THAI OIL PUBLIC COMPANY LIMITED

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**Independent Auditor’s Report**

To the shareholders and the Board of Directors of Thai Oil Public Company Limited

**My opinion**

In my opinion, the consolidated financial statements and the separate financial statements present fairly, in all material respects, the consolidated financial position of Thai Oil Public Company Limited(the Company) and its subsidiaries (the Group) and the separate financial position of the Company as at 31 December 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

**What I have audited**

The consolidated financial statements and the separate financial statements comprise:

* the consolidated and separate statements of financial position as at 31 December 2021*;*
* the consolidated and separate statements of comprehensive income for the year then ended;
* the consolidated and separate statements of changes in equity for the year then ended;
* the consolidated and separate statements of cash flows for the year then ended; and
* the notes to the consolidated and separate financial statements, which include significant accounting policies and other explanatory information.

**Basis for opinion**

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that are relevant to my audit of the consolidated and separate financial statements, and   
I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Key audit matters**

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

| **Key audit matter** | **How my audit addressed the key audit matter** |
| --- | --- |
|  |  |
| **The acquisition of investment in an associate** |  |
| In reference to note 42, acquisition of investment in an associate and business combination, in September 2021, the Group acquired shares of PT Chandra Asri Petrochemical Tbk (CAP), a registered company in the Republic of Indonesia operating petrochemicals. The Group has 15% shareholding interest of the total registered shares. The investment was classified as an investment in an associate, based on the definition in TAS 28 - Investment in associates and joint ventures. Under the share purchase agreements, the Group will acquire an additional 0.38% shareholding interest in CAP with contingent considerations not exceeding either Baht 129 million or Baht 8,928 million depending on whether the conditions on the approval for the final investment decision of a petrochemical plant construction project by a subsidiary of CAP within five years from the date of acquisition of an investment are met. As at 31 December 2021, the contingent consideration was presented as other non-current liabilities in the consolidated statement of financial position.  The Group paid for the share purchase consideration and estimated a contingent consideration totalling of Baht 29,911 million. Management engaged an external valuer to appraise the fair value of net identifiable assets acquired and the purchase price over assets acquired as disclosed in Note 42. The following amount was presented as part of an investment in an associate. As at the acquisition date, the total purchase considerations represented 8% of the total consolidated assets.  I focused on:   * the investment classification, * the estimate of fair values of the net identifiable assets acquired and the estimate of the contingent consideration because it is significant to the consolidated financial statements, * It involved management’s judgements in determining the investment classification, and * the identification of the contingent consideration involved assumptions and probable future events when assessing the fair value. | I carried out the following audit procedures to assess the management’s classification and measurement of the fair value of the net identifiable assets arising from an acquisition of investment in an associate.   * Read the purchase and sale agreements to understand the key terms and conditions, and confirmed my understanding of the transaction with management. * Assessed the accounting of management's consideration to determine this acquisition as an investment in an associate. * Assessed the appropriateness of the identifiable assets acquired and liabilities assumed as at the acquisition date, and evaluated management’s procedures in determining the fair values of the net identifiable assets acquired. * Discussed and understood the detail of the share purchase agreements with management, including the conditions for acquiring the additional shares, to understand management’s assumptions in measuring the contingent consideration, and assessed management’s judgements of the probability of the approval for the final investment decision on the acquisition date. * Evaluated the competency, qualifications and experience of management’s experts. * Tested the mathematical calculation of fair value of the net identifiable assets and the purchase price over net assets acquired; and challenged management on significant assumptions applied in the estimation of projected cash flows by comparing those assumptions to the underlying agreements and external sources. The assumptions included the forecasted sales price of the petrochemical products, the refinery capacity, the estimated continuity of the trade period with customers and operating expenditures. * Assessed whether the discount rate applied by management was within the acceptable range and was comparable with the data independently obtained from public information of companies within the same industry.   Based on audit procedures performed, I determined that the acquisition of investment is an investment in an associate in accordance with the definition set out in TAS 28. The assumptions used in identifying the fair values of the net identifiable asset were reasonable. |
|  |  |

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor’s report thereon.

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

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

**Responsibilities of the directors for the consolidated and separate financial statements**

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

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

The audit committee assists the directors in discharging their responsibilities for overseeing the Group’s and the Company’s financial reporting process.

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

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

As part of an audit in accordance with TSAs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

* Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Company’s internal control.
* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
* Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s and the Company’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
* Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
* Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matter. I describe the matter in my auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

**Boonrueng Lerdwiseswit**

Certified Public Accountant (Thailand) No. 6552

Bangkok

15 February 2022