





## FINANCIAL STATEMENTS

Report of the Board of Directors'  
Responsibility for Financial Reporting

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Independent Auditor's Report

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Financial Statements

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and Separate Financial Statements

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## Report of the Board of Directors' Responsibility for Financial Reporting

**Dear Shareholders,**

The financial statements of IRPC Public Company Limited and subsidiaries for the year ended on December 31, 2018, 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 certifies that it is responsible for IRPC's and subsidiaries' financial reports. IRPC has established an effective internal control system with accurate, complete, and due journal entries designed to maintain assets, prevent fraud, and materially irregular transactions. In preparing these reports, IRPC has adopted a suitable and consistently practiced accounting policy in line with proper financial report standards. Material data have also been duly disclosed in the notes to the financial statements. Having scrutinized the consolidated statements, the external auditor expressed its views as shown in this annual report.

**Chansin Treenuchagron**  
Chairman

IRPC Public Company Limited

**Noppadol Pinsupa**  
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 its 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, 2018, 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 its subsidiaries and of IRPC Public Company Limited as at December 31, 2018, 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.

<b>Key Audit Matter</b>	<b>Audit Responses</b>
<p><b>The measurement of inventories valuation</b></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>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> <li>• Gain understanding and performing test of design and implementation as well as operating effectiveness of the relevant controls over inventory valuation measurement process.</li> <li>• 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.</li> <li>• 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 consolidated and separate financial statements.</li> <li>• Assessing the adequate disclosure in relation to the estimation of allowance for diminution in value of inventories in notes to the financial statements.</li> </ul>

### **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 12, 2019

**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**



**IRPC PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018**

Unit : Baht

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	9	2,337,651,943	2,144,860,268	1,882,753,852	1,602,419,674
Trade accounts receivable	10	12,197,109,932	12,783,872,504	12,223,917,217	12,731,890,192
Other receivables	11	766,790,262	560,412,283	765,208,050	552,183,418
Amounts due from related parties	35	86,884,805	4,664,485	99,604,425	32,124,114
Short-term loans and interest receivables from related parties	35	-	-	548,778,359	535,570,967
Inventories	12	28,458,831,441	30,052,208,967	28,165,602,320	29,478,109,431
Refundable value-added tax		1,862,746,883	1,006,713,112	1,843,482,128	967,627,321
Prepaid excise tax		240,675,896	238,106,645	240,675,896	238,106,645
Other current assets		678,164,776	791,708,733	649,164,255	738,486,278
<b>Total Current Assets</b>		<b>46,628,855,938</b>	<b>47,582,546,997</b>	<b>46,419,186,502</b>	<b>46,876,518,040</b>
<b>NON-CURRENT ASSETS</b>					
Investments in associates	13	7,688,760,328	6,986,503,991	6,840,489,963	6,840,489,963
Investments in subsidiaries	13	-	-	1,614,244,627	1,834,242,917
Investment in joint ventures	13	110,428,497	5,680,991	141,935,611	-
Other long-term investments	14	641,819,952	643,541,931	641,219,954	642,941,933
Investment property	15	1,227,691,813	1,262,369,059	1,199,390,425	1,233,494,419
Property, plant and equipment	16	124,737,118,385	127,061,131,143	123,000,362,036	125,156,942,066
Intangible assets	17	546,474,067	682,547,475	542,119,953	677,384,016
Deferred tax assets	18	322,651,618	232,572,566	178,660,535	-
Other non-current assets	19	541,863,488	86,935,229	540,143,598	85,008,429
<b>Total Non-current Assets</b>		<b>135,816,808,148</b>	<b>136,961,282,385</b>	<b>134,698,566,702</b>	<b>136,470,503,743</b>
<b>TOTAL ASSETS</b>		<b>182,445,664,086</b>	<b>184,543,829,382</b>	<b>181,117,753,204</b>	<b>183,347,021,783</b>

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, 2018**

Unit : Baht

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Short-term borrowings from					
financial institutions	20.1	6,700,000,000	2,957,468,822	6,700,000,000	2,773,720,370
Trade payables	21	26,211,854,979	26,031,024,900	26,169,105,336	25,871,755,686
Other payables		5,015,062,419	5,542,164,616	4,989,807,769	5,509,880,192
Amounts due to related parties	35	236,573,453	318,625,601	248,408,637	327,954,633
Interest payables		125,258,668	225,152,055	125,258,668	225,127,178
Accrued bonus expense		2,191,034,634	1,965,544,859	2,165,592,724	1,907,872,616
Advance receipts for goods		495,241,425	886,308,687	484,816,993	774,451,787
Current portion of long-term borrowings from					
financial institutions and debentures	20.2	7,104,100,000	10,660,484,000	7,104,100,000	10,660,484,001
Other current liabilities		816,669,653	766,008,088	755,429,817	702,868,587
Total Current Liabilities		<u>48,895,795,231</u>	<u>49,352,781,628</u>	<u>48,742,519,944</u>	<u>48,754,115,050</u>
<b>NON-CURRENT LIABILITIES</b>					
Long-term borrowings from financial institutions					
and debentures	20.2	43,561,263,008	45,151,508,826	43,561,263,008	45,151,508,826
Deferred tax liabilities	18	-	41,445,135	-	41,445,135
Employee benefit obligations	22	2,582,486,108	2,336,262,640	2,553,928,060	2,271,209,159
Other non-current liabilities		26,487,410	11,831,917	-	-
Total Non-current Liabilities		<u>46,170,236,526</u>	<u>47,541,048,518</u>	<u>46,115,191,068</u>	<u>47,464,163,120</u>
<b>TOTAL LIABILITIES</b>		<u>95,066,031,757</u>	<u>96,893,830,146</u>	<u>94,857,711,012</u>	<u>96,218,278,170</u>

**IRPC PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**AS AT DECEMBER 31, 2018**

Unit : Baht

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
(CONTINUED)					
SHAREHOLDERS' EQUITY					
SHARE CAPITAL					
Authorized shares capital					
20,475,000,000 ordinary shares					
of Baht 1 each		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 ordinary shares					
of Baht 1 each		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					
Legal reserve	23	2,047,500,000	2,047,500,000	2,047,500,000	2,047,500,000
Unappropriated		36,365,831,850	36,591,031,567	35,230,655,816	36,097,979,670
<u>Less</u> Treasury stock - ordinary shares					
held by a subsidiary	24	(124,282,649)	(124,282,649)	-	-
Premium on treasury stock - ordinary shares					
held by a subsidiary		15,177,080	15,177,080	-	-
Other components of shareholders' equity		(6,745,267)	(5,367,700)	(6,745,267)	(5,367,700)
Total attribution to owners of the parent		87,286,112,657	87,512,689,941	86,260,042,192	87,128,743,613
Non-controlling interests	25	93,519,672	137,309,295	-	-
TOTAL SHAREHOLDERS' EQUITY		87,379,632,329	87,649,999,236	86,260,042,192	87,128,743,613
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>182,445,664,086</b>	<b>184,543,829,382</b>	<b>181,117,753,204</b>	<b>183,347,021,783</b>

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, 2018**

Unit : Baht

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
Revenue from sales		280,551,099,146	214,100,958,798	279,080,770,850	212,417,810,543
Cost of sales		(264,637,319,228)	(192,946,285,695)	(263,506,630,914)	(191,621,255,949)
<b>Gross profit</b>		<u>15,913,779,918</u>	<u>21,154,673,103</u>	<u>15,574,139,936</u>	<u>20,796,554,594</u>
Other income	26	1,520,540,643	2,356,976,924	1,761,794,869	2,424,331,013
Selling expenses		(1,524,449,707)	(1,295,791,905)	(1,712,600,798)	(1,411,365,740)
Administrative expenses	27	(5,448,741,710)	(5,601,110,611)	(5,237,540,991)	(5,382,907,889)
Net derivative loss	28	(264,064,475)	(1,394,377,722)	(264,064,475)	(1,394,377,722)
<b>Profit from operations</b>		<u>10,197,064,669</u>	<u>15,220,369,789</u>	<u>10,121,728,541</u>	<u>15,032,234,256</u>
Finance costs	31	(1,960,988,419)	(2,067,386,190)	(1,958,711,962)	(2,063,208,552)
Share of profit on investments in associates and joint ventures	13	679,156,106	387,797,868	-	-
<b>Profit before income tax expense</b>		<u>8,915,232,356</u>	<u>13,540,781,467</u>	<u>8,163,016,579</u>	<u>12,969,025,704</u>
Income tax expense	18	(1,146,588,101)	(2,181,334,015)	(1,062,114,506)	(2,115,336,080)
<b>Profit for the year</b>		<u><u>7,768,644,255</u></u>	<u><u>11,359,447,452</u></u>	<u><u>7,100,902,073</u></u>	<u><u>10,853,689,624</u></u>
<b>Profit attributable to</b>					
Owners of the parent		7,734,991,640	11,354,483,813	7,100,902,073	10,853,689,624
Non-controlling interests		33,652,615	4,963,639	-	-
<b>Profit for the year</b>		<u><u>7,768,644,255</u></u>	<u><u>11,359,447,452</u></u>	<u><u>7,100,902,073</u></u>	<u><u>10,853,689,624</u></u>
<b>Basic Earnings per Share (Baht)</b>	32	0.38	0.56	0.35	0.53

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, 2018**

Unit : Baht

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Profit for the year	7,768,644,255	11,359,447,452	7,100,902,073	10,853,689,624
Other comprehensive loss :				
Items that will be reclassified subsequently to profit or loss				
- Losses on revaluation of				
available for sale investments	(1,721,959)	(82,363,850)	(1,721,959)	(82,363,850)
- Income tax relating to revaluation of				
available for sale investments	344,392	16,472,770	344,392	16,472,770
Items that will not be reclassified to profit or loss				
- Share of other comprehensive income on				
investment in an associate	(1,258,506)	(1,340,174)	-	-
<b>Other comprehensive loss for the year - net of tax</b>	<u>(2,636,073)</u>	<u>(67,231,254)</u>	<u>(1,377,567)</u>	<u>(65,891,080)</u>
<b>Total comprehensive income for the year</b>	<u>7,766,008,182</u>	<u>11,292,216,198</u>	<u>7,099,524,506</u>	<u>10,787,798,544</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	7,732,355,567	11,287,252,559	7,099,524,506	10,787,798,544
Non-controlling interests	33,652,615	4,963,639	-	-
	<u>7,766,008,182</u>	<u>11,292,216,198</u>	<u>7,099,524,506</u>	<u>10,787,798,544</u>

**IRPC PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Consolidated financial statements											Unit : Baht
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Treasury stock - ordinary shares held by a subsidiary	Premium on treasury stock - ordinary shares held by a subsidiary	Other components of shareholders' equity		Total attribution to owners of the parent	Non-controlling interests	Total shareholders' equity	
			Appropriated - Legal reserve	Unappropriated			Other comprehensive income (loss) - net of tax	Available for sale investments				
<b>Balance as at January 1, 2017</b>	20,434,419,246	28,554,212,397	2,047,500,000	29,932,316,881	(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)	-	-	-	(4,694,428,953)	(27,756,382)	(4,722,185,335)		
Profit for the year	-	-	-	11,354,483,813	-	-	-	11,354,483,813	4,963,639	11,359,447,452		
Other comprehensive loss for the year	-	-	-	(1,340,174)	-	-	(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		
<b>Balance as at December 31, 2017</b>	<b>20,434,419,246</b>	<b>28,554,212,397</b>	<b>2,047,500,000</b>	<b>36,591,031,567</b>	<b>(124,282,649)</b>	<b>15,177,080</b>	<b>(5,367,700)</b>	<b>87,512,689,941</b>	<b>137,309,295</b>	<b>87,649,999,236</b>		
<b>Balance as at January 1, 2018</b>	<b>20,434,419,246</b>	<b>28,554,212,397</b>	<b>2,047,500,000</b>	<b>36,591,031,567</b>	<b>(124,282,649)</b>	<b>15,177,080</b>	<b>(5,367,700)</b>	<b>87,512,689,941</b>	<b>137,309,295</b>	<b>87,649,999,236</b>		
Dividends paid	-	-	-	(7,958,932,851)	-	-	-	(7,958,932,851)	(23,174,780)	(7,982,107,631)		
Profit for the year	-	-	-	7,734,991,640	-	-	-	7,734,991,640	33,652,615	7,768,644,255		
Other comprehensive loss for the year	-	-	-	(1,258,506)	-	-	(1,377,567)	(2,636,073)	-	(2,636,073)		
Impact from changing status from a subsidiary to be a joint venture	-	-	-	-	-	-	-	-	(54,267,458)	(54,267,458)		
<b>Balance as at December 31, 2018</b>	<b>20,434,419,246</b>	<b>28,554,212,397</b>	<b>2,047,500,000</b>	<b>36,365,831,850</b>	<b>(124,282,649)</b>	<b>15,177,080</b>	<b>(6,745,267)</b>	<b>87,286,112,657</b>	<b>93,519,672</b>	<b>87,379,632,329</b>		

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, 2018**

	Note	Separate financial statements										Unit : Baht
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other components of shareholders' equity		Total shareholders' equity				
				Appropriated -		Other comprehensive						
				Legal reserve	Unappropriated	income (loss) - net of tax	investments					
<b>Balance as at January 1, 2017</b>		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)					
Profit for the year		-	-	-	10,853,689,624	-	10,853,689,624					
Other comprehensive loss for the year		-	-	-	-	(65,891,080)	(65,891,080)					
<b>Balance as at December 31, 2017</b>		<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>					
<b>Balance as at January 1, 2018</b>		20,434,419,246	28,554,212,397	2,047,500,000	36,097,979,670	(5,367,700)	87,128,743,613					
Dividends paid	33	-	-	-	(7,968,225,927)	-	(7,968,225,927)					
Profit for the year		-	-	-	7,100,902,073	-	7,100,902,073					
Other comprehensive loss for the year		-	-	-	-	(1,377,567)	(1,377,567)					
<b>Balance as at December 31, 2018</b>		<u>20,434,419,246</u>	<u>28,554,212,397</u>	<u>2,047,500,000</u>	<u>35,230,655,816</u>	<u>(6,745,267)</u>	<u>86,260,042,192</u>					

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, 2018**

Unit : Baht

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax expense	8,915,232,356	13,540,781,467	8,163,016,579	12,969,025,704
Adjustments for:				
Depreciation	8,011,868,183	6,804,462,866	7,927,083,158	6,722,931,933
Amortisation	225,523,325	257,743,933	224,604,505	256,835,125
Interest income	(28,809,289)	(26,777,035)	(39,626,115)	(36,733,444)
Dividends income	(626,486)	(71,722,043)	(256,261,870)	(243,321,661)
Bad debts and doubtful accounts	6,963,628	7,072,183	660,143	7,258,918
Allowance for declining in value of inventories	959,186,929	113,142,390	952,263,493	113,102,786
Income from returned available for sale investment	(1,320)	(64,860,463)	(1,320)	(64,860,463)
(Gain) loss on exchange rate	277,341,936	(857,651,021)	277,101,318	(857,477,741)
Gain on disposals of fixed assets and investment property	(163,120,950)	(6,332,762)	(167,387,693)	(5,276,782)
Gain on sales of available for sale investments	-	(115,233,200)	-	(115,233,200)
(Gain) loss on sales of investment in a subsidiary and a related party	100	(2,062,500)	22,631,202	(2,062,500)
Loss on impairment of other long-term investments (Reversal)	-	(562,000,000)	73,063,986	(561,400,000)
Reversal of loss on impairment of fixed assets and investment property	(132,879,751)	(263,480,973)	(132,879,751)	(112,351,456)
Share of profit on investments in associates and joint ventures	(679,156,106)	(387,797,868)	-	-
Share of other comprehensive loss on investment in an associate	-	1,340,173	-	-
Finance costs	1,960,988,419	2,067,386,190	1,958,711,962	2,063,208,552
Employee benefit expenses	290,400,653	182,979,185	325,511,591	177,581,917
Profit from operations before changes in operating assets and liabilities	19,642,911,627	20,616,990,522	19,328,491,188	20,311,227,688
Operating assets (increase) decrease				
Trade receivables	458,840,821	(2,805,425,804)	478,590,861	(2,788,824,745)
Other receivables	(212,765,109)	(506,765,077)	(212,833,032)	(501,754,043)
Amounts due from related parties	(82,220,319)	(513,766)	(67,480,311)	(3,065,492)
Inventories	292,847,715	(4,381,976,753)	360,243,618	(4,206,632,498)
Refundable value-added tax	(883,012,527)	(63,177,643)	(875,854,806)	(47,034,716)
Prepaid excise tax	(2,569,250)	(74,703,897)	(2,569,250)	(74,703,897)
Other current assets	107,771,421	127,864,528	89,322,022	129,621,439
Operating liabilities increase (decrease)				
Trade payables	332,459,521	6,239,027,991	299,426,203	6,123,590,399
Other payables	161,409,163	835,179,792	157,426,894	827,349,427
Amount due to related parties	(67,547,493)	(78,591,841)	(79,545,996)	(76,474,893)
Accrued bonus expenses	226,593,142	107,819,032	257,720,108	105,928,262
Advance receipts for goods	(389,906,736)	284,483,172	(289,634,794)	252,803,493
Other current liabilities	24,801,287	47,563,241	15,223,141	71,381,593
Cash paid for employee benefits	(43,640,715)	(50,408,445)	(42,792,690)	(48,209,995)
Other non-current liabilities	14,655,493	-	-	-
Cash received from operations	19,580,628,041	20,297,365,052	19,415,733,156	20,075,202,022
Income tax paid	(1,276,515,668)	(52,026,714)	(1,244,537,695)	(33,218,287)
Net cash provided by operating activities	18,304,112,373	20,245,338,338	18,171,195,461	20,041,983,735



**IRPC PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

Unit : Baht

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	28,868,939	25,407,707	39,711,780	36,519,052
Dividends received	626,486	71,722,043	221,359,307	243,321,661
Cash paid for short-term loans to related parties	-	-	(13,233,407)	(118,879,970)
Proceeds from sales of investment in subsidiaries	52,468,527	77,062,500	52,368,798	77,062,500
Dividends received from an associate and a joint venture	34,902,563	5,499,978	34,902,563	-
Cash paid for investment in an associate and a joint venture	(64,999,967)	(57,538,250)	(69,999,967)	(57,538,250)
Cash paid for other-long term investment	-	(375,000)	-	(375,000)
Proceeds from sales of available for sale investment	-	1,255,983,200	-	1,255,983,200
Cash paid for purchases of fixed assets and investment property	(6,453,229,866)	(11,222,691,748)	(6,356,889,571)	(11,070,920,908)
Proceeds from sales of fixed assets and investment property	409,313,464	69,249,479	408,804,819	52,382,575
Cash paid for purchases of intangible assets	(89,456,058)	(131,604,189)	(89,340,442)	(131,374,189)
Cash paid in advance for investment in an oversea company	(321,189,685)	-	(321,189,685)	-
Other non-current assets	(134,052,482)	139,667,164	(133,945,483)	139,713,916
Net cash used in investing activities	<u>(6,536,748,079)</u>	<u>(9,767,617,116)</u>	<u>(6,227,451,288)</u>	<u>(9,574,105,413)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Interest paid and financing fees	(2,181,722,836)	(2,704,405,565)	(2,179,421,502)	(2,700,252,804)
Net proceeds (paid) on settlements of financial derivative contracts	(294,342,980)	57,552,403	(294,342,980)	57,552,402
Dividends paid	(7,958,932,851)	(4,694,428,953)	(7,968,225,927)	(4,699,909,485)
Dividends paid to non-controlling interests	(23,174,780)	(27,756,382)	-	-
Net proceeds from (paid for) short-term borrowings from financial institutions	4,031,300,044	(3,183,812,384)	3,926,279,630	(3,226,610,065)
Paid for long-term borrowings from financial institutions and debentures	(11,644,916,249)	(19,322,221,000)	(11,644,916,249)	(19,322,221,000)
Proceeds from long-term borrowings financial institutions	6,497,217,033	19,500,000,000	6,497,217,033	19,500,000,000
Net cash used in financing activities	<u>(11,574,572,619)</u>	<u>(10,375,071,881)</u>	<u>(11,663,409,995)</u>	<u>(10,391,440,952)</u>
Net increase in cash and cash equivalents	192,791,675	102,649,341	280,334,178	76,437,370
Cash and cash equivalents as at January 1,	2,144,860,268	2,042,210,927	1,602,419,674	1,525,982,304
<b>Cash and cash equivalents as at December 31,</b>	<u><u>2,337,651,943</u></u>	<u><u>2,144,860,268</u></u>	<u><u>1,882,753,852</u></u>	<u><u>1,602,419,674</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, 2018**

**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, Choengnueen District, Aumphur Muang, Rayong Province. The Company's office is located at 555/2 Energy Complex, Building B, 6<sup>th</sup> floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900.

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its 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.

In February 2018, Government Savings Bank sold all 1,950 million ordinary shares of the Company at 9.54% to PTT Public Company Limited, the major shareholder of the Company. As at December 31, 2018, PTT Public Company Limited holds 48.05% and another major shareholder is Thai NVDR Company Limited holding 9.45%.

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 holding 9.54%, and Thai NVDR Company Limited holding 8.34%.

**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 2017) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2018 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 the financial statements in conformity with Thai Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Group's accounting policies. The areas involve 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, 2018 have included the subsidiaries' financial statements for the year ended December 31, 2018 which had been previously audited.
- 2.6 The English version of the consolidated and separate financial statements have been prepared from the financial statements that are in the Thai language under law. In the event of a conflict or a difference in interpretation between the two languages, the Thai version of financial information shall prevail.

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

During the year, the Group has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. 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. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements, except the following financial reporting standard:

### Thai Accounting Standard No.7 (Revised 2017) "Statement of Cash Flows"

This revised accounting standard requires the disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This accounting standard requires prospective method for such amendment (see Note 7.2).

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

### 2.8.1 Thai Financial Reporting Standard No.15 "Revenue from Contracts with Customers" ("IFRS 15")

The Federation of Accounting Professions has issued the Notification regarding IFRS 15 which has been announced in the Royal Gazette on March 14, 2018 and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its effective date: Thai Accounting Standard No.11 "Construction Contracts", Thai Accounting Standard No.18 "Revenue", Thai Accounting Standard Interpretation No.31 "Revenue-Barter Transactions Involving Advertising Services", Thai Financial Reporting Standard Interpretation No.13 "Customer Loyalty Programmes, Thai Financial Reporting Standard Interpretation No.15 "Agreements for the Construction of Real Estate" and Thai Financial Reporting Standard Interpretation No.18 "Transfers of Assets from Customers". IFRS 15 requires retrospective method in accordance with Thai Accounting Standard No.8 "Accounting Policies, Changes in Accounting Estimates and Errors" or recognize the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings of the annual reporting period.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects to consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

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

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

## 2.8.2 Thai Financial Reporting Standard Group of Financial Instruments

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard Group of Financial Instruments, which have been announced in the Royal Gazette on September 21, 2018 and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:

### Thai Accounting Standard No.32 “Financial Instruments: Presentation”

This accounting standard requires establishing principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; the circumstances in which financial assets and financial liabilities should be offset.

This accounting standard shall be applied retrospectively for annual periods beginning on or after January 1, 2020. An entity shall apply this accounting standard prospective method by recognising all transactions on the date of initial application considering the condition of this accounting standard and the cumulative effect of initially applying this Standard as an adjustment of retained earnings or other component equity (if applicable) on the date of initial application. The entity shall disclose that fact.

### Thai Financial Reporting Standard No.7 “Financial Instruments: Disclosures”

This financial reporting standard requires entities to provide disclosures in their financial statements that enable users to evaluate the significance of financial statements for the entity’s financial position and performance and the nature and extent of risks arising from financial statements to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

If an entity initially applies this financial reporting standard, it needs not present comparative information for the disclosures about the nature and extent of risks arising from financial instruments.

### Thai Financial Reporting Standard No.9 “Financial Instruments”

This financial reporting standard establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows. This financial reporting standard includes 3 requirements for the recognition and measurement, impairment and hedge accounting.

All recognized financial assets that are within the scope of TFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principle and interest on the principle outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specific dates to cash flows that are solely payments of principle and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value through profit or loss at the end of subsequent accounting periods. In addition, under TFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, TFRS 9 requires that the amount of change in fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model. The expected credit loss model requires an entity to account for expected credit loss and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

TFRS 9 have been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled with the principle of an 'economic relationship'. Disclosure requirements about an entity's risk management activities have also been introduced.

An entity can elect to apply this Standard retrospectively, in accordance with Thai Accounting Standard No.8 (Revised 2018) "Accounting Policies, Changes in Accounting Estimates and Errors". This Standard shall not be applied to items that have already been derecognized at the date of initial application. Or, an entity can elect to apply this Standard by recognizing the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) of the annual reporting period. The entity shall disclose that fact.

Thai Financial Reporting Standard Interpretations No.16 "Hedge of a Net Investment in a Foreign Operation"

This Interpretation describes the significant issue about hedging the foreign currency risk arising from its net investment in foreign operations such as a presentational currency not exposure to risk that an entity applies for hedge accounting and hedging instruments that are hedges of a net investment in a foreign operation. This Interpretation requires prospective method for such application.

Thai Financial Reporting Standard Interpretations No.19 "Extinguishing Financial Liabilities with Equity Instruments"

This Interpretation addresses the circumstance that an entity issues equity instruments to a creditor of the entity to extinguish all or part of the financial liability. The entity shall remove all or part of such financial liability. This Interpretation requires retrospective method for such application.

### 2.8.3 Thai Financial Reporting Standard Revised 2018

Thai Financial Reporting Standards (TFRSs) Revised 2018 which will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards, have been announced in the Royal Gazette on November 27, 2018. 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 reference to other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

Thai Accounting Standard No.28 (Revised 2018) “Investment in Associates and Joint Ventures”

This revised accounting standard clarifies about the election of measurement an investment in an associate or a joint venture at fair value through profit or loss (that is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds). An entity shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture. This accounting standard requires retrospective method for such amendment.

In addition to, this revised accounting standard clarifies the consideration about the impairment of an investment in an associate or a joint venture.

Thai Accounting Standard No.40 (Revised 2018) “Investment Property”

This revised accounting standard clarifies about transfers of investment property to, or from, other accounts when, and only when, there is a change in use. This accounting standard requires prospective method for such amendment.

Thai Financial Reporting Standard No.2 (Revised 2018) “Share-based Payment”

This revised financial reporting standard adds the requirements as follows:

- 1) The requirement about treatment of vesting and non-vesting for a cash-settled share-based payment transaction
- 2) The requirement about share-based payment transactions with a net settlement feature for withholding tax obligations
- 3) The requirement about accounting for a modification of a share-based payment transaction that changes its classification from cash-settled to equity-settled

This revised financial reporting standard requires prospective method for such amendment.

The Group’s management will adopt such TFRSs in the preparation of the Group’s financial statements when it becomes effective. The Group’s management is in the process to assess the impact of these TFRSs 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 (%)	
			2018	2017
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	50.00	74.99
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
I-Polymer Company Limited	Distributing plastic resin and chemical products via E-Commerce system	Thailand	99.99	-
<b>Indirectly invested by</b>				
<b>IRPC Oil Company Limited</b>				
Rak Phasak Company Limited	Oil vessel renting	Thailand	99.99	99.99

\* On April 30, 2018, the Company sold the shares of IRPC Polyol Company Limited (“IRPC Polyol”) of 25% to PCC Rokita Spolka Akcyjna (“PCC”). According to the sales transaction, IRPC Polyol was changed from a subsidiary to be a joint venture (see Note 13).



### 3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies of the Group are summarized below:

#### 3.1 Group accounting - Investment in associates and subsidiaries 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

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 realizable value is calculated based on the estimated selling price in the ordinary course of business less the estimated costs of completion and the necessary costs to make the sale



Allowance for obsolescence, slow moving or defective inventories is recorded based on the consideration of future use of those inventories and the aging analysis at the end of each reporting period.

### 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.

Past-service costs related to plan amendment is recognised as expense in the statement of profit or loss when the plan amendment is effective.

### 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 presented in the consolidated statement of financial position at cost and presented 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.

#### Fair value estimation of derivatives for disclosure information in the financial statements

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 (Level 1). The fair values of commodity derivatives are calculated by the offering selling and buying price 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.

#### 3.22 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.

### 3.23 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.

## 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 Allowance for diminution in value of inventories

Net realizable value is calculated based on the estimated selling prices by management in the ordinary course of business less the estimated costs of completion and the necessary costs to make the sale.

### 5.2 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 short-term loans 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.

### 5.3 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

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

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2018	2017	2018	2017
Accounts payable - acquisition <sup>(1)</sup> of fixed assets brought forward	2,852	951	2,852	950
<u>Add</u> Purchase of fixed assets (net of capitalized borrowing costs)	5,776	13,124	5,680	12,973
<u>Less</u> Cash payment	(6,453)	(11,223)	(6,357)	(11,071)
Accounts payable - acquisition <sup>(1)</sup> of fixed assets carried forward	<u>2,175</u>	<u>2,852</u>	<u>2,175</u>	<u>2,852</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, 2018 and 2017.

### 7.2 Reconciliation of liabilities arising from financing activities

The table below details changes in the liabilities arising from financing activities, including both cash and non-cash changes.

As at December 31, 2018

	Consolidated financial statements							Balance as at December 31, 2018
	Balance as at January 1, 2018	Net financing cash flows	Non-cash changes				Gain (loss) on exchange rate	
			Interest expense	Interest expense capitalized as part of fixed assets	Amortisation of deferred financing fees	Impact from changing status from a subsidiary to be a joint venture		
Accrued interest expense	225	(2,182)	1,917	165	-	-	-	125
Short-term borrowings from financial institutions	2,957	4,031	-	-	-	(288)	-	6,700
Financial derivative contracts	-	(294)	-	-	-	-	294	-
Long-term borrowings from financial institutions and debentures	55,812	(5,148)	-	-	44	-	(42)	50,666
<b>Total</b>	<u>58,994</u>	<u>(3,593)</u>	<u>1,917</u>	<u>165</u>	<u>44</u>	<u>(288)</u>	<u>252</u>	<u>57,491</u>

As at December 31, 2018

Unit : Million Baht

	Separate financial statements						Balance as at December 31, 2018
	Balance as at January 1, 2018	Net financing cash flows	Non-cash changes				
			Interest expense	Interest expense capitalized as part of fixed assets	Amortisation of deferred financing fees	Gain (loss) on exchange rate	
Accrued interest expense	225	(2,179)	1,915	164	-	-	125
Short-term borrowings							
from financial institutions	2,774	3,926	-	-	-	-	6,700
Financial derivative contracts	-	(294)	-	-	-	294	-
Long-term borrowings							
from financial institutions							
and debentures	55,812	(5,148)	-	-	44	(42)	50,666
<b>Total</b>	<b>58,811</b>	<b>(3,695)</b>	<b>1,915</b>	<b>164</b>	<b>44</b>	<b>252</b>	<b>57,491</b>

## 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.

	Consolidated financial statements			
	Petroleum Products	Petrochemical products	Other businesses	Total
<b>For the year ended December 31, 2018</b>				
Revenue from sales	203,438	72,739	4,374	280,551
Profit from operating segments	1,215	7,927	964	10,106
Unallocated other incomes				91
Profit from operations				10,197
Finance costs				(1,961)
Share of profit on investments in associates and joint ventures				679
Income tax expense				(1,146)
Profit for the year				7,769

	Consolidated financial statements				
	Petroleum Products	Petrochemical products	Other businesses	Elimination entries	Total
<b>As at December 31, 2018</b>					
Segment fixed assets	58,922	33,440	15,235	21	107,618
Unallocated fixed assets					17,119
Segment other assets	28,916	12,483	2,312	(808)	42,903
Unallocated other assets					14,806
Consolidated total assets					182,446

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

	Unit : Million Baht				
	Consolidated financial statements				
	Petroleum Products	Petrochemical products	Other businesses	Elimination entries	Total
<b>As at December 31, 2017</b>					
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					184,544

### Geographic information

The Group's revenue from sales from external customers are reported by the geographical information as follows: In addition, non-current assets of the Group are located in Thailand.

Country's name	Unit : Million Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Thailand	174,293	134,337	173,045	133,119
Singapore	48,031	35,286	48,028	35,284
Others	58,227	44,478	58,008	44,015
Total	280,551	214,101	279,081	212,418

### 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	
	2018	2017	2018	2017
Cash on hand	2	1	-	-
Bank deposits in current accounts	123	158	121	145
Bank deposits in savings accounts	2,213	1,986	1,762	1,457
Total cash and cash equivalents	2,338	2,145	1,883	1,602

As at December 31, 2018, bank deposits in current accounts and savings accounts bear interest at rates between 0.1% and 1.1% per annum (2017 : 0.1% and 1.2% 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	
		2018	2017	2018	2017
<b>Trade receivables</b>					
- Other parties		7,622	8,165	7,459	7,942
- Related parties	35 (b)	4,602	4,642	4,788	4,812
Total		12,224	12,807	12,247	12,754
<u>Less</u> Allowance for doubtful accounts		(27)	(23)	(23)	(22)
Total trade receivables		12,197	12,784	12,224	12,732

Aging analysis of trade receivables is as follows:

	Note	Consolidated		Unit : Million Baht	
		financial statements		Separate	
		2018	2017	2018	2017
<b>Other parties</b>					
Current		7,018	7,811	6,872	7,597
Overdue					
- less than 3 months		574	331	564	323
- over 3 months but less than 12 months		6	-	1	-
- over 12 months		24	23	22	22
		604	354	587	345
		7,622	8,165	7,459	7,942
<u>Less</u> Allowance for doubtful accounts		(27)	(23)	(23)	(22)
Total trade receivables from other parties		7,595	8,142	7,436	7,920
<b>Related parties</b>					
Current		4,323	4,017	4,509	4,208
Overdue					
- less than 3 months		277	625	277	604
- over 3 months but less than 12 months		2	-	2	-
- over than 12 months		-	-	-	-
		279	625	279	604
Total trade receivables from related parties	35 (b)	4,602	4,642	4,788	4,812
<b>Total trade receivables</b>		12,197	12,784	12,224	12,732

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:

	<b>Consolidated</b>		<b>Unit : Million Baht</b>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Receivables from Excise Department and Oil Fund	488	261	488	261
Others	279	299	277	291
<b>Total other receivables</b>	<b>767</b>	<b>560</b>	<b>765</b>	<b>552</b>

**12. INVENTORIES**

Inventories as at December 31, consist of the following:

	<b>Consolidated</b>		<b>Unit : Million Baht</b>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Raw materials	5,321	7,884	5,321	7,784
Work in process	16	16	16	16
Finished goods	16,734	13,857	16,464	13,443
Chemicals and fuel oil	1,193	1,128	1,180	1,094
Spare parts and repair materials	2,601	2,342	2,600	2,312
Goods in transit	4,102	5,392	4,093	5,385
<u>Less</u> Allowance for diminution in value and obsolescence of inventories	(1,508)	(567)	(1,508)	(556)
<b>Total inventories</b>	<b>28,459</b>	<b>30,052</b>	<b>28,166</b>	<b>29,478</b>

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, 2018, 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 5,215 million, and Baht 5,212 million, respectively (as at December 31, 2017: Baht 5,126 million and Baht 5,122 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 238,671 million and Baht 237,774 million in the consolidated and separate statements of profit or loss, respectively (2017 : Baht 173,387 million and Baht 172,161 million in the consolidated and separate statements of profit or loss, respectively).

As at December 31, 2018, inventories are presented net of allowance for diminution in value and obsolescence of inventories amounting to Baht 1,508 million and Baht 1,508 million in the consolidated and separate statements of financial position, respectively (2017 : Baht 567 million and Baht 556 million in the consolidated and separate statements of financial position, respectively). During the year 2018, the allowance for diminution in value and obsolescence of inventories amounting to Baht 959 million and Baht 952 million was recognised in the consolidated and separate statements of profit or loss, respectively (2017 : Baht 113 million was recognised in the consolidated and separate statements of profit or loss).

### 13. INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES

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

	<b>Consolidated</b>		<b>Unit : Million Baht</b>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Opening net book amount	6,992	6,554	8,675	8,692
Increase in investment in an associate and a joint venture <sup>1)</sup>	65	58	65	58
Increase in investment in a subsidiary <sup>2)</sup>	-	-	5	-
Disposal of investment in a subsidiary <sup>3)</sup>	-	-	(75)	(75)
Loss on impairment of investment in a joint venture	-	-	(73)	-
Increase in investment from changing status from a subsidiary to be a joint venture	104	-	-	-
Investment in a joint venture written-off <sup>4)</sup>	(5)	-	-	-
Dividend received from an associate and a joint venture	(35)	(6)	-	-
Share of profit on investments in associates and a joint venture	679	388	-	-
Share of other comprehensive loss on investment in an associate	(1)	(2)	-	-
Closing net book amount	<u>7,799</u>	<u>6,992</u>	<u>8,597</u>	<u>8,675</u>

- 1) During 2017, IRPC Clean Power Company Limited, which is an associate of the Company, called for the additional paid-up at Baht 0.24 per share. The Company paid for additional paid-up share capital at the same proportion of investment of Baht 58 million.

During 2018, investment in a joint venture increased from investment in WHA Industrial Estate Rayong Co., Ltd., 40% owned by the Company which was registered as a limited company in Thailand on July 25, 2018. As at December 31, 2018, WHA Industrial Estate Rayong Co., Ltd. has registered share capital of 65 million shares at par value Baht 10, totalling Baht 650 million and paid-up share capital of 25% totalling Baht 162.5 million. The Company paid the share capital for the investment of Baht 65 million on August 29, 2018.

- 2) During 2018, investment in a subsidiary increased from investment in I-Polymer Company Limited, 99.9% owned by the Company which was registered as a limited company in Thailand on November 23, 2018. As at December 31, 2018, I-Polymer Company Limited has registered and paid-up share capital of 500,000 shares at par value Baht 10, totalling Baht 5 million. The Company paid the share capital for the investment of Baht 5 million on December 18, 2018.
- 3) On January 31, 2017, the Company sold shares of IRPC Polyol Company Limited (“IRPC Polyol”) of 25% to PCC Rokita Spolka Akcyjna (“PCC”), incorporated in Poland, with selling price at Baht 77 million (cost at par value totalling Baht 75 million) which there was gain on sales of investment of Baht 2 million. Subsequently, on April 30, 2018, the Company sold additional shares of IRPC Polyol of 25% to PCC with selling price at Baht 54 million (cost at par value totalling Baht 75 million) which there was loss on sales of investment of Baht 23 million. According to the sales transaction, as at December 31, 2018, the Company and PCC each hold 50% of IRPC Polyol’s shares and the status of investment in IRPC Polyol was changed from a subsidiary to a joint venture.
- 4) 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. On May 28, 2018, IRPC Polyol Co., Ltd. received the capital refund from IRPC-PCC of Baht 5.7 million.

a) Details of investments in associates and joint ventures in the consolidated financial statements are as follows:

	Consolidated financial statements							Dividend income For the year ended December 31, 2017
	Paid-up share capital		Cost method		Equity method		Dividend income For the year ended December 31, 2018	
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017		
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017		
<b>Associates</b>								
PTT Energy Solutions Co., Ltd.	150	150	30	30	42	46	-	
UBE Chemicals (Asia) Public Co., Ltd.	10,739	10,739	5,300	5,300	5,112	4,927	35	
IRPC Clean Power Co., Ltd.	3,083	3,083	1,510	1,510	2,534	2,013	-	
	6,840	6,840	6,840	6,840	7,688	6,986	35	
<b>Joint ventures</b>								
WHA Industrial Estate Rayong Co., Ltd.	163	-	65	-	64	-	-	
IPRC Polyol Co., Ltd.	300	-	150	-	46	-	-	
IRPC-PCC Co., Ltd.	-	10	-	5	-	6	6	
	215	5	215	5	110	6	6	

Unit : Million Baht

b) Details of investments in associates, subsidiaries and joint ventures in the separate financial statements are as follows:

Business type	Separate financial statements										Dividend income For the year ended December 31, 2018	
	Ownership interest (%)		Paid-up capital		Cost method		Impairment		Net			
	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017	As at December 31, 2018	As at December 31, 2017		
<b>Associates</b>												
PTT Energy Solutions Co., Ltd.	20.00	20.00	150	150	30	30	-	-	30	30	-	-
UBE Chemicals (Asia) Public Co., Ltd.	25.00	25.00	10,739	10,739	5,300	5,300	-	-	5,300	5,300	35	-
IRPC Clean Power Co., Ltd.	48.99	48.99	3,083	3,083	1,510	1,510	-	-	1,510	1,510	-	-
<b>Total investments in associates</b>												
			6,840	6,840	6,840	6,840	-	-	6,840	6,840	35	-
<b>Subsidiaries</b>												
<b>Active subsidiaries</b>												
IRPC Oil Company Limited	99.99	99.99	2,000	2,000	2,000	2,000	(718)	(718)	1,282	1,282	186	130
IRPC Polyol Company Limited	-	74.99	-	300	-	225	-	-	-	225	-	-
IRPC Technology Company Limited	99.99	99.99	750	750	750	750	(476)	(476)	274	274	-	-
IRPC A&L Company Limited	59.98	59.98	10	10	14	14	-	-	14	14	35	69
I-Polymer Company Limited	99.99	-	5	-	5	-	-	-	5	-	-	-
<b>Subsidiary under bankruptcy process</b>												
R. Solution Co., Ltd. (Below Baht 1 million)	99.50	99.50	-	-	-	-	-	-	-	-	-	-
<b>Subsidiaries under liquidation process</b>												
Thai ABS Co., Ltd.	99.99	99.99	39	39	39	39	-	-	39	39	-	-
TPI Internet Portal Co., Ltd. (Below Baht 1 million)	-	99.99	-	-	-	-	-	-	-	-	-	-
<b>Total investments in subsidiaries</b>												
			2,808	3,028	(1,194)	(1,194)	(1,194)	(1,194)	1,614	1,834	221	199
<b>Joint Ventures</b>												
WHA Industrial Estate Rayong Co., Ltd.	40.00	-	163	-	65	-	-	-	65	-	-	-
IRPC Polyol Company Limited	50.00	-	300	-	150	-	(73)	-	77	-	-	-
<b>Total investments in joint ventures</b>												
			215	-	-	(73)	-	-	142	-	-	-



**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.	
	2018	2017	2018	2017
<b>Opening net assets at January 1,</b>	13,057	11,998	3,725	3,264
Issue of share capital during the years	-	-	-	118
Net profit for the years	904	1,059	1,074	343
<b>Closing net assets at December 31,</b>	<b>13,961</b>	<b>13,057</b>	<b>4,799</b>	<b>3,725</b>
Interest in associates (%)	25.00	25.00	48.99	48.99
<b>Carrying value at December 31,</b>	<b>3,490</b>	<b>3,264</b>	<b>2,351</b>	<b>1,825</b>

**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	
	2018	2017	2018	2017
Available for sales investments at fair value	61	68	61	68
<u>Less</u> Allowances for revaluation of investments	(2)	(7)	(2)	(7)
	59	61	59	61
General investments at cost method	4,061	4,061	4,059	4,059
<u>Less</u> Allowances for impairment	(3,478)	(3,478)	(3,477)	(3,477)
	583	583	582	582
Total other long-term investments	642	644	641	643

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.

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

	Unit : Million Baht					
	% of investment		Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017	2018	2017
<b>Investments with the former management and the entities relating to the former management</b>						
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
			4,037	4,037	4,035	4,035
<u>Less</u> Allowance for impairment			(3,475)	(3,475)	(3,474)	(3,474)
			562	562	561	561
General investments - others			24	24	24	24
<u>Less</u> Allowance for impairment			(3)	(3)	(3)	(3)
			21	21	21	21
Total general investments			583	583	582	582

## 15. INVESTMENT PROPERTY

Investment property as at December 31, consists of:

## As at December 31, 2018

	Unit : Million Baht			
	Consolidated financial statements			
	Balances as at January 1, 2018	Additions	Disposals	Balances as at December 31, 2018
<b>Cost</b>				
Land	1,529	12	(97)	1,444
Building	18	-	-	18
Total cost	<u>1,547</u>	<u>12</u>	<u>(97)</u>	<u>1,462</u>
<b>Accumulated depreciation</b>				
Building	(18)	-	-	(18)
Total accumulated depreciation	<u>(18)</u>	<u>-</u>	<u>-</u>	<u>(18)</u>
<u>Less</u> Allowance for impairment	(267)	-	51	(216)
Total investment property	<u>1,262</u>			<u>1,228</u>

## 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
<b>Cost</b>				
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>
<b>Accumulated depreciation</b>				
Building	(17)	(1)	-	(18)
Total accumulated depreciation	<u>(17)</u>	<u>(1)</u>	<u>-</u>	<u>(18)</u>
<u>Less</u> Allowance for impairment	(354)	-	87	(267)
Total investment property	<u>1,190</u>			<u>1,262</u>

## As at December 31, 2018

	Unit : Million Baht			
	Separate financial statements			
	Balances as at January 1, 2018	Additions	Disposals	Balances as at December 31, 2018
<b>Cost</b>				
Land	1,481	12	(97)	1,396
<u>Less</u> Allowance for impairment	(248)	-	51	(197)
Total investment property	<u>1,233</u>			<u>1,199</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
<b>Cost</b>				
Land	1,480	1	-	1,481
<u>Less</u> Allowance for impairment	(329)	-	81	(248)
Total investment property	<u>1,151</u>			<u>1,233</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	
	2018	2017	2018	2017
Rental income	28	25	28	24

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

	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2018	2017	2018	2017
Land	1,559	1,622	1,531	1,594
Buildings	5	5	-	-
	<u>1,564</u>	<u>1,627</u>	<u>1,531</u>	<u>1,594</u>

In December 2018, the Company sold land approximately 152 rai in Rayong province to PTT Public Company Limited, a major shareholder with the selling price at Baht 325 million.

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, 2018

Unit : Million Baht

	Consolidated financial statements					Balances as at December 31, 2018
	Balances as at January 1, 2018	Additions	Disposals/ Write off	Transfers in (out)	Effects of changing Status <sup>(1)</sup>	
<b>Cost</b>						
Land and land improvement	9,498	1,810	-	229	-	11,537
Buildings and building improvements	37,670	9	(26)	1,497	(121)	39,029
Machinery and pipes	134,709	220	(931)	7,569	(417)	141,150
Tools and factory equipment	3,165	112	(49)	23	(57)	3,194
Furniture, fixtures and office equipment	1,086	38	(35)	118	(8)	1,199
Vehicles	689	10	(7)	-	(1)	691
Total	186,817	2,199	(1,048)	9,436	(604)	196,800
<b>Accumulated depreciation</b>						
Buildings and building improvements	(15,833)	(1,285)	14	-	116	(16,988)
Machinery and pipes	(54,790)	(6,438)	795	-	260	(60,173)
Tools and factory equipment	(2,025)	(191)	48	-	46	(2,122)
Furniture, fixtures and office equipment	(869)	(75)	35	-	8	(901)
Vehicles	(574)	(23)	7	-	-	(590)
Total	(74,091)	(8,012)	899	-	430	(80,774)
Assets under construction and assets under installation	14,707	3,732	-	(9,436)	-	9,003
Less Allowance for impairment	(372)	-	80	-	-	(292)
Total property, plant and equipment	127,061					124,737

(1) According to the sales transaction for the shares of IRPC Polyol Company Limited, as at December 31, 2018, investment in IRPC Polyol Company Limited was changed status from investment in a subsidiary to be investment in a joint venture (see Note 13 (3)).

As at December 31, 2017

Unit : Million Baht

	Consolidated financial statements					Balances as at December 31, 2017
	Balances as at January 1, 2017	Additions	Disposals/ Write off	Transfers in (out)		
<b>Cost</b>						
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	175,112	1,078	(2,269)	12,896	-	186,817
<b>Accumulated depreciation</b>						
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	(69,510)	(6,803)	2,222	-	-	(74,091)
Assets under construction and assets under installation	15,115	12,488	-	(12,896)	-	14,707
Less Allowance for impairment	(546)	-	174	-	-	(372)
Total property, plant and equipment	120,171					127,061

Depreciation for the years ended December 31,

2018

Baht 8,012

2017

Baht 6,803

As at December 31, 2018

Unit : Million Baht

	Separate financial statements				Balances as at December 31, 2018
	Balances as at January 1, 2018	Additions	Disposals/ Write off	Transfers in (out)	
<b>Cost</b>					
Land and land improvement	8,862	1,810	-	229	10,901
Buildings and building improvements	35,831	1	(21)	1,459	37,270
Machinery and pipes	133,968	219	(925)	7,560	140,822
Tools and factory equipment	2,284	101	(43)	20	2,362
Furniture, fixtures and office equipment	977	7	(27)	117	1,074
Vehicles	510	7	(7)	-	510
Total	182,432	2,145	(1,023)	9,385	192,939
<b>Accumulated depreciation</b>					
Buildings and building improvements	(14,332)	(1,282)	14	-	(15,600)
Machinery and pipes	(54,572)	(6,422)	789	-	(60,205)
Tools and factory equipment	(1,582)	(133)	42	-	(1,673)
Furniture, fixtures and office equipment	(791)	(67)	27	-	(831)
Vehicles	(396)	(23)	6	-	(413)
Total	(71,673)	(7,927)	878	-	(78,722)
Assets under construction and assets under installation	14,558	3,690	-	(9,385)	8,863
Less Allowance for impairment	(160)	-	80	-	(80)
Total property, plant and equipment	125,157				123,000

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)	
<b>Cost</b>					
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
<b>Accumulated depreciation</b>					
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
Less Allowance for impairment	(189)	-	29	-	(160)
Total property, plant and equipment	118,482				125,157

Depreciation for the years ended December 31,

2018

Baht 7,927

2017

Baht 6,723

For the year ended December 31, 2018, borrowing costs of Baht 165 million was included in the purchases of assets in the consolidated and separate financial statements. (2017 : Baht 442 million in the consolidated and separate financial statements) arising from financing specifically for the construction of new factories. The Group used the capitalisation rates between 3.98% and 4.20% to calculate the capitalized borrowing costs.

As at December 31, 2018 and 2017, costs of plant and equipment in the consolidated financial statements that were fully depreciated but still in use were Baht 8,961 million and Baht 8,615 million, respectively.

As at December 31, 2018 and 2017, costs of plant and equipment in the separate financial statements that were fully depreciated but still in use were Baht 8,535 million and Baht 8,069 million, respectively.

## 17. INTANGIBLE ASSETS

Intangible assets as at December 31, consist of:

**As at December 31, 2018**

	Consolidated financial statements				Unit : Million Baht
	Balances as at January 1, 2018	Additions	Disposals	Transfers in (out)	Balances as at December 31, 2018
<b>Cost</b>					
Dredging expenses	2,640	-	-	-	2,640
Computer software	1,037	4	-	53	1,094
Total	<u>3,677</u>	<u>4</u>	<u>-</u>	<u>53</u>	<u>3,734</u>
<b>Accumulated amortisation</b>					
Dredging expenses	(2,382)	(142)	-	-	(2,524)
Computer software	(824)	(84)	-	-	(908)
Total	<u>(3,206)</u>	<u>(226)</u>	<u>-</u>	<u>-</u>	<u>(3,432)</u>
Computer software under installation	<u>212</u>	<u>86</u>	<u>-</u>	<u>(53)</u>	<u>245</u>
Total intangible assets	<u><u>683</u></u>				<u><u>547</u></u>

**As at December 31, 2017**

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

**Amortisation for the years ended December 31,**

2018

**Baht** 226

2017

**Baht** 256

## As at December 31, 2018

Unit : Million Baht

	Separate financial statements				
	Balances as at January 1, 2018	Additions	Disposals	Transfers in (out)	Balances as at December 31, 2018
<b>Cost</b>					
Dredging expenses	2,640	-	-	-	2,640
Computer software	1,030	4	-	53	1,087
Total	3,670	4	-	53	3,727
<b>Accumulated amortisation</b>					
Dredging expenses	(2,382)	(142)	-	-	(2,524)
Computer software	(822)	(83)	-	-	(905)
Total	(3,204)	(225)	-	-	(3,429)
Computer software under installation	211	86	-	(53)	244
Total intangible assets	677				542

## 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
<b>Cost</b>					
Dredging expenses	2,640	-	-	-	2,640
Computer software	980	32	-	18	1,030
Total	3,620	32	-	18	3,670
<b>Accumulated amortisation</b>					
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
<b>Amortisation for the years ended December 31,</b>					
2018				<b>Baht</b>	<u>225</u>
2017				<b>Baht</b>	<u>255</u>

## 18. DEFERRED INCOME TAX/INCOME TAX

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

	<b>Consolidated financial statements</b>				<b>Unit : Million Baht</b>
	<b>Employee benefit obligations</b>	<b>Fixed assets</b>	<b>Taxable loss carried forward</b>	<b>Others</b>	<b>Total</b>
<b>Deferred tax assets</b>					
As at January 1, 2017	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
Impact from changing status from a subsidiary to be a joint venture	-	-	(25)	-	(25)
Net charged/(credited) to profit or loss	49	(8)	(77)	27	(9)
Net charged/(credited) to other comprehensive income	-	-	-	-	-
As at December 31, 2018	514	268	57	169	1,008

	<b>Unit : Million Baht Consolidated financial statements Fixed assets</b>
<b>Deferred tax liabilities</b>	
As at January 1, 2017	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
Net (charged)/credited to profit or loss	(166)
As at December 31, 2018	685
<b>Presentation in the statements of financial position</b>	
<b><u>As at December 31, 2018</u></b>	
Deferred tax assets - net	323
<b><u>As at December 31, 2017</u></b>	
Deferred tax assets - net	232
Deferred tax liabilities - net	41



Unit : Million Baht

	Separate financial statements				Total
	Employee benefit obligations	Fixed assets	Taxable loss carried forward	Others	
<b>Deferred tax assets</b>					
As at January 1, 2017	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
Net charged/(credited) to profit or loss	56	2	(31)	27	54
Net charged/(credited) to other comprehensive income	-	-	-	-	-
As at December 31, 2018	511	162	-	191	864

Unit : Million Baht  
Separate  
financial statements  
Fixed assets

**Deferred tax liabilities**

As at January 1, 2017	175
Net (charged)/credited to profit or loss	676
As at December 31, 2017	851
Net (charged)/credited to profit or loss	(166)
As at December 31, 2018	685

**Presentation in the statements of financial position****As at December 31, 2018**

Deferred tax assets - net	179
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**As at December 31, 2017**

Deferred tax liabilities - net	41
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**Income tax**

For the years ended December 31,	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Income tax for the current period	1,303	16	1,282	-
Deferred income tax (benefit) expense	(157)	2,165	(220)	2,115
Income tax expense	1,146	2,181	1,062	2,115

For the years ended December 31, 2018 and 2017, the Group's effective tax rate is not equal to the statutory tax rate of 20% under the Revenue Code because income tax expense is calculated from accounting profit adjusted by non-deductible expenses, deducted income or expense exemption under the Revenue Code and utilized the tax losses carried forward from prior years and also had the exempted net profit from the promoted business.

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.

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

	<b>Consolidated</b>		<b>Unit : Million Baht</b>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Profit before income tax expense	8,915	13,541	8,163	12,969
Tax calculated at a tax rate of 20%	1,783	2,708	1,633	2,594
Tax effect of:				
Profit from operations of associates - net of tax	(136)	(77)	-	-
Income subject to tax	3	-	3	-
Income not subject to tax	(43)	(145)	(86)	(162)
Income subject to tax exemption	(485)	(375)	(485)	(368)
Expenses not deductible for tax purpose	30	100	33	97
Expenses with additional deduction	(37)	(19)	(36)	(19)
Adjustment prior year tax loss carried forward	-	(27)	-	(27)
Tax losses not recognised as deferred income tax	31	16	-	-
Income tax expense	<u>1,146</u>	<u>2,181</u>	<u>1,062</u>	<u>2,115</u>

#### 19. OTHER NON-CURRENT ASSETS

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

	<b>Consolidated</b>		<b>Unit : Million Baht</b>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Advance payment for investment in an oversea company <sup>1)</sup>	321	-	321	-
Prepaid expense	183	48	183	48
Others	38	39	36	37
Total other non-current assets	<u>542</u>	<u>87</u>	<u>540</u>	<u>85</u>

<sup>1)</sup> On October 16, 2018, the Board of Directors' meeting of the Company passed a resolution to invest in Guangzhao Saiju Performance Polymer Ltd. ("GZSJ") incorporated in the People's Republic of China ("PRC") by acquiring the capital increased shares equivalent of 15% of total registered capital, in amount of RMB 135 million (approximately Baht 650 million). The main objective of GZSJ is to operate the trading business via e-commerce for plastic products in PRC. In quarter 4' 2018, the Company paid the share deposit of 50% of portion of investment in amount of Baht 321 million.

**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			
	2018		2017	
	Principal	% Interest rate per annum	Principal	% Interest rate per annum
Short-term borrowings from financial institutions	6,700	1.73 - 2.01	2,957	1.70 - 2.27

	Unit : Million Baht			
	Separate financial statements			
	2018		2017	
	Principal	% Interest rate per annum	Principal	% Interest rate per annum
Short-term borrowings from financial institutions	6,700	1.73 - 2.01	2,774	1.70 - 1.75

**20.2 Long-term borrowings from financial institutions and debentures**

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

	Unit : Million Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Long-term borrowings from financial institutions</b>	40,533	40,656	40,533	40,656
<u>Less</u> Current portion of long-term borrowings from financial institutions	(3,740)	(5,660)	(3,740)	(5,660)
<u>Less</u> Deferred financing fees	(119)	(92)	(119)	(92)
Total long-term borrowings from financial institutions	36,674	34,904	36,674	34,904
<b>Debentures</b>	10,254	15,254	10,254	15,254
<u>Less</u> Current portion of debentures	(3,364)	(5,000)	(3,364)	(5,000)
<u>Less</u> Deferred debentures issuance costs	(3)	(6)	(3)	(6)
Total debentures	6,887	10,248	6,887	10,248
Total current portion of long-term borrowings from financial institutions and debentures	7,104	10,660	7,104	10,660
Total long-term borrowings from financial institutions and debentures	43,561	45,152	43,561	45,152

### Long- term borrowings

The Company entered into the following long-term loan agreements with 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 42<sup>nd</sup> month from the loan agreement signing date). The loan were fully drawn down. The principal was fully repaid on January 10, 2018.
- 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 42<sup>nd</sup> 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.
- On June 29, 2018, the Company entered into the Facility Agreement of US Dollar 200 million with two financial institutions. The agreement is for a period of 7 years with an interest rate at LIBOR plus certain margin. The principal repayment is separated into 11 semi-annually installments, starting from the 24<sup>th</sup> month from the agreement date. On July 10, 2018 and August 23, 2018 the Company drawdown the facility of US Dollar 40 million and US Dollar 160 million, respectively.
- 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 instalments, 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 instalments, starting from September 30, 2017 (the 42<sup>nd</sup> 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 instalments, starting from December 28, 2018 (the 30<sup>th</sup> 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 instalments, starting from May 31, 2020 (the 42<sup>th</sup> 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 instalments, starting from November 30, 2020 (the 42<sup>th</sup> month from the first draw down). The loans were fully drawn down.

### Debentures

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 movement of long-term borrowings from financial institutions and debentures for the year ended December 31, 2018 is as follow:

	<b>Unit : Million Baht</b>
	<b>Consolidated and Separate</b>
	<b>financial statements</b>
Opening net book amount	55,812
Repayment of long-term borrowings and debentures	(11,651)
Drawdown for long-term borrowings	6,565
Financing cost of long-term borrowings	(68)
Realised loss on exchange rate	5
Unrealised gain on exchange rate	(42)
Amortisation of deferred financing fees	41
Amortisation of discount on debentures	3
Closing net book amount	<u>50,665</u>

### 20.3 Interest rates on borrowings and debentures

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

	<b>Consolidated</b>		<b>Unit : Million Baht</b>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Short-term borrowings and debentures at fixed interest rates	16,951	18,205	16,951	18,022
Long-term borrowings at floating interest rates	40,414	40,564	40,414	40,564
	<u>57,365</u>	<u>58,769</u>	<u>57,365</u>	<u>58,586</u>

	<b>Consolidated</b>		<b>Unit : Million Baht</b>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Effective interest rates (%)				
Debentures	4.500 - 4.960	4.500 - 4.960	4.500 - 4.960	4.500 - 4.960
Long-term borrowings from financial institutions	2.438 - 3.725	2.528 - 4.000	2.438 - 3.725	2.528 - 4.000

### 20.4 Maturity of long-term borrowings from financial institutions and debentures

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

	<b>Consolidated</b>		<b>Unit : Million Baht</b>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Within 1 year	7,104	10,660	7,104	10,660
Later than 1 year but no later than 5 years	35,634	34,177	35,634	34,177
Later than 5 years	7,927	10,975	7,927	10,975
	<u>50,665</u>	<u>55,812</u>	<u>50,665</u>	<u>55,812</u>

**20.5 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		Fair Values hierarchy
2018	2017	2018	2017		
Debentures - Thai Baht	10,254	15,254	10,659	16,022	Level 2
Total	10,254	15,254	10,659	16,022	

The fair values of Thai Baht debentures are calculated by applying the latest reference yield rate referred from the Thai Bond Market Association.

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.

**20.6 Credit facilities**

The Group has credit facilities with the commercial banks and a major shareholder totalling Baht 45,140 million and Baht 10,000 million, respectively, with the market interest rates. As at December 31, 2018, the Group has outstanding credit facilities with the commercial banks and a major shareholder of Baht 23,513 million and Baht 10,000 million, respectively.

**21. TRADE PAYABLES**

Trade payables as at December 31, consist of:

	Note	Unit : Million Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
<b>Trade payables</b>					
- Other parties		901	951	851	790
- Related parties	35 (e)	25,311	25,080	25,318	25,082
<b>Total trade payables</b>		26,212	26,031	26,169	25,872

**22. EMPLOYEE BENEFIT OBLIGATIONS**

	Unit : Million Baht				
	Consolidated		Separate		
	financial statements		financial statements		
		2018	2017	2018	2017
<b>Statements of financial position</b>					
<b>As at December 31,</b>					
Retirement benefits		2,424	2,227	2,397	2,165
Other long-term benefits		158	109	157	106
		2,582	2,336	2,554	2,271
<b>Statements of profit or loss</b>					
<b>For the years ended December 31,</b>					
Retirement benefits		234	173	267	167
Other long-term benefits		57	10	59	10
		291	183	326	177

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

	Unit : Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Opening book amount	2,336	2,204	2,271	2,142
Current service costs	141	112	116	108
Interest cost	93	71	76	69
Past Service Cost	96	-	95	-
Transfer benefits from subsidiaries	(39)	-	39	-
Impact from changing status from a subsidiary to be a joint venture	(1)	-	-	-
Benefits paid	(44)	(51)	(43)	(48)
Closing book amount	<u>2,582</u>	<u>2,336</u>	<u>2,554</u>	<u>2,271</u>

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

The expenses of Baht 133 million and Baht 164 million (2017 : Baht 113 million and Baht 110 million) were included in cost of sales in the consolidated and separate statements of profit or loss, respectively.

The expenses of Baht 158 million and Baht 162 million (2017 : Baht 70 million and Baht 67 million) were included in administrative expenses in the consolidated and separate statements of profit or loss, respectively.

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

	Unit : Percentage			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
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				
	2018		2017		
	Change in assumption	Impact on defined benefit obligation		Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(278)	327	(255)	300
Salary growth rate	1%	301	(262)	284	(247)



	Unit : Million Baht				
	Separate financial statements				
	2018			2017	
	Change in assumption	Impact on defined benefit obligation		Impact on defined benefit obligation	
Increase in assumption		Decrease in assumption	Increase in assumption	Decrease in assumption	
Discount rate	1%	(270)	318	(249)	292
Salary growth rate	1%	293	(255)	276	(240)

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 (2017 : 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, 2018 are as follows:

	Unit : Million Baht			
	Consolidated financial statements			
	Less than 1 year	Between 1 - 5 years	More than 5 years	Total
Retirement benefits	35	317	2,072	2,424
Other long-term benefits	11	59	88	158
Total	46	376	2,160	2,582

	Unit : Million Baht			
	Separate financial statements			
	Less than 1 year	Between 1 - 5 years	More than 5 years	Total
Retirement benefits	35	310	2,052	2,397
Other long-term benefits	11	59	87	157
Total	46	369	2,139	2,554

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process being announced in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment. The Company and its subsidiaries will reflect the effect of the change by recognizing past service cost as an expense in the consolidated and separate statements of profit or loss, of the period in which the law is effective of Baht 762.9 million and Baht 741.1 million, respectively

**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 not available for distribution as dividends.

As at December 31, 2018 and 2017, the legal reserve has been fully provided to comply with the law since 2007.

**24. PREMIUM ON TREASURY STOCK - ORDINARY SHARES HELD BY A SUBSIDIARY**

Premium on treasury stock - ordinary shares held by a subsidiary as at December 31, consists of the following:

	<b>Unit : Million Baht</b>	
	<b>Consolidated</b>	
	<b>financial statements</b>	
	<b>2018</b>	<b>2017</b>
IRPC Oil Company Limited	124	124
	<u>124</u>	<u>124</u>

As at December 31, 2018, the Company's ordinary shares of 23,828,400 shares have been held by IRPC Oil Company Limited, a subsidiary (2017 : 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, are as follows:

	<b>Unit : Million Baht</b>	
	<b>Consolidated</b>	
	<b>financial statements</b>	
	<b>2018</b>	<b>2017</b>
Beginning balance	137	85
Dividends paid	(23)	(28)
Share of profit for the year	34	5
Increase in portion of investment of non-controller of a subsidiary	-	75
Impact from changing status from a subsidiary to be a joint venture	(54)	-
Ending balance	<u>94</u>	<u>137</u>

**26. OTHER INCOME**

For the years ended December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2018	2017	2018	2017
Interest income	29	27	40	37
Dividend income	1	72	256	243
Gain on exchange rate from borrowings and interest payable	68	764	63	745
Gain on exchange rate	696	109	691	102
Gain on disposals of fixed assets and investment property	163	6	167	5
Gain on sales of available for sale investment	-	115	-	115
Gain (loss) on sales of investment in a subsidiary	-	2	(23)	2
(Loss) reversal of loss on impairment of other long-term investments	-	562	(73)	561
Reversal of loss on impairment of fixed assets and investment property	133	263	133	112
Income from tax refund from the customs import duty	86	137	86	137
Income from returned available for sale investment	-	65	-	65
Others	345	235	422	300
Total other income	1,521	2,357	1,762	2,424

**27. ADMINISTRATIVE EXPENSES**

For the years ended December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2018	2017	2018	2017
Staff costs	3,250	2,844	3,249	2,776
Consultant fees	408	867	407	865
Depreciation	185	211	81	110
Rental	171	170	172	175
Advertising	56	55	56	55
Bad debts and doubtful accounts	7	7	1	7
Directors' remuneration	60	54	56	50
Others	1,312	1,393	1,216	1,345
Total administrative expenses	5,449	5,601	5,238	5,383

**28. NET DERIVATIVE LOSS**

For the years ended December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2018	2017	2018	2017
Realised (gain) loss on financial derivative contracts	294	(57)	294	(57)
Realised (gain) loss on commodity derivative contracts	(30)	1,451	(30)	1,451
Total net derivative loss	264	1,394	264	1,394

(Gain) 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,	Consolidated		Unit : Million Baht Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Changes of finished goods	1,578	1,148	1,584	1,141
Cost of raw materials used	224,021	158,673	223,542	157,369
Staff costs	9,270	9,074	9,142	8,796
Depreciation	8,012	6,804	7,927	6,723
Amortisation	226	258	225	257
Directors' and managements' remuneration	190	119	186	119

## 30. STAFF COSTS

For the years ended December 31,	Consolidated		Unit : Million Baht Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Salary and wages	4,227	3,994	4,122	3,840
Overtime	602	811	599	802
Bonus	2,191	1,962	2,165	1,905
Provident fund and social security	484	454	479	444
Employee benefits	291	183	326	177
Others	1,475	1,670	1,451	1,628
Total staff costs	9,270	9,074	9,142	8,796

Staff costs of Baht 6,020 million and Baht 5,893 million have been included in cost of sales in the consolidated and separate statements of profit or loss for the year ended December 31, 2018, respectively (2017 : Baht 6,230 million and Baht 6,020 million in the consolidated and separate statements of profit or loss, respectively).

Staff costs of Baht 3,250 million and Baht 3,249 million have been included in administrative expenses in the consolidated and separate statements of profit or loss for the year ended December 31, 2018, respectively (2017 : Baht 2,844 million and Baht 2,776 million in the consolidated and separate statements of profit or loss, respectively).

## 31. FINANCE COSTS

For the years ended December 31,	Consolidated		Unit : Million Baht Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Interest expense	1,911	2,024	1,909	2,020
Amortisation of deferred financing fees	41	24	41	24
Amortisation of discount on debentures	3	2	3	2
Financing fees	6	17	6	17
Total finance costs	1,961	2,067	1,959	2,063

**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.

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Profit attributable to owner of the parent (million Baht)	7,735	11,354	7,101	10,854
Weighted average number of ordinary shares outstanding during the years less shares of the parent held by a subsidiary (million shares)	20,410	20,410	20,434	20,434
Basic earnings per share (Baht)	<u>0.38</u>	<u>0.56</u>	<u>0.35</u>	<u>0.53</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 PAID**

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

On April 4, 2018, the Annual General Meeting of shareholders of the Company, it approved annual dividends payment for the operating results of 2017 at Baht 0.29 per share for 20,434 million shares, totalling Baht 5,925 million. The dividends were paid to the shareholders on April 19, 2018.

On August 21, 2018, the Board of Directors' meeting of the Company, it approved interim dividends payment for the operating results for the six-month period ended June 30, 2018 at Baht 0.10 per share for 20,434 million shares, totalling Baht 2,043 million. The dividend payment was made on September 19, 2018.

**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 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"), Polypropylene Resin ("PPE") project, High Pressure HDPE Compound project, Investment project in Industrial area and Improve Efficiency for Saving Energy of Petroleum project ("UHV"). 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					
	2018			2017		
	BOI	Non-BOI	Total	BOI	Non-BOI	Total
Revenues from sales						
- Overseas	16,017	90,019	106,036	12,544	66,766	79,310
- Domestic	21,053	151,992	173,045	11,054	122,054	133,108
Total	<u>37,070</u>	<u>242,011</u>	<u>279,081</u>	<u>23,598</u>	<u>188,820</u>	<u>212,418</u>

### 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, 2018, PTT Public Company Limited is the major shareholder of the Company, holding 48.05%. The another major shareholder is 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 a related party 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	
	2018	2017	2018	2017
<b>Sales</b>				
- Major shareholder	14,973	21,495	14,472	21,035
- Subsidiaries	-	-	7,630	6,558
- Related parties	64,115	33,206	63,943	33,060
<b>Purchases</b>				
- Major shareholder	180,340	130,474	180,338	130,470
- Subsidiaries	-	-	9	11
- Related parties	32,942	24,815	32,929	24,777
<b>Selling and administrative expenses</b>				
- Major shareholder	56	39	56	38
- Subsidiaries	-	-	284	224
- Related parties	782	877	749	851
<b>Net derivative gain (loss)</b>				
- A related party	12	(107)	12	(107)
<b>Interest income, dividend income and other income</b>				
- Major shareholder	280	7	279	7
- Subsidiaries	-	-	320	274
- Related parties	155	94	188	92
<b>Interest expense and other expenses</b>				
- Major shareholder	-	22	-	22

(b) Trade receivables from related parties

As at December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2018	2017	2018	2017
Major shareholder	3	1,477	3	1,427
Subsidiaries	-	-	215	220
Related parties	4,599	3,165	4,570	3,165
<b>Total</b>	<b>4,602</b>	<b>4,642</b>	<b>4,788</b>	<b>4,812</b>

(c) Amounts due from related parties

As at December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2018	2017	2018	2017
Major shareholder	6	-	2	-
Subsidiaries	-	-	28	38
Related parties	81	4	81	4
	87	4	111	42
<b>Less</b> Allowance for doubtful accounts	-	-	(11)	(11)
<b>Total</b>	<b>87</b>	<b>4</b>	<b>100</b>	<b>31</b>

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

As at December 31,	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2018	2017	2018	2017
<b>Short-term loans and interest receivables</b>				
Subsidiaries	-	-	549	535
<b>A subsidiary under bankruptcy process</b>				
Short-term loans and interest receivables	201	201	201	201
<u>Less</u> Allowance for doubtful accounts	(201)	(201)	(201)	(201)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>549</b>	<b>535</b>

Average interest rate of short-term loans to related parties are 2.05% per annum (2017: 2.03% 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 financial statements		Unit : Million Baht Separate financial statements	
	2018	2017	2018	2017
Major Shareholder	22,782	22,675	22,782	22,674
Subsidiaries	-	-	7	12
Related parties	2,529	2,405	2,529	2,396
<b>Total</b>	<b>25,311</b>	<b>25,080</b>	<b>25,318</b>	<b>25,082</b>

## (f) Amounts due to related parties

As at December 31,	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2018	2017	2018	2017
Major Shareholder	3	1	3	1
Subsidiaries	-	-	13	11
Related parties	234	318	232	316
<b>Total</b>	<b>237</b>	<b>319</b>	<b>248</b>	<b>328</b>

## (g) Directors' and management's remuneration

For the years ended December 31,	Consolidated financial statements		Unit : Million Baht Separate financial statements	
	2018	2017	2018	2017
Salaries and other short-term benefits	188	170	184	166
Long-term benefits	2	3	2	3
<b>Total</b>	<b>190</b>	<b>173</b>	<b>186</b>	<b>169</b>



**36. FINANCIAL INSTRUMENTS**

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

	Unit : Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Financial Assets</b>				
US Dollar	5,780	6,406	5,780	6,334
<b>Total</b>	<b>5,780</b>	<b>6,406</b>	<b>5,780</b>	<b>6,334</b>
<b>Financial Liabilities</b>				
US Dollar - Borrowings	6,523	4,106	6,523	4,106
US Dollar	185	307	173	198
Euro	28	7	28	7
Others	3	5	3	5
<b>Total</b>	<b>6,739</b>	<b>4,425</b>	<b>6,727</b>	<b>4,316</b>

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

## Currency swap contracts

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.

The above cross currency swap contracts will be swapped the principals every 6 months from the effective date until the maturity date and will recognise the transactions as financial derivative contracts in the financial statements over the period of contracts.

The Company entered into five cross currency swap contracts of Thai Baht long-term borrowings with two financial institutions totalling Baht 4,947 million to swap principals from Thai Baht to US Dollar at an exchange rate as specified in the contracts. The contracts are effective from June 21, 2018 to November 30, 2022 which are the maturity date of repayment of the related borrowings.

## 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 above cross currency interest rate swap contracts will be swapped the principals and interest every 6 months from the effective date until the maturity date and will recognise the transactions as financial derivative contracts in the financial statements over the period of contracts.

#### Commodity derivative contracts

The Company has entered into Crack Spread Swap Contracts with a related party and several financial institutions in order to swap the spread of the average benchmark price of crude oil and petroleum products of the settlement months to the fixed price. As at December 31, 2018 and 2017, the outstanding balances under such contracts were at 3.87 million barrels and 2.64 million barrels, respectively.

The Company has entered into Crude Oil Swap Contracts with a related party and several financial institutions in order to swap the average benchmark price of crude oil and petroleum products of the settlement months to the range of fixed price. As at December 31, 2018 and 2017, the outstanding balances under such contracts were at 8.40 million barrels and 6.06 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 20.5.

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

	Unit : Million Baht		
	<b>Consolidated and Separate financial statements</b>		
	<b>2018</b>	<b>2017</b>	<b>Fair values hierarchy</b>
<b>Financial derivative contracts</b>			
Unfavourable	(28)	(266)	Level 2
Favourable	620	529	Level 2
<b>Commodity derivative contracts</b>			
Unfavourable	(150)	(37)	Level 2
Favourable	135	281	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) Commitments under agreements

As at December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2018	2017	2018	2017
Contracted but not recognised in the financial statements				
- Purchase agreements for machinery and construction	2,208	2,953	2,208	2,953
- Consultation agreements	221	373	221	373
<b>Total</b>	<b>2,429</b>	<b>3,326</b>	<b>2,429</b>	<b>3,326</b>

## (b) Non-cancellable operating lease commitments

As at December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2018	2017	2018	2017
Office building rental agreements:				
Not later than 1 year	89	86	89	86
Later than 1 year but not later than 5 years	186	7	186	7
	<u>275</u>	<u>93</u>	<u>275</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	18	18	18
Later than 5 years	19	24	19	24
	<u>41</u>	<u>46</u>	<u>41</u>	<u>46</u>
<b>Total</b>	<b>316</b>	<b>139</b>	<b>316</b>	<b>139</b>

The Company recorded the rental expenses under operating lease agreements in the consolidated and the separate statements of profit or loss for the year ended December 31, 2018 of Baht 107 million and Baht 101 million, respectively (2017 : Baht 103 million and Baht 99 million, respectively).

## (c) Letters of guarantee and other commitments

As at December 31,	Consolidated		Unit : Million Baht	
	financial statements		Separate	
	2018	2017	2018	2017
<b>Letters of guarantee:</b>				
Bank guarantees	1,300	1,300	1,297	1,297
	<u>1,300</u>	<u>1,300</u>	<u>1,297</u>	<u>1,297</u>
<b>Other commitments:</b>				
Outstanding letters of credits	89	17	89	17
	<u>89</u>	<u>17</u>	<u>89</u>	<u>17</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 as requested by the Company 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, 2018, 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 (4<sup>th</sup> 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 removed 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) 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, 2018. The Company has extended the agreement to December 31, 2019. 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 agreements shall be effective for a period of 1 year with maturity date on December 31, 2018. The purchase quantity and pricing structure of crude and feedstock supply are as stipulated in the agreements. The Company has extended the agreement to December 31, 2019 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 agreement of petroleum products with a related party, with agreed quantity and prices as specified in the agreement. The agreement 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 agreement before the expiry date by written notify.

#### 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 Sale and Purchase Agreement is 25 years, and the term of the Steam Sale and Purchase Agreement is 27 years.

#### Various Service Agreement

The Company entered into the Service Agreement with a related party to provide the accounting, finance, procurement, maintenance of power plant and other management services. The term of the agreement is 2 years from the effective date as stipulated in such agreement and shall expire within December 2020. The service fees are stipulated in the agreements.

#### Joint Venture Agreement for the industrial estate operation and development

On May 16, 2018, the Company entered into the Joint Venture Agreement with WHA Industrial Development Public Company Limited to establish WHA Industrial Estate Rayong Co., Ltd. (“WHA IER”) as a joint controlled entity with Baht 650 million registered capital, of which 40% owned by the Company and 60% owned by WHA Industrial Development Public Company Limited (see Note 13 a). The main objective is to operate and develop of the land port in industrial estate approximately area of 2,152 Rai located at Amphur Ban Khai, Rayong. In addition, WHA IER and the Company entered into the sale and purchase of land agreement with dated August 17, 2018 for the latter to sell the land port of 2,152 Rai at the selling price of Baht 624 million. In this regard, the Company has already received the land deposit of Baht 125 million and the remaining amount will be received when the ownership of land is transferred to WHA IER.

### 38. SIGNIFICANT CLAIMS AND LEGAL PROCEEDINGS

As at December 31, 2018, 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 1<sup>st</sup> defendant and Industrial Estate Authority Commission as the 2<sup>nd</sup> 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 of Rayong Province ordered the Company to be the 3<sup>rd</sup> defendant because the Company 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 because the Company has not done anything to violate the judgement of the Administrative Court. The Company and the 1<sup>st</sup> and 2<sup>nd</sup> defendants have filed an objection to the Supreme Administrative Court. As at December 31, 2018, the Supreme Administrative Court rendered the judgment not accepting the case for further consideration which resulted in the case ended.

- (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 1<sup>st</sup> to 11<sup>th</sup> defendant requesting the Administrative Court to suspend or dismiss any activities of the Company 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, the defendants filed the case and additionally submitted all docket to the Administrative Court. On March 31, 2017, the Company submitted the petition to Administrative Court of Rayong Province to include the Company as 12<sup>th</sup> defendant in this lawsuit and the Administrative Court has agreed on this matter. As at December 31, 2018, the case is currently being considered by the Administrative Court of Rayong Province.

### 39. RECLASSIFICATION

Certain reclassifications were made to the consolidated financial statements for the year ended December 31, 2017 to conform to the classifications used in the consolidated financial statements for the year ended December 31, 2018 as follows:

Account name	Amount (Baht)	Previous classification	Current classification
Unearned income	11,831,917	Other current liabilities	Other non-current liabilities

### 40. EVENT AFTER THE REPORTING PERIOD

On February 12, 2019, the Board of Directors’ meeting of the Company passed a resolution to distribute an annual dividends for the operating result of 2018 at Baht 0.19 per share for 20,434 million shares, totalling Baht 3,883 million which the Company already paid as an interim dividend at Baht 0.10 per share on August 21, 2018 as described in Note 33. As a result, the remaining dividend shall be paid at Baht 0.09 per share for 20,434 million shares, totalling Baht 1,839 million. In this regard, the approval for the dividend shall be proposed to the Annual General Meeting of shareholders of the Company for the year 2019 for further consideration and approval.

### 41. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Company’s Board of Directors on February 12, 2019.



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