**PTT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020**

**(UNAUDITED BUT REVIEWED)**

|  |  |
| --- | --- |
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**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020**

**(UNAUDITED BUT REVIEWED)**

**1. General information**

* 1. General information of the company

PTT Public Company Limited (the Company) is incorporated as a public limited company in Thailand, and is listed on the Stock Exchange of Thailand.

The Head Office of the Company is located at 555 Vibhavadi-Rangsit Road, Chatuchak, Bangkok, Thailand.

The Company has a status of a state enterprise while the Ministry of Finance is the largest shareholder and is under the supervision of Ministry of Energy.

The Company’s principal activity is the operation of its petroleum business. The Company has invested in subsidiaries, joint arrangements and associates (the Group), which are engaged in upstream petroleum and natural gas, downstream petroleum, technology and engineering, and other related businesses as described in Note 25 Operating segments.

* 1. Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 pandemic is resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Group operates. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved, using the best information obtained up to the date of this report.

**2. Basis for the preparation of interim financial statements**

* 1. Purpose of the interim financial statements

These interim financial statements are prepared in order to provide additional information other than that included in the latest annual financial statements. Accordingly, these interim financial statements focus on the reporting of new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

* 1. Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting”, and Thai Financial Reporting Standards under the Accounting Act, B.E. 2543. These are Thai Financial Reporting Standards under the Accounting Profession Act, B.E. 2547, including guidelines promulgated by the Federation of Accounting Professions (TFAC), and applicable rules and regulations of the Securities and Exchange Commission under the Securities and Exchange Act, B.E. 2535. The content of the interim financial statements comprises the statement of financial position, statement of income, statement of comprehensive income, statement of changes in shareholders’ equity and statement of cash flows in compliance with the notification of the Department of Business Development “Definition of the abbreviated components required in the financial statements (No.3), B.E. 2562”, dated 26 December 2019, under the third paragraph of section 11 of the Accounting Act, B.E. 2543. As well as the condensed notes to the interim consolidated financial statements.

**2. Basis for the preparation of interim financial statements** (Continued)

* 1. Basis for the preparation of interim financial statements (Continued)

The consolidated and the separate financial statements are prepared and presented in Thai Baht and are rounded in the notes to financial statements to the nearest million unless otherwise stated.

This English translation of the financial statements has been prepared from the statutory financial statements that were issued in Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

**3. Accounting policies**

3.1 New financial reporting standards

3.1.1 New financial reporting standards that became effective in the current period

During the period, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. The management of the Group has assessed impacts of the amended financial reporting standards and interpretations and it is believed that deploying the amended standards has no significant impact on the consolidated financial statements and the separate financial statements, except where the new standard involves changes to key principles. The financial reporting standards are summarised below:

Financial reporting standards related to financial instruments

|  |  |
| --- | --- |
| ⯁ TAS 32 | Financial Instruments: Presentation |
| ⯁ TFRS 7 | Financial Instruments: Disclosures |
| ⯁ TFRS 9 | Financial Instruments |
| ⯁ TFRIC 16 | Hedges of a Net Investment in a Foreign Operation |
| ⯁ TFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments |

The above financial instruments standards will replace the following standards.

|  |  |
| --- | --- |
| ⯁ TAS 101 | Doubtful Accounts and Bad Debts |
| ⯁ TAS 103 | Disclosures in the Financial Statements of Banks and Similar Financial Institutions |
| ⯁ TAS 104 (revised 2016) | Accounting for Troubled Debt Restructuring |
| ⯁ TAS 105 (revised 2016) | Accounting for Investments in Debt and Equity Securities |
| ⯁ TAS 106 | Accounting for Investment Entities |
| ⯁ TAS 107 (revised 2016) | Financial Instruments: Disclosure and Presentation |
| ⯁ TI 9 | Assets Transferred by Debtors for Debt Settlement |

The TFRSs related to financial instruments establish principles for classification and measurement of financial instruments at fair value or amortized cost, with determination made based on the type of financial instrument, the contractual cash flow characteristics, and the business model. They also establish principles for calculating asset impairment, using the expected credit loss concept and for hedge accounting, as well as presentation and disclosures related to financial instruments.

**3. Accounting policies** (Continued)

3.1 New financial reporting standards (Continued)

3.1.1 New financial reporting standards that became effective in the current period (Continued)

TFRS 16 Lease will replace the following standards.

|  |  |
| --- | --- |
| ⯁ TAS 17 (revised 2018) | Leases |
| ⯁ TSIC 15 (revised 2018) | Operating Leases - Incentives |
| ⯁ TSIC 27 (revised 2018) | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| ⯁ TFRIC 4 (revised 2018) | Determining Whether an Arrangement Contains a Lease |

TFRS 16 establishes principles for the identification, recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It significantly changes the guidance on leases, cancelling the requirement for lessees to classify leases as operating leases and financial leases as specified in TAS 17 and requiring them to recognize right-of-use assets and lease liabilities at the commencement date for all leases, except short-term leases and leases for which the underlying asset is of low value. Lessors are still required to classify leases as operating or finance leases, on the same basis as under TAS 17.

The Group adopted these financial reporting standards using the modified retrospective method of initial adoption, whereby the cumulative effect was recognized as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

Announcement of the Federation of Accounting Professions relaxing classification of perpetual bonds

The Group has subordinated capital debentures that are presented under shareholders’ equity because of the nature of the debentures, with principal repaid in a single payment when the business is dissolved or when the issuer exercises a call option to redeem the debentures prior to maturity, in compliance with specified conditions. Moreover, the issuer has the right, at its sole discretion, to defer payment for an unlimited period and number of times. Deferred payments are accumulated, with no interest charge. However, in accordance with Paragraph 25 of TAS 32 Financial Instruments: Presentation, effective for annual reporting periods beginning on or after 1 January 2020, the Group would have to classify these debentures as financial liabilities, since certain conditions in “The indenture of subordinated capital debentures” can be interpreted as meaning the debenture holders have the right to receive settlement from redemption of the debentures prior to liquidation. Announcement No. 95/2562 of the Federation of Accounting Professions was issued to relax the classification of perpetual bonds, allowing those issued and paid-up prior to 31 December 2019 to continue to be recorded under shareholders’ equity until 31 December 2022.

As at 30 September 2020, the Group recorded subordinated capital debentures totaling Baht 4,982 million in the consolidated financial statements and presented this amount under non-controlling interests of subsidiaries.

The cumulative effects of the changes in accounting policies are described in Note 4.

**3. Accounting policies** (Continued)

3.1 New financial reporting standards (Continued)

3.1.2 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

3.2 Accounting policies

In preparing the interim financial statements, the Group uses the same accounting policies and computation methods as those used for the financial statements for the year ended 31 December 2019, except for the changes in accounting policies related to financial instruments and leases.

3.2.1 Financial instruments

Classification and measurement

Financial assets that are debt instruments are measured at fair value through profit or loss, fair value through other comprehensive income, or amortized cost. Classification is driven by the Group’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets that are equity instruments are measured at fair value through profit or loss. In certain cases, the Group elects to measure them at fair value through other comprehensive income, with no subsequent recycling to profit or loss.

Financial liabilities other than derivatives are classified and measured at amortized cost.

Derivatives are classified and measured at fair value through profit or loss. In cases where the Group uses hedge accounting, derivatives can be classified and measured at fair value through other comprehensive income. Derivatives include commodity futures contracts that qualify as financial instruments and to attain a consistent recognition, the Group has elected to measure the value of its inventory using the commodity broker-traders’ method, at fair value less costs to sell through profit or loss.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses on its financial assets measured at amortized cost and financial assets that are debt instruments and measured at fair value through other comprehensive income, without requiring a credit-impaired event to have occurred prior to the recognition. The Group accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade accounts receivable and other accounts receivable that do not contain a significant financing component and lease receivables, the Group applies a simplified approach to determine the lifetime expected credit losses.

**3. Accounting policies** (Continued)

3.2 Accounting policies (Continued)

3.2.1 Financial instruments (Continued)

Hedge accounting

If hedge accounting criteria are met, recognition is as follows:

For fair value hedges, a change in fair value of the hedging instruments and a change in fair value of the hedged items attributable to the risk being hedged are both recognized in profit or loss.

For cash flow hedges, a change in fair value of the effective portion of the hedging instrument is recognized in other comprehensive income, while a change in fair value of the ineffective portion of the hedging instrument is recognized in profit or loss.

3.2.2 Leases

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets consists of the amount of lease liabilities recognized through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Group’s incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

Short-term leases and leases of low-value assets

Payments under leases that, have a term of 12 months or less at the commencement date, or are leases of low-value assets, are recognized as expenses on a straight-line basis over the lease term.

**4. Cumulative effects of changes in accounting policies**

The impacts on the beginning balance of 2020 from changes in accounting policies due to the adoption of TFRSs related to financial instruments and TFRS 16 Leases are presented as follows:

| Unit: Million Baht | | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | |
|  |  | The impacts of | |  |
|  | 31 December 2019 | TFRSs related to financial instruments | TFRS 16 | 1 January 2020 |
| **Statement of financial position** |  |  |  |  |
| **Assets** |  |  |  |  |
| **Current assets** |  |  |  |  |
| Short-term investments in  financial assets | - | 38,263 | - | 38,263 |
| Current investments | 38,263 | (38,263) | - | - |
| Trade accounts receivable | 167,641 | (19) | - | 167,622 |
| Other accounts receivable | 49,612 | 1,174 | (466) | 50,320 |
| Short-term lending | 2,669 | - | (138) | 2,531 |
| Current derivative assets | 3,686 | 682 | - | 4,368 |
| Other current financial assets | 4,965 | (2) | - | 4,963 |
| Other current assets | 5,594 | - | (18) | 5,576 |
| **Non-current assets** |  |  |  |  |
| Other long-term investments in financial assets | - | 26,679 | - | 26,679 |
| Available-for-sale investments | 6,687 | (6,687) | - | - |
| Investments in joint ventures | 49,513 | (106) | (2) | 49,405 |
| Other long-term investments | 17,932 | (17,932) | - | - |
| Long-term lending | 12,474 | - | (208) | 12,266 |
| Investment properties | 7,987 | - | 107 | 8,094 |
| Property, plant and equipment | 1,294,979 | - | (9,036) | 1,285,943 |
| Right-of-use assets | - | - | 69,121 | 69,121 |
| Other intangible assets | 79,968 | - | (10,980) | 68,988 |
| Deferred tax assets | 47,611 | (33) | 53 | 47,631 |
| Non-current derivative assets | 3,811 | 1,071 | - | 4,882 |
| Other non-current financial assets | 5,424 | (31) | - | 5,393 |
| Other non-current assets | 23,082 | - | (8,230) | 14,852 |
| **Total assets** | **1,821,898** | **4,796** | **40,203** | **1,866,897** |
| **Liabilities** |  |  |  |  |
| **Current liabilities** |  |  |  |  |
| Other accounts payable | 80,764 | 1,521 | (16) | 82,269 |
| Current portion of lease liabilities | 1,342 | - | 4,499 | 5,841 |
| Current derivative liabilities | 2,522 | 835 | - | 3,357 |
| Other current financial liabilities | 1,332 | (110) | - | 1,222 |
| **Non-current liabilities** |  |  |  |  |
| Long-term borrowings | 555,018 | (16) | - | 555,002 |
| Lease liabilities | 7,728 | - | 36,050 | 43,778 |
| Deferred tax liabilities | 56,674 | (30) | (23) | 56,621 |
| Non-current derivative liabilities | 2,702 | 767 | - | 3,469 |
| Other non-current financial liabilities | 19,374 | 1,166 | - | 20,540 |
| **Total liabilities** | **727,456** | **4,133** | **40,510** | **772,099** |

**4. Cumulative effects of changes in accounting policies** (Continued)

The impacts on the beginning balance of 2020 from changes in accounting policies due to the adoption of TFRSs related to financial instruments and TFRS 16 Leases are presented as follows: (Continued)

| Unit: Million Baht | | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | |
|  |  | The impacts of | |  |
|  | 31 December 2019 | TFRSs related to financial instruments | TFRS 16 | 1 January 2020 |
| **Statement of financial position** |  |  |  |  |
| **Shareholders' equity** |  |  |  |  |
| Retained earnings - unappropriated | 869,016 | (379) | (160) | 868,477 |
| Other components of shareholders’ equity | (16,036) | 1,534 | - | (14,502) |
| Non-controlling interests of the subsidiaries | 422,436 | (492) | (147) | 421,797 |
| **Total shareholders’ equity** | **1,275,416** | **663** | **(307)** | **1,275,772** |

| Unit: Million Baht | | | | |
| --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |
|  |  | The impacts of | |  |
|  | 31 December 2019 | TFRSs related to financial instruments | TFRS 16 | 1 January 2020 |
| **Statement of financial position** |  |  |  |  |
| **Assets** |  |  |  |  |
| **Current assets** |  |  |  |  |
| Short-term investments in financial assets | - | 15,002 | - | 15,002 |
| Current investments | 15,002 | (15,002) | - | - |
| Other accounts receivable | 8,404 | 1,849 | (39) | 10,214 |
| Inventories | 4,797 | 6 | - | 4,803 |
| Current derivative assets | 1,089 | 242 | - | 1,331 |
| Other current financial assets | 4,809 | (1) | - | 4,808 |
| **Non-current assets** |  |  |  |  |
| Other long-term investments in financial assets | - | 7,236 | - | 7,236 |
| Available-for-sale investments | 2,987 | (2,987) | - | - |
| Other long-term investments | 4,257 | (4,257) | - | - |
| Property, plant and equipment | 273,821 | - | (4,644) | 269,177 |
| Right-of-use assets | - | - | 20,241 | 20,241 |
| Other intangible assets | 13,375 | - | (10,770) | 2,605 |
| Deferred tax assets | 1,257 | 113 | - | 1,370 |
| Non-current derivative assets | 913 | 604 | - | 1,517 |
| Other non-current financial assets | 244 | (31) | - | 213 |
| Other non-current assets | 1,145 | - | (1,009) | 136 |
| **Total assets** | **332,100** | **2,774** | **3,779** | **338,653** |

**4. Cumulative effects of changes in accounting policies** (Continued)

The impacts on the beginning balance of 2020 from changes in accounting policies due to the adoption of TFRSs related to financial instruments and TFRS 16 Leases are presented as follows: (Continued)

| Unit: Million Baht | | | | |
| --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |
|  |  | The impacts of | |  |
|  | 31 December 2019 | TFRSs related to financial instruments | TFRS 16 | 1 January 2020 |
| **Statement of financial position** |  |  |  |  |
| **Liabilities** |  |  |  |  |
| **Current liabilities** |  |  |  |  |
| Other accounts payable | 22,744 | 1,766 | - | 24,510 |
| Current portion of lease liabilities | 485 | - | 36 | 521 |
| Current derivative liabilities | - | 73 | - | 73 |
| **Non-current liabilities** |  |  |  |  |
| Long-term borrowings | 90,263 | (31) | - | 90,232 |
| Lease liabilities | 3,472 | - | 3,743 | 7,215 |
| Other non-current financial liabilities | 15,306 | 1,361 | - | 16,667 |
| **Total liabilities** | **132,270** | **3,169** | **3,779** | **139,218** |
|  |  |  |  |  |
| **Shareholders' equity** |  |  |  |  |
| Retained earnings - unappropriated | 544,005 | (266) | - | 543,739 |
| Other components of shareholders’ equity | 1,426 | (129) | - | 1,297 |
| **Total shareholders’ equity** | **545,431** | **(395)** | **-** | **545,036** |

Details of the impact on retained earnings as at 1 January 2020 due to the adoption of TFRSs related to financial instruments and TFRS 16 Leases are presented as follows:

| Unit: Million Baht | | |
| --- | --- | --- |
|  | Consolidated financial statements | Separate  financial statements |
| Fair value measurement of investments in equity instruments of non-listed companies | 21 | 21 |
| Classification of available-for-sale investments as financial assets at fair value through profit or loss | 49 | 106 |
| Recognition of an allowance for expected credit losses on financial assets | (60) | - |
| Recognition of derivatives at fair value through profit or loss | (384) | (399) |
| Fair value measurement of inventories | - | 6 |
| Adjustment of effective interest rate | (5) | - |
| Recognition oflease liabilities | (160) | - |
| Total impacts on retained earnings | (539) | (266) |

**5. Cash and cash equivalents**

Cash and cash equivalents as at 30 September 2020 and 31 December 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Unit: Million Baht | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 30 September  2020 | 31 December  2019 | 30 September  2020 | 31 December  2019 |
| Cash | 623 | 556 | 10 | 11 |
| Bank deposits | 222,290 | 192,074 | 77,869 | 36,016 |
| Fixed deposits within 3 months | 81,862 | 87,461 | 1,002 | 5,008 |
| Treasury bills | 3,193 | 593 | - | - |
| Promissory notes | - | 1,000 | - | - |
| Bonds | - | 5,446 | - | 5,446 |
| Other investments | 192 | 5,412 | - | - |
| Total | 308,160 | 292,542 | 78,881 | 46,481 |

Bank deposits, fixed deposits within 3 months, treasury bills, promissory notes, bonds and other investments, as at 30 September 2020 bear the interest at rates ranging from 0.00% - 7.50% per annum (As at 31 December 2019: interest rates ranging from 0.00% - 7.00% per annum).

**6. Trade accounts receivable**

Trade accounts receivable as at 30 September 2020 and 31 December 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Unit: Million Baht | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 30 September  2020 | 31 December 2019 | 30 September  2020 | 31 December 2019 |
| Trade accounts receivable - unrelated parties | 107,432 | 166,558 | 35,019 | 55,462 |
| Less Allowance for expected  credit loss/Allowance  for doubtful accounts | (3,815) | (3,127) | (1,877) | (1,886) |
| Trade accounts receivable - unrelated parties - net | 103,617 | 163,431 | 33,142 | 53,576 |
| Trade accounts receivable - related parties (Note 9.1) | 4,844 | 4,210 | 40,995 | 57,982 |
| Total | 108,461 | 167,641 | 74,137 | 111,558 |

Classified by aging as at 30 September 2020 is as follows:

|  |  |  |
| --- | --- | --- |
|  | Unit: Million Baht | |
|  |  | |
|  | Consolidated  financial statements | Separate  financial statements |
| Within credit terms | 107,409 | 73,856 |
| Overdue |  |  |
| - Within 1 month | 509 | 272 |
| - Over 1 - 2 months | 70 | 17 |
| - Over 2 - 3 months | 63 | 14 |
| - Over 3 - 12 months | 1,236 | 7 |
| - Over 12 months | 2,989 | 1,848 |
|  | 112,276 | 76,014 |
| Less Allowance for expected credit loss | (3,815) | (1,877) |
| Total | 108,461 | 74,137 |

**6. Trade accounts receivable** (Continued)

Trade accounts receivable as at 30 September 2020 and 31 December 2019 are as follows: (Continued)

Classified by aging as at 31 December 2019 is as follows:

|  |  |  |
| --- | --- | --- |
|  | Unit: Million Baht | |
|  |  | |
|  | Consolidated  financial statements | Separate  financial statements |
| Within credit terms | 161,975 | 108,240 |
| Overdue |  |  |
| - Within 3 months | 5,216 | 3,006 |
| - Over 3 - 6 months | 83 | 44 |
| - Over 6 - 12 months | 382 | 249 |
| - Over 12 months | 3,112 | 1,905 |
|  | 170,768 | 113,444 |
| Less Allowance for doubtful accounts | (3,127) | (1,886) |
| Total | 167,641 | 111,558 |

Trade accounts receivable - unrelated parties as at 30 September 2020 include receivables from government agencies and state enterprises in the consolidated financial statements amounting to Baht 12,528 million (As at 31 December 2019: Baht 21,958 million), and in the separate financial statements amounting to Baht 6,615 million (As at 31 December 2019: Baht 14,680 million).

**7. Other accounts receivable**

Other accounts receivable as at 30 September 2020 and 31 December 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 30 September 2020 | 31 December 2019 | 30 September  2020 | 31 December 2019 |
| Other accounts receivable | 19,121 | 18,650 | 3,891 | 1,660 |
| Less Allowance for expected  credit loss/Allowance  for doubtful accounts | (521) | (713) | (434) | (432) |
| Other accounts receivable | 18,600 | 17,937 | 3,457 | 1,228 |
| Advance payments | 4,225 | 8,546 | 356 | 292 |
| Refund receivable from the Oil Stabilization Fund | 19,058 | 16,116 | 7,374 | 5,539 |
| Current tax assets | 2,351 | 5,557 | 15 | - |
| Other accounts receivable - unrelated parties - net | 44,234 | 48,156 | 11,202 | 7,059 |
| Other accounts receivable - related parties (Note 9.2) | 681 | 1,010 | 1,407 | 1,099 |
| Advance payments - related parties (Note 9.2) | 52 | 446 | 44 | 246 |
| Total | 44,967 | 49,612 | 12,653 | 8,404 |

The refund receivable from the Oil Stabilization Fund mostly comprised of compensation for locally manufactured oil and liquefied petroleum gas (LPG) or imported LPG for local uses, as well as compensation for Natural Gas for Vehicles (NGV) prices. The compensation rates are determined by the Committee of Energy Policy Administration.

**8. Lending**

8.1 Short-term lending as at 30 September 2020 and 31 December 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 30 September  2020 | 31 December 2019 | 30 September  2020 | 31 December 2019 |
| Current portion of finance lease receivable - unrelated parties | 1,242 | 1,106 | - | - |
| Current portion of finance lease receivable - related parties  (Note 9.2) | 5 | 5 | - | - |
| Short-term lending -  related parties (Note 9.2) | 1,637 | 1,558 | 5,101 | 21,369 |
| Total | 2,884 | 2,669 | 5,101 | 21,369 |

8.2 Long-term lending as at 30 September 2020 and 31 December 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
| Long-term finance lease receivable - unrelated parties | 6,631 | 7,578 | - | - |
| Long-term finance lease receivable - related parties  (Note 9.3) | 47 | 51 | - | - |
| Long-term lending - unrelated parties | 802 | 1,230 | - | - |
| Long-term lending - related parties (Note 9.3) | 3,631 | 3,615 | 44,968 | 24,982 |
| Total | 11,111 | 12,474 | 44,968 | 24,982 |

**9. Related party transactions**

Significant transactions carried out with related parties are as follows:

9.1 Trade accounts receivable - related parties as at 30 September 2020 and 31 December 2019

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | | |
|  | Consolidated  financial statements | | Separate  financial statements | | |
|  | 30 September 2020 | 31 December 2019 | | 30 September 2020 | 31 December 2019 | |
| Subsidiaries | - | - | | 38,417 | 55,739 | |
| Joint ventures | 2,457 | 2,188 | | 1,023 | 1,000 | |
| Associates | 1,104 | 1,056 | | 275 | 287 | |
| Other related parties | 1,283 | 966 | | 1,280 | 956 | |
| Total (Note 6) | 4,844 | 4,210 | | 40,995 | 57,982 | |

Aging analysis as at 30 September 2020 as follows:

|  |  |  |
| --- | --- | --- |
|  | Unit: Million Baht | |
|  | Consolidated  financial statements | Separate  financial statements |
| Within credit terms | 4,800 | 40,815 |
| Overdue |  |  |
| - Within 1 month | 22 | 180 |
| - Over 1 - 2 months | 4 | - |
| - Over 2 - 3 months | 4 | - |
| - Over 3 - 12 months | 14 | - |
|  | 4,844 | 40,995 |
| Less Allowance for expected credit loss | - | - |
| Total (Note 6) | 4,844 | 40,995 |

**9. Related party transactions** (Continued)

9.1 Trade accounts receivable - related parties as at 30 September 2020 and 31 December 2019 (Continued)

Aging analysis as at 31 December 2019 as follows:

|  |  |  |
| --- | --- | --- |
|  | Unit: Million Baht | |
|  | Consolidated  financial statements | Separate  financial statements |
| Within credit terms | 4,164 | 57,982 |
| Overdue |  |  |
| - Within 3 months | 34 | - |
| - Over 3 - 6 months | 3 | - |
| - Over 6 - 12 months | 9 | - |
|  | 4,210 | 57,982 |
| Less Allowance for doubtful accounts | - | - |
| Total (Note 6) | 4,210 | 57,982 |

9.2 Other accounts receivable, advance payments, current portion of finance lease receivable, and   
short-term lending - related parties as at 30 September 2020 and 31 December 2019

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | | |
|  | Consolidated  financial statements | | Separate  financial statements | | |
|  | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
| Other accounts receivable |  |  |  |  |
| Subsidiaries | - | - | 1,307 | 1,062 |
| Joint ventures | 375 | 322 | 93 | 29 |
| Associates | 305 | 208 | 6 | 6 |
| Other related parties | 1 | 480 | 1 | 2 |
| Total (Note 7) | 681 | 1,010 | 1,407 | 1,099 |
|  |  |  |  |  |
| Advance payments |  |  |  |  |
| Subsidiaries | - | - | 43 | 6 |
| Joint ventures | 5 | - | - | - |
| Associates | 6 | - | - | - |
| Other related parties | 41 | 446 | 1 | 240 |
| Total (Note 7) | 52 | 446 | 44 | 246 |
|  |  |  |  |  |

**9. Related party transactions** (Continued)

9.2 Other accounts receivable, advance payments, current portion of finance lease receivable, and  
short-term lending - related parties as at 30 September 2020 and 31 December 2019 (Continued)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
| Current portion of finance lease receivable |  |  |  |  |
| Joint ventures (Note 8.1) | 5 | 5 | - | - |
|  |  |  |  |  |
| Short-term lending |  |  |  |  |
| Subsidiaries | - | - | 5,101 | 21,369 |
| Joint ventures | 1,637 | 1,558 | - | - |
| Total (Note 8.1) | 1,637 | 1,558 | 5,101 | 21,369 |
|  |  |  |  |  |

Movements in short-term lending - related parties are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Balance as at 1 January | - | 242 | 5,913 | 2,500 |
| - Loans granted | - | - | 6,000 | 31,000 |
| - Disposals | - | (580) | - | - |
| - Repayment receipt | - | - | (11,738) | (5,500) |
| - Loss on exchange rate | - | (14) | (3) | - |
| - Reversal of allowance for  doubtful accounts | - | 580 | - | - |
| Balance As at 30 September | - | 228 | 172 | 28,000 |
| Add Current portion (Note 9.3) | 1,637 | - | 4,929 | 5,703 |
| Balance as at 30 September - net | 1,637 | 228 | 5,101 | 33,703 |

Short-term lending - related parties as at 30 September 2020 in the separate financial statements bear interest rates ranging at 0.18% per annum (As at 31 December 2019: interest rates ranging from 1.15% - 3.25% per annum).

**9. Related party transactions** (Continued)

9.3 Long-term finance lease receivable and long-term lending - related parties as at 30 September 2020 and 31 December 2019

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
| Long-term finance lease receivable |  |  |  |  |
| Joint ventures (Note 8.2) | 47 | 51 | - | - |
|  |  |  |  |  |
| Long-term lending |  |  |  |  |
| Subsidiaries | - | - | 44,968 | 24,982 |
| Joint ventures | 813 | 804 | - | - |
| Associates | 2,818 | 2,811 | - | - |
| Total (Note 8.2) | 3,631 | 3,615 | 44,968 | 24,982 |

Movements in long-term lending - related parties are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Balance as at 1 January | 5,173 | 6,177 | 40,438 | 37,730 |
| - Loans granted | 4 | 301 | 26,499 | 2,612 |
| - Repayment receipt | (30) | (1,107) | (17,141) | (5,321) |
| - Gain (loss) on exchange rates | 114 | (173) | 101 | (137) |
| - Business acquisition | - | 220 | - | - |
| - Exchange differences on translation of financial statements | 7 | (10) | - | - |
| Balance as at 30 September | 5,268 | 5,408 | 49,897 | 34,884 |
| Less Current portion (Note 9.2) | (1,637) | - | (4,929) | (5,703) |
| Balance as at 30 September - net | 3,631 | 5,408 | 44,968 | 29,181 |

Long-term lending - related parties as at 30 September 2020 in the consolidated financial statements bear interest rates ranging from 1.52% - 6.25% per annum (As at 31 December 2019: interest rates ranging from 3.00% - 7.38% per annum), and in the separate financial statements bear interest rates ranging from 1.88% - 4.43% per annum (As at 31 December 2019: interest rates ranging from 2.57% - 4.68% per annum).

**9. Related party transactions** (Continued)

9.4 Trade accounts payable - related parties as at 30 September 2020 and 31 December 2019

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
| Subsidiaries | - | - | 22,296 | 29,990 |
| Joint ventures | 790 | 808 | 250 | 246 |
| Associates | 260 | 338 | 1 | - |
| Other related parties | 2 | 4 | - | - |
| Total | 1,052 | 1,150 | 22,547 | 30,236 |

9.5 Other accounts payable, current portion of lease liabilities and short-term borrowings - related parties as at 30 September 2020 and 31 December 2019

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
| Other accounts payable |  |  |  |  |
| Subsidiaries | - | - | 6,295 | 6,696 |
| Joint ventures | 22 | 59 | 12 | 16 |
| Associates | 11 | 19 | 7 | 12 |
| Other related parties | 38 | 51 | 35 | 35 |
| Total | 71 | 129 | 6,349 | 6,759 |
|  |  |  |  |  |
| Current portion of lease liabilities |  |  |  |
| Subsidiaries | - | - | 35 | 1 |
| Joint ventures | 1,135 | 375 | 403 | 375 |
| Associates | 2 | - | - | - |
| Total | 1,137 | 375 | 438 | 376 |
|  |  |  |  |  |
| Short-term borrowings\* |  |  |  |  |
| Subsidiaries | - | - | 3,694 | 3,488 |

\* The Company has liquidity management policies within the Group include the use of the cash pooling method.   
Inter-company borrowings were used for short-term financial management of cash surpluses or deficits of each affiliate. Interests on these were calculated by using market interest rates.

**9. Related party transactions** (Continued)

9.6 Lease liabilities and long-term borrowings - related parties as at 30 September 2020 and   
31 December 2019

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
| Lease liabilities |  |  |  |  |
| Subsidiaries | - | - | 10 | 3 |
| Joint ventures | 4,376 | 3,181 | 3,064 | 3,181 |
| Associates | 6 | - | - | - |
| Total | 4,382 | 3,181 | 3,074 | 3,184 |
|  |  |  |  |  |
| Long-term borrowings |  |  |  |  |
| Subsidiaries | - | - | 47,450 | 23,873 |

Movements in long-term borrowings - subsidiaries are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | |
|  |  | | Separate  financial statements | |
|  |  |  | 2020 | 2019 |
| Balance as at 1 January |  |  | 23,873 | - |
| - Loans |  |  | 22,059 | - |
| - Loss on exchange rate |  |  | 1,518 | - |
| Balance as at 30 September |  |  | 47,450 | - |

Long-term borrowings - subsidiaries as at 30 September 2020 in the separate financial statements bear interest rates ranging from 4.20% - 6.38% per annum (As at 31 December 2019: interest rates ranging from 4.95% - 6.38% per annum).

**9. Related party transactions** (Continued)

9.7 Revenue and expense transactions carried out with related parties

For the three-month periods ended 30 September 2020 and 2019

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Revenues |  |  |  |  |
| Sales and service income |  |  |  |  |
| Subsidiaries | - | - | 107,496 | 155,802 |
| Joint ventures | 5,638 | 5,979 | 2,836 | 3,346 |
| Associates | 3,099 | 3,556 | 796 | 928 |
| Other related parties | 2,274 | 2,850 | 2,268 | 2,845 |
| Interest income |  |  |  |  |
| Subsidiaries | - | - | 314 | 547 |
| Joint ventures | 15 | 33 | - | - |
| Associates | 37 | 49 | - | - |
| Dividend income |  |  |  |  |
| Subsidiaries | - | - | 4,388 | 9,231 |
| Joint ventures | - | - | 186 | 107 |
| Other related parties | 310 | 141 | 40 | 36 |
| Other income |  |  |  |  |
| Subsidiaries | - | - | 4,473 | 1,471 |
| Joint ventures | 85 | 136 | 18 | 78 |
| Associates | 35 | 81 | 3 | - |
| Other related parties | 107 | 43 | 12 | 10 |
|  |  |  |  |  |
| Expenses |  |  |  |  |
| Cost of goods purchased and services | | | | |
| Subsidiaries | - | - | 51,805 | 73,894 |
| Joint ventures | 1,708 | 2,183 | 348 | 353 |
| Associates | 822 | 913 | - | - |
| Other related parties | 354 | 381 | 65 | 64 |
| Interest expenses |  |  |  |  |
| Subsidiaries | - | - | 428 | 7 |
| Joint ventures | 38 | 13 | 12 | 13 |
| Other expenses |  |  |  |  |
| Subsidiaries | - | - | 758 | 1,009 |
| Associates | 33 | 20 | 20 | - |
| Other related parties | 76 | 93 | 15 | 30 |

**9. Related party transactions** (Continued)

9.7 Revenue and expense transactions carried out with related parties (Continued)

For the nine-month periods ended 30 September 2020 and 2019

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Revenues |  |  |  |  |
| Sales and service income |  |  |  |  |
| Subsidiaries | - | - | 334,063 | 482,928 |
| Joint ventures | 16,177 | 17,532 | 8,151 | 9,319 |
| Associates | 9,059 | 10,396 | 2,496 | 2,726 |
| Other related parties | 4,919 | 9,598 | 4,904 | 9,580 |
| Interest income |  |  |  |  |
| Subsidiaries | - | - | 918 | 1,454 |
| Joint ventures | 61 | 134 | - | - |
| Associates | 114 | 128 | - | - |
| Dividend income |  |  |  |  |
| Subsidiaries | - | - | 23,181 | 27,332 |
| Joint ventures | - | - | 596 | 540 |
| Other related parties | 402 | 293 | 132 | 116 |
| Other income |  |  |  |  |
| Subsidiaries | - | - | 10,625 | 6,418 |
| Joint ventures | 263 | 293 | 55 | 107 |
| Associates | 113 | 143 | 11 | 9 |
| Other related parties | 426 | 67 | 38 | 33 |
|  |  |  |  |  |
| Expenses |  |  |  |  |
| Cost of goods purchased and services | | | | |
| Subsidiaries | - | - | 170,094 | 218,024 |
| Joint ventures | 5,391 | 6,154 | 1,062 | 1,059 |
| Associates | 2,217 | 2,509 | 3 | - |
| Other related parties | 1,000 | 1,031 | 201 | 191 |
| Interest expenses |  |  |  |  |
| Subsidiaries | - | - | 982 | 26 |
| Joint ventures | 126 | 40 | 36 | 40 |
| Other expenses |  |  |  |  |
| Subsidiaries | - | - | 2,758 | 2,776 |
| Joint ventures | 1 | 11 | - | - |
| Associates | 91 | 62 | 45 | 4 |
| Other related parties | 239 | 261 | 48 | 90 |

**9. Related party transactions** (Continued)

9.8 Significant purchasing and selling of investment properties, property, plant and equipment and right-of-use assets, transactions carried out with related parties

For the three-month periods ended 30 September 2020 and 2019

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Selling |  |  |  |  |
| Subsidiaries | - | - | 80 | 739 |

For the nine-month periods ended 30 September 2020 and 2019

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Selling |  |  |  |  |
| Subsidiaries | - | - | 623 | 739 |

The aforementioned related party transactions exclude transactions carried out with government agencies and state enterprises.

Stipulation prices between the Company and its related parties are based on normal prices for  
the same types of business transactions carried out with unrelated parties. Goods purchased from subsidiaries are charged at the normal prices determined by the subsidiaries with reference to global market prices.

9.9 Details of commitments to subsidiaries and joint ventures are stated in Note 30.

**9. Related party transactions** (Continued)

9.10 Executive remunerations

Details of executive remunerations for the three-month periods ended 30 September 2020 and 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Unit: Million Baht | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Directors remuneration |  |  |  |  |
| Meeting remuneration and bonuses | 50 | 114 | 13 | 16 |
|  |  |  |  |  |
| Managements remuneration |  |  |  |  |
| Salaries, bonuses, and other  employee benefits | 256 | 337 | 24 | 23 |
| Post-employment benefits | 12 | 6 | - | 1 |
| Total | 318 | 457 | 37 | 40 |

Details of executive remunerations for the nine-month periods ended 30 September 2020 and 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Unit: Million Baht | | | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Directors remuneration |  |  |  |  |
| Meeting remuneration and bonuses | 241 | 368 | 38 | 51 |
|  |  |  |  |  |
| Managements remuneration |  |  |  |  |
| Salaries, bonuses, and other  employee benefits | 831 | 872 | 81 | 63 |
| Post-employment benefits | 57 | 28 | 1 | 1 |
| Total | 1,129 | 1,268 | 120 | 115 |

Managements are those persons who have authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

**10. The restructuring of the oil business unit** **and IPO filing**

On 18 June 2018, the Company and PTT Oil and Retail Business Public Co., Ltd. (OR) successfully executed the Business Transfer Agreement to transfer various assets and liabilities, and shares of related companies (Bangkok Aviation Fuel Services Public Co., Ltd. (BAFS), PTT (Cambodia) Limited (PTTCL), PTT Oil Myanmar Co., Ltd. (PTTOM), Thai Lube Blending Co., Ltd. (TLBC), Thai Petroleum Pipeline Co., Ltd. (THAPPLINE), Petro Asia (Thailand) Co., Ltd. (PAT), Intoplane Services Co., Ltd. (IPS) and Fuel Pipeline Transportation Co., Ltd. (FPT)) to OR. The Company has commenced the process of transferring various assets and liabilities, and shares of related companies to OR since 1 July 2018. The business transfer price is Baht 117,203 million. On 28 June 2018, OR made the initial payment of Baht 85,367 million to the Company. Then, OR made the remaining payment of Baht 31,836 million on 28 September 2018.

The valuation of the business transferred had been evaluated by financial advisors following relevant international standards in order to provide the most reasonable prices.

In cases where the registration process for the transfer of various assets and liabilities is not completed within 6 months after the date of the business transfer, the Company must comply with the conditions under the Business Transfer Agreement, whereby the Company has to transfer the right of ownership and use in assets to OR, which is entitled to benefits, interests or profits from the assets under the agreement from the date of the business transfer until the registration process is completed.

On 28 February 2019, the Company and OR successfully executed the memorandum for the revision of the Business Transfer Agreement for extending the period for the process of registering the transfer of ownership in assets, rights, duties and responsibilities under agreements, in accordance with the Business Transfer Agreement. In cases where the registration process is not completed within 31 December 2019, the Company and OR will consider the best solution in order to achieve their interests.

On 12 February 2020, the Company and OR successfully executed the memorandum for the revision of the Business Transfer Agreement for extending the period for the process of registering the transfer of ownership in assets, rights, duties and responsibilities under agreements, in accordance with the Business Transfer Agreement, whereby it is to be completed within   
31 December 2020. This Agreement is effectiveon 1 January 2020. As at 30 September 2020, some assets and contracts have not yet been transferred.

Subsequently, on 2 April 2020, OR submitted to the Securities and Exchange Commission (SEC) its application to make an initial public offering (IPO), of its shares, together with a registration statement and draft prospectus and submitted a request to accept its ordinary shares as listed securities on the Stock Exchange of Thailand (SET).

On 16 September 2020, the SEC approved OR’s application to make an IPO. OR plans to make an offering ordinary shares of not more than 2,700 million shares and there would be over-allotment of 300 million shares, or a total of 3,000 million shares, which will be equivalent to 25% of the paid-up shares after the IPO.

**11. Other long-term investments in financial assets**

Details of other long-term investments in financial assets in the consolidated financial statements as at 30 September 2020 are as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Unit: Million Baht | | | | |
|  | **Consolidated financial statements** | | | | |
|  |  | **At fair value through other comprehensive income** | |  |  |
|  | **At fair value through**  **profit or loss** | **Items to be reclassified to profit or loss in subsequent periods** | **Items not to be reclassified to profit or loss in subsequent periods** | **At amortized cost** | **Total** |
| Equity securities |  |  |  |  |  |
| Mutual funds | - | - | 929 | - | 929 |
| Other equity securities | 23 | - | 17,144 | - | 17,167 |
| Debt securities |  |  |  |  |  |
| Mutual funds | 846 | - | - | - | 846 |
| Other debt securities | 32 | 35 | - | 3,467 | 3,534 |
| Total other long-term investments in  financial assets | 901 | 35 | 18,073 | 3,467 | 22,476 |

The Group recognized dividend income for the three-month period ended 30 September 2020 amounting to Baht 315 million. (30 September 2019: Baht 151 million) and recognized dividend income for the nine-month period ended 30 September 2020 amounting to Baht 497 million. (30 September 2019: Baht 378 million).

**11. Other long-term investments in financial assets** (Continued)

Details of other long-term investments in financial assets in the separate financial statements as at 30 September 2020 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Unit: Million Baht | | | |
|  | **Separate financial statements** | | | |
|  |  | **At fair value through**  **other comprehensive income** |  |  |
|  | **At fair value through**  **profit or loss** | **Items not to be reclassified to profit or loss in subsequent periods** | **At amortized cost** | **Total** |
| Equity securities |  |  |  |  |
| Mutual funds | - | 894 | - | 894 |
| Other equity securities | - | 1,951 | - | 1,951 |
| Debt securities |  |  |  |  |
| Mutual funds | 286 | - | - | 286 |
| Other debt securities | - | - | 3,467 | 3,467 |
| Total other long-term investments in  financial assets | 286 | 2,845 | 3,467 | 6,598 |

The Company recognized dividend income for the three-month period ended 30 September 2020 amounting to Baht 40 million. (30 September 2019: Baht 35 million) and recognized dividend income for the nine-month period ended 30 September 2020 amounting to Baht 147 million. (30 September 2019: Baht 123 million).

**12. Investments in subsidiaries, joint ventures and associates**

12.1 Movements in investments in the consolidated and the separate financial statements

12.1.1 Movements in investments in joint ventures are as follows:

|  |  |  |
| --- | --- | --- |
|  |  | Unit: Million Baht |
|  | Consolidated financial statements | Separate  financial statements |
|  | Equity method | Cost method |
| For the nine-month period ended 30 September 2020 |  |  |
| Book value at the beginning of period | 49,513 | 5,962 |
| Cumulative effects of changes in accounting policies  (Note 4) | (108) | - |
| Book value at the beginning of period - as restated | 49,405 | 5,962 |
| - Share of profit from investments in joint ventures | 1,434 | - |
| - Dividend income | (2,566) | - |
| - Additional investments | 1,343 | 46 |
| - Disposals of investments | (12) | - |
| - Share of other comprehensive loss from joint ventures | (169) | - |
| - Exchange differences on translation of  financial statements | 311 | - |
| Book value at the end of period | 49,746 | 6,008 |

The Company recognized dividend income for the three-month period ended 30 September 2020 amounting to Baht 186 million. (30 September 2019: Baht 107 million) and recognized dividend income for the nine-month period ended 30 September 2020 amounting to Baht 596 million. (30 September 2019: Baht 540 million).

**12. Investments in subsidiaries, joint ventures and associates** (Continued)

12.1 Movements in investments in the consolidated and the separate financial statements (Continued)

12.1.2 Movements in investments in associates are as follows:

|  |  |
| --- | --- |
|  | Unit: Million Baht |
|  | Consolidated financial statements |
|  | Equity method |
| For the nine-month period ended 30 September 2020 |  |
| Book value at the beginning of period | 25,670 |
| - Share of profit from investments in associates | 1,067 |
| - Dividend income | (1,418) |
| - Additional investments | 747 |
| - Share of other comprehensive loss of associates | (281) |
| - Exchange differences on translation of financial statements | 10 |
| Book value at the end of period | 25,795 |

12.1.3 Movements in investments in subsidiaries are as follows:

|  |  |
| --- | --- |
|  | Unit: Million Baht |
|  | Separate financial statements |
|  | Cost method |
| For the nine-month period ended 30 September 2020 |  |
| Book value at the beginning of period | 335,214 |
| - Additional investments | 1,498 |
| - Disposals of investments | 6,882 |
| Book value at the end of period | 329,830 |

The Company recognized dividend income for the three-month period ended 30 September 2020 amounting to Baht 4,388 million. (30 September 2019: Baht 9,231 million) and recognized dividend income for the nine-month period ended 30 September 2020 amounting to Baht 23,181 million. (30 September 2019: Baht 27,332 million)

**12. Investments in subsidiaries, joint ventures and associates** (Continued)

12.2 Significant events during the nine-month period ended 30 September 2020

**PTTLNG**

On 29 November 2019, at the Board of Directors Meeting of PTTLNG No. 12/2019, the Board passed a resolution to approve the call up of remaining additional share capital of Baht 25 million. The Company made the additional payment on 24 January 2020.

On 7 April 2020, at the General Meeting of the shareholders of PTTLNG for the year 2020, the shareholders passed an extraordinary resolution to increase 530 million authorized share capital of PTTLNG at Baht 10 per share amounting to Baht 5,300 million. The Company made the additional payment amounting to Baht 1,325 million on 7 May 2020.

**PTTGM**

On 13 February 2020, at the Extraordinary General Meeting of the shareholders of PTT Global Management Co., Ltd. (PTTGM) No. 1/2020, the shareholders passed a resolution to approve the call up of remaining additional share capital of Baht 2 million.The Company made the additional payment on 25 February 2020.

On 17 December 2019, at the Extraordinary General Meeting of the shareholders of PTTGM, the shareholders passed a resolution to increase 268,000 authorized share capital at Baht 100 per share amounting to Baht 27 million. The Company made the additional payment on 27 February 2020.

On 2 April 2020, at the General Meeting of the shareholders of PTTGM for the year 2020, the shareholders passed a resolution to increase 1,982,000 authorized share capital at Baht 100 per share amounting to Baht 198 million and called up of the additional share capital of Baht 117 million. The Company made the additional payment on 17 August 2020.

On 17 July 2020, at the Board of Directors Meeting of PTTGM No. 5/2020, the Board passed a resolution to approve the call up of additional share capital of Baht 2 million. The Company made the additional payment on 28 August 2020.

**MAP**

On 15 January 2020, Map Ta Phut Air Products Company Limited (MAP) passed a resolution to approve the call up of remaining additional share capital of Baht 47 million. The Company made the additional payment on 25 February 2020.

**PTTT USA**

On 16 January 2020, at the Board of Directors Meeting of the Company No. 1/2020, the Board passed a resolution to approve the establishment of PTT International Trading USA Inc. (PTTT USA) in the United Stated of America. The Company holds a 100% shareholding with the initial registered share capital of USD 5,000. PTTT USA has been completely registered on 2 April 2020.

**Management of shareholding within the Group**

On 25 March 2019, at the Board of Directors Meeting of the Company No. 3/2019, the Board passed a resolution to approve procedures for the management of shareholding within the Group. During the nine-month period ended 30 September 2020, the Company made disposals of ordinary shares in subsidiaries as follows:

**PTTEP**

The Company sold 60 million ordinary shares in PTT Exploration and Production Public Co., Ltd. (PTTEP), amounting to Baht 5,282 million, causing its equity interest in PTTEP to decrease to 63.79%. The Company recognized a gain on disposal of investments amounting to Baht 3,642 million in the separate financial statements.

**12. Investments in subsidiaries, joint ventures and associates** (Continued)

12.2 Significant events during the nine-month period ended 30 September 2020 (Continued)

**PTTGC**

The Company sold 113 million ordinary shares in PTT Global Chemical Public Co., Ltd. (PTTGC), amounting to Baht 3,999 million, causing its equity interest in PTTGC to decrease to 45.41%. The Company recognized a gain on disposal of investments amounting to Baht 1,538 million in the separate financial statements.

**TOP**

The Company sold 51 million ordinary shares in Thai Oil Public Co., Ltd. (TOP), amounting to Baht 2,129 million, causing its equity interest in TOP to decrease to 45.03%. The Company recognized a gain on disposal of investments amounting to Baht 1,550 million in the separate financial statements.

**IRPC**

The Company sold 511 million ordinary shares in IRPC Public Co., Ltd. (IRPC), amounting to Baht 1,216 million, causing its equity interest in IRPC to decrease to 45.05%. The Company recognized a loss on disposal of investments amounting to Baht 987 million in the separate financial statements.

The shares were sold to a subsidiary of the Group and there is, therefore, no impact on the consolidated financial statements.

**Restructuring of Shareholding in Power Business within the Group**

On 20 August 2020, the Board of Directors Meeting of the Company No. 8/2020 passed a resolution to approve a restructuring of shareholding in the Company’s power business. Details of the restructuring plan are as follows:

1. The Company is to purchase all shares that Thai Oil Public Company Limited (TOP) holds in Global Power Synergy Public Company Limited (GPSC), or 8.91% of GPSC’s total paid-up capital. This transaction was approved by Extraordinary General Meeting of the shareholders of TOP No. 1/2020 on 28 October 2020.

2. There is to be an Entire Business Transfer from Thaioil Power Company Limited (TP) to TOP, which was approved by Extraordinary General Meeting of the shareholders of TOP No. 1/2020 on 28 October 2020.

After the restructuring, the Company will own 31.72% and TOP will own 20.78% of GPSC’s issued shares. The acquisition will increase the Company’s shareholding in GPSC to more than 25%, meaning it would be obliged to make a tender offer for all of GPSC’s securities. However, the Company and its related parties as per Section 258 of the Securities and Exchange Act B.E. 2535, namely TOP and PTT Global Chemical Public Company Limited (PTTGC), will maintain their combined shareholding in GPSC at 75.23% of all of GPSC’s issued shares and there will be no change of control in GPSC. Therefore, the Company submitted an application for a waiver from the obligation to make the tender offer to the Securities and Exchange Commission (SEC), as per Section 247 of the Securities and Exchange Act B.E. 2535 (as amended) and Clause 11(1) of the Notification of the Capital Market Supervisory Board No. TorChor 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers, dated 13 May 2011 (as amended). The Company was granted the waiver by the SEC on 17 August 2020.

However, the above transaction is a restructuring within the Group and, therefore, has no impact on the consolidated financial statements.

**13. Investment properties**

Details of investment properties are as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Unit: Million Baht | | | | |
|  | Consolidated financial statements | | | | |
|  | Land | Buildings  and building  improvements | Other  assets | Right-of- use  assets | Total | |
| **As at 1 January 2020** |  |  |  |  |  | |
| Cost | 6,882 | 2,366 | 3 | - | 9,251 | |
| Less Accumulated depreciation | - | (1,200) | - | - | (1,200) | |
| Allowance for impairment | (64) | - | - | - | (64) | |
| Beginning net book value | 6,818 | 1,166 | 3 | - | 7,987 | |
| Cumulative effects of changes in accounting policies (Note 4) | - | - | - | 107 | 107 | |
| Beginning net book value - as restated | 6,818 | 1,166 | 3 | 107 | 8,094 | |
|  |  |  |  |  |  | |
| **For the period ended**  **30 September 2020** |  |  |  |  |  | |
| Beginning net book value - as restated | 6,818 | 1,166 | 3 | 107 | 8,094 | |
| - Additions | - | 7 | - | 1 | 8 | |
| - Reclassifications | - | 75 | - | - | 75 | |
| - Disposals - net | - | (4) | - | - | (4) | |
| - Depreciation for the period | - | (58) | - | (5) | (63) | |
| Ending net book value | 6,818 | 1,186 | 3 | 103 | 8,110 | |
|  |  |  |  |  |  | |
| **As at 30 September 2020** |  |  |  |  |  | |
| Cost | 6,882 | 2,435 | 3 | 125 | 9,445 | |
| Less Accumulated depreciation | - | (1,249) | - | (22) | (1,271) | |
| Allowance for impairment | (64) | - | - | - | (64) | |
| Net book value | 6,818 | 1,186 | 3 | 103 | 8,110 | |

**13. Investment properties** (Continued)

Details of investment properties are as follows: (Continued)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Unit: Million Baht | | |
|  | Separate financial statements | | |
|  | Land | Buildings  and building  improvements | Total |
| **As at 1 January 2020** |  |  |  |
| Cost | 3,414 | 1,175 | 4,589 |
| Less Accumulated depreciation | - | (846) | (846) |
| Beginning net book value | 3,414 | 329 | 3,743 |
|  |  |  |  |
| **For the period ended 30 September 2020** |  |  |  |
| Beginning net book value | 3,414 | 329 | 3,743 |
| - Disposals - net | - | (4) | (4) |
| - Depreciation for the period | - | (26) | (26) |
| Ending net book value | 3,414 | 299 | 3,713 |
|  |  |  |  |
| **As at 30 September 2020** |  |  |  |
| Cost | 3,414 | 1,163 | 4,577 |
| Less Accumulated depreciation | - | (864) | (864) |
| Net book value | 3,414 | 299 | 3,713 |

**14. Property, plant and equipment**

Details of property, plant and equipment are as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Unit: Million Baht | | | | | | | |
|  | Consolidated financial statements | | | | | | | |
|  | Land | Buildings  and building  improvements | Machinery  and  equipment | Exploration and  production  properties | Mining  properties | Other  assets | Construction  in progress | Total |
| **As at 1 January 2020** |  |  |  |  |  |  |  |  |
| Cost | 47,801 | 302,478 | 1,166,628 | 933,235 | 52,263 | 28,221 | 148,833 | 2,679,459 |
| Less Accumulated depreciation | - | (167,201) | (537,818) | (605,448) | (28,088) | (18,032) | - | (1,356,587) |
| Allowance for impairment | (73) | (512) | (2,896) | (10,093) | (12,800) | (17) | (1,502) | (27,893) |
| Beginning net book value | 47,728 | 134,765 | 625,914 | 317,694 | 11,375 | 10,172 | 147,331 | 1,294,979 |
| Cumulative effects of changes in accounting policies (Note 4) | - | - | (4,238) | (3,662) | - | (1,136) | - | (9,036) |
| Beginning net book value - as restated | 47,728 | 134,765 | 621,676 | 314,032 | 11,375 | 9,036 | 147,331 | 1,285,943 |

**14. Property, plant and equipment** (Continued)

Details of property, plant and equipment are as follows: (Continued)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Unit: Million Baht | | | | | | | |
|  | Consolidated financial statements | | | | | | | |
|  | Land | Buildings  and building  improvements | Machinery  and  equipment | Exploration and  production  properties | Mining  properties | Other  assets | Construction  in progress | Total |
|  |  |  |  |  |  |  |  |  |
| **For the period ended**  **30 September 2020** |  |  |  |  |  |  |  |  |
| Beginning net book value - as restated | 47,728 | 134,765 | 621,676 | 314,032 | 11,375 | 9,036 | 147,331 | 1,285,943 |
| - Business Acquisition (Note 28) | 205 | 817 | 751 | - | - | - | - | 1,773 |
| - Additions | 395 | 1,630 | 2,641 | 26,097 | 703 | 185 | 62,791 | 94,442 |
| - Borrowing costs | - | - | - | - | - | - | 1,873 | 1,873 |
| - Reclassifications | 973 | 10,143 | 12,063 | 439 | 118 | 150 | (24,534) | (648) |
| - Disposals - net | - | (312) | (815) | (1,002) | (21) | (92) | (388) | (2,630) |
| - Depreciation for the period | - | (8,860) | (36,784) | (45,985) | (1,297) | (1,467) | - | (94,393) |
| - Reversal of (loss on) impairment | - | (20) | 600 | (116) | (1,341) | (1) | - | (878) |
| - Exchange differences on translation of financial statements | 92 | 296 | 1,459 | 14,478 | 558 | 486 | 338 | 17,707 |
| Ending net book value | 49,393 | 138,459 | 601,591 | 307,943 | 10,095 | 8,297 | 187,411 | 1,303,189 |
|  |  |  |  |  |  |  |  |  |
| **As at 30 September 2020** |  |  |  |  |  |  |  |  |
| Cost | 49,466 | 314,292 | 1,167,752 | 991,594 | 55,673 | 26,422 | 188,975 | 2,794,174 |
| Less Accumulated depreciation | - | (175,277) | (563,758) | (672,936) | (30,793) | (18,108) | - | (1,460,872) |
| Allowance for impairment | (73) | (556) | (2,403) | (10,715) | (14,785) | (17) | (1,564) | (30,113) |
| Net book value | 49,393 | 138,459 | 601,591 | 307,943 | 10,095 | 8,297 | 187,411 | 1,303,189 |

As at 30 September 2020, the Group had pledged assets amounting to Baht 78,102 million (31 December 2019: Baht 78,983 million).

**14. Property, plant and equipment** (Continued)

Details of property, plant and equipment are as follows: (Continued)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Unit: Million Baht | | | | | |
|  | Separate financial statements | | | | | |
|  | Land | Buildings  and building  improvements | Machinery  and  equipment | Other assets | Construction  in progress | Total |
| **As at 1 January 2020** |  |  |  |  |  |  |
| Cost | 5,659 | 38,796 | 378,011 | 18,386 | 31,672 | 472,524 |
| Less Accumulated depreciation | - | (16,474) | (169,066) | (12,604) | - | (198,144) |
| Allowance for impairment | - | (33) | (526) | - | - | (559) |
| Beginning net book value | 5,659 | 22,289 | 208,419 | 5,782 | 31,672 | 273,821 |
| Cumulative effects of changes in accounting policies (Note 4) | - | - | (4,238) | (406) | - | (4,644) |
| Beginning net book value - as restated | 5,659 | 22,289 | 204,181 | 5,376 | 31,672 | 269,177 |
|  |  |  |  |  |  |  |
| **For the period ended**  **30 September 2020** |  |  |  |  |  |  |
| Beginning net book value - as restated | 5,659 | 22,289 | 204,181 | 5,376 | 31,672 | 269,177 |
| - Additions | - | 44 | 171 | 45 | 7,366 | 7,626 |
| - Borrowing costs | - | - | - | - | 891 | 891 |
| - Reclassifications | 252 | 184 | 1,189 | 125 | (2,279) | (529) |
| - Disposals - net | - | (413) | (739) | (12) | (3) | (1,167) |
| - Depreciation for the period | - | (1,224) | (10,436) | (997) | - | (12,657) |
| - Reversal of loss on impairment | - | 17 | 490 | - | - | 507 |
| Ending net book value | 5,911 | 20,897 | 194,856 | 4,537 | 37,647 | 263,848 |
|  |  |  |  |  |  |  |
| **As at 30 September 2020** |  |  |  |  |  |  |
| Cost | 5,911 | 37,596 | 366,569 | 17,218 | 37,647 | 464,941 |
| Less Accumulated depreciation | - | (16,683) | (171,678) | (12,681) | - | (201,042) |
| Allowance for impairment | - | (16) | (35) | - | - | (51) |
| Net book value | 5,911 | 20,897 | 194,856 | 4,537 | 37,647 | 263,848 |

Borrowing costs were capitalized as a part of costs of property, plant and equipment. During the period, the Group used capitalization rates ranging from 0.50% - 5.47% per annum (2019: 0.85% - 5.25% per annum). The Company used capitalization rates at 4.41% per annum (2019: 4.75%).

**15. Right-of-use assets**

Details of right-of-use assets are as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Unit: Million Baht | | | | | | |
|  | Consolidated financial statements | | | | | | |
|  | Land | Buildings  and building  improvements | Machinery  and  equipment | Vehicles | Exploration and  production  properties | Other  assets | Total |
| **As at 1 January 2020** |  |  |  |  |  |  |  |
| Beginning net book value | - | - | - | - | - | - | - |
| Cumulative effects of changes in accounting policies (Note 4) | 41,944 | 1,242 | 7,447 | 1,908 | 13,541 | 3,039 | 69,121 |
| Beginning net book value - as restated | 41,944 | 1,242 | 7,447 | 1,908 | 13,541 | 3,039 | 69,121 |
| **For the period ended 30 September 2020** |  |  |  |  |  |  |  |
| Beginning net book value - as restated | 41,944 | 1,242 | 7,447 | 1,908 | 13,541 | 3,039 | 69,121 |
| - Additions | 2,645 | 314 | 843 | 392 | 1,585 | 478 | 6,257 |
| - Modification | 33 | (5) | 8 | (9) | 52 | (68) | 11 |
| - Reclassifications | 30 | 254 | 98 | (8) | - | - | 374 |
| - Termination | (14) | (3) | - | (105) | - | (388) | (510) |
| - Depreciation for the period | (1,887) | (430) | (1,024) | (554) | (2,113) | (894) | (6,902) |
| - Loss on impairment of assets | (5) | - | - | - | - | - | (5) |
| - Exchange differences on translation of financial statements | 132 | 39 | 10 | 12 | 675 | 3 | 871 |
| Ending net book value | 42,878 | 1,411 | 7,382 | 1,636 | 13,740 | 2,170 | 69,217 |
| **As at 30 September 2020** |  |  |  |  |  |  |  |
| Cost | 58,287 | 1,942 | 14,141 | 2,500 | 15,861 | 3,070 | 95,801 |
| Less Accumulated depreciation | (15,404) | (531) | (6,759) | (864) | (2,121) | (900) | (26,579) |
| Allowance for impairment | (5) | - | - | - | - | - | (5) |
| Net book value | 42,878 | 1,411 | 7,382 | 1,636 | 13,740 | 2,170 | 69,217 |

**15. Right-of-use assets** (Continued)

Details of right-of-use assets are as follows: (Continued)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Unit: Million Baht | | | | | | |
|  | Separate financial statements | | | | | |
|  | Land | Buildings  and building  improvements | Machinery  and  equipment | Vehicles | Other  assets | Total |
| **As at 1 January 2020** |  |  |  |  |  |  |
| Beginning net book value | - | - | - | - | - | - |
| Cumulative effects of changes in  accounting policies (Note 4) | 14,705 | 40 | 5,030 | 452 | 14 | 20,241 |
| Beginning net book value - as restated | 14,705 | 40 | 5,030 | 452 | 14 | 20,241 |
|  |  |  |  |  |  |  |
| **For the period ended 30 September 2020** |  |  |  |  |  |  |
| Beginning net book value - as restated | 14,705 | 40 | 5,030 | 452 | 14 | 20,241 |
| - Additions | 565 | 41 | 49 | 96 | 5 | 756 |
| - Modification | (13) | - | (14) | (4) | - | (31) |
| - Termination | (2) | - | - | (26) | - | (28) |
| - Depreciation for the period | (671) | (23) | (443) | (110) | (8) | (1,255) |
| Ending net book value | 14,584 | 58 | 4,622 | 408 | 11 | 19,683 |
|  |  |  |  |  |  |  |
| **As at 30 September 2020** |  |  |  |  |  |  |
| Cost | 25,141 | 87 | 10,200 | 623 | 20 | 36,071 |
| Less Accumulated depreciation | (10,557) | (29) | (5,578) | (215) | (9) | (16,388) |
| Net book value | 14,584 | 58 | 4,622 | 408 | 11 | 19,683 |

**16. Goodwill**

Movements of goodwill are as follows:

|  |  |
| --- | --- |
|  | Unit: Million Baht |
|  | Consolidated  financial statements |
| Net book value as at 1 January 2020 | 107,197 |
| - Exchange differences on translation of financial statements | 2,896 |
| Net book value as at 30 September 2020 | 110,093 |

**17. Other intangible assets**

Details of other intangible assets are as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Unit: Million Baht | | | | | |
|  | Consolidated financial statements | | | | | |
|  | Computer  software | Right-of-  use | Customer contracts | Copyright, license and trademark | Other  intangible assets | Total |
| **As at 1 January 2020** |  |  |  |  |  |  |
| Cost | 24,865 | 20,507 | 45,780 | 3,966 | 24,306 | 119,424 |
| Less Accumulated amortization | (14,994) | (9,674) | (2,300) | (1,839) | (9,935) | (38,742) |
| Allowance for impairment | - | - | - | - | (714) | (714) |
| Beginning net book value | 9,871 | 10,833 | 43,480 | 2,127 | 13,657 | 79,968 |
| Cumulative effects of changes in accounting policies (Note 4) | (147) | (10,833) | 69 | - | (69) | (10,980) |
| Beginning net book value  - as restated | 9,724 | - | 43,549 | 2,127 | 13,588 | 68,988 |
|  |  |  |  |  |  |  |
| **For the period ended**  **30 September 2020** |  |  |  |  |  |  |
| Beginning net book value  - as restated | 9,724 | - | 43,549 | 2,127 | 13,588 | 68,988 |
| - Business acquisition (Note 28) | - | - | 1,031 | - | - | 1,031 |
| - Additions | 1,021 | - | - | 8 | 608 | 1,637 |
| - Reclassifications | 806 | - | - | 181 | (422) | 565 |
| - Disposals - net | (6) | - | - | (18) | (154) | (178) |
| - Amortization for the period | (1,865) | - | (1,486) | (78) | (822) | (4,251) |
| - Loss on impairment of assets | (1) | - | - | - | - | (1) |
| - Exchange differences on translation of financial statements | 140 | - | 31 | 14 | 226 | 411 |
| Ending net book value | 9,819 | - | 43,125 | 2,234 | 13,024 | 68,202 |
|  |  |  |  |  |  |  |
| **As at 30 September 2020** |  |  |  |  |  |  |
| Cost | 26,799 | - | 47,067 | 3,982 | 23,436 | 101,284 |
| Less Accumulated amortization | (16,979) | - | (3,942) | (1,748) | (9,664) | (32,333) |
| Allowance for impairment | (1) | - | - | - | (748) | (749) |
| Net book value | 9,819 | - | 43,125 | 2,234 | 13,024 | 68,202 |

**17. Other intangible assets** (Continued)

Details of other intangible assets are as follows: (Continued)

|  |  |  |  |
| --- | --- | --- | --- |
|  | Unit: Million Baht | | |
|  | Separate financial statements | | |
|  | Computer software | Right-of-use | Total |
| **As at 1 January 2020** |  |  |  |
| Cost | 8,131 | 20,151 | 28,282 |
| Less Accumulated amortization | (5,526) | (9,381) | (14,907) |
| Beginning net book value | 2,605 | 10,770 | 13,375 |
| Cumulative effects of changes in  accounting policies (Note 4) | - | (10,770) | (10,770) |
| Beginning net book value - as restated | 2,605 | - | 2,605 |
|  |  |  |  |
| **For the period ended 30 September 2020** |  |  |  |
| Beginning net book value - as restated | 2,605 | - | 2,605 |
| - Additions | 81 | - | 81 |
| - Reclassifications | 441 | - | 441 |
| - Disposals - net | (1) | - | (1) |
| - Amortization for the period | (715) | - | (715) |
| Ending net book value | 2,411 | - | 2,411 |
|  |  |  |  |
| **As at 30 September 2020** |  |  |  |
| Cost | 8,587 | - | 8,587 |
| Less Accumulated amortization | (6,176) | - | (6,176) |
| Net book value | 2,411 | - | 2,411 |

**18. Exploration and evaluation assets**

Details of exploration and evaluation assets are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Unit: Million Baht | | |
|  | Consolidated financial statements | | |
|  | Petroleum exploration and  evaluation assets | Mining  properties | Total |
| **As at 1 January 2020** |  |  |  |
| Cost | 138,905 | 828 | 139,733 |
| Less Allowance for impairment | (52,052) | (151) | (52,203) |
| Beginning net book value | 86,853 | 677 | 87,530 |
|  |  |  |  |
| **For the period ended 30 September 2020** |  |  |  |
| Beginning net book value | 86,853 | 677 | 87,530 |
| - Additions | 1,409 | 58 | 1,467 |
| - Reclassifications | (439) | (104) | (543) |
| - Disposals - net | (949) | - | (949) |
| - Loss on impairment of assets | (1,360) | - | (1,360) |
| - Exchange differences on translation of financial statements | 4,252 | 25 | 4,277 |
| Ending net book value | 89,766 | 656 | 90,422 |
|  |  |  |  |
| **As at 30 September 2020** |  |  |  |
| Cost | 144,379 | 815 | 145,194 |
| Less Allowance for impairment | (54,613) | (159) | (54,772) |
| Net book value | 89,766 | 656 | 90,422 |

**19. Borrowings and lease liabilities**

Details of borrowings and lease liabilities are as follows:

| Unit: Million Baht | | | | | | | | | | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | | | | | | | | | | | | | | | | |
|  | As at  1  January  2020 |  | Cumulative effects of changes in accounting policies  (Note 4) |  | Beginning  net book value - as restated |  | Cash flows from financing | | |  | Non-cash items | | | | | | | | |  | As at  30  September  2020 |
|  |  |  | Additions |  | Repayments |  | Lease - Addition |  | (Gain) loss  on exchange rates |  | Exchange differences on translation of financial statements |  | Business acquisition (Note 28) |  | Others |  |
| Short-term borrowings from financial institutions | 44,441 |  | - |  | 44,441 |  | 32,543 |  | (68,334) |  | - |  | - |  | 721 |  | - |  | 46 |  | 9,417 |
| Short-term borrowings - others | - |  | - |  | - |  | - |  | (1,125) |  | - |  | - |  | - |  | 1,125 |  | - |  | - |
| Borrowings - Baht | 139,267 |  | - |  | 139,267 |  | 41,641 |  | (14,455) |  | - |  | - |  | - |  | - |  | (196) |  | 166,257 |
| Borrowings - foreign currencies | 47,872 |  | 16 |  | 47,888 |  | 177 |  | (2,189) |  | - |  | 922 |  | 1,969 |  | - |  | 86 |  | 48,853 |
| Debentures - Baht | 230,143 |  | (15) |  | 230,128 |  | 66,965 |  | (4,118) |  | - |  | (1,313) |  | 1,309 |  | - |  | (171) |  | 292,800 |
| Debentures - foreign currencies | 188,176 |  | (17) |  | 188,159 |  | 79,784 |  | (23,013) |  | - |  | 5,655 |  | 4,380 |  | - |  | 99 |  | 255,064 |
| Lease liabilities | 9,070 |  | 40,549 |  | 49,619 |  | - |  | (5,432) |  | 5,934 |  | 323 |  | 860 |  | - |  | 29 |  | 51,333 |
| Total | 658,969 | 40,533 | 699,502 | 221,110 | 118,666 | 5,934 | 5,587 | 9,239 | 1,125 | (107) | 823,724 |

**19. Borrowings and lease liabilities** (Continued)

Details of borrowings and lease liabilities are as follows: (Continued)

| Unit: Million Baht | | | | | | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Separate financial statements | | | | | | | | | | | | | | | | |
|  | As at  1  January  2020 |  | Cumulative effects of changes in accounting policies  (Note 4) |  | Beginning  net book value - as restated |  | Cash flows from financing | | |  | Non-cash items | | | | |  | As at  30 September  2020 |
|  |  |  | Additions |  | Repayments |  | Lease -  Additions |  | Loss on exchange rates |  | Others |  |
| Short-term borrowings - related party | 3,488 |  | - |  | 3,488 |  | 555 |  | (348) |  | - |  | - |  | - |  | 3,695 |
| Borrowings - Baht | 1,000 |  | - |  | 1,000 |  | - |  | (1,000) |  | - |  | - |  | - |  | - |
| Borrowings - foreign currencies | 23,873 |  | - |  | 23,873 |  | 22,058 |  | - |  | - |  | 1,520 |  | (1) |  | 47,450 |
| Debentures - Baht | 83,702 |  | (14) |  | 83,688 |  | 34,965 |  | (4,119) |  | - |  | - |  | (41) |  | 114,493 |
| Debentures - foreign currencies | 8,806 |  | (16) |  | 8,790 |  | - |  | - |  | - |  | 444 |  | - |  | 9,234 |
| Lease liabilities | 3,957 |  | 3,778 |  | 7,735 |  | - |  | (567) |  | 753 |  | 240 |  | (267) |  | 7,894 |
| Total | 124,826 | 3,748 |  | 128,574 |  | 57,578 |  | (6,034) |  | 753 |  | 2,204 |  | (309) |  | 182,766 |

**19. Borrowings and lease liabilities** (Continued)

Details of borrowings and lease liabilities are as follows: (Continued)

Borrowings

During the period, the Group of Global Power Synergy Public Company Limited (GPSC Group) drew down long-term loans totalling Baht 21,000 million. GPSC had entered into long-term loan agreements with financial institutions granting long-term loan facilities of Baht 12,000 million with a term of 10 years, consisting of Baht 6,000 million carrying interest at a rate of 6M THBFIX plus a certain fixed margin per annum, payable monthly, and Baht 6,000 million carrying interest at a fixed rate, payable every 6 months. GPSC also drew down a long-term loan of Baht 6,000 million consisting of Baht 3,000 million, carrying interest at a rate 6M THBFIX plus a certain fixed margin per annum, payable monthly, with principal payable every 6 months beginning in November 2020 and Baht 3,000 million carrying interest at a fixed rate, payable every 6 months, and repayable 3 years from the first drawdown date. In addition, a subsidiary of GPSC Group entered into a Baht 3,000 million long-term loan agreement with a financial institution and drew down the full amount. This loan carries interest at a fixed rate per annum and has a term of 5 years. The GPSC Group have to comply with certain terms and conditions as specified in the loan agreements, such as maintaining a net debt to equity ratio.

During the period, PTT Global Chemical Public Company Limited (PTTGC) entered into unsecured loan agreements with a financial institution granting loan facilities totalling Baht 30,000

million. These consist of a Baht 10,000 million loan carrying interest at 6M THBFIX plus a certain margin and repayable 5 years from the first drawdown date and a Baht 10,000 million loan carrying interest at 6M THBFIX plus a certain margin and with principal repayable in 12 semi-annual installments, commencing within 18 months from the first drawdown date and a Baht 10,000 million loan carrying interest at 6M MLR minus discount with principal payable every 3 months, 12 installments, commencing within 27 months from the first drawdown date. In addition, a subsidiary of PTTGC Group entered into unsecured loan agreements with a financial institution granting loan facilities totalling Baht 1,200 million carrying interest at a fixed rate, with principal payable every 3 months, 17 installments, beginning on 30 December 2022. The PTTGC Group have to comply with certain terms and conditions as specified in the loan agreements, such as maintaining a net debt to equity ratio.

During the period, IRPC Public Company Limited (IRPC) drew down long-term loans from financial institutions amounting to Baht 6,050 million. The principal is repayable in April 2028.

Debentures

On 2 July 2020, the Company issued and offered Baht 20,000 million of unsubordinated and unsecured debentures to institutional investors and high net worth investors (excluding individual investors). These debentures were issued in 5 tranches, with tenors of 2 - 25 years and fixed interest rates ranging from 1.21% - 3.74% per annum.

On 24 July 2020, the Company issued and offered Baht 15,000 million of unsubordinated and unsecured debentures to general investors. These debentures were issued in 2 tranches, with tenors of 3 years and 7 years and fixed interest rates of 2.25% per annum and 2.85% per annum, respectively.

**19. Borrowings and lease liabilities** (Continued)

Details of borrowings and lease liabilities are as follows: (Continued)

Debentures (Continued)

On 15 January 2020, the Group of PTT Exploration and Production Public Co., Ltd. (PTTEP Group) refinanced its debentures by which the existing debentures in the nominal value of USD 220 million were exchanged for the new debentures with the nominal value of USD 153 million. The present value discounted using effective interest rate of existing debentures is in the amount of USD 121 million. And the cash amount of USD 67 million paid to the existing debenture holders. The Group recognized modification gain net of refinancing costs in the amount of USD 22 million or equivalent to Baht 680 million as described in Note 23. On accounting basis, this refinancing of debentures is considered as an exchange between an existing debenture holders and PTTEP, since the newly issue debentures are issued to existing debenture holders, for which the term were not substantially different as the discounted cash flow value of new debentures varies from discounted cash flow value of previously issued debentures is less than 10%.

During the period, a subsidiary of PTTEP Group redeemed USD 700 million of unsubordinated and unsecured debentures that were to mature in April 2021 and recognized a loss on the redemption of these debentures of USD 20 million, or equivalent to Baht 637 million.

Another subsidiary of PTTEP Group issued and offered USD 850 million of unsubordinated and unsecured debentures with tenors of 7 years and 10 years and fixed interest rates of 2.59% per annum and 2.99% per annum respectively, with PTTEP as guarantor. Some of the debentures were the result of the refinancing of the PTTEP Group’s debentures disclosed above.

On 7 August 2020, GPSC issued Baht 5,000 million of unsubordinated and unsecured debentures. These debenture were issued in 3 tranches, with tenors of 5 - 15 years, with fixed interest rate ranging from 2.11% - 3.24% per annum.

On 8 April 2020, PTTGC issued and offered Baht 15,000 million of name-registered, unsubordinated and unsecured debentures. The debentures were issued in 4 tranches, with tenors of 7-15 years, with fixed interest rates ranging from 2.60% - 3.50% per annum.

On 11 September 2020, IRPC Public Company Limited (IRPC) issued Baht 12,000 million of unsubordinated and unsecured debentures. The debentures were issued in 5 tranches, with tenors of 2 - 15 years, with fixed interest rates ranging from 2.76% - 4.40% per annum.

On 18 June 2020, a subsidiary of TOP Group issued and offered USD 1,000 million of unsubordinated and unsecured debentures with tenors of 10 years and 30 years, with fixed interest rates of 2.50% per annum and 3.75% per annum respectively, and with TOP as the guarantor.

On 16 July 2020, PTT Treasury Center Company Limited (PTT TCC), a subsidiary of the Company, issued and offered the USD 700 million of the US Dollar-denominate, unsubordinated and unsecured debentures to offshore investors. The debentures have a tenor of 50 years, with a fixed interest rate of 3.70% per annum, and the Company as the guarantor of the full amount of the debentures.

The proceeds from the borrowings and debentures are to be used for capital expenditure, business expansion, repayment of borrowings from financial institutions, repayment of debentures, working capital and general corporate purposes to support the growth of the Group.

**20. Provisions for employee benefits**

Movements in the present value of provisions for employee benefits are as follows:

|  |  | | |  | Unit: Million Baht | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
|  | 2020 |  | 2019 |  | 2020 |  | 2019 |
| As at 1 January | 32,590 |  | 23,921 |  | 7,313 |  | 6,906 |
| Service cost | 1,719 |  | 5,596 |  | 398 |  | 1,450 |
| Interest cost | 504 |  | 502 |  | 98 |  | 164 |
| Actuarial loss from provisions for post-employment benefit | 9 |  | 85 |  | - |  | - |
| Actuarial loss from provisions for other long-term employee benefit | 33 |  | 8 |  | - |  | - |
| Actual payment | (674) |  | (543) |  | (100) |  | (66) |
| Business acquisition | - |  | 256 |  | - |  | - |
| Exchange differences on translation of financial statements | 308 |  | (63) |  | - |  | - |
| As at 30 September | 34,489 |  | 29,762 |  | 7,709 |  | 8,454 |

**21. Provision for decommissioning costs**

Movements in the provision for decommissioning costs are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Unit: Million Baht | | |
|  | Consolidated  financial statements | | |
|  | 2020 |  | 2019 |
| As at 1 January | 91,889 |  | 74,723 |
| - Additional provision | 3,179 |  | 2,486 |
| - Paid during the period | (638) |  | (19) |
| - Reversal of provision | (59) |  | (56) |
| - Business acquisition (Note 28) | 40 |  | 8,643 |
| - Exchange differences on translation of  financial statements | 4,544 |  | (4,386) |
| As at 30 September | 98,955 |  | 81,391 |
| - Current portion | (753) |  | (1,274) |
| - Long-term portion | 98,202 |  | 80,117 |

**22. Basic earnings per share**

Basic earnings per share for the three-month period ended 30 September 2020 and 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Profit attributable to equity holders of the Company | 14,120,183,128 | 20,254,484,275 | 9,849,929,796 | 16,338,726,585 |
| Adjustment of profit\* | (44,860,024) | (284,393,781) | - | - |
| Profit for the calculation of earnings per share | 14,075,323,104 | 19,970,090,494 | 9,849,929,796 | 16,338,726,585 |
| Number of weighted average of ordinary shares (shares) | 28,562,996,250 | 28,562,996,250 | 28,562,996,250 | 28,562,996,250 |
|  |  |  |  |  |
| Earnings per share (Baht/share) | 0.50 | 0.70 | 0.35 | 0.57 |

Basic earnings per share for the nine-month period ended 30 September 2020 and 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Profit attributable to equity holders of the Company | 24,619,117,034 | 75,504,697,647 | 37,879,477,591 | 55,329,078,867 |
| Adjustment of profit\* | (150,136,410) | (858,685,186) | - | - |
| Profit for the calculation of earnings per share | 24,468,980,624 | 74,646,012,461 | 37,879,477,591 | 55,329,078,867 |
| Number of weighted average of ordinary shares (shares) | 28,562,996,250 | 28,562,996,250 | 28,562,996,250 | 28,562,996,250 |
|  |  |  |  |  |
| Earnings per share (Baht/share) | 0.86 | 2.61 | 1.33 | 1.94 |

\*Adjustments of profit are adjustments related to redemption of perpetual subordinated debentures, interests, and income taxes are presented in the statement of changes in shareholders’ equity.

**23. Other income**

Details of other income for the three-month period ended 30 September 2020 and 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Transportation income | 1,155 | 879 | 1,425 | 1,158 |
| Dividend income | 315 | 152 | 4,614 | 9,374 |
| Interest income | 866 | 1,649 | 535 | 791 |
| Gain (loss) on disposals of assets and investments | (196) | 94 | 3,426 | 168 |
| Loss on investment at fair value through profit and loss | (199) | - | (49) | - |
| Others | 1,571 | 1,557 | 1,007 | 860 |
| Total | 3,512 | 4,331 | 10,958 | 12,351 |

Details of other income for the nine-month period ended 30 September 2020 and 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Transportation income | 4,577 | 3,493 | 6,738 | 4,826 |
| Dividend income | 497 | 379 | 23,924 | 27,996 |
| Interest income | 3,150 | 7,057 | 1,634 | 2,661 |
| Gain (loss) on disposals of assets and investments | (215) | (187) | 5,737 | 1,722 |
| Loss on investment at fair value through profit and loss | (724) | - | (112) | - |
| Gain on debt modification (Note 19) | 680 | - | - | - |
| Others | 5,922 | 4,970 | 3,434 | 2,893 |
| Total | 13,887 | 15,712 | 41,355 | 40,098 |

**24. Expenses by nature**

Details of expenses by nature for the three-month period ended 30 September 2020 and 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Changes in inventories decrease | 272,042 | 427,307 | 185,843 | 272,098 |
| Staff costs | 13,835 | 15,487 | 2,067 | 3,302 |
| Depreciation and amortization | 34,589 | 33,479 | 4,830 | 4,860 |
| Expenses related to short-term lease agreements | 152 | - | 26 | - |
| Expenses related to low-value assets lease agreements | 58 | - | 26 | - |
| Expenses related to variable rental | 337 | - | 208 | - |
| (Reversal of) loss on impairment of assets and Investments | 1,396 | (43) | - | - |

Details of expenses by nature for the nine-month period ended 30 September 2020 and 2019 are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Unit: Million Baht | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Changes in inventories decrease | 931,354 | 1,312,824 | 592,363 | 845,534 |
| Staff costs | 40,024 | 44,638 | 6,087 | 7,673 |
| Depreciation and amortization | 105,057 | 97,390 | 14,637 | 14,385 |
| Expenses related to short-term lease agreements | 612 | - | 120 | - |
| Expenses related to low-value assets lease agreements | 158 | - | 76 | - |
| Expenses related to variable rental | 823 | - | 631 | - |
| (Reversal of) loss on impairment of assets and Investments | 2,879 | (5) | - | - |

**25. Operating segments**

These operating segments are consistent with the internal management reports provided to the   
Chief Operating Decision Maker (CODM), who makes decisions related to the allocation of resources to the segments and assesses their performance.

For management purposes, the Group is organized into business groups based on types of products and services. The major segments of the Group are as follows:

Upstream petroleum and Natural gas business group

1. Petroleum exploration and production business:

The Group conducts petroleum exploration and production business both domestically and overseas. The Group is the operator and jointly invests with leading petroleum exploration and production companies. Most domestic projects are located in the Gulf of Thailand, while overseas projects are located in Southeast Asia, Australia, America and Africa.

2. Natural gas business:

The Group conducts natural gas business including procurement, natural gas pipeline transmission, distribution, and natural gas separation. Products from the natural gas separation plants are used as feedstock for the petrochemical industry and as fuel in the household, transportation and industry sectors.

3. Coal business:

The Group conducts coal mining business, involving overseas exploration, production and distribution of coals.

Downstream petroleum business group

1. Oil business:

The Group conducts marketing of petroleum products and lube oil in both domestic and overseas markets under an efficient operating system of procurement, storage, and distribution of products as well as the retail business at service stations.

1. International trading business:

The Group conducts international trading business including the import and export of petroleum and petrochemical products as well as other related products. This includes the price risk management and international chartering.

1. Petrochemical and Refining business:

The Group conducts refining business including the production and distribution of petroleum and petrochemicals products in both domestic and overseas markets.

Technology and Engineering group

The Group conducts innovation, digital, technology, engineering, the production and distribution of electricity, stream and water for industrial purpose, and the project management of the Group. This includes seeking the business opportunities for the sustainability of the Group.

Other operations of the Group are included in other segments, none of which constitutes a separately reportable segment.

**25. Operating segments** (Continued)

Consolidated financial statements

For the three-month period ended 30 September 2020

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | |  |  |  | | Unit: Million Baht | | | |
|  | Upstream petroleum and natural gas | | | Downstream petroleum | | | | Technology and Engineering | Others | | Elimination | | | Total |
|  | Petroleum  exploration and  production | Natural gas | Coal | Oil | International trading | | Petrochemicals and  Refining |
| Sales - others | 8,685 | 68,937 | 1,688 | 104,741 | | 77,550 | 109,015 | 12,923 | | 60 | | - | | 383,599 |
| - related parties | 30,578 | 29,577 | 122 | 698 | | 77,264 | 64,601 | 5,642 | | 804 | | (209,286) | | - |
| Net sales | 39,263 | 98,514 | 1,810 | 105,439 | | 154,814 | 173,616 | 18,565 | | 864 | | (209,286) | | 383,599 |
| Gross profit \* | 33,477 | 15,429 | 571 | 10,588 | | 78 | 19,593 | 6,111 | | 26 | | (1,663) | | 84,210 |
| EBITDA | 28,038 | 13,279 | 380 | 5,958 | | (446) | 14,984 | 5,429 | | (666) | | 509 | | 67,465 |
| Depreciation and amortization expenses | (16,058) | (4,782) | (278) | (1,365) | | (73) | (9,554) | (2,382) | | (98) | | - | | (34,590) |
| Segment operating profit (loss) | 11,980 | 8,497 | 102 | 4,593 | | (519) | 5,430 | 3,047 | | (764) | | 509 | | 32,875 |
| Share of profit (loss) from investments in joint ventures and associates | 16 | 204 | (1) | 154 | | - | 181 | 652 | | - | | - | | 1,206 |
| Others | (57) | - | (1,341) | (76) | | (29) | (276) | 403 | | (1) | | - | | (1,377) |
| Unallocated revenue and expenses: |  |  |  |  | |  |  |  | |  | |  | |  |
| Interest income |  |  |  |  | |  |  |  | |  | |  | | 866 |
| Gain on derivatives |  |  |  |  | |  |  |  | |  | |  | | 1,961 |
| Loss on foreign exchange rate |  |  |  |  | |  |  |  | |  | |  | | (1,213) |
| EBIT |  |  |  |  | |  |  |  | |  | |  | | 34,318 |
| Profit for the period |  |  |  |  | |  |  |  | |  | |  | | 19,120 |
|  |  |  |  |  |  | |  |  |  | |  | |  | |

\* Gross profit excludes depreciation and amortization expenses in cost of sales.

**25. Operating segments** (Continued)

Consolidated financial statements

For the nine-month period ended 30 September 2020

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | |  |  |  | | Unit: Million Baht | | | |
|  | Upstream petroleum and natural gas | | | Downstream petroleum | | | | Technology and Engineering | Others | | Elimination | | | Total |
|  | Petroleum  exploration and  production | Natural gas | Coal | Oil | International trading | | Petrochemicals and  Refining |
| Sales - others | 28,969 | 220,743 | 7,580 | 318,215 | | 259,426 | 331,220 | 42,171 | | 167 | | - | | 1,208,491 |
| - related parties | 91,308 | 91,283 | 459 | 2,354 | | 234,174 | 206,277 | 15,742 | | 2,381 | | (643,978) | | - |
| Net sales | 120,277 | 312,026 | 8,039 | 320,569 | | 493,600 | 537,497 | 57,913 | | 2,548 | | (643,978) | | 1,208,491 |
| Gross profit (loss)\* | 101,993 | 44,681 | 2,966 | 25,627 | | (1,094) | 15,150 | 18,278 | | (4) | | (3,257) | | 204,340 |
| EBITDA | 84,385 | 38,740 | 2,275 | 12,837 | | (1,798) | 1,895 | 17,132 | | (1,875) | | 467 | | 154,058 |
| Depreciation and amortization expenses | (48,296) | (14,444) | (1,614) | (3,951) | | (217) | (28,393) | (7,874) | | (268) | | - | | (105,057) |
| Segment operating profit (loss) | 36,089 | 24,296 | 661 | 8,886 | | (2,015) | (26,498) | 9,258 | | (2,143) | | 467 | | 49,001 |
| Share of profit (loss) from investments in joint ventures and associates | 199 | 414 | (3) | 561 | | - | 615 | 715 | | - | | - | | 2,501 |
| Others | (1,207) | 26 | (1,344) | (605) | | (125) | (438) | 362 | | 45 | | - | | (3,286) |
| Unallocated revenue and expenses: |  |  |  |  | |  |  |  | |  | |  | |  |
| Interest income |  |  |  |  | |  |  |  | |  | |  | | 3,150 |
| Gain on derivatives |  |  |  |  | |  |  |  | |  | |  | | 6,850 |
| Gain on foreign exchange rate |  |  |  |  | |  |  |  | |  | |  | | 459 |
| EBIT |  |  |  |  | |  |  |  | |  | |  | | 58,675 |
| Profit for the period |  |  |  |  | |  |  |  | |  | |  | | 20,741 |
|  |  |  |  |  |  | |  |  |  | |  | |  | |

\* Gross profit (loss) excludes depreciation and amortization expenses in cost of sales.

**25. Operating segments** (Continued)

Consolidated financial statements

For the three-month period ended 30 September 2019

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | |  |  |  | | Unit: Million Baht | | | |
|  | Upstream petroleum and natural gas | | | Downstream petroleum | | | | Technology and Engineering | Others | | Elimination | | | Total |
|  | Petroleum  exploration and  production | Natural gas | Coal | Oil | International trading | | Petrochemicals and  Refining |
| Sales - others | 9,435 | 84,141 | 3,977 | 136,210 | | 147,503 | 141,790 | 15,328 | | 53 | | - | | 538,437 |
| - related parties | 37,370 | 39,579 | 104 | 1,316 | | 111,712 | 96,481 | 5,455 | | 851 | | (292,868) | | - |
| Net sales | 46,805 | 123,720 | 4,081 | 137,526 | | 259,215 | 238,271 | 20,783 | | 904 | | (292,868) | | 538,437 |
| Gross profit (loss)\* | 41,015 | 21,096 | 1,328 | 9,205 | | 118 | 13,859 | 5,799 | | (15) | | (2,225) | | 90,180 |
| EBITDA | 32,850 | 18,100 | 975 | 4,290 | | (741) | 8,570 | 5,309 | | (952) | | (704) | | 67,697 |
| Depreciation and amortization expenses | (15,721) | (4,785) | (479) | (1,077) | | (27) | (8,797) | (2,504) | | (89) | | - | | (33,479) |
| Segment operating profit (loss) | 17,129 | 13,315 | 496 | 3,213 | | (768) | (227) | 2,805 | | (1,041) | | (704) | | 34,218 |
| Share of profit (loss) from investments in joint ventures and associates | (21) | 165 | (6) | 212 | | - | 945 | 159 | | - | | - | | 1,454 |
| Others | - | 5 | (14) | (30) | | - | (16) | 134 | | 31 | | - | | 110 |
| Unallocated revenue and expenses: |  |  |  |  | |  |  |  | |  | |  | |  |
| Interest income |  |  |  |  | |  |  |  | |  | |  | | 1,649 |
| Gain on derivatives |  |  |  |  | |  |  |  | |  | |  | | 1,243 |
| Gain on foreign exchange rate |  |  |  |  | |  |  |  | |  | |  | | 2,857 |
| EBIT |  |  |  |  | |  |  |  | |  | |  | | 41,531 |
| Profit for the period |  |  |  |  | |  |  |  | |  | |  | | 25,113 |
|  |  |  |  |  |  | |  |  |  | |  | |  | |

\* Gross profit (loss) excludes depreciation and amortization expenses in cost of sales.

**25. Operating segments** (Continued)

Consolidated financial statements

For the nine-month period ended 30 September 2019

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | |  |  |  | | Unit: Million Baht | | | |
|  | Upstream petroleum and natural gas | | | Downstream petroleum | | | | Technology and Engineering | Others | | Elimination | | | Total |
|  | Petroleum  exploration and  production | Natural gas | Coal | Oil | International trading | | Petrochemicals and  Refining |
| Sales - others | 21,723 | 266,496 | 11,774 | 429,360 | | 438,018 | 454,465 | 37,653 | | 144 | | - | | 1,659,633 |
| - related parties | 115,437 | 115,398 | 252 | 3,026 | | 367,807 | 289,997 | 15,195 | | 2,362 | | (909,474) | | - |
| Net sales | 137,160 | 381,894 | 12,026 | 432,386 | | 805,825 | 744,462 | 52,848 | | 2,506 | | (909,474) | | 1,659,633 |
| Gross profit (loss)\* | 121,681 | 64,351 | 4,104 | 28,039 | | 1,927 | 54,090 | 15,220 | | (143) | | (5,855) | | 283,414 |
| EBITDA | 100,344 | 55,898 | 3,060 | 14,530 | | (381) | 38,101 | 13,818 | | (2,062) | | (1,284) | | 222,024 |
| Depreciation and amortization expenses | (45,315) | (14,033) | (1,767) | (3,030) | | (81) | (26,400) | (6,511) | | (253) | | - | | (97,390) |
| Segment operating profit (loss) | 55,029 | 41,865 | 1,293 | 11,500 | | (462) | 11,701 | 7,307 | | (2,315) | | (1,284) | | 124,634 |
| Share of profit (loss) from investments in joint ventures and associates | 29 | 537 | (6) | 702 | | - | 2,879 | 432 | | - | | - | | 4,573 |
| Others | - | 1 | (15) | 44 | | (28) | 209 | 204 | | (125) | | - | | 290 |
| Unallocated revenue and expenses: |  |  |  |  | |  |  |  | |  | |  | |  |
| Interest income |  |  |  |  | |  |  |  | |  | |  | | 7,057 |
| Loss on derivatives |  |  |  |  | |  |  |  | |  | |  | | (1,187) |
| Gain on foreign exchange rate |  |  |  |  | |  |  |  | |  | |  | | 11,640 |
| EBIT |  |  |  |  | |  |  |  | |  | |  | | 147,007 |
| Profit for the period |  |  |  |  | |  |  |  | |  | |  | | 98,903 |
|  |  |  |  |  |  | |  |  |  | |  | |  | |

\* Gross profit (loss) excludes depreciation and amortization expenses in cost of sales.

**26. Fair value measurement of financial instruments**

As at 30 September 2020 and 31 December 2019 the Group had financial assets and financial liabilities measured at fair value as follows:

As at 30 September 2020

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Unit: Million Baht | | | | |
|  | Consolidated financial statements | | | |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets measured at fair value** |  |  |  |  |
| Investments in short-term financial assets | 41 | 199 | - | 240 |
| Investments measured at fair value  through other comprehensive income |  |  |  |  |
| Equity instruments |  |  |  |  |
| Mutual funds | - | - | 929 | 929 |
| Other equity instruments | 2,872 | - | 14,272 | 17,144 |
| Debt instruments |  |  |  |  |
| Other debt instruments | - | 35 | - | 35 |
| Investments measured at fair value  through profit or loss |  |  |  |  |
| Equity instruments |  |  |  |  |
| Other equity instruments | 23 | - | - | 23 |
| Debt instruments |  |  |  |  |
| Mutual funds | 846 | - | - | 846 |
| Other debt instruments | - | - | 32 | 32 |
| Long-term lending loans measured at  fair value through profit or loss | - | 94 | - | 94 |
| Derivatives |  |  |  |  |
| Foreign currency forward contracts | - | 672 | - | 672 |
| Interest rate swap contracts | - | 714 | - | 714 |
| Cross-currency swap contracts | - | 608 | - | 608 |
| Finance option contracts | - | 298 | - | 298 |
| Commodity derivatives | 1,197 | 2,261 | - | 3,458 |
| Commoditiy contracts | - | 468 | - | 468 |
| Other non-current financial assets |  |  |  |  |
| Pension scheme investments from  joint operation | 1,737 | - | - | 1,737 |

**26. Fair value measurement of financial instruments** (Continued)

As at 30 September 2020 and 31 December 2019 the Group had financial assets and financial liabilities measured at fair value as follows: (Continued)

As at 30 September 2020 (Continued)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Unit: Million Baht | | | | |
|  | Consolidated financial statements | | | |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Financial liabilities measured at fair value** | | | | |
| Derivatives |  |  |  |  |
| Foreign currency forward contracts | - | 363 | - | 363 |
| Interest rate swap contracts | - | 3,532 | - | 3,532 |
| Cross-currency swap contracts | - | 798 | - | 798 |
| Finance option contracts | - | 30 | - | 30 |
| Commodity derivatives | - | 1,786 | - | 1,786 |
| Commodity contracts | - | 154 | - | 154 |
| Put options over non-controlling interest | - | - | 632 | 632 |
| Other non-current financial liabilities |  |  |  |  |
| Contingent considerations from  business acquisition | - | - | 177 | 177 |
| Contingent considerations from  interest acquisition in joint venture | - | - | 1,665 | 1,665 |

**26. Fair value measurement of financial instruments** (Continued)

As at 30 September 2020 and 31 December 2019 the Group had financial assets and financial liabilities measured at fair value as follows: (Continued)

As at 31 December 2019

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Unit: Million Baht | | | | | |
|  | Consolidated financial statements | | | | | |
|  | Level 1 | | Level 2 | Level 3 | Total | |
| **Financial assets measured at fair value** |  | |  |  |  | |
| Available-for-sale investments |  | |  |  |  | |
| Equity instruments | 3,360 | | - | - | 3,360 | |
| Debt instruments | - | | 1,503 | - | 1,503 | |
| Mutual funds | 1,170 | | - | 654 | 1,824 | |
| Derivatives |  | |  |  |  | |
| Foreign currency forward contracts | - | | 357 | - | 357 | |
| Interest rate swap contracts | - | | 265 | - | 265 | |
| Cross-currency swap contracts | - | | 4,949 | - | 4,949 | |
| Commodity swap contracts | - | | 696 | - | 696 | |
| Other derivative contracts | - | | 1,230 | - | 1,230 | |
| Other non-current assets |  | |  |  |  | |
| Pension scheme investments from  joint operation | 1,354 | | - | - | 1,354 | |
|  | |
| **Financial liabilities measured at fair value** | | | | | |
| Derivatives |  | |  |  |  |
| Foreign currency forward contracts | - | | 727 | - | 727 |
| Interest rate swap contracts | - | | 2,492 | - | 2,492 |
| Cross-currency swap contracts | - | | 154 | - | 154 |
| Commodity swap contracts | 1,365 | | 412 | - | 1,777 |
| Other derivative contracts | - | | 73 | - | 73 |
| Other non-current liabilities |  | |  |  |  |
| Contingent considerations from  business acquisition | - | | - | 214 | 214 |
| Contingent considerations from  interest acquisition in joint venture | - | | - | 1,564 | 1,564 |

**26. Fair value measurement of financial instruments** (Continued)

As at 30 September 2020 and 31 December 2019 the Group had financial assets and financial liabilities measured at fair value as follows: (Continued)

As at 30 September 2020

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Unit: Million Baht | | | | |
|  | Separate financial statements | | | |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets measured at fair value** |  |  |  |  |
| Investments measured at fair value  through other comprehensive income |  |  |  |  |
| Equity instruments |  |  |  |  |
| Mutual funds | - | - | 894 | 894 |
| Other equity instruments | 1,896 | - | 55 | 1,951 |
| Investments measured at fair value  through profit or loss |  |  |  |  |
| Debt instruments |  |  |  |  |
| Mutual funds | 286 | - | - | 286 |
| Derivatives |  |  |  |  |
| Foreign currency forward contracts | - | 97 | - | 97 |
| Interest rate swap contracts | - | 714 | - | 714 |
| Cross-currency swap contracts | - | 431 | - | 431 |
| Finance option contracts | - | 297 | - | 297 |
| Commodity derivatives | - | 219 | - | 219 |
| Commodity contracts | - | 187 | - | 187 |
|  |  |  |  |  |
| **Financial liabilities measured at fair value** | | | | |
| Derivatives |  |  |  |  |
| Foreign currency forward contracts | - | 85 | - | 85 |
| Interest rate swap contracts | - | 1,176 | - | 1,176 |
| Cross-currency swap contracts | - | 20 | - | 20 |
| Commodity derivatives | - | 5 | - | 5 |
| Commodity contracts | - | 23 | - | 23 |

**26. Fair value measurement of financial instruments** (Continued)

As at 30 September 2020 and 31 December 2019 the Group had financial assets and financial liabilities measured at fair value as follows: (Continued)

As at 31 December 2019

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Unit: Million Baht | | | | |
|  | Separate financial statements | | | |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets measured at fair value** |
| Available-for-sale investments |  |  |  |  |
| Equity instruments | 1,936 | - | - | 1,936 |
| Mutual funds | 397 | - | 654 | 1,051 |
| Derivatives |  |  |  |  |
| Interest rate swap contracts | - | 239 | - | 239 |
| Cross-currency swap contracts | - | 1,763 | - | 1,763 |
|  |  |  |  |  |
| **Financial liabilities measured at fair value** | | | | |
| Derivatives |  |  |  |  |
| Interest rate swap contracts | - | 324 | - | 324 |

**26. Fair value measurement of financial instruments** (Continued)

As at 30 September 2020 and 31 December 2019 the Group had financial assets and financial liabilities that were not measured at fair value, though the fair values approximate their carrying value, except financial assets and liabilities as follows:

As at 30 September 2020

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Unit: Million Baht | | | | |
|  | Consolidated financial statements | | | |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets disclosed at fair value** | | | | |
| Amortized cost investments |  |  |  |  |
| Debt instruments | - | 9,029 | - | 9,029 |
|  |  |  |  |  |
| **Financial liabilities disclosed at fair value** | | | | |
| Long-term borrowings | - | 170,853 | - | 170,853 |
| Debentures | - | 579,276 | - | 579,276 |

As at 31 December 2019

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Unit: Million Baht | | | | |
|  | Consolidated financial statements | | | |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets disclosed at fair value** | | | | |
| Amortized cost investments |  |  |  |  |
| Debt instruments | - | 15,014 | - | 15,014 |
|  |  |  |  |  |
| **Financial liabilities disclosed at fair value** | | | | |
| Debentures | - | 393,143 | - | 393,143 |

**26. Fair value measurement of financial instruments** (Continued)

As at 30 September 2020 and 31 December 2019 the Group had financial assets and financial liabilities that were not measured at fair value, though the fair values approximate their carrying value, except financial assets and liabilities as follows:(Continued)

As at 30 September 2020

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Unit: Million Baht | | | | |
|  | Separate financial statements | | | |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets disclosed at fair value** | | | | |
| Amortized cost investments |  |  |  |  |
| Debt instruments | - | 9,029 | - | 9,029 |
|  |  |  |  |  |
| **Financial liabilities disclosed at fair value** | | | | |
| Long-term borrowings | - | - | 79,449 | 79,449 |
| Debentures | - | 139,452 | - | 139,452 |

As at 31 December 2019

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Unit: Million Baht | | | | |
|  | Separate financial statements | | | |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets disclosed at fair value** | | | | |
| Amortized cost investments |  |  |  |  |
| Debt instruments | - | 15,014 | - | 15,014 |
|  |  |  |  |  |
| **Financial liabilities disclosed at fair value** | | | | |
| Debentures | - | 107,048 | - | 107,048 |

**26. Fair value measurement of financial instruments** (Continued)

Fair value valuation techniques and inputs for Level 2 valuation

The fair values of debt securities and available-for-sale investments were determined based on the lastest bid price or the yield rate quoted by the Thai Bond Market Association or other relevant markets. They were also calculated based on the contractual cash flows, discounted using the market reference rate of other debt securities that have observable prices.

In determining the fair values of derivatives, most of the inputs used for the valuations are observable in the relevant markets, adjusted by appropriate risk factors, such as market price, price volatility, foreign exchange rate volatility, spot rates of foreign currencies, yield curves of the respective currencies, the market value of swap price, timing of exercise and commodity price yield curves. Discounting was applied if there was a significant impact to the fair value of the derivative instruments.

The fair values of long-term loans were determined based on the present values of future cash flows, discounted using the market interest rate for similar instruments. The fair values of debentures were based on the latest closing price or the reference interest rate quoted by the bond market. They were also calculated using the reference price in the secondary market of bond market that are quoted in an active market.

Fair value valuation techniques and inputs for Level 3 valuation

The fair values of investments in financial assets and available-for-sale investments in mutual funds were determined based on the net asset value or the net asset value as reported in the capital call statement and translated using the closing exchange rate or a company valuation based on the latest round of funding or costs, depending upon which value is more appropriate. For some financial assets measured at fair value through other comprehensive income, a significant unobservable input is the risk-adjusted discount rate. This is estimated based on public companies’ the weighted average cost of capital and cost of equity that are, in the opinion of the Group, in a comparable financial position with the counterparty to the contract. The valuation processes and results are reviewed regularly.

The fair values of long-term loans were determined based on discounted future cash flow and valuation model techniques, using an appropriate risk-adjusted discount rate. Most of the inputs used for the valuation are observable in the relevant markets such as spot rates of foreign currencies, interest rate yield curves and bonds yield curves.

The fair values of derivative liabilities, which are the put options over non-controlling interests, were determined based on present value of expected payments, which is determined by considering forecasted earnings before depreciation, financial costs and taxes, discounted using a discount rate.

The fair value of other non-current financial liabilities that are categorized as contingent considerations from business acquisition and contingent considerations from interest acquisition in joint venture were determined by discounted cash flow.

During the period, there were no transfers of items within the fair value hierarchy.

**27. Dividend payment**

On 26 March 2020, at the Special Board of Directors Meeting of the Company No.1/2020, the meeting approved interim dividend payments for the year 2019 of Baht 2 per share, approximately amounting to Baht 57,124 million. On 25 October 2019, the Company paid an interim dividend from the operating results of the first half of 2019 at Baht 0.90 per share for 28,562,203,593 shares, amounting to Baht 25,706 million. The remaining dividend as follow:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Dividend | For operating period | Dividend  payment rate  (Baht/share) | Number of shares  (shares) | Total  dividend  (Million  Baht) | Payment date |
| Interim | 1 July 2019 -  31 December 2019 | 1.10 | 28,562,204,838 | 31,418 | 24 April 2020 |

The interim dividend payments have been approved by the 2020 Annual General Meeting of shareholeders of the Company on 3 July 2020.

On September 27, 2020, at the Board of Directors Meeting of the Company, the Board approved interim dividend payments for the first half of 2020 as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Dividend | For operating period | Dividend  payment rate  (Baht/share) | Number of shares  (shares) | Total  dividend  (Million  Baht) | Payment date |
| Interim | 1 January 2020 -  30 June 2020 | 0.18 | 28,562,204,838 | 5,142 | 16 October 2020 |

**28. Business acquisition**

28.1 On 6 December 2018, Global Power Synergy Public Co., Ltd. (GPSC) and Terraform Global Operating LLC. entered into a Share Purchase Agreement to authorise Global Renewable Power Company Limited, which is the GPSC’s subsidiary, to acquire shareholding interests of Global Renewable Power Operating Company Limited (formally as Terraform Global Operating (Thailand) Company Limited), World X Change Asia Company Limited, P.P. Solar Company Limited and N.P.S. Stargroup Company Limited. Their principal business operations are to generate and supply electricity from solar farms and provide management and consultancy services to solar farm sector. Total investment value was Baht 1,957 million.

On 26 March 2020, a subsidiary made a full payment to Terraform Global Operating LLC and changed a shareholder’s name on the same date.

During the third quarter of 2020, the GPSC Group completed the measurement of the fair value of the acquired identifiable net assets at the acquisition date, which was done in accordance with the measurement period of a business combination of Thai Financial Reporting Standard 3 Business Combinations.

Details of net assets acquired and gain on bargain purchase at the acquisition date are as follows:

|  |  |
| --- | --- |
| Unit: Million Baht | |
| Fair value of net assets acquired | 2,082 |
| Purchase consideration | (1,957) |
| Gain on bargain purchase | 125 |

Assets and liabilities arising from the business acquisition at the acquisition date are as follows:

|  |  |
| --- | --- |
| Unit: Million Baht | |
| Cash and cash equivalents | 480 |
| Trade accounts receivable | 71 |
| Other accounts receivable | 2 |
| Other current assets | 2 |
| Property, plant and equipment (Note 14) | 1,773 |
| Other intangible assets (Note 17) | 1,031 |
| Trade accounts payable | (2) |
| Other accounts payable | (10) |
| Short-term borrowings (Note 19) | (1,125) |
| Other current liabilities | (6) |
| Deferred tax liabilities | (94) |
| Provision for decommissioning costs (Note 21) | (40) |
| Fair value of net assets acquired | 2,082 |
| Less Gain on bargain purchase | (125) |
| Total purchase consideration transferred | 1,957 |
| Less Cash and cash equivalents of subsidiaries | (480) |
| Cash outflow on the business acquisition | 1,477 |

The GPSC group amortized power purchase agreements, which represented as intangible assets, using the straight line method based on estimated useful lives 21 years.

**28. Business acquisition** (Continued)

28.2 On 21 March 2019, PTTEP HK Offshore Limited (PTTEP HKO), a subsidiary of the PTT Exploration and Production Public Co., Ltd. (PTTEP) Group, signed the Share Sale and Purchase Agreement (SSPA) to acquire the 100% shareholding interests of Murphy Oil Corporation (Murphy) in Malaysia through acquisition of shares in Murphy’s subsidiaries, which are Murphy Sabah Oil Co., Ltd. (Murphy Sabah) and Murphy Sarawak Oil Co., Ltd. (Murphy Sarawak), with total acquisition value of approximately USD 2,131 million (Baht 65,724 million). Moreover, according to the SSPA, there may be contingent consideration of not exceeding USD 100 million if there is significant petroleum found from exploration of the SK405B project. The acquisition was completed on 10 July 2019.

During the second quarter of 2020, the PTTEP group measured the fair value of the net identifiable assets acquired, which reflected additional information obtained about facts and circumstances that existed as of the acquisition date. The measurement period did not exceed one year from the acquisition date. Such information affected the fair value of the net identifiable assets at the acquisition date and goodwill as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | Unit: Million Baht | | |
|  | **Fair value as**  **previously**  **stated** | **Increase (Decrease)** | **Fair value** |
| Cash and cash equivalents | 1,817 | - | 1,817 |
| Trade accounts receivable | 4,258 | - | 4,258 |
| Other accounts receivable | 2,331 | - | 2,331 |
| Inventories | 240 | - | 240 |
| Materials and supplies | 605 | - | 605 |
| Other current assets | 347 | - | 347 |
| Property, plant and equipment | 50,195 | - | 50,195 |
| Intangible assets | 77 | - | 77 |
| Exploration and evaluation assets | 12,660 | 7,428 | 20,088 |
| Deferred tax assets | 3,027 | - | 3,027 |
| Other non-current assets | 1,635 | - | 1,635 |
| Trade accounts payable | (194) | - | (194) |
| Other accounts payable | (4,918) | - | (4,918) |
| Current portion of long-term loans | (529) | - | (529) |
| Other current liabilities | (1,104) | - | (1,104) |
| Long-term loans | (4,102) | - | (4,102) |
| Deferred tax liabilities | (11,185) | (2,584) | (13,769) |
| Provision for decommissioning costs | (8,286) | - | (8,286) |
| Fair value of net assets acquired | 46,874 | 4,844 | 51,718 |
| Add Goodwill | 18,850 | (4,844) | 14,006 |
| Total purchase consideration transferred | 65,724 | - | 65,724 |
| Less Cash and cash equivalents of subsidiaries | (1,817) | - | (1,817) |
| Cash outflow on the business acquisition | 63,907 | - | 63,907 |

**28. Business acquisition** (Continued)

28.2 Goodwill of USD 454 million (Baht 14,006 million) arises primarily from the recognition of deferred tax liabilities arising from the difference between the fair value of net identifiable assets acquired from the acquisition and the book value which is the tax base of these net assets.

The fair value of total considerations transferred on the acquisition date of USD 2,131 million   
(Baht 65,724 million) consists of cash payment on acquisition date of USD 2,124 million   
(Baht 65,505 million) and deferred consideration of USD 7 million (Baht 219 million),   
which is the fair value discounted from deferred consideration of USD 7 million (Baht 231 million). The deferred consideration is presented in other non-current liabilities in the consolidated statement of financial position.

**29. Proceeding regarding the Central Administrative Court’s ordering temporary suspension of projects in Map Ta Phut area**

On 19 June 2009, the Stop Global Warming Association and a group of individuals totalling   
43 parties (the Petitioners) filed a complaint with the Central Administrative Court (the Court) as the black case No. 908/2552, against eight government agencies, together with a motion seeking   
the Court injunction to temporarily suspend all operations and activities of 76 industrial projects in the Map Ta Phut area in Rayong Province.

On 29 September 2009, the Court issued a temporary injunction requiring the eight accused government agencies to issue orders to temporarily suspend all 76 projects pending the Court’s judgment or order otherwise, except for those projects or activities which had received permits before the effective date of the Constitution of Kingdom of Thailand B.E. 2550 or which were not required to prepare Environmental Impact Assessment (EIA) reports pursuant to the Ministerial Announcement of the Ministry of Natural Resources and Environment dated 16 June 2009. The suspension order affected 25 projects of the Group, of which 3 projects belonged to the Company.

On 16 October 2009, the Group, as an interested person, submitted a motion to appeal the Court’s order to the Supreme Administrative Court.

On 2 December 2009, the Supreme Administrative Court issued order No. 592/2552 amending the Court’s injunction by requiring the eight accused government agencies to order the temporary suspension of all projects or activities listed in the complaint except for 11 projects, which clearly, according to the Supreme Administrative Court, did not severely affect the community but were projects intended to mitigate pollution or only additional installations to the existing projects. Of those 11 projects, 7 belonged to the Group, comprising 1 project of the Company and 6 projects of the other companies in the Group. 2 projects of the Company were still covered by the Court’s suspension order.

On 18 December 2009, the public prosecutor submitted an answer rejecting all allegations in the complaint.

On 2 September 2010, the Court rendered a judgment revoking the permits of the projects listed in the complaint which, according to the law, were categorized as projects that might severely affect the community and did not comply with the procedures set forth in Section 67 paragraph 2 of the Constitution, B.E. 2550. The revocation was effective as of the date of the judgment.   
1 project of the Group was within the scope of the judgment.

On 1 October 2010, the 43 petitioners appealed the Court’s judgment to the Supreme Administrative Court. On 7 December 2010, the eight accused government agencies by the public prosecutors submitted a reply to the appeal. The appeal is currently under the consideration of the Supreme Administrative Court.

**30. Commitments and contingent liabilities**

Details of significant changes in commitments and contingent liabilities are as follows:

30.1 Details of commitments to subsidiaries and joint ventures are as follows:

30.1.1 The Company has provided loans to its subsidiaries with credit limits totalling Baht 87,767 million. As at 30 September 2020, the Company made these loans payments to its subsidiaries totalling Baht 53,488 million. The remaining credit limits were Baht 34,279 million.

30.1.2 The Company entered into the Sponsor Support Agreements with subsidiaries and joint ventures with credit limits equal to the sum of the loan obligations to financial institutions of such subsidiaries and joint ventures. Under these agreements, as at   
30 September 2020, the Company had commitments of USD 17 million or equivalent to Baht 538 million.

30.1.3 The Company had obligations under the Shareholder Agreements to pay for ordinary shares in proportion to its shareholding. As at 30 September 2020, the Company had remaining obligations amounting to Baht 36,815 million.

30.2 Commitments under leases - the Group as a lessee, the future minimum lease payments under uncancellable leases as at 30 September 2020 are as follows:

|  |  |  |
| --- | --- | --- |
|  | Unit: Million Baht | |
|  | Consolidated  financial statements | Separate  financial statements |
| - Within 1 year | 646 | 115 |
| *-* Over 1 year but not over 5 years | 789 | 98 |
| *-* Over 5 years | 564 | 72 |
| Total | 1,999 | 285 |

30.3 As at 30 September 2020, the Group had capital commitments of Baht 104,321 million in the consolidated financial statements and Baht 9,616 million in the separate financial statements.

30.4 As at 30 September 2020, the Group had outstanding letters of credit of Baht 27,944 million in the consolidated financial statements and Baht 541 million in the separate financial statements.

30.5 As at 30 September 2020, the Group had contingent liabilities in the form of letter of guarantee amounting to Baht 41,168 million in the consolidated financial statements and Baht 66 million in the separate financial statements.

30.6 As at 30 September 2020, PTT Exploration and Production Public Co., Ltd. (PTTEP) had commitment for the guarantee of senior debt financing agreements of a subsidiary of Moz LNG1 Holding Company Ltd with the facility in the amount of USD 14,900 million. PTTEP is a guarantor under this agreement with the value based on the PTTEP Group’s participating interest in Moz LNG1 Holding Company Ltd of 8.5%. The PTTEP Group had not yet drawdown the loan from financial institution.

**30. Commitments and contingent liabilities** (Continued)

Details of significant changes in commitments and contingent liabilities are as follows: (Continued)

30.7 A subsidiary entered into a contract to sell a product to the Company and the Company entered into a contract to resell the same product to a listed company (i.e. back-to-back contracts). The term of the two contracts was 15 years, expiring on 31 January 2012. Before the expiration of the contract, the subsidiary notified the Company that the contract would not be renewed. The Company had to notify the listed company that the contract would also not be renewed. The Company’s notice was served to the listed company in accordance with the terms and conditions set forth in the contract. On 3 December 2009, the listed company submitted claims with the Thai Arbitration Institute (the Institute) requesting the Company and the subsidiary, as the seller and the supplier, respectively, to comply with the contracts by continuing to sell the product to the listed company or be jointly liable to pay damages.

On 10 February 2010, the subsidiary submitted a motion with the Institute asking to dismiss the claims against it from the case list. The Institute issued an order to dismiss the claims relating to the subsidiary.

The Company forwarded the case to the Office of the Attorney General to submit a defense. On 28 April 2010, the public prosecutor submitted the defense with the Institute for the Company.   
The arbitral tribunal completed witness examination and, on 25 March 2016, ruled that   
the Company make partial payment of compensation to the listed company. However, the Company was of the opinion that the arbitral award might be both factually and legally inconsistent. Therefore, the Company had a right to file a motion with the competence court to revoke the award and, on 30 June 2016, the Company, by the public prosecutor, filed a motion to revoke the arbitral award with the Civil Court. Subsequently, on 16 December 2016, the listed company submitted   
a motion to enforce the arbitral award with the Civil Court and the Company, by the public prosecutor, submitted an objection with the Civil Court. On 19 September 2019, the Civil Court rendered a judgment ordering enforcement of the arbitral award, whereby the Company was to make payment of damages in accordance with the award in the amount of Baht 390 million per annum from 1 February 2012 to 25 March 2016, together with interest thereon at a rate of 7.50% per annum accrued from the date of the arbitral award to the date on which the Company makes full payment. However, the Company respectfully cannot concur with the judgment of the Civil Court and, 16 March 2020, submitted an appeal against the Civil Court's judgment with the Supreme Court. The case is currently under the consideration of the Supreme Court.

**30. Commitments and contingent liabilities** (Continued)

Details of significant changes in commitments and contingent liabilities are as follows: (Continued)

30.8 On 26 May 2010, the contractor for an onshore natural gas pipeline construction project   
(the “Contractor”) submitted claims with the Thai Arbitration Institute (the Institute) seeking overdue payment and damages from the Company for work performed on the project. The Company, however, considered that the submission of the claims was not compliant with the dispute resolution procedure agreed upon under the contract. Therefore, the Company filed an opposition to the Contractor’s claim submission with the Institute and reserved right to protest such contractually non-compliant claim submission in the arbitration procedure. After submission of the claim, the Central Bankruptcy Court issued an order placing the Contractor under absolute receivership, which gave the official receiver sole authority over any litigation pertaining to the Contractor’s assets. Subsequently, the Contractor’s official receiver petitioned the Institute to substitute the Contractor in the dispute against the Company. In the bankruptcy case, the Company submitted a motion for repayment of debt as a creditor, while in the arbitration process, the Company submitted a defense of all claims of the Contractor, together with counterclaims seeking damages from the Contractor. Subsequently, the Arbitral Tribunal rendered an award ordering the Company to make payment of the Contractor’s claims. However, the Company considered the arbitral award to contain material factual and legal inconsistencies and filed a motion to revoke the arbitral award, while the Contractor submitted a motion with the Civil Court to enforce the arbitral award. On 17 October 2017, the Civil Court delivered a judgment ordering enforcement of the arbitral award whereby some amounts were reduced. However, the Company submitted an appeal against the Civil Court's judgment with the Supreme Court, and, placed a saving account book with the Civil Court as security to stay the enforcement of the judgment. Subsequently, the Contractor also submitted an appeal against the Civil Court's judgment with the Supreme Court. On 18 December 2019, the Supreme Court rendered a judgment not to accept the Company’s appeal for consideration and the case was final. Therefore, the Company was obliged to make payment in accordance with the Civil Court’s judgment. On 8 January 2020, the Company made payment of approximatedly Baht 4,544 million to the Civil Court, in accordance with the judgement.

On 8 September 2010 the Contractor, by the official receiver, submitted another claim to the Institute seeking overdue payment and damages from the Company for work performed in connection with another pipeline construction project. The Company, however, considered the submission of   
the claims was not compliant with the dispute resolution procedure agreed upon under the contract and, therefore, filed an opposition to the Contractor’s claim submission with the Institute and reserved the right to protest such contractually non-compliant claim submission in the arbitration procedure.   
In contending the claims, the Company submitted a defense together with counterclaims seeking damages from the Contractor. Subsequently, an Arbitral Tribunal was mutually appointed to consider the disputes and, on 30 November 2018, the tribunal rendered an award to dismiss both the claims and counterclaims. However, the Company had already submitted a motion for repayment of debt as   
a creditor in the bankruptcy case. The Contractor then filed a motion to revoke the arbitral award with the Civil Court and the Company, by the Office of the Attorney General, submitted an objection to the revocation of the arbitral award with the Civil Court. On 6 October 2020, the Civil Court rendered judgment to dismiss the Contractor’s motion to set aside the arbitral award. Nonetheless, the Parties have right to appeal the Civil Court’s judgment with the Supreme Court within 30 days from the date of the Civil Court’s judgment.

**30. Commitments and contingent liabilities** (Continued)

Details of significant changes in commitments and contingent liabilities are as follows: (Continued)

30.9 On 25 February 2014, the contractor for an onshore natural gas pipeline construction project (the “Contractor”) filed a lawsuit against the Company with the Civil Court on the grounds of wrongful termination and breach of contract and claim for outstanding payment for the work and damages. The Company considered all of the Company’s actions to have been in accordance with the terms and conditions of the contract and, therefore, forwarded the case to the Office of the Attorney General to consider arguing the case. The Company, by the Office of the Attorney General, submitted an answer with the Civil Court, which subsequently ordered the case to be transferred to the Central Administrative Court for consideration and judgment because   
the Civil Court and the Central Administrative Court were both of the opinion that the case was an administrative case. The Civil Court transferred the case to the Central Administrative Court. Currently, the case is under the consideration of the Central Administrative Court.

After the Company terminated the contract with the Contractor, the Company completed   
an onshore natural gas pipeline construction project. Subsequently, on 20 June 2018, the Company filed a lawsuit against the Contractor with the Central Administrative Court on the grounds of breach of contract and abandonment of work and claimed damages. Currently, the case is under the consideration of the Central Administrative Court.

On 25 September 2019, the Contractor filed a statement of fact with the Central Administrative Court that, on 8 March 2019, the National Company Law Tribunal of India had ordered the Contractor to enter the Corporate Insolvency Resolution Process and had appointed a Resolution Professional in accordance with Indian Law. The Company conducted an investigation and found that such statement was true. Subsequently, on 26 November 2019, the Company filed a motion for repayment of debt with the Resolution Professional in India, who is currently considering the claim. With respect to the case before the Central Administrative Court, the Court is in consideration of the proceedings of the case.

30.10 On 11 March 2016, the group of PTTEP Australasia (PTTEP AA) received a letter from a lawyer firm in Australia representing a group of West Timorese seaweed farmers, notifying the group of PTTEP AA of their intention to commence a legal action for compensation relating to the Montara oil spill incident in the Timor Sea in 2009. Subsequently, on 9 August 2016, PTTEP AA was notified of a claim made in the Sydney Registry of the Federal Court of Australia seeking damages on behalf of a group of seaweed farmers (Class Action). The Statement of Claim as filed does not quantify the claim, and no supporting evidence has yet been presented to the court. The group of PTTEP AA has appointed lawyers and to defend against the claim. Currently, the case is under the court determination. PTT Exploration and Production Public Co., Ltd. (PTTEP) considers that the claims from representative of West Timorese seaweed farmers related to Montara oil spill incident remain unproven due to insufficient evidence to support the claim.

**30. Commitments and contingent liabilities** (Continued)

Details of significant changes in commitments and contingent liabilities are as follows: (Continued)

30.11 During the third quarter of 2014, the number of people in Rayong filed several lawsuits with   
the Civil Court and the Rayong Provincial Court against PTT Global Chemical Public Co., Ltd. (PTTGC) to claim the extra compensation from oil spill incident and to perform the rehabilitation of the sea and natural environmental recovery. Some cases have been dismissed and some cases have been passed a judgment by the Civil Court on 25 August 2016 ordered PTTGC to compensate for damages including interest and rehabilitation of approximately Baht 11 million. PTTGC has appealed on 17 February 2017. Subsequently, on 11 May 2018, PTTGC made   
compromise agreements with majority plaintiffs at the Civil Court. On 20 December 2018, the Court of Appeal has passed the judgment according to the compromise contracts which PTTGC has already paid compensation in full amount. For the remaining plaintiffs, the Court of Appeal orders PTTGC to pay compensation with its interest according to the judgement of the Court of First Instance and reduced the amount of interest. PTTGC has paid compensation to all plaintiff completely and no petition is submitted to Supreme Court by any of plaintiff. This case has become final.

For the case at Rayong Provincial Court, on 28 September 2018, the Court has made the judgement ordering PTTGC to pay damage cost with its interest approximately Baht 38 million by deducting the remedy payment paid to the plaintiffs of Baht 24 million. PTTGC deposited the remaining damage cost with its interest to the Rayong Provincial Court on 25 February 2019. Some plaintiffs filed an appeal with the Rayong Provincial Court and PTTGC has filed an answer to the appeal with the Rayong Provincial Court on 2 October 2019. Subsequently, on 22 January 2020 the Rayong Provincial Court sent an appointment to hear the judgment of the Court of Appeal Region 2 on   
19 March 2020 and the Court of Appeal Region 2 has postponed the date of hearing the judgment. On 1 September 2020, the Court of Appeal Region 2 has made the judgement ordering PTTGC to pay damage cost with its interest to the plaintiffs. PTTGC deposited the amount of Baht 25 million to the Rayong Provincial Court on 30 September 2020. Afterwards, on 14 October 2020, the Rayong Provincial Court sent an appointment to hear the judgement or the order of the Court of Appeal Region 2 on 26 November 2020. However, the plaintiffs and PTTGC are willing to file a Dika appeal against the judgement with the Court of Appeal Region 2 and have applied a motion to extend the Dika appeal period to 1 December 2020.

**31. Other event**

On 4 April 2016, the Ombudsman of Thailand submitted a complaint to the Administrative Court against the Ministry of Finance, the Ministry of Energy, the Company and other defendants as black case No. 510/2559, requesting the Court as follows:

1. To revoke the Cabinet Resolutions on 18 December 2007 and 10 August 2010.
2. To order the Ministry of Finance, the Ministry of Energy and the Company to segregate and transfer the net assets per the plaintiff’s allegation, amounting to Baht 68,567 million as of   
   30 September 2001, together with compensation and other benefits.
3. To revoke the segregation of those assets that are public property and the preferential rights for installation of a gas pipeline system, per the plaintiff’s allegation.

On 26 May 2016, the Administrative Court ordered the Company to submit a defense, responding to the particular issue of whether and to what extent the Company had transferred the assets of the Petroleum Authority of Thailand (the tenth defendant) that were public assets to the first defendant (the Ministry of Finance) in accordance with the Cabinet Resolution dated 18 December 2007.   
The Company had the public prosecutor prepare the statement and an additional statement for submission to the Administrative Court, and on 11 May 2018, the Administrative Court issued an order to end the fact finding process. Currently, the case is under the consideration of the Administrative Court.

Nevertheless, on 14 December 2007, the Supreme Administrative Court in red case No. Fo. 35/2550, ordered the defendants to jointly segregate the public assets to the Ministry of Finance, in accordance with the judgment. On 18 December 2007, the Cabinet acknowledged the judgment and assigned the Ministry of Finance and the Ministry of Energy to jointly segregate the public assets in compliance with the judgment. Consequently, on 26 December 2008, the Supreme Administrative Court declared that the defendants had completely complied with the judgment of the Court. In addition, the plaintiff and the co-plaintiffs submitted complaints regarding this segregation of public assets to the Court on four occasions, but the Court ordered to dismiss these complaints and reaffirmed the judgment of the Supreme Administrative Court in red case No. Fo. 35/2550. Consequently, on 10 August 2010, the Cabinet passed a resolution acknowledging the action taken in compliance with the Supreme Administrative Court’s judgment, as proposed by the Ministry of Energy and the Ministry of Finance.

**32. Events after the reporting period**

32.1 On 1 October 2020, PTTEP Treasury Center Company Limited (PTTEP TC) , a subsidiary of the PTT Exploration and Production Public Co., Ltd. (PTTEP) Group, entered into a short-term US dollar loan agreement which is a committed revolving credit facilities of USD 200 million with a financial institution. The revolving loan agreement term is 5 years with floating interest rate. PTTEP is a guarantor under this loan agreement.

32.2 On 16 October 2020, a subsidiary entered into a loan agreement with a financial institution granting a loan of Baht 3,000 million with an interest rate of 3M BIBOR plus a certain margin. The subsidiary has not yet drawn down the loan from the financial institution.

32.3 On 13 February 2020, the Extraordinary General Meeting of the shareholders of PTT Global Management Co., Ltd. (PTTGM) No. 1/2020, the shareholders passed a resolution to approve the call up of remaining additional share capital of Baht 700,414.

On 9 September 2020, the Extraordinary General Meeting of the shareholders of PTTGM No. 3/2020, the shareholders passed a resolution approving the increase in the registered share capital of 80,780 shares at Baht 100 per share, or a total of Baht 8 million.

On 1 October 2020, the Extraordinary General Meeting of the shareholders of PTTGM No. 4/2020, the shareholders passed a resolution approving the increase in the registered share capital of 30,600 shares at Baht 100 per share, or a total of Baht 3 million, and to call up Baht 795,600 of capital.

The Company made the additional payment of share capital on 21 October 2020.

32.4 On 9 September 2020, Map Ta Phut Air Products Company Limited (MAP) issued a letter to call up unpaid share capital of Baht 17 million.

On 16 September 2020, the Extraordinary General Meeting of the shareholders of MAP passed a resolution approving the increase in the registered share capital of 1,530,000 at Baht 100 per share, or a total of Baht 153 million, and calling up Baht 40 million of the capital, of which the proportionate share of the Company is Baht 19 million.

The Company made the additional payment of share capital on 21 October 2020.

32.5 On 22 October 2020, an accident caused a natural gas leakage and a fire in Bang Bo District, Samut Prakarn Province. The initial damage assessment shows that the accident did not affect the Company's operations in any way. The Company has a comprehensive insurance policy covering property damage, business interruption, and third-party legal liability.

32.6 The Audit Committee of the Company approved these financial statements for issuance on  
10 November 2020.