



STRENGTH OF THE LAND

2016 FINANCIAL REPORT



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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)
President and Chief Executive Officer

February 16, 2017

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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 separate financial statements of PTT Exploration and Production Public Company Limited (the Company), which comprise the consolidated and separate statements of financial position as at December 31, 2016, the related consolidated and separate statements of income, and of comprehensive income, the related consolidated and separate statements of changes in shareholders' equity and cash flows for the year then ended, which are presented in US Dollar and in Thai Baht, and a summary of significant accounting policies and other explanatory notes.

In the Office of the Auditor General of Thailand's opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of PTT Exploration and Production Public Company Limited and its subsidiaries, and of PTT Exploration and Production Public Company Limited, respectively, as at December 31, 2016, and its consolidated and separate financial performance and its cash flows for the year then ended, presented in US Dollar and Thai Baht, in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for opinion

The Office of the Auditor General of Thailand conducted the audit in accordance with Thai Standards on Auditing (TSA). 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 separate 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 Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants that are relevant to the Office of the Auditor General of Thailand's audit of the consolidated and separate financial statements,

and has fulfilled other ethical responsibilities in accordance with these requirements. The Office of the Auditor General of Thailand believes 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 separate 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 separate 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's do not provide a separate opinion on these matters.

1. Estimation of Petroleum reserve (the consolidated and separate financial statements)

Risk

Petroleum reserve is an indicator of the Group's ability to operate its business in the future and reflect the Group's ability to continue its business on a going concern basis. Petroleum reserve, especially, the proved reserve, has a significant impact to the financial statements when the Group performed impairment test and calculated the depreciation, depletion and amortization as described in Notes to the financial statements No. 4.11, Significant Accounting Policies – Property, Plant and Equipment, Notes to the financial statements No. 5, Major Estimates and Assumptions – Estimate for Oil and Gas Reserves, and Notes to the financial statements No. 18, Property, Plant and Equipment.

The estimated proved reserve may differ from the actual reserve used in the future because the estimation is based on the available information as of the date of the assessment. The estimated proved reserve at the beginning of the project is subjected to a higher deviation, but will reduce when the project approaches the end of its production life. This may impact the management's investment decision and the viability of the Group's businesses. In determining the estimated proved reserve, the Group's internal expert assigned by the management, uses the method consistent with the method applied by other companies in the petroleum exploration and evaluation industry. The expert has to use judgements as well as experiences to determine the appropriate method based on available information, therefore the amount of proved reserve may be different based on the expert's individual judgement and experience at the time of the assessment.

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In addition, changes in the estimated proved reserve 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.

How the audit addressed the risk

The Office of the Auditor General of Thailand performed the followings;

- 1) Understand the Group's proved reserve estimation processes and evaluate the sufficiency of the design of key internal controls, especially for the control over the reliability of the data used in the assessment of the estimated proved reserve and the used of the proved reserve data to calculate the depreciation, depletion and amortization expenses and the assessment of an impairment of assets.
- 2) Evaluate the qualification of the experts who are responsible for preparing and assessing the Group's estimated proved reserve.
- 3) Compare the consistency of estimated proved reserve information against the information assessed by the regulator of energy in Thailand who assigns its own experts and implements its own processes to audit the proved reserve report submitted by concessionaires (operators) conducted in Thailand. The Office of the Auditor General of Thailand compared the information of the Group's estimated proved reserve for the year 2015 to the estimated proved reserve quantity audited by the Energy Commission Regulation of Thailand and reconciled to the amount of estimated proved reserve during the year in order to determine the amount of the Group's estimated proved reserve for domestic projects in which the Group is an operator at the end of 2016.
- 4) Test the appropriateness of the significant changes in the estimated proved reserve quantity during the period and the application of such changes to calculate the depreciation, depletion and amortization, and ensure that it is complied with the Group's accounting policy.

2. Provision for decommissioning costs (the consolidated and separate financial statements)

Risk

Provision for decommissioning costs is disclosed in the Notes to the financial statements No. 5 – Major Estimates and Assumptions – Provision for Decommissioning Costs and Notes to the financial statements No. 30, Provision for Decommissioning Costs. As at December 31, 2016, provision for

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decommissioning costs were recognized in the consolidated and separate financial statements in the amount of US Dollar 2,016 million and US Dollar 1,015 million, respectively.

The decommissioning activity of the producing assets will occur at the end of the project. The methods used for the decommissioning depend on where the petroleum productions are located, for example, onshore facility and offshore where the main facilities are Central Processing Platforms, Well Head Platform, Development Well, Pipeline, and other production equipment. The regulations governed for the entire or partial decommissioning of each country and the history of decommissioning or specific characteristics of decommissioning itself that can be used as a reference to estimate the decommissioning costs are limited. The Group has to apply significant judgement and assumptions when calculating the decommissioning costs, inflation rate, discount rate and the timing of the decommission based on the expected useful life of the project which also depended on the petroleum price, and operating costs of the project, and these assumptions can be changed. The management used the Group's internal experts, comprise of Engineering and Development Group, Production Asset and Operations Support Group, Capital and Investor Relations Department, Petroleum Economics Departments and Accounting Division when estimate the provision for decommissioning costs.

How the audit addressed the risk

The Office of the Auditor General of Thailand performed the followings;

- 1) Understand the Group's internal processes when estimating the decommissioning costs and evaluate the sufficiency of the design of internal control, on the preparation, review and change in the provision for decommissioning costs and related approval processes.
- 2) Evaluate the qualification of the experts who are responsible for preparing and assessing the Group's provision for decommissioning costs.
- 3) Evaluate the reasonableness of the assumptions used in the calculation of provision for decommissioning costs by
 - a. Applying the Office of the Auditor General of Thailand's knowledge of the business coupled with the used of the information of decommissioning costs of other comparable projects when inquires the experts on the assumption used to evaluate the reasonableness of the decommissioning costs.
 - b. Evaluating the consistency between the expected time of the decommissioning against the investment plan or other information relevant to the decommissioning time period.

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- c. Inquiring of the expert on the reasonableness of the inflation rate and discount rate and compared the information to the external sources.
- 4) For both projects that the Group is an operator and the projects that the Group is a non-operator, test the accuracy of the decommissioning cost calculation and compare to the information obtained from the Group's engineer.
- 5) Test the significant changes in the estimate of the decommissioning costs during the year and the impact of such changes to the statements of income with the supporting documents.
- 6) Test the calculation of the decommissioning costs.
- 7) For project that the Group has sent the preliminary decommissioning plan and estimated costs to the regulator of energy in Thailand and the plan has been tested and certified for the accuracy of the decommissioning costs by the outside expert, the Office of the Auditor General of Thailand has assessed the reliability and competency of the outside expert by considering the qualification, work experience and the independence of the outside expert under criteria established by the regulator of energy for the appointment of the expert to test and certified the accuracy of the decommissioning costs.

Other information

The management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and the auditor's report thereon. The annual report is expected to be made available 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 opinion on the consolidated and separate 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 separate financial statements, the Office of the Auditor General of Thailand's responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or the Office of the Auditor General of Thailand's knowledge obtained in the audit, or otherwise appears to be materially misstated.

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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 the audit committee.

Responsibilities of the management and the audit committee for the consolidated and separate financial statements

The management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee assists is responsible for overseeing the Group and the Company's financial reporting process.

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

The Office of the Auditor General of Thailand's objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, the Office of the Auditor General of Thailand exercises professional judgment and maintain professional skepticism throughout the audit, including:

- Identifies and assesses the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, designs and performs audit procedures responsive to

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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 and the Company's internal control.

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

- Concludes on the appropriateness of the 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 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 Office of the Auditor General of Thailand auditor's report to the related disclosures in the consolidated and separate 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 Office of the Auditor General of Thailand auditor's report. 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 separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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 audit opinion.

The Office of the Auditor General of Thailand communicates with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the Office of the Auditor General of Thailand identifies during the Office of the Auditor General of Thailand's audit.

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The Office of the Auditor General of Thailand also provides the audit committee 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 the audit committee, the Office of the Auditor General of Thailand determines those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. The Office of the Auditor General of Thailand describes these matters in the Office of the Auditor General of Thailand auditor's report 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) *Vanussanun Thongmeesee*
(*Vanussanun Thongmeesee*)
Inspector General 1

(Signed) *Prawit Tantrajin*
(*Prawit Tantrajin*)
Director of Kamphaeng Phet Provincial Audit Office,
Acting Director of Financial Audit Office No.8

Office of the Auditor General

February 16, 2017

Financial Statements

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Statements of Financial Position

PTT Exploration And Production Public Company Limited And Subsidiaries

As at December 31, 2016

		Unit : US Dollar		Unit : Baht	
Consolidated	Notes	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Assets					
Current Assets					
Cash and cash equivalents	6	2,039,499,782	2,995,402,554	73,076,515,987	108,099,811,788
Short-term investments	7	1,982,077,517	264,159,760	71,019,040,987	9,533,149,511
Investments in trading securities	8	168,564	118,347	6,039,737	4,270,976
Account receivable - parent company	9	382,762,237	475,827,168	13,714,603,380	17,171,924,835
Trade accounts receivable	10	75,993,658	84,251,313	2,722,898,907	3,040,509,884
Other accounts receivable		62,304,984	101,056,895	2,232,433,714	3,647,009,847
Inventories	11	37,548,037	47,213,620	1,345,368,972	1,703,872,302
Materials and supplies	12	345,871,102	404,268,645	12,392,771,588	14,589,479,644
Other current assets					
Working capital from co-venturers		45,202,228	34,289,749	1,619,623,278	1,237,468,226
Accrued interests receivable		8,577,852	15,157,481	307,349,656	547,011,677
Financial derivative assets	25	23,126,593	70,315,823	828,639,886	2,537,597,895
Others	14	187,201,433	208,644,430	6,707,544,642	7,529,683,992
Total Current Assets		5,190,333,987	4,700,705,785	185,972,830,734	169,641,790,577
Non-current Assets					
Investments in available-for-sales securities	15	685,163	874,711	24,549,818	31,567,059
Investments in associates	17.3	46,723,923	42,861,339	1,674,146,545	1,546,804,685
Investments in joint ventures	17.4	20,021,191	21,296,843	717,371,414	768,572,711
Long-term loans to related parties	16.3	16,187,259	16,071,580	579,999,307	580,000,415
Property, plant and equipment	18, 22	8,534,100,119	9,652,406,454	305,781,990,433	348,341,603,155
Goodwill	19	1,014,382,174	1,014,382,174	36,345,929,262	36,607,607,990
Intangible assets	20, 22	3,643,072,897	3,691,164,601	130,533,518,356	133,208,862,761
Deferred tax assets	23.1	197,011,196	180,092,556	7,059,032,022	6,499,285,296
Other non-current assets					
Prepaid expenses	24	23,428,641	20,976,516	839,462,449	757,012,592
Deferred remuneration under agreement		16,575,470	18,337,998	593,909,153	661,792,238
Financial derivative assets	25	2,521,002	186,907,830	90,329,033	6,745,233,644
Others	22, 26	186,334,137	96,247,360	6,676,465,271	3,473,430,150
Total Non-current Assets		13,701,043,172	14,941,619,962	490,916,703,063	539,221,772,696
Total Assets		18,891,377,159	19,642,325,747	676,889,533,797	708,863,563,273

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

(Signed) Somporn Vongvuthipornchai
(Somporn Vongvuthipornchai)
President and 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, 2016

		Unit : US Dollar		Unit : Baht	
Consolidated	Notes	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Liabilities and Equity					
Current Liabilities					
Trade accounts payable		83,886,771	118,302,266	3,005,714,240	4,269,360,574
Working capital to co-venturers		15,333,479	16,889,337	549,407,878	609,512,125
Accrued expenses		490,788,381	614,915,346	17,585,249,730	22,191,419,891
Accrued interests payable		23,282,700	32,812,469	834,233,297	1,184,155,118
Income tax payable		341,120,917	501,511,165	12,222,569,602	18,098,823,686
Financial derivative liabilities	25	35,155,423	6,770,381	1,259,640,160	244,333,398
Short-term provision	28	54,841,668	53,195,795	1,965,010,252	1,919,760,459
Other current liabilities		56,407,583	63,373,630	2,021,118,999	2,287,065,279
Total Current Liabilities		1,100,816,922	1,407,770,389	39,442,944,158	50,804,430,530
Non-current Liabilities					
Debentures	27	2,264,809,964	2,434,698,218	81,149,516,241	87,864,791,192
Long-term loans from financial institution	27	566,813,573	570,542,841	20,309,274,505	20,590,078,551
Deferred tax liabilities	23.1	1,078,606,693	1,269,541,062	38,647,132,771	45,815,928,821
Employee benefit obligations	29	104,528,047	99,189,545	3,745,309,555	3,579,616,462
Provision for decommissioning costs	30	2,015,978,003	2,085,819,773	72,233,715,972	75,274,264,979
Provision for remuneration for the renewal of petroleum production	31	253,954,094	295,486,650	9,099,329,410	10,663,692,377
Other non-current liabilities					
Financial derivative liabilities	25	82,056,218	102,839,251	2,940,124,133	3,711,322,115
Deferred income	32	13,281,868	19,958,658	475,897,387	720,279,560
Others		24,067,888	28,488,840	862,367,036	1,028,121,678
Total Non-current Liabilities		6,404,096,348	6,906,564,838	229,462,667,010	249,248,095,735
Total Liabilities		7,504,913,270	8,314,335,227	268,905,611,168	300,052,526,265
Equity					
Share capital	35				
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		1,152,102,940	1,152,102,940	37,188,504,448	37,188,504,448
Retained earnings					
Appropriated					
Legal reserve	36	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		6,295,794,297	6,288,213,775	204,771,839,646	204,746,949,193
Other components of equity		(97,433,253)	(148,326,100)	39,338,974,831	40,190,979,663
Total Equity		11,386,463,889	11,327,990,520	407,983,922,629	408,811,037,008
Total Liabilities and Equity		18,891,377,159	19,642,325,747	676,889,533,797	708,863,563,273

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, 2016

		Unit : US Dollar		Unit : Baht	
The Company	Notes	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Assets					
Current Assets					
Cash and cash equivalents	6	1,227,500,948	2,392,848,702	43,982,104,344	86,354,501,779
Short-term investments	7	1,302,077,517	251,659,760	46,654,228,076	9,082,042,314
Investments in trading securities	8	161,821	113,613	5,798,148	4,100,137
Account receivable - parent company	9	213,097,193	239,521,238	7,635,401,840	8,643,980,340
Trade accounts receivable	10	1,385,445	892,742	49,641,329	32,217,787
Other accounts receivable		22,021,149	26,760,871	789,031,135	965,761,713
Short-term loans to related parties	16.2	4,341,216,569	144,932,933	155,548,425,749	5,230,423,133
Inventories	11	3,421,398	7,499,617	122,590,772	270,650,513
Materials and supplies	12	110,985,098	144,009,214	3,976,663,459	5,197,087,454
Other current assets					
Working capital from co-venturers		8,190,231	12,690,524	293,460,945	457,982,935
Accrued interests receivable		19,176,015	23,394,821	687,088,246	844,285,758
Financial derivative assets	25	18,919,417	7,571,738	677,894,193	273,253,231
Others	14	32,655,715	39,794,441	1,170,074,112	1,436,124,708
Total Current Assets		7,300,808,516	3,291,690,214	261,592,402,348	118,792,411,802
Non-current Assets					
Investments in associates	17.3	25,577,427	25,577,427	916,454,756	923,052,929
Investments in subsidiaries	17.2	616,544,943	616,310,304	22,091,179,679	22,241,761,118
Long-term loans to related parties	16.3	2,195,875,417	6,925,745,213	78,679,549,584	249,940,281,090
Property, plant and equipment	18, 22	3,179,482,444	3,648,948,077	113,922,786,602	131,685,339,263
Intangible assets	20, 22	221,422,466	216,950,090	7,933,701,424	7,829,419,785
Deferred tax assets	23.1	28,679,275	24,247,300	1,027,595,833	875,050,514
Other non-current assets					
Deferred remuneration under agreement		16,575,470	18,337,998	593,909,153	661,792,239
Financial derivative assets	25	2,521,002	4,323,425	90,329,033	156,026,258
Others	26	5,782,279	5,152,149	207,182,554	185,933,700
Total Non-current Assets		6,292,460,723	11,485,591,983	225,462,688,618	414,498,656,896
Total Assets		13,593,269,239	14,777,282,197	487,055,090,966	533,291,068,698

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, 2016

		Unit : US Dollar		Unit : Baht	
The Company	Notes	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Liabilities and Equity					
Current Liabilities					
Trade accounts payable		16,972,987	23,180,530	608,152,422	836,552,301
Short-term loans from related parties	16.4	-	740,223,320	-	26,713,605,414
Working capital to co-venturers		1,547,570	1,756,176	55,450,375	63,377,911
Accrued expenses		232,112,315	301,675,862	8,316,725,197	10,887,052,209
Accrued interests payable		10,926,949	12,477,361	391,519,232	450,290,179
Income tax payable		219,022,855	358,092,799	7,847,721,903	12,923,059,125
Financial derivative liabilities	25	-	1,361,751	-	49,143,647
Short-term provision	28	54,841,668	53,195,795	1,965,010,252	1,919,760,459
Other current liabilities		29,489,343	31,675,020	1,056,621,051	1,143,106,376
Total Current Liabilities		564,913,687	1,523,638,614	20,241,200,432	54,985,947,621
Non-current Liabilities					
Debentures	27	1,078,702,460	1,248,918,507	38,650,564,147	45,071,690,205
Deferred tax liabilities	23.1	221,040,900	315,348,454	7,920,029,672	11,380,476,586
Employee benefit obligations	29	96,835,529	92,073,070	3,469,675,807	3,322,785,960
Provision for decommissioning costs	30	1,014,747,306	1,046,048,763	36,359,012,143	37,750,410,064
Provision for remuneration for the renewal of petroleum production	31	253,954,094	295,486,650	9,099,329,410	10,663,692,377
Other non-current liabilities					
Financial derivative liabilities	25	82,056,218	102,839,251	2,940,124,133	3,711,322,115
Deferred income	32	2,703,882	3,025,605	96,881,734	109,189,787
Others		16,620,969	20,168,670	595,539,396	727,858,561
Total Non-current Liabilities		2,766,661,358	3,123,908,970	99,131,156,442	112,737,425,655
Total Liabilities		3,331,575,045	4,647,547,584	119,372,356,874	167,723,373,276
Equity					
Share capital	35				
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		1,152,102,940	1,152,102,940	37,188,504,448	37,188,504,448
Retained earnings					
Appropriated					
Legal reserve	36	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		5,067,305,119	4,946,911,042	170,048,099,303	165,782,127,048
Other components of equity		6,286,230	(5,279,274)	33,761,526,637	35,912,460,222
Total Equity		10,261,694,194	10,129,734,613	367,682,734,092	365,567,695,422
Total Liabilities and Equity		13,593,269,239	14,777,282,197	487,055,090,966	533,291,068,698

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, 2016

Consolidated	Notes	Unit : US Dollar		Unit : Baht	
		2016	2015	2016	2015
Revenues					
Sales		4,189,564,061	5,286,671,921	147,871,836,093	180,366,503,228
Revenue from pipeline transportation		66,486,521	118,487,637	2,345,215,182	4,044,206,892
Other income					
Gain on foreign exchange		11,587,020	-	-	-
Interest income		30,065,025	31,916,321	1,061,453,273	1,084,584,038
Gain on financial derivatives		-	132,161,410	-	4,856,430,254
Other income		41,482,612	45,199,763	1,466,714,935	1,556,128,174
Total Revenues		4,339,185,239	5,614,437,052	152,745,219,483	191,907,852,586
Expenses					
Operating expenses		582,130,736	685,106,114	20,536,741,123	23,488,441,943
Exploration expenses		73,351,633	182,614,663	2,595,140,068	6,312,780,469
Administrative expenses		218,942,791	274,600,640	7,754,126,456	9,457,025,448
Petroleum royalties and remuneration	37	353,108,338	426,044,473	12,464,246,975	14,320,318,604
Depreciation, depletion and amortization		2,079,382,379	2,707,533,348	73,368,041,766	92,396,334,941
Other expenses					
Loss on foreign exchange		-	69,404,572	25,594,662	2,311,014,644
Management's remuneration	16.1	3,984,528	3,778,445	140,844,738	126,911,600
Loss on financial derivatives		118,188,754	-	4,171,857,817	-
Impairment loss on assets	21	47,150,837	1,349,618,465	1,688,293,759	48,610,897,353
Finance costs		234,465,733	251,697,060	8,274,219,512	8,582,017,633
Total Expenses		3,710,705,729	5,950,397,780	131,019,106,876	205,605,742,635
Share of gain of associates and joint ventures		8,547,096	9,027,677	301,430,490	310,905,892
Profit (loss) before income taxes		637,026,606	(326,933,051)	22,027,543,097	(13,386,984,157)
Income tax expenses	23.2	(285,306,802)	(495,518,167)	(10,039,898,405)	(17,085,335,239)
Profit (loss) for the period from continuing operations		351,719,804	(822,451,218)	11,987,644,692	(30,472,319,396)
Profit (loss) for the period from discontinued operations - net of tax	13	20,334,113	(31,139,221)	872,073,877	(1,118,168,914)
Profit (loss) for the year		372,053,917	(853,590,439)	12,859,718,569	(31,590,488,310)
Basic earnings (loss) per share					
Continuing operations	39	0.07	(0.21)	2.54	(7.96)
Discontinued operations		0.01	(0.01)	0.22	(0.28)

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, 2016

		Unit : US Dollar		Unit : Baht	
Consolidated		2016	2015	2016	2015
Profit (loss) for the year	<u>Note</u>	372,053,917	(853,590,439)	12,859,718,569	(31,590,488,310)
Other comprehensive income (loss)					
Items that will not be reclassified subsequently to profit or loss					
Exchange differences on translating financial statement		-	-	(4,015,123,432)	43,066,567,244
Gain from changes in actuarial assumptions of employee benefit obligations		-	15,996,915	-	576,084,107
Income taxes from changes in actuarial assumptions of employee benefit obligations		-	(7,177,556)	-	(258,480,444)
Share of other comprehensive loss of associates and joint ventures		(28,215)	(5,578)	(1,010,275)	(200,868)
Items that will be reclassified subsequently to profit or loss					
Exchange differences on translating financial statement		(13,464,713)	(29,504,857)	912,814,061	(4,993,451,372)
Unrealized loss on available-for-sales securities		(189,547)	(25,293)	(6,687,393)	(1,316,928)
Gain on cash flow hedges		12,113,450	22,817,437	436,783,992	777,428,098
Income taxes relating to cash flow hedges		52,043,003	(38,478,749)	1,806,719,121	(1,319,922,183)
Share of other comprehensive gain (loss) of associates and joint ventures		390,654	(788,266)	13,488,819	(28,469,274)
Other comprehensive income (loss) for the year - net of tax		50,864,632	(37,165,947)	(853,015,107)	37,818,238,380
Total comprehensive income (loss) for the year		422,918,549	(890,756,386)	12,006,703,462	6,227,750,070
Other comprehensive income (loss) attributable to other components of equity					
Continuing operations		50,864,632	(37,165,947)	(706,527,802)	37,701,006,483
Discontinued operations	13	-	-	(146,487,305)	117,231,897

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, 2016

		Unit : US Dollar		Unit : Baht	
The Company	Notes	2016	2015	2016	2015
Revenues					
Sales		2,086,268,509	2,530,456,031	73,653,562,367	86,490,274,461
Other income					
Gain on foreign exchange		15,056,093	-	524,977,283	-
Interest income		144,353,525	181,109,662	5,097,078,749	6,187,067,523
Gain on financial derivatives		1,323,540	4,936,638	46,737,942	162,378,652
Other income		19,004,680	16,956,172	672,598,400	586,792,918
Dividends received from related parties		8,890,707	37,187,204	313,458,899	1,330,051,507
Total Revenues		2,274,897,054	2,770,645,707	80,308,413,640	94,756,565,061
Expenses					
Operating expenses		196,404,375	246,515,490	6,934,477,756	8,430,156,264
Exploration expenses		2,386,320	4,347,137	84,295,712	149,176,854
Administrative expenses		139,713,823	187,295,893	4,955,198,140	6,459,239,002
Petroleum royalties and remuneration	37	260,975,565	316,307,004	9,213,412,729	10,811,283,723
Depreciation, depletion and amortization		932,959,454	1,178,364,136	32,915,949,100	40,221,805,904
Other expenses					
Loss on foreign exchange		-	56,823,467	-	1,925,786,325
Management's remuneration	16.1	3,984,528	3,778,445	140,844,738	126,911,600
Finance costs		121,965,230	121,517,444	4,304,672,616	4,149,643,980
Total Expenses		1,658,389,295	2,114,949,016	58,548,850,791	72,274,003,652
Profit before income taxes		616,507,759	655,696,691	21,759,562,849	22,482,561,409
Income tax expenses	23.2	(131,668,502)	(384,232,944)	(4,659,772,753)	(13,259,682,075)
Profit for the year		484,839,257	271,463,747	17,099,790,096	9,222,879,334
Earnings per share					
Basic earnings per share	39	0.11	0.06	3.82	2.04

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, 2016

	Unit : US Dollar		Unit : Baht	
The Company	2016	2015	2016	2015
Profit for the year	484,839,257	271,463,747	17,099,790,096	9,222,879,334
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss				
Exchange differences on translating financial statement	-	-	(2,553,396,112)	31,561,197,952
Gain from changes in actuarial assumptions of employee benefit obligations	-	12,900,530	-	464,579,262
Income taxes from changes in actuarial assumptions of employee benefit obligations	-	(6,450,265)	-	(232,289,632)
Items that will be reclassified subsequently to profit or loss				
Gain on cash flow hedges	14,456,880	21,049,161	503,078,159	689,598,949
Income taxes relating to cash flow hedges	(2,891,376)	(4,209,832)	(100,615,632)	(145,289,038)
Other comprehensive income (loss) for the year - net of tax	11,565,504	23,289,594	(2,150,933,585)	32,337,797,493
Total comprehensive income for the year	496,404,761	294,753,341	14,948,856,511	41,560,676,827

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

Statements of Changes in Equity
PTT Exploration And Production Public Company Limited And Subsidiaries
For the Year Ended December 31, 2016

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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, 2016

Consolidated	Note	Retained earnings					Other components of equity					Total 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, 2015		3,969,985,400	105,417,619,764	37,188,504,448	396,998,540	16,900,000,000	247,056,626,655	4,049,876,517	(13,245,841)	(849,818,574)	(495,782,393)	(885,631)	2,690,144,078	413,619,878,885	
Changes in equity for the year		-	-	-	-	-	(2,304,740,927)	-	-	-	-	-	-	-	(2,304,740,927)
Interest expenses for subordinated capital debentures		-	-	-	-	-	1,191,565,057	-	-	-	-	-	-	-	1,191,565,057
Income tax expenses for subordinated capital debentures		-	-	-	-	-	(9,923,416,077)	-	-	-	-	-	-	-	(9,923,416,077)
Dividends paid	42	-	-	-	-	-	(31,590,488,310)	-	-	-	-	-	-	-	(31,590,488,310)
Loss for the year		-	-	-	-	-	317,402,795	38,073,115,872	(1,316,928)	777,428,098	(1,319,922,183)	(28,469,274)	37,550,835,585	37,818,238,380	
Other comprehensive income (loss) for the year		-	-	-	-	-	204,746,949,193	42,122,992,389	(14,562,769)	(72,390,476)	(1,815,704,576)	(29,354,905)	40,190,979,663	408,811,037,008	
Balance - as at December 31, 2015		3,969,985,400	105,417,619,764	37,188,504,448	396,998,540	16,900,000,000	204,746,949,193	42,122,992,389	(14,562,769)	(72,390,476)	(1,815,704,576)	(29,354,905)	40,190,979,663	408,811,037,008	

Unit : Baht

Unit : Baht

Consolidated	Note	Retained earnings					Other components of equity					Total 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		3,969,985,400	105,417,619,764	37,188,504,448	396,998,540	16,900,000,000	204,746,949,193	42,122,992,389	(14,562,769)	(72,390,476)	(1,815,704,576)	(29,354,905)	40,190,979,663	408,811,037,008	
Changes in equity for the year		-	-	-	-	-	(2,332,525,044)	-	-	-	-	-	-	-	(2,332,525,044)
Interest expenses for subordinated capital debentures		-	-	-	-	-	415,280,622	-	-	-	-	-	-	-	415,280,622
Income tax expenses for subordinated capital debentures		-	-	-	-	-	(10,916,573,419)	-	-	-	-	-	-	-	(10,916,573,419)
Dividends paid	42	-	-	-	-	-	12,859,718,569	-	-	-	-	-	-	-	12,859,718,569
Profit for the year		-	-	-	-	-	(1,010,275)	(3,102,309,371)	(6,687,393)	436,783,992	1,806,719,121	13,488,819	(852,004,832)	(853,015,107)	
Other comprehensive income (loss) for the year		-	-	-	-	-	204,771,839,646	39,020,683,018	(21,250,162)	364,393,516	(8,985,455)	(15,866,086)	39,338,974,831	407,983,922,629	
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	204,771,839,646	39,020,683,018	(21,250,162)	364,393,516	(8,985,455)	(15,866,086)	39,338,974,831	407,983,922,629	

Unit : Baht

Unit : Baht

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, 2016

Unit : US Dollar

The Company

	Note	Issued and paid-up share capital	Share premium	Subordinated capital debentures	Legal reserve	Reserve for expansion	Unappropriated	Cash flow hedges	Income taxes relating to cash flow hedges	Total other components of equity	Total equity
Balance - as at January 1, 2015		150,683,762	3,439,036,612	1,152,102,940	15,048,319	431,231,212	4,988,233,771	(27,648,253)	5,529,650	(22,118,603)	10,164,218,013
Changes in equity for the year		-	-	-	-	-	(65,892,474)	-	-	-	(65,892,474)
Interest expenses for subordinated capital debentures		-	-	-	-	-	34,358,077	-	-	-	34,358,077
Income tax expenses for subordinated capital debentures		-	-	-	-	-	(297,702,344)	-	-	-	(297,702,344)
Dividends paid	42	-	-	-	-	-	271,463,747	-	-	-	271,463,747
Profit for the year		-	-	-	-	-	6,450,265	-	-	-	6,450,265
Other comprehensive income (loss) for the year		-	-	-	-	-	-	21,049,161	(4,209,832)	16,839,329	23,289,594
Balance - as at December 31, 2015		150,683,762	3,439,036,612	1,152,102,940	15,048,319	431,231,212	4,946,911,042	(6,599,092)	1,319,818	(5,279,274)	10,129,734,613

Unit : US Dollar

The Company

	Note	Issued and paid-up share capital	Share premium	Subordinated capital debentures	Legal reserve	Reserve for expansion	Unappropriated	Cash flow hedges	Income taxes relating to cash flow hedges	Total other components of equity	Total equity
Balance - as at January 1, 2016		150,683,762	3,439,036,612	1,152,102,940	15,048,319	431,231,212	4,946,911,042	(6,599,092)	1,319,818	(5,279,274)	10,129,734,613
Changes in equity for the year		-	-	-	-	-	(65,670,430)	-	-	-	(65,670,430)
Interest expenses for subordinated capital debentures		-	-	-	-	-	11,652,824	-	-	-	11,652,824
Income tax expenses for subordinated capital debentures		-	-	-	-	-	(310,427,574)	-	-	-	(310,427,574)
Dividends paid	42	-	-	-	-	-	484,839,257	-	-	-	484,839,257
Profit for the year		-	-	-	-	-	-	14,456,880	(2,891,376)	11,565,504	11,565,504
Other comprehensive income (loss) for the year		-	-	-	-	-	-	7,857,768	(1,571,558)	6,286,230	10,281,694,194
Balance - as at December 31, 2016		150,683,762	3,439,036,612	1,152,102,940	15,048,319	431,231,212	5,067,305,119	-	-	-	10,281,694,194

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, 2016

The Company	Note	Retained earnings					Other components of equity					Total equity
		Issued and paid-up share capital	Share premium	Subordinated capital debentures	Legal reserve	Reserve for expansion	Other comprehensive income (loss)					
							Exchange differences on translating financial statement	Cash flow hedges	Income taxes relating to cash flow hedges	Total other components of equity		
Balance - as at January 1, 2015		3,969,985,400	105,417,619,764	37,188,504,448	396,998,540	16,900,000,000	167,363,550,031	4,508,747,493	(875,174,167)	173,379,033	3,806,952,359	335,043,610,542
Changes in equity for the year		-	-	-	-	-	(2,304,740,927)	-	-	-	-	(2,304,740,927)
Interest expenses for subordinated capital debentures		-	-	-	-	-	1,191,565,057	-	-	-	-	1,191,565,057
Income tax expenses for subordinated capital debentures		-	-	-	-	-	(9,923,416,077)	-	-	-	-	(9,923,416,077)
Dividends paid	42	-	-	-	-	-	9,222,879,334	-	-	-	-	9,222,879,334
Profit for the year		-	-	-	-	-	232,289,630	31,561,197,952	689,598,949	(145,289,038)	32,105,507,863	32,337,797,493
Other comprehensive income (loss) for the year		-	-	-	-	-	165,782,127,048	36,069,945,445	(185,575,218)	28,089,995	35,912,460,222	365,567,695,422
Balance - as at December 31, 2015		3,969,985,400	105,417,619,764	37,188,504,448	396,998,540	16,900,000,000	167,363,550,031	4,508,747,493	(875,174,167)	173,379,033	3,806,952,359	335,043,610,542

Unit : Baht

The Company	Note	Retained earnings					Other components of equity					Total equity
		Issued and paid-up share capital	Share premium	Subordinated capital debentures	Legal reserve	Reserve for expansion	Exchange differences			Income taxes relating		
							Unappropriated	on translating financial statement	Cash flow hedges	to cash flow hedges	Total other components of equity	
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		-	-	-	-	-	(2,332,525,044)	-	-	-	-	(2,332,525,044)
Interest expenses for subordinated capital debentures		-	-	-	-	-	415,280,622	-	-	-	-	415,280,622
Income tax expenses for subordinated capital debentures		-	-	-	-	-	(10,916,573,419)	-	-	-	-	(10,916,573,419)
Dividends paid	42	-	-	-	-	-	17,099,790,096	-	-	-	-	17,099,790,096
Profit for the year		-	-	-	-	-	-	(2,553,396,112)	503,078,159	(100,615,632)	(2,150,933,585)	(2,150,933,585)
Other comprehensive income (loss) for the year		-	-	-	-	-	-	33,516,549,333	317,502,941	(72,525,637)	33,761,526,637	367,682,734,092
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

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, 2016

Consolidated	Unit : US Dollar		Unit : Baht	
	2016	2015	2016	2015
Cash flows from operating activities				
Continuing operations				
Profit (loss) before income taxes	637,026,606	(326,933,051)	22,027,543,097	(13,386,984,157)
Adjustment to reconcile profit (loss) before income taxes to net cash provided by (used in) operating activities				
Share of gain of associates and joint ventures	(8,547,096)	(9,027,677)	(301,430,490)	(310,905,892)
Depreciation, depletion and amortization	2,079,382,379	2,707,533,348	73,368,041,766	92,396,334,941
Impairment loss on assets	47,150,837	1,349,618,465	1,688,293,759	48,610,897,352
Amortization of exploration expenses	29,013,799	147,963,929	1,023,210,620	5,123,388,019
Other amortization of expenses	(19,029,178)	31,227,081	(684,931,774)	1,112,786,237
Loss on disposal of assets	13,289,970	9,888,189	474,860,641	341,991,310
Income recognized from deferred income	(6,388,856)	(13,827,721)	(225,468,621)	(472,755,513)
Loss (gain) on financial derivatives	82,965,125	(21,549,970)	2,959,954,702	(948,617,147)
Premium from repurchase of debentures	7,326,825	-	258,670,816	-
Employee benefit obligations	11,345,952	17,896,296	400,410,346	623,409,882
Gain on foreign exchange	(16,087,759)	(649,236)	(423,506,532)	(22,196,722)
Interest income less than interest expenses	199,624,995	211,300,566	7,044,330,412	7,204,599,118
	3,057,073,599	4,103,440,219	107,609,978,742	140,271,947,428
Changes in operating assets (increase) decrease				
Account receivable - parent company	88,580,683	157,385,110	3,126,093,857	5,380,834,699
Trade accounts receivable	3,999,903	68,502,768	141,160,254	2,342,039,034
Other accounts receivable	47,266,844	6,379,371	1,668,090,416	218,104,127
Inventories	(6,235,650)	(4,634,656)	(220,061,853)	(158,454,134)
Materials and supplies	36,200,386	(49,457,085)	1,277,544,957	(1,690,886,786)
Working capital from co-venturers	(10,919,298)	18,624,074	(385,352,086)	636,737,896
Other current assets	24,797,080	42,932,730	875,111,791	1,467,825,810
Prepaid expenses	(2,452,125)	2,363,818	(86,537,760)	80,816,496
Other non-current assets	(90,158,476)	(23,133,665)	(3,181,775,619)	(790,916,176)
Changes in operating liabilities increase (decrease)				
Trade accounts payable	(182,722,635)	(273,244,753)	(6,448,450,025)	(9,341,956,474)
Working capital to co-venturers	(1,555,858)	6,268,791	(54,907,653)	214,323,509
Accrued expenses	(34,298,194)	(151,583,886)	(1,210,414,858)	(5,182,496,821)
Other current liabilities	(11,594,966)	(16,042,966)	(409,197,024)	(548,492,492)

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, 2016

Consolidated	Unit : US Dollar		Unit : Baht	
	2016	2015	2016	2015
Changes in operating liabilities increase (decrease) (continued)				
Deferred income	(287,934)	1,969,872	(10,161,470)	67,347,895
Provision	(45,965,584)	(48,609,423)	(1,622,167,770)	(1,661,906,056)
Other non-current liabilities	(10,992,779)	(600,632)	(387,945,294)	(20,534,998)
Currency translation differences	2,517,102	(1,531,941)	88,830,838	(52,375,480)
Interest received from bank deposits	21,191,709	26,553,091	747,874,931	907,822,796
Taxation paid	(596,954,707)	(970,268,972)	(21,067,081,233)	(33,172,496,075)
Discontinued operations	826,326	(6,659,395)	29,745,597	(213,152,464)
	(768,758,173)	(1,214,787,749)	(27,129,600,004)	(41,517,815,694)
Net cash provided by operating activities	2,288,315,426	2,888,652,470	80,480,378,738	98,754,131,734
Cash flows from investing activities				
Continuing operations				
Cash payment for short-term investments	(1,992,077,517)	(264,159,760)	(70,302,249,683)	(9,031,349,907)
Cash received from investing in short-term investments	274,159,760	-	9,675,350,340	-
Cash payment for investments in joint ventures	-	(2,650,000)	-	(90,600,768)
Cash received from investments in joint ventures	1,311,000	2,161,043	46,266,397	73,883,832
Net cash received from divestment of business	8,704,391	-	307,185,973	-
Dividends received from related parties	5,211,927	4,402,886	183,933,717	150,530,130
Interest received from short-term investments	4,670,803	9,293,303	164,836,953	317,728,461
Interest received from loans	551,767	580,570	19,472,381	19,849,086
Increase in property, plant and equipment	(998,014,768)	(1,733,586,467)	(35,220,860,027)	(59,269,534,455)
Increase in intangible assets	(24,757,396)	(142,135,176)	(873,711,304)	(4,859,455,157)
Discontinued operations	(5,950)	(9,940,529)	(209,990)	(339,856,425)
Net cash used in investing activities	(2,720,245,983)	(2,136,034,130)	(95,999,985,243)	(73,028,805,203)
Cash flows from financing activities				
Continuing operations				
Payments of debentures	(183,876,825)	(700,000,000)	(6,489,182,450)	(23,932,278,489)
Payments of long-term loans	-	(411,469,408)	-	(14,067,714,960)
Interest paid for loans	(134,241,709)	(186,915,420)	(4,737,513,523)	(6,390,445,538)
Cash payments for finance costs	(5,750,000)	-	(202,922,794)	-
Net cash received for financial derivative contract	155,597,145	-	5,491,166,489	-
Interest paid for subordinated capital debentures	(65,670,430)	(65,892,474)	(2,317,569,954)	(2,252,795,760)
Dividends paid	(310,427,574)	(297,702,344)	(10,955,274,886)	(10,178,136,295)
Discontinued operations	-	-	-	-
Net cash used in financing activities	(544,369,393)	(1,661,979,646)	(19,211,297,118)	(56,821,371,042)
Net decrease in cash and cash equivalents	(976,299,950)	(909,361,306)	(34,730,903,623)	(31,096,044,511)
Cash and cash equivalents at the beginning of the year	2,995,402,554	3,930,359,747	108,099,811,788	129,556,646,471
	2,019,102,604	3,020,998,441	73,368,908,165	98,460,601,960
Adjustment for the effect of exchange rate changes	20,397,178	(25,595,887)	(292,392,178)	9,639,209,828
Cash and cash equivalents at the end of the year	2,039,499,782	2,995,402,554	73,076,515,987	108,099,811,788
Supplementary cash flow information				
Unpaid for outstanding payable from purchases of property, plant and equipment	849,385,666	793,782,987	29,975,602,199	27,138,622,151

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, 2016

The Company	Unit : US Dollar		Unit : Baht	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit before income taxes	616,507,759	655,696,691	21,759,562,849	22,482,561,409
Adjustment to reconcile profit before income taxes to net cash provided by (used in) operating activities				
Depreciation, depletion and amortization	932,959,454	1,178,364,136	32,915,949,100	40,221,805,904
Amortization of exploration expenses	-	755,638	-	26,929,741
Other amortization of expenses	(4,434,278)	2,478,117	(156,460,531)	85,511,664
Loss on disposal of assets	3,849,782	6,931,577	137,632,745	240,869,988
Income recognized from deferred income	(321,723)	(964,291)	(11,353,912)	(32,968,112)
Gain on financial derivatives	(10,142,674)	(5,038,970)	(352,935,109)	(166,063,058)
Premium from repurchase of debentures	7,326,825	-	258,670,816	-
Dividends received from related parties	(8,890,707)	(37,187,204)	(313,458,899)	(1,330,051,507)
Employee benefit obligations	9,954,872	16,634,629	351,317,714	580,240,360
(Gain) loss on foreign exchange	(124,513,200)	12,175,731	(4,394,185,456)	416,275,688
Interest income higher than interest expenses	(24,806,206)	(61,271,460)	(877,578,389)	(2,095,358,172)
	1,397,489,904	1,768,574,594	49,317,160,928	60,429,753,905
Changes in operating assets (increase) decrease				
Account receivable - parent company	22,249,302	58,910,428	785,198,342	2,014,086,819
Trade accounts receivable	(494,224)	1,041,842	(17,441,626)	35,619,492
Other accounts receivable	5,187,986	17,160,025	183,088,783	586,683,577
Inventories	573,100	438,415	20,225,233	14,988,977
Materials and supplies	29,306,776	(25,453,411)	1,034,263,100	(870,225,885)
Working capital from co-venturers	4,493,703	(2,803,724)	158,586,923	(95,856,425)
Other current assets	7,947,479	7,793,230	280,473,864	266,442,502
Other non-current assets	(700,996)	355,174	(24,738,820)	12,143,030
Changes in operating liabilities increase (decrease)				
Trade accounts payable	(114,535,784)	(135,560,393)	(4,042,073,264)	(4,634,670,109)
Working capital to co-venturers	(208,606)	344,850	(7,361,914)	11,790,071

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, 2016

The Company	Unit : US Dollar		Unit : Baht	
	2016	2015	2016	2015
Changes in operating liabilities increase (decrease) (continued)				
Accrued expenses	(39,413,369)	(81,149,710)	(1,390,934,077)	(2,774,424,940)
Other current liabilities	(8,154,190)	(10,837,120)	(287,768,871)	(370,509,978)
Provision	(45,965,584)	(47,929,814)	(1,622,167,770)	(1,638,670,937)
Other non-current liabilities	(9,256,450)	(709,077)	(326,668,651)	(24,242,610)
Interest received from bank deposits	14,995,589	10,336,937	529,208,155	353,409,207
Taxation paid	(361,914,863)	(586,503,387)	(12,772,308,741)	(20,051,946,282)
Net cash provided by operating activities	901,599,773	974,008,859	31,816,741,594	33,264,370,414
Cash flows from investing activities				
Cash payment for short-term investments	(1,302,077,517)	(251,659,760)	(45,951,514,397)	(8,603,987,791)
Cash received from investing in short-term investments	251,659,760	-	8,881,304,624	-
Decrease (increase) in short-term loans to related parties	595,802,725	(92,541,656)	21,026,426,719	(3,163,903,834)
Cash received from long-term loans to related parties	1,001,113,653	1,244,659,024	35,330,222,554	42,553,609,122
Cash payments for long-term loans to related parties	(820,911,656)	(1,945,224,767)	(28,970,728,151)	(66,505,229,787)
Cash payment for investment in subsidiaries	(234,639)	(74,011)	(8,280,623)	(2,530,372)
Dividends received from related parties	8,890,707	37,187,204	313,761,230	1,271,392,188
Interest received from short-term investments	4,328,282	9,018,758	152,749,064	308,342,055
Interest received from loans	78,844,956	98,215,047	2,782,511,103	3,357,871,224
Increase in property, plant and equipment	(445,729,025)	(701,134,658)	(15,730,187,675)	(23,971,071,294)
Increase in intangible assets	(16,971,213)	(40,370,835)	(598,929,752)	(1,380,237,240)
Net cash used in investing activities	(645,283,967)	(1,641,925,654)	(22,772,665,304)	(56,135,745,729)
Cash flows from financing activities				
(Decrease) increase in short-term loans from related parties	(807,964,444)	659,920,569	(28,513,809,135)	22,562,004,075
Payments of debentures	(183,876,825)	-	(6,489,182,450)	-
Payments of long-term loan	-	(50,000,000)	-	(1,709,448,464)
Interest paid for loans	(65,216,983)	(63,258,692)	(2,301,567,374)	(2,162,749,486)
Interest paid for subordinated capital debentures	(65,670,430)	(65,892,474)	(2,317,569,954)	(2,252,795,760)
Dividends paid	(310,427,574)	(297,702,344)	(10,955,274,886)	(10,178,136,295)
Net cash provided by (used in) financing activities	(1,433,156,256)	183,067,059	(50,577,403,799)	6,258,874,070
Net decrease in cash and cash equivalents	(1,176,840,450)	(484,849,736)	(41,533,327,509)	(16,612,501,245)
Cash and cash equivalents at the beginning of the year	2,392,848,702	2,877,077,661	86,354,501,779	94,837,250,254
	1,216,008,252	2,392,227,925	44,821,174,270	78,224,749,009
Adjustment for the effect of exchange rate changes	11,492,696	620,777	(839,069,926)	8,129,752,770
Cash and cash equivalents at the end of the year	1,227,500,948	2,392,848,702	43,982,104,344	86,354,501,779
Supplementary cash flow information				
Unpaid for outstanding payable from purchases of property, plant and equipment	343,328,991	265,808,982	12,116,396,195	9,087,735,111
Long-term loans to related parties for interest rollover	50,494,431	61,007,563	1,781,994,969	2,085,785,680

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

Notes to Financial Statements

(UNOFFICIAL TRANSLATION)

PTT Exploration And Production Public Company Limited And Subsidiaries

For the Year Ended December 31, 2016

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, 6th and 19th – 36th 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, 2016, 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	
			2016	2015
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	
			2016	2015
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
L28/48 ¹	Thailand	PTTEP International Limited	-	70
Contract 4 (G7/50)	Thailand	Chevron Petroleum (Thailand), 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 ²	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	
			2016	2015
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 Oman Company Limited (PTTEP OM)				
Oman 44 ³	Sultanate of Oman	PTTEP Oman Company Limited	-	100
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 ⁴	Thailand	PTTEP Siam Limited	60	60
S1	Thailand	PTTEP Siam Limited	75	75
PTTEP Semai II Limited (PTTEP SM)				
Indonesia Semai II ⁵	Republic of Indonesia	Murphy Semai Oil Co., Ltd	28.33	28.33
PTTEP South Asia Limited (PTTEP SA)				
Myanmar PSC G & EP 2	Republic of the Union of Myanmar	PTTEP South Asia Limited	70	70
Myanmar MD-7 & MD-8				
- MD-7	Republic of the Union of Myanmar	PTTEP South Asia Limited	100	100
- MD-8 ⁶	Republic of the Union of Myanmar	PTTEP South Asia Limited	-	100

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Project	Country	Operator	Company's participating interest	
			2016	2015
Myanmar MOGE 3	Republic of the Union of Myanmar	PTTEP South Asia Limited	75	75
PTTEP South Mandar Limited (PTTEP SMD)				
Indonesia South Mandar ⁷	Republic of Indonesia	PTTEP South Mandar Limited	-	50.7463
PTTEP Malunda Limited (PTTEP ML)				
Indonesia Malunda ⁸	Republic of Indonesia	PTTEP Malunda Limited	100	100
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	
		2016	2015
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 ⁹	PTTEP Australasia (Ashmore Cartier) Pty Limited	100	89.6875
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) ¹⁰	PTTEP Australia Timor Sea Pty Limited	100	50
AC/RL4 (exclusive of Tenacious), AC/RL5	PTTEP Australia Timor Sea Pty Limited	100	100
WA-396-P and WA-397-P ¹¹	Woodside Energy Limited	-	20

Project	Country	Operator	Company's participating interest	
			2016	2015
Cove Energy Limited (Cove)				
Mozambique Rovuma Offshore Area 1	Republic of Mozambique	Anadarko Mozambique Area 1 Limitada	8.5	8.5
Mozambique Rovuma Onshore ¹²	Republic of Mozambique	Anadarko Mozambique Area 1 Limitada	-	10
Kenya L11 A, L11 B & L12 ¹³	Republic of Kenya	Anadarko Kenya Company	-	10

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Project	Country	Operator	Company's participating interest	
			2016	2015
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
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 Petroleum (Thailand), Ltd.	15	15
PTTEP HK Offshore Limited (PTTEP HKO)				
Sarawak SK410B ¹⁴	Malaysia	PTTEP HK Offshore Limited	42.5	-

¹ On March 11, 2016, PTTEP International Limited (PTTEPI), an operator of the exploration Block L28/48 received the official approval letter of the return of the concession block L28/48 from the Department of Mineral Fuels after the fulfilment of the concession requirements.

² PTTEP Offshore Investment Company Limited (PTTEPO) has shareholding in Orange Energy Limited and B8/32 Partners Limited, which hold the project's concession.

³ During the year 2016, the Group had divested PTTEP Oman Company Limited (PTTEP OM). The additional information is disclosed in Note 13 – Divestment of PTTEP Oman Company Limited and Discontinued Operations.

⁴ On December 22, 2016, another joint operation partner of the B6/27 Project, in which PTTEP Siam Limited (PTTEPS) was an operator, had terminated its 40% participating interests which was effective on January 1, 2015 based on Joint Operating Agreement. The termination is under the process of submitting the documents to the Department of Mineral Fuels for approval.

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- ⁵ On November 7, 2014, PTTEP Semai II Limited (PTTEP SM) and its joint operation partners had submitted a request to terminate and return the exploration block of Indonesia Semai II 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.
- ⁶ On April 22, 2016, PTTEP South Asia Limited (PTTEP SA) had submitted a request to terminate and return the 100% participating interests in the exploration block of Myanmar MD-8 Project to the Government of Republic of the Union of Myanmar which was effective on May 15, 2016.
- ⁷ On December 23, 2016, PTTEP South Mandar Limited (PTTEP SMD) received the official approval from the Government of Republic of Indonesia to terminate its 50.7463% of Indonesia South Mandar Project.
- ⁸ 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.
- ⁹ On June 10, 2016, PTTEP Australasia (Ashmore Cartier) Pty Limited (PTTEP AAA) received the official approval from the Government of Commonwealth of Australia for the transfer of the participating interests in the exploration Block AC/L1, AC/L2 and AC/L3 from the other joint operation partner. As a result, its participating interests increased from 89.6875% to 100%.
- ¹⁰ On August 16, 2016, PTTEP Australia Timor Sea Pty Limited (PTTEP AT) received the official approval from the Government of Commonwealth of Australia for the transfer of the participating interests in the exploration Block AC/RL6 from the other joint operation partner. As a result, its participating interests increased from 50% to 100%.
- ¹¹ On April 11, 2016, PTTEP Australasia (Ashmore Cartier) Pty Limited (PTTEP AAA) received the official approval from the Government of Commonwealth of Australia to terminate the 20% participating interests in the exploration block of WA-396-P and WA-397-P.
- ¹² On March 16, 2016, Cove Energy Mozambique Rovuma Onshore Limited (CEMROL) received the official approval from the Government of Republic of Mozambique to terminate and return the exploration block of Mozambique Rovuma Onshore Project.
- ¹³ On November 18, 2016, Cove Energy Kenya Limited (CEKL) received the official approval from the Government of Kenya to terminate the 10% participating interests in the Kenya L11A, L11B & L12 Projects.
- ¹⁴ On July 21, 2016, PTTEP HK Offshore Limited (PTTEP HKO) had entered into the Production Sharing Contract to obtain the exploration and production rights of Block Sarawak SK410B located in Malaysia. PTTEP HKO holds 42.5% participating interests and is the operator of this project.

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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 September 28, 2011, the Department of Business Development announced the Notification on the minimum requirement in relation to the format of the financial statements B.E. 2554, under the Accounting Act, B.E. 2543, section 11 and clause 3. The notification has been effective for the accounting periods beginning on or after January 1, 2011. The consolidated and the Company financial statements have complied with the above notification and there is no material impact to the financial statements presented herewith.

However, 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, which will replace the notification No.1 announced on September 28, 2011. The notification will be effective for the accounting periods beginning on or after January 1, 2017. The Group's management has assessed and concluded that the change of minimum requirement in relation to the format of the financial statements No.2 will not significantly impact to the Company's financial statements presented for the accounting periods beginning on or after January 1, 2017.

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

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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.

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

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

- Effective for the periods beginning on or after January 1, 2016

Thai Accounting Standard No. 1 (Revised 2015)	Presentation of financial statements
Thai Accounting Standard No. 2 (Revised 2015)	Inventories
Thai Accounting Standard No. 7 (Revised 2015)	Statement of cash flows
Thai Accounting Standard No. 8 (Revised 2015)	Accounting policies, changes in accounting estimates and errors
Thai Accounting Standard No. 10 (Revised 2015)	Events after the reporting period
Thai Accounting Standard No. 11 (Revised 2015)	Construction contracts
Thai Accounting Standard No. 12 (Revised 2015)	Income taxes
Thai Accounting Standard No. 16 (Revised 2015)	Property, plant and equipment
Thai Accounting Standard No. 17 (Revised 2015)	Leases
Thai Accounting Standard No. 18 (Revised 2015)	Revenue
Thai Accounting Standard No. 19 (Revised 2015)	Employee benefits
Thai Accounting Standard No. 20 (Revised 2015)	Accounting for government grants and disclosure of government assistance
Thai Accounting Standard No. 21 (Revised 2015)	The effects of changes in foreign exchange rates
Thai Accounting Standard No. 23 (Revised 2015)	Borrowing costs
Thai Accounting Standard No. 24 (Revised 2015)	Related party disclosures
Thai Accounting Standard No. 26 (Revised 2015)	Accounting and reporting by retirement benefit plans
Thai Accounting Standard No. 27 (Revised 2015)	Separate financial statements
Thai Accounting Standard No. 28 (Revised 2015)	Investments in associates and joint ventures

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Thai Accounting Standard No. 29 (Revised 2015)	Financial reporting in hyperinflationary economies
Thai Accounting Standard No. 33 (Revised 2015)	Earnings per share
Thai Accounting Standard No. 34 (Revised 2015)	Interim financial reporting
Thai Accounting Standard No. 36 (Revised 2015)	Impairment of assets
Thai Accounting Standard No. 37 (Revised 2015)	Provisions, contingent liabilities and contingent assets
Thai Accounting Standard No. 38 (Revised 2015)	Intangible assets
Thai Accounting Standard No. 40 (Revised 2015)	Investment property
Thai Accounting Standard No. 41	Agriculture
Thai Financial Reporting Standard No. 2 (Revised 2015)	Share-based payment
Thai Financial Reporting Standard No. 3 (Revised 2015)	Business combinations
Thai Financial Reporting Standard No. 4 (Revised 2015)	Insurance contracts
Thai Financial Reporting Standard No. 5 (Revised 2015)	Non-current assets held for sale and discontinued operations
Thai Financial Reporting Standard No. 6 (Revised 2015)	Exploration for and evaluation of mineral resources
Thai Financial Reporting Standard No. 8 (Revised 2015)	Operating segments
Thai Financial Reporting Standard No. 10 (Revised 2015)	Consolidated financial statements
Thai Financial Reporting Standard No. 11 (Revised 2015)	Joint arrangements
Thai Financial Reporting Standard No. 12 (Revised 2015)	Disclosure of interests in other entities
Thai Financial Reporting Standard No. 13 (Revised 2015)	Fair value measurement
Thai Standing Interpretations Committee No. 10 (Revised 2015)	Government assistance – no specific relation to operating activities
Thai Standing Interpretations Committee No. 15 (Revised 2015)	Operating leases - incentives
Thai Standing Interpretations Committee No. 25 (Revised 2015)	Income taxes – changes in the tax status of an entity or its shareholders
Thai Standing Interpretations Committee No. 27 (Revised 2015)	Evaluating the substance of transactions involving the legal form of a lease
Thai Standing Interpretations Committee No. 29 (Revised 2015)	Service concession arrangements : Disclosures
Thai Standing Interpretations Committee No. 31 (Revised 2015)	Revenue – barter transactions involving advertising services
Thai Standing Interpretations Committee No. 32 (Revised 2015)	Intangible assets – web site costs
Thai Financial Reporting Interpretations Committee No. 1 (Revised 2015)	Changes in existing decommissioning, restoration and similar liabilities

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Thai Financial Reporting Interpretations Committee No. 4 (Revised 2015)	Determining whether an arrangement contains a lease
Thai Financial Reporting Interpretations Committee No. 5 (Revised 2015)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
Thai Financial Reporting Interpretations Committee No. 7 (Revised 2015)	Applying the restatement approach under TAS 29 (Revised 2015) Financial reporting in hyperinflationary economies
Thai Financial Reporting Interpretations Committee No. 10 (Revised 2015)	Interim financial reporting and impairment
Thai Financial Reporting Interpretations Committee No. 12 (Revised 2015)	Service concession arrangements
Thai Financial Reporting Interpretations Committee No. 13 (Revised 2015)	Customer loyalty programmes
Thai Financial Reporting Interpretations Committee No. 14 (Revised 2015)	TAS 19 (Revised 2015) Employee benefits – the limit on a defined benefit asset, minimum funding requirements and their interaction
Thai Financial Reporting Interpretations Committee No. 15 (Revised 2015)	Agreements for the construction of real estate
Thai Financial Reporting Interpretations Committee No. 17 (Revised 2015)	Distributions of non-cash assets to owners
Thai Financial Reporting Interpretations Committee No. 18 (Revised 2015)	Transfers of assets from customers
Thai Financial Reporting Interpretations Committee No. 20 (Revised 2015)	Stripping costs in the production phase of a surface mine
Thai Financial Reporting Interpretations Committee No. 21	Levies

The implementation of these new and 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, 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

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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
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

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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
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

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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 Group's management has assessed and concluded that these new and 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.

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 objective evidence that the investment in subsidiaries is impaired. If the indicators exist, the Company will conduct the impairment test. If the recoverable amount of the associate 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 17.

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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 17.

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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. 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 ventures are accounted for using the equity method. Investments in joint ventures 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.

If there is an evidence indicating that the net realizable value of the joint operations reduces or is impaired, the Group will recognize loss immediately in the statement of income.

For details of joint ventures and joint operations, please refer to Note 17.

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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 provision for impairment. 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.

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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 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 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 written-off and 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 costs 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 as gain or loss.

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4.10 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 from 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.

4.11 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 equipment and support equipment.

Exploratory drilling costs are capitalized and will be classified as assets 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.

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Depreciation and Depletion

The capitalized acquisition costs of petroleum rights are amortized using the unit of production method based on proved reserves. Depreciation of exploratory wells, development cost 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 equipment and support equipment 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 1 – 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.

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.

4.12 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 without interest by the contracting parties from the production of petroleum under the agreed procedures.

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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 22.)

4.13 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.

4.14 Intangible 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.

■ Other Intangible Assets

Other intangible assets, which comprise expenditures incurred to acquire the computer software licenses and leasehold right, are amortized using the straight-line method over the remaining contract period, or a maximum of 10 years. The carrying amount is reviewed by the Group and the allowance for impairment will be provided whenever events or circumstances indicate that the carrying amount may exceed the recoverable amount.

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■ **Exploration and Evaluation Assets**

Exploration and evaluation expenditures are capitalized at cost as intangible 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 assets of the projects with proved reserves. Subsequent accounting is described in the accounting policy for property, plant and equipment in Note 4.11 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.

4.15 Impairment of Assets

Assets that have an indefinite useful life, for example, goodwill, are not subject to amortization but are tested for impairment annually. Other assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed recoverable amount. 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.

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 increase in the carrying amount of assets from the reversal could not exceed the carrying amount, net of depreciation of the assets, if the Group did not recognize the impairment loss for assets in the prior period.

4.16 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.

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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.

4.17 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.

4.18 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.

4.19 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.

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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.

4.20 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".

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 Company and subsidiaries 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 profit or loss.

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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 are accrued over the period of employment based on the calculation of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and will be recognized in 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 "Employee Benefit Obligations" as discussed in Note 29.

4.21 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.

4.22 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.

4.23 Income 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.

4.24 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 32)

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4.25 Earnings per Share

Basic 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.

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.

4.26 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.

4.27 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.

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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.

5. 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:

Estimate for Oil and Gas Reserves

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

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.

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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.

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.

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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 Group's employee benefit obligations are estimated based on the amount of future benefits that employees will have earned in return for their services provided to the Company and subsidiaries 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 29.

Provisions

The provisions, excluding the provisions for employee benefits, 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.

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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6. Cash and Cash Equivalents

Cash and cash equivalents comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Cash on hand and at banks	674.30	949.46	24,160.42	34,264.55
Cash equivalents				
- Fixed deposits	1,119.42	2,038.32	40,109.64	73,560.25
- Treasury bills	245.78	7.62	8,806.46	275.01
Total	2,039.50	2,995.40	73,076.52	108,099.81

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Cash on hand and at banks	93.77	457.49	3,359.84	16,510.15
Cash equivalents				
- Fixed deposits	1,052.83	1,935.36	37,723.45	69,844.35
- Treasury bills	80.90	-	2,898.81	-
Total	1,227.50	2,392.85	43,982.10	86,354.50

The interest rate on saving deposits held at call with banks for the year ended December 31, 2016 is between 0.00% – 2.20% per annum (during the year 2015: interest rate is between 0.00% - 2.60% per annum).

The interest rate on fixed deposits with banks for the year ended December 31, 2016 is between 0.20% – 13.05% per annum (during the year 2015: interest rate is between 0.15% - 13.00% per annum).

The interest rate on treasury bills for the year ended December 31, 2016 is between 1.30%-1.51% per annum (during the year 2015: interest rate is between 1.40% - 1.93% per annum).

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7. Short-term investments

Short-term investments comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Fixed deposits	1,982.08	264.16	71,019.04	9,533.15
Total	1,982.08	264.16	71,019.04	9,533.15

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Fixed deposits	1,302.08	251.66	46,654.23	9,082.04
Total	1,302.08	251.66	46,654.23	9,082.04

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, 2016 is between 0.80% – 1.65% per annum (during the year 2015: interest rate is between 0.70% - 1.00% per annum).

8. 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, 2016	0.12	4.27
Gain on changes in fair value	0.05	1.74
Foreign exchange differences	0.001	0.04
Currency translation differences	-	(0.01)
Balance as at December 31, 2016	0.17	6.04

	Unit : Million US Dollar	Unit : Million Baht
	The Company	The Company
Balance as at January 1, 2016	0.11	4.10
Gain on changes in fair value	0.05	1.67
Foreign exchange differences	0.001	0.04
Currency translation differences	-	(0.01)
Balance as at December 31, 2016	0.16	5.80

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9. Account Receivable - Parent Company

Account receivable - parent company comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Sales of petroleum products	355.06	448.33	12,722.26	16,179.57
Gas pipeline construction service	27.70	27.50	992.34	992.35
Total	382.76	475.83	13,714.60	17,171.92

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Sales of petroleum products	185.40	212.02	6,643.06	7,651.63
Gas pipeline construction service	27.70	27.50	992.34	992.35
Total	213.10	239.52	7,635.40	8,643.98

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, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Not yet due	334.38	415.26	11,981.19	14,985.03
Past due				
- Less than 3 months	1.82	0.25	65.24	9.09
- Over 3 months but less than 6 months	0.52	0.21	18.68	7.66
- Over 6 months but less than 12 months	-	2.18	-	78.75
- Over 12 months ¹	46.04	57.93	1,649.49	2,091.39
Total	382.76	475.83	13,714.60	17,171.92

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	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Not yet due	180.44	209.32	6,465.33	7,553.97
Past due				
- Less than 3 months	1.72	-	61.39	-
- Over 3 months but less than 6 months	0.52	-	18.68	-
- Over 6 months but less than 12 months	-	-	-	-
- Over 12 months ¹	30.42	30.20	1,090.00	1,090.01
Total	213.10	239.52	7,635.40	8,643.98

¹ The Group has asked for payment from parent company for this overdue amount and expected to be collected within 12 months from the statement of financial position date.

10. Trade Accounts Receivable

Trade accounts receivable comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Binh Son Refining & Petrochemical Co.,Ltd.	18.31	13.84	655.91	499.48
BP Singapore Pte Ltd	4.60	-	164.92	-
Ministry of Oil and Gas (Oman)	-	2.89	-	104.33
Myanmar Oil and Gas Enterprise	26.17	38.09	937.72	1,374.66
Perusahaan Gas Negara	-	0.02	-	0.60
Petco Trading Labuan Company Limited	-	2.55	-	92.09
Petroliam Nasional Berhad	10.74	15.27	384.77	551.21
SembCorp Gas Pte. Ltd	6.39	3.95	228.94	142.39
Star Petroleum Refining Co., Limited	4.06	5.52	145.52	199.34
Unipac Asia Co.,Ltd.	3.88	-	139.08	-
Vietnam National Oil and Gas Group	0.41	0.76	14.53	27.31
Electricity Generating Authority of Thailand	1.22	1.30	43.87	46.99
Others	0.21	0.06	7.64	2.11
Total	75.99	84.25	2,722.90	3,040.51

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	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Star Petroleum Refining Co., Limited	1.03	0.55	36.76	19.94
Electricity Generating Authority of Thailand	0.31	0.33	10.97	11.75
Others	0.05	0.01	1.91	0.53
Total	1.39	0.89	49.64	32.22

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, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Not yet due	75.82	82.76	2,716.59	2,986.54
Past due				
- Less than 3 months	0.17	1.49	6.31	53.97
- Over 3 months but less than 6 months	-	-	-	-
- Over 6 months but less than 12 months	-	-	-	-
- Over 12 months	-	-	-	-
Total	75.99	84.25	2,722.90	3,040.51

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Not yet due	1.39	0.89	49.64	32.22
Past due				
- Less than 3 months	-	-	-	-
- Over 3 months but less than 6 months	-	-	-	-
- Over 6 months but less than 12 months	-	-	-	-
- Over 12 months	-	-	-	-
Total	1.39	0.89	49.64	32.22

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11. Inventories

Inventories comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Inventories	47.00	65.57	1,684.03	2,366.62
<u>Less</u> Allowance for decrease in net realizable value	(9.45)	(18.36)	(338.66)	(662.75)
Total	37.55	47.21	1,345.37	1,703.87

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Inventories	3.42	7.50	122.59	270.65
<u>Less</u> Allowance for decrease in net realizable value	-	-	-	-
Total	3.42	7.50	122.59	270.65

12. Materials and Supplies

Materials and supplies comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Materials and supplies	354.08	414.19	12,687.02	14,947.55
<u>Less</u> Provision for obsolescence	(8.21)	(9.92)	(294.25)	(358.07)
Total	345.87	404.27	12,392.77	14,589.48

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Materials and supplies	115.62	150.88	4,142.63	5,445.08
<u>Less</u> Provision for obsolescence	(4.63)	(6.87)	(165.97)	(247.99)
Total	110.99	144.01	3,976.66	5,197.09

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13. 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 US Dollar 16 million (Baht 564 million) and will receive the remaining cash of 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.

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. The Group has represented transactions of this segment for the year ended December 31, 2015 as discontinued operation to compare with the current year financial statements.

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

	Unit : Million US Dollar		Unit : Million Baht	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
The consolidated statements of income for the year				
Revenues	28.07	39.24	1,136.50	1,359.86
Expenses	(26.12)	(76.54)	(923.22)	(2,694.35)
Profit (loss) before income taxes from discontinued operations	1.95	(37.30)	213.28	(1,334.49)
Income taxes	(1.27)	6.16	(44.83)	216.32
Net profit (loss) from discontinued operations	0.68	(31.14)	168.45	(1,118.17)
Gain from divestment	19.65	-	703.62	-
Total net profit (loss) from discontinued operations	20.33	(31.14)	872.07	(1,118.17)

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	Unit : Million US Dollar		Unit : Million Baht	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Basic earnings (loss) per share from discontinued operations	0.01	(0.01)	0.22	(0.28)

	Unit : Million US Dollar		Unit : Million Baht	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
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)	117.23

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14. Other Current Assets

Other current assets comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Prepaid expenses	44.89	36.08	1,608.50	1,302.20
Accrued income	5.63	2.66	201.85	96.07
Withholding tax and VAT	8.41	13.33	301.42	481.21
Refundable income tax	106.02	95.87	3,798.77	3,459.66
Receivable from entering into the derivative contract	-	42.49	-	1,533.24
Others	22.25	18.21	797.00	657.30
Total	187.20	208.64	6,707.54	7,529.68

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Prepaid expenses	6.89	14.55	246.81	525.20
Accrued income	0.23	1.80	8.11	65.01
Withholding tax and VAT	1.72	2.74	61.59	99.05
Refundable income tax	22.29	18.03	798.78	650.61
Others	1.53	2.67	54.78	96.25
Total	32.66	39.79	1,170.07	1,436.12

15. 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, 2016	0.87	31.57
Unrealized loss on change in fair value of available-for-sale securities	(0.18)	(6.69)
Currency translation differences	-	(0.33)
Balance as at December 31, 2016	0.69	24.55

(UNOFFICIAL TRANSLATION)

16. Significant Transactions with Related Parties

Significant transactions with related parties are summarized as follows:

16.1 Revenues and Expenses with Related Parties

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

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	2016	2015	2016	2015
Parent company - PTT Public Company Limited (PTT)				
Sales revenue (world market reference price)	3,598.33	4,643.81	127,019.60	158,428.55
Purchase and other expenses	31.87	40.55	1,124.71	1,386.34
Subsidiaries, associates, joint ventures and joint operations				
Interest income	0.55	0.58	19.47	19.83
Rental and service expenses	33.32	36.15	1,175.89	1,235.92
Other related parties				
Sales revenue (world market reference price)	52.58	-	1,839.20	-
Director and executive management				
Director's remuneration	1.10	0.60	38.78	20.62
Executive management's remuneration	2.88	3.18	102.06	106.29

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	2016	2015	2016	2015
Parent company - PTT Public Company Limited (PTT)				
Sales revenue (world market reference price)	2,075.34	2,519.86	73,268.14	86,127.26
Purchase and other expenses	24.29	26.70	857.32	912.77
Subsidiaries, associates and joint operations				
Interest income	118.39	160.22	4,180.65	5,476.75
Management and service fees	0.32	0.32	11.42	11.07
Rental and service expenses	32.24	36.15	1,137.73	1,235.92
Director and executive management				
Director's remuneration	1.10	0.60	38.78	20.62
Executive management's remuneration	2.88	3.18	102.06	106.29

(UNOFFICIAL TRANSLATION)

16.2 Short-term Loans to Related Parties

Short-term loans to related parties comprised:

Loans to	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Subsidiaries				
PTTEP Offshore Investment Company Limited	-	144.93	-	5,230.42
PTTEP Treasury Center Company Limited	4,341.22	-	155,548.43	-
Total	4,341.22	144.93	155,548.43	5,230.42

16.3 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, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Associates				
Energy Complex Company Limited	16.19	16.07	580.00	580.00
Total	16.19	16.07	580.00	580.00

Loans to	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Subsidiaries				
PTTEP International Limited	-	1,318.89	-	47,596.70
PTTEP Offshore Investment Company Limited	-	5,590.79	-	201,763.58
PTTEP Treasury Center Company Limited	2,179.69	-	78,099.55	-
Associates				
Energy Complex Company Limited	16.19	16.07	580.00	580.00
Total	2,195.88	6,925.75	78,679.55	249,940.28

(UNOFFICIAL TRANSLATION)

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, 2016	16.07	580.00
Foreign exchange differences	0.12	4.08
Currency translation differences	-	(4.08)
Balance as at December 31, 2016	16.19	580.00

	Unit : Million US Dollar	Unit : Million Baht
	The Company	The Company
Balance as at January 1, 2016	6,925.75	249,940.28
Increase	3,047.25	107,540.20
Decrease	(7,799.84)	(275,263.55)
Foreign exchange differences	22.72	801.89
Currency translation differences	-	(4,339.27)
Balance as at December 31, 2016	2,195.88	78,679.55

The Company has provided loans to subsidiaries for the year ended December 31, 2016 with an interest rate between 0.50% - 4.45% per annum (during the year 2015: interest rate is between 0.50% - 4.40% per annum). The subsidiaries shall occasionally repay the loans. In addition, the Company has provided loans to an associate for the year ended December 31, 2016 with an interest rate 3.35% per annum (during the year 2015: interest rate is between 3.35% - 3.55% per annum).

16.4 Short-term Loans from Related Parties

Short-term loans from related parties comprised:

	Unit : Million US Dollar		Unit : Million Baht	
Loans from	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Subsidiaries				
PTTEP International Limited	-	735.04	-	26,526.47
PTTEP Services Limited	-	5.18	-	187.14
Total	-	740.22	-	26,713.61

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In August 2016, the Group has changed its capital management structure by assigning PTTEP Treasury Center Company Limited (PTTEP TC) to secure and manage the funding activities, manage liquidity and provide loans to companies within the Group. The Company has provided loans to PTTEP TC, primarily in the form of short-term loans, in which PTTEP TC can use to generate the highest benefits to the Group. As a result, the Company's loans to related parties in the Company's financial statements were changed from long-term loans to short-term loans.

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

17.1 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, 2016	64.16	2,315.38
Share of net gain from investments after income taxes	8.55	301.43
Dividends received from associates	(2.55)	(90.01)
Dividends received from joint ventures	(2.66)	(93.92)
Share of other comprehensive income	0.36	12.48
Decrease in investment	(1.11)	(39.20)
Currency translation differences	-	(14.64)
Balance as at December 31, 2016	66.75	2,391.52

	Unit : Million US Dollar	Unit : Million Baht
	The Company	The Company
Balance as at January 1, 2016	641.89	23,164.81
Increase in investment	0.23	8.28
Currency translation differences	-	(165.46)
Balance as at December 31, 2016	642.12	23,007.63

(UNOFFICIAL TRANSLATION)

17.2 Investments in Subsidiaries

Details of subsidiaries are as follows:

List of subsidiaries	Registered country	Type of business	Participating interest (including indirect holding)	
			Dec 31, 2016	Dec 31, 2015
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)	Cayman Islands	Petroleum	100	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) ¹	Thailand	Petroleum	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) ²	Cayman Islands	Petroleum	100	100
PTTEP Hoan-Vu Company Limited (PTTEP HV) ³	Cayman Islands	Petroleum	100	100
PTTEP Oman Company Limited (PTTEP OM) ⁴	Cayman Islands	Petroleum	-	100
PTTEP Algeria Company Limited (PTTEP AG)	Cayman Islands	Petroleum	100	100
PTTEP Iran Company Limited (PTTEP IR) ⁵	Cayman Islands	Petroleum	-	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 Limited (PTTEP AU)	Commonwealth of Australia	Petroleum	100	100
PTTEP Australia Offshore Pty Limited (PTTEP AO)	Commonwealth of Australia	Petroleum	100	100
PTTEP South Asia Limited (PTTEP SA)	Cayman Islands	Petroleum	100	100
PTTEP New Zealand Limited (PTTEP NZ) ⁶	Cayman Islands	Petroleum	-	100

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List of subsidiaries	Registered country	Type of business	Participating interest (including indirect holding)	
			Dec 31, 2016	Dec 31, 2015
PTTEP Semai II Limited (PTTEP SM)	Cayman Islands	Petroleum	100	100
PTTEP Australia Perth Pty Limited (PTTEP AP)	Commonwealth of Australia	Petroleum	100	100
PTTEP Australia Browse Basin Pty Limited (PTTEP AB)	Commonwealth of Australia	Petroleum	100	100
PTTEP Australia International Finance Pty Limited (PTTEP AIF) ⁷	Commonwealth of Australia	Investment funding for the Group's business	100	100
PTTEP Australasia Pty Limited (PTTEP AA) ⁷	Commonwealth of Australia	Petroleum	100	100
PTTEP Australia Timor Sea Pty Limited (PTTEP AT)	Commonwealth of Australia	Petroleum	100	100
PTTEP Australasia (Finance) Pty Limited (PTTEP AAF) ⁷	Commonwealth of Australia	Petroleum	100	100
PTTEP Australasia (Petroleum) Pty Limited (PTTEP AAP) ⁷	Commonwealth of Australia	Petroleum	100	100
Tullian Pty Limited (PTTEP AAT) ⁷	Commonwealth of Australia	Petroleum	100	100
PTTEP Australasia (Operations) Pty Limited (PTTEP AAO)	Commonwealth of Australia	Petroleum	100	100
PTTEP Australasia (Ashmore Cartier) Pty Limited (PTTEP AAA)	Commonwealth of Australia	Petroleum	100	100
PTTEP Australasia (Staff) Pty Limited (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)	Hong Kong	Petroleum	100	100
JV Shore Base Limited (JV Shore Base) ⁸	Cayman Islands	Petroleum	-	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

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List of subsidiaries	Registered country	Type of business	Participating interest (including indirect holding)	
			Dec 31, 2016	Dec 31, 2015
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
Cove Energy Limited (Cove)	United Kingdom of Great Britain and Northern Ireland	Petroleum	100	100
Cove Energy Mozambique Rovuma Onshore Limited (CEMROL)	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 Mozambique Terra Limitada (CMTL) ⁹	Republic of Mozambique	Petroleum	-	100
Cove Mozambique Energia Limitada (CMEL) ¹⁰	Republic of Mozambique	Petroleum	-	100
Cove Energy Kenya Limited (CEKL)	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

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List of subsidiaries	Registered country	Type of business	Participating interest (including indirect holding)	
			Dec 31, 2016	Dec 31, 2015
PTTEP G7 Limited (PTTEP G7)	Thailand	Petroleum	100	100
PTTEP HK Offshore Limited (PTTEP HKO) ¹¹	Hong Kong	Petroleum	100	100

¹ On December 27, 2016, the Group had established PTTEP Business Center Company Limited (PTTEP BC). The information is disclosed in Note 17.6 - Significant Transactions during the Year.

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

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

⁴ The information is disclosed in Note 13 – Divestment of PTTEP Oman Company Limited and Discontinued Operations.

⁵ On September 30, 2016, PTTEP Iran Company Limited (PTTEP IR) had received the approval of dissolution of the company from the registrar, as disclosed in Note 17.6 – Significant Transactions during the Year.

⁶ On June 30, 2016, PTTEP New Zealand Limited (PTTEP NZ) had received the approval of dissolution of the company from the registrar, as disclosed in Note 17.6 – Significant Transactions during the Year.

⁷ On December 19, 2016, the entities in the Group of PTTEP Australia Perth Pty Limited (PTTEP AP) have submitted document for liquidation to the registrar. The information is disclosed in Note 17.6 – Significant Transactions during the Year.

⁸ On June 30, 2016, JV Shore Base Limited (JV Shore Base) had received the approval of dissolution of the company from the registrar, as disclosed in Note 17.6 – Significant Transactions during the Year.

⁹ On June 6, 2016, Cove Mozambique Terra Limitada (CMTL) had received the approval of dissolution of the company from the Government of Republic of Mozambique, as disclosed in Note 17.6 – Significant Transactions during the Year.

¹⁰ On June 6, 2016, Cove Mozambique Energia Limitada (CMEL) had received the approval of dissolution of the company from the Government of Republic of Mozambique, as disclosed in Note 17.6 – Significant Transactions during the Year.

¹¹ PTTEP HK Investment Limited (PTTEP HKI) has changed its name to PTTEP HK Offshore Limited (PTTEP HKO), as disclosed in Note 17.6 – Significant Transactions during the Year.

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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, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
PTTEP International Limited	516.38	516.38	18,502.34	18,635.56
PTTEP Services Limited	0.01	0.01	0.23	0.23
PTTEP Siam Limited	99.79	99.79	3,575.57	3,601.31
PTTEP Offshore Investment Company Limited	0.005	0.005	0.18	0.18
PTTEP MEA Limited	0.05	0.05	1.79	1.80
PTTEP HK Holding Limited	0.20	0.0003	7.18	0.01
PTTEP Treasury Center Company Limited	0.07	0.07	2.65	2.67
PTTEP Business Center Company Limited	0.03	-	1.24	-
Total	616.54	616.31	22,091.18	22,241.76

17.3 Investments in Associates

Details of associates are as follows:

List of associates ¹	Registered country	Country of operation	Type of business	Participating interest (including indirect holding)	
				Dec 31, 2016	Dec 31, 2015
Energy Complex Company Limited (Energy Complex)	Thailand	Thailand	Property rental services	50	50
PTT ICT Solutions Company Limited (PTT ICT)	Thailand	Thailand	Information technology and communication services	20	20
PTTEP AP Group's Associates ²	Commonwealth of Australia	Commonwealth of Australia	Air base services	50	50
UAQ Petroleum Limited (UAQ) ³	Hong Kong	United Arab Emirates	Petroleum	-	30

¹ All investments in associates have been assessed as immaterial to the Group.

² PTTEP AP's group associates are Mungalalu Truscott Airbase Pty Ltd. and Troughton Island Pty Ltd.

³ On October 9, 2016, PTTEP FLNG Holding Company Limited (PTTEP FH) has withdrawn its investment in UAQ Petroleum Limited (UAQ), which has a joint partnership in the Block Umm Al-Quwain. The information is disclosed in Note 17.6 - Significant Transactions during the Year.

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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, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Energy Complex Company Limited	32.78	29.66	1,174.55	1,070.21
PTT ICT Solutions Company Limited	6.96	5.51	249.62	199.00
PTTEP AP Group's associates	6.98	7.69	249.98	277.58
UAQ Petroleum Limited	-	0.0004	-	0.01
Total	46.72	42.86	1,674.15	1,546.80

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Energy Complex Company Limited	24.79	24.79	888.22	894.61
PTT ICT Solutions Company Limited	0.79	0.79	28.23	28.44
Total	25.58	25.58	916.45	923.05

Details of share of associates are as follows:

	Unit : Million US Dollar	Unit : Million Baht
	Consolidated	Consolidated
Aggregate carrying amount of share of associates	46.72	1,674.15
Aggregate amounts of the reporting entity's share of;		
Profit from continuing operations	6.05	213.30
Other comprehensive income	0.36	12.48
Total comprehensive income for the year ended Dec 31, 2016	6.41	225.78

(UNOFFICIAL TRANSLATION)

17.4 Investments in Joint Ventures

Details of joint ventures are as follows:

List of joint ventures ¹	Registered country	Country of operation	Type of business	Percentage of interest (including indirect holding)	
				Dec 31, 2016	Dec 31, 2015
PTT FLNG Limited (PTT FLNG) ²	Hong Kong	Hong Kong	Production and sale of petroleum product	50	50
Erawan 2 FSO Bahamas Limited (Erawan 2) ³	Bahamas	Thailand	FSO rental services	13.11	13.11

¹ All investments in joint ventures have been assessed as immaterial to the Group.

² On December 26, 2014, the Board of Directors of PTT FLNG Limited (PTT FLNG) approved the dissolution of this company. It is currently in the process of the dissolution.

³ 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, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Investments in joint ventures				
Erawan 2 FSO Bahamas Limited	20.02	21.30	717.37	768.57
Total	20.02	21.30	717.37	768.57

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	20.02	717.37
Aggregate amounts of the reporting entity's share of;		
Profit from continuing operations	2.50	88.13
Total comprehensive income for the year ended Dec 31, 2016	2.50	88.13

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17.5 Investments in Joint Operations

Details of Joint Operations are as follows:

List of joint operations	Registered country	Country of operation	Type of business	Percentage of interest (including indirect holding)	
				Dec 31, 2016	Dec 31, 2015
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)	The Netherlands	Republic of Indonesia	Petroleum	50	50

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17.6 Significant Transactions during the Year

■ PTTEP HK Offshore Limited (PTTEO HKO)

On February 2, 2016, PTTEP HK Investment Limited (PTTEP HKI), a subsidiary of the Group, changed its name to PTTEP HK Offshore Limited (PTTEP HKO).

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

On March 28, 2016, PTTEP Netherlands Coöperatie U.A. (PTTEP NC), a subsidiary of the Group, increased its share capital of US Dollar 28,500,000 from the existing shareholders of US Dollar 1,517,050,000 to US Dollar 1,545,550,000. 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 1,643,214,373 to Canadian Dollar 1,680,788,773 by issuing of 37,574,400 newly issued ordinary shares, at the par value of Canadian Dollar 1, resulting in a total registered ordinary share of 2,115,752,140 shares.

Subsequently, on August 22, 2016, PTTEP NC increased its share capital of US Dollar 45,500,000 from the existing shareholders of US Dollar 1,545,550,000 to US Dollar 1,591,050,000. PTTEP NC used the proceed from the capital increased to increase share capital in PTTEP CA. PTTEP CA increased its share capital from Canadian Dollar 1,680,788,773 to Canadian Dollar 1,739,674,873 by issuing of 58,886,100 newly issued ordinary shares, at the par value of Canadian Dollar 1, resulting in a total registered ordinary share of 2,174,638,240 shares.

Subsequently, on September 16, 2016, PTTEP NC increased its share capital of US Dollar 560,000,000 from the existing shareholders of US Dollar 1,591,050,000 to US Dollar 2,151,050,000. On September 19, 2016, PTTEP NC used the proceed from the capital increased to increase share capital in PTTEP CA. PTTEP CA increased its share capital from Canadian Dollar 1,739,674,873 to Canadian Dollar 2,477,810,873 by issuing of 738,136,000 newly issued ordinary shares, at the par value of Canadian Dollar 1, resulting in a total registered ordinary share of 2,912,774,240 shares.

■ Cove Mozambique Terra Limitada (CMTL)

On June 6, 2016, Cove Mozambique Terra Limitada (CMTL) had received the approval of dissolution of company from the Government of Republic of Mozambique.

■ Cove Mozambique Energia Limitada (CMEL)

On June 6, 2016, Cove Mozambique Energia Limitada (CMEL) had received the approval of dissolution of company from the Government of Republic of Mozambique.

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■ PTTEP New Zealand Limited (PTTEP NZ)

On June 30, 2016, PTTEP New Zealand Limited (PTTEP NZ) had received the approval of dissolution of company from the registrar.

■ JV Shore Base Limited (JV Shore Base)

On June 30, 2016, JV Shore Base Limited (JV Shore Base) had received the approval of dissolution of company from the registrar.

■ PTTEP HK Holding Limited (PTTEP HK)

On September 8, 2016, PTTEP HK Holding Limited (PTTEP HK), a subsidiary of the Group, increased its share capital of Hong Kong Dollar (HK Dollar) 6,201,550 from the existing shareholders of HK Dollar 10,000 to HK Dollar 6,211,550. PTTEP HK used the proceed from the capital increased to increase share capital in PTTEP HK Offshore Limited (PTTEP HKO), a subsidiary of PTTEP HK. PTTEP HKO increased its share capital from HK Dollar 10,000 to HK Dollar 6,201,550 by increasing from the par value of HK Dollar 1 to HK Dollar 620.16.

■ PTTEP Iran Company Limited (PTTEP IR)

On September 30, 2016, PTTEP Iran Company Limited (PTTEP IR) had received the approval of dissolution of company from the registrar.

■ UAQ Petroleum Limited (UAQ)

On October 9, 2016, PTTEP FLNG Holding Company Limited (PTTEP FH), a subsidiary of the Group, has withdrawn its investment in UAQ Petroleum Limited (UAQ), which has a joint partnership in the Block Umm Al-Quwain.

■ Entities in the Group of PTTEP Australia Perth Pty Limited (PTTEP AP)

On December 19, 2016, the following companies have submitted document for liquidation to the registrar in Commonwealth of Australia. The liquidation will become effective on March 19, 2017.

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

■ PTTEP Business Center Company Limited (PTTEP BC)

On December 27, 2016, the Company and PTTEP International Limited (PTTEPI), a subsidiary of the Company, established PTTEP Business Center Company Limited with a registered capital of Baht 5,000,000. The registered capital comprises of 500,000 ordinary shares with a par value of Baht 10 per share. The Company and PTTEPI have shareholding interests of 25% and 75%, respectively.

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18. 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, 2015	22,941.17	854.08	130.49	23,925.74
Increase	1,731.91	20.63	4.31	1,756.85
Decrease	(227.50)	-	(2.65)	(230.15)
Currency translation differences	(1.08)	-	(0.16)	(1.24)
Balance as at December 31, 2015	24,444.50	874.71	131.99	25,451.20
Increase	1,134.68	0.19	3.12	1,137.99
Transfer	64.92	-	-	64.92
Decrease	(232.18)	(0.28)	(3.34)	(235.80)
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	25,136.51	874.62	131.78	26,142.91
<u>Accumulated depreciation</u>				
Balance as at January 1, 2015	(11,681.32)	(130.63)	(51.66)	(11,863.61)
Depreciation for the year	(2,693.44)	(28.93)	(12.94)	(2,735.31)
Decrease	10.67	-	1.88	12.55
Currency translation differences	0.25	-	0.01	0.26
Balance as at December 31, 2015	(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)
<u>Allowance for impairment of assets</u>				
Balance as at January 1, 2015	(576.19)	-	-	(576.19)
Increase	(636.49)	-	-	(636.49)
Balance as at December 31, 2015	(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)
Net book value as at December 31, 2015	8,867.98	715.15	69.28	9,652.41
Net book value as at December 31, 2016	7,792.65	680.87	60.58	8,534.10

Depreciation included in the statement of income for the year ended December 31, 2015

US Dollar 2,735.31 million

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

US Dollar 2,037.89 million

(UNOFFICIAL TRANSLATION)

Unit : Million Baht

	Consolidated			
	Oil and Gas Properties	Pipeline	Others	Total
<u>Historical cost</u>				
Balance as at January 1, 2015	756,210.74	28,153.06	4,301.41	788,665.21
Increase	59,212.20	705.35	147.32	60,064.87
Decrease	(7,778.08)	-	(90.55)	(7,868.63)
Currency translation differences	74,522.03	2,708.63	405.12	77,635.78
Balance as at December 31, 2015	882,166.89	31,567.04	4,763.30	918,497.23
Increase	40,043.81	6.83	110.03	40,160.67
Transfer	2,291.09	-	-	2,291.09
Decrease	(8,193.58)	(10.01)	(117.89)	(8,321.48)
Decrease from divestment of PTTEP OM	(9,710.87)	-	-	(9,710.87)
Currency translation differences	(5,940.82)	(225.70)	(33.68)	(6,200.20)
Balance as at December 31, 2016	900,656.52	31,338.16	4,721.76	936,716.44
<u>Accumulated depreciation</u>				
Balance as at January 1, 2015	(385,052.01)	(4,305.94)	(1,702.71)	(391,060.66)
Depreciation for the year	(91,930.04)	(990.96)	(442.37)	(93,363.37)
Decrease	364.77	-	64.29	429.06
Currency translation differences	(41,753.38)	(461.28)	(182.34)	(42,397.00)
Balance as at December 31, 2015	(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)
<u>Allowance for impairment of assets</u>				
Balance as at January 1, 2015	(18,992.86)	-	-	(18,992.86)
Increase	(22,925.16)	-	-	(22,925.16)
Currency translation differences	(1,845.64)	-	-	(1,845.64)
Balance as at December 31, 2015	(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)
Net book value as at December 31, 2015	320,032.57	25,808.86	2,500.17	348,341.60
Net book value as at December 31, 2016	279,215.42	24,395.98	2,170.68	305,781.99

Depreciation included in the statement of income for the year ended December 31, 2015

Baht 93,363.37 million

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

Baht 71,903.18 million

(UNOFFICIAL TRANSLATION)

Unit : Million US Dollar

	The Company		
	Oil and Gas Properties	Others	Total
<u>Historical cost</u>			
Balance as at January 1, 2015	10,067.60	90.71	10,158.31
Increase	494.28	3.83	498.11
Decrease	(1.37)	(1.92)	(3.29)
Balance as at December 31, 2015	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
<u>Accumulated depreciation</u>			
Balance as at January 1, 2015	(5,799.64)	(38.80)	(5,838.44)
Depreciation for the year	(1,157.72)	(9.86)	(1,167.58)
Decrease	0.39	1.45	1.84
Balance as at December 31, 2015	(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)
Net book value as at December 31, 2015	3,603.54	45.41	3,648.95
Net book value as at December 31, 2016	3,141.43	38.05	3,179.48

Depreciation included in the statement of income for the year ended December 31, 2015	US Dollar	1,167.58 million
Depreciation included in the statement of income for the year ended December 31, 2016	US Dollar	918.54 million

(UNOFFICIAL TRANSLATION)

Unit : Million Baht

	The Company		
	Oil and Gas Properties	Others	Total
<u>Historical cost</u>			
Balance as at January 1, 2015	331,858.86	2,990.11	334,848.97
Increase	16,898.78	130.95	17,029.73
Decrease	(46.83)	(65.50)	(112.33)
Currency translation differences	32,402.89	287.16	32,690.05
Balance as at December 31, 2015	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
<u>Accumulated depreciation</u>			
Balance as at January 1, 2015	(191,173.87)	(1,279.01)	(192,452.88)
Depreciation for the year	(39,514.46)	(336.97)	(39,851.43)
Decrease	13.41	49.41	62.82
Currency translation differences	(20,392.13)	(137.46)	(20,529.59)
Balance as at December 31, 2015	(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)
Net book value as at December 31, 2015	130,046.65	1,638.69	131,685.34
Net book value as at December 31, 2016	112,559.52	1,363.27	113,922.79

Depreciation included in the statement of income for the year ended December 31, 2015

Baht 39,851.43 million

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

Baht 32,296.31 million

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19. Goodwill

	Unit : Million US Dollar	Unit : Million Baht
	Consolidated	Consolidated
<u>Historical cost</u>		
Balance as at January 1, 2015	1,134.08	37,383.00
Currency translation differences	-	3,544.63
Balance as at December 31, 2015	1,134.08	40,927.63
Currency translation differences	-	(292.56)
Balance as at December 31, 2016	1,134.08	40,635.07
<u>Allowance for impairment of assets</u>		
Balance as at January 1, 2015	(7.31)	(241.08)
Increase	(112.39)	(4,048.17)
Currency translation differences	-	(30.77)
Balance as at December 31, 2015	(119.70)	(4,320.02)
Currency translation differences	-	30.88
Balance as at December 31, 2016	(119.70)	(4,289.14)
Net Book Value as at December 31, 2015	1,014.38	36,607.61
Net Book Value as at December 31, 2016	1,014.38	36,345.93

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20. Intangible Assets

Unit : Million US Dollar

	Consolidated		
	Exploration and Evaluation Assets	Other Intangible Assets	Total
<u>Historical cost</u>			
Balance as at January 1, 2015	5,041.93	151.70	5,193.63
Increase	154.08	3.91	157.99
Decrease	(151.08)	(1.01)	(152.09)
Currency translation differences	(317.49)	(0.03)	(317.52)
Balance as at December 31, 2015	4,727.44	154.57	4,882.01
Increase	18.43	7.25	25.68
Transfer	(64.92)	-	(64.92)
Decrease	(14.92)	(0.06)	(14.98)
Decrease from divestment of PTTEP OM	-	(1.10)	(1.10)
Currency translation differences	51.09	-	51.09
Balance as at December 31, 2016	4,717.12	160.66	4,877.78
<u>Accumulated amortization</u>			
Balance as at January 1, 2015	-	(42.52)	(42.52)
Amortization for the year	-	(13.86)	(13.86)
Decrease	-	0.66	0.66
Currency translation differences	-	0.02	0.02
Balance as at December 31, 2015	-	(55.70)	(55.70)
Amortization for the year	-	(13.95)	(13.95)
Decrease	-	0.03	0.03
Decrease from divestment of PTTEP OM	-	0.77	0.77
Balance as at December 31, 2016	-	(68.85)	(68.85)
<u>Allowance for impairment of assets</u>			
Balance as at January 1, 2015	(626.02)	-	(626.02)
Increase	(636.00)	(0.33)	(636.33)
Currency translation differences	127.20	-	127.20
Balance as at December 31, 2015	(1,134.82)	(0.33)	(1,135.15)
Increase	(1.42)	-	(1.42)
Transfer	4.97	-	4.97
Decrease from divestment of PTTEP OM	-	0.33	0.33
Currency translation differences	(34.59)	-	(34.59)
Balance as at December 31, 2016	(1,165.86)	-	(1,165.86)
Net Book Value as at December 31, 2015	3,592.62	98.54	3,691.16
Net Book Value as at December 31, 2016	3,551.26	91.81	3,643.07

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Unit : Million Baht

	Consolidated		
	Exploration and Evaluation Assets	Other Intangible Assets	Total
<u>Historical cost</u>			
Balance as at January 1, 2015	166,197.53	5,000.69	171,198.22
Increase	5,267.90	133.61	5,401.51
Decrease	(5,165.39)	(34.58)	(5,199.97)
Currency translation differences	4,306.62	478.63	4,785.25
Balance as at December 31, 2015	170,606.66	5,578.35	176,185.01
Increase	650.40	256.00	906.40
Transfer	(2,291.09)	-	(2,291.09)
Decrease	(526.69)	(2.41)	(529.10)
Decrease from divestment of PTTEP OM	-	(38.66)	(38.66)
Currency translation differences	577.82	(36.43)	541.39
Balance as at December 31, 2016	169,017.10	5,756.85	174,773.95
<u>Accumulated amortization</u>			
Balance as at January 1, 2015	-	(1,401.60)	(1,401.60)
Amortization for the year	-	(475.05)	(475.05)
Decrease	-	22.61	22.61
Currency translation differences	-	(156.26)	(156.26)
Balance as at December 31, 2015	-	(2,010.30)	(2,010.30)
Amortization for the year	-	(492.44)	(492.44)
Decrease	-	1.31	1.31
Decrease from divestment of PTTEP OM	-	27.10	27.10
Currency translation differences	-	7.23	7.23
Balance as at December 31, 2016	-	(2,467.10)	(2,467.10)
<u>Allowance for impairment of assets</u>			
Balance as at January 1, 2015	(20,635.61)	-	(20,635.61)
Increase	(22,907.70)	(11.80)	(22,919.50)
Currency translation differences	2,589.28	(0.02)	2,589.26
Balance as at December 31, 2015	(40,954.03)	(11.82)	(40,965.85)
Increase	(50.84)	-	(50.84)
Transfer	175.57	-	175.57
Decrease from divestment of PTTEP OM	-	11.56	11.56
Currency translation differences	(944.03)	0.26	(943.77)
Balance as at December 31, 2016	(41,773.33)	-	(41,773.33)
Net Book Value as at December 31, 2015	129,652.63	3,556.23	133,208.86
Net Book Value as at December 31, 2016	127,243.77	3,289.75	130,533.52

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Unit : Million US Dollar

	The Company		
	Exploration and Evaluation Assets	Other Intangible Assets	Total
<u>Historical cost</u>			
Balance as at January 1, 2015	92.35	133.93	226.28
Increase	36.80	3.58	40.38
Decrease	(0.02)	-	(0.02)
Balance as at December 31, 2015	129.13	137.51	266.64
Increase	11.32	5.65	16.97
Decrease	-	-	-
Balance as at December 31, 2016	140.45	143.16	283.61
<u>Accumulated amortization</u>			
Balance as at January 1, 2015	-	(37.30)	(37.30)
Amortization for the year	-	(12.39)	(12.39)
Balance as at December 31, 2015	-	(49.69)	(49.69)
Amortization for the year	-	(12.50)	(12.50)
Balance as at December 31, 2016	-	(62.19)	(62.19)
Net Book Value as at December 31, 2015	129.13	87.82	216.95
Net Book Value as at December 31, 2016	140.45	80.97	221.42

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Unit : Million Baht

	The Company		
	Exploration and Evaluation Assets	Other Intangible Assets	Total
<u>Historical cost</u>			
Balance as at January 1, 2015	3,044.00	4,415.02	7,459.02
Increase	1,258.24	122.00	1,380.24
Decrease	(0.53)	-	(0.53)
Currency translation differences	358.51	425.41	783.92
Balance as at December 31, 2015	4,660.22	4,962.43	9,622.65
Increase	399.49	199.44	598.93
Decrease	-	-	-
Currency translation differences	(27.20)	(32.42)	(59.62)
Balance as at December 31, 2016	5,032.51	5,129.45	10,161.96
<u>Accumulated amortization</u>			
Balance as at January 1, 2015	-	(1,229.57)	(1,229.57)
Amortization for the year	-	(424.44)	(424.44)
Currency translation differences	-	(139.22)	(139.22)
Balance as at December 31, 2015	-	(1,793.23)	(1,793.23)
Amortization for the year	-	(441.16)	(441.16)
Currency translation differences	-	6.13	6.13
Balance as at December 31, 2016	-	(2,228.26)	(2,228.26)
Net Book Value as at December 31, 2015	4,660.22	3,169.20	7,829.42
Net Book Value as at December 31, 2016	5,032.51	2,901.19	7,933.70

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21. Impairment Loss on Assets

Assets are reviewed for impairment whenever events or change 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.

An asset or group of assets described as cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent from the cash inflows from 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 a constant growth rate.

In 2016, the Group has two production phase projects which have an important factor indicating that the assets may be impaired due to lower production profile adjustment according to the decrease in the estimated petroleum reserve.

The Group calculates recoverable amount using value in use based on the production information derived from proved reserve and probable reserve. Other key estimates and assumptions such as forward price curve and long-term oil price estimates are based on demand and supply of oil in the world market, 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 which were consistent with the information from external sources. The Group used discounted cash flow with a weighted average cost of capital (WACC) between 8.58% - 9.21%.

During the year ended December 31, 2016, the Group recognized impairment loss on assets in the consolidated statements of income, as presented below

Impairment losses on assets are classified as follows:

	Unit : Million US Dollar	Unit : Million Baht
Impairment loss on oil and gas properties and pipeline assets recognized in property, plant and equipment	45.73	1,637.44
Impairment loss on intangible assets	1.42	50.85
Total	47.15	1,688.29

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Unit : Million US Dollar

The Carrying Amount of Projects before Impairment	The Carrying Amount of Projects after Impairment	Impairment Loss
320.10	272.95	47.15
Total		47.15

Unit : Million Baht

The Carrying Amount of Projects before Impairment	The Carrying Amount of Projects after Impairment	Impairment Loss
11,469.50	9,781.21	1,688.29
Total		1,688.29

The amount of impairment loss on assets classified by segment is disclosed in Note 40 - Segment information.

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22. Carried Costs under Petroleum Sharing Contract

As at December 31, 2016, 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 presented exploration expenses in the statement of income for the following projects:

Unit : Million US Dollar

Consolidated				
Projects	Carried Costs			
	Oil and Gas	Exploration and	Other	Exploration Expenses
	Properties	Evaluation	Non – current	(Cumulative since 2002
		Assets	Assets	– December 31, 2016)
Vietnam 52/97	-	-	1.01	-
Vietnam B & 48/95	-	-	1.06	-
Vietnam 16-1 ⁽¹⁾	25.82	-	-	35.49
Vietnam 9-2 ⁽¹⁾	33.18	-	-	19.93
Algeria 433a & 416b	7.95	-	-	12.46
Algeria Hassi Ber Rekaiz	0.15	75.57	-	22.47
Myanmar PSC G & EP 2	-	9.28	-	3.62
Myanmar MOGE 3	-	-	-	0.30
Mozambique Rovuma Offshore Area 1	11.27	45.70	-	14.02

Unit : Million Baht

Consolidated				
Projects	Carried Costs			
	Oil and Gas	Exploration and	Other	Exploration Expenses
	Properties	Evaluation	Non – current	(Cumulative since 2002
		Assets	Assets	– December 31, 2016)
Vietnam 52/97	-	-	36.15	-
Vietnam B & 48/95	-	-	37.83	-
Vietnam 16-1 ⁽¹⁾	925.15	-	-	1,268.59
Vietnam 9-2 ⁽¹⁾	1,188.75	-	-	791.82
Algeria 433a & 416b	284.89	-	-	415.00
Algeria Hassi Ber Rekaiz	5.37	2,707.89	-	721.72
Myanmar PSC G & EP 2	-	332.51	-	113.51
Myanmar MOGE 3	-	-	-	10.40
Mozambique Rovuma Offshore Area 1	403.72	1,637.41	-	437.04

⁽¹⁾ Vietnam 16-1 and Vietnam 9-2 projects had received the full recoupment of the carried costs from the recoupment based on its participating interests.

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Unit : Million US Dollar

The Company			
Project	Carried Costs		
	Oil and Gas Properties	Exploration and Evaluation Assets	Exploration Expenses (Cumulative since 2002 – December 31, 2016)
Algeria Hassi Ber Rekaiz	0.15	75.57	22.47

Unit : Million Baht

The Company			
Project	Carried Costs		
	Oil and Gas Properties	Exploration and Evaluation Assets	Exploration Expenses (Cumulative since 2002 – December 31, 2016)
Algeria Hassi Ber Rekaiz	5.37	2,707.89	721.72

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23. 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 ⁽¹⁾	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	
- From the first to the eighth accounting period	0
- From the ninth to the fifteenth accounting period	10
- From the sixteenth accounting period onward	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	26 (for 2015), 27 (for 2016 onwards)
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

(1) For the fiscal year 2015, The Royal Decree issued under Revenue Code Governing Reduction of Rates and Exemption of Taxes and Duties (No. 577) B.E. 2557 to determine of the corporate income tax rate of 20% for the accounting period beginning on or after January 1, 2015 but not later than December 31, 2015. Subsequently, an amendment Act (No. 42) B.E. 2559 to permanently change the corporate income tax rate of 30% to 20% for the accounting period beginning on or after January 1, 2016. In addition, the Royal Decree issued under Revenue Code Governing (No. 586) B.E. 2558 to reduce the corporate income tax rate of 20% to 10% for International Headquarters (IHQ), which 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 2016.

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23.1 Deferred tax assets and liabilities are as follows:

	Consolidated		The Company	
	Unit : Million US Dollar			
	2016	2015	2016	2015
Deferred tax assets	197.01	180.09	28.68	24.25
Deferred tax liabilities	1,078.61	1,269.54	221.04	315.35
	(881.60)	(1,089.45)	(192.36)	(291.10)

	Consolidated		The Company	
	Unit : Million Baht			
	2016	2015	2016	2015
Deferred tax assets	7,059.03	6,499.29	1,027.60	875.05
Deferred tax liabilities	38,647.13	45,815.93	7,920.03	11,380.48
	(31,588.10)	(39,316.64)	(6,892.43)	(10,505.43)

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

	Consolidated		The Company	
	Unit : Million US Dollar			
	2016	2015	2016	2015
Income Taxes :				
Current income tax expenses	425.48	708.20	222.42	447.06
Prior year income tax expenses recognized in current period	7.01	(46.16)	(0.77)	(3.68)
	432.49	662.04	221.65	443.38
Deferred Taxes :				
Change in temporary differences	(97.54)	(332.52)	(56.25)	(172.84)
Tax effect of currency translation on tax base	(49.64)	166.00	(33.73)	113.69
	(147.18)	(166.52)	(89.98)	(59.15)
Total	285.31	495.52	131.67	384.23

(UNOFFICIAL TRANSLATION)

Unit : Million Baht

	Consolidated		The Company	
	2016	2015	2016	2015
Income Taxes :				
Current income tax expenses	15,004.25	24,121.20	7,836.52	15,424.72
Prior year income tax expenses recognized in current period	242.14	(1,635.64)	(27.29)	(123.77)
	15,246.39	22,485.56	7,809.23	15,300.95
Deferred Taxes :				
Change in temporary differences	(3,459.10)	(11,319.52)	(1,961.16)	(5,964.64)
Tax effect of currency translation on tax base	(1,747.39)	5,919.30	(1,188.30)	3,923.37
	(5,206.49)	(5,400.22)	(3,149.46)	(2,041.27)
Total	10,039.90	17,085.34	4,659.77	13,259.68

(UNOFFICIAL TRANSLATION)

23.3 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:

	Consolidated		The Company	
	Unit : Million US Dollar			
	2016	2015	2016	2015
Profit (loss) before income taxes	637.03	(326.93)	616.51	655.70
Tax calculated at a tax rate of 50%	318.52	(163.47)	308.26	327.85
Tax effect of :				
Associates' results reported, net of tax	(4.27)	(4.51)	-	-
Loss (profit) from the entities not subject to tax	21.91	(16.12)	(4.45)	(20.35)
Undeductible expenses – Corporate income tax	12.97	8.61	0.08	0.09
Undeductible expenses – Petroleum income tax	248.03	224.96	134.26	240.58
Undeductible expenses – Foreign income tax	177.10	801.40	-	-
Differences in tax rate on undeductible expenses				
– Corporate income tax	(7.78)	(146.35)	16.87	(190.43)
Differences in tax rate on profit before income tax				
– Corporate income tax	(11.08)	(19.57)	(28.30)	(34.61)
Remeasurement of (gain) loss on exchange rate of				
US Dollar financial statement	(23.23)	35.00	(9.06)	(7.20)
Remeasurement of gain (loss) on exchange rate of				
Baht financial statement	(8.70)	132.87	(11.02)	257.85
Deferred tax on functional currency	(49.64)	166.00	(33.73)	113.69
Tax credit on petroleum royalty	(332.61)	(403.66)	(260.98)	(316.31)
Tax credit on foreign corporate income tax	(4.17)	1.67	-	-
Adjustment in respect of prior year	7.01	(46.16)	(0.77)	(3.68)
Differences in tax rate of the Group's operating countries	(158.53)	(158.25)	-	-
Offset transactions of the Group's interests	77.86	80.02	-	-
Others	21.92	3.08	20.51	16.75
Income taxes	285.31	495.52	131.67	384.23

(UNOFFICIAL TRANSLATION)

Unit : Million Baht

	Consolidated		The Company	
	2016	2015	2016	2015
Profit (loss) before income taxes	22,027.54	(13,386.98)	21,759.56	22,482.56
Tax calculated at a tax rate of 50%	11,013.77	(6,693.49)	10,879.78	11,241.28
Tax effect of :				
Associates' results reported, net of tax	(150.39)	(155.64)	-	-
Loss (profit) from the entities not subject to tax	771.06	(555.63)	(157.32)	(702.37)
Undeductible expenses – Corporate income tax	456.43	296.83	2.83	3.05
Undeductible expenses – Petroleum income tax	8,728.21	7,756.68	4,751.40	8,302.38
Undeductible expenses – Foreign income tax	6,232.22	27,631.90	-	-
Differences in tax rate on undeductible expenses				
– Corporate income tax	(273.86)	(5,046.28)	596.96	(6,571.79)
Differences in tax rate on profit before income tax –				
Corporate income tax	(389.91)	(674.60)	(1,001.54)	(1,194.15)
Remeasurement of (gain) loss on exchange rate of				
US Dollar financial statement	(817.58)	1,206.63	(320.58)	(248.58)
Remeasurement of gain (loss) on exchange rate of				
Baht financial statement	(306.19)	4,581.24	(390.15)	8,898.26
Deferred tax on functional currency	(1,747.39)	5,919.30	(1,188.30)	3,923.37
Tax credit on petroleum royalty	(11,704.45)	(13,917.95)	(9,235.97)	(10,915.59)
Tax credit on foreign corporate income tax	(146.63)	57.58	-	-
Adjustment in respect of prior year	242.14	(1,635.64)	(27.29)	(123.77)
Differences in tax rate of the Group's operating countries	(5,578.76)	(5,456.42)	-	-
Offset transactions of the Group's interests	2,739.81	2,759.07	-	-
Others	971.42	1,011.76	749.95	647.59
Income taxes	10,039.90	17,085.34	4,659.77	13,259.68

(UNOFFICIAL TRANSLATION)

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

Unit : Million US Dollar

	As at Jan 1, 2016	Statement of income	Consolidated Statement of comprehensive income	Currency translation differences	As at Dec 31, 2016
Deferred tax assets :					
Decommissioning costs	462.68	93.78	-	-	556.46
Employee benefit obligations	60.88	0.14	-	-	61.02
Property, plant and equipment and intangible assets	102.85	(15.86)	-	-	86.99
Petroleum resource rent tax in Australia	69.33	-	-	-	69.33
Loss carried forward	90.20	(54.11)	11.65	-	47.74
Unrealized foreign exchange	0.65	0.09	-	-	0.74
Financial derivative	18.46	(55.32)	52.04	(3.04)	12.14
Provision for impairment loss on assets	97.95	18.93	-	-	116.88
Others	103.96	(11.70)	-	-	92.26
	1,006.96	(24.05)	63.69	(3.04)	1,043.56
Tax effect of currency translation on tax base	5.93	1.14	-	-	7.07
Total	1,012.89	(22.91)	63.69	(3.04)	1,050.63

(UNOFFICIAL TRANSLATION)

Unit : Million US Dollar

	Consolidated			
	As at Jan 1, 2016	Statement of income	Statement of comprehensive income	Currency translation differences
				As at Dec 31, 2016
Deferred tax liabilities :				
Decommissioning costs	24.39	(14.53)	-	9.86
Property, plant and equipment and intangible assets	1,867.53	(52.97)	-	1,814.56
Financial derivative	55.10	(54.37)	-	0.73
Others	1.27	0.28	-	1.53
	1,948.29	(121.59)	-	1,826.68
Tax effect of currency translation on tax base	154.05	(48.50)	-	105.55
Total	2,102.34	(170.09)	-	1,932.23
Net	(1,089.45)	147.18	63.69	(881.60)

(UNOFFICIAL TRANSLATION)

Unit : Million Baht

	Consolidated				As at Dec 31, 2016
	As at Jan 1, 2016	Statement of income	Statement of comprehensive income	Currency translation differences	
Deferred tax assets :					
Decommissioning costs	16,697.36	3,292.96	-	(52.02)	19,938.30
Employee benefit obligations	2,196.93	4.74	-	(15.43)	2,186.24
Property, plant and equipment and intangible assets	3,711.67	(45.70)	-	(548.94)	3,117.03
Petroleum resource rent tax in Australia	2,502.02	-	-	(17.89)	2,484.13
Loss carried forward	3,255.08	(1,874.65)	407.88	(77.80)	1,710.51
Unrealized foreign exchange	23.47	-	-	2.94	26.41
Financial derivative	666.24	(1,921.51)	1,806.09	(115.86)	434.96
Provision for impairment loss on assets	3,534.89	673.19	-	(20.10)	4,187.98
Others	3,751.52	(417.32)	-	(28.00)	3,306.20
	36,339.18	(288.29)	2,213.97	(873.10)	37,391.76
Tax effect of currency translation on tax base	214.00	39.87	-	(0.59)	253.28
Total	36,553.18	(248.42)	2,213.97	(873.69)	37,645.04

(UNOFFICIAL TRANSLATION)

Unit : Million Baht

	Consolidated				As at Dec 31, 2016
	As at Jan 1, 2016	Statement of income	Statement of comprehensive income	Currency translation differences	
Deferred tax liabilities :					
Decommissioning costs	880.20	-	-	(526.78)	353.42
Property, plant and equipment and intangible assets	67,396.44	(1,867.69)	-	(512.40)	65,016.35
Financial derivative	1,988.63	(1,887.13)	-	(75.00)	26.50
Others	45.00	7.43	-	2.36	54.79
	70,310.27	(3,747.39)	-	(1,111.82)	65,451.06
Tax effect of currency translation on tax base	5,559.55	(1,707.52)	-	(69.95)	3,782.08
Total	75,869.82	(5,454.91)	-	(1,181.77)	69,233.14
Net	(39,316.64)	5,206.49	2,213.97	308.08	(31,588.10)

(UNOFFICIAL TRANSLATION)

	The Company			Unit : Million US Dollar
	As at Jan 1, 2016	Statement of income	Statement of comprehensive income	As at Dec 31, 2016
Deferred tax assets :				
Decommissioning costs	346.53	74.85	-	421.38
Employee benefit obligations	56.12	0.61	-	56.73
Loss carried forward	-	(2.21)	11.65	9.44
Financial derivative	18.46	(3.43)	(2.89)	12.14
Others	52.38	(3.17)	-	49.21
	473.49	66.65	8.76	548.90
Tax effect of currency translation on tax base	5.93	1.14	-	7.07
Total	479.42	67.79	8.76	555.97
Deferred tax liabilities :				
Property, plant and equipment and intangible assets	686.26	10.54	-	696.80
Others	0.14	(0.14)	-	-
	686.40	10.40	-	696.80
Tax effect of currency translation on tax base	84.12	(32.59)	-	51.53
Total	770.52	(22.19)	-	748.33
Net	(291.10)	89.98	8.76	(192.36)

(UNOFFICIAL TRANSLATION)

	The Company				Unit : Million Baht
	As at Jan 1, 2016	Statement of income	Statement of comprehensive income	Currency translation differences	As at Dec 31, 2016
Deferred tax assets :					
Decommissioning costs	12,505.67	2,619.97	-	(27.40)	15,098.24
Employee benefit obligations	2,025.32	21.26	-	(13.97)	2,032.61
Loss carried forward	-	(77.55)	407.88	7.82	338.15
Financial derivative	666.24	(120.07)	(101.21)	(10.00)	434.96
Others	1,890.42	(110.83)	-	(16.13)	1,763.46
	17,087.65	2,332.78	306.67	(59.68)	19,667.42
Tax effect of currency translation on tax base	214.00	39.87	-	(0.59)	253.28
Total	17,301.65	2,372.65	306.67	(60.27)	19,920.70
Deferred tax liabilities :					
Property, plant and equipment and intangible assets	24,766.00	369.11	-	(168.29)	24,966.82
Others	5.45	2.51	-	(7.88)	0.08
	24,771.45	371.62	-	(176.17)	24,966.90
Tax effect of currency translation on tax base	3,035.63	(1,148.43)	-	(40.97)	1,846.23
Total	27,807.08	(776.81)	-	(217.14)	26,813.13
Net	(10,505.43)	3,149.46	306.67	156.87	(6,892.43)

(UNOFFICIAL TRANSLATION)

24. Prepaid Expenses

As at December 31, 2016, prepaid expenses amounting to US Dollar 23.43 million or Baht 839.46 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 are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Prepayments for the construction of				
a gas pipeline	15.77	17.13	564.92	618.11
Prepayments for rental fee	4.48	2.26	160.47	81.47
Others	3.18	1.59	114.07	57.43
Total	23.43	20.98	839.46	757.01

25. Financial Derivatives

Financial derivatives are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Financial derivative assets				
<u>Financial derivative assets - Current</u>				
Oil price hedge	2.73	62.31	97.75	2,248.75
Forward foreign exchange	20.40	8.01	730.89	288.85
Total financial derivative assets - Current	23.13	70.32	828.64	2,537.60
<u>Financial derivative assets - Non - current</u>				
Interest rate swap	2.52	4.32	90.33	156.03
Cross currency and interest rate swap	-	182.59	-	6,589.20
Total financial derivative assets - Non - current	2.52	186.91	90.33	6,745.23

(UNOFFICIAL TRANSLATION)

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Financial derivative liabilities				
<u>Financial derivative liabilities - Current</u>				
Oil price hedge	35.16	5.32	1,259.64	191.84
Forward foreign exchange	-	1.45	-	52.49
Total financial derivative liabilities - Current	35.16	6.77	1,259.64	244.33
<u>Financial derivative liabilities - Non - current</u>				
Interest rate swap	1.40	2.32	50.02	83.63
Cross currency and interest rate swap	80.66	100.52	2,890.10	3,627.69
Total financial derivative liabilities - Non - current	82.06	102.84	2,940.12	3,711.32

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Financial derivative assets				
<u>Financial derivative assets - Current</u>				
Forward foreign exchange	18.92	7.57	677.89	273.25
Total financial derivative assets - Current	18.92	7.57	677.89	273.25
<u>Financial derivative assets - Non - current</u>				
Interest rate swap	2.52	4.32	90.33	156.03
Total financial derivative assets - Non - current	2.52	4.32	90.33	156.03

(UNOFFICIAL TRANSLATION)

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Financial derivative liabilities				
<u>Financial derivative liabilities - Current</u>				
Forward foreign exchange	-	1.36	-	49.14
Total financial derivative liabilities - Current	-	1.36	-	49.14
<u>Financial derivative liabilities - Non - current</u>				
Interest rate swap	1.40	2.32	50.02	83.63
Cross currency and interest rate swap	80.66	100.52	2,890.10	3,627.69
Total financial derivative liabilities - Non - current	82.06	102.84	2,940.12	3,711.32

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 2016, 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 reclassified loss previously recognized in other comprehensive income to the statement of income during 2016 in the amount of US Dollar 0.81 million.

(UNOFFICIAL TRANSLATION)

26. Other Non-current Assets

Other non-current assets comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Carried cost for PetroVietnam in projects:				
- Vietnam B & 48/95	1.06	1.06	37.83	38.11
- Vietnam 52/97	1.01	1.01	36.15	36.41
Deposits	4.58	4.26	164.14	153.74
Decommissioning fund	115.87	87.39	4,151.83	3,153.85
Prepaid assessed tax ¹	59.90	-	2,146.36	-
Others	3.91	2.53	140.16	91.32
Total	186.33	96.25	6,676.47	3,473.43

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Deposits	4.20	4.17	150.50	150.35
Others	1.58	0.98	56.68	35.58
Total	5.78	5.15	207.18	185.93

¹ Prepaid assessed tax including penalty for Natuna 2 B.V., which is a joint operation of the Group, as disclosed in Note 43 - Commitments and Contingent Liabilities, in topic Contingent liabilities

(UNOFFICIAL TRANSLATION)

27. Loans and Debentures

Loans and debentures comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
<u>Non-current Liabilities</u>				
Debentures	2,264.81	2,434.70	81,149.52	87,864.79
Long-term loans from financial institutions	566.81	570.54	20,309.27	20,590.08
Total non-current liabilities	2,831.62	3,005.24	101,458.79	108,454.87

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
<u>Non-current Liabilities</u>				
Debentures	1,078.70	1,248.92	38,650.56	45,071.69
Total non-current liabilities	1,078.70	1,248.92	38,650.56	45,071.69

(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, 2016	3,005.24	108,454.87
Repayment of debentures	(176.55)	(6,230.61)
Deferred finance cost	(2.47)	(85.63)
Foreign exchange differences	5.40	190.54
Currency translation differences	-	(870.38)
Balance as at December 31, 2016	2,831.62	101,458.79

	Unit : Million US Dollar	Unit : Million Baht
	The Company	The Company
Balance as at January 1, 2016	1,248.92	45,071.69
Repayment of debentures	(176.55)	(6,230.61)
Deferred finance cost	0.93	34.01
Foreign exchange differences	5.40	190.54
Currency translation differences	-	(415.07)
Balance as at December 31, 2016	1,078.70	38,650.56

(UNOFFICIAL TRANSLATION)

Debentures

The carrying value of unsecured and unsubordinated debentures comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Interest rates (% per annum)				
4.625		69.27		2,500.00
3.707		498.60		17,993.58
4.80		138.49		4,997.90
3.91		227.02		8,192.96
Effective interest rates (% per annum)				
4.625		69.77		2,500.00
3.847		322.88		11,568.88
4.873		139.50		4,998.50
3.976		228.71		8,195.00
Maturity date				
March 27, 2018				
September 16, 2018				
May 29, 2019				
June 6, 2019				
Interest rates (% per annum)				
5.692		699.10		25,048.94
Effective interest rates (% per annum)				
5.815		699.10		25,048.94
Maturity date				
April 5, 2021				
Interest rates (% per annum)				
4.82		317.84		11,388.18
6.35		487.01		17,450.02
Effective interest rates (% per annum)				
4.89		317.84		11,388.18
6.507		487.01		17,450.02
Maturity date				
June 6, 2029				
June 12, 2042				
Total Carrying Value	2,264.81	2,434.70	81,149.52	87,864.79

Maturity date over 1 year but not exceeding 3 years

- Debenture Baht 2,500 million ¹

- Debenture US Dollar 323.45 million ^{2,3}

- Debenture Baht 5,000 million ⁴

- Debenture Baht 8,200 million ⁵

Maturity date over 3 years but not exceeding 5 years

- Debenture US Dollar 700 million ²

Maturity date over 5 years

- Debenture Baht 11,400 million ⁶

- Debenture US Dollar 490 million ²

Total Carrying Value

(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, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Maturity date over 1 year but not exceeding 3 years	4.625	4.625	March 27, 2018	69.77	69.27	2,500.00	2,500.00
- Debenture Baht 2,500 million ¹	3.707	3.847	September 16, 2018	322.88	498.60	11,568.88	17,993.58
- Debenture US Dollar 323.45 million ^{2,3}	4.80	4.873	May 29, 2019	139.50	138.49	4,998.50	4,997.90
- Debenture Baht 5,000 million ⁴	3.91	3.976	June 6, 2019	228.71	227.02	8,195.00	8,192.96
- Debenture Baht 8,200 million ⁵							
Maturity date over 5 years	4.82	4.89	June 6, 2029	317.84	315.54	11,388.18	11,387.25
- Debenture Baht 11,400 million ⁶				1,078.70	1,248.92	38,650.56	45,071.69
Total Carrying Value							

(UNOFFICIAL TRANSLATION)

¹ 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.

² 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.

³ In June 2016, the Company repurchased its debenture before its maturity by paying a total of US Dollar 183.88 million. The amount paid was to redeem the debenture par value of US Dollar 176.55 million. As a result, the principle amount of the debenture decreased from the par value of USD 500 million to USD 323.45 million.

⁴ 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.

⁵ 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.

⁶ 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.

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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	
				Consolidated		Consolidated	
Maturity date over 3 years but not exceeding 5 years							
- Loan US Dollar 500 million ¹	LIBOR + 0.985	2.169	March 30, 2021	496.14		17,660.60	17,904.89
- Loan US Dollar 75 million ¹	LIBOR + 0.985	2.174	March 30, 2021	74.40		2,648.67	2,685.19
Total Carrying Value				570.54		20,309.27	20,590.08

¹ In March 2016, the Group has extended the loan maturity from 2017 to 2021.

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28. Short-term Provision

Short-term provision comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Provision for remuneration for the renewal of petroleum production	54.84	53.20	1,965.01	1,919.76
Total	54.84	53.20	1,965.01	1,919.76

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Provision for remuneration for the renewal of petroleum production	54.84	53.20	1,965.01	1,919.76
Total	54.84	53.20	1,965.01	1,919.76

29. Employee Benefit Obligations

Employee benefit obligations comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Statement of financial position				
Retirement benefits	98.00	92.84	3,511.32	3,350.33
Long service award	6.53	6.35	233.99	229.29
Liability in the statement of financial position	104.53	99.19	3,745.31	3,579.62
Statement of income				
Retirement benefits	10.30	11.55	363.42	394.12
Long service award	1.05	6.35	36.99	229.29
Total	11.35	17.90	400.41	623.41

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	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Statement of financial position				
Retirement benefits	90.33	85.74	3,236.36	3,094.19
Long service award	6.51	6.33	233.32	228.60
Liability in the statement of financial position	96.84	92.07	3,469.68	3,322.79
Statement of income				
Retirement benefits	8.90	10.30	314.38	351.64
Long service award	1.05	6.33	36.94	228.60
Total	9.95	16.63	351.32	580.24

The reconciliation details for the present value of the defined retirement benefit obligation plans are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	2016	2015	2016	2015
Balance as at January 1	92.84	110.90	3,350.33	3,655.48
Current service cost	7.10	7.86	250.55	268.09
Interest cost	3.20	3.69	112.87	126.03
Gain from actuarial assumption of employee benefit obligations	-	(16.00)	-	(576.08)
Benefit paid	(5.65)	(3.62)	(199.35)	(123.57)
Foreign exchange differences	0.51	(9.99)	18.10	(340.99)
Currency translation differences	-	-	(21.18)	341.37
Balance as at December 31	98.00	92.84	3,511.32	3,350.33

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	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	2016	2015	2016	2015
Balance as at January 1	85.74	100.52	3,094.19	3,313.30
Current service cost	5.94	6.88	209.74	234.78
Interest cost	2.96	3.42	104.64	116.86
Gain from actuarial assumption of employee benefit obligations	-	(12.90)	-	(464.58)
Benefit paid	(4.79)	(3.13)	(168.99)	(106.90)
Foreign exchange differences	0.48	(9.05)	16.45	(308.80)
Currency translation differences	-	-	(19.67)	309.53
Balance as at December 31	90.33	85.74	3,236.36	3,094.19

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

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	2016	2015	2016	2015
Current service cost	7.10	7.86	250.55	268.09
Interest cost	3.20	3.69	112.87	126.03
Total	10.30	11.55	363.42	394.12
Long service award	1.05	6.35	36.99	229.29
Expenses recognized in the statements of income	11.35	17.90	400.41	623.41

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	2016	2015	2016	2015
Current service cost	5.94	6.88	209.74	234.78
Interest cost	2.96	3.42	104.64	116.86
Total	8.90	10.30	314.38	351.64
Long service award	1.05	6.33	36.94	228.60
Expenses recognized in the statements of income	9.95	16.63	351.32	580.24

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Details of gain from actuarial assumptions of employee benefit obligations recognized in the statements of comprehensive income are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	2016	2015	2016	2015
Change in demographic assumptions	-	2.15	-	77.38
Change in financial assumptions	-	12.96	-	466.68
Experience adjustments	-	0.89	-	32.02
Total	-	16.00	-	576.08

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	2016	2015	2016	2015
Change in demographic assumptions	-	2.15	-	77.38
Change in financial assumptions	-	10.74	-	386.68
Experience adjustments	-	0.01	-	0.52
Total	-	12.90	-	464.58

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 2008 (TMO08) issued by the Office of the Insurance Commission. The TMO08 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 %	(9.58)	11.35

Unit : Million Baht			
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1 %	(343.33)	406.74

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, 2016, the weighted average duration of the defined retirement benefit obligation is 21 years.

Maturity analysis of undiscounted retirement benefits:

	Unit : Million US Dollar		Unit : Million Baht	
	31 December 2016		31 December 2016	
	Consolidated	The Company	Consolidated	The Company
Less than 1 year	2.28	1.47	81.82	52.78
Over 1 to 5 years	28.46	27.16	1,019.75	972.97
Over 5 to 10 years	51.37	48.35	1,840.76	1,732.42
Over 10 years	283.23	253.96	10,148.17	9,099.50
Total	365.34	330.94	13,090.50	11,857.67

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30. Provision for Decommissioning Costs

Provision for decommissioning costs are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Provision for decommissioning costs	2,015.98	2,085.82	72,233.72	75,274.26
<u>Less</u> Current portion	-	-	-	-
Non-current portion of provision for decommissioning costs	2,015.98	2,085.82	72,233.72	75,274.26

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Provision for decommissioning costs	1,014.75	1,046.05	36,359.01	37,750.41
<u>Less</u> Current portion	-	-	-	-
Non-current portion of provision for decommissioning costs	1,014.75	1,046.05	36,359.01	37,750.41

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, 2016	2,085.82	75,274.26
Decrease in provision – Divestment	(14.96)	(528.08)
Additional provision	43.12	1,521.91
Accretion expenses	83.71	2,954.09
Reversal of provision	(181.71)	(6,412.69)
Currency translation differences	-	(575.77)
Balance as at December 31, 2016	2,015.98	72,233.72

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	Unit : Million US Dollar	Unit : Million Baht
	The Company	The Company
Balance as at January 1, 2016	1,046.05	37,750.41
Additional provision	4.74	167.27
Accretion expenses	44.33	1,564.35
Reversal of provision	(80.37)	(2,836.28)
Currency translation differences	-	(286.74)
Balance as at December 31, 2016	1,014.75	36,359.01

31. 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, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Provision for remuneration for the renewal of petroleum production	308.79	348.69	11,064.34	12,583.45
<u>Less</u> Current portion	(54.84)	(53.20)	(1,965.01)	(1,919.76)
Non-current portion of provision for remuneration for the renewal of petroleum production	253.95	295.49	9,099.33	10,663.69

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Provision for remuneration for the renewal of petroleum production	308.79	348.69	11,064.34	12,583.45
<u>Less</u> Current portion	(54.84)	(53.20)	(1,965.01)	(1,919.76)
Non-current portion of provision for remuneration for the renewal of petroleum production	253.95	295.49	9,099.33	10,663.69

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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, 2016	348.69	12,583.45
Additional provision	-	-
Abandonment cost incurred during the year	(45.97)	(1,622.17)
Accretion expenses	13.30	469.69
Reversal of provision	(7.23)	(255.16)
Currency translation differences	-	(111.47)
Balance as at December 31, 2016	308.79	11,064.34

	Unit : Million US Dollar	Unit : Million Baht
	The Company	The Company
Balance as at January 1, 2016	348.69	12,583.45
Additional provision	-	-
Abandonment cost incurred during the year	(45.97)	(1,622.17)
Accretion expenses	13.30	469.69
Reversal of provision	(7.23)	(255.16)
Currency translation differences	-	(111.47)
Balance as at December 31, 2016	308.79	11,064.34

32. Deferred Income

Deferred income amount of US Dollar 13.28 million (Baht 475.90 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 10.58 million (Baht 379.02 million) and will be recognized as revenue when the counter parties receive this gas in subsequent years.

Deferred income amount of US Dollar 2.70 million (Baht 96.88 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.

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33. Fair Value

33.1 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, 2016				Dec 31, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
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
Financial derivatives								
- Oil price hedge	-	2.73	-	2.73	-	97.75	-	97.75
- Forward foreign exchange	-	20.40	-	20.40	-	730.89	-	730.89
- Interest rate swap	-	2.52	-	2.52	-	90.33	-	90.33
Total assets	0.86	25.65	-	26.51	30.59	918.97	-	949.56
Financial liabilities								
Financial derivatives								
- Oil price hedge	-	35.16	-	35.16	-	1,259.64	-	1,259.64
- 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	-	117.22	-	117.22	-	4,199.76	-	4,199.76

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	Unit : Million US Dollar				Unit : Million Baht			
	Consolidated				Consolidated			
	Dec 31, 2015				Dec 31, 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments in trading securities	0.12	-	-	0.12	4.27	-	-	4.27
Investments in available-for-sales securities	0.87	-	-	0.87	31.57	-	-	31.57
Financial derivatives								
- Oil price hedge	-	62.31	-	62.31	-	2,248.75	-	2,248.75
- Forward foreign exchange	-	8.01	-	8.01	-	288.85	-	288.85
- Interest rate swap	-	4.32	-	4.32	-	156.03	-	156.03
- Cross currency and interest rate swap	-	182.59	-	182.59	-	6,589.20	-	6,589.20
Total assets	0.99	257.23	-	258.22	35.84	9,282.83	-	9,318.67
Financial liabilities								
Financial derivatives								
- Oil price hedge	-	5.32	-	5.32	-	191.84	-	191.84
- Forward foreign exchange	-	1.45	-	1.45	-	52.49	-	52.49
- Interest rate swap	-	2.32	-	2.32	-	83.63	-	83.63
- Cross currency and interest rate swap	-	100.52	-	100.52	-	3,627.69	-	3,627.69
Total liabilities	-	109.61	-	109.61	-	3,955.65	-	3,955.65

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	Unit : Million US Dollar					Unit : Million Baht				
	The Company					The Company				
	Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total	
Financial assets										
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	
Financial liabilities										
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	

- Interest rate swap

- Cross currency and interest rate swap

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	Unit : Million US Dollar				Unit : Million Baht			
	The Company		The Company		The Company		The Company	
	Dec 31, 2015		Dec 31, 2015		Dec 31, 2015		Dec 31, 2015	
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Investments in trading securities	0.11	-	-	0.11	4.10	-	-	4.10
Financial derivatives	-	7.57	-	7.57	-	273.25	-	273.25
- Forward foreign exchange	-	4.32	-	4.32	-	156.03	-	156.03
- Interest rate swap	-	11.89	-	11.89	-	429.28	-	429.28
Total assets	0.11			12.00	4.10			433.38
Financial liabilities								
Financial derivatives	-	1.36	-	1.36	-	49.14	-	49.14
- Forward foreign exchange	-	2.32	-	2.32	-	83.63	-	83.63
- Interest rate swap	-	100.52	-	100.52	-	3,627.69	-	3,627.69
- Cross currency and interest rate swap	-	104.20	-	104.20	-	3,760.46	-	3,760.46
Total liabilities	-				-			

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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33.2 Valuation Techniques Used to Derive Level 2 Fair Values

Valuation techniques used to derive level 2 fair values of financial derivatives 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 to the fair value of Level 2 derivatives.

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33.3 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, 2016		
	Book Value	Fair Value
Unsecured and unsubordinated debentures – Baht	755.82	803.56
Unsecured and unsubordinated debentures – US Dollar	1,508.99	1,879.40

Unit : Million Baht		
Consolidated		
December 31, 2016		
	Book Value	Fair Value
Unsecured and unsubordinated debentures – Baht	27,081.68	28,792.03
Unsecured and unsubordinated debentures – US Dollar	54,067.84	67,339.98

Unit : Million US Dollar		
The Company		
December 31, 2016		
	Book Value	Fair Value
Unsecured and unsubordinated debentures – Baht	755.82	803.56
Unsecured and unsubordinated debentures – US Dollar	322.88	514.10

Unit : Million Baht		
The Company		
December 31, 2016		
	Book Value	Fair Value
Unsecured and unsubordinated debentures – Baht	27,081.68	28,792.03
Unsecured and unsubordinated debentures – US Dollar	11,568.88	18,420.52

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.

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

Consolidated	The Company
Financial assets ● Cash and cash equivalents ● Short-term investments ● Account receivable – parent company ● Trade and other accounts receivables ● Other current assets ● Long-term loans to related parties ● Other non-current assets	Financial assets ● Cash and cash equivalents ● Short-term investments ● Account receivable – parent company ● Trade and other accounts receivables ● Short-term loans to related parties ● Other current assets ● Long-term loans to related parties ● Other non-current assets
Financial liabilities ● Trade accounts payable and working capital to co-venturers ● Accrued expenses and interest payable ● Other current liabilities ● Long-term loans from financial institutions ● Other non-current liabilities	Financial liabilities ● Trade accounts payable and working capital to co-venturers ● Short-term loans from related parties ● Accrued expenses and interest payable ● Other current liabilities ● Long-term loans from financial institutions ● Other non-current liabilities

34. Financial Assets and Financial Liabilities

Financial assets and financial liabilities are as follows:

Unit : Million US Dollar

	Dec 31, 2016					Dec 31, 2015				
	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	-	-	2,039.50	-	-	-	-	2,995.40	-	-
Short-term investments	-	-	-	-	1,982.08	-	-	-	-	264.16
Investments in trading securities	0.17	-	-	-	-	0.12	-	-	-	-
Account receivable - parent company	-	-	382.76	-	-	-	-	475.83	-	-
Trade and other accounts receivable	-	-	138.30	-	-	-	-	185.31	-	-
Other current assets	-	-	87.32	-	-	-	-	117.65	-	-
Investments in available-for-sales securities	-	-	-	0.69	-	-	-	-	0.87	-
Long-term loans to related parties	-	-	16.19	-	-	-	-	16.07	-	-
Financial derivative assets	25.65	-	-	-	-	75.63	181.59	-	-	-
Other non-current assets	-	-	67.75	-	-	-	-	7.35	-	-
Total financial assets	25.82	-	2,731.82	0.69	1,982.08	75.75	181.59	3,797.61	0.87	264.16

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	Consolidated						Unit : Million US Dollar
	Dec 31, 2016			Dec 31, 2015			
	Fair value through statement of income	Derivative hedging instruments	Amortized cost	Fair value through statement of income	Derivative hedging instruments	Amortized cost	
Financial liabilities							
Trade accounts payable and working capital to co-venturers	-	-	99.22	-	-	135.19	
Accrued expenses and interest payable	-	-	514.07	-	-	647.73	
Other current liabilities	-	-	18.40	-	-	21.10	
Financial derivative liabilities	36.56	80.66	-	9.09	100.52	-	
Debentures and long-term loans	-	-	2,831.62	-	-	3,005.24	
Other non-current liabilities	-	-	0.67	-	-	0.72	
Total financial liabilities	36.56	80.66	3,463.98	9.09	100.52	3,809.98	

Financial liabilities

Unit : Million Baht

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	Consolidated						Unit : Million Baht
	Dec 31, 2016			Dec 31, 2015			
	Fair value through statement of income	Derivative hedging instruments	Amortized cost	Fair value through statement of income	Derivative hedging instruments	Amortized cost	
Financial liabilities							
Trade accounts payable and working capital to co-venturers	-	-	3,555.12	-	-	4,878.87	
Accrued expenses and interest payable	-	-	18,419.48	-	-	23,375.58	
Other current liabilities	-	-	659.32	-	-	761.42	
Financial derivative liabilities	1,309.66	2,890.10	-	327.96	3,627.69	-	
Debentures and long-term loans	-	-	101,458.79	-	-	108,454.87	
Other non-current liabilities	-	-	24.06	-	-	25.95	
Total financial liabilities	1,309.66	2,890.10	124,116.77	327.96	3,627.69	137,496.69	

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	The Company				Unit : Million US Dollar	
	Dec 31, 2016		Dec 31, 2015			
	Fair value through statement of income	Loans and accounts receivable	Held-to-maturity financial assets	Fair value through statement of income	Loans and accounts receivable	Held-to-maturity financial assets
Financial assets						
Cash and cash equivalents	-	1,227.50	-	-	2,392.85	-
Short-term investments	-	-	1,302.08	-	-	251.66
Investments in trading securities	0.16	-	-	0.11	-	-
Account receivable - parent company	-	213.10	-	-	239.52	-
Trade and other accounts receivable	-	23.41	-	-	27.65	-
Short-term loans to related parties	-	4,341.22	-	-	144.93	-
Other current assets	-	45.69	-	-	55.71	-
Long-term loans to related parties	-	2,195.88	-	-	6,925.75	-
Financial derivative assets	21.44	-	-	11.89	-	-
Other non-current assets	-	4.30	-	-	4.18	-
Total financial assets	21.60	8,051.10	1,302.08	12.00	9,790.59	251.66

(UNOFFICIAL TRANSLATION)

	The Company				Unit : Million US Dollar	
	Dec 31, 2016		Dec 31, 2015			
	Fair value through statement of income	Derivative hedging instruments	Amortized cost	Fair value through statement of income	Derivative hedging instruments	Amortized cost
Financial liabilities						
Short-term loans and current portion of long-term debts	-	-	-	-	-	740.22
Trade accounts payable and working capital to co-venturers	-	-	18.52	-	-	24.94
Accrued expenses and interest payable	-	-	243.04	-	-	314.15
Other current liabilities	-	-	5.50	-	-	2.82
Financial derivative liabilities	1.40	80.66	-	3.68	100.52	-
Debentures and long-term loans	-	-	1,078.70	-	-	1,248.92
Total financial liabilities	1.40	80.66	1,345.76	3.68	100.52	2,331.05

(UNOFFICIAL TRANSLATION)

Unit : Million Baht

	The Company					
	Dec 31, 2016		Dec 31, 2015			
	Fair value through statement of income	Loans and accounts receivable	Held-to-maturity financial assets	Fair value through statement of income	Loans and accounts receivable	Held-to-maturity financial assets
Financial assets						
Cash and cash equivalents	-	43,982.10	-	-	86,354.50	-
Short-term investments	-	-	46,654.23	-	-	9,082.04
Investments in trading securities	5.80	-	-	4.10	-	-
Account receivable - parent company	-	7,635.40	-	-	8,643.98	-
Trade and other accounts receivable	-	838.67	-	-	997.98	-
Short-term loans to related parties	-	155,548.43	-	-	5,230.42	-
Other current assets	-	1,637.13	-	-	2,010.57	-
Long-term loans to related parties	-	78,679.55	-	-	249,940.28	-
Financial derivative assets	768.22	-	-	429.28	-	-
Other non-current assets	-	154.21	-	-	150.90	-
Total financial assets	774.02	288,475.49	46,654.23	433.38	353,328.63	9,082.04

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Unit : Million Baht

	The Company			
	Dec 31, 2016		Dec 31, 2015	
	Fair value through statement of income	Derivative hedging instruments	Amortized cost	Fair value through statement of income
Financial liabilities				
Short-term loans and current portion of long-term debts	-	-	-	-
Trade accounts payable and working capital to co-venturers	-	-	663.60	-
Accrued expenses and interest payable	-	-	8,708.24	-
Other current liabilities	-	-	197.00	-
Financial derivative liabilities	50.02	2,890.10	-	132.77
Debentures and long-term loans	-	-	38,650.56	-
Total financial liabilities	50.02	2,890.10	48,219.40	3,627.69
				Amortized cost
				26,713.61
				899.93
				11,337.34
				101.91
				-
				45,071.69
				84,124.48

Financial liabilities

Short-term loans and current portion of long-term debts

Trade accounts payable and working capital to co-venturers

Accrued expenses and interest payable

Other current liabilities

Financial derivative liabilities

Debentures and long-term loans

Total financial liabilities

(UNOFFICIAL TRANSLATION)

35. Share Capital

As at December 31, 2016, 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

Ordinary shares issued and fully paid-up

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

Unit : Million Shares

Ordinary shares issued and fully paid-up

Balance as at January 1, 2015	3,969.98
New ordinary shares issued during the year	-
Balance as at December 31, 2015	3,969.98

36. Legal Reserve

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	2016	2015	2016	2015
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	
	2016	2015	2016	2015
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.

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37. Petroleum Royalties and Remuneration

Petroleum royalties and remuneration for the years comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	2016	2015	2016	2015
Petroleum royalties	353.11	425.82	12,464.25	14,311.37
Special remuneration benefits	-	0.22	-	8.95
Total	353.11	426.04	12,464.25	14,320.32

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	2016	2015	2016	2015
Petroleum royalties	260.98	316.31	9,213.41	10,811.28
Special remuneration benefits	-	-	-	-
Total	260.98	316.31	9,213.41	10,811.28

38. 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	
	2016	2015	2016	2015
Salary, wages and employees' benefits	138.61	139.19	4,899.61	4,819.01
Repair and maintenance	100.51	124.83	3,546.88	4,267.99
Exploration well and projects write-off	29.01	147.99	1,023.21	5,124.18
Geological and geophysical expenses	36.06	13.40	1,272.45	458.10

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	2016	2015	2016	2015
Salary, wages and employees' benefits	48.32	52.22	1,712.49	1,844.73
Repair and maintenance	39.43	58.12	1,391.60	1,987.19
Exploration well and projects write-off	-	0.76	-	26.93
Geological and geophysical expenses	0.83	1.55	29.29	52.96

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39. Earnings (loss) per Share

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

	Unit : US Dollar		Unit : Baht	
	Consolidated		Consolidated	
	2016	2015	2016	2015
Profit (loss) attributable to shareholders				
from continuing operations (Unit : million)	351.72	(822.45)	11,987.64	(30,472.32)
<u>Less</u> : Interest expenses for subordinated capital				
debentures – net of tax (Unit : million)	(54.02)	(31.53)	(1,917.24)	(1,113.18)
Profit (loss) used to determine basic earnings per share				
from continuing operations (Unit : million)	297.70	(853.98)	10,070.40	(31,585.50)
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 continuing operations	0.07	(0.21)	2.54	(7.96)

	Unit : US Dollar		Unit : Baht	
	Consolidated		Consolidated	
	2016	2015	2016	2015
Profit (loss) attributable to shareholders				
from discontinued operations (Unit : million)	20.33	(31.14)	872.07	(1,118.17)
<u>Less</u> : Interest expenses for subordinated capital				
debentures – net of tax (Unit : million)	-	-	-	-
Profit (loss) used to determine basic earnings per share				
from discontinued operations (Unit : million)	20.33	(31.14)	872.07	(1,118.17)
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	0.01	(0.01)	0.22	(0.28)

(UNOFFICIAL TRANSLATION)

	Unit : US Dollar		Unit : Baht	
	The Company		The Company	
	2016	2015	2016	2015
Profit attributable to shareholders (Unit : million)	484.84	271.46	17,099.79	9,222.88
<u>Less</u> : Interest expenses for subordinated capital debentures – net of tax (Unit : million)	(54.02)	(31.53)	(1,917.24)	(1,113.18)
Profit used to determine basic earnings per share (Unit : million)	430.82	239.93	15,182.55	8,109.70
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	0.11	0.06	3.82	2.04

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

(UNOFFICIAL TRANSLATION)

40. Segment Information

Unit : Million US Dollar

	Consolidated financial statements for the year ended December 31, 2016								Inter- company elimination	Group's total business
	Exploration and production					Pipeline		Others		
	Thailand	Other Southeast Asia	Australia	America	Africa	Southeast Asia				
Revenues - Third parties	249.41	289.24	-	-	-	66.49	-	-	-	605.14
- Related parties	2,873.39	507.63	235.79	-	34.10	240.31	-	-	(240.31)	3,650.91
Other revenues - Third parties	18.90	0.13	2.55	0.11	-	0.76	97.49	(85.65)	(85.65)	34.29
Interest income	0.12	0.44	0.19	0.19	-	0.02	0.04	(0.05)	(0.05)	0.95
Total Revenues	3,141.82	797.44	238.53	0.30	34.10	307.58	97.53	(326.01)	(326.01)	4,291.29
Operating expenses	366.01	352.74	65.18	-	21.21	21.18	9.66	(253.85)	(253.85)	582.13
Administrative expenses	35.81	29.22	13.45	3.52	8.41	3.33	68.70	(71.42)	(71.42)	91.02
Exploration expenses										
- Amortization of dry holes and projects	2.40	(0.73)	13.47	(1.81)	15.68	-	-	-	-	29.01
- Geological and geophysical	0.66	31.66	2.49	7.00	2.53	-	-	-	-	44.34
Depreciation, depletion and amortization	1,434.32	316.99	246.46	0.01	29.01	30.68	2.94	0.71	0.71	2,061.12
Petroleum royalties and remuneration	353.11	-	-	-	-	-	-	-	-	353.11
(Gain) loss on foreign exchange	(13.93)	(0.42)	0.50	1.13	0.04	(0.22)	(0.05)	-	-	(12.95)
Impairment loss on assets	-	41.90	-	-	-	5.25	-	-	-	47.15
Finance costs	82.57	36.45	5.23	-	0.60	16.54	-	(45.84)	(45.84)	95.55
Share of (gain) loss of associates and joint ventures	-	-	0.60	-	-	-	(9.15)	-	-	(8.55)
Total Expenses	2,260.95	807.81	347.38	9.85	77.48	76.76	72.10	(370.40)	(370.40)	3,281.93
Segment profit (loss)	880.87	(10.37)	(108.85)	(9.55)	(43.38)	230.82	25.43	44.39	44.39	1,009.36
Depreciation - general										(18.26)
Administrative expenses - general										(127.92)
Operating profit										863.18
Other income, net										7.19
Interest income										29.11
Finance costs										(138.92)
Loss on foreign exchange										(1.36)
Loss on financial derivatives										(118.19)
Management's remuneration										(3.98)
Profit before income taxes										637.03
Tax - Project	(271.35)	(0.24)	0.92	-	0.86	(27.84)	(3.52)			(301.17)
- Group										15.86
Profit from continuing operations										351.72
Profit from discontinued operations – net of tax										20.33
Net Profit (Loss)	609.52	(10.61)	(107.93)	(9.55)	(42.52)	202.98	21.91			372.05

(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			
Assets								
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
Total assets								18,891.38
Liabilities								
Segment liabilities	3,379.23	352.14	204.33	1.93	45.81	58.87		4,059.54
Unallocated liabilities								3,445.37
Total liabilities								7,504.91
Capital Expenditures	819.05	294.08	0.22	5.13	33.83	3.60	7.76	1,163.67

(UNOFFICIAL TRANSLATION)

Unit : Million Baht

	Consolidated financial statements for the year ended December 31, 2016							
	Exploration and production				Pipeline		Inter-company elimination	Group's total business
	Thailand	Other Southeast Asia	Australia	America	Africa	Southeast Asia	Others	
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
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				Pipeline Southeast Asia	Others	Inter- company elimination
	Thailand	Other Southeast Asia	Australia	America	Africa		
Assets							
Segment assets	205,616.92	93,285.11	32,843.98	29,702.60	99,837.04	26,329.63	489,953.46
Investments under equity method	-	-	249.98	-	-	-	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	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	41,067.07

(UNOFFICIAL TRANSLATION)

Unit : Million US Dollar

	Consolidated financial statements for the year ended December 31, 2015								
	Exploration and production						Others	Inter-company elimination	Group's total business
	Thailand	Other Southeast Asia	Australia	America	Africa	Pipeline Southeast Asia			
Revenues - Third parties	242.06	422.90	-	-	-	118.49	-	-	783.45
- Related parties	3,528.84	755.37	334.62	-	2.88	362.67	-	(362.67)	4,621.71
Other revenues - Third parties	18.76	4.29	1.00	0.06	0.07	0.78	110.41	(96.52)	38.85
Interest income	0.47	0.06	0.28	-	-	(0.18)	0.03	(0.03)	0.63
Total Revenues	3,790.13	1,182.62	335.90	0.06	2.95	481.76	110.44	(459.22)	5,444.64
Operating expenses	446.28	487.30	94.25	0.37	4.81	21.69	9.83	(379.42)	685.11
Administrative expenses	53.28	30.59	15.48	9.35	1.77	4.85	77.41	(78.96)	113.77
Exploration expenses									
- Amortization of dry holes and projects	12.56	107.28	(0.05)	14.36	13.82	-	-	-	147.97
- Geological and geophysical	3.57	10.21	9.43	5.07	6.37	-	-	-	34.65
Depreciation, depletion and amortization	1,835.67	433.17	382.71	0.01	3.13	30.04	3.32	0.24	2,688.29
Petroleum royalties and remuneration	426.04	-	-	-	-	-	-	-	426.04
(Gain) loss on foreign exchange	8.88	8.90	0.04	(1.51)	(0.46)	0.28	3.24	-	19.37
Impairment loss on assets	180.65	212.22	331.00	625.75	-	-	-	-	1,349.62
Finance costs	76.28	33.99	24.28	-	0.20	21.32	0.02	(68.18)	87.91
Share of gain of associates and joint ventures	-	-	(1.42)	-	-	-	(7.61)	-	(9.03)
Total Expenses	3,043.21	1,323.66	855.72	653.40	29.64	78.18	86.21	(526.32)	5,543.70
Segment profit (loss)	746.92	(141.04)	(519.82)	(653.34)	(26.69)	403.58	24.23	67.10	(99.06)
Depreciation - general									(19.25)
Administrative expenses - general									(160.83)
Operating loss									(279.14)
Other income, net									6.35
Interest income									31.29
Finance costs									(163.78)
Loss on foreign exchange									(50.03)
Gain on financial derivatives									132.16
Management's remuneration									(3.78)
Loss before income taxes							(4.34)		(326.93)
Tax - Project									(497.88)
- Group									2.36
Loss from continuing operations									(822.45)
Loss from discontinued operations - net of tax									(31.14)
Net Profit (Loss)	372.80	(101.70)	(629.76)	(653.34)	(28.12)	356.19	19.89		(853.59)

Unit: Million US Dollar

Consolidated financial statements as at December 31, 2015									
	Exploration and production					Pipeline		Inter-company elimination	Group's total business
	Thailand	Other Southeast Asia	Australia	America	Africa	Middle East	Southeast Asia		
Assets									
Segment assets	6,643.65	2,649.27	1,179.44	770.46	2,792.22	12.31	769.54	71.06	14,887.95
Investments under equity method	-	-	5.74	-	-	-	-	58.42	64.16
Unallocated assets									4,690.22
Total assets									19,642.33
Liabilities									
Segment liabilities	3,807.35	429.56	222.36	7.45	51.30	19.88	61.87	15.32	4,615.09
Unallocated liabilities									3,699.25
Total liabilities									8,314.34
Capital Expenditures	1,132.17	537.76	0.31	52.06	145.52	11.26	26.00	9.76	1,914.84

(UNOFFICIAL TRANSLATION)

Unit : Million Baht

	Consolidated financial statements for the year ended December 31, 2015							
	Exploration and production				Pipeline		Others	Inter-company elimination
	Thailand	Other Southeast Asia	Australia	America	Africa	Southeast Asia		
Revenues - Third parties	8,324.93	14,384.54	-	-	-	4,044.20	-	-
- Related parties	120,498.20	25,679.98	11,375.31	-	103.55	12,384.03	-	(12,384.03)
Other revenues - Third parties	645.95	150.69	34.20	1.96	2.49	26.80	3,767.04	(3,293.13)
Interest income	15.82	2.28	9.43	-	-	(5.98)	1.12	(1.02)
Total Revenues	129,484.90	40,217.49	11,418.94	1.96	106.04	16,449.05	3,768.16	(15,678.18)
Operating expenses	15,273.46	16,655.88	3,255.90	13.48	172.26	740.76	336.18	(12,959.48)
Administrative expenses	1,812.63	1,052.52	530.57	314.29	67.20	165.38	2,639.27	(2,690.81)
Exploration expenses								
- Amortization of dry holes and projects	430.81	3,694.87	(2.29)	513.35	486.64	-	-	-
- Geological and geophysical	123.01	349.14	333.57	171.53	212.15	-	-	-
Depreciation, depletion and amortization	62,630.27	14,865.05	12,982.32	0.20	110.77	1,029.22	113.59	7.29
Petroleum royalties and remuneration	14,320.32	-	-	-	-	-	-	-
(Gain) loss on foreign exchange	303.10	314.77	1.70	(49.77)	(15.35)	9.73	110.31	-
Impairment loss on assets	6,506.67	7,643.72	11,922.04	22,538.47	-	-	-	-
Finance costs	2,607.94	1,159.07	814.79	-	6.81	728.89	0.63	(2,314.41)
Share of gain of associates and joint ventures	-	-	(48.03)	-	-	-	(262.88)	-
Total Expenses	104,008.21	45,735.02	29,790.57	23,501.55	1,040.48	2,673.98	2,937.10	(17,957.41)
Segment profit (loss)	25,476.69	(5,517.53)	(18,371.63)	(23,499.59)	(934.44)	13,775.07	831.06	2,279.23
Depreciation - general								(5,961.14)
Administrative expenses - general								(657.63)
Operating loss								(5,565.98)
Other income, net								(12,184.75)
Interest income								220.13
Finance costs								1,062.93
Loss on foreign exchange								(5,578.30)
Gain on financial derivatives								(1,636.52)
Management's remuneration								4,856.43
Loss before income taxes								(126.91)
Tax - Project	(12,908.21)	1,567.71	(3,934.50)	-	(49.90)	(1,613.76)	(149.81)	(13,386.99)
- Group								(17,088.47)
Loss from continuing operations								3.14
Loss from discontinued operations - net of tax								(30,472.32)
Net Profit (Loss)	12,568.48	(3,949.82)	(22,306.13)	(23,499.59)	(984.34)	12,161.31	681.25	(31,590.49)

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Unit : Million Baht

	Consolidated financial statements as at December 31, 2015							
	Exploration and production				Pipeline Southeast Asia	Others	Inter-company elimination	Group's total business
	Thailand	Other Southeast Asia	Australia	America	Africa	Middle East		
Assets								
Segment assets	239,759.87	95,608.42	42,564.24	27,805.00	100,767.24	444.16	27,771.50	537,284.76
Investments under equity method	-	-	206.94	-	-	-	-	2,315.38
Unallocated assets								169,263.42
Total assets								708,863.56
Liabilities								
Segment liabilities	137,401.74	15,502.37	8,024.47	269.01	1,851.31	717.40	2,232.86	166,552.11
Unallocated liabilities								133,500.42
Total liabilities								300,052.53
Capital Expenditures	38,707.56	18,385.48	10.72	1,779.85	4,975.23	384.93	888.98	65,466.38

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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 14 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.

41. 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 2016, the overall oil market situation had continued to decline due to oversupply situation. Dubai crude oil price fell to its lowest level in January at US Dollar 23 per barrel. However, there were positive situations that resulted in the increase in crude oil price such as the attempts of OPEC and non-OPEC to maintain and reduce oil production, the wildfires in Canada, Nigeria and Libya insurgencies, and the continuing decrease in oil production in the USA. Consequently, Dubai yearly average crude oil price is approximately US Dollar 41 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 endorsed by the Groups' Management Committee.

As at December 31, 2016, the Group entered into a derivative on crude oil price hedged for the year 2017 totaling to 9.10 million barrels.

■ **Interest Rate Risk**

The Group is exposed to interest rate risk from the 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, 2016, the Group has a proportion of floating interest rate debts after entering into the interest rate swaps at 20% of total debts (in 2015 at 18%). The weighted average interest rates on total debts was 4.41% per annum (in 2015 was 4.32% per annum).

The Group's profit before income taxes is sensitive to changes in interest rates on the floating rate element of the Group's debt as at January 1, 2017. 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 2017 would decrease by approximately US Dollars 5.83 million. This assumes that the principal amount and the proportion of fixed and floating interest rate debts remain unchanged from that in place at December 31, 2017 (in 2016: profit before income taxes decreases by approximately US Dollar 5.85 million). Furthermore, 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, 2016 and 2015, 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, 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)
For the year ended December 31, 2015		
Profit before income taxes increase (decrease)		
(10% US Dollar appreciation)	(14)	1
Profit before income taxes increase (decrease)		
(10% US Dollar depreciation)	14	(1)

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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	Total
	Unit : Million US Dollar				
Trade accounts payable and working capital to co-venturers	99.22	-	-	-	99.22
Accrued expenses	490.79	-	-	-	490.79
Other current liabilities	18.40	-	-	-	18.40
Loans from financial institution with floating interest rate	-	-	575.00	-	575.00
Principal	-	-	-	-	-
Interest paid*	10.88	25.84	19.07	-	55.79
Debtenture with fixed interest rate	-	-	-	-	-
Principal	-	761.62	700.00	808.16	2,269.78
Interest paid*	117.16	209.66	152.67	752.87	1,232.36
Cash outflow from foreign currency and interest rate swap **	39.03	557.23	35.36	481.54	1,113.16
Cash inflow from foreign currency and interest rate swap **	37.05	495.02	30.71	433.24	996.02
Cash outflow from forward foreign exchange **	665.11	-	-	-	665.11
Cash inflow from forward foreign exchange **	684.90	-	-	-	684.90

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 31, 2016.

- Thai Baht liabilities were equivalent to US Dollar at the weighted average exchange rate between weighted average selling and buying rates announced by the Bank of Thailand on December 30, 2016 at Baht 35.8307 per US Dollar.

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

**The Group enters into derivative contracts that 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.

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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	558.18	558.18
Short-term uncommitted bank credit facility	428.14	428.14

Thai Baht credit facility is translated to US Dollar using the weighted average exchange rate between weighted average selling and buying rates announced by the Bank of Thailand on December 30, 2016 at Baht 35.8307 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 ended 2016 and 2015, the Company's credit ratings as assigned by prominent credit rating agencies are as follows:

	2016		2015	
	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

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42. Dividends

On March 28, 2016, the Annual General Meeting of the Shareholders approved payment of a dividend for the year 2015 of Baht 3.00 per share. The Company made an interim dividend payment for the first half-year operations of 2015 at the rate of Baht 1.00 per share on August 21, 2015 and for the second half-year operations of 2015 at the rate of Baht 2.00 per share on April 11, 2016.

The Company estimated the dividend to its shareholders for the year 2016 at 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. The remaining dividend for the second half-year operations of 2016 at the rate of Baht 2.50 per share will be paid upon the approval by the Annual General Meeting of the Shareholders.

43. 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, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Within 1 year	22.67	37.84	811.89	1,365.47
Over 1 year but not exceeding 5 years	60.59	92.65	2,170.83	3,343.46
Over 5 years	38.14	47.62	1,366.57	1,718.38
Total	121.40	178.11	4,349.29	6,427.31

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Within 1 year	11.10	20.63	397.59	745.00
Over 1 year but not exceeding 5 years	12.96	2.26	464.34	81.48
Over 5 years	-	0.03	-	0.94
Total	24.06	22.92	861.93	827.42

■ 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, 2016 was US Dollar 16.19 million (Baht 580 million).

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- Commitment from the guarantee of loans and debentures of subsidiaries
 - The Company has commitment for the guarantee of loans within the credit facility 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).

- Obligation under Gas Sale Agreement

According to the Gas Sales Agreement of MTJDA -B17 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, 2016, PTTEPI had an obligation for the Shortfall as per GSA mentioned above with the approximate total cost for PTTEPI of US Dollar 15.04 million (Baht 538.98 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 (GoI) claiming compensation relating to an incident in 2009 when oil and natural gas leaked from a well in PTTEP AA's Montara project in Australian territory in the Timor Sea. PTTEP AA rejected the claim on the basis that the evidence provided by the GoI was considered unproven and unsubstantiated. No verifiable scientific evidence was ever provided to support the claim. No further communication on the claim has been received by PTTEP AA from the GoI since December, 2012.

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 2009 Montara incident. Subsequently, on August 9, 2016 the company 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 (the 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 and is defending the claim.

Currently, the Company considers that the claims from the GoI and the Class Action remain unproven and unsubstantiated.

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- The Indonesia Tax Office (ITO) conducted an investigation for the potential Participating Interest Transfer Tax (PIT) and Branch Profit Tax (BPT) on Share Purchase Agreement in Natuna 2 B.V., a joint operation between PTTEP Netherlands Holding Cooperatie U.A. and Pertamina Hulu Energi Oil and Gas. The Share Purchase Agreement of Natuna 2 B.V. in which 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, was made in 2013. The ITO has assessed the potential PIT, BPT and related penalties of approximately US Dollar 119.80 million in which US Dollar 59.90 million (Baht 2,146.36 million) represents the Group's proportion.

In February 2016, Natuna 2 B.V. already paid for all tax obligation including penalty in advance to prevent additional tax penalty and surcharge that may arise during the appeal to object the claim with the ITO. Natuna 2 B.V. will recover this advance payment back if the claim made by the ITO is invalid. As at December 31, 2016, the Group has recognized this payment as an advance for tax obligation as part of other non-current assets - others in the consolidated statement of financial position.

- As at December 31, 2016, the Company had contingent liabilities in the form of letters of guarantee amounting to US Dollar 0.61 million (Baht 21.70 million) for the Company's financial statements and US Dollar 38.11 million (Baht 1,365.50 million) for the consolidated financial statements.

44. Events after the Reporting Date

- On February 6, 2017, PTTEP HK Holding Limited (PTTEP HK), a subsidiary of the Group, increased its share capital of Hong Kong Dollar (HK Dollar) 34,906,435 from HK Dollar 6,211,550 to HK Dollar 41,117,985. PTTEP HK used the proceed from the capital increased to increase share capital in PTTEP HK Offshore Limited (PTTEP HKO), a subsidiary of PTTEP HK. PTTEP HKO increased its share capital from HK Dollar 6,201,550 to HK Dollar 41,107,985 by increase its par value per share from HK Dollar 620.16 per share to HK Dollar 4,110.80 per share.
- The Company's Board of Directors authorized for the issue of these financial statements on February 16, 2017.

Supplemental Information on Exploration and Production Activities (Unaudited)

(A) PTTEP and Our Subsidiaries' Petroleum Reserve Report As of December 31, 2016

The total Proved Reserves of PTTEP and our subsidiaries as of December 31, 2016 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, 2016, the total Proved Reserves of all projects of PTTEP Group are 170 million stock-tank barrels (MMSTB) of crude oil and condensate¹, and 3,371 billion standard cubic feet (BSCF) of natural gas (525 million barrels of oil equivalent (MMBOE)). The total Proved Reserves (consolidated companies) in term of oil equivalent is 695 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 2016, the total production of PTTEP Group is 135 MMBOE (38 MMSTB of crude oil and condensate¹ and 610 BSCF of natural gas or 97 MMBOE) which is equivalent to the production rate of approximately 369,312 barrels of oil equivalent per day (BOED), approximately 4,576 BOED or 1.2% decrease from last year. The decrease was mainly due to temporary production facility shut down for maintenance and natural production decline of PTTEP Australasia, Vietnam 16-1, and Yetagun projects. However, the reduction of production is compensated by increasing of production from Algeria 433a & 416b Project.

¹ Include the proved reserves and production of LPG

	Proved Reserves of Crude Oil and Condensate ⁽²⁾			Proved Reserves of Natural Gas			Proved Reserves of Crude, Condensate and Natural Gas ⁽¹⁾		
	(MMSTB)			(BSCF)			(MMBOE)		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
	Barrel of Oil Equivalent								
Company's share of reserves of consolidated companies									
As of December 31, 2014	113	74	187	2,119	1,695	3,814	461	316	777
1) Revision of previous estimates	14	9	23	336	53	389	70	17	87
2) Improved recovery	4	1	5	2	1	3	4	2	6
3) Extensions and discoveries	4	-	4	(27)	30	3	(1)	5	4
4) Purchases/Sales of Petroleum in place	-	-	-	-	-	-	-	-	-
5) Production	(27)	(12)	(39)	(409)	(209)	(618)	(94)	(42)	(136)
As of December 31, 2015	108	72	180	2,021	1,570	3,591	440	298	738
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

(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)	2016	2015
Proved properties	26,011	25,319
Unproved properties	<u>4,717</u>	<u>4,727</u>
Gross capitalized costs	30,728	30,046
Accumulated depreciation, depletion, amortization and allowance for impairment	<u>(18,703)</u>	<u>(16,871)</u>
Net capitalized costs	<u>12,025</u>	<u>13,175</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)	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Acquisition of properties						
- Proved	-	-	-	-	-	-
- Unproved	-	1	1	-	-	-
Exploration costs	4	54	58	88	274	362
Development costs	<u>747</u>	<u>303</u>	<u>1,050</u>	<u>1,171</u>	<u>504</u>	<u>1,675</u>
Total	<u>751</u>	<u>358</u>	<u>1,109</u>	<u>1,259</u>	<u>778</u>	<u>2,037</u>

(D) Results of operations for producing activities

Results of operations from oil and gas producing activities for the year 2016 and 2015 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)	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Gross revenues						
Sales – Related parties	2,873	1,018	3,891	3,529	1,456	4,985
Sales – Third parties	249	355	604	242	541	783
Total Sales	3,122	1,373	4,495	3,771	1,997	5,768
Expenses						
Operating expenses	366	461	827	446	608	1,054
Exploration expenses	3	70	73	16	167	183
General administrative expenses	36	58	94	53	62	115
Petroleum royalties and remuneration	353	-	353	426	-	426
Depreciation, depletion and amortization	1,434	623	2,057	1,836	849	2,685
Other (income)/ expenses	(33)	45	12	171	1,169	1,340
Total expenses	2,159	1,257	3,416	2,948	2,855	5,803
Results before income taxes	963	116	1,079	823	(858)	(35)
Income tax expenses	271	26	297	374	119	493
Net results of operations	692	90	782	449	(977)	(528)

(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 Proved Oil and Gas Reserves

(Unit: Million US Dollar)	Domestic		Foreign		Total	
	2016	2015	2016	2015	2016	2015
Future cash inflows	13,565	14,538	6,106	10,558	19,671	25,096
Future production costs	(2,283)	(2,730)	(1,614)	(2,077)	(3,897)	(4,807)
Future development costs	(4,718)	(5,990)	(1,612)	(1,900)	(6,330)	(7,890)
Future income tax expenses	<u>(2,177)</u>	<u>(1,944)</u>	<u>(626)</u>	<u>(1,200)</u>	<u>(2,803)</u>	<u>(3,144)</u>
Future net cash flows	4,387	3,874	2,254	5,381	6,641	9,255
10% annual discount	<u>(337)</u>	<u>(136)</u>	<u>(651)</u>	<u>(1,691)</u>	<u>(988)</u>	<u>(1,827)</u>
Standardized measure of discounted future net cash flows (SMDCF)	<u>4,050</u>	<u>3,738</u>	<u>1,603</u>	<u>3,690</u>	<u>5,653</u>	<u>7,428</u>

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

(Unit: Million US Dollar)	2016	2015
Present value at beginning of year	7,428	12,229
Sales and transfers of oil and gas produced, net of production costs	(3,210)	(4,106)
Development costs incurred during the period	1,103	1,844
Net changes in prices and production costs	(3,779)	(9,470)
Net changes in development costs	1,495	(270)
Extensions, discoveries and improved recovery	469	186
Revisions of previous quantity estimates	967	1,540
Purchases / sales of petroleum in place	-	-
Accretions of discount	839	2,955
Net changes in income taxes	<u>341</u>	<u>2,520</u>
Present value at the year end	<u>5,653</u>	<u>7,428</u>

(E) Other Information

Productive Oil/Condensate and Gas Wells

The numbers of productive wells at December 31, 2016 were as follows:

	Oil/Condensate		Gas	
	Gross	Net	Gross	Net
Thailand	902	476	1,307	572
Foreign				
Southeast Asia	42	14	183	84
Others	17	10	10	10
Total	961	500	1,500	666

Drilling in Progress of Oil/Condensate and Gas Wells

The numbers of wells in progress at December 31, 2016 were as follows:

	Gross	Net
<u>Exploratory</u>		
Thailand	-	-
Foreign		
Southeast Asia	-	-
Others	-	-
Total	-	-
<u>Development</u>		
Thailand	55	11.05
Foreign		
Southeast Asia	18	10.59
Others	-	-
Total	73	21.64

Net Oil/Condensate and Gas Wells Drilled in 2016

	Net Productive wells drilled	Net dry well drilled
<u>Exploratory</u>		
Thailand	2.65	2.00
Foreign		
Southeast Asia	-	-
Others	0.69	-
Total	3.34	2.00
<u>Development</u>		
Thailand	182.32	8.74
Foreign		
Southeast Asia	24.48	-
Others	-	-
Total	206.80	8.74

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 2016 and 2015 for the consolidated financial statement are as follows:

Unit: US Dollar

<u>Year2016</u>	<u>4thQ</u>	<u>3thQ</u>	<u>2thQ</u>	<u>1thQ</u>
Revenues				
Sales	1,037,434,592	1,046,476,331	1,061,000,216	1,044,652,922
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	6,572,364	6,223,387
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	10,675,096	11,305,277
Total Revenues	1,088,006,463	1,108,720,526	1,102,401,519	1,084,548,890
Expenses				
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	59,035,265	58,292,332
Total Expenses	990,740,072	888,212,161	975,413,067	900,832,588
Share of gain from associates and joint ventures	2,359,011	2,341,048	1,828,615	2,018,422
Profit before income taxes	99,625,402	222,849,413	128,817,067	185,734,724
Income tax expenses	(133,322,118)	(67,481,839)	(54,598,693)	(29,904,152)
Profit (loss) for the period from continuing operations	(33,696,716)	155,367,574	74,218,374	155,830,572
Profit (loss) for the period from discontinued operations - net of tax	17,635,015	272,758	1,135,156	1,291,184
Profit (loss) for the year	(16,061,701)	155,640,332	75,353,530	157,121,756
Earnings per share				
Basic earnings per share				
Continuing operations	(0.01)	0.04	0.01	0.04
Discontinued operations	0.004	0.0001	0.0003	0.0003

Unit: US Dollar

<u>Year2015</u>	<u>4thQ</u>	<u>3thQ</u>	<u>2thQ</u>	<u>1thQ</u>
Revenues				
Sales	1,203,142,435	1,307,063,718	1,389,039,254	1,387,426,514
Revenue from pipeline transportation	22,964,786	29,836,406	30,536,212	35,150,233
Other income	-	-	-	-
Gain on foreign exchange	3,970,383	-	-	-
Interest income	6,367,880	5,385,246	11,170,866	8,992,329
Gain on financial derivatives	78,032,960	101,724,886	-	7,045,036
Other income	13,061,506	13,410,017	8,485,622	10,242,618
Total Revenues	1,327,539,950	1,457,420,273	1,439,231,954	1,448,856,730
Expenses				
Operating expenses	170,426,047	177,055,939	174,880,888	162,743,240
Exploration expenses	53,211,965	78,104,557	38,281,590	13,016,551
Administrative expenses	96,908,756	54,472,978	71,999,752	51,219,154
Petroleum royalties and remuneration	97,160,368	107,121,360	112,714,666	109,048,079
Depreciation, depletion and amortization	612,667,852	644,241,169	723,921,564	726,702,763
Other expenses				
Loss on foreign exchange	-	20,172,882	18,831,803	34,370,270
Loss on financial derivatives	-	-	54,641,472	-
Management's remuneration	169,881	956,325	1,165,405	1,486,834
Impairment loss on assets	-	1,349,618,465	-	-
Finance costs	49,455,780	61,457,418	72,234,408	68,549,454
Total Expenses	1,080,000,649	2,493,201,093	1,268,671,548	1,167,136,345
Share of gain from associates and joint ventures	2,072,797	2,474,224	1,861,150	2,619,506
Profit before income taxes	249,612,098	(1,033,306,596)	172,421,556	284,339,891
Income tax expenses	(118,140,229)	(220,335,593)	(137,176,866)	(19,865,479)
Profit (loss) for the period from continuing operations	131,471,869	(1,253,642,189)	35,244,690	264,474,412
Profit (loss) for the period from discontinued operations - net	477,347	(30,812,564)	(115,818)	(688,186)
Profit (loss) for the year	131,949,216	(1,284,454,753)	35,128,872	263,786,226
Earnings per share				
Basic earnings per share				
Continuing operations	0.03	(0.31)	0.005	0.07
Discontinued operations	0.0001	(0.008)	(0.00003)	(0.0002)

Petroleum Sales Volume and Average Unit Prices

	2016	2015
Net sales of petroleum (BOED)	319,521	322,167
Average petroleum unit prices		
Average unit prices of crude oil and condensate (USD/BBL)	41.17	50.05
Average unit prices of natural gas (USD/MMBTU)	5.60	7.20
Average unit prices of petroleum (USD/BOE)	35.91	45.29
Lifting cost (USD/BOE)	4.18	4.62



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