

**SHELL THAILAND MANUFACTURING LIMITED**

**ANNUAL REPORT**

**AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**CONTENTS**

STRATEGIC REPORT	1
DIRECTORS' REPORT	2
INDEPENDENT AUDITORS' REPORT	4
PROFIT AND LOSS ACCOUNT	6
BALANCE SHEET	7
STATEMENT OF CHANGES IN EQUITY	8
NOTES TO THE FINANCIAL STATEMENTS	9



## **SHELL THAILAND MANUFACTURING LIMITED**

### **STRATEGIC REPORT**

The Directors present their strategic report on Shell Thailand Manufacturing Limited (also referred to as the "Company") for the year ended 31 December 2016.

The Company is one of the entities within the "Shell Group". In this context the term "Shell Group" and "Companies of the Shell Group" or "Group companies" means companies in which Royal Dutch Shell plc, either directly or indirectly, has control either through a majority of the voting rights or the right to exercise a controlling influence or to obtain the majority of the benefits and be exposed to the majority of the risks. Companies in which Group companies have significant influence but not control are classified as "Associated companies". Royal Dutch Shell plc, a company incorporated in England and Wales, is known as the "Parent Company" of the Shell Group. In this Report "Shell", "Shell Group" and "Royal Dutch Shell" are sometimes used for convenience where references are made to Royal Dutch Shell and its subsidiaries in general. These expressions are also used where no useful purpose is served by identifying the particular company or companies.

### **BUSINESS REVIEW**

The principal activity of Shell Thailand Manufacturing Limited is lease of plant and equipment to The Shell Company of Thailand Limited, a related party.

On 7 March 2017, the Company's management approved a plan to dissolve the Company in 2017 and currently, steps are being taken to prepare the Company for liquidation. The management do not intend for the Company to undertake alternative activities and consequently, the financial statements have not been prepared on a going concern basis and have instead been prepared on a break up basis.

The Company's profit for the financial year is Baht 48.8 million (2015: Baht 47.1 million). The variance in profit is mainly attributable to the loan extended by the Company to the related party, thereby contributing to an increased interest income compared to the previous year.

The Directors consider that the year-end financial position of the Company was satisfactory.

### **Principal Risks and Uncertainties**

The Shell Group has a single risk based control framework – The Shell Control Framework – to identify and manage risks. The Shell Control Framework applies to all wholly owned Shell companies and to those ventures and other companies in which Royal Dutch Shell has directly or indirectly a controlling interest. From the perspective of the Company, the principal risks and uncertainties affecting the Company are considered to be those that affect the Shell Group. Accordingly, the principal risks and uncertainties of the Shell Group, which are discussed on pages 12 to 15 of Royal Dutch Shell's Annual Report and Form 20-F for the year ended 31 December 2016 (the "Group Report"), include those of the Company. (The Group Report does not form part of this report).

### **Key Performance Indicators**

Companies of the Shell Group comprise the Upstream businesses of Exploration and Production, Integrated Gas and Oil Sands and the Downstream businesses of Oil Products and Chemicals. The Company's key performance indicators, that give an understanding of the development, performance and position of the business, are aligned with those of the Shell Group. The development, performance and position of the various businesses is discussed on pages 22 to 48 of the Group Report and the key performance indicators through which the Group's performance is measured are as set out on pages 20 to 21 of the Group Report.

By order of the Board



P. Prachuabmoh  
Director

13 September 2017

## **SHELL THAILAND MANUFACTURING LIMITED**

### **DIRECTORS' REPORT**

The Directors present their report and audited accounts for the year ended 31 December 2016.

The Directors' report and audited accounts of the Company have been prepared in accordance with the Companies Act 2006.

#### **Dividends**

No interim dividend was paid during the year (2015: nil). The Directors recommend that Baht 100 million dividend be paid for the year ended 31 December 2016 (2015: Baht 47.7 million).

#### **Future Outlook**

Future developments are included in the Strategic report.

### **DIRECTORS**

The Directors of the Company who served throughout the year and to the date of this report were:

T. Chapman	Resigned on 1 June 2016
C. Eiamrungrroj	Resigned on 1 February 2016
A. Harinsuit	
A. Hemvijitraphan	
G. McGregor	Resigned on 1 June 2017
C. Pincharoen	
P. Prachuabmoh	
T. Rajatapiti	
P. Triroj	Appointed on 3 February 2016 Resigned on 1 August 2016

### **FINANCIAL RISK MANAGEMENT**

The Company's Directors are required to follow the requirements of Shell Group risk management policies, which include specific guidelines on the management of market, credit and liquidity risk, and advice on the use of financial instruments to manage them. Shell Group risk management policies can be found in the Group Report (see pages 71 to 72 and note 20).

### **EVENT AFTER THE END OF THE REPORTING PERIOD**

As noted in the Strategic Report above and note 13, subsequent to the reporting period, the management of the Company confirmed their intention to initiate the process of dissolution of the Company through approving a plan to dissolve the Company during 2017.

### **BRANCH OUTSIDE OF UNITED KINGDOM**

The Company operates a branch in Thailand.

## SHELL THAILAND MANUFACTURING LIMITED

### DIRECTORS' REPORT (continued)

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Company's accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have elected to prepare the Company's accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these accounts, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business. As noted in the Strategic Report and note 1 to the financial statements, the current year financial statements have not been prepared on a going concern basis and have instead been prepared on a break up basis.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### DISCLOSURE OF INFORMATION TO AUDITORS

All Directors in office at the date of approval of the Directors' report confirm that in so far as each of the Directors is aware, there is no relevant audit information (meaning information needed by the Company's auditors in connection with preparing their report) that has not been disclosed to the Company's auditors. Each of the Directors believes that he or she has taken all steps that ought to have been taken to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



P. Prachuabmoh  
Director  
13 September 2017

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHELL THAILAND MANUFACTURING LIMITED**

We have audited the financial statements of Shell Thailand Manufacturing Limited for the year ended 31 December 2016 which comprise such as the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework". As disclosed in note 1(a), these financial statements have been prepared on a break up basis.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- ▶ the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- ▶ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHELL THAILAND  
MANUFACTURING LIMITED (continued)**

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Ernst & Young LLP*

William Testa,

Senior Statutory Auditor

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

18 September 2017

**SHELL THAILAND MANUFACTURING LIMITED****PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2016

	Note	2016 Baht '000	2015 Baht '000
<b>Turnover</b>	3	<u>60,840</u>	<u>60,840</u>
<b>Gross Profit</b>		<u>60,840</u>	<u>60,840</u>
Administrative expenses		(428)	(544)
Profit on sale of tangible fixed assets	5	<u>140</u>	
<b>PROFIT BEFORE INTEREST AND TAXATION</b>		60,552	60,296
Interest receivable and similar income	4	<u>8,873</u>	<u>7,392</u>
<b>PROFIT BEFORE TAXATION</b>	5	69,425	67,688
Tax on profit	6	<u>(20,674)</u>	<u>(20,564)</u>
<b>PROFIT FOR THE YEAR</b>		<u>48,751</u>	<u>47,124</u>


The results for the year are derived solely from continuing operations, which are expected to be discontinued during 2017 in light of the event described in the Strategic Report and note 13.

The profit for the current year and the profit for the prior year are equal to the total comprehensive income and accordingly a statement of comprehensive income has not been presented.

**SHELL THAILAND MANUFACTURING LIMITED**  
**REGISTERED IN ENGLAND AND WALES: 00136293**  
**BALANCE SHEET**  
**As at 31 December 2016**

	Note	2016 Baht '000	2015 Baht '000
<b>CURRENT ASSETS</b>			
Investment property	7	26	135
Debtors	8	165,736	110,633
		<u>165,762</u>	<u>110,768</u>
<b>CURRENT LIABILITIES</b>			
Creditors	9	(57,110)	(7,901)
Provisions for liabilities	10	(11,833)	(7,099)
		<u>(68,943)</u>	<u>(15,000)</u>
<b>NET ASSETS</b>		<u><b>96,819</b></u>	<u><b>95,768</b></u>
<b>EQUITY</b>			
Called up share capital	11	42,600	42,600
Profit and loss account		54,219	53,168
<b>TOTAL EQUITY</b>		<u><b>96,819</b></u>	<u><b>95,768</b></u>

The accounts on pages 6 to 19 were approved by the Board of Directors on 8<sup>th</sup> September 2017 and were signed on its behalf by:

  
P. Prachuabmoh  
Director



**SHELL THAILAND MANUFACTURING LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**For the year ended 31 December 2016**

	Note	Called-up Share Capital Bhat '000	Profit and Loss Account Bhat '000	Total Bhat '000
<b>Balance as at 1 January 2015</b>		42,600	56,984	99,584
Profit for the year		-	47,124	47,124
Dividend paid	12	-	(50,940)	(50,940)
<b>Balance as at 31 December 2015</b>		<u>42,600</u>	<u>53,168</u>	<u>95,768</u>
<b>Balance as at 1 January 2016</b>		42,600	53,168	95,768
Profit for the year		-	48,751	48,751
Dividend paid	12	-	(47,700)	(47,700)
<b>Balance as at 31 December 2016</b>		<u>42,600</u>	<u>54,219</u>	<u>96,819</u>

# SHELL THAILAND MANUFACTURING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

### General company information

The Company is a limited company, which is incorporated in England and Wales. The registered office is Shell Centre, London, SE1 7NA United Kingdom.

#### 1. Summary of significant accounting policies

##### a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101), which involves the application of International Financial Reporting Standards ("IFRS") with a reduced level of disclosure.

The balance sheet and income statements have been prepared using the IAS 1 format.

As described in the Strategic Report and note 13, in light of the Company's expected dissolution in 2017, these financial statements have not been prepared on a going concern basis and have instead been prepared on a break up basis. This has resulted in all assets and liabilities being classified as short term as the intention is to settle all balances within 12 months after the reporting date. There is no other material impact on the measurement or recognition of balances arising from the preparation of the accounts on a basis other than going concern.

The accounting policies have been consistently applied. There have been no changes in accounting policies in 2016.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following exemptions from the disclosure requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1 'Presentation of financial statements';
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - (i) 10(d), (statement of cash flows);
  - (ii) 16 (statement of compliance with all IFRS);
  - (iii) 38A (requirement to present a minimum of two statements for each of the primary financial statements, including cash flow statements and related notes );
  - (iv) 38B-D (additional comparative information);
  - (v) 40A-D (requirements for a third balance sheet);
  - (vi) 111 (cash flow statement information); and
  - (vii) 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 17 and 18A of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more wholly owned members of a group.

**SHELL THAILAND MANUFACTURING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2016

**1. Summary of significant accounting policies (continued)**

**b) Consolidation**

The immediate parent company is The Shell Petroleum Company Limited.

The ultimate parent company and controlling party is Royal Dutch Shell plc, which is incorporated in England and Wales. Royal Dutch Shell plc is the parent undertaking of the smallest and largest group to consolidate these accounts.

The consolidated accounts of Royal Dutch Shell plc are available from:

Royal Dutch Shell plc  
Tel: +31 888 800 844  
email: order@shell.com  
Registered Office: Shell Centre, London, SE1 7NA

**c) Taxation**

**(i) Corporation tax**

The Company records a tax charge or credit in profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity which is calculated at tax rates and laws that are enacted or substantively enacted by the balance sheet date for tax payable to HM Revenue and Customs, or for group relief to surrender to or to be received from other Group undertakings, and for which payment may be requested.

**(ii) Deferred tax**

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is not recognised when tangible fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the accounts.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Amounts relating to deferred tax are undiscounted.

**SHELL THAILAND MANUFACTURING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

For the year ended 31 December 2016

**1. Summary of significant accounting policies (continued)**

**d) Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Baht' or THB, which is the Company's functional currency.

**(ii) Transaction and balances**

Income and expense items denominated in foreign currencies are translated into Baht at the rate ruling on their transaction date.

Monetary assets and liabilities recorded in foreign currencies have been expressed in THB at the rates of exchange ruling at the year end. Differences on translation are included in the profit and loss account. Non-monetary assets and liabilities denominated in a foreign currency are translated using exchange rates at the date of the transaction. No subsequent translations are made once this has occurred.

Foreign currency amounts have been translated at GBP 1: Baht 44.0313 (2015: GBP 1: Baht 53.9343), being the relevant exchange rate prevailing at the balance sheet date.

**e) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. A review for the potential impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of a fixed asset may not be recoverable. Such impairment reviews are performed in accordance with IAS 36. Any impairment is recorded in the profit and loss account.

If, after an impairment loss has been recognised, the recoverable amount of a fixed asset increases because of a change in economic conditions or in the expected use of the asset, the resulting reversal of the impairment loss is recognised in the current year to the extent that it increases the carrying amount of the fixed asset up to the amount it would have been had the original impairment not occurred.

Depreciation and impairment are not normally charged on assets under construction or on freehold land. In the case of these assets, an impairment review would only be undertaken if, and only if, there was a change in circumstances indicating that the carrying amount of the asset may not be recoverable.

Depreciation is calculated on a straight-line basis over the estimated remaining useful life. The annual percentage rates applicable to the major classes of assets are as follows:

Plant and machinery	20% per annum
Fixtures, fittings, tools and equipment	20% per annum

**SHELL THAILAND MANUFACTURING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the year ended 31 December 2016**

**1. Summary of significant accounting policies (continued)**

**f) Investment property**

Property held primarily for the purposes of rental income or capital appreciation is recognised as investment property. Investment property is stated at cost, less accumulated depreciation and provision for impairment.

Investment property is depreciated on a straight line basis over the estimated useful life of the property, or until the liquidation date of the Company, whichever is shorter, and taking into consideration the impairment indicators, if any.

A review for the potential impairment of an investment property is carried out if events or changes in circumstances indicate that the carrying amount of a fixed asset may not be recoverable. Such impairment reviews are performed in accordance with IAS 36. Any impairments are recorded in the profit and loss account.

**g) Financial assets**

**(i) Classification**

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

**(ii) Recognition and measurement**

Loans and trade and other receivables are initially recognised at fair value based on the amounts exchanged and are subsequently carried at amortised cost using the effective interest method, less any provision for impairment.

**h) Financial Liabilities**

**(i) Classification**

The Company classifies its financial liabilities at amortised cost. The classification depends on the nature of the underlying liabilities, with management determining the classification of financial liabilities at initial recognition.

**(ii) Recognition and measurement**

Financial liabilities are initially recognised at fair value, and then subsequently at amortised cost using the effective interest rate method.

**i) Turnover**

Turnover represents amounts of rental income which is recognised on a straight-line basis over the term of the lease.

**SHELL THAILAND MANUFACTURING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

For the year ended 31 December 2016

**1. Summary of significant accounting policies (continued)**

**j) Netting-off policy**

Balances with other companies of the Shell Group are stated gross, unless both of the following conditions are met:

- (i) Currently there is a legally enforceable right to set off the recognised amounts; and
- (ii) There is intent either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**k) Interest income**

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

**l) Related party disclosures**

In accordance with the exemption allowed by FRS 101, no disclosure is made of transactions with wholly owned companies of the Shell Group.

**2. Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The directors believe there are no individual critical accounting estimates and judgements which impact the preparation of these accounts.

**3. Turnover**

	2016 Baht '000	2015 Baht '000
Turnover	<u>60,840</u>	<u>60,840</u>

Turnover comprises rental income on assets leased in Thailand.

**4. Interest receivable and similar income**

	2016 Baht '000	2015 Baht '000
Interest from Group undertakings:		
Fellow subsidiary undertakings	8,124	7,349
Profit on currency translation	749	43
	<u>8,873</u>	<u>7,392</u>

**SHELL THAILAND MANUFACTURING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the year ended 31 December 2016**

**5. Profit before taxation**

Profit before taxation is stated after charging / (crediting) the following:

	<b>2016</b>	<b>2015</b>
	<b>Baht '000</b>	<b>Baht '000</b>
Currency translation:		
Financing (note 4)	(749)	(43)
Depreciation:		
On owned assets (note 7)	55	119
Profit on disposal of tangible fixed assets	(140)	-
Fees payable to the Company's auditors for the audit of the Company's annual accounts	100	136

The Company had no employees during 2016 (2015: none).

None of the Directors received any emoluments (2015: none) in respect of their services to the Company.

There was no amount payable to the Company's auditors in 2016 for non-audit services provided to the Company (2015: Baht nil).

In addition to the auditors' remuneration disclosed above and settled directly by the Company, audit fees of GBP 11,115 (2015: GBP 10,538) were paid by other entities in the Shell Group of Companies on behalf of the Company in respect of certain audit work which is performed in the United Kingdom.

The Company's auditors were PricewaterhouseCoopers LLP for the year ended 31 December 2015. Ernst Young LLP have been appointed as the Company's auditors for the year ended 31 December 2016.

	<b>2016</b>	<b>2015</b>
	<b>GBP</b>	<b>GBP</b>
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<b>11,115</b>	<b>10,538</b>

**SHELL THAILAND MANUFACTURING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

For the year ended 31 December 2016

**6. Tax on profit**

**(a) Tax charge included in profit or loss**

The tax charge for the year of Baht 20.6 million (2015: Baht 20.5 million) is made up as follows:

	2016 Baht '000	2015 Baht '000
Current tax:		
UK corporation tax charge on the results for the year	12,912	12,708
Adjustments in respect of prior years	(455)	2
Tax imposed outside of the UK	14,509	19,183
Double tax relief	<u>(11,026)</u>	<u>(10,940)</u>
Total current tax charge	<u>15,940</u>	<u>20,953</u>
Deferred tax – Current year (Origination and reversal of temporary differences)	<u>4,734</u>	<u>(389)</u>
Total deferred tax charge	<u>4,734</u>	<u>(389)</u>
Total tax on profit	<u><u>20,674</u></u>	<u><u>20,564</u></u>

**(b) Reconciliation of total tax charge**

The tax assessed for the year differs from the standard effective rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016 Baht '000	2015 Baht '000
Profit before taxation	<u>69,425</u>	<u>67,688</u>
Tax on profit at standard UK corporation tax rate of 20% (2015: 20.25%)	13,885	13,707
Effects of:		
Income not assessable	(150)	(9)
Expenses not deductible	69	77
Capital allowance for the year in excess of depreciation	(892)	(1,067)
Tax imposed outside the UK	19,243	18,794
Double tax relief	(11,026)	(10,940)
Adjustments in respect of prior years	<u>(455)</u>	<u>2</u>
Total tax on profit	<u><u>20,674</u></u>	<u><u>20,564</u></u>



SHELL THAILAND MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2016

6. Tax on profit (Continued)

(c) Factors affecting current and future tax charges

Reductions of the UK corporation tax rate to 21% effective from 1 April 2014, and to 20% effective from 1 April 2015 were introduced by the Finance Act 2013 and enacted on 17 July 2013.

UK Finance (No 2) Act 2015 which introduced further reductions in the UK corporation tax rate to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020 was enacted on 15 November 2015.

The relevant deferred tax balances have been re-measured to 17%, the rate enacted by the balance sheet date.

7. Investment Property

	Investment property Baht '000
<b>Cost</b>	
Balance at 1 January 2016	265,535
Disposals	(79,893)
Balance at 31 December 2016	<u>185,642</u>
<b>Accumulated Depreciation</b>	
Balance at 1 January 2016	(265,400)
Charge for the year	(55)
Disposals	79,839
Balance at 31 December 2016	<u>(185,616)</u>
<b>Net book amount</b>	
At 31 December 2016	<u>26</u>
At 31 December 2015	<u>135</u>

As noted in the Strategic Report and note 13, the management approved the plan for dissolution of the Company during 2017. Consequently, the investment property has been classified as part of the current assets in line with the financial reporting framework and is carried at the lower of carrying amount and fair value less cost to sell.

Amounts recognised in profit or loss relating to investment property are as follows:

	2016 Baht '000	2015 Baht '000
Properties generating rental income:		
Rental income (note 3)	60,840	60,840
Direct operating expenses	(55)	(116)
	<u>60,788</u>	<u>60,724</u>

SHELL THAILAND MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2016

8. Debtors

	2016 Within 1 Year Baht '000	2015 Within 1 Year Baht '000
Amount owed by Group undertaking:		
Fellow subsidiary undertaking	165,736	110,633

Loan to a fellow subsidiary undertaking is chargeable at interest of 5.92% - 6.25% per annum (2015: 6.19% - 6.66% per annum) and repayable on demand.

9. Creditors: amounts falling due within one year

	2016 Baht '000	2015 Baht '000
Amount owed to Group undertaking:		
Parent undertaking	47,700	-
Tax and social security	9,033	7,496
Accruals and deferred income	99	134
Other creditors	278	271
	<u>57,110</u>	<u>7,901</u>

10. Provision for liability

a) Provision for deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements for the years up to and including 2016.

The movement in the deferred tax account is as follows:

	2016 Baht '000	2015 Baht '000
At 1 January	7,099	7,488
Charge /(credit) to the income statement	4,734	(389)
At 31 December	<u>11,833</u>	<u>7,099</u>

The provision comprises:

	2016 Baht '000	2015 Baht '000
Deferred tax liability		
Profit remittance tax	11,833	7,099
Total provision for deferred tax liability	<u>11,833</u>	<u>7,099</u>

**SHELL THAILAND MANUFACTURING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
For the year ended 31 December 2016

**10. Provision for liability (Continued)**

**a) Provision for deferred tax (Continued)**

The provision for deferred tax consists of the following:

	2016 Baht '000	2015 Baht '000
Deferred tax liability due within 12 months	11,833	7,099
<b>Total deferred tax liability</b>	<u>11,833</u>	<u>7,099</u>

**b) Deferred tax asset**

The unrecognised amount of deferred tax for timing differences is as follows:

	2016 Baht '000	2015 Baht '000
Accelerated capital allowance	<u>3,321</u>	<u>4,320</u>

The UK deferred tax asset is unrecognised as it is unlikely that there will be sufficient UK taxable profits in the foreseeable future against which the asset can be utilised.

**11. Called up share capital**

	2016 Baht '000	2015 Baht '000
Authorised		
1,000,000 (2015: 1,000,000) ordinary shares of £1 each (1 GBP : Baht 42.6)	<u>42,600</u>	<u>42,600</u>
Allotted and fully paid		
1,000,000 (2015: 1,000,000) ordinary shares of £1 each (1 GBP : Baht 42.6)	<u>42,600</u>	<u>42,600</u>

**12. Dividends**

No interim dividend was paid during the year (2015: nil). The Directors recommend that Baht 100 million dividend be paid for the year ended 31 December 2016 (2015: Baht 47.70 million).

**13. Event after the end of the reporting period**

As noted in the Strategic Report, the Company is engaged in leasing plant and equipment to a related party, The Shell Company of Thailand Limited. The Company does not have any other operations and has no employees in either of 2016 or 2015.

The above related party is a UK-registered entity, with a license to operate a business of manufacturing and distributing lubricants and bitumen products in Thailand, and Shell Group carries out all business operations in Thailand primarily through this related party.

**SHELL THAILAND MANUFACTURING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**For the year ended 31 December 2016**

**13. Event after the end of the reporting period (continued)**

Therefore, as part of the Legal Entity Rationalization process, the management of the Company approved a plan on 7 March 2017, whereby the process of dissolution of the Company will be initiated during 2017, with its assets being transferred to the above related party for a consideration at a fair value of the assets, thus enabling the Shell Group to concentrate the operations in Thailand market within a single entity.