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FINANCIAL STATEMENTS

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Report of Board of Director's Responsibility for Financial Reporting

Dear Shareholders

The financial statements of IRPC Public Company Limited and subsidiaries for the year ended on December 31, 2017, were prepared under the financial reporting standard enforced by the Federation of Accounting Professions under the Accounting Act, B.E. 2543 (2000), and the requirements of the Securities and Exchange Act, B.E. 2535 (1992) on the preparation and presentation of financial reports.

To promote confidence that its financial position, performance outcomes, and cash flow statements are materially correct, the Board is responsible for IRPC's and subsidiaries' financial reports. IRPC established an effective internal control system with accurate, complete, and adequate journal entries, designed to maintain assets, prevent fraud, and materially abnormal transactions. In preparing these reports, IRPC has adopted a suitable and consistently practiced accounting policy in line with financial report standards. Material data have also been adequately disclosed in the notes to the financial statements. Having perused the consolidated statements, the external auditor expressed its views as shown in this annual report.



(Mr. Tevin Vongvanich)
Chairman
IRPC Public Company Limited



(Mr. Sukrit Surabotsopon)
President
IRPC Public Company Limited

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS

IRPC PUBLIC COMPANY LIMITED

Opinion

We have audited the consolidated financial statements of IRPC Public Company Limited and subsidiaries (the “Group”) and the separate financial statements of IRPC Public Company Limited (the “Company”) which comprise the consolidated and separate statements of financial position as at December 31, 2017, and the related consolidated and separate statements of profit or loss, comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matter	Audit Responses
<p>The measurement of inventories valuation</p> <p>Inventories of the Group are significant balance to the consolidated and separate financial statements. The raw material and finished goods are commodities that contain intense price volatility. This volatility may lead to the net realizable value less than cost that resulting in the misstatement of inventories valuation.</p> <p>Accounting policies for the inventories valuation of the Group and details of inventories were disclosed in Notes 3.5 and 12 to the financial statements, respectively.</p>	<ul style="list-style-type: none">• Key audit procedures included:<ul style="list-style-type: none"><input type="checkbox"/> Gain understanding and performing test of design and implementation as well as operating effectiveness of the relevant controls over inventory valuation measurement process.• Assessing the appropriateness of the methodology used to calculate the net realizable value of inventories at the reporting period, considering the reasonableness of the market price used by reference to commodity prices, and testing the accuracy of the calculation.<input type="checkbox"/> If the net realizable value is lower than the cost, considering to propose the adjustment of allowance for diminution in value of inventories in the financial statements.• Assessing the adequate disclosure in relation to the estimation of allowance for diminution in value of inventories in notes to the financial statements.

Other Matter

The consolidated financial statements of IRPC Public Company Limited and subsidiaries and the separate financial statements of IRPC Public Company Limited for the year ended December 31, 2016, presented herein as comparative information, were audited by the other auditor, whose report thereon dated February 14, 2017 expressed an unmodified opinion on those statements.

Other Information

Management is responsible for the other information. The other information comprise the information included in the annual report, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our 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 our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines 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, management is responsible for assessing the Group's 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our 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 our 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.

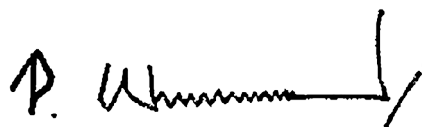
As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 our 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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we 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. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Permsak Wongpatcharakorn
Certified Public Accountant (Thailand)
Registration No. 3427

BANGKOK
February 13, 2018

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

IRPC PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

Unit : Baht

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2017	2016	2017	2016
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	9	2,144,860,268	2,042,210,927	1,602,419,674	1,525,982,304
Trade receivables	10	12,783,872,504	9,966,748,259	12,731,890,192	9,931,946,789
Other receivables	11	560,412,283	61,091,883	552,183,418	57,535,743
Amounts due from related parties	35	4,664,485	4,150,719	32,124,114	29,058,622
Short-term loans and interest receivables					
from related parties	35	-	-	535,570,967	416,476,604
Inventories	12	30,052,208,967	25,783,374,603	29,478,109,431	25,384,579,719
Refundable value-added tax		1,006,713,112	943,535,469	967,627,321	920,592,605
Prepaid excise tax		238,106,645	163,402,748	238,106,645	163,402,748
Other current assets		791,708,733	883,657,219	738,486,278	834,889,430
Total Current Assets		<u>47,582,546,997</u>	<u>39,848,171,827</u>	<u>46,876,518,040</u>	<u>39,264,464,564</u>
NON-CURRENT ASSETS					
Investments in subsidiaries	13	-	-	1,834,242,917	1,909,242,917
Investment in a joint venture	13	5,680,991	11,021,877	-	-
Investments in associates	13	6,986,503,991	6,542,667,138	6,840,489,963	6,782,951,713
Other long-term investments	14	643,541,931	1,239,420,318	642,941,933	1,239,420,320
Investment property	15	1,262,369,059	1,190,392,732	1,233,494,419	1,150,941,357
Property, plant and equipment	16	127,061,131,143	120,171,039,000	125,156,942,066	118,482,077,125
Intangible assets	17	682,547,475	808,687,220	677,384,016	802,844,953
Deferred tax assets	18	232,572,566	2,339,848,849	-	2,057,418,175
Other non-current assets	19	86,935,229	226,602,393	85,008,429	224,722,344
Total Non-current Assets		<u>136,961,282,385</u>	<u>132,529,679,527</u>	<u>136,470,503,743</u>	<u>132,649,618,904</u>
TOTAL ASSETS		<u><u>184,543,829,382</u></u>	<u><u>172,377,851,354</u></u>	<u><u>183,347,021,783</u></u>	<u><u>171,914,083,468</u></u>

Notes to the financial statements form an integral part of these statements

IRPC PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2017

Unit : Baht

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2017	2016	2017	2016
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term borrowings from					
financial institutions	20.1	2,957,468,822	6,141,332,197	2,773,720,370	6,000,000,000
Trade payables	21	26,031,024,900	19,792,255,057	25,871,755,686	19,748,686,322
Other payables		5,542,164,616	2,807,529,996	5,509,880,192	2,782,167,903
Amounts due to related parties	35	318,625,601	397,217,442	327,954,633	404,429,526
Interest payables		225,152,055	395,819,136	225,127,178	395,819,136
Accrued bonus expense		1,965,544,859	1,857,725,827	1,907,872,616	1,801,944,354
Advance receipts for goods		886,308,687	601,825,515	774,451,787	521,648,294
Current portion of long-term borrowings from					
financial institutions and debentures	20.2	10,660,484,000	19,704,592,406	10,660,484,001	19,704,592,406
Other current liabilities		777,840,005	730,276,764	702,868,587	631,486,994
Total Current Liabilities		<u>49,364,613,545</u>	<u>52,428,574,340</u>	<u>48,754,115,050</u>	<u>51,990,774,935</u>
NON-CURRENT LIABILITIES					
Long-term borrowings from financial institutions					
and debentures	20.2	45,151,508,826	36,740,616,741	45,151,508,826	36,740,616,741
Deferred tax liabilities	18	41,445,135	-	41,445,135	-
Employee benefit obligations	22	2,336,262,640	2,203,691,900	2,271,209,159	2,141,837,238
Total Non-current Liabilities		<u>47,529,216,601</u>	<u>38,944,308,641</u>	<u>47,464,163,120</u>	<u>38,882,453,979</u>
TOTAL LIABILITIES		<u>96,893,830,146</u>	<u>91,372,882,981</u>	<u>96,218,278,170</u>	<u>90,873,228,914</u>

Notes to the financial statements form an integral part of these statements

IRPC PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2017

Unit : Baht

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2017	2016	2017	2016
LIABILITIES AND SHAREHOLDERS' EQUITY					
(CONTINUED)					
SHAREHOLDERS' EQUITY					
SHARE CAPITAL					
Authorised shares capital					
		20,475,000,000	20,475,000,000	20,475,000,000	20,475,000,000
		20,475,000,000	20,475,000,000	20,475,000,000	20,475,000,000
Issued and paid-up share capital					
		20,434,419,246	20,434,419,246	20,434,419,246	20,434,419,246
		20,434,419,246	20,434,419,246	20,434,419,246	20,434,419,246
PREMIUM ON ORDINARY SHARES					
		28,554,212,397	28,554,212,397	28,554,212,397	28,554,212,397
RETAINED EARNINGS					
Appropriated					
	23	2,047,500,000	2,047,500,000	2,047,500,000	2,047,500,000
		36,591,031,567	29,932,316,881	36,097,979,670	29,944,199,531
Unappropriated					
<u>Less</u> Treasury stock - ordinary shares of					
	24	(124,282,649)	(124,282,649)	-	-
Premium on treasury stock - ordinary shares of					
		15,177,080	15,177,080	-	-
Other components of shareholders' equity					
		(5,367,700)	60,523,380	(5,367,700)	60,523,380
Total attribution to owners of the parent					
		87,512,689,941	80,919,866,335	87,128,743,613	81,040,854,554
Non-controlling interests					
	25	137,309,295	85,102,038	-	-
TOTAL SHAREHOLDERS' EQUITY					
		87,649,999,236	81,004,968,373	87,128,743,613	81,040,854,554
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		184,543,829,382	172,377,851,354	183,347,021,783	171,914,083,468

Notes to the financial statements form an integral part of these statements

IRPC PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2017

Unit : Baht

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2017	2016	2017	2016
Revenue from sales		214,100,958,798	185,040,666,236	212,417,810,543	189,472,311,441
Cost of sales		(192,946,285,695)	(164,900,251,976)	(191,621,255,949)	(169,880,063,359)
Gross profit		<u>21,154,673,103</u>	<u>20,140,414,260</u>	<u>20,796,554,594</u>	<u>19,592,248,082</u>
Other income	26	2,356,976,924	963,652,352	2,424,331,013	1,490,784,453
Selling expenses		(1,295,791,905)	(1,197,767,592)	(1,411,365,740)	(1,332,103,452)
Administrative expenses	27	(5,601,110,611)	(4,874,304,731)	(5,382,907,889)	(4,613,334,126)
Net derivative loss	28	(1,394,377,722)	(3,567,001,399)	(1,394,377,722)	(3,567,001,399)
Profit from operations		<u>15,220,369,789</u>	<u>11,464,992,890</u>	<u>15,032,234,256</u>	<u>11,570,593,558</u>
Finance costs	31	(2,067,386,190)	(1,556,148,768)	(2,063,208,552)	(1,559,980,509)
Share of profit on investments in a joint venture and associates		<u>387,797,868</u>	<u>125,242,966</u>	<u>-</u>	<u>-</u>
Profit before income tax expense		<u>13,540,781,467</u>	<u>10,034,087,088</u>	<u>12,969,025,704</u>	<u>10,010,613,049</u>
Income tax expense	18	(2,181,334,015)	(282,415,642)	(2,115,336,080)	(234,961,896)
Net profit for the year		<u><u>11,359,447,452</u></u>	<u><u>9,751,671,446</u></u>	<u><u>10,853,689,624</u></u>	<u><u>9,775,651,153</u></u>
Profit attributable to					
Owners of the parent		11,354,483,813	9,720,831,137	10,853,689,624	9,775,651,153
Non-controlling interests		<u>4,963,639</u>	<u>30,840,309</u>	<u>-</u>	<u>-</u>
Net profit for the year		<u><u>11,359,447,452</u></u>	<u><u>9,751,671,446</u></u>	<u><u>10,853,689,624</u></u>	<u><u>9,775,651,153</u></u>
Basic Earnings per Share (Baht)	32	0.56	0.48	0.53	0.48

Notes to the financial statements form an integral part of these statements

IRPC PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

Unit : Baht

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Net profit for the year	11,359,447,452	9,751,671,446	10,853,689,624	9,775,651,153
Other comprehensive income (loss) :				
Items that will be reclassified subsequently to profit or loss				
- Gains (losses) on revaluation of available for sale investments	(82,363,850)	114,782,000	(82,363,850)	114,782,000
- Income tax relating to revaluation of available for sale investments	16,472,770	(22,956,400)	16,472,770	(22,956,400)
Items that will not be reclassified to profit or loss				
- Remeasurements of retirement benefit obligations	-	(258,707,175)	-	(248,203,398)
- Income tax relating to remeasurements of retirement benefit obligations	-	51,299,418	-	49,640,680
- Share of other comprehensive income (loss) on investment in an associate	(1,340,174)	-	-	-
Other comprehensive income (loss) for the year - net of tax	<u>(67,231,254)</u>	<u>(115,582,157)</u>	<u>(65,891,080)</u>	<u>(106,737,118)</u>
Total comprehensive income for the year	<u><u>11,292,216,198</u></u>	<u><u>9,636,089,289</u></u>	<u><u>10,787,798,544</u></u>	<u><u>9,668,914,035</u></u>
Total comprehensive income attributable to:				
Owners of the parent	11,287,252,559	9,605,248,980	10,787,798,544	9,668,914,035
Non-controlling interests	4,963,639	30,840,309	-	-
	<u><u>11,292,216,198</u></u>	<u><u>9,636,089,289</u></u>	<u><u>10,787,798,544</u></u>	<u><u>9,668,914,035</u></u>

Notes to the financial statements form an integral part of these statements

IRPC PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

	Consolidated financial statements										Unit : Baht
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings - Appropriated - Legal reserve	Treasury stock - ordinary shares held by a subsidiary	Premium on treasury stock - ordinary shares held by a subsidiary	Other components of shareholders' equity - Other comprehensive income (loss) - net of tax Available for sale investments	Total attribution to owners of the parent	Non-controlling interests	Total shareholders' equity		
Balance as at January 1, 2016	20,434,419,246	28,554,212,397	2,047,500,000	(124,282,649)	15,177,080	(31,302,220)	75,804,421,856	73,527,612	75,877,949,468		
Dividends paid	-	-	-	-	-	-	(4,489,804,501)	(19,265,883)	(4,509,070,384)		
Net profit for the year	-	-	-	-	-	-	9,720,831,137	30,840,309	9,751,671,446		
Other comprehensive income (loss) for the year	-	-	-	-	-	(207,407,757)	(115,582,157)	-	(115,582,157)		
Balance as at December 31, 2016	<u>20,434,419,246</u>	<u>28,554,212,397</u>	<u>2,047,500,000</u>	<u>(124,282,649)</u>	<u>15,177,080</u>	<u>60,523,380</u>	<u>80,919,866,335</u>	<u>85,102,038</u>	<u>81,004,968,373</u>		
Balance as at January 1, 2017	20,434,419,246	28,554,212,397	2,047,500,000	(124,282,649)	15,177,080	60,523,380	80,919,866,335	85,102,038	81,004,968,373		
Dividends paid	-	-	-	-	-	-	(4,694,428,953)	(27,756,382)	(4,722,185,335)		
Net profit for the year	-	-	-	-	-	-	11,354,483,813	4,963,639	11,359,447,452		
Other comprehensive income (loss) for the year	-	-	-	-	-	(65,891,080)	(67,231,254)	-	(67,231,254)		
Increase in portion of investment of non-controller of a subsidiary	-	-	-	-	-	-	-	75,000,000	75,000,000		
Balance as at December 31, 2017	<u>20,434,419,246</u>	<u>28,554,212,397</u>	<u>2,047,500,000</u>	<u>(124,282,649)</u>	<u>15,177,080</u>	<u>(5,367,700)</u>	<u>87,512,689,941</u>	<u>137,309,295</u>	<u>87,649,999,236</u>		

Notes to the financial statements form an integral part of these statements

IRPC PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	Separate financial statements							Total shareholders' equity
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Unappropriated	Other components		
				Appropriated -	Legal reserve		of shareholders' equity		
							Other comprehensive income (loss) - net of tax	Available for sale investments	
Balance as at January 1, 2016		20,434,419,246	28,554,212,397	2,047,500,000	24,862,177,048	(31,302,220)		75,867,006,471	
Dividends paid	33	-	-	-	(4,495,065,952)	-		(4,495,065,952)	
Net profit for the year		-	-	-	9,775,651,153	-		9,775,651,153	
Other comprehensive income (loss) for the year		-	-	-	(198,562,718)	91,825,600		(106,737,118)	
Balance as at December 31, 2016		<u>20,434,419,246</u>	<u>28,554,212,397</u>	<u>2,047,500,000</u>	<u>29,944,199,531</u>	<u>60,523,380</u>		<u>81,040,854,554</u>	
Balance as at January 1, 2017		20,434,419,246	28,554,212,397	2,047,500,000	29,944,199,531	60,523,380		81,040,854,554	
Dividends paid	33	-	-	-	(4,699,909,485)	-		(4,699,909,485)	
Net profit for the year		-	-	-	10,853,689,624	-		10,853,689,624	
Other comprehensive income (loss) for the year		-	-	-	-	(65,891,080)		(65,891,080)	
Balance as at December 31, 2017		<u>20,434,419,246</u>	<u>28,554,212,397</u>	<u>2,047,500,000</u>	<u>36,097,979,670</u>	<u>(5,367,700)</u>		<u>87,128,743,613</u>	

Unit : Baht

Notes to the financial statements form an integral part of these statements

IRPC PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

Unit : Baht

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax expense	13,540,781,467	10,034,087,088	12,969,025,704	10,010,613,049
Adjustments for:				
Depreciation	6,804,462,866	5,985,378,304	6,722,931,933	5,652,319,257
Amortisation	257,743,933	263,198,385	256,835,125	262,291,045
Interest income	(26,777,035)	(21,389,517)	(36,733,444)	(161,503,620)
Dividends income	(71,722,043)	(58,389,790)	(243,321,661)	(372,245,336)
Bad debts and doubtful accounts (Reversal)	7,072,183	(42,595,164)	7,258,918	(43,945,736)
Allowance for declining in value of inventories (reversal)	113,142,390	(227,316,833)	113,102,786	(205,902,320)
Income from returned available for sale investments	(64,860,463)	-	(64,860,463)	-
Gain from disposal of investment in a subsidiary under liquidation process	-	(888,729)	-	(888,729)
Gain (loss) on exchange rate	(857,651,021)	2,516,849	(857,477,741)	2,984,470
Gain on disposals of fixed assets and investment property	(6,332,762)	(1,441,624)	(5,276,782)	(1,652,587)
Reversal of allowance for impairment of fixed assets and investment property	(263,480,973)	(1,599,700)	(112,351,456)	(1,599,700)
Gain on sales of investment in a subsidiary	(2,062,500)	-	(2,062,500)	-
Gain on sales of available for sale investments	(115,233,200)	-	(115,233,200)	-
Reversal of loss on impairment of other long-term investments	(562,000,000)	-	(561,400,000)	-
Share of profit on investments in a joint venture and associates	(387,797,868)	(125,242,966)	-	-
Share of other comprehensive loss on investment in an associate	1,340,173	-	-	-
Finance costs	2,067,386,190	1,398,790,225	2,063,208,552	1,401,659,709
Loss on actuarial revaluation - other long-term benefits	-	2,023,130	-	2,232,098
Employee benefit expenses	182,979,185	192,325,133	177,581,917	181,807,103
Profit from operations before changes in operating assets and liabilities	20,616,990,522	17,399,454,791	20,311,227,688	16,726,168,703
Operating assets (increase) decrease				
Trade receivables	(2,805,425,804)	(965,407,684)	(2,788,824,745)	976,964,324
Other receivables	(506,765,077)	(5,114,987)	(501,754,043)	13,441,935
Amounts due from related parties	(513,766)	16,947,414	(3,065,492)	13,635,915
Inventories	(4,381,976,753)	(4,249,970,424)	(4,206,632,498)	(4,692,097,018)
Refundable value-added tax	(63,177,643)	9,696,032	(47,034,716)	(4,886,836)
Prepaid excise tax	(74,703,897)	(44,963,517)	(74,703,897)	(44,963,517)
Other current assets	127,864,528	163,218,069	129,621,439	111,081,709

IRPC PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Unit : Baht

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Operating liabilities increase (decrease)				
Trade payables	6,239,027,991	(5,950,880,320)	6,123,590,399	(7,852,536,440)
Other payables	835,179,792	484,784,677	827,349,427	554,092,960
Amount due to related parties	(78,591,841)	213,248,170	(76,474,893)	213,588,730
Accrued bonus expense	107,819,032	62,806,647	105,928,262	160,988,801
Advance receipts for goods	284,483,172	79,204,160	252,803,493	64,661,218
Other current liabilities	47,563,241	178,332,317	71,381,593	122,089,749
Cash paid for employee benefits	(50,408,445)	(99,800,514)	(48,209,995)	(96,099,252)
Cash received from operations	20,297,365,052	7,291,554,831	20,075,202,022	6,266,130,981
Income tax paid	(52,026,714)	(67,614,986)	(33,218,287)	(45,908,397)
Net cash provided by operating activities	20,245,338,338	7,223,939,845	20,041,983,735	6,220,222,584
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	25,407,707	21,389,517	36,519,052	203,048,929
Dividends received	71,722,043	58,389,790	243,321,661	372,245,336
Cash paid for short-term loans to related parties	-	-	(118,879,970)	(1,460,642,488)
Proceeds from long-term loans to related parties	-	-	-	1,450,000,000
Proceeds from investment in a subsidiary after liquidation	-	23,884,566	-	23,884,566
Proceeds from sales of investment in a subsidiary	77,062,500	-	77,062,500	-
Dividends received from a joint venture	5,499,978	-	-	-
Proceeds from reduction of registered share capital of a subsidiary	-	-	-	585,937,500
Cash paid for investing in joint venture and an associate	(57,538,250)	(308,700,000)	(57,538,250)	(308,700,000)
Cash paid for other-long term investments	(375,000)	-	(375,000)	-
Proceeds from sales of available for sale investments	1,255,983,200	-	1,255,983,200	-
Cash paid for purchases of fixed assets and investment property	(11,222,691,748)	(10,417,431,270)	(11,070,920,908)	(10,318,604,636)
Cash paid for entire business transfer from a subsidiary	-	-	-	(293,605,866)
Proceeds from sales of fixed assets and investment property	69,249,479	2,824,694	52,382,575	2,769,087
Cash paid for purchases of intangible assets	(131,604,189)	(68,628,880)	(131,374,189)	(68,381,205)
Other non-current assets	139,667,164	1,918,635	139,713,916	2,998,454
Net cash used in investing activities	(9,767,617,116)	(10,686,352,948)	(9,574,105,413)	(9,809,050,323)

IRPC PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Unit : Baht

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash paid for interest expense and finance costs	(2,704,405,565)	(2,575,521,824)	(2,700,252,804)	(2,578,115,741)
Net proceeds on settlements of financial derivative contracts	57,552,403	53,781,238	57,552,402	53,781,238
Dividends paid	(4,694,428,953)	(4,489,804,501)	(4,699,909,485)	(4,495,065,953)
Dividends paid to non-controlling interests	(27,756,382)	(19,265,883)	-	-
Cash repayment for borrowings form related parties	-	(21,400,000)	-	(21,400,000)
Net proceeds from (paid for) short-term borrowings from financial institutions	(3,183,812,384)	5,936,956,251	(3,226,610,065)	5,867,258,733
Cash paid for long-term borrowings from financial institutions	(19,322,221,000)	(3,455,974,000)	(19,322,221,000)	(3,455,974,000)
Proceeds from long-term borrowings financial institutions	19,500,000,000	6,500,000,000	19,500,000,000	6,500,000,000
Net cash provided by (used in) financing activities	<u>(10,375,071,881)</u>	<u>1,928,771,281</u>	<u>(10,391,440,952)</u>	<u>1,870,484,277</u>
Net increase (decrease) in cash and cash equivalents	102,649,341	(1,533,641,822)	76,437,370	(1,718,343,462)
Cash and cash equivalents as at January 1,	<u>2,042,210,927</u>	<u>3,575,852,749</u>	<u>1,525,982,304</u>	<u>3,244,325,766</u>
Cash and cash equivalents as at December 31,	<u><u>2,144,860,268</u></u>	<u><u>2,042,210,927</u></u>	<u><u>1,602,419,674</u></u>	<u><u>1,525,982,304</u></u>

Notes to the financial statements form an integral part of these statements

IRPC PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. THE COMPANY'S OPERATIONS AND GENERAL INFORMATION

IRPC Public Company Limited (the "Company") is a public company incorporated in Thailand. The address of the Company's registered office is 299 Moo 5, Sukhumvit Road, Choengnuean District, Aumprur Muang, Rayong Province. The Company's offices are at 555/2 Energy Complex, Building B, 6th floor, Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900.

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and subsidiaries are referred to as the "Group".

The Group is engaged in petroleum and petrochemical with its products being refinery, lubricant, olefins, aromatics, plastic resins and other petrochemical products.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 The Group maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.

2.2 The Group's financial statements have been prepared in accordance with the Thai Accounting Standard ("TAS") No. 1 (Revised 2016) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2017 onward, and the Regulation of The Stock Exchange of Thailand ("SET") dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding "The Brief Particulars in the Financial Statements (No. 2) B.E. 2559" dated October 11, 2016.

2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.

2.4 The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements (see Note 5).

2.5 Significant intercompany transactions between the Company and its subsidiaries have been eliminated from this consolidated financial statements. The consolidated financial statements for the year ended December 31, 2017 have included the subsidiaries' financial statements for the year ended December 31, 2017 which had been previously audited.

2.6 An English version of the consolidated and separate financial statements have been prepared from the financial statements that is in the Thai language under law. In the event of a conflict or a difference in interpretation between the two languages, the Thai language financial information shall prevail.

2.7 Thai Financial Reporting Standards affecting the presentation and disclosure in the current year financial statements

Since January 1, 2017, the Group has adopted the revised and new Thai Financial Reporting Standards including the Guideline on accounting issued by the Federation of Accounting Professions which become effective for the financial statements for the accounting periods beginning on or after January 1, 2017. These Thai Financial Reporting Standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these Thai Financial Reporting Standards does not have any significant impact on the Group's financial statements.

2.8 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding 56 Thai Financial Reporting Standards (TFRSs) that will be effective for the financial statements for the period beginning on or after January 1, 2018 onwards, which has been announced in the Royal Gazette on September 26, 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards as follows:

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2017)	Presentation of Financial Statements
TAS 2 (Revised 2017)	Inventories
TAS 7 (Revised 2017)	Statement of Cash Flows
TAS 8 (Revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2017)	Events after the Reporting Period
TAS 11 (Revised 2017)	Construction Contracts
TAS 12 (Revised 2017)	Income Taxes
TAS 16 (Revised 2017)	Property, Plant and Equipment
TAS 17 (Revised 2017)	Leases
TAS 18 (Revised 2017)	Revenue
TAS 19 (Revised 2017)	Employee Benefits
TAS 20 (Revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2017)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2017)	Borrowing Costs
TAS 24 (Revised 2017)	Related Party Disclosures
TAS 26 (Revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2017)	Separate Financial Statements
TAS 28 (Revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2017)	Earnings per Share
TAS 34 (Revised 2017)	Interim Financial Reporting
TAS 36 (Revised 2017)	Impairment of Assets
TAS 37 (Revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2017)	Intangible Assets
TAS 40 (Revised 2017)	Investment Property
TAS 41 (Revised 2017)	Agriculture

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2017)	Share-based payment
TFRS 3 (Revised 2017)	Business Combinations
TFRS 4 (Revised 2017)	Insurance Contracts
TFRS 5 (Revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2017)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (Revised 2017)	Operating Segments
TFRS 10 (Revised 2017)	Consolidated Financial Statements
TFRS 11 (Revised 2017)	Joint Arrangements
TFRS 12 (Revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2017)	Fair Value Measurement

Thai Accounting Standards Interpretations (“TSIC”)

TSIC 10 (Revised 2017)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2017)	Operating Leases - Incentives
TSIC 25 (Revised 2017)	Income Taxes - Change in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (Revised 2017)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2017)	Disclosure - Service Concession Arrangements
TSIC 31 (Revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2017)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 1 (Revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2017)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2017)	Applying the Restatement Approach under TAS 29 (Revised 2017) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2017)	Service Concession Arrangements
TFRIC 13 (Revised 2017)	Customer Loyalty Programmes
TFRIC 14 (Revised 2017)	TAS 19 (Revised 2017) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2017)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2017)	Transfers of Assets from Customers
TFRIC 20 (Revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2017)	Levies

The Group’s management will adopt the relevant TFRSs in the preparation of Group’s financial statements when they become effective. The Group’s management has assessed the impact of these TFRSs and considered that the adoption of these TFRSs does not have any significant impact on the financial statements of the Group in the period of initial application.

2.9 Basis for preparation of consolidated financial statements

The consolidated financial statements included the accounts of the Company and subsidiaries, after elimination of intercompany transactions, of which the percentage of shareholding as at December 31, is as follows:

	Business type	Country of registration	Percentage of shareholdings (%)	
			2017	2016
IRPC Oil Company Limited	Sales of oil products and gas	Thailand	99.99	99.99
IRPC Polyol Company Limited	Manufacturing and sales of chemical products for polyurethanes	Thailand	74.99	99.99
IRPC Technology Company Limited	Vocational school	Thailand	99.99	99.99
IRPC A&L Company Limited	Distributing of petrochemical products	Thailand	59.98	59.98
Indirectly invested by				
IRPC Oil Company Limited				
Rak Phasak Company Limited	Oil vessel renting	Thailand	99.99	99.99

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies of the Group are summarized below:

3.1 Group accounting - Investment in subsidiaries, associates and interest in joint ventures

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.

Intercompany transactions, balances and unrealised gains or loss on transactions among the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Transaction 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 shareholders' equity. Gains or losses on disposals to non-controlling interests are also recorded in shareholders' equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial assets. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

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 in the consolidated financial statements. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates including goodwill are identified on acquisition date.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

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. Dilution gains and losses arising in investments in associates are recognised in the statement of profit or loss.

In the separate financial statements, investments in associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

3.2 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

3.3 Cash and cash equivalents

In the consolidated and separate statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

3.4 Trade receivables

Trade receivables are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful accounts based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in the statement of profit or loss within administrative expenses.

3.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method.

The cost of purchase comprises both 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 and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the necessary costs of completion and selling expenses. The Group recognises allowances for obsolete, slow moving and defective inventories by considering the future use of those inventories.

3.6 Other investments

The Group classifies investments other than investments in subsidiaries and associates into the two categories which are (1) available for sale investments and (2) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- (1) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available for sale investments; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
- (2) Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Available for sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is recognised in the statement of profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of profit or loss. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

3.7 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property of the Group is land and building held for long-term rental yields or for capital appreciation, including certain land which is currently undetermined for future use.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Land is not depreciated. Depreciation on other investment properties which are buildings is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives for 20 - 40 years.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

3.8 Property, plant and equipment

Land and land improvement is stated at cost less allowance for impairment. Plant and equipment are initially recorded at cost and subsequently stated at historical cost less accumulated depreciation. Costs include directly attributable expenses in acquiring such asset.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in the statement of profit or loss during the financial period in which they are incurred.

Land and land improvement is not depreciated.

Depreciation on other assets is calculated on the straight-line method or units of production to allocate their costs to their residual values over their estimated useful life, as follows:

Buildings and building improvements	20 - 40 years
Machinery and pipes	20 - 30 years
Other machinery	Unit of production
Tools and factory equipment	10 years
Furniture, fixtures and office equipment	5 - 10 years
Vehicles	5 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

The 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 3.10).

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised as other income in the statement of profit or loss.

3.9 Intangible assets

Intangible assets are dredging expenses and computer software which are stated at cost less accumulated amortisation and impairment loss.

Dredging expenses is expenditure paid to prepare the undersea area around the jetty.

Intangible assets of the Group are definite life assets which are amortised on a straight-line basis over the estimated useful lives of the assets. Amortisation is recognised in the statement of profit or loss.

Dredging expenses	10 - 20 years
Computer software	5 - 10 years

3.10 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment at the end of reporting period. Assets that are subject to 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 carrying amount of the assets 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 purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of reporting period.

3.11 Leases

Leases - where the Group is the lessee

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 recognised in the statement of profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant or 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 property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is recognised in the statement of profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

Leases - where the Group is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

3.12 Borrowings and debentures

Borrowings and debentures are recognised initially at the fair value, net of transaction costs incurred. Borrowings and debentures are subsequently stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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 period.

3.13 Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

3.14 Current and deferred income taxes

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 shareholders' equity, respectively.

The current income tax charge is calculated based on taxable profit using the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised in full amount, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of a deferred tax assets is reviewed at the end of each reporting period. Deferred tax assets shall be reduced to the extent that utilized taxable profits decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the deferred tax assets to be recovered.

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 on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.15 Employee benefits

The Group has both defined contribution plans and defined benefit. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

- Defined contribution plans

- Provident fund

The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act. B.E. 2530. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

- Defined benefit plans

- Retirement benefits

Under Labour Laws applicable in Thailand and the Group's employment policy, all employees completing 120 days of service are entitled to severance pay on termination or retrenchment without cause or upon retirement age of 60. The severance pay will be at the rate according to number of years of service as stipulated in the Labour Law which is currently at a maximum rate of 300 days of final salary. In addition, the Group has a policy to reward gold to the employees upon retirement.

- Other long-term benefits

The Group has a policy to reward gold to employees who have provided their services to the Group at their 10, 20 and 30 year anniversaries.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that have terms to maturity approximating to the terms of the related pension liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality rate, length of service and others.

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

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

3.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

3.17 Treasury stock

Treasury stock is carried at cost and shown as a deduction from total shareholders' equity. Gains on disposal of treasury stock are determined by referring to its carrying amount and are taken to "Premium on treasury stock". Losses on disposal of treasury stock are determined by referring to its carrying amount and are taken to "Premium on treasury stock" and "Retained earnings" consecutively.

3.18 Revenue recognition

Sale of goods and services rendered

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Group's activities including excise tax, municipal tax and oil fund. Revenue is shown net of returns, rebates and discounts, and after eliminating sales within the Group. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Service income is recognised as services are provided.

Interest and dividend income

Interest income is recognised using the effective interest method. Dividends are recognised when the right to receive payment is established.

Other income

Other income is recognised in the statement of profit or loss on an accrual basis.

3.19 Dividends payment

Dividends are recorded in the consolidated and separate financial statements in the period in which they are approved by the shareholders of the Group. Interim dividends are recorded in the consolidated and separate financial statements in the period in which they are approved by the Board of directors' of the Group.

3.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Chief Executive Officer that makes strategic decisions.

Segment information is presented in respect of the Group's business segments which is based on the Group's management and internal reporting structure (see Note 8).

3.21 Fair value measurement for disclosure purpose

The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS 13, including the level in the fair value hierarchy.

When measuring the fair value of an asset or a liability, Group uses market observable data as the first priority. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques for fair value measurement as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

3.22 Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to owner of the parent by the weighted average number of ordinary shares outstanding during the year less shares of the parent held by a subsidiary excluding treasury shares.

4. FINANCIAL RISK AND PRICING RISK MANAGEMENT REGARDING RAW MATERIALS AND PRODUCT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group, if possible. The Group uses derivative financial instruments which are forward foreign exchange contracts and interest rate swap contracts to protect certain exposures. In execution of the aforementioned derivative transactions, it should be in line with the policies determined by the Board of Directors. Management is approved to execute the transactions according to the table of authority of the Group and has to report the results to the Board of Directors.

4.1.1 Foreign exchange rate risk

The Group operates internationally and is exposed to foreign exchange rate risk arising from various currency exposures primarily with respect to US Dollar. The Group has a hedging policy to mitigate foreign exchange rate risk by entering into forward foreign exchange contracts in order to match the foreign currency that the Group expected to receive in future from its revenue.

4.1.2 Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has interest rate risk arising from borrowings and debentures with floating and fixed interest rates. The Group uses interest rate swap contracts by agreeing with the counterparties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

4.1.3 Credit risk

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high-credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

4.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding and the ability to manage risk. Due to the dynamic nature of the underlying business, the Group's treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

4.2 Pricing risk factors regarding raw materials and products

The Group has managed the pricing risks of raw materials and products by setting up the Hedging Committee so as to manage risk exposures following policies approved by the Board of Directors. The Hedging Committee identifies, evaluates and hedges product risks by working closely with the Group's operating units under the approved framework. The Group uses financial instruments such as crack spread swap contracts, time spread swap contracts and crude oil and petroleum products swap contracts to minimise its exposure to the fluctuation in oil prices and products. In execution of the aforementioned derivative transactions, it should be in line with the policies determined by the Board of Directors. The Hedging Committee is authorised to execute the transactions according to the specified policies.

Crude oil price fluctuation risk

The Group is exposed to oil price risk from substantial fluctuations in oil prices which arise from the movement of oil prices in the world market. The Group uses crack spread swap contracts, time spread swap contracts and crude oil and petroleum products swap contracts to minimise its exposure to the fluctuation of oil prices in its business operations.

4.3 Accounting for derivative financial instruments

The Group is a party to derivative financial instruments, which mainly comprise foreign currency forward contracts, interest rate swap agreements, and commodity derivatives. Such financial instruments are not recognised in the financial statement on inception but only when they are settled according to the contract terms.

Foreign currency forward contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. Any increase or decrease in the amount required to realise the asset or settle the liability is offset by a corresponding movement in the value of the forward exchange contract. The gains and losses on the derivative instruments which relate to borrowings and trading business are offset for financial reporting purposes and are recognised as net derivative gain (loss) in the statement of profit or loss.

Interest rate swap agreements protect the Group from movements in interest rates. Any difference to be paid or received on an interest rate swap agreements is recognised as a component of interest revenue or expense over the period of the agreements. Gains and losses on early termination of interest rate swap contracts or on repayment of the borrowings are presented as part of finance costs in the statement of profit or loss.

Commodity derivative contracts such as crack spread swap contracts, time spread swap contracts and crude oil and petroleum products swap contracts protect the Group from movements in crude oil price by establishing the agreed price. The difference between the price at contract settlement date and agreed price will be recognised as net derivative gain (loss) in the statement of profit or loss.

4.4 Fair value estimation of derivatives for disclosure in the financial statement

The fair value of publicly traded derivatives is based on quoted market prices at the financial position date. The fair value of forward foreign exchange contracts and the interest rate swap contracts is determined by the market rate of each agreement which is calculated by financial institutions dealing with the Group at the financial position date. The fair values of commodity derivatives are calculated by the offering selling and buying price at the statement of financial position date quoted by the financial institutions of the Group at the financial position date. Details of fair values of derivative contracts are disclosed in Note 36.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom 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 outlined below.

5.1 Impairment of short-term loans to related parties, amount due from related parties and investment in subsidiaries, associates and other long-term investments

The Group estimates the possibility of the recoverability of loans to and receivables from related parties by considering the ability of settlement. For the investments in subsidiaries, associates and other long-term investments, the Group reviews whether the investments have suffered any impairment. The recoverable amounts have been determined based on their expected future cash flow.

5.2 Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is probably that sufficient taxable profits will be available in the future against which the reversal of temporary differences can be deducted. The Group has determined the future taxable profits by referencing to the latest available financial forecasts. The recognition, therefore, involves judgement regarding the future financial performance of the Group in which the deferred tax assets have been recognised.

5.3 Employee benefits

The present value of the defined benefit plans depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used include the discount rate, salary increase rate and turnover. Any changes in these assumptions will have an impact on the carrying amount the employee benefit obligations. Additional information is disclosed in Note 22.

6. CAPITAL RISK MANAGEMENT

The Group's objectives of capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

7. SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION

Accounts payable - acquisition of fixed assets for the years ended December 31, are as follows:

	Unit : Million Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accounts payable - acquisition ⁽¹⁾ of fixed assets brought forward	951	1,157	950	1,136
<u>Add</u> Purchase of fixed assets (net of capitalized borrowing costs)	13,124	10,213	12,973	10,134
<u>Less</u> Cash payment	(11,223)	(10,419)	(11,071)	(10,320)
Accounts payable - acquisition ⁽¹⁾ of fixed assets carried forward	<u>2,852</u>	<u>951</u>	<u>2,852</u>	<u>950</u>

⁽¹⁾ Accounts payable - acquisition of fixed assets has been presented including in other payables in the statements of financial position as at December 31, 2017 and 2016.

8. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segments which are based on the Group's management and internal reporting structure.

The Group's main business segments are:

Petroleum products:	Refinery, lubricant, asphalt
Petrochemical products:	Olefins, aromatics and related products including special products
Other business segments:	Power plant, jetty and other utilities

The accounting policies for the operating segments are described in the summaries significant accounting policies.

	Unit : Million Baht			
	Consolidated financial statements			
	Petroleum Products	Petrochemical products	Other businesses	Total
For the year ended December 31, 2017				
Revenue from sales	150,637	59,730	3,734	214,101
Profit from operating segments	3,740	8,844	773	13,357
Unallocated other income				1,862
Profit from operations				15,219
Finance costs				(2,067)
Share of profit on investments in a joint venture and associates				388
Income tax expense				(2,181)
Net profit for the year				<u>11,359</u>

Unit : Million Baht

	Consolidated financial statements				Total
	Petroleum Products	Petrochemical products	Other businesses	Elimination entries	
As at December 31, 2017					
Segment fixed assets	60,486	43,154	15,991	370	120,001
Unallocated fixed assets					7,060
Segment other assets	31,316	11,080	3,378	(809)	44,965
Unallocated other assets					12,518
Consolidated total assets					<u>184,544</u>

Unit : Million Baht

	Consolidated financial statements				Total
	Petroleum Products	Petrochemical products	Other businesses	Elimination entries	
For the year ended December 31, 2016					
Revenue from sales		130,000	51,000	4,041	185,041
Profit from operating segments		1,928	8,685	569	11,182
Unallocated other income					283
Profit from operations					11,465
Finance costs					(1,556)
Share of profit on investments in a joint venture and associates					125
Income tax expense					(282)
Net profit for the year					<u>9,752</u>

Unit : Million Baht

	Consolidated financial statements				Total
	Petroleum Products	Petrochemical products	Other businesses	Elimination entries	
As at December 31, 2016					
Segment fixed assets	58,154	31,290	16,347	176	105,967
Unallocated fixed assets					14,204
Segment other assets	24,555	10,364	3,077	(660)	37,336
Unallocated other assets					14,871
Consolidated total assets					<u>172,378</u>

Geographic information

The Group's revenue from external customers approximately 57% is generated in Thailand. Revenue attributed to foreign countries are mainly from countries in Asia. In addition, non-current assets of the Group are located in Thailand.

Major customers

The Group has no revenue from transactions with a single external customer that amounts to 10% or more of the Group's revenue. Therefore, the Group does not present the information about major customers.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, consist of the following:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Cash on hand	1	1	-	-
Bank deposits in current accounts	158	892	145	547
Bank deposits in savings accounts	1,986	1,149	1,457	979
Total cash and cash equivalents	2,145	2,042	1,602	1,526

As at December 31, 2017, bank deposits in current accounts and savings accounts bear interest at rates between 0.1% and 1.2% per annum (2016 : 0.04% and 1.45% per annum). Cash and cash equivalents are mainly in Thai Baht.

10. TRADE RECEIVABLES

Trade receivables as at December 31, consist of the following:

	Note	Consolidated		Unit : Million Baht	
		financial statements		Separate	
		2017	2016	2017	2016
Trade receivables					
- Other parties		8,165	6,512	7,942	6,358
- Related parties	35 (b)	4,642	3,479	4,812	3,596
Total		12,807	9,991	12,754	9,954
<u>Less</u> Allowance for doubtful accounts		(23)	(24)	(22)	(22)
Trade receivables		12,784	9,967	12,732	9,932

Aging analysis of trade receivables is as follows:

	Note	Consolidated		Unit : Million Baht	
		financial statements		Separate	
		2017	2016	2017	2016
Other parties					
Current		7,811	6,411	7,597	6,262
Overdue					
- less than 3 months		331	77	323	74
- over 3 months but less than 12 months		-	1	-	-
- over 12 months		23	23	22	22
		<u>354</u>	<u>101</u>	<u>345</u>	<u>96</u>
		8,165	6,512	7,942	6,358
<u>Less</u> Allowance for doubtful accounts		(23)	(24)	(22)	(22)
Trade receivables from other parties		8,142	6,488	7,920	6,336
Related parties					
Current		4,017	3,424	4,208	3,542
Overdue					
- less than 3 months		625	49	604	48
- over 3 months but less than 12 months		-	2	-	2
- over than 12 months		-	4	-	4
		<u>625</u>	<u>55</u>	<u>604</u>	<u>54</u>
Trade receivables from related parties	35 (b)	4,642	3,479	4,812	3,596
Total trade receivables		12,784	9,967	12,732	9,932

Normal credit term of trade receivables is determined at 30 days to 60 days.

11. OTHER RECEIVABLES

Other receivables as at December 31, consist of the following:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Receivables from Excise Department and Oil Fund	261	32	261	32
Others	299	29	291	26
Total other receivables	<u>560</u>	<u>61</u>	<u>552</u>	<u>58</u>

12. INVENTORIES

Inventories as at December 31, consist of the following:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Raw materials	7,884	5,386	7,784	5,342
Work in process	16	28	16	28
Finished goods	13,857	13,349	13,443	13,044
Chemicals and fuel oil	1,128	1,193	1,094	1,165
Spare parts and repair materials	2,342	2,178	2,312	2,146
Goods in transit	5,392	4,103	5,385	4,103
<u>Less</u> Allowance for diminution in value and obsolescence of inventories	<u>(567)</u>	<u>(454)</u>	<u>(556)</u>	<u>(443)</u>
Total inventories	<u>30,052</u>	<u>25,783</u>	<u>29,478</u>	<u>25,385</u>

According to the Ministry of Energy's regulations, the Company is required to reserve crude oil at 6% of commercial volume and liquid petroleum gas and petroleum products at 1% of the total production output in each period. As at December 31, 2017, the inventories presented in the consolidated and separate financial statements included minimum mandatory reserve on crude oil, liquid petroleum gas, and petroleum products amounting to Baht 5,126 million, and Baht 5,122 million, respectively (as at December 31, 2016: Baht 5,213 million and Baht 5,209 million in the consolidated and separate financial statements, respectively), which were net amount of allowance for diminution in value and obsolescence of inventories.

The cost of inventories recognised as expense and included in cost of sales amounting to Baht 173,387 million and Baht 172,161 million in the consolidated and separate statements of profit or loss, respectively (2016 : Baht 149,279 million and Baht 144,275 million in the consolidated and separate statements of profit or loss, respectively).

As at December 31, 2017, inventories are presented net of allowance for diminution in value and obsolescence of inventories amounting to Baht 567 million and Baht 556 million in the consolidated and separate statements of financial position, respectively (2016 : Baht 454 million and Baht 443 million in the consolidated and separate statements of financial position, respectively). During the year 2017, the allowance for diminution in value and obsolescence of inventories amounting to Baht 113 million was recognised in the consolidated and separate statements of profit or loss (2016 : reversal of allowance for diminution in value and obsolescence of inventories amounting to Baht (227) million and Baht (206) million were recognised in the consolidated and separate statements of profit or loss, respectively).

13. INVESTMENTS IN SUBSIDIARIES, A JOINT VENTURE AND ASSOCIATES

Movements of investments in subsidiaries, a joint venture and associates for the years ended December 31, are as follows:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Opening net book amount	6,554	6,143	8,692	8,978
Increase in investment ¹⁾	58	309	58	309
Disposal of investments in subsidiaries ²⁾	-	(23)	(75)	(23)
Dividends from a joint venture	(6)	-	-	-
Share of profit on investments in a joint venture and associates	388	125	-	-
Share of other comprehensive loss on investment in an associate	(2)	-	-	-
Additional from entire business transfer ³⁾	-	-	-	14
Reduction of registered share capital of a subsidiary ⁴⁾	-	-	-	(586)
Closing net book amount	<u>6,992</u>	<u>6,554</u>	<u>8,675</u>	<u>8,692</u>

- 1) During 2017 and 2016, IRPC Clean Power Company Limited, which is an associate of the Company, called for the additional paid-up at Baht 0.24 per share and Baht 2.56 per share. The Company paid for additional paid-up share capital at the same proportion of investment, totalling Baht 58 million and Baht 309 million, respectively.
- 2) On January 31, 2017, the Company sold 25% shares of IRPC Polyol Company Limited (at par value totalling Baht 75 million) to PCC Rokita Spolka Akcyjna, incorporated in Poland, totalling Baht 77 million which there was gain on sales of investment of Baht 2 million.

On February 19, 2016, Rayong Tank Terminal Co., Ltd., a subsidiary of the Company, completed the registration for the liquidation. The Company wrote-off this investment, net of full impairment.

On September 30, 2016, IRPC Energy Co., Ltd., a subsidiary of the Company, completed the registration for the liquidation. The Company wrote-off this investment of Baht 23 million, net of partial impairment.

- 3) On August 1, 2016, Thai ABS Co., Ltd. transferred investment in share capital of a subsidiary, amounting to Baht 14 million, to the Company under Entire Business Transfer Agreement. At the Extraordinary Shareholders' meeting of Thai ABS Co., Ltd., it was resolved to liquidate and registered for the dissolution with the Department of Business Development on that date.
- 4) During 2016, Thai ABS Co., Ltd., the Company's subsidiary, reduced its registered share capital by Baht 586 million (from the registered share capital of 62.50 million shares at par value of Baht 10 per share to 3.91 million shares at par value of Baht 10). There is no change in investment proportion held by the Company.

a) Details of investments in a joint venture and associates as at December 31, in the consolidated financial statements are as follows:

	Consolidated financial statements						Unit : Million Baht	
	Paid-up share capital		Cost method		Equity method		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016
<u>Joint venture</u>								
IRPC-PCC Co., Ltd. ⁽¹⁾	10	10	5	5	6	11	6	-
			5	5	6	11	6	-
<u>Associates</u>								
PTT Energy Solutions Co., Ltd.	150	150	30	30	46	46	-	-
UBE Chemicals (Asia) Public Co., Ltd.	10,739	10,739	5,300	5,300	4,927	4,702	-	-
IRPC Clean Power Co., Ltd.	3,083	2,966	1,510	1,453	2,013	1,795	-	-
			6,840	6,783	6,986	6,543	-	-
Total investments in a joint venture and associates			6,845	6,788	6,992	6,554	6	-

⁽¹⁾ On March 22, 2017, the Annual General Meeting of shareholders of IRPC-PCC Co., Ltd. ("IRPC-PCC") passed a resolution to dissolve the business and IRPC-PCC registered for dissolution with the Department of Business Development on July 3, 2017. Currently, IRPC-PCC is under the liquidation process.

b) Details of investments in subsidiaries and associates as at December 31, in the separate financial statements are as follows:

Subsidiaries	Business type	Separate financial statements										Unit : Million Baht		
		Ownership interest (%)		Paid-up capital		Cost method		Impairment		Net			Dividend income	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016		2017	2016
<i>Active subsidiaries</i>														
IRPC Oil Company Limited	Sales of oil products and gas	99.99	99.99	2,000	2,000	2,000	2,000	(718)	(718)	1,282	1,282	130	190	
IRPC Polyol Company Limited	Manufacturing and sales of chemical products													
	for polyurethanes	74.99	99.99	300	300	225	300	-	-	225	300	-	87	
IRPC Technology Company Limited	Vocational school	99.99	99.99	750	750	750	750	(476)	(476)	274	274	-	-	
IRPC A&L Company Limited	Distributing of petrochemical products	59.98	59.98	10	10	14	14	-	-	14	14	69	-	
<i>Subsidiary under bankruptcy process</i>														
R. Solution Co., Ltd. (Below Baht 1 million)	Service for security	99.50	99.50	-	-	-	-	-	-	-	-	-	-	
<i>Subsidiaries under liquidation process</i>														
Thai ABS Co., Ltd.	Manufacturing and sales of plastic resin	99.99	99.99	39	39	39	39	-	-	39	39	-	7	
TPI Internet Portal Co., Ltd. (Below Baht 1 million)	Sales of oil products	99.99	99.99	-	-	-	-	-	-	-	-	-	-	
Total investments in subsidiaries				3,028	3,103	(1,194)	(1,194)	1,834	1,909	199	284			
<i>Associates</i>														
PTT Energy Solutions Co., Ltd.	Engineering consulting	20.00	20.00	150	150	30	30	-	-	30	30	-	-	
UBE Chemicals (Asia) Public Co., Ltd.	Manufacturing and sales of petrochemical products	25.00	25.00	10,739	10,739	5,300	5,300	-	-	5,300	5,300	-	-	
IRPC Clean Power Co., Ltd.	Manufacturing and sales of electricity and steam	48.99	48.99	3,083	2,966	1,510	1,453	-	-	1,510	1,453	-	-	
Total investments in associates				6,840	6,783	-	-	6,840	6,783	-	-	-	-	

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the associates.

Summarised financial Information for the years ended December 31, is as follows:

	Unit : Million Baht			
	UBE Chemicals (Asia) Public Co., Ltd.		IRPC Clean Power Co., Ltd.	
	2017	2016	2017	2016
Opening net assets at January 1,	11,998	12,044	3,264	2,282
Issue of share capital during the years	-	-	118	630
Net profit (loss) for the years	1,059	(46)	343	352
Closing net assets at December 31,	13,057	11,998	3,725	3,264
Interest in associates (%)	25.00	25.00	48.99	48.99
Carrying value at December 31,	3,264	3,000	1,825	1,599

14. OTHER LONG-TERM INVESTMENTS

Other long-term investments as at December 31, are as follows:

	Unit : Million Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Available for sales investments at fair value	68	1,442	68	1,442
<u>Less</u> Allowances for revaluation of investments	(7)	(223)	(7)	(223)
	61	1,219	61	1,219
General investments at cost method	4,061	4,061	4,059	4,059
<u>Less</u> Allowances for impairment	(3,478)	(4,040)	(3,477)	(4,038)
	583	21	582	21
Total other long-term investments	644	1,240	643	1,240

The fair value measurement of available for sale investments is based on quoted bid price as at the end of reporting period by reference from the Stock Exchange of Thailand which fair value hierarchy is level 1.

On May 15, 2017, the Company recognised available for sale investment of TPI Polene Public Company Limited from Legal Execution Department amounting to 28,699,320 shares at Baht 2.26 per share, totalling Baht 65 million.

During 2016, the available for sale investments which is the investments in ordinary share capital of Thai Oil Public Company Limited, a listed company in the Stock Exchange of Thailand, of 4 million shares with value at fair as at December 31, 2016 of Baht 288 million has been entered into the Stock Borrowing and Lending Agreement and the Equity Call Option Agreement with a financial institution for a period of one year and the due is in September 2017 and 12.5 million shares with value at fair as at December 31, 2016 of Baht 901 million has been entered into the Equity Call Option Agreement with a financial institution for a period of one year, the due is in October 2017 and November 2017. At the end of contract date, the financial institutions have the rights to exercise the option at the strike rate as agreed in the contract. Subsequently, during 2017, the Company sold available for sale investment of Thai Oil Public Company Limited amounting to 16.9 million shares at Baht 67.50 per share totalling Baht 1,141 million. The Company gained on its sales of such investment amounting to Baht 115 million.

General investments as at December 31, can be summarised as follows:

	% of investment		Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2017	2016	2017	2016	2017	2016
Investments with the former management and the entities relating to the former management						
Pornchai Enterprise Co., Ltd.	23.65	23.65	1,119	1,119	1,117	1,117
TPI EOEG Co., Ltd.	36.31	36.31	829	829	829	829
TPI Holding Co., Ltd.	35.00	35.00	1,416	1,416	1,416	1,416
Thai Special Steel Industry Plc.	16.24	16.24	673	673	673	673
			<u>4,037</u>	<u>4,037</u>	<u>4,035</u>	<u>4,035</u>
<u>Less</u> Allowance for impairment			<u>(3,475)</u>	<u>(4,037)</u>	<u>(3,474)</u>	<u>(4,035)</u>
			<u>562</u>	<u>-</u>	<u>561</u>	<u>-</u>
General investments - others			24	24	24	24
<u>Less</u> Allowance for impairment			<u>(3)</u>	<u>(3)</u>	<u>(3)</u>	<u>(3)</u>
			<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>
Total general investments			<u>583</u>	<u>21</u>	<u>582</u>	<u>21</u>

During 2017, the Company jointly invested in Social Energy Enterprise Co., Ltd., which it was registered as a limited company with Baht 10 million registered capital. The Company was called for share subscription of 25% which the Company holds 15% of the registered share capital of such company. The objective of such company is to support the social enterprise.

During 2017, the Company recognized the reversal impairment of its investments with the former managements and the entities relating to the former management of three companies which consisted of Pornchai Enterprise Co., Ltd., TPI EOEG Co., Ltd. and TPI Holding Co., Ltd. This amount is calculated in consideration of the recoverable amount of financial assets from such companies as at December 31, 2017 in amount of Baht 562 million and Baht 561 million in the consolidated and separate financial statements, respectively.

15. INVESTMENT PROPERTY

Investment property as at December 31, consists of:

As at December 31, 2017

	Unit : Million Baht			
	Consolidated financial statements			
	Balances as at January 1, 2017	Additions	Disposals	Balances as at December 31, 2017
Cost				
Land	1,543	1	(15)	1,529
Building	18	-	-	18
Total cost	<u>1,561</u>	<u>1</u>	<u>(15)</u>	<u>1,547</u>
Accumulated depreciation				
Building	(17)	(1)	-	(18)
Total accumulated depreciation	<u>(17)</u>	<u>(1)</u>	<u>-</u>	<u>(18)</u>
<u>Less</u> Allowance for impairment	<u>(354)</u>	<u>-</u>	<u>87</u>	<u>(267)</u>
Total investment property	<u>1,190</u>			<u>1,262</u>

As at December 31, 2016

Unit : Million Baht

	Consolidated financial statements			
	Balances as at January 1, 2016	Additions	Disposals	Balances as at December 31, 2016
Cost				
Land	1,542	2	(1)	1,543
Building	19	-	(1)	18
Total cost	<u>1,561</u>	<u>2</u>	<u>(2)</u>	<u>1,561</u>
Accumulated depreciation				
Building	(16)	(1)	-	(17)
Total accumulated depreciation	<u>(16)</u>	<u>(1)</u>	<u>-</u>	<u>(17)</u>
<u>Less</u> Allowance for impairment	<u>(354)</u>	<u>-</u>	<u>-</u>	<u>(354)</u>
Total investment property	<u>1,191</u>			<u>1,190</u>

As at December 31, 2017

Unit : Million Baht

	Separate financial statements			
	Balances as at January 1, 2017	Additions	Disposals	Balances as at December 31, 2017
Cost				
Land	1,480	1	-	1,481
<u>Less</u> Allowance for impairment	<u>(329)</u>	<u>-</u>	<u>81</u>	<u>(248)</u>
Total investment property	<u>1,151</u>			<u>1,233</u>

As at December 31, 2016

Unit : Million Baht

	Separate financial statements			
	Balances as at January 1, 2016	Additions	Disposals	Balances as at December 31, 2016
Cost				
Land	1,479	2	(1)	1,480
Building	1	-	(1)	-
Total cost	<u>1,480</u>	<u>2</u>	<u>(2)</u>	<u>1,480</u>
Accumulated depreciation				
Building	(1)	-	1	-
Total accumulated depreciation	<u>(1)</u>	<u>-</u>	<u>1</u>	<u>-</u>
<u>Less</u> Allowance for impairment	<u>(329)</u>	<u>-</u>	<u>-</u>	<u>(329)</u>
Total investment property	<u>1,150</u>			<u>1,151</u>

Amounts recognised in the statements of profit or loss that are related to investment property for the years ended December 31, are as follows:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Rental income	25	45	24	44

The fair values of investment property as at December 31, are as follows:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Land	1,622	1,610	1,594	1,559
Buildings	5	22	-	-
	<u>1,627</u>	<u>1,632</u>	<u>1,594</u>	<u>1,559</u>

The fair values of investment property as disclosed above are from the appraisal of independent valuers by using market approach during 2017 which the environment and the assumptions used for the assessment have not been significantly changed from prior appraisal.

16. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at December 31, are as follows:

As at December 31, 2017

	Unit : Million Baht				
	Consolidated financial statements				
	Balances as at January 1, 2017	Additions	Disposals/ Write off	Transfers in (out)	Balances as at December 31, 2017
Cost					
Land and land improvement	8,954	561	(17)	-	9,498
Buildings and building improvements	35,614	13	-	2,043	37,670
Machinery and pipes	125,953	278	(2,185)	10,663	134,709
Tools and factory equipment	2,914	161	(11)	101	3,165
Furniture, fixtures and office equipment	1,013	34	(49)	88	1,086
Vehicles	664	31	(7)	1	689
Total	<u>175,112</u>	<u>1,078</u>	<u>(2,269)</u>	<u>12,896</u>	<u>186,817</u>
Accumulated depreciation					
Buildings and building improvements	(14,612)	(1,221)	-	-	(15,833)
Machinery and pipes	(51,658)	(5,287)	2,155	-	(54,790)
Tools and factory equipment	(1,843)	(193)	11	-	(2,025)
Furniture, fixtures and office equipment	(838)	(80)	49	-	(869)
Vehicles	(559)	(22)	7	-	(574)
Total	<u>(69,510)</u>	<u>(6,803)</u>	<u>2,222</u>	<u>-</u>	<u>(74,091)</u>
Assets under construction and assets under installation	15,115	12,488	-	(12,896)	14,707
<u>Less</u> Allowance for impairment	<u>(546)</u>	<u>-</u>	<u>174</u>	<u>-</u>	<u>(372)</u>
Total property, plant and equipment	<u>120,171</u>				<u>127,061</u>

As at December 31, 2016

Unit : Million Baht

Consolidated financial statements						
	Balances as at January 1, 2016	Additions	Disposals/ Write off	Transfers in (out)	Reclassification of assets	Balances as at December 31, 2016
Cost						
Land and land improvement	8,949	-	-	5	-	8,954
Buildings and building improvements	27,119	11	-	8,482	2	35,614
Machinery and pipes	92,317	175	-	33,355	106	125,953
Tools and factory equipment	2,732	66	(2)	118	-	2,914
Furniture, fixtures and office equipment	965	30	(3)	10	11	1,013
Vehicles	683	-	(19)	-	-	664
Total	<u>132,765</u>	<u>282</u>	<u>(24)</u>	<u>41,970</u>	<u>119</u>	<u>175,112</u>
Accumulated depreciation						
Buildings and building improvements	(13,572)	(1,040)	-	-	-	(14,612)
Machinery and pipes	(47,019)	(4,639)	-	-	-	(51,658)
Tools and factory equipment	(1,650)	(195)	2	-	-	(1,843)
Furniture, fixtures and office equipment	(756)	(85)	3	-	-	(838)
Vehicles	(553)	(25)	19	-	-	(559)
Total	<u>(63,550)</u>	<u>(5,984)</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>(69,510)</u>
Assets under construction and assets under installation	46,138	10,947	-	(41,970)	-	15,115
<u>Less</u> Allowance for impairment	(546)	-	-	-	-	(546)
Total property, plant and equipment	<u>114,807</u>					<u>120,171</u>
Depreciation for the years ended December 31,						
2017						<u>6,803</u>
2016						<u>5,984</u>

As at December 31, 2017

Unit : Million Baht

	Separate financial statements				Balances as at December 31, 2017
	Balances as at January 1, 2017	Additions	Disposals/ Write off	Transfers in (out)	
Cost					
Land and land improvement	8,318	561	(17)	-	8,862
Buildings and building improvements	33,784	4	-	2,043	35,831
Machinery and pipes	125,277	274	(2,185)	10,602	133,968
Tools and factory equipment	2,090	118	(11)	87	2,284
Furniture, fixtures and office equipment	912	26	(49)	88	977
Vehicles	486	30	(7)	1	510
Total	170,867	1,013	(2,269)	12,821	182,432
Accumulated depreciation					
Buildings and building improvements	(13,108)	(1,224)	-	-	(14,332)
Machinery and pipes	(51,458)	(5,270)	2,156	-	(54,572)
Tools and factory equipment	(1,457)	(136)	11	-	(1,582)
Furniture, fixtures and office equipment	(769)	(71)	49	-	(791)
Vehicles	(381)	(22)	7	-	(396)
Total	(67,173)	(6,723)	2,223	-	(71,673)
Assets under construction and assets under installation	14,977	12,402	-	(12,821)	14,558
<u>Less</u> Allowance for impairment	(189)	-	29	-	(160)
Total property, plant and equipment	118,482				125,157

As at December 31, 2016

Unit : Million Baht

	Separate financial statements						Balances as at December 31, 2016
	Balances as at January 1, 2016	Additions	Disposals/ Write off	Transfers in (out)	Reclassification of assets	Addition from entire business transfers	
Cost							
Land and land improvement	8,313	-	-	5	-	-	8,318
Buildings and building improvements	23,475	4	-	8,396	2	1,907	33,784
Machinery and pipes	82,467	173	-	33,041	106	9,490	125,277
Tools and factory equipment	1,946	64	-	41	-	39	2,090
Furniture, fixtures and office equipment	855	25	(3)	10	11	14	912
Vehicles	500	-	(18)	-	-	4	486
Total	117,556	266	(21)	41,493	119	11,454	170,867
Accumulated depreciation							
Buildings and building improvements	(11,471)	(1,004)	-	-	-	(633)	(13,108)
Machinery and pipes	(42,212)	(4,411)	-	-	-	(4,835)	(51,458)
Tools and factory equipment	(1,293)	(140)	-	-	-	(24)	(1,457)
Furniture, fixtures and office equipment	(685)	(76)	3	-	-	(11)	(769)
Vehicles	(375)	(21)	18	-	-	(3)	(381)
Total	(56,036)	(5,652)	21	-	-	(5,506)	(67,173)
Assets under construction and assets under installation	45,551	10,885	-	(41,493)	-	34	14,977
<u>Less</u> Allowance for impairment	(189)	-	-	-	-	-	(189)
Total property, plant and equipment	106,882						118,482
Depreciation for the years ended December 31,							
2017							6,723
2016							5,652

For the year ended December 31, 2017, borrowing costs of Baht 442 million was included in the purchases of assets in the consolidated and separate financial statements, respectively (2016 : Baht 1,024 million and Baht 1,019 million in the consolidated and separate financial statements, respectively) arising from financing specifically for the construction of new factories. The Group used the capitalisation rates between 4.10% and 4.14% to calculate the capitalized borrowing costs.

17. INTANGIBLE ASSETS

Intangible assets as at December 31, consist of:

As at December 31, 2017

Unit : Million Baht

	Consolidated financial statements				
	Balances as at January 1, 2017	Additions	Disposals	Transfers in (out)	Balances as at December 31, 2017
Cost					
Dredging expenses	2,640	-	-	-	2,640
Computer software	987	32	-	18	1,037
Total	3,627	32	-	18	3,677
Accumulated amortisation					
Dredging expenses	(2,241)	(141)	-	-	(2,382)
Computer software	(709)	(115)	-	-	(824)
Total	(2,950)	(256)	-	-	(3,206)
Computer software under installation	132	98	-	(18)	212
Total intangible assets	809				683

As at December 31, 2016

Unit : Million Baht

	Consolidated financial statements				
	Balances as at January 1, 2016	Additions	Disposals	Reclassification of assets	Balances as at December 31, 2016
Cost					
Dredging expenses	2,640	-	-	-	2,640
Computer software	952	35	-	-	987
Total	3,592	35	-	-	3,627
Accumulated amortisation					
Dredging expenses	(2,099)	(142)	-	-	(2,241)
Computer software	(589)	(120)	-	-	(709)
Total	(2,688)	(262)	-	-	(2,950)
Computer software under installation	218	33	-	(119)	132
Total intangible assets	1,122				809

Amortisation for the years ended December 31,

2017	256
2016	262

As at December 31, 2017

Unit : Million Baht

	Separate financial statements				
	Balances as at January 1, 2017	Additions	Disposals	Transfers in (out)	Balances as at December 31, 2017
Cost					
Dredging expenses	2,640	-	-	-	2,640
Computer software	980	32	-	18	1,030
Total	3,620	32	-	18	3,670
Accumulated amortisation					
Dredging expenses	(2,241)	(141)	-	-	(2,382)
Computer software	(708)	(114)	-	-	(822)
Total	(2,949)	(255)	-	-	(3,204)
Computer software under installation	132	97	-	(18)	211
Total intangible assets	803				677

As at December 31, 2016

Unit : Million Baht

	Separate financial statements				
	Balances as at January 1, 2016	Additions	Disposals	Reclassification of assets	Balances as at December 31, 2016
Cost					
Dredging expenses	2,640	-	-	-	2,640
Computer software	945	35	-	-	980
Total	3,585	35	-	-	3,620
Accumulated amortisation					
Dredging expenses	(2,099)	(142)	-	-	(2,241)
Computer software	(589)	(119)	-	-	(708)
Total	(2,688)	(261)	-	-	(2,949)
Computer software under installation	218	33	-	(119)	132
Total intangible assets	1,115				803

Amortisation for the years ended December 31,

2017

255

2016

261

18. DEFERRED INCOME TAX/INCOME TAX

The movement of deferred tax assets and liabilities during the years is as follows:

	Unit : Million Baht				
	Consolidated financial statements				
	Employee benefit obligations	Fixed assets	Taxable loss carried forward	Others	Total
Deferred tax assets					
As at January 1, 2016	368	294	1,926	149	2,737
Net charged/(credited) to profit or loss	19	(11)	(270)	12	(250)
Net charged/(credited) to other comprehensive income	51	-	-	(23)	28
As at December 31, 2016	438	283	1,656	138	2,515
Net charged/(credited) to profit or loss	27	(7)	(1,497)	(12)	(1,489)
Net charged/(credited) to other comprehensive income	-	-	-	16	16
As at December 31, 2017	465	276	159	142	1,042

	Unit : Million Baht	
	Consolidated financial statements	
	Fixed assets	
Deferred tax liabilities		
As at January 1, 2016		163
Net charged/(credited) to profit or loss		12
As at December 31, 2016		175
Net charged/(credited) to profit or loss		676
As at December 31, 2017		851
Items that presented net to deferred tax assets		810
Items that presented separately to deferred tax liabilities		41
As at December 31, 2017		851

Presentation in the statements of financial position

<u>As at December 31, 2017</u>	
Deferred tax assets - net	232
Deferred tax liabilities - net	41
<u>As at December 31, 2016</u>	
Deferred tax assets - net	2,340

	Unit : Million Baht				
	Separate financial statements				
	Employee benefit obligations	Fixed assets	Taxable loss carried forward	Others	Total
Deferred tax assets					
As at January 1, 2016	345	150	1,766	149	2,410
Net charged/(credited) to profit or loss	34	1	(255)	15	(205)
Net charged/(credited) to other comprehensive income	50	-	-	(23)	27
As at December 31, 2016	429	151	1,511	141	2,232
Net charged/(credited) to profit or loss	26	9	(1,480)	7	(1,438)
Net charged/(credited) to other comprehensive income	-	-	-	16	16
As at December 31, 2017	455	160	31	164	810

	Unit : Million Baht	
	Separate financial statements	
	Fixed assets	
Deferred tax liabilities		
As at January 1, 2016		163
Net charged/(credited) to profit or loss		12
As at December 31, 2016		175
Net charged/(credited) to profit or loss		676
As at December 31, 2017		851
Presentation in the statements of financial position		
<u>As at December 31, 2017</u>		
Deferred tax liabilities - net		41
<u>As at December 31, 2016</u>		
Deferred tax assets - net		2,057

Income tax

For the years ended December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Income tax for the current period	16	19	-	-
Deferred income tax expense	2,165	263	2,115	235
Income tax expense	2,181	282	2,115	235

For the year ended December 31, 2017, the Company has a taxable loss carried forward which can be utilised as a tax benefit; therefore, there is no income tax for the current period in the separate statement of income. The income tax presented in the consolidated statement of income for the year ended December 31, 2017 is calculated from the taxable net profit of subsidiaries at 20% tax rate.

Income tax expenses for the years ended December 31, are reconciled as follows:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Profit before tax	13,541	10,034	12,969	10,011
Tax calculated at a tax rate of 20%	2,708	2,007	2,594	2,002
Tax effect of:				
Associates' results reported net of tax	(77)	(25)	-	-
Income not subject to tax	(145)	(769)	(162)	(831)
Income subject to tax exemption	(375)	(271)	(368)	(269)
Expenses not deductible for tax purpose	100	49	97	42
Expenses not subject to tax	(19)	(11)	(19)	(11)
Adjustment prior loss carry forward	(27)	-	(27)	-
Tax losses not recognised as deferred income tax	16	-	-	-
Tax losses from previous accounting period recognised as deferred income tax	-	(698)	-	(698)
Income tax expense	2,181	282	2,115	235

19. OTHER NON-CURRENT ASSETS

Other non-current assets as at December 31, consist of:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Prepaid expense	48	185	48	185
Others	39	42	37	40
Total other non-current assets	<u>87</u>	<u>227</u>	<u>85</u>	<u>225</u>

20. BORROWINGS

20.1 Short-term borrowings from financial institutions

Unsecured short-term borrowings from financial institutions with maturities of 1-3 months as at December 31, are as follows:

	Unit : Million Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Principal	% Interest rate per annum	Principal	% Interest rate per annum
Short-term borrowings from financial institutions	2,957	1.70 - 2.27	6,141	1.60 - 1.98
	Principal	% Interest rate per annum	Principal	% Interest rate per annum
Short-term borrowings from financial institutions	2,774	1.70 - 1.75	6,000	1.60 - 1.98

20.2 Long-term borrowings from financial institutions and debentures

Long-term borrowings from financial institutions and debentures as at December 31, consist of:

	Consolidated		Unit : Million Baht Separate	
	financial statements 2017	financial statements 2016	financial statements 2017	financial statements 2016
Long-term borrowings from financial institutions	40,656	25,310	40,656	25,310
<u>Less</u> Current portion of long-term borrowings from financial institutions	(5,660)	(3,752)	(5,660)	(3,752)
<u>Less</u> Deferred financing fees	(92)	(61)	(92)	(61)
Total long-term borrowings from financial institutions	<u>34,904</u>	<u>21,497</u>	<u>34,904</u>	<u>21,497</u>
Debentures	15,254	31,208	15,254	31,208
<u>Less</u> Current portion of debentures	(5,000)	(15,952)	(5,000)	(15,952)
<u>Less</u> Deferred debentures issuance costs	(6)	(12)	(6)	(12)
Total debentures	<u>10,248</u>	<u>15,244</u>	<u>10,248</u>	<u>15,244</u>
Total current portion of long-term borrowings from financial institutions and debentures	<u>10,660</u>	<u>19,704</u>	<u>10,660</u>	<u>19,704</u>
Total long-term borrowings from financial institutions and debentures	<u>45,152</u>	<u>36,741</u>	<u>45,152</u>	<u>36,741</u>

Long-term borrowings

The Company entered into a long-term loan agreement for Baht 10,000 million with five local financial institutions for capital expenditure projects of the Group. Accounts are withdrawn according to the progress of the projects. The unsecured long-term borrowings are for a period of 8 years with an interest rate at the maximum of a six-month fixed deposit market rate plus a certain margin for the facility of Baht 5,400 million (Facility A) and at the rate of THBFIX six-month plus a certain margin for the facility of Baht 4,600 million (Facility B). The interest will be paid at the end of every month whereas the principal repayment is separated into 10 semi-annually instalments, starting from June 30, 2012 (the last business day of the 42nd month from the loan agreement date). The loans were fully drawn down.

The Company entered into the following long-term loan agreements with three local and foreign financial institutions for capital expenditure projects of the Group as follows:

- Unsecured loans with facilities of US Dollars 100 million are for a period of 8 years with an interest at LIBOR plus a certain margin per annum. The interest will be paid every 3 months or 6 months whereas the principal repayment is separated into 10 semi-annually instalments, starting from July 10, 2015 (the 42nd month from the loan agreement signing date). The loans were fully drawn down.

- Unsecured loans with facilities of Baht 3,700 million are for a period of 8 years with an interest rate of THBFIX three-month plus a certain margin per annum. The interest will be paid every 3 months whereas the principal repayment is separated into 10 semi-annually instalments, starting from July 31, 2015 (the last business day of the 42nd month from the first drawn down). The loans were fully drawn down.
- Unsecured loans with facilities of US Dollars 75 million are for a period of 6 years with an interest rate at LIBOR plus a certain margin per annum. The interest will be paid every 1 month or 3 months or 6 months. The principal was fully repaid on January 10, 2018.

The Company entered into long-term loan agreements with local financial institutions for capital expenditure projects of the Group as follows:

- Unsecured loans with facilities of Baht 10,000 million with three local financial institutions are for a period of 8 years with the interest rate of the average maximum 6-month fixed deposit rate of four commercial banks plus a certain margin per annum. The payment of interest is monthly whereas the principal repayment is separated into 12 semi-annually installments, starting from June 2016. The loans were fully drawn down.
- Unsecured loans with facilities of Baht 3,000 million with a local financial institution are for a period of 8 years with the interest rate of the 6-month fixed deposit rate of an individual plus a certain margin per annum. The payments of interest is semi-annually whereas the principle repayment is separated into 10 semi-annually installments, starting from September 30, 2017 (the 42nd month from the loan agreement date). The loans were fully drawn down.
- Unsecured loans with facilities of Baht 4,000 million with a local financial institution are for a period of 8 years from the first draw down with the interest rate of the maximum 6-month fixed deposit rate plus a certain margin per annum. The payment of interest is monthly whereas the principal repayment is separated into 12 semi-annually installments, starting from December 28, 2018 (the 30th month from the first draw down). The loans were fully drawn down.
- Unsecured loans with facilities of Baht 5,000 million with a local financial institution are for a period of 8 years from the first draw down with the interest rate of the maximum 6-month individual fixed deposit rate plus a certain margin per annum. The payment of interest is monthly whereas the principal repayment is separated into 10 semi-annually installments, starting from May 31, 2020 (the 42th month from the first draw down). The loans were fully drawn down.
- Unsecured loans with facilities of Baht 15,000 million with four local financial institutions are for a period of 8 years from the first draw down with the interest rate of the average maximum 6-month fixed deposit rate of four commercial banks plus a certain margin per annum. The payment of interest is monthly whereas the principal repayment is separated into 10 semi-annually installments, starting from November 30, 2020 (the 42th month from the first draw down). The loans were fully drawn down.

Debentures

Unsecured and non-subordinated US Dollars debentures with a total face value of US Dollars 250 million are at the discounted price of 99.323% of the face value, for the net amount of US Dollars 248.31 million. The debentures bear interest at the fixed rate of 6.375% per annum, payable semi-annually starting from November 25, 2007. The debentures was matured on May 25, 2017.

Unsecured and non-subordinated Thai Baht debentures with a total face value of Baht 10,000 million are offered these debentures to financial institution investors in two tranches, Baht 7,000 million and Baht 3,000 million which they were matured as follows:

	<u>Baht 7,000 million</u>	<u>Baht 3,000 million</u>
Maturity	7 years	10 years
Fixed interest rate per annum (%)	5.05	5.29
Payment of interest	Semi-annually	Semi-annually
Redemption date	July 2, 2014	July 2, 2017

Under the terms of the debentures, the Company has to comply with certain conditions as stipulated, such as not creating any future lien or other security interest of the Group; consolidation, amalgamation, merger and sale of assets require the debenture holders' consent and maintaining direct and indirect ownership interest of PTT Public Company Limited.

On August 24, 2012, the Company issued Tranche 1 debentures amounting to Baht 5,000 million with a fixed interest rate at 4.35% per annum, and maturity date on August 24, 2015 and Tranche 2 debentures amounting to Baht 5,000 million with a fixed interest rate at 4.76% per annum, and maturity date on August 24, 2018. Interest is payable semi-annually for both Tranche 1 and 2 debentures. The first interest payment period is on February 24, 2013 with the final interest payment on the maturity dates of each Tranche.

Under the terms of the debentures, the Company has to comply with certain conditions as stipulated therein, such as not creating any future lien or other security interest of the Group, maintaining direct and indirect ownership interest of PTT Public Company Limited and maintaining certain financial ratios as stipulated in the requirements of the debenture's issuer.

On May 9, 2014, the Company issued debentures which are non-subordinated, unsecured with a debenture holders' representative in the name-registered certificate, totalling Baht 15,000 million. The details are as follows:

- Tranche 1 debentures amounting to Baht 1,366 million and Tranche 4 debentures amounting to Baht 3,380 million with a fixed interest rate at 3.96% per annum, they were matured on May 9, 2017;
- Tranche 2 debentures amounting to Baht 1,944 million and Tranche 5 debentures amounting to Baht 1,420 million with a fixed interest rate at 4.50% per annum, and redemption date on May 9, 2019; and
- Tranche 3 debentures amounting to Baht 2,940 million and Tranche 6 debentures amounting to Baht 3,950 million with a fixed interest rate at 4.96% per annum, and redemption date on May 9, 2021.

Interest is payable on semi-annual for all six tranches of debentures. The first interest payment period is on November 9, 2014 with final interest payments at the redemption dates of each Tranche.

Under the terms of the debentures, the Company has to comply with certain conditions as stipulated, such as not creating any future lien or other security interest of the Group, maintaining direct and indirect ownership interest of PTT Public Company Limited in the Company and maintaining certain financial ratios as stipulated in the requirements of the debenture's issuer.

The interest rates on borrowings and debentures of the Group as at December 31, are as follows:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Short-term borrowings and debentures at fixed interest rates	18,205	37,337	18,022	37,196
Long-term borrowings at floating interest rates	40,564	25,249	40,564	25,249
	<u>58,769</u>	<u>62,586</u>	<u>58,586</u>	<u>62,445</u>
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Effective interest rates (%)				
Debentures	4.500 - 4.960	3.960 - 6.375	4.500 - 4.960	3.960 - 6.375
Long-term borrowings from financial institutions	2.528 - 4.000	1.970 - 4.000	2.528 - 4.000	1.970 - 4.000

Maturity of long-term borrowings from financial institutions and debentures as at December 31, is as follows:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Within 1 year	10,660	19,704	10,660	19,704
Later than 1 year but no later than 5 years	34,177	32,502	34,177	32,502
Later than 5 years	10,975	4,239	10,975	4,239
	<u>55,812</u>	<u>56,445</u>	<u>55,812</u>	<u>56,445</u>

The movement of long-term borrowings from financial institutions and debentures for the year ended December 31, 2017 is as follow:

	Unit : Million Baht
	Consolidated and Separate
	financial statements
Opening net book amount	56,445
Drawdown for long-term borrowings	19,500
Repayment of debentures and long-term borrowings	(19,322)
Unrealised gain on exchange rate	(787)
Financing cost of long-term borrowings	(50)
Amortisation of deferred financing fees	24
Amortisation of discount on debentures	2
Closing net book amount	<u>55,812</u>

Fair values

The carrying amounts and fair values of debentures in the consolidated and separate financial statements as at December 31, are as follows:

	Unit : Million Baht				
	Consolidated and Separate financial statements				
	Carrying Amounts		Fair Values		
	2017	2016	2017	2016	
Debentures - US Dollar	-	8,567	-	8,887	Level 2
Debentures - Thai Baht	15,254	22,641	16,022	23,564	Level 2
Total	15,254	31,208	16,022	32,451	

The fair values of Thai Baht debentures are calculated by applying the latest reference yield rate referred from the Thai Bond Market Association. Fair values of US Dollar debentures are calculated by applying the latest closing bid price from the International Bond Market.

The fair values of short-term borrowings with fixed interest rate approximate their carrying values because of their short-term maturities. The long-term borrowings from financial institutions have floating interest rates; thus, the fair values approximate the carrying amounts.

20.3 Credit facilities

The Group has credit facilities from the commercial banks totalling Baht 36,140 million with the market interest rates. As at December 31, 2017, the Group has outstanding credit facilities of Baht 16,409 million.

21. TRADE PAYABLES

Trade payables as at December 31, consist of:

	Note	Unit : Million Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Trade payables to related parties	35 (e)	25,080	18,614	25,082	18,615
Trade payables to other parties		951	1,178	790	1,134
Total trade payables		26,031	19,792	25,872	19,749

22. EMPLOYEE BENEFIT OBLIGATIONS

Statements of financial position As at December 31,	Unit : Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Retirement benefits	2,227	2,098	2,165	2,038
Other long-term benefits	109	106	106	104
	2,336	2,204	2,271	2,142

Statements of profit or loss For the years ended December 31,	Unit : Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Retirement benefits	173	181	167	171
Other long-term benefits	10	11	10	11
	183	192	177	182

The movements of employee benefit obligations for the years ended December 31, are as follows:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Opening book amount	2,204	1,850	2,142	1,725
Current service costs	112	92	108	86
Interest cost	71	75	69	71
Additions from entire business transfer	-	-	-	80
Amortisation of unrecognised past service cost	-	25	-	25
Remeasurement of retirement benefit obligations				
- Actuarial loss	-	261	-	251
Reversal of employee benefit obligations	-	(49)	-	(49)
Benefits paid	(51)	(50)	(48)	(47)
Closing book amount	<u>2,336</u>	<u>2,204</u>	<u>2,271</u>	<u>2,142</u>

Total current service costs and interest cost are charged in the statements of profit or loss.

The expenses of Baht 113 million and Baht 110 million (2016 : Baht 104 million and Baht 96 million) were included in cost of sales in the consolidated and separate statements of profit or loss, respectively.

The expenses of Baht 70 million and Baht 67 million (2016 : Baht 88 million and Baht 86 million) were included in administrative expenses in the consolidated and separate statements of profit or loss, respectively.

During 2016, the Company announced the voluntary retirement program (Exclusively Mutual Separation Program). The total employee benefit expenses of this program was Baht 176 million which was paid in August to November 2016. The Company reversed the employee benefit obligations of Baht 49 million for employee who participated in this program.

The principle actuarial assumptions used for calculating the employee benefit obligations as at December 31, are as follows:

	Consolidated		Unit : Percentage	
	financial statements		Separate	
	2017	2016	2017	2016
Discount rate	3.3	3.3	3.3	3.3
Salary growth rate	4.0 - 8.0	4.0 - 8.0	5.0 - 8.0	5.0 - 8.0
Turnover rate	0 - 7.0	0 - 7.0	0 - 2.0	0 - 2.0

The sensitivity analysis of the above actuarial assumptions impacted on increase (decrease) in present value of the employee benefit obligations as at December 31, are as follows:

	Unit : Million Baht				
	Consolidated financial statements				
	2017		2016		
	Change in assumption	Impact on defined benefit obligation	Impact on defined benefit obligation	Change in assumption	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption	
Discount rate	1%	(255)	300	(241)	284
Salary growth rate	1%	284	(247)	268	(233)

	Unit : Million Baht				
	Separate financial statements				
		2017		2016	
		Impact on defined benefit obligation		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(249)	292	(235)	277
Salary growth rate	1%	276	(240)	261	(227)

The above sensitivity analyses are 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.

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

Through its defined benefit retirement benefit plans and other long-term benefits plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields

A decrease in Government bond yields will increase plan liabilities.

The weighted average duration of the defined benefit obligation is 17 years (2016 : 17 years).

The Group uses the cash flows from operating activities to pay the retirement and other long-term benefits.

Expected maturity analysis of retirement and other long-term benefits as at December 31, 2017 are as follows:

	Unit : Million Baht			
	Consolidated financial statements			
	Less than 1 year	Between 1 - 5 years	More than 5 years	Total
Retirement benefits	42	232	1,953	2,227
Other long-term benefits	6	36	67	109
Total	48	268	2,020	2,336

	Unit : Million Baht			
	Separate financial statements			
	Less than 1 year	Between 1 - 5 years	More than 5 years	Total
Retirement benefits	41	225	1,899	2,165
Other long-term benefits	5	35	66	106
Total	46	260	1,965	2,271

23. LEGAL RESERVE

Under the Public Company Act of B.E. 2535, the Company is required to set aside a statutory reserve of at least 5% of its net profit after accumulated deficit is brought forward (if any) until the reserve reaches not less than 10% of the registered capital. The legal reserve is non-distributable.

The legal reserve has been fully provided to comply with the law since 2007.

24. TREASURY STOCK - ORDINARY SHARES OF THE COMPANY'S HELD BY A SUBSIDIARY

Treasury stock - ordinary shares of the Company's held by a subsidiary as at December 31, consists of the following:

	Unit : Million Baht	
	Consolidated	
	financial statements	
	2017	2016
IRPC Oil Company Limited	124	124
	<u>124</u>	<u>124</u>

As at December 31, 2017, the Company's ordinary shares of 23,828,400 shares have been held by IRPC Oil Company Limited, a subsidiary (2016 : 23,828,400 shares). These shares are stated at costs and presented in the consolidated statements of financial position as a deduction of total shareholders' equity.

The subsidiary plans to dispose of the Company's shares when returns are higher than its costs.

25. NON-CONTROLLING INTERESTS

The movements of non-controlling interests for the years ended December 31, consist are as follows:

	Unit : Million Baht	
	Consolidated	
	financial statements	
	2017	2016
Beginning balance	85	74
Share of net profit	5	30
Increase in portion of investment of non-controller of a subsidiary	75	-
Dividends paid	(28)	(19)
Ending balance	<u>137</u>	<u>85</u>

26. OTHER INCOME

For the years ended December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	financial statements	2016
Interest income	27	21	37	162
Dividend income	72	58	243	372
Gain from exchange rate from borrowings and interest payable	764	103	745	104
Gain on exchange rate	109	420	102	416
Gain on disposals of fixed assets and investment property	6	1	5	2
Gain on sales of investment in a subsidiary	2	-	2	-
Gain on disposal of investment in a subsidiary under liquidation process	-	1	-	1
Gain on sales of available for sale investment	115	-	115	-
Reversal of allowance for impairment of other long-term investments	562	-	561	-
Reversal of allowance for impairment of fixed assets and investment property	263	2	112	2
Tax refund from the customs import duty	137	147	137	147
Income from returned available for sale investment	65	-	65	-
Others	235	211	300	285
Total other income	<u>2,357</u>	<u>964</u>	<u>2,424</u>	<u>1,491</u>

27. ADMINISTRATIVE EXPENSES

For the years ended December 31,	Unit : Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Staff costs	2,844	3,051	2,776	2,941
Consultant fees	867	225	865	290
Depreciation	211	197	110	83
Rental	170	156	175	169
Advertising	55	55	55	54
Doubtful accounts (reversal)	7	(43)	7	(44)
Directors' remuneration	54	54	50	48
Others	1,393	1,179	1,345	1,072
Total administrative expenses	5,601	4,874	5,383	4,613

28. NET DERIVATIVE LOSS

For the years ended December 31,	Unit : Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Realised gain on financial derivative contracts	(57)	(54)	(57)	(54)
Realised loss on commodity derivative contracts	1,451	3,621	1,451	3,621
Total net derivative loss	1,394	3,567	1,394	3,567

Loss on commodity derivative instruments are due to the fluctuation in price of crude oil and petroleum products and the contract price of commodity derivatives which is nature of normal business (see Note 36 (b)).

29. SIGNIFICANT EXPENSES BY NATURE

For the years ended December 31,	Unit : Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Changes of finished goods	1,148	313	1,141	250
Cost of raw materials used	158,673	132,656	157,369	131,065
Staff costs	9,074	8,460	8,796	7,877
Depreciation	6,804	5,985	6,723	5,652
Amortization	258	263	257	262
Loss on diminution in value of inventories	113	99	113	99
Management remuneration	119	115	119	115
Total significant expenses by nature	176,189	147,891	174,518	145,320

30. STAFF COSTS

For the years ended December 31,	Unit : Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Salary and wages	3,994	3,803	3,840	3,534
Overtime	811	689	802	643
Bonus	1,962	1,859	1,905	1,752
Provident fund and social security	454	427	444	404
Employee benefits	183	192	177	182
Others	1,670	1,490	1,628	1,362
Total staff costs	9,074	8,460	8,796	7,877

Staff costs of Baht 6,230 million and Baht 6,020 million have been included in the costs of sales in the consolidated and separate statements of profit or loss for the year ended December 31, 2017, respectively (2016 : Baht 5,409 million and Baht 4,936 million in the consolidated and separate statements of profit or loss, respectively).

Staff costs of Baht 2,844 million and Baht 2,776 million have been included in administrative expenses in the consolidated and separate statements of profit or loss for the year ended December 31, 2017, respectively (2016 : Baht 3,051 million and Baht 2,941 million in the consolidated and separate statements of profit or loss, respectively).

31. FINANCE COSTS

For the years ended December 31,	Unit : Million Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Interest expense	2,024	1,520	2,020	1,524
Amortisation of deferred financing fees	24	21	24	21
Amortisation of discount on debentures	2	4	2	4
Financing fees	17	11	17	11
Total finance costs	<u>2,067</u>	<u>1,556</u>	<u>2,063</u>	<u>1,560</u>

32. BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to owner of the parent for the years ended December 31, by the weighted average number of ordinary shares outstanding during the years less shares of the parent held by a subsidiary excluding treasury shares.

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Profit attributable to owner of the parent (million Baht)	11,354	9,721	10,854
Weighted average number of ordinary shares outstanding during the years less shares of the parent held by a subsidiary (million shares)	<u>20,410</u>	<u>20,410</u>	<u>20,434</u>	<u>20,434</u>
Basic earnings per share (Baht)	<u>0.56</u>	<u>0.48</u>	<u>0.53</u>	<u>0.48</u>

In the consolidated financial statements, the weighted average numbers of ordinary shares outstanding during the years are deducted by 24 million shares of the parent by a subsidiary.

There are no dilutive potential ordinary shares in issue during the years presented, so no diluted earnings per share is presented.

33. DIVIDENDS PAYMENT

On April 1, 2016, the Annual General Meeting of shareholders of the Company, it approved annual dividend payment for the operating result of 2015 at Baht 0.22 per share for 20,434 million shares, totalling to Baht 4,495 million. The dividends were paid to the shareholders on April 22, 2016.

On April 4, 2017, the Annual General Meeting of shareholders of the Company, it approved annual dividends payment for the operating results of 2016 at Baht 0.23 per share for 20,434 million shares, totalling Baht 4,700 million. The dividends were paid to the shareholders on April 21, 2017.

34. PROMOTIONAL PRIVILEGES

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company has been granted privileges by the Board of Investment relating to the manufacture of Acetylene Black, Compounded Plastic, The cogeneration and steam power plant project (“CHP”), Propylene project (“PRP”), Blown Film project, Recovery from Purge Gas at PP Plant project, EBSM Upgrading for ABS Specialties project (“EBSM”), Multi Product Pipeline project (“MPPL”) and Polypropylene Resin (“PPE”) project and High Pressure HDPE Compound project and Investment project in Industrial area. The privileges granted include:

- (a) exemption from payment of import duty and tax on materials and necessary parts including machinery as approved by the Board
- (b) exemption from payment of corporate income tax on the net profit derived from certain operations for a period of five to eight years from the date on which the income is first derived from such operations
- (c) a 50% reduction in the normal corporate income tax rate on the net profit derived from certain operations for a period of five years commencing from the expiry date in (b) above, and
- (d) the double deduction of logistics, electricity and water expenses for a period of ten years since income is first derived from such operations.

As promoted companies, the Company must comply with certain terms and conditions prescribed in the promotional certificates.

Revenues from sales are classified into the promoted business and the non-promoted business and presented in the financial statements for the years ended December 31, are as follows:

	Unit : Million Baht					
	Separate financial statements					
	2017			2016		
	BOI	Non-BOI	Total	BOI	Non-BOI	Total
Revenues from sales						
- Overseas	12,544	66,766	79,310	5,264	61,280	66,544
- Domestic	11,054	122,054	133,108	8,222	114,706	122,928
Total	23,598	188,820	212,418	13,486	175,986	189,472

35. RELATED PARTY TRANSACTIONS

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

As at December 31, 2017, PTT Public Company Limited is the major shareholder of the Company, holding 38.51%. The other major shareholders are the Government Savings Bank, and Thai NVDR Company Limited.

The pricing policies for particular types of transactions are as follows:

Transactions	Pricing policies
Revenue from sales	Market price
Purchases of raw material	According to the explanation below
Selling and administrative expenses which mainly are throughout fees and tank farms rental	Contractually agreed prices
Interest income and interest expense	<u>Short-term</u> - the weighted average interest rates 1-month and average interest rates 6-month of borrowing between commercial banks (BIBOR) adjusted by certain margins. <u>Long-term</u> - the weighted average interest rates of fixed deposits for four domestic commercial banks and the Minimum Loan Rate (MLR) adjusted by certain margins.
Directors' remunerations (meeting and bonus)	The rate approved by the Board of Directors and shareholders

Purchases of goods from a major shareholder - the major shareholder has provided services relating to the purchasing and payment process of goods. The purchase price includes a service fee charged by the major shareholder approximates the price of which the Group has procured by its own. In addition, the Company has also entered into commodity derivative contracts with the major shareholder to protect the pricing risk regarding crude oil and petroleum products.

Significant transactions with related parties are summarised as follows:

- (a) Sales and purchases of goods, services rendered and received

For the years ended December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Sales				
Major shareholder	21,495	18,100	21,035	17,767
Subsidiaries	-	-	6,558	11,900
Related parties	33,206	23,492	33,060	23,112
Purchases				
Major shareholder	130,474	108,594	130,470	108,591
Subsidiaries	-	-	11	8,267
Related parties	24,815	19,084	24,777	18,454
Cost of production, selling and administrative expenses				
Major shareholder	39	43	38	42
Subsidiaries	-	-	224	223
Related parties	877	1,035	851	951
Interest income, dividend received and other income				
Major shareholder	7	8	7	8
Subsidiaries	-	-	274	559
Related parties	94	74	92	72
Interest expense and other expenses				
Major shareholder	22	-	22	-
Related parties	107	108	107	108

(b) Trade receivables from related parties

As at December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Major shareholder	1,477	1,175	1,427	1,145
Subsidiaries	-	-	220	191
Related parties	3,165	2,304	3,165	2,260
Total	4,642	3,479	4,812	3,596

(c) Amounts due from related parties

As at December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Major shareholder	-	1	-	1
Subsidiaries	-	-	38	36
Related parties	4	21	4	3
	4	22	42	40
<u>Less</u> Allowance for doubtful accounts	-	(18)	(11)	(11)
Total	4	4	31	29

(d) Short-term loans and interest receivables from related parties

As at December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Short-term loans and interest receivables				
Subsidiaries	-	-	535	416
A subsidiary under bankruptcy process				
Short-term loans and interest receivables	201	201	201	201
<u>Less</u> Allowance for doubtful accounts	(201)	(201)	(201)	(201)
	-	-	-	-
Total	-	-	535	416

Average interest rate of short-term loans to related parties are 2.03% per annum (2016: 2.04% per annum). Items that have been provided an allowance for doubtful debt have stopped charging interest.

- (e) Trade payables to related parties

As at December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Major Shareholder	22,675	16,653	22,674	16,653
Subsidiaries	-	-	12	11
Related parties	2,405	1,961	2,396	1,951
Total	25,080	18,614	25,082	18,615

- (f) Amounts due to related parties

As at December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Major Shareholder	1	2	1	2
Subsidiaries	-	-	11	11
Related parties	318	395	316	391
Total	319	397	328	404

- (g) Directors' and management's remuneration

For the years ended December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Salaries and other short-term benefits	170	166	166	160
Long-term benefits	3	3	3	3
Total	173	169	169	163

36. FINANCIAL INSTRUMENTS

- (a) The Group has the following financial assets and liabilities in foreign currencies as at December 31, are as follows:

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Financial Assets				
US Dollar	6,406	4,537	6,334	4,494
Total	6,406	4,537	6,334	4,494
Financial Liabilities				
US Dollar - Debentures	-	8,567	-	8,567
US Dollar - Borrowings	4,106	5,220	4,106	5,220
US Dollar	307	391	198	391
Euro	7	61	7	61
Others	5	15	5	7
Total	4,425	14,254	4,316	14,246

- (b) The Group has significant contracts related to financial instruments as follow:

Forward foreign exchange contracts

The Company has two outstanding forward foreign exchange contracts with two banks totalling US Dollar 18 million to hedge US Dollar for payment of investing in Upstream Project for Hygiene and Value Added Products (UHV) which is project for expanding polypropylene production capacity. The contracts were settled in December 2017.

Interest rate swap contracts

On March 18, 2010, the Company entered into two interest rate swap contracts for Thai Baht long-term borrowings with two financial institutions totalling Baht 2,200 million to swap the floating interest rate at THBFIX 6-month per annum to a fixed interest rate. The contracts were effective for a period of 7 years commencing December 30, 2009. Interest rate swap contracts were settled and repaid for whole amount on January 6, 2017 (as at December 31, 2016, the outstanding balance was Baht 220 million).

Currency swap contracts

On October 3, 2017, the Company entered into a currency swap contract of Thai Baht long-term borrowing with a financial institution amounting to Baht 670 million to swap principal from Thai Baht to US Dollar at an exchange rate as specified in the contract. The contract is effective from October 5, 2017 to May 31, 2021.

The Company entered into three currency swap contracts of Thai Baht long-term borrowings with two financial institutions totalling Baht 2,668 million to swap principals from Thai Baht to US Dollar at an exchange rate as specified in the contracts. The contracts are effective from July 28, 2017 to May 31, 2021.

As at December 31, 2017, the outstanding balances under the currency swap contracts of Thai Baht long-term borrowings are Baht 2,668 million (as at December 31, 2016 : Nil).

Cross currency interest rate swap contracts

The Company entered into three cross currency interest rate swap contracts of Thai Baht debentures with two financial institutions totalling Baht 5,109 million to swap principals from Thai Baht to US Dollar at an exchange rate as specified in the contracts and to swap the fixed interest rate on Thai Baht principals to a fixed interest rate on US Dollar principals. The contracts are effective from June 5, 2017 to May 9, 2021 which are the maturity date of the related debentures.

The Company entered into a cross currency interest rate swap contract of Thai Baht debentures with a financial institution amounting to Baht 1,703 million to swap principal from Thai Baht to US Dollar at an exchange rate as specified in the contract and to swap the fixed interest rate on Thai Baht principal to a fixed interest rate on US Dollar principal. The contract is effective from July 11, 2017 to May 9, 2021 which is the maturity date of the related debentures.

The Company entered into two cross currency interest rate swap contracts of Thai Baht debentures with two financial institutions totalling Baht 2,640 million to swap principals from Thai Baht to US Dollar at an exchange rate as specified in the contracts and to swap the fixed interest rate on Thai Baht principals to a fixed interest rate on US Dollar principals. The contracts were effective from November 22, 2012 to July 3 2017. The cross currency interest rate swap contracts were settled and repaid for whole amount on July 3, 2017. The outstanding balances under the cross currency interest rate swap contracts of debentures as at December 31, 2017 were Nil (as at December 31, 2016, the outstanding balance was Baht 2,640 million).

The Company entered into four cross currency interest rate swap contracts of Thai Baht debentures with a financial institution totalling Baht 5,000 million to swap principals from Thai Baht to US Dollar at an exchange rate as specified in the contracts and to swap the fixed interest rate on Thai Baht principals to a fixed interest rate on US Dollar principals. The contracts are effective from August 24, 2012 to August 24, 2018 which are the maturity date of the related debentures. As at December 31, 2017 and 2016, the outstanding balances under the cross currency interest rate swap contracts of debentures are Baht 5,000 million and Baht 5,000 million, respectively.

Commodity derivative contracts

The Company has entered into Crack Spread Swap Contracts with PTT Public Company Limited and several financial institutions in order to swap the spread of the average floating price of crude oil and petroleum products at each settlement period to the fixed price. As at December 31, 2017 and 2016, the outstanding balances under such contracts were at 2.64 million barrels and 0.53 million barrels, respectively.

The Company has entered into Crude Oil Swap Contracts with PTT Public Company Limited and several financial institutions in order to swap the average floating price of crude oil of the settlement months to the range of fixed price. As at December 31, 2017 and 2016, the outstanding balances under such contracts were at 6.06 million barrels and 4.59 million barrels, respectively.

(c) Fair values

The carrying amounts of cash and cash equivalents, trade receivables, other receivables, amounts due from related parties, short-term loans and interest receivables from related parties, refundable value-added tax, short-term borrowings from financial institutions, trade payables, other payables, amounts due to related parties, interest payables, accrued bonus expense approximate their fair values due to the short maturity period.

The carrying values of long-term borrowings from financial institutions with floating interest rate; the fair values approximate their carrying values.

Fair values of debentures have been disclosed in Note 20.2.

Fair values of financial derivative contracts as at December 31, are as follows:

	Unit : Million Baht		
	Consolidated and Separate		
	financial statements		
	2017	2016	Fair values hierarchy
Financial derivative contracts			
Unfavourable	(266)	(1,132)	Level 2
Favourable	529	122	Level 2
Commodity derivative contracts			
Unfavourable	(37)	(916)	Level 2
Favourable	281	2	Level 2

The fair values of financial derivative contracts, which are forward foreign exchange contracts, interest rate swap contracts, currency swap contracts and cross currency interest rate swap contracts, are determined by the market price of each contract which are calculated by the financial institution of the Group as at the statement of financial position date. The fair values of commodity derivative contracts are the average quoted bid price and quoted selling price from the financial institutions that provided the services to the Group as at the statement of financial position date.

37. COMMITMENTS, LETTERS OF GUARANTEE AND SIGNIFICANT AGREEMENTS

(a) Capital expenditure commitments

As at December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Contracted but not recognised in the financial statements				
- Purchase agreements for machinery and construction	2,953	8,457	2,953	8,457
- Consultation agreements	373	155	373	155
Total	<u>3,326</u>	<u>8,612</u>	<u>3,326</u>	<u>8,612</u>

(b) Non-cancellable long-term operating lease commitments

As at December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Office building rental agreements:				
Not later than 1 year	86	86	86	86
Later than 1 year but not later than 5 years	7	7	7	7
	<u>93</u>	<u>93</u>	<u>93</u>	<u>93</u>
Land lease agreements:				
Not later than 1 year	4	4	4	4
Later than 1 year but not later than 5 years	18	17	18	17
Later than 5 years	24	32	24	32
	<u>46</u>	<u>53</u>	<u>46</u>	<u>53</u>
Total	<u>139</u>	<u>146</u>	<u>139</u>	<u>146</u>
Other commitments:				
Outstanding letters of credits	<u>17</u>	<u>60</u>	<u>17</u>	<u>60</u>

(c) Letters of guarantee

As at December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2017	2016	2017	2016
Letters of guarantee:				
Bank guarantees	<u>1,300</u>	<u>1,293</u>	<u>1,297</u>	<u>1,291</u>

(d) The Company's tank farms and land expropriated for road construction

Some of the Company's tank farms are located in a yellow zone (low density residential zone) and a light green zone (recreational & environmental reserved zone) which are under the road project, Kor3 and Gor9, under the Ministerial Regulation on Town and Country Planning of Rayong Province B.E. 2006. Such plots of land were restricted from construction of factories, oil and gas tanks. At the present time, the Town and Country Planning Committee, Department of Public Works and Town and Country Planning has considered modifying the Rayong town plan. The Company has requested that the yellow zone and the light green zone be modified to a purple zone (industrial zone and tank farms) in order to operate oil and gas tank farms and to alter the construction plan of two public roads to be away from the Company's tank farm area. Failure of these modifications may affect the impairment of the operating assets.

As at December 31, 2017, for the progress of the modification of the Rayong town plan, the Committee has finished reviewing the draft of the Ministerial Regulations regarding Rayong Town Plan (4th revised) and will send back to Rayong Province officer to further process.

(e) Use in public ways and gutters

Land in IRPC Industrial Zone Project located at Tambon Taphong, Tambon Choeng Noen and Tambon Ban Laeng Rayong Province included public ways and gutters in the Company's area. To solve this matter by legal means, the Company has filed a petition with the Department of Lands for the removal of public ways and gutters in accordance with Section 8 of the Land Code. In addition, the Company has purchased land for use in exchanging with the public ways and gutters in the amount not less than the appraisal value of public ways and gutters. The Company also filed a request for temporary use of the public ways and gutters and paid compensation under Section 9 of the Land Code. Currently, the Company is in the process of execution to the law with relevant government agencies.

(f) Other significant agreements with related parties and other entities

Sales/Purchase of Refined Oil Agreement from a depot, Chumporn province

The Company entered into a Sales/Purchase of Refined Oil Agreement from the depot in Chumporn province with PTT Public Company Limited. The Company agrees to sell refined oil from its depot in Chumporn province at a quantity and pricing rates as stipulated in the agreement. The agreement is effective for a period of 1 year with a maturity date of December 31, 2017. The Company has extended the contract to December 31, 2018. The new terms and conditions are stipulated in the renewal agreement.

Crude and Feedstock Supply Agreement

The Company has entered into Crude and Feedstock Supply Agreements with PTT Public Company Limited. The contracts shall be effective for a period of 1 year with maturity date on December 31, 2017. The purchase quantity and pricing structure of crude and feedstock supply are as stipulated in the contracts. The Company has extended the agreement to December 31, 2018 with the terms and conditions as stipulated in the renewal agreement.

Gas Sale and Purchase Agreement

On June 9, 2009, the Company entered into a Gas Sale and Purchase Agreement with PTT Public Company Limited (PTT) for the quantity and price as specified in the agreement. The agreement is effective for a period of 10 years starting from the date gas is delivered by PTT and the date the Company is in receipt. The agreement can be extended under the conditions stipulated in the agreement.

Petroleum Products Sales and Purchase Agreement

The Company entered into sales and purchases of petroleum products with a related party, with agreed quantity and prices as specified in the agreement. The contract is for a period of 15 years from the effective date specified in the agreement and will end in February 2028, unless both parties agree to terminate the contract before the expiry date by written notify.

Power Sale and Purchase Agreement

The Company entered into a Power Sale and Purchase Agreement with the Electricity Generating Authority of Thailand ("EGAT") for generating the electricity according to the agreement. The agreement term is 25 years. The Company transferred the rights and obligations under the agreement to an associate.

Power and Steam Sale and Purchase Agreements

The Company entered into the Power Sale and Purchase Agreement and Steam Sale and Purchase Agreement with a related party to purchase electricity and steam according to the agreements. The term of the Power Purchase Agreement is 25 years, and the term of the Steam Purchase Agreement is 27 years.

Various Service Agreements

The Company entered into the Utilities Service Agreement, Project Management Agreement and Operation and Maintenance Service Agreement with a related party in relation to the power plant project. The Company will supply utilities, act as project management for the construction project, provide maintenance services and operate the machine and equipment at the power plant. The service fees are stipulated in the agreements.

38. SIGNIFICANT CLAIMS AND LEGAL PROCEEDINGS

As at December 31, 2017, the Company was involved in significant legal proceedings are as follows:

(a) Bankai Industrial Estates - Black Case No. Sor. 8/2554 (Red Case No. Sor. 13/2555)

Mr. Setha Pituthecha and the other 386 plaintiffs filed a lawsuit to the Industrial Estate Authority of Thailand as the 1st defendant and Industrial Estate Authority Commission as the 2nd defendant requesting the Court to dismiss the announcement of the Industrial Estate Authority Commission with regard to the establishment of the General Industrial Estate in Rayong (at Bankai) dated April 20, 2011 on October 19, 2011. The Administrative Court ordered IRPC Public Company Limited to be the 3rd defendant because it is a private company working together with the Industrial Estate Authority of Thailand in operating the Rayong Industrial Estate (Bankai) which is being operated under the Eco-industry and emphasises on those environmental-friendly and creativity.

In January 2014, the Plaintiff filed a petition to the Supreme Administrative Court requesting for urgent consideration by asking to temporarily protect public benefits and the environment prior to the Court's judgement. The Plaintiff claimed that the Company continued the construction over disputed land which violated the judgement of the Administrative Court while this case was being considered by the Supreme Administrative Court. Following the facts, after the Administrative Court's judgement, the Company has done everything according to the sentences. So the Company's project was approved and further announced in the Government Gazette mentioning that the Company's plots of land are legally part of the new industrial estate. Thus, the petition of the plaintiff was illegal. The Company has not done anything to violate the judgement of the Administrative Court. The Company and the 1st and 2nd defendants have filed an objection to the Supreme Administrative Court. As at December 31, 2017, the case is currently being considered by the Supreme Administrative Court.

(b) The President of the Administrative Organization-Tambon Ban Laeng and 11 government agencies

Ms. Phayung Meesabai and the other 44 plaintiffs filed a lawsuit to the President of the Administrative Organization - Tambon Ban Laeng and 11 government agencies as the 1st to 11th defendant. They requested the Administrative Court to suspend or dismiss any activities of IRPC Public Company Limited in expansion IRPC Industrial Zone Project, which it is the public ways and gutters shared to people in disputed area (see Note 37 (e)). In addition, they requested the Administrative Court to suspend or dismiss the opinion of the Environmental Health Impact Assessment ("EHIA") report. Subsequently, defendant filed this case to the Court and additionally submitted all docket to the Court. On March 31, 2017, the Company submitted the petition to Administrative Court of Rayong Province to include the Company as 12th defendant in this lawsuit and the Administrative Court has agreed on this matter. As at December 31, 2017, the case is currently being considered by the Administrative Court of Rayong Province.

39. EVENT AFTER THE REPORTING PERIOD

On February 13, 2018, the Board of Directors' meeting of the Company, it approved annual dividends payment for the operating result of 2017 at Baht 0.29 per share for 20,434 million shares, totaling Baht 5,926 million. However, the approval for the dividend shall be proposed to the Annual General Meeting of shareholders of the Company for the year 2018 for further consideration and approval.

40. RECLASSIFICATIONS

Certain reclassifications were made to the consolidated and separate financial statements for the year ended December 31, 2016 to conform to the classifications used in the consolidated and separate financial statements for the year ended December 31, 2017 as follows:

Account name	Consolidated financial statements	Separate financial statements	Previous classification	Unit : Baht Current classification
Gain on exchange rate from borrowings and interest payables	103,577,305	104,539,562	Finance costs	Other income
Realized gain on financial derivative contracts	53,781,238	53,781,238	Finance costs	Net derivative loss
Realized loss on commodity derivative contracts	(3,620,782,637)	(3,620,782,637)	Other income	Net derivative loss

41. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Company's Board of Directors on February 13, 2018.



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