 (c) Change in liabilities arising from financing activities:

	Consolidated financial statements		
	Borrow due within 1 year	Borrow due after 1 year	Total
Liabilities as at 1 January 2017	13,569,341	9,400,000	22,969,341
Cash flows	(2,642,724)	(8,000,000)	(10,642,724)
Other non-cash movement	(2,380,226)	2,400,000	19,774
Liabilities as at 31 December 2017	8,546,391	3,800,000	12,346,391
Cash flows	4,673,974	(1,700,000)	2,973,974
Other non-cash movement	524,985	(500,000)	24,985
Liabilities as at 31 December 2018	13,745,350	1,600,000	15,345,350

	Separate financial statements		
	Borrow due within 1 year	Borrow due after 1 year	Total
Liabilities as at 1 January 2017	13,582,633	9,401,558	22,984,191
Cash flows	(2,646,213)	(7,999,810)	(10,646,023)
Other non-cash movement	(2,380,226)	2,400,000	19,774
Liabilities as at 31 December 2017	8,556,194	3,801,748	12,357,942
Cash flows	4,665,089	(1,700,548)	2,964,541
Other non-cash movement	524,985	(500,000)	24,985
Liabilities as at 31 December 2018	13,746,268	1,601,200	15,347,468

28 Contingent liabilities

As at 31 December 2018, the Group had contingent liabilities in respect to bank guarantees arising in the ordinary course of business, amounting to Baht 80 million (2017: Baht 77 million) to third parties. It is not anticipated that any material liabilities will arise from these bank guarantees.

29 Commitments

Capital commitments

As at the statement of financial position date, the Group had capital commitments amounting to Baht 666 million (2017: Baht 361 million).

Operating lease commitments - the Group and the 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 30 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 financial information		Separate financial information	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
No later than 1 year	164,551	163,441	169,085	163,441
Later than 1 year but no later than 5 years	697,251	599,800	886,846	599,800
Later than 5 years	1,132,103	930,349	5,222,965	930,349
	<u>1,993,905</u>	<u>1,693,590</u>	<u>6,278,896</u>	<u>1,693,590</u>

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 2018 and 2017, the Group had no short-term or long-term debt denominated in foreign currencies. In 2018, 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 2018, the Group has uncommitted facilities of Baht 83,251 million (2017: Baht 88,410 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 Baht 500 million has been utilised as of 31 December 2018.

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 2018. 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 and Separate financial statements	
	2018	2017
Sales of goods and services:		
- Other related parties	13,612,662	14,741,354
	<u>13,612,662</u>	<u>14,741,354</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	
	2018	2017
Purchases of goods:		
- Other related parties	131,151,097	104,531,357
Purchases of services:		
- An associate	805,726	839,723
	<u>131,956,823</u>	<u>105,371,080</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	
	2018	2017	2018	2017
Expenses paid to:				
- Subsidiaries	-	-	218,133	189,941
- Other related parties	3,005,433	2,979,950	3,001,166	2,975,182
	<u>3,005,433</u>	<u>2,979,950</u>	<u>3,219,299</u>	<u>3,165,123</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	
	2018	2017	2018	2017
Interest income received from:				
- Subsidiaries	-	-	184,706	175,512
	-	-	<u>184,706</u>	<u>175,512</u>
Interest expenses paid to:				
- Subsidiaries	-	-	80	224
- Other related parties	151,849	242,850	151,849	242,850
	<u>151,849</u>	<u>242,850</u>	<u>151,929</u>	<u>243,074</u>

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

(e) Key management compensation

	Consolidated and Separate financial statements	
	2018	2017
Salaries and other short-term employment benefits	71,869	77,267
Post-employment benefits	18,565	28,507
	<u>90,434</u>	<u>105,774</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	
	2018	2017	2018	2017
Amounts due from:				
- Subsidiaries	-	-	47,803	45,483
- Other related parties	50	-	-	-
	50	-	47,803	45,483
Amounts due to:				
- Subsidiaries	-	-	14,868	8,180
- Other related parties	9,995,379	8,354,556	9,995,286	8,354,446
	9,995,379	8,354,556	10,010,154	8,362,626

Amounts due from related parties relate primarily to 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	
	2018	2017	2018	2017
Long-term loans to:				
- Subsidiaries	-	-	3,035,705	2,887,873

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

	Separate financial statements	
	2018	2017
At 1 January	2,887,873	2,748,600
Loans advanced during the period	192,534	162,521
Loan repayments received	(44,702)	(23,248)
At 31 December	3,035,705	2,887,873

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	
	2018	2017	2018	2017
Current				
Short-term loans from:				
- Subsidiaries	-	-	918	9,803
- Other related parties	4,749,161	2,274,913	4,749,161	2,274,913
	<u>4,749,161</u>	<u>2,274,913</u>	<u>4,750,079</u>	<u>2,284,716</u>
Current portion of long-term loans from:				
- Other related parties	2,300,000	2,300,000	2,300,000	2,300,000
	<u>7,049,161</u>	<u>4,574,913</u>	<u>7,050,079</u>	<u>4,584,716</u>
Non-current				
Long-term loans from:				
- Subsidiaries	-	-	1,200	1,748
- Other related parties	400,000	2,700,000	400,000	2,700,000
	<u>400,000</u>	<u>2,700,000</u>	<u>401,200</u>	<u>2,701,748</u>

Movements in loans from related parties are analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
At 1 January	7,274,913	14,949,571	7,286,464	14,964,421
Additional borrowings	7,851,639	1,961,237	7,856,080	1,966,941
Loans repaid during the period	(7,677,391)	(9,635,895)	(7,691,265)	(9,644,898)
At 31 December	<u>7,449,161</u>	<u>7,274,913</u>	<u>7,451,279</u>	<u>7,286,464</u>

Short-term loans from other related parties include:

- Revolving loan from a related party totaling Baht 2,234 million out of facility size Baht 12,000 million at the end of December 2018.
- Short-term loan from a related party under Loan and Current Account Agreement totaling Baht 2,515 million at the end of December 2018.

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 2018, the outstanding loan balance was Baht 1,400 million, which is payable in 2019.
- 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 2018, the outstanding loan balance was Baht 800 million, of which Baht 400 million is payable in 2019.
- 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 2018, the outstanding loan balance was Baht 500 million, which is payable in 2019.

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	
	2018	2017	2018	2017
No later than 1 year	2,300,000	2,300,000	2,300,000	2,300,000
Later than 1 year but no later than 5 years	400,000	2,700,000	401,200	2,701,748
	<u>2,700,000</u>	<u>5,000,000</u>	<u>2,701,200</u>	<u>5,001,748</u>

32 Dividend paid

On 24 April 2018, the Annual General Meeting of shareholders resolved by majority vote that dividend payment for year 2017 be approved at a rate of Baht 1.00 per share, totalling Baht 3,461 million. The dividend was paid to the shareholders on 22 May 2018.

On 4 September 2018, the Board of Directors approved the payment of an interim dividend at a rate of Baht 0.20 per share, totalling Baht 692 million. The dividend was paid to the shareholders on 2 October 2018.

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.

Esso (Thailand) Public Company Limited has numerous affiliates, many with names that include ExxonMobil, Exxon, Esso and Mobil. For convenience and simplicity in this report, those terms and terms like corporation, company, our, we and its are sometimes used as abbreviated references to specific affiliates or affiliate groups. Abbreviated references describing global or regional operational organizations and global or regional business lines are also sometimes used for convenience and simplicity. Similarly, Esso (Thailand) Public Company Limited has business relationships with thousands of customers, suppliers, governments, and others. For convenience and simplicity, words like venture, joint venture, partnership, co-venturer, and partner are used to indicate business relationships involving common activities and interests, and those words may not indicate precise legal relationships.

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Shareholders and investors can obtain more information about the Company from the Company's Annual Registration Statement (From 56-1) available at www.sec.or.th or www.esso.co.th