



ANNUAL REPORT

2019


Esso (Thailand) Public Company Limited



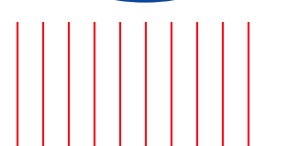


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น้ำมัน	32.86
น้ำมัน	26.84
น้ำมัน	29.58
น้ำมัน	34.14

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EXECUTIVE SUMMARY

2019 was an important year for Esso Thailand, as the Company celebrated 125 years of operations in the Kingdom of Thailand. The Company celebrated this milestone with employees, customers, business partners and communities. And while it is pleasant to reflect back on what we have accomplished over the past 125 years, it is even more important to look forward to where we go next. Throughout 2019, we took steps to improve and invest in the Company, and ensure to compete in Thailand for many years to come, creating value for our shareholders.

Last year was a challenging year for our financial results, driven by volatile industry fundamentals in both the fuels and chemical businesses. Refinery margins during the year were well below historical ranges, influenced by a slowing global economy, a surplus of gasoline supplies, and uncertainty ahead of the tightening IMO 2020 standard for marine bunker fuel. Early in the year we were able to respond to favorable chemical margins by increasing production, but these conditions quickly faded as additional manufacturing capacity came on line in the region.

Despite these challenging market effects, we remained steadfast in focusing on flawless operations and operational integrity. Safety performance achieved a low lost time incident rate, which is excellent when considering the increased scope and complexity of work undertaken during refinery maintenance and project activity in the second half of the year. Esso Sriracha refinery continued to protect the environment with our 12th year without a recordable spill, and advanced projects to improve pipeline integrity and product quality.

As noted, we also took steps to invest in the business and improve competitive position in Thailand. We increased the net number of Esso-branded service stations by 30, upgraded 302 sites with new Synergy imaging, and improved customer facilities. These investments supported the September launch of Synergy fuels. Esso Synergy Supreme⁺ provides double the protection with 30% higher cleaning rate - improving acceleration and engine response, which helps bring back the new engine feel. As part of refinery maintenance activity, we invested in projects to improve yields of high-value products and increase energy efficiency. In Lubes, we launched new Mobil 1 top tier full synthetic engine oil, DTE hydraulic oils and strengthened our distributor network.

Throughout Esso Thailand remains committed to investing in communities, where we are making important contributions to education, safety, health and environmental conservation. For example, ESSO Run celebrating 125 years raised Baht 1.88 million without expense deduction for Queen Sawang Wattana Memorial Somdej Na Sriracha Hospital in Chon Buri province, where needed funds will help purchase additional medical equipment. We continuously award scholarships to university students through the Rattanakosin Bicentennial fund.

It is disappointing that the financial results did not more fully reflect the outstanding commitment and effort put forth by our employees during 2019. However the leadership team at Esso Thailand has confidence that the Company is making the right investments to not only compete in Thailand, but to win. The Company is positioning to create value for shareholders, while continuing to meet obligations as a responsible corporate partner and neighbor, caring for communities and the environment.

**Thank you for your support
Esso (Thailand) Public Company Limited**



INVESTING TO WIN

INVESTING IN BUSINESS OPERATIONS



2019 marked an important milestone in Esso's 125-year history in Thailand, reflecting our long-term commitment to grow together with the nation. During the year, we progressed a number of investment activities to strengthen and enhance our business operations to be able to compete and deliver value to our customers and shareholders in the future.

Capital projects and planned site-wide maintenance for Sriracha refinery and associated petrochemical plants was successfully completed as planned and under budget. The maintenance improved operational reliability, increased energy efficiency and enabled optimized production of high-value products. After the maintenance program, the refinery is now producing IMO compliant low-sulfur marine fuels to capture higher margin opportunities.

In our marketing businesses, we continued investing to expand and upgrade the service station network. We achieved a net increase of 30 sites, and upgraded 302 sites with improved Synergy imaging and facilities. In addition, we

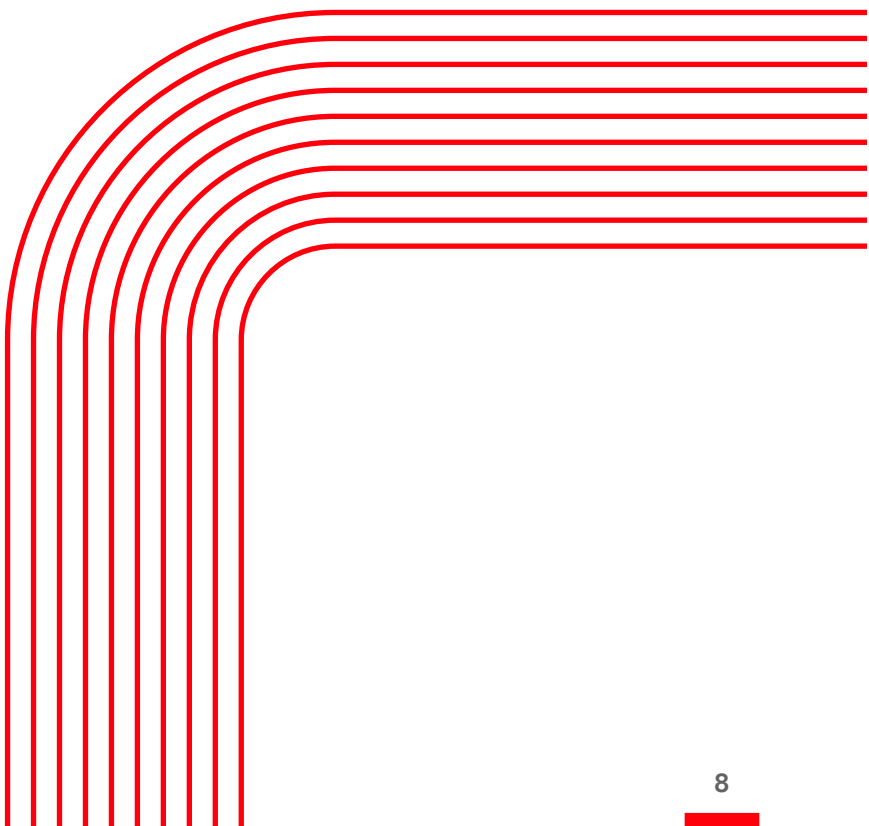
introduced a new cutting edge fuels product "Synergy" in to our customers nationwide. Synergy technology, developed by ExxonMobil Research and Engineering using the same technology as F1 racing fuel, Esso Synergy Supreme+ provides double protection to engines and 30% higher cleaning rate. For lubricants, Mobil launched top-of-the-line fully synthetic engine oil products, the latest Mobil 1 technology that keeps engines running like new.

To strengthen fuels sales, we grew the number of distribution hubs to 9 terminals across the country, enhanced Terminal Automation Systems (TAS), and increased the number of truck loading facilities in Sriracha, LamLukka and Saraburi terminals to improve product loading efficiency and reduce gate-to-gate time.

With all those efforts, we believe our investments enable the Company to compete in a changing market environment, to grow sustainably and to maximize value for shareholders.



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INVESTING TO WIN

**INVESTING
IN PEOPLE**



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One of the Company’s greatest assets is our people, who drive success and deliver excellence for long-term value creation. Esso invests in employee development systems through training, challenging work assignments, and education support.

In 2019, our employees participated over 3,100 hours of training programs both in in-country and abroad. The goal is to develop employees to their highest potential. We leverage the ExxonMobil network to provide training and challenging assignments to employees, including expatriate assignment opportunities.

Moreover, the Company provides financial assistance to eligible employees who pursue educational opportunities to improve skills required for their work or to increase their competencies. 180 employees have participated and enjoyed benefits of this program since 2002.

Equally important, we promote a culture of health, diversity and inclusion to foster an industry-leading work environment, which contributes to a highly productive, dedicated and motivated workforce. These enable us to achieve employee retention over the long term and realize our objective of being “a great place to work”.



INVESTING TO WIN

INVESTING IN TECHNOLOGY



Esso strongly believes that technology will allow us to effectively respond to a dynamic and challenging landscape. We invest in fundamental systems and applications that provide competitive advantage for our operations and our customers.

In Esso's manufacturing facilities, we are leveraging technology to remotely access operating data, and to perform analysis with an aim to increase efficiency and productivity. For example, Digital Manufacturing (DM) transformation is generating robust data for real-time analysis of operating conditions, which allows us to further optimize production, reduce downtime and realize cost savings.

Terminal facilities employ industry-leading automation systems that accelerate response time and accuracy for delivering high-quality products to our customers. Sales support leverages customer applications and Robotic Process Automation to increase engagement and improve process efficiency. And lastly, we adopt Agile and Design Thinking principles to evolve the way we work and improve our problem solving capabilities.

Most importantly, we are applying the latest technology to our products, including superior transportation fuels and lubricants that provide higher levels of efficiency and engine performance. With consistent and ongoing investments in technology, the Company is equipped to improve operational effectiveness, enhance customer experience, and capture higher margin opportunities.



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INVESTING TO WIN

INVESTING IN COMMUNITY AND ENVIRONMENT



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Esso received the Royal Garuda from His Majesty King Bhumibol Adulyadej The Great in 1998 for its operational integrity and commitment to develop the country. In recognition of this remarkable status, we are committing to continue investing in the communities and environments where we work and live through a variety of engagement programs.

We prioritize programs that support safety, health, education, culture, and environment conservation. Some of our program highlights included supporting the Intelligent Traffic Information Center (ITIC) activities to promote road safety. In 2019, we held an ESSO Run event that not only celebrated 125 years of operations in Thailand, but also raised Baht 1.88 million without expense deduction for Queen Savang Vadhana Memorial Hospital in Chon Buri province to purchase medical equipment. In terms of education, we have upheld our long-term support of the Esso-Rattanakosin Bicentennial

scholarship since 1982, and Esso refinery employees have participated in the Volunteer Teaching English Program to help seventh grade students of Wat Laem Chabang school for more than 17 years. In 2019, Esso together with our employees provided almost Baht 4 million in funding, and more than 3,700 man-hours of employee volunteer efforts in our communities.

As part of our commitment to operate in an environmentally responsible manner, we conducted regular reviews of our business to reaffirm compliance with environmental laws, regulations, and internal policies. The company has advanced projects to improve energy efficiency and reduce emissions. The refinery achieved 12 years without a recordable spill, which firmly supports the Company's environmental objective, "Protect Tomorrow, Today".

Company Information

Company Name	Esso (Thailand) Public Company Limited
Symbol	ESSO
Registration Number	0107539000073
Business	Integrated petroleum refining, petrochemical, and marketing
Registered Capital	Baht 17,110,007,246.71 Comprising 3,467,916,666 common shares of Baht 4.9338 per share
Paid-up Capital	Baht 17,075,181,200.40 Comprising 3,460,858,000 common shares of Baht 4.9338 per share
Head Office	3195/17-29 Rama IV Road, Klong Ton, Klong Toey District, Bangkok 10110 Telephone: 0 2407 4000
Website	www.esso.co.th
Investor Relations	Telephone: 0 2407 4788 E-mail: essolr@exxonmobil.com





GENERAL INFORMATION

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

Pricewaterhouse Coopers 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 is an affiliate of Exxon Mobil Corporation, an industry leader in the global energy business. The Company and its predecessors have been doing business in Thailand more than 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 (based on stream days) of 174,000 barrels per day
- An aromatics plant with a capacity of 500,000 tons per annum of paraxylene
- A solvent production unit with a capacity of 50,000 tons per annum
- An extensive network of Esso-branded retail service stations throughout Thailand
- Direct commercial sales of petroleum products in the industrial, wholesale, aviation, and marine sectors comprising of LPG, gasoline, jet fuel, kerosene, diesel, fuel oil, asphalt, and lubricants
- A premier line of Mobil 1 synthetic lubricants and a network of Mobil 1 centers
- Sales of aromatics and other chemical products

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

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

Operation and Revenue Structure

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

	2019		2018		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Net Sales						
Downstream segment:						
Refined petroleum products	152,111	89.8	178,350	88.8	156,532	87.6
Lubricants	2,781	1.7	2,950	1.5	2,829	1.6
Services and others ⁽¹⁾	1,256	0.7	680	0.3	6,207	3.4
Total Downstream Segment	156,148	92.2	181,980	90.6	165,568	92.6
Petrochemical segment:						
Paraxylene	8,352	4.9	12,969	6.5	7,777	4.4
Services and Others ⁽²⁾	4,848	2.9	5,849	2.9	5,361	3.0
Total Petrochemical Segment	13,200	7.8	18,818	9.4	13,138	7.4
Total Sales Revenue	169,348	100.0	200,798	100.0	178,706	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.

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

Number of Employees of the Company as of December 31, 2019

Corporate	Refining & Distribution ⁽¹⁾	Retail & Lubricants ⁽²⁾	Chemicals	Total
27	440	101	5	573

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

(2) Includes retail and lubricants 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 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

(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.





OPERATIONAL HIGHLIGHTS





Continued impressive safety and environmental performance with **8 consecutive years without a lost time injury and 12 years without a recordable spill**



Refinery and petrochemical facilities **planned site-wide maintenance completed per plan and under budget**



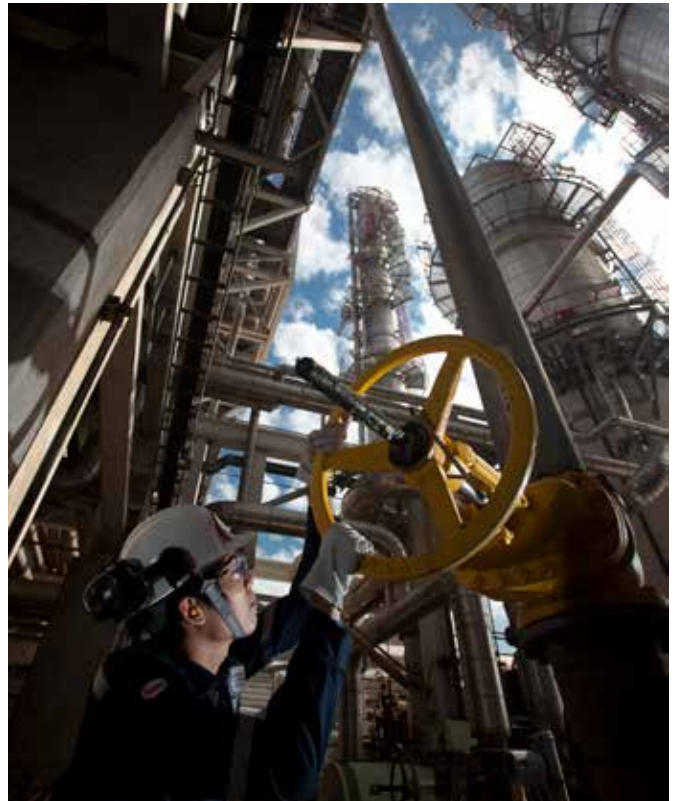
Delivered IMO compliant low-sulfur marine fuels to capture higher margin opportunities



Continued crudes diversification with more than **40 types of new crude** processed in the past 5 years



Received **5 ExxonMobil Global Operations Excellence Awards**





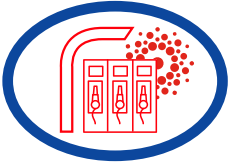
REFINING AND PETROCHEMICAL

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 with improvement projects; for example, peak utilization of equipment and facilities, diversification of crudes and feedstock, and energy efficiency projects.

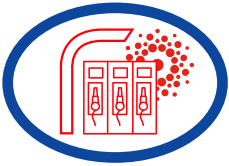
In 2019, both the refinery and the aromatics plant maintained their impressive safety and environmental performance with no safety lost-time incidents and no recordable spills during the year. The refinery and the aromatics plant achieved 12 years without recordable spill and 8 years without lost time incident for employees and contractors. And the terminal operations facilities reached 26 years without a lost-time incident.

In addition, the refinery and the petrochemical facilities were completed planned major maintenance, which occurs once every 8 years, safely per plan and under budget. This maintenance work improved operational reliability until the next major maintenance cycle. Equipment upgrades such as Fluidized Catalytic Cracking (FCC) cyclone replacement, Continuous Catalytic Reforming (CCR) yield improvement project and Vacuum Pipestill (VPS) overflash draw off project enable operational flexibility, increase FCC utilization and enhance competitiveness. Moreover, the refinery is now producing IMO compliant low-sulfur marine fuels to capture higher margin opportunities.

In response to a challenging industry environment, the Refinery continually optimized production by utilizing new and challenged crudes that were traded at significant discounts in order to improve product margins. Five new crudes from Australia, U.S and Africa were used in the production this year. In total, the Refinery diversified its crude intake by employing more than 40 new crudes in the past five years.

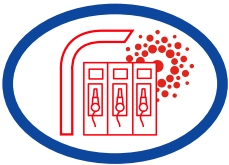


Retail network
growing to
reach 638 Esso
service stations
in 2019

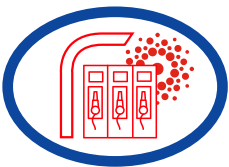


Introduced
"Synergy" fuels,
the latest fuel
technology with
the world standard

Esso Synergy Supreme+ provides
double engine protection and 30%
higher cleaning rate



Esso service stations
continued to provide
premium fuels
and biofuels
B20 and B10 nationwide



Celebrated 3rd
year anniversary
of Esso Smiles Driver
Rewards Program with
2.8 million members

RETAIL FUELS SALES

The Company is making strategic investments to ensure Esso is well-positioned to compete in the dynamic and competitive Thailand retail market with superior product quality and consistent supply availability. Sales through the retail sales channel accounted for 42% of total fuel sales volume in 2019. To improve our competitive position, the Company focused on improving the product offering including the launch of Esso Synergy fuels, and retail network expansion.

In September 2019, the Company launched Esso Synergy fuels, the latest fuels technology developed by ExxonMobil Research and Engineering Company with the same technology as F1 racing fuel. This product launch strengthened brand recognition for premium quality fuels with Supreme+ supported by a marketing campaign of 'bring back the new engine feel'. Esso Synergy Supreme+ provides double engine protection and 30% higher cleaning rate.

More than 80% of our retail network has been upgraded with Esso Synergy imaging, improving appearance and facilities to enhance customer experience. The offering of premium fuels has been expanded throughout the Esso service station network. The number of service stations offering Esso Synergy Supreme+ Diesel and Esso Synergy Supreme+ Gasohol 95 ended the year at 425 and 254 respectively.





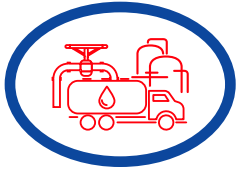
Apart from premium fuels, the Company also launched biofuels B20 and B10 to support the government roadmap of promoting biofuels in Thailand. At the end of the year, there were 236 service stations offering B20 and 125 service stations offering B10.

The Company expanded its retail network, making opportunistic investments in service stations while maintaining capital and cost discipline. In 2019, Retail Marketing finished the year with 638 service stations, the highest site count since the Company IPO in 2008, adding a net of 30 service stations in its network. These reflect 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.

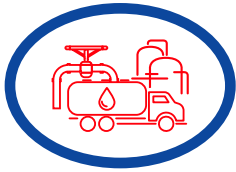
The Company celebrated the 3rd anniversary of the Esso Smiles Driver Rewards Program in 2019 with more than 2.8 million members. The Program allows customers to collect points from both fuel and lubes purchases, and use them to redeem for numerous rewards. The loyalty program allows

us to understand customers better, resulting in better services and experiences at Esso service stations. In conjunction with this program, our customers also connect with the Company through the Esso Thailand LINE Official Account. The application serves as one of our major communication channels to 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 2019, there were more than 6.5 million people registered to this LINE account.

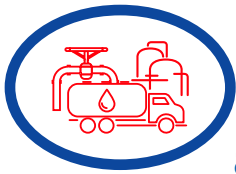
Supporting successful fuels marketing operations, the Company enhanced its non-fuel income through strong alliances. The Company continued growing non-fuel offers by expanding existing alliance stores at our service stations. These alliance partners were Burger King, McDonald's, KFC, The Pizza Company, Tesco Lotus Express, FamilyMart, Mini Big C, Lawson, 108 Shop, Starbucks, Rabika coffee, Caffe D'Oro, Coffee Boy, B-Quik, Bosch, Wizard, SCG Quick Wash, Betagro, Kerry Express, and 51 Tyreshop. The Company finished 2019 with 349 alliance stores across its retail network. These alliances help optimize retail site profitability and provide high-quality offerings and services for customers.



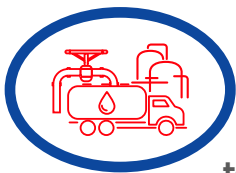
Placed 54% of finished products
in Commercial sales to domestic and cross-border markets



Increased sales volume by 4%
in higher margin segments of Industrial & Commercial, Cross-border and Aviation



Expanded the distribution network to **9 terminals across the country** to support sales growth



Offered new biofuels grades, B10 and B20, to support the government in its promotion of the increased use of biofuels





COMMERCIAL FUEL SALES

Commercial sales is the second highest margin sales channel to Industrial, Commercial, Wholesale, Marine, and Aviation customers as well as cross-border sales to neighboring countries such as China, Laos, Myanmar, and Cambodia.

In 2019, sales through commercial channels accounted for 54% of total sales volume in 2019. Due to strong collaboration and supply-demand management across the fuels value chain, especially during the refinery site-wide maintenance, the Company was able to grow sales volume by 4% in higher margin sales segments; Industrial & Commercial, Cross-border and Aviation.

The remaining petroleum products sold to commercial customers went through export sales channels, mainly

within the Asia Pacific region. Export volumes decreased from 7% the previous year to 4% in 2019, reflecting continued efforts to reduce lower margin export layers and increase higher-margin retail and commercial sales within the domestic market and neighboring countries.

To support sustainable sales growth, the Company expanded the distribution network to 9 terminals across the country. A newly opened Phichit terminal was added into the network in July 2019, complementing business opportunities throughout the country. As part of facility improvement projects, Sriracha, Saraburi and Lumlukka terminals increased the number of truck loading racks and improved loading utilization, enhancing operational efficiency and reducing gate-to-gate time.

Aligned with Retail sales channels, Commercial sales offered two new biofuels grades in 2019, B10 and B20, primarily for the transportation sector to support the government in its promotion of the increased use of biofuels.



Bringing innovative technologies through high quality products of **Mobil 1 Top Tier** and **Mobil DTE 20 Ultra** **Mobil 1 Racing 4T**



Strengthened market coverage of **Mobil** brand presence through **1,600** outlets



Introduced **23 Mobil Express** in Esso service stations, offering a quick lubes change service by professionals



Synergized with Esso Smiles loyalty program where customers can redeem Smiles points to purchase Mobil lubricants



LUBRICANTS

In 2019, the Company focused on expanding the breadth of our high-quality product offering, market coverage expansion and strengthening the distributor network. To fulfill customers' growing demand for high-performance products, the Company launched a number of products, notably Mobil 1 Top Tier and Mobil DTE 20 Ultra. Following the Mobil Super Moto launch in 2018, the Company enhanced the offering to Thai motorcyclists with Mobil 1 Racing 4T. This demonstrates the Company's commitment in bringing innovative technologies with excellent performance and extended oil life to enhance customer mobility, productivity and sustainability.

Through understanding of our customers, the Company analyzed market insights and deployed targeted digitalized marketing campaigns such as "Mobil Rewards" to drive brand loyalty and grow market share. Our "Paint the Town Blue" campaign continues its momentum to reach more than 1,600 outlets, increasing Mobil brand presence in Thailand and driving stronger distribution of high-quality Mobil lubricants.



The Company has continuously strengthened brand experience through our service network of 240 Mobil 1 Center outlets which provide best-in-class car care services to consumers and premium products across Thailand. In addition, The Company introduced a network of 23 Mobil Express outlets in Esso service stations which offer a quick lube change service and free 10 point checks by professionals, targeting passenger car drivers. Building on the well-established Esso Smiles loyalty program, the Company further strengthened our offers to consumers

through our Mobil network and business partner, B-Quik, where customers can redeem Smiles points to purchase Mobil lubricants.

The Company has been committed to bringing breakthrough technologies and service to our customers and strives to advance our Thai customers' mobility, productivity and sustainability ambitions through rewarding Mobil brand experiences.

Financial Highlights

(Unit: million Baht, unless otherwise stated)

Financial Highlights	2019	2018	2017
Sales revenue	169,348	200,798	178,706
Gross profit/(loss)	2,004	8,212	14,559
EBITDA	(2,060)	4,453	10,826
Profit/(loss) for the period	(3,065)	2,226	7,288
Profit/(loss) per share (Baht) ⁽¹⁾	(0.89)	0.64	2.11
Total assets	66,243	61,750	59,019
Total liabilities	44,125	35,918	30,837
Total shareholders' equity	22,118	25,832	28,182

Key Financial Ratios	2019	2018	2017
Net profit/(loss) margin (%)	(1.8)	1.1	4.1
Interest coverage (times)	(6.4)	18.1	29.1
Net debt to equity (times)	1.2	0.6	0.4

Dividend Payment	2019	2018	2017
Dividend payment per share (Baht) ⁽¹⁾	0.0 ⁽²⁾	0.3	1.0

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

(2) To propose to the 2020 Annual General Meeting of Shareholders for approval.

Management's Discussion and Analysis

Review of consolidated results for 2019

(Unit: million Baht, unless otherwise stated)

Statement of Comprehensive Income	2019	2018
Revenue from sales	169,348	200,798
Profit (loss) from sales	(4,106)	2,442
- Downstream	(2,594)	3,323
- Petrochemical	(1,512)	(881)
EBITDA (million Baht)	(2,060)	4,453
Finance costs, net	(313)	(237)
Income tax (expense) credit	892	(429)
Profit (loss) for the period	(3,065)	2,226
Earnings (loss) per share (Baht) ⁽¹⁾	(0.89)	0.64

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

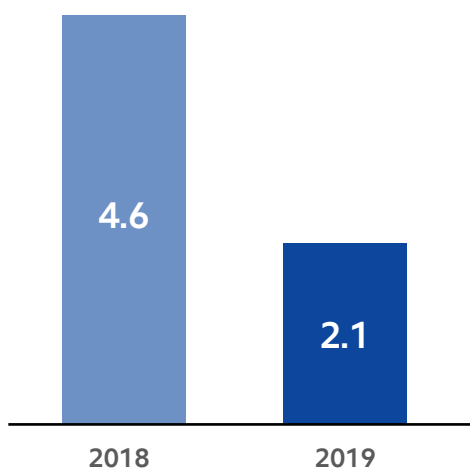
Revenue from sales for full year 2019 was lower than the same period last year, reflecting decreases in market selling prices and lower sales volumes as a result of the site-wide scheduled maintenance.

Loss from sales for full year 2019 was primarily driven by lower crude runs from the plant wide scheduled maintenance, lower gross refining margin and lower paraxylene margins. These factors resulted in a loss from sales of Baht 4,106 million.

The Downstream segment loss of Baht 2,594 million decreased by Baht 5,917 million from last year, mainly due to lower crude runs from the site-wide scheduled maintenance, lower gross refining margin, partly offset by lower unfavorable inventory effects. Petrochemical segment made loss from sales of Baht 1,512 million, compared to a loss of Baht 881 million in 2018, mainly driven by lower paraxylene margins, partly offset by lower energy costs.

Compared to the same period last year, net finance costs increased by Baht 76 million in 2019 as a result of higher average debt balances.

Gross Refining Margin (GRM)



Unit: USD per barrel

Full-year 2019 Gross Refining Margin (GRM) of \$2.1 per barrel, decreased from last year, was a result of lower industry margins, partly offset by lower unfavorable inventory effects. Decreased industry refining margins was driven by a decrease in global oil demand as a result of U.S.-China trade concerns and economic slowdown. Lower crude intake in 2019 of 114 thousand barrels per day reflected the site-wide scheduled maintenance.

(Unit: million Baht)

Statement of Financial Position	31 Dec 2019	31 Dec 2018
Total assets	66,243	61,750
Total liabilities	44,125	35,918
Total equity	22,118	25,832

Total assets as of December 31, 2019 increased by Baht 4,493 million from year-end 2018, mainly due to prepaid excise tax payment associated with import products during plant maintenance, higher deferred income tax assets in relation to tax loss carry forward, and higher inventory balances.

Total liabilities of Baht 44,125 million increased Baht 8,207 million, primarily driven by higher loan balances, partly offset by lower crude payables and lower excise tax payables, a result of change in excise tax payment cycle from monthly to daily per advised regulations effective from October 2019.

Total debt was Baht 26,943 million as of December 31, 2019 compared to Baht 15,345 million at year-end 2018. Total debt consisted of Baht 22,777 million of short-term debt and Baht 4,166 million of long-term borrowings.

Total equity decreased by Baht 3,714 million, reflecting losses for 2019 and dividend payments coupled with the unrealized loss from remeasurement of employee benefits and Bangkok Aviation Fuel Services (BAFS) investment.

Statement of Cash Flows	2019	2018
Cash flows from (used in) operating activities	(10,167)	2,102
Cash flows from (used in) investing activities	(1,211)	(889)
Cash flows from (used in) financing activities	11,172	(1,179)

Cash flows used in operating activities were Baht 10,167 million for the full year 2019, reflecting losses in the period and unfavorable working capital effects, mainly from prepaid excise tax payment and lower payables. Cash flows used in investing activities were Baht 1,211 million, reflecting capital investments for service station upgrades, refinery efficiency improvements and plant maintenance, partly offset by dividends received from investments. Cash flows from financing activities were Baht 11,172 million, reflecting net proceeds from borrowings, partly offset by dividend payments.

Liquidity and Debt to Equity Ratios	31 Dec 2019	31 Dec 2018
Current ratio (times)	0.9	0.9
Quick ratio (times)	0.2	0.2
Total debt to equity ratio (times)	1.2	0.6
Long term debt to equity ratio (times)	0.2	0.1
Net debt to equity ratio (times)	1.2	0.6

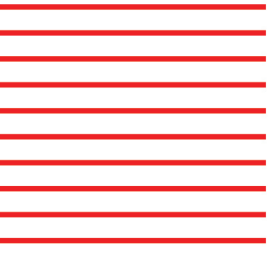
Current ratio = Current assets / Current liabilities

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. ADISAK JANGKAMOLKULCHAI⁽¹⁾



MR. WATTANA CHANTARASORN

**Chairman
(Executive)**
Age: 57

Appointment Date: February 4, 2020

Education:

- Bachelor of Science in Chemical Technology, Faculty of Science, Chulalongkorn University
- Master of Science in Chemical Engineering; University of Tulsa, USA
- Ph.D in Chemical Engineering, University of Tulsa, USA

Director Training:

- Director Accreditation Program (DAP) organized by Thai Institute of Association in 2008

Current Positions:

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

Position in other business or organization: -

Experience in the past 5 years:

August 2019 - January 2020	Executive Director Thailand Major Growth Venture, ExxonMobil Limited
2017 - August 2019	Engineering Manager for Europe / Middle east / Asia Pacific, ExxonMobil Engineering Europe Limited
2013 - 2017	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

(1) Mr. Adisak Jangkamolkulchai was appointed as Chairman and Managing Director to replace Mr. Jeremy Robert Osterstock effective February 4, 2020.

**Independent Director and Chairman of the Audit Committee
(Non-executive)**
Age: 73

Re-appointment Date: April 24, 2018

Number of Years in the Board: 12 Years and 2 Months⁽¹⁾

Education:

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

Director Training:

- Advanced Audit Committee Program organized by Thai Institute of Directors Association in 2018
- Director Accreditation Program organized by Thai Institute of Directors Association in 2009

Current Positions: -

Position in other business or organization: -

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

(1) Number of years serving as the Independent Director: 5 Years and 3 Months



MR. BOONTUCK WUNGCHAROEN

**Independent Director
(Non-executive)
Age: 63**

Re-appointment Date: April 23, 2019

Number of Years in the Board: 1 Year and 3 Months⁽¹⁾

Education:

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

Director Training:

Director Accreditation Program (DAP) organized by Thai Institute of Association in 2008

Current Positions: -

Position in other business or organization:

- Director, Vice Chairman of the Executive Committee, Chairman of the Risk Management Committee and The Nomination and Remuneration Committee, Asset World Corp Public Company Limited

Experience:

- 2017 - 2019 Independent Director, Member of the Risk Oversight Committee and Member of Technology Committee, Siam Commercial Bank Public Company Limited
- 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

(1) Number of years serving as the Independent Director: 8 Months



MR. BURANAWONG SOWAPRUX

**Independent Director, Chairman of the Performance Evaluation Committee and Member of the Audit Committee
(Non-executive)
Age: 62**

Appointment Date: April 23, 2019

Number of Years in the Board: 8 Months

Education:

- Bachelor of Engineering, Mechanical Engineering, Chulalongkorn University
- Master of Engineering, Industrial Engineering, Texas A&M University, Texas, USA
- Doctor of Engineering, Industrial Engineering, Texas A&M University, Texas, USA

Director Training:

- Director Certification Program (DCP) organized by Thai Institute of Association in 2019
- Advance Audit Committee Program (AACP) organized by Thai Institute of Association in 2019

Current Positions: -

Position in other business or organization:

- Independent Observer, Anti-Corruption Organization of Thailand
- Director, The Blue Circle Pte. Ltd, Singapore
- Director, Able Asset Sukhumvit Company Limited

Experience:

- 2015 - February 2019 Member, Petroleum Committee Sub-Committee on the Management of Expiring Concession
- 2016 - 2017 Sub-Committee on the Determination of Gas Price
- 2016 - February 2019 Sub-Committee on the Determination of Gas Price
- 2009 - 2013 Global Business Analysis and Reporting Manager, ExxonMobil Global Services Company, Houston, USA

Records of violation of law*: None

Family Relationship with Executives of the Company: None

Shareholding in the Company:** None



MR. CHAKKRIT PARAPUNTAKUL

**Independent Director
(Non-executive)
Age: 60**

Re-appointment Date: April 24, 2018

Number of Years in the Board: 2 Years and 1 Month

Education:

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

Director Training:

- Director Accreditation Program organized by Thai Institute of Directors Association in 2012
- Audit Committee Program organized by Thai Institute of Directors Association in 2005
- Ethical Leadership Program organized by Thai Institute of Directors Association in 2017
- Board Matters and Trends organized by Thai Institute of Directors Association in 2017

Current Positions: -

Position in other business or organization:

- Deputy Permanent Secretary
- President of Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- Director, Member of Executive Committee and Member of the Nomination Compensation and Corporate Governance Committee, Siam Commercial Bank Public Company Limited
- Chairman, Asean Potash Chaiyaphum Public Company Limited
- Chairman, NBD Healthcare Co., Ltd
- Chairman, Term Sabuy Technology Company Limited
- Independent Director and Member of the Audit Committee, Pinthong Industrial Park Public Company Limited
- Independent Director and Member of the Audit Committee, RS Public Company Limited
- Independent Director and Chairman of the Audit Committee, Synnex (Thailand) Public Company Limited

Experience in the past 5 years:

- 2017 - 2019 Deputy Permanent Secretary, Ministry of Finance
- 2015 - 2017 Director General of Treasury Department, Ministry of Finance
- 2014 Deputy Permanent Secretary

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: 51**

Re-appointment Date: April 24, 2018

Number of Years in the Board: 2 Years and 1 Month

Education:

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

Director Training:

- Director Accreditation Program (DAP) organized by Thai Institute of Association in 2018

Current Positions:

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

Position in other business or organization: -

Experience in the past 5 years:

- 2017 - 2019 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. PACHARA SUNGKHAPAN

**Director
(Executive)
Age: 51**

Appointment Date: June 8, 2018

Number of Years in the Board: 1 Year and 6 Months

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

Director Training:

- Director Accreditation Program (DAP) organized by Thai Institute of Association in 2018

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: -

Experience in the past 5 years:

- 2018 - 2019 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

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: 43**

Appointment Date: November 30, 2017

Number of Years in the Board: 2 Years and 1 Month

Education:

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

Director Training:

- Director Accreditation Program (DAP) organized by Thai Institute of Association in 2018

Current Positions:

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

Position in other business or organization: -

Experience in the past 5 years:

- 2018 - 2019 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. PRACHIT HAWAT



MS. RATRIMANI PASIPHOL

Independent Director and Member of the Audit Committee (Non-executive)
Age: 61

Re-appointment Date: April 23, 2019

Number of Years in the Board: 2 Years and 1 Month

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

Director Training:

- Director Certification Program organized by Thai Institute of Directors Association in 2018
- Director Accreditation Program organized by Thai Institute of Directors Association in 2011

Current Positions: -

Position in other business or organization:

- Associate Professor, Department of Accountancy,, Faculty of Commerce and Accountancy, Chulalongkorn University
- Advisor to the Internal Audit Procedure Efficiency and Effectiveness Promotion Committee, Sports Authority of Thailand
- Advisor to the Internal Control Operation Committee, Thai Health Promotion Foundation

Experience:

- Lecturer, Department of Accountancy, Chulalongkorn University
- Independent Director and Member of the 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

Director and Designated CFO (Executive)
Age: 52

Re-appointment Date: April 24, 2018

Number of Years in the Board: 7 Years and 10 Months

Education:

- Bachelor of Accountancy, Chulalongkorn University
- MBA, University of Washington, USA

Director Training:

Director Accreditation Program (DAP) organized by Thai Institute of Association in 2012

CFO Training:

- TLCA CFO Profession Development Program organized by Thai Listed Companies Association

Current Positions:

- Business Services and Tax Manager, Esso (Thailand) Public Company Limited
- Director, ExxonMobil Limited

Position in other business or organization: -

Experience:

2014 - January 2020

- 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. SUCHART PHOWATTANASATHIAN

**Director
(Executive)
Age: 48**

Re-appointment Date: April 23, 2019

Number of Years in the Board: 2 Years and 8 Months

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

Director Training:

- Director Accreditation Program (DAP) organized by Thai Institute of Association in 2018

Current Positions:

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

Position in other business or organization: -

Experience in the past 5 years:

- 2017 - 2019 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. TAWESAK BUNLUESIN

**Director
(Non-executive)
Age: 51**

Appointment Date: June 9, 2018

Number of Years in the Board: 1 Year and 6 Months

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

Director Training:

- Director Accreditation Program (DAP) organized by Thai Institute of Association in 2018

Current Positions:

- Public & Government Affairs Manager, ExxonMobil Limited

Position in other business or organization: -

Experience in the past 5 years:

- 2018 - 2019 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



MS. JUTARAT WAREECHUENSUK



MR. VANCHAI VICHAKCHON

**Investor Relations and Planning Manager
(Executive)
Age: 54**

Appointment Date: July 1, 2018

Education:

- Bachelor of Petroleum Engineer, 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 Positions:

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

Position in other business or organization: -

Experience in the past 5 years:

- 2018 - 2019 Investor Relations and Planning Manager, Esso (Thailand) Public Company Limited
- 2016 - 2018 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

**Thailand Commercial Sales Manager
(Executive)
Age: 51**

Appointment Date: June 1, 2017

Education:

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

Current Positions:

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

Position in other business or organization: -

Experience in the past 5 years:

- 2017 - 2019 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



MS. VORRAYA KOSALATHIP⁽¹⁾

**Treasurer
(Executive)
Age: 42**

Appointment Date: February 4, 2020

Education:

- Bachelor of Science in Civil Engineering, Chiang Mai University
- Master of Business Administration, University of North Carolina at Chapel Hill, USA

Current Positions:

- Treasurer, Esso (Thailand) Public Company 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: -

Experience in the past 5 years:

- 2018 - January 2020 Lead Fuels and Lubricant Treasurer - Asia Pacific, ExxonMobil Asia Pacific Pte. Ltd
- 2016 - 2017 Financial Advisor, Global Fuels and Lubricant Treasurer, Exxon Mobil Corporation
- 2015 - 2016 Downstream Financial Advisor, Controller's, Exxon Mobil Corporation

Records of violation of law*: None

Family Relationship with Executives of the Company: None

Shareholding in the Company:** None

(1) Ms. Vorraya Kosalathip was appointed as Treasurer to replace Ms. Ratrimani Pasiphol effective February 4, 2020



MR. WARATHUM TUNGITTIPLAKORN

**Thailand Fuels Operations Manager
(Executive)
Age: 52**

Appointment Date: August 1, 2015

Education:

- Chemical Engineering, Chulalongkorn University
- MBA, Old Dominion University, Virginia, USA

Current Positions:

- 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 - 2019 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

* 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;

(3) being dismissed from government service or a state organization or agency for dishonest at work.

(4) A conviction of offences under the Securities and Exchange Act B.E. 2535 or Derivatives Act B.E. 2546 for the following offences:

(4.1) willful misconduct or gross negligence characteristic

(4.2) disclose or disseminate of false statement or information or conceals material facts that should have been disclosed which have an impact on decision making on investment

(4.3) unfair trading or taking advantage of other investors in securities or derivatives trading

** As of December 31, 2019

Shareholding and Management Structure

1. Shareholders

The top 10 shareholders registered in the share register book as of October 17, 2019 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	145,281,450	4.20
3	Vayupak Fund 1 by Krung Thai Asset Management Public Co., Ltd	145,281,450	4.20
4	Mr. Vitit Pongpirodom	66,500,000	1.92
5	South East Asia UK (Type C) Nominees Limited	28,355,177	0.82
6	Nortrust Nominees LTD-CL AC	23,023,500	0.67
7	Mr. Sombat Panichewa	20,000,000	0.58
8	State Street Europe Limited	18,564,486	0.54
9	BNY Mellon Nominees Limited	18,458,484	0.53
10	Bank of Ayudhya PCL by Krungsri Asset Management PCL	16,987,000	0.49
	Total	2,766,201,547	79.93

* Excluding 94,007,808 shares (2.72%) under Thai NVDR Co., Ltd.

2. Dividend Policy

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

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

3. Board of Directors

The 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 2019 comprised the following:

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

Ms. Angsna Pirentorn is the Company's secretary

(1) Mr. Jeremy Robert Osterstock resigned from Director and Chairman and Mr. Adisak Jangkamolkulchai was appointed as the Director and Chairman to replace Mr. Jeremy Robert Osterstock effective February 4, 2020.

(2) Mr. Boontuck Wungcharoen was elected as Independent Director effective April 23, 2019.

(3) Mr. Buranawong Sowapru was appointed as independent director to replace Mr. Smit Tiemprasert effective April 23, 2019.

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. Review succession plans for the Managing Director and other senior management positions within the Company at least once every two years.

8. Conduct an annual internal review of the implementation of recommended corporate governance practices as described by the 2017 Thai Corporate Governance (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% of the total number of voting rights of the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person, including the shares held by related persons of the independent director;
2. Not be nor have been an executive officer, employee, staff, salaried consultant or a controlling person of the Company, its parent company, its subsidiaries, affiliates, same-level subsidiaries, major shareholder or controlling person unless foregoing status has ended not less than two years prior to the date of appointment except where the independent director(s) was the government officer or consultant of the government agency which is the major shareholders or a controlling person of the Company;
3. Not be a person related by blood or registration under laws, such as father, mother, spouse, sibling or child, including spouse of the children, executives or majority shareholders or controlling persons or persons to be nominated as executive or controlling persons of the Company or its subsidiaries;

4. Not have business relationship with the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person which may interfere with his independent judgment and neither being nor having been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, its subsidiaries, affiliates, major shareholder or controlling person unless the foregoing relationship has ended not less than two years prior to the date of appointment.

The term “business relationship” includes the normal business transaction, rent or lease of immovable property, transactions related to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, and any other similar actions which result in the Company or its counterparty being subject to indebtedness payable to the other party amounting to three (3) percent or more of the net tangible assets of the Company or Baht twenty (20) million, whichever is lower. The value of the business relationship shall be calculated according to the method stipulated by the Capital Market Supervisory Board governing rules on connected transactions. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with the person commences;

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

4. Audit Committee

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

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

Name	Position
Mr. Wattana Chantarasorn	Independent Director / Chairman
Mr. Buranawong Sowapru ^x (¹)	Independent Director / Member
Ms. Prachit Hawat	Independent Director / Member (with accounting and finance background)

1) Mr. Buranawong Sowapru^x was appointed as independent director to replace Mr. Smit Tiemprasert effective April 23, 2019.

*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 the 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, 2019:

Name	Position
Mr. Buranawong Sowapru ⁽¹⁾	Independent Director, Chairman of Performance Evaluation Committee and Member of the Audit Committee
Mr. Taweesak Bunluesin	Director and Member of Performance Evaluation Committee

(1) Mr. Buranawong Sowapru was appointed as independent director to replace Mr. Smit Tiemprasert effective April 23, 2019.

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, 2019.

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

(1) Mr. Jeremy Robert Osterstock resigned from Chairman and Managing Director and Mr. Adisak Jangkamolkulchai was appointed as Chairman and Managing Director to replace Mr. Jeremy Robert Osterstock effective February 4, 2020.

(2) Ms. Ratrimani Pasiphol assumed new position as Business Services and Tax Manager effective February 1, 2020 and Ms. Vorraya Kosalathip was appointed as Treasurer to replace Ms. Ratrimani Pasiphol effective February 4, 2020.

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, acting on the recommendation of the Chairman, will nominate a slate of qualified director candidate for election to the Board. The Board will elect 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 2019:

For the Year ended December 31, 2019				
Name	Meeting Allowance	Total Remuneration	Bonus	Total
Mr. Jeremy Robert Osterstock ⁽¹⁾	-	-	-	-
Ms. Pachara Sungkhapan ⁽¹⁾	-	-	-	-
Mr. Taweesak Bunluesin ⁽¹⁾	-	-	-	-
Mr. Manoch Munjitjuntra ⁽¹⁾	-	-	-	-
Mr. Suchart Phowatthanasathian ⁽¹⁾	-	-	-	-
Ms. Pajaree Meekangvan ⁽¹⁾	-	-	-	-
Ms. Ratrimani Pasiphol ⁽¹⁾	-	-	-	-
Mr. Boontuck Wungcharoen	-	1,839,996	-	1,839,996
Mr. Chakkrit Parapuntakul	-	1,839,996	-	1,839,996
Mr. Wattana Chantarasorn	-	2,300,004	-	2,300,004
Ms. Prachit Hawat	-	2,300,004	-	2,300,004
Mr. Buranawong Sowapru ⁽²⁾	-	1,584,447	-	1,584,447
Director resigning during 2019				
Mr. Smit Tiemprasert ⁽²⁾	-	721,946	-	721,946

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

(2) Mr. Buranawong Sowapru was appointed as independent director and the Audit Committee member to replace Mr. Smit Tiemprasert effective April 23, 2019.

Executives Remuneration

For the fiscal year ended December 31, 2019, the total executive remuneration for 10 executives (including one executive whose ceased executive position in 2019), which includes salaries, wages, benefits, and post-employment benefits, to the extent borne by the Company, was Baht 91.5 Million.

Compensation	2019		2018	
	Number of Executives	Amount (thousands Baht)	Number of Executives	Amount (thousands Baht)
Salaries and other short-term employment benefit	10	72,593	13	71,869
Post-employment benefit	10	18,911	13	18,565
Bonus	10	0	13	0
Total		91,504		90,434

9. Management Structure

The management structure of the Company, its subsidiaries, and associated companies as of December 31, 2019 is as follows:

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

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

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

(1) Mr. Jeremy Robert Osterstock resigned from Chairman, Director and Managing Director and Mr. Adisak Jangkamolkulchai was appointed as Chairman, Director and Managing Director to replace Mr. Jeremy Robert Osterstock effective February 4, 2020.

(2) Mr. Jeremy Robert Osterstock resigned from Chairman, Director and Managing Director and Mr. Adisak Jangkamolkulchai was appointed as Chairman, Director and Managing Director to replace Mr. Jeremy Robert Osterstock effective January 31, 2020.

(3) Ms. Ratrimani Pasiphol assumed new position as Business Services and Tax Manager effective February 1, 2020 and Ms. Vorraya Kosalathip was appointed as Treasurer to replace Ms. Ratrimani Pasiphol effective February 4, 2020.

10. Shareholding of Directors and Executives

Shareholding of directors and executives as of December 31, 2019 is as follows:

	Name	Company			Subsidiaries	
		No. of shares as of December 31, 2019	No. of shares as of December 31, 2018	Change Increase/ (Decrease in 2019)	Shareholdings (%)	(Company/ No. of shares (%))
1	Mr. Jeremy Robert Osterstock ⁽¹⁾ Spouse and minor child (children)	- -	- -	- -	- -	- -
2	Ms. Pachara Sungkhapan Spouse and minor child (children)	- -	- -	- -	- -	- -
3	Mr. Taweesak Bunluesin 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. Ratrimani Pasiphol Spouse and minor child (children)	10,000 -	10,000 -	0 -	0.0003% -	- -
8	Mr. Boontuck Wungcharoen 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. Buranawong Sowapru ⁽²⁾ 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 Spouse and minor child (children)	- -	- -	- -	- -	- -

(1) Mr. Jeremy Robert Osterstock resigned from Chairman, Director and Managing Director and Mr. Adisak Jangkamolkulchai was appointed as Chairman, Director and Managing Director to replace Mr. Jeremy Robert Osterstock effective February 4, 2020.

(2) Mr. Buranawong Sowapru was appointed as independent director to replace Mr. Smit Tiemprasert effective April 23, 2019.

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 over the long term. The Company's management committee, which fulfills assuming the roles and responsibilities of a risk management committee, regularly conducts a rigorous and disciplined review process to ensure risk management plans are embedded as an integral part of every business process, are consistent and aligned with the Company's strategies. On a quarterly

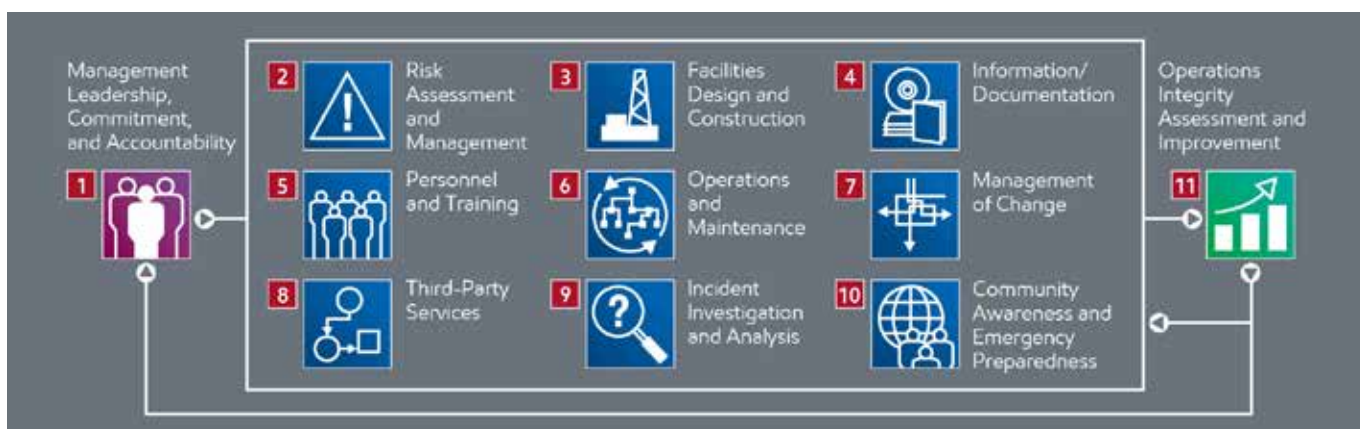
basis, the Board of Directors reviews operational and financial performance including Safety, Security, Health & Environment (SSH&E) performance, to ensure operations of the businesses are based on appropriate risk control and management systems. On an annual basis, the Board Audit Committee reviews mitigation of key risk areas impacted by external and internal factors and attests the adequacy of risk management processes.

The key risk areas reviewed with the Board Audit Committee in 2019 included operational reliability, safety, business controls, oil price and margin volatility, deteriorating economic conditions, intense competition with expanded offerings and greater customer expectations, profitability risk, cyber security threats, and government energy reform policy. 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 consists of the 11 elements illustrated in the following diagram. OIMS provides a systematic, structured, and disciplined approach to measure progress and track accountability across business lines, facilities, and projects.



In 2019, 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 14001:2015) and the Occupational Health and Safety Assessment Series for health and safety management systems (OHSAS 18001:2007).

Control Systems

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

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

Risk Factors

The Company is subject to a variety of financial and operational risks inherent in the regional and global petroleum and petrochemical businesses. Although the Company monitors and manages these risks through the comprehensive management systems mentioned previously, many of these risk factors are not within the Company's control and could adversely affect its business as well as 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 Council, the Thai economy expanded by 2.4 percent in 2019, down from 4.2 percent in 2018, mainly due to a contraction in export, and a decelerated growth in government spending as well as domestic demand.

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. 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 2019, 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% sulfur 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 tests the plan annually. The Company categorizes critical activities, identifies positions required to sustain critical activities, and documents the workarounds and mitigation measures in the event of disruption. These are events that we included in our BCP; loss of people, loss of facilities, loss of IT, and loss of other key external suppliers of critical activities.

Others

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

The Company is highly dependent on Exxon Mobil Corporation and/or its affiliates with respect to several aspects of its operations, including access to expertise in crude oil and raw material procurement services, a global sales network for refined petroleum products and chemicals, advanced technological, operational and engineering services, research and development programs, trademarks and other services. We cannot assure that Exxon Mobil Corporation and/or its affiliates will continue to provide this support to us. If we were to lose the support of Exxon Mobil Corporation and/or its affiliates, or if any significant agreements with Exxon Mobil Corporation and its affiliates were terminated, and we are unable to secure alternative sources for such services or recruit additional key personnel, this could adversely affect the Company's business. Many of the agreements we have with ExxonMobil for services, technology, trademarks and other support services contain automatic termination clauses in the event Exxon Mobil Corporation directly or indirectly ceases to own or control more than 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 critics on climate change

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

Technology evolution

Recent advances in technology have resulted in abundant supply 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 regularly sent to test a user's ability to 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 Committee of Sponsoring Organizations of the Treadway Commission (COSO) internal control framework which is a generally accepted control framework. COSO consists of five integrated components: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities. The Audit Committee reviewed internal audit reports including audit findings and recommendations. Based on the Audit Committee's assessment, the Board concluded that the Company's internal control systems are adequate and effective, 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.

Control Activities

The Company adopted a Delegation of Authority Guide which summarizes the responsibilities and authorities that form the overall framework for ensuring business arrangements and transactions are reviewed and approved at an appropriate level. By delegating authority, management ensures 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. In addition, the Company's computer systems include effective application and general controls.

Information and Communication

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

Monitoring Activities

Internal audit staff independently assesses compliance with policies and procedures and evaluate 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 2019 accounting period were Baht 4,500,000. There were no other fees paid to the Company's auditor.

Corporate Sustainability

The Company is committed to being the world's premier petroleum and petrochemical company. We works to meet growing demands for energy and chemical products in Thailand and the CLMV (China, Laos, Myanmar, Vietnam) region while advancing other priorities such as environmental protection, education, health, security and human rights, resulting in sustainable economic growth. Key sustainability concepts were woven 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.



**Protect Tomorrow.
Today.**

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 distribution of 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 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 involve the implementation of leak detection and repair (LDAR) equipment, which is one of the initiatives to maximize fuel gas utilization, as well as the use of low NOx burners.



Spill Prevention and Response

The ability to respond to emergencies promptly is critical, and the Company conducts 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 response team (ERT) and emergency support groups (ESGs) to develop and practice emergency response strategies and assist field responders. We routinely train both ERT and 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 response team (ERT) and emergency support groups (ESGs) at the terminals, 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 more than 200 members of ExxonMobil 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. In October 2019, all of them and members from regional response teams, totaling 120 participants, attended an annual training conducted in Thailand.



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 as well as minimize impact of drought conditions to the communities nearby. 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. Esso Sriracha refinery constructed the biological oxidation (BIOX) wastewater treatment system at the refinery to ensure that the effluent water quality standards are met.



Waste Management

All wastes, from both industrial operations and domestic sources like offices, are managed by using global ExxonMobil standards. Each step of the waste management process receives 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 for 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 2019 as outlined 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 inclusion and diversity, with high expectations that recognizes and rewards employee contributions to both individual and team goals.

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

Developing a workforce

Our people development philosophy is to develop leaders and workforce 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 leadership and employee development, with an approach based on long-term business orientation. Early identification and accelerated development of talent are critical. Employees' behavioral and functional 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 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. We set clear expectations of our leaders in setting standards, creating clarity, inspiring and motivating, and promoting innovation to allow the Company to compete and win.



Retaining a workforce

The Company strives to offer a work environment where all employees have the opportunity to fully express their creative talents, learn and adapt to enable excellent business results and create shareholder value.

Care for employees, partners and community is one of our core values. We uphold disciplined employment practices, and offer employee mentoring programs, robust training, competitive compensation and benefits programs that support employee retention.



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

125 years of committing to Thai people

Our bond with Thai people started 125 years ago. We are committed to improving safety, health, education, environment and community livelihoods through a variety of programs that our employees are encouraged to participate in and build upon. We identify and support programs that achieve these objectives in the communities surrounding Esso's operations and the country at large. We also partner with many organizations to develop and expand our programs to achieve maximum benefit for the community.

In recognition of our continuous dedication to develop the country, His Majesty King Bhumibol Adulyadej The Great bestowed the Royal Garuda to our affiliate, Esso (Thailand) Public Company Limited, in 1998.





Equitable Education Fund

In 2019, the Company presented Baht 1.6 million educational grants to underprivileged students through the Equitable Education Fund (EEF). The fund was raised by our service station dealers, business partners and employees.

The grants were given to students in need from 18 schools surrounding an Esso service station at Wang Manao, Phetchaburi province. Selection of the students was based on the iSEE application developed by EEF to identify those at urgent risk of dropping out from schools under the concept of "Leaving No-One Behind."

The Company is the first company in Thailand to use EEF's iSEE application, which hosts big data to identify students who are in need, providing the on time support to bring students back to schools.

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

Partnering the Father Ray Foundation and Learn Education Company Limited, the Company has improved science and math teaching at secondary schools in remote areas.

Since the construction of an Electronic and Computer Skill Center for the Redemptorist Vocational School for People with Disabilities with support from the Company in 2010, the students at the center have been cleaning, checking and mending company-used computers and laptops before being equipped with science and math content developed by Learn Education.

Since 2010 the Company donated more than 500 laptop computers through the joint program with Father Ray.



STEM education

The Company 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 using a 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 2,130 scholarships have been granted with a total contribution amount of more than Baht 16.55 million.

In 2019, we presented 30 scholarships worth 600,000 Baht to undergraduate students in engineering, science, and related fields from state universities nationwide to support their educational pursuits.

Refinery's Volunteer Teaching English Program: 17 years of motivating local students with a lively English class



Initiated in 2003, 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.

Charity Run: ESSO Run: 125 years of Bonding Together, Growing the Future

To celebrate 125 years of Esso in Thailand, the charity run event, "ESSO RUN: 125 years of Bonding Together, Growing the Future," was organized and succeeded in raising 1,879,000 Baht for Queen Savang Vadhana Memorial hospital in Chonburi province. The funding will be used to support the purchase of medical equipment.



Supporting "Laem Chabang Health Fair: Happy station for dad"

Our refinery staff participated the "Laem Chabang Health Fair: Happy station for dad" held at Ao Udom Sriracha, Chonburi province on 2-4 December 2019 to promote good health for people the eastern region.





Women's Skill Enhancement Center in Laem Chabang

Founded in 2010, the Women's Skill Enhancement Center is located at Laem Chabang Municipality, Chon Buri province. The center was established to provide supporting activities to enhance the potential of local women and advance their economic opportunities. Serving as a local training, marketing and selling hub, the center also provides activities for resource and product assessment, professional skill training and counseling on marketing strategies, packaging design, available local materials and distribution channels. The center is managed by a local committee appointed from the 10 participating communities which are located close to Esso Sriracha refinery.

Supports walk rally to promote waste management at Bang Saen Beach

We supported Burapha University's Institute of Marine Science and Saen Suk Municipality to educate students on waste separation through a walk rally under the program, "Reduce Marine Debris, Protect the Environment near Bang Saen Beach, Chonburi."



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. In 2019, the Board acknowledged the result of annual review of the application of the 2017 Corporate Governance Code conducted by working team as assigned by the Board. In general, the Company's existing policies, tools, processes and practices substantially fulfill the intended outcome of the 2017 CG Code. The principles of good corporate includes 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 02 407-4788

E-mail essolR@exxonmobil.com

3.5 Board Responsibilities

Board Structure and Responsibilities

The size of the Board will provide for sufficient diversity among Directors and Independent Directors, while also facilitating substantive discussion in which each director can participate meaningfully. 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. The Chairman will review the agenda items to be discussion at the Board throughout the year with the Board including independent directors. However, any additional agenda items may be determined and discussed at the Board as necessary and appropriate. Normally, the notice of the meeting is sent to the directors at least seven days prior to the date of the meeting.

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

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

The Board met 6 times in 2019 with details of attendance as follows:

Name	Board Meeting Attendance (times)
Mr. Jeremy Robert Osterstock ⁽¹⁾	6/6
Ms. Pachara Sungkhapan	6/6
Mr. Taweesak Bunluesin	6/6
Mr. Manoch Munjitjuntra	6/6
Mr. Suchart Phowatthanasathian	5/6
Ms. Pajaree Meekangvan	6/6
Ms. Ratrimani Pasiphol	6/6
Mr. Boontuck Wungcharoen	3/6
Mr. Chakkrit Parapuntakul	6/6
Mr. Wattana Chantarasorn	6/6
Ms. Prachit Hawat	6/6
Mr. Buranawong Sowapru ⁽²⁾	4/4
Director resigning during 2019	
Mr. Smit Tiemprasert	1/2

(1) Mr. Jeremy Robert Osterstock resigned from Director and Chairman and Mr. Adisak Jangkamolkulchai was appointed as Director and Chairman to replace Mr. Jeremy Robert Osterstock effective February 4, 2020.

(2) Mr. Buranawong Sowapru was appointed as Director to replace Mr. Smit Tiemprasert effective April 23, 2019.

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 2019 which included meetings involving individual discussions with the external auditors. The details of attendance are as follows:

Name	Audit Committee Attendance (times)
Mr. Wattana Chantarasorn	6/6
Mr. Buranawong Sowapru ⁽¹⁾	4/4
Ms. Prachit Hawat	6/6
Audit Committee resigning during 2019	
Mr. Smit Tiemprasert	0/2

(1) Mr. Buranawong Sowapru was appointed as Member of the Audit Committee to replace Mr. Smit Tiemprasert effective April 23, 2019.

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) and Thai Listed Companies Association (TLCA).

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

Name	Course	Date of Attendance	Course Attendance in year 2019
Mr. Jeremy Robert Osterstock	DAP	11 March 2019	DAP
Ms. Pachara Sungkhapan	DAP	12 November 2018	-
Mr. Taweesak Bunluesin	DAP	12 November 2018	-
Mr. Manoch Munjitjuntra	DAP	15 January 2018	-
Mr. Suchart Phowatthanasathian	DAP	19 February 2018	-
Ms. Pajaree Meekangvan	DAP	15 January 2018	-
Ms. Ratrimani Pasiphol	DAP	16 July 2012	-
	TLCA CFO CPD	1 August 2019 1 October 2019 30 October 2019	TLCA CFO CPD
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	-
	DAP	27 March 2009	-

Name	Course	Date of Attendance	Course Attendance in year 2019
Ms. Prachit Hawat	DCP	3 September 2018 – 5 November 2018	-
	DAP	15 February 2011	-
Mr. Buranawong Sowapruks	DCP	13 June 2019 – 11 July 2019	DCP
	AACP	6 September 2019 – 27 September 2019	AACP

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

TLCA CFO CPD = TLCA CFO Professional Development Program

Auditor Remuneration

The audit fees paid to the office of the external auditor is disclosed in the section Internal Controls under item Auditor's 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 the 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.

Listed below are the main agreements with related parties as of December 31, 2019.

Detail of related party transactions of the previous years are available in the Company website (<http://esso-th.listedcompany.com/home.html>)

Agreements
Parties/Relationship with the Company
Main Purposes
2019 Transaction Value (Million Baht)

Sales	Purchase	Service Expenses
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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% 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 agreements 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.	3,623	77,328	1,174
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 of refining, sales and marketing of fuels, lubricants and petroleum specialties and other services necessary for sale and efficient operations of Esso.			
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**

2019 Transaction Value (Million Baht)

Sales **Purchase** **Service Expenses**

Goods and Services

Sale Agreement	ExxonMobil Chemical Asia Pacific (“ EMCAP ”), a division of EMAPPL EMCAP is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMCAP	EMCAP sells or causes to be sold to Esso chemical products in such a volume as Esso nominates from time to time.			
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.	3,824	2,695	222
Crude Oil, Products and Feedstocks Supply Agreement	ExxonMobil Sales and Supply (“ EMS&S ”) EMS&S is an affiliate of EMC, EMC indirectly holds 100% of shares in EMS&S	EMS&S sells or procures to sell non Asia Pacific crude oil. In addition to such crude oil, EMS&S agrees to sell or procure for sale products and feedstock to Esso. EMS&S purchases crude oil, LPG, products, feedstock and lube basestock which Esso desires to sell and export.	474	20,056	
“Bangkok Business Support Center” Master Service Agreement	ExxonMobil Limited (“ EML ”) EML is an affiliate of EMC and a subsidiary of ExxonMobil International Holdings Inc. EMC indirectly holds 100% of shares in 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.			1,348
Master Service Agreement	ExxonMobil Global Services Company (“ EMGSC ”) EMGSC is an affiliate of EMC, EMC directly holds 100% of shares in EMGSC	EMGSC provides Esso with advice and assistance relating to (i) information technology services (ii) procurement services (iii) real estate services and facilities services.			214

Agreements
Parties/Relationship with the Company
Main Purposes
2019 Transaction Value (Million Baht)

Sales	Purchase	Service Expenses
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Goods and Services

Downstream Regional Headquarters/ Affiliate Master Service Agreement*	ExxonMobil Petroleum & Chemical ("EMPC") EMPC is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMPC	EMPC 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 of refining, sales and marketing of fuels, lubricants and petroleum specialties and other services necessary for sale and efficient operations of Esso such as fuels marketing, refining and supply, etc.			9
ExxonMobil Petroleum & Chemical Master Business Support Agreement	EMPC	EMPC provides services to Esso a variety of services relating to accounting and administrative services through personnel based out of business centers established outside of Thailand.			
Downstream Regional Headquarters/ Affiliate Master Service Agreement*	ExxonMobil (China) Investment Co., Ltd ("EMCI") EMCI is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMCI	EMCI 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 of refining, sales and marketing of fuels, lubricants and petroleum specialties and other services necessary for sale and efficient operations of Esso such as fuels marketing, refining and supply, etc.			
EssoAir Service Agreement	ExxonMobil Aviation International Ltd. ("EMA") EMA is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMA	EMA provides Esso a wide range of marketing and technical assistance appropriate to Esso's aviation fuel business including solicitation of aviation sales and general advisory services and consultancy.			17
Inter-Affiliate Marine Transportation Services Agreement	SeaRiver Maritime LLC ("SRM") (Formerly, Standard Tankers Bahamas Ltd) SRM is an affiliate of EMC, which EMC indirectly holds 100% of shares in STB	SRM provides services related to (i) vessel pool activities and transportation for purchasers' cargoes of crude oil, petroleum products, and chemicals (ii) chartering and transportation support services (iii) marine vetting services (iv) other supporting services related to the pool vessels as well as other marine transportation activities.	1,750		2

Agreements	Parties/Relationship with the Company	Main Purposes	2019 Transaction Value (Million Baht)		
			Sales	Purchase	Service Expenses
Goods and Services					
Standard Research Agreement	ExxonMobil Research and Engineering Company ("EMRE") EMRE is an affiliate of EMC, which EMC directly holds 100% of shares in EMRE	Agreement is made for the purpose of (i) creation, acquisition and management of a body of technical information, technical services, and patent and copyright protection for the benefit of petroleum and chemical operations (ii) access to technical information and the use of patent and copyright protection (iii) engineering assistance and special research (iv) administer intellectual property and technical information acquired or made for the benefit of Esso.			412
Catalyst Lease Agreement	ExxonMobil Catalyst Technologies LLC ("EMCT") EMCT is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMCT	EMCT, as a lessor, commits to supply and lease catalysts to Esso.		14	23
Catalyst Supply Agreement	EMCT	Esso purchases catalysts from EMCT.			
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-Accounts for the purpose of facilitating efficient settlement and processing of transactions.			4
Downstream Regional Headquarters/Affiliate Master Service Agreement*	EMC	EMC 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 of refining, sales and marketing of fuels, lubricants and petroleum specialties and other services necessary for sale and efficient operations of Esso such as fuels marketing, refining and supply, etc.			

Agreements
Parties/Relationship with the Company
Main Purposes
2019 Transaction Value (Million Baht)

	Sales	Purchase	Service Expenses
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Goods and Services

Service Agreement	ExxonMobil Hong Kong Limited ("EMHKL") EMHKL is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMHKL	EMHKL provides services to Esso covering managerial, professional and administrative, and other operational advice relating to their overall corporate operations to Esso.			
Service Agreement	ExxonMobil Catalyst Services Inc. ("EMCSI") EMCSI is an affiliate of EMC, EMC directly holds 100% of shares in EMCSI	EMCSI provides services including arranging for supply of precious metals; arranging for the fabrication of catalysts, the reclamation of precious metals from spent catalysts, and catalyst operations such as regeneration as well as consulting services relating to catalysts.			7
Service Agreement	ExxonMobil Chemical Company ("EMCC") EMCC is a division of EMC	Esso provides certain services relating to marketing efforts in Thailand to EMCC.			
ExxonMobil Marine Fuels Supply and Services Agreement	ExxonMobil Marine Limited ("EMML") and EMAPPL EMML is an affiliate of EMC, which EMC indirectly holds 100% of shares in EMML	Esso sells and delivers marine fuels as well as provides related services to EMML and EMAPPL.			
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.	15		

Others
58
TOTAL (see notes to financial statements no.31)
7,936
101,843⁽¹⁾
3,490

* EMAPPL, EMPC, EMCI and EMC are collectively the Service Providers under the Downstream Regional Headquarters / Affiliate Master Service Agreement amended and restated as of January 1, 2019.
(1) Baht 806 million service expenses paid to Thai Petroleum Pipeline Company Limited is not included

Agreements	Parties	Main Purposes	2019 Transaction Value (Million Baht)			
			Loan Balance	Deposit Balance	Interest Expense	Interest Income

Agreements	Parties	Main Purposes	Loan Balance	Deposit Balance	Interest Expense	Interest Income
Financial Assistance						
Loan and Current Account Agreement	EML	Esso provides a loan facility to EML with the maximum principal amount of Baht 3,000 million. In the event that money from EML is deposited in current account, Esso can make use of such funds and is required to pay interest for the deposited amount.	2,075		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.	11,113		101	
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.	0		17	
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	400		13	
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	0		6	
Long-Term Loan Agreement	EMDFC	EMDFC provides a Thai Baht-denominated long-term loan to Esso of Baht 3,000 million with principal repayment every 3 months. The loan will mature in November 2020.	3,000		5	
Long-Term Loan Agreement	EML	EML provides a Thai Baht-denominated long-term loan to Esso of Baht 700 million with principal repayment every 3 months. The loan will mature in June 2022.	584		6	
TOTAL (see notes to financial statements no.31)			17,172		188	





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, auditing, and accounting.

Members of the Audit Committee in the fiscal year 2019 were as follows:

1. Mr. Wattana Chantarasorn as the chairman,
2. Mr. Smit Tiemprasert (retired, effective on April 23, 2019)
3. Mr. Buranawong Sowaprun (appointed, effective on April 23, 2019)
4. Ms. Prachit Hawat

Mrs. Pachara Sungkhapan is the Secretary of the Audit Committee. The Committee held six meetings in 2019 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 these activities to the Board of Directors quarterly, which are summarized as follows.

Review of Financial Statements

The Committee reviewed significant information in the quarterly and annual financial statements of the Company for the year 2019 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 financial reporting standard, TFRS 16, Leases, to be effective January 1st, 2020, 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 effectiveness 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 had a conclusion consistent with the opinion of the external auditor that the financial statements of the Company for the year ended December 31, 2019 were fairly stated, in all material respects, in conformity with Thai Financial Reporting Standards (TFRS), and the financial information was disclosed adequately and appropriately.

Risk Management

Management reviewed risk management process with The Audit Committee. Key management systems and tools to manage enterprise risks were discussed. The Committee were also updated on key risk areas in 2019 and 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 current and long-term business strategy as well as significant risk factors in its operating environment.

Internal Controls and Audit

In 2019, the Committee reviewed internal controls covering scope, activities, responsibilities, and resources of the internal control process. The Committee also reviewed the adequacy and effectiveness of internal controls, internal audit work plan, key issues identified in the internal audit reports, corrective actions and follow-up on the 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.

Related Party Transactions

The Committee reviewed the appropriateness and reasonableness of related-party transactions and those might result in 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 those issued by the Stock Exchange of Thailand (SET). Key legal developments relevant to the Company were also reviewed. The Committee noted that no litigation or penalties/fines significantly impacting 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.

Appointment of External Auditor and Review of the Audit Fee for 2020

The Committee participated in evaluating the external auditor of the Company based on expertise, experience and reputation including assessing its independence and their performance appraisal. For remuneration, the considerations included scope of responsibilities of the external auditor and the fees paid in the past.

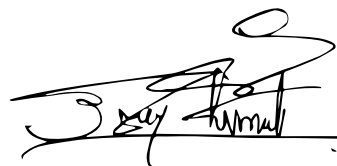
The Committee concurred to appoint the external auditor from PricewaterhouseCoopers ABAS Ltd. and the annual audit and quarterly review fee for the Company's consolidated financial statements in the amount of Baht 4.6 million, and to recommend the Board of Directors to seek approval at the Annual General Meeting of Shareholders.

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. 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 related party transactions or conflicts of interest.

February 24, 2020

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. Adisak Jangkamolkulchai
Chairman and Managing Director
Esso (Thailand) Public Company Limited



ESSO (THAILAND) PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2019

Independent Auditor's Report

To the shareholders (and the Board of Directors) 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 2019, 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 2019;
- 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.

Revenue Recognition

In 2019, the Group recognised revenues of Baht 168,529 million which derived from two main business segments, Downstream and Petrochemical segments, as disclosed in the Notes 4 to the financial statements. In addition, TFRS 15 Contracts with Customers has become effective on 1 January 2019 and impacted to the Group's revenue recognition.

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.

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.

My work performed over revenue recognition included:

- Obtaining an understanding and making inquiries to management about revenue recognition principle and the Group's implementation of TFRS15, accounting guidelines, disclosures and systems to support revenue recognition to assess correctness and appropriateness of the adoption of this new accounting standard and accounting policies the Group applied.
- 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;
- 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 and/or other related documents between the Group and customers to determine whether the revenue transactions were recognised correctly and appropriately.
- 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 2019, completing appropriate roll-forward procedures and performing subsequent receipt testing on customer balances for which confirmations were not received.

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.

Key audit matter

How my audit addressed the key audit matter

Cost of Inventory

As of 31 December 2019, the Group held inventories, mainly petroleum and petrochemical products, of Baht 8,073 million which represent 12 percent of the Group's total assets.

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

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

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

My work performed over cost of inventories included:

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

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

Valuation of deferred tax assets on net losses carried forward

As of 31 December 2019, the balance of deferred income tax assets relating to net losses carried forward of the Group was Baht 929 million which represents approximately 1 percent of the Group's total assets. The Group recognises deferred tax assets from tax losses carried forward to the extent it is probable that future taxable profits will allow it to be recovered.

Management of the Group has performed a financial performance projection of the Group, including expected future taxable profit to support recoverability of such deferred tax assets. The projection is based on historical data and expected future outcome. The significant assumptions include refining margin, production volumes, and crude prices.

I focus on this area because there are a number of assumptions used in the Group's financial performance projection. Those assumptions involve significant judgement made by management in assessing the Group's future taxable profit. In addition, the balance of deferred income tax assets from net losses carried forward is significant to the consolidated financial statements.

I evaluated evidence supporting the recoverability of the deferred tax assets from net losses carried forward which is management's projected future taxable income by performing procedures below.

- Evaluating and challenging management's judgement and assumptions used in forming its four-year financial performance projection, which includes the assumptions for future growth of refinery margin, production volumes, and crude prices. The reasonableness of these underlying assumptions were verified against external sources, industry benchmarks, and historical information.
- Developing an independent projection of the Group's future taxable income using researched information and verified internal information, with no significant differences from the result that the Group's management prepared.

Based on procedures I have carried out, I consider that management's key assumptions underlying the projection of future taxable income to be within a reasonable range.

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

24 February 2020

Statement of Financial Position

As at 31 December 2019

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	5	276,683	482,648	276,683	482,648
Trade receivables, net	6	6,464,042	6,289,896	6,464,042	6,289,896
Amounts due from related parties	31f	-	50	50,526	47,803
Inventories, net	7	19,085,170	18,415,967	19,085,170	18,415,967
Other receivables, net	8	1,377,578	2,330,760	1,377,578	2,330,760
Other current assets	9	4,774,725	1,766,063	4,957,208	1,940,141
Total current assets		31,978,198	29,285,384	32,211,207	29,507,215
Non-current assets					
Available-for-sale investments	10	1,350,000	1,473,750	1,350,000	1,473,750
Investments in an associate	12	2,206,905	2,194,255	1,729,360	1,729,360
Investments in subsidiaries	12	-	-	114,589	114,589
Long-term loans to related parties	31g	-	-	3,251,419	3,035,705
Property, plant and equipment, net	13	25,599,800	25,999,722	21,394,910	21,794,832
Intangible assets, net	14	181,174	160,958	181,174	160,958
Deferred income tax assets, net	15	1,500,999	537,283	1,388,763	423,700
Prepaid rental and deferred charges		1,725,830	2,074,810	2,118,327	2,694,946
Other non-current assets	16	1,699,723	23,820	1,699,723	23,548
Total non-current assets		34,264,431	32,464,598	33,228,265	31,451,388
Total assets		66,242,629	61,749,982	65,439,472	60,958,603



The notes on pages 101 to 138 are an integral part of these consolidated financial statements and separate financial statements.

Statement of Financial Position

As at 31 December 2019

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Liabilities and equity					
Current liabilities					
Bank overdrafts and short-term borrowings from financial institutions	17	6,488,377	5,296,189	6,488,377	5,296,189
Trade and other payables	18	5,020,169	6,994,856	5,019,720	6,982,006
Amounts due to related parties	31f	8,091,234	9,995,379	8,101,318	10,010,154
Current portion of long-term borrowings from financial institutions	17	1,466,667	1,400,000	1,466,667	1,400,000
Current portion of long-term borrowings from related parties	31h	1,633,333	2,300,000	1,633,333	2,300,000
Short-term loans from related parties	31h	13,188,379	4,749,161	13,189,278	4,750,079
Current income tax payables		632	776	-	-
Short-term provisions for employee benefits	19	787,070	851,261	787,070	851,261
Total current liabilities		36,675,861	31,587,622	36,685,763	31,589,689
Non-current liabilities					
Long-term borrowings from financial institutions	17	1,816,667	1,200,000	1,816,667	1,200,000
Long-term loans from related parties	31h	2,350,000	400,000	2,350,756	401,200
Long-term provisions for employee benefits	19	3,280,326	2,728,319	3,280,326	2,728,319
Other non-current liabilities		1,845	1,943	1,845	1,943
Total non-current liabilities		7,448,838	4,330,262	7,449,594	4,331,462
Total liabilities		44,124,699	35,917,884	44,135,357	35,921,151

The notes on pages 101 to 138 are an integral part of these consolidated financial statements and separate financial statements.

Statement of Financial Position

As at 31 December 2019

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
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	1,000,901	1,000,901	1,000,901
Unappropriated		(169,916)	3,241,873	(983,542)	2,452,481
Other components of equity	22	172,619	474,998	179,864	477,178
Equity attributable to owners of the parent		22,110,496	25,824,664	21,304,115	25,037,452
Non-controlling interests		7,434	7,434	-	-
Total equity		22,117,930	25,832,098	21,304,115	25,037,452
Total liabilities and equity		66,242,629	61,749,982	65,439,472	60,958,603

The notes on pages 101 to 138 are an integral part of these consolidated financial statements and separate financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2019

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Revenue from sales and services	23	168,529,734	199,058,512	168,529,734	199,058,512
Subsidy from Oil Fuel Fund		818,452	1,739,690	818,452	1,739,690
Cost of sales and rendering of services		(167,343,727)	(192,586,609)	(167,358,959)	(192,601,182)
Gross profit		2,004,459	8,211,593	1,989,227	8,197,020
Selling expenses		(5,800,455)	(5,470,723)	(5,995,374)	(5,662,350)
Administrative expenses		(309,886)	(298,619)	(309,886)	(298,619)
(Loss) profit from sales		(4,105,882)	2,442,251	(4,316,033)	2,236,051
Other income		81,884	65,848	447,857	425,071
Interest income		8,059	9,012	204,251	193,718
Finance costs		(321,533)	(245,848)	(321,592)	(245,928)
Share of profit from an associate	12	379,986	383,621	-	-
(Loss) profit before income tax		(3,957,486)	2,654,884	(3,985,517)	2,608,912
Income tax credit (expense)	25	892,545	(428,958)	895,580	(434,256)
(Loss) profit for the period		(3,064,941)	2,225,926	(3,089,937)	2,174,656
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	(198,314)	81,754	(198,314)	81,754
Share of other comprehensive expense of an associate accounted for using the equity method	22	(5,065)	-	-	-
Item that will be reclassified subsequently to profit or loss					
Changes in fair value of available-for-sale investments	22	(99,000)	(504,000)	(99,000)	(504,000)
Total comprehensive (loss) income for the year		(3,367,320)	1,803,680	(3,387,251)	1,752,410

The notes on pages 101 to 138 are an integral part of these consolidated financial statements and separate financial statements.

Statement of Comprehensive Income (continue)

For the year ended 31 December 2019

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
(Loss) profit attributable to:					
Owners of the parent		(3,065,703)	2,225,164	(3,089,937)	2,174,656
Non-controlling interests		762	762	-	-
		<u>(3,064,941)</u>	<u>2,225,926</u>	<u>(3,089,937)</u>	<u>2,174,656</u>
Total comprehensive (loss) income attributable to:					
Owners of the parent		(3,368,082)	1,802,918	(3,387,251)	1,752,410
Non-controlling interests		762	762	-	-
		<u>(3,367,320)</u>	<u>1,803,680</u>	<u>(3,387,251)</u>	<u>1,752,410</u>
(Loss) earnings per share for (loss) profit attributable to the equity holders of the parent (expressed in Baht per share)					
Basic (loss) earnings per share	26	<u>(0.89)</u>	<u>0.64</u>	<u>(0.89)</u>	<u>0.63</u>

The notes on pages 101 to 138 are an integral part of these consolidated financial statements and separate financial statements.

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

For the year ended 31 December 2019

(All amounts in Baht thousand unless otherwise stated)

Consolidated financial statements

	Attributable to owners of the parent										Total equity
	Other components of equity										
	Retained earnings (Deficits)					Other comprehensive income					
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	
Opening balance 2018	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
Changes in equity for the year 2018											
Total comprehensive income	-	-	-	2,225,164	(504,000)	81,754	-	(422,246)	1,802,918	762	1,803,680
Dividend paid	-	-	-	(4,153,030)	-	-	-	-	(4,153,030)	(762)	(4,153,792)
Appropriation during the year	-	-	108,733	(108,733)	-	-	-	-	-	-	-
Closing balance at 31 December 2018	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
Opening balance 2019	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
Changes in equity for the year 2019											
Total comprehensive income	-	-	-	(3,065,703)	(99,000)	(198,314)	(5,065)	(302,379)	(3,368,082)	762	(3,367,320)
Dividend paid	-	-	-	(346,086)	-	-	-	-	(346,086)	(762)	(346,848)
Appropriation during the year	-	-	-	-	-	-	-	-	-	-	-
Closing balance at 31 December 2019	17,075,181	4,031,711	1,000,901	(169,916)	1,051,200	(871,336)	(7,245)	172,619	22,110,496	7,434	22,117,930

The notes on pages 101 to 138 are an integral part of these consolidated financial statements and separate financial statements.

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

For the year ended 31 December 2019

(All amounts in Baht thousand unless otherwise stated)

		Separate financial statements							
		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	
Note							Total equity		
		17,075,181	4,031,711	892,168	4,539,588	1,654,200	(754,776)	899,424	27,438,072
	Opening balance 2018								
	Changes in equity for the year 2018								
	Total comprehensive income	-	-	-	2,174,656	(504,000)	81,754	(422,246)	1,752,410
32	Dividend paid	-	-	-	(4,153,030)	-	-	-	(4,153,030)
21	Appropriation during the year	-	-	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
	Opening balance 2019	17,075,181	4,031,711	1,000,901	2,452,481	1,150,200	(673,022)	477,178	25,037,452
	Changes in equity for the year 2019								
	Total comprehensive income	-	-	-	(3,089,937)	(99,000)	(198,314)	(297,314)	(3,387,251)
32	Dividend paid	-	-	-	(346,086)	-	-	-	(346,086)
21	Appropriation during the year	-	-	-	-	-	-	-	-
	Closing balance at 31 December 2019	17,075,181	4,031,711	1,000,901	(983,542)	1,051,200	(871,336)	179,864	21,304,115

The notes on pages 101 to 138 are an integral part of these consolidated financial statements and separate financial statements.

Statement of Cash Flows

For the year ended 31 December 2019

(All amounts in Baht thousand unless otherwise stated)

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Cash flows from operating activities					
Cash (used in) generated from operations	27	(9,947,982)	3,663,671	(9,930,863)	3,657,824
Interest paid		(237,803)	(230,495)	(237,864)	(230,614)
Income tax received (paid)		18,938	(1,330,378)	20,126	(1,329,371)
Net cash (used in) generated from operating activities		(10,166,847)	2,102,798	(10,148,601)	2,097,839
Cash flows from investing activities					
Loan payments received from related parties	31 g	-	-	1,003	44,702
Loans made to related parties	31 g	-	-	(216,717)	(192,534)
Purchase of property, plant and equipment		(1,610,879)	(1,303,881)	(1,610,879)	(1,303,881)
Purchase of intangible assets	14	(47,838)	(41,065)	(47,838)	(41,065)
Proceeds from disposal of property, plant and equipment	27	15,437	40,709	15,437	15,785
Interest received		8,059	9,012	201,528	191,398
Dividends received from a subsidiary		-	-	3,700	4,000
Dividends received from an associate		362,271	350,024	362,271	350,024
Dividends received from available-for-sale investments		61,650	56,700	61,650	56,700
Net cash used in investing activities		(1,211,300)	(888,501)	(1,229,845)	(874,871)
Cash flows from financing activities					
Net proceeds from short-term borrowings		1,192,188	2,224,710	1,192,188	2,224,710
Payments on long-term borrowings		(1,616,666)	(900,000)	(1,616,666)	(900,000)
Proceeds from long-term borrowings		2,300,000	1,500,000	2,300,000	1,500,000
Net proceeds from short-term loans from related parties		8,360,175	2,449,264	8,360,156	2,440,379
Payments on long-term loans from related parties		(2,416,667)	(2,300,000)	(2,421,629)	(2,304,975)
Proceeds from long-term loans from related parties		3,700,000	-	3,704,518	4,427
Dividends paid to group shareholders		(346,086)	(4,153,030)	(346,086)	(4,153,030)
Dividends paid to non-controlling interests		(762)	(762)	-	-
Net cash generated from (used in) financing activities		11,172,182	(1,179,818)	11,172,481	(1,188,489)
Net (decrease) increase in cash and cash equivalents		(205,965)	34,479	(205,965)	34,479
Cash and cash equivalents at the beginning of the year		482,648	448,169	482,648	448,169
Cash and cash equivalents at the end of the year	5	276,683	482,648	276,683	482,648

The notes on pages 101 to 138 are an integral part of these consolidated financial statements and separate financial statements.

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 24 February 2020.

2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai Financial Reporting Standards (“TFRS”) and the financial reporting requirements issued 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 policy for the revaluation of available-for-sale investments

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in 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.

As at 31 December 2019, the current liabilities of the Group exceeded the current assets by approximately Baht 4,698 million. The Group currently has adequate financing sources to enable the payment of liabilities when they become due as follows: (1) uncommitted borrowing facilities from related companies and financial institutions in the amount of Baht 74,533 million, and (2) the ability to offer Baht 11,500 million of bills of exchange in a revolving program as approved by the Securities and Exchange Commission. Accordingly, the consolidated and separate financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to amounts or classification of liabilities that may be necessary if the going concern basis of preparing the consolidated and separate financial statements is not appropriate.

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 New and amended financial reporting standards that are relevant and have significant impacts to the Group

2.2.1 The Group has applied the following standard and amendments for their annual reporting commencing 1 January 2019

- a) *Thai Financial Reporting Standard no.15 (TFRS 15), Revenue from contracts with customers*
The standard provides principle and approach of revenue recognition under five-step process. The underlying principle is that the Group will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It replaces the principles of transferring the significant risks and rewards of ownership of the goods or services to the buyer in accordance with TAS 18, Revenue and related interpretations.

The Group has adopted the new TFRS 15, Revenue from contracts with customers from 1 January 2019 (initial application date) by applying the modified retrospective approach and the comparative figures have not been restated. The Group did not apply practical expedient relates to completed contracts and contract modifications as allowed by TFRS 15. Additionally, there is no change in timing or amount of revenue recognized under TFRS 15 as compared to TAS 18.

The accounting policies for revenue from contracts with customers under TFRS 15 are disclosed in Note 2.18. The impact from adoption mainly concerns the reclassifications of non-current portion deferred charges which previously reported under prepaid rental and deferred charges, to other non-current assets as contract assets under TFRS 15 of Baht 1,650 million. The effects of reclassification are disclosed in Note 9, 16 and 18.

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020

Certain new and amended financial reporting standards have been issued that are not mandatory for current period end 31 December 2019 reporting period and have not been early adopted by the Group.

- a) *Financial instruments*
The new financial standards relate to financial instruments are:
- | | |
|----------|---|
| 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 |

These new standards address the classification, measurement, derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, and presentation and disclosure of financial instruments.

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

- b) *TFRS 16, Leases*
Where the Group is a lessee, TFRS 16, Leases will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

On 1 January 2020, the Group will apply TFRS 16, Leases and adjust cumulative impact to opening retained earnings (modified retrospective approach). From the preliminary impact assessment, the management expect that the Group will be affected by significant lease liabilities from contracts on land which service stations are operated and was previously classified as operating leases under TAS 17.

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

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 investments in associates of the Group including identifiable goodwill at the time the investment was acquired.

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 20 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.

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 Investment grade corporate bonds that are mainly 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. 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 include all revenues from ordinary business activities. All ancillary income in connection with the sales of goods and rendering of services in the course of the Group's ordinary activities is also presented as revenue.

Revenue are recorded net of value added tax. They are recognised in accordance with the provision of goods or services, provided that collectability of the consideration is probable.

(a) Sales of goods

Sales are recognised when control of the products has transferred, being when the risks and rewards of ownership have passed to the buyer, which is generally at the point of delivery, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(b) Sales of services and other operating revenues

The Group receives rental income and franchise fees from dealers who operate branded retail stations. Rental income and franchise fees are recognised over the contract's term. Service revenues are 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.

Contract assets and contract liabilities

A contract asset is recognised where the Group has performed by transferring goods or services to a customer before the customer pays for consideration or before payment is due.

A contract liability is recognised when the customer paid consideration or a receivable from the customer that is due before the Group fulfilled a contractual performance obligation.

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 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.

Recognition of deferred tax assets associated with tax losses carried forward

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

Asset retirement obligations

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

4 Segment information

As at 31 December 2019, 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 2019 are as follows:

	Downstream	Petrochemicals	Group
Total segment revenue	173,301,257	23,873,657	197,174,914
Inter-segment revenue	(17,153,402)	(10,673,326)	(27,826,728)
Revenue	156,147,855	13,200,331	169,348,186
Segment profit (loss) from sales	(2,593,424)	(1,512,458)	(4,105,882)
Segment fixed assets	24,190,455	1,409,345	25,599,800
Revenue from contracts with customers			
Timing of revenue recognition			
- At a point in time	155,149,479	13,183,309	168,332,788
- Over time	45,064	17,022	62,086
Total	155,194,543	13,200,331	168,394,874
Other revenue not from contracts with customers	953,312	-	953,312
Total revenue	156,147,855	13,200,331	169,348,186

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 revenue information for the year ended 31 December 2018 has been prepared in accordance with TAS 18 (old revenue recognition standards). Therefore, the segment revenue information presented in the current and prior years are not comparable.

5 Cash and cash equivalents

	Consolidated and Separate financial statements	
	2019	2018
Cash on hand	113,354	254,906
Cash at bank	163,329	227,742
Cash and cash equivalents	276,683	482,648

The average interest rate for cash at bank in 2019 was 0.6% (2018: 0.7%).

6 Trade receivables, net

	Consolidated and Separate financial statements	
	2019	2018
Trade receivables, gross	6,496,747	6,304,249
Less: Allowance for doubtful accounts (Note 27)	(32,705)	(14,353)
Trade receivables, net	6,464,042	6,289,896

Outstanding trade receivables, as at 31 December 2019 and 2018, are analysed as follows:

	Consolidated and Separate financial statements	
	2019	2018
Current	6,354,026	6,221,910
Overdue:		
- Less than 3 months	103,953	53,061
- 3 to 6 months	3,835	14,625
- 6 to 12 months	1,928	-
- Over 12 months	33,005	14,653
	6,496,747	6,304,249
Less: Allowance for doubtful accounts (Note 27)	(32,705)	(14,353)
	6,464,042	6,289,896

7 Inventories, net

	Consolidated and Separate financial statements	
	2019	2018
Crude oil	10,023,865	10,017,113
Petroleum products	7,210,993	6,410,230
Petrochemical products	862,020	1,075,158
Materials and supplies	986,817	911,917
Other merchandise	1,475	1,549
Inventories, net	19,085,170	18,415,967

As at 31 December 2019, part of petroleum and petrochemical products in the consolidated and separate financial statements of Baht 1,346 million (2018: Baht 2,494 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 2019, the value of this inventory amounted to Baht 6,762 million (2018: Baht 6,600 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	
	2019	2018	2019	2018
Prepaid excise tax	3,530,592	646,736	3,530,592	646,736
Prepaid expenses and deferred charges	384,429	491,083	566,963	665,586
Contract assets	257,335	-	257,335	-
Income tax receivable	517,912	483,645	517,912	483,645
Other	84,457	144,599	84,406	144,174
	4,774,725	1,766,063	4,957,208	1,940,141

The Group has adopted TFRS 15 effective 1 January 2019. Had 2018 figures been restated to conform with TFRS 15, current contract assets would have been Baht 151 million and prepaid expenses and deferred charges would be reduced by Baht 151 million.

10 Available-for-sale investments

	Consolidated and Separate financial statements	
	2019	2018
At 1 January	1,473,750	2,103,750
Change in fair value of available-for-sale investments (Note 22)	(123,750)	(630,000)
At 31 December	1,350,000	1,473,750

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 2019 and 2018.

	Consolidated and Separate financial statements	
	2019	2018
Available-for-sale investments		
▪ Equity securities	1,350,000	1,473,750

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	
		2019	2018	2019	2018
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

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.

12.2 Associate

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

The movements in investments in an associate are as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
At 1 January	2,194,255	2,160,658	1,729,360	1,729,360
Share of profit from an associate (Note 27)	379,986	383,621	-	-
Dividend received	(362,271)	(350,024)	-	-
Share of other comprehensive expense (Note 22)	(5,065)	-	-	-
At 31 December	2,206,905	2,194,255	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 and Separate financial statements	
	2019	2018
Assets	2,393,469	2,376,672
Liabilities	(186,564)	(182,417)
Net assets	2,206,905	2,194,255
Revenues	755,342	745,307
Net profit	379,986	383,621

13 Property, plant and equipment, net

	Consolidated financial statements			
	Land	Buildings, plant and equipment	Construction in progress	Total
At 1 January 2018				
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

Consolidated financial statements

	Land	Buildings, plant and equipment	Construction in progress	Total
Year ended 31 December 2019				
Opening net book amount	4,966,090	20,114,364	919,268	25,999,722
Additions	-	9,703	1,648,454	1,658,157
Disposals	-	(38,370)	(870)	(39,240)
Transfers	-	1,715,233	(1,715,233)	-
Depreciation charge (Note 27)	-	(2,018,839)	-	(2,018,839)
Closing net book amount	4,966,090	19,782,091	851,619	25,599,800
At 31 December 2019				
Cost	4,966,090	63,081,062	851,619	68,898,771
Less: Accumulated depreciation	-	(43,298,971)	-	(43,298,971)
Net book amount	4,966,090	19,782,091	851,619	25,599,800

Separate financial statements

	Land	Buildings, plant and equipment	Construction in progress	Total
At 1 January 2018				
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)
Transfer	-	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

Separate financial statements

	Land	Buildings, plant and equipment	Construction in progress	Total
Year ended 31 December 2019				
Opening net book amount	675,420	20,200,144	919,268	21,794,832
Additions	-	9,703	1,648,454	1,658,157
Disposals	-	(38,370)	(870)	(39,240)
Transfers	-	1,715,233	(1,715,233)	-
Depreciation charge (Note 27)	-	(2,018,839)	-	(2,018,839)
Closing net book amount	675,420	19,867,871	851,619	21,394,910
At 31 December 2019				
Cost	675,420	62,724,691	851,619	64,251,730
Less: Accumulated depreciation	-	(42,856,820)	-	(42,856,820)
Net book amount	675,420	19,867,871	851,619	21,394,910

As at 31 December 2019, the cost of fully-depreciated property, plant and equipment of the Group and the Company that were still in use amounted to Baht 12,169 million and Baht 11,842 million, respectively (2018: Baht 11,615 million and Baht 11,288 million).

14 Intangible assets, net

Consolidated and Separate financial statements

	Computer software	Royalties and licences	Total
At 1 January 2018			
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

	Consolidated and Separate financial statements		
	Computer software	Royalties and licences	Total
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
Year ended 31 December 2019			
Opening net book amount	118,856	42,102	160,958
Addition	47,838	-	47,838
Amortisation charge (Note 27)	(11,502)	(16,120)	(27,622)
Closing net book amount	155,192	25,982	181,174
At 31 December 2019			
Cost	754,447	802,047	1,556,494
Less: Accumulated amortisation	(599,255)	(776,065)	(1,375,320)
Net book amount	155,192	25,982	181,174

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	
	2019	2018	2019	2018
Deferred tax assets:				
- To be recovered within 12 months	1,081,619	174,328	1,081,619	174,328
- To be recovered after more than 12 months	768,338	650,505	656,102	536,922
	1,849,957	824,833	1,737,721	711,250
Deferred tax liabilities:				
- To be settled after more than 12 months	(348,958)	(287,550)	(348,958)	(287,550)
Deferred tax assets, net	1,500,999	537,283	1,388,763	423,700

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	
	2019	2018	2019	2018
At 1 January	537,283	512,433	423,700	405,499
Charged to profit or loss (Note 25)	889,387	(80,711)	890,734	(87,360)
Charged to other comprehensive income (Note 22)	74,329	105,561	74,329	105,561
At 31 December	1,500,999	537,283	1,388,763	423,700

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 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	925,983	(80,711)	(20,439)	824,833
Deferred tax liabilities				
Changes in fair value of available-for-sale investments	(413,550)	-	126,000	(287,550)
Deferred tax liabilities	(413,550)	-	126,000	(287,550)

Consolidated financial statements

	At 1 January 2019	(Charged)/ Credited to profit or loss	(Charged)/ Credited to other comprehensive income	At 31 December 2019
Deferred tax assets				
Depreciation	(18,542)	18,542	-	-
Provisions for employee benefits	715,377	38,179	49,579	803,135
Tax losses carried forward	-	929,291	-	929,291
Others	127,998	(10,467)	-	117,531
Deferred tax assets	824,833	975,545	49,579	1,849,957
Deferred tax liabilities				
Changes in fair value of available-for-sale investments	(287,550)	-	24,750	(262,800)
Depreciation	-	(86,158)	-	(86,158)
Deferred tax liabilities	(287,550)	(86,158)	24,750	(348,958)

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	819,049	(87,360)	(20,439)	711,250
Deferred tax liabilities				
Changes in fair value of available-for-sale investments	(413,550)	-	126,000	(287,550)
Deferred tax liabilities	(413,550)	-	126,000	(287,550)

Separate financial statements

	At 1 January 2019	(Charged)/ Credited to profit or loss	(Charged)/ Credited to other comprehensive income	At 31 December 2019
Deferred tax assets				
Depreciation	(18,542)	18,542	-	-
Provisions for employee benefits	715,377	38,179	49,579	803,135
Tax losses carried forward	-	923,988	-	923,988
Others	14,415	(3,817)	-	10,598
Deferred tax assets	711,250	976,892	49,579	1,737,721
Deferred tax liabilities				
Changes in fair value of available-for-sale investments	(287,550)	-	24,750	(262,800)
Depreciation	-	(86,158)	-	(86,158)
Deferred tax liabilities	(287,550)	(86,158)	24,750	(348,958)

Deferred income tax assets are recognised for tax loss and carried forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable.

16 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Contract assets	1,650,308	-	1,650,308	-
Income tax receivables	25,512	-	25,512	-
Other	23,903	23,820	23,903	23,548
	1,699,723	23,820	1,699,723	23,548

The Group has adopted TFRS 15 effective 1 January 2019. Had 2018 figures been restated to conform with TFRS 15, non-current contract assets would be increased by Baht 778 million and non-current prepaid rental and deferred charges would be reduced by Baht 778 million.

17 Borrowings from financial institutions

	Consolidated and Separate financial statements	
	2019	2018
Current		
Bank overdrafts	33,560	4,767
Short-term borrowings	5,955,000	4,792,000
Bills of exchange	499,817	499,422
Current portion of long-term loan	1,466,667	1,400,000
	7,955,044	6,696,189
Non-current		
Bank borrowings	1,816,667	1,200,000
	9,771,711	7,896,189

Bank borrowings and other facilities detailed above are unsecured and bear interest at rates based on prevailing market rates. The interest rates in 2019 ranged between 1% and 2% per annum (2018: 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 2019, there was no outstanding loan balance.
- 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 2019, the outstanding loan balance was Baht 200 million, which is payable in 2020.
- 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 2019, there was no outstanding loan balance.
- 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 2019, the outstanding loan balance was Baht 1,000 million, of which Baht 500 million is payable in 2020.
- A 3-year loan of Baht 1,300 million which was obtained in June 2019 and is repayable in 12 quarterly installments commencing from September 2019 to June 2022. The loan bears interest at 3-month (BIBOR) rate plus a margin. As at 31 December 2019, the outstanding loan balance was Baht 1,083 million, of which Baht 433 million is payable in 2020.

- A 3-year loan of Baht 1,000 million which was obtained in November 2019 and is repayable in 12 quarterly installments commencing from February 2020 to November 2022. The loan bears interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2019, the outstanding loan balance was Baht 1,000 million, of which Baht 333 million is payable in 2020.

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	
	2019	2018
No later than 1 year	1,466,667	1,400,000
Later than 1 year and no later than 5 years	1,816,667	1,200,000
	3,283,334	2,600,000

18 Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade accounts payable	3,249,372	2,632,377	3,248,810	2,619,539
Other tax payables	869,446	3,456,993	869,446	3,456,993
Contract liabilities	224,706	-	224,706	-
Other payables and accruals	676,645	905,486	676,758	905,474
	5,020,169	6,994,856	5,019,720	6,982,006

Other tax payable represents excise tax payable generated as a result of normal operations. Additionally, the Group has adopted TFRS 15 effective 1 January 2019. Had 2018 figures been restated to conform with TFRS 15, contract liabilities would be increased by Baht 251 million and Other payables and accruals would be reduced by Baht 251 million.

19 Provisions for employee benefits

	Consolidated and Separate financial statements	
	2019	2018
Statement of financial position:		
Liability in the statement of financial position	4,067,396	3,579,580
Profit or loss charge included in operating profit	326,550	296,444
Remeasurements	247,893	(102,193)

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

	Consolidated and Separate financial statements	
	2019	2018
At 1 January	3,579,580	3,600,991
Service cost	199,019	179,561
Interest cost	127,531	116,883
	3,906,130	3,897,435
Remeasurements recognised in other comprehensive income (Note 22)		
Loss from change in demographic assumptions	-	-
(Gain) loss from change in financial assumptions	288,188	(70,730)
Experience (gain) loss	(36,259)	(31,463)
Transfer in	(4,036)	-
	247,893	(102,193)
Payment from plans:		
Benefits paid	(133,270)	(215,662)
Transfer in	46,643	-
At 31 December	4,067,396	3,579,580
Analysis of total provisions for employee benefits:		
- Current	787,070	851,261
- Non-current	3,280,326	2,728,319
At 31 December	4,067,396	3,579,580

On 5 April 2019, an amendment bill to the Labour Protection Law was published in the Government Gazette. The amended law will become effective 30 days after its publication. The main amendment is that the compensation for employees who have retired and have more than or equal to 20 years of service has changed from 300 day's pay to 400 day's pay. The effects of the amendment were recognised as service cost during the year.

The principal actuarial assumptions used were as follows:

Impact on defined benefit obligation						
	Assumption		0.5 % Increase in assumption		0.5 % Decrease in assumption	
	2019	2018	2019	2018	2019	2018
Discount rate	2.75%	3.75%	Decrease by 3.64 %	Decrease by 3.78 %	Increase by 3.85 %	Increase by 4.01 %
Salary growth rate	7.00%	7.00%	Increase by 3.68 %	Increase by 3.87 %	Decrease by 3.52 %	Decrease by 3.69 %

The discount rate used is based on investment grade corporate 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 Investment grade corporate bond yields will increase plan liabilities.

Expected maturity analysis of undiscounted employee benefits:

	Consolidated and Separate financial statements	
	2019	2018
- Less than a year	96,158	135,486
- Between 1-2 years	125,367	95,023
- Between 2-5 years	803,793	599,755
- Over 5 years	6,055,307	6,067,924
	7,080,625	6,898,188

20 Share capital and premium

	Issued and paid-up share capital			Total
	Number of shares (million)	Ordinary shares	Share premium	
At 1 January and 31 December 2019 and 2018	3,461	17,075,181	4,031,711	21,106,892

As at 31 December 2019 and 2018, 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	
	2019	2018
At 1 January	1,000,901	892,168
Appropriation during the year	-	108,733
At 31 December	1,000,901	1,000,901

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	
	2019	2018	2019	2018
At 1 January	474,998	897,244	477,178	899,424
Remeasurement of provisions for employee benefits (Note 19)	(247,893)	102,193	(247,893)	102,193
Share of other comprehensive expense of associate, net of tax (Note 12)	(5,065)	-	-	-
Changes in fair value of available-for-sale investments (Note 10)	(123,750)	(630,000)	(123,750)	(630,000)
Income tax relating to components of other comprehensive income (Note 15)	74,329	105,561	74,329	105,561
At 31 December	172,619	474,998	179,864	477,178

23 Revenue from sales and services

	Consolidated and Separate financial statements	
	2019	2018
Revenue from sales of goods	167,799,824	198,321,801
Revenue from sales of services	729,910	736,711
	168,529,734	199,058,512

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	
	2019	2018
Net changes in inventories of finished goods	(587,551)	358,370
Raw materials and consumables used	160,586,640	186,257,765
Depreciation and amortisation (Notes 13 and 14)	2,046,461	2,010,623
Employee expenses	1,864,270	1,748,799

25 Income tax expense

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current tax :				
Current tax on profits for the year	1,265	352,493	-	351,222
Adjustments in respect to prior year	(4,423)	(4,246)	(4,846)	(4,326)
Total current tax	(3,158)	348,247	(4,846)	346,896
Deferred tax :				
Deferred tax for the year (Note 15)	(889,387)	80,711	(890,734)	87,360
Total deferred tax	(889,387)	80,711	(890,734)	87,360
Total income tax (credit) expense	(892,545)	428,958	(895,580)	434,256

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	
	2019	2018	2019	2018
(Loss) Profit before tax	(3,957,486)	2,654,884	(3,985,517)	2,608,912
Tax calculated at domestic tax rates	(791,497)	530,977	(797,103)	521,782
Tax effect of:				
Income not subject to tax	(92,942)	(94,060)	(90,371)	(79,567)
Expenses not deductible for tax purposes	3,818	4,125	3,818	4,125
Expenses more deductible for tax purposes	(11,924)	(12,084)	(11,924)	(12,084)
Income tax (credit) expense	(892,545)	428,958	(895,580)	434,256

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	
	2019	2018	2019	2018
(Loss) Profit attributable to equity holders of the parent	(3,065,703)	2,225,164	(3,089,937)	2,174,656
Weighted average number of ordinary shares in issue (million shares)	3,461	3,461	3,461	3,461
Basic (loss) earnings per share (Baht per share)	(0.89)	0.64	(0.89)	0.63

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	
	2019	2018	2019	2018
(Loss) Profit before income tax expense	(3,957,486)	2,654,884	(3,985,517)	2,608,912
Adjustments for:				
Depreciation (Note 13)	2,018,839	1,980,981	2,018,839	1,980,981
Amortisation (Note 14)	27,622	29,642	27,622	29,642
Allowance for impairment of trade receivables (Note 6)	18,352	(60)	18,352	(60)
Write-down of inventory to net realisable value	96,742	197,907	96,742	197,907
Loss on disposal of property, plant and equipment and intangible assets	23,803	56,484	23,803	52,022
Share of profit from an associate (Note 12)	(379,986)	(383,621)	-	-
Interest income	(8,059)	(9,012)	(204,251)	(193,718)
Finance costs	321,533	245,848	321,592	245,928
Dividend income	(61,650)	(56,700)	(427,622)	(410,724)
Net unrealised foreign exchange (gain) loss	88,706	(96,593)	88,706	(96,593)
Changes in working capital				
Trade receivables	(188,167)	(1,228,373)	(188,167)	(1,228,373)
Amount due from related parties	50	(50)	-	-
Inventories	(765,945)	(538,489)	(765,945)	(538,489)
Other receivables	953,184	(1,493,096)	953,184	(1,493,096)
Other current assets	(3,049,956)	(650,032)	(3,057,858)	(649,967)
Prepaid rental and deferred charges	348,980	(478,221)	576,619	(272,966)
Other non-current assets	(1,650,390)	17,300	(1,650,664)	17,300
Trade and other payables	(2,022,588)	2,068,788	(2,010,188)	2,056,749
Amount due to related parties	(2,001,247)	1,750,128	(2,005,935)	1,756,872
Income tax payables	(144)	(486,577)	-	(487,036)
Provisions for employee benefits	239,923	80,782	239,923	80,782
Other non-current liabilities	(98)	1,751	(98)	1,751
Cash (used in) generated from operations	(9,947,982)	3,663,671	(9,930,863)	3,657,824

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Net book amount	39,240	97,193	39,240	67,807
Loss on disposal of property, plant and equipment	(23,803)	(56,484)	(23,803)	(52,022)
Proceeds from disposal of property, plant and equipment	15,437	40,709	15,437	15,785

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

	Consolidated and Separate financial statements	
	2019	2018
Non-cash transactions		
Acquisition of property, plant, equipment	293,037	245,758

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

	Consolidated financial statements	
	Borrowings	Total
Liabilities as at 1 January 2018	12,346,391	12,346,391
Cash flows	2,973,974	2,973,974
Other non-cash movement	24,985	24,985
Liabilities as at 31 December 2018	15,345,350	15,345,350
Cash flows	11,519,030	11,519,030
Other non-cash movement	79,043	79,043
Liabilities as at 31 December 2019	26,943,423	26,943,423

	Separate financial statements	
	Borrowings	Total
Liabilities as at 1 January 2018	12,357,942	12,357,942
Cash flows	2,964,541	2,964,541
Other non-cash movement	24,985	24,985
Liabilities as at 31 December 2018	15,347,468	15,347,468
Cash flows	11,518,567	11,518,567
Other non-cash movement	79,043	79,043
Liabilities as at 31 December 2019	26,945,078	26,945,078

28 Contingent liabilities

As at 31 December 2019, the Group had contingent liabilities in respect to bank guarantees arising in the ordinary course of business, amounting to Baht 70 million (2018: Baht 80 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 640 million (2018: Baht 666 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 statements		Separate financial statements	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
No later than 1 year	237,472	164,551	263,524	169,085
Later than 1 year but no later than 5 years	838,863	697,251	1,281,251	886,846
Later than 5 years	1,421,482	1,132,103	5,855,815	5,222,965
	2,497,817	1,993,905	7,400,590	6,278,896

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 2019 and 2018, the Group had no short-term or long-term debt denominated in foreign currencies. In 2019, 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 2019, the Group has uncommitted facilities of Baht 74,533 million (2018: Baht 83,251 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 2019.

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 2019. The ultimate holding company is Exxon Mobil Corporation incorporated in the United States of America. A further 8.21% 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	
	2019	2018
Sales of goods and services:		
- Other related parties	7,935,657	13,612,662
	7,935,657	13,612,662

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	
	2019	2018
Purchases of goods:		
- Other related parties	101,842,935	131,151,097
Purchases of services:		
- An associate	729,423	805,726
	102,572,358	131,956,823

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	
	2019	2018	2019	2018
Expenses paid to:				
- Subsidiaries	-	-	221,628	218,133
- Other related parties	3,490,201	3,005,433	3,487,558	3,001,166
	3,490,201	3,005,433	3,709,186	3,219,299

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	
	2019	2018	2019	2018
Interest income received from:				
- Subsidiaries	-	-	196,199	184,706
	-	-	196,199	184,706
Interest expenses paid to:				
- Subsidiaries	-	-	58	80
- Other related parties	187,717	151,849	187,717	151,849
	187,717	151,849	187,775	151,929

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

(e) Key management compensation

	Consolidated and Separate financial statements	
	2019	2018
Salaries and other short-term employment benefits	72,593	71,869
Post-employment benefits	18,911	18,565
	91,504	90,434

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	
	2019	2018	2019	2018
Amounts due from:				
- Subsidiaries	-	-	50,526	47,803
- Other related parties	-	50	-	-
	-	50	50,526	47,803
Amounts due to:				
- Subsidiaries	-	-	10,269	14,868
- Other related parties	8,091,234	9,995,379	8,091,049	9,995,286
	8,091,234	9,995,379	8,101,318	10,010,154

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	
	2019	2018	2019	2018
Long-term loans to:				
- Subsidiaries	-	-	3,251,419	3,035,705

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

	Separate financial statements	
	2019	2018
At 1 January	3,035,705	2,887,873
Loans advanced during the period	216,717	192,534
Loan repayments received	(1,003)	(44,702)
At 31 December	3,251,419	3,035,705

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	
	2019	2018	2019	2018
Current				
Short-term loans from:				
- Subsidiaries	-	-	899	918
- Other related parties	13,188,379	4,749,161	13,188,379	4,749,161
	13,188,379	4,749,161	13,189,278	4,750,079
Current portion of long-term loans from:				
- Other related parties	1,633,333	2,300,000	1,633,333	2,300,000
	14,821,712	7,049,161	14,822,611	7,050,079
Non-current				
Long-term loans from:				
- Subsidiaries	-	-	756	1,200
- Other related parties	2,350,000	400,000	2,350,000	400,000
	2,350,000	400,000	2,350,756	401,200

Movements in loans from related parties are analysed as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
At 1 January	7,449,161	7,274,913	7,451,279	7,286,464
Additional borrowings	14,814,162	7,851,639	14,818,695	7,856,080
Loans repaid during the period	(5,091,611)	(7,677,391)	(5,096,607)	(7,691,265)
At 31 December	17,171,712	7,449,161	17,173,367	7,451,279

Short-term loans from other related parties include:

- Revolving loan from a related party totaling Baht 11,113 million out of facility size Baht 12,000 million at the end of December 2019.
- Short-term loan from a related party under Loan and Current Account Agreement totaling Baht 2,075 million at the end of December 2019.

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 2019, there was no outstanding loan balance.
- 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 2019, the outstanding loan balance was Baht 400 million, which is payable in 2020.
- 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 2019, there was no outstanding loan balance.
- A 3-year loan of Baht 700 million which was obtained in June 2019 and is repayable in 12 quarterly installments commencing from September 2019 to June 2022. The loan bears interest at 3-months (BIBOR) rate plus a margin. As at 31 December 2019, the outstanding loan balance was Baht 583 million, of which Baht 233 million is payable within 1 year.
- A 3-year loan of Baht 3,000 million which was obtained in November 2019 and is repayable in 12 quarterly installments commencing from February 2020 to November 2022. The loan bears interest at 1-month (BIBOR) rate plus a margin. As at 31 December 2019, the outstanding loan balance was Baht 3,000 million, of which Baht 1,000 million is payable within 1 year.

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

Maturity of long-term loans from related parties

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
No later than 1 year	1,633,333	2,300,000	1,633,333	2,300,000
Later than 1 year but no later than 5 years	2,350,000	400,000	2,350,756	401,200
	3,983,333	2,700,000	3,984,089	2,701,200

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.

On 23 April 2019, the Annual General Meeting of shareholders resolved by majority vote that additional dividend payment for year 2018 be approved at a rate of Baht 0.10 per share, totalling Baht 346 million. The dividend was paid to the shareholders on 21 May 2019.

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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