



# 2017 FINANCIAL REPORT



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(Unaudited)

## Report of Board of Directors' Responsibilities

The financial statements of PTT Exploration and Production Public Company Limited and subsidiaries being consolidated have been prepared in accordance with Thai Financial Reporting Standards under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547 including interpretations and accounting treatment guidance announced by the Federation of Accounting Professions, as well as the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The Company's Board of Directors are responsible for the integrity and objectivity of the financial statements of PTT Exploration and Production Public Company Limited and subsidiaries in providing reasonable assurance that the financial statements truly and fairly present financial position, results of operation and cash flows. The books and records of the Company accurately reflect all transactions to safeguard the Company's assets and the control systems are in place to prevent fraud and irregularity. The financial statements have been prepared by adoption of the appropriate accounting policy which is applied on the consistency basis and in accordance with Thai Financial Reporting Standards. In addition, significant information has been adequately disclosed in the notes to financial statements, in which the independent auditor expresses an opinion on the financial statements of PTT Exploration and Production Public Company Limited and subsidiaries in the auditor's report.

(Signed) (Mr. Prajya Phinyawat)

Chairman

(Signed) (Mr. Somporn Vongvuthipornchai)

Chief Executive Officer

February 16, 2018

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## Auditor's Report

### To The Shareholders of PTT Exploration and Production Public Company Limited

#### Opinion

The Office of the Auditor General of Thailand has audited the accompanying consolidated financial statements of PTT Exploration and Production Public Company Limited and its subsidiaries (the Group), and the Company's financial statements of PTT Exploration and Production Public Company Limited (the Company), which comprise the consolidated and the Company's statements of financial position, as at December 31, 2017, the consolidated and the Company's statements of income, the consolidated and the Company's statements of comprehensive income, the consolidated and the Company's statements of changes in equity and the consolidated and the Company's statements of cash flows for the year then ended, which are presented in US Dollar and Thai Baht, and notes to the consolidated and the Company's financial statements, including a summary of significant accounting policies.

In the Office of the Auditor General of Thailand's opinion, the above mentioned consolidated and the Company's financial statements present fairly, in all material respects, the consolidated financial position of PTT Exploration and Production Public Company Limited and its subsidiaries, and the Company's financial position of PTT Exploration and Production Public Company Limited, as at December 31, 2017, and their consolidated and the Company's financial performance and their consolidated and the Company's cash flows for the year then ended, presented in US Dollar and Thai Baht, in accordance with Thai Financial Reporting Standards.

#### Basis for opinion

The Office of the Auditor General of Thailand conducted the audit in accordance with Thai Standards on Auditing. The Office of the Auditor General of Thailand's responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated and the Company's financial statements section of the Office of the Auditor General of Thailand's report. The Office of the Auditor General of Thailand is independent of the Group and the Company in accordance with the State Audit Standards issued by the State Audit Commission and the Code of Ethics for Professional Accountants determined by the Federation of Accounting Professions under the Royal Patronage of his Majesty the King that are relevant to the audit of the consolidated and the Company's financial statements and the Office of the Auditor General of Thailand has fulfilled other ethical responsibilities in accordance with these standards and requirements. The Office of the Auditor General of Thailand believes

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that the audit evidence obtained is sufficient and appropriate to provide a basis for the Office of the Auditor General of Thailand's opinion.

**Key audit matters**

Key audit matters are those matters that, in the Office of the Auditor General of Thailand's professional judgment, were of most significance in the audit of the consolidated and the Company's financial statements of the current period. These matters were addressed in the context of the Office of the Auditor General of Thailand's audit of the consolidated and the Company's financial statements as a whole, and in forming the Office of the Auditor General of Thailand's opinion thereon, and the Office of the Auditor General of Thailand does not provide a separate opinion on these matters.

The Office of the Auditor General of Thailand's key audit matters are as follows:

**1. Estimation of petroleum reserves (the consolidated and the Company's financial statements)**

Petroleum reserves are an indicator of the Group's potential to operate its business in the future and also one of the factors taken into consideration in petroleum exploration and production that reflect the Group's ability to continue its business on a going concern basis. Petroleum reserves, especially proved reserves, have a significant impact on the financial statements in impairment testing and calculation of depreciation, depletion, and amortization expenses as described in Note 4.12, Significant Accounting Policies – Property, Plant and Equipment, Note 6, Major Estimates and Assumptions – Estimation of Petroleum Reserves, and Note 20, Property, Plant and Equipment.

Estimated proved reserves may differ from the actual reserves to be recoverable in the future because the estimation is based on available information at the time of the estimation. At the beginning of each project, the estimation may be subject to a high discrepancy, but the discrepancy will decrease when the project approaches the end of its production life. This may impact the management's investment decisions to sustain the Group's business. The management relies on the Group's internal teams of experts in estimating the proved reserves using the estimation methods consistent with those generally employed by the petroleum exploration and production industry. The experts have to exercise their judgment as well as experience in determining the appropriate estimation methods based on the available information at the time of the estimation. Therefore, the amount of proved reserves may vary with individual judgment and experience. In addition, changes in the estimated proved reserves will impact the recognition of depreciation, depletion, and amortization expenses in the financial statements. As a result, the Office of the Auditor General of Thailand considers this as a key audit matter.

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The Office of the Auditor General of Thailand performed the following key audit procedures:

1. Obtain an understanding of the proved reserve estimation processes, assess the adequacy of the designed key internal controls, and validate the key internal controls over the processes, especially the controls over the reliability of the data used in the preparation of reports related to the Group's proved reserves, and the controls for applying proved reserves data in the calculation of depreciation, depletion, and amortization expenses, as well as the consideration of impairment of assets.
2. Assess the qualifications of the experts who are responsible for estimating proved reserves and preparing the Group's proved reserves data.
3. Use the audit results of reserves estimation from the energy regulatory agency in Thailand, which has its own processes and experts for verifying the estimation of domestic petroleum reserves for projects of which the operators have submitted the required reports. The Office of the Auditor General of Thailand compared the Group's proved reserves for the year 2016 with the proved reserves verified by the regulatory agency and reconciled with the estimated proved reserves presented in internal reports related to the proved reserves during the year to determine the estimated proved reserves of domestic projects of which the Group was the operator at the end of 2017.
4. Test whether the Group recognized significant changes in the estimated proved reserves in the appropriate accounting period and in accordance with the Group's accounting policy, and those changes were applied to the calculation of depreciation, depletion, and amortization expenses appropriately.

**2. Provision for decommissioning costs (the consolidated and the Company's financial statements)**

Provision for decommissioning costs is disclosed in Note 6, Major Estimates and Assumptions – Provision for Decommissioning Costs and Note 33, Provision for Decommissioning Costs. As at December 31, 2017, the provision for decommissioning costs was presented in the consolidated and the Company's financial statements in the amount of US Dollar 2,275.43 million and US Dollar 1,211.05 million, respectively.

Decommissioning activities occur at the end of projects. The decommissioning methods vary with the locations of petroleum exploration and production, which are classified into onshore and offshore production areas, where the main infrastructure, including Central Processing Platforms, Well Head Platform, Development Well, Pipeline, and other producing properties, is installed. Also, the regulations in each country have varying requirements for decommissioning activities, which can be either total or partial removal. In addition, only a small number of decommissioning activities in the past or subject to certain natures have taken place, resulting in limited decommissioning cost information that can be used as a reference in the Group's estimation of future expenses. Due to these factors, the calculation of the provision for

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decommissioning costs has to rely significantly on the exercise of judgment in determining assumptions around decommissioning costs, inflation rates, discount rates, and timing of the decommissioning based on the estimated field life of a project. These assumptions are subject to change over time. The management relies on the Group's teams of experts, comprising those from Engineering and Development Group, Production Asset Group, Operations Support Group, and Finance and Accounting Group in estimating the provision for decommissioning costs. As a result, the Office of the Auditor General of Thailand considers this as a key audit matter.

The Office of the Auditor General of Thailand performed the following key audit procedures:

1. Obtain an understanding of the decommissioning cost estimation processes, assess the adequacy of the designed internal controls and validate the internal controls related to the estimation preparation, review and adjustment of the provision for decommissioning costs, as well as related approval.
2. Assess the qualifications of the Group's experts who are responsible for estimating the provision for decommissioning costs.
3. Evaluate the reasonableness of the assumptions used in the calculation of provision for decommissioning costs by
  - 3.1 Evaluating the reasonableness of the decommissioning costs through inquiry of the experts about the assumptions used, relying on the Office of the Auditor General of Thailand's business knowledge and decommissioning information of other comparable projects;
  - 3.2 Evaluating the consistency of the expected timing of decommissioning with investment plans or any other related information; and
  - 3.3 Evaluating the reasonableness of inflation rates and discount rates through inquiry of the experts and comparison with the information from external sources.
4. Validate the accuracy and consistency of the decommissioning costs used in the calculation of the provision for decommissioning costs with the information obtained from the Group's engineers, both for projects of which the Group is operator and for projects of which the Group is non-operator.
5. Validate significant changes in the estimated decommissioning costs incurred during the year and changes that impact the statements of income against supporting evidence.
6. Test the calculation of the provision for decommissioning costs.
7. For projects which the Group had submitted the initial decommissioning plan and the decommissioning cost estimation report, which were required to be audited and verified by the Group's external experts, to the energy regulatory agency in Thailand, the Office of the Auditor General of Thailand

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assessed the reliability of the external experts by ensuring that their qualifications, work experience and independence were in compliance with the requirements imposed by the regulatory agency for the appointment of third parties in auditing and verifying the accuracy of decommissioning cost estimates.

8. Compare the actual decommissioning cost incurred with the estimation made by the Group to assess the appropriateness of the estimation process. In case that there is significant difference, the Office of the Auditor General of Thailand assesses the reasonableness of the clarification from the Group about the cause of difference, and also consider whether the Group used the experience from the actual decommissioning cost incurred within the current year to be the information for reviewing the estimation preparation process appropriately.

### **3. Impairment of Assets (the consolidated financial statements)**

Impairment of Assets is disclosed in Note 4.17, Significant Accounting Policies – Impairment of Assets, Note 6, Major Estimates and Assumptions – Impairment of Assets, and Note 24, Impairment of Assets. As at December 31, 2017, the impairment of assets was presented in the consolidated financial statements in the amount of US Dollar 558.21 million.

According to the global economic uncertainty which affects the commodity price, and the US Dollars depreciation trend against Canadian Dollars, the Group had revised the development plan, including extending the Final Investment Decision of the Mariana Oil Sands project by considering the project's commercial cost-benefit analysis. The Group determined that this event might be an indicator that the project's assets may be impaired.

The Group determine the recoverable amount of the assets under Mariana Oil Sands project using the fair value less cost of disposal because the fair value less cost of disposal of exploration and evaluation assets of the project during the exploration phase will better reflect the recoverable amount of the assets and will be higher than the value in use. The fair value less cost of disposal is calculated from the estimation of discounted future cash flows. The significant assumptions included are the oil price forecast, discount rate of Oil Sands industry, production volume, and projected capitalization expenses and operating expenses. However, certain assumptions require the management to exercise significant judgement. This resulted in the risk which the fair value less cost of disposal estimated by the Group may be different from those using the overall market participant's assumptions. As a result, the Office of the Auditor General of Thailand considers this as a key audit matter.



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The Office of the Auditor General of Thailand performed the following key audit procedures:

1. Assess the impairment indicator identification processes and obtain an understanding of the impairment testing processes and recoverable amount estimation processes.
2. Determine the appropriateness of the procedures used in the estimation of recoverable amount.
3. Communicate with the auditors of the companies within the Group about the risk, and control the performance by reviewing the audit of the impairment of assets performed by the auditors of the companies within the Group. The key audit procedures are as follows:
  - 3.1 Independent assessment for the fair value less cost of disposal with the self-developed model by using the best estimates of the future cash flows from the probable reserves in accordance with the external expert's report, which reflect the market perspective, and the comparable market indication, and perform sensitivity analysis to obtain the acceptable range of fair value less cost of disposal, and compare with the fair value less cost of disposal estimated by the companies within the Group whether they fall within the range.
  - 3.2 Assessment for the reasonableness of the assumptions which the external expert used in preparing the contingent resource and probable reserves report, which is the information used in the model.
  - 3.3 Evaluation for the knowledge, capability, and integrity of the external expert which involved with the preparation of the report.

**Other information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and the auditor's report thereon. Management will provide the annual report to the Office of the Auditor General of Thailand after the date of this auditor's report.

The Office of the Auditor General of Thailand's opinion on the financial statements does not cover the other information and the Office of the Auditor General of Thailand will not express any form of assurance conclusion thereon.

In connection with the audit of the consolidated and Company's financial statements, the Office of the Auditor General of Thailand's responsibility is to read the other information identified above and consider whether the other information is materially inconsistent with the financial statements or the Office

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of the Auditor General of Thailand's knowledge obtained in the audit, or otherwise appears to be materially misstated.

When the Office of the Auditor General of Thailand reads the annual report, if the Office of the Auditor General of Thailand concludes that there is a material misstatement therein, the Office of the Auditor General of Thailand is required to communicate the matter to those charged with governance.

**Responsibilities of management and those charged with Governance for the consolidated and the Company's financial statements**

Management is responsible for the preparation and fair presentation of the consolidated and the Company's financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and the Company's financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's responsibilities for the audit of the consolidated and the Company's financial statements**

The Office of the Auditor General of Thailand's objectives are to obtain reasonable assurance about whether the consolidated and the Company's 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 the Office of the Auditor General of Thailand's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing 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 the Company's financial statements.

As part of an audit in accordance with Thai Standards on Auditing, the Office of the Auditor General of Thailand exercises professional judgment and maintain professional skepticism throughout the audit. The Office of the Auditor General of Thailand also:

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- Identifies and assesses the risks of material misstatement of the consolidated and the Company's financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the Office of the Auditor General of Thailand's 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.

- Obtains 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 and the Company's internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concludes 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 the Office of the Auditor General of Thailand concludes that a material uncertainty exists, the Office of the Auditor General of Thailand is required to draw attention in the auditor's report of the Office of the Auditor General of Thailand to the related disclosures in the consolidated and the Company's financial statements or, if such disclosures are inadequate, to modify the Office of the Auditor General of Thailand's opinion. The Office of the Auditor General of Thailand's conclusions are based on the audit evidence obtained up to the date of the auditor's report of the Office of the Auditor General of Thailand. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluates the overall presentation, structure and content of the consolidated and the Company's financial statements, including the disclosures, and whether the consolidated and the Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains 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. The Office of the Auditor General of Thailand is responsible for the direction, supervision and performance of the group audit. The Office of the Auditor General of Thailand remains solely responsible for the Office of the Auditor General of Thailand's opinion.

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The Office of the Auditor General of Thailand communicates 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 the Office of the Auditor General of Thailand identifies during the Office of the Auditor General of Thailand's audit.

The Office of the Auditor General of Thailand also provides those charged with governance with a statement that the Office of the Auditor General of Thailand has complied with the State Audit Standards and relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on the Office of the Auditor General of Thailand's independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, the Office of the Auditor General of Thailand determines those matters that were of most significance in the audit of the consolidated and the Company's financial statements of the current period and are therefore the key audit matters. The Office of the Auditor General of Thailand describes these matters in the auditor's report of the Office of the Auditor General of Thailand unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the Office of the Auditor General of Thailand determines that a matter should not be communicated in the Office of the Auditor General of Thailand's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*(Signed)*

Pongchomnad Jariyajinda  
(Pongchomnad Jariyajinda)  
Deputy Auditor General

*(Signed)*

Prawit Tantrajin  
(Prawit Tantrajin)  
Director of Financial Audit Office No.8

*Office of the Auditor General*

February 16, 2018



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## Financial Statements

## Statements of Financial Position

## PTT Exploration and Production Public Company Limited and Subsidiaries

As at December 31, 2017

		Unit : US Dollar		Unit : Baht	
Consolidated	Notes	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	7	1,512,181,292	2,039,499,782	49,419,466,004	73,076,515,987
Short-term investments	8	2,955,491,269	1,982,077,517	96,588,154,097	71,019,040,987
Investments in trading securities	9	207,592	168,564	6,784,308	6,039,737
Account receivable - parent company	10, 17.2	566,568,454	382,762,237	18,515,974,561	13,714,603,380
Trade accounts receivable	11	109,434,304	75,993,658	3,576,412,993	2,722,898,907
Other accounts receivable		78,595,277	62,304,984	2,568,562,127	2,232,433,714
Inventories	12	19,186,294	37,548,037	627,025,615	1,345,368,972
Materials and supplies	13	298,063,802	345,871,102	9,740,997,301	12,392,771,588
Current tax assets		89,006,743	106,020,076	2,908,820,568	3,798,766,357
Other current assets					
Working capital from co-venturers		46,919,770	45,202,228	1,533,380,944	1,619,623,278
Accrued interests receivable		19,793,398	8,577,852	646,866,335	307,349,656
Financial derivative assets	28	720,444	23,126,593	23,544,769	828,639,886
Others	15	68,666,897	81,181,357	2,244,095,699	2,908,778,285
<b>Total Current Assets</b>		<b>5,764,835,536</b>	<b>5,190,333,987</b>	<b>188,400,085,321</b>	<b>185,972,830,734</b>
<b>Non-current Assets</b>					
Investments in available-for-sales securities	16	713,347	685,163	23,312,828	24,549,818
Investments in associates	18.3	212,644,091	46,723,923	6,949,403,099	1,674,146,545
Investments in joint ventures	18.4	18,721,333	20,021,191	611,830,253	717,371,414
Other long-term investments	19	11,307	-	369,529	-
Long-term loans to related parties	17.4	110,497,369	16,187,259	3,611,154,952	579,999,307
Property, plant and equipment	20, 25	8,034,374,696	8,269,887,436	262,570,703,080	296,315,089,573
Goodwill	21	1,014,382,174	1,014,382,174	33,150,935,961	36,345,929,262
Intangible assets	22	83,988,319	91,814,056	2,744,814,987	3,289,753,362
Exploration and evaluation assets	23, 24, 25	3,306,975,679	3,815,471,524	108,074,986,294	136,710,665,854
Deferred tax assets	26.1	416,116,927	197,011,196	13,599,080,791	7,059,032,022
Rights to receive reimbursement from decommissioning funds		131,356,153	115,873,468	4,292,839,069	4,151,816,709
Other non-current assets					
Prepaid expenses	27	20,829,912	23,428,641	680,740,553	839,462,449
Deferred remuneration under agreement		14,817,758	16,575,470	484,257,844	593,909,153
Financial derivative assets	28	19,460,308	2,521,002	635,980,642	90,329,033
Others	25, 29	70,095,848	70,460,669	2,290,796,318	2,524,648,562
<b>Total Non-current Assets</b>		<b>13,454,985,221</b>	<b>13,701,043,172</b>	<b>439,721,206,200</b>	<b>490,916,703,063</b>
<b>Total Assets</b>		<b>19,219,820,757</b>	<b>18,891,377,159</b>	<b>628,121,291,521</b>	<b>676,889,533,797</b>

Notes to financial statements are an integral part of these financial statements.

(Signed) Somporn Vongvuthipornchai  
(Somporn Vongvuthipornchai)  
Chief Executive Officer

(Signed) Jaroonsri Wankertphon  
(Jaroonsri Wankertphon)  
Senior Vice President, Accounting Division

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## Statements of Financial Position

### PTT Exploration and Production Public Company Limited and Subsidiaries

As at December 31, 2017

		Unit : US Dollar		Unit : Baht	
Consolidated	Notes	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
<u>Liabilities and Equity</u>					
<b>Current Liabilities</b>					
Trade accounts payable		115,352,784	83,886,771	3,769,834,227	3,005,714,240
Working capital to co-venturers		15,640,555	15,333,479	511,147,634	549,407,878
Current portion of debentures	30	399,710,434	-	13,062,902,055	-
Accrued expenses		490,905,549	490,788,381	16,043,240,286	17,585,249,730
Accrued interests payable		24,150,871	23,282,700	789,272,508	834,233,297
Income tax payable		406,005,018	341,120,917	13,268,614,806	12,222,569,602
Short-term provision	31	63,423,986	54,841,668	2,072,753,782	1,965,010,252
Financial derivative liabilities	28	25,521,108	35,155,423	834,053,133	1,259,640,160
Other current liabilities		60,545,450	56,407,583	1,978,679,428	2,021,118,999
<b>Total Current Liabilities</b>		<b>1,601,255,755</b>	<b>1,100,816,922</b>	<b>52,330,497,859</b>	<b>39,442,944,158</b>
<b>Non-current Liabilities</b>					
Debentures	30	1,938,720,566	2,264,809,964	63,359,158,876	81,149,516,241
Long-term loans from financial institution	30	568,730,791	566,813,573	18,586,641,706	20,309,274,505
Deferred tax liabilities	26.1	963,020,365	1,078,606,693	31,472,385,124	38,647,132,771
Provision for employee benefit	32	123,772,502	104,528,047	4,044,996,125	3,745,309,555
Provision for decommissioning costs	33	2,275,432,888	2,015,978,003	74,363,225,090	72,233,715,972
Provision for remuneration for the renewal of petroleum production	34	195,015,188	253,954,094	6,373,274,452	9,099,329,410
Other non-current liabilities					
Deferred income	35	7,359,738	13,281,868	240,522,954	475,897,387
Financial derivative liabilities	28	7,458,980	82,056,218	243,766,267	2,940,124,133
Others		22,401,371	24,067,888	732,097,260	862,367,036
<b>Total Non-current Liabilities</b>		<b>6,101,912,389</b>	<b>6,404,096,348</b>	<b>199,416,067,854</b>	<b>229,462,667,010</b>
<b>Total Liabilities</b>		<b>7,703,168,144</b>	<b>7,504,913,270</b>	<b>251,746,565,713</b>	<b>268,905,611,168</b>
<b>Equity</b>					
Share capital	39				
Authorized share capital					
3,969,985,400 ordinary shares of Baht 1 each				3,969,985,400	3,969,985,400
Issued and paid-up share capital					
3,969,985,400 ordinary shares of Baht 1 each		150,683,762	150,683,762	3,969,985,400	3,969,985,400
Share premium		3,439,036,612	3,439,036,612	105,417,619,764	105,417,619,764
Subordinated capital debentures		1,154,811,834	1,152,102,940	38,234,354,686	37,188,504,448
Retained earnings					
Appropriated					
Legal reserve	40	15,048,319	15,048,319	396,998,540	396,998,540
Reserve for expansion		431,231,212	431,231,212	16,900,000,000	16,900,000,000
Unappropriated		6,354,905,664	6,295,794,297	206,909,233,643	204,771,839,646
Other components of equity		(29,064,790)	(97,433,253)	4,546,533,775	39,338,974,831
<b>Total Equity</b>		<b>11,516,652,613</b>	<b>11,386,463,889</b>	<b>376,374,725,808</b>	<b>407,983,922,629</b>
<b>Total Liabilities and Equity</b>		<b>19,219,820,757</b>	<b>18,891,377,159</b>	<b>628,121,291,521</b>	<b>676,889,533,797</b>

Notes to financial statements are an integral part of these financial statements.

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## Statements of Financial Position

## PTT Exploration and Production Public Company Limited and Subsidiaries

As at December 31, 2017

		Unit : US Dollar		Unit : Baht	
The Company	Notes	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	7	387,985,125	1,227,500,948	12,679,708,245	43,982,104,344
Short-term investments	8	1,247,324,963	1,302,077,517	40,763,719,054	46,654,228,076
Investments in trading securities	9	199,289	161,821	6,512,935	5,798,148
Account receivable - parent company	10, 17.2	321,541,329	213,097,193	10,508,264,327	7,635,401,840
Trade accounts receivable	11	1,602,237	1,385,445	52,362,583	49,641,329
Other accounts receivable		39,505,848	22,021,149	1,291,087,192	789,031,135
Short-term loans to related parties	17.3	6,778,675,773	4,341,216,569	221,533,315,677	155,548,425,749
Inventories	12	3,046,705	3,421,398	99,569,113	122,590,772
Materials and supplies	13	98,217,255	110,985,098	3,209,829,599	3,976,663,459
Current tax assets		25,721,216	22,293,221	840,592,831	798,779,657
Other current assets					
Working capital from co-venturers		8,073,734	8,190,231	263,856,988	293,460,945
Accrued interests receivable		8,187,999	19,176,015	267,591,284	687,088,246
Financial derivative assets	28	700,458	18,919,417	22,891,612	677,894,193
Others	15	28,624,915	10,362,494	935,488,382	371,294,455
<b>Total Current Assets</b>		<b>8,949,406,846</b>	<b>7,300,808,516</b>	<b>292,474,789,822</b>	<b>261,592,402,348</b>
<b>Non-current Assets</b>					
Investments in associates	18.3	25,577,427	25,577,427	835,893,690	916,454,756
Investments in subsidiaries	18.2	657,203,250	616,544,943	21,478,002,490	22,091,179,679
Other long-term investments	19	11,307	-	369,529	-
Long-term loans to related parties	17.4	24,956,095	2,195,875,417	815,587,984	78,679,549,584
Property, plant and equipment	20, 25	3,137,668,958	3,179,482,444	102,541,887,393	113,922,786,602
Intangible assets	22	73,936,496	80,969,491	2,416,312,203	2,901,186,045
Exploration and evaluation assets	23, 25	145,307,858	140,452,975	4,748,793,516	5,032,515,379
Deferred tax assets	26.1	202,523,526	28,679,275	6,618,653,803	1,027,595,833
Other non-current assets					
Deferred remuneration under agreement		14,817,758	16,575,470	484,257,844	593,909,153
Financial derivative assets	28	19,460,308	2,521,002	635,980,642	90,329,033
Others	29	5,608,582	5,782,279	183,293,571	207,182,554
<b>Total Non-current Assets</b>		<b>4,307,071,565</b>	<b>6,292,460,723</b>	<b>140,759,032,665</b>	<b>225,462,688,618</b>
<b>Total Assets</b>		<b>13,256,478,411</b>	<b>13,593,269,239</b>	<b>433,233,822,487</b>	<b>487,055,090,966</b>

Notes to financial statements are an integral part of these financial statements.

(UNOFFICIAL TRANSLATION)

## Statements of Financial Position

## PTT Exploration and Production Public Company Limited and Subsidiaries

As at December 31, 2017

		Unit : US Dollar		Unit : Baht	
The Company	Notes	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
<b>Liabilities and Equity</b>					
<b>Current Liabilities</b>					
Trade accounts payable		28,299,361	16,972,987	924,848,979	608,152,422
Working capital to co-venturers		1,678,619	1,547,570	54,858,807	55,450,375
Current portion of debentures	30	399,710,434	-	13,062,902,055	-
Accrued expenses		243,765,166	232,112,315	7,966,468,262	8,316,725,197
Accrued interests payable		10,945,087	10,926,949	357,695,450	391,519,232
Income tax payable		298,530,473	219,022,855	9,756,248,522	7,847,721,903
Short-term provision	31	63,320,142	54,841,668	2,069,360,076	1,965,010,252
Financial derivative liabilities	28	17,976,785	-	587,497,754	-
Other current liabilities		37,271,976	29,489,343	1,218,082,219	1,056,621,051
<b>Total Current Liabilities</b>		<b>1,101,498,043</b>	<b>564,913,687</b>	<b>35,997,962,124</b>	<b>20,241,200,432</b>
<b>Non-current Liabilities</b>					
Debentures	30	752,284,564	1,078,702,460	24,585,346,659	38,650,564,147
Deferred tax liabilities	26.1	146,787,160	221,040,900	4,797,138,454	7,920,029,672
Provision for employee benefit	32	114,501,723	96,835,529	3,742,020,900	3,469,675,807
Provision for decommissioning costs	33	1,211,046,076	1,014,747,306	39,578,091,896	36,359,012,143
Provision for remuneration for the renewal of petroleum production	34	194,692,457	253,954,094	6,362,727,333	9,099,329,410
Other non-current liabilities					
Deferred income	35	2,383,038	2,703,882	77,879,849	96,881,734
Financial derivative liabilities	28	7,458,980	82,056,218	243,766,267	2,940,124,133
Others		15,097,378	16,620,969	493,396,100	595,539,396
<b>Total Non-current Liabilities</b>		<b>2,444,251,376</b>	<b>2,766,661,358</b>	<b>79,880,367,458</b>	<b>99,131,156,442</b>
<b>Total Liabilities</b>		<b>3,545,749,419</b>	<b>3,331,575,045</b>	<b>115,878,329,582</b>	<b>119,372,356,874</b>
<b>Equity</b>					
Share capital	39				
Authorized share capital					
3,969,985,400 ordinary shares of Baht 1 each				3,969,985,400	3,969,985,400
Issued and paid-up share capital					
3,969,985,400 ordinary shares of Baht 1 each		150,683,762	150,683,762	3,969,985,400	3,969,985,400
Share premium		3,439,036,612	3,439,036,612	105,417,619,764	105,417,619,764
Subordinated capital debentures		301,226,483	1,152,102,940	9,661,771,205	37,188,504,448
Retained earnings					
Appropriated					
Legal reserve	40	15,048,319	15,048,319	396,998,540	396,998,540
Reserve for expansion		431,231,212	431,231,212	16,900,000,000	16,900,000,000
Unappropriated		5,356,440,194	5,067,305,119	179,555,557,529	170,048,099,303
Other components of equity		17,062,410	6,286,230	1,453,560,467	33,761,526,637
<b>Total Equity</b>		<b>9,710,728,992</b>	<b>10,261,694,194</b>	<b>317,355,492,905</b>	<b>367,682,734,092</b>
<b>Total Liabilities and Equity</b>		<b>13,256,478,411</b>	<b>13,593,269,239</b>	<b>433,233,822,487</b>	<b>487,055,090,966</b>

Notes to financial statements are an integral part of these financial statements.



(UNOFFICIAL TRANSLATION)

**Statements of Income****PTT Exploration and Production Public Company Limited and Subsidiaries**

For the Year Ended December 31, 2017

Consolidated	Notes	Unit : US Dollar		Unit : Baht	
		2017	2016	2017	2016
<b>Revenues</b>					
Sales		4,281,205,240	4,189,564,061	145,097,741,313	147,871,836,093
Revenue from pipeline transportation		77,805,253	66,486,521	2,626,916,542	2,345,215,182
Other income					
Gain on foreign exchange		51,401,747	11,587,020	1,645,957,461	-
Interest income		59,578,973	30,065,025	2,016,049,886	1,061,453,273
Other income		53,272,523	41,482,612	1,811,073,785	1,466,714,935
<b>Total Revenues</b>		<b>4,523,263,736</b>	<b>4,339,185,239</b>	<b>153,197,738,987</b>	<b>152,745,219,483</b>
<b>Expenses</b>					
Operating expenses		625,061,367	582,130,736	21,174,007,181	20,536,741,123
Exploration expenses		52,193,551	73,351,633	1,744,618,470	2,595,140,068
Administrative expenses		246,421,283	218,942,791	8,290,849,452	7,754,126,456
Petroleum royalties and remuneration	41	367,857,865	353,108,338	12,472,102,479	12,464,246,975
Depreciation, depletion and amortization		1,650,219,726	2,079,382,379	55,983,367,203	73,368,041,766
Other expenses					
Loss on foreign exchange		-	-	-	25,594,662
Loss on financial derivatives		28,407,384	118,188,754	933,962,338	4,171,857,817
Management's remuneration	17.1	4,949,652	3,984,528	168,404,112	140,844,738
Impairment loss on assets	24	558,214,042	47,150,837	18,504,889,118	1,688,293,759
Finance costs		226,227,426	234,465,733	7,676,494,055	8,274,219,512
<b>Total Expenses</b>		<b>3,759,552,296</b>	<b>3,710,705,729</b>	<b>126,948,694,408</b>	<b>131,019,106,876</b>
Share of gain of associates and joint ventures		9,745,415	8,547,096	328,715,206	301,430,490
<b>Profit before income taxes</b>		<b>773,456,855</b>	<b>637,026,606</b>	<b>26,577,759,785</b>	<b>22,027,543,097</b>
Income taxes	26.2	(179,571,250)	(285,306,802)	(5,986,945,721)	(10,039,898,405)
<b>Profit for the year from continuing operations</b>		<b>593,885,605</b>	<b>351,719,804</b>	<b>20,590,814,064</b>	<b>11,987,644,692</b>
Profit (loss) for the year from discontinued operations - net of tax	14	(347,441)	20,334,113	(11,349,343)	872,073,877
<b>Profit for the year</b>		<b>593,538,164</b>	<b>372,053,917</b>	<b>20,579,464,721</b>	<b>12,859,718,569</b>
<b>Basic earnings (loss) per share</b>	43				
Continuing operations		0.13	0.07	4.54	2.54
Discontinued operations		(0.0001)	0.01	(0.003)	0.22

Notes to financial statements are an integral part of these financial statements.

(UNOFFICIAL TRANSLATION)

**Statements of Comprehensive Income****PTT Exploration and Production Public Company Limited and Subsidiaries**

For the Year Ended December 31, 2017

Consolidated	Note	Unit : US Dollar		Unit : Baht	
		2017	2016	2017	2016
Profit for the year		593,538,164	372,053,917	20,579,464,721	12,859,718,569
Other comprehensive income (loss)					
Items that will be reclassified subsequently to profit or loss					
Exchange differences on translating financial statement		53,525,981	(13,464,713)	(2,624,279,921)	912,814,061
Gain (loss) on remeasuring available-for-sales securities		28,183	(189,547)	1,657,805	(6,687,393)
Gain on cash flow hedges		13,470,224	12,113,450	440,112,029	436,783,992
Income taxes relating to cash flow hedges		(2,694,044)	52,043,003	(88,022,406)	1,806,719,121
Share of other comprehensive income of associates and joint ventures		4,038,119	390,654	138,147,230	13,488,819
Total Items that will be reclassified subsequently to profit or loss		68,368,463	50,892,847	(2,132,385,263)	3,163,118,600
Items that will not be reclassified subsequently to profit or loss					
Exchange differences on translating financial statement		-	-	(32,660,055,793)	(4,015,123,432)
Share of other comprehensive loss of associates and joint ventures		(103,708)	(28,215)	(3,618,660)	(1,010,275)
Total Items that will not be reclassified subsequently to profit or loss		(103,708)	(28,215)	(32,663,674,453)	(4,016,133,707)
Other comprehensive income (loss) for the year - net of tax		68,264,755	50,864,632	(34,796,059,716)	(853,015,107)
Total comprehensive income (loss) for the year		661,802,919	422,918,549	(14,216,594,995)	12,006,703,462
Other comprehensive income (loss) attributable to other components of equity					
Continuing operations		68,264,755	50,864,632	(34,796,059,716)	(706,527,802)
Discontinued operations	14	-	-	-	(146,487,305)

Notes to financial statements are an integral part of these financial statements.

(UNOFFICIAL TRANSLATION)

**Statements of Income****PTT Exploration and Production Public Company Limited and Subsidiaries**

For the Year Ended December 31, 2017

		Unit : US Dollar		Unit : Baht	
The Company	Notes	2017	2016	2017	2016
<b>Revenues</b>					
Sales		2,160,774,039	2,086,268,509	73,216,725,742	73,653,562,367
Other income					
Gain on foreign exchange		17,231,842	15,056,093	572,688,229	524,977,283
Interest income		75,983,616	144,353,525	2,593,058,146	5,097,078,749
Gain on financial derivatives		-	1,323,540	-	46,737,942
Other income		108,673,611	19,004,680	3,679,055,167	672,598,400
Dividends received from related parties		110,476,453	8,890,707	3,704,235,682	313,458,899
<b>Total Revenues</b>		<b>2,473,139,561</b>	<b>2,274,897,054</b>	<b>83,765,762,966</b>	<b>80,308,413,640</b>
<b>Expenses</b>					
Operating expenses		198,369,847	196,404,375	6,723,849,659	6,934,477,756
Exploration expenses		885,028	2,386,320	30,327,904	84,295,712
Administrative expenses		243,668,327	139,713,823	8,203,805,015	4,955,198,140
Petroleum royalties and remuneration	41	270,096,819	260,975,565	9,152,093,006	9,213,412,729
Depreciation, depletion and amortization		696,010,878	932,959,454	23,614,983,096	32,915,949,100
Other expenses					
Loss on financial derivatives		47,168,260	-	1,610,629,085	-
Management's remuneration	17.1	4,949,652	3,984,528	168,404,112	140,844,738
Finance costs		145,536,523	121,965,230	4,937,666,385	4,304,672,616
<b>Total Expenses</b>		<b>1,606,685,334</b>	<b>1,658,389,295</b>	<b>54,441,758,262</b>	<b>58,548,850,791</b>
<b>Profit before income taxes</b>		<b>866,454,227</b>	<b>616,507,759</b>	<b>29,324,004,704</b>	<b>21,759,562,849</b>
Income taxes	26.2	(50,288,302)	(131,668,502)	(1,616,581,274)	(4,659,772,753)
<b>Profit for the year</b>		<b>816,165,925</b>	<b>484,839,257</b>	<b>27,707,423,430</b>	<b>17,099,790,096</b>
<b>Earnings per share</b>					
Basic earnings per share	43	0.19	0.11	6.39	3.82

Notes to financial statements are an integral part of these financial statements

(UNOFFICIAL TRANSLATION)

## Statements of Comprehensive Income

PTT Exploration and Production Public Company Limited and Subsidiaries

For the Year Ended December 31, 2017

	Unit : US Dollar		Unit : Baht	
The Company	2017	2016	2017	2016
Profit for the year	816,165,925	484,839,257	27,707,423,430	17,099,790,096
Other comprehensive income (loss)				
Items that will be reclassified subsequently to profit or loss				
Gain on cash flow hedges	13,470,224	14,456,880	440,112,029	503,078,159
Income taxes relating to cash flow hedges	(2,694,044)	(2,891,376)	(88,022,406)	(100,615,632)
Total Items that will be reclassified subsequently to profit or loss	10,776,180	11,565,504	352,089,623	402,462,527
Item that will not be reclassified subsequently to profit or loss				
Exchange differences on translating financial statement	-	-	(32,660,055,793)	(2,553,396,112)
Total Item that will not be reclassified subsequently to profit or loss	-	-	(32,660,055,793)	(2,553,396,112)
Other comprehensive income (loss) for the year - net of tax	10,776,180	11,565,504	(32,307,966,170)	(2,150,933,585)
Total comprehensive income (loss) for the year	826,942,105	496,404,761	(4,600,542,740)	14,948,856,511

Notes to financial statements are an integral part of these financial statements



(UNOFFICIAL TRANSLATION)

## Statements of Changes in Equity

### PTT Exploration and Production Public Company Limited and Subsidiaries

For the Year Ended December 31, 2017

Unit : US Dollar

#### Consolidated

Consolidated

	Retained earnings					Other components of equity						
	Issued and paid-up share capital	Share premium	Subordinated capital debentures	Legal reserve	Reserve for expansion	Unappropriated	Exchange differences on translating financial statement	Available-for-sales securities	Cash flow hedges	Income taxes relating to cash flow hedges	Share of other comprehensive income (loss) of associates and joint ventures	Total other components of equity
Balance - as at January 1, 2016	150,683,762	3,439,036,612	1,152,102,940	15,048,319	431,231,212	6,288,213,775	(89,234,121)	(406,623)	(4,255,662)	(53,614,561)	(815,133)	(148,326,100)
Changes in equity for the year												
Interest expenses for subordinated capital debentures	-	-	-	-	-	(65,670,430)	-	-	-	-	-	-
Income tax for subordinated capital debentures	-	-	-	-	-	11,652,824	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	(310,427,574)	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	372,053,917	-	-	-	-	-	-
Other comprehensive income (loss) for the year	-	-	-	-	-	(28,215)	(13,464,713)	(189,547)	12,113,450	52,043,003	390,654	50,892,847
Balance - as at December 31, 2016	150,683,762	3,439,036,612	1,152,102,940	15,048,319	431,231,212	6,295,794,297	(102,698,834)	(596,170)	7,857,788	(1,571,558)	(424,479)	(97,433,253)

Unit : US Dollar

	Other components of equity												
	Retained earnings					Other comprehensive income (loss)							
	Notes	Issued and paid-up share capital	Share premium	Subordinated capital debentures	Legal reserve	Reserve for expansion	Unappropriated	Exchange differences on translating financial statement	Available-for-sales securities	Cash flow hedges	Income taxes relating to cash flow hedges	Share of other comprehensive income (loss) of associates and joint ventures	Total other components of equity
Balance - as at January 1, 2017		150,683,762	3,439,036,612	1,152,102,940	15,048,319	431,231,212	6,295,794,297	(102,698,834)	(596,170)	7,857,788	(1,571,558)	(424,479)	(97,433,253)
Changes in equity for the year													
Interest expenses for subordinated capital debentures		-	-	-	-	-	(52,825,890)	-	-	-	-	-	-
Redemption of subordinated capital debentures	37	-	-	(850,876,457)	-	-	(23,434,261)	-	-	-	-	-	-
Issuance of subordinated capital debentures	37	-	-	853,586,351	-	-	-	-	-	-	-	-	-
Income tax for subordinated capital debentures		-	-	-	-	-	506,678	-	-	-	-	-	-
Dividends paid	46	-	-	-	-	-	(458,569,616)	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	593,538,164	-	-	-	-	-	-
Other comprehensive income (loss) for the year		-	-	-	-	-	(103,708)	53,525,981	28,183	13,470,224	(2,694,044)	4,038,119	68,264,755
Balance - as at December 31, 2017		150,683,762	3,439,036,612	1,154,811,834	15,048,319	431,231,212	6,354,905,664	(49,172,853)	(567,987)	21,328,012	(4,285,602)	3,613,640	(29,064,790)

Notes to financial statements are an integral part of these financial statements.



## PTT Exploration and Production Public Company Limited and Subsidiaries

For the Year Ended December 31, 2017

(UNOFFICIAL TRANSLATION)

## The Company

Unit : US Dollar

[illegible]

Unit : US Dollar

[illegible]

Notes to financial statements are an integral part of these financial statements.

(UNOFFICIAL TRANSLATION)

## Statements of Changes in Equity (Continued)

### PTT Exploration and Production Public Company Limited and Subsidiaries

For the Year Ended December 31, 2017

#### The Company

Unit : Baht

The Company

	Retained earnings					Other components of equity					
	Issued and paid-up share capital	Share premium	Subordinated capital debentures	Legal reserve	Reserve for expansion	Unappropriated	Exchange differences			Total other components of equity	
							on translating financial statement	Cash flow hedges	Income taxes relating to cash flow hedges		
Balance - as at January 1, 2016	3,969,985,400	105,417,619,764	37,188,504,448	396,998,540	16,900,000,000	165,782,127,048	36,069,945,445	(185,575,218)	28,089,995	35,912,460,222	365,567,695,422
Changes in equity for the year											
Interest expenses for subordinated capital debentures	-	-	-	-	-	(2,332,525,044)	-	-	-	-	(2,332,525,044)
Income tax for subordinated capital debentures	-	-	-	-	-	415,280,622	-	-	-	-	415,280,622
Dividends paid	-	-	-	-	-	(10,916,573,419)	-	-	-	-	(10,916,573,419)
Profit for the year	-	-	-	-	-	17,099,790,096	-	-	-	-	17,099,790,096
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(2,553,396,112)	503,078,159	(100,615,632)	(2,150,933,585)	(2,150,933,585)
Balance - as at December 31, 2016	3,969,985,400	105,417,619,764	37,188,504,448	396,998,540	16,900,000,000	170,048,099,303	33,516,549,333	317,502,941	(72,525,637)	33,761,526,637	367,682,734,092

Unit : Baht

	Retained earnings						Other components of equity				
	Issued and paid-up share capital	Share premium	Subordinated capital debentures	Legal reserve	Reserve for expansion	Unappropriated	Exchange differences			Total other components of equity	
							on translating financial statement	Cash flow hedges	Income taxes relating to cash flow hedges		
Balance - as at January 1, 2017	3,969,985,400	105,417,619,764	37,188,504,448	396,998,540	16,900,000,000	170,048,099,303	33,516,549,333	317,502,941	(72,525,637)	33,761,526,637	367,682,734,092
Changes in equity for the year											
Interest expenses for subordinated capital debentures	-	-	-	-	-	(1,554,416,687)	-	-	-	-	(1,554,416,687)
Redemption of subordinated capital debentures	-	-	(27,526,733,243)	-	-	(784,243,839)	-	-	-	-	(28,310,977,082)
Income tax for subordinated capital debentures	-	-	-	-	-	18,525,992	-	-	-	-	18,525,992
Dividends paid	-	-	-	-	-	(15,879,830,670)	-	-	-	-	(15,879,830,670)
Profit for the year	-	-	-	-	-	27,707,423,430	-	-	-	-	27,707,423,430
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(32,660,055,793)	440,112,029	(88,022,406)	(32,307,966,170)	(32,307,966,170)
Balance - as at December 31, 2017	3,969,985,400	105,417,619,764	9,661,771,205	396,998,540	16,900,000,000	179,555,557,529	856,493,540	757,614,970	(160,548,043)	1,453,560,467	317,355,492,905

Notes to financial statements are an integral part of these financial statements.



(UNOFFICIAL TRANSLATION)

**Statements of Cash Flows****PTT Exploration and Production Public Company Limited and Subsidiaries**

For the Year Ended December 31, 2017

	Unit : US Dollar		Unit : Baht	
Consolidated	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Continuing operations				
Profit before income taxes	773,456,855	637,026,606	26,577,759,785	22,027,543,097
Adjustment to reconcile profit before income taxes to net cash provided by (used in) operating activities				
Share of gain of associates and joint ventures	(9,745,415)	(8,547,096)	(328,715,206)	(301,430,490)
Depreciation, depletion and amortization	1,650,219,726	2,079,382,379	55,983,367,203	73,368,041,766
Impairment loss on assets	558,214,042	47,150,837	18,504,889,118	1,688,293,759
Reversal of allowance for decrease in value of inventory to net realizable value	(9,323,117)	(16,945,208)	(319,258,785)	(611,469,742)
Amortization of exploration expenses	25,936,298	29,013,799	858,038,433	1,023,210,620
Other amortization of expenses	7,729,752	(2,083,970)	262,254,444	(73,462,032)
Loss on disposal of assets	33,558,675	13,289,970	1,108,215,506	474,860,641
Income recognized from deferred income	(5,922,130)	(6,388,856)	(200,848,890)	(225,468,621)
Loss on financial derivatives	9,446,722	82,965,125	308,084,042	2,959,954,702
Premium from repurchase of debentures	-	7,326,825	-	258,670,816
Provision for employee benefit	12,232,006	11,345,952	414,866,581	400,410,346
Gain on foreign exchange	(5,360,643)	(16,087,759)	(181,806,085)	(423,506,532)
Interest income less than interest expenses	162,878,745	199,624,995	5,532,771,275	7,044,330,412
	<b>3,203,321,516</b>	<b>3,057,073,599</b>	<b>108,519,617,421</b>	<b>107,609,978,742</b>
Changes in operating assets (increase) decrease				
Account receivable - parent company	(179,350,306)	88,580,683	(6,082,661,180)	3,126,093,857
Trade accounts receivable	(32,178,569)	3,999,903	(1,091,335,366)	141,160,254
Other accounts receivable	(3,028,073)	47,266,844	(102,697,000)	1,668,090,416
Inventories	13,751,271	(6,235,650)	466,374,025	(220,061,853)
Materials and supplies	22,242,766	36,200,386	754,362,869	1,277,544,957
Working capital from co-venturers	(1,865,167)	(10,919,298)	(63,257,086)	(385,352,086)
Other current assets	13,745,030	24,797,080	466,162,367	875,111,791
Rights to receive reimbursement from decommissioning funds	(15,482,685)	(28,481,591)	(525,094,900)	(1,005,141,560)
Prepaid expenses	(498,743)	(2,452,125)	(16,914,855)	(86,537,760)
Other non-current assets	654,891	(61,676,885)	22,210,599	(2,176,634,059)
Changes in operating liabilities increase (decrease)				
Trade accounts payable	5,352,952	(182,722,635)	181,545,227	(6,448,450,025)
Working capital to co-venturers	336,208	(1,555,858)	11,402,481	(54,907,653)
Accrued expenses	164,467,421	(34,298,194)	5,577,908,513	(1,210,414,858)
Other current liabilities	5,317,097	(11,594,966)	180,329,199	(409,197,024)
Deferred income	-	(287,934)	-	(10,161,470)
Provision	(86,847,295)	(45,965,584)	(2,945,423,847)	(1,622,167,770)
Other non-current liabilities	(4,974,819)	(10,992,779)	(168,720,858)	(387,945,294)

Notes to financial statements are an integral part of these financial statements.

(UNOFFICIAL TRANSLATION)

## Statements of Cash Flows

### PTT Exploration and Production Public Company Limited and Subsidiaries

For the Year Ended December 31, 2017

Consolidated	Unit : US Dollar		Unit : Baht	
	2017	2016	2017	2016
Currency translation differences	1,232,254	2,517,102	41,791,846	88,830,838
Interest received from bank deposits	20,365,810	21,191,709	690,705,935	747,874,931
Taxation paid	(457,659,853)	(596,954,707)	(15,521,522,553)	(21,067,081,233)
Discontinued operations	-	826,326	-	29,745,597
	(534,419,810)	(768,758,173)	(18,124,834,584)	(27,129,600,004)
<b>Net cash flows provided by operating activities</b>	<b>2,668,901,706</b>	<b>2,288,315,426</b>	<b>90,394,782,837</b>	<b>80,480,378,738</b>
<b>Cash flows from investing activities</b>				
Continuing operations				
Cash payment for short-term investments	(4,415,787,957)	(1,992,077,517)	(149,761,338,851)	(70,302,249,683)
Cash received from investing in short-term investments	3,442,374,205	274,159,760	116,748,035,648	9,675,350,340
Cash payment for long-term loans to related parties	(92,750,000)	-	(3,145,613,946)	-
Cash payment for investment in associate	(156,609,002)	-	(5,311,390,420)	-
Cash payment for other long-term investments	(11,307)	-	(383,482)	-
Cash received from investments in joint ventures	393,300	1,311,000	13,338,760	46,266,397
Net cash received from divestment of business	-	8,704,391	-	307,185,973
Dividends received from related parties	5,275,218	5,211,927	178,908,880	183,933,717
Interest received from short-term investments	27,730,121	4,670,803	940,466,350	164,836,953
Interest received from loans	575,186	551,767	19,507,412	19,472,381
Increase in property, plant and equipment	(1,331,920,387)	(996,712,203)	(45,172,046,816)	(35,174,891,291)
Increase in intangible assets	(6,163,767)	(7,040,562)	(209,043,990)	(248,467,922)
Increase in exploration and evaluation assets	(22,845,405)	(19,019,399)	(774,801,356)	(671,212,118)
Discontinued operations	-	(5,950)	-	(209,990)
<b>Net cash flows used in investing activities</b>	<b>(2,549,739,795)</b>	<b>(2,720,245,983)</b>	<b>(86,474,361,811)</b>	<b>(95,999,985,243)</b>
<b>Cash flows from financing activities</b>				
Continuing operations				
Payments of debentures	-	(183,876,825)	-	(6,489,182,450)
Interest paid for loans	(133,512,103)	(134,241,709)	(4,528,059,665)	(4,737,513,523)
Cash payments for finance costs	-	(5,750,000)	-	(202,922,794)
Cash payment for redemption of subordinated capital debentures	(874,310,718)	-	(29,652,226,277)	-
Cash received from issuance of subordinated capital debentures	854,695,000	-	28,986,959,692	-
Finance costs paid for issuance of subordinated capital debentures	(66,608)	-	(2,258,995)	-
Interest paid for subordinated capital debentures	(52,825,890)	(65,670,430)	(1,791,588,744)	(2,317,569,954)
Net cash received for financial derivative contract	-	155,597,145	-	5,491,166,489
Dividends paid	(458,569,616)	(310,427,574)	(15,552,377,131)	(10,955,274,886)
Discontinued operations	-	-	-	-
<b>Net cash flows used in financing activities</b>	<b>(664,589,935)</b>	<b>(544,369,393)</b>	<b>(22,539,551,120)</b>	<b>(19,211,297,118)</b>
Net decrease in cash and cash equivalents	(545,428,024)	(976,299,950)	(18,619,130,094)	(34,730,903,623)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,039,499,782</b>	<b>2,995,402,554</b>	<b>73,076,515,987</b>	<b>108,099,811,788</b>
	1,494,071,758	2,019,102,604	54,457,385,893	73,368,908,165
Adjustment for the effect of exchange rate changes	18,109,534	20,397,178	(5,037,919,889)	(292,392,178)
<b>Cash and cash equivalents at the end of the year</b>	<b>1,512,181,292</b>	<b>2,039,499,782</b>	<b>49,419,466,004</b>	<b>73,076,515,987</b>
<b>Supplementary cash flow information</b>				
Unpaid for outstanding payable from purchases of property, plant and equipment	698,995,158	849,385,666	23,706,403,413	29,975,602,199

Notes to financial statements are an integral part of these financial statements.

(UNOFFICIAL TRANSLATION)

**Statements of Cash Flows****PTT Exploration and Production Public Company Limited and Subsidiaries**

For the Year Ended December 31, 2017

The Company	Unit : US Dollar		Unit : Baht	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Profit before income taxes	866,454,227	616,507,759	29,324,004,704	21,759,562,849
Adjustment to reconcile profit before income taxes to net cash provided by (used in) operating activities				
Depreciation, depletion and amortization	696,010,878	932,959,454	23,614,983,096	32,915,949,100
Amortization of exploration expenses	10	-	352	-
Other amortization of expenses	2,386,563	(4,434,278)	81,001,548	(156,460,531)
Loss on disposal of assets	12,629,264	3,849,782	414,542,014	137,632,745
Income recognized from deferred income	(320,844)	(321,723)	(10,881,426)	(11,353,912)
Loss (gain) on financial derivatives	30,238,134	(10,142,674)	1,053,188,626	(352,935,109)
Premium from repurchase of debentures	-	7,326,825	-	258,670,816
Dividends received from related parties	(110,476,453)	(8,890,707)	(3,704,235,682)	(313,458,899)
Provision for employee benefit	10,952,372	9,954,872	371,468,307	351,317,714
Gain on foreign exchange	(496,071)	(124,513,200)	(16,824,241)	(4,394,185,456)
Interest income less (higher) than interest expenses	68,044,551	(24,806,206)	2,293,659,439	(877,578,389)
	<b>1,575,422,631</b>	<b>1,397,489,904</b>	<b>53,420,906,737</b>	<b>49,317,160,928</b>
<b>Changes in operating assets (increase) decrease</b>				
Account receivable - parent company	(104,827,787)	22,249,302	(3,555,231,795)	785,198,342
Trade accounts receivable	(243,024)	(494,224)	(8,242,142)	(17,441,626)
Other accounts receivable	(6,105,635)	5,187,986	(207,072,477)	183,088,783
Inventories	91,070	573,100	3,088,637	20,225,233
Materials and supplies	7,141,934	29,306,776	242,218,520	1,034,263,100
Working capital from co-venturers	21,431	4,493,703	726,832	158,586,923
Other current assets	(16,522,450)	7,947,479	(560,358,472)	280,473,864
Other non-current assets	448,580	(700,996)	15,213,579	(24,738,820)
<b>Changes in operating liabilities increase (decrease)</b>				
Trade accounts payable	72,431,247	(114,535,784)	2,456,503,953	(4,042,073,264)
Working capital to co-venturers	131,049	(208,606)	4,444,527	(7,361,914)
Accrued expenses	(33,027,143)	(39,413,369)	(1,120,114,746)	(1,390,934,077)
Other current liabilities	11,357,074	(8,154,190)	385,174,861	(287,768,871)
Provision	(68,821,437)	(45,965,584)	(2,334,077,327)	(1,622,167,770)
Other non-current liabilities	(4,360,634)	(9,256,450)	(147,890,793)	(326,668,651)

Notes to financial statements are an integral part of these financial statements.

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## Statements of Cash Flows

### PTT Exploration and Production Public Company Limited and Subsidiaries

For the Year Ended December 31, 2017

	Unit : US Dollar		Unit : Baht	
The Company	2017	2016	2017	2016
Interest received from bank deposits	5,886,203	14,995,589	199,630,437	529,208,155
Taxation paid	(242,659,850)	(361,914,863)	(8,229,802,795)	(12,772,308,741)
<b>Net cash flows provided by operating activities</b>	<b>1,196,363,259</b>	<b>901,599,773</b>	<b>40,565,117,536</b>	<b>31,816,741,594</b>
<b>Cash flows from investing activities</b>				
Cash payment for short-term investments	(1,891,621,651)	(1,302,077,517)	(64,154,301,309)	(45,951,514,397)
Cash received from investing in short-term investments	1,946,374,205	251,659,760	66,011,232,812	8,881,304,624
(Increase) decrease in short-term loans to related parties	(2,528,555,290)	595,802,725	(85,755,889,838)	21,026,426,719
Cash received from long-term loans to related parties	2,285,196,743	1,001,113,653	77,502,390,794	35,330,222,554
Cash payments for long-term loans to related parties	(7,712,895)	(820,911,656)	(261,582,644)	(28,970,728,151)
Cash payment for investment in subsidiary	(40,708,308)	(234,639)	(1,380,621,241)	(8,280,623)
Cash payment for other long-term investments	(11,307)	-	(383,482)	-
Dividends received from related parties	110,476,453	8,890,707	3,746,806,171	313,761,230
Interest received from short-term investments	15,142,839	4,328,282	513,569,014	152,749,064
Interest received from loans	55,543,408	78,844,956	1,883,753,285	2,782,511,103
Increase in property, plant and equipment	(502,473,131)	(445,729,025)	(17,041,363,746)	(15,730,187,675)
Increase in intangible assets	(5,377,829)	(5,425,153)	(182,388,954)	(191,458,648)
Increase in exploration and evaluation assets	(4,854,883)	(11,546,060)	(164,653,234)	(407,471,104)
<b>Net cash flows used in investing activities</b>	<b>(568,581,646)</b>	<b>(645,283,967)</b>	<b>(19,283,432,372)</b>	<b>(22,772,665,304)</b>
<b>Cash flows from financing activities</b>				
Decrease in short-term loans from related parties	-	(807,964,444)	-	(28,513,809,135)
Payments of debentures	-	(183,876,825)	-	(6,489,182,450)
Interest paid for loans	(90,398,772)	(65,216,983)	(3,065,872,141)	(2,301,567,374)
Cash payment for redemption of subordinated capital debentures	(874,310,718)	-	(29,652,226,277)	-
Interest paid for subordinated capital debentures	(46,005,401)	(65,670,430)	(1,560,272,020)	(2,317,569,954)
Dividends paid	(458,569,616)	(310,427,574)	(15,552,377,131)	(10,955,274,886)
<b>Net cash used in financing activities</b>	<b>(1,469,284,507)</b>	<b>(1,433,156,256)</b>	<b>(49,830,747,569)</b>	<b>(50,577,403,799)</b>
Net decrease in cash and cash equivalents	(841,502,894)	(1,176,840,450)	(28,549,062,405)	(41,533,327,509)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,227,500,948</b>	<b>2,392,848,702</b>	<b>43,982,104,344</b>	<b>86,354,501,779</b>
	385,998,054	1,216,008,252	15,433,041,939	44,821,174,270
Adjustment for the effect of exchange rate changes	1,987,071	11,492,696	(2,753,333,694)	(839,069,926)
<b>Cash and cash equivalents at the end of the year</b>	<b>387,985,125</b>	<b>1,227,500,948</b>	<b>12,679,708,245</b>	<b>43,982,104,344</b>
<b>Supplementary cash flow information</b>				
Unpaid for outstanding payable from purchases of property, plant and equipment	322,471,509	343,328,991	10,936,613,220	12,116,396,195
Long-term loans to related parties for interest rollover	10,706,065	50,494,431	363,095,912	1,781,994,969

Notes to financial statements are an integral part of these financial statements.

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## Notes to Financial Statements

### 1. General Information

PTT Exploration and Production Public Company Limited (the Company) is registered as a company in Thailand and listed on the Stock Exchange of Thailand. The address of its registered office is 555/1 Energy Complex Building A, 6<sup>th</sup> and 19<sup>th</sup> – 36<sup>th</sup> Floor, Vibhavadi-Rangsit Road, Chatuchak, Bangkok 10900.

The principal business operations of the Company, subsidiaries, associates, joint ventures and joint operations (the Group) are exploration and production of petroleum in Thailand and overseas, foreign gas pipeline transportation and investment in projects strategically connected to the energy business.

As at December 31, 2017, the Group had operations relating to the exploration and production of petroleum in 10 countries and had investments in exploration and production projects with participating interests as follows:

Project	Country	Operator	Company's participating interest	
			2017	2016
PTT Exploration and Production Public Company Limited				
Bongkot	Thailand	PTT Exploration and Production Plc.	44.4445	44.4445
Arthit	Thailand	PTT Exploration and Production Plc.	80	80
Contract 4 (B12/27)	Thailand	Chevron Thailand Exploration and Production, Ltd.	45	45
Sinphuhorm (E5 North)	Thailand	PTTEP SP Limited	20	20
S1	Thailand	PTTEP Siam Limited	25	25
Contract 3 (B10, B11, B12 and B13)	Thailand	Chevron Thailand Exploration and Production, Ltd.	5	5
E5	Thailand	ExxonMobil Exploration and Production Khorat Inc.	20	20
Algeria Hassi Bir Rekaiz	People's Democratic Republic of Algeria	PTT Exploration and Production Plc.	24.5	24.5

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Project	Country	Operator	Company's participating interest	
			2017	2016
PTTEP International Limited (PTTEPI)				
Yadana	Republic of the Union of Myanmar	Total E&P Myanmar	25.5	25.5
Yetagun	Republic of the Union of Myanmar	Petronas Carigali Myanmar (Hong Kong) Ltd.	19.31784	19.31784
PTTEP 1	Thailand	PTTEP International Limited	100	100
G4/43	Thailand	Chevron Offshore (Thailand) Ltd.	21.375	21.375
G9/43	Thailand - Kingdom of Cambodia	PTTEP International Limited	100	100
L22/43	Thailand	PTTEP International Limited	100	100
L53/43 & L54/43	Thailand	PTTEP International Limited	100	100
G4/48	Thailand	Chevron Pattani, Ltd.	5	5
Bongkot (G12/48)	Thailand	PTTEP International Limited	44.4445	44.4445
Contract 4 (G7/50)	Thailand	Chevron Pattani, Ltd.	45	45
Arthit (G8/50)	Thailand	PTTEP International Limited	80	80
Zawtika	Republic of the Union of Myanmar	PTTEP International Limited	80	80
Myanmar M3	Republic of the Union of Myanmar	PTTEP International Limited	80	80
Myanmar M11	Republic of the Union of Myanmar	PTTEP International Limited	100	100
MTJDA	Thailand – Malaysia	Carigali-PTTEPI Operating Company Sendirian Berhad	50	50
PTTEP Offshore Investment Company Limited (PTTEPO)				
B8/32 & 9A <sup>1</sup>	Thailand	Chevron Offshore (Thailand) Ltd.	25.001	25.001
PTTEP Southwest Vietnam Company Limited (PTTEP SV)				
Vietnam 52/97	Socialist Republic of Vietnam	Vietnam Oil and Gas Group	7	7
PTTEP Kim Long Vietnam Company Limited (PTTEP KV)				
Vietnam B & 48/95	Socialist Republic of Vietnam	Vietnam Oil and Gas Group	8.5	8.5

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Project	Country	Operator	Company's participating interest	
			2017	2016
PTTEP Hoang-Long Company Limited (PTTEP HL)				
Vietnam 16-1	Socialist Republic of Vietnam	Hoang-Long Joint Operating Company	28.5	28.5
PTTEP Hoan-Vu Company Limited (PTTEP HV)				
Vietnam 9-2	Socialist Republic of Vietnam	Hoan-Vu Joint Operating Company	25	25
PTTEP Algeria Company Limited (PTTEP AG)				
Algeria 433a & 416b	People's Democratic Republic of Algeria	Groupement Bir Seba	35	35
PTTEP Siam Limited (PTTEPS)				
Sinphuhorm (EU-1)	Thailand	PTTEP SP Limited	20	20
B6/27 <sup>2</sup>	Thailand	PTTEP Siam Limited	100	60
S1	Thailand	PTTEP Siam Limited	75	75
PTTEP Semai II Limited (PTTEP SM)				
Indonesia Semai II <sup>3</sup>	Republic of Indonesia	Murphy Semai Oil Co., Ltd	28.33	28.33
PTTEP South Asia Limited (PTTEP SA)				
Myanmar PSC G & EP 2 <sup>4</sup>	Republic of the Union of Myanmar	PTTEP South Asia Limited	-	70
Myanmar MD-7 <sup>5</sup>	Republic of the Union of Myanmar	PTTEP South Asia Limited	50	100
Myanmar MOGE 3	Republic of the Union of Myanmar	PTTEP South Asia Limited	75	75
PTTEP Malunda Limited (PTTEP ML)				
Indonesia Malunda <sup>6</sup>	Republic of Indonesia	PTTEP Malunda Limited	100	100



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Project	Country	Operator	Company's participating interest	
			2017	2016
PTTEP Canada Limited (PTTEP CA)				
Mariana Oil Sands	Canada	PTTEP Canada Limited	100	100
PTTEP Australia Perth Pty Limited (PTTEP AP)				
PTTEP Australasia *	Commonwealth of Australia			
* Details of operators and participating interests in PTTEP Australasia project are as follows:				
Block	Operator		Company's participating interest	
			2017	2016
AC/L7, AC/L8, AC/RL7, AC/RL12 and AC/P54	PTTEP Australasia (Ashmore Cartier) Pty Limited		100	100
AC/L1, AC/L2 and AC/L3	PTTEP Australasia (Ashmore Cartier) Pty Limited		100	100
AC/RL10	PTTEP Australia Timor Sea Pty Limited		90	90
AC/RL4 (Tenacious)	PTTEP Australia Timor Sea Pty Limited		100	100
AC/RL6 (Audacious), AC/RL6 (exclusive of Audacious)	PTTEP Australia Timor Sea Pty Limited		100	100
AC/RL4 (exclusive of Tenacious), AC/RL5	PTTEP Australia Timor Sea Pty Limited		100	100
Project	Country	Operator	Company's participating interest	
			2017	2016
Cove Energy Limited (Cove)				
Mozambique Rovuma Offshore Area 1	Republic of Mozambique	Anadarko Mozambique Area 1 Limitada	8.5	8.5
Natuna 2 B.V. (Natuna 2)				
Natuna Sea A	Republic of Indonesia	Premier Oil Natuna Sea BV	11.5	11.5
PTTEP Brazil Investments in Oil and Gas Exploration and Production Limitada (PTTEP BL)				
Barreirinhas AP1	Federative Republic of Brazil	BG E&P Brasil Limitada	25	25
Brazil BM-ES-23	Federative Republic of Brazil	Petrobras	20	20

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Project	Country	Operator	Company's participating interest	
			2017	2016
PTTEP SP Limited (PTTEP SP)				
Contract 4 (B12/27)	Thailand	Chevron Thailand Exploration and Production, Ltd.	15	15
Sinphuhorm (E5 North and EU-1)	Thailand	PTTEP SP Limited	35	35
PTTEP G7 Limited (PTTEP G7)				
Contract 4 (G7/50)	Thailand	Chevron Pattani, Ltd.	15	15
PTTEP HK Offshore Limited (PTTEP HKO)				
Sarawak SK410B	Malaysia	PTTEP HK Offshore Limited	42.5	42.5

<sup>1</sup> PTTEP Offshore Investment Company Limited (PTTEPO) has shareholding in Orange Energy Limited and B8/32 Partners Limited, which hold the project's concession

<sup>2</sup> On September 22, 2017, PTTEP Siam Limited (PTTEPS) received an approval from the Minister of Energy to receive the transfer of the participating interests in the B6/27 project from the other joint operation partners. As a result, its participating interests increased from 60% to 100%.

<sup>3</sup> On November 7, 2014, PTTEP Semai II Limited (PTTEP SM) and joint operation partners had submitted a request to terminate and return the exploration block of Indonesia Semai II to the Government of Republic of Indonesia, after the fulfilment of the requirements of the Production Sharing Contract. The termination will be effective after receiving the official approval from the Government of Republic of Indonesia.

<sup>4</sup> On July 17, 2017, PTTEP South Asia Limited (PTTEP SA) had submitted a request to terminate and return the exploration block of Myanmar PSC G & EP 2 Project to the Government of Republic of the Union of Myanmar, after the fulfilment of the requirements of the Production Sharing Contract which was effective since August 31, 2017.

<sup>5</sup> On February 22, 2017, PTTEP South Asia Limited (PTTEP SA) received the official approval from the Government of the Republic of the Union of Myanmar for the transfer of the participating interests in the Myanmar MD-7 Project to the other joint operation partner. As a result, its participating interests decreased from 100% to 50%. PTTEP SA still is the operator of this project.

<sup>6</sup> On May 8, 2015, PTTEP Malunda Limited (PTTEP ML) had submitted a request to terminate and return the exploration block of Indonesia Malunda Project after the fulfilment of the requirements of the Production Sharing Contract. The termination will be effective after receiving the official approval from the Government of Republic of Indonesia.

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2. Basis of Financial Statement Preparation

The consolidated and the Company financial statements have been prepared in accordance with Thai Financial Reporting Standards under the Accounting Act, B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act, B.E. 2547 including the interpretation and accounting guidance announced by the Federation of Accounting Professions, as well as the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act, B.E. 2535.

On October 11, 2016, the Department of Business Development has announced the Notification on the minimum requirement in relation to the format of the financial statements (No.2) B.E. 2559. The notification has been effective for the accounting periods beginning on or after January 1, 2017. The Group has therefore reclassified the items in the comparative statement of financial position for the year ended December 31, 2016 to comply with the above notification. The effects to the financial statements are disclosed in Note 5.1.

The Group's management has determined US Dollar as the functional currency and presents its financial statements in US Dollar. However, the Stock Exchange of Thailand and the Department of Business Development require the entity to present its financial statements in Thai Baht, so the Group also presents its financial statements in Thai Baht by translating from US Dollar.

Where the Group has entered into joint interest operations in the Concession or the Production Sharing Contract with other parties to participate in exploration, development and production of petroleum businesses, the Group records its share of expenses, assets and liabilities incurred in accordance with the Statements of Expenditures prepared by the operators of the Concession or the Production Sharing Contract. The Statements of Expenditures have been audited by another independent auditor on an annual basis and by the joint venture committee on a regular basis.

The consolidated and the Company financial statements have been prepared under the historical cost basis except as disclosed in the accounting policies.

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. Estimates and assumptions are based on management's past experience and other information available which is reasonable in a particular circumstance. Although these estimates and assumptions are based on management's best knowledge of current events and actions, actual results may differ from these estimates and assumptions.

An English language version of the consolidated and the Company financial statements has been translated from the statutory financial statements which are prepared in the Thai language. In the event of a conflict or difference in the interpretation between the two languages, the Thai language version of the statutory financial statements shall prevail.

## (UNOFFICIAL TRANSLATION)

## 3. Revised Accounting Standards, Financial Reporting Standards, Interpretation to Accounting Standards and Interpretation to Financial Reporting Standards

The revised accounting standards, financial reporting standards, interpretation to accounting standards and interpretation to financial reporting standards which are published in the Government Gazette are as follows:

■ Effective for the periods beginning on or after January 1, 2017

Thai Accounting Standard No. 1 (Revised 2016)	Presentation of financial statements
Thai Accounting Standard No. 2 (Revised 2016)	Inventories
Thai Accounting Standard No. 7 (Revised 2016)	Statement of cash flows
Thai Accounting Standard No. 8 (Revised 2016)	Accounting policies, changes in accounting estimates and errors
Thai Accounting Standard No. 10 (Revised 2016)	Events after the reporting period
Thai Accounting Standard No. 11 (Revised 2016)	Construction contracts
Thai Accounting Standard No. 12 (Revised 2016)	Income taxes
Thai Accounting Standard No. 16 (Revised 2016)	Property, plant and equipment
Thai Accounting Standard No. 17 (Revised 2016)	Leases
Thai Accounting Standard No. 18 (Revised 2016)	Revenue
Thai Accounting Standard No. 19 (Revised 2016)	Employee benefits
Thai Accounting Standard No. 20 (Revised 2016)	Accounting for government grants and disclosure of government assistance
Thai Accounting Standard No. 21 (Revised 2016)	The effects of changes in foreign exchange rates
Thai Accounting Standard No. 23 (Revised 2016)	Borrowing costs
Thai Accounting Standard No. 24 (Revised 2016)	Related party disclosures
Thai Accounting Standard No. 26 (Revised 2016)	Accounting and reporting by retirement benefit plans
Thai Accounting Standard No. 27 (Revised 2016)	Separate financial statements
Thai Accounting Standard No. 28 (Revised 2016)	Investments in associates and joint ventures
Thai Accounting Standard No. 29 (Revised 2016)	Financial reporting in hyperinflationary economies
Thai Accounting Standard No. 33 (Revised 2016)	Earnings per share
Thai Accounting Standard No. 34 (Revised 2016)	Interim financial reporting
Thai Accounting Standard No. 36 (Revised 2016)	Impairment of assets
Thai Accounting Standard No. 37 (Revised 2016)	Provisions, contingent liabilities and contingent assets
Thai Accounting Standard No. 38 (Revised 2016)	Intangible assets

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Thai Accounting Standard No. 40 (Revised 2016)	Investment property
Thai Accounting Standard No. 41 (Revised 2016)	Agriculture
Thai Accounting Standard No. 104 (Revised 2016)	Accounting for troubled debt restructurings
Thai Accounting Standard No. 105 (Revised 2016)	Accounting for investments in debt and equity securities
Thai Accounting Standard No. 107 (Revised 2016)	Financial instruments: disclosure and presentation
Thai Financial Reporting Standard No. 2 (Revised 2016)	Share-based payment
Thai Financial Reporting Standard No. 3 (Revised 2016)	Business combinations
Thai Financial Reporting Standard No. 4 (Revised 2016)	Insurance contracts
Thai Financial Reporting Standard No. 5 (Revised 2016)	Non-current assets held for sale and discontinued operations
Thai Financial Reporting Standard No. 6 (Revised 2016)	Exploration for and evaluation of mineral resources
Thai Financial Reporting Standard No. 8 (Revised 2016)	Operating segments
Thai Financial Reporting Standard No. 10 (Revised 2016)	Consolidated financial statements
Thai Financial Reporting Standard No. 11 (Revised 2016)	Joint arrangements
Thai Financial Reporting Standard No. 12 (Revised 2016)	Disclosure of interests in other entities
Thai Financial Reporting Standard No. 13 (Revised 2016)	Fair value measurement
Thai Standing Interpretations Committee No. 10 (Revised 2016)	Government assistance – no specific relation to operating activities
Thai Standing Interpretations Committee No. 15 (Revised 2016)	Operating leases - incentives
Thai Standing Interpretations Committee No. 25 (Revised 2016)	Income taxes – changes in the tax status of an entity or its shareholders
Thai Standing Interpretations Committee No. 27 (Revised 2016)	Evaluating the substance of transactions involving the legal form of a lease
Thai Standing Interpretations Committee No. 29 (Revised 2016)	Service concession arrangements : disclosures
Thai Standing Interpretations Committee No. 31 (Revised 2016)	Revenue – barter transactions involving advertising services
Thai Standing Interpretations Committee No. 32 (Revised 2016)	Intangible assets – web site costs
Thai Financial Reporting Interpretations Committee No. 1 (Revised 2016)	Changes in existing decommissioning, restoration and similar liabilities
Thai Financial Reporting Interpretations Committee No. 4 (Revised 2016)	Determining whether an arrangement contains a lease

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Thai Financial Reporting Interpretations Committee No. 5 (Revised 2016)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
Thai Financial Reporting Interpretations Committee No. 7 (Revised 2016)	Applying the restatement approach under TAS 29 (Revised 2016) Financial reporting in hyperinflationary economies
Thai Financial Reporting Interpretations Committee No. 10 (Revised 2016)	Interim financial reporting and impairment
Thai Financial Reporting Interpretations Committee No. 12 (Revised 2016)	Service concession arrangements
Thai Financial Reporting Interpretations Committee No. 13 (Revised 2016)	Customer loyalty programmes
Thai Financial Reporting Interpretations Committee No. 14 (Revised 2016)	TAS 19 (Revised 2016) Employee benefits – the limit on a defined benefit asset, minimum funding requirements and their interaction
Thai Financial Reporting Interpretations Committee No. 15 (Revised 2016)	Agreements for the construction of real estate
Thai Financial Reporting Interpretations Committee No. 17 (Revised 2016)	Distributions of non-cash assets to owners
Thai Financial Reporting Interpretations Committee No. 18 (Revised 2016)	Transfers of assets from customers
Thai Financial Reporting Interpretations Committee No. 20 (Revised 2016)	Stripping costs in the production phase of a surface mine
Thai Financial Reporting Interpretations Committee No. 21 (Revised 2016)	Levies

The implementation of these revised accounting standards, financial reporting standards, interpretation to accounting standards and interpretation to financial reporting standards has no significant impact to the financial statements presented.

■ Effective for the periods beginning on or after January 1, 2018

Thai Accounting Standard No. 1 (Revised 2017)	Presentation of financial statements
Thai Accounting Standard No. 2 (Revised 2017)	Inventories
Thai Accounting Standard No. 7 (Revised 2017)	Statement of cash flows
Thai Accounting Standard No. 8 (Revised 2017)	Accounting policies, changes in accounting estimates and errors
Thai Accounting Standard No. 10 (Revised 2017)	Events after the reporting period

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Thai Accounting Standard No. 11 (Revised 2017)	Construction contracts
Thai Accounting Standard No. 12 (Revised 2017)	Income taxes
Thai Accounting Standard No. 16 (Revised 2017)	Property, plant and equipment
Thai Accounting Standard No. 17 (Revised 2017)	Leases
Thai Accounting Standard No. 18 (Revised 2017)	Revenue
Thai Accounting Standard No. 19 (Revised 2017)	Employee benefits
Thai Accounting Standard No. 20 (Revised 2017)	Accounting for government grants and disclosure of government assistance
Thai Accounting Standard No. 21 (Revised 2017)	The effects of changes in foreign exchange rates
Thai Accounting Standard No. 23 (Revised 2017)	Borrowing costs
Thai Accounting Standard No. 24 (Revised 2017)	Related party disclosures
Thai Accounting Standard No. 26 (Revised 2017)	Accounting and reporting by retirement benefit plans
Thai Accounting Standard No. 27 (Revised 2017)	Separate financial statements
Thai Accounting Standard No. 28 (Revised 2017)	Investments in associates and joint ventures
Thai Accounting Standard No. 29 (Revised 2017)	Financial reporting in hyperinflationary economies
Thai Accounting Standard No. 33 (Revised 2017)	Earnings per share
Thai Accounting Standard No. 34 (Revised 2017)	Interim financial reporting
Thai Accounting Standard No. 36 (Revised 2017)	Impairment of assets
Thai Accounting Standard No. 37 (Revised 2017)	Provisions, contingent liabilities and contingent assets
Thai Accounting Standard No. 38 (Revised 2017)	Intangible assets
Thai Accounting Standard No. 40 (Revised 2017)	Investment property
Thai Accounting Standard No. 41 (Revised 2017)	Agriculture
Thai Financial Reporting Standard No. 2 (Revised 2017)	Share-based payment
Thai Financial Reporting Standard No. 3 (Revised 2017)	Business combinations
Thai Financial Reporting Standard No. 4 (Revised 2017)	Insurance contracts
Thai Financial Reporting Standard No. 5 (Revised 2017)	Non-current assets held for sale and discontinued operations
Thai Financial Reporting Standard No. 6 (Revised 2017)	Exploration for and evaluation of mineral resources
Thai Financial Reporting Standard No. 8 (Revised 2017)	Operating segments
Thai Financial Reporting Standard No. 10 (Revised 2017)	Consolidated financial statements
Thai Financial Reporting Standard No. 11 (Revised 2017)	Joint arrangements
Thai Financial Reporting Standard No. 12 (Revised 2017)	Disclosure of interests in other entities



## (UNOFFICIAL TRANSLATION)

Thai Financial Reporting Standard No. 13 (Revised 2017)	Fair value measurement
Thai Standing Interpretations Committee No. 10 (Revised 2017)	Government assistance – no specific relation to operating activities
Thai Standing Interpretations Committee No. 15 (Revised 2017)	Operating leases - incentives
Thai Standing Interpretations Committee No. 25 (Revised 2017)	Income taxes – changes in the tax status of an entity or its shareholders
Thai Standing Interpretations Committee No. 27 (Revised 2017)	Evaluating the substance of transactions involving the legal form of a lease
Thai Standing Interpretations Committee No. 29 (Revised 2017)	Service concession arrangements : Disclosures
Thai Standing Interpretations Committee No. 31 (Revised 2017)	Revenue – barter transactions involving advertising services
Thai Standing Interpretations Committee No. 32 (Revised 2017)	Intangible assets – web site costs
Thai Financial Reporting Interpretations Committee No. 1 (Revised 2017)	Changes in existing decommissioning, restoration and similar liabilities
Thai Financial Reporting Interpretations Committee No. 4 (Revised 2017)	Determining whether an arrangement contains a lease
Thai Financial Reporting Interpretations Committee No. 5 (Revised 2017)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
Thai Financial Reporting Interpretations Committee No. 7 (Revised 2017)	Applying the restatement approach under TAS 29 (Revised 2017) Financial reporting in hyperinflationary economies
Thai Financial Reporting Interpretations Committee No. 10 (Revised 2017)	Interim financial reporting and impairment
Thai Financial Reporting Interpretations Committee No. 12 (Revised 2017)	Service concession arrangements
Thai Financial Reporting Interpretations Committee No. 13 (Revised 2017)	Customer loyalty programmes
Thai Financial Reporting Interpretations Committee No. 14 (Revised 2017)	TAS 19 (Revised 2017) Employee benefits – the limit on a defined benefit asset, minimum funding requirements and their interaction
Thai Financial Reporting Interpretations Committee No. 15 (Revised 2017)	Agreements for the construction of real estate
Thai Financial Reporting Interpretations Committee No. 17 (Revised 2017)	Distributions of non-cash assets to owners

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Thai Financial Reporting Interpretations Committee No. 18 (Revised 2017)	Transfers of assets from customers
Thai Financial Reporting Interpretations Committee No. 20 (Revised 2017)	Stripping costs in the production phase of a surface mine
Thai Financial Reporting Interpretations Committee No. 21 (Revised 2017)	Levies

The Group's management has assessed and concluded that these revised accounting standards, financial reporting standards, interpretation to accounting standards and interpretation to financial reporting standards are implemented without significant impact to the financial statement presented.

## (UNOFFICIAL TRANSLATION)

## 4. Significant Accounting Policies

## 4.1 Preparation of Consolidated Financial Statements

The consolidated financial statements comprise the Company, subsidiaries, associates, joint ventures and joint operations. The major inter-company transactions between the Company, subsidiaries, associates, joint ventures and joint operations are eliminated from the consolidated financial statements.

**Subsidiaries**

Subsidiaries are 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 using its power over the entity, including the authority to control the finance and operation policies and generally has more than one half of the voting rights. In assessing the ability to control other entities, the Group considers the existence and the impact of the convertible rights of the instruments, including the potential voting rights in which other entities within the Group have interests. Subsidiaries are consolidated from the date on which control is transferred to the Group and will be disconsolidated from the date that control ceases.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred at the date of exchange, plus other costs directly attributable to the acquisition. Identifiable assets and liabilities acquired from a business combination are measured initially at their fair values at the acquisition date.

The excess of the cost of acquisition over the fair value of the Group's share of the subsidiary's identifiable net assets acquired is recorded as goodwill. On the other hand, if the cost of acquisition is less than the fair value of the Group's share of the subsidiary's identifiable net assets, the difference is recognized immediately in the statement of income.

Investments in subsidiaries are accounted for at cost less provision for impairment in the Company's financial statements. The cost is adjusted to reflect changes in contingent consideration expected to be paid. The cost also includes direct attributable costs of investment. The Company determines at each reporting date whether there is any indicator that the investment in subsidiaries is impaired. If the indicators exist, the Company will conduct an impairment test. If the recoverable amount of the investment is lower than its carrying value, the Company will recognize the loss in the Company's statement of income.

A list of subsidiaries is set out in Note 18.

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**Associates**

Associates are those entities over which the Group has significant influence over their finance and operation policies, but does not have the ability to control. Investments in associates are accounted for using the equity method in the consolidated financial statements from the date on which the Group gains significant influence until the date that significant influence ceases.

Under the equity method, the investment is initially recognized at cost. Subsequently, the carrying amount is increased or decreased based on the investor's share of the profit or loss of the investee. The Group's investment in associates includes goodwill identifiable on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, the Group will reclassify only a proportionate decrease in share ownership previously recognized in other comprehensive income to profit or loss.

The Group's share of its associates' post-acquisition profits or losses and its share of post-acquisition profits or losses in other comprehensive income (loss) are recognized in the statement of income and statement of comprehensive income, respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in associates equals or exceeds its interest in the associates, the Group does not recognize further losses, unless it has incurred obligations or has committed to make payments for the liabilities on behalf of the associates.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized 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.

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

Investments in associates are accounted for at cost less provision for impairment in the Company's financial statements. The cost is adjusted to reflect changes in contingent consideration expected to be paid. The cost also includes direct attributable costs of investment.

A list of associates is set out in Note 18.

## (UNOFFICIAL TRANSLATION)

**Joint Arrangements**

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor rather than the legal structure of the joint arrangements. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures and joint operations as follows:

Joint Ventures

Joint arrangement is classified as joint venture when the Group has rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method in the consolidated financial statements. They are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income (loss) based on its share proportion. When the Group's share of losses in joint ventures equals or exceeds its interests in the joint ventures (including any long-term interests that, in substance, form part of the Group's net investments in the joint ventures), the Group will not recognize further losses, unless it has incurred obligations or has committed to make payments for the liabilities on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies of the joint ventures have been changed to be conformed with the policies adopted by the Group.

Investments in joint ventures are accounted for at cost less provision for impairment in the Company's financial statements. The cost is adjusted to reflect changes in contingent consideration expected to be paid. The cost also includes direct attributable costs of investment.

Joint Operations

The Group has classified its investments in the joint arrangements in which the group has the rights to the assets, and obligations for the liabilities relating to the arrangement as joint operations. The Group recognized for its share of assets, liabilities, revenues and expenses relating to the joint operations in accordance with the Group's accounting policies which relate to those assets, liabilities, revenues and expenses.

The Group has not recognized its share of profit or loss resulting from the purchase of assets from the joint operations until the assets are sold to an independent third party.

For details of joint ventures and joint operations, please refer to Note 18.

(UNOFFICIAL TRANSLATION)

**Related Parties**

Related parties are those entities that directly or indirectly control, or are controlled by the Company, or are under common control with the Company. They also include holding companies, subsidiaries, fellow subsidiaries, associates and joint ventures.

In considering each relationship between parties, attention is directed to the substance of the relationship, not merely the legal form.

**4.2 Foreign Currency Translation**

Transactions included in the financial statements of each entity in the Group are measured using US Dollar which is the Group's functional currency.

Foreign currency transactions are translated into functional currency at the exchange rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currency remaining at the statement of financial position date are translated into functional currency at the exchange rate ruling on the statement of financial position date. Gains and losses arising from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income in the period in which they are incurred.

To comply with the financial reporting requirements of the Stock Exchange of Thailand and the Department of Business Development, the Group presents the consolidated financial statements by translating from US Dollar to Thai Baht. The assets and liabilities are translated into Thai Baht using the average buying and selling rates determined by the Bank of Thailand at period-end, whereas the statement of income is translated using average exchange rates during the period. Differences from such translations have been presented in other comprehensive income (loss).

**4.3 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and at banks, and other highly liquid short-term investments with original maturities of three months or less from the date of acquisition.

**4.4 Short-term Investments**

Short-term investments are investments with fixed maturity of more than 3 months but within 12 months from the date of acquisition and the Group intends to hold them to maturity. Short-term investments are subsequently recognized at amortized cost using the effective yield method less allowance for decrease in value of investments. 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 investments is higher than its recoverable amount, the Group will recognize the impairment loss of investments in the statement of income.

## (UNOFFICIAL TRANSLATION)

**4.5 Investments in Trading Securities**

Investments in trading securities are acquired principally for the purpose of generating a profit from the price fluctuation.

Investments in trading securities are initially recognized at cost, which is equal to the fair value of consideration paid plus transaction cost, and subsequently measured at fair value. The fair value of investments is based on value of net assets of the unit trust. The unrealized gains and losses of investments in trading securities are recognized in the statement of income.

**4.6 Trade Accounts Receivable**

Trade accounts receivable are carried at net realizable value. An allowance for doubtful accounts is estimated, based on the review of all outstanding trade accounts receivable as at the statement of financial position date. The amount of the allowance is the difference between the carrying amount of the accounts receivable and the amount expected to be collected. Doubtful accounts are recognized as expenses in the statement of income in the year in which they are incurred.

**4.7 Inventories**

Inventories are stated at the lower of cost or net realizable value. The cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less the costs of completion and selling expenses.

**4.8 Materials and Supplies**

Materials and supplies are stated at the lower of cost or net realizable value. The costs of materials and supplies are determined using the weighted average cost method. The net realizable value is the estimated selling price in the ordinary course of business less the necessary expenses.

**4.9 Investments in Available-For-Sale Securities**

Investments in available-for-sale securities are initially recognized at cost, which is equal to the fair value of consideration paid plus transaction cost and subsequently measured at fair value. The fair value of investment is based on the quoted bid price at the close of business on the statement of financial position date by reference to the latest quoted bid price from Alternative Investment Market (AIM) in the London Stock Exchange. Unrealized gains or losses of investments in available-for-sale securities are recognized in other comprehensive income (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 recognized in the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognized in the statement of income.



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**4.10 Other long-term investments**

Investments in non-marketable equity securities other than investments in subsidiaries, associates and interests in joint ventures and joint operations are classified as general investments and presented as other long-term investments at cost less provision for impairment in the statements of financial position. 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, the Group will recognize the impairment loss in the statement of income. A list of other long-term investments is set out in Note 19.

**4.11 Finance Costs**

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 the assets are ready for their intended use or sale.

For general borrowings, the Group capitalized the borrowing costs as part of the respective assets using the capitalization rate which is calculated from the weighted average interest rate of the borrowings during the year.

When borrowings are incurred for specific construction or production of qualifying assets, the borrowing costs which are capitalized as part of the costs of the respective assets are borrowing costs incurred during the year less income earned from temporary investment of such borrowings.

The Group records the transaction cost as the deduction from the share premium. The transaction cost comprises direct expense incurred for capital raising activities, such as fees, cost of printing the offering memorandum, financial advisor fees, etc.

Other borrowing costs are recognized as expenses in the period in which they are incurred.

**4.12 Property, Plant and Equipment**

Property, plant and equipment are presented at cost, after deducting accumulated depreciation and the provision for the impairment of assets.

■ **Oil and Gas Properties**

The Company follows the Successful Efforts Method in accounting for its assets used for oil and gas exploration and production activities as follows:

Cost of Properties

Costs of properties comprise total acquisition costs of petroleum rights or the acquisition costs of the portion of properties, decommissioning costs as well as support equipment and facilities.

## (UNOFFICIAL TRANSLATION)

Exploratory drilling costs are capitalized as exploration and evaluation assets and will be classified as oil and gas properties of the projects if their exploratory wells have identified proved reserves that have been found to be commercially producible. However, if the exploratory wells have not identified proved reserves or have identified proved reserves but have not been found to be commercially producible, such drilling costs will be expensed in the statement of income.

Exploration costs, comprising geological and geophysical costs as well as area reservation fees during the exploration stage, are charged to expenses in the statement of income when incurred.

Development costs, whether relating to the successful or unsuccessful development of wells, are capitalized as oil and gas properties.

Depreciation and Depletion

The capitalized acquisition costs of petroleum rights are depreciated using the unit of production method based on proved reserves. Depreciation of exploratory wells, development costs as well as decommissioning costs, except unsuccessful projects, are calculated using the unit of production method based on proved reserves or proved developed reserves. The Group recognizes changes in reserve estimates prospectively.

Depreciation for support equipment and facilities is calculated using the straight-line method with an estimated useful life of assets not exceeding 20 years.

Depreciation for remuneration for the renewal of petroleum production is calculated using the straight-line method with an estimated useful life of 10 years in accordance with the agreement.

Proved reserves and proved developed reserves are calculated by the engineers of the Company and are based on the information received from the joint operators.

■ **Pipelines and Others**

Costs of properties comprise purchase prices and other direct costs necessary to bring the asset to working condition suitable for its intended use.

Depreciation of pipelines and others are determined using the straight-line method with an estimated useful life of assets not exceeding 30 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds from disposal with the carrying amount and are recognized in the statement of income when incurred.

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The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group.

Repair and maintenance costs are recognized as expenses when incurred.

#### 4.13 Carried Costs under Petroleum Sharing Contract

Under Petroleum Sharing Contracts in which the government has a participating interest, some contracts require the contracting parties, excluding the government, to fund the costs of all exploration operations until the first development area is determined. During the exploration period, the contracting parties will carry an agreed upon proportion of the government's exploration costs (Carried Costs). When the project commences production, such carried costs will be fully recouped or recovered without interest by the contracting parties from the production of petroleum under the agreed procedures.

The Group classifies the carried costs based on petroleum activities under the Successful Efforts Method. The majority of them are recognized in oil and gas properties, exploration and evaluation assets in the statement of financial position and exploration expenses in the statement of income. (For details, please refer to Note 25.)

#### 4.14 Goodwill

Goodwill arises from the business combination which represents the excess of the fair value of the consideration transferred over the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries, joint operations, associates or joint ventures undertaking at the date of acquisition.

Goodwill on acquisitions of subsidiaries and joint operations is separately reported in the consolidated statement of financial position, while goodwill on acquisitions of associates and joint ventures is included in investments in associates and joint ventures.

Goodwill is not amortized but is annually tested for impairment. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to a single cash-generating unit or group of cash-generating units that are expected to gain benefit from goodwill from the business combination. Goodwill is presented at cost less accumulated impairment losses.

Impairment losses on goodwill are not reversed. The carrying amount of goodwill is included in the gains and losses on the disposal of business when it is divested.

## (UNOFFICIAL TRANSLATION)

**4.15 Intangible Assets**

Intangible assets are presented at cost, after deducting accumulated amortization and the allowance for the impairment of assets.

Intangible assets which comprise expenditures incurred to acquire computer software licenses and leasehold rights, are amortized using the straight-line method not exceeding 10 years.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

**4.16 Exploration and Evaluation Assets****■ Probable Reserves**

Probable reserves represent reserves that are assessed by the Group at the time when there is a purchase of business. Probable reserves will be classified as oil and gas properties once they are proved reserves and amortized using the unit of production method.

**■ Exploration and Evaluation Assets**

Exploration and evaluation expenditures are capitalized at cost as exploration and evaluation assets. If the projects have identified the proved reserves that have been found to be commercially producible, the capitalized exploration and evaluation expenditures under these projects will be transferred to oil and gas properties of the projects with proved reserves. Subsequent accounting is described in the accounting policy for property, plant and equipment in Note 4.12 Property, Plant and Equipment

The capitalized exploration and evaluation expenditure is charged to statement of income in the period in which the projects have not identified proved reserves or have identified proved reserves, but have not been found to be commercially producible.

**4.17 Impairment of Assets**

The Group's assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the recoverable amount. Intangible assets that have an indefinite useful life or are not ready to used, are tested for impairment annually.

An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and its value in use, and is recorded in the statement of income. For the purposes of assessing impairment, assets are grouped at the lowest levels in which they are separately identifiable.

Estimates of future cash flows used in the evaluation for impairment of assets which relate to petroleum production are made with consideration of the risk assessment on field and reservoir performance which includes the estimate of proved and unproved reserves.

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Allowance for impairment of assets, except when relating to goodwill, is reversed as applicable to the extent that the events or circumstances that triggered the original allowance for impairment change. For this circumstance, the increased carrying amount of the assets from the reversal could not exceed the carrying amount (net of amortization or depreciation), if the Group did not recognize the impairment loss for assets in the prior period.

#### 4.18 Income Taxes

Income tax expenses for the period comprise current and deferred taxes. Income taxes are recognized in profit or loss, except to the extent that they relate to items recognized in other comprehensive income (loss) or items directly recognized in equity which must be recognized in other comprehensive income (loss) or directly recognized in equity, respectively.

The current income taxes are calculated using the tax rates as identified by tax laws enacted or substantively enacted by the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income.

Deferred income taxes are recognized on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income taxes are not accounted for if they arise from initial recognition of assets or liabilities in transactions other than a business combination, that at the time, the transactions affect neither accounting nor taxable profit or loss. Deferred income taxes are determined using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to be applied when the related deferred income tax assets are realized or the deferred income tax liabilities are settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

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.

#### 4.19 Deferred Remuneration under Agreement

The Company has an obligation to make a payment to the buyer (PTT) under the conditions in the Gas Sales Agreement of Arthit project. The remuneration is classified as non-current asset, presented under the caption "Deferred Remuneration under Agreement", and amortized over the contract life using the straight-line method.

#### 4.20 Borrowings

The Group records its borrowings at the fair value of the proceeds received, net of transaction costs incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the statement of financial position date.

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## 4.21 Leases

## ■ Leases - where the Group is the lessee

Leases of property, plant and equipment in which substantially all the risks and rewards of ownership are transferred to the lessee are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the net present value of the lease payments. Each lease payment is allocated to the principal and to the finance costs so as to achieve a constant interest rate on the liability balance outstanding. The outstanding rental obligations, net of finance costs, are included in liabilities. The interest expenses are recorded in the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liabilities for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter period of the useful life of the asset or the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the lease period.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

## ■ 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 is recognized on a straight-line basis over the lease term.

## 4.22 Employee Benefits

The Group has recognized employee benefits based on the types of benefits which are post-employment benefits and other long-term benefits.

**Post-employment Benefits**

The Group has recognized both defined contribution and defined benefit plans as follows:

Defined Contribution Plans

The Group's employees have become members of the following provident funds: "Employee of PTTEP Registered Provident Fund", "Sinsataporn Registered Provident Fund" and "TISCO Ruamtun 1 Registered Provident Fund".

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The provident funds are funded by payments from employees and from the Group which are held in a separate trustee-administered fund. The Group contributes to the funds at a rate of 3% - 15% of the employees' salaries which are charged to the statement of income in the period the contributions are made.

Employee Retirement Benefits

The Group's obligation in respect of the retirement benefit plans is calculated by estimating the amount of future benefits that employees will earn in return for their services to the Group in current and future periods. Such benefits are discounted to the present value using the rate of government debenture yields. The calculation is performed by an independent actuary using the Projected Unit Credit Method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income (loss) in the period in which they arise.

Past-service costs are recognized immediately in the statement of income.

**Other Long-term Benefits**

The Group's other long-term benefits are benefits based on employees' length of service. The Group calculates the amount of these benefits according to the employees' service period.

The expected obligation of these benefits is calculated by independent actuarial experts and accrued over the period of employment based on the same accounting practice used for the employee retirement benefits. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions will be recognized in the statement of income in the period in which they arise.

The Group recognizes the obligation in respect of employee benefits in the statement of financial position under "Provision for Employee Benefit" as disclosed in Note 32.

**4.23 Capital Risk Management**

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

**4.24 Reserve for Expansion**

The Group has set aside a reserve for expanding its investments in new projects in the exploration phase, which is generally susceptible to high risk, and for exploration of additional petroleum reserves. The reserve for expansion is set aside at no more than 35% of the net taxable income from its exploration and production activities.



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**4.25 Revenue Recognition**

Sales revenues are recognized upon delivery of products and customer acceptance.

Interest income is recognized on a time proportion basis, taking into account the effective yield on the asset.

Revenues other than those mentioned above are recognized on an accrual basis.

**4.26 Deferred Income under Agreements (Take-or-Pay)**

Under the Gas Sales Agreements, the Group has obligations to supply minimum quantities of gas to a customer in each contract year. If in any contract year, the customer has not taken the minimum quantities of gas according to the Gas Sales Agreements, the customer shall pay for quantities of gas not taken (Take-or-Pay). If the customer is unable to take the minimum contracted quantities in a given year, the volume of gas that the customer has paid for but has not taken in that year (Make-up) can be taken free of charge in subsequent years. Payments received in advance under these agreements are recognized as deferred income. This deferred income is recognized in the statement of income when the gas is subsequently taken. (For details, please refer to Note 35.)

**4.27 Earnings per Share**

Basic earnings per share are calculated by dividing the income for the year attributable to ordinary shareholders less interest expense for subordinated capital debentures by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share are calculated by dividing the income for the year attributable to shareholders less interest expense for subordinated capital debentures by the weighted average number of ordinary shares in issue during the year, adjusted with dilutive potential ordinary shares. The Company assumes that all dilutive potential ordinary shares are converted into ordinary shares.

**4.28 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 is a person responsible for allocating resources and assessing performance of the operating segments that makes strategic decisions.

In considering the segment reporting, the chief operating decision-maker considers product types as well as geographical areas classified by business segments which are identified by different business activities that are subject to risks and returns that are different from those of other business segments.

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#### 4.29 Financial Instruments

##### Financial Assets and Financial Liabilities

The Group classifies its financial assets into 4 categories: (1) at fair value through statement of income, (2) held-to-maturity, (3) loans and receivables and (4) available for sale. The classification depends on the purpose for which the financial assets are acquired. Financial liabilities are classified as (1) at fair value through statement of income, and (2) at amortized cost.

Financial assets and financial liabilities are initially recognized at fair value. In case that financial assets or financial liabilities are not initially recognized at fair value through statement of income, they are recognized at the amount of fair value, net of the transaction costs directly attributable to the acquisition or the issue of such financial assets or financial liabilities. The subsequent measurement of financial assets or financial liabilities depends on their classification.

Loans and receivables, and held-to-maturity financial assets, as well as financial liabilities measured at amortized cost are initially recognized at fair value, net of the transaction cost and are subsequently measured at amortized cost using the effective interest method with gains or losses recognized in the statement of income.

##### Impairment of Financial Assets

The Group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss has been incurred, the amount of impairment loss is measured as the difference between book value of financial assets and present value of future cash flows discounted using the original effective interest rate according to the contract. Impairment loss is recognized as gains or losses in the statement of income.

##### Derivative Financial Instruments and Hedging

The Group recognizes derivative financial instruments in the statement of financial position at fair value and recognizes the changes in the fair value as gains or losses.

For instruments which the Group wishes to claim for hedge accounting as identified in the accounting standard, the hedging instrument effectiveness portion is offset against the hedged item's fair value. When the Group enters into the fair value hedge instruments, the change in fair value of a hedge derivative as well as the change in the fair value of the hedged item attributable to the risk being hedged are recognized as gains or losses.

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognized within other comprehensive income (loss) by presenting in a separate item. Amounts taken to other comprehensive income (loss) are transferred to the statement of income when the hedged transaction affects profit or loss. The ineffective portion is immediately recognized as gains or losses when incurred.

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## 5. Reclassification

5.1 On October 11, 2016, the Department of Business Development announced the Notification on the minimum requirement in relation to the format of the financial statements (No. 2) B.E. 2559. The notification has been effective for the accounting periods beginning on or after January 1, 2017. The Group has therefore reclassified the items in the comparative statement of financial position for the year ended December 31, 2016 to comply with the above notification.

5.2 Moreover, The Group has reclassified a portion of property, plant and equipment in the consolidated statement of financial position as the Group has determined the nature of the assets and found that they are exploration and evaluation assets, the Group has therefore reclassified the items in the consolidated statements of financial position as at December 31, 2016 to comply with the current year presentation.

The effects to the financial statement as at December 31, 2016 and January 1, 2016 are as follows:

	Consolidated				Consolidated				Unit : Million US Dollar
	31 Dec 2016				1 Jan 2016				
	Previously reported	Reclassification – increase (decrease) (5.1)	(5.2)	Reclassified	Previously reported	Reclassification – increase (decrease) (5.1)	(5.2)	Reclassified	
Statement of financial position									
Current tax assets	-	106.02	-	106.02	-	95.87	-	95.87	
Other current assets - others	187.20	(106.02)	-	81.18	208.64	(95.87)	-	112.77	
Property, plant and equipment	8,534.10	-	(264.21)	8,269.89	9,652.41	-	(276.39)	9,376.02	
Intangible assets	3,643.07	(3,551.26)	-	91.81	3,691.16	(3,592.62)	-	98.54	
Exploration and evaluation assets	-	3,551.26	264.21	3,815.47	-	3,592.62	276.39	3,869.01	
Rights to receive reimbursement from decommissioning funds	-	115.87	-	115.87	-	87.39	-	87.39	
Other non-current assets - others	186.33	(115.87)	-	70.46	96.25	(87.39)	-	8.86	

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	Consolidated				Consolidated				Unit : Million Baht
	31 Dec 2016				1 Jan 2016				
	Previously reported	Reclassification – increase (decrease) (5.1)	(5.2)	Reclassified	Previously reported	Reclassification – increase (decrease) (5.1)	(5.2)	Reclassified	
Statement of financial position									
Current tax assets	-	3,798.77	-	3,798.77	-	3,459.66	-	3,459.66	3,459.66
Other current assets - others	6,707.54	(3,798.77)	-	2,908.77	7,529.68	(3,459.66)	-	4,070.02	4,070.02
Property, plant and equipment	305,781.99	-	(9,466.90)	296,315.09	348,341.60	-	(9,974.26)	338,367.34	338,367.34
Intangible assets	130,533.52	(127,243.77)	-	3,289.75	133,208.86	(129,652.63)	-	3,556.23	3,556.23
Exploration and evaluation assets	-	127,243.77	9,466.90	136,710.67	-	129,652.63	9,974.26	139,626.89	139,626.89
Rights to receive reimbursement from decommissioning funds	-	4,151.82	-	4,151.82	-	3,153.85	-	3,153.85	3,153.85
Other non-current assets - others	6,676.47	(4,151.82)	-	2,524.65	3,473.43	(3,153.85)	-	319.58	319.58

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	Unit : Million US Dollar			
	The Company		The Company	
	31 Dec 2016		1 Jan 2016	
	Previously reported	Reclassification - increase (decrease) (5.1)	Previously reported	Reclassification - increase (decrease) (5.1)
<b>Statement of financial position</b>				
Current tax assets	-	22.29	-	18.03
Other current assets - others	32.65	(22.29)	39.80	(18.03)
Intangible assets	221.42	(140.45)	216.95	(129.13)
Exploration and evaluation assets	-	140.45	-	129.13

	Unit : Million Baht			
	Consolidated		Consolidated	
	31 Dec 2016		1 Jan 2016	
	Previously reported	Reclassification - increase (decrease) (5.1)	Previously reported	Reclassification - increase (decrease) (5.1)
<b>Statement of financial position</b>				
Current tax assets	-	798.78	-	650.61
Other current assets - others	1,170.07	(798.78)	1,436.12	(650.61)
Intangible assets	7,933.70	(5,032.51)	7,829.42	(4,660.22)
Exploration and evaluation assets	-	5,032.51	-	4,660.22

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6. Major Estimates and Assumptions

In order to prepare the financial statements in conformity with the accounting standards, management is required to use estimates and assumptions which impact assets, liabilities, revenues and expenses. The data relating to the major assumptions and uncertainties in the estimate which may have an impact on the carrying amount of assets, liabilities, revenues and expenses presented in the financial statements are as follows:

**Estimation of Petroleum Reserves**

Petroleum reserves are key elements in the Group's investment decision-making process. They are also important elements in testing for impairment. Changes in proved reserves will also affect the present value of the net cash flows and depreciation calculated using the unit-of-production method.

Proved reserves are the quantities of petroleum that are demonstrated with reasonable certainty to be commercially producible in future years from known reservoirs under existing economic and operating conditions including government rules and regulations. The proved reserves have to be examined and assessed annually by the Group's geologists and reservoir engineers.

**Exploration Costs**

Capitalized exploration drilling costs more than 12 months old are expensed unless (1) proved reserves are booked or (2) commercially producible quantities of reserves are found and they are subject to further exploration or appraisal activity. In making decisions about whether to continue capitalizing exploration drilling costs for a period longer than 12 months, it is necessary to make assumptions about the satisfaction of each condition in the present event. If there is a change in one of these assumptions in a subsequent period, the related capitalized exploration drilling costs would be expensed in that period.

**Impairment of Assets**

The Company assesses the impairment of assets based on the estimate using the discounted future cash flows. The expected future cash flows are based on management's key assumptions in relation to selling price using the future oil price, estimated future production volume based on a proved and probable reserves and margin rate. These assumptions are based on management's judgment and past experience as well as the future prediction that is believed to be reasonable in the present situation. Changes in the information or new noticeable information may lead to the change in the assumptions and the discount rate for the estimation of the discounted future cash flows.

The assumption of selling price is determined from the short-term oil price based on forward oil price curve and long-term oil price based on demand and supply of oil in the world market.

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**Goodwill and Intangible Assets**

For recognition and measurement of goodwill and intangible assets as of the acquisition date including subsequent impairment testing, management uses estimated future cash flows from assets or cash-generating unit and appropriate discount rate to determine the present value of future cash flow calculation.

**Income Tax**

The Group is subject to income taxes in numerous jurisdictions. Significant judgments are required to determine the worldwide provision for income taxes due to the fact that there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Management is required to make an estimate of the number of the deferred tax assets that should be recognized by considering the assumption about the probable future tax benefits in each period. There may be uncertainty associated with the assumption used for the future taxable income in terms of whether any change will affect the recognition of the deferred tax asset.

**Lease**

In considering whether a lease agreement is an operating lease or a finance lease, management has exercised judgment in assessing terms and conditions of the agreement to ensure whether the risks and rewards of assets are transferred to the Group or not.

**Employee Benefits**

The provision for employee benefit is estimated based on the amount of future benefits that employees will have earned in return for their services provided to the Group in the current and in future periods. The calculation is performed by an independent actuary using the Projected Unit Credit Method and the relevant assumptions which include financial and demographic assumptions as disclosed in Note 32.

**Provisions**

The provisions, excluding the provision for employee benefit, are recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

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Provision for Decommissioning Costs

The Group records a provision for decommissioning costs whenever it is probable that there would be an obligation as a result of a past event and the amount of that obligation is reliably estimated by the Group's engineers and management's judgment. The Group recognizes provision for decommissioning costs as part of oil and gas properties, using the discounted present value before tax based on the estimated eventual costs that relate to the removal of the production facilities and amortized based on the unit of production of the proved reserve or the proved developed reserve. The Group recognizes an increase that reflects the passage of time from the unwinding discount in each period, as a finance cost in the statement of income.

The provisions are based on the current situation such as regulations, technologies and prices. The actual results could differ from these estimates as future confirming events occur.

Provision for Remuneration for the Renewal of Petroleum Production

The Group has entered into the Supplemental Petroleum Concession Agreement with the Ministry of Energy to extend the petroleum production period for another 10 years. As a result of this extension, the Group has to pay remuneration fee to the Ministry of Energy. The management has estimated the provision for remuneration using the discounted cash flows based on the duration of the new agreement and significant assumptions, such as sales volume data and oil price, etc.



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## 7. Cash and Cash Equivalents

Cash and cash equivalents comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Cash on hand and at banks	700.04	674.30	22,877.97	24,160.42
Cash equivalents				
- Fixed deposits	518.29	1,119.42	16,938.01	40,109.64
- Debt securities	213.14	245.78	6,965.71	8,806.46
- Certificate of deposits	80.71	-	2,637.78	-
Total	1,512.18	2,039.50	49,419.47	73,076.52

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Cash on hand and at banks	37.28	93.77	1,218.08	3,359.84
Cash equivalents				
- Fixed deposits	270.00	1,052.83	8,823.85	37,723.45
- Debt securities	-	80.90	-	2,898.81
- Certificate of deposits	80.71	-	2,637.78	-
Total	387.99	1,227.50	12,679.71	43,982.10

The interest rate on saving deposits held at call with banks for the year ended December 31, 2017 is between 0.00% – 2.50% per annum (during the year 2016: interest rate is between 0.00% - 2.20% per annum).

The interest rate on fixed deposits with banks for the year ended December 31, 2017 is between 0.20% – 12.09% per annum (during the year 2016: interest rate is between 0.20% - 13.05% per annum).

The interest rate on debt securities for the year ended December 31, 2017 is between 1.00%-1.51% per annum (during the year 2016: interest rate is between 1.30% - 1.51% per annum).

The interest rate on certificate of deposits for the year ended December 31, 2017 is 2.17% per annum (during the year 2016: none).

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8. Short-term investments

Short-term investments comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Fixed deposits	2,502.87	1,982.08	81,796.02	71,019.04
Certificate of deposits	452.62	-	14,792.13	-
Total	2,955.49	1,982.08	96,588.15	71,019.04

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Fixed deposits	794.70	1,302.08	25,971.59	46,654.23
Certificate of deposits	452.62	-	14,792.13	-
Total	1,247.32	1,302.08	40,763.72	46,654.23

The interest rate on fixed deposits with banks that have maturity more than 3 months but within 12 months for the year ended December 31, 2017 is between 0.90% – 2.30% per annum (during the year 2016: interest rate is between 0.80% - 1.65% per annum).

The interest rate on certificate of deposits that have maturity more than 3 months but within 12 months for the year ended December 31, 2017 is between 1.87% – 2.03% per annum (during the year 2016: none)

9. Investments in Trading Securities

Movements in the investments in trading securities for the year are as follows:

	Unit : Million US Dollar	Unit : Million Baht
	Consolidated	Consolidated
Balance as at January 1, 2017	0.17	6.04
Gain on changes in fair value	0.03	0.86
Foreign exchange differences	0.01	0.46
Currency translation differences	-	(0.58)
Balance as at December 31, 2017	0.21	6.78

## (UNOFFICIAL TRANSLATION)

	Unit : Million US Dollar	Unit : Million Baht
	The Company	The Company
Balance as at January 1, 2017	0.16	5.80
Gain on changes in fair value	0.03	0.83
Foreign exchange differences	0.01	0.44
Currency translation differences	-	(0.56)
Balance as at December 31, 2017	0.20	6.51

## 10. Account Receivable - Parent Company

Account receivable - parent company comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Sales of petroleum products	541.66	355.06	17,701.80	12,722.26
Gas pipeline construction service	24.91	27.70	814.17	992.34
Total	566.57	382.76	18,515.97	13,714.60

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Sales of petroleum products	296.63	185.40	9,694.09	6,643.06
Gas pipeline construction service	24.91	27.70	814.17	992.34
Total	321.54	213.10	10,508.26	7,635.40

The analysis of account receivable – parent company based on outstanding age groups is shown below.

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Not yet due	538.30	334.38	17,592.25	11,981.19
Past due				
- Up to 3 months	-	1.82	-	65.24
- Over 3 months but not more than 6 months	-	0.52	-	18.68
- Over 6 months but not more than 12 months	-	-	-	-
- Over 12 months <sup>1</sup>	28.27	46.04	923.72	1,649.49
Total	566.57	382.76	18,515.97	13,714.60

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	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Not yet due	294.18	180.44	9,614.04	6,465.33
Past due				
- Up to 3 months	-	1.72	-	61.39
- Over 3 months but not more than 6 months	-	0.52	-	18.68
- Over 6 months but not more than 12 months	-	-	-	-
- Over 12 months <sup>1</sup>	27.36	30.42	894.22	1,090.00
Total	321.54	213.10	10,508.26	7,635.40

<sup>1</sup> The Group has demanded for payment from the parent company for this overdue amount and the overdue amount is expected to be collected within 12 months from the statement of financial position date.

11. Trade Accounts Receivable

Trade accounts receivable comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Binh Son Refining & Petrochemical Co.,Ltd.	7.78	18.31	254.38	655.91
BP Singapore Pte Ltd	-	4.60	-	164.92
Myanmar Oil and Gas Enterprise	31.98	26.17	1,045.26	937.72
Petco Trading Labuan Company Limited	5.10	-	166.78	-
Petro-Diamond Singapore (Pte) Ltd.	2.86	-	93.55	-
Petroliam Nasional Berhad	11.78	10.74	384.85	384.77
PetroVietnam Oil Corporation	6.83	-	223.14	-
PTT International Trading London Ltd	14.14	-	462.17	-
PV Oil Singapore Pte Ltd.	3.40	-	111.22	-
SembCorp Gas Pte Ltd	17.23	6.39	563.05	228.94
Star Petroleum Refining Co., Limited	6.79	4.06	221.92	145.52
Unipet Asia Co.,Ltd.	-	3.88	-	139.08
Vietnam National Oil and Gas Group	0.51	0.41	16.70	14.53
Electricity Generating Authority of Thailand	0.73	1.22	23.68	43.87
Others	0.30	0.21	9.71	7.64
Total	109.43	75.99	3,576.41	2,722.90

## (UNOFFICIAL TRANSLATION)

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Star Petroleum Refining Co., Limited	1.35	1.03	44.01	36.76
Electricity Generating Authority of Thailand	0.18	0.31	5.92	10.97
Others	0.07	0.05	2.43	1.91
Total	1.60	1.39	52.36	49.64

The analysis of trade accounts receivable based on outstanding age groups is shown below.

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Not yet due	109.26	75.82	3,570.66	2,716.59
Past due				
- Up to 3 months	-	0.17	-	6.31
- Over 3 months but not more than 6 months	-	-	-	-
- Over 6 months but not more than 12 months	-	-	-	-
- Over 12 months	0.17	-	5.75	-
Total	109.43	75.99	3,576.41	2,722.90

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Not yet due	1.60	1.39	52.36	49.64
Past due				
- Up to 3 months	-	-	-	-
- Over 3 months but not more than 6 months	-	-	-	-
- Over 6 months but not more than 12 months	-	-	-	-
- Over 12 months	-	-	-	-
Total	1.60	1.39	52.36	49.64

(UNOFFICIAL TRANSLATION)

12. Inventories

Inventories comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Inventories	19.31	47.00	631.23	1,684.03
<u>Less</u> Allowance for decrease in net realizable value	(0.12)	(9.45)	(4.20)	(338.66)
Total	19.19	37.55	627.03	1,345.37

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Inventories	3.05	3.42	99.57	122.59
<u>Less</u> Allowance for decrease in net realizable value	-	-	-	-
Total	3.05	3.42	99.57	122.59

13. Materials and Supplies

Materials and supplies comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Materials and supplies	317.88	354.08	10,388.87	12,687.02
<u>Less</u> Provision for damage and obsolescence	(19.82)	(8.21)	(647.87)	(294.25)
Total	298.06	345.87	9,741.00	12,392.77

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Materials and supplies	104.89	115.62	3,427.75	4,142.63
<u>Less</u> Provision for damage and obsolescence	(6.67)	(4.63)	(217.92)	(165.97)
Total	98.22	110.99	3,209.83	3,976.66

## (UNOFFICIAL TRANSLATION)

## 14. Divestment of PTTEP Oman Company Limited and Discontinued Operations

On August 17, 2016, PTTEP Offshore Investment Company Limited (PTTEPO), a subsidiary of the Group, had entered into the Sales and Purchase Agreement (SPA) to divest and sell PTTEP Oman Company Limited (PTTEP OM), which held 100% participating interests in Oman 44 project, to ARA Petroleum LLC (ARA). The agreement will become effective upon the fulfillment of all the terms and conditions as prescribed in the SPA.

On December 28, 2016, PTTEPO had fulfilled all the terms and conditions as prescribed in the SPA and the government of Oman had approved the transaction, therefore ARA becomes the owner of 100% participating interests in Oman 44 project. From this agreement, PTTEPO has received cash of approximately US Dollar 16 million (Baht 564 million) and will receive the remaining cash of approximately US Dollar 7 million (Baht 242 million) under instalment in accordance with the SPA within 18 months from the contract signing date.

The Group recognized profit from the divestment of US Dollar 20 million (Baht 704 million) as part of profit (loss) from discontinued operations in the consolidated financial statements for the year ended December 31, 2016.

During 2017, PTTEPO had calculated net sale value in accordance with Final Completion Adjustment specified in the SPA, resulted in a decrease in net sale value of US Dollar 0.35 million (Baht 11.35 million). The Group has recognized the adjustment as profit (loss) for the period from discontinued operations in the consolidated financial statements for the year end December 31, 2017.

As a result of a divestment of PTTEP OM, the Middle East segment has been classified as discontinued segment. The Company separately presented the operating results of the discontinued segment from normal operating profits and presented it as profit (loss) from discontinued operations - net of tax in the consolidated statement of income and other comprehensive income (loss) from discontinued operations in the consolidated statement of comprehensive income. Cash flows from discontinued operations are separately presented from cash flows from continuing operations in the consolidated statement of cash flows.

Operating results of the discontinued operations in the consolidated financial statements comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
<b>The consolidated statements of income for the year</b>				
Revenues	-	28.07	-	1,136.50
Expenses	-	(26.12)	-	(923.22)
Profit before income taxes from discontinued operations	-	1.95	-	213.28
Income taxes	-	(1.27)	-	(44.83)
Net profit from discontinued operations	-	0.68	-	168.45
Gain (loss) from divestment	(0.35)	19.65	(11.35)	703.62
Total net profit (loss) from discontinued operations	(0.35)	20.33	(11.35)	872.07

(UNOFFICIAL TRANSLATION)

	Unit : US Dollar		Unit : Baht	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Basic earnings per share from discontinued operations	(0.0001)	0.01	(0.003)	0.22

	Unit : Million US Dollar		Unit : Million Baht	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
The consolidated statements of comprehensive income for the year				
Item that will be reclassified subsequently to profit or loss				
Exchange differences on translating financial statement	-	-	-	(146.49)



## (UNOFFICIAL TRANSLATION)

## 15. Other Current Assets

Other current assets comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Prepaid expenses	27.26	44.89	890.77	1,608.50
Accrued income	12.44	5.63	406.67	201.85
Withholding tax and VAT	7.61	8.41	248.73	301.42
Others	21.36	22.25	697.93	797.00
Total	68.67	81.18	2,244.10	2,908.77

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Prepaid expenses	7.41	6.89	242.32	246.81
Accrued income	14.91	0.23	487.43	8.11
Withholding tax and VAT	3.44	1.72	112.38	61.59
Others	2.86	1.53	93.36	54.78
Total	28.62	10.36	935.49	371.29

## 16. Investments in Available-for-sale Securities

Movements in the investments in available-for-sale securities for the year are as follows:

	Unit : Million US Dollar	Unit : Million Baht
	Consolidated	Consolidated
Balance as at January 1, 2017	0.69	24.55
Unrealized gain on change in fair value of available-for-sale securities	0.02	1.65
Currency translation differences	-	(2.89)
Balance as at December 31, 2017	0.71	23.31

(UNOFFICIAL TRANSLATION)

17. Significant Transactions with Related Parties

Significant transactions with related parties are summarized as follows:

17.1 Revenues and Expenses with Related Parties

Significant transactions with related parties for the years are as follows:

	Unit : Million US Dollar Consolidated		Unit : Million Baht Consolidated	
	2017	2016	2017	2016
Parent company - PTT Public Company Limited (PTT)				
Sales revenue (world market reference price)	3,727.50	3,598.33	126,362.47	127,019.60
Purchase and other expenses	36.46	31.87	1,236.40	1,124.71
Subsidiaries, associates, joint ventures and joint operations				
Interest income	0.57	0.55	19.51	19.47
Rental and service expenses	36.01	33.32	1,221.36	1,175.89
Other related parties				
Sales revenue (world market reference price)	14.14	52.58	461.95	1,839.20
Interest income	0.99	-	32.61	-
Director and executive management				
Director's remuneration	1.21	1.10	40.93	38.78
Executive management's remuneration	3.74	2.88	127.47	102.06

  

	Unit : Million US Dollar The Company		Unit : Million Baht The Company	
	2017	2016	2017	2016
Parent company - PTT Public Company Limited (PTT)				
Sales revenue (world market reference price)	2,148.14	2,075.34	72,788.65	73,268.14
Purchase and other expenses	24.21	24.29	820.98	857.32
Subsidiaries, associates and joint operations				
Interest income	42.98	118.39	1,471.87	4,180.65
Management and service fees	0.32	0.32	10.98	11.42
Rental and service expenses	34.65	32.24	1,175.18	1,137.73
Director and executive management				
Director's remuneration	1.21	1.10	40.93	38.78
Executive management's remuneration	3.74	2.88	127.47	102.06

## (UNOFFICIAL TRANSLATION)

## 17.2 Account receivable - Related parties

Account receivable - related parties comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Parent company - PTT Public Company Limited (PTT)				
Account receivable – parent company	566.57	382.76	18,515.97	13,714.60
Other related parties				
Trade accounts receivable	14.14	-	462.17	-

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Parent company - PTT Public Company Limited (PTT)				
Account receivable – parent company	321.54	213.10	10,508.26	7,635.40

## 17.3 Short-term Loans to Related Party

Short-term loans to related party comprised:

Loans to	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
<b>Subsidiary</b>				
PTTEP Treasury Center Company Limited	6,778.68	4,341.22	221,533.32	155,548.43
<b>Total</b>	<b>6,778.68</b>	<b>4,341.22</b>	<b>221,533.32</b>	<b>155,548.43</b>

## 17.4 Long-term Loans to Related Parties

Long-term loans to related parties comprised:

Loans to	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
<b>Associate</b>				
Energy Complex Company Limited	17.75	16.19	580.00	580.00
<b>Related Party</b>				
PTTGL Investment Limited	92.75	-	3,031.15	-
<b>Total</b>	<b>110.50</b>	<b>16.19</b>	<b>3,611.15</b>	<b>580.00</b>

(UNOFFICIAL TRANSLATION)

Loans to	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
<b>Subsidiary</b>				
PTTEP Treasury Center Company Limited	7.21	2,179.69	235.59	78,099.55
<b>Associate</b>				
Energy Complex Company Limited	17.75	16.19	580.00	580.00
<b>Total</b>	<b>24.96</b>	<b>2,195.88</b>	<b>815.59</b>	<b>78,679.55</b>

The Company has provided loans to subsidiaries for the year ended December 31, 2017 with an interest rate between 2.40% - 2.61% per annum (during the year 2016: interest rate is between 0.50% - 4.45% per annum).

The subsidiaries shall occasionally repay the loans.

The Company has provided loans to an associate for the year ended December 31, 2017 with an interest rate of 3.35% per annum (during the year 2016: interest rate is 3.35%).

The Company has provided loans to a related party for the year ended December 31, 2017 with an interest rate of 3.25% per annum (during the year 2016: none).

Movements in the long-term loans to related parties for the year are as follows:

	Unit : Million US Dollar	Unit : Million Baht
	Consolidated	Consolidated
Balance as at January 1, 2017	16.19	580.00
Increase	92.75	3,145.61
Foreign exchange differences	1.56	52.91
Currency translation differences	-	(167.37)
Balance as at December 31, 2017	110.50	3,611.15

	Unit : Million US Dollar	Unit : Million Baht
	The Company	The Company
Balance as at January 1, 2017	2,195.88	78,679.55
Increase	18.42	624.68
Decrease	(2,285.20)	(77,502.39)
Foreign exchange differences	95.86	3,251.04
Currency translation differences	-	(4,237.29)
Balance as at December 31, 2017	24.96	815.59

(UNOFFICIAL TRANSLATION)

18. Investments in Subsidiaries, Associates, Joint Ventures and Joint Operations

18.1 Change of Investments in Subsidiaries, Associates and Joint Ventures

Changes of investments in subsidiaries, associates and joint ventures are as follows:

	Unit : Million US Dollar	Unit : Million Baht
	Consolidated	Consolidated
Balance as at January 1, 2017	66.75	2,391.52
Share of net gain from investments after income taxes	9.75	328.71
Dividends received from associates	(1.70)	(57.53)
Dividends received from joint ventures	(3.58)	(121.38)
Share of other comprehensive income	3.93	134.53
Increase in investment	156.61	5,311.39
Decrease in investment	(0.39)	(13.34)
Currency translation differences	-	(412.67)
Balance as at December 31, 2017	231.37	7,561.23

	Unit : Million US Dollar	Unit : Million Baht
	The Company	The Company
Balance as at January 1, 2017	642.12	23,007.63
Increase in investment	40.71	1,380.62
Decrease in investment	(0.05)	(1.70)
Currency translation differences	-	(2,072.66)
Balance as at December 31, 2017	682.78	22,313.89

(UNOFFICIAL TRANSLATION)

## 18.2 Investments in Subsidiaries

Details of subsidiaries are as follows:

List of subsidiaries	Registered country	Type of business	Participating interest (including indirect holding)	
			Dec 31, 2017	Dec 31, 2016
PTTEP International Limited (PTTEPI)	Thailand	Petroleum	100	100
PTTEP Offshore Investment Company Limited (PTTEPO)	Cayman Islands	Petroleum	100	100
PTTEP Services Limited (PTTEP Services)	Thailand	Human resource support	100	100
PTTEP Siam Limited (PTTEPS)	Thailand	Petroleum	100	100
PTTEP MEA Limited (PTTEP MEA) <sup>1</sup>	Cayman Islands	Petroleum	-	100
PTTEP HK Holding Limited (PTTEP HK)	Hong Kong	Petroleum	100	100
PTTEP Treasury Center Company Limited (PTTEP TC)	Thailand	Treasury center for the Group's business	100	100
PTTEP Business Center Company Limited (PTTEP BC)	Thailand	Petroleum	100	100
PTTEP Southwest Vietnam Company Limited (PTTEP SV)	Cayman Islands	Petroleum	100	100
PTTEP Kim Long Vietnam Company Limited (PTTEP KV)	Cayman Islands	Petroleum	100	100
PTTEP Hoang-Long Company Limited (PTTEP HL) <sup>2</sup>	Cayman Islands	Petroleum	100	100
PTTEP Hoan-Vu Company Limited (PTTEP HV) <sup>3</sup>	Cayman Islands	Petroleum	100	100
PTTEP Algeria Company Limited (PTTEP AG)	Cayman Islands	Petroleum	100	100
PTTEP Holding Company Limited (PTTEPH)	Cayman Islands	Petroleum	100	100
PTTEP Indonesia Company Limited (PTTEP ID)	Cayman Islands	Petroleum	100	100
PTTEP Africa Investment Limited (PTTEP AI)	Cayman Islands	Petroleum	100	100
PTTEP Rommana Company Limited (PTTEPR)	Cayman Islands	Petroleum	100	100
PTTEP Australia Pty Ltd (PTTEP AU)	Commonwealth of Australia	Petroleum	100	100
PTTEP Australia Offshore Pty Ltd (PTTEP AO)	Commonwealth of Australia	Petroleum	100	100
PTTEP South Asia Limited (PTTEP SA)	Cayman Islands	Petroleum	100	100
PTTEP Semai II Limited (PTTEP SM)	Cayman Islands	Petroleum	100	100
PTTEP Australia Perth Pty Ltd (PTTEP AP)	Commonwealth of Australia	Petroleum	100	100
PTTEP Australia Browse Basin Pty Ltd (PTTEP AB)	Commonwealth of Australia	Petroleum	100	100

## (UNOFFICIAL TRANSLATION)

List of subsidiaries	Registered country	Type of business	Participating interest (including indirect holding)	
			Dec 31, 2017	Dec 31, 2016
PTTEP Australia International Finance Pty Ltd (PTTEP AIF) <sup>4</sup>	Commonwealth of Australia	Investment funding for the Group's business	-	100
PTTEP Australasia Pty Ltd (PTTEP AA) <sup>4</sup>	Commonwealth of Australia	Petroleum	-	100
PTTEP Australia Timor Sea Pty Ltd (PTTEP AT)	Commonwealth of Australia	Petroleum	100	100
PTTEP Australasia (Finance) Pty Ltd (PTTEP AAF) <sup>4</sup>	Commonwealth of Australia	Petroleum	-	100
PTTEP Australasia (Petroleum) Pty Ltd (PTTEP AAP) <sup>4</sup>	Commonwealth of Australia	Petroleum	-	100
Tullian Pty Ltd (PTTEP AAT) <sup>4</sup>	Commonwealth of Australia	Petroleum	-	100
PTTEP Australasia (Operations) Pty Ltd (PTTEP AAO)	Commonwealth of Australia	Petroleum	100	100
PTTEP Australasia (Ashmore Cartier) Pty Ltd (PTTEP AAA)	Commonwealth of Australia	Petroleum	100	100
PTTEP Australasia (Staff) Pty Ltd (PTTEP AAS)	Commonwealth of Australia	Petroleum	100	100
PTTEP International Holding Company Limited (PTTEP IH)	Cayman Islands	Petroleum	100	100
PTTEP Southwest Vietnam Pipeline Company Limited (PTTEP SVPC)	Cayman Islands	Gas pipeline transportation	100	100
PTTEP FLNG Holding Company Limited (PTTEP FH) <sup>5</sup>	Hong Kong	Petroleum	100	100
PTTEP Netherland Holding Limited (PTTEP NL)	Cayman Islands	Petroleum	100	100
JV Marine Limited (JV Marine)	Cayman Islands	Petroleum	100	100
PTTEP South Mandar Limited (PTTEP SMD)	Cayman Islands	Petroleum	100	100
PTTEP South Sageri Limited (PTTEP SS)	Cayman Islands	Petroleum	100	100
PTTEP Sadang Limited (PTTEP SD)	Cayman Islands	Petroleum	100	100
PTTEP Malunda Limited (PTTEP ML)	Cayman Islands	Petroleum	100	100
PTTEP Netherlands Coöperatie U.A. (PTTEP NC)	Netherlands	Petroleum	100	100
PTTEP Canada Limited (PTTEP CA)	Canada	Petroleum	100	100
PTTEP Canada International Finance Limited (PTTEP CIF)	Canada	Investment funding for the Group's business	100	100

(UNOFFICIAL TRANSLATION)

List of subsidiaries	Registered country	Type of business	Participating interest (including indirect holding)	
			Dec 31, 2017	Dec 31, 2016
Cove Energy Limited (Cove)	United Kingdom of Great Britain and Northern Ireland	Petroleum	100	100
Cove Energy Mozambique Rovuma Onshore Limited (CEMROL) <sup>6</sup>	Republic of Cyprus	Petroleum	100	100
Cove Energy East Africa Limited (CEEAL)	Republic of Cyprus	Petroleum	100	100
PTTEP Mozambique Area 1 Limited (PTTEP MZA1)	Republic of Cyprus	Petroleum	100	100
Cove Energy Kenya Limited (CEKL) <sup>7</sup>	Republic of Kenya	Petroleum	100	100
PTTEP Netherlands Holding Coöperatie U.A. (PTTEP NH)	Netherlands	Petroleum	100	100
PTTEP Brazil Investment B.V. (PTTEP BI)	Netherlands	Petroleum	100	100
PTTEP Brazil Investments in Oil and Gas Exploration and Production Limitada (PTTEP BL)	Federative Republic of Brazil	Petroleum	100	100
Sinphuhorm Holdings Limited (SHL)	Cayman Islands	Petroleum	100	100
PTTEP SP Limited (PTTEP SP)	United Kingdom of Great Britain and Northern Ireland	Petroleum	100	100
PTTEP G7 Limited (PTTEP G7)	Thailand	Petroleum	100	100
PTTEP HK Offshore Limited (PTTEP HKO)	Hong Kong	Petroleum	100	100
PTTEP Mexico E&P Limited, S. de R.L. de C.V. (PTTEP MEP) <sup>8</sup>	Mexico	Petroleum	100	-



## (UNOFFICIAL TRANSLATION)

<sup>1</sup> On December 29, 2017, PTTEP MEA Limited (PTTEP MEA) received the approval of dissolution of the company from the registrar, as disclosed in Note 18.6 – Significant Transactions during the Year.

<sup>2</sup> PTTEP HL has a 28.5% shareholding in Hoang-Long Joint Operating Company.

<sup>3</sup> PTTEP HV has a 25% shareholding in Hoan-Vu Joint Operating Company.

<sup>4</sup> On March 19, 2017, the entities in the Group of PTTEP Australia Perth Pty Ltd (PTTEP AP) received the approval of dissolution of the company from the registrar, as disclosed in Note 18.6 – Significant Transactions during the Year.

<sup>5</sup> On August 24, 2017, the Company approved for the registration for the dissolution of PTTEP FLNG Holding Company Limited (PTTEP FH), as disclosed in Note 18.6 – Significant Transactions during the Year.

<sup>6</sup> On May 22, 2017, the Company approved for the registration for the dissolution of Cove Energy Mozambique Rovuma Onshore Limited (CEMROL), as disclosed in Note 18.6 – Significant Transactions during the Year.

<sup>7</sup> On May 22, 2017, the Company approved for the registration for the dissolution of Cove Energy Kenya Limited (CEKL), as disclosed in Note 18.6 – Significant Transactions during the Year.

<sup>8</sup> On October 24, 2017, the Group established PTTEP MEXICO E&P LIMITED, S. DE R.L. DE C.V. (PTTEP MEP), as disclosed in Note 18.6 – Significant Transactions during the Year.

(UNOFFICIAL TRANSLATION)

Investments in subsidiaries accounted for using the cost method for the Company's financial statements are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
PTTEP International Limited	516.38	516.38	16,875.89	18,502.34
PTTEP Services Limited	0.01	0.01	0.21	0.23
PTTEP Siam Limited	99.79	99.79	3,261.26	3,575.57
PTTEP Offshore Investment Company Limited	0.005	0.005	0.16	0.18
PTTEP MEA Limited	-	0.05	-	1.79
PTTEP HK Holding Limited	1.70	0.20	55.57	7.18
PTTEP Treasury Center Company Limited	0.07	0.07	2.42	2.65
PTTEP Business Center Company Limited	39.24	0.03	1,282.49	1.24
Total	657.20	616.54	21,478.00	22,091.18

### 18.3 Investments in Associates

Details of associates are as follows:

List of associates <sup>1</sup>	Registered country	Country of operation	Type of business	Participating interest (including indirect holding)	
				Dec 31, 2017	Dec 31, 2016
Energy Complex Company Limited (Energy Complex)	Thailand	Thailand	Property rental services	50	50
PTT Digital Solutions Company Limited (PTT Digital) <sup>2</sup>	Thailand	Thailand	Information technology and communication services	20	20
PTTEP AP Group's Associates <sup>3</sup>	Commonwealth of Australia	Commonwealth of Australia	Air base services	50	50
PTT Global LNG Company Limited (PTT GL) <sup>4</sup>	Thailand	Thailand	Petroleum	50	-

<sup>1</sup> All investments in associates have been assessed as immaterial to the Group.

<sup>2</sup> Changed the name from PTT ICT Solutions Company Limited (PTT ICT) to PTT Digital Solutions Company Limited (PTT Digital), as disclosed in Note 18.6 – Significant Transactions during the Year.

<sup>3</sup> PTTEP AP's group associates are Mungalalu Truscott Airbase Pty Ltd and Troughton Island Pty Ltd

<sup>4</sup> On June 23, 2017, PTTEP Business Center Company Limited (PTTEP BC), a subsidiary of the Group, had jointly invested with PTT Public Company Limited (PTT) to establish PTT Global LNG Company Limited (PTT GL), as disclosed in Note 18.6 – Significant Transactions during the Year.

(UNOFFICIAL TRANSLATION)

Investments in associates accounted for using the equity method for the consolidated financial statements and using the cost method for the Company's financial statements are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Energy Complex Company Limited	40.23	32.78	1,314.60	1,174.55
PTT Digital Solutions Company Limited	9.25	6.96	302.25	249.62
PTTEP AP Group's associates	7.04	6.98	229.97	249.98
PTT Global LNG Company Limited	156.13	-	5,102.58	-
Total	212.65	46.72	6,949.40	1,674.15

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Energy Complex Company Limited	24.79	24.79	810.14	888.22
PTT Digital Solutions Company Limited	0.79	0.79	25.75	28.23
Total	25.58	25.58	835.89	916.45

Details of share of associates are as follows:

	Unit : Million US Dollar	Unit : Million Baht
	Consolidated	Consolidated
Aggregate carrying amount of share of associates	212.65	6,949.40
Aggregate amounts of the reporting entity's share of:		
Profit from continuing operations	7.08	238.06
Other comprehensive income	3.93	134.53
Total comprehensive income for the year ended Dec 31, 2017	11.01	372.59

(UNOFFICIAL TRANSLATION)

#### 18.4 Investments in Joint Ventures

Details of joint ventures are as follows:

List of joint ventures <sup>1</sup>	Registered country	Country of operation	Type of business	Participating interest (including indirect holding)	
				Dec 31, 2017	Dec 31, 2016
PTT FLNG Limited (PTT FLNG) <sup>2</sup>	Hong Kong	Hong Kong	Production and sale of petroleum product	-	50
Erawan 2 FSO Bahamas Limited (Erawan 2) <sup>3</sup>	Bahamas	Thailand	FSO rental services	13.11	13.11

<sup>1</sup> All investments in joint ventures have been assessed as immaterial to the Group.

<sup>2</sup> On June 16, 2017, PTT FLNG Limited (PTT FLNG) had received the approval of dissolution of the company from the Government of Hong Kong, as disclosed in Note 18.6 – Significant Transactions during the Year.

<sup>3</sup> Erawan 2 has a 100% shareholding in Asia Pacific Marine Services (EF) B.V.

Investments in joint ventures accounted for using the equity method for the consolidated financial statements are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Erawan 2 FSO Bahamas Limited	18.72	20.02	611.83	717.37
Total	18.72	20.02	611.83	717.37

Details of share of joint ventures are as follows:

	Unit : Million US Dollar	Unit : Million Baht
	Consolidated	Consolidated
Aggregate carrying amount of share of joint ventures	18.72	611.83
Aggregate amounts of the reporting entity's share of;		
Profit from continuing operations	2.67	90.65
Total comprehensive income for the year ended Dec 31, 2017	2.67	90.65

## (UNOFFICIAL TRANSLATION)

## 18.5 Investments in Joint Operations

Details of Joint Operations are as follows:

List of joint operations	Registered country	Country of operation	Type of business	Participating interest (including indirect holding)	
				Dec 31, 2017	Dec 31, 2016
Carigali – PTTEPI Operating Company Sdn Bhd. (CPOC)	Malaysia	Malaysia	Petroleum	50	50
Moattama Gas Transportation Company (MGTC)	Bermuda	Republic of the Union of Myanmar	Gas pipeline transportation	25.5	25.5
Taninthayi Pipeline Company LLC (TPC)	Cayman Islands	Republic of the Union of Myanmar	Gas pipeline transportation	19.3178	19.3178
Orange Energy Limited (Orange)	Thailand	Thailand	Petroleum	53.9496	53.9496
B8/32 Partners Limited (B8/32 Partners)	Thailand	Thailand	Petroleum	25.0009	25.0009
Leismer Aerodrome Limited (LAL)	Canada	Canada	Air transportation	32	32
Groupement Bir Seba (GBRS)	People's Democratic Republic of Algeria	People's Democratic Republic of Algeria	Petroleum	35	35
Andaman Transportation Limited (ATL)	Cayman Islands	Republic of the Union of Myanmar	Gas pipeline transportation	80	80
Natuna 2 B.V. (Natuna 2)	Netherlands	Republic of Indonesia	Petroleum	50	50
Mozambique LNG1 Company Pte. Ltd (MZ LNG1) <sup>1</sup>	Singapore	Republic of the Mozambique	Petroleum	8.50	-

<sup>1</sup> On March 21, 2017, PTTEP Mozambique Area 1 Limited (PTTEP MZA1), a subsidiary of the Group, has invested with its participating interests of 8.5% in Mozambique LNG1 Company Pte. Ltd. (MZ LNG1), as disclosed in Note 18.6 – Significant Transactions during the Year.

(UNOFFICIAL TRANSLATION)

18.6 Significant Transactions during the Year

■ PTTEP HK Offshore Limited

On February 6, 2017, PTTEP HK Holding Limited (PTTEP HK), a subsidiary of the Group, increased its authorized share capital by Hong Kong Dollar (HK Dollar) 34,906,435 from HK Dollar 6,211,550 to HK Dollar 41,117,985. PTTEP HK used the proceeds from the capital increase to increase the share capital in PTTEP HK Offshore Limited (PTTEP HKO), a subsidiary of PTTEP HK. PTTEP HKO increased its authorized share capital from HK Dollar 6,201,550 to HK Dollar 41,107,985 by increasing its par value per share from HK Dollar 620.16 per share to HK Dollar 4,110.80 per share.

On July 6, 2017, PTTEP HK increased its authorized share capital by HK Dollar 11,708,700 from HK Dollar 41,117,985 to HK Dollar 52,826,685. PTTEP HK used the proceeds from the capital increase to increase the share capital in PTTEP HKO. PTTEP HKO increased its authorized share capital from HK Dollar 41,107,985 to HK Dollar 52,816,685 by increasing its par value per share from HK Dollar 4,110.80 per share to HK Dollar 5,281.67 per share.

■ The Group of PTTEP Australia Perth Pty Ltd

On March 19, 2017, the following companies, under the Group of PTTEP Australia Perth Pty Ltd (PTTEP AP), received the approval of the dissolution from the registrar.

- PTTEP Australia International Finance Pty Ltd (PTTEP AIF)
- PTTEP Australasia Pty Ltd (PTTEP AA)
- PTTEP Australasia (Finance) Pty Ltd (PTTEP AAF)
- PTTEP Australasia (Petroleum) Pty Ltd (PTTEP AAP)
- Tullian Pty Ltd (PTTEP AAT)

■ Mozambique LNG1 Company Pte. Ltd.

On March 21, 2017, PTTEP Mozambique Area 1 Limited (PTTEP MZA1), a subsidiary of the Group, has invested with its participating interests of 8.5% in Mozambique LNG1 Company Pte. Ltd. (MZ LNG1), which was registered in Singapore with a registered capital of US Dollar 50,000,000. The registered capital comprises 50,000 ordinary shares with a par value of US Dollar 1,000 per share. PTTEP MZA1 has paid the first portion of the registered capital of 212 ordinary shares amounting to US Dollar 212,500. MZ LNG1 is the joint operation of the Group.

■ Cove Energy Mozambique Rovuma Onshore Limited

On May 22, 2017, the Company approved for the registration for dissolution of Cove Energy Mozambique Rovuma Onshore Limited (CEMROL), a subsidiary of the Group, it is currently in the liquidation process.

■ Cove Energy Kenya Limited

On May 22, 2017, the Company approved for the registration for the dissolution of Cove Energy Kenya Limited (CEKL), a subsidiary of the Group, it is currently in the liquidation process.

## (UNOFFICIAL TRANSLATION)

## ■ PTT FLNG Limited

On June 16, 2017, PTT FLNG Limited (PTT FLNG) received the approval of dissolution of company from the Government of Republic of Hong Kong.

## ■ PTT Digital Solutions Company Limited

On June 22, 2017, PTT ICT Solutions Company Limited (PTT ICT), an associate of the Group, changed its name to PTT Digital Solutions Company Limited (PTT Digital).

## ■ PTT Global LNG Company Limited

On June 23, 2017, PTTEP Business Center Company Limited (PTTEP BC), a subsidiary of the Group, had jointly invested with PTT Public Company Limited (PTT) to establish PTT Global LNG Company Limited (PTT GL), which was registered in Thailand with a registered capital of Baht 8,000,000. The registered capital comprises 8,000 ordinary shares with a par value of Baht 1,000 per share. PTTEP BC and PTT have equally shareholding interests of 50% each. PTT GL is the associate of the Group.

Subsequently, on August 22, 2017, PTTEP BC increased its share capital of Baht 5,210,723,000 from the existing capital of Baht 5,000,000 to Baht 5,215,723,000 by issuing of 521,072,300 newly issued ordinary shares, at the par value of Baht 10, resulting in a total registered ordinary share of 521,572,300 share. PTTEP BC used the proceed from the increased capital increased the share capital of PTTGL. On August 24, 2017, PTT GL increased its share capital from Baht 8,000,000 to Baht 10,421,446,000 by issuing of 10,413,446 newly issued ordinary shares, at the par value of Baht 1,000, resulting in a total registered ordinary share of 10,421,446 shares.

## ■ PTTEP FLNG Holding Company Limited

On August 24, 2017, the Company approved for the registration for the dissolution of PTTEP FLNG Holding Company Limited (PTTEP FH), a subsidiary of the Group. It is currently in the liquidation process.

## ■ PTTEP Mexico E&amp;P Limited, S. de R.L. de C.V.

On October 24, 2017, PTTEP HK Holding Limited (PTTEP HK) and PTTEP HK Offshore Limited (PTTEP HKO), subsidiaries of the Group, had established PTTEP Mexico E&P Limited, S. de R.L. de C.V. (PTTEP MEP), which was registered in Mexico with a registered capital of Mexican Peso (MXN) 3,000. The registered capital comprises 3,000 ordinary shares with a par value of MXN 1 per share. PTTEP HK and PTTEP HKO have participating interests of 99.97% and 0.03% respectively.

(UNOFFICIAL TRANSLATION)

■ PTTEP Canada Limited (PTTEP CA) and PTTEP Netherlands Coöperatie U.A. (PTTEP NC)

On November 27, 2017, PTTEP Netherlands Coöperatie U.A. (PTTEP NC), a subsidiary of the Group, increased its share capital of US Dollar 15,500,000 from the existing shareholders of US Dollar 2,151,050,000 to US Dollar 2,166,550,000. PTTEP NC used the proceed from the capital increased to increase share capital in PTTEP Canada Limited (PTTEP CA), a subsidiary of PTTEP NC. PTTEP CA increased its share capital from Canadian Dollar 2,477,810,873 to Canadian Dollar 2,497,550,123 by issuing of 19,739,250 newly issued ordinary shares, at the par value of Canadian Dollar 1, resulting in a total registered ordinary share of 2,932,513,490 shares.

■ PTTEP MEA Limited

On December 29, 2017, PTTEP MEA Limited (PTTEP MEA) received the approval of the dissolution from the registrar.

19. Other long-term investments

On September 8, 2017, The Company had jointly invested with the companies in PTT Group to establish Sarn Palung Social Enterprise Company Limited which registers and operates as a company in Thailand. The principal business of the Company is to support the execution of Social Enterprise. Sarn Palung Social Enterprise Company Limited's registered capital of Baht 10,000,000 comprises 1,000,000 ordinary shares with a par value of Baht 10 each. The Company has shareholding interests of 15% of the registered capital. As at December 31, 2017 the Company paid-up 25% of the registered capital.

Other long-term investments using the cost method in the consolidated and the Company's financial statements are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Sarn Palung Social Enterprise Company	0.01	-	0.37	-
Total	0.01	-	0.37	-

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Sarn Palung Social Enterprise Company	0.01	-	0.37	-
Total	0.01	-	0.37	-



## (UNOFFICIAL TRANSLATION)

## 20. Property, Plant and Equipment

Unit : Million US Dollar

	Consolidated			
	Oil and Gas Properties	Pipeline	Others	Total
<u>Historical cost</u>				
Balance as at January 1, 2016	24,444.50	874.71	131.99	25,451.20
Reclassification	(276.39)	-	-	(276.39)
Balance as at January 1, 2016 (Reclassified)	24,168.11	874.71	131.99	25,174.81
Increase	1,133.38	0.19	3.12	1,136.69
Transfer	64.92	-	-	64.92
Decrease	(218.70)	(0.28)	(3.34)	(222.32)
Decrease from divestment of PTTEP OM	(275.17)	-	-	(275.17)
Currency translation differences	(0.24)	-	0.01	(0.23)
Balance as at December 31, 2016	24,872.30	874.62	131.78	25,878.70
Increase	1,421.45	19.10	2.09	1,442.64
Transfer	24.71	-	-	24.71
Decrease	(92.64)	-	(2.48)	(95.12)
Currency translation differences	0.41	-	0.13	0.54
Balance as at December 31, 2017	26,226.23	893.72	131.52	27,251.47
<u>Accumulated depreciation</u>				
Balance as at January 1, 2016	(14,363.84)	(159.56)	(62.71)	(14,586.11)
Depreciation for the year	(1,997.71)	(28.94)	(11.24)	(2,037.89)
Decrease	0.70	-	2.75	3.45
Decrease from divestment of PTTEP OM	239.90	-	-	239.90
Currency translation differences	(0.04)	-	-	(0.04)
Balance as at December 31, 2016	(16,120.99)	(188.50)	(71.20)	(16,380.69)
Depreciation for the year	(1,575.18)	(30.28)	(10.33)	(1,615.79)
Decrease	7.90	-	2.38	10.28
Currency translation differences	(0.15)	-	(0.01)	(0.16)
Balance as at December 31, 2017	(17,688.42)	(218.78)	(79.16)	(17,986.36)
<u>Allowance for impairment of assets</u>				
Balance as at January 1, 2016	(1,212.68)	-	-	(1,212.68)
Increase	(40.48)	(5.25)	-	(45.73)
Transfer	(4.97)	-	-	(4.97)
Decrease from divestment of PTTEP OM	35.26	-	-	35.26
Balance as at December 31, 2016	(1,222.87)	(5.25)	-	(1,228.12)
Transfer	(2.62)	-	-	(2.62)
Balance as at December 31, 2017	(1,225.49)	(5.25)	-	(1,230.74)
Net book value as at December 31, 2016	7,528.44	680.87	60.58	8,269.89
Net book value as at December 31, 2017	7,312.32	669.69	52.36	8,034.37

Depreciation included in the statement of income for the year ended December 31, 2016

US Dollar 2,037.89 million

Depreciation included in the statement of income for the year ended December 31, 2017

US Dollar 1,615.79 million

## (UNOFFICIAL TRANSLATION)

Unit : Million Baht

	Consolidated			
	Oil and Gas Properties	Pipeline	Others	Total
<u>Historical cost</u>				
Balance as at January 1, 2016	882,166.89	31,567.04	4,763.30	918,497.23
Reclassification	(9,974.26)	-	-	(9,974.26)
Balance as at January 1, 2016 (Reclassified)	872,192.63	31,567.04	4,763.30	908,522.97
Increase	39,997.84	6.83	110.03	40,114.70
Transfer	2,291.09	-	-	2,291.09
Decrease	(7,718.12)	(10.01)	(117.89)	(7,846.02)
Decrease from divestment of PTTEP OM	(9,710.87)	-	-	(9,710.87)
Currency translation differences	(5,862.95)	(225.70)	(33.68)	(6,122.33)
Balance as at December 31, 2016	891,189.62	31,338.16	4,721.76	927,249.54
Increase	48,208.32	648.04	70.74	48,927.10
Transfer	837.91	-	-	837.91
Decrease	(3,141.72)	-	(84.30)	(3,226.02)
Currency translation differences	(79,997.07)	(2,778.37)	(410.17)	(83,185.61)
Balance as at December 31, 2017	857,097.06	29,207.83	4,298.03	890,602.92
<u>Accumulated depreciation</u>				
Balance as at January 1, 2016	(518,370.66)	(5,758.18)	(2,263.13)	(526,391.97)
Depreciation for the year	(70,484.76)	(1,021.50)	(396.92)	(71,903.18)
Decrease	24.53	-	97.34	121.87
Decrease from divestment of PTTEP OM	8,466.16	-	-	8,466.16
Currency translation differences	2,739.49	25.69	11.63	2,776.81
Balance as at December 31, 2016	(577,625.24)	(6,753.99)	(2,551.08)	(586,930.31)
Depreciation for the year	(53,452.52)	(1,029.76)	(350.61)	(54,832.89)
Decrease	268.09	-	80.64	348.73
Currency translation differences	52,735.99	633.70	234.19	53,603.88
Balance as at December 31, 2017	(578,073.68)	(7,150.05)	(2,586.86)	(587,810.59)
<u>Allowance for impairment of assets</u>				
Balance as at January 1, 2016	(43,763.66)	-	-	(43,763.66)
Increase	(1,449.30)	(188.15)	-	(1,637.45)
Transfer	(175.57)	-	-	(175.57)
Decrease from divestment of PTTEP OM	1,244.48	-	-	1,244.48
Currency translation differences	328.19	(0.13)	-	328.06
Balance as at December 31, 2016	(43,815.86)	(188.28)	-	(44,004.14)
Transfer	(88.91)	-	-	(88.91)
Currency translation differences	3,854.87	16.55	-	3,871.42
Balance as at December 31, 2017	(40,049.90)	(171.73)	-	(40,221.63)
Net book value as at December 31, 2016	269,748.52	24,395.89	2,170.68	296,315.09
Net book value as at December 31, 2017	238,973.48	21,886.05	1,711.17	262,570.70

Depreciation included in the statement of income for the year ended December 31, 2016

US Dollar 71,903.18 million

Depreciation included in the statement of income for the year ended December 31, 2017

US Dollar 54,832.89 million

(UNOFFICIAL TRANSLATION)

Unit : Million US Dollar

	The Company		
	Oil and Gas Properties	Others	Total
<u>Historical cost</u>			
Balance as at January 1, 2016	10,560.51	92.62	10,653.13
Increase	554.23	1.73	555.96
Decrease	(106.41)	(3.34)	(109.75)
Balance as at December 31, 2016	11,008.33	91.01	11,099.34
Increase	641.94	1.90	643.84
Decrease	(6.70)	(2.49)	(9.19)
Balance as at December 31, 2017	11,643.57	90.42	11,733.99
<u>Accumulated depreciation</u>			
Balance as at January 1, 2016	(6,956.97)	(47.21)	(7,004.18)
Depreciation for the year	(910.03)	(8.51)	(918.54)
Decrease	0.10	2.76	2.86
Balance as at December 31, 2016	(7,866.90)	(52.96)	(7,919.86)
Depreciation for the year	(675.45)	(7.91)	(683.36)
Decrease	4.52	2.38	6.90
Balance as at December 31, 2017	(8,537.83)	(58.49)	(8,596.32)
Net book value as at December 31, 2016	3,141.43	38.05	3,179.48
Net book value as at December 31, 2017	3,105.74	31.93	3,137.67

Depreciation included in the statement of income for the year ended December 31, 2016

US Dollar 918.54 million

Depreciation included in the statement of income for the year ended December 31, 2017

US Dollar 683.36 million

## (UNOFFICIAL TRANSLATION)

Unit : Million Baht

	The Company		
	Oil and Gas Properties	Others	Total
<u>Historical cost</u>			
Balance as at January 1, 2016	381,113.70	3,342.72	384,456.42
Increase	19,559.38	60.89	19,620.27
Decrease	(3,755.14)	(117.88)	(3,873.02)
Currency translation differences	(2,482.59)	(24.77)	(2,507.36)
Balance as at December 31, 2016	394,435.35	3,260.96	397,696.31
Increase	21,771.48	64.39	21,835.87
Decrease	(227.34)	(84.30)	(311.64)
Currency translation differences	(35,456.81)	(285.93)	(35,742.74)
Balance as at December 31, 2017	380,522.68	2,955.12	383,477.80
<u>Accumulated depreciation</u>			
Balance as at January 1, 2016	(251,067.05)	(1,704.03)	(252,771.08)
Depreciation for the year	(31,996.14)	(300.17)	(32,296.31)
Decrease	3.60	97.34	100.94
Currency translation differences	1,183.76	9.17	1,192.93
Balance as at December 31, 2016	(281,875.83)	(1,897.69)	(283,773.52)
Depreciation for the year	(22,918.78)	(268.64)	(23,187.42)
Decrease	153.42	80.64	234.06
Currency translation differences	25,617.01	173.96	25,790.97
Balance as at December 31, 2017	(279,024.18)	(1,911.73)	(280,935.91)
Net book value as at December 31, 2016	112,559.52	1,363.27	113,922.79
Net book value as at December 31, 2017	101,498.50	1,043.39	102,541.89

Depreciation included in the statement of income for the year ended December 31, 2016

Baht 32,296.31 million

Depreciation included in the statement of income for the year ended December 31, 2017

Baht 23,187.42 million

## (UNOFFICIAL TRANSLATION)

## 21. Goodwill

	Unit : Million US Dollar	Unit : Million Baht
	Consolidated	Consolidated
<u>Historical cost</u>		
Balance as at January 1, 2016	1,134.08	40,927.63
Currency translation differences	-	(292.56)
Balance as at December 31, 2016	1,134.08	40,635.07
Currency translation differences	-	(3,572.03)
Balance as at December 31, 2017	1,134.08	37,063.04
<u>Allowance for impairment of assets</u>		
Balance as at January 1, 2016	(119.70)	(4,320.02)
Currency translation differences	-	30.88
Balance as at December 31, 2016	(119.70)	(4,289.14)
Currency translation differences	-	377.04
Balance as at December 31, 2017	(119.70)	(3,912.10)
Net book value as at December 31, 2016	1,014.38	36,345.93
Net book value as at December 31, 2017	1,014.38	33,150.94

(UNOFFICIAL TRANSLATION)

22. Intangible Assets

	Unit : Million US Dollar	Unit : Million Baht
	Consolidated	Consolidated
<u>Historical cost</u>		
Balance as at January 1, 2016	154.57	5,578.35
Increase	7.25	256.00
Decrease	(0.06)	(2.41)
Decrease from divestment of PTTEP OM	(1.10)	(38.66)
Currency translation differences	-	(36.43)
Balance as at December 31, 2016	160.66	5,756.85
Increase	6.18	209.59
Currency translation differences	0.02	(513.27)
Balance as at December 31, 2017	166.86	5,453.17
<u>Accumulated amortization</u>		
Balance as at January 1, 2016	(55.70)	(2,010.30)
Amortization for the year	(13.95)	(492.44)
Decrease	0.03	1.31
Decrease from divestment of PTTEP OM	0.77	27.10
Currency translation differences	-	7.23
Balance as at December 31, 2016	(68.85)	(2,467.10)
Amortization for the year	(14.01)	(475.41)
Currency translation differences	(0.01)	234.15
Balance as at December 31, 2017	(82.87)	(2,708.36)
<u>Allowance for impairment of assets</u>		
Balance as at January 1, 2016	(0.33)	(11.82)
Decrease from divestment of PTTEP OM	0.33	11.56
Currency translation differences	-	0.26
Balance as at December 31, 2016	-	-
Increase	-	-
Balance as at December 31, 2017	-	-
Net book value as at December 31, 2016	91.81	3,289.75
Net book value as at December 31, 2017	83.99	2,744.81

## (UNOFFICIAL TRANSLATION)

	Unit : Million US Dollar	Unit : Million Baht
	Company	Company
<u>Historical cost</u>		
Balance as at January 1, 2016	137.51	4,962.43
Increase	5.65	199.44
Currency translation differences	-	(32.42)
Balance as at December 31, 2016	143.16	5,129.45
Increase	5.38	182.52
Currency translation differences	-	(457.55)
Balance as at December 31, 2017	148.54	4,854.42
<u>Accumulated amortization</u>		
Balance as at January 1, 2016	(49.69)	(1,793.23)
Amortization for the year	(12.50)	(441.16)
Currency translation differences	-	6.13
Balance as at December 31, 2016	(62.19)	(2,228.26)
Amortization for the year	(12.41)	(421.29)
Currency translation differences	-	211.44
Balance as at December 31, 2017	(74.60)	(2,438.11)
Net book value as at December 31, 2016	80.97	2,901.19
Net book value as at December 31, 2017	73.94	2,416.31

(UNOFFICIAL TRANSLATION)

23. Exploration and Evaluation Assets

	Unit : Million US Dollar	Unit : Million Baht
	Consolidated	Consolidated
<u>Historical cost</u>		
Balance as at January 1, 2016	4,727.44	170,606.66
Reclassification	276.39	9,974.26
Balance as at January 1, 2016 (Reclassified)	5,003.83	180,580.92
Increase	19.73	696.37
Transfer	(64.92)	(2,291.09)
Decrease	(28.40)	(1,002.15)
Currency translation differences	51.09	499.95
Balance as at December 31, 2016	4,981.33	178,484.00
Increase	22.85	774.80
Transfer	(24.71)	(837.91)
Decrease	(1.37)	(46.31)
Currency translation differences	120.12	(11,760.31)
Balance as at December 31, 2017	5,098.22	166,614.27
<u>Allowance for impairment of assets</u>		
Balance as at January 1, 2016	(1,134.82)	(40,954.03)
Addition	(1.42)	(50.84)
Transfer	4.97	175.57
Currency translation differences	(34.59)	(944.03)
Balance as at December 31, 2016	(1,165.86)	(41,773.33)
Addition	(558.21)	(18,504.89)
Transfer	2.62	88.91
Currency translation differences	(69.79)	1,650.03
Balance as at December 31, 2017	(1,791.24)	(58,539.28)
Net book value as at December 31, 2016	3,815.47	136,710.67
Net book value as at December 31, 2017	3,306.98	108,074.99



## (UNOFFICIAL TRANSLATION)

	Unit : Million US Dollar	Unit : Million Baht
	Company	Company
<u>Historical cost</u>		
Balance as at January 1, 2016	129.13	4,660.22
Increase	11.32	399.49
Currency translation differences	-	(27.20)
Balance as at December 31, 2016	140.45	5,032.51
Increase	4.86	164.65
Currency translation differences	-	(448.37)
Balance as at December 31, 2017	145.31	4,748.79
Net book value as at December 31, 2016	140.45	5,032.51
Net book value as at December 31, 2017	145.31	4,748.79

(UNOFFICIAL TRANSLATION)

24. Impairment Loss on Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. An impairment loss is recognized when the carrying amount of the asset is higher than its recoverable amount, which is the higher of the asset's fair value less cost to sell or value in use.

A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows whose cash inflows are largely independent of the cash inflows generated by other CGUs. The Group considers the CGU at the individual project level or group of projects level which has joint cash inflow, assessing the expected future cash flows over the average life of the project with an industry growth index.

During 2017, the Group had decided to revise development plan which included extending the Final Investment Decision of Mariana Oil Sands project due to global economy and depreciation of US Dollar compared to Canadian Dollar. This revised plan is a significant indicator to perform asset impairment testing.

The Group estimates the recoverable amount using fair value less cost of disposal, using the information from probable reserves. The calculation also relies on key estimates and assumptions such as forward price curve and long-term oil price estimates based on demand and supply of oil in the world market. Other relevant assumptions include foreign exchange rates, discount rates, and project management team estimate of the capital expenditure and operating expenditure as well as a consideration of past industry performance and consistency of the information compared with external sources. The Group used discounted cash flow with a weighted average cost of capital of 9.41%, which is consistent with industry rate.

For the year ended December 31, 2017, the Group recognized impairment loss on assets in the consolidated statement of income as follows:

	Unit : Million US Dollar	Unit : Million Baht
Impairment loss on exploration and evaluation assets	558.21	18,504.89
Total	558.21	18,504.89

## (UNOFFICIAL TRANSLATION)

Unit : Million US Dollar

The Carrying Amount of Projects before Impairment	The Carrying Amount of Projects after Impairment	Impairment Loss
592.44	43.09	549.35
Exchange differences on translating financial statement		8.86
Total impairment loss in the statement of income		558.21

Unit : Million Baht

The Carrying Amount of Projects before Impairment	The Carrying Amount of Projects after Impairment	Impairment Loss
19,768.69	1,437.68	18,331.01
Exchange differences on translating financial statement		173.88
Total impairment loss in the statement of income		18,504.89

The amount of impairment loss on assets classified by segment is disclosed in Note 44 – Segment information.

(UNOFFICIAL TRANSLATION)

25. Carried Costs under Petroleum Sharing Contract

As at December 31, 2017, the Group presented carried costs paid for the foreign governments under oil and gas properties, exploration and evaluation assets and other non-current assets in the statement of financial position and exploration expenses in the statement of income for the following projects:

Unit : Million US Dollar

Projects	Consolidated			
	Carried Costs			
	Oil and Gas Properties	Exploration and Evaluation Assets	Other Non – current Assets	Exploration Expenses (Cumulative since 2004 – December 31, 2017)
Vietnam 52/97	-	-	1.01	-
Vietnam B & 48/95	-	-	1.06	-
Algeria 433a & 416b	7.95	-	-	12.69
Algeria Hassi Ber Rekaiz	0.16	75.67	-	25.11
Myanmar MOGE 3	-	-	-	0.50
Mozambique Rovuma Offshore Area 1	12.53	5.40	0.04	15.02
Sarawak SK410B	0.01	-	-	0.66

Unit : Million Baht

Projects	Consolidated			
	Carried Costs			
	Oil and Gas Properties	Exploration and Evaluation Assets	Other Non – current Assets	Exploration Expenses (Cumulative since 2004 – December 31, 2017)
Vietnam 52/97	-	-	32.97	-
Vietnam B & 48/95	-	-	34.51	-
Algeria 433a & 416b	259.86	-	-	418.89
Algeria Hassi Ber Rekaiz	5.20	2,473.03	-	811.34
Myanmar MOGE 3	-	-	-	17.59
Mozambique Rovuma Offshore Area 1	409.60	176.46	1.23	471.80
Sarawak SK410B	0.36	-	-	21.93

## (UNOFFICIAL TRANSLATION)

Unit : Million US Dollar

The Company			
Project	Carried Costs		
	Oil and Gas Properties	Exploration and Evaluation Assets	Exploration Expenses (Cumulative since 2010 – December 31, 2017)
Algeria Hassi Ber Rekaiz	0.16	75.67	25.11

Unit : Million Baht

The Company			
Project	Carried Costs		
	Oil and Gas Properties	Exploration and Evaluation Assets	Exploration Expenses (Cumulative since 2010 – December 31, 2017)
Algeria Hassi Ber Rekaiz	5.20	2,473.03	811.34

(UNOFFICIAL TRANSLATION)

26. Income Taxes and Deferred Taxes

Income tax rates for the Group are as follows:

	Tax Rate (%)
Petroleum income tax on petroleum businesses in Thailand pursuant to Petroleum Income Tax Act, B.E. 2514 and 2532	50
Corporate income tax under Revenue Code <sup>(1)</sup>	20
Corporate income tax in the Republic of the Union of Myanmar	25
Income tax from the Petroleum business in the Malaysia - Thailand Joint Development Area under the Petroleum Income Tax Act (No.5), B.E. 2541 and Petroleum Income tax in Malaysia	
- From the first to the eighth accounting period	0
- From the ninth to the fifteenth accounting period	10
- From the sixteenth accounting period onwards	20
Corporate income tax in the Socialist Republic of Vietnam	50
Corporate income tax in Australia	30
Petroleum resource rent tax in Australia	40
Corporate income tax in Canada	27
Corporate income tax in the Netherlands	25
Corporate income tax in the Republic of Kenya	30
Corporate income tax in the Republic of Mozambique	32
Corporate income tax in Indonesia	
- Corporate income tax	30
- Income tax from the profit distribution	20
Corporate income tax in the Federative Republic of Brazil	34
Corporate income tax in the People's Democratic Republic of Algeria	38
Petroleum Income tax in Malaysia	38

(1) The Royal Decree issued under Revenue Code Governing (No. 586) B.E. 2558 governs the reduction of the corporate income tax rate from 20% to 10% for International Headquarters (IHQ), which provides services to affiliated enterprises or domestic and overseas branch in Treasury Center: TC and exempt from the corporate income tax for certain income. The Group has applied such tax rates to calculate the corporate income tax for the fiscal year 2017.

## (UNOFFICIAL TRANSLATION)

26.1 Deferred tax assets and liabilities are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	2017	2016	2017	2016
Deferred tax assets	416.12	197.01	13,599.08	7,059.03
Deferred tax liabilities	963.02	1,078.61	31,472.39	38,647.13
	(546.90)	(881.60)	(17,873.31)	(31,588.10)

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	2017	2016	2017	2016
Deferred tax assets	202.52	28.68	6,618.65	1,027.60
Deferred tax liabilities	146.79	221.04	4,797.14	7,920.03
	55.73	(192.36)	1,821.51	(6,892.43)

26.2 The income taxes in the consolidated and the Company statements of income are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	2017	2016	2017	2016
Income Taxes :				
Current income tax expenses	508.62	425.48	17,208.41	15,004.25
Prior year income tax expenses recognized in current period	7.77	7.01	266.22	242.14
	516.39	432.49	17,474.63	15,246.39
Deferred Taxes :				
Change in temporary differences	(175.86)	(97.54)	(5,963.43)	(3,459.10)
Tax effect of currency translation on tax base	(160.96)	(49.64)	(5,524.25)	(1,747.39)
	(336.82)	(147.18)	(11,487.68)	(5,206.49)
Total	179.57	285.31	5,986.95	10,039.90

(UNOFFICIAL TRANSLATION)

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	2017	2016	2017	2016
Income Taxes :				
Current income tax expenses	290.92	222.42	9,808.99	7,836.52
Prior year income tax expenses recognized in current period	9.18	(0.77)	312.21	(27.29)
	300.10	221.65	10,121.20	7,809.23
Deferred Taxes :				
Change in temporary differences	(155.00)	(56.25)	(5,249.71)	(1,961.16)
Tax effect of currency translation on tax base	(94.81)	(33.73)	(3,254.91)	(1,188.30)
	(249.81)	(89.98)	(8,504.62)	(3,149.46)
Total	50.29	131.67	1,616.58	4,659.77



## (UNOFFICIAL TRANSLATION)

26.3 The income tax on the Group's profit before income taxes differ from the theoretical amount that would arise using the basic tax rate of the country in which the Company is located are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	2017	2016	2017	2016
Profit before income taxes	773.46	637.03	26,577.76	22,027.54
Tax calculated at a tax rate of 50%	386.73	318.52	13,288.88	11,013.77
Tax effect of :				
Associates' results of operations, net of tax	(4.87)	(4.27)	(167.44)	(150.39)
Loss from the entities not subject to tax	18.56	21.91	637.82	771.06
Nondeductible expenses – Corporate income tax	4.23	12.97	145.37	456.43
Nondeductible expenses – Petroleum income tax	185.73	248.03	6,382.03	8,728.21
Nondeductible expenses – Foreign income tax	332.45	177.10	11,423.78	6,232.22
Differences in tax rate on nondeductible expenses				
– Corporate income tax	(2.54)	(7.78)	(87.22)	(273.86)
Differences in tax rate on profit before income tax				
– Corporate income tax	(79.30)	(11.08)	(2,724.97)	(389.91)
Remeasurement of (gain) loss on exchange rate of				
US Dollar financial statement	1.11	(23.23)	38.22	(817.58)
Remeasurement of loss on exchange rate of				
Baht financial statement	(133.85)	(8.70)	(4,599.34)	(306.19)
Deferred tax on functional currency	(160.96)	(49.64)	(5,524.25)	(1,747.39)
Tax credit on petroleum royalty	(345.65)	(332.61)	(11,877.17)	(11,704.45)
Tax credit on foreign corporate income tax	(12.55)	(4.17)	(431.29)	(146.63)
Adjustment in respect of prior year	7.77	7.01	266.22	242.14
Differences in tax rate of the Group's operating countries	(112.75)	(158.53)	(3,874.43)	(5,578.76)
Income tax from offset transactions of the Group's interests	85.70	77.86	2,945.00	2,739.81
Others	9.76	21.92	145.74	971.42
<b>Income taxes</b>	<b>179.57</b>	<b>285.31</b>	<b>5,986.95</b>	<b>10,039.90</b>

(UNOFFICIAL TRANSLATION)

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	2017	2016	2017	2016
Profit before income taxes	866.45	616.51	29,324.00	21,759.56
Tax calculated at a tax rate of 50%	433.23	308.26	14,662.00	10,879.78
Tax effect of :				
Profit from the entities not subject to tax	(55.24)	(4.45)	(1,869.47)	(157.32)
Nondeductible expenses – Corporate income tax	2.55	0.08	86.46	2.83
Nondeductible expenses – Petroleum income tax	149.85	134.26	5,071.33	4,751.40
Differences in tax rate on nondeductible expenses				
– Corporate income tax	(1.53)	16.87	(51.87)	596.96
Differences in tax rate on profit before income tax –				
Corporate income tax	7.69	(28.30)	260.11	(1,001.54)
Remeasurement of (gain) loss on exchange rate of				
US Dollar financial statement	14.97	(9.06)	506.58	(320.58)
Remeasurement of loss on exchange rate of				
Baht financial statement	(151.67)	(11.02)	(5,133.13)	(390.15)
Deferred tax on functional currency	(94.81)	(33.73)	(3,254.91)	(1,188.30)
Tax credit on petroleum royalty	(270.10)	(260.98)	(9,141.07)	(9,235.97)
Adjustment in respect of prior year	9.18	(0.77)	312.21	(27.29)
Others	6.17	20.51	168.34	749.95
<b>Income taxes</b>	<b>50.29</b>	<b>131.67</b>	<b>1,616.58</b>	<b>4,659.77</b>

(UNOFFICIAL TRANSLATION)

26.4 Changes in deferred tax assets and liabilities are as follows:

	Consolidated				Unit : Million US Dollar
	As at Jan 1, 2017	Statement of income	Statement of comprehensive income	Currency translation differences	As at Dec 31, 2017
<b>Deferred tax assets :</b>					
Decommissioning costs	556.46	54.35	-	-	610.81
Provision for employee benefit	61.02	8.02	-	-	69.04
Property, plant and equipment and intangible assets	86.99	(25.78)	-	-	61.21
Petroleum resource rent tax in Australia	69.33	-	-	-	69.33
Loss carried forward	47.74	156.59	0.98	-	205.31
Unrealized foreign exchange	0.74	0.04	-	-	0.78
Financial derivative	12.14	(7.86)	(2.69)	-	1.59
Provision for impairment loss on assets	116.88	5.41	-	-	122.29
Others	92.26	0.90	-	-	93.16
	1,043.56	191.67	(1.71)	-	1,233.52
Tax effect of currency translation on tax base	7.07	56.26	-	-	63.33
<b>Total</b>	<b>1,050.63</b>	<b>247.93</b>	<b>(1.71)</b>	<b>-</b>	<b>1,296.85</b>

## (UNOFFICIAL TRANSLATION)

Unit : Million US Dollar

	Consolidated				
	As at Jan 1, 2017	Statement of income	Statement of comprehensive income	Currency translation differences	As at Dec 31, 2017
<b>Deferred tax liabilities :</b>					
Decommissioning costs	9.86	(9.86)	-	-	-
Property, plant and equipment and intangible assets	1,814.56	27.37	-	-	1,841.93
Financial derivative	0.73	(0.73)	-	-	-
Others	1.53	(0.97)	0.56	(0.15)	0.97
	1,826.68	15.81	0.56	(0.15)	1,842.90
<b>Tax effect of currency translation on tax base</b>					
Total	105.55	(104.70)	-	-	0.85
	1,932.23	(88.89)	0.56	(0.15)	1,843.75
Net	(881.60)	336.82	(2.27)	0.15	(546.90)

(UNOFFICIAL TRANSLATION)

	Consolidated				Unit : Million Baht
	As at	Statement of	Statement of	Currency	
	Jan 1, 2017	income	comprehensive income	translation differences	As at Dec 31, 2017
<b>Deferred tax assets :</b>					
Decommissioning costs	19,938.30	1,836.99	-	(1,813.54)	19,961.75
Provision for employee benefit	2,186.24	272.82	-	(202.92)	2,256.14
Property, plant and equipment and intangible assets	3,117.03	(843.25)	-	(273.33)	2,000.45
Petroleum resource rent tax in Australia	2,484.13	-	-	(218.37)	2,265.76
Loss carried forward	1,710.51	5,324.94	33.31	(358.98)	6,709.78
Unrealized foreign exchange	26.41	1.36	-	(2.32)	25.45
Financial derivative	434.96	(267.03)	(91.72)	(24.25)	51.96
Provision for impairment loss on assets	4,187.98	351.17	-	(542.67)	3,996.48
Others	3,306.20	(173.68)	-	(87.77)	3,044.75
	37,391.76	6,503.32	(58.41)	(3,524.15)	40,312.52
Tax effect of currency translation on tax base	253.28	2,023.59	-	(207.34)	2,069.53
<b>Total</b>	<b>37,645.04</b>	<b>8,526.91</b>	<b>(58.41)</b>	<b>(3,731.49)</b>	<b>42,382.05</b>

## (UNOFFICIAL TRANSLATION)

Unit : Million Baht

	Consolidated				As at
	As at Jan 1, 2017	Statement of income	Statement of comprehensive income	Currency translation differences	As at Dec 31, 2017
<b>Deferred tax liabilities :</b>					
Decommissioning costs	353.42	(322.20)	-	(31.22)	-
Property, plant and equipment and intangible assets	65,016.35	818.25	-	(5,638.97)	60,195.63
Financial derivative	26.50	(26.00)	-	(0.21)	0.29
Others	54.79	69.84	491.08	(583.91)	31.80
	65,451.06	539.89	491.08	(6,254.31)	60,227.72
Tax effect of currency translation on tax base	3,782.08	(3,500.66)	-	(253.78)	27.64
Total	69,233.14	(2,960.77)	491.08	(6,508.09)	60,255.36
Net	(31,588.10)	11,487.68	(549.49)	2,776.60	(17,873.31)

(UNOFFICIAL TRANSLATION)

	The Company			Unit : Million US Dollar
	As at Jan 1, 2017	Statement of income	Statement of comprehensive income	As at Dec 31, 2017
<b>Deferred tax assets :</b>				
Decommissioning costs	421.38	40.07	-	461.45
Provision for employee benefit	56.73	8.07	-	64.80
Loss carried forward	9.44	168.12	0.98	178.54
Financial derivative	12.14	(8.44)	(2.69)	1.01
Others	49.21	(6.52)	(0.01)	42.68
	548.90	201.30	(1.72)	748.48
Tax effect of currency translation on tax base	7.07	43.28	-	50.35
Total	555.97	244.58	(1.72)	798.83
<b>Deferred tax liabilities :</b>				
Property, plant and equipment and intangible assets	696.80	46.07	-	742.87
Others	-	0.23	-	0.23
	696.80	46.30	-	743.10
Tax effect of currency translation on tax base	51.53	(51.53)	-	-
Total	748.33	(5.23)	-	743.10
Net	(192.36)	249.81	(1.72)	55.73

## (UNOFFICIAL TRANSLATION)

	The Company				Unit : Million Baht
	As at Jan 1, 2017	Statement of income	Statement of comprehensive income	Currency translation differences	As at Dec 31, 2017
<b>Deferred tax assets :</b>					
Decommissioning costs	15,098.24	1,364.02	-	(1,381.81)	15,080.45
Provision for employee benefit	2,032.61	274.78	-	(189.68)	2,117.71
Loss carried forward	338.15	5,723.69	33.31	(260.21)	5,834.94
Financial derivative	434.96	(287.18)	(91.71)	(23.07)	33.00
Others	1,763.46	(249.24)	-	(119.09)	1,395.13
	19,667.42	6,826.07	(58.40)	(1,973.86)	24,461.23
Tax effect of currency translation on tax base	253.28	1,500.75	-	(108.30)	1,645.73
Total	19,920.70	8,326.82	(58.40)	(2,082.16)	26,106.96
<b>Deferred tax liabilities :</b>					
Property, plant and equipment and intangible assets	24,966.82	1,568.47	0.02	(2,257.52)	24,277.79
Others	0.08	7.89	-	(0.31)	7.66
	24,966.90	1,576.36	0.02	(2,257.83)	24,285.45
Tax effect of currency translation on tax base	1,846.23	(1,754.16)	-	(92.07)	-
Total	26,813.13	(177.80)	0.02	(2,349.90)	24,285.45
Net	(6,892.43)	8,504.62	(58.42)	267.74	1,821.51



## (UNOFFICIAL TRANSLATION)

## 27. Prepaid Expenses

As at December 31, 2017, prepaid expenses amounting to US Dollar 20.83 million or Baht 680.74 million are mainly the prepayments for investment in the Myanmar Zawtika pipeline project to facilitate the construction of a gas pipeline. The Group will amortize these prepayments as expenses in accordance with Facilities, services and information sharing agreement.

Prepaid expenses comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Prepayments for the construction of				
a gas pipeline	14.40	15.77	470.78	564.92
Prepayments for rental fee	3.50	4.48	114.27	160.47
Others	2.93	3.18	95.69	114.07
<b>Total</b>	<b>20.83</b>	<b>23.43</b>	<b>680.74</b>	<b>839.46</b>

## 28. Financial Derivatives

Financial derivatives comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
<b>Financial derivative assets</b>				
<u>Financial derivative assets - Current</u>				
Oil price hedge	0.002	2.73	0.05	97.75
Forward foreign exchange	0.07	20.40	2.37	730.89
Interest rate swap	0.65	-	21.12	-
<b>Total financial derivative assets - Current</b>	<b>0.72</b>	<b>23.13</b>	<b>23.54</b>	<b>828.64</b>
<u>Financial derivative assets - Non - current</u>				
Interest rate swap	-	2.52	-	90.33
Cross currency and interest rate swap	19.46	-	635.98	-
<b>Total financial derivative assets - Non - current</b>	<b>19.46</b>	<b>2.52</b>	<b>635.98</b>	<b>90.33</b>

(UNOFFICIAL TRANSLATION)

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
<b>Financial derivative liabilities</b>				
<u>Financial derivative liabilities - Current</u>				
Oil price hedge	6.38	35.16	208.62	1,259.64
Forward foreign exchange	12.43	-	406.22	-
Interest rate swap	0.41	-	13.44	-
Cross currency and interest rate swap	6.30	-	205.77	-
Total financial derivative liabilities - Current	25.52	35.16	834.05	1,259.64
<u>Financial derivative liabilities - Non - current</u>				
Interest rate swap	-	1.40	-	50.02
Cross currency and interest rate swap	7.46	80.66	243.77	2,890.10
Total financial derivative liabilities - Non - current	7.46	82.06	243.77	2,940.12

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
<b>Financial derivative assets</b>				
<u>Financial derivative assets - Current</u>				
Forward foreign exchange	0.05	18.92	1.77	677.89
Interest rate swap	0.65	-	21.12	-
Total financial derivative assets - Current	0.70	18.92	22.89	677.89
<u>Financial derivative assets - Non - current</u>				
Interest rate swap	-	2.52	-	90.33
Cross currency and interest rate swap	19.46	-	635.98	-
Total financial derivative assets - Non - current	19.46	2.52	635.98	90.33

## (UNOFFICIAL TRANSLATION)

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
<b>Financial derivative liabilities</b>				
<u>Financial derivative liabilities - Current</u>				
Forward foreign exchange	11.27	-	368.29	-
Interest rate swap	0.41	-	13.44	-
Cross currency and interest rate swap	6.30	-	205.77	-
Total financial derivative liabilities - Current	17.98	-	587.50	-
<u>Financial derivative liabilities - Non - current</u>				
Interest rate swap	-	1.40	-	50.02
Cross currency and interest rate swap	7.46	80.66	243.77	2,890.10
Total financial derivative liabilities - Non - current	7.46	82.06	243.77	2,940.12

Cash flow hedges

The Company entered into the foreign exchange forward that were being used to hedge cash flow risk of highly probable forecast transactions, as well as cross currency and interest rate swaps to fix the US Dollar interest rate and US Dollar redemption value to reduce the impact of foreign exchange rates volatility, with matching critical terms, i.e. the interest payment interval, maturity date on the currency leg of the swap with the underlying Thai Baht debentures or debt issuance.

In 2017, the Company follows the accounting for hedge on cross currency and interest rate swaps in which the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The amounts that had been recognized in other comprehensive income shall be reclassified to statement of income in the same period when the underlying debt affects the statement of income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of income. The Company had not reclassified gain or loss previously recognized in other comprehensive income to the statement of income during 2017.

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29. Other Non-current Assets

Other non-current assets comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Carried cost for PetroVietnam in projects:				
- Vietnam B & 48/95	1.06	1.06	34.51	37.83
- Vietnam 52/97	1.01	1.01	32.97	36.15
Deposits	4.79	4.58	156.50	164.14
Prepaid assessed tax <sup>1</sup>	59.90	59.90	1,957.68	2,146.36
Others	3.34	3.91	109.14	140.16
Total	70.10	70.46	2,290.80	2,524.65

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Deposits	4.35	4.20	142.15	150.50
Others	1.26	1.58	41.14	56.68
Total	5.61	5.78	183.29	207.18

<sup>1</sup> Prepaid assessed tax includes penalty for Natuna 2 B.V., which is a joint operation of the Group, as disclosed in Note 47 - Commitments and Contingent Liabilities under "Contingent liabilities"

## (UNOFFICIAL TRANSLATION)

## 30. Loans and Debentures

Loans and debentures are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
<u>Current Liabilities</u>				
Current portion of debentures	399.71	-	13,062.90	-
Total current liabilities	399.71	-	13,062.90	-
<u>Non-current Liabilities</u>				
Debentures	1,938.72	2,264.81	63,359.16	81,149.52
Long-term loans from financial institutions	568.73	566.81	18,586.64	20,309.27
Total non-current liabilities	2,507.45	2,831.62	81,945.80	101,458.79

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
<u>Current Liabilities</u>				
Current portion of debentures	399.71	-	13,062.90	-
Total current liabilities	399.71	-	13,062.90	-
<u>Non-current Liabilities</u>				
Debentures	752.28	1,078.70	24,585.35	38,650.56
Total non-current liabilities	752.28	1,078.70	24,585.35	38,650.56

(UNOFFICIAL TRANSLATION)

Movements in the loans and debentures for the year are as follows:

	Unit : Million US Dollar	Unit : Million Baht
	Consolidated	Consolidated
Balance as at January 1, 2017	2,831.62	101,458.79
Deferred finance cost	2.72	130.41
Foreign exchange differences	72.82	2,469.54
Currency translation differences	-	(9,050.04)
Balance as at December 31, 2017	2,907.16	95,008.70

	Unit : Million US Dollar	Unit : Million Baht
	The Company	The Company
Balance as at January 1, 2017	1,078.70	38,650.56
Deferred finance cost	0.47	18.97
Foreign exchange differences	72.82	2,469.54
Currency translation differences	-	(3,490.82)
Balance as at December 31, 2017	1,151.99	37,648.25

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Debentures

The carrying value of unsecured and unsubordinated debentures comprised:

	Interest rates (% per annum)	Effective interest rates (% per annum)	Maturity date	Unit : Million US Dollar		Unit : Million Baht	
				Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Maturity date within 1 year	4.625	4.625	March 27, 2018	76.50	-	2,500.00	-
	3.707	3.847	September 16, 2018	323.21	-	10,562.90	-
Maturity date over 1 year but not exceeding 3 years	4.625	4.625	March 27, 2018	-	69.77	-	2,500.00
	3.707	3.847	September 16, 2018	-	322.88	-	11,568.88
	4.80	4.873	May 29, 2019	152.97	139.50	4,999.13	4,998.50
	3.91	3.976	June 6, 2019	250.82	228.71	8,197.07	8,195.00
Maturity date over 3 years but not exceeding 5 years	5.692	5.815	April 5, 2021	699.31	699.10	22,853.99	25,048.94
	4.82	4.89	June 6, 2029	348.49	317.84	11,389.15	11,388.18
Maturity date over 5 years	6.35	6.507	June 12, 2042	487.13	487.01	15,919.82	17,450.02
Total Carrying Value				2,338.43	2,264.81	76,422.06	81,149.52

## (UNOFFICIAL TRANSLATION)

	Interest rates (% per annum)	Effective interest rates (% per annum)	Maturity date	Unit : Million US Dollar The Company		Unit : Million Baht The Company	
				Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Maturity date within 1 year							
- Debenture Baht 2,500 million <sup>1</sup>	4.625	4.625	March 27, 2018	76.50	-	2,500.00	-
- Debenture US Dollar 323.45 million <sup>2</sup>	3.707	3.847	September 16, 2018	323.21	-	10,562.90	-
Maturity date over 1 year but not exceeding 3 years							
- Debenture Baht 2,500 million <sup>1</sup>	4.625	4.625	March 27, 2018	-	69.77	-	2,500.00
- Debenture US Dollar 323.45 million <sup>2</sup>	3.707	3.847	September 16, 2018	-	322.88	-	11,568.88
- Debenture Baht 5,000 million <sup>3</sup>	4.80	4.873	May 29, 2019	152.97	139.50	4,999.13	4,998.50
- Debenture Baht 8,200 million <sup>4</sup>	3.91	3.976	June 6, 2019	250.82	228.71	8,197.07	8,195.00
Maturity date over 5 years							
- Debenture Baht 11,400 million <sup>5</sup>	4.82	4.89	June 6, 2029	348.49	317.84	11,389.15	11,388.18
Total Carrying Value				1,151.99	1,078.70	37,648.25	38,650.56



## (UNOFFICIAL TRANSLATION)

<sup>1</sup> On September 27, 2005, the Company entered into a Cross Currency Swap transaction with a financial institution to swap Thai Baht debenture for US Dollar 60.82 million. Under this agreement, the interest rate was charged at the rate of 3.85% per annum. On May 2, 2007, the Company swapped the US Dollar debenture with the same financial institution for Baht 2,500 million. Under this agreement, the interest rate was reduced to 3.30% per annum until the expiration date. In May 2011, the Company swapped Thai Baht debenture of 2,500 million for US Dollar 82.92 million with a financial institution at the exchange rate of Baht 30.15 per US Dollar. Under this agreement, the interest rate was charged at the rate of 3.30% per annum.

<sup>2</sup> The Company has Optional Redemption rights. The redemption price is the sum of the debenture par value, accrued interest, and interest payable up to the day before the maturity date plus an applicable premium whereby the applicable premium is the higher of the following:

- (1) 1.00% per annum of the debenture par value or
- (2) Present value that is higher than the debenture par value. Present value is the debenture par value and the interest receivable if the debenture is redeemed on the maturity date minus accrued interest and interest payable to the date of early redemption discounted using Treasury Rate at the early redemption date plus 0.35% per annum.

<sup>3</sup> In June 2011, the Company entered into a Cross Currency Swap transaction with a financial institution to swap Thai Baht debenture for US Dollar 161.81 million at the average exchange rate of Baht 30.90 per US Dollar. Under this agreement, the average interest rate was charged at the rate of 4.93% per annum.

<sup>4</sup> On June 6, 2014, the Company entered into a Cross Currency Swap transaction with a financial institution to swap Thai Baht debenture for US Dollar 251.07 million at the average exchange rate of Baht 32.66 per US Dollar. Under this agreement, the average interest rate was charged at the rate of 3.013% per annum.

<sup>5</sup> On June 6, 2014, the Company entered into a Cross Currency Swap transaction with a financial institution to swap Thai Baht debenture for US Dollar 349.05 million at the average exchange rate of Baht 32.66 per US Dollar. Under this agreement, the average interest rate was charged at the rate of 4.989% per annum.

## (UNOFFICIAL TRANSLATION)

Long-term loans from financial institutions

Long-term loans from financial institutions comprised:

	Interest rates (% per annum)	Effective interest rates (% per annum)	Maturity date	Unit : Million US Dollar		Unit : Million Baht	
				Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Maturity date over 3 years but not exceeding 5 years							
- Loan US Dollar 500 million	LIBOR + 0.985	2.394	March 30, 2021	494.56	492.89	16,162.55	17,660.60
- Loan US Dollar 75 million	LIBOR + 0.985	2.40	March 30, 2021	74.17	73.92	2,424.09	2,648.67
Total Carrying Value				568.73	566.81	18,586.64	20,309.27

## (UNOFFICIAL TRANSLATION)

## 31. Short-term Provision

Short-term provision comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Provision for remuneration for the renewal of petroleum production	63.42	54.84	2,072.75	1,965.01
Total	63.42	54.84	2,072.75	1,965.01

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Provision for remuneration for the renewal of petroleum production	63.32	54.84	2,069.36	1,965.01
Total	63.32	54.84	2,069.36	1,965.01

## 32. Provision for Employee Benefit

Provision for employee benefit are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Statement of financial position				
Retirement benefits	115.83	98.00	3,785.58	3,511.32
Long service award	7.94	6.53	259.42	233.99
Liabilities in the statement of financial position	123.77	104.53	4,045.00	3,745.31
Statement of income				
Retirement benefits	11.10	10.30	376.36	363.42
Long service award	1.13	1.05	38.51	36.99
Total	12.23	11.35	414.87	400.41

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	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Statement of financial position				
Retirement benefits	106.58	90.33	3,483.27	3,236.36
Long service award	7.92	6.51	258.75	233.32
Liabilities in the statement of financial position	114.50	96.84	3,742.02	3,469.68
Statement of income				
Retirement benefits	9.82	8.90	333.00	314.38
Long service award	1.13	1.05	38.47	36.94
Total	10.95	9.95	371.47	351.32

The movements of provision for retirement benefits during the year are as follows:

	Unit : Million US Dollar	Unit : Million Baht
	Consolidated	Consolidated
Balance as at January 1, 2017	98.00	3,511.32
Current service cost	7.56	256.35
Interest cost	3.54	120.01
Benefits paid	(2.92)	(99.11)
Foreign exchange differences	9.65	327.72
Currency translation differences	-	(330.71)
Balance as at December 31, 2017	115.83	3,785.58

	Unit : Million US Dollar	Unit : Million Baht
	The Company	The Company
Balance as at January 1, 2017	90.33	3,236.36
Current service cost	6.53	221.61
Interest cost	3.29	111.39
Benefits paid	(2.45)	(83.08)
Foreign exchange differences	8.88	301.58
Currency translation differences	-	(304.59)
Balance as at December 31, 2017	106.58	3,483.27

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Expenses recognized in the statements of income for the years are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Current service cost	7.56	7.10	256.35	250.55
Interest cost	3.54	3.20	120.01	112.87
Total	11.10	10.30	376.36	363.42
Long service award	1.13	1.05	38.51	36.99
Expenses recognized in the statements of income	12.23	11.35	414.87	400.41

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Current service cost	6.53	5.94	221.61	209.74
Interest cost	3.29	2.96	111.39	104.64
Total	9.82	8.90	333.00	314.38
Long service award	1.13	1.05	38.47	36.94
Expenses recognized in the statements of income	10.95	9.95	371.47	351.32

#### Major Actuarial Assumptions for Retirement Benefits

##### The Group's financial assumptions

	% per annum
Discount rate	3.5
Inflation rate	3.0
Credit interest rate on provident funds	3.4 – 3.9

##### The Group's demographic assumptions

- Mortality assumption: The mortality rate is from the Thailand Mortality Ordinary 2017 (TMO17) issued by the Office of the Insurance Commission. The TMO17 contains the results of the most recent mortality investigation of policyholders of life insurance companies in Thailand. It is reasonable to assume that these rates would reflect of the mortality rate of the working population in Thailand.

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■ Turnover rate assumption:

Age-related scale	% per annum
Prior to age 30	3.0 - 16.0
Age 30 - 39	3.0 - 10.0
Age 40 thereafter	0.0 - 5.0

The turnover rate above reflects the rate at which employees voluntarily resign from service. It does not include death, disability, and early retirement. The calculation for the employee benefits is based on these assumptions.

Impact on Defined Retirement Benefit Obligation Plans

Unit : Million US Dollar			
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1 %	(11.47)	13.60

Unit : Million Baht			
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1 %	(374.72)	444.34

The above sensitivity analysis is based on a change in assumption of the discount rate without other changes in the underlying assumptions. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to the change in major assumptions, the same method - present value of the defined benefit obligation calculated with the projected unit credit method - has been applied as when calculating the pension liability recognized within the statements of financial position.

As of December 31, 2017, the weighted average duration of the defined retirement benefit obligation is 20 years.

Maturity analysis of undiscounted retirement benefits:

Unit : Million US Dollar				Unit : Million Baht	
31 December 2017		31 December 2017		31 December 2017	
	Consolidated	The Company	Consolidated	The Company	
Less than 1 year	9.26	8.99	302.50	293.81	
Over 1 to 5 years	26.54	24.96	867.25	815.67	
Over 5 to 10 years	60.10	56.23	1,964.22	1,837.56	
Over 10 years	302.15	271.04	9,874.71	8,857.85	
Total	398.05	361.22	13,008.68	11,804.89	

## (UNOFFICIAL TRANSLATION)

## 33. Provision for Decommissioning Costs

Provision for decommissioning costs are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Provision for decommissioning costs	2,275.43	2,015.98	74,363.23	72,233.72
<u>Less</u> Current portion	-	-	-	-
Non-current portion of provision for decommissioning costs	2,275.43	2,015.98	74,363.23	72,233.72

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Provision for decommissioning costs	1,211.05	1,014.75	36,578.09	36,359.01
<u>Less</u> Current portion	-	-	-	-
Non-current portion of provision for decommissioning costs	1,211.05	1,014.75	36,578.09	36,359.01

Movements of provision for decommissioning costs during the year are as follows:

	Unit : Million US Dollar	Unit : Million Baht
	Consolidated	Consolidated
Balance as at January 1, 2017	2,015.98	72,233.72
Additional provision	263.56	8,938.57
Abandonment cost incurred during the year	(24.31)	(824.35)
Accretion expenses	78.36	2,657.77
Reversal of provision	(58.16)	(1,972.58)
Currency translation differences	-	(6,669.90)
Balance as at December 31, 2017	2,275.43	74,363.23

(UNOFFICIAL TRANSLATION)

	Unit : Million US Dollar	Unit : Million Baht
	The Company	The Company
Balance as at January 1, 2017	1,014.75	36,359.01
Additional provision	161.20	5,466.95
Abandonment cost incurred during the year	(6.33)	(214.56)
Accretion expenses	41.44	1,405.60
Reversal of provision	(0.01)	(0.52)
Currency translation differences	-	(3,438.39)
Balance as at December 31, 2017	1,211.05	39,578.09

34. Provision for Remuneration for the Renewal of Petroleum Production

Provision for remuneration for the renewal of petroleum production are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Provision for remuneration for the renewal of petroleum production	258.44	308.79	8,446.02	11,064.34
<u>Less</u> Current portion	(63.42)	(54.84)	(2,072.75)	(1,965.01)
Non-current portion of provision for remuneration for the renewal of petroleum production	195.02	253.95	6,373.27	9,099.33

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Provision for remuneration for the renewal of petroleum production	258.01	308.79	8,432.09	11,064.34
<u>Less</u> Current portion	(63.32)	(54.84)	(2,069.36)	(1,965.01)
Non-current portion of provision for remuneration for the renewal of petroleum production	194.69	253.95	6,362.73	9,099.33



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Movements of provision for remuneration for the renewal of petroleum production during the year are as follows:

	Unit : Million US Dollar	Unit : Million Baht
	Consolidated	Consolidated
Balance as at January 1, 2017	308.79	11,064.34
Additional provision	0.46	15.43
Abandonment cost incurred during the year	(62.53)	(2,120.87)
Accretion expenses	11.73	397.79
Reversal of provision	(0.01)	(0.20)
Currency translation differences	-	(910.47)
Balance as at December 31, 2017	258.44	8,446.02

	Unit : Million US Dollar	Unit : Million Baht
	The Company	The Company
Balance as at January 1, 2017	308.79	11,064.34
Abandonment cost incurred during the year	(62.49)	(2,119.52)
Accretion expenses	11.71	397.21
Currency translation differences	-	(909.94)
Balance as at December 31, 2017	258.01	8,432.09

### 35. Deferred Income

Deferred income amount of US Dollar 7.36 million (Baht 240.52 million) for the consolidated financial statements mainly represents the advance received for the payment of natural gas and transportation of gas, which the parties could not fulfill their obligation based on agreed deliverable quantity as per natural gas sale agreement amounting to US Dollar 4.98 million (Baht 162.64 million) and will be recognized as revenue when the counter parties receive this gas in subsequent years.

Deferred income amount of US Dollar 2.38 million (Baht 77.88 million) for the Company's financial statements is the advance charged for the payment of the space utilization service and will be recognized as revenue when the Company provides this service in subsequent years.

## (UNOFFICIAL TRANSLATION)

## 36. Fair Value

## 36.1 Fair value estimation

The following table presents the financial assets and liabilities that are measured at fair value.

	Unit : Million US Dollar					Unit : Million Baht				
	Consolidated					Consolidated				
	Dec 31, 2017					Dec 31, 2017				
	Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total	
<b>Financial assets</b>										
Investments in trading securities	0.21	-	-	0.21		6.78	-	-	6.78	
Investments in available-for-sales securities	0.71	-	-	0.71		23.31	-	-	23.31	
<b>Financial derivatives</b>										
- Oil price hedge	-	0.002	-	-		-	0.05	-	0.05	
- Forward foreign exchange	-	0.07	-	0.07		-	2.37	-	2.37	
- Interest rate swap	-	0.65	-	0.65		-	21.12	-	21.12	
- Cross currency and interest rate swap	-	19.46	-	19.46		-	635.98	-	635.98	
<b>Total assets</b>	<b>0.92</b>	<b>20.18</b>	<b>-</b>	<b>21.10</b>		<b>30.09</b>	<b>659.52</b>	<b>-</b>	<b>689.61</b>	
<b>Financial liabilities</b>										
<b>Financial derivatives</b>										
- Oil price hedge	-	6.38	-	6.38		-	208.62	-	208.62	
- Forward foreign exchange	-	12.43	-	12.43		-	406.22	-	406.22	
- Interest rate swap	-	0.41	-	0.41		-	13.44	-	13.44	
- Cross currency and interest rate swap	-	13.76	-	13.76		-	449.54	-	449.54	
<b>Total liabilities</b>	<b>-</b>	<b>32.98</b>	<b>-</b>	<b>32.98</b>		<b>-</b>	<b>1,077.82</b>	<b>-</b>	<b>1,077.82</b>	

(UNOFFICIAL TRANSLATION)

	Unit : Million US Dollar				Unit : Million Baht			
	Consolidated				Consolidated			
	Dec 31, 2016				Dec 31, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Investments in trading securities	0.17	-	-	0.17	6.04	-	-	6.04
Investments in available-for-sales securities	0.69	-	-	0.69	24.55	-	-	24.55
<b>Financial derivatives</b>								
- Oil price hedge	-	2.73	-	2.73	-	97.75	-	97.75
- Forward foreign exchange	-	20.40	-	20.40	-	730.89	-	730.89
- Cross currency and interest rate swap	-	2.52	-	2.52	-	90.33	-	90.33
<b>Total assets</b>	<b>0.86</b>	<b>25.65</b>	<b>-</b>	<b>26.51</b>	<b>30.59</b>	<b>918.97</b>	<b>-</b>	<b>949.56</b>
<b>Financial liabilities</b>								
<b>Financial derivatives</b>								
- Oil price hedge	-	35.16	-	35.16	-	1,259.64	-	1,259.64
- Forward foreign exchange	-	1.40	-	1.40	-	50.02	-	50.02
- Cross currency and interest rate swap	-	80.66	-	80.66	-	2,890.10	-	2,890.10
<b>Total liabilities</b>	<b>-</b>	<b>117.22</b>	<b>-</b>	<b>117.22</b>	<b>-</b>	<b>4,199.76</b>	<b>-</b>	<b>4,199.76</b>

## (UNOFFICIAL TRANSLATION)

	Unit : Million US Dollar				Unit : Million Baht			
	The Company				The Company			
	Dec 31, 2017				Dec 31, 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Investments in trading securities	0.20	-	-	0.20	6.51	-	-	6.51
Financial derivatives								
- Forward foreign exchange	-	0.05	-	0.05	-	1.77	-	1.77
- Interest rate swap	-	0.65	-	0.65	-	21.12	-	21.12
- Cross currency and interest rate swap	-	19.46	-	19.46	-	635.98	-	635.98
Total assets	0.20	20.16	-	20.36	6.51	658.87	-	665.38
<b>Financial liabilities</b>								
Financial derivatives								
- Forward foreign exchange	-	11.27	-	11.27	-	368.29	-	368.29
- Interest rate swap	-	0.41	-	0.41	-	13.44	-	13.44
- Cross currency and interest rate swap	-	13.76	-	13.76	-	449.54	-	449.54
Total liabilities	-	25.44	-	25.44	-	831.27	-	831.27

(UNOFFICIAL TRANSLATION)

	Unit : Million US Dollar				Unit : Million Baht			
	The Company				The Company			
	Dec 31, 2016				Dec 31, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Investments in trading securities	0.16	-	-	0.16	5.80	-	-	5.80
Financial derivatives								
- Forward foreign exchange	-	18.92	-	18.92	-	677.89	-	677.89
- Interest rate swap	-	2.52	-	2.52	-	90.33	-	90.33
Total assets	0.16	21.44	-	21.60	5.80	768.22	-	774.02
<b>Financial liabilities</b>								
Financial derivatives								
- Interest rate swap	-	1.40	-	1.40	-	50.02	-	50.02
- Cross currency and interest rate swap	-	80.66	-	80.66	-	2,890.10	-	2,890.10
Total liabilities	-	82.06	-	82.06	-	2,940.12	-	2,940.12

Level 1: Fair value based on quoted prices in an active market for identical assets and liabilities.

Level 2: Fair value based on inputs other than quoted prices in Level 1 or based on information from reliable source that can be used in the computation of fair value of assets and liabilities.

Level 3: Fair value based on internal valuation model or that are not based on observable market data (that is, unobservable inputs).

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### 36.2 Valuation Techniques Used to Derive Level 2 Fair Values

Valuation techniques used to derive level 2 fair values of financial derivative instruments are as follows:

- Oil price hedge comprises oil price swaps and options. The fair value of oil price swaps is assessed based on the price level which is calculated using the market price of future contracts. The fair value of oil price options is calculated using premium which requires various variable factors, such as the price level of swap, timing of exercise, and price volatility.
- The fair value of forward foreign exchange contracts is calculated using forward foreign exchange rates that are quoted in an active market.
- The fair value of interest rate swaps is calculated using forward interest rates extracted from observable yield curves in an interest market.
- The fair value of cross currency and interest rate swaps is calculated using forward interest rates derived from the yield curves in an observable interest market and forward foreign exchange rates that are quoted in an active market.

The discount factors do not significantly impact the level 2 fair value of derivative instruments.

## (UNOFFICIAL TRANSLATION)

36.3 The details of fair value of long-term liabilities calculated by using the discounted cash flow based on a discounted rate of borrowing with similar terms are as follows:

Unit : Million US Dollar

Consolidated

December 31, 2017

	Book Value	Fair Value
Unsecured and unsubordinated debentures – Baht	828.78	891.95
Unsecured and unsubordinated debentures – US Dollar	1,509.65	1,915.44

Unit : Million Baht

Consolidated

December 31, 2017

	Book Value	Fair Value
Unsecured and unsubordinated debentures – Baht	27,085.35	29,149.90
Unsecured and unsubordinated debentures – US Dollar	49,336.71	62,598.22

Unit : Million US Dollar

The Company

December 31, 2017

	Book Value	Fair Value
Unsecured and unsubordinated debentures – Baht	828.78	891.95
Unsecured and unsubordinated debentures – US Dollar	323.21	504.53

Unit : Million Baht

The Company

December 31, 2017

	Book Value	Fair Value
Unsecured and unsubordinated debentures – Baht	27,085.35	29,149.90
Unsecured and unsubordinated debentures – US Dollar	10,562.90	16,488.34

The fair value of Baht debentures is calculated using the reference price in the secondary market of Thai Bond Market Association that are quoted in an active market and classified as level 2 fair value.

The fair value of US Dollar debentures is calculated using the reference observable price in the secondary market of foreign bond that are quoted in an active market and classified as level 2 fair value.

(UNOFFICIAL TRANSLATION)

The fair value of the following financial assets and liabilities approximates their book value.

Consolidated	The Company
<b>Financial assets</b>	<b>Financial assets</b>
<ul style="list-style-type: none"> <li>• Cash and cash equivalents</li> <li>• Short-term investments</li> <li>• Account receivable – parent company</li> <li>• Trade and other accounts receivables</li> <li>• Other current assets</li> <li>• Long-term loans to related parties</li> <li>• Other non-current assets</li> </ul>	<ul style="list-style-type: none"> <li>• Cash and cash equivalents</li> <li>• Short-term investments</li> <li>• Account receivable – parent company</li> <li>• Trade and other accounts receivables</li> <li>• Short-term loans to related parties</li> <li>• Other current assets</li> <li>• Long-term loans to related parties</li> <li>• Other non-current assets</li> </ul>
<b>Financial liabilities</b>	<b>Financial liabilities</b>
<ul style="list-style-type: none"> <li>• Trade accounts payable and working capital to co-venturers</li> <li>• Accrued expenses and interest payable</li> <li>• Other current liabilities</li> <li>• Long-term loans from financial institutions</li> <li>• Other non-current liabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Trade accounts payable and working capital to co-venturers</li> <li>• Accrued expenses and interest payable</li> <li>• Other current liabilities</li> <li>• Other non-current liabilities</li> </ul>



## (UNOFFICIAL TRANSLATION)

## 37. Subordinated capital debentures

In July 2017, The Group has carried out a capital structure management with respect to US Dollar subordinated capital debentures as follows:

	Unit : Million US Dollar			Unit : Million Baht		
	Before restructuring	(redeemed) /reissued	After restructuring	Before restructuring	(redeemed) /reissued	After restructuring
<b>PTTEP</b>						
Issuance and offering value	1,000.00	(854.69)	145.31			
Net value from finance cost	995.53	(850.88) <sup>(1)</sup>	144.65	32,206.55	(27,526.73) <sup>(1)</sup>	4,679.82
<b>PTTEP TC</b>						
Issuance and offering value	-	854.69 <sup>(2)</sup>	854.69			
Net value from finance cost	-	853.59	853.59	-	28,572.58	28,572.58
<b>Total</b>						
Issuance and offering value	1,000.00	-	1,000.00			
Net value from finance cost	995.53	2.71	998.24	32,206.55	1,045.85	33,252.40

(1) The Company redeemed the subordinated capital debentures with the payment of US Dollar 874.31 million (Baht 28,310.98 million)

(2) PTTEP TC, a subsidiary of the Group, issued and offered the subordinated capital debentures, fully guaranteed by the Company, in the same amount as what was redeemed by the Company. The subordinated capital debentures will be settled upon the liquidation of the issuing company (perpetual), or as per the redemption rights stipulated in the offering memorandum. The subordinated capital debentures were issued in the two following series:

- Series 1: Issued and offered on July 17, 2017 in the amount of US Dollar 500 million with an initial fixed interest rate of 4.6% until July 17, 2022. The right to early redeem in full amount shall be first exercisable on July 17, 2022. Subsequent interest rates and redeemable rights are stipulated in the offering memorandum.
- Series 2: Issued and offered on July 26, 2017 in the amount of US Dollar 354.69 million with an initial fixed interest rate of 4.875% until June 18, 2019. The right to early redeem in full amount shall be first exercisable on June 18, 2019. Subsequent interest rates and redeemable rights are stipulated in the offering memorandum.

These subordinated capital debentures pay the distributions semi-annually. However, PTTEP TC may elect to defer the payment of a distribution at its sole discretion without any limit as to the number of times. The deferred distributions will not bear additional interest. In case that they are deferred from and including the date falling 12 months from the date on which it is first deferred, they will be constituted as the principal of the securities. However, if PTTEP TC elects to defer distributions of those 2 series, both the Company, as a guarantor, and PTTEP TC are restricted from declaring any dividends. Also, they will procure that no distribution or other payment is declared, paid or made on any of its Junior Securities or its Parity Securities. Additionally, both the Company and PTTEP TC will be restricted from redeeming, reducing, cancelling, or buying-back of its Junior Securities or its Parity Securities. These subordinated capital debentures are legally subordinated to all other capital debentures issued by PTTEP TC, except for equity.

## (UNOFFICIAL TRANSLATION)

## 38. Financial Assets and Financial Liabilities

Financial assets and financial liabilities are classified as follows:

	Consolidated										Unit : Million US Dollar
	Dec 31, 2017					Dec 31, 2016					
	Fair value through statement of income	Derivative hedging instruments	Loans and accounts receivable	Available-for-sale financial assets	Held-to-maturity financial assets	Fair value through statement of income	Derivative hedging instruments	Loans and accounts receivable	Available-for-sale financial assets	Held-to-maturity financial assets	
Financial assets											
Cash and cash equivalents	-	-	1,512.18	-	-	-	-	2,039.50	-	-	
Short-term investments	-	-	-	-	2,955.49	-	-	-	-	1,982.08	
Investments in trading securities	0.21	-	-	-	-	0.17	-	-	-	-	
Account receivable - parent company	-	-	566.57	-	-	-	-	382.76	-	-	
Trade and other accounts receivable	-	-	188.03	-	-	-	-	138.30	-	-	
Other current assets	-	-	86.86	-	-	-	-	87.32	-	-	
Investments in available-for- sales securities	-	-	-	0.71	-	-	-	-	0.69	-	
Long-term loans to related parties	-	-	110.50	-	-	-	-	16.19	-	-	
Financial derivative assets	0.72	19.46	-	-	-	25.65	-	-	-	-	
Other non-current assets	-	-	69.10	-	-	-	-	67.75	-	-	
Total financial assets	0.93	19.46	2,533.24	0.71	2,955.49	25.82	-	2,731.82	0.69	1,982.08	

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	Consolidated					Unit : Million US Dollar	
	Dec 31, 2017		Dec 31, 2016				
	Fair value through statement of income	Derivative hedging instruments	Amortized cost	Fair value through statement of income	Derivative hedging instruments	Amortized cost	
<b>Financial liabilities</b>							
Trade accounts payable and working capital to co-venturers	-	-	130.99	-	-	99.22	
Current portion of long-term debts	-	-	399.71	-	-	-	
Accrued expenses and interest payable	-	-	515.06	-	-	514.07	
Other current liabilities	-	-	17.56	-	-	18.40	
Financial derivative liabilities	19.22	13.76	-	36.56	80.66	-	
Debentures and long-term loans	-	-	2,507.45	-	-	2,831.62	
Other non-current liabilities	-	-	0.73	-	-	0.67	
Total financial liabilities	19.22	13.76	3,571.50	36.56	80.66	3,463.98	

## (UNOFFICIAL TRANSLATION)

Unit : Million Baht

	Consolidated									
	Dec 31, 2017					Dec 31, 2016				
	Fair value through statement of income	Derivative hedging instruments	Loans and accounts receivable	Available-for-sale financial assets	Held-to-maturity financial assets	Fair value through statement of income	Derivative hedging instruments	Loans and accounts receivable	Available-for-sale financial assets	Held-to-maturity financial assets
Financial assets										
Cash and cash equivalents	-	-	49,419.47	-	-	-	-	73,076.52	-	-
Short-term investments	-	-	-	-	96,588.15	-	-	-	-	71,019.04
Investments in trading securities	6.78	-	-	-	-	6.04	-	-	-	-
Account receivable - parent company	-	-	18,515.97	-	-	-	-	13,714.60	-	-
Trade and other accounts receivable	-	-	6,144.97	-	-	-	-	4,955.33	-	-
Other current assets	-	-	2,838.63	-	-	-	-	3,128.82	-	-
Investments in available-for- sales securities	-	-	-	23.31	-	-	-	-	24.55	-
Long-term loans to related parties	-	-	3,611.15	-	-	-	-	580.00	-	-
Financial derivative assets	23.54	635.98	-	-	-	918.97	-	-	-	-
Other non-current assets	-	-	2,258.14	-	-	-	-	2,427.69	-	-
Total financial assets	30.32	635.98	82,788.33	23.31	96,588.15	925.01	-	97,882.96	24.55	71,019.04

(UNOFFICIAL TRANSLATION)

	Consolidated					Unit : Million Baht
	Dec 31, 2017		Dec 31, 2016			
	Fair value through statement of income	Derivative hedging instruments	Amortized cost	Fair value through statement of income	Derivative hedging instruments	
Financial liabilities						
Trade accounts payable and working capital to co-venturers	-	-	4,280.98	-	-	3,555.12
Current portion of long-term debts	-	-	13,062.90	-	-	-
Accrued expenses and interest payable	-	-	16,832.51	-	-	18,419.48
Other current liabilities	-	-	573.77	-	-	659.32
Financial derivative liabilities	628.28	449.54	-	1,309.66	2,890.10	-
Debentures and long-term loans	-	-	81,945.80	-	-	101,458.79
Other non-current liabilities	-	-	23.83	-	-	24.06
Total financial liabilities	628.28	449.54	116,719.79	1,309.66	2,890.10	124,116.77

## (UNOFFICIAL TRANSLATION)

Unit : Million US Dollar

	The Company							
	Dec 31, 2017		Dec 31, 2016					
	Fair value through statement of income	Derivative hedging instruments	Loans and accounts receivable	Held-to-maturity financial assets	Fair value through statement of income	Derivative hedging instruments	Loans and accounts receivable	Held-to-maturity financial assets
Financial assets								
Cash and cash equivalents	-	-	387.99	-	-	-	1,227.50	-
Short-term investments	-	-	-	1,247.32	-	-	-	1,302.08
Investments in trading securities	0.20	-	-	-	0.16	-	-	-
Account receivable - parent company	-	-	321.54	-	-	-	213.10	-
Trade and other accounts receivable	-	-	41.11	-	-	-	23.41	-
Short-term loans to related parties	-	-	6,778.68	-	-	-	4,341.22	-
Other current assets	-	-	33.81	-	-	-	45.69	-
Long-term loans to related parties	-	-	24.96	-	-	-	2,195.88	-
Financial derivative assets	0.70	19.46	-	-	21.44	-	-	-
Other non-current assets	-	-	4.48	-	-	-	4.30	-
Total financial assets	0.90	19.46	7,592.57	1,247.32	21.60	-	8,051.10	1,302.08

(UNOFFICIAL TRANSLATION)

	The Company				Unit : Million US Dollar	
	Dec 31, 2017		Dec 31, 2016			
	Fair value through statement of income	Derivative hedging instruments	Amortized cost	Fair value through statement of income	Derivative hedging instruments	Amortized cost
<b>Financial liabilities</b>						
Trade accounts payable and working capital to co-venturers	-	-	29.98	-	-	18.52
Current portion of long-term debts	-	-	399.71	-	-	-
Accrued expenses and interest payable	-	-	254.71	-	-	243.04
Other current liabilities	-	-	7.05	-	-	5.50
Financial derivative liabilities	11.68	13.76	-	1.40	80.66	-
Debentures	-	-	752.28	-	-	1,078.70
Total financial liabilities	11.68	13.76	1,443.73	1.40	80.66	1,345.76

## (UNOFFICIAL TRANSLATION)

Unit : Million Baht

	The Company							
	Dec 31, 2017		Dec 31, 2016					
	Fair value through statement of income	Derivative hedging instruments	Loans and accounts receivable	Held-to-maturity financial assets	Fair value through statement of income	Derivative hedging instruments	Loans and accounts receivable	Held-to-maturity financial assets
Financial assets								
Cash and cash equivalents	-	-	12,679.71	-	-	-	43,982.10	-
Short-term investments	-	-	-	40,763.72	-	-	-	46,654.23
Investments in trading securities	6.51	-	-	-	5.80	-	-	-
Account receivable - parent company	-	-	10,508.26	-	-	-	7,635.40	-
Trade and other accounts receivable	-	-	1,343.45	-	-	-	838.67	-
Short-term loans to related parties	-	-	221,533.32	-	-	-	155,548.43	-
Other current assets	-	-	1,105.00	-	-	-	1,637.13	-
Long-term loans to related parties	-	-	815.59	-	-	-	78,679.55	-
Financial derivative assets	22.89	635.98	-	-	768.22	-	-	-
Other non-current assets	-	-	146.35	-	-	-	154.21	-
Total financial assets	29.40	635.98	248,131.68	40,763.72	774.02	-	288,475.49	46,654.23



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	The Company				Unit : Million Baht	
	Dec 31, 2017		Dec 31, 2016			
	Fair value through statement of income	Derivative hedging instruments	Amortized cost	Fair value through statement of income	Derivative hedging instruments	Amortized cost
<b>Financial liabilities</b>						
Trade accounts payable and working capital to co-venturers	-	-	979.71	-	-	663.60
Current portion of long-term debts	-	-	13,062.90	-	-	-
Accrued expenses and interest payable	-	-	8,324.16	-	-	8,708.24
Other current liabilities	-	-	230.25	-	-	197.00
Financial derivative liabilities	381.73	449.54	-	50.02	2,890.10	-
Debentures	-	-	24,585.35	-	-	38,650.56
Total financial liabilities	381.73	449.54	47,182.37	50.02	2,890.10	48,219.40

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39. Share Capital

As at December 31, 2017, the Company's registered capital consists of 3,969.98 million ordinary shares at Baht 1 per share, with a total of Baht 3,969.98 million. The details of the change in the issued and fully paid-up ordinary shares are as follows:

	Unit : Million Shares
<u>Ordinary shares issued and fully paid-up</u>	
Balance as at January 1, 2017	3,969.98
New ordinary shares issued during the year	-
Balance as at December 31, 2017	3,969.98

	Unit : Million Shares
<u>Ordinary shares issued and fully paid-up</u>	
Balance as at January 1, 2016	3,969.98
New ordinary shares issued during the year	-
Balance as at December 31, 2016	3,969.98

40. Legal Reserve

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	2017	2016	2017	2016
Balance as at January 1	15.05	15.05	397.00	397.00
Appropriation during the year	-	-	-	-
Balance as at December 31	15.05	15.05	397.00	397.00

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	2017	2016	2017	2016
Balance as at January 1	15.05	15.05	397.00	397.00
Appropriation during the year	-	-	-	-
Balance as at December 31	15.05	15.05	397.00	397.00

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside a legal reserve at least 5 % of its net profit until the reserve is not less than 10% percent of the registered capital. The legal reserve is non-distributable by the Company. The Company has fully set aside the legal reserve as required by the law.

## (UNOFFICIAL TRANSLATION)

## 41. Petroleum Royalties and Remuneration

Petroleum royalties and remuneration for the years comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	2017	2016	2017	2016
Petroleum royalties	367.86	353.11	12,472.10	12,464.25
Special remuneration benefits	-	-	-	-
Total	367.86	353.11	12,472.10	12,464.25

  

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	2017	2016	2017	2016
Petroleum royalties	270.10	260.98	9,152.09	9,213.41
Special remuneration benefits	-	-	-	-
Total	270.10	260.98	9,152.09	9,213.41

## 42. Expenses by Nature

Significant expenses by nature of the Group which comprise the expenses based on its percentage of interest in each project for the years are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	2017	2016	2017	2016
Salary, wages and employees' benefits	178.62	138.61	6,047.32	4,899.61
Repair and maintenance	119.04	100.51	4,037.21	3,546.88
Exploration well and projects write-off	25.94	29.01	858.04	1,023.21
Geological and geophysical expenses	23.05	36.06	781.69	1,272.45
Logistic	130.89	136.27	4,439.13	4,809.16

  

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	2017	2016	2017	2016
Salary, wages and employees' benefits	126.00	48.32	4,263.60	1,712.49
Repair and maintenance	47.21	39.43	1,600.98	1,391.60
Geological and geophysical expenses	0.46	0.83	15.49	29.29
Logistic	56.09	66.98	1,902.45	2,363.78

## (UNOFFICIAL TRANSLATION)

## 43. Earnings per Share

Basic earnings per share for the years are calculated as follows:

	Unit : US Dollar		Unit : Baht	
	Consolidated		Consolidated	
	2017	2016	2017	2016
Profit attributable to shareholders from				
continuing operations (Unit : million)	593.89	351.72	20,590.81	11,987.64
<u>Less:</u> Interest expenses for subordinated capital				
debentures (Unit : million)	(52.83)	(65.67)	(1,777.21)	(2,332.52)
Redemption of subordinated capital debentures				
(Unit : million)	(23.43)	-	(784.24)	-
Income tax for subordinated capital debentures				
(Unit : million)	0.51	11.65	2.83	415.28
Profit used to determine basic earnings per share				
from continuing operations (Unit : million)	518.14	297.70	18,032.19	10,070.40
Weighted average number of ordinary shares				
in issue during the year (million shares)	3,969.98	3,969.98	3,969.98	3,969.98
Basic earnings per share from continuing operations	0.13	0.07	4.54	2.54

	Unit : US Dollar		Unit : Baht	
	Consolidated		Consolidated	
	2017	2016	2017	2016
Profit (loss) attributable to shareholders from				
discontinued operations (Unit : million)	(0.35)	20.33	(11.35)	872.07
Weighted average number of ordinary shares				
in issue during the year (million shares)	3,969.98	3,969.98	3,969.98	3,969.98
Basic earnings (loss) per share from discontinued				
operations	(0.0001)	0.01	(0.003)	0.22

## (UNOFFICIAL TRANSLATION)

	Unit : US Dollar		Unit : Baht	
	The Company		The Company	
	2017	2016	2017	2016
Profit attributable to shareholders (Unit : million)	816.17	484.84	27,707.42	17,099.79
<u>Less:</u> Interest expenses for subordinated capital				
debentures (Unit : million)	(46.01)	(65.67)	(1,554.42)	(2,332.52)
Redemption of subordinated capital debentures				
(Unit : million)	(23.43)	-	(784.24)	-
Income tax for subordinated capital debentures				
(Unit : million)	0.98	11.65	18.53	415.28
Profit used to determine basic earnings per share (Unit : million)	747.71	430.82	25,387.29	15,182.55
Weighted average number of ordinary shares				
in issue during the year (million shares)	3,969.98	3,969.98	3,969.98	3,969.98
Basic earnings per share	0.19	0.11	6.39	3.82

The Group has no potential dilutive ordinary shares in issue during the year, so no diluted earnings per share is presented.

(UNOFFICIAL TRANSLATION)

## 44. Segment Information

Unit : Million US Dollar

	Consolidated financial statements for the year ended December 31, 2017							
	Exploration and production				Pipeline		Inter-company elimination	Group's total business
	Thailand	Other Southeast Asia	Australia	America	Africa	Southeast Asia	Others	
Revenues - Third parties	227.66	311.91	-	-	-	77.80	-	617.37
- Related parties	2,929.11	538.37	220.58	-	53.58	253.62	-	3,741.64
Other revenues - Third parties	17.71	4.92	2.28	0.02	1.12	0.81	100.54	41.26
Interest income	0.07	0.15	0.09	0.01	-	0.07	0.05	0.39
Total Revenues	3,174.55	855.35	222.95	0.03	54.70	332.30	100.59	4,400.66
Operating expenses	371.64	376.72	92.78	-	20.25	20.84	9.42	625.06
Administrative expenses	49.51	36.16	12.71	2.89	6.18	4.02	73.16	111.45
Exploration expenses								
- Amortization of dry holes and projects	21.21	4.74	-	0.03	(0.04)	-	-	25.94
- Geological and geophysical	3.61	17.99	1.96	2.34	0.36	-	-	26.26
Depreciation, depletion and amortization	1,092.58	332.38	140.86	0.01	33.27	30.18	2.62	1,630.88
Petroleum royalties and remuneration	367.86	-	-	-	-	-	-	367.86
(Gain) loss on foreign exchange	(0.38)	(11.72)	0.18	0.04	0.10	0.18	(2.13)	(13.73)
Impairment loss on assets	-	-	-	558.21	-	-	-	558.21
Finance costs	75.70	35.80	5.37	-	0.58	11.23	-	88.06
Share of gain of associates and joint ventures	-	-	(0.06)	-	-	-	(9.69)	(9.75)
Total Expenses	1,981.73	792.07	253.80	563.52	60.70	66.45	73.38	3,410.24
Segment profit (loss)	1,192.82	63.28	(30.85)	(563.49)	(6.00)	265.85	27.21	990.42
Depreciation - general							41.60	(19.24)
Administrative expenses - general								(134.97)
Operating profit								836.11
Other income, net								12.02
Interest income								59.19
Finance costs								(138.17)
Gain on foreign exchange								37.67
Loss on financial derivatives								(28.41)
Management's remuneration								(4.95)
Profit before income taxes								773.46
Income tax - Project	(366.87)	(23.52)	(15.00)	-	3.03	(27.81)	(3.32)	(433.49)
- Group								253.92
Profit from continuing operations								593.89
Loss from discontinued operations - net of tax								(0.35)
Net Profit (Loss)	825.95	39.76	(45.85)	(563.49)	(2.97)	238.04	23.89	593.54

## (UNOFFICIAL TRANSLATION)

Unit : Million US Dollar

	Consolidated financial statements as at December 31, 2017							
	Exploration and production				Pipeline Southeast Asia	Others	Inter- company elimination	Group's total business
	Thailand	Other Southeast Asia	Australia	America	Africa			
<b>Assets</b>								
Segment assets	5,717.90	2,632.89	818.82	303.29	2,818.51	704.36	65.43	13,061.20
Investments under equity method	-	-	7.04	-	-	-	224.33	231.37
Unallocated assets								5,927.25
<b>Total assets</b>								<b>19,219.82</b>
<b>Liabilities</b>								
Segment liabilities	3,582.20	358.01	186.48	2.09	40.62	50.60	20.34	4,240.34
Unallocated liabilities								3,462.83
<b>Total liabilities</b>								<b>7,703.17</b>
<b>Capital Expenditures</b>	1,000.17	349.81	56.73	6.70	45.79	4.70	7.77	<b>1,471.67</b>

(UNOFFICIAL TRANSLATION)

Unit : Million Baht

	Consolidated financial statements for the year ended December 31, 2017							
	Exploration and production				Pipeline		Others	Inter-company elimination
	Thailand	Other Southeast Asia	Australia	America	Africa	Southeast Asia		
Revenues - Third parties	7,697.35	10,575.97	-	-	-	2,626.91	-	-
- Related parties	99,310.60	18,239.25	7,466.14	-	1,808.43	8,594.61	-	(8,594.61)
Other revenues - Third parties	600.91	174.52	79.15	0.59	37.12	27.35	3,404.69	(2,917.01)
Interest income	2.54	5.23	2.92	0.40	0.04	2.25	1.82	(1.81)
Total Revenues	107,611.40	28,994.97	7,548.21	0.99	1,845.59	11,251.12	3,406.51	(11,513.43)
Operating expenses	12,600.51	12,751.10	3,138.91	-	690.32	708.48	319.56	(9,034.87)
Administrative expenses	1,676.86	1,217.87	430.21	97.34	208.95	135.99	2,473.62	(2,477.39)
Exploration expenses								
- Amortization of dry holes and projects	700.41	157.75	-	1.25	(1.37)	-	-	-
- Geological and geophysical	119.08	609.53	66.02	78.65	13.30	-	-	-
Depreciation, depletion and amortization	37,087.02	11,253.82	4,781.59	0.34	1,125.88	1,024.01	88.98	(34.61)
Petroleum royalties and remuneration	12,472.10	-	-	-	-	-	-	-
(Gain) loss on foreign exchange	15.95	(395.72)	5.76	0.83	3.22	6.07	(72.82)	-
Impairment loss on assets	-	-	-	18,504.89	-	-	-	-
Finance costs	2,568.47	1,214.66	182.14	-	19.63	383.09	-	(1,379.01)
Share of gain of associates and joint ventures	-	-	(2.06)	-	-	-	(326.66)	-
Total Expenses	67,240.40	26,809.01	8,602.57	18,683.30	2,059.93	2,257.64	2,482.68	(12,925.88)
Segment profit (loss)	40,371.00	2,185.96	(1,054.36)	(18,682.31)	(214.34)	8,993.48	923.83	1,412.45
Depreciation - general								
Administrative expenses - general								
Operating profit								
Other income, net								
Interest income								
Finance costs								
Gain on foreign exchange								
Loss on financial derivatives								
Management's remuneration								
Profit before income taxes								
Income tax - Project	(12,426.86)	(803.03)	(489.98)	-	104.00	(939.41)	(112.75)	
- Group								
Profit from continuing operations								
Loss from discontinued operations - net of tax								
<b>Net Profit (Loss)</b>	<b>27,944.14</b>	<b>1,382.93</b>	<b>(1,544.34)</b>	<b>(18,682.31)</b>	<b>(110.34)</b>	<b>8,054.07</b>	<b>811.08</b>	<b>20,579.46</b>



(UNOFFICIAL TRANSLATION)

Unit : Million Baht

	Consolidated financial statements as at December 31, 2017							
	Exploration and production				Pipeline		Inter-company elimination	Group's total business
	Thailand	Other Southeast Asia	Australia	America	Africa	Southeast Asia		
<b>Assets</b>								
Segment assets	186,866.17	86,045.33	26,759.68	9,911.68	92,111.62	23,019.23	2,138.22	426,851.93
Investments under equity method	-	-	229.97	-	-	-	7,331.26	7,561.23
Unallocated assets								193,708.13
<b>Total assets</b>								<b>628,121.29</b>
<b>Liabilities</b>								
Segment liabilities	117,069.40	11,700.13	6,094.40	68.27	1,327.60	1,653.66	664.79	138,578.25
Unallocated liabilities								113,168.32
<b>Total liabilities</b>								<b>251,746.57</b>
<b>Capital Expenditures</b>	33,920.65	11,863.72	1,924.15	227.20	1,552.84	159.51	263.42	<b>49,911.49</b>

## (UNOFFICIAL TRANSLATION)

Unit : Million US Dollar

	Consolidated financial statements for the year ended December 31, 2016							
	Exploration and production							Group's total business
	Thailand	Other Southeast Asia		Australia	America	Africa	Pipeline	
							Southeast Asia	
Revenues - Third parties - Related parties Other revenues - Third parties Interest income Total Revenues Operating expenses Administrative expenses Exploration expenses - Amortization of dry holes and projects - Geological and geophysical Depreciation, depletion and amortization Petroleum royalties and remuneration (Gain) loss on foreign exchange Impairment loss on assets Finance costs Share of (gain) loss of associates and joint ventures Total Expenses Segment profit (loss) Depreciation - general Administrative expenses - general Operating profit Other income, net Interest income Finance costs Loss on foreign exchange Loss on financial derivatives Management's remuneration Profit before income taxes Income tax - Project - Group Profit from continuing operations Profit from discontinued operations – net of tax Net Profit (Loss)	249.41	289.24	-	-	-	66.49	-	-
	2,873.39	507.63	235.79	-	34.10	240.31	-	(240.31)
	18.90	0.13	2.55	0.11	-	0.76	97.49	(85.65)
	0.12	0.44	0.19	0.19	-	0.02	0.04	(0.05)
	3,141.82	797.44	238.53	0.30	34.10	307.58	97.53	(326.01)
	366.01	352.74	65.18	-	21.21	21.18	9.66	(253.85)
	35.81	29.22	13.45	3.52	8.41	3.33	68.70	(71.42)
	2.40	(0.73)	13.47	(1.81)	15.68	-	-	-
	0.66	31.66	2.49	7.00	2.53	-	-	-
	1,434.32	316.99	246.46	0.01	29.01	30.68	2.94	0.71
	353.11	-	-	-	-	-	-	-
	(13.93)	(0.42)	0.50	1.13	0.04	(0.22)	(0.05)	-
	-	41.90	-	-	-	5.25	-	-
	82.57	36.45	5.23	-	0.60	16.54	-	(45.84)
	-	-	0.60	-	-	-	(9.15)	-
	2,260.95	807.81	347.38	9.85	77.48	76.76	72.10	(370.40)
	880.87	(10.37)	(108.85)	(9.55)	(43.38)	230.82	25.43	44.39
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(UNOFFICIAL TRANSLATION)

Unit : Million US Dollar

	Consolidated financial statements as at December 31, 2016							
	Exploration and production				Pipeline Southeast Asia	Others	Inter- company elimination	Group's total business
	Thailand	Other Southeast Asia	Australia	America	Africa			
<b>Assets</b>								
Segment assets	5,738.58	2,603.50	916.65	828.97	2,786.36	734.84		13,674.16
Investments under equity method	-	-	6.98	-	-	-		66.75
Unallocated assets								5,150.47
<b>Total assets</b>								<b>18,891.38</b>
<b>Liabilities</b>								
Segment liabilities	3,379.23	352.14	204.33	1.93	45.81	58.87		4,059.54
Unallocated liabilities								3,445.37
<b>Total liabilities</b>								<b>7,504.91</b>
<b>Capital Expenditures</b>	819.05	294.08	0.22	5.13	33.83	3.60		1,163.67

(UNOFFICIAL TRANSLATION)

Unit : Million Baht

	Consolidated financial statements for the year ended December 31, 2016								
	Exploration and production						Inter- company elimination	Group's total business	
	Thailand	Other Southeast Asia		Australia	America	Africa			Pipeline
									Southeast Asia
Revenues - Third parties	8,796.30	10,216.74	-	-	-	2,345.21	-	21,358.25	
- Related parties	101,428.86	17,918.51	8,311.79	-	1,199.64	8,484.48	-	128,858.80	
Other revenues - Third parties	669.29	4.78	90.40	3.97	1.06	26.80	3,442.88	1,214.33	
Interest income	4.14	15.40	6.55	6.65	-	0.60	1.55	33.35	
Total Revenues	110,898.59	28,155.43	8,408.74	10.62	1,200.70	10,857.09	3,444.43	151,464.73	
Operating expenses	12,918.45	12,456.30	2,289.94	(0.03)	746.55	747.15	340.58	20,536.74	
Administrative expenses	1,264.93	1,032.16	474.67	124.73	297.34	117.55	2,426.71	3,215.44	
Exploration expenses									
- Amortization of dry holes and projects	84.82	(25.36)	479.67	(65.86)	549.94	-	-	1,023.21	
- Geological and geophysical	22.87	1,124.60	88.09	246.98	89.40	-	(0.01)	1,571.93	
Depreciation, depletion and amortization	50,592.66	11,190.82	8,707.35	0.21	1,020.64	1,083.02	103.67	72,723.32	
Petroleum royalties and remuneration	12,464.25	-	-	-	-	-	-	12,464.25	
(Gain) loss on foreign exchange	(485.37)	(14.27)	17.68	39.48	1.38	(7.99)	(1.65)	(450.74)	
Impairment loss on assets	-	1,500.14	-	-	-	188.15	-	1,688.29	
Finance costs	2,914.14	1,285.72	184.95	-	21.29	583.88	0.02	3,371.98	
Share of (gain) loss of associates and joint ventures	-	-	21.47	-	-	-	(322.90)	(301.43)	
Total Expenses	79,776.75	28,550.11	12,263.82	345.51	2,726.54	2,711.76	2,546.42	115,842.99	
Segment profit (loss)	31,121.84	(394.68)	(3,855.08)	(334.89)	(1,525.84)	8,145.33	898.01	35,621.74	
Depreciation - general								(644.72)	
Administrative expenses - general								(4,538.68)	
Operating profit								30,438.34	
Other income, net								252.38	
Interest income								1,028.10	
Finance costs								(4,902.24)	
Loss on foreign exchange								(476.33)	
Loss on financial derivatives								(4,171.86)	
Management's remuneration								(140.84)	
Profit before income taxes								22,027.55	
Income tax - Project	(9,588.15)	(12.45)	34.58	-	30.82	(983.03)	(124.30)	(10,642.53)	
- Group								602.63	
Profit from continuing operations								11,987.65	
Profit from discontinued operations – net of tax								872.07	
Net Profit (Loss)	21,533.69	(407.13)	(3,820.50)	(334.89)	(1,495.02)	7,162.30	773.71	12,859.72	

(UNOFFICIAL TRANSLATION)

Unit : Million Baht

Consolidated financial statements as at December 31, 2016								
	Exploration and production					Inter-company elimination	Group's total business	
	Thailand	Other Southeast Asia	Australia	America	Africa			Pipeline Southeast Asia
Assets								
Segment assets	205,616.92	93,285.11	32,843.98	29,702.60	99,837.04	26,329.63	2,338.18	489,953.46
Investments under equity method	-	-	249.98	-	-	-	2,141.54	2,391.52
Unallocated assets								184,544.55
Total assets								676,889.53
Liabilities								
Segment liabilities	121,079.80	12,617.44	7,321.38	69.19	1,641.36	2,109.42	617.32	145,455.91
Unallocated liabilities								123,449.70
Total liabilities								268,905.61
Capital Expenditures	28,905.19	10,378.21	7.92	180.86	1,193.89	126.99	274.01	41,067.07

## (UNOFFICIAL TRANSLATION)

The Group is organized into the following business segments:

- Exploration and production: The Group operates in oil and gas exploration and production both domestically and overseas, either as an operator or as a joint venture partner with international oil and gas companies. Most domestic projects are located in the Gulf of Thailand. Overseas projects are located in Southeast Asia, Australia, America and Africa. As at the statement of financial position date, the Group had 23 projects in the production phase and 13 projects in the development and exploration phases.
- Overseas pipelines: The Group has investments with its joint venture partners to operate pipelines to transport natural gas from the exploration and production projects where the Group has working interests i.e., the Yadana, Yetagun and Zawtika projects.
- The Group's other operations consist mainly of investments in projects strategically connected to the energy business and other operations. These do not constitute a separately reportable segment.

#### 45. Risk Management

The Group exposes to various risks from its business and operation as follows:

##### Market Risk

Market risk is the situation whereby changes in commodity prices, interest rates, and foreign exchange rates may positively or adversely impact the Group's revenues, cash flows, assets, and liabilities.

The Group uses various financial instruments for the purpose of managing the risk exposure on the fluctuation in the commodity prices, interest rates and foreign exchange rates.

- **Price Risk**

The Group's product prices vary with those of world oil prices, which are subject to various factors beyond its control, for instance, market demand and supply, political and economic stability of various countries, OPEC's production policy, oil reserves in each country and the seasonal changes of the global climate.

Fluctuations in world oil prices directly affect the prices of the Group's crude oil and condensate. However, because of built-in natural gas pricing mechanisms found in the Gas Sale Agreement (GSA) which cushion natural gas prices from oil prices volatility (Natural Hedge), when the reference oil prices change, the typical prices of natural gas, which is the main product of the Groups, do change in the same direction. Most of the Group's contractual natural gas prices are adjusted every 6 or 12 months depending on the gas price formula of each project, the natural gas price will move correspondingly to a certain degree compared to the prices of crude oil and condensate.

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In 2017, the crude oil price has increased from last year as a result of coordination between OPEC and non-OPEC to reduce crude oil production around 1.8 million barrels per day since December 2016, and extend the reduction capacity period until December 2018. The group of producer could reduce the crude oil production closed to the agreed level. Moreover, the world demand of crude oil has increased by approximately 1.5 million barrels per day from global economic growth and insurgency in Nigeria, Libya and Iran. However, as the oil price recovered, the numbers' of oil rigs in the United State of America has increased and resulted in the increased crude oil production in the United States of America around 0.6 million barrels per day. The average Dubai crude oil price for the year is approximately US Dollar 53 per barrel.

The Group has managed the oil price risk by analyzing the impact of the level of oil price changes to revenue and net profit of the Group annually. The risk mitigation plan is reviewed by the Risk Management Committee and the Board of Directors in order to be used as the Group's operation framework.

As at December 31, 2017, the Group entered into oil price hedging derivatives for the year 2018 totaling 7.7 million barrels.

■ **Interest Rate Risk**

The Group is exposed to the risk from changes in interest rate that will affect future cash flows and fair values of financial instruments. Some of the Group's debts are subject to floating interest rates, resulting in a higher interest expense if the market interest rates increase. In order to manage the interest rate risk, the Group has a policy to maintain a proper proportion between fixed interest rate debts and floating interest rate debts and to use the financial instruments, such as interest rate swap to swap from floating interest rate to fixed interest rate. The Group also considers costs, market conditions, and acceptable risk before entering into the financial instrument to prevent interest rate risk.

As at December 31, 2017, the Group has a proportion of floating interest rate debts after entering into the interest rate swaps at 20% of total debts (in 2016 at 20%). The weighted average interest rates on total debts was 4.50% per annum (in 2016 was 4.41% per annum).

For the changes in the Group's borrowing interest rates, as at January 1, 2018, if the interest rate applicable to floating rate instruments increases by 1% per annum, it is estimated that the Group's profit before income taxes for 2018 would decrease by approximately US Dollars 5.83 million. This assumes that the principal amount, the proportion of fixed and floating interest rate debts and all interest rates remain unchanged until December 31, 2018 (in 2017: profit before income taxes decreases by approximately US Dollar 5.83 million). However, the effect on the Group's profit before income taxes shown by this analysis does not consider the effect of any changes in general economic activity that may accompany such increase or decrease in interest rates.

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## ■ Foreign Exchange Rate Risk

The vast majority of the Group's domestic and overseas business (revenues and expenses) are in US Dollar and the Group has determined the US Dollar as the functional currency by considering from revenue and operating expenses used in the primary economic environment in which the entity operates. The Group is exposed to the exchange rate risks from transactions which are denominated in currencies that are not the Group's functional currency.

The Group is aware of the risks surrounding financial assets and liabilities denominated in foreign currencies. As a result, the Group has a policy of asset and liability management by which the structure and features of transactions regarding assets, liabilities and equity are aligned with each other. In addition, the Group has considered managing foreign exchange rate risk with financial derivatives together with the costs, consideration yields and risks arising in each interval.

The Group's profit before income taxes is sensitive to changes in foreign currency that impacts net monetary assets and liabilities denominated in currencies other than functional currency. If at December 31, 2017 and 2016, the other currencies had fluctuated 10% against the functional currency, the possible changes to the Group's profit before income taxes are as follows:

Unit : Million US Dollar		
Consolidated		
Exposure of asset and liability position to the exchange rate		
	Baht to US Dollar	Canadian Dollar to US Dollar
For the year ended December 31, 2017		
Profit before income taxes increase (decrease)		
(10% US Dollar appreciation)	(25)	2
Profit before income taxes increase (decrease)		
(10% US Dollar depreciation)	25	(2)
For the year ended December 31, 2016		
Profit before income taxes increase (decrease)		
(10% US Dollar appreciation)	(18)	3
Profit before income taxes increase (decrease)		
(10% US Dollar depreciation)	18	(3)



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Credit Risk

The Group's policy to manage its credit risk is to enter into transactions with the customers who have good credit profiles. The majority of sales is made with PTT Public Company Limited, the parent company. In addition, the Group carefully assesses and regularly reviews the credit profiles of its customers.

The Group places deposits with the banks which are rated at investment grade level. The Group regularly assesses credit quality and stability of these banks by taking into account of their credit rating, investment portfolio, and other financial ratios which demonstrate their performance and the ability to control their business risks, such as debt to deposit ratio, non-performing loan to total loan ratio. These factors are used to manage risks and to consider the amount of bank deposit limit in order to ensure that deposits are well-diversified and to avoid concentration risks with individual bank together with the consideration yields and acceptable risk in each time interval.

Before entering into financial derivative contracts, the Group has assessed the financial position and credit worthiness, including setting up credit exposure limit, of counterparty bank in the same way as when the Group assesses banks before placing deposit as described above. Currently all banks in which the Group has entered into financial derivative contracts are rated at investment grade level. In addition, the Group has adjusted, based on the timing and type of transactions, the outstanding balance of each derivative financial instrument made with banks to reflect the risk-adjusted exposure and has diversified transactions to avoid concentration risks with individual bank together with the costs, consideration yields and risks arising in each interval. The Group's maximum exposure to credit risks is the fair value of financial assets.

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Liquidity Risk

Liquidity risk is the risk that suitable sources of funding for the Group's business activities may not be available. The Group's contractual maturity of liabilities and interest, including the derivative contracts are as follows:

	Within 1 year	Over 1 year but not exceeding 3 years	Over 3 years but not exceeding 5 years	Over 5 years	Unit : Million US Dollar Total
Trade accounts payable and working capital to co-venturers	130.99	-	-	-	130.99
Accrued expenses	490.91	-	-	-	490.91
Other current liabilities	17.56	-	-	-	17.56
Loans from financial institutions with floating interest rate					
Principal	-	-	575.00	-	575.00
Interest paid*	15.43	32.08	7.07	-	54.58
Debtentures with fixed interest rate					
Principal	399.95	403.91	700.00	838.83	2,342.69
Interest paid*	118.69	184.12	115.78	716.03	1,134.62
Cash outflow from foreign currency and interest rate swap **	106.71	456.08	35.31	463.89	1,061.99
Cash inflow from foreign currency and interest rate swap **	100.57	446.11	33.63	458.18	1,038.49
Cash outflow from forward foreign exchange **	933.59	-	-	-	933.59
Cash inflow from forward foreign exchange **	923.56	-	-	-	923.56

The major assumptions for the data presented in the table above are that all the interest expenses are calculated based on the nominal interest rate and there is no change in aggregate principal amounts of loans other than repayment at scheduled maturity. The floating interest rate is based on the nominal interest rate at December 29, 2017.

- Thai Baht liabilities were equivalent to US Dollar at the weighted average exchange rate between weighted average buying and selling rates announced by the Bank of Thailand on December 29, 2017 at Baht 32.6809 per US Dollar.

\* Interest paid represents the interest payment due within one year.

\*\*The Group enters into derivative contracts whose cash inflow and cash outflow are not qualified for the net settlement, therefore the Group separates cash inflow from cash receipt and cash outflow from cash payment for each type of derivative contract.

## (UNOFFICIAL TRANSLATION)

The Group manages its liquidity risks by preparing cash flow forecasts and adjusting financial forecasts on a regular basis, entering into financing program, issuing short-term debt securities in order to access Thailand's capital market, as well as entering into short-term credit facilities with commercial banks with the interest rate agreed in advance.

The outstanding principal amount and undrawn facilities are summarized below:

	Unit : Million US Dollar	
	Credit limit	Undrawn amount
Short-term committed bank credit facility	611.98	611.98
Short-term uncommitted bank credit facility	437.56	437.56

Thai Baht credit facility is translated to US Dollar using the weighted average exchange rate between weighted average buying and selling rates announced by the Bank of Thailand on December 29, 2017 at Baht 32.6809 per US Dollar.

In addition, the Group has entered into a factoring arrangement with the commercial banks to convert accounts receivable to immediate cash to increase the liquidity of its working capital.

The Company's International Credit Rating is comparable with the Sovereign Rating of Thailand and the National Credit Rating is at the AAA. As a result, the Company can access to the source of fund for the long-term loan at the interest rate approximate the market interest rate. For the years 2017 and 2016, the Company's credit ratings as assigned by prominent credit rating agencies are as follows:

	2017		2016	
	Foreign Currency	Domestic Currency	Foreign Currency	Domestic Currency
Rating Agency				
Moody's	Baa1	Baa1	Baa1	Baa1
Standard and Poor's	BBB+	BBB+	BBB+	BBB+
Japan Credit Rating	A-	A	A-	A
TRIS Rating (National Rating)	-	AAA	-	AAA

## (UNOFFICIAL TRANSLATION)

## 46. Dividends

On March 29, 2017, the Annual General Meeting of the Shareholders approved payment of a dividend for the year 2016 of Baht 3.25 per share. The Company made an interim dividend payment for the first half-year operations of 2016 at the rate of Baht 0.75 per share on August 25, 2016 and for the second half-year operations of 2016 at the rate of Baht 2.50 per share on April 10, 2017.

The Company estimated the dividend to its shareholders for the year 2017 at Baht 4.25 per share. The Company made an interim dividend payment for the first half-year operations of 2017 at the rate of Baht 1.50 per share on August 25, 2017. The remaining dividend for the second half-year operations of 2017 at the rate of Baht 2.75 per share will be paid upon approval by the Annual General Meeting of the Shareholders.

## 47. Commitments and Contingent Liabilities

## ■ Commitment under operating leases – the Group as a lessee

The future minimum lease payments for the non-cancellable operating leases are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Within 1 year	21.16	22.67	691.73	811.89
Over 1 year but not exceeding 5 years	49.68	60.59	1,623.50	2,170.83
Over 5 years	27.54	38.14	900.09	1,366.57
Total	98.38	121.40	3,215.32	4,349.29

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Within 1 year	9.83	11.10	321.23	397.59
Over 1 year but not exceeding 5 years	6.89	12.96	225.25	464.34
Over 5 years	-	-	-	-
Total	16.72	24.06	546.48	861.93

## ■ Commitment from loan agreements

The Company has a subordinated loan agreement with Energy Complex Company Limited (Energy Complex), with the loan limit of Baht 1,250 million. The agreement shall continue for 13 years and 6 months effective from April 2, 2009. The total value of loans provided to Energy Complex as at December 31, 2017 was US Dollar 17.75 million (Baht 580 million).

## (UNOFFICIAL TRANSLATION)

- Commitment from the guarantee of loans, debentures and subordinated capital debentures of subsidiaries
  - The Company has commitment for the guarantee of loans of US Dollar 500 million and US Dollar 75 million for PTTEP Offshore Investment Company Limited (PTTEPO).
  - The Company has commitment for the guarantee of unsecured and unsubordinated debenture of US Dollar 490 million and US Dollar 700 million for PTTEP Canada International Finance Limited (PTTEP CIF).
  - The Company has commitment for the guarantee of subordinated capital debentures of US Dollar 500 million and US Dollar 354.69 million for PTTEP Treasury Center Company Limited (PTTEP TC).
- Obligation under Gas Sale Agreement

According to the Gas Sales Agreement (GSA) of MTJDA B-17 Project, if PTTEP International Limited (PTTEPI) and the joint operation partner, as the sellers, fail to deliver the quantity of natural gas notified by the buyer on the agreed upon date, the buyer has the right to take the deficient quantity of natural gas (Shortfall) at a price equal to 75% of the current price applicable at the time the Shortfall occurred.

On December 31, 2017, PTTEPI had an obligation for the Shortfall as per GSA mentioned above with the approximate total cost for PTTEPI of US Dollar 0.97 million (Baht 31.58 million). Currently, the negotiation between the buyer (PTT) and the seller is in process.
- Contingent liabilities
  - On August 26, 2010, PTTEP Australasia (PTTEP AA) received a letter from the Government of Indonesia (Gol) claiming compensation relating to the Montana oil spill incident in 2009. PTTEP AA rejected the claim on the basis that the evidence provided by the Gol was considered unproven and unsubstantiated. No verifiable scientific evidence was ever provided to support the claim.

On March 11, 2016, PTTEP AA received a letter from a firm of Australia lawyers representing a group of West Timorese seaweed farmers, notifying PTTEP AA of their intention to commence a legal action for compensation relating to the incident. Subsequently, on August 9, 2016, PTTEP AA was notified of a claim made in the Sydney Registry of the Federal Court of Australia seeking damages on behalf of a group of seaweed farmers (Class Action). The Statement of Claim as filed does not quantify the claim, and no supporting evidence has yet been presented to the court. PTTEP AA has appointed lawyers to defend against the claim.

(UNOFFICIAL TRANSLATION)

On July 14, 2017, the Company received the official Statement of Claim filed by the Ministry of Environment and Forestry on behalf of Gol to the Indonesian court seeking approximately US Dollar 2.1 billion for damages related to the incident. The lawsuit was filed against the Company as a joint defendant. However, the Company will proceed to defend against this lawsuit based on the facts and matters of law.

The Company considers that the claims from representative of West Timorese seaweed farmers and the Gol related to Montara oil spill incident remain unproven due to insufficient evidence to support the claim.

- The Indonesia Tax Office (ITO) issued tax assessment letter to Natuna 2 B.V., a joint operation of the Group, to assess for Transfer Tax (TT) and Branch Profit Tax (BPT) on Share Purchase Agreement of Natuna 2 B.V. in 2013, between PTTEP Netherlands Holding Cooperatie U.A., and Pertamina Hulu Energi Oil and Gas, as buyers, and HESS (Luxembourg) Exploration and Production Holding S.A.R.L., as a seller. The total amount of assessed TT, BPT and applicable penalty was approximately US Dollar 119.80 million in which US Dollar 59.90 million (Baht 1,957.68 million) was the Group's proportion.

In February 2016, Natuna 2 B.V. made an advance payment equivalent to assessed tax and penalty amount together with a submission of objection letter to ITO to prevent additional penalty that may arise during the appeal. In 2017, ITO rejected the objection and Natuna 2 B.V. brought the case to the tax court of Indonesia to object ITO's order and tax assessment. Currently, the case is under the court proceeding. Natuna 2 B.V. will recover this advance payment back if it wins the case. As at December 31, 2017, the Group has recognized this payment as an advance for tax obligation as part of other non-current assets - others in the statement of financial position.

- As at December 31, 2017, the Company had contingent liabilities in the form of letters of guarantee amounting to US Dollar 0.66 million (Baht 21.70 million) for the Company's financial statements and US Dollar 33.76 million (Baht 1,103.38 million) for the consolidated financial statements.

**48. Events after the Reporting Date**

- On January 8, 2018, the Company approved for the registration for the dissolution of PTTEP Rommana Company Limited (PTTEPR), a subsidiary of the Group. It is currently in the liquidation process.

## (UNOFFICIAL TRANSLATION)

- On January 23, 2018, PTTEP Services Limited (PTTEP Services), a subsidiary of the Group, increased its share capital of Baht 9,000,000 from Baht 1,000,000 to Baht 10,000,000 by issuing of 900,000 ordinary shares, at the par value of Baht 10 each, resulting in a total registered ordinary share of 1,000,000 shares.
  - On January 31, 2018, the Company and PTTEP International Limited (PTTEPI) have signed an Agreement for the Assignment and Transfer of the 22.2222% participating interests in the Bongkot project, consisting of Blocks B15, B16 and B17 from Shell Integrated Gas Thailand Pte. Limited and Block G12/48 from Thai Energy Company Limited. The total purchase consideration before taxes is approximately US Dollar 750 million. The completion of transaction is subject to the conditions as prescribed in the agreement with an expected closing date within the second quarter of 2018. The Group is currently the operator of the project with 44.4445% participating interests. After the acquisition, the Group's participating interests in the project will increase to 66.6667%.
  - On January 31, 2018, PTTEP Mexico E&P Limited, S. de R.L. de C.V. (PTTEP MEP), a subsidiary of the Group, and its consortium have announced that the consortium have been selected as the successful bidders of 2 exploration blocks from the Mexico Bidding Round which are block 12 in the Mexican Ridges (basin) located on the Western Gulf of Mexico and block 29 in the Campeche (basin) on the Southern Gulf of Mexico, in which PTTEP MEP holds 20% and 16.67% participating interests, respectively. The concession agreement signing is expected to complete within May 2018.
  - The Company's Board of Directors authorized for the issue of these financial statements on February 16, 2018.
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## Supplemental Information on Petroleum Exploration and Production Activities (Unaudited)

### (A) PTTEP and Our Subsidiaries' Petroleum Reserve Report As of December 31, 2017

The total Proved Reserves of PTTEP and our subsidiaries as of December 31, 2017 are shown in the attached table. The Proved Reserves are reviewed annually by Company's earth scientists and reservoir engineers to ensure rigorous professional standards. The Proved Reserves are reported on a gross basis, which includes the Company's net working interest and related host country's interest.

As of December 31, 2017, the total amount of Proved Reserves of PTTEP Group's projects was 156 million stock-tank barrels (MMSTB) of crude oil and condensate<sup>1</sup>, and 3,049 billion standard cubic feet (BSCF) of natural gas or 475 million barrels of oil equivalent (MMBOE). The total amount of Proved Reserves in terms of oil equivalent in consolidation was therefore 631 MMBOE. Proved Reserves of crude and condensate are approximately 25% while, for gas, are 75% of the total Proved Reserves in terms of oil equivalent.

In 2017, the total production of PTTEP Group was 127 MMBOE, consisting of 35 MMSTB of crude oil and condensate<sup>1</sup> and 578 BSCF or 92 MMBOE of natural gas. This was equivalent to the production rate of approximately 347,508 barrels of oil equivalent per day (BOED), which was approximately 20,795 BOED or 5.6% decrease from the previous year. The decrease was mainly due to the low nomination from buyers of MTJDA, Bongkot, Sinphuhorm and Contract 4 projects, and the suspension of production of S1 Project in areas under the oversight of the Agricultural Land Reform Office (ALRO). However, the production of S1 Project in these areas has already returned to normal operation since June 26, 2017.

<sup>1</sup> Include the Proved Reserves and production of LPG



## PTT Exploration and Production Public Company Limited

### Crude Oil and Condensate and Natural Gas Proved Reserves <sup>(1)</sup>

As of December 31, 2017

	Proved Reserves of Crude Oil and Condensate <sup>(2)</sup>			Proved Reserves of Natural Gas			Barrel of Oil Equivalent		
	(MMSTB)			(BSCF)			(MMBOE)		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
Company's share of reserves of consolidated companies									
As of December 31, 2015	108	72	180	2,021	1,570	3,591	440	298	738
1) Revision of previous estimates	18	1	19	292	(18)	274	65	(1)	64
2) Improved recovery	4	-	4	5	-	5	5	-	5
3) Extensions and discoveries	5	-	5	111	-	111	23	-	23
4) Purchases/Sales of Petroleum in place	-	-	-	-	-	-	-	-	-
5) Production	(27)	(11)	(38)	(411)	(199)	(610)	(95)	(40)	(135)
As of December 31, 2016	108	62	170	2,018	1,353	3,371	438	257	695
Company's share of reserves of consolidated companies									
As of December 31, 2016	108	62	170	2,018	1,353	3,371	438	257	695
1) Revision of previous estimates	11	(0)	11	77	(50)	27	24	(7)	17
2) Improved recovery	2	1	3	9	0	9	4	1	5
3) Extensions and discoveries	4	3	7	109	111	220	22	19	41
4) Purchases/Sales of Petroleum in place	-	-	-	-	-	-	-	-	-
5) Production	(26)	(9)	(35)	(389)	(189)	(578)	(90)	(37)	(127)
As of December 31, 2017	99	57	156	1,824	1,225	3,049	398	233	631

(1) The Proved Reserves are reported on a gross basis which includes the Company's net working interest and the related host country's interest.

(2) LPG included

**(B) Capitalized Costs Relating to Oil and Gas Producing Activities**

Capitalized costs represent cumulative expenditures for proved and unproved properties together with related accumulated depreciation, depletion, amortization and allowance for impairment.

Proved properties include exploration wells, development wells, transportation pipeline, producing facilities and decommissioning costs. Unproved properties represent amounts associated with capitalized cost of projects which have not yet found proved reserves.

(Unit: Million US Dollar)	2017	2016
Proved properties	27,120	25,747
Unproved properties	<u>5,098</u>	<u>4,981</u>
Gross capitalized costs	32,218	30,728
Accumulated depreciation, depletion, amortization and allowance for impairment	<u>(20,929)</u>	<u>(18,703)</u>
Net capitalized costs	<u>11,289</u>	<u>12,025</u>

**(C) Costs Incurred in Oil and Gas Property Acquisition, Exploration, and Development Activities**

Costs incurred in oil and gas property acquisition, exploration and development activities represent amounts both capitalized and charged to expense during the year.

Property acquisition costs include costs to purchase proved and unproved properties.

Exploration costs include geological and geophysical expenses, exploratory drilling cost as well as reservation fee for exploration blocks.

Development costs include costs associated with drilling and equipping development wells, improved recovery systems, facilities for extraction, treating, gathering and storage, producing facilities for existing developed reserves, and costs associated with transportation pipeline.

(Unit: Million US Dollar)	2017			2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Acquisition of properties						
- Proved	-	-	-	-	-	-
- Unproved	-	-	-	-	1	1
Exploration costs	6	31	37	4	54	58
Development costs	<u>779</u>	<u>417</u>	<u>1,196</u>	<u>747</u>	<u>303</u>	<u>1,050</u>
Total	<u>785</u>	<u>448</u>	<u>1,233</u>	<u>751</u>	<u>358</u>	<u>1,109</u>

**(D) Results of operations for producing activities**

Results of operations from oil and gas producing activities for the year 2017 and 2016 are shown in the following table.

Operating expenses include lifting costs incurred to operate and maintain productive wells and related equipment.

Exploration expenses consist of geological and geophysical costs, and exploratory well write off expenses.

General administrative expenses are expenses directly related to oil and gas producing activities.

Depreciation, depletion and amortization expenses relates to capitalized costs incurred in acquisition, exploration and development activities, transportation pipeline, including amortized decommissioning costs.

Other expenses (income) mainly include impairment loss on assets, foreign exchange gains and losses directly related to oil and gas producing activities and other income.

Income tax expenses are based on the results of operations from petroleum producing activities.

General corporate overhead and finance costs are excluded from the results of operations for petroleum producing activities.

(Unit: Million US Dollar)	2017			2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
<b>Gross revenues</b>						
Sales – Related parties	2,929	1,066	3,995	2,873	1,018	3,891
Sales – Third parties	228	390	618	249	355	604
<b>Total sales</b>	<b>3,157</b>	<b>1,456</b>	<b>4,613</b>	<b>3,122</b>	<b>1,373</b>	<b>4,495</b>
<b>Expenses</b>						
Operating expenses	372	511	883	366	461	827
Exploration expenses	25	27	52	3	70	73
General administrative expenses	49	62	111	36	58	94
Petroleum royalties and remuneration	368	-	368	353	-	353
Depreciation, depletion and amortization	1,092	537	1,629	1,434	623	2,057
Other (income) / expenses	(18)	538	520	(33)	45	12
<b>Total expenses</b>	<b>1,888</b>	<b>1,675</b>	<b>3,563</b>	<b>2,159</b>	<b>1,257</b>	<b>3,416</b>
<b>Results before income taxes</b>	<b>1,269</b>	<b>(219)</b>	<b>1,050</b>	<b>963</b>	<b>116</b>	<b>1,079</b>
Income tax expenses	367	63	430	271	26	297
<b>Net results of operations</b>	<b>902</b>	<b>(282)</b>	<b>620</b>	<b>692</b>	<b>90</b>	<b>782</b>

**(E) Standardized Measure of Discounted Future Net Cash Flows (SMDCF) Relating to the Proved Oil and Gas Reserves**

The standardized measure of discounted future net cash flows related to the above proved oil and gas reserves, is computed by applying 12-month average prices\* (with consideration of price changes only to the extent provided by contractual arrangements), to the estimated future production of year-end remaining proved oil and gas reserves less estimated future expenditures (based on year-end costs) to be incurred in developing and producing the proved reserves.

Future income taxes are calculated by applying the appropriate year-end statutory tax rates to the future pre-tax net cash flows and deducted by applicable tax deductions or tax credits.

Net Cash flows are discounted using a rate of 10% per year to reflect the estimated timing of the future cash flows.

The estimation of discounted future net cash flow shown below is not intended to represent the fair value of oil and gas properties. The fair value should take into account of several factors, such as probable and possible reserves which may turn into proved reserves in the future, anticipated future oil and gas prices, interest rates, changes in development and production costs and risks associated with future production. Therefore the fair value will subject to the view and perception of analyst.

\* Twelve-month average prices are calculated as the unweighted arithmetic average of the first-day-of-the-month price for each month.

**Standardized Measure of Discounted Future Net Cash Flows Relating to Prove Oil and Gas Reserves**

(Unit: Million US Dollar)	Domestic		Foreign		Total	
	2017	2016	2017	2016	2017	2016
Future cash inflows	12,220	13,565	6,463	6,106	18,683	19,671
Future production costs	(2,335)	(2,283)	(1,710)	(1,614)	(4,045)	(3,897)
Future development costs	(4,552)	(4,718)	(1,301)	(1,612)	(5,853)	(6,330)
Future income tax expenses	(1,721)	(2,177)	(723)	(626)	(2,444)	(2,803)
<b>Future net cash flows</b>	<b>3,612</b>	<b>4,387</b>	<b>2,729</b>	<b>2,254</b>	<b>6,341</b>	<b>6,641</b>
10% annual discount	(93)	(337)	(849)	(651)	(942)	(988)
<b>Standardized measure of discounted future net cash flows (SMDCF)</b>	<b><u>3,519</u></b>	<b><u>4,050</u></b>	<b><u>1,880</u></b>	<b><u>1,603</u></b>	<b><u>5,399</u></b>	<b><u>5,653</u></b>

## Changes in Standardized Measure of Discounted Future Net Cash Flows Relating to Prove Oil and Gas Reserves

(Unit: Million US Dollar)	2017	2016
Present value at beginning of year	5,653	7,428
Sales and transfers of oil and gas produced, net of production costs	(3,386)	(3,210)
Development costs incurred during the period	1,320	1,103
Net changes in prices and production costs	335	(3,779)
Net changes in development costs	(149)	1,495
Extensions, discoveries and improved recovery	837	469
Revisions of previous quantity estimates	384	967
Purchases / sales of petroleum in place	-	-
Accretions of discount	45	839
Net changes in income taxes	<u>360</u>	<u>341</u>
Present value at the year end	<u>5,399</u>	<u>5,653</u>

**(F) Other Information**
**Productive Oil/Condensate and Gas Wells**

The numbers of productive wells at December 31, 2017 were as follows:

	Oil/Condensate		Gas	
	Gross	Net	Gross	Net
Thailand	767	497	1,522	698
Foreign				
Southeast Asia	37	9	211	97
Others	19	10	-	-
Total	823	516	1,733	795

**Drilling in Progress of Oil/Condensate and Gas Wells**

The numbers of wells in progress at December 31, 2017 were as follows:

	Gross	Net
<u>Exploratory</u>		
Thailand	-	-
Foreign		
Southeast Asia	-	-
Others	-	-
Total	-	-
<u>Development</u>		
Thailand	29	18.90
Foreign		
Southeast Asia	2	1.00
Others	-	-
Total	31	19.90

Net Oil/Condensate and Gas Wells Drilled in 2017

	Net Productive wells drilled	Net dry well drilled
<u>Exploratory</u>		
Thailand	8.60	4.00
Foreign		
Southeast Asia	-	0.26
Others	-	-
Total	8.60	4.26
<u>Development</u>		
Thailand	190.66	4.30
Foreign		
Southeast Asia	15.76	-
Others	1.00	-
Total	207.42	4.30

Gross wells include the total number of wells in which the Company has an interest excluding utility wells.

Net wells are the sum of the Company's fractional interests in gross wells.

Quarterly Information in 2017 and 2016 for the consolidated financial statement are as follows:

Unit: US Dollar

<u>Year2017</u>	<u>4thQ</u>	<u>3rdQ</u>	<u>2ndQ</u>	<u>1stQ</u>
<b>Revenues</b>				
Sales	1,202,119,165	1,063,670,938	975,323,588	1,040,091,549
Revenue from pipeline transportation	22,172,556	24,884,575	17,488,758	13,259,364
Other income				
Gain on foreign exchange	13,906,376	23,129,564	10,803,831	3,561,976
Interest income	18,474,470	12,994,974	15,236,804	12,872,725
Gain on financial derivatives	-	-	-	6,244,406
Other income	14,089,489	9,164,581	13,467,704	16,550,749
Total Revenues	<b>1,270,762,056</b>	<b>1,133,844,632</b>	<b>1,032,320,685</b>	<b>1,092,580,769</b>
<b>Expenses</b>				
Operating expenses	168,080,012	162,191,500	152,874,578	141,915,277
Exploration expenses	23,078,034	8,468,079	19,302,802	1,344,636
Administrative expenses	104,517,340	50,119,038	50,549,963	41,234,942
Petroleum royalties and remuneration	102,391,207	89,664,243	84,302,712	91,499,703
Depreciation, depletion and amortization	435,662,557	413,462,171	381,268,098	419,826,900
Other expenses				
Loss on financial derivatives	28,377,168	3,318,724	2,955,898	-
Management's remuneration	1,623,370	1,209,440	1,096,994	1,019,848
Impairment loss on assets	-	558,214,042	-	-
Finance costs	57,294,151	56,582,968	55,476,839	56,873,468
Total Expenses	<b>921,023,839</b>	<b>1,343,230,205</b>	<b>747,827,884</b>	<b>753,714,774</b>
Share of gain from associates and joint ventures	2,588,042	2,319,103	2,676,899	2,161,371
<b>Profit (loss) before income taxes</b>	<b>352,326,259</b>	<b>(207,066,470)</b>	<b>287,169,700</b>	<b>341,027,366</b>
Income tax	(63,317,211)	(57,351,361)	(67,303,990)	8,401,312
<b>Profit (loss) for the period from continuing operations</b>	<b>289,009,048</b>	<b>(264,417,831)</b>	<b>219,865,710</b>	<b>349,428,678</b>
Profit (loss) for the period from discontinued operations - net of tax	(347,441)	-	-	-
<b>Profit (loss) for the period</b>	<b>288,661,607</b>	<b>(264,417,831)</b>	<b>219,865,710</b>	<b>349,428,678</b>
<b>Basic earnings (loss) per share</b>				
Continuing operations	0.07	(0.07)	0.04	0.09
Discontinued operations	(0.0001)	-	-	-



Unit: US Dollar

<u>Year 2016</u>	<u>4thQ</u>	<u>3rdQ</u>	<u>2ndQ</u>	<u>1stQ</u>
<b>Revenues</b>				
Sales	1,037,434,593	1,046,476,331	1,061,000,216	1,044,652,921
Revenue from pipeline transportation	14,225,854	18,934,315	16,701,593	16,624,759
Other income	-	-	-	-
Gain on foreign exchange	-	14,351,726	6,572,363	6,223,388
Interest income	9,659,695	7,210,535	7,452,250	5,742,545
Gain on financial derivatives	14,311,187	14,620,515	-	-
Other income	12,375,135	7,127,104	10,675,095	11,305,278
<b>Total Revenues</b>	<b>1,088,006,464</b>	<b>1,108,720,526</b>	<b>1,102,401,517</b>	<b>1,084,548,891</b>
<b>Expenses</b>				
Operating expenses	167,386,453	146,011,694	138,679,994	130,052,595
Exploration expenses	11,920,878	20,361,689	15,583,064	25,486,002
Administrative expenses	92,016,021	38,466,880	58,134,551	30,325,339
Petroleum royalties and remuneration	87,892,910	88,924,530	87,967,397	88,323,501
Depreciation, depletion and amortization	509,335,454	534,407,622	517,658,659	517,980,644
Other expenses				
Loss on foreign exchange	15,560,457	-	-	-
Loss on financial derivatives	-	-	97,533,923	49,586,533
Management's remuneration	1,580,811	797,861	820,214	785,642
Impairment loss on assets	47,150,837	-	-	-
Finance costs	57,896,251	59,241,885	59,035,264	58,292,333
<b>Total Expenses</b>	<b>990,740,072</b>	<b>888,212,161</b>	<b>975,413,066</b>	<b>900,832,589</b>
Share of gain from associates and joint ventures	2,359,011	2,341,048	1,828,615	2,018,422
<b>Profit before income taxes</b>	<b>99,625,403</b>	<b>222,849,413</b>	<b>128,817,066</b>	<b>185,734,724</b>
Income tax expenses	(133,322,119)	(67,481,839)	(54,598,693)	(29,904,151)
<b>Profit (loss) for the period from continuing operations</b>	<b>(33,696,716)</b>	<b>155,367,574</b>	<b>74,218,373</b>	<b>155,830,573</b>
Profit (loss) for the period from discontinued operations - net of tax	17,635,015	272,758	1,135,156	1,291,184
<b>Profit (loss) for the year</b>	<b>(16,061,701)</b>	<b>155,640,332</b>	<b>75,353,529</b>	<b>157,121,757</b>
<b>Basic earnings (loss) per share</b>				
Continuing operations	(0.01)	0.04	0.01	0.04
Discontinued operations	0.004	0.0001	0.0003	0.0003

## Petroleum Sales Volume and Average Unit Prices

	2017	2016
Net sales of petroleum (BOED)	299,206	319,521
Average petroleum unit prices		
Average unit prices of crude oil and condensate (USD/BBL)	52.26	41.17
Average unit prices of natural gas (USD/MMBTU)	5.59	5.60
Average unit prices of petroleum (USD/BOE)	39.20	35.91
Lifting cost (USD/BOE)	4.19	4.18





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