



Passion to **Explore** with Responsibility

Annual Report
2012



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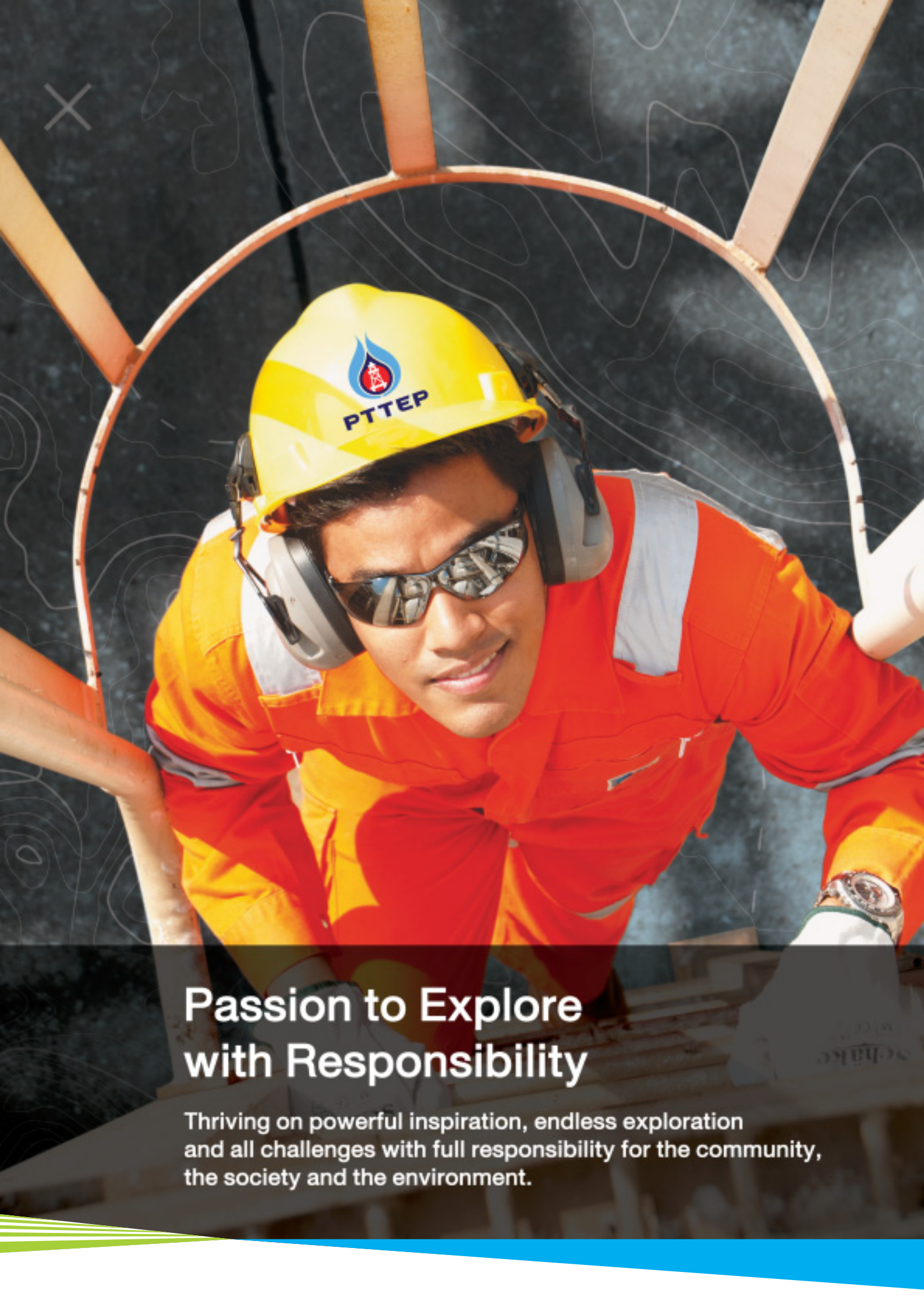
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on Petroleum Exploration
and Production Activities



Passion to Explore with Responsibility

Thriving on powerful inspiration, endless exploration
and all challenges with full responsibility for the community,
the society and the environment.

A low-angle shot of two workers in orange jumpsuits and yellow hard hats. The worker on the left is wearing safety glasses and holding a black tool. The worker on the right is wearing a headset and holding a coiled cable. Both are looking upwards. The background shows an industrial site with a crane under a clear blue sky.

Passion to Achieve



Passion to Achieve with Powerful Inspiration

A strong commitment and inspiration:
PTTEP is thoroughly dedicated to
exploration in all areas.





Live to
Explore

The image shows four construction workers from a top-down perspective, huddled around a large blueprint spread on a metal grating floor. They are wearing high-visibility orange safety suits with reflective silver stripes and yellow hard hats. One worker on the right is pointing at a specific section of the blueprint with a pen. The blueprint itself is a detailed technical drawing of an industrial facility, featuring various structures, piping, and storage tanks. Text on the blueprint includes 'APPROVED FOR CONSTRUCTION', 'APPROVED FOR OPERATION', and 'APPROVED FOR MAINTENANCE'. A large, faint 'X' is visible in the bottom left corner of the image.



Live to Explore Challenging Destinations

Explore new energy resources:
PTTEP expedites its operations with
new knowledge, and advanced technology
and innovations that will help transform
it into the leading petroleum exploration
and production company in Asia.



Spirit to
Sustain



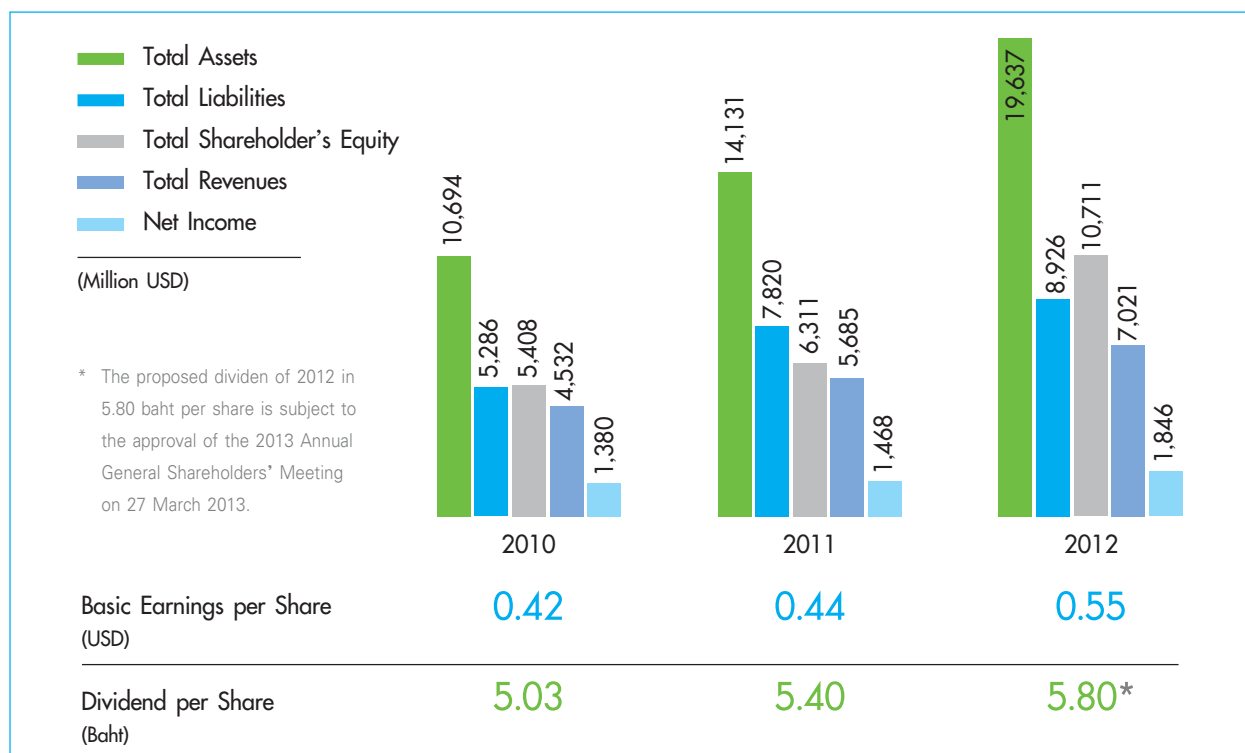
Spirit to Sustain Energy Security with Responsibility to Society and Environment

Awareness becomes responsibility:
PTTEP balances energy exploration,
community care and environment
conservation.

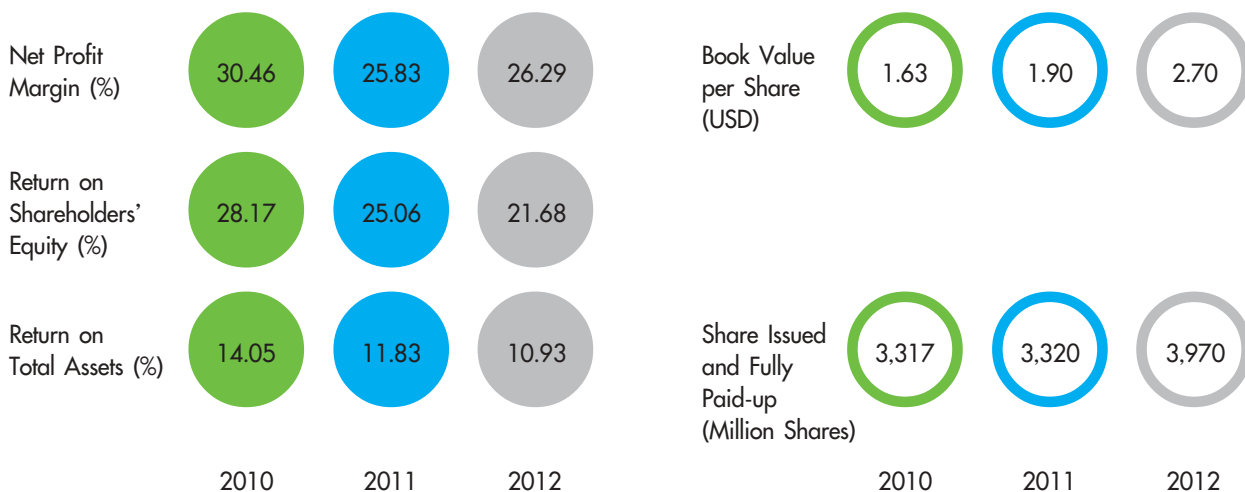


Highlights

Financial Highlights

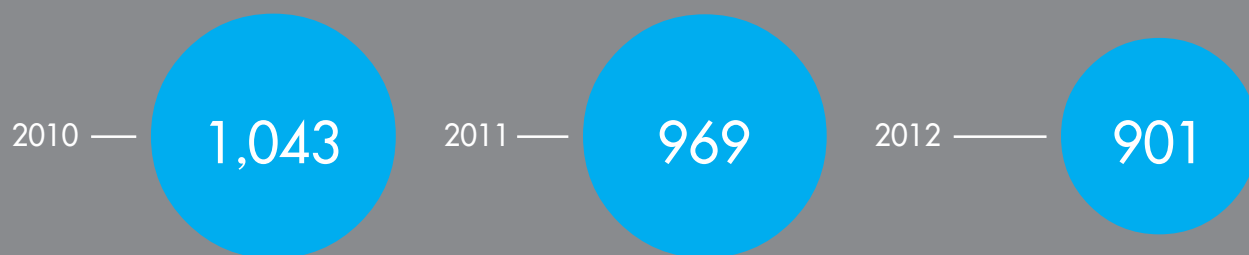


Financial Ratio



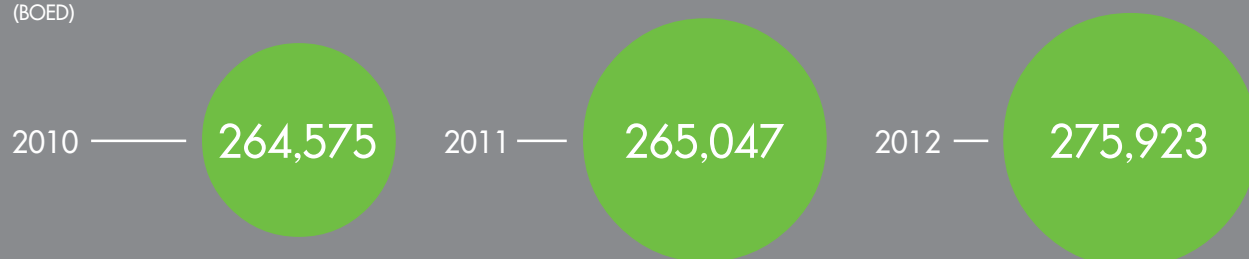
Petroleum Proved Reserves

(MMBOE)



Petroleum Sales Volumes

(BOED)



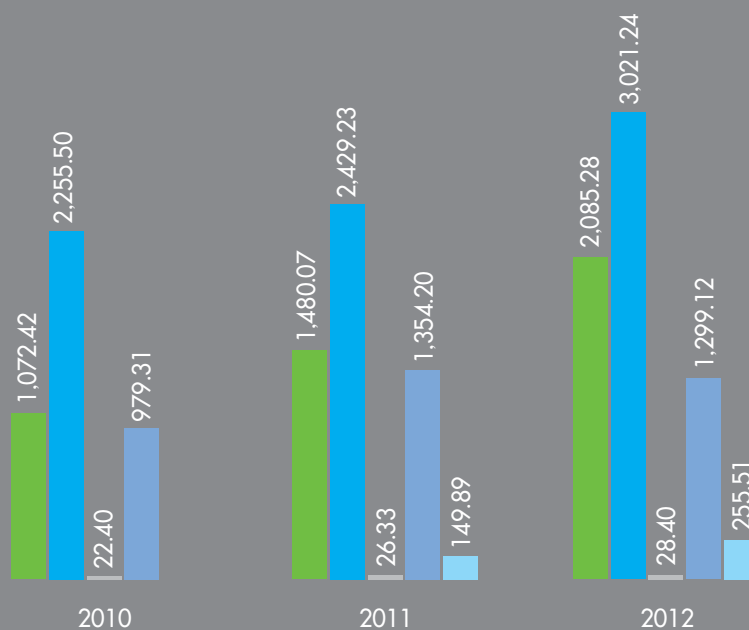
Petroleum Sales

Volume

Products	2010	2011	2012
Crude Oil (MMBBL)	14.45	14.16	19.18
Natural Gas (MMSCF)	421,922.40	417,090.97	412,042.44
LPG (Metric Tons)	72,689.38	86,292.37	92,732.81
Condensate (MMBBL)	13.36	12.92	12.32
Diluted Bitumen (MMBBL)	-	2.07	3.77

Value

(Million USD)



Message from Chairman and CEO



N. S. 12
Mr. Norkun Sitthiphong
Chairman

Tevin Vongvanich
Mr. Tevin Vongvanich
President
and Chief Executive Officer

PTTEP sustains a strong determination to explore and produce oil and gas that will provide energy security for all of us, and, yet, at the same time, provide sustainable value to the communities and the environment wherever we operate.

PTTEP maintains its passion to explore with responsibility. We always wish to take part in driving our economy, society and environment to grow and flourish together sustainably. This is why we consistently underline the importance of a thriving society and environment everywhere we operate.

Last year, we followed our strategic direction and succeeded in expanding our business into new petroleum resources as well as maximizing benefit from our current operating projects. In August 2012, PTTEP successfully completed the acquisition of Cove Energy, a highly prospective East Africa hydrocarbon region that will develop into a vital LNG production base in the future.

PTTEP experienced a 314,000 BPD increase of production in 2012. The Greater Bongkot South, Bongkot Project reached a stable gas production rate of 320 MMSCFD as required by the Gas Sales Agreement with PTT, and a condensate production rate of 9,000 BPD. Our S1 Project reached its highest production level of crude oil ever at 35,176 BPD. On top of this, Oman 44 Project added 4,600 BPD to its production whereas the Vietnam 16-1 Project also increased its production of crude oil to 55,000 BPD since production from its Te Giac Trang field came online.

On funding activities, this past year, PTTEP completed the preferential public offering of new ordinary shares, which received overwhelming response from shareholders. This offering enabled PTTEP to raise 92,300 million baht, the largest amount ever raised in a public offering in Thailand. This capital raising will help strengthen the company's financial position and boost future business expansion.

In 2012, PTTEP and its subsidiaries' total net profit for the year was USD 1,846 million (57,316 million baht), a 26 per cent increase from 2011. Earnings per share were USD 0.55 (17.08 baht) and return on shareholder's equity was 21.68 per cent. Total revenue increased by 24 per cent as compared with 2011.

Importantly as well during 2012, PTTEP also reconsidered all internal factors within the company by taking a look at the overall context, including a current and upcoming circumstances assessment, in order to determine and ensure the company's capability to achieve all its set targets. As a result of this thorough reconsideration, we redefined our mission, vision and corporate values, so that we now own a new and clearer, more focused company compass, and so that employees have supportive behavior for both present ongoing activities and future long-term projects. Adding to this point, PTTEP constantly looks for opportunities to upgrade the skill sets of our staff, and we have been working hard to set up our competency management system for each individual member of staff. In another undertaking, our Enterprise Resources Planning (ERP) Project is well on its way to completion. Through managing information resources, this project will improve our work processes and, at the same time, reduce duplication of work. On the safety side, as PTTEP aims to become a Loss Time Injury free organization, in 2012, we had a 45 per cent reduction in our Loss Time Injury Frequency rate.

All of these elements are currently being implemented to help wheel PTTEP into becoming a leading Asian E&P company driven by technology and green practices.

On the other hand, to briefly bring up a noteworthy society and environment point, PTTEP aspires to be listed on the Dow Jones World Sustainable Index (DJSI World). DJSI World is globally accepted by international leading companies as an indicator of sustainable development (SD). Last year, PTTEP developed SD strategy, policy and guidelines to follow and to yield tangible results under the supervision of the PTTEP Sustainable Development Committee too.

PTTEP sustains a strong determination to explore and produce oil and gas that will provide energy security for all of us, and, yet, at the same time, provide sustainable value to the communities and the environment wherever we operate. Acceptance, trust and confidence from all of our stakeholders must always remain foremost in our minds – they are essential for us, both at present and in the future.

The PTTEP Board of Directors, Management and Employees would like to express our sincere gratitude to every single one of you who have always supported us, most notably in our recent successful capital raising effort, courtesy of the strong support from our shareholders. We hope for your continued support and trust again in the future.

General Information



PTTEP's Information

Company Name	PTT Exploration and Production Public Company Limited or PTTEP
Head Office	555/1 Energy Complex Building A, 6 th & 19 th – 36 th Floor, Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900, Thailand
Type of Business	Petroleum exploration and production, and investment in related business
Registration Number	0107535000206
Telephone	+66-2537-4000
Facsimile	+66-2537-4444
Website	www.pttep.com
E-mail	To contact Independent Director: independentdirector@pttep.com To contact Investor Relations: IR@pttep.com To contact Corporate Secretary: corporatesecretary@pttep.com
Registered Capital	3,969,985,400 baht, divided into 3,969,985,400 ordinary shares, 1 baht each
Paid-up Capital	3,969,985,400 baht, divided into 3,969,985,400 ordinary shares, 1 baht each (as of 31 December 2012)

Subsidiary's Information

As of 31 December 2012, there are 59 subsidiaries. All of them have the same office, telephone and facsimile as PTTEP. Details of the directors of each subsidiary appear on pages 144-146.

No.	Company Name	Abbreviation	Number of Shares Sold	Share Price	Share Type	Shareholders
E&P Business						
1	PTTEP International Limited	PTTEPI	2,000,000,000	THB 10	Ordinary share	PTTEP 100%
2	PTTEP Siam Limited	PTTEPS	1,000,000	THB 100	Ordinary share	PTTEP 51% PTTEPO 49%
3	PTTEP Andaman Company Limited	PTTEPA	100,000	THB 10	Ordinary share	PTTEPS 100%
4	PTTEP MEA Limited	PTTEP MEA	50,000	USD 1	Ordinary share	PTTEP 100%
5	PTTEP Offshore Investment Company Limited	PTTEPO	6,667	USD 1	Ordinary share	PTTEP 75% PTTEPI 25%
6	PTTEP Southwest Vietnam Company Limited	PTTEP SV	50,000	USD 1	Ordinaryshare	PTTEPO 100%
7	PTTEP Kim Long Vietnam Company Limited	PTTEP KV	50,000	USD 1	Ordinary share	PTTEPO 100%
8	PTTEP Hoang-Long Company Limited	PTTEP HL	50,000	USD 1	Ordinary share	PTTEPO 100%
9	PTTEP Hoan-Vu Company Limited	PTTEP HV	50,000	USD 1	Ordinaryshare	PTTEPO 100%
10	PTTEP Oman Company Limited	PTTEP OM	50,000	USD 1	Ordinary share	PTTEPO 100%
11	PTTEP Algeria Company Limited	PTTEP AG	50,000	USD 1	Ordinary share	PTTEPO 100%
12	PTTEP Iran Company Limited	PTTEP IR	50,000	USD 1	Ordinary share	PTTEP OM 100%
13	PTTEP Bahrain Company Limited	PTTEP BH	50,000	USD 1	Ordinary share	PTTEP OM 100%
14	PTTEP Holding Company Limited	PTTEPH	50,000	USD 1	Ordinary share	PTTEPO 100%
15	PTTEP Indonesia Company Limited	PTTEP ID	50,000	USD 1	Ordinary share	PTTEPH 100%
16	PTTEP Bengara I Company Limited	PTTEPB	50,000	USD 1	Ordinary share	PTTEP ID 100%
17	PTTEP Semai II Limited	PTTEP SM	50,000	USD 1	Ordinary share	PTTEP ID 100%
18	PTTEP Africa Investment Limited ¹	PTTEP AI	50,000	USD 1	Ordinary share	PTTEPH 100%
19	PTTEP Rommana Company Limited	PTTEPR	50,000	USD 1	Ordinary share	PTTEP AI 100%
20	PTTEP Sidi Abd El Rahman Company Limited	PTTEP SAER	50,000	USD 1	Ordinary share	PTTEP AI 100%
21	PTTEP Bangladesh Limited	PTTEP BD	50,000	USD 1	Ordinary share	PTTEPH 100%
22	PTTEP South Asia Limited	PTTEP SA	50,000	USD 1	Ordinary share	PTTEPH 100%
23	PTTEP New Zealand Limited	PTTEP NZ	50,000	USD 1	Ordinary share	PTTEPH 100%
24	PTTEP International Holding Company Limited	PTTEP IH	50,000	USD 1	Ordinary share	PTTEPH 100%
25	Orange Energy Limited	Orange	1,000,000	THB 100	Ordinary share	PTTEPO 53.9496% MOECO International B.V. 36.0504% KrisEnergy (Gulf of Thailand) 10%

¹ Formerly, PTTEP Egypt Company Limited

No.	Company Name	Abbreviation	Number of Shares Sold	Share Price	Share Type	Shareholders
26	PTTEP Australia Pty Ltd	PTTEP AU	50,000	AUD 1	Ordinary share	PTTEPH 100%
27	PTTEP Australia Offshore Pty Ltd	PTTEP AO	50,000	AUD 1	Ordinary share	PTTEP AU 100%
28	PTTEP Australia Perth Pty Ltd	PTTEP AP	50,000	AUD 1	Ordinary share	PTTEPH 100%
29	PTTEP Australia Browse Basin Pty Ltd	PTTEP AB	50,000	AUD 1	Ordinary share	PTTEP AP 100%
30	PTTEP Australasia Pty Ltd	PTTEP AA	409,895,440	Various price ² (avg. AUD 0.4895)	Ordinary share	PTTEP AB 100%
			40,000,000	AUD 0.4957	Preference share	
			1,575,000	AUD 0.4895	Class B share ³	
31	PTTEP Australasia (Finance) Pty Ltd	PTTEP AAF	1	AUD 1	Ordinary share	PTTEP AA 100%
32	PTTEP Australasia (Petroleum) Pty Ltd	PTTEP AAP	10	AUD 1	Ordinary share	PTTEP AA 100%
33	Tullian Pty Ltd	PTTEP AAT	1	AUD 1	Ordinary share	PTTEP AAP 100%
34	PTTEP Australasia (Operations) Pty Ltd	PTTEP AAO	106,686,517	AUD 0.20	Ordinary share	PTTEP AAP 100%
35	PTTEP Australasia (Ashmore Cartier) Pty Ltd	PTTEP AAA	1,700,000	AUD 2	Ordinary share	PTTEP AAO 100%
36	PTTEP Australasia (Staff) Pty Ltd	PTTEP AAS	10	AUD 1	Ordinary share	PTTEP AAO 100%
37	PTTEP Australia Timor Sea Pty Ltd	PTTEP AT	50	No par value ⁴ (avg. AUD 827,048.78)	Ordinary share	PTTEP AB 100%
38	PTTEP FLNG Holding Company Limited	PTTEP FH	10,000	HKD 1	Ordinary share	PTTEP IH 100%
39	JV Shore Base Limited ⁵	JV Shore Base	50,000	USD 1	Ordinary share	PTTEP IH 100%
40	PTTEP Netherland Holding Limited	PTTEP NL	50,000	USD 1	Ordinary share	PTTEP IH 100%
41	JV Marine Limited	JV Marine	50,000	USD 1	Ordinary share	PTTEP IH 100%
42	PTTEP South Mandar Limited	PTTEP SMD	50,000	USD 1	Ordinary share	PTTEP ID 100%
43	PTTEP South Sageri Limited	PTTEP SS	50,000	USD 1	Ordinary share	PTTEP ID 100%
44	PTTEP Sadang Limited	PTTEP SD	50,000	USD 1	Ordinary share	PTTEP ID 100%
45	PTTEP Malunda Limited	PTTEP ML	50,000	USD 1	Ordinary share	PTTEP ID 100%
46	PTTEP Netherlands Coöperatie U.A.	PTTEP NC	- ⁶	-	-	PTTEP IH 0.00005% PTTEP NL 99.99995%

² Total amount equals AUD 200,631,256.48 (plus AUD 19,826,452.31 for the preference shares and AUD 770,914.25 for the Class B shares, totaling AUD 221,288,623.04).

³ A type of share issued to employees under an Employee Share Option Plan (ESOP), which was subsequently acquired by PTTEP AB.

⁴ PTTEP AB acquired PTTEP AT's 50 shares, for a total amount of AUD 41,352,439.

⁵ Formerly, PTTEP Brazil Holding Limited

⁶ PTTEP NC has total amount of Member Contribution of USD 1,000,050,000.

No.	Company Name	Abbreviation	Number of Shares Sold	Share Price	Share Type	Shareholders
47	PTTEP Canada Limited	PTTEP CA	1,017,891,500	CAD 1	Ordinary share	PTTEP NC 100%
48	Cove Energy Limited ⁷	Cove	508,912,947	GBP 1	Ordinary share	PTTEP AI 100%
49	Cove Energy East Africa Limited	CEEAL	1,000	EURO 1	Ordinary share	Cove 100%
50	Cove Energy Mozambique Rovuma Onshore Limited	CEMROL	1,000	EURO 1	Ordinary share	CEEAL 100%
51	Cove Energy Mozambique Rovuma Offshore Limited	CEMROFL	1,000	EURO 1	Ordinary share	CEEAL 100%
52	Cove Energy Kenya Limited	CEKL	1,000	KSHS 100	Ordinary share	CEEAL 99.9% Cove 0.1%
53	Cove Mozambique Terra Limitada	CMTL	50,000	MCN 1	Ordinary share	CEMROL 100%
54	Cove Mozambique Energia Limitada	CMEL	50,000	MCN 1	Ordinary share	CEMROFL 100%
Service Business						
55	PTTEP Services Limited (Personnel Services Support)	PTTEP Services	100,000	THB 10	Ordinary share	PTTEP 25% PTTEPI 75%
56	Andaman Transportation Limited (Investment in Gas Pipeline for the project in Myanmar)	ATL	62,500	USD 1	Ordinary share	PTTEPO 80% MOGE 20% ⁸
57	PTTEP Southwest Vietnam Pipeline Company Limited (Investment in Gas Pipeline for the project in Vietnam)	PTTEP SVPC	50,000	USD 1	Ordinary share	PTTEPH 100%
58	PTTEP Australia International Finance Pty Ltd (Raise Fund for PTTEP Business)	PTTEP AIF	50,000	AUD 1	Ordinary share	PTTEP AP 100%
59	PTTEP Canada International Finance Limited (Raise Fund for PTTEP Business)	PTTEP CIF	50,000	CAD 1	Ordinary share	PTTEP NC 100%

⁷ PTTEP AI holds 100% of shares in Cove since 5 October 2012.

⁸ Myanmar Oil and Gas Enterprise holds shares in ATL since 5 January 2012.

Associated Company's Information (including the business entities those the company having investment for 10% and above)

As of 31 December 2012, PTTEP has 17 associated companies. Details of the directors of each associated company appear on page 147.

No.	Company Name	Type of Business	Abbreviation	Number of Shares Sold	Share Price	Share Type	Shareholders
1	Energy Complex Limited Head Office: 555/1 Energy Complex Building A, Vibhavadi-Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Telephone: +66-2140-1000 Facsimile: +66-2140-1122	Property Leasing	Energy Complex	180,000,000	THB 10	Ordinary share	PTTEP 50% PTT 50%
2	PTT ICT Solutions Company Limited Head Office: 555/1 Energy Complex Building A, floor 4-5, Vibhavadi-Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Telephone: +66-2537- 3456 Facsimile: +66-2537-2935	Information Technology and Communication Services	PTT ICT	15,000,000	THB 10	Ordinary share	PTTEP 20% PTT 20% PTTGC 40% Thaioil 20%
3	Carigali – PTTEPI Operating Company Sendirian Berhad Head Office: Tower 1, Petronas Twin Towers, Kuala Lumpur City Center, 50088, Kuala Lumpur, Malaysia Telephone: +603-2782-2555 Facsimile: +603-2713-9877	Petroleum Exploration and Production	CPOC	350,000	MYR 1	Ordinary share	PTTEPI 50% PCJDA Limited 50%
4	Moattama Gas Transportation Company Head Office: No.5 Sacred Tooth Relic Lake Avenue, Punn Pin Gone Quarter No. 5, Mayangon Township, Yangon, Union of Myanmar Telephone: +951+650-977, 660-466 Facsimile: +951+ 650-478, 650-479	Gas Pipeline in Union of Myanmar	MGTC	1,000,000	USD 0.03	Ordinary share	PTTEPO 25.5% Unocal Myanmar Offshore 28.2625% Total E&P Myanmar 31.2375% MOGE 15%
5	Taninthayi Pipeline Company LLC Head Office: 16 Shwe Taung Kyar Bahan, Yangon, Union of Myanmar Telephone: +951-526-411-4 Facsimile: +951-525-698	Gas Pipeline in Union of Myanmar	TPC	100,000	USD 1	Ordinary share	PTTEPO 19.31784% Petronas Carigali Myanmar (Hong Kong) Ltd 40.91018% MOGE 20.45414% Nippon Oil Exploration (Myanmar) Ltd 19.31784%

No.	Company Name	Type of Business	Abbreviation	Number of Shares Sold	Share Price	Share Type	Shareholders
6	B 8/32 Partners Limited Head Office: 19 Siam Commercial Bank Park Plaza, East 3 rd Building, 5 th Floor, Ratchadapisek Road, Chatuchak, Bangkok 10900, Thailand Telephone: +66-2545-5555 Facsimile: +66-2545-5554	Petroleum Exploration and Production	B8/32 Partners	110,000	THB 100	Ordinary share	PTTEPO 25.0009% MOECOI 16.7064% KrisEnergy 4.6346% Chevron 53.6581%
7	Hoang Long Joint Operating Company Head Office: Suite 2001, Me Linh Point Tower, 2 Ngo Duc Ke Street, District 1, Ho Chi Mihn City, S.R. Vietnam Telephone: +848-3829-9359 Facsimile: +848-3822-6106	Petroleum Exploration and Production	HL JOC	- ⁹	-	-	PTTEP HL 28.5% PVEP 41% SOCO 28.50% OPECO 2.0%
8	Hoan-Vu Joint Operating Company Head Office: Suite 2006, Me Linh Point Tower, 2 Ngo Duc Ke Street, Vietnam District 1, Ho Chi Mihn City, S.R. Telephone: +848-3823-9525 Facsimile: +848-3823-9526	Petroleum Exploration and Production	HV JOC	- ⁹	-	-	PTTEP HV 25% PVEP 50% SOCO 25%
9	Shoreair Pty Limited Head Office: Level 1, 40 Cavenagh St, Darwin, Northern Territory, Australia Telephone: +618-8922-0930 Facsimile: +618-8922-0910	Operation of Air Base	-	600	AUD 1	Ordinary share	PTTEP AAO 50% Arthur Hamilton 41.667% Alex Wood 8.333%
10	Troughton Island Pty Ltd Head Office: Level 1, 40 Cavenagh St, Darwin, Northern Territory, Australia Telephone: +618-8922-0930 Facsimile: +618-8922-0910	Operation of Air Base (secondary)	-	100	AUD 1	Ordinary share	PTTEP AAO 50% Arthur Hamilton 44% Alex Wood 6%
11	Groupeement Bir Seba Head Office: Lot No.1, Lotissement Belle Vue-Hydra, Algiers, Algeria Telephone: +213-2194-5325 / 26 / 27 Facsimile: +213-2194-5320 / 22	Petroleum Exploration and Production	GBRS	- ⁹	-	-	PTTEP AG 35% PVEP 40% Sonatrach 25%

⁹ No share issued. Percentage of shareholding is subject to participation interest of the concession.

No.	Company Name	Type of Business	Abbreviation	Number of Shares Sold	Share Price	Share Type	Shareholders
12	PTT FLNG Limited Head Office: 1401 Hutchison House, 10 Harcourt Road, Hong Kong Telephone: +852-2846-1888 Facsimile: +852-2845-0476	Manufacture/Production/ Trading of Oil/Gas/ Other Energy Supply	PTT FLNG	1,000	HKD 10	Ordinary share	PTTEP FH 50% PTT International (Singapore) Company Pte. Ltd. 50%
13	Erawan 2 FSO Bahamas Ltd. Head Office: Ocean Centre, Montagu Foreshore, East Bay Street, Nassau, New Providence, Bahamas P.O. Box SS-19084, Nassau, New Providence, Bahamas Telephone: - Facsimile: -	Lease of FSO	Erawan 2 FSO Bahamas	100	USD 1	Ordinary share	Chevron Global Energy Inc. 65.91% JV Marine Ltd. 13.11% MOECO 20.98%
14	KKD Oil Sands Partnership ¹⁰ Head Office: Suite 3600, 308 – 4 th Ave S.W., Calgary, Alberta T2P 0H7, Canada Telephone: +403-234-0123 Facsimile: +403-234-0103	Petroleum Exploration and Production	KKD Oil Sands	1,570,000	No par value	Partnership unit	Statoil Canada Ltd. 60% PTTEP CA 40% (unit of partnership)
15	Leismer Aerodrome Limited Head Office: Suite 3600, 308 – 4 th Ave S.W., Calgary, Alberta T2P 0H7, Canada Telephone: +403-234-0123 Facsimile: +403-234-0103	Operation of Air Base	LAL	200	No par value	Ordinary share	Statoil Canada Ltd. 48% PTTEP CA 32% FCCL Partnership 32%
16	NST Supply Base Co.,Ltd. Head Office: 19 SCB Park Plaza, Tower East 5 th Floor, Ratchadapisek Rd., Chatuchak, Bangkok 10900, Thailand Telephone: +66-2545-5555 Facsimile: +66-2545-5454	Petroleum Supply Base, Port and Warehouse	NST Supply Base	1,000,000 ¹¹	THB 1,000	Ordinary share	Chevron Thailand Exploration and Production Ltd. 62.86% MOECO 20.58% JV Shore Base 15.67% KrisEnergy International (Thailand) Holdings Ltd., 0.56% Palang Sophon Limited 0.33%
17	Asia Pacific Marine Services (EF) B.V. Head Office: Naritaweg 165 Telestone 8, Amsterdam, The Netherlands Telephone: - Facsimile: -	Lease of FSO	Asia Pacific Marine Services	18,000	EURO 1	Ordinary Share	Erawan 2 FSO Bahamas Ltd. 100%

¹⁰ Formerly, Statoil Canada Partnership

¹¹ Increase capital to 1,000,000,000 baht on 3 February 2012.

References

(1) Share Registrar

Name Thailand Securities Depository Company Limited
Location 62, The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand
Telephone +66-2229-2800, TSD Call Center+66-2229-2888
Facsimile +66-2654-5427
E-mail TSDCallCenter@set.or.th
Website <http://www.tsd.co.th>

(2) Debentures

(2.1) Registrar and Paying Agent for 2,500 Million Baht Bonds issued in March 2003; 40,000 Million Baht Bonds issued in May 2009; 5,000 Million Baht Hybrid Bonds issued in June 2012

Name TMB Bank Public Company Limited
Location Floor 5A, 3000 Phahon Yothin Road, Chatuchak, Bangkok 10900, Thailand
Telephone +66-2299-1536, +66-2299-1321
Facsimile +66-2242-3270

(2.2) Bondholders' Representative for 40,000 Million Baht Bonds issued in May 2009 and 5,000 Million Baht Hybrid Bonds issued in June 2012

Name Siam Commercial Bank Public Company Limited
Location 2nd– 3rd Floor, Building 2, 1060 Phetchaburi Road, Makkasan, Ratchthwee, Bangkok 10400, Thailand
Telephone +66-2256-2316
Facsimile +66-2256-2401, +66-2256-2402

(2.3) Trustee for USD 500 Million Bonds issued in July 2010 and USD 700 Million Bonds issued in April 2011

Name BNY Mellon Corporate Trust
Location BNY Mellon Corporate Trust, 1 Temasek Avenue, #03-01 Millenia Tower, Singapore 039192
Telephone +65-6432-0351, +65-6432-0354, +65-6432-0356
Facsimile +65-6883-0338

(2.4) Trustee for USD 500 Million Bonds issued in June 2012

Name Citicorp International Limited
Location 55/F, One Island East, 18 Westlands Road, Island East, Hong Kong
Telephone +852-3419-8839
Facsimile +852-2323-0279

(2.5) Registrar and Noteholders' Representative for USD 200 Million Bonds issued in August 2010

Name Bangkok Bank Public Company Limited
Location 333, 24th Floor, Securities Service Department, Silom Road, Bangrak, Bangkok 10500, Thailand
Telephone +66-2230-1894
Facsimile +66-2636-5697

(3) Bill of Exchange

(3.1) Registrar and Paying Agent for Bills of Exchange (B/Es) with a total revolving credit of up to 50,000 Million Baht

Name TMB Bank Public Company Limited
Location Floor 5A, 3000 Phahon Yothin Road, Chatuchak, Bangkok 10900, Thailand
Telephone +66-2299-1536, +66-2299-1321
Facsimile +66-2242-3270

(4) Bank Loan

(4.1) Facility Agent for USD 500 Million Loan Agreement dated in November 2010

Name The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Location 6/F., AIA Central, 1 Connaught Road, Central, Hong Kong
Telephone +852-2823-6698, +852-2823-6691-3
Facsimile +852-2823-6686

(4.2) Facility Agent for CAD 300 Million Loan Agreement dated in April 2012

Name Sumitomo Mitsui Banking Corporation
Location 7-8/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
Telephone +852-2206-2130
Facsimile +852-2206-2988

(4.3) Facility Agent for GBP 950 Million Loan Agreement dated in May 2012

Name UBS AG, Singapore Branch
Location 5 Temasek Boulevard, #18-00 Suntec Tower Five, Singapore 038985
Telephone +65-6495-5617, +65-6495-5616
Facsimile +65-6495-8609

(5) Process Agent for Equity

Name CT Corporation System
Location 111, 8th Avenue New York, New York, United States 10011
Telephone +1-213-337-4605
Facsimile +1-213-614-7903

(6) Cross Currency and Interest Rate Swap Counter Party for 2,500 Million Baht Bonds issued in March 2003

Name Kasikorn Bank Public Company Limited
Division Capital Markets Business Division
Location 400/22 Phahon Yothin Avenue, Samsen-Nai, Phayathai, Bangkok 10400, Thailand
Telephone +66-2470-2020
Facsimile +66-2470-3065

(7) Cross Currency Swap Counter Party

(7.1) 5,000 Million Baht Bonds issued in May 2009

Name DEUTSCHE BANK AG, Bangkok Branch
Division Corporate Treasury Sales
Location 63 Athenee Tower, 27-29 Floor, Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Thailand
Telephone +66-2646-5139
Facsimile +66-2651-5892

(7.2) 11,700 Million Baht Bonds issued in May 2009

Name Siam Commercial Bank Public Company Limited
Division Corporate Banking Division 4, Wholesale Banking Group
Location 8th Floor, Zone B, 9 Ratchadapisek Road, Chatuchak, Bangkok 10900, Thailand
Telephone +66-2544-2483
Facsimile +66-2937-7969

Name Kasikorn Bank Public Company Limited
Division Capital Markets Business Division
Location 400/22 Phahon Yothin Avenue, Samsen-Nai, Phayathai, Bangkok 10400, Thailand
Telephone +66-2470-2020
Facsimile +66-2470-3065

Name DEUTSCHE BANK AG, Bangkok Branch
Division Corporate Treasury Sales
Location 63 Athenee Tower, 27-29 Floor, Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Thailand
Telephone +66-2646-5139
Facsimile +66-2651-5892

(7.3) 5,000 Million Baht Bonds issued in May 2009

Name Kasikorn Bank Public Company Limited
Division Capital Markets Business Division
Location 400/22 Phahon Yothin Avenue, Samsen-Nai, Phayathai, Bangkok 10400, Thailand
Telephone +66-2470-2020
Facsimile +66-2470-3065

Name CITIBANK, N.A. Bangkok Branch
Division Corporate Sales and Structuring
Location Interchange 21 Bldg., 399 Sukhumvit Road, Klongtoeynua, Wattana, Bangkok 10110, Thailand
Telephone +66-2788-2822
Facsimile +66-2788-4825, +66-2788-4826

Name DEUTSCHE BANK AG, Bangkok Branch
Division Corporate Treasury Sales
Location 63 Athenee Tower, 27-29 Floor, Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Thailand
Telephone +66-2646-5139
Facsimile +66-2651-5892

(8) Cross Currency Swap Counter Party USD/CAD of USD 150 Million Intercompany Loan

Name Krungthai Bank Public Company Limited
Division Corporate Sales, Treasury
Location Building 1 (Nana Nue), 5th Floor, 35 Sukhumvit Road, North Klongtoey, Wattana, Bangkok 10110, Thailand
Telephone +66-2208-4815
Facsimile +66-2256-8398

(9) Interest Rate Swap Counter Party

(9.1) USD 500 Million Loan Agreement dated in November 2010

Name JP Morgan Chase Bank, N.A., Bangkok Branch
Division Corporate Sales Credit & Rates Markets
Location Bubhajit Building 20, North Sathorn Road, Silom, Bangrak, Bangkok 10500, Thailand
Telephone +66-2684-2256
Facsimile +66-2684-2260

Name The Royal Bank of Scotland N.V., Bangkok Branch
Division FICC Sales & Trading
Location 3rd - 4th Floor, Bangkok City Tower 179/3 South Sathorn Road, Thung Maha Mek, Sathorn, Bangkok 10120, Thailand
Telephone +66-2659-3576
Facsimile +66-2679-5908

Name Barclays Bank PLC
Division Investment Banking
Location Level 28 One Raffles Quay South Tower, Singapore 048583
Telephone +65-6308-3454
Facsimile +65-6308-2020

(9.2) USD 50 Million Loan Agreement dated in December 2010

Name The Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch
Division Corporate Marketing and Sales
Location HSBC Building 968 Rama IV Road, Silom, Bangrak, Bangkok 10500, Thailand
Telephone +66-2614-4847, +66-2614-4848, +66-2614-4849
Facsimile +66-2632-4831

(10) Auditor

Name Office of the Auditor General of Thailand
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Telephone +66-2271-8150
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(11) Legal Advisor

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Facsimile +618-9488-3701

Name Baker & McKenzie
Location Samal Towers, 8th Floor, 97, Zholdasbekov Street, Almaty 050051, Kazakhstan
Telephone +7-727-2509945
Facsimile +7-727-2584000

Name Blakes, Cassels&Greydon LLP
Location 855 – 2nd Street S.W. suit 3500, Bankers Hall East Tower, Calgary AB T2P 4J8, Canada
Telephone +403-260-9600
Facsimile +403-260-9700

Name Herbert Smith Freehills LLP (HSF)
Location (1) 23rd Floor, Gloucester Tower, 15 Queen's Road Central, Hong Kong
Telephone +86-10-6535-5000
Facsimile +86-10-6535-5055
Location (2) 50 Raffles Place#24-01 Singapore Land Tower, Singapore 048623
Telephone +65-6868-8000
Facsimile +65-6868-8001

Name Hiswara Bunjamin & Tandjung
Location 23rd Floor, Gedung BRI II, Jl. Jend. Sudirman Kav 44-46, Jakarta 10210, Indonesia
Telephone +62-21-574-4010
Facsimile +62-21-574-4670 / 71

Name Siam Premier International Law Office Limited
Location The Office at Central World, 26th Floor, 999/9 Rama 1 Road, Pathumwan, Bangkok 10330, Thailand
Telephone +66-2646-1888
Facsimile +66-2646-1919

Name Slaughter and May
Location Jardine House, 1 Connaught Place, Hong Kong
Telephone +852-2521-0551

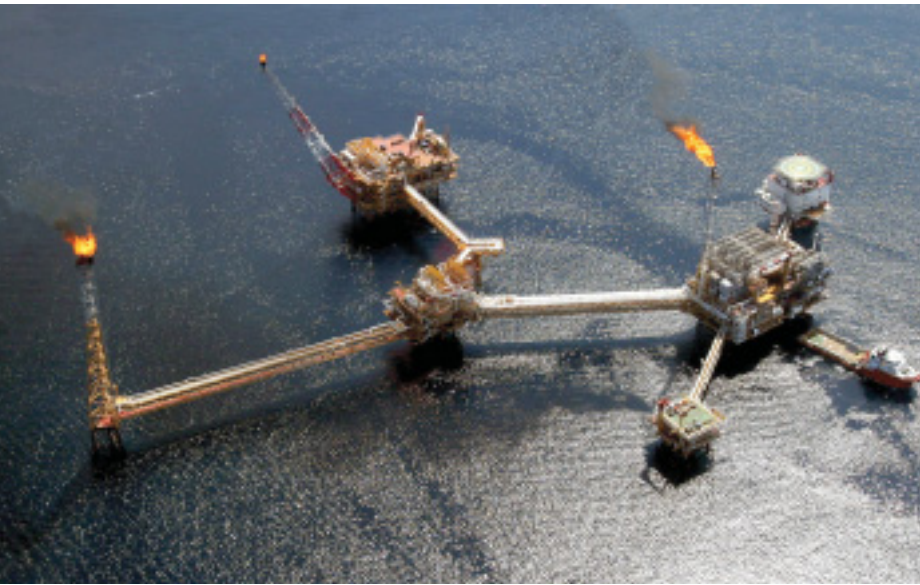
(12) Advisor to the Board of Directors

Name Mr. Tongchat Hongladarom
Address 8/48 Prasanmit Condominium, Sukhumvit 23, Klongteoy-nua, Wattana, Bangkok 10110, Thailand
Telephone +66-2258-4363
Facsimile -

Name Ms. Sukon Kanchanalai
Address 188 Soi 16, Tesbanimit Tai Road, Prachanivej I, Chatuchak, Bangkok 10900, Thailand
Telephone +66-2589-5566
Facsimile -

Name Mr. Bhusana Premanode
Address 1/99 Moo 2, Vibhavadi-Rangsit Road, Talad Bangkhen, Lak Si, Bangkok 10210, Thailand
E-mail Premanode@gmail.com

Nature of Business



Business Overview

PTTEP's core business is petroleum exploration and production in Thailand and other countries. As of 31 December 2012, PTTEP and its subsidiaries and associated companies had 44 petroleum exploration and production projects in 12 countries. Twenty-two projects are currently under the exploration phase, three under the development phase, and nineteen under commercial production. Details appear on pages 26-27.

Structuring Policy for PTTEP Group

PTTEP established subsidiaries and/or associated companies mainly to conduct its core business. Its continuous expansion in domestic territory and overseas necessitates the establishment of subsidiaries and/or associated companies in the region where the company invests for flexible, efficient business operations and competitive advantages comparable with other international oil companies. To achieve this, PTTEP considered factors such as rules & regulations, financial structure, tax regimes, and risk management.

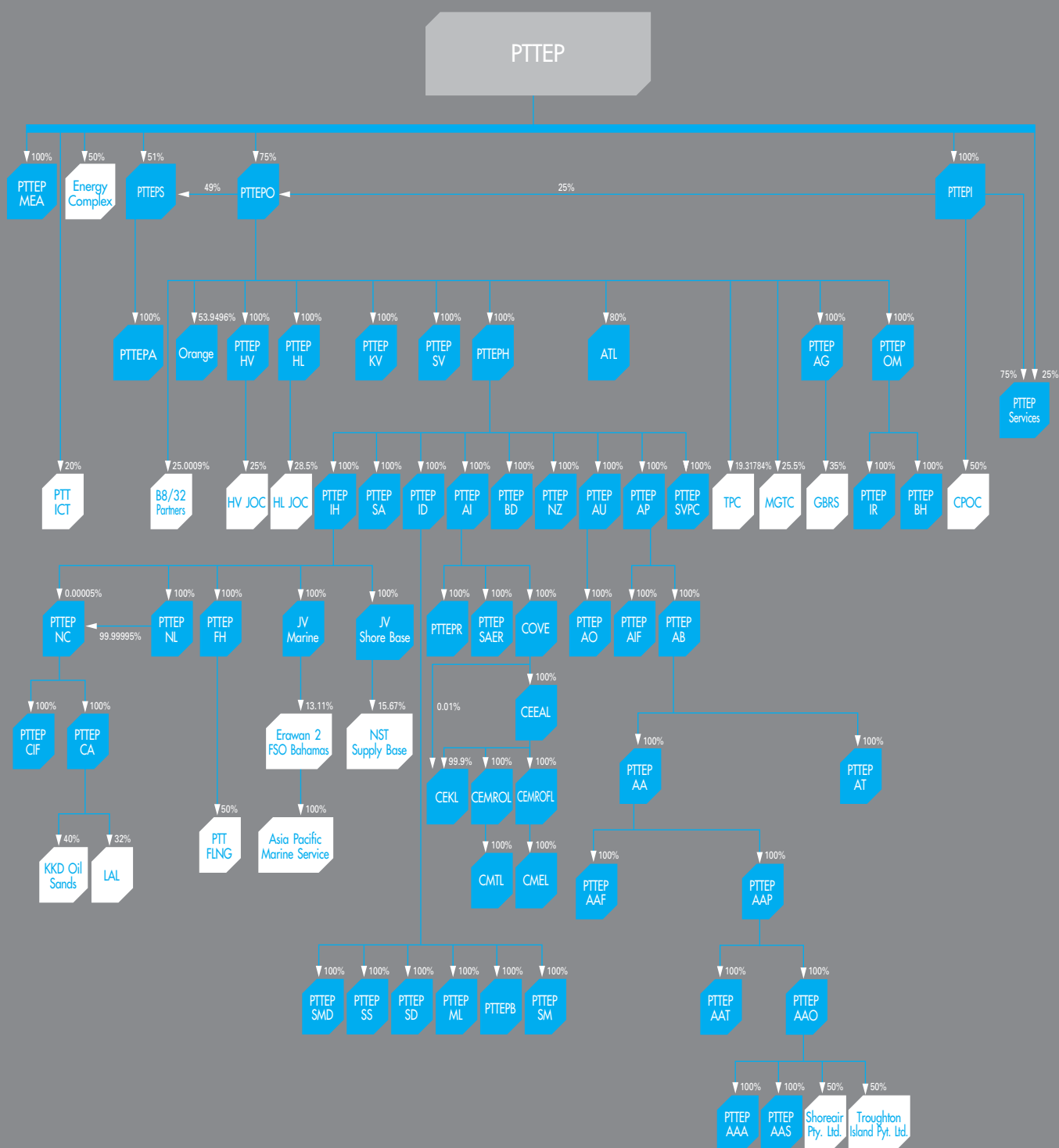
PTTEP's policy is to manage its subsidiaries as "One Company" with a clear direction that its subsidiaries follow PTTEP's business direction and strategy and being mainly managed as one team by PTTEP executives and employees. In addition, its management and internal control systems are also to be adopted and implemented in all PTTEP subsidiaries in the same way that they are standardized at PTTEP. To manage associated companies, PTTEP nominates a representative to serve as a shareholder and/or a member of each board of directors to participate in defining the overall business strategy and policy for these companies. To manage subsidiaries and associated companies, PTTEP adheres to its Good Corporate Governance principles and Business Ethics as its compelling philosophy to ensure effectiveness, transparency, fairness, and achievement of its business goals.

Shareholding Structure of PTTEP Group

As of 31 December 2012, PTTEP invested in 76 legal entities, comprising 59 subsidiaries and 17 associated companies. The PTTEP Group shareholding structure is illustrated on page 25.

PTTEP and its subsidiaries and associated companies had 44 petroleum exploration and production projects in 12 countries.

PTTEP Group Shareholding Structure



Subsidiary Associated Company

Not include PTTEPT which on liquidation process.

Exploration and Production Projects

As of 31 December 2012



Canada

Canada Oil Sands KKD Project
PTTEP's Share **40%**



Algeria

Algeria Hassi
Bir Rekaiz Project
PTTEP's Share **24.5%**

Algeria 433a
& 416b Project
PTTEP's Share **35%**



Oman

Oman 44 Project
PTTEP's Share **100%**



Indonesia

Indonesia Malunda Project
PTTEP's Share **100%**

Indonesia South Mandar Project
PTTEP's Share **34%**

Indonesia Semai II Project
PTTEP's Share **28.33%**

Indonesia Sadang Project
PTTEP's Share **30%**

Indonesia South Sageri Project
PTTEP's Share **20%**



Kenya

Kenya L10A
& L10B Project
PTTEP's Share **25% & 15%**

Kenya L5, L7,
L11A, L11B & L12 Project
PTTEP's Share **10%**



Mozambique

Mozambique Rovuma
Offshore Area 1 Project
PTTEP's Share **8.5%**

Mozambique Rovuma
Onshore Project
PTTEP's Share **10%**



Australia

PTTEP
Australasia Project
PTTEP's Share **100%**

Australia
WA-423-P Project
PTTEP's Share **30%**



New Zealand

New Zealand Great South Project
PTTEP's Share **18%**

- Project under Production
- Project under Development
- Project under Exploration



Myanmar

- Zawtika Project
PTTEP's Share **80%**
- Yadana Project
PTTEP's Share **25.5%**
- Yetagun Project
PTTEP's Share **19.31784%**
- Myanmar PSC G & EP 2 Project
PTTEP's Share **90%**
- Myanmar M3 & M11 Project
PTTEP's Share **100% & 45%**



Thailand

- S1 Project
PTTEP's Share **100%**
- PTTEP1 Project
PTTEP's Share **100%**
- L22/43 Project
PTTEP's Share **100%**
- L53/43
& L54/43 Project
PTTEP's Share **100%**
- L21 & 28/48 Project
PTTEP's Share **70%**
- E5 Project
PTTEP's Share **20%**
- Sinphuhorm Project
PTTEP's Share **20%**
- Bongkot Project
PTTEP's Share **44.4445%**
- B6/27 Project
PTTEP's Share **60%**
- Arthit Project
PTTEP's Share **80%**
- A4, 5 & 6/48 Project
PTTEP's Share **100%**
- Contract 3 Project
PTTEP's Share **5%**
- Contract 4 Project
PTTEP's Share **45%**
- G4/43 Project
PTTEP's Share **21.375%**
- B8/32 & 9A Project
PTTEP's Share **25%**
- G4/48 Project
PTTEP's Share **5%**



Vietnam

- Vietnam 9-2 Project
PTTEP's Share **25%**
- Vietnam 16-1 Project
PTTEP's Share **28.5%**
- Vietnam B & 48/95 Project
PTTEP's Share **8.5%**
- Vietnam 52/97 Project
PTTEP's Share **7%**



Cambodia

- Cambodia B Project
PTTEP's Share **33.333334%**



Overlapping Area

- MTJDA-B17 Project
PTTEP's Share **50%**
- G9/43 Project
PTTEP's Share **100%**

Strategic Directions

The current situation presents more challenges and difficulties for petroleum exploration and production as a result of a rapidly changing environment and fewer available hydrocarbons. In addition, to gain additional hydrocarbons in fields with more complex geology, advanced technology and higher capabilities are required. Also, there is a need to maintain environmental and social equilibrium. Therefore, PTTEP reviewed and amended its Mission and Vision to achieve better operational efficiency; and the company strategy is formulated to achieve this refined mission and vision. Such attempts will wheel the company to become a Thai petroleum exploration and production company which develops sustainably and adheres to international standards. The key notions of our mission and vision are that PTTEP explores and produces petroleum domestically and abroad to provide energy security for Thailand and other countries where we operate, and to create sustainable value for investors, communities and society. Besides, PTTEP also aspires to become Asia's leading petroleum exploration and production company.



Mission:

PTTEP operates globally to provide reliable energy supply and sustainable value to all stakeholders

Vision:

Leading Asian E&P company driven by technology and green practices

Core Values: *EP* SPIRIT

Explorer

Passion

Synergy

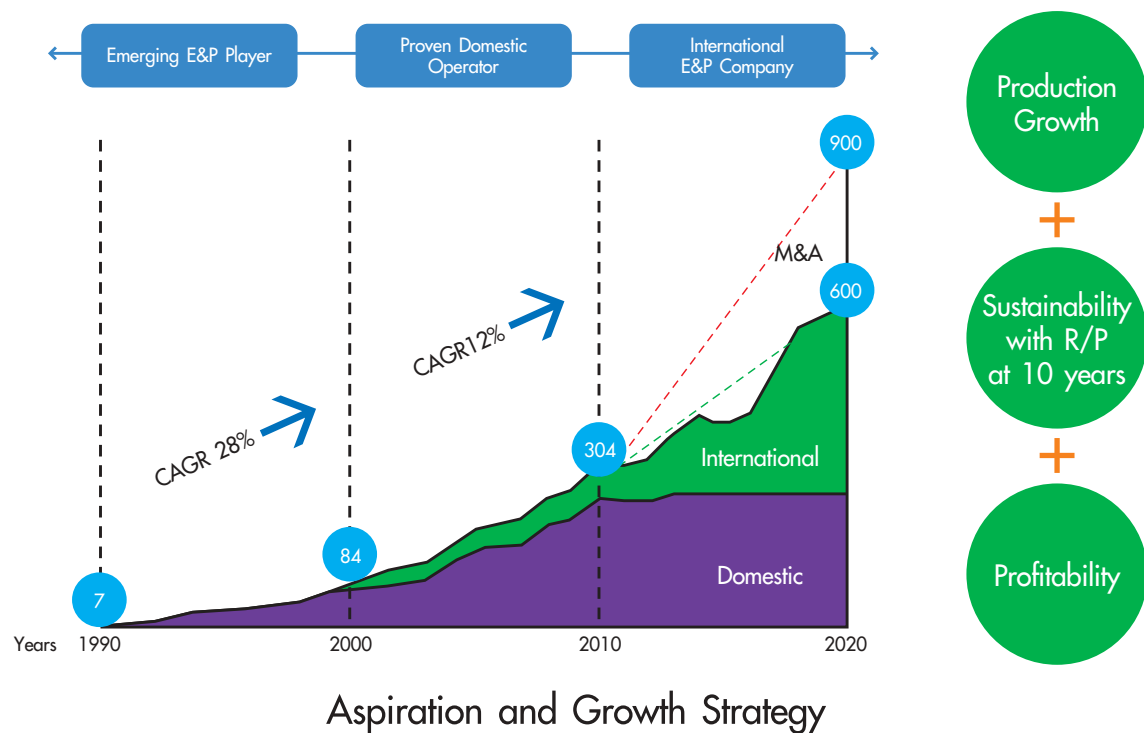
Performance Excellence

Innovation

Responsibility for Society

Integrity and Ethics

Trust and Respect



In strategic planning, PTTEP has three major means to become a Thai petroleum exploration and production company which grows sustainably while adhering to international standards.

(1) Production:

PTTEP's operational plan is to maintain and increase the production of our current domestic and overseas projects. We also have a clear and focused strategic plan to support our future growth. Therefore, PTTEP is confident that our production capacity can be augmented to 600,000 BOED in 2020. Moreover, we also have a strong aspiration to achieve 900,000 BOED.

(2) Reserves:

PTTEP plans to maintain the R/P Ratio or 1P/Production at no less than 10 years, or 2P+2C/Production at no less than 40 years.

(3) Return on Investment:

PTTEP plans to have an ROCE higher than the industry average. We aim to operate efficiently for long-term sustainable growth.



To attain such a challenging production goal, PTTEP has formulated its 2013 strategic directions as below.

Current Assets Management:

Current assets are grouped into the following project phases:

- **Production Assets:** PTTEP focuses on maintaining the production level of our current domestic and overseas assets, both those operated by PTTEP and by joint ventures, by enhancing our operational efficiency through technological advancement. Also, we aim to accelerate exploration and development in the concession areas to increase petroleum reserves and sustain production. This effort is to satisfy domestic petroleum demand and generate PTTEP's present and future income.
- **Development Assets:** PTTEP's development assets include Montara field of the PTTEP Australasia Project, the Zawtika Project, the Algeria 433a and 416b Project, the Canada Oil Sands KKD Project, the Mozambique Rovuma Offshore Area 1 Project, and the FLNG Project from the Cash & Maple fields. We remain focused on managing these projects to be implemented as planned in order to start producing as scheduled and under the allocated budget. These projects will generate income and add value to PTTEP in the near future. On top of that, they will replace projects that are declining in production.
- **Exploration Assets:** The exploration assets include projects in the exploration stage. These projects are essential for PTTEP's sustainable growth as they will increase reserves and production rates in the future. PTTEP emphasizes management of the exploration portfolio and exploration acceleration in projects that have high petroleum potential as well as managing risk of low potential projects.

Expansion of Investment for Sustainable Growth:

PTTEP is geared toward expanding investment by bidding for new exploration acreage, and by merging and acquisition (M&A) of other fields. The company's M&A strategy emphasizes projects that are at the beginning of production or development for instant increases of production or the reserve period. Investment will be made in focused areas of our growth platform. Domestic potential petroleum fields which have concessions that will end in the next 10 years and the Thailand-Cambodia Overlapping Claim Area (OCA) are included in the company's acquisition and joint investment plan. PTTEP M&A will be implemented after the first quarter of 2013 in accordance with our financing plan.

Organizational Capability Development:

Organizational capability remains a key success factor for efficient implementation of PTTEP strategy. The company has enhanced the following organizational capabilities:

- **Financing:** PTTEP's funding plan is in alignment with our investment plan. Fund mobilization and investment shall be managed to maintain PTTEP's proper credit rating through financial ratios, debts to shareholders' equity ratio and debts to reserves ratio.

PTTEP explores and produces petroleum domestically and abroad to provide energy security for Thailand and other countries where we operate, and to create sustainable value for investors, communities and society. Besides, PTTEP also aspires to become Asia's leading petroleum exploration and production company.



- **Human Resources Management and Organizational Capability Development for International Competitiveness:** PTTEP supplies sufficient manpower, develops its personnel's capabilities and enhances leadership. We standardize work structures and patterns across the organization and build employees' engagement with the organization. Such attempts are made to support PTTEP's business expansion domestically and internationally, and sustainably enhance the organization's capability.

- **Acceleration of Knowledge Base and Technology Capability of the Organization and Personnel for PTTEP's Growth Capability:** PTTEP concentrates on advancing the capabilities related to petroleum exploration, deep water petroleum fields, unconventional petroleum fields and M&A. Additionally, the acceleration covers establishment and management of knowledge and technology in order to leverage them to become PTTEP Best Practices. Work procedures shall be standardized for continuous improvement, and at the same time, personnel shall be well-equipped with knowledge, capabilities and experience, so that they can cope with rapidly changing technology.

- **Corporate Branding and Identity (DNA):** PTTEP is well aware of the importance of Branding in order to be recognized and trusted, which can help enlarge business opportunities. A branding project is commenced by defining PTTEP's Brand (DNA) which will be used to unify stakeholders' perception.

- **Corporate Values and Organization Culture Embedment:** PTTEP reviewed and adjusted its Corporate Values into *EP SPIRIT* to support PTTEP's sustainable growth, one of our strategic goals. The *EP SPIRIT* is in line with the PTT Group's values, which are a key development and foundation for growth of the whole group.

- **Safety, Security, Health and Environment (SSHE):** The SSHE culture is embedded for PTTEP to run its businesses steadily and efficiently through the Step Change in SSHE, a practice established to lead PTTEP to become an LTI free organization.

- **Sustainable Development Management:** PTTEP is aware of our role in supplying the nation's energy and at the same time being responsible for society and the quality of life by conserving the environment and maximizing the use of natural resources to develop sustainably. To have PTTEP achieve its target, that is, to be listed in the Dow Jones Sustainability Index (DJSI) within 2014, plans and key indicators for sustainable development are being established.

Petroleum Overview and Thailand's Exploration and Production Situation

World Oil Market Review 2012

Global oil demand rose from 89.0 in 2011 to 89.6 MMBPD (+0.8% year-on-year), which was considered very low. The main reason was the continuing global economic slowdown, which had a negative impact on global oil demand.

The average Brent crude price in 2012 (USD 112.5 per BBL) was very close to 2011 (USD 112.3 per BBL) but with much greater fluctuation. The spread between the maximum and minimum prices during the year was USD 41 per BBL, while in 2011 it was USD 33 per BBL.

Major events affecting oil price movement in 2012 are discussed in chronological order below.

In early 2012, the Brent crude price was around USD 110 per BBL. There was spreading news about the existence of a military component in Iran's nuclear program. It was believed that Iran was developing a nuclear bomb. The US and Western countries tried to impose sanctions on Iran if they did not stop their nuclear program. Iran threatened to block the Strait of Hormuz, a vital oil-trade route. The situation deteriorated when the US decided to ban foreign financial institutions that do business with Iran's Central Bank. The US also asked its allies to ban oil imports from Iran, which made the Brent price surge up to USD 130 per BBL in March 2012.

Later, oil prices were in a bearish trend due to the debt crisis in the European Union. Financial problems were found in many countries namely Portugal, Ireland, Italy, Greece, and Spain. The Euro was weakened against other foreign currencies indicating a possible prolonged recession.

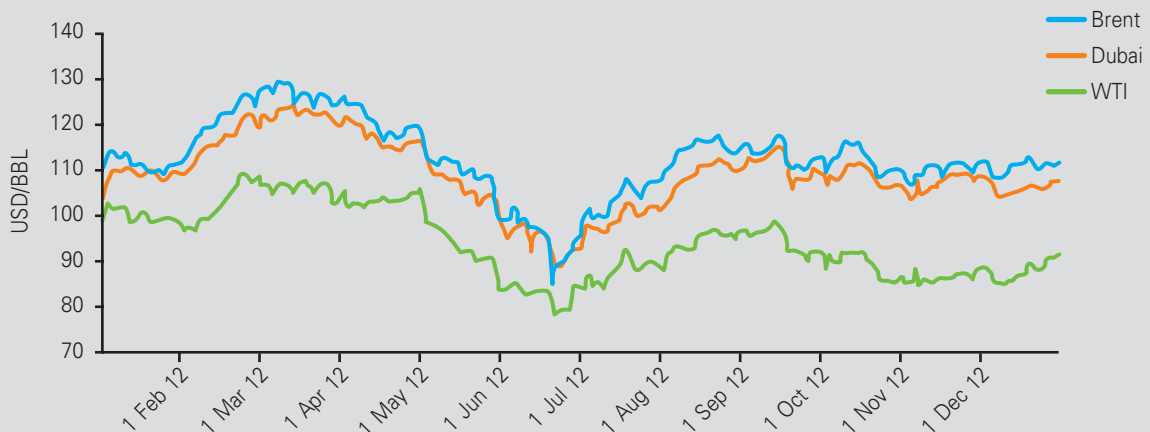
In the second quarter, US Energy Information Administration (EIA) revised down its forecast of 2012 global oil demand, resulting in continuously lower crude oil prices.

Later, Moody's Investors Service downgraded the credit ratings of 15 major international banks and securities firms. US banks that were downgraded included Bank of America, Morgan Stanley, Citigroup, Goldman Sachs, and JPMorgan. The US economy index declined and the employment market was highly inactive, resulted in the lowest level in four months of confidence among US consumers. In June 2012, the Brent price plunged to the lowest of the year at USD 90 per BBL.

In the second half of the year, oil prices rose again because of tighter sanctions towards Iran and unrest in many countries such as Syria and Israel, and tensions between Israel and Iran over Iran's nuclear project. Moreover, Brent crude oil production declined due to maintenance work, causing Brent to go up to USD 110 per BBL in September 2012. At the same time, the Federal Reserve Bank of New York (FED) stimulated the economy by announcing a third round of Quantitative Easing (QE3). USD 40,000 million a month will be spent on bond purchases to keep long-term interest rates low, which should put more liquidity into the markets. However, Hurricane Isaac hit the Gulf Coast of the US, resulting in high crude oil inventory and a declining crude price.

In the fourth quarter, the Brent price was quite stable with some volatility caused by Hurricane Sandy hitting the US East Coast in October. Oil production came to a standstill and businesses shut down due to power outages. In the Middle East, there was an Israeli air strike on Palestinians near the Gaza Strip, raising tensions. Egypt also had unrest over its political issues. All added up to closing crude oil prices of USD 110 per BBL.

Crude Price in 2012



Oil Price Outlook in 2013

The International Energy Agency (IEA) forecast 2013 world oil demand at 90.4 MMBPD, which was only 0.9% higher than that of 2012 due to economic negative signs in the US, European countries, and Japan. In addition, the oil supply is expected to increase due to OPEC's over-quota production and shale oil/shale gas production in many countries.

OPEC targets oil production at 30 MMBPD, signaling that it is satisfied with the current oil price and leaving its output target unchanged from last year (though in reality, it always produces a little over the quota).

In addition, Reuters news agency released its oil price survey in December 2012, based on surveying 26 participants made up of worldwide banks and oil analyst companies. Most of them expect crude prices to slip lower than in 2012. The median price of Brent in 2013 is expected to be USD 108.4 per BBL, which is lower than the Brent 2012 average price of USD 112.5 per BBL.

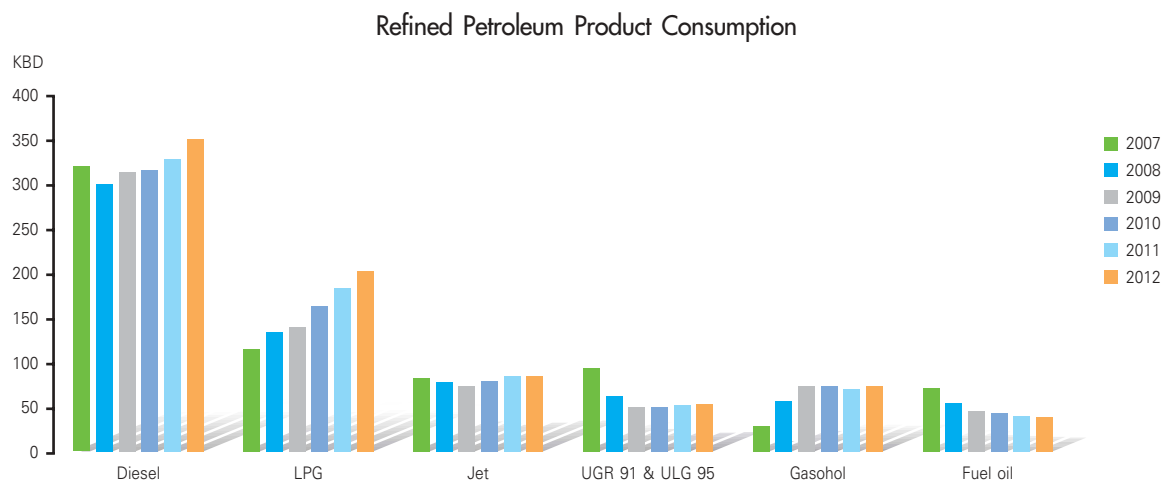
However, fundamental factors are not the only ones which affect current oil prices; they are also affected by non-fundamental factors like unrest and political issues in many countries, especially the Middle East, and natural disasters.

Thailand's Petroleum Overview

In 2012, the Thai economy continued its expansion. The Bank of Thailand forecast an economic growth of 5.9%, higher than that in 2011. The economy in the latter half of 2012 grew more than expected resulting from greater-than-expected private investment expansion and a recovery in domestic demand, both in consumption and investment, after the 2011 great flood. Private investment increased 16.5%. The service sector in particular improved, with the number of foreign tourists rising continuously. Giving a boost to expenses in the country were government measures, including increases of minimum daily wages and civil servants' salaries, the rice pledging scheme, the first-house policy, first-car policy, and gradual reduction of corporate income tax. Growing economies in Asia, particularly for the greater integration of ASEAN economies or the ASEAN Economic Community (AEC) which will take shape in 2015, became another factor to attract investors to make more investments in the region following each country's preparation and infrastructure development.

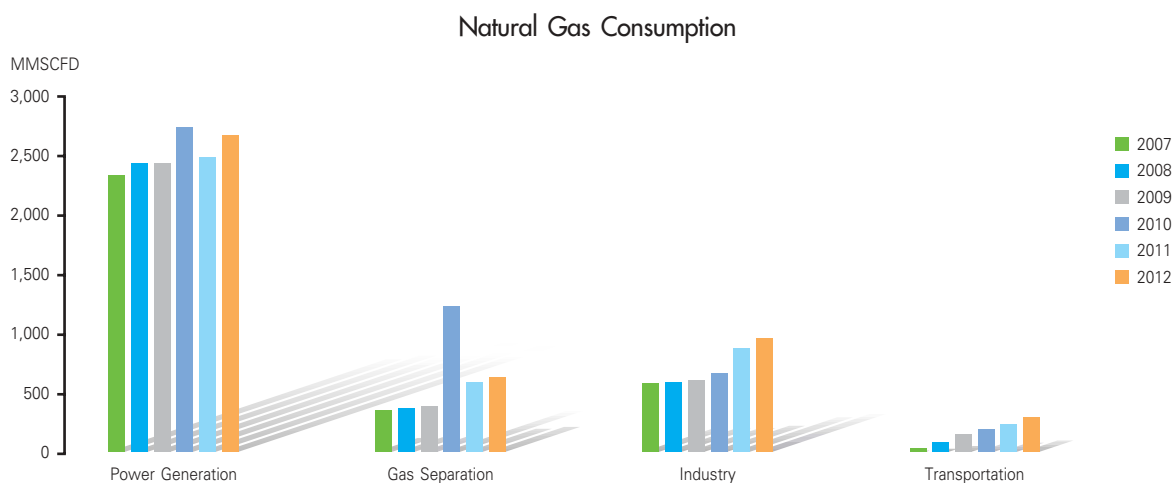
Thailand's energy usage averaged 1.98 MMBOED in 2012, up 6.7% from 2011. Among all types, natural gas managed to capture the highest share of energy usage at 44.4%, followed by oil at 35.8%. Natural gas use rose 9.2% or 884,000 BOED, while oil use edged up 4.7% or 706,000 BOED. Coal imports jumped 14.6% or 234,000 BOED. Use of hydropower and imported power inched up 3.4%. Lignite use declined 12.4% or approximately 99,000 BOED.

Demand for ready-to-use oil in 2012 advanced 5.9%. Use of diesel stood at 353,000 BOED, up 6.8%, while LPG usage climbed to 205,000 BOED, up 10%. All of these were in line with the 2012 economic expansion.



Source: Department of Energy Business, Ministry of Energy

Demand for natural gas in 2012 rose 9.2% from a year earlier. Natural gas used for electricity generation increased 7.7% and that for natural gas separation climbed 9.7%. Gas used for the industries rose 10.9%, while that for transportation jumped 19.9% and that for households increased 9%. Higher demand for natural gas came from the country's economic expansion of 5.9%. Concerning the NGV and LPG prices, which have been maintained in both transportation and household sectors in 2012, the government plans to raise the LPG price to reflect the actual cost in early 2013.



Source: Department of Energy Business, Ministry of Energy

In 2013, the National Economic and Social Development Board (NESDB) forecast a Thai economic expansion of 4.5-5.5%, driven by higher domestic and overseas demand. Risks to the global economy will tend to recede. Thai exports have staged a recovery on expectation of a growth of 9% in 2013. The export growth was 3.6% in 2012. The Bank of Thailand forecast the 2013 headline inflation would remain at 2.8%, while core inflation would stay at 1.7%. However, several impact factors to the Thai economy need to be monitored closely. These factors include economic slowdowns in China and India, and monetary policies of recovering countries like the United States and Japan and these could affect appreciation of the Thai baht as a result of foreign capital inflow.

Thailand's energy usage will tend to rise following the Thai economic growth estimate at 4.5-5.5% in 2013. Demand for ready-to-use oil is expected to rise by 3.7%, while demand for natural gas is likely to increase by 7.9%, given higher demand for electricity generation, industry and transportation. The Brent crude price is projected to average in a range of USD 108-113 per barrel in 2013. Household demand for energy is expected to increase by 7.4%. The automotive sector's demand for energy is estimated to rise by 6.9% with daily usage amounting to 21.9 million litres, given the higher number of cars as a result of the first-car policy. Industrial demand is predicted to increase by 2.5%, while the petrochemical sector is expected to see little change in demand with only a 2.6% rise.

Exploration and Production Situation in Thailand

In 2012, the government continued its policy in promoting, supporting and accelerating petroleum exploration and production for the nation's energy stability and for less dependence of imported energy. Based on the Department of Mineral Fuels' recent data as of January 2013, Thailand had 79 fields for petroleum concessions. Of the total, 40 fields are onshore, 36 fields are offshore in the Gulf of Thailand and the remaining three are offshore in the Andaman Sea. In the 21st round of petroleum concessions, 22 new fields cover an area of approximately 46,000 square kilometers with an expectation of natural gas reserves of 3-5 TCF and oil of 5-10 MMBBL onshore and offshore. Six fields of onshore concessions are located in the Central and the lower North, while the other eleven fields are in the North East. These fields are situated in Kamphaeng Phet, Tak, Sukhothai, Phitsanulok, Mukdahan, Nakhon Ratchasima and Ubon Ratchathani provinces. The other five offshore fields are in the Gulf of Thailand. However, the proposal for the 21st round of the petroleum concession has not been approved yet. The proposal was brought back for review of the proposed returns the government will gain as the proposed returns are considered too low. In addition, the petroleum concession agreement between PTTEP and Chevron, which will end in 2022, is also being reviewed.

The 26,000-square-kilometer-offshore Overlapping Claim Area between Cambodia and Thailand is expected to have natural gas reserves of 11 TCF with a high amount of crude and condensate. Currently, this is under negotiation.

In 2012, the petroleum production in Thailand was approximately 818,467 BOED, up 11% from 2011. Of the total, natural gas amounted to 3,944 MMSCFD, up 26% from 2011, condensate of 85,670 BPD, up 4%, and crude oil of 146,798 BPD, up 5% from 2011.

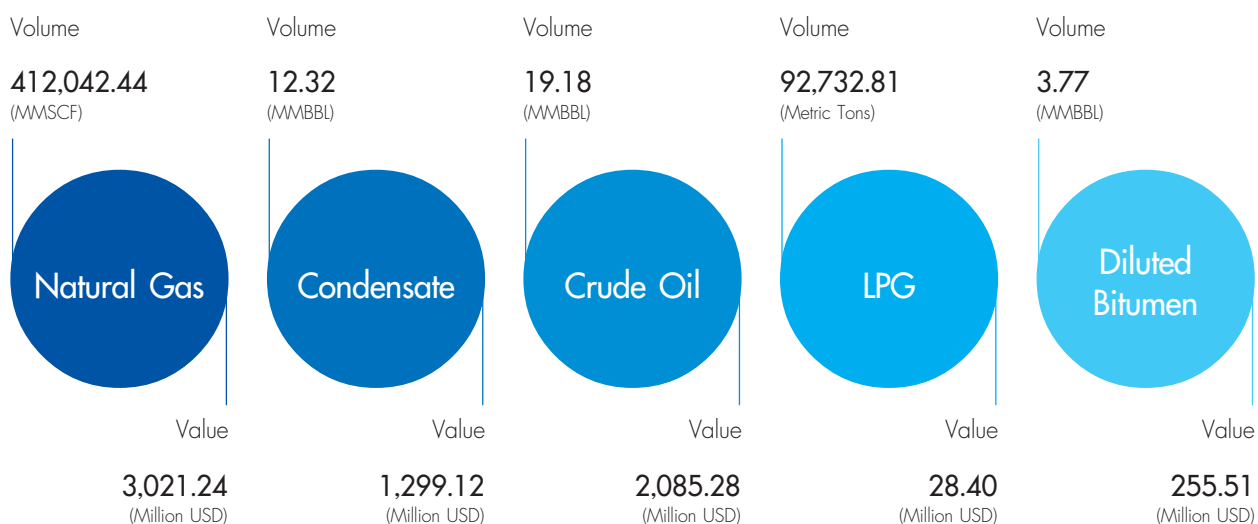
In 2013, the Ministry of Energy will have an energy management plan sufficient for the nation and the people which is environmentally-friendly and at prices that reflect the real costs. The plan will focus on development of projects for energy infrastructure, efficient use of energy and energy conservation through promotion measures, and support of alternative and renewable energy at the community level. The Ministry of Energy will prepare a plan to search for natural gas from other sources to replace current natural gas fields in the Gulf of Thailand, which will be depleted in the next 20 years. Natural gas production capacity is expected to remain at 3.6 BSCFD for the next five years. Liquefied natural gas may have to be imported and this will affect energy costs and people may need to shoulder higher energy expenses in the future.

Market and Competition

PTTEP has invested in 44 E&P projects: 17 domestic and 27 overseas. PTTEP's petroleum products include natural gas, crude oil, condensate, and LPG, mainly marketed domestically to satisfy Thailand's energy demand. Moreover, its overseas expansion of E&P and sales business represents additional means of forging energy security and generating income for Thailand.

In 2012, total sales by PTTEP and its subsidiaries averaged 275,923 BOED, a 4% increase from the previous year. Most of the incremental sales came from natural gas and condensate from the Bongkot South Gas field, which went on stream in February 2012. The average production of natural gas and condensate from Bongkot South Gas field is 203 MMSCFD and 7,116 BPD. The average production of crude oil from the S1 Project increased from 22,808 to 28,004 BPD. The average production of Diluted Bitumen or Dilbit from the Canada Oil Sands KKD Project rose from 14,300 to 16,343 BPD, and average crude oil production from the Vietnam 16-1 Project rose from 10,528 to 42,124 BPD.

For 2012, the total sales ratio of natural gas and liquid (crude oil and condensate) was 66%:34% by volume, or 46%:54% by revenue, as shown below.



PTTEP's overseas expansion of E&P and sales business represents additional means of forging energy security and generating income for the nation.



Marketing Characteristics

PTTEP, by and large, sells its output from domestic and regional projects to the Thai market through PTT Plc. (PTT), the major buyer and processor of all products, which are then supplied to the power sector, the petrochemical sector, transportation sector, other industries and households.

The marketing of petroleum products varies with their characteristics and field location, which in turn differentiate market and sales price structures, as described below.

(1) Natural Gas:

Due to capital-intensive investment in developing oil and gas fields, gas sales agreements (GSAs) must be agreed to or signed between buyer and seller before any major investment is made. GSAs are typically long-term contracts, ranging from 15 to 30 years. Prices, volumes, and points of sale are stipulated for each contract. The designated transfer points for all domestically sold gas are at the Central Processing Platform (CPP), from which the buyer will invest in the transmission system. However, the delivery point of the gas sold from Myanmar to Thailand is at the border. The seller is responsible for investment in the transmission pipelines from the Central Processing Platform to the border area.

Gas prices are usually linked to fuel oil and key economic indices to reflect the investment costs and be competitive compared to fuel oil for the GSA period.

Sales volumes are based on the assessed reserves on the negotiation date. GSAs stipulate buyer and seller obligations for the committed volume; the buyer must pay for the committed volume of gas as stipulated in the GSA, whether or not the full amount is taken (Take-or-Pay). As a consequence, the buyer is entitled to take delivery free of charge in subsequent years (make-up gas).

On the other hand, should the seller fail to deliver as nominated by the buyer, the buyer is entitled to an agreed discount price of the undelivered volumes as stipulated in the agreement (Shortfall).

(2) Condensate and Crude Oil:

Condensate and crude oil prices are determined by their properties and benchmarking with other benchmarked crude prices, meaning those predominantly sold in the region (Regional Benchmark Price), which is the industry's common practice. Contracts are either short-term or long-term, and some are sold in spot markets.

(3) LPG:

LPG produced from the S1 Project is sold to PTT under a long-term contract at a price referenced to the ex-refinery prices announced by the Joint Committee on Energy Policy Administration.



PTTEP sells its output from domestic and regional projects to the Thai market through PTT Plc. which are then supplied to the power sector, the petrochemical sector, transportation sector, other industries and households.

Sales of petroleum products from international fields varies from country to country as detailed below:

(1) Yadana and Yetagun Projects in the Republic of the Union of Myanmar: Approximately 80% of the produced natural gas from Yadana Project is primarily sold to Thailand (through PTT, the buyer), and the remaining 20% is sold to Myanmar for its domestic power generation. Nearly all of the condensate from Yetagun Project is sold and consumed in Myanmar, with the excess volume sold in regional spot markets. All the gas output from the Yetagun project is currently sold to PTT for consumption in Thailand.

(2) MTJDA-B17 Project from B-17 of the Malaysia-Thailand Joint Development Area: Presently, all produced natural gas is sold to PTT, the buyer, for consumption in Thailand. Starting in 2015, however, it will be rerouted to Malaysia according to the Gas Balancing Agreement between PTT and Petroliaam Nasional Berhad.

The condensate output will be marketed and sold by a co-marketing agent of PTT and Petco Trading Labuan Company Limited by auction in spot markets.

(3) Oman 44 Project in the Sultanate of Oman: The gas output is sold to the Sultanate of Oman, whereas the condensate is sold to PTT for consumption in Thailand.

(4) Vietnam 9-2 and Vietnam 16-1 Projects in the Socialist Republic of Vietnam: All the oil output produced from the Vietnam 9-2 Project is sold to Binh Son Refining and Petrochemical Company LTD (BSR), a refinery in the Socialist Republic of Vietnam, for consumption in Vietnam. Produced crude from the Vietnam 16-1 Project is sold in spot markets by auction, whereas the produced gas from both projects is sold to the Vietnam Oil and Gas Group, a state enterprise, for consumption in Vietnam.

(5) Canada Oil Sands KKD Project in Canada: All produced diluted bitumen (Dilbit) was initially sold to Statoil Canada Limited for distribution in North America. PTTEP is entitled to sell its share of crude oil at a later date under the conditions of the joint venture agreement.



Competition

The E&P industry in Thailand is an oligopoly since it requires high investment and advanced technology. Due to high demand, especially for natural gas, the GSAs are predominantly long-term contracts, with take-or-pay clauses to guarantee the market. This is to attract investment in the business.

In 2012, Thailand energy demand grew steadily. According to a report by the Energy Policy and Planning Office (EPPO), demand for energy was at 1.94 MMBOED, increasing 4.8% from the previous year due to Thailand's economic expansion, public investment and state expenses, and investment acceleration for business rehabilitation after the flood in late 2011.

Natural gas demand increased 7.4% (or approximately 874,000 BOED), given the increases in demand from the power generation sector, transportation sector, industry and the petrochemical sector. Natural gas demand exceeded domestic supply which led to an increase in LNG imports in 2012.

Oil consumption increased by 3.3% (or 694,000 BOED) from 2011, where as consumption of lignite/coal and water energy/electricity rose by 2.8% and 1.9% from 2011, respectively.

For the market situation in 2013, the Fiscal Policy Office, Thailand's Ministry of Finance, forecasts Thailand's economy to continue growing and to be propelled by rising demand from the public sector i.e. the annual fiscal expenditure to stimulate the economy and the government expenditure on the long-term water management plan. In addition, demand from the international market is expected to continue expanding.

Despite the risks, the global economy is expected to start recovering in late 2013. To have energy prices reflect real energy costs and improve efficiency of energy usage, the Thai government's policy is set for energy price restructuring. The LPG refinery price, in particular, will be set to reflect the global market as a means to lower LPG imports, encourage more domestic production and lessen the Oil Fund burden.

Meanwhile, oil prices are likely to increase due to the global economic recovery that buoys the rising global demand for crude oil, but the rise is not expected to be severe. Never the less, risks to the global recovery remain, e.g. the US economic recovery, the European economic problem, consistent economic growth in China and emerging markets. Major countries continue to stay sensitive to likely sharp rises in the global oil. In addition, increase of crude oil volume in the United States may lessen the US demand for crude oil imports.

The Thai government has been preparing the country for the ASEAN Economic Community (AEC) with amendment of rules for trade and investment. This will help the country to reap full benefits from the liberal trade, capital movement and free flow of labor under the AEC, which will take shape in 2015. As the ASEAN countries remain its major markets, the PTT Group of Companies also has formulated its plan for the upcoming AEC with its long experience and success in distribution of crude oil and petroleum products at competitive prices. This combines with a linkage of the petroleum and petrochemical sections where their operations are fully integrated. The company is confident that such factors remain its strength for more trade opportunities and higher competitiveness among other ASEAN rivals.

PTTEP, one of PTT Plc's subsidiaries, has expanded its ASEAN investment while adhering to its commitment as the national energy company in exploring for energy sources and strengthening Thailand's energy stability for the long term.

Revenue Structure

Commencing 1 January 2011, the Company's management has determined US Dollar as the functional currency and presents its financial statements in US Dollar in accordance with Thai Accounting Standard No. 21 "The Effects of Changes in Foreign Exchange Rates".

PTTEP and its subsidiaries' revenues are mainly from sales of petroleum products of which its price is marked to the world fuel price in US Dollars. Thus, PTTEP and its subsidiaries' revenue structure of 2010 - 2012 are presented here in US Dollars in order to reflect the company's revenue structure.

The petroleum exploration and production projects which generated revenues for PTTEP and its subsidiaries comprised 20 projects: the Bongkot, Contract 4, S1, Yadana, Yetagun, Contract 3, B8/32 & 9A, PTTEP1, E5, B6/27, Sinphuhorm, G4/43, Oman 44, Arthit, Vietnam 9-2, PTTEP Australasia, G4/48, MTJDA-B17, Canada Oil Sands KKD, and Vietnam 16-1 projects. In addition, PTTEP and its subsidiaries recorded revenues proportionately from gas pipeline transportation which Moattama Gas Transportation Company (MGTC) and Taninthayi Pipeline Company LLC (TPC) rendered to Myanma Oil and Gas Enterprise (MOGE).

Revenue structure of PTTEP and its subsidiaries during 2010 - 2012

Product	Operated by	Shareholding by	% of interest		2010		2011		2012	
			2011	2012	Revenue (Million USD)	%	Revenue (Million USD)	%	Revenue (Million USD)	%
Petroleum Exploration and Production Segment										
Crude	PTTEP	-	-	-	184.24	4.07	257.49	4.53	312.87	4.46
	PTTEPI	PTTEP	100.00	100.00	60.67	1.34	70.17	1.23	81.01	1.15
	PTTEPS	PTTEP	51.00	51.00	426.18	9.40	627.98	11.05	789.23	11.24
		PTTEPO	49.00	49.00	-	-	-	-	-	-
	PTTEPO ¹	PTTEP	75.00	75.00	283.91	6.26	314.11	5.52	327.17	4.66
		PTTEPI	25.00	25.00	-	-	-	-	-	-
	PTTEP HV	PTTEPO	100.00	100.00	55.33	1.22	60.36	1.06	65.67	0.94
	PTTEPT ²	PTTEPI	100.00	100.00	1.68	0.04	-	-	-	-
	PTTEP AP	PTTEPH	100.00	100.00	60.40	1.33	-	-	-	-
	PTTEP HL	PTTEPO	100.00	100.00	-	-	149.95	2.64	509.33	7.25
Natural Gas	PTTEP	-	-	-	1,611.16	35.55	1,619.77	28.49	2,045.27	29.13
	PTTEPI	PTTEP	100.00	100.00	506.16	11.17	659.95	11.61	837.59	11.93
	PTTEPS	PTTEP	51.00	51.00	41.48	0.92	51.40	0.90	48.88	0.70
		PTTEPO	49.00	49.00	-	-	-	-	-	-
	PTTEPO ¹	PTTEP	75.00	75.00	77.53	1.71	80.22	1.41	87.82	1.25
		PTTEPI	25.00	25.00	-	-	-	-	-	-

Product	Operated by	Shareholding by	% of interest		2010		2011		2012	
			2011	2012	Revenue (Million USD)	%	Revenue (Million USD)	%	Revenue (Million USD)	%
Natural Gas (continued)	PTTEP HV	PTTEPO	100.00	100.00	2.26	0.05	1.59	0.03	1.68	0.02
	PTTEP OM	PTTEPO	100.00	100.00	16.66	0.37	16.30	0.29	-	-
	PTTEPT ²	PTTEPI	100.00	100.00	0.26	0.01	-	-	-	-
LPG	PTTEP	-	-	-	5.60	0.12	6.58	0.11	7.10	0.10
	PTTEPS	PTTEP	51.00	51.00	16.80	0.37	19.75	0.35	21.30	0.30
		PTTEPO	49.00	49.00	-	-	-	-	-	-
Condensate	PTTEP	-	-	-	835.98	18.45	1,145.45	20.15	1,073.42	15.29
	PTTEPI	PTTEP	100.00	100.00	89.49	1.97	134.34	2.36	125.01	1.78
	PTTEPS	PTTEP	51.00	51.00	1.80	0.04	2.24	0.04	2.50	0.04
		PTTEPO	49.00	49.00	-	-	-	-	-	-
	PTTEP OM	PTTEPO	100.00	100.00	52.04	1.15	72.18	1.27	98.19	1.40
Diluted Bitumen	PTTEP CA	PTTEP NC	100.00	100.00	-	-	149.89	2.64	255.52	3.64
Total					4,329.63	95.54	5,439.72	95.68	6,689.56	95.28
Overseas Pipeline Segment										
Gas Pipeline	MGTC	PTTEPO	25.50	25.50	71.43	1.58	80.00	1.41	95.33	1.36
Transportation	TPC	PTTEPO	19.31784	19.31784	39.41	0.87	44.07	0.78	55.35	0.79
Total					110.84	2.45	124.07	2.19	150.68	2.15
Other Segment										
Other Revenues	PTTEP	-	-	-	32.33	0.71	18.59	0.33	31.64	0.45
	PTTEPI	PTTEP	100.00	100.00	5.76	0.13	30.14	0.53	14.37	0.20
	PTTEPO ¹	PTTEP	75.00	75.00	3.10	0.07	5.55	0.10	5.49	0.08
		PTTEPI	25.00	25.00	-	-	-	-	-	-
	PTTEP HV	PTTEPO	100.00	100.00	0.05	0.00	0.10	0.00	0.09	0.00
	PTTEP HL	PTTEPO	100.00	100.00	0.02	0.00	0.04	0.00	0.06	0.00
	PTTEP OM	PTTEPO	100.00	100.00	-	-	-	-	0.94	0.01
	MGTC	PTTEPO	25.50	25.50	0.10	0.00	0.58	0.01	0.59	0.01
	TPC	PTTEPO	19.31784	19.31784	-	-	0.23	0.00	0.23	0.00
	ATL ⁴	PTTEPO	100.00	80.00	-	-	-	-	0.03	0.00
	PTTEP Services	PTTEP	25.00	25.00	0.38	0.01	0.86	0.01	1.14	0.02
		PTTEPI	75.00	75.00	-	-	-	-	-	-
	PTTEPT ²	PTTEPI	100.00	100.00	-	-	0.08	0.00	0.07	0.00
	PTTEPS	PTTEP	51.00	51.00	2.44	0.05	5.21	0.09	1.91	0.03
		PTTEPO	49.00	49.00	-	-	-	-	-	-
	PTTEP AP	PTTEPH	100.00	100.00	45.29	1.00	41.42	0.73	93.95	1.34
	PTTEP NZ	PTTEPH	100.00	100.00	-	-	7.51	0.13	0.02	0.00
	PTTEP AI ³	PTTEPH	100.00	100.00	-	-	-	-	0.34	0.01
	PTTEP SM	PTTEP ID	100.00	100.00	1.83	0.04	-	-	-	-
	PTTEP SMD	PTTEP ID	100.00	100.00	-	-	3.13	0.05	2.11	0.03
	PTTEP SS	PTTEP ID	100.00	100.00	-	-	1.16	0.02	-	-
	PTTEP SD	PTTEP ID	100.00	100.00	-	-	0.90	0.02	-	-

Product	Operated by	Shareholding by	% of interest		2010		2011		2012	
			2011	2012	Revenue (Million USD)	%	Revenue (Million USD)	%	Revenue (Million USD)	%
Other Revenues (continued)	PTTEP NC	PTTEP IH	0.00005	0.00005	-	-	1.74	0.03	-	-
		PTTEP NL	99.99995	99.99995	-	-	-	-	-	-
	PTTEP CA ⁵	PTTEP NC	100.00	100.00	-	-	3.77	0.07	25.33	0.36
	PTTEP CIF	PTTEP NC	100.00	100.00	-	-	0.29	0.01	0.02	0.00
	COVE	PTTEP AI ³	-	100.00	-	-	-	-	0.10	0.00
	CEEAL	COVE	-	100.00	-	-	-	-	2.00	0.03
Total					91.30	2.01	121.30	2.13	180.43	2.57
Grand Total					4,531.77	100.00	5,685.09	100.00	7,020.67	100.00

¹ PTTEPO holds shares in Orange Energy Co., Ltd. and B8/32 Partner Co., Ltd.

² On 24 December 2010, PTTEP (Thailand) Co., Ltd. made cancellation of its incorporation with the Ministry of Commerce and is in the process of account clearing.

³ PTTEP Egypt Company Limited (PTTEP EG) is renamed as PTTEP Africa Investment Limited (PTTEP AI).

⁴ On 5 January 2012, PTTEP Offshore Investment Co., Ltd. (PTTEPO), in collaboration with Myanmar Oil and Gas Enterprise (MOGE), signed a Shareholders Agreement for Andaman Transportation Ltd. for the Zawtika gas transmission pipeline project. The MOGE joint investment follows the Agreement for Establishing the Rights and Obligations of the Andaman Transportation Ltd., stating that if MOGE exercises its rights to make investment under the Joint Operation Agreement for the Zawtika Project at the proportion as stated in the Production Sharing Contract, which is 20%, MOGE will be eligible to have shareholding in Andaman Transportation Co., Ltd. (ATL) in the same proportion. The contract signing allows PTTEPO to hold an 80% stake and MOGE own a 20% stake in ATL. The contract is effective at the date that both parties signed the agreement. The change of investment proportion prompts ATL change its status from a subsidiary to a joint controlled entity. MOGE pays the actual expenses, according to its shareholding, of USD 6.22 million and makes payment for investment of new shares, according to its shareholding, of USD 12,500.

⁵ On 8 November 2012, PTTEP Canada Ltd. sold an 8% stake in Leismer Aerodrome Ltd. (LAL) to FCCL PARTNERSHIP. After the sale, the former's shareholding in LAL declined from 40% to 32%.

For 2012, total revenues for PTTEP and its subsidiaries amounted to USD 7,021 million (equivalent to 218,137 million baht), an increase of USD 5,685 million or 24% against last year which was USD 5,685 million (equivalent to 173,375 million baht). The increase was mainly due to higher sales of petroleum of USD 1,249 million, resulting from (1) the higher average petroleum sales price for 2012, which rose to USD 64.86 per BOE against last year, which was USD 55.49 per BOE; (2) the higher sales volume for 2012 rose to 275,923 BOED against last year, which was 265,047 BOED. The increased sales volume largely came from crude sales from the Vietnam 16-1 Project due to production ramp up from 8 new wells. The increased in crude sales also from the S1 Project from new wells and higher beam pump activities. Moreover, bitumen sales from Canada Oil Sands KKD Project also increased due to the production ramp up phase. However, the sales of natural gas decreased due to the net effect of the production stoppage of the Arthit North Project since the fourth quarter of 2011; whereas, the natural gas sales of Bongkot Project increased from the Greater Bongkot South field which started in the second quarter of 2012.

PTTEP and its subsidiaries' revenues from pipeline transportation from proportionate revenue in MGTC and TPC increased.

This year, PTTEP and its subsidiaries' other revenues increased principally because of the recognition of other incomes from the insurance claim from the Montara incident amounted to USD 92 million in 2012; whereas, this insurance claim was recognized, which amounted to USD 36 million in 2011.

Risk Factors



Exploration for new petroleum sources is vital to this high-risk, high-return business. Exploration projects deal with petroleum reserves potentially lying kilometers beneath the surface of the earth.

The major risks associated with PTTEP's petroleum exploration and production result from internal and external factors.

Internal Risk Factors

New Project Investment Risks

PTTEP's investment strategy seeks to expand interests both domestically and internationally, with a focus on projects that align with its strategic plan to increase petroleum production and reserves to meet long term energy demands. The investment decisions the company makes are assessed through the evaluation of a set of criteria ranging from petroleum potential, whether it is an opportunity in a target country, the type of petroleum technology involved and whether it is an investment with a strategic partner. In addition, PTTEP periodically rebalances its strategic policy and reassess and expands its investment plans in core areas, emphasizing opportunities at the exploration phase or through mergers and acquisitions (M&A). The focus for increased investment is assessed from a "growth platform" perspective and whether through that investment PTTEP is able to mobilize inherent advantages it might already have; due to prior investment in those countries, meaning that new acquisitions can be leveraged to deliver benefits with existing projects and has the potential to increase growth opportunities.

Nevertheless all new investments contain inherent risks. Therefore PTTEP has instituted risk mitigation guidelines as part of its screening process for the assessment of each investment – which provides consideration of the many varied aspects, from taking into account petroleum potential of an area, the potential reserves, operational risks, operators' capability (in non-op investments) attractiveness of fiscal regimes, contract adherence, political stability, economic and fiscal stability, international relations, geographical conditions, size and project characteristics. In addition, risk prevention measures must be identified ahead of time. These risk factors are taken into account and mitigated using profitability analyses.

In view of such risks, PTTEP has instituted a process to scrutinize investment for each new project by presenting it before the Early Opportunity Review Committee who assess and ensure it adheres to corporate investment direction and policy. The committee analyses assorted factors from business rationales to technology, whether it is conventional or unconventional development. Each new investment, including farm-in and farm-out projects, must secure endorsement from the aforementioned committee and a Management Committee before securing another endorsement from the Risk Management Committee, prior to final approval from the Board.



Exploration Risks

Exploration for new petroleum sources is vital to this high-risk, high-return business. Exploration projects deal with petroleum reserves potentially lying kilometers beneath the surface of the earth. Given the current level of technology, it is still difficult to visualize and understand petroleum geology at such depths. Absolute geological confidence is therefore rare and considerable geological uncertainty prevails. Still, the availability of sufficient data and detailed geological analyses could reduce this uncertainty and exploration risks to acceptable levels.

Here are the major risk factors and uncertainty often stressed in PTTEP's study and analysis before exploration decisions are made:

- (1) Risk assessment or probability of success
- (2) Assessment of the sizes of resources or reserves in each target area
- (3) Finding costs.

To minimize the risks associated with these three factors, PTTEP values capability development of relevant geoscience personnel, such as that through knowledge management efforts and further E&P database development to store best practices and lessons learned from projects for everyone's reference and applications. In addition, an expert directory has been prepared for reference by everyone.

For efficient decision-making, PTTEP set up a risk management mechanism for its technical consideration by using a peer review through the Quality Assurance Review Team (QART), which screens and assesses the quality of exploration projects that encompass key technical issues and geological uncertainty in keeping with PTTEP's standards as well as processes. PTTEP's exploration portfolio has undergone stringent reviews of the planned exploration wells during the annual work program and budget formulation period. Such process ensures efficient allocation of funds based on accepted risk profiles.

Project Development Risks

Recognizing the potential for project development delays and cost overruns, PTTEP has drawn up the following risk mitigation measures to enable successful and timely project completion:

(1) Project management: To ensure timely project implementation, suitable production costs, and maximum benefit to all parties involved, PTTEP focuses on related policy formulation, sound project planning and engineering system designs, contract administration, monitoring, and construction supervision management.

(2) Personnel and procedures: This is achieved through a development focus on project management personnel, application of knowledge management procedures for data and experience-sharing among projects, while constantly improving procedures under the Project Realization Process (PREP) to enable project development to follow proper procedures that are suitable, transparent, and conducive to goal achievement in quality, budgetary, and time aspects, including improvement of its procurement processes for greater flexibility.

(3) Commercial contract: There exist risks arising from contractual matters while working with contractors, ranging from contract drafting, contract obligation, to contract administration, violation of which could lead to litigation. These risks are controllable, starting at the negotiation stage, which calls for knowledgeable and competent personnel attached to related units. For instance, in negotiating production platform construction agreements, knowledge and competence of civil engineering is required for technical detail scrutiny. In addition, procurement personnel need to examine contractors' qualifications and compare prices; finance and accounting personnel need to consider tax and insurance matters; law personnel need to ensure compliance with laws, duties and responsibility of the parties, etc.

Prudent contract management lessens risks and damage potentially resulting from delays, which could not only affect plans and performance at large, but result in potential litigation and disputes. Therefore, the contract departments must ensure that PTTEP personnel master contractual terms and conditions and that they consult the Legal Department.

Production Risks

Production disruption tends to result from aging equipment and operation errors, which may make production target unachievable.

To prevent such risks, PTTEP focuses on every detail, starting from production platform designs, production systems, to production control and preventive maintenance. Automatic detection and emergency shutdown systems are in place to prevent losses, as are work procedures and operation manuals, together with training programs to instill greater understanding and efficiency of operation. PTTEP has implemented ARIMs (Asset Reliability & Integrity Management System), which forms a part of the Operation Excellence Project. ARIMs reduces instances of production losses due to worn-out equipment and improves on equipment efficiency, through raising the efficiency of preventive maintenance and inspection. The ultimate goal in the future is zero unplanned shutdowns.

To give its overall operation management even greater efficiency, PTTEP has set up an Operational Risk Committee to analyze and assess risks, respective impacts on project implementation plans, and provide recommendations on action plans to mitigate potential impacts while monitoring risks to ensure that they align with PTTEP's risk management policy.

Commercial Risks

Since PTTEP's main product is natural gas, which relies heavily on the domestic market, its revenue could drop if domestic demand proved lower than projected. As a result, PTTEP has expanded its investments internationally, in particular those with crude oil potential, to increase its portion of oil reserves. A case in point is its investment in the Canada Oil Sands KKD Project. This is a way to diversify risks of excessive dependence on natural gas. In addition, PTTEP has been seeking opportunities to develop stranded gas fields by employing Floating Liquefied Natural Gas Production (FLNG), a process of liquefying gas for subsequent barge transport to the market. Such technology will make stranded gas field projects commercially feasible. A clean and abundant energy form in the world today, natural gas could enhance Thailand's national energy security and fits in well with PTT Plc's plan to import LNG.

Although PTT Plc is the sole customer of natural gas, PTTEP has entered into long-term gas sales agreements (GSAs) with PTT to guarantee income over 25-30 years, thereby mitigating the risks if PTT should refuse to take delivery of the gas. Under these GSAs, a take-or-pay clause is included in case the buyer cannot take delivery of at least the net annual contract quantity (ACQ), which serves as a guarantee for PTTEP's revenue.

In response to the dynamics of energy demand, PTTEP closely monitors petroleum demand in coordination with PTT and related government agencies to collectively outline an optimal supply plan. PTTEP reviews and adjusts its production as well as project development plans to match energy requirements. This also included the development of a holistic development master plan to optimize reserves and resources of existing assets to match the country's energy demand.

Organization Capability Risks

Because human resources and business processes dictate an organization's success, PTTEP has taken the following actions to enhance its business process and organizational capability:

(1) Accelerate competency development and technology in support of future growth strategies, consisting of

- M&As,
- exploration,
- deep water drilling, and
- oil sand and heavy oil.

(2) Develop recruitment and development plans through the Competency Management System for many functions, especially core professionals; develop competency assessment to define development plans so that PTTEP personnel can attain the desired capability. A Technical Career Ladder (TCL) has been implemented to provide career growth opportunities to technical personnel, who are now able to attain job values comparable to management whilst staying on the technical track. An Accelerated Development Program (ADP) has been also implemented to speed up staff competency development to be ready to perform given assignments. PTTEP has also devised plans to recruit and develop human resources who should hold executive positions and equivalent to replace retiring executives or add to executive positions to accommodate the Company's growth. This includes a choice of technical partners—or business allies—that can educate its personnel further and thus add to its own strengths for specific expertise.



Safety, Security, Health, and Environmental Risks

Since PTTEP and its subsidiaries operate in the E&P business, they are inherently faced with assorted risks, including safety, security, occupational health, and environmental ones (all of which come from inside and outside) with various degrees of severity.

In view of Safety, Security, Health, and Environmental (SSHE) risks, PTTEP has drawn up a clear SSHE policy and constantly improved its SSHE performance to add security and efficiency to its business. In 2011, the Step Change in SSHE Project was initiated, with a primary goal of becoming an LTI-free (lost-time-injury-free) organization by 2013 in addition to upgrading capability to become a national E&P entity known and trusted for safety, and sustainable growth. Emphasis will be on continuous development of SSHE management systems to define and improve work procedures to always be timely while enriching the SSHE culture through the expressed desires of executives, participation of personnel, and assessment of operation for the purpose of continuous improvement.

Financial Risks

Two risk factors are categorized as internal financial risk: credit and liquidity. PTTEP ensures that products are sold to customers with acceptable credit profiles, with the overwhelming majority of sales currently being made to PTT Plc, PTTEP's parent company. Bank deposits, accounts receivable trading and derivatives, and counter party credit risks are carefully assessed and regularly reviewed.

Liquidity risk arises from a lack of viable sources of funding for PTTEP's business activities. PTTEP Group's liquidity is managed via the forecasting and continual updating of cash requirements and financial projection, including the launch of short-term loan projects to provide access to domestic capital. This is done by issuing short-term debt instruments (bonds) and entering into credit lines obligations with commercial banks.

External Risk Factors

Political Risks in Other Countries

Due to PTTEP's foreign investment policy to meet the expanding domestic energy market and sustain its own growth in the long term, it has focused on growing aggressively in core areas. Some of these bear considerable political risks, and therefore PTTEP appointed a geopolitical risk team to monitor all these factors and periodically analyze and report on the development of these forms of risk and formulate possible scenarios for the consideration of management and relevant units for their decision-making on new investments and assessment of security risks in countries of existing investments where PTTEP staff are based. PTTEP bases its risk rating scores on such assessments before investing in new projects. In addition, PTTEP liaises closely with the Ministry of Foreign Affairs and Thai embassies in all these countries to ensure that PTTEP's execution is well-supported by the state and aligns with the national policy.

Litigation Risks

These risks result from violation or non-conformance to relevant laws, requirements, or standards, leading to disputes or potential revocation of licenses. An instance is violation of laws or requirements dealing with safety and the environment, which directly causes losses of revenue and immeasurable losses, such as PTTEP's reputation.

To date, PTTEP has applied measures for risk prevention concerning compliance by setting up a Compliance department. A compliance unit is responsible for inspecting and supervising business for strict compliance with all relevant laws and regulations to minimize risks of non-compliance, and ensuring PTTEP directors, executives and employees of such compliance. Measures or process for non-compliance is set up. Examples are collection and arrangement of database of unit-level compliance, development of compliance management, warning for compliance schedules, training and advice for compliance, and review and report of compliance.

Price Risks

In 2012, the price of oil was considerably volatile, with Brent crude in the USD 84-130 per barrel range. PTTEP's product prices vary with those of the world oil market, which are subjected to factors beyond its control, including market demand and supply, political and economic stability of various countries, OPEC's production policy, oil reserves in individual countries, and the global economic climate. Fluctuations in world oil prices affect revenue and investment planning.

When oil prices drop, so do the prices of PTTEP's oil and condensate. However, because of built-in gas pricing mechanisms of GSAs, which cushion gas prices from oil price volatility (natural hedge), the typical prices of natural gas, its main product, do not immediately drop. Most of PTTEP's contractual gas prices are adjusted every six or twelve months. A reference oil price is usually found in each gas price formula. Should this price rise or fall, the gas price will do the same to a certain degree.

PTTEP has recognized the impact of prices on its revenue and profits. Therefore, the risk mitigation plan is routinely reviewed by the Risk Management Committee and endorsed by the Board for further action.



PTTEP's product prices vary with those of the world oil market, which are subjected to factors beyond its control. PTTEP also takes world oil prices into account in its revenue and investment planning.

Exchange Rate Risks

Effective from 1 January 2012, PTTEP has opted to make the US dollar as its functional currency, since it is the main denomination referred to in petroleum product transactions involving its core products (oil and gas). PTTEP's cash flow is also subjected to risks concerning the baht currency in comparison with the dollar, since the bulk of its cash flow receivables are in baht based on the dollar. That is to say, the sales prices of its crude, a key product, are based on the world oil price, traditionally set in dollars. But because PTTEP's key customers are those registered domestically, they pay for such crude in baht equivalent to the dollar, which is in turn derived from sales formulas based on the world oil price. Conversely, PTTEP's operation payments—including key investment items—are in dollars. To make matters more complicated, periods for payments and receipts of payments for goods and services do not coincide, resulting in risks associated with cash flow and volatility of the baht in relation to the dollar. To solve this problem, PTTEP manages such risks by engaging itself in “forward” and “option” contracts for foreign currencies, by basing them on currency exchange rates for the receipt of payments for its goods in baht.

Such choice of a functional currency also resulted in PTTEP's exposure to volatility in the baht currency in relation to the dollar due to the conversion of asset values, including cash in hand and loans, in baht to the dollar in every accounting period. To handle this, PTTEP exercise risk management by choosing proper ratios between its assets and baht-denominated liabilities. Besides this it is engaged in cross-currency swaps for baht-denominated loans or debt instruments to convert and decide interest rate payments and principals due in the dollar denomination so as to ease potential impacts of the changing baht-dollar exchange rate.

In addition, the performance of PTTEP and its subsidiaries are subjected to risks resulting from changes in the US dollar-Canadian dollar exchange rate. This is because PTTEP CA, its subsidiary partner in the Canada Oil Sands KKD Project, had opted for the Canadian dollar as its functional currency, while all loans are in US dollars. As a result, PTTEP CA's profits or losses are unrealized due to the conversion of liabilities and changes in the US dollar-Canadian dollar exchange rate. To solve this problem, PTTEP manages such risks by adjusting the ratio between liabilities and capital, together with changing the denomination of liabilities through its engagement in cross-currency swaps and securing of new loans, taking into account costs, market situations, and acceptable risks.

Interest Rate Risks

PTTEP and its subsidiaries are subjected to interest rate risks due to changes in the interest rates affecting future cash flow and fair values of financial instruments. The majority of PTTEP's debts are long-term under fixed interest rates, giving it constant cash flow expenses; yet, there are risks of paying higher interests than market interest rates during periods of declining interest rates. To mitigate this, PTTEP's policy is to maintain a balance of its proportion of liabilities with fixed interest rates and those with floating interest rates suitable to PTTEP's business. It favors borrowing funds at fixed and floating interest rates and applies financial instruments to lessen off interest-rate risks, including interest-rate swap agreements, to convert floating into fixed rates, and vice versa. In so doing, PTTEP takes into consideration costs, market conditions, and acceptable risks.

Connected Transactions

Connected Transactions between Related Companies

The summary of connected transactions of PTTEP and/or its subsidiaries with persons that may have conflicts of interest in the fiscal year ending 31 December 2012 are as follows:

Connected Company	Relationship	Transaction	2012 Value (Unit: Million USD)	Pricing policy and/or Reason
PTT Plc. (PTT)	<ul style="list-style-type: none"> PTT, PTTEP's major shareholder, holds 65.29% of PTTEP's registered and paid-up capital. Co-directors are: (1) Mr. Norkun Sitthiphong (2) Mr. Pailin Chuchottaworn 	Petroleum product sales: crude oil; natural gas; LPG; and condensate. ➤ Total income ➤ Account receivables Other income includes: <ul style="list-style-type: none"> Income from design, equipment procurement, construction, and natural gas pipeline test from central processing platform of South Bongkot field to PTT's third gas transmission pipeline for PTT. Income from infrastructure services to support the petroleum development such as warehouse, helicopter, and accommodation for PTT personnel at Arthit Platform. 	5,331.68 834.17	<ul style="list-style-type: none"> Condition/price setting follows normal business operations at the arm's length conditions for non-related persons or operations. The condition/price setting for these specified other income follows normal business operations at the arm's length conditions for non-related persons and operations.

Connected Company	Relationship	Transaction	2012 Value (Unit: Million USD)	Pricing policy and/or Reason
PTT Plc. (PTT) (cont.)		<ul style="list-style-type: none"> Income from maintenance of natural gas meters. Income from training Income from procurement of drivers for executives under agreements between PTT and PTTEP Services Co., Ltd. (the Company's subsidiary). 		
		➤ Total income	6.21	
		➤ Account receivable	1.98	
		Account receivable from construction of gas transmission pipelines	36.07	<ul style="list-style-type: none"> Such amount arises mostly from additional scope of work on gas-pipeline construction. The actual cost of the additional work is under negotiation with PTT. The condition/price setting for construction of gas transmission pipelines follows normal business operations at the arm's length conditions for non-related persons and operations.
		Petroleum product purchase, other related expenses, and expenses for PTT personnel seconded to PTTEP.		<ul style="list-style-type: none"> The condition/price setting for the purchase of petroleum product, related equipment, related services, and others follows normal business operations at the arm's length conditions for non-related persons and operations
		➤ Expenses for the purchase of petroleum products, related equipment, related services and others	53.43	<ul style="list-style-type: none"> Personnel expense rates follow the actual rates PTT pays for employees seconded to the Company.
		➤ Personnel expenses	2.57	
		➤ Account payable	0.44	
		The deferred payment is the Company's obligation according to the Arthit Project's natural gas purchase/sale contract.	1.76	<ul style="list-style-type: none"> Condition/price setting follows normal business operations at the arm's length conditions for non-related persons and operations.

Connected Company	Relationship	Transaction	2012 Value (Unit: Million USD)	Pricing policy and/or Reason
Energy Complex Co., Ltd. (Energy Complex)	<ul style="list-style-type: none"> PTTEP, Energy Complex's major shareholder, holds 50% of Energy complex's registered and paid-up capital. PTT, the major shareholder of both PTTEP and Energy Complex, holds 50% of Energy Complex's registered and paid-up capital. The Company's executives who serves as Energy Complex's directors are: (1) Ms. Petchun Jarikasem, (2) Mr. Asadakorn Limpiti, and (3) Mr. Thiti Mekavichai. 	The Company signed a three-year lease with Energy Complex to rent the 47,000 square meters building for office, storage and multipurpose areas at the Energy Complex Center (Enco). The Company is eligible to extend its lease period for another three years.		<ul style="list-style-type: none"> The leasing rate is referred to the rate appraised by independent evaluators, based on the market rate of office building lease.
		➤ Total lease and service paying amount	13.51	
		➤ Account payable	-	
		The Company signed a loan contract with Energy Complex under the following conditions:		<ul style="list-style-type: none"> The mentioned contract follows the conditions of the loan contract signed by Energy Complex and Krung Thai Bank Plc., dated 2 April 2009 (Contract amendment is included.) with the financial support of all Energy Complex's shareholders proportionately.
		<ul style="list-style-type: none"> Contract period of 13 years and six months Expiration date on 2 October 2022 Reference interest rate follows a loan contract, between Energy Complex and Krung Thai Bank Plc. dated 2 April 2009, and its amendment. The interest rate is FDR+2% per year for the year 2012. 		
		➤ Accrued loan	18.93	
		➤ Interest receivable	0.85	
		Income from the Company's personnel seconded to Energy Complex		<ul style="list-style-type: none"> Salary rates based on the actual rates the Company pays for its employees seconded to Energy Complex.
		- Total income	-	
		- Account receivable	0.01	

Connected Company	Relationship	Transaction	2012 Value (Unit: Million USD)	Pricing policy and/or Reason
PTT ICT Solutions Co., Ltd. (PTT ICT)	<ul style="list-style-type: none"> PTT, the major shareholder of the Company, holds 20% of PTT ICT's registered and paid-up capital. PTT Global Chemical Plc., Thai Oil Plc. (TOP), and PTTEP in which PTT is their major shareholder, hold 40%, 20% and 20% of PTT ICT's shares, respectively. Ms. Penchun Jarikasem, the Company's executive, serves as PTT ICT's director. 	<p>The Company signed a contract with PTT ICT for IT services and communications.</p> <ul style="list-style-type: none"> ➤ Total expenses ➤ Account payable <hr/> <p>Income from the Company's personnel seconded to PTT ICT.</p> <ul style="list-style-type: none"> ➤ Total income ➤ Account receivable 	<p>21.37</p> <p>0.88</p> <hr/> <p>-</p> <p>1.28</p>	<ul style="list-style-type: none"> Condition/price setting follows normal business operations at the arm's length conditions for non-related persons and operations. <hr/> <ul style="list-style-type: none"> Salary rates based on the actual rates the Company pays for its employees seconded to PTT ICT.
Star Petroleum Refining Plc. (SPRC)	<ul style="list-style-type: none"> PTT, the Company's and SPRC's major shareholder, holds 36% of SPRC's registered and paid-up capital. 	<p>Crude oil sales</p> <ul style="list-style-type: none"> ➤ Total income ➤ Account receivable 	<p>87.94</p> <p>2.26</p>	<ul style="list-style-type: none"> Condition/price setting follows normal business operations at the arm's length conditions for non-related persons and operations.
Krung Thai Bank Plc. (KTB)	<ul style="list-style-type: none"> The Company's ex-director in 2012, Mr. Vorapak Tanyawong, is KTB's director. 	<p>The Company assigned loan agreement with KTB under the following conditions.</p> <p><u>Loan agreement for 2011</u></p> <ul style="list-style-type: none"> 1-year contract period Expiration date on 31 March 2012 Interest rate: THBFIX+0.9% per annum Amount: 20,000 million baht <p><u>Loan agreement for 2012</u></p> <ul style="list-style-type: none"> 10-year contract period Expiration date on 30 March 2022 Interest rate: THBFIX+1.1% per annum for year 1-5 Interest rate: upon agreement for year 6-10 Amount: 20,000 million baht <ul style="list-style-type: none"> ➤ Accrued loan ➤ Fee and interest expenses 	<p>-</p> <p>12.28</p>	<ul style="list-style-type: none"> Interest rate/price setting follows normal business operations at the arm's length conditions for non-related persons and operations.

Connected Company	Relationship	Transaction	2012 Value (Unit: Million USD)	Pricing policy and/or Reason
PTT International Co., Ltd. (PTT Inter)	<ul style="list-style-type: none"> PTT, the Company's and PTT Inter's major shareholder, holds 100% of PTT Inter's registered and paid-up capital. Mr. Chatchawal Eimsiri, the Company's executive, is PTT Inter's director. 	Income from procurement of drivers for executives based on contracts between PTT Inter and PTTEP Services Co., Ltd. (the Company's subsidiary). <ul style="list-style-type: none"> ➤ Total income ➤ Account receivable 	0.04 0.01	<ul style="list-style-type: none"> Condition/price setting follows normal business operations at the arm's length conditions for non-related persons and operations.
IRPC Plc. (IRPC)	<ul style="list-style-type: none"> PTT, the Company's and IRPC's major shareholder, holds 38.51% of IRPC's registered and paid-up capital. Co-directors are: (1) Mr. Pailin Chuchottaworn (2) Mr. Wichai Pornkeratiwat. 	Expenses for IT services from IRPC for real time analyst meetings. <ul style="list-style-type: none"> ➤ Total expenses ➤ Account payable 	0.01 -	<ul style="list-style-type: none"> Condition/price setting follows normal business operations at the arm's length conditions for non-related persons and operations.
Thai Airways International Plc. (THAI)	<ul style="list-style-type: none"> Co-director is Mr. Ampon Kittiampon. 	Expenses for air ticket purchase <ul style="list-style-type: none"> ➤ Total expenses ➤ Account payable 	0.09 0.01	<ul style="list-style-type: none"> Condition/price setting follows normal business operations at the arm's length conditions for non-related persons and operations.
Bangchak Petroleum Plc. (BCP)	<ul style="list-style-type: none"> PTT, the Company's and BCP's major shareholder, holds 27.22% of BCP's registered and paid-up capital. Co-director is Mr. Pichai Chunhavajira. 	Expenses for public utility, equipment, tools and operating rooms in the area of Bangchak refinery. <ul style="list-style-type: none"> ➤ Total expenses ➤ Account payable 	0.003 -	<ul style="list-style-type: none"> Condition/price setting follows normal business operations at the arm's length conditions for non-related persons and operations.
PTT Global Chemical Plc. (PTTGC)	<ul style="list-style-type: none"> PTT, the Company's and PTTGC's major shareholder, holds 48.90% of PTTGC's registered and paid-up capital. Co-director is Mr. Prajya Phinyawat. The Company's ex-director in 2012, Mr. Anon Sirisaengtaksin, is PTTGC's director. 	Income from procurement of drivers for executives based on contract between PTTGC and PTTEP Services Co., Ltd (the Company's subsidiary). <ul style="list-style-type: none"> ➤ Total income ➤ Account receivable 	0.01 0.01	<ul style="list-style-type: none"> Condition/price setting follows normal business operations at the arm's length conditions for non-related persons and operations.

Connected Company	Relationship	Transaction	2012 Value (Unit: Million USD)	Pricing policy and/or Reason
PTT Maintenance and Engineering Co., Ltd. (PTT Maintenance)	<ul style="list-style-type: none"> PTT, the Company's and PTT Maintenance's major shareholder, holds 40% of PTT Maintenance's registered and paid-up capital. PTTGC, in which PTT is its major shareholder, holds 60% of PTT Maintenance's shares. 	<ul style="list-style-type: none"> Income from training services <ul style="list-style-type: none"> ➤ Total income ➤ Account receivable 	0.001 -	<ul style="list-style-type: none"> The condition/price setting for training services follows normal business operations at the arm's length conditions for non-related persons and operations.
		The Company and its subsidiaries signed contracts with PTT Maintenance as follows: <ul style="list-style-type: none"> Rail Tank Wagons Maintenance and repair General maintenance, equipment inspection and other services MESC training (Implementation for Stock Inventory) ➤ Total expenses ➤ Account payable 	2.79 -	<ul style="list-style-type: none"> Condition/price setting follows normal business operations at the arm's length conditions for non-related persons and operations.
PTT Energy Solutions Co., Ltd. (PTT Energy)	<ul style="list-style-type: none"> PTT, the Company's and PTT Energy's major shareholder, holds 40% of PTT Energy's registered and paid-up capital. PTTGC, TOP, and IRPC, in which PTT is their major shareholder, hold 20% each in PTT Energy. 	Expenses for meeting and seminar arrangement, consultant fee for personnel training and work system. <ul style="list-style-type: none"> ➤ Total expenses ➤ Account payable 	0.25 0.03	<ul style="list-style-type: none"> Condition/price setting follows normal business operations at the arm's length conditions for non-related persons and operations.

Connected Company	Relationship	Transaction	2012 Value (Unit: Million USD)	Pricing policy and/or Reason
Sport Services Alliance Co., Ltd. (Sport Services)	<ul style="list-style-type: none"> Business Services Alliance Co., Ltd., in which PTT is its major shareholder, is Sport Services' major shareholder holding 100%. The Company's ex-director in 2012, Mr. Sommai Khowkachaporn, is Sport Services' director. 	Expenses for sponsoring PTT Rayong Football Club > Total expenses > Account payable	0.16 -	<ul style="list-style-type: none"> Sport Services is the owner and sponsor of PTT Rayong Football Club. It is the football-activity support for youth and people in Rayong.
Dhipaya Insurance Plc. (TIP)	<ul style="list-style-type: none"> PTT, the Company's and TIP's major shareholder, holds 13.33% of TIP's registered and paid-up capital. 	Expenses for Company's assets and its employees' health and life insurance > Total expenses > Account payable	20.92 -	<ul style="list-style-type: none"> Condition/price setting follows normal business operations at the arm's length conditions for non-related persons and operations.
Business Services Alliance Co., Ltd. (Business Services)	<ul style="list-style-type: none"> PTT, the Company's and Business Services' major shareholder, holds 25% of Business Services' registered and paid-up capital. PTTGC, PTT ICT and PTT Utility Co., Ltd., in which PTT is their major shareholder, hold 25% each in Business Services. 	Expense for the change of carton packaging and the re-arrangement of the damaged rock samples at the Company's warehouse in Phra Nakhon Si Ayutthaya province after the flood, based on the Company's rock sample collection standard. > Total expenses > Account payable	0.02 0.0003	<ul style="list-style-type: none"> Condition/price setting follows normal business operations at the arm's length conditions for non-related persons and operations.
Linde (Thailand) Plc. (Linde)	<ul style="list-style-type: none"> The Company's ex-director in 2012, Mr. Sommai Khowkachaporn, is Linde's director. 	Expenses for purchase of nitrogen and lease of nitrogen-related equipment. > Total expenses > Account payable	0.04 -	<ul style="list-style-type: none"> Condition/price setting follows normal business operations at the arm's length conditions for non-related persons and operations.
Top Maritime Service Co., Ltd. (Top Maritime)	<ul style="list-style-type: none"> Co-director is Mr. Pichai Chunhavajira. 	Ship lease for transporting personnel to and from Bongkot Field > Total expenses > Account payable	0.53 -	<ul style="list-style-type: none"> Condition/price setting follows normal business operations at the arm's length conditions for non-related persons and operations.

Connected Company	Relationship	Transaction	2012 Value (Unit: Million USD)	Pricing policy and/or Reason
PTT International Trading Pte. Ltd. (PTT Inter Trading)	<ul style="list-style-type: none"> PTT, the Company's and PTT Inter Trading's major shareholder, holds 100% of PTT Inter Trading's registered and paid-up capital. 	Expenses for purchase of fuel filled in Singapore. ➤ Total expenses ➤ Account payable	0.52 -	<ul style="list-style-type: none"> The condition/price setting of fuel purchase follows normal business operations at the arm's length conditions for non-related persons and operations.
		Expense for hedging contracts for oil prices ➤ Total expenses ➤ Account payable	4.25 1.15	<ul style="list-style-type: none"> The condition/price setting of oil-price hedging contract follows normal business operations at the arm's length conditions for non-related persons and operations.
Thai Oil Plc. (TOP)	<ul style="list-style-type: none"> PTT, the Company's and TOP's major shareholder, holds 49.10% of TOP's registered and paid-up capital. Co-directors are: (1) Mr. Norkun Sitthipong (2) Mr. Chaikasem Nitisiri. 	Crude oil sales ➤ Total income ➤ Account receivable	23.86 8.17	<ul style="list-style-type: none"> Condition/price setting follows normal business operations at the arm's length conditions for non-related persons and operations.

Necessity and Reasons for Connected Transactions

Having audited the connected transactions that arose and were recorded for the fiscal year ending 31 December 2012 as detailed above, the Audit Committee agreed that such connected transactions were necessary with fair and/or equal conditions and prices at the arm's length basis, and gained approval from the management or the Board according to the Company's policy prior to the transactions.

Approval Measures and Procedure for Connected Transactions

The Board properly reviewed the transactions that may have conflicts of interest or related transactions or connected transactions based on the ethical framework after the Audit Committee's screening and considering, as determined by regulations of the Stock Exchange of Thailand, the Capital Market Supervisory Board, the Securities and Exchange Commission, and had such transactions' information disclosure with accuracy and completeness.

The Company set its policy and reporting procedures on conflicts of interest clearly for directors and employees to follow.

Two types of approval procedures for connected transactions are described below.

(1) Transactions that require the Board approval before execution e.g. purchase/sale contracts of gas, crude oil and condensate, and trade finance.

(2) Transactions that are permitted to be executed by following procurement regulations with the management approval under the limited amount approved by the Board e.g. procurement of fuel and petroleum products, lease of office buildings, and helicopter services.

In a case that directors, employee or related persons have conflict of interest on the Company transactions, they are not eligible for decision-making or approval of such transactions. Such transactions will have fair conditions and prices at the arm's length basis.

Policy and Future Trend for Connected Transactions

Policy for Connected Transactions

Future connected transactions will follow the Company's normal business operations without any transfer of benefits between the Company and related companies or persons. The Company will strictly adhere to and abide by the securities and exchange laws, the Capital Market Supervisory Board's notifications and the Stock Exchange of Thailand's regulations or other supervisory agencies for connected transactions with reasons and appropriate condition at reference market prices in order for all shareholders and stakeholders to be taken care of benefits with fairness and equality under the Company's good corporate governance policy.

Trend for Connected Transactions with Persons that may have Conflicts of Interest

The Company continues to have connected transactions with related persons in the future. Such transactions include normal business transactions, lease of office buildings, and support transactions for normal business described below.

(1) Sales of petroleum product and purchase of fuel: As such transactions are the Company's normal business operations and follow conditions and requirements agreed in contracts, the Company still continues executing these transactions due to their necessity to the Company's business operations.

(2) Lease of office buildings: As the lease of office buildings is the reasonable and necessary for the Company's business operations, the Company continues such transactions.

(3) Employment of information and technology services: As the employment of information and technology services is the reasonable and necessary for the Company's business operations, the Company continues such transactions.

Awards and Recognition

- Board of the Year Awards 2010/11 and Board with Consistent Best Practices Award from Thai Institute of Directors Association
- 2nd Asian Excellence Recognition Award 2012 and 8th Corporate Governance Asia Recognition Award 2012 from Corporate Governance Asia Magazine
- Thailand's Top Corporate Values 2012 Award researched by the Faculty of Commerce and Accountancy, Chulalongkorn University
- Top Corporate Governance Report Award from SET Awards 2012 organized by the Stock Exchange of Thailand and Money and Banking Magazine
- Environment Award from BG Chairman's Awards 2012 for the Environmentally Responsible for Produced Water Management in the Bongkot Field
- Best CEO and Best CFO Awards from SAA Awards for Listed Companies 2012 by Securities Analysts Association
- Best Secondary Offering Award from Triple A Regional Deal Awards 2012 by The Asset Magazine for the preferential public offering
- Thailand Capital Market Deal Award from IFR Asia Awards 2012 by International Financing Review Asia (IFR Asia) Magazine for THB 5 Billion Hybrid Bond

Management Discussion and Analysis of Operating Results



As PTTEP aims to grow sustainably, it has continuously monitored the economics closely and periodically revised its operation and investment plans accordingly to align with its strategic directions.

2012 Performance

The global economy has continuously slowed down in 2012 as the International Monetary Fund (IMF) estimated its growth rate at 3.3% while it was 4% in 2011. Key behind this slowdown was the European debt crisis. Despite carrying out various stimulus measures, such as the establishment of the European Stability Mechanism (ESM) to diminish financial difficulties of participating countries and, additionally, government bond purchases by the European Central Bank to ease the debt burden of troubled European nations, the European economy has continued to struggle and has yet to show clear signs of recovery. The United States economy also faced high volatility throughout 2012. Of major concern was the overhanging situation of the fiscal cliff, which involved expiration of tax reduction policies and government spending cuts as a result of the public debt ceiling. Concerns over the economic growth of the United States, along with the economic slowdown in China stemming from lower demand both domestically and internationally, suppressed global market sentiments. Given all these circumstances, the situation will, therefore, be monitored closely.

As for the Thai economy, 2012 proved to be another year of successive growth. The Office of the National Economic and Social Development Board (NESDB) had estimated that Thai economic growth in 2012 was approximately 5.9%, which is higher than that of 2011. Main drivers pushing this growth included the recovery of the manufacturing sector and increases in private sector demand, consumption and investment as the Thailand flood crisis recovery accelerated. The services industry, most notably tourism, also grew considerably as evidenced by step-up in inbound foreign visitors. Moreover, the government legislation, such as increases in minimum wages and officials salaries, rice pledging, first-car and first-house schemes, as well as progressive reduction in personal income tax rate, encouraged domestic spending. Also, overall economic growth in Asia, especially in ASEAN nations in the wake of economic unification for the ASEAN Economics Community (AEC) by 2015, is clearly one of the factors that have attracted more substantial investments because of the accompanying infrastructural development and preparation activities that will go hand-in-hand within each nation in AEC.

Both the global economy and oil prices in 2013 continue to remain relatively fragile and highly uncertain, which will impact the Thai economy. For instance, the economy slowdown in both China and India and various monetary policies by leading developed countries, such as the United States and Japan, which are in the process of recovering their economies. These will strengthen the Thai Baht currency from the inflow of foreign funds.

In 2012, PTTEP has continuously monitored the economics closely and periodically revised its operation and investment plans accordingly to align with its strategic directions. PTTEP also strives to increase its efficiency and develop its capabilities for sustainable growth. The results can be summarized as follows.

Exploration and Appraisal

PTTEP carries on exploration activities domestically and internationally to assess field potential and estimate petroleum reserves. In 2012, the company conducted exploration and appraisal activities in several projects.

PTTEP Australasia Project: The project has completed 3-D seismic survey and drilling of appraisal well, Maple-2, Cash-Maple field, located in Timor Sea, Australia, in July 2012 with the discovery of natural gas. This discovery, in addition to that of Cash-2 well drilled at end of 2011, yielded a flow rate of natural gas of approximately 30 MMSCFD and a condensate flow rate of 696 BPD. Currently, the company is assessing the commercial viability of the project.

Myanmar M3 and M11 Project: The project is located in the Gulf of Martaban, south of Yangon, Republic of the Union of Myanmar. Currently, the exploration period is being extended to 7 years in order to prove the project's commerciality. Preparation for appraisal well drilling program in M3 block is ongoing. The M11 deep water block is also in the process of preparation for an exploration well.

Indonesia Semai II Project: The project is conducting a geological study to assess petroleum potential and to define the location of the second exploration well, which is planned for a shallow water drilling site in 2013.

Algeria Hassi Bir Rekaiz Project: The project's first exploration phase consists of drilling 9 exploration wells, 7 of which have been completed with successful discovery of crude oil in 6 of the completed wells. Currently, the project is progressing to complete the drilling of the remaining exploration wells by early 2013 to confirm their petroleum potential.

Canada Oil Sands KKD Project: The project completed the Winter Evaluation Program (WEP) for 2011-2012, which covered the drilling of 161 appraisal wells and 3-D and 4-D seismic surveys in Leismer, Thornbury and Hangingstone fields. Program results are used to evaluate the production of Leismer and assess the potential of Thornbury and Hangingstone.

In the fourth quarter of 2012, the project is preparing for the 2012-2013 WEP and identifying positions and locations for appraisal wells and seismic survey with the purpose of further development in Leismer, Corner and Thornbury. The program is expected to cover drilling of approximately 92 wells and 3-D and 4-D seismic surveys coverage of approximately 134 square kilometers.

Development

PTTEP has accelerated the development of the following various projects to start up production as planned.

PTTEP Australasia Project: The project completed the drilling of 3 production wells and a gas injection well in July 2012. The floating production and storage offloading (FPSO) vessel arrived at the Montara field in November 2012. Currently underway are the hook-up and commissioning process and preparation for production.

Regarding the compensation claim, PTTEP has received, from the start of the Montara incident to the end of the fourth quarter in 2012, a total compensation claim of USD 212 million. The remaining claims are in progress.

Regarding the claim that was submitted by the Government of Indonesia for compensation due to oil leaks from the Montara incident, PTTEP is continuously assessing the case with the government through scientific evidences to determine the impact (if any).

PTTEP carries on exploration activities domestically and internationally to assess field potential and estimate petroleum reserves.





To heighten its production, PTTEP continues to maintain its current production levels and increase production levels from new projects.

Zawtika Project: In early 2012, PTTEP International Limited (PTTEPI) signed a joint operating agreement with Myanmar Oil and Gas Enterprise (MOGE). MOGE then held 20% participating interest in the Zawtika Project, in accordance with the Production Sharing Contract. As a result, PTTEPI held 80% participating interest and remained the operator in this project. To date, the project is now in the process of constructing the Zawtika processing platform and bridge, wellhead platforms and intra-field sealines, offshore gas export pipeline, and onshore gas export pipeline and facilities. More than 63% of construction work has been completed. The project is expected to deliver natural gas in early 2014.

Algeria 433a & 416b Project: The project targets to complete the drilling of 4 production wells in 2012, of which 3 have already been completed. The flow rate of crude oil stood approximately at 4,000 BPD. The project continues to progress with the drilling of the fourth well and the construction of processing and pipeline facilities (EPC1), as well as the construction of the living quarters and utility facilities (EPC2) in the development area. The project is expected to begin production within 2014.

Canada Oil Sands KKD Project: The Corner field study period has been extended for more detailed evaluation of the development plan and overall budget with the aim of maximizing investment value and efficient construction process. A Final Investment Decision (FID) is expected in 2013 and startup of production by 2016.

Mozambique Rovuma Offshore Area 1 Project: In August 2012, PTTEP Africa Investment Limited (PTTEP AI), a subsidiary of PTTEP, successfully completed the acquisition of Cove Energy Plc. As a result, PTTEP AI currently holds 8.5% interest in the Mozambique Rovuma Offshore Area 1 Project, the operator of which is Anadarko.

Located in Mozambique, the Mozambique Rovuma Offshore Area 1 is an area with substantial natural gas resources. Exploration activities have taken place and discoveries of natural gas have been made in the project with expected resources of over 65 TCF. Significantly, potential exists to develop the area into liquefied natural gas (LNG) project. After PTTEP AI became a project partner, a key milestone for development activities was reached when the Front End Engineering Design (FEED) for both onshore LNG construction and offshore installation were awarded.

Moreover, Anadarko, as the operator of Mozambique Offshore Area 1, reached Heads of Agreement (HOA) with Eni, as the operator of Mozambique Offshore Area 4. The two operators will conduct separate, yet coordinated offshore development activities, while jointly planning and constructing common onshore liquefaction facilities at Cape Afungi, in Cabo Delgado Province of northern Mozambique.

Production

PTTEP is continuously striving to maintain current production levels and increase production levels from new projects.

Bongkot Project: On 16 June 2012, the Greater Bongkot South field in Bongkot Project reached a stable gas production rate of 320 MMSCFD, as required by the Gas Sales Agreement with PTT, and a condensate production rate of 9,000 BPD. On 15 July 2012, the Greater Bongkot North field achieved a record production level for condensate at 25,019 BPD. Consequently, on 5 August 2012, the field reached a total production of condensate of 100 million barrels. As for natural gas production, the field reached an average production level of 596 MMSCFD during 2012.

Overall, at Bongkot Project, which consists of both Greater Bongkot North and Greater Bongkot South fields, natural gas production capacity increased to more than 900 MMSCFD, which signifies about 20% of Thailand natural gas demand.

S1 Project: The project reached the highest production level of crude oil at 35,176 BPD in December 2012. This achievement stands out as the highest ever record of production level since the inception of the project. Average production of crude oil in 2012 stood at approximately 28,000 BPD.

Canada Oil Sands KKD Project: Average bitumen production for the Leismer area in the fourth quarter of 2012 was approximately 15,700 BPD, which came from 22 pairs of steam-assisted gravity drainages and production wells from 4 well pads. Total production in the Leismer area, since its initial production, stood at approximately 9 MMBBL as of November 2012. Well Pad 5 is expected to be ready for production by the fourth quarter of 2013.

As for the plans to increase production capacity (Leismer Expansion) to 40,000 BPD, the Company is determining the well pad location, conducting detailed studies of the requirements of additional facilities and preparing to seek approval details from the Energy Resources Conservation Board (ERCB).

Oman 44 Project: The Company increased crude oil production rate from approximately 1,500 BPD to 4,600 BPD with the discovery of crude oil from the drilling of development and appraisal wells in the Munhamir field and the new field, Shams-E South. In 2012, average production of crude oil and condensate stood at approximately 2,960 BPD and that of natural gas stood at 42 MMSCFD. Progress is being made with construction and testing, in compliance with engineering standards, of the pipeline from Shams-9ST production well to the main processing unit of the Shams field. Production of natural gas and condensate started from Shams-9ST on 30 December 2012.

Vietnam 16-1 Project: On 6 July 2012, production from the second wellhead platform (WHP-H4) of Te Giac Trang field successfully began. As a result, the project increased its production of crude oil from 41,000 BPD to approximately 55,000 BPD.

Portfolio Management

PTTEP has operated continuously in the area of Portfolio Management. This aims for appropriate investment both in value added projects and risk management. To keep pace with changing social, economic and political conditions, the company studies and analyzes the factors and the impact of its investment on a regular basis to derive and manage its investment considerations and decisions. In addition, the company reviews its target for expansion (Focused Countries) by grouping the countries based on the opportunities, appropriateness and consistency with the company's direction and goals. The analyses are based on numerous factors such as petroleum potential, geography, government share, political and business risks, and competitive advantage(s).

Total and JX NOEX participation in Myanmar M11 Block: PTTEP International Limited (PTTEPI), a wholly owned subsidiary of PTTEP, has selected Total E&P Myanmar (Total) and JX Nippon Oil & Gas Exploration (Myanmar) Limited (JX Myanmar), a wholly owned subsidiary of JX Nippon Oil & Gas Exploration Corporation (JX NOEX), to become partners in Block M11 with 40% and 15% participation interests, respectively. PTTEPI will remain the operator, holding a 45% participation interest. The transaction is subject to official approval from the government of the Republic of the Union of Myanmar. Introduction of partners into Block M11 constitutes an integral component of PTTEP's strategy in its portfolio management, aiming to both add value to the project and risk management.

Offer for Cove Energy Plc.: On 23 July 2012, PTTEP, through its subsidiary PTTEP AI, made an offer to acquire the entire amount issued and to be issued share capital of Cove Energy Plc. at 240 pence (GBP Pound Sterling currency) per share, or at approximately 1,221.4 million Pounds Sterling. The major assets of Cove Energy consist of an 8.5% interest in the Rovuma Offshore Area 1 concession block in the Republic of Mozambique. Cove also held 10% interest in the Rovuma Onshore concession block in the Republic of Mozambique, as well as interests of 10-25% in 7 deep water concession blocks in Kenya.

On 17 August 2012, PTTEP AI successfully acquired Cove by fulfilling all conditions in the offer for Cove shares. From 23 August 2012, PTTEP AI began the process of compulsory acquisition of the remaining Cove shares from Cove shareholders who had not yet accepted the offer. As of 5 October 2012, which was the last date for the compulsory acquisition, PTTEP AI held 100% interest in Cove Energy.

On 18 September 2012, the London Stock Exchange announced the cancellation of admission to trading of Cove's shares on the Alternative Investment Market (AIM).



In 2012, PTTEP and its subsidiaries' totaled a net profit of USD 1,846 million (equivalent to 57,316 million baht) an increase of USD 378 million or 26% compared with 2011's. Return on shareholder's equity for 2012 was 21.68%.

Results of Operations

Since 1 January 2011, PTTEP has complied with Thai Financial Reporting Standards (TFRS). Moreover, the Company has adopted Thai Financial Reporting Standard No.21 (revised 2009) "The Effects of Changes in Foreign Exchange Rates", which has been published, but will not become effective until 2013, and which also requires the Company to determine its functional currency. The Company has also completed early adoption of International Accounting Standard (IAS) No. 39 "Financial Instruments: Recognition and Measurement".

The Company has determined the US Dollar to be its functional currency in accordance with Thai Accounting Standard No.21 (revised 2009) "The Effects of Changes in Foreign Exchange Rates". However, in submission of its financial statements to the Stock Exchange of Thailand and the Department of Business Development, the Company is also required to convert the financial statements from US Dollar to the presentation currency, which is Thai Baht.

Detailed discussion of financial results for the year are as follows:

Results of Operations - Full Year Comparison

Earnings summary	Unit: Million USD		Unit: Million Baht	
	2012	2011	2012	2011
Total Revenues	7,021	5,685	218,137	173,375
Total Expenses	(3,826)	(3,072)	(118,846)	(93,657)
Operating Income	3,195	2,613	99,291	79,718
Share of gain from associates	5	2	145	75
Income before income taxes	3,200	2,615	99,436	79,793
Income tax expenses	(1,354)	(1,147)	(42,120)	(35,045)
Net income	1,846	1,468	57,316	44,748
Diluted earnings per share*	0.55	0.44	17.08	13.48
Income from normal operations	1,999	1,659		
Gain (Loss) from non-recurring items	(153)	(191)		
Net income	1,846	1,468		

* Diluted earnings per share is represented in USD and Baht per share.

Regarding the results of operations for the year 2012, PTTEP and its subsidiaries' totaled a net profit of USD 1,846 million (equivalent to 57,316 million baht) or USD 0.55 per share-diluted (equivalent to 17.08 baht per share-diluted), an increase of USD 378 million or 26% compared with 2011's net profit of USD 1,468 million (equivalent to 44,748 million baht) or USD 0.44 per share-diluted (equivalent to 13.48 baht per share-diluted). Return on shareholder's equity for 2012 was 21.68%.

PTTEP and subsidiaries' net profit of USD 1,846 million for 2012 comprised the recurring net profit for this year, which amounted to USD 1,999 million, and the loss from non-recurring items, which amounted to USD 153 million.

For the results of recurring operations in 2012, PTTEP and subsidiaries' recurring net profit was USD 1,999 million, an increase of USD 340 million or 20% against last year which was USD 1,659 million. PTTEP and subsidiaries' return from normal operation on shareholder's equity for 2012 was 23.49%.

For 2012, total revenues for PTTEP and its subsidiaries amounted to USD 7,021 million (equivalent to 218,137 million baht), an increase of USD 1,336 million or 24% against last year which was USD 5,685 million (equivalent to 173,375 million baht). The increase was mainly due to an increase of sales revenue of USD 1,249 million, caused by the following:

(1) The higher average petroleum sales price for 2012, which rose to USD 64.86 per BOE against last year, which was USD 55.49 per BOE.

(2) There was a higher average sales volume for 2012, which increased to 275,923 BOED against last year, which was 265,047 BOED. This average sales volume increased from the net effect of the following;

- Bongkot Project: Sales volume of natural gas and condensate increased because Greater Bongkot South started its production as required by the Gas Sales Agreement in June 2012. However, Sales volume of natural gas of Greater Bongkot North decreased, resulting from a production shutdown of 34 days.
- Vietnam 16-1 Project: Crude oil sales volume increased because of higher production volume produced from 8 new wells in 2012, while the first production started in the third quarter of 2011.
- S1 Project: Crude oil sales volume increased because of higher production volume produced from new wells and higher beam pump activities.

However, in

- Arthit North Project: Sales volume of natural gas and condensate decreased due to the production stoppage in November 2011.
- Arthit Project: Sales volume of natural gas and condensate decreased in line with the newly instituted daily contract quantity.

PTTEP and subsidiaries' revenue from pipeline transportation from proportionate revenue in Moattama Gas Transportation Company (MGTC) and Taninthayi Pipeline Company LLC (TPC) increased.

This year, PTTEP and subsidiaries' other revenues increased by USD 60 million, principally because of the recognition of other income from the insurance claim from the Montara incident amounting USD 92 million in 2012; whereas, this insurance claim was recognized, amounting USD 36 million in 2011.

PTTEP and its subsidiaries incurred expenses for 2012 amounting to USD 3,826 million (equivalent to 118,846 million baht), an increase of USD 754 million or 25%, compared with USD 3,072 million (equivalent to 93,657 million baht) for 2011. This increase is attributed to the following:

(1) Depreciation, depletion and amortization expenses escalated, amounting to USD 257 million, mainly from increases in the value of completed assets of the Bongkot and S1 projects. In addition, they also increased from higher production volume of the Vietnam 16-1 Project since it started full production in 2012 and from increases in the value of completed assets.

(2) The recognition of impairment loss of Montara assets of the PTTEP Australasia Project amounted to USD 204 million in 2012 due to the increase in project costs, the delay of the first oil production, and change in production profile.

(3) Petroleum royalties and remuneration increased, amounting to USD 143 million, in line with higher sales revenue.

(4) Operating expenses increased amounting to USD 81 million, mainly from increased cost of diluent of the Canada Oil Sands KKD Project, in line with higher Diluted Bitumen sales volume.

- (5) Finance costs increased, amounting to USD 63 million, mainly due to an increase of
- Interest expenses of PTTEP Canada International Finance Limited (PTTEP CIF) which issued a debenture for a total amount of USD 500 million and a drawdown of CAD loans totaling of CAD 475 million from financial institutions during the second and third quarters of 2012.
 - Interest expenses of PTTEP Offshore Investment Company Limited (PTTEPO) from a loan amounting to GBP 950 million for share acquisition of Cove Energy Plc.

In 2012, PTTEP and its subsidiaries incurred income tax expenses of USD 1,354 million (equivalent to 42,120 million baht), an increase of USD 207 million or 18%, against those of 2011 of USD 1,147 million (equivalent to 35,045 million baht). The increase was mainly due to increases in overseas income taxes and petroleum income tax. However, income tax expenses affected by the functional currency, which are non-recurring items, decreased.

In 2012, PTTEP and its subsidiaries recognized a loss from non-recurring items of USD 153 million, a decrease loss of USD 38 million or 20%, against those of 2011 of USD 191 million, mainly resulted from the net effect of:

(1) In 2012, income tax expenses affected by the functional currency decreased, amounting to USD 173 million against that of 2011. The decrease was mainly due to lower deferred income tax liabilities, amounting to USD 35 million, because of an increase in net assets after they were translated into USD on 31 December 2012, compared with net assets after they were translated into USD on 31 December 2011, given the Baht appreciation against the USD. The increase of net assets resulted in an increase of depreciation expenses in USD and a decrease of future income tax, accordingly.

However, income tax expenses affected by the functional currency of 2011 caused an increase of income tax expenses in the future of USD 138 million.

(2) An increase in net impact from Montara incident amounted to USD 61 million, principally because of the recognition of the insurance claim from the Montara incident amounting USD 92 million in 2012; whereas, this insurance claim was recognized, amounting USD 36 million in 2011.

(3) Lower loss on foreign exchange amounted to USD 41 million. In 2012, PTTEP and its subsidiaries recognized a loss on foreign exchange in the amount of USD 24 million, while they recognized a loss on foreign exchange amounting to USD 65 million in 2011, mainly derived from the USD loans of PTTEP Canada Limited.

However,

(4) There was a recognition of impairment loss of Montara assets of the PTTEP Australasia Project amounting USD 204 million in 2012 due to the increase in project costs, the delay of the first oil production, and change in production profile.

(5) Tax benefits from augmentation decreased, amounting to USD 50 million, in which the Australian Commonwealth Government enabled the tax payer to deduct more expenditure from the taxable income with the percentage based on investment (Augmentation). In 2012, there was no recognition of those benefits due to the recognition of impairment loss of Montara assets; whereas, in 2011, this tax benefit was recognized, amounting USD 50 million.

Financial Position

	Unit : Million USD		Unit : Million Baht	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Total Assets	19,637	14,131	601,513	447,842
Current Assets	4,031	2,737	123,483	86,764
Non-current Assets	15,606	11,394	478,030	361,078
Total Liabilities	8,926	7,819	273,409	247,818
Current Liabilities	2,375	3,139	72,749	99,504
Non-current Liabilities	6,551	4,680	200,660	148,314
Shareholders' Equity	10,711	6,312	328,104	200,024
Total Liabilities and Shareholders' Equity	19,637	14,131	601,513	447,842

As of 31 December 2012, PTTEP and its subsidiaries commanded total assets of USD 19,637 million (equivalent to 601,513 million baht), an increase of USD 5,506 million higher than the total on hand at the end of 2011 at which point total assets were USD 14,131 million (equivalent to 447,842 million baht). This increase was mainly due to

(1) An increase of USD 2,673 million in intangible assets chiefly from the increase of intangible assets and goodwill amounting to USD 2,609 million from the acquisition of the Cove Energy Plc.

(2) An increase of USD 1,670 million in exploration and production assets, mostly from the PTTEP Australasia Project, Bongkot Project, Arthit Project and Zawtika Project.

(3) An increase of USD 1,294 million in current assets mainly from cash and cash equivalents. An increase of USD 941 million of cash and cash equivalents mainly from cash inflow of operating activities, share capital increase, bond issuing and a loan from financial institutions offset with cash outflow in the exploration and production assets and the acquisition of the Cove Energy Plc., repayment of a bond and loan from financial institutions and from dividend payments for the second half of 2011 and the first half of 2012. Moreover, the current assets also increased from the increasing of the parent company accounts receivable amount of USD 386 million.

Most current assets as of 31 December 2012 were cash and cash equivalents; parent company accounts receivable; trade accounts receivable; and materials and supplies. A large proportion of the non-current assets as of 31 December 2012 were assets used in joint-venture exploration and production, presented under property, plant, and equipment; intangible assets; and deferred income tax assets. PTTEP and subsidiaries' Current Ratio as of 31 December 2012, was 1.7 times.

PTTEP and its subsidiaries had total liabilities of USD 8,926 million (equivalent to 273,409 million baht), an increase of USD 1,107 million higher than the total liabilities at the end of 2011, when total liabilities were USD 7,819 million (equivalent to 247,818 million baht), principally due to

(1) An increase of USD 595 million in deferred income tax liabilities mainly from the acquisition of the Cove Energy Plc.

(2) An increase in long-term loans from financial institution of USD 474 million mainly from the CAD loan of PTTEP Canada International Finance Limited amounting to USD 475 million.

(3) An increase in provision for decommissioning costs amounting to USD 367 million mainly from Bongkot Project, Arthit Project and Contract 4 Project.

(4) An increase in bonds of USD 266 million mainly from the USD 500 million bonds issuing of PTTEP Canada International Finance Limited net effect with Thai baht bonds repayment in 2012.

However,

(5) A decrease of current liabilities of USD 764 million, primarily from the decrease of current portion of long-term debts of USD 524 million due to repayment of Thai baht bond. Moreover, short-term loans from financial institution decrease amounting to USD 316 million due to repayment in 2012.

Capital Structure

Bill of Exchange

PTTEP maintains the Short-term Financing Program (“PF”) which involves the issuance of Bills of Exchange (B/Es) via Public Offerings to institutional and high net-worth investors in Thailand. B/Es are issued on a revolving basis with the total revolving credit of up to 50,000 million baht. The B/Es facility was approved by the Resolution of the Board of Directors’ meeting in February 2009 and in November 2010.

As of 31 December 2012, there is no outstanding B/Es.

Short-term Loans from Financial Institutions

(1) In February 2012, PTTEP entered into an unsecured, unsubordinated revolving credit facility agreement 20,000 million baht. During the availability period of 5 years, the loan has a floating interest rate of THBFIX + 1.1%. The outstanding principal of the loan as of the end of the availability period may, subject to negotiation between the parties, be converted into a term loan to be repaid within 5 years after the end of the availability period. This revolving credit facility will be used for general corporate purposes. The Board of Directors’ meetings in 2010 and 2011 approved the Company’s entering into loan agreements, whose approved amount remaining was 68,250 million baht. As of 31 December 2012, there is no outstanding loan.

(2) In May 2012, PTTEP Offshore Investment Company Limited (PTTEPO) entered into a GBP 950 million unsecured, unsubordinated loan facility agreement fully guaranteed by PTTEP which the proceeds were used for the acquisition of Cove Energy Plc. The loan is repayable within 1 year from the signing date and has a floating interest rate of the London Interbank Offered Rate (“LIBOR”) plus margin of 0.85% for the first six months of the loan period, LIBOR plus margin of 1.25% for the next three months and LIBOR plus margin of 1.85% thereafter. The Board of Directors’ meetings in the year 2012 approved the Company’s entering into loan agreements. The entire loan amount was drawn down in August 2012 and was repaid in December 2012.

Long-term Loans from Financial Institutions

(1) In March 2012, PTTEP Canada International Finance Limited (PTTEP CIF) entered into a CAD 300 million unsecured, unsubordinated loan agreement fully guaranteed by PTTEP. The loan has a floating interest rate of CDOR + 1.7% per annum and is repayable within 5 years of the first drawdown. The entire loan amount was drawn down in May 2012. The proceeds from the loan were utilized for debt refinancing, capital expenditure and/or general corporate purposes. The Board of Directors’ meeting in the year 2011 approved the Company’s entering into loan agreements, whose approved amount remaining was 48,250 million baht. The total outstanding loan as of 31 December 2012 is CAD 300 million.

(2) In April 2012, PTTEP Canada International Finance Limited (PTTEP CIF) entered into a CAD 75 million unsecured, unsubordinated loan agreement fully guaranteed by PTTEP. The loan has a floating interest rate of CDOR + 1.9% per annum and is repayable within 5 years of the first drawdown. The entire loan amount was drawn down in May 2012. The proceeds from the loan were utilized for debt refinancing, capital expenditure and/or general corporate purposes. The Board of Directors’ meeting in the year 2011 approved the Company’s entering into loan agreements, whose approved amount remaining was 38,950 million baht. The total outstanding loan as of 31 December 2012 is CAD 75 million.

(3) In August 2012, PTTEP Canada International Finance Limited (PTTEP CIF) entered into a CAD 100 million unsecured, unsubordinated loan agreement fully guaranteed by PTTEP. The loan has a floating interest rate of CDOR + 2.1% per annum and is repayable within 7 years of the first drawdown. The entire loan amount was drawn down in September 2012. The proceeds from the loan agreement were utilized for general corporate purposes. The Board of Directors’ meeting in the year 2011 approved the Company’s entering into loan agreements, whose approved amount remaining was 36,625 million baht. The total outstanding loan as of 31 December 2012 is CAD 100 million.

Bonds

- On 12 June 2012, PTTEP Canada International Finance Limited (PTTEP CIF) issued 30 years unsecured and unsubordinated debentures to foreign institutional investors for the total amount of USD 500 million with a coupon rate of 6.35% per annum. The debentures are fully guaranteed by PTTEP and have been rated BBB+ by Standard and Poor's and Baa1 by Moody's. Citigroup, Deutsche Bank, HSBC and UBS were the Joint lead Managers and Joint Bookrunners for the issuance.

- The proceeds from the debentures were utilized for general corporate purposes.
- The Board of Directors and the general Shareholders' meeting in the year 2010 approved the Company's issuing and offering of debentures, whose approved amount remaining was 103,400 million baht.

Hybrid Bonds

Subordinated Capital Debentures

On 15 June 2012, PTTEP issued 5 million units of registered, unsecured, unconvertible, callable, subordinated debentures with single redemption upon liquidation and with a debenture holders' representative each with a face value of 1,000 baht per unit, totaling 5,000 million baht. These subordinated capital debentures bear a step-up fixed interest based on the life of the debentures with the interest rate of 5.85% p.a. for the first 10 years, 6.10% p.a. for Year 11 to 30, 6.85% p.a. from Year 31 to 60 and 7.85% p.a. from Year 61 onwards. The hybrid bonds have no final maturity date (perpetual) and single bullet payment upon liquidation or early redemption by PTTEP on the 10th anniversary (15 June 2022) and every coupon payment date afterwards.

PTTEP can defer the coupon payment at its sole discretion; all deferred coupons are cumulative and carry no interest. However, while the coupon payment is being deferred, PTTEP shall not (a) declare or make any dividend payment; (b) make any payment of interest or distribution of any sort on any instrument or security issued by PTTEP which ranks pari passu or junior to the hybrid bonds; and (c) redeem, reduce, cancel, buy-back or acquire for any consideration on any instrument or security issued by PTTEP which ranks pari passu or junior to the hybrid bonds. The hybrid bonds are rated "AA" by TRIS Rating Co., Ltd.

Krung Thai Bank, Kasikorn Bank and Siam Commercial Bank were Joint Lead Managers for the issuance.

The proceeds from the bonds were utilized for general corporate purposes.

The Board of Directors and the general Shareholders' meeting in the year 2010 approved the Company's issuing and offering of debentures, whose approved amount remaining was 88,400 million baht.

Commitment and Guarantee

Commitment from Loans Agreements

PTTEP has a subordinated loan agreement with Energy Complex Company Limited (EnCo), with the loan limit of 1,250 million baht. The agreement shall continue for 13 years and 6 months effective from 2 April 2009. As of 31 December 2012, the outstanding loan to EnCo was 580 million baht.

Loan Guarantee

(1) PTTEP has guaranteed the unsecured and unsubordinated loan agreements of PTTEP Offshore Investment Company Limited (PTTEPO) with the total amount of USD 575 million.

(2) PTTEP has guaranteed the unsecured and unsubordinated loan agreements of PTTEP Canada International Finance Limited (PTTEP CIF) with the total amount of CAD 475 million.

Bond Guarantee

(1) PTTEP has guaranteed the unsecured and unsubordinated bonds of PTTEP Australia International Finance Pty Ltd (PTTEP AIF) with total amount of USD 700 million.

(2) PTTEP has guaranteed the unsecured and unsubordinated bonds of PTTEP Canada International Finance Limited (PTTEP CIF) with total amount of USD 1,200 million.

Equity

- On 20 July 2012, the Board of Directors of the Company at the meeting No. 10/2555/353 passed a resolution to approve the share capital increase plan for the amount not exceeding 98,000,000,000 baht or equivalent to 3,150,000,000 USD by issuing ordinary shares of up to 650,000,000 shares through Preferential Public Offering (PPO). The allocation of up to 650,000,000 newly issued ordinary shares to be offered to the public is as follows:

- 1) To allocate up to 403,395,000 newly issued ordinary shares to PTT Public Company Limited;
- 2) To allocate up to 214,443,000 newly issued ordinary shares to the public; and
- 3) To allocate up to 32,162,000 newly issued ordinary shares to the Over Allotment Agent via Greenshoe Option

- On 23 August 2012, the Board of Directors of the Company at the meeting No. 12/2555/355 passed a resolution to approve the cancellation the Company's Extraordinary General Meeting of the Shareholders No. 1/2012 scheduled for 24 August 2012. Nevertheless, PTTEP still maintains its capital increase plan.

- On 27 September 2012, the Board of Directors of the Company at the meeting No. 13/2555/356 passed a resolution to approve the share capital increase plan for the amount not exceeding 98,000,000,000 baht or equivalent to 3,150,000,000 USD by issuing ordinary shares of up to 650,000,000 shares. The newly issued ordinary shares will be offered through the Preferential Public Offering (PPO) to all eligible existing shareholders. In the event there are remaining ordinary shares from allocation to eligible existing shareholders, the Company may offer such ordinary shares to limited institutional investors, excluding PTT. The final offering price will be derived from a price discovery process in which demand indications are collected from institutional investors (Book Building). The share capital increase plan is subject to the approval by the Company's Extraordinary General Meeting of the shareholders scheduled for 29 October 2012.

- On 29 October 2012, the Company's Extraordinary General Meeting of the shareholders No.1/2555 passed a resolution to approve the capital increase plan.

- On 30 November 2012, the Company has determined the final offering price per share, the final number of newly issued ordinary shares being offered and the entitlement ratio of the existing ordinary shares to the newly issued ordinary shares as follow:

The final offering price per share:	142 Baht per share
The newly issued ordinary shares being offered:	650,000,000 shares
The entitlement ratio of the existing ordinary shares to the newly issued ordinary shares:	1 : 0.195783

- On 17 December 2012, the Company received the proceeds from the share capital increase and had registered the paid up capital.

- On 19 December 2012, the newly issued ordinary shares were traded in the stock exchange market for the first time.



On 27 September 2012, the Board of Directors of the Company at the meeting passed a resolution to approve the share capital increase plan by issuing ordinary shares of up to 650 million shares and on 19 December 2012 the newly issued ordinary shares were traded in the stock exchange market for the first time.

Cash Flows

For the year ended 31 December 2012, PTTEP and its subsidiaries had a net cash flow from operating activities of USD 3,469 million, chiefly due to the higher sales revenue resulting from the higher average petroleum sales prices and sales volumes during the year.

PTTEP and its subsidiaries experienced a net cash flow employed in its investing activities of USD 4,735 million, mainly resulting from:

(1) Additional investment in exploration and production assets as well as intangible assets, amounting to USD 2,853 million, principally from the PTTEP Australasia, Bongkot, Arthit, and Zawtika projects.

(2) Acquisition of the entire issued and to be issued share capital of Cove Energy Plc., amounting to USD 1,884 million.

PTTEP and its subsidiaries featured a net cash flow from financing activities of USD 2,207 million, resulting from the net effect of:

(1) Cash receipts from:

- The share capital increase (net of transaction cost) amounting to USD 2,991 million
- Short-term loans from financial institution (Bridging loan) amounting to USD 1,503 million
- Bond issuance amounting to USD 500 million
- Long-term loans from financial institution amounting to USD 478 million
- Issuance of subordinated capital debentures (Hybrid Bond) amounting to USD 157 million

(2) Cash payments of:

- Short-term loans from financial institution (Bridging loan) and other short-term loans amounting to USD 1,856 million
- Bond payments amounting to USD 779 million
- Dividend payments amounting to USD 588 million
- Interest and finance costs payments amounting to USD 199 million

As of 31 December 2012, PTTEP and its subsidiaries held a total cash and cash equivalents of USD 2,292 million, an increase of USD 941 million from that of 31 December 2011 at which point cash and cash equivalents totaled USD 1,351 million.

Impact on Operating Results

Oil prices have been highly volatile throughout 2012, during which the crude oil price averaged at USD 109 per barrel, slightly higher than the 2011 average of USD 106 per barrel. Crude oil prices significantly varied during the first half of 2012, during which the Eurozone debt crisis, growing tension between the western nations and Iran over the nuclear program, and other geopolitical conflicts in the Middle East and North Africa tightened the demand for crude oil. During the second half of 2012, crude oil prices slightly increased after the Eurozone and IMF's agreement to Greece's second debt restructuring plan. In addition, the establishment of ESM in Europe to allow the European Central Bank to purchase unlimited sovereign bonds of the troubling nations, or the Outright Monetary Transactions (OMTs), combined with the United States Federal Reserves' enactment of further quantitative easings (QE3 and QE4) to purchase debentures and government bonds to keep interest rates at low levels until the unemployment situation improves, alleviated concerns over the global economy. Despite the recent climb supported by the rising tension between Israel and Palestinian militants, oil prices remained considerably volatile towards the end of the year as concerns over the United States fiscal cliff, which may raise tax rates and cut government spending effective on 1 January 2013, and technological development in the production of shale oil and tight oil created additional supply in the United States' energy market. This is notwithstanding the climate factor, where winter in the western parts of the world was not as cold as it used to be, that suppressed the oil prices by the end of the year.

As the global economy and oil prices have been very volatile, PTTEP has continuously monitored the changing economic situation and energy demand and has moved in response to the challenging business environment as follows:

Responding to the Increase in Energy Demand

In the fourth quarter of 2012, PTTEP production increased by 2% compared with the third quarter during which the production level was at 332,526 BOED. This also brought the average production level from January to December 2012 to 313,972 BOED. PTTEP has reviewed its supply plan and improved production in order to meet the rise in energy demand. PTTEP has been cooperating with the related government agencies to collectively outline the optimal supply plan and to forecast future energy demand from both domestic and neighboring countries, in both the short term and long term. PTTEP has constantly been reviewing and adjusting its production plan as well as project development plans, including developing various technologies in exploration and production. Additionally, PTTEP is constantly seeking investment opportunities to increase its reserves with the purpose of meeting the nation's growing demand.

Improving the Efficiency and Cost Optimization

PTTEP, together with its parent company, PTT Public Company Limited (PTT), and other companies under the PTT Group, embarked on its innovative PTT Group Operational Excellence Transformation Project to initiate the PTT Group Operational Excellence Management System (OEMS). Its focused objective centers on driving the Group into becoming a Leading Enterprise in the energy industry. The project team consists of representatives from PTT, PTTEP and other companies under the PTT Group. Our standard operations manuals were successfully established and adopted by PTT Group and will become the template for future operational excellence and process improvement initiatives. Each company in the PTT Group will jointly develop the framework of the project to help achieve its objective.

Moreover, as the outlook for operating costs indicate an increasing trend, including the unconventional project and the higher liquid production in PTTEP's portfolio, the company manages its operating costs to maintain costs and returns at suitable levels. As a representative example, Supply Chain Plus is an initiative to assist in management of procurement costs, and helped PTTEP reduce costs at 22% more than its targeted savings of USD 90 million.

Managing Risks on Oil Price Volatility

PTTEP aims to consistently conduct oil price hedging programs for petroleum products from the PTTEP group, using the Ice Brent Crude price as a reference. PTTEP also closely follows the changing economy and events that may have impacted oil prices. Moreover, PTTEP has considered a variety of scenarios with varying market oil prices and formulated plans in the event of a variety of situations.

Capability Development

PTTEP acknowledges the importance of capability improvement by focusing on the potential of people, technology and processes to prepare for business growth and meet challenges in different countries around the world. In 2012, PTTEP continued this focus with establishment of its Center of Excellence (COE). The COE aims to create a clear-cut plan to study, research, and collect data, including in-depth knowledge and technology in four dimensions: Exploration, Deep Water Exploration and Production, Unconventional Oil and Gas Development, and Mergers and Acquisitions (M&A). Additionally, the initiative of a Technology Center, which centralizes the latest technological developments and also serves as a knowledge warehouse to further develop the capacities of employees and the organization, has been brought forward and is expected to begin from 2013 onwards.

Safety, Security, Health and Environment (SSHE) and Sustainable Development (SD)

PTTEP aims to become a Loss Time Injury free organization in 2013 through compulsory management of safety, security, health and environment in all parts of the organization as measured by a series of performance indicators. In 2012, PTTEP achieved its best safety performance ever with the record for Lost Time Injury Frequency (LTIF) and Total Recordable Injury Rate (TRIR) at the ratios of 0.19 and 1.87 respectively. LTIF is lowered by 45% compared with 2011, which placed the company in a good position to be ranked in the top quartile amongst the International Association of Oil and Gas Producers (OGP).

Furthermore, PTTEP introduced its Life Saving Program, which encourages its employees and contractors to strictly follow the rules and policies on safety through use of 18 Life Saving Icons, derived from OGP studies of major accidents that resulted in serious losses or injuries in the exploration and production business.

PTTEP has the strategy to deliver long-term sustainable development and meet its 900,000 BOED production target by 2020 through investment opportunities that yield sustainable growth as well as achieve economic, social and environmental sustainability. In 2011, PTTEP proudly established its Sustainable Development Committee, comprising representatives from operational and executive levels, to provide governance and support to different organizations in the company with aligned objectives. PTTEP targets listing on the Dow Jones World Sustainability Index (DJSI World) by 2014.

Corporate Social Responsibility (CSR)

PTTEP recognizes the importance of natural preservation, along with sustainable development in communities surrounding the areas of operation. In 2012, PTTEP engaged in environmental conservation activities, especially in the area of restoration and conservation of natural resources, together with sustainable development activities in communities surrounding the areas of operation. Examples of such activities include submerging of the Royal Thai Navy Battleship for Underwater Learning Center, one of the CSR programs to restore aquatic resources and the ecosystem in the coastal area, the mangrove plantation project, jointly with Chulalongkorn University, both of which took place in Chumporn province, as well as the mangrove conservation project with the local community, the Conserve Songkhla Lake with PTTEP Project, and the water bank program, all three of which took place in Songkhla province. PTTEP has also continuously planned for further CSR programs for 2013.



Good Corporate Governance

The Board realizes the significant and commitment to carry on the business adhering with PTTEP Good Corporate Governance and Business Ethics. We are confident that we can drive PTTEP leading to the goal of “Growth, Prosperity, Stability, Sustainability and Dignity” and trust building to all shareholders and stakeholders. The Board has assigned the Corporate Governance Committee to supervise and assist the PTTEP’s performance in line with its policy and the business ethics, and upgrade its operation excellence standard toward the international best practice. Consequently, during 2012, PTTEP was praised internationally and nationally as shown in the topic of glorious trophy. PTTEP has complied with the good governance as the listed company of the Stock Exchange of Thailand (SET), in 2006, continuously or better as follows.

Rights of the Shareholders and Equal Treatment

PTTEP realizes and places important on the rights of the shareholders and equal treatment. We, then, unify this in the good corporate governance policy and manage the directions in order to ensure that the basic rights of the shareholder will be protected such as share purchase or transfer; declaration of share ownership; shareholders’ meeting attending or proxy for meeting of shareholders; certain important matters required the shareholders’ vote from the shareholders’ meeting such as the Board’s appointment, the calculation of the Board’s remuneration, the auditor’s appointment; the calculation of the auditor’s remuneration; connected transactions or acquisition or sales of assets in significant sizes as said in related laws; etc.; any matters that could significantly affect PTTEP. Such matters include profit proportion and sufficient, timely and equal information disclosure. PTTEP promotes the rights of the shareholders as follows.

(1) The 2012 meeting of shareholders consisted of 2012 Annual General Meeting of Shareholders (AGM) on 28 March 2012 and Extraordinary Meeting of Shareholders No. 1/2012 on 29 October 2012. PTTEP promoted the rights of shareholders for consistent meetings or better as the following.

(1.1) The Company allows the shareholders propose any matter to file in the agenda of the Meeting or nominate any qualified person for director appointment before the Meeting from 1st October to 31st December 2012. The company has generally posted an announcement for director nomination including with the criteria of selection through Stock Exchange of Thailand in advance since 29 September 2012 and the company’s website in order to send the message that the company treats all shareholders with equal and fair basis. The propose matter or person will be determined according to the company’s rule as provided based on the true benefit for the Meeting. In term of nomination, the qualified person will be selected by the Nominating Committee before proposing the list of candidate to the Board for reconsideration. In addition, the Board shall inform the result with the grounds of selection in the Meeting. It is noted that there is no proposal to the Meeting at all.

(1.2) PTTEP released and notified the date of the 2012 AGM two months in advance from 30 January 2012 once the Board decided to set the date of the AGM on 28 March 2012. The deadline of the shareholders’ eligibility for the AGM and dividend payment was also set on 15 February 2012 and informed then. The Closing Date of Registration for collecting the list of shareholders was scheduled on 16 February 2012.

(1.3) PTTEP delivered the invitation letter and the supplementary document, in both Thai and English version, to the shareholders 16 days in advance prior to the Meeting. The invitation letter contains sufficient and accurate agendas and supplements with the Board’s decision. The agenda was notified clearly which was for either information or consideration together with the attached proxy

form as provided by the Ministry of Commerce and the list of the independent directors containing the conflict of interest in any particular matters so that the shareholders can appoint anyone to attend and vote in the Meeting instead. The invitation was notified in brief what document is required for identification in the Meeting; how the Meeting shall be conducted for reserving the rights of the shareholders; the company's Article of Association with regards to voting and conducting shareholder meeting; and venue of the Meeting. Moreover, the Meeting will be disclosed on the website of PTTEP at www.pttep.com both in Thai and English languages in advance 34 days before the Meeting and notify the shareholders again once the information is released which is similar information as delivered to the shareholders.

(1.4) The Company named three independent directors in a proxy form as an option for the shareholders to appoint anyone of them as their representative. The Company also informs the shareholders, among the independent directors, who have conflict of interest in any particular matters. For example, the independent directors whose terms to serve are expired and get nominated for another term will be regarded as having interest in this matter (but not a special interest). The company also recommends the shareholders to use the proxy form that is customized to voting like the shareholders themselves are casting votes on their own.

(1.5) In the Meeting date, PTTEP shall allow the shareholders to register at least two hours before the meeting. The barcode system is used to show each shareholder's record as printed on the registration form or the proxy form for convenience, speed and accuracy. The company also provides duty stamps for proxy.



“Growth, Prosperity, Stability, Sustainability and Dignity”



(1.6) PTTEP provides the guideline of the Meeting to all attendants for understanding of the meeting process, the shareholders' voting and the proxy whose rights cannot be divided except she/he is a C type proxy, vote counting, questions or comments in the Meeting, etc.

(1.7) Before the Meeting, the chairman of the Board assigns the secretary to inform the voting procedure and vote counting clearly as indicated in the Articles of Association. PTTEP provides the barcode for the shareholders and the proxy, who do not cast votes with ballots yet, to vote in every agenda for accuracy and speed. Voting is in accordance with the Company's Articles of Association and laws. The barcode will represent all agenda's voting results. There are volunteers among the attendants and independent inspectors will be witnesses for vote counting. Besides, PTTEP has separate voting in each agenda for the shareholders' right protection. In term of director appointment, the shareholders are allowed to appoint the director on an individual basis as well.

(1.8) External independent legal advisors or inspectors are assigned to oversee the meeting with transparency, laws and the Company's Articles of Association. Inspected issues include document examination process of shareholders or proxies who are eligible for the meeting, quorum, shareholders who having conflicts of interest and did not vote, ballot counting and collection from the attending shareholders, and accuracy of resolutions and voting results.

(1.9) The Company proceeds with all agenda in a respective order, as informed in the invitation letter and has a policy not to add any agenda in the meeting without prior notification so that the shareholders can acknowledge in advance and take time for decision making.

(1.10) The Chairman allocates meeting period in a respective order of agenda, as notified in the invitation letter, with adequacy and transparency. During the meeting, the shareholders are allowed to share their views and make questions, related to business operations and PTTEP agenda, prior to the voting and each agenda's resolution. In addition, the company permits the shareholders to send questions related to the meeting to the Board in advance before the meeting as well.

(1.11) The Company promotes to use the ballot card for voting in every agenda. Different ballot cards are separately managed for each agenda so that the shareholders can cast their votes as they deem appropriate. This card will be returned once the shareholders disagree on or abstain from the voting. The card is useful for vote counting as elected in the proxy form before informing the result of the votes at the Meeting eventually. For the purpose of transparency, PTTEP asks the volunteers among the shareholders and independent inspectors to be witnesses for vote counting. Cards collected and counted will have the witnesses sign on them for further examination.

(1.12) The Company allows the shareholders who attend the Meeting after it is commenced to choose or cast votes in an agenda that is under consideration but has not reached voting stage yet.

(1.13) Directors must attend the meeting and those who are members of sub-committees will make clarification in the agenda and answer shareholders' questions (if any).

(1.14) The Company records the minutes of meeting with accuracy and complete contents, including proposed contents, questions or opinions and PTTEP clarification made by the directors or the executives in each agenda. The meeting resolution shall be categorized as agree, disagree and abstain. The company shall deliver the minutes of meeting to the Ministry of Commerce and all shareholders after submitting it to the SET and the Securities and Exchange Commission (SEC) within 14 days after the meeting. The minutes are also disseminated on the Company's website. Video with voice clips in Thai and English version is also on the website.

To the Extraordinary Meeting of Shareholders No. 1/2012, dated 29 October 2012, the list of eligible shareholders was set on 12 October 2012. The book closing was scheduled on 15 October 2012. The Company disseminated information beforehand on its website from 9 October 2012. In the meeting, the Company facilitated the shareholders to fully exercise their voting rights with equality, as it did for the Annual General Meeting.

(2) The company disseminates information through the SET, media or print media, the Company's website to the shareholders. This is to make them understand PTTEP's businesses and build up long-term commitment. In 2012, PTTEP organized eight field trips for the shareholders to visit Sirikit oil field in Kam Paeng Petch. The first two trips were postponed from 2011 to February 2012 due to 2011 inundation.

(3) The company provides the channel for the minority shareholders to contact the company directly through the independent directors' e-mail for certain cases such as the directors' activities, the good corporate governance and auditing, etc. Moreover, those shareholders directly contact the company's secretary or Investor Relations for more information.

(4) The company clearly discloses its shareholding structure in its subsidiaries and associated companies to ensure its shareholders with transparency and inspection. There is no cross shareholding or pyramidal shareholding structure.

(5) The company operates its business with effectiveness. It focuses on the sustainable growth for the shareholders' proper and consistent returns.

(6) Internal information control

PTTEP strictly controls its internal information, as provided in PTTEP's good governance, and the business ethics. This is in line with the securities law. The internal control is reviewed on a regular basis for fairness and equality to all stakeholders. The major implementation is described in the followings.

(6.1) The company always informs directors, executives and employees regulations and policies relevant to internal use of information through PTTEP channels to ensure their acknowledgement and practices and to prevent insider trading for themselves or others, determines penalty, and have supervisors, as CG leaders, to put emphasis on or give suggestion about this matter. In the previous year, there was no report of such misuse of information.

(6.2) Prohibition of securities trading in a specific period, starting from the 2011 financial statements onwards. The corporate secretary will inform directors, executives from Executive Vice President or above, Vice President of the Comptroller General Department and Vice President of Financial Department the period of non-PTTEP shares trading in advance. This includes their spouses and under-aged children. The information disclosure is not allowed for selling and/or buying directly or indirectly (for example, trading by Nominee or holding by personal fund) during the period where the company will disclose the significant information that may affect the price of the share such as one month before the financial statement disclosure to 1 day after submitting such result to the SET in order to wait until the information disseminate to the public thoroughly. The violator shall be charged with ethical punishment and restricted to hold the PTTEP's shares for a long term at least three months after each date of trading.

(6.3) The company shall disclose securities held by directors, executives from Executive Vice President or above, Senior Vice President for Accounting, Senior Vice President of Finance and Strategic Information Technology, Vice President of the Comptroller General Department and Vice President of Finance Department in the annual report accurately as provided by the SEC. The Board monitors their performance for the business ethics on internal information control. These persons shall submit their report every time if there is any change in securities holding to the corporate secretary for the Board's further acknowledgement. The Office of the Corporate Secretary will follow up the practices of the business ethics on the internal information use.

(7) Directors and the executives from Executive Vice President or above shall report the conflict of interest either by him/herself and related persons at once if there occur any conflict. The corporate secretary shall deliver a report to the chairman of the Board and the chairman of the Audit Committee within seven days after receiving such report, as stipulated by the Board, the Securities and Exchange Act (Volume 4), B.E. 2551 and the announcement of the Capital Market Supervisory Board.

(8) PTTEP sets guidelines for practices in the case of the conflict of interest in the good governance and the business ethics for directors, executives and employees. Principles are also determined for directors and executives from Executive Vice President or above to report PTTEP their stakes and related persons' stakes.

Once any conflict takes place, a stakeholder is required to report PTTEP immediately and is excluded or abstained from voting in the matter.



PTTEP pays attention for those who are external and internal stakeholders from shareholders, clients, employees, governments, associated partners, society, communities and environment, sellers/buyers, creditors, competitors, local culture and tradition, and human rights.

Role of Stakeholders

The Board approved PTTEP's mission, placing a focus on rights of stakeholders, provided that PTTEP operates globally to provide reliable energy supply and sustainable value to all stakeholders. Practically, PTTEP pays attention for those who are external and internal stakeholders from shareholders, clients, employees, governments, associated partners, society, communities and environment, sellers/buyers, creditors, competitors, local culture and tradition, and human rights.

As a result, PTTEP finally finalised the written practical guideline for PTTEP Good Corporate Governance and Business Ethics. The scope of the business ethics, which regards balance of stakeholders, appears in PTTEP's business ethics and its website. PTTEP pay its respect to all stakeholders in everywhere it operates. In 2011, PTTEP joined the United Nations (UN) Global Compact, a UN body for the global sectorial collaboration for development of economic sustainability. The company is strictly responsible for the four main issues that are human rights protection, employment standard, environment protection and anti-corruption. PTTEP also signed an agreement to become a member of Thailand Private Sector Collective Action Coalition Against Corruption since 2010. In the previous year, PTTEP sent its employees in related departments to attend seminars held by organizations, such as Thai Institute of Directors and the Stock Exchange of Thailand. This is to follow up practices related to anti-corruption activities and apply them within the Company. Thailand Private Sector Collective Action Coalition Against Corruption Council requires the Company to answer a self appraisal form, which was developed from the Transparency International Organization's original copy, and to have certain policies and practices, as required. Previously, PTTEP never has any significant dispute or litigation case any major case relevant to corruptions. Currently, the Office of the Corporate Secretary follow, present and report the Board and the Corporate Governance Committee the progress on a regular basis.

Business Ethics to PTTEP's Main Stakeholder Groups

(1) Shareholders

PTTEP respects the rights of the shareholders and treats all shareholders with equality while adhering to carry on business, subjected to the good governance and the business ethics for sustainable growth and enhance the optimal value for the shareholders, as detailed in the rights of the shareholders and equal treatment.

(2) Employees

(2.1) PTTEP adheres to comply with the UN principles without use of illegal workforce in every area it makes investment. The following guideline is described in PTTEP Good Corporate Governance and Business Ethics.

- (i) To strictly understand and comply the relevant law related to the business practice of the company in every area.
- (ii) To understand and respect cultural and local custom and tradition without any treatment against them.
- (iii) To equally treat a person, given personal relationship or discrimination in race, gender, age, skin color, religion or any other status not involving with work practices.

(2.2) PTTEP nominates, selects, and employs its staff regarding their records, experience and ability to work in the right position. Employees are consistently developed, promoted in their career path and allowed to join external activities under the Company's policy.

(2.3) PTTEP set up a fair wage system for its staff and the company itself in order to magnetize and retain competent staff. The rate of employment and the present method of wage payment paid by the petroleum entrepreneurs in the country are considered. The different of each position, the required skill and expertise, the level of difficulty to work, the assigned responsibility and the staff's capacity that for their responsibilities will be wholly considered likewise.

(2.4) PTTEP manages and/or enhances the fair welfare for the staff and the company itself. The company considers the payment capacity in the present and long term in the future. The company emphasize the sustainable welfare for the staff and families' living. Those welfare will be for most staff who can not provide with their financial capacity plus there is no sufficient governmental support and lastly this is common provision granted by the petroleum entrepreneurs in the country.

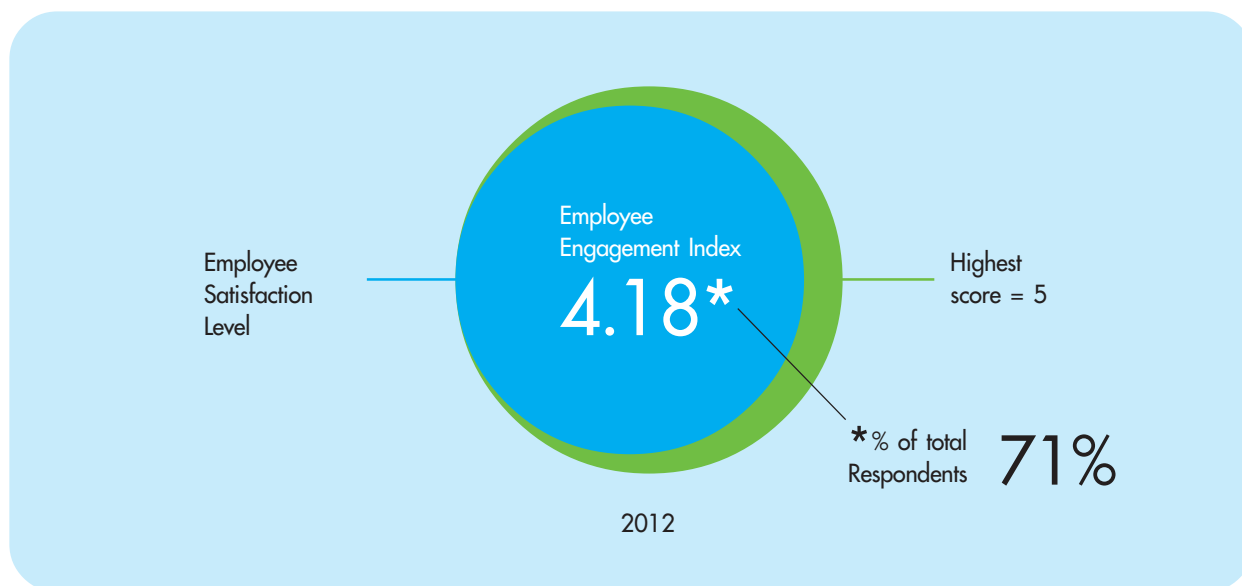
Moreover, PTTEP manages the provident fund for the staff in order to enrich their livings and become work security for them when they resign or retire. The provident fund consists of staff and the company's regular contributions. The company makes monthly contribution at a rate of 15% of the staff's basic salary while the staff contributes 2% on a monthly basis but not exceedingly than 15%. Receiving this fund is subject to the company's requirement.

(2.5) PTTEP realizes the value and importance in consultation between the staff and the supervisor promptly in order to maintain a good relationship. In case of the conflict between the staff or staff and supervisor, the staff may lodge a complaint as provided by the company. If those who comply with the provided measure and procedure and act with a good faith, they shall get protection without any impact. The company will not deem as employment termination or order penalty that may negatively affect the staff or relevant witnesses.

(2.6) PTTEP gives priority in human resource development in order to enhance capacity for business performance. The company deems that human resource is a key to the company. PTTEP supports and promotes staff through training and curriculum in the short and long term. Apart from academic and technical capacity building, the company embeds its corporate value in the personnel's behavior so that all employees can work with the same standard as to attain the company's vision and mission as targeted.

(2.7) PTTEP conducted the Employee Engagement Survey in 2011, targeting to understand the employees' perspective to the Company. The survey results were used to formulate the overall plan in 2012 to enhance the employee engagement. Two plans include determination of expectation and target for joint work, and feedback for work among supervisors and employees. This is to have the employees participation in work target establishment and efficient work.

PTTEP's employee engagement is under the implementation and monitoring on a regular basis. The next survey will take place in 2013.



(3) Clients

PTTEP is committed to its mission to be the producer and supplier for crude oil, liquefied natural gas and natural gas at fair and competitive prices. It sells products under short to long term contracts and on spot markets. The company treats all buyers equally for optimal benefit to all parties. The company is committed to strictly comply with contracts and regularly coordinates with buyers so that it can produce and deliver quality product as determined in the contracts and meet demand of the buyer with punctuality.

(4) Sellers/Buyers

PTTEP regards the sellers/buyers as a major factor to grow its business with sustainability. Therefore, the Company has a policy to equally treat each other as business partners while focusing on the corporate governance.

PTTEP finds trade with and promotion of ethical and environmentally and socially responsible partners as fundamentals for sustainable growth.

As one among Thai organizations abiding by the UN Global Compact in Human Rights, PTTEP promotes and pays respect to human rights protection. The Company will do business with similar-policy partners.

PTTEP established the Sustainable Development Working Team to draft a policy, strategies and plans for promotion of shared value creation with environmentally and socially responsible traders, who follow the UN Global Compact principles in Human Rights through its activities. Traders are required to abide by the following major policies.

- (i) PTTEP does not support compulsory labour or forced labour.
- (ii) Traders are required to abide by labour laws related to that country in a strict manner.
- (iii) Traders are required not to employ child labour whose age is below the legal permission in that country.
- (iv) Traders must eliminate unequal treatment for employment and occupation.

PTTEP is fully committed to include the UN Global Compact principles as a part of the strategy for procurement and business with traders. This is expected to expand into the Company's traders for collaboration and promotion of the sustainable development in the world community.

(5) Associated Partners

The joint investment project between PTTEP and domestic and overseas associated partners will operate business under the international mutual working agreement. This agreement rules out the rights and duties of associated partners with their eligibility to become the project's management committee, which directs management, procurement of products and services and annual budget with certain scope and resolution. Associated partners are eligible for inspection of financial information and annual financial statements with proper and clear measures. An example includes penalty in a case that associated partners do not abide by an agreement. Transparent dissemination of information remains a focus among associated partners and third parties.

(6) Competitors

Based on professionalism and equality, PTTEP treats its competitors under transparent and fair rules. It avoids defaming its competitors by fallacy.

(7) Creditors

PTTEP pays attention on rights of all internal and external stakeholders, including its creditors and treats them with equality according to PTTEP's good corporate governance.

Emphasizing on information disclosure to all stakeholders, PTTEP does it with accuracy, completeness, speed and transparency. Important information includes financial data and non-financial information. Financial data, particularly in the part of financial statements, passed auditors' review/inspection, as accurate according to the generally accepted accounting principle, and gained approval from the Audit Committee/the Board prior to disclosing it to the general public.

To its shareholders and other creditors, PTTEP launched debentures, according to the SEC's regulations and announcements, and abided by the Company's policy, objectives and resolutions of the shareholders' meeting in a strict manner. The Company also considered its responsibility to follow the rights and duties of an issuer of debentures and borrowing conditions. Information is fully disclosed to all stakeholders. There is a contingency plan if the stakeholders have damage arising from the Company, which does not comply with the requirements on rights and duties of an issuer of debentures and borrowing conditions.

(8) Government

PTTEP surveys and produces petroleum under relevant state agencies' supervision in the country or other countries where PTTEP makes investment. The government plays a role in supporting and smoothing PTTEP's business according to the policy, rules and regulations in each country. As a result, based on its transparency and integrity, PTTEP regularly coordinates and exchanges information with the local and foreign governments.

PTTEP gives priority to build up and maintain long-term relationship with the local and foreign governments. Activities are held on a regular basis.

Based on professionalism and equality, PTTEP treats its competitors under transparent and fair rules. It avoids defaming its competitors by fallacy.





(9) Community/Society

Having followed the business ethics, corporate social responsibility and its confidence of people's living quality being as a major foundation for sustainable social development, PTTEP operates its core business - petroleum exploration and production, together with development of the society's living quality and culture and environment conservation. This is to help communities, society and PTTEP grow together under a concept of "From Natural Treasure to Intellectual Wisdom and Environmental Conservation". PTTEP projects and activities in this area are described below.

(9.1) Community Development

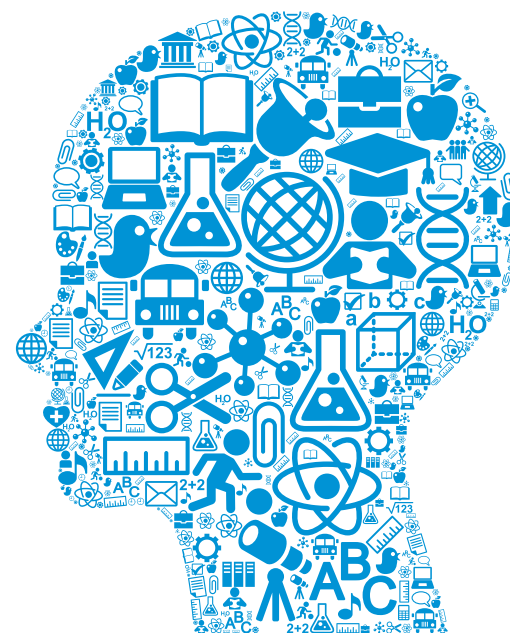
- (i) Education
 - PTTEP Scholarship
 - 7 Pat Tutor Camp
 - Mobile Library
 - PTTEP Smart Center in Songkhla
- (ii) Health Improvement
 - Health Care Mobile Unit
 - Healthy Garden
 - PTTEP We Love Sport
 - Mini-farm
- (iii) Career Development
 - Ao Lamee Coastal Resources Management
 - Natural Gas for Community Farming and Environment

(9.2) Natural resources, culture and environment reservation

- (i) Thai heritage and world heritage reservation
 - PTTEP Thai Heritage, World Heritage
- (ii) Forest ecological system rehabilitation
 - Tree Planting in the Human Heart
 - Hornbill Conservation
 - Tiger Conservation
- (iii) Restoration of Thai sea ecological system
 - Project on Marine Heritages of Thailand under the Royal Patronage of Her Royal Highness Princess Maha

Chakri Sirindhorn

- Songkhla Lake Conservation
- Royal Thai Navy Battleship under the Underwater Learning Center Project (phase 2)
- Research on the Koh Tao's Artificial Coral Reef under the Underwater Learning Center Project
- (iv) Employee Engagement
 - PTTEP CSR Volunteer
 - Thai Heritage, World Heritage Camp
 - World Heritage Visit Trip for Youth
 - Rak Phuen Baan (Neighborly Love)



(10) Safety, Occupational Health and Environment

(10.1) Policy setting and guidelines for safety, occupational health in workplace and environment

PTTEP is committed to protecting the health, safety, and security of everyone who plays a part in our operations and lives in the communities in which we operate, while maintaining the security of our people and assets. Wherever we operate, we will conduct our business with respect to local and global environment to achieve the objectives of sustainable development. Generally, oil and gas industry is a high risk business that may cause impact to health and safety of employees, community and environment. PTTEP believes that a good safety management and effective planning can prevent and alleviate the impact to health, safety and environment. Furthermore, PTTEP keeps developing and improving its safety management, which is deemed worthwhile investment and easier compared to solving problems that may arise.

The vision of safety, security, health and environment (SSHE) of PTTEP is not only becoming the LTI free organization but also being a leader in safety, security, health and environment. This is in consistent with the company's mission and policy as set systematically which is deemed as a key factor to achieve its goal of sustainable development in the future.

PTTEP has reviewed its vision, mission and SSHE policy periodically in order to ensure that they are up to date and in line with the company's expansion in the future.

To meet these commitments, PTTEP have in place, the SSHE Management System (SSHE MS) that outlines our main principles and accountabilities to drive for continuous improvements in our operations.

PTTEP's SSHE Policy includes the following:

- (i) Create a proactive and compliant SSHE culture through visible leadership and commitment from management and employee involvement.
- (ii) Ensure that all employees and contractors are accountable for their own safety and the safety of those around them.
- (iii) Meet or exceed compliance with all applicable SSHE laws and regulations, and international standards in all of our operations worldwide.
- (iv) Ensure all employees and contractors have been assessed and maintained the required level of job and SSHE competency.
- (v) Identify, eliminate or minimize, and manage SSHE risks to be As Low As Reasonably Practicable (ALARP).
- (vi) Reinforce to all employees and contractors that they are responsible for and authorized to stop any work they believe to be unsafe (Stop Work Authority: SWA).
- (vii) Strive to achieve and maintain SSHE excellence by setting measurable SSHE objectives and targets and assessing performances through regular audits and reviews.
- (viii) Develop and maintain active plan for emergency and crisis management.
- (ix) Prevent any incident recurrences through an efficient incident management system.
- (x) Communicate SSHE issues in an open and transparent manners, and SSHE best practices internally and externally.

(10.2) Conducting a Business with Environmental Standards

An effective environmental management system is developed and implemented for PTTEP's petroleum exploration and production operations to minimize potential environmental impacts that could arise. The implementation of the ISO14001:2004 Environmental Management System (EMS) Standard by PTTEP's domestic operational projects is in compliance with the company's policy and standards, national and local legislations, and other international standards/requirements to prevent environmental pollution and degradation, promote energy conservation, and ensure the improvement of company performance. As a result, PTTEP is the first petroleum exploration and production company in Thailand and in the Southeast Asian region to achieve the ISO14001 Certification for its domestic projects such as Bongkot Project, S1 Project, PTTEP1 Project, Petroleum Development Support Base (Songkhla), Arthit Project and PTTEP Core Research Center. More information on the environmental management system and environmental performances, control and monitoring could be found in the answer to question no. 4.5 of the 56-1 SET questionnaire and also in the PTTEP Sustainability Report which has on PTTEP's official website, www.pttep.com.



PTTEP is the first petroleum exploration and production company in Thailand and in the Southeast Asian region to achieve the ISO14001 Certification for its domestic projects such as Bongkot Project, S1 Project, PTTEP1 Project, Petroleum Development Support Base (Songkhla), Arthit Project and PTTEP Core Research Center.

(10.3) Promoting the Efficient Use of Natural Resources

PTTEP gives great importance in energy and natural resources efficiency in which many projects that uses the recovery of flare gas to generate electricity and reprocess in the system are present. Flare gas recovery and utilization at the Bongkot Project with a production rate of 600 MMSCFD of natural gas and 18,000 BPD of condensate by installing a Flash Gas Recovery Unit system (FGRU) into their offshore operations in 2006. This decreased the amount of gas to be flared into the atmosphere by 6.5 MMSCFD and also recovers condensate from operation by 400 BPD.

The recovery of flare gas at 10-20 MMSCFD through the integration of gas pipelines/flowlines from different production stations in S1 Project is another way to reduce the GHG emissions into the atmosphere. This project is expected to be commenced by the fourth quarter of 2014. By connecting the pipelines from different production stations (from Nong Toom-A to Pradu Tao-A) and converging them into LKU's main production site, this can serve as a means to recover flare gas from the smaller production sites and converge it into one location for utilization and access. The utilization of flare gas includes electricity generation, cooking, etc. In 2010, the S1 Project also installed a "Cooling Pad" with the purpose of increasing the efficiency of the Chiller Cooling Pad by reducing the temperature of air before entering the system. The efficiency of the "Chiller Cooling Pad" has increased to 24% after the installation and is reduced the energy use by 21,600 KWh per month.

As for onshore petroleum production, PTTEP investigated the optimum use of petroleum resources. Associated gas, which needs to be flared, has found application as a fuel in the production of Nong Toom community products in Kong Krai Lat district, Sukhothai province. This not only exhibits a better use of natural gas but also reduces fuel costs for the community. The Company also has a project to produce liquefied natural gas (LNG) from associated gas at the Nong Toom-A oil deposit. Moreover, the Company has joined Ratchaburi Electricity Generating Holding Plc. in making use of associated gas to fuel a small power plant at Pradu Tao-A site to cut oil consumption by around 1.5 million liters per year for power generation of around 2 MW.

PTTEP, moreover, considers investment through the Clean Development Mechanism (CDM), devised under the Kyoto Protocol to help industrialized countries fulfill their obligations to reduce greenhouse gases through their investments in greenhouse gas reduction projects in developing countries. Also as a requirement, this kind of project must be designed to support sustainable development in developing countries. At present, PTTEP is carrying out a CDM project for less greenhouse gas emission at onshore production sites, especially at the Sao Thian-A deposit in S1 Project, where a study is conducted to bring associated gas to fuel a small power plant. The project has already won approval as a CDM project from Thailand Greenhouse Gas Management Organization. The company is now in the final step of validation process before submission to the UN Clean Development Mechanism Executive Board for consideration and it is estimated to be economically viable with an initial approximation of carbon dioxide reduction emission of up to at least 30,000 tonnes of carbon dioxide per year.

More information on the environment efficiency and conservation projects can be referred to PTTEP Sustainability Report on PTTEP's official website, www.pttep.com.

(10.4) Equipping Employees with Knowledge about the Environment

PTTEP provides SSHE and environment-related employees with trainings and knowledge sharing on environmental issues and key messages via different channels. In 2012, a curriculum of SSHE1 training course was conducted to improve SSHE knowledge and awareness of our personnel. Over 1,700 employees and contractors were attended the training course during 2012. Most of the environmental issues that are addressed are the Oil Spill Response IMO Level 1 training, ISO14001 standard awareness and requirements training, environmental impact assessments and updates of local and international environment laws and regulations. We also send off environmental key messages and issues via SD-SSHE Council meetings which were held quarterly, SSHE Monthly Meetings in each department, Sustainable Development Working Team meetings, and tool box meetings for employees at the operating sites.

In addition, PTTEP has made every possible attempt to ensure that our operations do not result in harmful impacts on people and the environment. The SSHE Management System or the SSHE MS that was adapted from the OGP (International Association of Oil and Gas Producers) is the foundation of our SSHE MS, which stipulates that risk assessment of all activities must be carried out and adequate control systems be implemented to reduce the risks to the As Low As Reasonably Practicable (ALARP). This effort also complies with the relevant legislation, regulations, and the guidelines from OGP for the development and application of our SSHE MS.

(10.5) UN Global Compact Principles 7-9 (Environment)

PTTEP ensures that our operations in all areas comply with labor laws of the countries in which it operates and in accordance with the Principle of the United Nations Universal Declaration on the Environment (UN Global Compact). Environment is one of the important principles of the UN Global Compact.

(11) Custom and Tradition

PTTEP adheres to local custom and tradition in its operation areas. Training was provided by knowledgeable and experienced instructors, including representatives from the Ministry of Foreign Affairs or Embassy. They gave suggestions and provided information including custom, tradition, careful issues and local practices for employees who will be stationed there so that they understand and behave in a proper manner.

(12) Human Rights

PTTEP is responsible for labor rights in any operational area with prohibition of direct and indirect employment of child labor and forced labor. This is in consistent with United Nations (UN) for Human Rights. Whether or not a country PTTEP invests in has local laws on human rights, PTTEP makes fair employment with safe work environment and hygiene. No threat exists among employees or those related to the Company. Ethical partners without any infringement of human rights are employed. PTTEP promotes consultation between executives and employees through the latter's representatives in the welfare committee. Views and suggestion are listened for improvement of welfare and other proper and necessary benefits to enrich employees' quality of living.

(13) Laws

PTTEP respects laws in everywhere it operates business with anti-corruption. The Board set legal compliance and anti-corruption in the business ethics. Such includes legal respect and political non-bias. PTTEP directors, executives and employees are required to understand them, strictly abide by laws related to its operations in all areas, and perceive the matter of gifts, reception and non-corruption. The Company's capital or resources shall not be used to support any political party or any politician. PTTEP's personnel must not have corruption, must not give or receive bribery, and must make related persons understand PTTEP stance. They shall inform the Company if a corruption is seen. This issue is in other matters of the business ethics. Such other matters include no request for benefits from the procurement activities, prohibition of no direct or indirect use of power and authority to seek a position or benefits for oneself or others, and prohibition of intellectual property or license violation - particularly for the Company's IT and communications. Thus, PTTEP Group can see its operations with accuracy and efficiency. Directors, executives and employees all must abide by the business ethics.

PTTEP communicates the business ethics internally and externally. Training is provided to executives and employees on a regular basis. Business partners are required to follow PTTEP's business ethics and are informed PTTEP practices regarding New Year's gift reception. The business ethics is disseminated on PTTEP website for outsiders. PTTEP set up the Compliance like the operation supervision department to oversee legal risks and have PTTEP operations to follow related laws.

Stakeholders' Participation in the Company's Business

PTTEP allows the stakeholders to share PTTEP operations through their comments or useful information related to the company's performance and their rights at independentdirector@pttep.com directly. Every view will be screened before forwarding them to the Board in order to ensure that all stakeholders' rights will be protected with fair treatment.

Measures for Clueing Up, Informer and Protective Mechanism

PTTEP's ultimate goal is to achieve its business by adding value to shareholders and satisfaction to stakeholders in the long term; namely, PTTEP "Growth, Prosperity, Stability, Sustainability and Dignity" in its confidence that compliance with PTTEP Good Corporate Governance and Business Ethics will drive PTTEP to the goal. Therefore, the company provides the channel for its staff and the third parties to inform or give information related to any abuse or any mean that violates laws, regulations, good governance, PTTEP's business ethics, the policy, rules, requirements or PTTEP's provisions through CG Hotline.

To ensure their protection after report, PTTEP has a policy for reception of complaints and protection of those who place complaints to avoid unfair treatment or persecution and provide relief for those inform. If a complaint is done with integrity and no purpose to damage PTTEP or any other person, the Company places it with confidentiality. Such complaint will be disclosed to those assigned and related only. Investigation will be done in respective manner said in the policy and the progress will be reported to the CG Committee and the Board on a quarterly basis. The following channels are open for complaints through CG Hotline.

- (i) Fax no. 0-2537-4949
- (ii) E-mail at cghotline@pttep.com
- (iii) CG Hotline Box at PTTEP Office
- (iv) By person or post at the Corporate Secretary Office

In 2012, CG Hotline received four complaints. Two of which were finalized while the other two are under progress. Should the finalized complaints be given response, if a name who makes complaint is specified.

Information Disclosure and Transparency

Information disclosure is one of the keys for the good corporate governance. PTTEP adheres to information disclosure to the SET and shareholders. All information must be correct, sufficient, prompt, and fair to all parties. The information preparation is in accordance with the business ethics. Inside the company, there are the Investor Relations (IR) and the Corporate Communication section which are in charge of providing and replying all queries while PTTEP has certain procedure of information disclosure to the SET.

The key information of the company consists of the financial information and non-financial information. In 2012, the financial information, especially in the section of financial statements, was reviewed/examined and certified correctly in the substantiated auditing by the auditor. Then it was approved by the Audit Committee/the Board before disclosing to shareholders. The Board reported the financial report in the annual report. Moreover, the company revealed the company's non-audited quarterly and annual financial statements, in addition to the SET's requirements. This is to allow shareholders and investors to receive the information faster. The information before and after review/auditing has no significant change. For the non-financial information, the company disclosed it in accordance with the SET and SEC's requirements. Such information includes related transactions, management analysis, risk management, Annual Corporate Governance Report and the 56-1 Form.

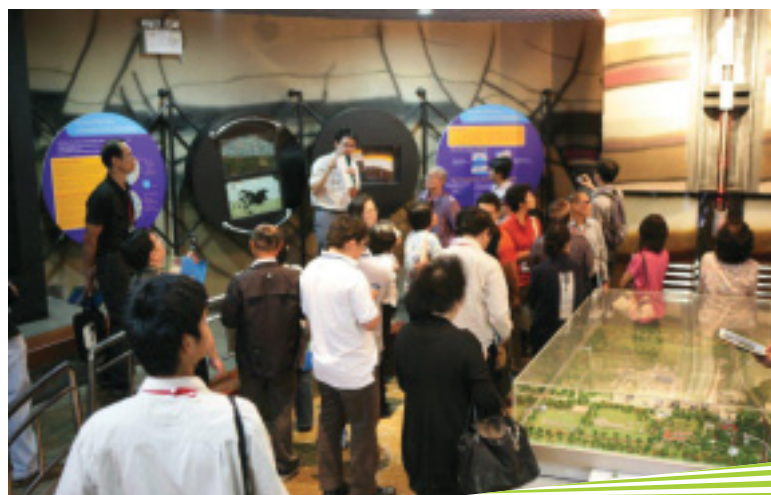
PTTEP information, disclosed to the SET, public, shareholders and investors, will be disseminated in both Thai and English languages on the company's website. Such information includes financial statements, annual report, the 56-1 Form, invitation letter for shareholders' meeting and minutes of meeting, petroleum exploration and production projects, investment projects, the Roadshow information, the quarterly performance report proposed to analysts, Webcast, PR news, report on stability, occupation health, safety and environment compiled in the Annual Sustainable Development Report, etc. Moreover, PTTEP regularly maintains its website so that the users can update and access the information conveniently and beneficially.

- (i) Historical and latest stock prices
- (ii) Analyst coverage
- (iii) Events and presentations

During 2012, PTTEP disclosed its information through the SET system totally 55 issues with information disclosure of offers and allocation of new shares. During the period for the share offer and new share allocation, the Company had additional channels of information. Such channels included briefing on information of new share offer to the public, exhibitions for more details and call center to answer shareholders and investors.

Activity for Shareholders and Investors in 2012

Activity	Time(s)
Domestic and Overseas Roadshows/Conferences	32
Analyst meeting	4
Daily telephone correspondences	4 (average)
Opportunity Day (by SET)	1
Shareholders and investors' site visit	9



Aside from the said activities, the company meets with analysts and fund managers (company visit) including conference calls throughout the year at approximate more than 100 meeting. In the Annual General Meeting of Shareholders in 2012 and the Extraordinary Meeting of Shareholders No. 1/2012, the Company's investor relations officer gave information and answered questions to shareholders. This was another channel for PTTEP to disclose its information to shareholders.

PTTEP provides directors, and executives started at the position of the Executive Vice President or above, Senior Vice President of Accounting Department, Senior Vice President of Finance and Strategic Information Technology Division, the Vice President of the Comptroller General's Department and the Vice President of Finance Department to report the conflict of the interest either themselves or other related persons promptly once the conflict is existed. The company's secretary shall deliver this report to the chairman of the Board and the chairman of investigative director within seven days after receiving such report as stipulated by the Board which is in line with the Securities and Exchange Act (No.4), B.E. 2551 and the announcement of the Capital Market Supervisory Board.

PTTEP has disclosed the role and duties of the Board and the specific committees including the numbers of attending the meeting, each sub-committee under the part of Management; the reports of the sub-committees; and disclosure of committee and the executive's remuneration packages under the part of the responsibility of the Remuneration Committee in the annual report.

PTTEP is aware of the importance of information disclosure with accuracy, completeness, punctuality and transparency. This is a key part of the good corporate governance and the business ethics. PTTEP is committed to dedicate itself for business operations.

Investor Relations (IR)

Investor Relations (IR) is responsible for communicating information and news that reflects PTTEP's fair value to analysts, shareholders and general investors as provided by the SET and SEC regulations. IR's duty is to build up confidence to analysts and investors, enhance PTTEP's image and good attitude to investors. IR coordinates and gives advice about investor relations tasks to executives. Investors or interested persons may contact IR for more information through three channels.

- (i) By phone: 0-2537-4675, 0-2537-4611, 0-2537-4075 and 0-2537-5746
- (ii) By e-mail: ir@pttep.com
- (iii) By fax: 0-2537-4467

The Board's Responsibility

The Board plays a major role to jointly set vision, mission, strategic plan, work plan and budget with the management on a yearly basis. The Board performs its duties with prudence and integrity, which is in compliance with laws, PTTEP's Articles of Association, PTTEP Good Corporate Governance and Business Ethics. The Board also calls for reporting of PTTEP's performance, including operations, finance, implementation according to rules, regulations and policy, on a monthly basis.

The Board's Structure

(1) Board Composition

The Board consists of 15 skilled experts. The number is considered as appropriate for the operation size. Of total Board members, no less than half of the current members shall be non-executive directors, executive directors or independent directors, and at least three are third parties from the private sector. As of 1 January 2013, there are 15 members as follows:

- (i) 14 non-executive directors (93.34% of total members)
- (ii) One executive director: President and Chief Executive Officer
- (iii) Seven independent directors (46.67% of total members)
- (iv) Six external directors from the private sector

Only PTT Plc is PTTEP's major shareholder while its minor shareholders are dispersed. Thus, the Board's elements and proportion remain appropriate to make a balance for shareholders' optimal benefits.

In this regard, names, biography, qualification, experience and shareholding of non-executive directors, executive directors, independent directors, directors from the private sector and directors from PTTEP's major shareholder PTT Plc will be disclosed in the details of the Board of Directors and controlling persons in the annual report and PTTEP's website.

(2) The Board's Qualification

(i) Shall possess qualifications in accordance with the public company law, securities and exchange law, the SEC rules, Capital Market Supervisory Board (CMSB) rules, SET rules, and relevant Cabinet resolutions.

(ii) Should contain versatility of expertise with skill mix in the fields of Industry Knowledge, Accounting & Finance, Business Judgment, Management Skill, International Markets, Business Strategy, Crisis Management, Corporate Governance and Legal.

(iii) Be able to dedicate oneself and time to fully perform duties and take responsibility. A director or an executive shall neither hold the director or executive position in more than five listed companies nor be absent from the meeting more than three times without fair reason; otherwise, he or she will be regarded as the unqualified.

(iv) Shall not be more than 70 years old.

(3) Determination of the Board's Term and the Number of Companies Each Director Assumes the Directorship

PTTEP provides that one-third of total members shall be retired by rotation at the Annual Shareholder's meeting. According to the Articles of Association, the Board shall consist of no more than 15 members. Each member holds a three-year term with no more than three consecutive terms (since 2006). This is to allow PTTEP have directors with versatility of qualifications, as deemed appropriate, for optimal benefit. An exception is that PTTEP considers a member with specific expertise that is useful for its operations.

PTTEP believes that too much stringent requirements will lead to obstacles and limitation of the Nominating Committee's duty in considering the most appropriate candidates for directorship and take proper candidates out of the consideration without other knowledge and capability consideration. The Company may lose benefits and opportunity to gain from those persons who have knowledge and experience accumulated during their directorship.

To directorial qualifications, each director shall assume directorship or executive of no more than five listed companies. Information related to their directorship of other companies will be revealed in the details of the Board of Directors and controlling persons. Currently, no directors hold directorship of more than five listed companies. Each member of sub-committees hold a three-year term. The sub-committees include the Audit Committee, the Remuneration Committee, the Nominating Committee, the Corporate Governance Committee and the Risk Management Committee.

(4) Independent Director's Qualification

Please see details in the part of Management Structure on pages 116-117.

(5) Policy and Practices for the President and Chief Executive to Assume Directorship of Other Companies

PTTEP values the President and Chief Executive Officer's experience accumulated from his/her directorship at other organizations. To have time for PTTEP, as specified in PTTEP Good Corporate Governance and Business Ethics, President and Chief Executive Officer, and executives are able to take directorship at other companies or other organizations (not their own business or family business), as necessary and without damage to PTTEP tasks. Such is required to gain approval from the authorized person. PTTEP and their positions shall not be used in such business operations. Returns of executives, assigned by PTTEP to assume the directorship of any organization or any unit in the petroleum exploration and production or any direct relation, will belong to PTTEP if they perform duty on behalf of PTTEP. In other cases, executives shall reap such return. Information relevant to each director's directorship at other companies is disclosed in the annual report. Currently, none of executives assumes directorship or becomes executives in more than five listed companies.

(6) Separation of Chairman, President and Chief Executive Officer, and Authority and Duty

Chairman, President and Chief Executive Officer, which are usually different persons, will be elected by the Board. Chairman does not participate in the daily management. Policy, monitoring and daily management are clearly separated. Chairman has leadership and plays a key role for supervising the Board to perform efficient duty and be independent from the management, join hand with President and Chief Executive Officer to determine meeting agenda according to its duty and responsibility, efficiently act as Chairman in the Board and shareholders meetings. Other duties are to oversee directors to adhere to PTTEP Good Corporate Governance and Business Ethics. President and Chief Executive Officer is responsible for the Company's management under his/her authority as assigned by the Board. The Chairman does not hold any position in a sub-committee for clarity of duty and implementation.

(7) Independence of Chairman

Independence becomes the first priority for PTTEP to elect Chairman. If none is qualified, other directors will be considered for the position. The current Chairman perfectly performs his duties with independence. Chairman shall have performance appraisal by the whole Board for examination and improvement. Result scores are disclosed in the 56-1 Form and the annual report. Details of Chairman's appraisal results appear in the part of Board's Self Evaluation of Good Corporate Governance.

Apart from Chairman's independence, all directors express their view on the Company's operations in the Board meetings, sub-committee meetings and other work periods with independence. This is to oversee the management to run operations with efficiency, accurateness, transparency and benefits to shareholders.

(8) Corporate Secretary

Please see details in the part of Management Structure on page 118.

Sub-committees

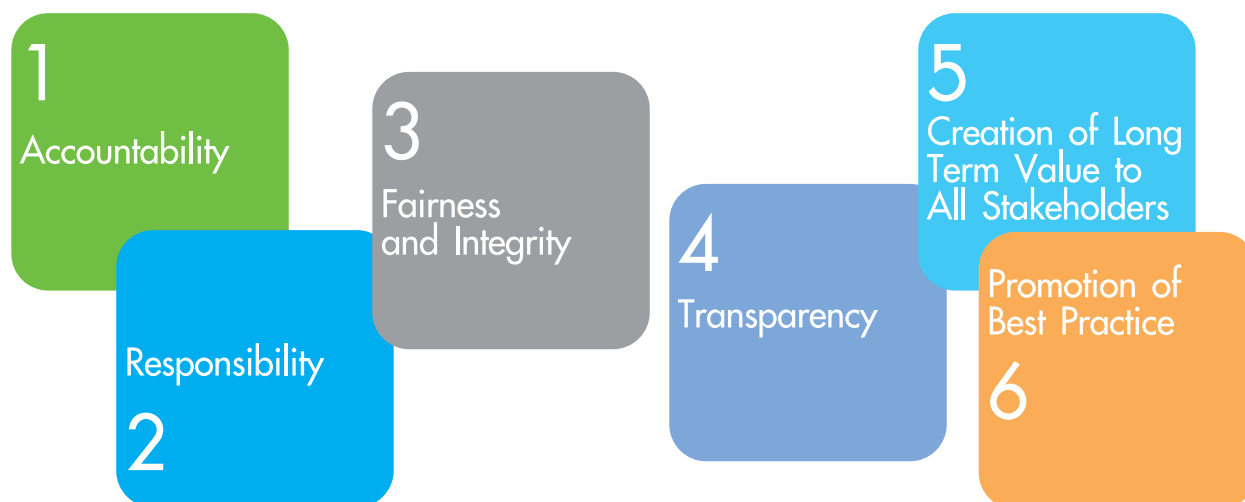
The Board appoints properly skilled experts for the sub-committees, as required by PTTEP regulations, to study and screen work details each sub-committee is responsible for. Each sub-committee's qualifications, term and scope of responsibility and duty are clearly designated in its charter. The Audit Committee and Corporate Governance Committee's members must be independent directors. The Nominating Committee and Remuneration Committee's members comprise mostly of independent directors. Each sub-committee's Chairman is not Chairman or member of all sub-committees simultaneously. All sub-committees, except for the Risk Management Committee, shall have the independent director as their Chairman. The sub-committees will regularly report each of their minutes of meeting to the Board for acknowledgement. Their annual performance will be reported in the 56-1 Form and the annual report.

Currently, PTTEP has five sub-committees: (1) the Corporate Governance Committee; (2) the Audit Committee; (3) the Remuneration Committee; (4) the Nominating Committee; and (5) the Risk Management Committee. Details of director names, duty and responsibility, the number of meetings, attendance, and performance reports of all sub-committees and each Sub-committee report appear in the annual report.

The Board's Role, Duty and Responsibility

(1) Good Corporate Governance Policy

The Board has the written policy for PTTEP Good Corporate Governance and Business Ethics since 2001 with annual review. The sixth version is the latest and in line with the Stock Exchange of Thailand's 2006 good corporate governance for listed companies and the principle of good corporate governance of the Organisation for Economic Cooperation and Development (OECD). PTTEP's good corporate governance policy is comparable to international oil companies and recommendations of institutes. Its content extends from shareholders' right, fair treatment to shareholders, the role of stakeholders, information disclosure to the Board's responsibility for efficient management and ethics. Six following core principles are adhered.



PTTEP distributes good governance and the business ethics booklets to directors, executives and all staff as their reference and compliance.

All shall sign their names on the agreement to bind itself in following the company's good corporate governance and business ethics as an upmost practice. The company circulated the agreement to the associated partners, the supervision unit, the unit which PTTEP always contacts with and those who are interested in. It is uploaded in the website under the topic of the good corporate governance for more convenience.

PTTEP focuses on enhancing knowledge and understanding of the good corporate governance and the business ethics to directors and personnel continuously. The Board supervises communication in such matter to ensure that directors and personnel adhere to and abide by the policy. The followings are the Board's assignment.

(i) PTTEP Good Corporate Governance and Business Ethics are included in one among others in the orientation for new directors, executives and employees.

(ii) Full-day curriculum is designed for new executives and employees. In 2012, six training courses were provided for 272 employees and one course was provided for eight executives.

(iii) Four CG Visits were organized for the Corporate Governance Committee to meet each department's executives and employees as to monitor promotion and practice of the good corporate governance and the business ethics, performance of executives' CG leaders. CG practices for CG in Process were listened with questions and answers for executives and employees.

(iv) CG Hero was voted to find CG Role Model from executives and employees in each department, which correctly followed the Company's guideline. Such models were accepted and honored more widely.

(v) Business Ethics (BE) E-Learning activity was held as another channel to provide executives and employees knowledge and build up understanding for PTTEP's code of business conduct. The work environment supporting the business ethics was also promoted. This year was the first of this activity for executives and employees combined of 1,793 in Bangkok (as of 26 October 2012) during 29 October 2012 - 7 December 2012. Attendees who passed the test totaled 645 or 35.97%.

(vi) PTTEP has provides the CG Clinic for the staff asking in general in term of the good governance and the business ethics. The Corporate Secretary Office will be in charge of providing information to staff who raise question and also provides certain ways for communication at any level of staffs throughoutly. The feature of information is devided as follows;

- CCS CG Information Center for general information in regard to PTTEP Good Corporate Governance and Business Ethics

- CCS Compliance News Alert for informing the relevant law compliance, such as Insider trading, or releasing the new enactment applied with the company

PTTEP will report its performance on promotion of the good corporate governance and the business ethics to the Corporate Governance Committee on a quarterly basis. Thus, the Corporate Governance Committee is able to monitor the results and report its minutes of meeting to the Board every time. The Corporate Governance Committee reviewed its 2013 plan in late 2012. The 2012 results were considered as a part for the following year's work improvement for further development.

(2) Business Ethics

PTTEP concentrates on operation with ethics. The business ethics is regarded as its framework of behavior and direction for good business operations for directors, executives and employees. This is for efficient work, ethics, respect of rights, and fair and equal treatment to stakeholders with verification, which will build up confidence and lead to acceptance of PTTEP's efficient and transparent operations. Long-term value will be created for stakeholders with sustainability and fairness.

PTTEP has the written business ethics with annual review. The current one consists of 13 principles and practices, based on the framework of behavior, reflecting organizational value for PTTEP's operations. The followings shall be adhered by executives and employees.

- 1 Respecting the law and political neutrality
- 2 Internal control
- 3 Human resource
- 4 Confidentiality
- 5 Disclosure of information
- 6 Internal information use
- 7 Conflict of interest
- 8 Procurement and contract
- 9 Gift, promise for gift, banquetting and anti-corruption
- 10 Accounting and finance
- 11 Use of information technology and telecommunications
- 12 Safety, security, occupational health and environment
- 13 Corporate social responsibility

(3) Policy on Conflict of Interest

PTTEP has a policy to prevent any conflict of interest in management, as depicted in the good corporate governance and the business ethics. This is to ensure stakeholders that PTTEP's business management is efficient and transparent with the following principles.

- Directors, executives and staff shall not participate in review or voting in a matter they have stakes in.
- Directors, executives and staff shall decide on business operations for the optimal benefits of PTTEP without personal need or any other related person demand.
- Directors, executives and staff shall review and disclose their transactions involving in the conflict of interest for PTTEP's acknowledgement.

PTTEP establishes the following preventive measures for the conflict of interest.

- Directors, executives and staff shall adhere to and abide by laws and regulations as required by the SET, particularly for connected transactions.
- Directors, executives, staff and related persons avoid involvement with financial issues and/or relations with outsiders, which will cost PTTEP with loss of benefit or bring conflict of interest or obstruct efficient work implementation.

- Directors, executives and staff, when involves in the processes of employment, selection, decision or approval of transactions that may have conflict of PTTEP's interest, must report their supervisor or those who take part in the approval through a PTTEP form on disclosure of conflict of interest transaction. They shall cease participation in such process or transactions with PTTEP.

- Directors, executives and staff shall review and evaluate themselves for conflict of interest transactions, as specified in the Self Appraisal Form.

- If there is a suspicion or uncertainty that their work or their participation or related persons' participation or shareholding in any business and such business involves in a transaction with PTTEP and may lead to conflict of interest, directors, executives and staff shall notify the Company at once.

(4) Internal Control System

PTTEP consistently places significance on internal control system for the Company's operations to ensure they are sufficient and appropriate, monitoring and verifying internal control measures to assess and improve control measures to ensure that they are appropriate to the situation, environment and materializing risks. PTTEP conducted an internal control assessment as stipulated by rules of the Office of the Auditor-General governing the formulation of internal control standards, B.E. 2544 (2001). The Internal Audit Department regularly reviews internal control practices to ensure suitable control measures are commensurate with current circumstances, environment, and risks.

The Board, the management, and all employees have collectively determined business procedures as follows to ensure the certain achievement of corporate objectives:

- Efficient and effective operations, including prudent use of resources
- Accurate, reliable, and timely financial reporting
- Compliance with Company policies, laws, and regulations.

The Company's internal control procedure is based on the regulations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and that of the Committee of the Auditor General of Thailand, consisting of five components as follows:

(i) Control Environment: PTTEP has a proper and sufficient control environment, which promotes awareness among personnel to conduct business with honesty, integrity, and outlined in a code of conduct. It covers the formulation of business directions and policies, business expansion, organization, and entails clear definition and delegation of roles and responsibilities. Moreover PTTEP places emphasis on sustainable development under which it developed the PTTEP Sustainable Development Guideline to define clear objectives and development guidelines for operations with emphasis on 3 important parts i.e. business, social and environment.

PTTEP has established a PTTEP CG course for all management and employees including during the year communication and education of CG and the Code of Conduct from Corporate Governance and Stakeholders' right function. In 2012, PTTEP launched CG E-Learning for employees to review and refresh CG and conducted 4 corporate governance workshops in order to stimulate increased understanding of CG and the Code of Conduct in their operations. Moreover, there were reports which raised issues and problems to the CG Committee in order to get further advice.

In terms of Organization structure, PTTEP has assigned a Risk Management function responsible for Risk Management, Business Continuity Management and Internal Control roadmap and framework including monitoring and building internal control awareness through Control Self-assessment (CSA) process to ensure the achievement of PTTEP objectives i.e. effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

(ii) Risk Assessment: PTTEP places importance on Risk Management, towards this a Risk Management function responsible for the management of PTTEP's enterprise risk. Which analyses types of risk, together with their probability and impacts, and also ensure responsible departments manage those risks to be at the acceptable levels. PTTEP classifies risk management at the corporate level, linking to its corporate directions and strategies, and the operating level, to be managed by departments. All risks come under the oversight of the Risk Management Committee. PTTEP has established a Risk Management Policy that sets out PTTEP's commitment to effective risk management which is vital to the achievement of objectives. Strong risk management practice ensures the sustainability of our business, the safeguards of all persons, and the protection for the environment and communities we operate in. It also improves stakeholders' confidence and trust through effective control, management and transparent reporting of all material risks (see details as under the Risk Management).

(iii) Control Activities: PTTEP has designed its business to function systematically and efficiently. Also, to prevent and minimize operation risks, the Company operates under four essential regulations: human resources management; finance and accounting; budgeting; and procurement regulations; also in addition the company operates under the charters of the five sub-committees. These regulations frame PTTEP's management and operation control. The Company has also devised a Delegation of Authority and Signatures (DAS) table for the President and Chief Executive Officer to clearly delegate authority to the Company's functional management, resulting in practical and easily-verified courses of action.

PTTEP has developed the Corporate Governance Framework (CGF) to define principle and framework to manage and oversee activities between PTTEP Corporate and Assets including managing the framework within an Asset to clearly define roles, duties and responsibilities. This year, CGF has implemented in PTTEP International Assets e.g. Canada Oil Sands KKD Project, Algeria Project, Oman Project, Myanmar Project, Indonesia Project continuing on from CGF implementation in PTTEP Australasia Project in 2011.

PTTEP assigned the Compliance function to ensure all PTTEP activities are in compliance with all laws and regulations. In 2012, PTTEP conducted Compliance Health Check to ensure that operations complied with all related laws and regulations to reduce non-compliance from day to day activities of staff. Moreover, PTTEP has conducted training session on regulations from the "Office of National Anti-Corruption Commission in Procurement Law" to build an understanding and update new laws for relevant functions.

(iv) Information and Communication: The Company executes this aspect by instituting efficient and effective communication procedures to disseminate information both internally and externally for complete, accurate, and timely decision-making. The systems contain both financial and non-financial information. Internally, through the Intranet (via Internal Communication channel), PTTEP provides employees with sufficient and timely information needed to conduct their work, as well as communication between the Management and employees to improve job coordination and allow the execution to fulfill goals. Externally, the Company has an effective procedure in place to provide sufficient information and deliver reports on its performance to various institutions in a timely and efficient way as required by relevant regulations, to develop increased understanding and relationship with relevant stakeholders.

PTTEP has an information control system to manage the transmission and receipt of information through this system. The Company has classified levels for access to confidential information that protects confidential information in all departments and allows access to authorized personnel only.

(v) Monitoring and Evaluation: PTTEP has a system for clear control and assessment of operating performance, as well as that of risk management performance. PTTEP has developed Control Self-assessment (CSA) as a tool for employees to improve their internal control processes.

In addition to this PTTEP has a risk assessment monitoring procedure which reports its findings regularly to the Risk Management Committee. Corporate performance is assessed every quarter of the year with each department reporting its results against plans and performance indicators. In addition, the Office of the Internal Audit monitors and assesses internal control outcome, and then reports its findings to the Audit Committee.

(5) Risk Management

The Board sets the risk management policy, which is extended throughout the company. In 2005, it set up Charter for the Risk Management Committee to determine its duties and responsibility according to the risk management policy.

The Risk Management Department is responsible for taking care of sufficiency of the risk management system and risk management effectiveness across the organization. Its duties are to examine and specify risks and irregularities that may prevent operations from achievement of strategic goals and implementation goals, to have execution to lessen impact and lower chance of risks that may rise in the system with effectiveness, to monitor the results and report them to the management, the Risk Management Committee and the Board intermittently, and to build culture and awareness of risk management in operations for all work units.

(6) The Board's Meeting

The Board, each year, schedules the dates of monthly meeting in advance with agenda. In 2012, the Board set the fourth Thursday of each month for such meeting. Off-site meetings were held for strategic plans. The Company spent time and put focus on the strategic plan. Additional meeting were held as appropriate. The Board convened 16 times. The Board regularly receives the invitation letter, drafted minutes of meeting and meeting document for consideration in advance.

In general, Chairman, President and Chief Executive Officer consider agenda to be proposed in the Board's meeting. Directors are able to propose an agenda in a non-management meeting and a meeting of independent directors. In 2012, 99 agendas were proposed in the meetings. Important agenda included direction and policy for strategic operations and annual budget, financial statements, capital increase for strategic expansion, rent of PTTEP head office at Energy Complex, crude trade contract for Montara field, project investment, election of directors for replacement, appointment of sub-committees, amendment or issuance of the Company's regulations on budget, finance and accounting in 2012. About 151 agendas were for acknowledgement, most of which were reporting of performance and project progress, procedures and equipment for new business expansion, return of concession areas, PTTEP share investment, good corporate governance of Thai capital markets according to CG Watch 2012, changes of the Board's members during the year, appointment of executives, CSR activities, risk management on oil prices and reports of sub-committees. The Board's meeting usually lasts three hours. The corporate secretary attended every meeting, overseeing the meetings, providing advice to the Board about related rules and regulations for proper practices, taking minutes of meeting and gathering information or meeting document.

The Board's resolution is based on majority vote. One director is eligible for one vote. A director at stake will not attend the meeting and/or not exercise a vote in that issue. If the voting is tie, Chairman in the meeting will have the casting vote.

The following cases are required to gain approval from a shareholders' meeting with three-fourths of total shareholders in attendance with voting eligibility.

- (i) Sale or transfer of the whole or important part of business of PTTEP.
- (ii) Purchase or acceptance of transfer of business of their companies or private company by PTTEP.
- (iii) Making, amending or terminate of contracts with respect to the granting of a hire of the whole or important parts of the business of the company, the extrustment of the management of the business of the company to any other persons or the amalgamation of the business with other persons with the purpose of profit and loss sharing.
- (iv) Amendment of the Memorandum of Association and the Articles of Association.
- (v) Capital increase, capital decrease, issuance of debentures, M&A and company dissolution.
- (vi) In case where PTTEP or its subsidiaries agrees to enter connected transactions or sales or acquisition of the Company or its subsidiaries' assets, as determined by the Stock Exchange of Thailand's announcement on connected of listed companies, as the case may be.

The Board's minutes of meeting covers the substantive matters accurately and completely. The company considers and has final decision with unanimous votes. There is the record for attendants, name of persons who give opinion, questions, answers or clarification clearly and collect the report and supplementary document systematically with the high safety. Generally, all directors of the Board will attend the meeting every time unless there is an urgent and necessary excuse. They shall inform the meeting for the absent of the meeting if they have such in formative grounds in advance.

(7) Executive Session Meeting

The Board convened once without management prior to a regular meeting in July 2012. The non-management meeting in order to discuss key management issues without the management and informed the President and Chief Executive Officer the meeting results.

(8) Self Appraisal of the Board

PTTEP sets the self appraisal of the Board in PTTEP Good Corporate Governance and Business Ethics. The self appraisal follows the annual Performance Agreement and is made for Chairman and sub-committees on a yearly basis. The appraisal forms are designed by the Nominating Committee.

The Board's appraisal comprises self appraisal and cross appraisal by others, appraisal for the whole Board, appraisal for standing committees and appraisal for Chairman. PTTEP will forward the score results to the Board for acknowledgement before disclosing them in the annual report. Recommendations from the appraisal of the Board will be used for efficiency improvement of the Board and PTTEP.

The 2012 appraisal form set weight of each topic like the 2011 appraisal. The rating is given from 5 to 1; 1 = urgent improvement, 2 = improvement needed, 3 = fair, 4 = good, 5 = verygood. The result of each topic is as follows;

- Self appraisals core averaged at 4.74 while it was 4.66 in 2011 and it was close to 5, the highest score.
- Cross appraisal averaged at 4.83 while it was 4.89 in 2011 and it was close to 5, the highest score.
- The appraisal of the whole Board consisted of two following parts.
 - (i) Performance, based on annual Performance Agreement as set the weight at 50%. In 2012, the score was 4.06.
 - (ii) Self appraisal of the whole Board with the 50% weight. The average score was 4.83, compared to 4.74 in 2011.

The 2012 score was close to the very good score, the highest.

Therefore, in the overall picture, the whole Board appraisal score was 4.45, compared to 4.33 in 2011.

- The Audit Committee's appraisal score was 4.77 in 2012, the same in 2011, and it was close to 5, the highest score.
- The Remuneration Committee's appraisal score was 4.91 in 2012, compared to 4.83 in 2011, and it was close to 5, the highest score.
- The Nominating Committee's appraisal score was 4.66 in 2012, compared to 4.57 in 2011, and it was close to 5, the highest score.
- The Corporate Governance Committee's appraisal score was 4.89 in 2012, compared to 5.00 in 2011, the highest score.
- The Risk Management Committee's appraisal score was 4.90 in 2012, compared to 4.87 in 2011, and it was close to 5, the highest score.
- Chairman's appraisal score, by the whole Board, was 4.88 in 2012, compared to 4.94 in 2011, and it was close to 5, the highest score.

Based on the 2012 Board appraisal results, the Company will make improvement with implementation in 2013.

(9) Performance Appraisal of the President and Chief Executive Officer

The Board assigns the Remuneration Committee to make appraisal on President and Chief Executive Officer's performance through a form, specified by the Nominating Committee, with President and Chief Executive Officer's Performance Agreement measured by the Company's KPIs in that year. Such is approved by the Board for check and balance with verification of President and Chief Executive Officer's performance as targeted in the short and long term. This assists in consideration of President and Chief Executive Officer's remuneration package with clarity, transparency and appropriateness, promote PTTEP's good corporate governance, and brings the appraisal results for work efficiency improvement.

(10) Director and Executive's Remuneration

(10.1) Remuneration for the Board's directors and sub-committees' directors

PTTEP has a policy of remuneration for the Board's directors and sub-committees' directors clearly and transparently. The Remuneration Committee reviews the remuneration rates in regard to comparable remuneration of listed companies in the same industry at the same size, performance, corporate performance, duty and responsibility, the overall economic situation and shareholders' meeting approval. The 2012 AGM approved the following remuneration rates for the Board's directors and sub-committees' directors, as proposed by the Remuneration Committee.

(i) New remuneration rates for the Board's directors

(i.i) Monthly allowance of 40,000 baht per person per month in full month payment.

(i.ii) Meeting allowance of 40,000 baht per person per meeting in a case of meeting attendance.

(i.iii) Bonus for the whole Board if dividend payment is made for shareholders in that year. The Board earns bonus of 0.1% of that year's net profit, based on the Company's consolidated financial statements, but no more than 50 million baht per year. Bonus payment is made in proportion of the period a director assumes the position.

(i.iv) 25% more in all items for Chairman.

(ii) New remuneration rates for five standing sub-committees: Corporate Governance Committee; Audit Committee; Remuneration Committee; Nominating Committee; and Risk Management Committee.

(ii.i) Meeting allowance of 40,000 baht per person per meeting in a case of meeting attendance.

(ii.ii) 25% more for a sub-committee's Chairman.

(ii.iii) No remuneration in a case of circulation.

(ii.iv) The Board's member, who is the management from the top executive do not earn remuneration.

PTTEP discloses details of remuneration for members of the Board and sub-committees on an individual basis for the part of monthly allowance, meeting allowance, bonus and 2012 remuneration on page 120.

(10.2) Remuneration for directors of subsidiaries and associated companies

PTTEP's subsidiaries remain a mechanism of petroleum operations or related businesses for its optimal benefits, following business conditions. Such subsidiaries become places for assets, which are in line with investment conditions. Some of them may have full business operation. These subsidiaries have the least number of directors, including Executive Vice President and/or Vice President and/or senior managers directly responsible for projects as directors with PTTEP work practices. This is asset management for optimal benefits of PTTEP.

Executives assigned to act as directors of subsidiaries and associated companies, which explore and produce petroleum or related businesses such as PTTEP Services Co., Ltd., on behalf of PTTEP will not have additional remuneration, given PTTEP's direct business and a part of executives' duties. However, if executives are assigned to perform other duties on behalf of PTTEP, they are able to receive returns from such duties, provided that such duties are additional assignment. Examples include PTT ICT Solutions Co., Ltd. and Energy Complex Co., Ltd., as clearly defined in PTTEP's good corporate governance.

(10.3) Remuneration for President and Chief Executive Officer

Remuneration for President and Chief Executive Officer is properly defined under transparent and clear principles. The Remuneration Committee reviews President and Chief Executive Officer's remuneration package, based on performance, PTTEP's performance, practices of other listed companies in the same industry at the same size, duty and responsibility and the overall economic situation, and propose it to the Board for approval.

Remuneration for President and Chief Executive Officer is considered in regard to duty and responsibility, and annual performance with fair and reasonable principles or procedures and structure.

(10.4) Remuneration for senior executives

The Remuneration Committee defines principles or the procedure to define fair and reasonable salary structure and reflect PTTEP operations and forward them to the Board meeting for approval. Senior executives' salary structure is compared with the principles, procedures, rates and a survey result of leading companies in petroleum business/industry. Their duties and responsibilities are also compared.

President and Chief Executive Officer considers appropriateness of remuneration of each high-level executive. Annual salary increase is based on individual performance and PTTEP performance. Performance of each unit as targeted earlier is also considered.

To enhance remuneration competitiveness against leading companies in the same business, PTTEP conducts a survey on remuneration of leading companies in the same business on a yearly basis. This is for sufficient information for the Board, which sets policy to compete on remuneration package with other companies and make improvement if market remuneration rates and payment methods are much different.

PTTEP regularly discloses high-level remuneration in the annual report. Shareholding is also revealed on an individual basis for transparency and promotion of good corporate governance.

The Board Meeting No. 16/2012/359, dated 19 December 2012, had approved the Employee Joint Investment Program (EJIP). This project is a form of welfare for employees (including all executives but excluding the Board's members) to support voluntary employees to attend the savings project through purchase of PTTEP common shares through the Stock Exchange of Thailand's trading system. The project will create work motivation, build up relations during payment of remuneration and returns to employees, executives and shareholders, and establish organizational ownership in the long term. The project lasts five years, starting from 1 February 2013 to 31 January 2018.

(11) Director and the Executive Development

(11.1) Director development

(i) Orientation of new directors

PTTEP has provided the orientation to the new director composing of;

(i.i) A lecture briefed by the President and Chief Executive Officer and top executives is provided. The briefing involves the nature of business and the business operation guideline, knowledge and technique regarding to petroleum exploration and production, relevant rules and regulations, PTTEP's good governance and the business ethics, and necessary and useful information for directors' tasks.

(i.ii) A director manual comprises essential information, including strategic plan, relevant rules and regulations, the company's good governance and the business ethics for benefits of directors' work implementation. This manual will be reviewed regularly for timeliness and it is referred for directors' execution.

New director who attends an orientation shall evaluate effectiveness of orientation for further improvement. Moreover, the director who is elected as Chairman shall join additional lecture on his/her duty with efficiency and procedures of committee and shareholder's meeting.

(ii) Director's training

PTTEP has the knowledgeable directors who seek to learn the director's duty and business regularly. PTTEP supports every director study or have training in order to enhance their performance. Six directors who attend the training during 2012 are as follow:

Director	Course
1. Mrs. Varanuj Hongsaprabhas	1. Monitoring Fraud Risk Management (MFM 8/2012) of IOD 2. Monitoring the System of Internal Control and Risk Management (MIR 13/2012) of IOD 3. The Board's Role in Mergers and Acquisition (M&A 2/2012) of IOD 4. Board Performance Review Course (BPR 1/2012) of IOD 5. IOD National Director Conference 2012 of IOD
2. Mr. Pailin Chuchottaworn	1. High-level executive for energy field, No. 1/2012 of the Thai Energy Academy
3. Mr. Prajya Phinyawat	1. High-level executive for energy field, No. 1/2012 of the Thai Energy Academy
4. General Lertrat Ratanavanich	1. DCP 161/2012 of IOD 2. IOD National Director Conference 2012 of IOD
5. General Pornchai Kranlert	1. DCP 161/2012 of IOD 2. Anti-Corruption Seminar 1/2012 of IOD 3. Role of the Nomination and Governance Committee (RNG 3/2012) of IOD
6. Mr. Manas Jamveha	1. IOD National Director Conference 2012 of IOD 2. Audit Committee Program (ACP 41/2012) of IOD 3. Seminar on “ New Change in Board Responsibility Practices: A Step Forward to Value and Sustainability,” the Stock Exchange of Thailand, the Office of State Enterprise Policy Committee of Finance Ministry and TRIS Corporation Limited

Nowadays, out of total 15 directors, 13 directors received training in Director Certification Program (DCP) of Institute of Directors and one director received training in Director Accreditation Program (DAP) of the same institute. PTTEP applied membership for all of its directors for additional information and knowledge. Every time PTTEP receives document for training schedules or training document related to the Board, the Company will deliver such information to directors for further study. Details of main training courses of the Board are described in the annual report.

In addition, PTTEP invites outside speaker to share ideas and give three times of lecture to enhance directors' knowledge and understanding. In 2012, PTTEP invited Mr. Yuth Vorachattarn, sub-committee for the center for supervision development of listed companies, to lecture on roles and duty of independent director, special professor Kitipong Urapeepatanapong, chairman for Baker & McKenzie's Bangkok Office for directors' role on the Company's supervision: a case study, and Mr. Pliu Mangkornkanok, chairman for TISCO Financial Group Plc for the good Board of Directors with excellent duty. To express efficient implementation as directors and independent directors with responsibility, prudence and integrity, PTTEP regularly informs information relevant to directors' responsibility according to laws and best practices of the good corporate governance to enlarge their knowledge and understanding.

(11.2) Executive development and succession plan

PTTEP evaluates its executives through the Assessment Center. Assessment results will be compared to PTTEP Management Success Profile, consisting of Competency, Personal Attribute, Organization Knowledge and Experience. Each executive will be informed with the assessment results and take part in the development plan with his/her superior for enhancement of management capability and leadership.

Furthermore, PTTEP prepares the succession plan in replacement of vacant positions due to retirement. The succession plan will be included in the new organization structure according to PTTEP's expansion plan in the country and overseas. Candidates will be selected by the Career Review Board, based on qualification, knowledge, capacity and experience required for certain positions. Once the Career Review Board finalizes the selection, the Company will establish the short- and long-term individual development plan so that the successor will be well-equipped and assume the position at the time required.

(11.3) Succession plan of President and Chief Executive Officer

PTTEP determines its succession planning for President and Chief Executive Officer. This is to allow the Company to be well-equipped if President and Chief Executive Officer are not able to perform their duties or end their terms. With this, risks are mitigated or discontinuity impacts can be reduced for the corporate management with the following procedures.

(i) PTTEP joins hand with PTT Group Management Committee (PTTGMC) to hold Group Leadership Development Program (GLDP), focusing on a group of high-capability executives from Vice President level and above. This is to improve their capability and prepare them for selection of the PTT Group's President and Chief Executive Officer in the succession process. PTTEP's President and Chief Executive Officer act as director for PTTGMC.

(ii) PTT Group Management Committee, as PTT Plc being PTTEP's major shareholder, will nominate candidates among high-capability executives from Vice President (those as mentioned in (i)) and propose them to the PTT Board of Directors to select the most appropriate one for President and Chief Executive Officer of PTTEP.

(iii) PTTEP's Nominating Committee considers candidates from executives with proper qualifications, and receives comments from PTT Plc, the former's major shareholder as described in (ii), for consideration. The Nominating Committee will make selection, based on knowledge, capability, useful experience for PTTEP, conflict of interest and vision that leads the Company to grow as drawn out in PTTEP's strategic plan.

(iv) The Nominating Committee proposes names of the most proper candidates to the Board for the appointment of President and Chief Executive Officer.

Report of the Audit Committee

The Audit Committee consists of three independent directors, who possess knowledge, expertise and experience in finance and accounting, laws, and related technical practices, the Audit Committee is chaired by Mr. Ampon Kittiampon, with Mr. Chaikasem Nitisiri and General Lertrat Ratanavanich as members. All are knowledgeable and experienced in reviewing financial statements.

The Audit Committee adheres to the following approach.

- Ensure the efficient implementation of PTTEP's audit system.
- Emphasize on the compliance audit, particularly for the subsidiaries to have them abide by rules and regulations accurately and consistently.
- Promote a preventive system to ensure a warning system exist in all work processes if any irregularity is found.

In the year 2012, the Audit Committee performed its duties, as assigned by the Board of Directors in accordance with PTTEP regulations of the Audit Committee, which aligns with the Stock Exchange of Thailand regulations. The Audit Committee convened 16 times for the year with discussions with the Management, internal auditor and external auditors. Completing the tasks summarized below:

(1) Reviewed the quarterly and annual financial statements with the Management and the external auditors – the Office of the Auditor General. The sub-committee questioned, commented and provided recommendations to ensure accuracy and creditability of PTTEP's accounting system and financial information, as well as sufficient, complete and timely disclosure of significant matters in compliance with the accounting standards and relevant rules and regulations.

(2) Each quarter of the year, deliberated the Management Discussion and Analysis (MD&A). Discussion was made in consultation with the Management and called to attention issues affecting PTTEP's business operation, which the Management was to define control measures for such issue and report the progress to the Audit Committee.

(3) Reviewed PTTEP performance to ensure the Company's compliance with the securities and stock exchange laws, the Stock Exchange of Thailand's rules and regulations, and other laws related to PTTEP businesses.

(4) Reviewed connected transactions or items with potential conflict of interests to ensure their accuracy, rationality and optimal benefit to the company and its minor shareholders. Review of disclosure of such information to ensure accuracy and completeness.

(5) Reviewed PTTEP's internal control and internal audit system to ensure their adequacy, suitability and effectiveness. The sub-committee considered the matters particularly essential on the Governance of overseas projects where PTTEP is the operator. The sub-committee advocated self-assessment of internal controls to ensure the sufficiency of internal control to accommodate Company expansion.

(6) Considered and nominated the Office of the Auditor General continues to serve as PTTEP's external auditor, and decided the audit fees for the year 2012.

(7) Participated in meetings with the external auditor and the internal audit department in the absence of the PTTEP management to acknowledge the external auditor's approach and audit plan, and auditing problems or obstacles faced during its audit to seek for suggestion and improvement. In 2012, two such meetings took place.

(8) Approved the amendment of the Audit Charter for 2012.

(9) Reviewed and amended the regulations of the Audit Committee for 2012.

(10) Appraised the performance of the Chief of the Internal Audit Department on a yearly basis.

(11) Approved the annual audit plan of the internal audit department and reviewed audit results. The sub-committee focused on compliance of audit planning and direction which aligns with the company's key risks.

(12) Endorsed the budget, structure, and manpower of internal audit department before the Management forwards them to the Board of Directors.

(13) Assessed the 2012 performance by completing a self-assessment, assessment by the Board of Directors and related units. The Audit Committee was graded "Very Good" for its performance.

The Audit Committee reported the Board of Directors all of its minutes of meetings regularly and consistently.

Based on its duties in 2012 mentioned above, the Audit Committee's opinions are as follow:

- PTTEP's accounting system and financial reports were accurate, creditable, and contained complete, adequate and timely essential information
- PTTEP's internal controls system were adequate, suitable and adaptable to evolving circumstances to suit the company's businesses at the present and in the future while complying with related laws and regulations.
- The Office of the Auditor General-PTTEP's external auditor-was independent and experienced in auditing its financial reports to ensure accuracy and reliability, as well as complete, adequate, and timely disclosure of essential information.
- Based on its review of connected transactions or items with potential conflicts of interest, the Audit Committee regarded PTTEP's disclosure of information as accurate and complete, and such items carried fair conditions and prices, which had won the prior approval of the Management or the Board.

(Signed) Ampon Kittiampon

(Mr. Ampon Kittiampon)

Chairman of the Audit Committee

Report of the Nominating Committee

PTTEP's good corporate governance requires the Nominating Committee to consist of at least three directors. Chairman and most of the directors must be independent directors with their responsibility according to the Charter for the Nominating Committee and three-year term.

The current Nominating Committee's term extends from 23 June 2012 to 22 June 2015. Mr. Chaikasem Nitisiri (Independent Director) acts as Chairman, while General Pornchai Kranlert (Independent Director) and Mr. Pailin Chuchottaworn serve as directors. From 25 April 2012, Mr. Chaikasem Nitisiri has replaced Mr. Sommai Khowkachaporn as Chairman, while General Pornchai Kranlert has replaced Mr. Sommai Khowkachaporn as the director.

In the period of 2012, the Nominating Committee performed its duties, as assigned by the Board of Directors in the Charter for the Nominating Committee with prudence, full competence and independence. Its duties involved the preparation of a candidate list for a director or President and CEO, nomination of a qualified person for a director or President and CEO or when there was a vacancy or expired term, consideration to a qualified director to be Chairman or a member of a sub-committee. Other duties included review of Performance Agreement and performance evaluation of the Board of Directors, Chairman, sub-committees, President and CEO, and proper updates of the Charter for the Nominating Committee.

In 2012, the Nominating Committee convened seven times and its members with vested interests duly abstained on relevant agenda. All outcomes of the meetings were reported to the Board of Directors for acknowledgment.

PTTEP disclosed its detailed principles and procedures for nomination of directors, President and CEO in the annual report.

(Signed) Chaikasem Nitisiri

(Mr. Chaikasem Nitisiri)

Chairman of the Nominating Committee

Report of the Corporate Governance Committee

Valuing compliance with the good corporate governance and codes of business conduct, PTTEP has made its continuous improvement on the corporate governance. Its Board of Directors has assigned the Corporate Governance Committee, consisting of at least three independent directors, to supervise and promote the compliance with the good corporate governance and business ethics across the company.

In 2012, there were several changes in the Corporate Governance Committee member; General Pornchai Kranlert and Mrs. Varanuj Hongsaprabhas had held a position from 25 April 2012 in replacement of Mr. Viraphol Jirapradittkul and Mr. Chakkrit Parapuntakul respectively. Mr. Viraphol and Mr. Chakkrit had held a position from 25 April 2011 to 1 April 2012.

In addition, from 1 January 2013 onwards, Mr. Achporn Charuchinda was appointed to be a member of the committee in replacement of Mr. Vorapak Tanyawong. Mr. Vorapak had been a member of the committee from 1 May 2012 to 5 November 2012 in replacement of Mr. Krairit Euchukanonchai who had held this position from 25 November 2011 to 28 March 2012.

During the year, the Corporate Governance Committee had held four meetings and all incumbent members attended every meeting. The main issues can be summarized below.

(1) Assessed and reviewed PTTEP's good corporate governance and business ethics to be in compliance with the laws, international practices, leading companies' practices, and recommendations of other institutions. All results were forwarded to the Board for approval.

(2) Promoted corporate operations, and work implementation of committees, executives and employees to be in line with the corporate governance policy and business ethics. Monitoring was done and recommendations were made for activities to enhance knowledge and understanding of PTTEP's good corporate governance and of business ethics. PTTEP execution was made for complaints from the CG Hotline on a quarterly basis. Meeting with group executives was organized as the CG Visit to follow up CG promotion and CG Leader of executives. Furthermore, the Corporate Governance Committee participated in and stressed on the significance of corporate governance by organizing one CG training course for new executives and six training courses for new employees throughout 2012.

(3) Established CG reporting guidelines to be in accordance with the Stock Exchange of Thailand's principles. This was to have CG report as a part of the annual report for all stakeholders.

(4) Reviewed Charter for the Corporate Governance Committee and report of the Corporate Governance Committee in 2012. The Charter for the Corporate Governance Committee was amended in the part of the meeting. The amendment was made to update the Corporate Governance Committee's duty and responsibility with at least four meetings per year. This was to have the committee to monitor its tasks as designated in the Charter for the Corporate Governance Committee and as assigned from the Board.

(5) Monitored and made recommendations on any implementation of being a member for network of the Thai private sector against corruption, and reported the results to the Board for acknowledgment or consideration (as the case may be).

(6) Provided recommendations and monitored PTTEP's corporate social responsibility (CSR) performance. This was to help PTTEP continue its proper CSR plan with sustainability.

The Corporate Governance Committee reported minutes of all meetings to the Board on a regular basis. In the year 2012, the Corporate Governance Committee abided by its assigned tasks, according to the Charter for the Corporate Governance Committee B.E. 2548 and its amendment with prudence, competence and independent. It properly provided straightforward opinions for optimal benefits of PTTEP, all shareholders and other stakeholders.

(Signed) General Pornchai Kranlert

(General Pornchai Kranlert)

Chairman of the Corporate Governance Committee

Report of the Remuneration Committee

PTTEP's Board of Directors appointed the Remuneration Committee, which mainly consists of independent directors. The Remuneration Committee is chaired by an independent director. Its responsibility is to consider appropriateness of remuneration for the Board, sub-committees, President and CEO, and the salary structure of senior management. The underlying principles or procedures and structure were fair and reasonable.

In 2012, the Remuneration Committee convened two times to perform its duties and achieve its role and responsibility with prudence, carefulness and independence, as designated by the Board of Directors in the Charter for the Remuneration Committee. All members of the Remuneration Committee attended the meetings. The minutes of the meetings were reported to the Board with the following issues.

- Review of remuneration for the Board and sub-committees. The remuneration was based on their performance. Overall evaluation was made for the Board as a whole with its achievement against the key performance indicators, defined by the Nominating Committee from the beginning of the year. (Each weighted 50 per cent of total score.) Others taken into consideration included corporate performance results, conformity with remuneration at other listed companies, at the similar size, in the same industry, duty and responsibility, and the overall economic situation. Fair and reasonable principles or procedures and structure were taken.
- Review of remuneration for President and CEO. The remuneration was based on fair and reasonable principles or procedures and structured with regard to his duty and responsibility, and annual performance results.
- Review and screening of long-term benefit allocation to the employees including President and CEO. Employee Joint Investment Program (EJIP) was taken with prudence and carefulness in order to achieve the project goal. The project aims at creating work motivation, and organizational loyalty and ownership in the long term. This was to have long-term stability of the share price through consistent investment of the employees. It was in accordance with the direction the shareholders, funds and institutions needed to see PTTEP with motivation among the executives and shareholders.

The Remuneration Committee performed its role in a fair, transparent and reasonable manner. To build up all stakeholders' confidence, the Remuneration Committee disclosed its remuneration in the annual report.

(Signed) Lertrat Ratanavanich

(General Lertrat Ratanavanich)

Chairman of the Remuneration Committee

Report of the Risk Management Committee

The Risk Management Committee is recently made up of Mr. Prajya Phinyawat as Chairman with Mr. Viraphol Jirapraditkul, Mrs. Varanuj Hongsaprabhas and Mr. Tevin Vongvanich as members. During 2012, Mr. Pichai Chunhavajira, Mr. Sommai Khawkachaporn and Mr. Anon Sirisaengtaksin ended their terms as directors. Mr. Prajya Phinyawat, Mrs. Varanuj Hongsaprabhas and Mr. Tevin Vongvanich were appointed as the Risk Management Committee's members, effective from 1 May 2012.

The Risk Management Committee members performed their duties and responsibilities as assigned by the Board of Director and in accordance with the Risk Management Charter. During 2012, the Committee held 11 meetings which can be summarized as follows:

- (1) Improved and promoted the risk management policy across the organization.
- (2) Supported corporate strategy and objective. PTTEP conducted extensive qualitative and quantitative evaluation of its Corporate Risk Profile. The Risk Management Committee was able to provide constructive insight and direction on how to mitigate risks and oversight over the progress of measures taken to mitigate those risks. Key Risk Indicator (KRI) was established to provide early warning for corporate risks that could prevent the organization from achieving its goal with quarterly monitoring.
- (3) Evaluated and authorized appropriate measures to manage and mitigate critical risks to PTTEP at the strategic level and provided oversight over new investments, extension of concession, enter into new phases, divestment, financial risk management and oil price hedging policy, prior to board approval.
- (4) Considered the corporate strategic plan, key performance indicators, five-year investment plan (2013-2017), 2013 annual budget, and relevant risks prior to board approval.

The Risk Management Committee reported its findings to the Board on a regular basis.

In summary, it is our view that the committee has performed its duties in 2012 prudently, competently and independently with knowledge and capability while providing candid views to all parties for the benefit of PTTEP, all shareholders, and stakeholders.

(Signed) Prajya Phinyawat

(Mr. Prajya Phinyawat)

Chairman of the Risk Management Committee

Shareholding and Management Structure

Shareholders Structure

Top 10 major shareholders

Top 10 major shareholders of the Company as of 15 February 2013 are as below.

Rank	Top 10 Major Shareholders	Number of Shares	% of Total Shares
1.	PTT PUBLIC COMPANY LIMITED	2,591,860,489	65.286
2.	THAI NVDR CO., LTD.	125,115,422	3.152
3.	HSBC (SINGAPORE) NOMINEES PTE LTD	92,795,342	2.337
4.	BNP PARIBAS SECURITIES SERVICES LUXEMBOURG	76,509,894	1.927
5.	STATE STREET BANK AND TRUST COMPANY	73,925,748	1.862
6.	STATE STREET BANK EUROPE LIMITED	70,006,250	1.763
7.	THE BANK OF NEW YORK (NOMINEES) LIMITED	59,441,070	1.497
8.	CHASE NOMINEES LIMITED 42	54,940,105	1.384
9.	NORTRUST NOMITEES LIMITED-NT0 SEC LENDING THAILAND	43,722,630	1.101
10.	BNP PARIBAS SECURITIES SERVICES, LONDON BRANCH	39,827,571	1.003
Total Shares of Top 10 Major Shareholders		3,228,144,521	81.314
Issued and Paid-Up Shares as of 15 February 2013		3,969,985,400	100

NVDR holder who owns more than 0.50% of the paid-up shares of the Company

Since 18 January 2010, Thai NVDR Co., Ltd. has changed its rule on disclosure of name of NVDR holder to disclose the names of NVDR holders having over 0.50% of the paid-up capital of underlying security.

Rank	NVDR holder (as of 15 February 2013)	Number of NVDR Issues	% of Total Outstanding Shares in Underlying Stock
1.	STATE STREET BANK AND TRUST COMPANY	42,530,306	1.071
Total NVDR		42,530,306	1.071

Source: <http://www.set.or.th/set/companyholder.do?symbol=PTTEP-R>

Major shareholder who has significant influence on determining company policy or the operation of business

PTT, a major shareholder, takes part in determining company's policy and its operations but under the Board approval. As of 1 January 2013, there are 4 out of 15 directors who are assuming the director and executive of PTT.

Management Structure

PTTEP is governed by the Board of Directors ("The Board"), which has five standing sub-committees, namely the Corporate Governance Committee, the Audit Committee, the Nominating Committee, the Remuneration Committee, and the Risk Management Committee.

Duties and Responsibilities of the Board

The Board is authorized to manage the Company in accordance with the laws, the Company's objectives, Articles of Association, and shareholder resolutions. The major duties and responsibilities are as follow:

(1) Duties under Articles of Association

- The Board is authorized to govern the Company in accordance with the laws, the Company's objectives, Articles of Association, and shareholder resolutions.
- The Board shall elect among themselves one Chairman, one more director to be Vice Chairman if it deems appropriate, together with one Chief Executive Officer (CEO) and Secretary to the Board.

(2) Duties under PTTEP Good Corporate Governance

- To establish the PTTEP Good Corporate Governance and Business Ethics and be a role model in adopting these principles for the management and employees to follow.
- To ensure that the Company's operations comply with laws, the Company's objectives, Articles of Association, shareholders' and Board resolutions, related policies including the internal control system as well as the PTTEP Good Corporate Governance and Business Ethics.
- To collaborate with the management in designating the vision, mission, and values that the Company expects to happen with efficient results.
- To consider and approve strategic plans, business direction, and policy for the Company as well as its budget, investment, loans, human resources, and operating goals etc. which submitted by the management, and supervise and regularly monitor the Company's operation in order to achieve it as planned.
- To consider cases related to conflicts of interest with prudent and transparent manner and report to the Company any vested interests or stakes of related persons, prevent misuse of the Company's properties, as well as execution of transactions with the Company's connected persons in an inappropriate way.
- To specify and ensure that these following matters are in place within the Company: precise and appropriate regulations, standardized and reliable financial reporting, an efficient internal control system, as well as appropriate risk management.
- To ensure that the Company undergoes auditing both from the internal and external auditors and that they perform effectively and efficiently.
- To assure stakeholders of correct, complete, appropriate, and timely communication and information disclosure.
- To delegate authority to the President and Chief Executive Officer to execute business under the approved budget, and conduct a monitoring and assessment so that Company policies and plans can be accomplished.
- To conduct performance evaluation of the Board, Chairman of the Board and Standing Sub-committees, the findings of which are disclosed in the annual report, and conduct performance evaluation of the President and Chief Executive Officer and determine his or her remuneration based on performance. They shall also ensure that the Company has an effective evaluation process of the executive management's performance.

As of 1 January 2013, the Board consisted of 15 directors, with details of current ones and directors whose terms ended during the year shown on pages 129-140.

Names and the number of PTTEP shares held by Directors and Board Meeting attendances in 2012 are summarized as follow:

Director	Shares as of 1 January		Change	Number of Warrants	Number of Attendance/ Total Meetings
	2012	2013			
1. Mr. Norkun Sitthiphong [#]	-	-	-	-	16/16
2. Mr. Pichai Chunhavajira ^{\$}	-	-	-	-	12/16
3. Mr. Viraphol Jirapraditkul	-	-	-	-	16/16
4. Mr. Prajya Phinyawat [@]	N/A	15,000	N/A	-	11/12
5. Mr. Tevin Vongvanich ^{##}	75,500	90,280	14,780	-	15/16
6. Mr. Chakrit Parapuntakul	-	-	-	-	14/16
7. Mr. Chaikasem Nitisiri ^{\$}	-	-	-	-	15/16
8. Mr. Ampon Kittiampon ^{\$}	-	-	-	-	16/16
9. General Lertrat Ratanavanich ^{\$, ###}	-	-	-	-	16/16
10. Mr. Wichai Pornkeratiwat ^{@@}	-	-	-	-	8/8
11. Mr. Pailin Chuchottaworn	-	-	-	-	15/16
12. Mr. Manas Jamveha ^{1@}	-	-	-	-	15/16
13. General Pornchai Kranlert ^{1@, \$}	-	-	-	-	16/16
14. Mrs. Varanuj Hongsaprabhas ^{1@, \$}	-	-	-	-	16/16
15. Mr. Achporn Charuchinda ^{1@@, \$}	N/A	-	N/A	-	-

Ex-Directors in 2012

1. Mr. Krairit Euchukanonchai*	-	-	-	-	3/4
Spouse	10,000	-	(10,000)	-	
2. Mr. Vorapak Tanyawong**	N/A	-	N/A	-	9/9
3. Mr. Sommai Khowkachaporn***	-	-	-	-	5/5
4. Mr. Anon Sirisaengtaksin***	106,000	126,752	20,752	-	5/5

Remarks :

^{\$} Independent Director

[@] Assumed directorship on 28 March 2012

^{@@} Assumed directorship on 1 June 2012

^{1@} Assumed directorship on 1 January 2012

^{1@@} Assumed directorship and member of Corporate Governance Committee on 1 January 2013

* Resigned from directorship on 28 March 2012

** Assumed directorship on 1 May 2012 and resigned from directorship on 6 November 2012

*** Resigned from directorship on 1 May 2012

[#] Chairman

^{##} President and Chief Executive Officer

^{###} Chairman of the Independent Director

Audit Committee consisted of 7, 8, 9.

Remuneration Committee consisted of 9, 10, 13.

Nominating Committee consisted of 7, 11, 13.

Corporate Governance Committee consisted of 13, 14, 15.

Risk Management Committee consisted of 3, 4, 5, 14.

Sub-committees

Appointed by the Board to screen specific significant matters, these sub-committees consist of experts in suitable specialized fields who present their views to the Board. PTTEP currently has five such sub-committees as follow:

(a) The Corporate Governance Committee has the duties and responsibilities in accordance with its charter as follow:

(1) To establish the Company's corporate governance policy including the business ethics, which is proposed to the Board for approval and implemented at every level.

(2) To ensure that the Company's operation and the functioning of the Board, the management, and all employees comply with the PTTEP Good Corporate Governance and Business Ethics.

(3) To review the Company's corporate governance policy, the business ethics, along with the guidelines and good corporate governance practices, and ensure that all of these are in line with relevant laws, practices of international and leading companies, recommendations of leading institutions, and deliberate governance-related shareholders' proposals to table to the Board as well as to respond to the shareholders.

(4) To oversee the Company's assessment of compliance of the Company's good corporate governance policy and the business ethics.

(5) To disclose information about the Company's good corporate governance to stakeholders in the annual report, with the prior approval of the Board.

(6) To oversee and provide recommendations on corporate social responsibility (CSR) activities.

(7) To review this charter regularly for its constant appropriateness and timeliness.

(8) To disclose the Committee's performance in the Company's annual report.

(9) To perform other duties relevant to good corporate governance of PTTEP as may be assigned by the Board.

The Corporate Governance Committee consists of at least three independent directors. The following three are current members of the committee with the term from 25 April 2011 to 24 April 2014:

- | | |
|------------------------------|--|
| - General Pornchai Kranlert | Chairman of the committee and independent director |
| - Mrs. Varanuj Hongsaprabhas | Member and independent director |
| - Mr. Achporn Charuchinda | Member and independent director |

General Pornchai Kranlert and Mrs. Varanuj Hongsaprabhas assumed directorship from 25 April 2012. They replaced Mr. Viraphol Jirapraditkul and Mr. Chakkrit Parapuntakul who assumed directorship during 25 April 2011 - 1 April 2012. Mr. Achporn Charuchinda assumed directorship from 1 January 2013 in replacement of Mr. Vorapak Tanyawong who assumed directorship during 1 May 2012 - 5 November 2012 and Mr. Krairit Euchukanonchai who assumed directorship during 25 November 2011 - 28 May 2012, respectively.

In 2012, the Committee held four meetings and all incumbent directors attended every meeting, with Mr. Theerasak Tancharoenlarp, Senior Vice President of Corporate Secretary Office and Corporate Secretary, acting as its secretary and also joined every meeting. The sub-committee has disclosed its annual performance in the Report of the Corporate Governance Committee.

(b) The Audit Committee has the duties and responsibilities in accordance with its charter as follow:

(1) To review PTTEP's financial reports with the external auditor at every quarterly meeting to ensure accuracy and adequacy.

(2) To review PTTEP's performance for compliance with the securities and exchange law, SET's regulations, and other laws related to PTTEP's business.

(3) To review connected transactions or transactions that may lead to conflicts of interest so as to ensure that they comply with the law and SET's regulations, and are reasonable as well as in the best interests of the Company.

(4) To ensure that PTTEP has an efficient and appropriate internal control system and internal audit system, and to review audit findings, approaches taken, and assess audit findings in various activities of PTTEP according to the procedures and acceptable standards in coordination with the external auditor.

(5) To consider, select, and propose the appointment of the external auditor, consider and decide the audit fees, and attend an executive session meeting with the external auditor at least once a year.

(6) To scrutinize the independence of Internal Audit Department.

(7) To endorse the appointment, transfer, merit or punishment considerations, and make performance appraisal for Internal Audit Department head.

(8) To approve the audit plan of Internal Audit Department.

(9) To screen the budget and manpower requirements of Internal Audit Department for the management to forward them to the Board.

(10) To approve the charter of the Internal Audit Department.

(11) To approve a certificate for independence of the Internal Audit Department in a case that he or she has to conduct auditing.

(12) To approve results of audits in the annual audit plan, other results of additional audits as specially requested, and performance of advisory services to other units.

(13) The Chairman of the Audit Committee or its members must attend shareholders' meetings to answer questions about its work or the appointment of the external auditor.

(14) To review and amend its charter annually.

(15) To perform other duties assigned by the Board.

(16) To prepare the Corporate Governance Committee Report and disclose it in the Company's annual report.

The Audit Committee consists of at least three directors all of whom must be independent director with knowledge, expertise, and experience in auditing financial statements. The following are current members with the term from 31 March 2010 to 30 March 2013:

Director	Position	Financial Statements Audit Experience	Remarks
Mr. Ampon Kittiampon	Chairman	<ul style="list-style-type: none"> - December 2005 - April 2007 : Member of the Audit Committee, Rayong Refinery Public Company Limited - May - December 2007 : Chairman of the Audit Committee, Rayong Refinery Public Company Limited - April 2010 - April 2011 : Chairman of the Audit Committee, PTT Public Company Limited 	Assumed the position on 25 April 2011
Mr. Chaikasem Nitisiri	Member	<ul style="list-style-type: none"> - 2008 – Present : Member of the Audit Committee, Thai Oil Public Company Limited - April 2010 - April 2011 : Member of the Audit Committee, PTT Public Company Limited - 2007 – 2010 : Chairman of the Audit Committee, Thai Airways International Public Company Limited 	Assumed the position on 19 May 2011
General Lertrat Ratanavanich	Member	<ul style="list-style-type: none"> - 2000 - 2004, 2006 : Member of the Audit Committee, PTTEP - 2007 - 2008 : Chairman of the Audit Committee, PTTEP 	Assumed the position on 16 June 2011

In 2012, the Audit Committee held 16 meetings, where 77 agenda items were considered. The sub-committee has disclosed its annual performance in the Report of the Audit Committee.

(c) The Nominating Committee has the duties and responsibilities in accordance with its charter as follow:

(1) To shortlist candidates for new Directors or the President and Chief Executive Officer taking into account the Board's composition, skill mix, experience, number of companies in which he or she served, as well as potential conflicts of interest, and proposing their names to the Board or shareholders' meetings for election to fill the vacancies or to replace Directors that completed their terms.

(2) To prepare the names of shortlisted candidates for new Directors or the President and Chief Executive Officer in advance and/or when there is a vacancy.

(3) To acquire comments or suggestions from the Board and/or President and Chief Executive Officer of PTT (if any) to supplement the selection decision before submitting it for consideration of the Board's or shareholders' meetings.

(4) To consider performance agreements (PAs) each year for the Board and President and Chief Executive Officer then propose them to the Board for approval, and setting the annual evaluation forms of Chairman, Directors, sub-committees, and the President and Chief Executive Officer.

(5) To nominate Directors and Chairman to the sub-committees for appointment by the Board when there are vacancies or proposing to the Board a change in the sub-committees as deemed appropriate.

(6) To regularly review the appropriateness and timeliness of its own charter.

(7) To disclose its own performance in the Company's annual report.

(8) To perform any other assignment for the Board, relevant to the selection of Directors or the President and Chief Executive Officer.

The Nominating Committee consists of at least three Directors, most of whom are independent directors, including the Chairman. Of three current members, two are independent directors. The following are current members of the committee with the term from 23 June 2012 to 22 June 2015:

- | | |
|-----------------------------|-----------------------------------|
| - Mr. Chaikasem Nitisiri | Chairman and Independent Director |
| - Mr. Pailin Chuchottaworn | Member |
| - General Pornchai Kranlert | Member and Independent Director |

Mr. Chaikasem Nitisiri was appointed as Chairman and General Pornchai Kranlert was appointed as a member on 25 April 2012 in place of Mr. Sommai Khowkachaporn. In 2012, the Committee held seven meetings and all incumbent directors attended every meeting, with Mr. Theerasak Tancharoenlarp, Senior Vice President of Corporate Secretary Office and Corporate Secretary, acting as its secretary and joined every meeting. The sub-committee has disclosed its annual performance in the Report of the Nominating Committee.

(d) The Remuneration Committee has the duties and responsibilities in accordance with its charter as follow:

(1) To consider remuneration packages for the Board and sub-committees against fair and reasonable criteria or principles in accordance with work performance, the Company's performance, the practices of the industry, as well as the scope of duties and responsibilities, and proposed them to shareholders' meetings for approval.

(2) To consider the remuneration package for the President and Chief Executive Officer and the salary structure of the executives against fair and reasonable criteria or principles, and propose them to the Board's meetings for approval. In case of the remuneration of the President and Chief Executive Officer, the duties and responsibilities together with the annual performance shall be taken into consideration as well.

(3) To evaluate its own performance, report it to the Board's meetings and disclose the findings to shareholders every year.

(4) To review its charter consistently to ensure appropriateness and timeliness.

(5) To undertake any other duties assigned by the Board of Directors.

The Remuneration Committee consists of at least three directors, most of whom are independent directors, including the Chairman. Of three current members, two are independent directors. The following are current members of the committee with the term from 28 June 2012 to 27 June 2015:

- General Lertrat Ratanavanich Chairman and Independent Director
- General Pornchai Kranlert Member and Independent Director
- Mr. Wichai Pornkeratiwat Member

During 2012, there were also other directors on the Remuneration Committee as follow:

Name	Term
General Lertrat Ratanavanich Chairman	16 June 2011 - 22 June 2012 28 June 2012 - Present
General Pornchai Kranlert Member	22 February 2012 - 28 March 2012 25 April 2012 - 22 June 2012 28 June 2012 - Present
Mr. Wichai Pornkeratiwat Member	28 June 2012 - Present
Mr. Pailin Chuchottaworn Member	1 December 2011 - 22 June 2012

In 2012, the Committee had two meetings and all incumbent directors attended every meeting with Mr. Theerasak Tanchaenlarp, Senior Vice President of Corporate Secretary Office and Corporate Secretary, acting as its secretary and joined every meeting. The sub-committee has disclosed its annual performance in the Report of the Remuneration Committee.

(e) The Risk Management Committee has the duties and responsibilities in accordance with its charter as follow:

(1) To define a risk management policy and a risk management framework, and provide advice to the Board and the management about enterprise-wide risk management.

(2) To oversee the implementation of the risk management system and provide relevant support in order to achieve success for the enterprise-wide risk management, with an emphasis on enhancing risk awareness and significance of each risk to support the decision for the development of appropriate procedures and commitment of resources.

(3) To review an enterprise-wide view of risks related to the corporate direction and the value chain in the exploration and production business, including risks related to exploration, development, production (covering issues on safety, security, health, and the environment), investment (covering the geopolitical risks of each country invested in), finance and commerce, corporate capability, and laws and regulations, together with preventive measures and the mitigation strategy to manage risks to acceptable levels. To monitor, evaluate, and improve action plans regularly to mitigate risks and suit operating conditions using Enterprise Risk Management Dashboard to identify the risk owners responsible for monitoring and updating related information, as well as defining mitigation strategies.

(4) To support each risk manager in his or her operations and assessment of major factors in continual risk management in line with the corporate plans and on a par with other leading companies.

(5) To regularly report to the Board risk management assessment supervision and mitigation measures taken, except for matters of significant impacts to the Company, which must be proposed to the Board for consideration immediately.

The Risk Management Committee consists of at least three directors, with at least one being an Independent Director. The following are current members of the committee, one of whom is Independent Director.

- Mr. Prajya Phinyawat Chairman
- Mr. Viraphol Jirapraditkul Member
- Mrs. Varanuj Hongsaprabhas Member and Independent Director
- Mr. Tevin Vongvanich Member

During the year 2012, Mr. Pichai Chunhavajira, Mr. Sommai Khowkachaporn and Mr. Anon Sirisaengtaksin retired; Mr. Prajya Phinyawat, Mrs. Varanuj Hongsaprabhas and Mr. Tevin Vongvanich were appointed members on 1 May 2012.

In 2012, the Risk Management Committee held 11 meetings, with Ms. Penchun Jarikasem taking the Executive Vice President of Finance and Accounting Group in February, acting as secretary. The sub-committee has disclosed its annual performance in the Report of the Risk Management Committee.

Attendance of Sub-Committees in 2012

Sub-committee Member	Corporate Governance Committee	Audit Committee	Remuneration Committee	Nominating Committee	Risk Management Committee
	Total Meetings: 4 times	Total Meetings: 16 times	Total Meetings: 2 times	Total Meetings: 7 times	Total Meetings: 11 times
1. Mr. Norkun Sitthiphong	-	-	-	-	-
2. Mr. Pichai Chunhavajira ¹	-	-	-	-	4/4
3. Mr. Chaikasem Nitisiri ²	-	16/16	-	6/7	-
4. Mr. Ampon Kittiampon	-	16/16	-	-	-
5. General Lertrat Ratanavanich	-	15/16	2/2	-	-
6. Mrs. Varanuj Hongsaprabhas ^{2, 3}	3/3	-	-	-	7/7
7. General Pornchai Kranlert ²	3/3	-	1/1	4/4	-
8. Mr. Tevin Vongvanich ³	-	-	-	-	7/7
9. Mr. Viraphol Jirapraditkul ^{3, 4}	1/1	-	-	-	11/11
10. Mr. Chakkrit Parapuntakul ⁴	1/1	-	-	-	-
11. Mr. Pailin Chuchottaworn ⁵	-	-	1/1	7/7	-
12. Mr. Wichai Pornkeratiwat ⁶	-	-	1/1	-	-
13. Mr. Prajya Phinyawat ³	-	-	-	-	7/7
Ex-Sub-committee Members in 2012					
1. Mr. Sommai Khowkachaporn ⁷	-	-	-	3/3	4/4
2. Mr. Krairit Euchukanonchai ⁸	1/1	-	-	-	-
3. Mr. Anon Sirisaengtaksin ⁹	-	-	-	-	4/4
4. Mr. Vorapak Tanyawong ³	2/3	-	-	-	-

¹ Resigned from Chairman of the Risk Management Committee on 25 April 2012.

² From 25 April 2012

- Mr. Chaikasem Nitisiri, member of the Nominating Committee assumed Chairman of the Nominating Committee.

- Mrs. Varanuj Hongsaprabhas assumed directorship of the Corporate Governance Committee.

- General Pornchai Kranlert assumed directorship of the Nominating Committee, Remuneration Committee and Chairman of the Corporate Governance Committee.

³ From 1 May 2012

- Mr. Vorapak Tanyawong assumed directorship of the Corporate Governance Committee.

- Mr. Prajya Phinyawat assumed directorship of the Risk Management Committee.

- Mr. Tevin Vongvanich, Mrs. Varanuj Hongsaprabhas and Mr. Viraphol Jirapraditkul assumed directorship of the Risk Management Committee.

⁴ Mr. Viraphol Jirapraditkul resigned from Chairman of the Corporate Governance Committee and Mr. Chakkrit Parapuntakul resigned from member of the Corporate Governance Committee on 2 April 2012.

⁵ Resigned from directorship of the Remuneration Committee on 22 June 2012.

⁶ Assumed directorship of the Remuneration Committee on 28 June 2012.

⁷ Resigned from Chairman of the Nominating Committee and directorship of the Risk Management Committee on 1 May 2012.

⁸ Resigned from directorship of the Corporate Governance Committee on 28 March 2012.

⁹ Resigned from directorship of the Risk Management Committee on 1 May 2012.

In addition, PTTEP has a panel of Independent Directors with the duties and responsibilities in accordance with its charter as follow:

(1) To propose significant issues beneficial to the Company, the major shareholders, and minor shareholders for the Board and/or President and Chief Executive Officer's consideration, as the case may be.

(2) To provide views on the proper roles and duties of the Board and other appropriate views of Independent Directors for the interests of the Company shareholders and minority.

(3) To examine PTTEP's compliance with the law relating to Independent Directors and review the definition of Independent Directors to be lawfully complete and appropriate.

(4) To perform other duties assigned by the Board provided that such duties do not affect their independence.

(5) To review the Independent Director Charter for its appropriateness and timeliness.

As of 1 January 2013, Independent Director consists of seven members:

- General Lertrat Ratanavanich	Chairman of Independent Director
- General Pornchai Kranlert	Vice Chairman of Independent Director
- Mr. Pichai Chunhavajira	Independent Director
- Mr. Ampon Kittiampon	Independent Director
- Mr. Chaikasem Nitisiri	Independent Director
- Mrs. Varanuj Hongsaprabhas	Independent Director
- Mr. Achporn Charuchinda	Independent Director

In 2012, the Independent Directors held four meetings, with most of them in attendance, with Mr. Theerasak Tancharoenlarp, Senior Vice President of Corporate Secretary Office, acting as its secretary and joined every meeting. In 2012, they performed their duties under the committee's charter carefully, prudently, competently, and independently for equitable treatment of shareholders and protection of minority shareholders. All meeting outcomes were reported to the Board for acknowledgment.

Qualifications of Independent Directors and their Nomination

The Board must always be made up of at least one half of Independent Directors. The Company has made the qualifications of such Directors – under the good corporate governance of PTTEP – even more stringent than those defined by the Capital Market Supervisory Board, as seen below:

(1) Holds no more than 0.5% of the total voting stocks of PTTEP, its parent company¹, its subsidiaries², and its associated companies³, a related juristic entity⁴, including stocks held by connected persons, as well as nominees⁵.

(2) Is not or has never been an executive director, employee, staff, adviser who receives salary or a controlling person⁶ of PTTEP, its parent company, its subsidiaries, its associated companies, its sister companies⁷, major shareholders or controlling persons of PTTEP unless the foregoing status has ended for at least two years earlier. This shall not include an independent director who was a government officer or an adviser of a government agency which is a major shareholders or controlling person of PTTEP.

¹ Parent company means the company with more than 50% of total voting shares in PTTEP, directly or indirectly, which means PTT Plc (PTT).

² Subsidiaries mean companies in which PTTEP directly or indirectly holds more than 50% of the total voting shares, or can influence financial and management policies, such as PTTEP International Ltd. and PTTEP Services Ltd.

³ Associated companies mean companies in which PTTEP or its subsidiaries altogether hold from 20% to 50% of the total voting shares, or take part in decision-making on financial and management policies, such as Energy Complex, Co., Ltd., and Carigali – PTTEPI Operating Company Sendirian Berhad (CPOC).

⁴ Juristic person with potential conflicts of interest means major shareholders or those that can exert control over PTTEP, which means PTT or a juristic entity in which PTT holds shares, controls, or has a significant interest, either directly or indirectly.

⁵ Nominees mean shareholders for other people in a concealed manner.

⁶ Controlling person mean any person who, as a matter of fact, has substantial control over PTTEP in its policy-setting, management, and operations.

⁷ Sister companies mean any two or more subsidiaries of PTT, regardless of levels of subsidiaries, such as PTTEP and PTT Natural Gas Distribution Co., Ltd.

3) Is not a person related by blood or legal registration, such as father, mother, spouse, sibling and child, including a spouse of the children, management, major shareholders⁸, controlling persons, or persons to be nominated as management or controlling person of PTTEP or its subsidiaries.

(4) Has not or has not had a business relationship with PTTEP, its parent company, its subsidiaries, its associated companies, or a juristic person who may have conflicts of interest, in a manner that may interfere with his or her independent judgment, or is not or has never been a major shareholder, connected director, management, or controlling persons of any person with business relationship with PTTEP, its parent company, its subsidiaries, its associated companies, or a juristic person with potential conflicts of interest, unless such relationship has ended for at least two years earlier.

The term 'business relationship' in the above paragraph includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including other similar actions which result in the applicant or his counter party being subjected to indebtedness payable to the other party for 3% or more of the net tangible assets of the applicant or 20 million baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for the value of connected transactions under the Notification of Capital Market Supervisory Board concerning Rules on Connected Transactions. The combination of such indebtedness shall include indebtedness taking place during the two years before the date on which the business relationship with the person begins.

(5) Is not or has never been an auditor of PTTEP, its parent company, its subsidiaries, its associated companies, or a juristic person with potential conflicts of interest and is not a major shareholder, connected director, management, controlling persons or partner of an audit firm which employs auditors of PTTEP, its parent company, its subsidiaries, its associated companies, or a juristic person with potential conflicts of interest unless such relationship has ended for more than two years.

(6) Is not or has never been a professional adviser, including legal or financial adviser who receives an annual service fee exceeding 2 million baht from PTTEP, its parent company, its subsidiaries, its associated companies, or a juristic person with potential conflicts of interest, and is not a major shareholder, connected director, management, controlling persons or partner of the professional adviser unless such relationship has ended for at least two years earlier.

(7) Is not a director representing a PTTEP's or its major shareholder's board member or a shareholder who is related to PTTEP's major shareholder.

(8) Has no other characteristics which make him or her incapable of expressing independent opinions on PTTEP's business.

(9) Does not own/run any business similar to or competing with PTTEP or its subsidiaries and is not a material partner in any partnership, executive director, employee, staff, adviser who receives salary, and holds no more than 1% of total voting stocks of the company similar to or competing with PTTEP or its subsidiaries.

(10) Is authorized by the Board to make a collective decision to execute the business of PTTEP and its parent companies, its subsidiaries, its associated companies, sister companies, or a juristic person with potential conflicts of interest.

Independent Directors at least once a year verify and certify their qualifications when submitting their biographies at the end of the year, which are disclosed in Form 56-1 and the annual report. On 1 January 2013, seven Independent Directors did so under PTTEP's good corporate governance.

The nominating procedure of Independent Director selection is similar to that of PTTEP Directors and the President and Chief Executive Officer. That is, if he or she retires from the office, to fill the vacancy, PTTEP will give priority to qualified candidates with such qualifications and will keep the Board's composition with the right number of Independent Directors. However, if any other Director, from time to time, has qualified as an Independent Director, he or she will assume the position at once.

⁸ Major shareholders mean shareholders with more than 10% of the voting shares, including those held by their connected persons.

Business Relationship or Professional Services of the Independent Directors for the Company during the Past Fiscal Year

None

Authority of the President and Chief Executive Officer

- (1) Authority vested by shareholder resolutions

The President and Chief Executive Officer are the authorized signatory in dealing with external parties under clause 9, paragraph 6, of the Company's Articles of Association registered at the Ministry of Commerce.

- (2) Authority vested by Board resolutions

The Board authorizes the President and Chief Executive Officer to act and conduct, on behalf of the Company, business operations under the stated objectives in its Memorandum of Association, petroleum concessions and other agreements, including other businesses in which the Company has interests; to take charge and conduct business under PTTEP Regulations – namely the Budgeting, Finance and Accounting Charter B.E. 2555, Regulation on Human Resources Management B.E. 2548, and Procurement Charter B.E. 2550, applying practices comparable with those of other private companies in the E&P business and in the best interests of PTTEP. Delegation of authority is permitted unless each attorney has a direct or indirect conflict of interest with PTTEP or its subsidiaries in exercising the authority.

Management Team Members and the Controlling Persons

Details of current management team members and the controlling persons as of 1 January 2013 appear on pages 141-143.

Corporate Secretary

The Corporate Secretary plays a role in effectively coordinating internally between the Chairman and the President and Chief Executive Office or the management, and externally between the Company, the shareholders, and the regulators. PTTEP's Good Corporate Governance prescribes the Board to designate the Corporate Secretary, who also resumes the position of Secretary to the Board of Directors (at present, Mr. Theerasak Tancharoenlarp), as responsible for overseeing and advising the Board and the Management about applicable laws, rules, regulations, including information about updates of good corporate governance matters; ensuring that the businesses of the Board and sub-committees are run correctly and smoothly, in compliance with related laws, regulations, and PTTEP's good corporate governance; organizing the Board's, sub-committees', and shareholders' meetings; preparing and safeguarding vital company documents, namely the agenda and minutes of the meetings of the Board, standing sub-committees and shareholders, Form 56-1, Director Roster, etc.; notifying regulators about related information; arranging orientation for new directors; and promoting and enhancing the understanding of good corporate governance among the Directors, the Management, and employees. In addition, the Corporate Secretary receives complaints according to the complaint policy and protection.

Nomination of the Board and Management

Nomination of the Board and the President and Chief Executive Office

When there is a Director vacancy, the Nominating Committee is to choose suitable candidates to become a Director by considering the current list of state enterprise directors of State Enterprise Policy Office (SEPO), a collection of qualified persons for state enterprises, and recommended nominees from PTT, the major shareholder. Priority will be given to those with skill mixes, experience, and specific qualifications in areas still lacked by the Board or critical to the Company's business to fill the composition of the Board and for the ultimate benefit of PTTEP, including awareness of the possibilities of conflicts of interest of a given Director. The Nominating Committee is to consider qualified candidates for PTTEP Group as prescribed in "The Board's Qualifications" on page 89.

Election of Directors to replace retiring ones must obtain the approval of the AGM through a majority of eligible shareholders in attendance under the following criteria and procedures:

(1) Nomination to a shareholders' meeting is to be made by the Nominating Committee for each Director whose term has ended, with prior screening by the Board. Shareholders may nominate other persons and the Company has added another channel for this, that is, nominating a person or persons between 1 October and 31 December of each year. This has been made known to investors through SET's notification channel and the Company's website, which also contains rules for nominating Directors, together with a Director nomination form, for minority shareholders' use.

(2) Should the number of Director candidates be no greater than the number to be elected, the shareholders' meeting is to elect those candidates as Directors by voting for individual candidates, under which they must receive majority votes.

(3) Should the number of Director candidates exceed the number to be elected, a ballot is to be held. Each shareholder may vote for as many candidates for Directors as the number of open positions, and voting is carried out for individual candidates. Those with the highest ballots are to be elected Directors, as many as the number of open positions accommodates.

When Director positions become vacant for other reasons, the Board may elect new Directors through at least a three-fourth majority vote and these elected Directors are to remain in their positions for only as long as the remaining terms of their predecessors.

With the approval of the Board, the President and Chief Executive Officer is nominated by the Nominating Committee, which considers a person who is skilled, experienced, and professional, and possesses specific expertise necessary and maximum benefit for PTTEP. Potential conflicts of interest of the President and Chief Executive Officer is also taken into account. Further information appears in Management Development and Succession Plan.

The Nomination of Executives

The President and Chief Executive Officer is authorized to select and appoint any person(s) with the knowledge, capabilities, and experience in PTTEP's business environment to the management rank. This authorization process complies with the PTTEP Personnel Administration Regulation and is reported at the Board's meeting, except for the appointment of Executive Vice Presidents, which requires the approval of the Board. If there is a need to select a person who is not a PTTEP employee, an interview of the candidate must be conducted by an interview committee. Additionally, any appointment of the head of internal audit management requires a prior consent of the Audit Committee.

Remuneration of the Management

Remuneration of Directors and Sub-committee Members

Directors	Remuneration							2012 Bonus paid in 2013 ^s	Total
	Board		Audit Committee	Corporate Governance Committee	Remuneration Committee	Nominating Committee	Risk Management Committee		
	Meeting Allowance	Monthly Allowance	Meeting Allowance	Meeting Allowance	Meeting Allowance	Meeting Allowance	Meeting Allowance		
1. Mr. Norkun Sitthiphong	800,000	600,000	0	0	0	0	0	4,098,360.66	5,498,360.66
2. Mr. Pichai Chunhavajira	480,000	480,000	0	0	0	0	200,000	3,278,688.52	4,438,688.52
3. Mr. Viraphol Jirapraditkul	640,000	480,000	0	50,000	0	0	440,000	3,278,688.52	4,888,688.52
4. Mr. Chakkrit Parapuntakul	560,000	480,000	0	40,000	0	0	0	3,278,688.52	4,358,688.52
5. Mr. Chaikasem Nitisiri	600,000	480,000	640,000	0	0	280,000	0	3,278,688.52	5,278,688.52
6. Mr. Ampon Kittiampon	640,000	480,000	800,000	0	0	0	0	3,278,688.52	5,198,688.52
7. General Lertrat Ratanavanich	640,000	480,000	600,000	0	100,000	0	0	3,278,688.52	5,098,688.52
8. Mr. Pailin Chuchottaworn	600,000	480,000	0	0	40,000	280,000	0	3,278,688.52	4,678,688.52
9. Mr. Wichai Pornkeratiwat	320,000	280,000	0	0	40,000	0	0	1,922,299.57	2,562,299.57
10. Mr. Prajya Phinyawat	440,000	400,000	0	0	0	0	350,000	2,506,175.61	3,696,175.61
11. Mrs. Varanuj Hongsaprabhas	640,000	480,000	0	120,000	0	0	280,000	3,278,688.52	4,798,688.52
12. Mr. Manas Jamveha	600,000	480,000	0	0	0	0	0	3,278,688.52	4,358,688.52
13. General Pornchai Kranlert	640,000	480,000	0	150,000	40,000	160,000	0	3,278,688.52	4,748,688.52
14. Mr. Tevin Vongvanich	600,000	480,000	0	0	0	0	0	3,278,688.52	4,358,688.52

Ex-Directors in 2012

1. Mr. Sommai Khawkachaporn	200,000	160,000	0	0	0	150,000	160,000	1,095,890.41	1,765,890.41
2. Mr. Krairit Euchukanonchai	120,000	120,000	0	40,000	0	0	0	790,478.33	1,070,478.33
3. Mr. Anon Sirisaengtaksin	200,000	160,000	0	0	0	0	0	1,095,890.41	1,455,890.41
4. Mr. Vorapak Tanyawong	360,000	280,000	0	80,000	0	0	0	1,706,714.57	2,426,714.57

Remarks: ^s2012 bonuses to be paid in 2013 are in accordance with the 2013 AGM resolution on dividend payment.

Remuneration to Independent Director Serving as an Independent Director in Parent Company

In 2012, PTTEP Independent Directors had received remuneration from PTT Public Company Limited as Independent Director in PTT, a parent company of PTTEP as below.

List	Board Remuneration		Meeting Allowance of Sub-committees	Total
	Director Bonus	Meeting and Monthly Allowances		
1. Mr. Krairit Euchukanonchai	606,557.38	170,000.00	115,000.00	891,557.38

Executive's Remuneration

The Remuneration Committee reviews and recommends for the Board's endorsement fair and reasonable criteria or procedures for defining the salary structures for executives while conforming to prevailing business practices. Executives' compensation packages and salary structures are determined by market comparison with other leading oil and gas companies' criteria, procedures, pay rates, salary surveys, and with consideration of executives' individual scopes of accountability.

The President and Chief Executive Officer decides individual executives' compensations. Annual merit increases of executives are tied to their individual performance, the Company's performance, and key performance indicator (KPI), which was set in advance, of each division or group, as the case may be.

To maintain its competitiveness in the oil and gas market, PTTEP participates in the annual compensation survey along with other leading oil and gas companies to obtain adequate information to report to the Board for possible adjustment in its competitive compensation strategy when there is a significant compensation change in the marketplace.

To comply with good corporate governance and transparency, PTTEP discloses the Management's compensation, including their PTTEP shares, in the annual report.

Cash (compensation and provident fund)

	2011		2012	
	Number	Total Amount (Baht)	Number	Total Amount (Baht)
Salary	8 ⁽⁴⁾	53,898,318	11 ⁽⁵⁾	54,759,421
Bonus		29,756,163 ⁽²⁾		31,571,930 ⁽³⁾
Other compensation ⁽¹⁾		6,520,065		6,830,786
Total		90,174,546		93,162,137

⁽¹⁾ Provident Fund

⁽²⁾ Includes bonuses for 2011, paid in 2012 (paid in January and February)

⁽³⁾ Includes bonuses for 2012, paid in 2013 (paid in January)

⁽⁴⁾ Executives, numbering 8, consist of the President and Chief Executive Office, Executive Vice Presidents, and PTT's executive who has been seconded to PTTEP.

⁽⁵⁾ Executives, numbering 11, consist of the President and Chief Executive Office (Mr. Anon Sirisaengtaksin: 1 January - 30 April 2012 and Mr. Tevin Vongvanich: 1 May - 31 December 2012), Executive Vice Presidents, and PTT's executive who has been seconded to PTTEP.

Number of PTTEP Shares Held by the Management and Spouses

Name	Shares as of 31 December 2011	Shares as of 1 January 2013	Change in Shares
1. Mr. Tevin Vongvanich	75,500	90,280	14,780
2. Mr. Somkiet Janmaha	326,100	395,100	69,000
3. Mr. Asdakorn Limpiti	45,000	50,000	5,000
Spouse	63,000	82,000	19,000
4. Mr. Chatchawal Eimsiri	-	-	-
5. Mr. Somporn Vongvuthipornchai	142,000	169,800	27,800
Spouse	3,000	3,500	500

Name	Shares as of 31 December 2011	Shares as of 1 January 2013	Change in Shares
6. Mr. Suraphong Iamchula	88,400	100,700	12,300
7. Mr. Somchai Manopinives	N/A	85,498	N/A
8. Mr. Phongsthorn Thavisin	N/A	-	N/A
9. Mr. Thiti Mekavichai	N/A	8,000	N/A
10. Ms. Penchun Jarikasem	-	6,000	6,000
11. Mr. Yongyos Krongphanich ¹	67,500	69,500	2,000
12. Ms. Pornthip Uyakul ²	N/A	58,593	N/A
13. Mrs. Chanamas Sasananand	8,500	10,500	2,000
14. Ms. Jaroonsri Wankertphon	75,600	79,205	3,605

¹ Appointed as Senior Vice President, Finance and IT Strategy Division, Finance & Accounting Group on 1 January 2013

² Appointed as Senior Vice President, Accounting Division, Finance & Accounting Group on 1 January 2013

Personnel

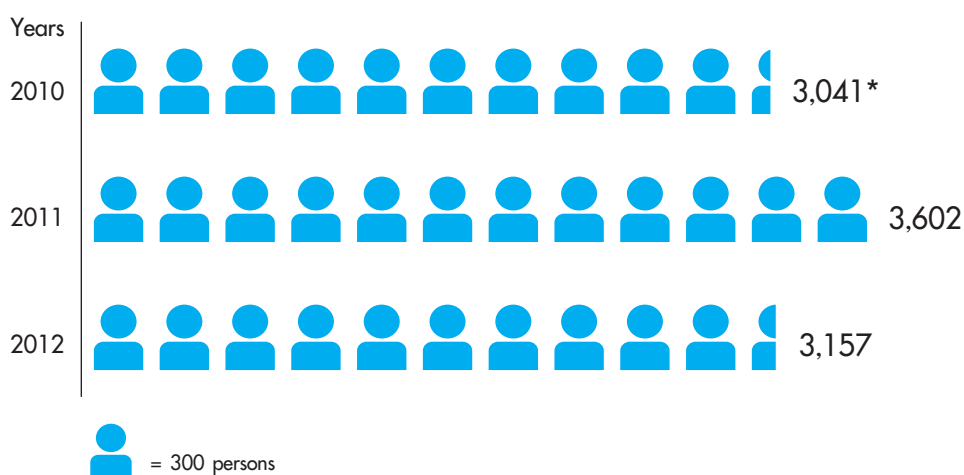
(1) As of 31 December 2012, PTTEP and its subsidiaries (PTTEPS, PTTEP Services and PTTEP AA) had total workforce of 3,157.

Total workforce consisted of employees, permanent workers and seconded workers.

(2) PTTEP had no significant change in the number of employees and no major disputes about labor in the past three years.

(3) In 2012, compensation (salary, bonus, and contribution to the provident fund) of PTTEP and its subsidiaries (PTTEPS) employees and wages of seconded workers totaled 3,291,102,103 baht (only PTTEP and PTTEPS and bonus paid in January 2013).

Number of Employees



Remark * Excluding PTTEP AA staff

Human Resource Development Policy

In order to improve staff competency and strengthen organizational capability for the continuing expansion of company's business, both in Thailand and overseas, PTTEP has improved its human resources development systems and processes by implementing its competency-based training and development approach to accelerate the development. Based on this competency concept, the company has provided training throughout the past year via the following channels:

(a) In-house and External Training

The company provided in-house training and external training, both locally and overseas, to its staff at all levels, including management. This training comprised a great variety of courses, including technical and professional training, SSHE training, IT training, English language training, organizational knowledge as well as business administration and management training.

(b) Long-term Training and Development Programs

Long-term company training and development programs prepared employees for future roles and assignments in various current and upcoming projects. The programs were provided to selected staff and were conducted from 1-3 years in duration. By this approach, the staff undertook on-the-job training, both in Thailand and overseas, with business partners as well as services companies, such as Total, Chevron, and Schlumberger.

(c) Master's Degree Scholarship Programs for Employee

The company provided scholarships to employees to help them pursue master's degree studies at world-class top universities in:

- (1) Petroleum Geosciences
- (2) Petroleum Engineering
- (3) Engineering relevant to business
- (4) Business administration.

Moreover, the company also provided master's degree scholarships at Thailand reputable institute such as:

- (1) SASIN Graduate Institute of Business Administration of Chulalongkorn University
- (2) Offshore Technology and management at the Asian Institute of Technology in Thailand
- (3) Petroleum geosciences (international program) at Chulalongkorn University.

Internal Information Control

Please see details on page 77.

Dividend Policy

Normally, it is the policy of the Company's Board of Directors to recommend to the shareholders an annual dividend of not less than 30% of net income. The board of directors, from time to time and in case there are adequate profits, may also decide to pay the interim dividends and subsequently inform the shareholders at the next shareholders' meeting.

However, under terms and conditions of the subordinated capital debentures (PTTEP Hybrid Bond No. 1/2555), if the company defer the interest payment on the debentures, it may not declare or make any dividend payment, make any interest payment or distribution of any sort of any instrument or security that ranks *pari passu* or junior to the subordinated capital debentures.

The Company has no dividend policies for its subsidiaries.

Internal Control

PTTEP recognizes that effective risk management and sufficient internal control system are crucial to efficient business operations as they prevent and mitigate risks that lead to major losses which impact its business operations and ensure its compliance with relevant laws and regulations.

PTTEP has designed, implemented, assessed and continuously improved its internal control system. The Audit Committee reviewed the internal control assessment, based on five components of the regulations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which are summarized below:

(1) Control Environment

- In place is a clear, suitable organization structure and line of command that are compatible with its current and future business execution.
- In place is a mechanism to clearly define corporate objectives and goals, as is another to define key performance indicators (KPIs) at the corporate, unit, and individual levels.
- Corporate Governance and Business Ethics (CG&BE) as follows:
 - Written policy is formulated with annual review for possible amendment, and assessment of conformance to the policy.
 - The Corporate Governance Committee devises a CG&BE policy and monitors its implementation.
 - PTTEP has a written CG Hotline and Whistle Blowers Policy. This is to promote employees and outsiders to report or make complaints about violation of CG&BE or other rules and regulations.
 - In place is the CG&BE training for all of new executives and employees. Communication is also conveyed and knowledge is provided about PTTEP CG&BE consistently. Examples are CG Visit and BE E-Learning.
- The Company pays attention on sustainable development through an establishment of the Sustainable Development Guideline, which defines targets and directions for the sustainable development. The organization shall concentrate on three parts of the operations: business; the society; and the environment.

(2) Risk Assessment

- The Risk Management Committee devises the corporate risk management policy and a related framework, apart from ensuring successful corporate and project risk management and reporting the results to the Board. In 2012, the Risk Management Committee convened 11 times.
- The Operation Risk Committee manages technical aspects and supports project operations for greater efficiency. In 2012, the Operation Risk Committee convened 5 times.



- Annual and long-term plans are in place with due regard for external risks, including oil prices and exchange rates, and internal risks, including risks of exploration, new investment and safety.

- Key Risk Indicators (KRI) was used to give warning for organizational risks, which prevented the organization from goal achievement. This allowed work units to manage risks with prompt response, as planned.

- In place is a Risk Management Policy for all management, employee, as well as all suppliers, contractors, and sub-contractors associated with PTTEP to follow. Strong risk management practice ensures the sustainability of our business, the safeguards of all persons, and the protection for the environment and communities we operate in.

(3) Control Activities

- In place are procedure manuals and an authorization manual, which are constantly amended to suit business execution.
- Business processes are amended for greater clarity and are standardized for the petroleum exploration and production business. In place is a Value Assurance Check panel with systematic approvers for individual work stages.

- A Corporate Governance Framework has been developed for PTTEP's corporate unit and various projects in order to clarify the roles and responsibilities among them.

- In place is a compliance unit responsible for inspecting and supervising business for strict compliance with all relevant laws and regulations to minimize risks of non-compliance, and ensuring PTTEP directors, executives and employees of such compliance. Measures or process for non-compliance is set up. Examples are collection and arrangement of database of unit-level compliance, development of compliance management, warning for compliance schedules, training and advice for compliance, and review and report of compliance.

(4) Information and Communication

- In place are a communication system and channels inside and outside the organization.
- In place is clear job segregation and designation of responsible people for assorted business systems.
- Rights for access to confidential information are classified for all units for control of access to data files.
- In place is an information technology (IT) system, with the SAP software applied to enterprise resource planning to link business systems to one single system for efficient analysis and assessment of outcomes, as well as for planning purposes. These units include finance and accounting, procurement, human resources, inventory, and maintenance.

PTTEP had designed and conformed to its internal controls adequately to minimize key risks potentially harming its operations.

(5) Monitoring and assessment

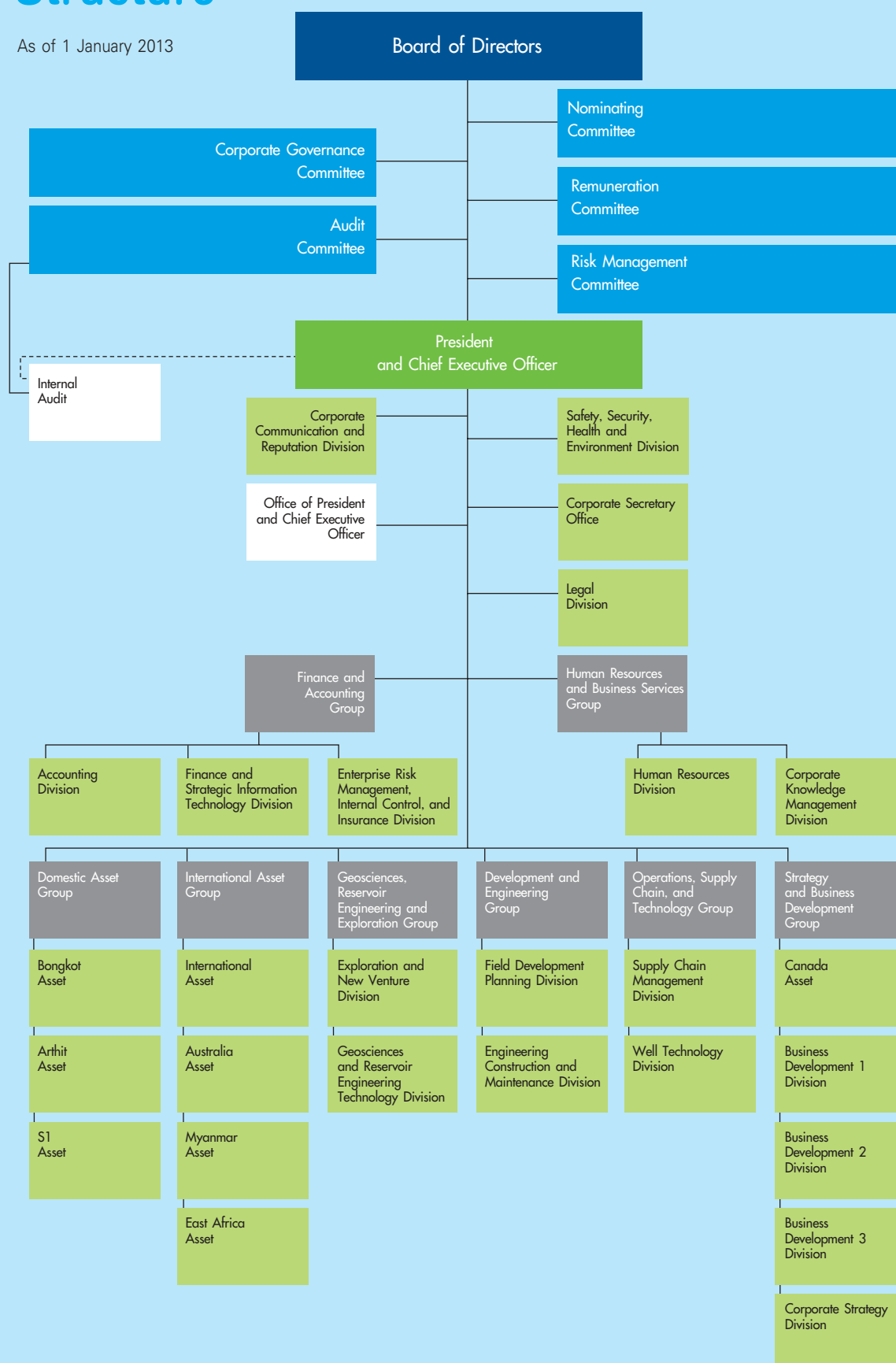
- In place are clear monitoring and assessment mechanisms in comparison with KPIs. Assessment findings are reported to the Management and the Board on a monthly basis.
- In place are an Internal Control Assessment at a corporate level be accordance with the Stock Exchange of Thailand regulations and Internal Control Assessment at a unit level be accordance with regulations of the Office of Auditor General of Thailand, with annual submission.
- The Audit Committee and Internal Audit review business processes and give an advice to ensure that its governance and internal control are adequate and effective.

At the Board Meeting No. 2/2013/361 on 28 February 2013, in which the Audit Committee attended, the Board endorsed the Audit Committee's opinion on the adequacy of internal controls, that was, PTTEP had designed and conformed to its internal controls adequately to minimize key risks potentially harming its operations, and once defects had been detected, it constantly formulated and improved the system to suit its business, both current and future, in conformance to relevant laws and regulations.

In addition, the financial statements of PTTEP and its subsidiaries for 2012, audited by the Office of the Auditor General - the independent and external auditor who reviewed and assessed PTTEP internal control's effectiveness as guided by the accounting standard and the Office of the Audit General's requirement on determination of internal control standard, B.E. 2544, were found with the internal control system designed, implemented and maintained for business risks, and followed the good internal control objectives.

Organization Structure

As of 1 January 2013



Board of Directors

As of 1 January 2013

Mr. Norkun Sithiphong

Chairman

Director with Authorized Signature

Age: 59

Education/Training:

- Ph.D. (Mechanical Engineering) and M.Sc. (Mechanical Engineering), Oregon State University, USA
- B.Eng. (Mechanical Engineering), Chulalongkorn University
- RCP 21/2009, Thai Institute of Directors Association (IOD)
- The National Defence Course (Class 47), National Defence College
- Capital Market Academy Leadership Program (Class 4), Capital Market Academy

Working experiences in the 5 preceding years:

- Other listed companies
 - Feb. 2012-Present Chairman, Thairoil Plc.
 - 2011-Feb. 2012 Director, Thairoil Plc.
 - 2011-Present Chairman, PTT Plc.
 - 2010-2011 Director, PTT Plc.
 - 2009-2011 Chairman, PTT Aromatics and Refining Plc.
 - 2009-2011 Chairman, IRPC Plc.
 - 2008-2010 Chairman, PTT Plc.
- Other organizations
 - 2010-Present Permanent Secretary, Ministry of Energy
 - 2008-Present Director, Nuclear Power Program Development Office
 - 2003-2010 Deputy Permanent Secretary, Ministry of Energy

% of shareholding: None

Family relationship among executives: None

Mr. Ampon Kittiampon

Independent Director

Chairman of the Audit Committee

Age: 57

Education/Training:

- Ph.D. (Applied Economics), Clemson University, South Carolina, USA
- M.S. (Economics), Northeastern University, Boston, USA
- Bachelor of Arts (Social Sciences), Kasetsart University
- Director Certification Program (DCP) 80/2006, Thai Institute of Directors Association (IOD)
- Chief Information Officer (CIO) (Class 3), The Office of the Civil Service Commission (OCSC) and National Science and Technology Development Agency
- The National Defence Course (Class 45), National Defence College
- Innovation for Economic Development (IFED), Harvard Kennedy School, USA

Working experiences in the 5 preceding years:

- Other listed companies

2009-Present	Chairman, Thai Airways International Plc.
2005-2011	Director, PTT Aromatics and Refining Plc.
2005-2011	Director, PTT Plc.

- Other organizations

2011-Present	The Expert Judicial Administration Commissioner, Office of Judiciary
2011-Present	Honorary Committee, Council of Walailak University
2011-Present and 2004-2010	Civil Service Commissioner, Office of the Civil Service Commission
2010-Present	Secretary General to the Cabinet, Secretariat of the Cabinet
2006-Present	Member, Council of State
2004-Present	Member, Bank of Thailand
2004-Present	Member, Monetary Policy Committee
2004-2010	Secretary General, Office of National Economic and Social Development Board
2004-2010	Committee, Board of Investment
2006-2008	Member, National Legislative Assembly

% of shareholding: None

Family relationship among executives: None

Mr. Chaikasem Nitisiri

Independent Director
Chairman of the Nominating
Committee
Member of the Audit Committee

Age: 64

Education/Training:

- Honorary Doctorate Degree in Laws, Ramkhamhaeng University
- Honorary Doctorate Degree in Laws, North-Chiang Mai University
- LL.M. Columbia University, USA
- Thai Barrister-at-Law
- LL.B. (Honours), Chulalongkorn University
- Director Certification Program (DCP) 8/2001, Role of the Chairman Program (RCP) 16/2007 and Financial Statements for Directors (FSD) 5/2009, Thai Institute of Directors Association (IOD)
- Certificate of the International Procurement, Georgetown University, USA
- Certificate of the National Defence Course (Class 38), National Defence College
- Certificate of the Politics and Governance in Democratic Systems for Executives Course (Class 9/2006), King Prajadhipok's Institute
- Certificate of the Capital Market Academy Leader Program (Class 5/2007), Capital Market Academy
- Certificate of the Public Director Certification Program (Class 6/2010), Public Director Institute (PDI)

Working experiences in the 5 preceding years:

- Other listed companies

2008-Present	Director, Thailoil Plc.
2008-2011	Director, PTT Plc.
2007-2010	Director, Thai Airways International Plc.

- Other organizations

2012-Present	Chairman, Securities and Exchange Commission
2012-Present	Chairman of the Executive Board, Thailand Institute of Justice (Public Organization)
2009-Present	Senior Public Prosecutor (Advisor to the Attorney General), Office of the Attorney General
2008-Present	Director and Executive Board Chairman, Government Housing Bank
2007-Present	Member, Nation University Board
2006-Present	Member, Saint John University Board
2003-Present	Member, Council of State Committee
2007-2009	Attorney General, Office of the Attorney General
2003-2007	Deputy Attorney General, Office of the Attorney General

% of shareholding: None

Family relationship among executives: None

General Pornchai Kranlert

Vice Chairman
of the Independent Director
Chairman of the Corporate
Governance Committee
Member of the Nominating Committee
Member of the Remuneration Committee

Age: 61

Education/Training:

- Master of Public Administration, National Institute of Development Administration
- Bachelor of Political Science, Ramkhamhaeng University
- Director Certification Program (DCP) 161/2012 and Role of the Nomination and Governance Committee (RNG) 3/2012, Thai Institute of Directors Association (IOD)
- Certificate of the National Defence Course (Class 44), National Defence College
- Certificate of the Leader Program (Class 8), Capital Market Academy
- Certificate of the Thai Intelligent Investors Program (Class 1), Thai Investors Academy

Working experiences in the 5 preceding years:

- Other listed companies

2005-2006	Director, IRPC Plc.
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- Other companies

2012-Present	Director, Mah Boon Krong 888 Co., Ltd.
2012-Present	Director, Mah Boon Krong Dairy Goats Co., Ltd.
2012-Present	Director, Mah Boon Krong Food Co., Ltd.
2011-Present	Director, APT Bearing Parking Co., Ltd.
2011-Present	Director, APT Bearing Place Co., Ltd.
2011-Present	Director, APT Bearing Mall Co., Ltd.
- Other organizations

2007-2011	Special Advisor, Office of the Permanent Secretary for Defence
2006-2007	Deputy of Chief of Staff, Royal Thai Armed Forces Headquarters

% of shareholding: None

Family relationship among executives: None

Mr. Prajya Phinyawat

Director with Authorized Signature
Chairman of the Risk Management
Committee

Age: 61

Education/Training:

- Ph.D. (Civil Engineering), University of Texas at Austin, USA
- M.S. (Civil Engineering), Stanford University, USA
- B.E. (Civil Engineering), Chulalongkorn University
- Director Certification Program (DCP) 14/2002, Thai Institute of Directors Association (IOD)
- The Joint State - Private Sector Course (Class 15), National Defence College
- Certificate of the Leader Program (Class 7), Capital Market Academy
- Certificate of Energy Literacy for a Sustainable Future Program (Class 1/2012), Thailand Energy Academy

Working experiences in the 5 preceding years:

- Other listed companies
 - 2011-Present Director, PTT Global Chemical Plc.
 - 2009-2011 Director, Thailoil Plc.
 - 2008-2011 Chief Operating Officer of Downstream Petroleum Business Group, and Senior Executive Vice President of Oil Business Unit, PTT Plc.
 - 2007-2011 Director, PTT Aromatics and Refining Plc.
 - 2006-2011 Director, IRPC Plc.
 - 2005-2011 Director, PTT Chemical Plc.
 - 2004-2007 Senior Executive Vice President, Petrochemicals & Refining Business Group, PTT Plc.
- Other companies
 - 2011-Present Chairman, PTT Asahi Chemical Co., Ltd.
 - 2005-Present Director, Bangkok Polyethylene Plc.
 - 2004-Present Director, Thai Lube Base Plc.
 - 2006-2012 Director, Thai Paraxylene Co., Ltd.
 - 2004-2012 Chairman, PTT Polyethylene Co., Ltd.

% of shareholding: 0.0004% (15,000 shares)

Family relationship among executives: None

General Lertrat Ratanavanich

Chairman of the Independent
Director Committee
Chairman of the Remuneration Committee
Member of the Audit Committee

Age: 65

Education/Training:

- MSSM, University of Southern California, USA
- SMCE, Massachusetts Institute of Technology, USA
- BSCE, The Citadel, USA
- Director Certificate Program, The Role of the Chairman Program, Finance for Non-Finance Director, Financial Statements for Directors (FSD) 13/2011, Directors Forum 1/2011, and Role of the Compensation Committee (RCC) 13/2011, Thai Institute of Directors Association (IOD)
- Top Executive Program for Commerce and Trade (TEPCOT 4), University of Thai Chamber of Commerce
- Training Course on Administrative Justice for Executives
- Certificate of the Executive Program (Class 4), Capital Market Academy
- Certificate of the National Defence Course (Class 5), National Defence College
- National Security and International Security, Harvard University, USA
- Senior Managers in Government, Harvard University, USA

Working experiences in the 5 preceding years:

- Other organizations

2012-Present	Chairman, Thailand Professional Qualification Institute (Public Organization)
2005-Present	Justice, The highest judicial court-martial member
2009-2011	Vice Chairman (2), The Senate Affairs Committee
2009-2011	Director and Chairman, Subcommittee Study on Constitution Amendments and Other Related Laws, in Solidarity Committee for Political Reform and Study of the Constitution Amendments, the National Assembly
2008-2011	Senator and Chairman, The Senate Committee on Energy
2008-2011	Member, King Prajadhipok's Institute Council
2007-2008	Director, Industrial Estate Authority of Thailand

% of shareholding: None

Family relationship among executives: None

Mr. Pichai Chunhavajira

Independent Director

Age: 63

Education/Training:

- Honorary Doctorate Degree in Philosophy (Financial Management), Mahasarakham University
- Honorary Doctorate Degree in Philosophy (Accounting), Thammasat University
- M.B.A. (Finance), Indiana University of Pennsylvania, USA
- Bachelor of Accounting, Thammasat University
- Director Accreditation Program (DAP) 49/2005 and Director Certification Program (DCP) 143/2011, Thai Institute of Directors Association (IOD)
- Certificate of the Leadership Program (Class 5), Capital Market Academy
- The Joint State-Private Sector Regular Course (Class 13), National Defence College

Working experiences in the 5 preceding years:

- Other listed companies

May 2012-Present	Chairman, Bangchak Petroleum Plc.
Feb.-Apr. 2012	Vice Chairman, Thailoil Plc.
2010-Feb. 2012	Chairman, Thailoil Plc.
2009-2011	Director, PTT Plc.
2009-2011	Director, IRPC Plc.
2005-2011	Director, Thai Airways International Plc.
1998-2011	Director, Bangchak Petroleum Plc.
2006-2010	Director, Thailoil Plc.
2007-2009	Director, PTT Aromatics and Refining Plc.
2005-2009	Director, PTT Chemical Plc.
1996-2009	Director, Dhipaya Insurance Plc.
2003-2008	Director, Siam Commercial Bank Plc.

- Other companies

2011-Present	Chairman, Thailoil Marine Co., Ltd.
2011-Present	Chairman, TOP Maritime Service Co., Ltd.
2004-Present	Director, Thai Lube Base Plc.

2008-2012	Chairman, Thailoil Ethanol Co., Ltd.
2000-2011	Director, Thailoil Power Co., Ltd.
2000-2009	Chairman, Thai Petroleum Pipeline Co., Ltd.

- Other organizations

2011-Present	President of the Committee of Investment, Social Security Fund
2011-Present	Director and Chairman of the Board of Executive Director, Small and Medium Enterprise Development Bank of Thailand
June 2011-Present	President, Federation of Accounting Professions
2011-Present	President, Thammasat Association
2011-Present	University Council Member, Thammasat University
2008-Present	University Council Member, Assumption University Council
2005-June 2011	Vice President and Chairman of the Managerial Accounting Committee, Federation of Accounting Professions
2003-2009	Chairman of the Investment Administration Sub-committee, Social Security Fund

% of shareholding: None

Family relationship among executives: None

Mr. Viraphol Jirapraditkul

Director with Authorized Signature
Member of the Risk Management
Committee

Age: 57

Education/Training:

- Master of Economics in Energy Economics, University of Calgary, Canada
- Master of Economics in Development Economics, National Institute of Development Administration (NIDA)
- B.A. (Economics), Thammasat University
- Director Certification Program (DCP) 116/2009 and Role of the Nomination and Governance Committee (RNG) 1/2011, Thai Institute of Directors Association (IOD)
- Senior Executive Service Program (Class 1), Office of the Civil Service Commission
- Program for Chief Information Officer, Office of the Civil Service Commission and National Electronics and Computer Technology Center
- The Joint State - Private Sector Course (Class 20), National Defence College
- Senior Executive Justice Governing Office Course (Class 3)

Working experiences in the 5 preceding years:

- Other companies

May 2012-Present	Board Member, National Power Supply Ltd.
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- Other organizations

2011-Present	Director General, Department of Energy Business, Ministry of Energy
2008-Present	Board Member, Ramkhamhaeng University Council
2007-2011	Board Member, Electrical and Electronics Institute
2007-2011	Board Member, Energy Fund Administration Institute
2006-2011	Director General, Energy Policy and Planning Office (EPPO), Ministry of Energy

% of shareholding: None

Family relationship among executives: None

Mr. Tevin Vongvanich

Director with Authorized Signature
Member of the Risk Committee
President and Chief Executive Officer

Age: 54

Education/Training:

- M.Sc. (Petroleum Engineering), University of Houston, USA
- M.Sc. (Chemical Engineering), Rice University, USA
- B.E. (Chemical Engineering), Chulalongkorn University
- Director Certification Program (DCP) 21/2002, Financial Statements for Directors (FSD) 6/2009, Role of the Compensation Committee (RCC) 12/2011, and Role of the Nomination and Governance Committee (RNG) 3/2011, Thai Institute of Directors Association (IOD)
- Senior Executive Program (S.E.P. Class 7), Sasin Graduate Institution of Business Administration

Working experiences in the 5 preceding years:

- Other listed companies
 - 2010-Apr. 2012 Director, Thaioil Plc.
 - 2010-Apr. 2012 CFO, PTT Plc.
 - 2009-2011 Director, PTT Chemical Plc.
 - 2009-2011 Director, PTT Aromatics and Refining Plc.
 - 2009-2010 Director, Bangkok Aviation Fuel Services Plc.
 - 2007-2010 Director, Bangchak Petroleum Plc.
- Other companies
 - 2009-2011 Chairman, PTT ICT Solutions Co., Ltd.
 - 2008-2011 Director, PTT International Co., Ltd.
- Other organization
 - 2010-Present Chairman, Thailand Management Association

% of shareholding: 0.0023% (90,280 shares)

Family relationship among executives: None

Mr. Chakkrit Parapuntakul

Director with Authorized Signature

Age: 53

Education/Training:

- M.B.A., Angelo State University, Texas, USA
- Bachelor of Accounting, Thammasat University
- Director Accreditation Program (DAP) 8/2004 and Audit Committee Program (ACP) 5/2005, Thai Institute of Directors Association (IOD)
- Certificate of the Leadership Program (Class 11), Capital Market Academy
- The Joint State - Private Sector Course (Class 52), National Defence College
- Program for Chief Information Officer (Class 46), Office of the Civil Service Commission
- Executive Development Program (EDP) (Class 66), Kellogg School of Management, Chicago, USA

Working experiences in the 5 preceding years:

- Other listed companies
 - 2012-Present Chairman of the Board of Directors, ASEAN Potash Mining Plc.
 - 2008-Present Advisor to the Audit Committee, Eastern Water Resources Development and Management Plc.

- Other companies

2010-Present	Chairman, Thailand Post Co., Ltd.
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- Other organizations

Oct. 2012-Present	Deputy Permanent Secretary, Ministry of Finance
2009-Oct. 2012	Director General, Public Debt Management Office
2008-2009	Deputy Director General, Public Debt Management Office
2002-2008	Director, International Finance Bureau, Public Debt Management Office

% of shareholding: None

Family relationship among executives: None

Mr. Pailin Chuchottaworn

Director with Authorized Signature
Member of the Nominating Committee

Age: 57

Education/Training:

- Ph.D. of Philosophy (Sustainable Energy and Environment), Rattanakosin College for Sustainable Energy and Environment, Rajamangala University of Technology Rattanakosin
- Ph.D. of Engineering (Chemical Engineering) and Master of Engineering (Chemical Engineering) Tokyo Institution of Technology, Japan
- Bachelor of Engineering (Chemical Engineering) (Hons.), Chulalongkorn University
- Director Certification Program (DCP) 51/2004, Director Accreditation Program (DAP) 24/2004 and Finance for Non-Finance Director (FND) 14/2004, Thai Institute of Directors Association (IOD)
- PTT Executive Leadership Program, GE Crotonville, USA
- NIDA Executive Leadership Program 2007, Wharton University of Pennsylvania, USA
- Industrial Liaison Program (ILP) 2005, Massachusetts Institute of Technology, USA
- Top Executive Program in Commerce and Trade (TEPCOT) Year 1, University of the Thai Chamber of Commerce
- Capital Market Academy Leadership Program (Class 8), Capital Market Academy
- The Joint State-Private Sector Course (Class 22), National Defence College,
- The 7th “Corporate Governance for Directors and Top Executives of State Enterprises and Public Organizations”, Year 2011, King Prajadhipok’s Institute
- Energy Literacy for a Sustainable Future (Class 1/2012), Thailand Energy Academy

Working experiences in the 5 preceding years:

- Other listed companies

2011-Present	President and Chief Executive Officer, PTT Plc.
2009-Present	Director and Secretary to the Board, IRPC Plc.
June-Sep. 2011	Chief Operations Officer, Upstream Petroleum and Gas Business Group, and Acting Chief Executive Officer, IRPC Plc.
2009-May 2011	Senior Executive Vice President of PTT Plc., working as Chief Executive Officer, IRPC Plc.

- Other companies

May-Sep. 2011	Chairman, PTT Asahi Chemical Co., Ltd.
2006-May 2011	Director, PTT Asahi Chemical Co., Ltd.
June-Sep. 2011	Chairman, PTT Polymer Marketing Co., Ltd.
2009-June 2011	Director, PTT Polymer Marketing Co., Ltd.
2008-2009	Senior Executive Vice President, Petrochemicals & Refining Business Unit, PTT Plc., working as President, PTT Polymer Marketing Co., Ltd.
2008-2009	Senior Executive Vice President, Petrochemicals & Refining Business Unit of PTT Plc., working as President, PTT Asahi Chemical Co., Ltd.
2006-2008	Executive Vice President, Petrochemicals & Refining Business Unit of PTT Plc., working as President, PTT Asahi Chemical Co., Ltd.

% of shareholding: None

Family relationship among executives: None

Mrs. Varanuj Hongsaprabhas

Independent Director
Member of the Corporate
Governance Committee
Member of the Risk Management
Committee

Age: 64

Education/Training:

- M.S. (Financial Management), North Carolina State University, USA
- B.A. (Economics), North Carolina State University, USA
- Director Certification Program (DCP) 84/2007, Role of Chairman (RCP) 23/2010, Audit Committee Program (ACP) 22/2008, Role of the Nomination and Governance Committee (RNG) 2/2011, Monitoring Fraud Risk Management (MFM) 8/2012, Monitoring the System of Internal Control and Risk Management (MIR) 13/2012, The Board's Role in Mergers and Acquisitions (M&A) 2/2012, Board Performance Review Course (BPR) 1/2012, and IOD National Director Conference 2012, Thai Institute of Directors Association (IOD)

Working experiences in the 5 preceding years:

- Other listed companies

2010-2011	Director, TOT Plc.
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- Other companies

2009-2010	Director, ACT Mobile Co., Ltd.
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- Other organizations

2006-2009	Director, Port Authority of Thailand
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% of shareholding: None

Family relationship among executives: None

Mr. Manas Jamveha

Director with Authorized Signature

Age: 56

Education/Training:

- Master of Business Administration, Sukhothai Thammathirat Open University
- Master of Political Science, Thammasat University
- Bachelor of Law, Thammasat University
- Director Certification Program (DCP) 71/2008 and Audit Committee Program (ACP) 41/2012, Thai Institute of Directors Association (IOD)
- The National Defence Course (Class 50), National Defence College
- Certificate from Public Director Institute (PDI 1)
- Certificate on Top Executive Political

- Top Executive Program
- Executive Development Program, Kellogg School of Management, Northwestern University, USA
- Middle Management Professional, Revenue, Canada

Working experiences in the 5 preceding years:

- Other organizations

Oct. 2012-Present	Comptroller General, Comptroller General's Department
2011-Oct. 2012	Deputy Permanent Secretary, Ministry of Finance
2010-2011	Inspector General, Ministry of Finance
2008-2010	Advisor on Fiscal System Development, Comptroller General's Department
2005-2008	Deputy Comptroller General, Comptroller General's Department

% of shareholding: None

Family relationship among executives: None

Mr. Wichai Pornkeratiwat

Director with Authorized Signature
Member of the Remuneration Committee

Age: 59

Education/Training:

- Master's in Public Administration, National Institute Development Administration
- Bachelor's in Engineering (Electrical Engineering), Khon Kaen University
- ASEAN Executive Program (AEP), GE Management Development Institute
- Senior Executive Program (SEP), Sasin Graduate Institute of Business Administration
- NIDA Wharton Executive Leaders Program, The Wharton School University of Pennsylvania, USA

Working experiences in the 5 preceding years:

- Other listed companies

2011-Present	Chief Operating Officer, Upstream Petroleum and Gas Business Group, PTT Plc.
2011-Present	Director, Executive Director, Member of the Corporate Governance Committee and Member of the Nomination and Remuneration Committee, IRPC Plc.
Mar.-Nov. 2011	Director, PTT Exploration and Production Plc.
2010-2011	Senior Executive Vice President, Gas Business Unit, PTT Plc.
2009-2010	Executive Vice President, Natural Gas Vehicle, PTT Plc.
2002-2008	Executive Vice President, Project Management, Exploration, Production and Gas Business Group, PTT Plc.
- Other companies

2011-2012	Chairman, PTT LNG Co., Ltd.
2010-2012	Director, PTT FLNG Co., Ltd.
2008-2009	Acting Managing Director, PTT LNG Co., Ltd.

% of shareholding: None

Family relationship among executives: None

Mr. Achporn Charuchinda

Independent Director
Member of the Corporate Governance Committee

Age: 59

Education/Training:

- L.L.B, Faculty of Law, Thammasat University
- Thai Barrister-at-Law
- Law Drafting Certificate, India
- The National Defence Course (Class 46), National Defence College

Working experiences in the 5 preceding years:

- Other listed companies
 - 2012-Present Member of the Legal Committee, Thai Airways International Plc.
 - 2008-2010 Executive Director and Director, Siam City Bank
- Other companies
 - 2012 Director, Thailand Post Co., Ltd.
 - 2001-2011 Director, Sukhumvit Asset Management Co., Ltd.
- Other organizations
 - 2012-Present Member of the Board of Directors Committee, Metropolitan Waterworks Authority
 - 2011-Present Member of the National Energy Policy Council, Energy Policy and Planning Office, Ministry of Energy
 - 2011-Present Member of the Institutions Policy Committee, Bank of Thailand
 - 2011-Present Member of the National Water and Flood Management Committee, Office of the National Water and Flood Management Policy
 - 2011-Present Member of the Office of the Civil Service and Educational Personnel Commission, Ministry of Education
 - 2010-Present Member of the Administrative Courts Officials Commission, Office of the Administrative Courts
 - 2010-Present Member of the Decentralization to Local Government Organization Committee, Office of the Permanent Secretary, Office of the Prime Minister
 - 2010-Present Member, Government Pension Fund
 - 2010-Present Secretary-General of the Office of the Council of State, Office of the Council of State
 - 2007-Present Chairman of the Audit Committee for the Financial Institutions Development Fund, and Member of the Financial Institutions Development Fund, Bank of Thailand
 - 2003-Present Member of the Council of State, Office of the Council of State
 - 2010-Present Board Member, Energy Conservation Promotion Fund
 - 2000-2011 Director, Bank for Agriculture and Agricultural Cooperatives

% of shareholding: None

Family relationship among executives: None

Director who retired in 2012:

Mr. Krairit Euchukanonchai

Age: 57

Education/Training:

- M.B.A. (Banking and Finance), North Texas State University, USA
- Bachelor of Science, Chulalongkorn University
- Director Certification Program (DCP) 59/2005, Thai Institute of Directors Association (IOD)

Working experiences in the 5 preceding years:

- Other listed companies
 - 2011-Apr. 2012 Director, PTT Plc.
 - 2006-Apr. 2012 Chairman, Krung Thai Asset Management Plc.
 - 2001-2011 Director, Siam Commercial New York Life Insurance Plc.

- Other companies
2000-Present Chairman, V.Group Honda Cars Co., Ltd.
- Other organizations
2009-2011 Director, Wastewater Management Authority, Ministry of Natural Resources and Environment

% of shareholding: None

Family relationship among executives: None

Mr. Anon Sirisaengtaksin

Age: 60

Education/Training:

- The Honorary Degree of Doctor of Public Administration, Bangkokthonburi University
- M.B.A., Thammasat University
- B.Sc. (Geology), Chulalongkorn University
- Director Accreditation Program (DAP) 52/2006 and Director Certification Program (DCP) 73/2006, Thai Institute of Directors Association (IOD)
- Certificate of the Project Investment Appraisal and Management and Certificate of the Global Leadership, Harvard University, USA
- Certificate of the Leadership Program (Class 1), Capital Market Academy

Working Experiences in the 5 preceding years:

- Other listed companies

May 2012-Present	Director and Secretary to the Board of Directors, and Chief Executive Officer, PTT Global Chemical Plc.
2008-May 2012	Senior Executive Vice President seconded to PTTEP, PTT Plc.
2004-2009	Director, Thai Lube Base Plc.
2004-2009	Director, Bangkok Polyethylene Plc.
2002-2008	Senior Executive Vice President, Corporate Strategy and Development, PTT Plc.
- Other companies

2010-Present	Director, PTTEP FLNG Holding Co., Ltd.
2010-Present	Director, PTT FLNG Ltd.
2009-Present	Director, Bangkok Commercial Asset Management Co., Ltd.
2006-2009	Chairman, PTT ICT Solutions Co., Ltd.
2006-2009	Director, HMC Polymers Co., Ltd.
2006-2009	Director, Thai Paraxylene Co., Ltd.
2005-2009	Director, Independent Power (Thailand) Co., Ltd.
- Other organizations

2009-Present	Council Committee, King Mongkut's Institute of Technology Ladkrabang Council
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% of shareholding: 0.0032% (126,752 shares)

Family relationship among executives: None

Mr. Sommai Khowkachaporn

Age: 64

Education/Training:

- M.B.A., Long Island University, New York, USA
- B.B.A., University of the East, The Philippines
- Director Certification Program (DCP) 27/2003, Finance for Non-Finance Director (FND) 5/2003, Audit Committee Program (ACP) 4/2005, and DCP Refresher 1/2005, Thai Institute of Directors Association (IOD)

Working experiences:

- Other listed companies

2004-Present	Director, Thai Lube Base Plc.
Feb.-Nov. 2011	Director, PTT Plc.
2008-2011	Director, PTT Aromatics and Refining Plc.
2008-2011	Director, IRPC Plc.
- Other organizations

2011-Present	Director, Small and Medium Enterprise Development Bank of Thailand
2011-Present	Director, Industrial Estate Authority of Thailand
1996-2009	Vice Director, National Science Museum

% of shareholding: None**Family relationship among executives:** None**Mr. Vorapak Tanyawong****Age:** 48**Education/Training:**

- Master of Finance, University of Missouri, Kansas City, USA
- Bachelor of Management Science and Computer System, Oklahoma State University, Stillwater, USA
- Director Certification Program (DCP) 152/2011, Thai Institute of Directors Association (IOD)

Working experiences:

- Other listed companies

Nov. 2012-Present	President, Executive Director and Member of Risk Management Committee, Krungthai Bank Plc.
May-Nov. 2012	Director, Padaeng Industry Plc.
2010-2012	Director, Finansia Plc.
2009-2010	Senior Executive Vice President, Siam Commercial Bank Plc.
- Other companies

Mar.-Nov. 2012	Chairman and Chief Executive Officer, Finansia Capital Ltd.
2010-2012	Director, Finansia Capital Ltd.
2010-2012	Chairman and Chief Executive Officer, Finansia Securities Ltd.
2004-2009	Senior Country Officer and Head of Investment Banking, JP Morgan Chase Thailand
- Other organizations

2011-2012	Director, Energy Fund Administration Institute (Public Organization)
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% of shareholding: None**Family relationship among executives:** None

Management

As of 1 January 2013

Mr. Tevin Vongvanich

President
and Chief Executive Officer

Detailed appear on page 134.

Mr. Somkiet Janmaha

Executive Vice President
Geosciences, Reservoir Engineering
and Exploration Group

Age: 58

Education/Training:

M.S. (Geophysics), Stanford University, USA
DCP 50 (2004), Thai Institute of Directors (IOD)

Working Experiences in the 5 preceding years:

2010-Present Executive Vice President, Geosciences, Reservoir
Engineering and Exploration Group
2005-2010 Vice President, Geosciences and Exploration Group Division
% of shareholding: 0.0100% (395,100 shares)

Mr. Asdakorn Limpiti

Executive Vice President
Strategy and Business
Development Group

Age: 58

Education/Training:

M.S.E. (Chemical Engineering), University of Michigan, USA

Working Experiences in the 5 preceding years:

2010-Present Executive Vice President, Strategy and Business
Development Group
2005-2010 Vice President, Strategy and Capability Development Division
% of shareholding: 0.0033% (50,000 shares plus 82,000 shares of spouse)

Mr. Chatchawal Eimsiri

Executive Vice President
Attached to President and
Chief Executive Officer
(Seconded to PTT)

Age: 53

Education/Training:

M.Sc. (Operation Research), London School of Economics and Political Science,
University of London, United Kingdom

Working Experiences in the 5 preceding years:

2011- Present Executive Vice President, attached to President and
Chief Executive Officer (Seconded to PTT)
2000-2011 Vice President, Finance and Accounting Division
% of shareholding: None

Mr. Somporn Vongvuthipornchai

Executive Vice President
International Asset Group

Age: 54

Education/Training:

Ph.D. (Petroleum Engineering), University of Tulsa, USA

Working Experiences in the 5 preceding years:

2010-Present Executive Vice President, International Asset Group

2006-2010 Vice President, International Assets

% of shareholding: 0.0044% (169,800 shares plus 3,500 shares of spouse)

Mr. Suraphong Iamchula

Executive Vice President
Domestics Asset Group

Age: 59

Education/Training:

B.Sc. (Geology), Chiangmai University, Thailand

Working Experiences in the 5 preceding years:

2010-Present Executive Vice President, Domestics Asset Group

2007-2010 Vice President, Operations Support Division

% of shareholding: 0.0025% (100,700 shares)

Mr. Somchai Manopinives

Executive Vice President
Operations, Supply Chain
and Technology Group

Age: 58

Education/Training:

M.S. (Petroleum Engineering), University of Kansas, USA

Working Experiences in the 5 preceding years:

2012-Present Executive Vice President, Operations, Supply Chain
and Technology Group

2010-2012 Senior Vice President, Technology and Operations Division

2009-2010 Vice President, Joint Venture and Thai Onshore Assets
Division

2008-2009 Vice President, Arthit Asset Division

% of shareholding: 0.0022% (85,498 shares)

Mr. Phongsthorn Thavisin

Executive Vice President
Development and Engineering Group

Age: 53

Education/Training:

B.Sc. (Petroleum Engineering), The Pennsylvania State University, USA

Working Experiences in the 5 preceding years:

2012-Present Executive Vice President, Development and Engineering Group

2010-2012 Senior Vice President, Engineering and Construction Division

2009-2010 Vice President, Production Development Division

2006-2008 Senior Manager, Safety, Security, Health and Environment
Department

% of shareholding: None

Mr. Thiti Mekavichai

Executive Vice President
Human Resources and Business
Services Group

Age: 51

Education/Training:

B.Sc. (Geography), Srinakharinwirot University (Prasarnmitr), Thailand

Working Experiences in the 5 preceding years:

2012-Present Executive Vice President, Human Resources and Business
Services Group

2011-2012 Senior Vice President, Human Resources Division

% of shareholding: 0.0002% (8,000 shares)

Ms. PENCHUN JARIKASEM

Executive Vice President
Finance and Accounting Group

Age: 57

Education/Training:

M.Sc. (Business Administration), Thammasart University, Thailand

Working Experiences in the 5 preceding years:

2011-Present Executive Vice President, Finance and Accounting Group
2006-2011 Executive Vice President, Corporate Finance, PTT Plc.

% of shareholding: 0.0002% (6,000 shares)

Mr. YONGYOS KONGPHANICH

Senior Vice President
Finance and Strategic Information
Technology Division, Finance
and Accounting Group

Age: 52

Education/Training:

M.Sc. (Accounting), Thammasart University, Thailand

Working Experiences in the 5 preceding years:

2013-Present Senior Vice President, Finance and Strategic Information
Technology Division
2011-2012 Senior Vice President, Accounting Division
2010-2011 Vice President, Joint Venture Myanmar Assets
2009-2010 Senior Manager, Joint Venture Projects
2005-2009 Senior Manager, Seconded to Carigali-PTTEPI Operating
Company SDN BHD (CPOC), Malaysia

% of shareholding: 0.0018% (69,500 shares)

Ms. PORNTHIP UYAKUL

Senior Vice President
Accounting Division, Finance
and Accounting Group

Age: 58

Education/Training:

M.Sc. (Accounting), Thammasart University, Thailand

Working Experiences in the 5 preceding years:

2013-Present Senior Vice President, Accounting Division
2010-2012 Senior Vice President, Supply Chain Management Division
2006-2010 Senior Manager, Procurement Department

% of shareholding: 0.0015% (58,593 shares)

Ms. CHANAMAS SASNANAND

Vice President
Finance Department,
Finance and Accounting Group

Age: 43

Education/Training:

M.Sc. (Business Administration), University of South Carolina, USA

Working Experiences in the 5 preceding years:

2010-Present Vice President, Finance Department
2010 Acting Manager, Finance Department
2007-2010 Assistant Manager, Investor Relations

% of shareholding: 0.0003% (10,500 shares)

Ms. JAROONSRI WANKERTPHON

Vice President
Corporate Accounting Department,
Finance and Accounting Group

Age: 47

Education/Training:

M.Sc. (Financial Accounting), Thammasart University, Thailand

Working Experiences in the 5 preceding years:

2010-Present Vice President, Corporate Accounting Department
2008-2010 Manager, Corporate Accounting Department
2007-2008 Manager, Project Accounting Department

% of shareholding: 0.0020% (79,205 shares)

Directors of Subsidiary and Associated Companies

Subsidiary

As of 31 December 2012, there are 59 subsidiaries.

No.	Name		Subsidiaries													
			PTTEPI	PTTEPS	PTTEP Services	PTTEPA	Orange	PTTEP MEA	PTTEPO	PTTEP HV	PTTEP HL	PTTEP KV	PTTEP SV	PTTEPH	ATL	PTTEP AG
1.	Mr. Asdakorn	Limpiti	/						/							
2.	Mr. Prapat	Soponpongpiat	/													
3.	Mr. Pairoj	Rangponsumrit		/			/									
4.	Mr. Kittisak	Hiranyapraphip		/												
5.	Mr. Kitinan	Manlekha			/											
6.	Mr. Somkiet	Janmaha				/					/					
7.	Ms. Pranot	Tirasai					/									
8.	Mr. Piya	Sukhumpanumet					/									
9.	Mr. Owas	Chinoroje						/								/
10.	Mr. Preecha	Peomwattanachai						/				/				
11.	Ms. Suchitra	Suwansinpan							/					/		
12.	Mr. Somporn	Vongvuthipornchai								/						
13.	Mr. Surachai	Tanasomboonkit								/		/				
14.	Mr. Wanchai	Mahasuwannachai										/				
15.	Mr. Piya	Wichitchanya										/	/			
16.	Mr. Yongyos	Krongphanich												/		
17.	Mr. Prapat	Soponpongpiat													/	
18.	Mr. Kanok	Intharawijitr													/	
19.	Mr. Phongsthorn	Thavisin														/
20.	Mr. Nobuo	Ichii					/									
21.	Mr. Minoru	Fukuda					/									

Remarks 1. / : Director

X : Chairman

/// : Executive Director

No.	Name		Subsidiaries													
			PTTEP OM	PTTEP IH	PTTEP SA	PTTEP ID	PTTEP AI	PTTEP BD	PTTEP NZ	PTTEP SVPC	PTTEP IR	PTTEP BH	JV Marine	JV Shore Base	PTTEP FH	PTTEP NL
1.	Mr. Somkiet	Janmaha	/													
2.	Mr. Montri	Rawanchaikul	/													
3.	Ms. Suchitra	Suwansinpan		/												
4.	Mr. Anun	Chonchawalit		/												/
5.	Mr. Somchai	Manopinives			/											
6.	Mr. Kanok	Intharawijitr			/											
7.	Mr. Waranon	Laprabang				/					/		/			
8.	Mr. Terapol	Phoonsiri				/										
9.	Ms. Pornthip	Uyakul					/	/	/							
10.	Mr. Owas	Chinoroje					/									
11.	Ms. Jaroonsri	Wankertphon						/								
12.	Mr. Preecha	Peomwattanachai							/							
13.	Mr. Surachai	Tanasomboonkit								/						
14.	Mr. Khajohn	Bhasavanija									/	/				
15.	Mr. Chumpol	Rojanachan										/				
16.	Mr. Piya	Sukhumpanumet											/	/		
17.	Mr. Suraphong	Iamchula												/		
18.	Mr. Somporn	Vongvuthipornchai													/	
19.	Mr. Asdakorn	Limpiti													/	
20.	Mr. Phongsthorn	Thavisin													/	
21.	Mr. Theerasak	Tancharoenlarp														/

Remarks 1. / : Director X : Chairman /// : Executive Director

No.	Name		Subsidiaries										
			PTTEP NC	PTTEPR	PTTEP SAER	PTTEP CIF	PTTEP CA	PTTEP SMD	PTTEP SS	PTTEP SD	PTTEP ML	PTTEPB	PTTEP SM
1.	Mr. Yothin	Tongpenyai	/			/	/						
2.	Ms. Elenora	Jongsma	/										
3.	Orangefield Trust (Netherlands) B.V.		/										
4.	Ms. Chanamas	Sasnanand		/	/							/	
5.	Mr. Anun	Chonchawalit		/									
6.	Mr. Owas	Chinoroje			/								
7.	Ms. Penchun	Jarikasem				/							
8.	Mr. Michael	Laffin				/	/						
9.	Mr. Thanyaporn	Vangvasu					/	/					
10.	Mr. Terapol	Phoonsiri						/			/		/
11.	Mr. Nawee	Anantraksakul						/	/				
12.	Mr. Somchai	Manopinives							/	/			
13.	Ms. Jaroonsri	Wankertphon								/			
14.	Mr. Chumpol	Rojanachan											/

No.	Name		Subsidiaries																			
			PTTEP AU	PTTEP AP	PTTEP AA	PTTEP AO	PTTEP AB	PTTEP AT	PTTEP AIF	PTTEP AAF	PTTEP AAP	PTTEP AAT	PTTEP AAO	PTTEP AAA	PTTEP AAS	Cove	CEAL	CEMROL	CEMROFL	CEKL	CMTL	CMEL
1.	Mr. Somporn	Vongvuthipornchai	x	x	x	x	x	x		x	x	x	x	x	x							
2.	Mr. Chalermkiat	Tongtaow	/	/	/	/	/	/	/	/	/	/	/	/	/							
3.	Mr. Theerasak	Tancharoenlarp	/	/	/	/	/	/	/	/	/	/	/	/	/							
4.	Mr. Ken	Fitzpatrick	/	/	/	/	/	/	/	/	/	/	/	/	/							
5.	Ms. Penchun	Jarikasem							x													
6.	Mr. Anun	Chonchawalit														/			/	/	/	
7.	Mr. Direk	Wangudomsuk														/	/	/	/	/	/	/
8.	Mr. Michael	Nolan														/						
9.	Ms. Annie	Yeap															/	/	/			
10.	Ms. Eleni	Theodorou Argyrou															/	/	/			

Remarks 1. / : Director X : Chairman /// : Executive Director

Associated Company

As of 31 December 2012, there are 17 associated companies.

No.	Name (only Director, management and employee of PTTEP Group)		Associated Companies									
			Energy Complex	PTT ICT	B 8/32 Partners	MGTC	CPOC	Shoreair	Troughton Island	Erawan FSO 2 Bahamas	PTT FLNG	LAL
1.	Mr. Asdakorn	Limpiti	/							/		
2.	Ms. Pranot	Tirasai	/		/							
3.	Ms. Penchun	Jarikasem	/	/								
4.	Mr. Thiti	Mekavichai	/									
5.	Mr. Suraphong	Iamchula				/						/
6.	Mr. Kanok	Intharawijitr			/							
7.	Ms. Natruedee	Khositaphai			/*							
8.	Mr. Prisdapunt	Pojanapreecha				/						
9.	Mr. Andy	Jacob					/	/				
10.	Mr. Gavin	Ryan					/	/				
11.	Mr. Piya	Sukhumpanumet		/					/**			/
12.	Mr. Anon	Sirisaengtaksin								/		
13.	Mr. Phongsthorn	Thavisin								/		
14.	Mr. Yothin	Tongpenyai									/	
15.	Mr. Piroj	Samutthananont									/	
16.	Mr. Pairoj	Rangponsumrit				/						

* Alternate Director

**Assume the Vice President as addition position

Remarks 1. / : Director X : Chairman /// : Executive Director

2. The other 6 associated companies which have no director from PTTEP are:

- (1) TPC and Asia Pacific Marine Service are governed through shareholders' meetings.
- (2) HV JOC and HL JOC are governed by Management Committee (MC), of which PTTEP's representative is Mr. Prapat Soponpongpiat as Member and Mr. Surachai Tanasomboonkit as Alternate Member.
- (3) GBRS is governed by MC, of which PTTEP's representative is Mr. Prapat Soponpongpiat as Member and with Mr. Owas Chinoroje as Alternate Member.
- (4) KKD Oil Sands (Formerly, SCP) is governed by MC, of which PTTEP's representatives are Mr. Asdakorn Limpiti, Mr. Phongsthorn Thavisin and Mr. Yothin Tongpenyai as Member.

Auditor Fee

Audit Fee

For the year 2012, PTTEP and its subsidiaries, both domestic and overseas have an Audit fee with the Office of the Auditor General and other Audit firms, totaling an amount of USD 1 million.

Non-Audit Fee

In addition, for the year 2012, PTTEP paid a non-audit services fee to the Office of the Auditor General totaling USD 1.1 million. This fee is charged for the preparation of Letters of Comfort for the Offering Memorandums for international bond issuance and newly issued ordinary shares.

Summary of the Auditors' Report for the Past 3 Years (2010-2012)

The Office of the Auditor General expressed clean opinion in the Auditors' Report on the PTTEP consolidated financial statements for the past 3 years.

Financial Statements

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Report of Board of Directors' Responsibilities

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

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

(Signed) Norkun Sitthiphong

(Mr. Norkun Sitthiphong)

Chairman

(Signed) Tevin Vongvanich

(Mr. Tevin Vongvanich)

President and Chief Executive Officer

February 15, 2013

Auditor's Report

TO: THE SHAREHOLDERS OF PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED

The Office of the Auditor General of Thailand has audited the accompanying consolidated and separate financial statements of PTT Exploration and Production Public Company Limited, respectively and its subsidiaries and of PTT Exploration and Production Public Company Limited, which comprise the consolidated and separate statements of financial position as at December 31, 2012, the consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, which are presented in US Dollar and in Thai Baht, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

The Office of the Auditor General of Thailand's responsibility is to express an opinion on these consolidated and separate financial statements based on audit. The Office of the Auditor General of Thailand conducted an audit in accordance with Thai Standards on Auditing. Those standards require that The Office of the Auditor General of Thailand complies with ethical requirements, plans and performs the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In The Office of the Auditor General of Thailand's opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of PTT Exploration and Production Public Company Limited and its subsidiaries and of PTT Exploration and Production Public Company Limited as at December 31, 2012, and its consolidated and separate results of operations and its cash flows for the year then ended, presented in US Dollar and Thai Baht respectively, in accordance with Thai Financial Reporting Standards.

(Signed) Sirin Phankasem

(Sirin Phankasem)

Inspector General 1

(Signed) Adisorn Puawaranukroh

(Adisorn Puawaranukroh)

Director of Audit Office for Auditor General

Office of the Auditor General

February 15, 2013

Statements of Financial Position

PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
AS AT DECEMBER 31, 2012 AND 2011

CONSOLIDATED

		Unit : US Dollar		Unit : Baht	
	Notes	2012	2011	2012	2011
Assets					
Current Assets					
Cash and cash equivalents	7	2,291,918,927	1,350,529,553	70,205,143,796	42,799,902,166
Account receivable - parent company	8	870,244,507	484,200,308	26,656,981,639	15,344,888,772
Trade accounts receivable	9	170,371,799	150,154,941	5,218,760,804	4,758,590,271
Other accounts receivable		166,798,750	201,896,882	5,109,312,607	6,398,354,465
Inventories		19,310,641	17,360,176	591,515,830	550,164,826
Materials and supplies, net	10	304,395,514	271,130,269	9,324,121,619	8,592,443,590
Other current assets					
Working capital from co-venturers		41,870,830	43,557,383	1,282,570,510	1,380,385,765
Accrued interests receivable		539,935	1,376,819	16,539,078	43,633,057
Financial derivative assets	21	1,391,184	-	42,614,209	-
Other current assets	11	164,403,185	217,592,694	5,035,932,597	6,895,773,598
Total Current Assets		4,031,245,272	2,737,799,025	123,483,492,689	86,764,136,510
Non-current Assets					
Investments in available-for-sales securities	12	1,248,482	-	38,242,995	-
Investments in associates	14.4	31,197,587	26,923,262	955,632,004	853,230,480
Investments in subsidiaries		-	-	-	-
Long-term loans to related parties	13.2	18,934,694	18,485,368	579,999,981	585,823,494
Property, plant and equipment, net	15, 16	10,970,970,462	9,300,911,875	336,058,378,798	294,757,058,393
Goodwill	17	901,240,414	329,695,073	27,606,435,871	10,448,432,503
Intangible assets, net	18	3,238,673,557	1,136,554,494	99,205,752,910	36,018,775,784
Deferred income tax assets	19.1	380,983,244	510,603,298	11,670,126,329	16,181,631,225
Other non-current assets					
Prepaid expenses	20	23,533,636	32,787,786	720,872,931	1,039,084,290
Deferred remuneration under agreement		23,611,136	25,373,664	723,246,874	804,121,869
Financial derivative assets	21	7,543,304	6,152,097	231,063,480	194,967,328
Other non-current assets	22	7,836,594	6,146,157	240,047,412	194,779,094
Total Non-current Assets		15,605,773,110	11,393,633,074	478,029,799,585	361,077,904,460
Total Assets		19,637,018,382	14,131,432,099	601,513,292,274	447,842,040,970

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

(Signed) *Tevin Vongvanich*

(Tevin Vongvanich)

President and Chief Executive Officer

(Signed) *Pornthip Uyakul*

(Pornthip Uyakul)

Senior Vice President, Accounting Div.

Statements of Financial Position

PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
AS AT DECEMBER 31, 2012 AND 2011

CONSOLIDATED

		Unit : US Dollar		Unit : Baht	
	Notes	2012	2011	2012	2011
Liabilities and Shareholders' Equity					
Current Liabilities					
Short-term loans from financial institution	23	-	315,545,000	-	9,999,999,704
Trade accounts payable		114,197,781	72,995,698	3,498,060,754	2,313,321,265
Current portion of long-term debts	23	163,547,251	687,772,029	5,009,713,971	21,796,320,923
Working capital to co-venturers		13,718,659	35,665,289	420,224,463	1,130,275,802
Accrued expenses		946,553,193	995,314,234	28,994,438,779	31,542,702,448
Accrued interests payable		35,632,785	29,583,190	1,091,489,235	937,526,785
Income tax payable		921,173,425	802,476,294	28,217,015,882	25,431,436,741
Financial derivative liabilities	21	2,445,751	46,419,035	74,917,266	1,471,074,934
Short-term provision	24	32,998,964	75,771,581	1,010,811,050	2,401,292,309
Other current liabilities		144,708,456	78,254,792	4,432,651,544	2,479,988,280
Total Current Liabilities		2,374,976,265	3,139,797,142	72,749,322,944	99,503,939,191
Non-current Liabilities					
Debentures	23	2,517,710,265	2,251,986,616	77,121,493,760	71,368,158,255
Long-term loans from financial institution	23	1,091,704,615	617,860,511	33,440,659,090	19,580,741,015
Deferred income tax liabilities	19.1	1,512,784,332	918,665,924	46,339,004,547	29,113,625,520
Provision for employee benefits	25	78,836,392	62,462,916	2,414,884,828	1,979,524,765
Provision for decommissioning costs	26	1,070,743,950	703,997,864	32,798,600,387	22,310,537,096
Provision for remuneration for the renewal of petroleum production	27	167,450,181	-	5,129,266,955	-
Other non-current liabilities					
Financial derivative liabilities	21	44,810,170	46,831,567	1,372,607,197	1,484,148,559
Deferred income	28	35,635,619	36,371,103	1,091,576,029	1,152,643,891
Other non-current liabilities		31,066,618	41,795,496	951,620,207	1,324,549,447
Total Non-current Liabilities		6,550,742,142	4,679,971,997	200,659,713,000	148,313,928,548
Total Liabilities		8,925,718,407	7,819,769,139	273,409,035,944	247,817,867,739
Shareholders' Equity					
Share capital	30				
Authorized share capital					
3,969,985,400 ordinary shares of Baht 1 each				3,969,985,400	-
3,322,000,000 ordinary shares of Baht 1 each				-	3,322,000,000
Issued and paid-up share capital					
3,969,985,400 ordinary shares of Baht 1 each		150,683,762	-	3,969,985,400	-
3,319,985,400 ordinary shares of Baht 1 each		-	129,475,062	-	3,319,985,400
Share premium		3,438,921,013	469,655,446	105,412,493,326	14,411,841,900
Subordinated capital debentures		156,570,483	-	4,981,947,515	-
Retained earnings					
Appropriated					
Legal reserve	32	15,048,319	12,963,632	396,998,540	332,200,000
Reserve for expansion		431,231,212	431,231,212	16,900,000,000	16,900,000,000
Unappropriated		6,503,763,882	5,254,384,351	218,066,589,842	179,146,315,584
Other components of shareholders' equity		15,081,304	13,953,257	(21,623,758,293)	(14,086,169,653)
Total Shareholders' Equity		10,711,299,975	6,311,662,960	328,104,256,330	200,024,173,231
Total Liabilities and Shareholders' Equity		19,637,018,382	14,131,432,099	601,513,292,274	447,842,040,970

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

Statements of Financial Position

PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
AS AT DECEMBER 31, 2012 AND 2011

THE COMPANY

		Unit : US Dollar		Unit : Baht	
	Notes	2012	2011	2012	2011
Assets					
Current Assets					
Cash and cash equivalents	7	1,732,902,915	744,934,786	53,081,588,927	23,607,877,304
Account receivable - parent company	8	567,881,695	292,942,319	17,395,124,938	9,283,693,613
Trade accounts receivable	9	2,602,212	2,452,697	79,709,901	77,728,928
Other accounts receivable		44,731,118	23,264,914	1,370,185,710	737,293,049
Inventories		3,521,222	2,433,076	107,860,674	77,107,092
Materials and supplies, net	10	111,001,416	106,292,983	3,400,150,968	3,368,552,169
Other current assets					
Working capital from co-venturers		3,807,823	1,514,304	116,639,712	47,990,097
Accrued interests receivable		8,224,205	4,897,957	251,920,560	155,222,129
Other current assets	11	39,236,292	26,195,222	1,201,870,407	830,158,034
Total Current Assets		2,513,908,898	1,204,928,258	77,005,051,797	38,185,622,415
Non-current Assets					
Investments in associates	14.4	25,577,427	25,577,427	783,477,526	810,579,368
Investments in subsidiaries	14.3	616,235,970	616,235,970	18,876,293,739	19,529,257,373
Long-term loans to related parties	13.2	4,743,939,086	3,101,453,770	145,314,444,512	98,288,791,696
Property, plant and equipment, net	15, 16	3,425,840,742	2,884,955,883	104,938,983,257	91,427,713,871
Intangible assets, net	18	118,511,130	41,649,920	3,630,185,534	1,319,935,944
Deferred income tax assets	19.1	14,929,141	21,284,916	457,303,463	674,544,530
Other non-current assets					
Deferred remuneration under agreement		23,611,136	25,373,664	723,246,874	804,121,869
Financial derivative assets	21	5,485,939	6,152,097	168,043,102	194,967,329
Other non-current assets	22	5,326,847	3,647,167	163,169,844	115,583,107
Total Non-current Assets		8,979,457,418	6,726,330,814	275,055,147,851	213,165,495,087
Total Assets		11,493,366,316	7,931,259,072	352,060,199,648	251,351,117,502

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

Statements of Financial Position

PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
AS AT DECEMBER 31, 2012 AND 2011

THE COMPANY

		Unit : US Dollar		Unit : Baht	
	Notes	2012	2011	2012	2011
Liabilities and Shareholders' Equity					
Current Liabilities					
Short-term loans from financial institution	23	-	315,545,000	-	9,999,999,704
Trade accounts payable		9,785,952	22,099,114	299,759,371	700,347,455
Current portion of long-term debts	23	163,547,251	687,772,029	5,009,713,971	21,796,320,924
Accrued expenses		421,453,532	334,734,862	12,909,796,011	10,608,149,473
Accrued interests payable		5,185,174	7,148,298	158,830,175	226,538,145
Income tax payable		626,683,082	565,391,437	19,196,305,508	17,917,933,101
Financial derivative liabilities	21	2,415,674	45,649,071	73,995,970	1,446,673,833
Short-term provision	24	10,728,120	-	328,619,478	-
Other current liabilities		42,795,113	31,351,736	1,310,882,784	993,574,122
Total Current Liabilities		1,282,593,898	2,009,691,547	39,287,903,268	63,689,536,757
Non-current Liabilities					
Debentures	23	626,520,150	858,843,414	19,191,314,641	27,217,778,392
Long-term loans from financial institution	23	50,000,000	50,000,000	1,531,580,000	1,584,560,000
Deferred income tax liabilities	19.1	266,485,703	182,459,934	8,162,883,476	5,782,374,273
Provision for employee benefits	25	70,471,359	56,484,282	2,158,650,476	1,790,054,690
Provision for decommissioning costs	26	525,410,288	302,372,883	16,094,157,775	9,582,559,522
Provision for remuneration for the renewal of petroleum production	27	167,450,181	-	5,129,266,955	-
Other non-current liabilities					
Financial derivative liabilities	21	42,864,385	46,831,567	1,313,004,681	1,484,148,559
Deferred income		-	104,082	-	3,298,502
Other non-current liabilities		11,659,327	9,386,505	357,143,829	297,469,577
Total Non-current Liabilities		1,760,861,393	1,506,482,667	53,938,001,833	47,742,243,515
Total Liabilities		3,043,455,291	3,516,174,214	93,225,905,101	111,431,780,272
Shareholders' Equity					
Share capital	30				
Authorized share capital					
3,969,985,400 ordinary shares of Baht 1 each				3,969,985,400	
3,322,000,000 ordinary shares of Baht 1 each				-	3,322,000,000
Issued and paid-up share capital					
3,969,985,400 ordinary shares of Baht 1 each		150,683,762	-	3,969,985,400	-
3,319,985,400 ordinary shares of Baht 1 each		-	129,475,062	-	3,319,985,400
Share premium		3,438,921,013	469,655,446	105,412,493,326	14,411,841,900
Subordinated capital debentures		156,570,483	-	4,981,947,515	-
Retained earnings					
Appropriated					
Legal reserve	32	15,048,319	12,963,632	396,998,540	332,200,000
Reserve for expansion		431,231,212	431,231,212	16,900,000,000	16,900,000,000
Unappropriated		4,285,805,868	3,381,288,319	144,598,691,270	116,496,332,798
Other components of shareholders' equity		(28,349,632)	(9,528,813)	(17,425,821,504)	(11,541,022,868)
Total shareholders' equity		8,449,911,025	4,415,084,858	258,834,294,547	139,919,337,230
Total Liabilities and Shareholders' Equity		11,493,366,316	7,931,259,072	352,060,199,648	251,351,117,502

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

Statements of Income

PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

CONSOLIDATED

Notes	Unit : US Dollar		Unit : Baht	
	2012	2011	2012	2011
Revenues				
Sales	6,689,555,581	5,439,721,901	207,851,433,297	165,865,642,518
Revenue from pipeline transportation	150,684,094	124,070,961	4,685,259,911	3,780,177,952
Other revenues				
Interest income	15,874,324	16,238,754	493,576,690	496,537,004
Other revenues	164,556,694	105,060,676	5,106,608,054	3,232,558,114
Total Revenues	7,020,670,693	5,685,092,292	218,136,877,952	173,374,915,588
Expenses				
Operating expenses	705,653,588	625,395,963	21,897,188,719	19,074,575,397
Exploration expenses	213,036,138	216,889,961	6,629,826,119	6,615,168,228
Administrative expenses	312,223,367	257,408,534	9,680,204,427	7,882,051,543
Petroleum royalties and remuneration	33 788,218,724	645,468,178	24,492,236,277	19,677,859,793
Depreciation, depletion and amortization	1,373,835,903	1,117,346,113	42,691,786,883	34,054,530,568
Other expenses				
Loss on foreign exchange	34 23,964,304	64,885,970	727,575,252	1,937,589,879
Loss from Montara incident	537,982	5,331,280	17,536,421	164,214,454
Loss on financial derivatives	12,257,360	11,056,631	384,729,401	339,837,932
Management's remuneration	13.1 4,714,102	4,570,629	146,387,442	140,168,865
Impairment loss on assets	204,167,195	-	6,365,544,635	-
Finance costs	187,010,015	123,557,048	5,812,483,387	3,770,867,055
Total Expenses	3,825,618,678	3,071,910,307	118,845,498,963	93,656,863,714
Share of gain from associates	4,656,698	2,429,916	144,705,969	74,867,112
Income before income taxes	3,199,708,713	2,615,611,901	99,436,084,958	79,792,918,986
Income tax expenses	19.2 (1,354,189,342)	(1,147,364,815)	(42,120,122,368)	(35,044,862,450)
Income for the year	1,845,519,371	1,468,247,086	57,315,962,590	44,748,056,536
Earnings per share	36			
Basic earnings per share	0.55	0.44	17.08	13.48
Diluted earnings per share	0.55	0.44	17.08	13.48

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

Statements of Comprehensive Income

PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

CONSOLIDATED

	Unit : US Dollar		Unit : Baht	
	2012	2011	2012	2011
Income for the year	1,845,519,371	1,468,247,086	57,315,962,590	44,748,056,536
Other comprehensive income (expense)				
Exchange differences on translating financial statement	21,315,074	(3,838,306)	(6,909,018,937)	9,381,621,009
Unrealised loss on available-for-sales securities	(85,848)	-	(2,634,623)	-
Loss on cash flow hedges	(24,409,643)	(11,920,073)	(758,245,823)	(365,525,566)
Income taxes relating to cash flow hedges	4,308,464	2,391,260	132,310,743	74,139,682
Other comprehensive income (expense) for the year - net of tax	1,128,047	(13,367,119)	(7,537,588,640)	9,090,235,125
Total comprehensive income for the year	1,846,647,418	1,454,879,967	49,778,373,950	53,838,291,661

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

Statements of Income

PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

THE COMPANY

	Notes	Unit : US Dollar		Unit : Baht	
		2012	2011	2012	2011
Revenues					
Sales		3,428,020,465	3,029,294,497	106,506,305,943	92,336,351,757
Other revenues					
Gain on foreign exchange	34	10,039,418	-	310,219,825	-
Interest income		134,908,625	114,033,155	4,192,468,497	3,478,300,540
Gain on financial derivatives		3,474,715	-	103,308,360	-
Other revenues		21,658,514	11,820,711	673,238,911	357,458,531
Dividends received from related parties		172,277,403	144,855,029	5,253,030,900	4,590,027,000
Total Revenues		3,770,379,140	3,300,003,392	117,038,572,436	100,762,137,828
Expenses					
Operating expenses		211,200,304	272,328,783	6,547,670,226	8,293,193,231
Exploration expenses		21,871,291	26,945,405	686,679,583	820,100,613
Administrative expenses		145,176,899	130,846,923	4,496,120,214	4,013,008,444
Petroleum royalties and remuneration	33	428,489,548	378,674,834	13,312,877,442	11,542,452,457
Depreciation, depletion and amortization		685,673,682	590,120,004	21,324,927,334	17,980,868,289
Other expenses					
Loss on foreign exchange	34	-	45,095,046	-	1,398,927,964
Loss on financial derivatives		-	7,612,668	-	235,417,967
Management's remuneration	13.1	4,714,102	4,570,629	146,387,442	140,168,865
Finance costs		58,304,558	75,179,189	1,814,054,025	2,291,217,666
Total Expenses		1,555,430,384	1,531,373,481	48,328,716,266	46,715,355,496
Income before income taxes		2,214,948,756	1,768,629,911	68,709,856,170	54,046,782,332
Income tax expenses	19.2	(714,291,367)	(719,629,917)	(22,211,809,366)	(21,969,832,238)
Income for the year		1,500,657,389	1,048,999,994	46,498,046,804	32,076,950,094
Earnings per share	36				
Basic earnings per share		0.45	0.32	13.85	9.66
Diluted earnings per share		0.45	0.32	13.85	9.66

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

Statements of Comprehensive Income

PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

THE COMPANY

	Unit : US Dollar		Unit : Baht	
	2012	2011	2012	2011
Income for the year	1,500,657,389	1,048,999,994	46,498,046,804	32,076,950,094
Other comprehensive income (expense)				
Exchange differences on translating financial statement	-	-	(5,300,224,162)	6,607,071,864
Loss on cash flow hedges	(23,516,967)	(11,920,073)	(728,762,260)	(365,525,566)
Income taxes relating to cash flow hedges	4,696,148	2,391,260	144,187,786	74,139,682
Other comprehensive income (expense) for the year - net of tax	(18,820,819)	(9,528,813)	(5,884,798,636)	6,315,685,980
Total comprehensive income for the year	1,481,836,570	1,039,471,181	40,613,248,168	38,392,636,074

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

Statements of Changes in Shareholders' Equity

PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

CONSOLIDATED

Unit : US Dollar

	Note	Retained earnings			Other components of shareholders' equity			Total shareholders' equity
		Legal reserve	Reserve for expansion	Unappropriated	Exchange differences on translating financial statement	Loss on cash flow hedges	Income taxes relating to cash flows hedges	
Balance - as at January 1, 2011		12,963,632	431,231,212	4,345,041,133	27,320,376	-	-	5,408,037,423
Share capital issued and paid-up	39	-	-	-	-	-	-	7,649,438
Dividends paid		-	-	(558,903,868)	-	-	-	(558,903,868)
Total comprehensive income (expense) for the year		-	-	1,468,247,086	(3,838,306)	(11,920,073)	2,391,260	1,454,879,967
Balance - as at December 31, 2011		12,963,632	431,231,212	5,254,384,351	23,482,070	(11,920,073)	2,391,260	6,311,662,960

Unit : US Dollar

	Notes	Issued and paid-up share capital	Share premium	Subordinated capital debentures	Retained earnings			Other components of shareholders' equity				Total shareholders' equity	
						Legal reserve	Reserve for expansion	Unappropriated	Other comprehensive income (expense)				Total other components of shareholders' equity
									Exchange differences on translating financial statement	Unrealised loss on available-for-sales securities	Loss on cash flow hedges		
Balance - as at January 1, 2012		129,475,062	469,655,446	-	12,963,632	431,231,212	5,254,384,351	23,482,070	-	(11,920,073)	2,391,260	13,953,257	6,311,662,960
Changes in shareholders' equity for the year													
Share capital issued and paid-up		21,208,700	2,980,426,719	-	-	-	-	-	-	-	-	-	3,011,635,419
Transaction cost of capital		-	(21,161,152)	-	-	-	-	-	-	-	-	-	(21,161,152)
Legal reserve	32	-	-	-	2,084,687	-	(2,084,687)	-	-	-	-	-	-
Subordinated capital debentures		-	-	156,570,483	-	-	-	-	-	-	-	-	156,570,483
Interest expenses for subordinated capital debentures		-	-	-	-	-	(4,757,745)	-	-	-	-	-	(4,757,745)
Dividends paid	39	-	-	-	-	-	(589,297,408)	-	-	-	-	-	(589,297,408)
Total comprehensive income (expense) for the year		-	-	-	-	-	1,845,519,371	21,315,074	(85,848)	(24,409,643)	4,308,464	1,128,047	1,846,647,418
Balance - as at December 31, 2012		150,683,762	3,438,921,013	156,570,483	15,048,319	431,231,212	6,503,763,882	44,797,144	(85,848)	(36,329,716)	6,699,724	15,081,304	10,711,299,975

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

Statements of Changes in Shareholders' Equity (Cont.)

PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

CONSOLIDATED

Unit : Baht

	Note	Other components of shareholders' equity							Total shareholders' equity		
		Retained earnings				Other comprehensive income (expense)					
		Issued and paid-up share capital	Share premium	Legal reserve	Reserve for expansion	Unappropriated	Exchange differences on translating financial statement	Loss on cash flow hedges		Income taxes relating to cash flows hedges	Total other components of shareholders' equity
Balance - as at January 1, 2011		3,317,447,600	14,182,932,340	332,200,000	16,900,000,000	151,503,183,579	(23,176,404,778)	-	-	(23,176,404,778)	163,059,358,741
Changes in shareholders' equity for the year											
Share capital issued and paid-up		2,537,800	-	-	-	-	-	-	-	-	231,447,360
Dividends paid	39	-	-	-	-	(17,104,924,531)	-	-	-	-	(17,104,924,531)
Total comprehensive income (expense) for the year		-	-	-	-	44,748,056,536	9,381,621,009	(365,525,566)	74,139,682	9,090,235,125	53,838,291,661
Balance - as at December 31, 2011		3,319,985,400	14,411,841,900	332,200,000	16,900,000,000	179,146,315,584	(13,794,783,769)	(365,525,566)	74,139,682	(14,086,169,653)	200,024,173,231

Unit : Baht

	Notes	Issued and paid-up share capital	Share premium	Subordinated capital debentures	Retained earnings			Other components of shareholders' equity					Total shareholders' equity
					Legal reserve	Reserve for expansion	Unappropriated	Exchange differences on translating financial statement	Unrealised loss on available-for-sales securities	Loss on cash flow hedges	Income taxes relating to cash flows hedges	Total other components of shareholders' equity	
Balance - as at January 1, 2012		3,319,985,400	14,411,841,900	-	332,200,000	16,900,000,000	179,146,315,584	(13,794,783,769)	-	(365,525,566)	74,139,682	(14,086,169,653)	200,024,173,231
Changes in shareholders' equity for the year													
Share capital issued and paid-up		650,000,000	91,650,000,000	-	-	-	-	-	-	-	-	-	92,300,000,000
Transaction cost of capital		-	(649,348,574)	-	-	-	-	-	-	-	-	-	(649,348,574)
Legal reserve	32	-	-	-	64,798,540	-	(64,798,540)	-	-	-	-	-	-
Subordinated capital debentures		-	-	4,981,947,515	-	-	-	-	-	-	-	-	4,981,947,515
Interest expenses for subordinated capital debentures		-	-	-	-	-	(146,621,437)	-	-	-	-	-	(146,621,437)
Dividends paid	39	-	-	-	-	-	(18,184,268,355)	-	-	-	-	-	(18,184,268,355)
Total comprehensive income (expense) for the year		-	-	-	-	-	57,315,962,590	(6,909,018,937)	(2,634,623)	(758,245,823)	132,310,743	(7,537,888,640)	49,778,373,950
Balance - as at December 31, 2012		3,969,985,400	105,412,493,326	4,981,947,515	396,998,540	16,900,000,000	218,066,589,842	(20,703,802,706)	(2,634,623)	(1,123,771,389)	206,450,425	(21,623,758,293)	328,104,256,330

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

Statements of Changes in Shareholders' Equity

PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

THE COMPANY

Unit : US Dollar

	Note	Issued and paid-up share capital	Share premium	Retained earnings			Other components of shareholders' equity			Total shareholders' equity
				Legal reserve	Reserve for expansion	Unappropriated	Other comprehensive income (expense)			
							Loss on cash flow hedges	Income taxes relating to cash flows hedges	Total other components of shareholders' equity	
Balance - as at January 1, 2011		129,391,187	462,089,883	12,963,632	431,231,212	2,891,192,193	-	-	-	3,926,868,107
Changes in shareholders' equity for the year										
Share capital issued and paid-up	39	83,875	7,565,563	-	-	-	-	-	-	7,649,438
Dividends paid		-	-	-	-	(558,903,868)	-	-	-	(558,903,868)
Total comprehensive income (expense) for the year		-	-	-	-	1,048,999,994	(11,920,073)	2,391,260	(9,528,813)	1,039,471,181
Balance - as at December 31, 2011		129,475,062	469,655,446	12,963,632	431,231,212	3,381,288,319	(11,920,073)	2,391,260	(9,528,813)	4,415,084,858

Unit : US Dollar

	Notes	Issued and paid-up share capital	Share premium	Subordinated capital debentures	Retained earnings		Other components of shareholders' equity				Total shareholders' equity	
					Legal reserve	Reserve for expansion	Unappropriated	Other comprehensive income (expense)				Total other components of shareholders' equity
								Loss on cash flow hedges	Income taxes relating to cash flows hedges			
Balance - as at January 1, 2012		129,475,062	469,655,446	-	12,963,632	431,231,212	3,381,288,319	(11,920,073)	2,391,260	(9,528,813)	4,415,084,858	
Changes in shareholders' equity for the year												
Share capital issued and paid-up		21,208,700	2,990,426,719	-	-	-	-	-	-	-	3,011,635,419	
Transaction cost of capital		-	(21,161,152)	-	-	-	-	-	-	-	(21,161,152)	
Legal reserve	32	-	-	-	2,084,687	-	(2,084,687)	-	-	-	-	
Subordinated capital debentures		-	-	156,570,483	-	-	-	-	-	-	156,570,483	
Interest expenses for subordinated capital debentures		-	-	-	-	-	(4,757,745)	-	-	-	(4,757,745)	
Dividends paid	39	-	-	-	-	-	(589,297,408)	-	-	-	(589,297,408)	
Total comprehensive income (expense) for the year		-	-	-	-	-	1,500,657,389	(23,516,967)	4,696,148	(18,820,819)	1,481,836,570	
Balance - as at December 31, 2012		150,683,762	3,438,921,013	156,570,483	15,048,319	431,231,212	4,285,805,868	(35,437,040)	7,087,408	(28,349,632)	8,449,911,025	

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

Statements of Changes in Shareholders' Equity (Cont.)

PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

THE COMPANY

Unit : Baht

Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity				Total shareholders' equity
			Legal reserve	Reserve for expansion	Unappropriated	Other comprehensive income (expense)			
						Exchange differences on translating financial statement	Loss on cash flow hedges	Income taxes relating to cash flows hedges	
	3,317,447,600	14,182,932,340	332,200,000	16,900,000,000	101,524,307,235	(17,856,708,848)	-	(17,856,708,848)	118,400,178,327
Balance - as at January 1, 2011									
Changes in shareholders' equity for the year									
	2,537,800	228,909,560	-	-	-	-	-	-	231,447,360
Share capital issued and paid-up									
Dividends paid	39	-	-	-	(17,104,924,531)	-	-	-	(17,104,924,531)
Total comprehensive income (expense) for the year		-	-	-	32,076,950,094	6,607,071,864	(365,525,566)	74,139,682	38,392,636,074
Balance - as at December 31, 2011	3,319,985,400	14,411,841,900	332,200,000	16,900,000,000	116,496,332,798	(11,249,636,984)	(365,525,566)	74,139,682	139,919,337,230

Unit : Baht

Notes	Issued and paid-up share capital	Share premium	Subordinated capital debentures	Retained earnings		Other components of shareholders' equity				Total shareholders' equity	
				Legal reserve	Reserve for expansion	Unappropriated	Other comprehensive income (expense)				Total other components of shareholders' equity
							Exchange differences on translating Financial statement	Loss on cash flow hedges	Income taxes relating to cash flows hedges		
Balance - as at January 1, 2012	3,319,985,400	14,411,841,900	-	332,200,000	16,900,000,000	116,496,332,798	(11,249,636,984)	(365,525,566)	74,139,682	(11,541,022,868)	139,919,337,230
Changes in shareholders' equity for the year											
	650,000,000	91,650,000,000	-	-	-	-	-	-	-	-	92,300,000,000
	-	(649,348,574)	-	-	-	-	-	-	-	-	(649,348,574)
32	-	-	-	64,798,540	-	(64,798,540)	-	-	-	-	-
	-	-	4,981,947,515	-	-	-	-	-	-	-	4,981,947,515
	-	-	-	-	-	(146,621,437)	-	-	-	-	(146,621,437)
39	-	-	-	-	-	(18,184,268,355)	-	-	-	-	(18,184,268,355)
	-	-	-	-	-	46,498,046,804	(5,300,224,162)	(728,762,260)	144,187,786	(5,884,798,636)	40,613,248,168
Total comprehensive income (expense) for the year											
Balance - as at December 31, 2012	3,969,985,400	105,412,493,326	4,981,947,515	396,998,540	16,900,000,000	144,598,691,270	(16,549,861,146)	(1,094,287,826)	218,327,468	(17,425,821,504)	258,834,294,547

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

Statements of Cash Flows

PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

CONSOLIDATED

	Unit : US Dollar		Unit : Baht	
	2012	2011	2012	2011
Cash flows from operating activities				
Income before income taxes	3,199,708,713	2,615,611,901	99,436,084,958	79,792,918,986
Adjustment to reconcile income before income tax to net cash provided by (used in) operating activities				
Share of gain from associates	(4,656,698)	(2,429,916)	(144,705,969)	(74,867,112)
Depreciation, depletion and amortization	1,373,835,903	1,117,346,113	42,691,786,883	34,054,530,568
Impairment loss on assets	204,167,195	-	6,365,544,635	-
Amortization of prepaid expenses	15,537,897	5,714,422	480,586,032	174,182,480
Amortization of exploration expenses	94,679,845	150,449,667	2,945,387,459	4,598,349,506
Loss on disposal of assets	2,323,566	1,726,415	71,970,189	52,580,385
Income recognized from deferred income	(735,484)	(11,454,853)	(22,969,804)	(345,976,432)
Loss on financial derivatives	12,257,360	11,056,631	384,729,401	339,837,932
Provision for employee benefits	15,618,738	15,264,383	484,007,425	467,466,258
Loss (Gain) on foreign exchange	6,096,128	(62,284,366)	189,486,528	(1,899,156,233)
Interest income less than interest expenses	156,457,765	103,956,959	4,864,312,654	3,171,715,619
	5,075,290,928	3,944,957,356	157,746,220,391	120,331,581,957
Changes in operating assets (increase) decrease				
Account receivable - parent company	(371,696,645)	(168,228,759)	(11,553,483,992)	(5,129,580,851)
Trade accounts receivable	(13,918,887)	(90,666,675)	(432,642,161)	(2,764,581,054)
Other accounts receivable	57,025,148	(150,852,566)	1,772,518,388	(4,599,751,187)
Inventories	(1,658,214)	1,880,645	(51,542,417)	57,344,063
Materials and supplies, net	(31,481,226)	(34,814,024)	(978,534,105)	(1,061,538,776)
Working capital from co-venturers	5,202,664	(13,202,928)	161,714,930	(402,579,720)
Other current assets	61,014,732	(130,047,571)	1,896,527,006	(3,965,371,521)
Prepaid expenses	9,199,927	(6,221,485)	285,962,265	(189,703,654)
Other non-current assets	(503,339)	137,977	(15,645,333)	4,207,153
Changes in operating liabilities increase (decrease)				
Trade accounts payable	44,792,888	(17,577,145)	1,392,301,823	(535,957,032)
Working capital to co-venturers	(21,946,630)	1,367,467	(682,169,302)	41,696,394
Accrued expenses	(231,744,299)	282,902,904	(7,203,331,216)	8,626,190,478
Other current liabilities	(19,467,751)	(6,538,314)	(605,118,061)	(199,364,309)
Deferred income	-	104,083	-	3,173,668
Other non-current liabilities	(12,132,258)	(2,248,809)	(377,108,203)	(68,570,009)
Currency translation differences (decrease) increase	(26,406,696)	239,115,311	(820,801,962)	7,291,032,328
Interest received from bank deposits	31,001,878	28,342,655	963,634,436	864,215,733
Taxation paid	(1,097,766,737)	(970,306,055)	(34,121,993,262)	(29,586,281,137)
	(1,620,485,445)	(1,036,853,289)	(50,369,711,166)	(31,615,419,433)
Net cash provided by operating activities	3,454,805,483	2,908,104,067	107,376,509,225	88,716,162,524

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

Statements of Cash Flows

PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

CONSOLIDATED

	Unit : US Dollar		Unit : Baht	
	2012	2011	2012	2011
Cash flows from investing activities				
Cash received from long-term loans to related parties	183,757	274,528	5,711,787	8,370,825
Cash payment from purchase of business	(1,883,984,939)	(1,889,560,277)	(58,560,092,268)	(57,615,905,098)
Loss from investments in related parties	(140,827)	-	(4,377,345)	-
Dividends received from associates	523,200	-	16,262,678	-
Interest received from loans	853,004	2,158,162	26,514,035	65,806,028
Increase in property, plant and equipment	(2,805,792,914)	(2,206,095,695)	(87,212,741,738)	(67,267,608,103)
Increase in intangible assets	(47,119,073)	(114,199,026)	(1,464,606,867)	(3,482,122,441)
Net cash used in investing activities	(4,735,477,792)	(4,207,422,308)	(147,193,329,718)	(128,291,458,789)
Cash flows from financing activities				
Decrease in short-term loans with maturity date within 3 months from financial institution	(5,336,878)	(266,053,262)	(165,886,724)	(8,112,416,249)
Proceeds from short-term loans with maturity date within 1 year from financial institution	1,502,769,967	329,760,422	46,710,749,161	10,054,955,860
Payments of short-term loans with maturity date within 1 year from financial institution	(1,849,946,177)	-	(57,502,062,025)	-
Proceeds from issuance of debentures	500,000,000	700,000,000	15,541,550,000	21,344,190,000
Payments of debentures	(779,224,772)	-	(24,220,721,506)	-
Proceeds from long-term loans from financial institution	478,117,500	625,000,000	14,861,374,064	19,057,312,500
Interest paid for loans	(173,184,838)	(123,106,212)	(5,383,121,651)	(3,753,717,684)
Cash payments for financial costs	(20,708,702)	(10,677,272)	(643,690,633)	(325,568,174)
Proceeds from issuance of subordinated capital debentures	157,137,829	-	4,884,330,844	-
Interest paid for subordinated capital debentures	(4,757,745)	-	(147,885,456)	-
Cash payments for financial costs from issuance of subordinated capital debentures	(567,346)	-	(17,634,862)	-
Proceeds from issuance of common stock	3,011,635,419	7,649,438	93,610,964,898	233,244,369
Cash payments for transaction cost of capital	(21,161,152)	-	(657,754,189)	-
Dividends paid	(587,634,391)	(560,133,157)	(18,265,498,552)	(17,079,412,183)
Net cash provided by financing activities	2,207,138,714	702,439,957	68,604,713,369	21,418,588,439
Net increase (decrease) in cash and cash equivalents	926,466,405	(596,878,284)	28,787,892,876	(18,156,707,826)
Cash and cash equivalents at the beginning of the year	1,350,529,553	1,979,477,802	42,799,902,166	59,683,829,065
	2,276,995,958	1,382,599,518	71,587,795,042	41,527,121,239
Adjustment for the effect of exchange rate changes on cash and cash equivalents	14,922,969	(32,069,965)	(1,382,651,246)	1,272,780,927
Cash and cash equivalents at the end of the year	2,291,918,927	1,350,529,553	70,205,143,796	42,799,902,166
Supplementary cash flow information				
Unpaid for outstanding payable from purchases of property, plant and equipment	307,857,854	117,737,792	9,569,176,465	3,590,025,432

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

Statements of Cash Flows

PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

THE COMPANY

	Unit : US Dollar		Unit : Baht	
	2012	2011	2012	2011
Cash flows from operating activities				
Income before income taxes	2,214,948,756	1,768,629,911	68,709,856,170	54,046,782,332
Adjustment to reconcile income before income tax to net cash provided by (used in) operating activities				
Depreciation, depletion and amortization	685,673,682	590,120,004	21,324,927,334	17,980,868,289
Amortization of prepaid expenses	1,424,706	2,072,781	44,341,647	63,167,171
Amortization of exploration expenses	12,615,104	14,974,532	398,284,664	454,854,867
Loss on disposal of assets	541,915	463,640	16,722,680	14,007,503
Income recognized from deferred income	(104,083)	-	(3,235,211)	-
(Gain) loss on financial derivatives	(3,474,715)	7,612,668	(103,308,360)	235,417,967
Dividends received from related parties	(172,277,403)	(144,855,029)	(5,253,030,900)	(4,590,027,000)
Provision for employee benefits	13,167,068	12,840,667	408,031,565	393,243,066
(Gain) loss on foreign exchange	(54,618,157)	38,062,503	(1,697,701,682)	1,160,590,423
Interest income higher than interest expenses	(77,214,525)	(39,626,758)	(2,397,767,333)	(1,210,406,005)
	2,620,682,348	2,250,294,919	81,447,120,574	68,548,498,613
Changes in operating assets (increase) decrease				
Account receivable - parent company	(262,360,325)	(95,190,155)	(8,154,972,203)	(2,902,509,649)
Trade accounts receivable	(117,223)	121,376	(3,643,664)	3,700,961
Other accounts receivable	(20,385,183)	(1,272,464)	(633,634,670)	(38,799,591)
Inventories	(285,070)	747,902	(8,860,857)	22,804,803
Materials and supplies, net	(5,247,716)	(10,083,964)	(163,115,288)	(307,477,205)
Working capital from co-venturers	(2,280,841)	(1,152,384)	(70,895,612)	(35,138,147)
Other current assets	(14,557,318)	7,279,797	(452,486,569)	221,973,386
Prepaid expenses	-	16,301	-	497,045
Other non-current assets	(493,262)	342,785	(15,332,114)	10,452,097
Changes in operating liabilities increase (decrease)				
Trade accounts payable	(12,336,179)	15,102,923	(383,446,687)	460,513,797
Working capital to co-venturers	-	(20,607,111)	-	(628,345,846)
Accrued expenses	60,057,287	(7,136,299)	1,866,766,654	(217,597,888)
Other current liabilities	(34,565,694)	(7,271,978)	(1,074,408,923)	(221,734,972)
Deferred income	-	104,082	-	3,173,637
Other non-current liabilities	962,485	270,085	29,917,015	8,235,351
Interest received from bank deposits	25,137,559	20,552,540	781,353,247	626,681,884
Taxation paid	(567,583,232)	(588,417,789)	(17,642,246,361)	(17,941,858,696)
	(834,054,712)	(686,594,353)	(25,925,006,032)	(20,935,429,033)
Net cash provided by operating activities	1,786,627,636	1,563,700,566	55,522,114,542	47,613,069,580

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

Statements of Cash Flows

PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

THE COMPANY

	Unit : US Dollar		Unit : Baht	
	2012	2011	2012	2011
Cash flows from investing activities				
Cash received from long-term loans to related parties	2,593,493,278	2,583,578,530	80,613,810,894	78,777,701,474
Cash payments for long-term loans to related parties	(4,188,616,307)	(3,725,019,922)	(130,195,179,536)	(113,582,189,966)
Increase in investment in related party	-	(50,000)	-	(1,524,585)
Dividends received from related parties	172,277,403	144,855,029	5,253,030,900	4,590,027,000
Interest received from loans	122,013,023	111,314,972	3,792,542,987	3,394,182,732
Increase in property, plant and equipment	(830,371,281)	(814,148,727)	(25,810,513,557)	(24,824,778,739)
Increase in intangible assets	(78,560,672)	(34,866,650)	(2,441,909,229)	(1,063,143,401)
Net cash used in investing activities	(2,209,764,556)	(1,734,336,768)	(68,788,217,541)	(52,709,725,485)
Cash flows from financing activities				
Decrease in short-term loans with maturity date within 3 months from financial institution	(5,336,878)	(266,053,262)	(165,886,724)	(8,112,416,249)
Proceeds from short-term loans with maturity date within 1 year from financial institution	-	329,760,422	-	10,054,955,860
Payments of short-term loans with maturity date within 1 year from financial institution	(324,220,574)	-	(10,077,780,516)	-
Payments of debentures	(779,224,772)	-	(24,220,721,506)	-
Proceeds from long-term loans from financial institution	-	50,000,000	-	1,524,585,000
Interest paid for loans	(58,254,561)	(69,756,369)	(1,810,732,345)	(2,126,990,277)
Cash payments for financial costs	(1,134,772)	-	(35,272,232)	-
Proceeds from issuance of subordinated capital debentures	157,137,829	-	4,884,330,844	-
Interest paid for subordinated capital debentures	(4,757,745)	-	(147,885,456)	-
Cash payments for financial costs from issuance of subordinated capital debentures	(567,346)	-	(17,634,862)	-
Proceeds from issuance of common stock	3,011,635,419	7,649,438	93,610,964,898	233,244,369
Cash payments for transaction cost of capital	(21,161,152)	-	(657,754,189)	-
Dividends paid	(587,634,391)	(560,133,157)	(18,265,498,552)	(17,079,412,183)
Net cash provided by (used in) financing activities	1,386,481,057	(508,532,928)	43,096,129,360	(15,506,033,480)
Net increase (decrease) in cash and cash equivalents	963,344,137	(679,169,130)	29,830,026,361	(20,602,689,385)
Cash and cash equivalents at the beginning of the year	744,934,786	1,443,127,146	23,607,877,304	43,512,159,526
	1,708,278,923	763,958,016	53,437,903,665	22,909,470,141
Adjustment for the effect of exchange rate changes on cash and cash equivalents	24,623,992	(19,023,230)	(356,314,738)	698,407,163
Cash and cash equivalents at the end of the year	1,732,902,915	744,934,786	53,081,588,927	23,607,877,304
Supplementary cash flow information				
Unpaid for outstanding payable from purchases of property, plant and equipment	117,922,593	21,932,743	3,665,399,740	668,766,620

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

Notes to Financial Statements

PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

1. General Information

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

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

As at December 31, 2012, the Group has operations related to the exploration and production of petroleum in 13 countries and has investments in exploration and production projects with a percentage of interest as follows:

Project	Country	Operator	Company's percentage of interest	
			2012	2011
PTT Exploration and Production Public Company Limited				
Bongkot	Thailand	PTT Exploration and Production Plc.	44.4445	44.4445
Arthit ¹	Thailand	PTT Exploration and Production Plc.	80	80
Contract 4	Thailand	Chevron Thailand Exploration and Production, Ltd.	45	45
Sinphuhorm (E5 North)	Thailand	Hess (Thailand) Ltd.	20	20
S1	Thailand	PTTEP Siam Limited	25	25
Contract 3	Thailand	Chevron Thailand Exploration and Production, Ltd.	5	5
E5	Thailand	ExxonMobil Exploration and Production Khorat Inc.	20	20
Algeria Hassi Bir Rekaiz	Algeria	PTT Exploration and Production Plc.	24.5	24.5
PTTEP International Limited (PTTEPI)				
Yadana	Myanmar	Total E&P Myanmar	25.50	25.50
Yetagun	Myanmar	Petronas Carigali Myanmar (Hong Kong) Ltd.	19.31784	19.31784
PTTEP 1	Thailand	PTTEP International Limited	100	100
G4/43	Thailand	Chevron Offshore (Thailand) Ltd.	21.375	21.375
G9/43	Thailand-Cambodia	PTTEP International Limited	100	100
L22/43	Thailand	PTTEP International Limited	100	100
L53/43 and L54/43	Thailand	PTTEP International Limited	100	100
G4/48	Thailand	Chevron Pattani, Ltd.	5	5
Arthit (G9/48) ²	Thailand	PTTEP International Limited	-	80
Bongkot (G12/48)	Thailand	PTTEP International Limited	44.4445	44.4445
L21 and 28/48				
- L21 and 28/48	Thailand	PTTEP International Limited	70	70
- L29/48 ³	Thailand	PTTEP International Limited	-	70
A4, 5 and 6/48	Thailand	PTTEP International Limited	100	100
Contract 3 (G6/50)	Thailand	Chevron Petroleum (Thailand), Ltd.	5	5
Contract 4 (G7/50)	Thailand	Chevron Petroleum (Thailand), Ltd.	45	45
Arthit (G8/50)	Thailand	PTTEP International Limited	80	80
Cambodia B	Cambodia	PTTEP International Limited	33.333334	33.333334
Zawtika ⁴	Myanmar	PTTEP International Limited	80	80
Myanmar M3 and M11				
- M3	Myanmar	PTTEP International Limited	100	100
- M11 ⁵	Myanmar	PTTEP International Limited	45	100
- M7 ⁶	Myanmar	PTTEP International Limited	-	100
MTJDA -B17	Thailand-Malaysia	Carigali-PTTEPI Operating Company Sendirian Berhad	50	50

Project	Country	Operator	Company's percentage of interest	
			2012	2011
PTTEP Offshore Investment Company Limited (PTTEPO)				
B8/32 and 9A ⁷	Thailand	Chevron Offshore (Thailand) Ltd.	25.0010	25.0010
PTTEP Southwest Vietnam Company Limited (PTTEP SV)				
Vietnam 52/97	Vietnam	Chevron Vietnam (Block 52), Ltd.	7	7
PTTEP Kim Long Vietnam Company Limited (PTTEP KV)				
Vietnam B and 48/95	Vietnam	Chevron Vietnam (Block B), Ltd.	8.50	8.50
PTTEP Hoang-Long Company Limited (PTTEP HL)				
Vietnam 16-1	Vietnam	Hoang Long Joint Operating Company	28.50	28.50
PTTEP Hoan-Vu Company Limited (PTTEP HV)				
Vietnam 9-2	Vietnam	Hoan-Vu Joint Operating Company	25	25
PTTEP Oman Company Limited (PTTEP OM)				
Oman 44	Oman	PTTEP Oman Company Limited	100	100
PTTEP Algeria Company Limited (PTTEP AG)				
Algeria 433a and 416b	Algeria	Groupeement Bir Seba	35	35
PTTEP Siam Limited (PTTEPS)				
Sinphuhorm (EU-1)	Thailand	Hess (Thailand) Ltd.	20	20
B6/27	Thailand	PTTEP Siam Limited	60	60
S1	Thailand	PTTEP Siam Limited	75	75
PTTEP Australia Offshore Pty Limited (PTTEP AO)				
Australia WA 423 P	Australia	Murphy Australia Oil Pty Ltd.	30	30
PTTEP Bahrain Company Limited (PTTEP BH)				
Bahrain 2 ⁸	Bahrain	PTTEP Bahrain Company Limited	-	100
PTTEP Rommana Company Limited (PTTEPR)				
Rommana ⁹	Egypt	Sipetrol International S.A.	-	30
PTTEP Semai II Limited (PTTEP SM)				
Indonesia Semai II	Indonesia	Murphy Semai Oil Co., Ltd	28.33	28.33
PTTEP Sidi Abd El Rahman Company Limited (PTTEP SAER)				
Sidi Abd El Rahman Offshore ¹⁰	Egypt	Edison International SPA	30	30
PTTEP South Asia Limited (PTTEP SA)				
Myanmar PSC G and EP2 ¹¹	Myanmar	PTTEP South Asia Limited	90	-

Project	Country	Operator	Company's percentage of interest	
			2012	2011
PTTEP New Zealand Limited (PTTEP NZ)				
New Zealand Great South	New Zealand	Shell GSB Limited	18	18
PTTEP South Mandar Limited (PTTEP SMD)				
Indonesia South Mandar	Indonesia	PTTEP South Mandar Limited	34	34
PTTEP Malunda Limited (PTTEP ML)				
Indonesia Malunda	Indonesia	PTTEP Malunda Ltd.	100	100
PTTEP Sadang Limited (PTTEP SD)				
Indonesia Sadang	Indonesia	Talisman Sadang B.V.	30	30
PTTEP South Sageri Limited (PTTEP SS)				
Indonesia South Sageri	Indonesia	Talisman South Sageri B.V.	20	20
PTTEP Canada Ltd (PTTEP CA)				
Canada Oil Sands KKD	Canada	Statoil Canada Ltd	40	40

PTTEP Australia Perth Pty Ltd (PTTEP AP)

PTTEP Australasia * Australia

* Details of operators and percentage of interest in PTTEP Australasia project are as follows:

Block	Operator	Company's percentage of interest	
		2012	2011
AC/L7, AC/L8, AC/P33, AC/P34, AC/P40 and AC/P54 ¹²	PTTEP Australasia (Ashmore Cartier) Pty Ltd	100	100
AC/L1, AC/L2 and AC/L3	PTTEP Australasia (Ashmore Cartier) Pty Ltd	89.6875	89.6875
AC/RL7	PTTEP Australasia (Ashmore Cartier) Pty Ltd	100	100
AC/P24	PTTEP Australasia (Ashmore Cartier) Pty Ltd	90	90
AC/RL4 (Tenacious)	PTTEP Australasia (Ashmore Cartier) Pty Ltd	100	100
AC/RL6 (Audacious), AC/P4, AC/RL4 (exclusive of Tenacious), AC/RL5, AC/RL6 (exclusive of Audacious)	PTTEP Australasia (Ashmore Cartier) Pty Ltd	50	50
AC/P32 ¹³	PTTEP Australasia (Ashmore Cartier) Pty Ltd	-	35
WA-396-P and WA-397-P	Woodside Energy Limited	20	20
WA-378-P ¹⁴	Woodside Energy Limited	-	20
AC/P17 ¹⁵	PTTEP Australasia (Ashmore Cartier) Pty Ltd	100	50

Project	Country	Operator	Company's percentage of interest	
			2012	2011
Cove Energy Limited (Cove)				
Mozambique Rovuma Offshore Area 1	Mozambique	Anadarko Mozambique Area 1 Limitada	8.5	-
Mozambique Rovuma Onshore	Mozambique	Anadarko Mozambique Area 1 Limitada	10	-
Kenya L10 A and L10 B				
- L10 A	Kenya	BG Kenya Ltd	25	-
- L10 B	Kenya	BG Kenya Ltd	15	-
Kenya L5, L7, L11 A, L11 B and L12	Kenya	Anadarko Kenya Company	10	-

¹ On December 29, 2011, PTT Exploration and Production Public Company Limited (PTTEP) and other joint venture partners in the Arthit project which comprise of Chevron Thailand Exploration and Production Ltd. (Chevron) and Moeco Thailand Co., Ltd. (MOECO), have re-entered into the North Arthit Participation Agreement. The participation interest under the agreement for PTTEP, Chevron, and MOECO are 80%, 16%, and 4%, respectively. The remaining natural gas reserve from the Arthit - North Arthit project will be produced using the centralized production rig, which is used for the production of the Arthit project. The North Arthit Participation Agreement was effective in January 2012 and PTTEP had received the payment for re-entering for participation rights in February 2012.

² On January 18, 2012, PTTEP International Limited (PTTEPI) which holds the concession block G9/48, had fulfilled its phase 2 exploration obligation under the concession and has sent the notification to the Department of Mineral Fuels to terminate and relinquish this concession block.

³ On December 24, 2012, PTTEP International Limited had been officially approved for the relinquishment in L29/48 concession block after fulfillment of the exploration work commitment.

⁴ On January 5, 2012, PTTEP International Limited (PTTEPI) entered into a Joint Operating Agreement in the Zawtika project with Myanma Oil and Gas Enterprise (MOGE). Under the Production Sharing Contract, MOGE will hold 20% of participation interest in the Zawtika project and with a supplementary arrangement between PTTEPI and MOGE, MOGE has the rights to invest in the project after the development project has been approved by paying the actual expenditures of the participation interest. However, PTTEPI will maintain 80% of participation interest and will be an operator of this project. The agreement was retroactively effective from August 15, 2011.

⁵ On September 3, 2012, PTTEP International Limited (PTTEPI), an operator and a sole owner of shares in concession block M11, entered into the Farmout Agreement with Total E&P Myanmar (Total) and JX Nippon Oil&Gas Exploration (Myanmar) Limited (JX Myanmar) in which, PTTEPI transferred the 40% and 15% participation interest to Total and JX Myanmar, respectively. However, PTTEPI maintain itself as an operator and hold the participation interest of 45%. On January 23, 2013, the government of the Republic of the Union of Myanmar has officially approved the transfer of PTTEPI's participation interest of Block M11 and the agreement was retroactively effective from September 3, 2012.

⁶ On February 1, 2012, PTTEP International Limited (PTTEPI) had terminated and relinquished the exploration block M7 in the Union of Myanmar after fulfillment of the exploration work commitment.

⁷ PTTEPO has shareholding in Orange Energy Limited and B 8/32 Partners Limited, which holds the project's concession.

⁸ On September 2, 2012, PTTEP Bahrain Company Limited had been officially approved by the National Oil & Gas Authority to terminate and relinquish its 100% participating interest in Bahrain 2 concession block after fulfillment of the exploration work commitment.

⁹ On April 10, 2012, PTTEP Rommana Company Limited had terminated their 30% joint interest from the Rommana concession block of the Rommana project in the Arab Republic of Egypt. The termination was officially approved by the government of the Arab Republic of Egypt on April 11, 2012.

¹⁰ In March 2011, PTTEP Sidi Abd El Rahman Company Limited has withdrawn its entire 30% participation interest from Sidi Abd El Rahman Offshore Project in the Arab Republic of Egypt after fulfillment of the exploration work commitment. The withdrawal will be fully effective upon receiving an official approval from the government of the Arab Republic of Egypt.

¹¹ On June 6, 2012, PTTEP South Asia Limited (PTTEP SA) together with Win Precious Resources Pte. Ltd. (WPR) have been selected to operate onshore exploration blocks PSC-G and EP-2 in the Republic of the Union of Myanmar with the participating interests of 90% and 10%, respectively.

¹² On October 10, 2012, PTTEP Australasia (Ashmore Cartier) Pty Ltd had terminated its 100% participating interest in AC/P 40 concession block. The termination is under the process of approval of the Government of Australia.

¹³ On March 27, 2012, PTTEP Australasia Pty Limited withdrew its 35% participation interest from the concession block AC/P32 under the PTTEP Australasia Project in Australia. The withdrawal was officially approved by the government of Australia on August 8, 2012.

¹⁴ On September 29, 2011, PTTEP Australasia Pty Limited withdrew the entire 20% of participation interest from the concession WA-378-P under the PTTEP Australasia Project in Australia. The withdrawal was officially approved by the government of Australia on March 7, 2012.

¹⁵ On September 20, 2012, PTTEP Australia Timor Sea Pty Ltd has been officially approved by the government of Australia for the transfer of 50% participating interests in the concession block AC/P17 under the PTTEP Australasia project in Australia from the existing joint venture partner, resulting in the Group holding a 100% participation interest in the concession block.

2. Basis of Financial Statement Preparation

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

On September 28, 2011, the Department of Business Development announced the Notification about minimum requirement in relation to the format of the financial statements B.E. 2554, under the Accounting Act, B.E. 2543, section 11 and clause 3. The notification will come into effect for the accounting periods beginning on or after January 1, 2011. The consolidated and company financial statements have complied with the above notification and there are no material impacts to the financial statements presented herewith.

Commencing January 1, 2011, the Company's management has determined US Dollar as the functional currency and presents its financial statements in US Dollar in accordance with Thai Accounting Standard No. 21 "The Effects of Changes in Foreign Exchange Rates". In addition, the Stock Exchange of Thailand and the Department of Business Development require the entity to present its financial statements in Thai Baht. The Group, therefore, presents its financial statements in Thai Baht by translating from US Dollar.

The Group has adopted the International Accounting Standards (IAS) No. 12 "Income Taxes". The content of the standard does not differ significantly from that of Thai Accounting Standards No. 12 "Income Taxes" as published in the Government Gazette and becomes effective for periods beginning on or after January 1, 2013.

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

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

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

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

3. New Accounting Standards, New Financial Reporting Standards, Amendments to Accounting Standards, New Interpretation to Accounting Standards and New Accounting Guidances

The following new accounting standards, new financial reporting standards, amendments to accounting standards, new interpretation to accounting standards and new accounting guidances which are published in the Government Gazette during the year are as follows:

- Effective for the periods beginning on or after 1 January 2013

Thai Accounting Standard No. 12	Income taxes
Thai Accounting Standard No. 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
Thai Accounting Standard No. 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
Thai Financial Reporting Standard No. 8	Operating Segments
Thai Standing Interpretations Committee No. 10	Government Assistance - No Specific Relation to Operating Activities
Thai Standing Interpretations Committee No. 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
Thai Standing Interpretations Committee No. 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
Thai Practical Guidance	Transfer of the Financial Assets

- Effective for the periods beginning on or after 1 January 2014

Thai Financial Reporting Interpretations Committee No. 4	Determining whether an Arrangement contains a Lease
Thai Financial Reporting Interpretations Committee No. 12	Service Concession Arrangements
Thai Financial Reporting Interpretations Committee No. 13	Customer Loyalty Program
Thai Standing Interpretations Committee No. 29	Disclosure of Service Concession Arrangements

The Group's management has assessed that if the new accounting standards, new financial reporting standards, amendments to accounting standards, new interpretation to accounting standards and new accounting guidances are implemented. There is no material impact to the financial statements.

4. Significant Accounting Policies

4.1 Preparation of Consolidated Financial Statements

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

Subsidiaries

Subsidiaries are those entities over which the Group has the power to govern their financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

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

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

The investments in the subsidiaries are presented by using the cost method in the Company's financial statements.

A list of subsidiaries is set out in Note 14.

Associates

Associates are those entities over which the Group has significant influence over their financial and operating policies, but does not control. Investments in associates are initially recognized at cost and are accounted for using the equity method in the consolidated financial statements from the date on which the Group gains significant influence and are no longer consolidated from the date that significant influence ceases.

The Group's shares of the associates' post-acquisition profits or losses are recognized in the statement of income, and its shares of post-acquisition movements in surplus are recognized in reserves. The Group does not recognize further losses that exceed its investment in the associates, unless it has incurred obligations or made payments on behalf of the associates.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The investments in the associates are presented by using the cost method in the Company's financial statements.

A list of associates is set out in Note 14.

Joint Ventures

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. Under this method, the Group includes its shares of the joint ventures' individual income, expenses, assets, liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements.

The Group's interests in jointly controlled assets are accounted for by proportionate consolidation. Under this method, the Group includes its shares of the expenses, assets, liabilities and cash flows based on Joint Operating Agreement on a line-by-line basis with similar items in the Group's financial statements.

Gains or losses from the joint ventures are presented by using the cost method in the Company's financial statements.

For details of jointly controlled entities and jointly controlled assets, please refer to Note 14 and Note 1, respectively.

Related Parties

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

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

4.2 Foreign Currency Translation

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

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

To comply with the financial reporting requirements of the Securities and Exchange Commission and the Department of Business Development the Group's consolidated financial statements are presented by translating from US Dollar to Thai Baht. The monetary assets and liabilities are translated into Thai Baht using the average buying and selling rates determined by the Bank of Thailand at year-end, whereas the statement of income is translated using average exchange rates during the period. Differences from such translations have been presented under "Currency Translation Differences" in the statement of other comprehensive Income.

4.3 Cash and Cash Equivalents

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

4.4 Trade Accounts Receivable

Trade accounts receivable are carried at net realizable value. An allowance for doubtful accounts is provided, based on the Group's review of all outstanding receivables at the statements of financial position date. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collected. Doubtful accounts are written off and recorded as expenses in the statement of income when they are identified.

Factoring Policy of Accounts Receivable

The factoring of accounts receivable is made on an arms-length basis. The Company will write-off such accounts receivable when the future economic benefits and other major relevant benefits are transferred to the third party and the Company receives the funds from such factoring.

4.5 Inventories

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

4.6 Materials and Supplies

Material and supplies are stated at the lower of cost or net realizable value less the allowance for obsolete and unserviceable items used in petroleum exploration and production activities. Materials and supplies costs are determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business less the necessary expenses.

4.7 Investments in Available-for-sale Securities

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

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is recognized in the statement of income.

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

4.8 Financing Costs

Finance costs directly attributable to finance the construction during the stipulated periods of time or the preparation of the qualifying assets for their intended use are capitalized as part of the cost of the respective assets until such qualifying assets are ready for use. For general borrowings, the Company capitalized the borrowing costs as part of the respective assets using the weighted average interest rate of the borrowings during the year.

For transaction cost of capital, the Company deducted the amount directly from share premium. Transaction cost of capital comprises of direct expense incurred for capital raising activities, such as fees, cost of printing the offering memorandum, and financial advisor fees, etc.

4.9 Property, Plant and Equipment

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

• Oil and Gas Properties

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

Cost of Properties

Costs of properties comprise total acquisition costs of petroleum rights or the portion of costs applicable to properties as well as the decommissioning costs.

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

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

Development costs, whether relating to the successful or unsuccessful development of wells, are capitalized.

Depreciation and Depletion

The capitalized acquisition costs of petroleum rights are depleted and amortized using the unit of production method based on estimated proved reserves. Depreciation, depletion and amortization of exploratory wells, development, equipment and operating costs of support equipment as well as the decommissioning costs, except unsuccessful projects, are calculated on the unit of production method based on estimated proved reserves or proved developed reserves. Changes in reserve estimates are recognized prospectively.

Depreciation for remuneration for the renewal of petroleum production is calculated using the straight-line method according to the duration of the 10-year agreement.

Depreciation of central processing facilities of oil sand business are calculated using the straight-line method with an estimated useful life of 36 years.

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

• Pipelines and Others

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

Depreciation of pipelines and others are determined using the straight-line method with an estimated useful life of 1 - 40 years.

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

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

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

Repair and maintenance costs are recognized as expenses when incurred.

4.10 Carried Costs under Petroleum Sharing Contract

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

The Group classifies the carried costs based on petroleum activities under the Successful Efforts Method. The majority of them are recognized in oil and gas properties in the statement of financial position and exploration expenses in the statement of income. (For details, please refer to Note 16.)

4.11 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiaries or associates undertaking at the date of acquisition. Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall balance of the investments in associates.

Goodwill is annually tested for impairment and presented at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to a single cash-generating unit or group of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

4.12 Intangible Assets

- **Probable Reserves**

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

- **Other Intangible Assets**

Other intangible assets comprise expenditures incurred for licenses acquired for computer software which are amortized using the straight-line method over the remaining contract period, or a maximum of 10 years. The carrying amount is reviewed by the Group and the allowance for impairment will be provided whenever events or circumstances indicate that the carrying amount may not be recoverable.

- **Exploration and evaluation assets**

Exploration and evaluation expenditures are capitalized at cost as intangible assets if the projects have identified proved reserves that have been found to be commercially producible. Capitalized exploration and evaluation expenditures are transferred to assets of the project once the proved reserve has been found. Subsequent accounting is described in the accounting policy for property, plant and equipment in Note 4.9.

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

4.13 Impairment of Assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested for impairment annually. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and its value in use, and is recorded in the statement of income. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Estimates of future cash flows used in the evaluation for impairment of assets related to petroleum production are made using risk assessment on field and reservoir performance and are inclusive of expectations about proved and unproved reserves.

Impairment, except when related to goodwill, is reversed as applicable to the extent that the events or circumstances that triggered the original impairment change. For this circumstance, the carrying amount of the asset is increased to its recoverable amount. The increased amount from the reversal could not exceed the carrying amount, net of amortization or depreciation of the assets, if the Group did not recognize the impairment loss for assets in the prior year.

4.14 Deferred Income Taxes

Current income tax

The Group is taxed on its non-promoted businesses pursuant to the Revenue Code of Thailand, the Petroleum Income Tax Act, B.E. 2514 (1971) with an amendment B.E. 2532 (1989), and other applicable laws and regulation in the countries where the Group has investments.

Current income tax represents the expected tax payable on the taxable profit for the year using the enacted tax rate as at the Statement of financial position date, including any adjustments to tax payable as a result of transaction in previous year.

Deferred income tax

Deferred income tax is provided in full, using the statement of financial positions liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation of plant and equipment, amortization of borrowing cost, and the amortization of decommissioning costs and the difference between the fair value of the acquired net assets and their tax bases.

Tax rates that have been enacted or substantially enacted by the end of the reporting period are used to determine deferred income tax. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

The Group recognized the deferred taxes in the shareholders' equity if such deferred taxes are derived from the transactions which are directly recorded in the statement of shareholders' equity.

Deferred income tax assets and liabilities can be offset only when they both relate to the same legal tax authority.

4.15 Deferred Remuneration under Agreement

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

4.16 Borrowings

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

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

4.17 Leases

• Leases - where a Group company is the lessee

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

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the lease period.

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

• Leases - where a Group company is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income is recognized on a straight-line basis over the lease term.

4.18 Employee Benefits

The Group's employees have become members of the following provident funds: "Employee of PTTEP Registered Provident Fund", "Sinsatoporn Registered Provident Fund", "TISCO Ruamtun 1 Registered Provident Fund" and "TISCO Ruamtun 2 Registered Provident Fund".

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

This obligation in respect of employees' retirement benefits is presented in the statement of financial position under the provision for employee benefits as discussed in Note 25. In addition, the transitional liabilities will be amortized as expenses in the statement of income on a straight-line basis over 5 years.

The Group's obligation in respect of the retirement benefit plans is calculated by estimating the amount of future benefits that employees will earn in return for their services to the Company and subsidiaries in the current period and in future periods. Such benefits are discounted to the present value using the rate of government debenture yields. The calculation is performed by an independent actuary using the Projected Unit Credit Method.

When the benefits under the plans change, the portion of the increased benefits relating to the past services of employees is recognized in the statement of income on a straight-line basis over the average remaining period until the benefits become vested.

Salaries, wages, bonuses and contributions to the social security and provident funds are recognized as expenses when incurred.

4.19 Capital Risk Management

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

4.20 Reserve for Expansion

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

4.21 Income Recognition

Sales are recognized upon delivery of products and customer acceptance.

Service income from gas pipeline construction is recognized on the percentage of completion basis.

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

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

4.22 Deferred Income under Agreements (Take-or-Pay)

Under Gas Sales Agreements, the Group has obligations to supply minimum quantities of gas to a customer in each contract year. If in any contract year, the customer has not taken the minimum quantities of gas according to the Gas Sales Agreements, customer shall pay for quantities of gas not taken (Take-or-Pay). If the customer is unable to take the minimum contracted quantities in a given year, the volume of gas that the customer has paid for but has not taken in that year (Make-up) can be taken free of charge in subsequent years. Payments received in advance under these agreements are recognized as deferred income. This deferred income is recognized in the statement of income when the gas is subsequently taken. (For details, please refer to Note 28)

The Group made prepayments to the government of Myanmar for royalty related to cash received in advance under Take-or-Pay Agreement. The prepayment will be expensed when the gas is subsequently taken by the customers. (For details, please refer to Note 20)

4.23 Income Taxes

The Group's expenditures and revenues for tax purposes comprise:

- Current period tax which is calculated in accordance with the Petroleum Income Tax Act, B.E. 2514 and Amendment B.E. 2532 and the Revenue Code
- Income tax in the Union of Myanmar
- Income tax for the Petroleum business in the Thai - Malaysia co-development area under the Petroleum Income Tax Act (No.5) B.E. 2541
- Income tax in the Socialist Republic of Vietnam
- Corporate income tax in Australia
- Petroleum Resource Rent Tax in Australia
- Corporate income tax in the Sultanate of Oman
- Corporate income tax in Canada
- Corporate income tax in Netherlands
- Corporate income tax in Kenya
- Corporate income tax in Mozambique
- Deferred income taxes, which are calculated as disclosed in Note 19.

4.24 Earnings per Share

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

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

4.25 Segment Reporting

The segment details are primarily presented by the business operations and secondly by the geographical areas.

Business segments refer to parts of an entity that carry out business activities that are subject to risks and returns different from those of other business segments. Geographical segments refer to parts of an entity that carry out business operations within a particular economic environment that are subject to risks and returns different from those of components operating in other economic environments.

4.26 Financial Instruments

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

Financial assets and financial liabilities are recognized initially at fair value. In case of financial assets or financial liabilities are not initially recognized at fair value through statement of income, they are recognized using transaction price plus directly attributable transaction costs of such financial assets or financial liabilities. The subsequent measurement of financial assets or financial liabilities depends on their classification.

Loan and receivables, and held-to-maturity investment, including financial liabilities measured at amortised cost are initially recognized at fair value, normally being the transaction cost and are subsequently measured at amortized cost using the effective interest method with gains or losses recognized in the statement of income.

Impairment of financial assets

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

Derivative financial instruments and hedging

The Group recognized derivative financial instruments at fair value with changes in the fair value recognize in the statement of income. For instruments which the Group wishes to claim for hedge accounting, the hedging instrument effectiveness portion is offset against the hedged item's fair value. The change in fair value of a hedge derivative as well as the change in the fair value of the hedged item attributable to the risk being hedged are recognize in the statement of income.

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognized within other comprehensive income. Amounts taken to other comprehensive income are transferred to the statement of income when the hedged transaction affects profit or loss. The ineffective portion is immediately recognized in the statement of income when incurred.

5. Major Estimates and Assumptions

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

Estimate for Oil and Gas Reserves

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

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

Exploration Costs

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

Impairment of Assets

The Company assessed the impairment of assets based on the estimate using the discounted future cash flows. The expected future cash flows are based on management's estimates in relation to the future selling price, demand and supply in the market, margin rate and estimated future production volume. The expected future production volumes, which include both proved and unproved reserves, are used for impairment testing because the Group believes this is the most appropriate indicator of expected future cash flows, used as a measure of value in use. The discounted rate for the impairment testing reflects the current market assessment of the time value of money and the risk specific to the assets for which the future cash flow estimates have not been adjusted.

Goodwill and Intangible Assets

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

Income Tax

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

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Management is required to make an estimate of the number of the deferred income tax assets that should be

recognized by considering the assumption about the probable future tax benefits in each period. There may be uncertainty associated with the assumption used for the future taxable income in terms of whether any change will affect the recognition of the deferred tax asset.

Lease

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

Employee Retirement Plans

The Group's obligation regarding the retirement benefit plans is calculated by estimating the amount of future benefits that employees will have earned in return for their services to the Company and subsidiaries in the current and in future periods. The calculation is performed by an independent actuary using the Projected Unit Credit Method and the relevant assumptions which include financial and demographic assumptions as disclosed in Note 25.

When the benefits under the plans change, the portion of the increased benefits relating to the past services of employees is recognized in the statement of income on a straight-line basis over the average remaining period until the benefits become vested. The expense is recognized immediately in the statement of income when the benefits are paid.

Provisions

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

Provision for Decommissioning Costs

The Group records a provision for decommissioning costs whenever it is probable that there would be an obligation as a result of a past event and the amount of that obligation is reliably estimated. The Group recognizes provision for decommissioning costs, which is provided at the onset of completion of the project, for the estimate of the eventual costs that relate to the removal of the production facilities. These costs are included as part of the oil and gas properties and are amortized based on proved reserves on a unit of production basis. The estimates of decommissioning costs are determined based on reviews and estimates by the Group's engineers and managerial judgment.

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

Provision for Remuneration for the Renewal of Petroleum Production

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

6. Acquisition

On May 23, 2012, PTTEP announced the terms of recommended cash offer to acquire the entire issued share and to be issued share capital of Cove Energy Plc. (Cove) which was listed on the Alternative Investment Market (AIM) of the London Stock Exchange at the price of 240 pence for each Cove Share (the Offer Price). The Acquisition values the entire issued and to be issued share capital of Cove at totally 1,221.40 million Pound Sterling (GBP). Cove's main asset is an 8.5 percent participating interest in the Rovuma Offshore Area 1 Project which is a world class gas discovery in the Republic of Mozambique. On August 17, 2012, the Company through PTTEP Africa Investment Limited (PTTEP AI), a wholly owned subsidiary, fulfilled all offering requirements and successfully acquired share of Cove. Subsequently on October 5, 2012, PTTEP AI completely acquired all shares and became 100% shareholder of Cove.

PTTEP AI has received written consent from the Republic of Mozambique's Ministry of Mineral Resources in relation to the change of indirect control in all assets of Cove in the Republic of Mozambique. In addition, the Company has received written consent from the Competition Authority of Kenya for the acquisition of the issued and to be issued share capital of Cove.

On August 17, 2012, Cove had submitted a request to the London Stock Exchange for the cancellation of trading in Cove Shares on AIM. Effective on September 18, 2012, the London Stock Exchange announced the cancellation of admission to trading of Cove's shares on AIM. The acquisition of Cove also results in the Company obtaining a 10% indirect participating interests in the Rovuma Onshore exploration block in the Republic of Mozambique and 10% to 25% indirect participating interests in 7 deep-water exploration blocks in the Republic of Kenya

which are Kenya Offshore blocks L5, L7, L10A, L10B, L11A, L11B, and L12. In addition, the Company becomes the ultimate parent company of all Cove's subsidiaries as follows:

Company	Registered country	Type of business	Percentage of interest
Cove Energy East Africa Limited	Cyprus	Oil and gas Exploration	100
Cove Energy Mozambique Rovuma Onshore Limited	Cyprus	Oil and gas Exploration	100
Cove Energy Mozambique Rovuma Offshore Limited	Cyprus	Oil and gas Exploration	100
Cove Mozambique Terra Limitada	Mozambique	Oil and gas Exploration	100
Cove Mozambique Energia Limitada	Mozambique	Oil and gas Exploration	100
Cove Energy Kenya Limited	Kenya	Oil and gas Exploration	100

Details of net assets acquired at the acquisition date and goodwill arising from the business acquisition are as follow:

	Unit: Million US Dollar	Unit: Million Baht
	Fair value	Fair value
Cash and cash equivalents	43.14	1,359.35
Other account receivable	11.62	366.26
Materials and supplies	6.80	214.32
Working capital from co-ventures	3.48	109.60
Investment in available-for-sales securities	1.33	42.05
Property, plant and equipment, net	1.65	51.86
Intangible assets, net	2,037.75	64,214.49
Accrued expenses	(175.85)	(5,541.58)
Other current liabilities	(15.52)	(488.89)
Net assets	1,914.40	60,327.46
Less: Deferred income tax liabilities from the effect of accounting recognition	(568.01)	(17,899.46)
Goodwill	570.58	17,980.52
Total consideration transferred	1,916.97	60,408.52

Total goodwill from business acquisition of US Dollar 570.58 million (Baht 17,980.52 million) was primarily derived from the recognition of deferred income tax liabilities of US Dollar 568.01 million (Baht 17,899.46 million) which represents the deferred income tax liabilities from the differences between the assigned fair values and the tax bases of assets acquired and liabilities assumed in a business combination at amounts that do not reflect fair value. The remaining goodwill balance of US Dollar 2.57 million (Baht 81.06 million) represents the future benefits that the Company expects to receive from entering into the Africa market which aligns with the Company's strategy to increase the production volumes in the future.

None of the goodwill recognized is expected to be deductible for income tax purposes.

7. Cash and Cash Equivalents

Cash and cash equivalents comprised:

	Unit : Million US Dollar		Unit: Million Baht	
	Consolidated		Consolidated	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Cash on hand and at banks	1,378.46	885.19	42,224.48	28,052.58
Cash equivalents				
- Fixed deposits	42.44	53.02	1,300.03	1,680.43
- Treasury bills	871.02	412.32	26,680.63	13,066.89
Total	2,291.92	1,350.53	70,205.14	42,799.90

	Unit : Million US Dollar		Unit: Million Baht	
	The Company		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Cash on hand and at banks	934.21	338.48	28,616.33	10,726.88
Cash equivalents				
- Fixed deposits	40.03	50.65	1,226.26	1,605.32
- Treasury bills	758.66	355.80	23,239.00	11,275.68
Total	1,732.90	744.93	53,081.59	23,607.88

The interest rate on saving deposits held at call with banks for the year ended December 31, 2012 is 0.05% - 2.5% per annum (During the year 2011: interest rate 0.11% - 4.25% per annum).

The interest rate on fixed deposits with banks for the year ended December 31, 2012 is 0.50% - 5.65% per annum (During the year 2011: interest rate 0.56% - 6.00% per annum).

The interest rate on treasury bills for the year ended December 31, 2012 is 2.50% - 3.09% per annum (During the year 2011: interest rate 1.77% - 3.42% per annum).

8. Account Receivable - Parent Company

Account receivable - parent company comprised:

	Unit : Million US Dollar		Unit: Million Baht	
	Consolidated		Consolidated	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Sales of petroleum products	834.17	448.69	25,551.99	14,219.63
Gas pipeline construction service	36.07	35.04	1,104.99	1,110.41
Sales of topside equipment on platform	-	0.47	-	14.85
Total	870.24	484.20	26,656.98	15,344.89

	Unit : Million US Dollar		Unit: Million Baht	
	The Company		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Sales of petroleum products	531.81	257.43	16,290.13	8,158.43
Gas pipeline construction service	36.07	35.04	1,104.99	1,110.41
Sales of topside equipment on platform	-	0.47	-	14.85
Total	567.88	292.94	17,395.12	9,283.69

Outstanding accounts receivable - parent company as at 31 December 2012 and 2011 can be analysed by aged on the basis of due dates as follows:

	Unit : Million US Dollar		Unit: Million Baht	
	Consolidated		Consolidated	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Not yet due	825.71	441.78	25,292.79	14,000.48
Past due				
- Up to 3 months	0.01	-	0.30	-
- 3 - 6 months	1.07	0.16	32.92	5.11
- Over 6 months	43.45	42.26	1,330.97	1,339.30
Total	870.24	484.20	26,656.98	15,344.89

	Unit : Million US Dollar		Unit: Million Baht	
	The Company		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Not yet due	528.55	254.35	16,190.30	8,060.78
Past due				
- Up to 3 months	-	-	-	-
- 3 - 6 months	-	-	-	-
- Over 6 months	39.33	38.59	1,204.82	1,222.91
Total	567.88	292.94	17,395.12	9,283.69

9. Trade Accounts Receivable

Trade accounts receivable comprised:

	Unit : Million US Dollar		Unit: Million Baht	
	Consolidated		Consolidated	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Binh Son Refining & Petrochemical Co., Ltd.	11.81	9.00	361.86	285.18
Chevron Product Company	16.49	9.42	504.67	298.42
Chevron U.S.A. INC.	2.72	0.79	83.40	25.05
Exxap (Exxonmobile Asia Pacific Pte)	-	10.59	-	335.46
Ministry of Oil and Gas (Oman)	1.55	1.34	47.44	42.48
Myanma Oil and Gas Enterprise	32.31	29.00	989.61	919.15
Myanmar Petrochemical Enterprise	3.80	-	116.36	-
Shell International Eastern Trading Company (SIETCO)	18.89	-	578.75	-
SK Energy Co., Ltd.	18.92	-	579.66	-
Star Petroleum Refining Co., Limited	2.26	2.03	69.13	64.37
Statoil Canada Ltd.	22.43	47.93	687.04	1,518.90
Thai Oil Plc.	8.17	-	250.39	-
Unipet Asia Co., Ltd.	19.50	-	597.18	-
Vitol Asia PTE Limited	10.15	38.37	310.94	1,216.14
Electricity Generating Authority of Thailand	1.30	1.61	39.93	51.04
Others	0.07	0.07	2.40	2.40
Total	170.37	150.15	5,218.76	4,758.59

	Unit : Million US Dollar		Unit: Million Baht	
	The Company		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Star Petroleum Refining Co., Limited	2.26	2.03	69.13	64.37
Electricity Generating Authority of Thailand	0.33	0.40	9.98	12.76
Others	0.01	0.02	0.60	0.60
Total	2.60	2.45	79.71	77.73

Outstanding trade accounts receivable as at 31 December 2012 and 2011 can be analysed by aged on the basis of due dates as follows:

	Unit : Million US Dollar		Unit: Million Baht	
	Consolidated		Consolidated	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Not yet due	161.02	150.15	4,932.28	4,758.59
Past due				
- Up to 3 months	9.35	-	286.48	-
- 3 - 6 months	-	-	-	-
- Over 6 months	-	-	-	-
Total	170.37	150.15	5,218.76	4,758.59

	Unit : Million US Dollar		Unit: Million Baht	
	The Company		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Not yet due	2.60	2.45	79.71	77.73
Past due				
- Up to 3 months	-	-	-	-
- 3 - 6 months	-	-	-	-
- Over 6 months	-	-	-	-
Total	2.60	2.45	79.71	77.73

10. Materials and Supplies, Net

Materials and supplies, net as at December 31, 2012 and 2011 comprised:

	Unit : Million US Dollar		Unit: Million Baht	
	Consolidated		Consolidated	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Materials and supplies-at cost	306.54	272.57	9,389.90	8,638.18
Provision for obsolescence	(2.14)	(1.44)	(65.78)	(45.74)
Materials and supplies, net	304.40	271.13	9,324.12	8,592.44

	Unit : Million US Dollar		Unit: Million Baht	
	The Company		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Materials and supplies-at cost	111.77	106.72	3,423.61	3,382.19
Provision for obsolescence	(0.77)	(0.43)	(23.46)	(13.64)
Materials and supplies, net	111.00	106.29	3,400.15	3,368.55

11. Other Current Assets

Other current assets as at December 31, 2012 and 2011 comprised:

	Unit : Million US Dollar		Unit: Million Baht	
	Consolidated		Consolidated	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Prepaid expenses	87.63	134.20	2,684.27	4,252.88
Accrued income	12.05	37.05	369.13	1,174.17
Withholding tax and VAT	7.59	7.62	232.45	241.40
Prepaid income tax	28.45	36.75	871.54	1,164.86
Others	28.68	1.97	878.54	62.46
Total	164.40	217.59	5,035.93	6,895.77

	Unit : Million US Dollar		Unit: Million Baht	
	The Company		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Prepaid expenses	20.87	17.79	639.35	563.81
Accrued income	14.98	2.44	458.93	77.14
Withholding tax and VAT	1.51	2.69	46.07	85.22
Prepaid income tax	-	2.00	-	63.36
Others	1.88	1.28	57.52	40.63
Total	39.24	26.20	1,201.87	830.16

12. Investments in Available-For-Sale Securities

Investments in available-for-sales securities represent the investment in listed equity security in the Alternative Investment Market (AIM) in the London Stock Exchange held by Cove Energy East Africa Limited. This available-for-sales investment was part of the net assets acquired from the business acquisition which was disclosed in the Notes to the financial statements No. 6

Movements in the investments in available-for-sales securities for the year ended December 31, 2012 are as follows:

	Unit : Million US Dollar	Unit : Million Baht
	Consolidated	Consolidated
Balance as at January 31, 2012	-	-
Business acquisition	1.33	42.05
Unrealised loss on available-for-sales securities	(0.12)	(3.71)
Currency translation differences	0.04	(0.10)
Balance as at December 31, 2012	1.25	38.24

13. Significant Transactions with Related Parties

Significant transactions with related parties are summarized as follows:

13.1 Revenues and Expenses with Related Parties

Significant transactions with related parties for the years ended December 31, 2012 and 2011 are as follows:

	Unit : Million US Dollar		Unit: Million Baht	
	Consolidated		Consolidated	
	2012	2011	2012	2011
Parent company - PTT Public Company Limited (PTT)				
Sales revenue (world market reference price)	5,331.68	4,596.90	165,668.17	140,106.39
Amortization of deferred remuneration under agreement	1.76	1.75	54.79	53.31
Subsidiaries, associates and jointly controlled entities				
Interest income	0.85	0.82	26.51	25.09
Rental and service expenses	13.51	14.57	420.04	443.81
Information technology and communication expenses	21.37	10.74	664.29	327.48
Management's Remuneration				
Director's remuneration	1.90	1.71	58.90	53.10
Senior management's remuneration *	2.81	2.86	87.49	87.07

	Unit : Million US Dollar		Unit: Million Baht	
	The Company		The Company	
	2012	2011	2012	2011
Parent company - PTT Public Company Limited (PTT)				
Sales revenue (world market reference price)	3,400.98	3,002.86	105,667.33	91,530.67
Amortization of deferred remuneration under agreement	1.76	1.75	54.79	53.31
Subsidiaries, associates and jointly controlled entities				
Interest income	125.76	107.74	3,908.07	3,286.08
Management and service fees	0.32	0.32	10.03	9.92
Rental and service expenses	13.51	14.57	420.04	443.81
Information technology and communication expenses	21.36	10.74	664.00	327.48
Management's Remuneration				
Director's remuneration	1.90	1.71	58.90	53.10
Senior management's remuneration *	2.81	2.86	87.49	87.07

* Exclusive of the remuneration for senior management seconded to PTT Public Company Limited.

13.2 Long-term Loans to Related Parties

Long-term loans to related parties comprised:

	Unit : Million US Dollar		Unit: Million Baht	
	Consolidated		Consolidated	
Loans to	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Associates				
Energy Complex Company Limited	18.93	18.30	580.00	580.00
ShoreAir Pty Ltd	-	0.19	-	5.82
Total	18.93	18.49	580.00	585.82

Loans to	Unit : Million US Dollar		Unit: Million Baht	
	The Company		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Subsidiaries				
PTTEP International Limited	875.92	992.32	26,830.71	31,447.76
PTTEP Services Limited	1.85	2.06	56.58	65.22
PTTEP Offshore Investment Company Limited	3,847.24	2,088.77	117,847.15	66,195.81
Associates				
Energy Complex Company Limited	18.93	18.30	580.00	580.00
Total	4,743.94	3,101.45	145,314.44	98,288.79

Movements in the long-term loans to related parties for the years ended December 31, 2012 are as follows:

	Unit: Million US Dollar	Unit: Million Baht
	Consolidated	Consolidated
Balance as at January 1, 2012	18.49	585.82
Addition	-	-
Repayment	(0.18)	(5.71)
Currency translation differences	0.62	(0.11)
Balance as at December 31, 2012	18.93	580.00

	Unit: Million US Dollar	Unit: Million Baht
	The Company	The Company
Balance as at January 1, 2012	3,101.45	98,288.79
Addition	4,188.62	130,195.18
Repayment	(2,593.49)	(80,613.81)
Currency translation differences	47.36	(2,555.72)
Balance as at December 31, 2012	4,743.94	145,314.44

The Company has provided loans to subsidiaries for the year ended December 31, 2012 with an interest rate of 3.67% - 4.02% per annum (during the year 2011: interest rate is between 3.46% - 3.86% per annum). The subsidiaries shall occasionally repay the loans. In addition, the Company has provided loans to an associate for the year ended December 31, 2012 with an interest rate of 4.35% - 4.60% per annum (during the year 2011: interest rate is between 3.90% - 4.60% per annum).

14. Investments in Subsidiaries, Associates and Jointly Controlled Entities

14.1 Details of subsidiaries, associates, and jointly controlled entities

Unit: Million US Dollar

Company	Registered country	Type of business	Paid-in capital		Shareholding by	Percentage of interest		Investments				Dividends for the years ended	
			Dec. 31, 2012	Dec. 31, 2011		Dec. 31, 2012	Dec. 31, 2011	Cost Method		Equity Method		Dec. 31, 2012	Dec. 31, 2011
								Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011		
Subsidiary Companies													
PTTEP International Limited (PTTEPI)	Thailand	Petroleum	516.38	516.38	PTTEP	100%	100%	516.38	1,805.54	1,496.57	-	-	
	Cayman Islands	Petroleum	0.007	0.007	PTTEP	75%	75%	0.005	903.81	855.68	-	-	
					PTTEPI	25%	25%	0.002	301.76	285.23	-	-	
PTTEP Southwest Vietnam Company Limited (PTTEP SV)	Cayman Islands	Petroleum	0.05	0.05	PTTEPO	100%	100%	0.05	(12.19)	(10.65)	-	-	
PTTEP Kim Long Vietnam Company Limited (PTTEP KV)	Cayman Islands	Petroleum	0.05	0.05	PTTEPO	100%	100%	0.05	(19.23)	(17.25)	-	-	
PTTEP Hoang-Long Company Limited (PTTEP HL)	Cayman Islands	Petroleum	0.05	0.05	PTTEPO	100%	100%	0.05	(7.54)	(166.23)	-	-	
PTTEP Hoan-Vu Company Limited (PTTEP HV)	Cayman Islands	Petroleum	0.05	0.05	PTTEPO	100%	100%	0.05	(19.22)	(37.91)	-	-	
PTTEP Oman Company Limited (PTTEP OM)	Cayman Islands	Petroleum	0.05	0.05	PTTEPO	100%	100%	0.05	(101.45)	(85.08)	-	-	
PTTEP Algeria Company Limited (PTTEP AG)	Cayman Islands	Petroleum	0.05	0.05	PTTEPO	100%	100%	0.05	(120.99)	(103.88)	-	-	
PTTEP (Thailand) Limited (PTTEPT) ¹	Thailand	Petroleum	2.54	2.54	PTTEPI	100%	100%	2.54	(2.59)	(2.96)	-	-	
PTTEP Services Limited (PTTEP Services)	Thailand	Services	0.03	0.03	PTTEP	25%	25%	0.01	0.57	0.005	-	-	
					PTTEPI	75%	75%	0.04	4.75	3.06	-	-	
PTTEP Siam Limited (PTTEPS)	Thailand	Petroleum	4.00	4.00	PTTEP	51%	51%	99.79	155.12	162.98	172.28	144.86	
					PTTEPO	49%	49%	95.18	123.32	130.88	165.52	139.17	
PTTEP Iran Company Limited (PTTEPIR)	Cayman Islands	Petroleum	0.05	0.05	PTTEP OM	100%	100%	0.05	(81.81)	(74.98)	-	-	
PTTEP Bahrain Company Limited (PTTEP BH)	Cayman Islands	Petroleum	0.05	0.05	PTTEP OM	100%	100%	0.05	(34.05)	(16.10)	-	-	
PTTEP Holding Company Limited (PTTEPH)	Cayman Islands	Petroleum	0.05	0.05	PTTEPO	100%	100%	0.05	(865.74)	(394.19)	-	-	
PTTEP Indonesia Company Limited (PTTEP ID)	Cayman Islands	Petroleum	0.05	0.05	PTTEPH	100%	100%	0.05	(111.65)	(97.65)	-	-	
PTTEP Bengara I Company Limited (PTTEPB)	Cayman Islands	Petroleum	0.05	0.05	PTTEP ID	100%	100%	0.05	(11.21)	(10.75)	-	-	
PTTEP Andaman Limited (PTTEPA)	Thailand	Petroleum	0.007	0.007	PTTEPS	100%	100%	0.007	(0.004)	(0.002)	-	-	
PTTEP Africa Investment Limited (PTTEP AI) ²	Cayman Islands	Petroleum	0.05	0.05	PTTEPH	100%	100%	0.05	(121.98)	(43.12)	-	-	
PTTEP Rommana Company Limited (PTTEPR)	Cayman Islands	Petroleum	0.05	0.05	PTTEP AI	100%	100%	0.05	(15.62)	(10.48)	-	-	
PTTEP Sici Abd El Rahman Company Limited (PTTEP SAER)	Cayman Islands	Petroleum	0.05	0.05	PTTEP AI	100%	100%	0.05	(33.76)	(32.55)	-	-	
PTTEP Australia Pty Limited (PTTEP AU) *	Australia	Petroleum	0.45	0.45	PTTEPH	100%	100%	0.05	(66.18)	(58.06)	-	-	
PTTEP Bangladesh Limited (PTTEP BD)	Cayman Islands	Petroleum	0.05	0.05	PTTEPH	100%	100%	0.05	(11.30)	(10.87)	-	-	
PTTEP South Asia Limited (PTTEP SA)	Cayman Islands	Petroleum	0.05	0.05	PTTEPH	100%	100%	0.05	(1.70)	0.03	-	-	
PTTEP New Zealand Limited (PTTEP NZ)	Cayman Islands	Petroleum	0.05	0.05	PTTEPH	100%	100%	0.05	(19.07)	(13.27)	-	-	
PTTEP Semai II Limited (PTTEP SM)	Cayman Islands	Petroleum	0.05	0.05	PTTEP ID	100%	100%	0.05	(74.93)	(69.93)	-	-	
PTTEP Australia Perth Pty Limited (PTTEP AP) *	Australia	Petroleum	0.04	0.04	PTTEPH	100%	100%	0.04	(255.09)	30.18	-	-	
Andaman Transportation Limited (ATL) ³	Cayman Islands	Gas pipeline	-	-	PTTEPO	-	100%	-	-	(7.49)	-	-	
		transportation	0.05	0.05	PTTEPH	100%	100%	0.05	(278.14)	(200.96)	-	-	
PTTEP International Holding Company Limited (PTTEP IH)	Cayman Islands	Petroleum											
PTTEP Southwest Vietnam Pipeline Company Limited (PTTEP SVPC)	Cayman Islands	Gas pipeline	0.05	0.05	PTTEPH	100%	100%	0.05	(0.17)	(0.04)	-	-	

Unit: Million US Dollar

Company	Registered country	Type of business	Paid-in capital		Shareholding by	Percentage of interest		Investments				Dividends for the years ended	
			Dec. 31, 2012	Dec. 31, 2011		Dec. 31, 2012	Dec. 31, 2011	Cost Method		Equity Method		Dec. 31, 2012	Dec. 31, 2011
								Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011		
Subsidiary Companies													
PTTEP FLNG Holding Company Limited (PTTEP FH) JV Shore Base Limited (JV Shore Base) PTTEP Netherlands Holding Limited (PTTEP NL) JV Marine Limited (JV Marine) PTTEP South Mandar Limited (PTTEP SMD) PTTEP South Sageri Limited (PTTEP SS) PTTEP Sadang Limited (PTTEP SD) PTTEP Malunda Limited (PTTEP ML) PTTEP Netherlands Coöperatie U.A. (PTTEP NC) ⁷ PTTEP Canada Limited (PTTEP CA) PTTEP Canada International Finance Limited (PTTEP CIF) PTTEP MEA Limited (PTTEP MEA) ⁷ Cove Energy Public Company Limited ^{**}	Hong Kong	Petroleum	0.001	0.001	PTTEP IH	100%	100%	0.001	0.001	(16.88)	(6.79)	-	-
	Cayman Islands	Petroleum	0.05	0.05	PTTEP IH	100%	100%	0.05	0.05	(3.47)	0.04	-	-
	Cayman Islands	Petroleum	0.05	0.05	PTTEP IH	100%	100%	0.05	0.05	(257.29)	(192.10)	-	-
	Cayman Islands	Petroleum	0.05	0.05	PTTEP IH	100%	100%	0.05	0.05	1.11	(0.12)	-	-
	Cayman Islands	Petroleum	0.05	0.05	PTTEP ID	100%	100%	0.05	0.05	(3.61)	(1.76)	-	-
	Cayman Islands	Petroleum	0.05	0.05	PTTEP ID	100%	100%	0.05	0.05	(2.75)	(1.74)	-	-
	Cayman Islands	Petroleum	0.05	0.05	PTTEP ID	100%	100%	0.05	0.05	(3.74)	(2.82)	-	-
	Cayman Islands	Petroleum	0.05	0.05	PTTEP ID	100%	100%	0.05	0.05	(15.10)	(10.34)	-	-
	Netherlands	Petroleum	1,000.05	1,000.05	PTTEP IH	0.00005%	0.00005%	0.0005	0.0005	(1.43)	(1.85)	-	-
					PTTEP NL	99.99995%	99.99995%	1,000.05	1,000.05	794.51	816.42	-	-
	Canada	Petroleum	1,000.05	1,000.05	PTTEP NC	100%	100%	1,000.05	1,000.05	790.01	817.17	-	-
	Canada	Petroleum	0.05	0.05	PTTEP NC	100%	100%	0.05	0.05	2.32	(3.57)	-	-
Cayman Islands	Petroleum	0.05	0.05	PTTEP	100%	100%	0.05	0.05	0.04	0.05	-	-	
England	Petroleum	21.13	-	PTTEP AI	100%	-	21.13	-	14.73	-	-	-	
Associated Companies													
Energy Complex Company Limited (EnCo) PTT ICT Solutions Company Limited (PTT ICT) PTTEP AP's Associates ⁴	Thailand	Commerce	49.58	49.58	PTTEP	50%	50%	24.79	24.79	24.05	21.78	-	-
	Thailand	Services	3.94	3.94	PTTEP	20%	20%	0.79	0.79	3.70	2.18	-	-
	Australia	Services	0.97	0.97	PTTEP AAO	50%	50%	0.48	0.48	3.45	2.97	-	-
Jointly Controlled Entities													
Carigali - PTTEPI Operating Company Sdn Bhd. (CPOC) Moattama Gas Transportation Company (MGTC)	Malaysia	Petroleum	0.10	0.10	PTTEPI	50%	50%	0.05	0.05	0.05	0.06	-	-
	Bermuda	Gas pipeline transportation	0.03	0.03	PTTEPO	25.5%	25.5%	0.008	0.008	69.16	61.34	125.82	97.74
	Cayman Islands	Gas pipeline transportation	0.10	0.10	PTTEPO	19.3178%	19.3178%	8.01	8.01	49.04	44.14	84.86	67.05
Orange Energy Limited (Orange) B8/32 Partners Limited (B8/32 Partners) PTT FLNG Limited (PTT FLNG)	Thailand	Petroleum	4.00	4.00	PTTEPO	53.9496%	53.9496%	329.77	329.77	184.07	195.39	86.32	70.13
	Thailand	Petroleum	4.40	4.40	PTTEPO	25.0009%	25.0009%	109.95	109.95	51.06	52.68	32.50	30.42
	Hong Kong	Petroleum	0.0006	0.0006	PTTEP FH	50%	50%	0.0006	0.0006	(16.83)	(6.77)	-	-
Erawan 2 FSO Bahamas Limited (Erawan 2) KKD Oil Sands Partnership (KOSP) Leismer Aerodrome Limited (LAL) ⁵	Bahamas	Petroleum	0.0001	0.0001	JV Marine	13.11%	13.11%	22.29	11.67	23.79	11.74	-	-
	Canada	Petroleum	3,966.47	3,966.47	PTTEP CA	40%	40%	2,484.17	2,067.58	2,482.75	2,099.95	-	-
	Canada	Services	21.17	21.17	PTTEP CA	32%	40%	6.09	7.40	6.36	7.52	-	-
Groupeement Bir Seta (GBRS) Andaman Transportation Limited (ATL) ³	Algeria	Petroleum	-	-	PTTEP AG	35%	35%	-	-	-	-	-	-
	Cayman Islands	Gas pipeline transportation	0.05	-	PTTEPO	80%	-	0.05	-	(26.11)	-	-	-
	Thailand	Petroleum	32.20	-	JV Shore Base	15.67%	-	5.05	-	1.66	-	-	-
NST Supply Base Company Limited (NST) ⁶													

Relationship: The Company directly or indirectly holds the shares in subsidiaries, associates, and jointly controlled entities. Subsidiaries' management teams are from the Company.

¹ As at December 24, 2010, PTTEPT has registered for the dissolution with the Ministry of Commerce and is in the process of liquidation.

² The name of PTTEP Egypt Company Limited (PTTEP EG) was changed to PTTEP Africa Investment Limited (PTTEP AI).

³ On January 5, 2012, PTTEP Offshore Investment Limited (PTTEPO) with Myanmar Oil and Gas Enterprise (MOGE) has entered into Shareholders Agreement with Andaman Transportation Limited (ATL) to invest in Zawtika gas transportation project. The MOGE's investment is under "the Agreement Establishing the Rights and Obligations of the Andaman Transportation Limited", which stated that, if MOGE exercised its rights to invest 20% of participating interest under the Production Sharing Contract, MOGE will have rights to invest in the common stock of ATL at the same proportion. As a result of entering into this agreement, the proportion of shareholders' interest of PTTEPO in ATL has been changed to 80% and MOGE has held another 20% shareholders interest effective on the date that both parties signed the agreement. The proportion change in the investment resulted in the change of ATL from a subsidiary to a jointly controlled entity. MOGE had paid for the actual participation interest totaling to US Dollar 6.22 million and paid for an increase in capital of its shareholders interest of US Dollar 12,500.

⁴ PTTEP AP's Associates are ShoreAir Pty Ltd and Troughton Island Pty Ltd.

⁵ On November 8, 2012, PTTEP CA has sold 8% of its interest in LAL to FCCL PARTNERSHIP which resulted in a decrease in its interest in LAL from 40% to 32%.

⁶ As at December 13, 2011, JV Shore Base Limited entered into an agreement with NST Supply Base Company Limited to purchase 19.5875% interests of NST Supply Base Company Limited. As at February 3, 2012, NST Supply Base Company Limited has increased its registered share capital which resulted in a decrease in the Group's interests to 15.67% and paid the full amount for capital of its shareholders interest.

⁷ As at December 31, 2012 PTTEP NC and PTTEP MEA have share receivables.

Company	Registered country	Type of business	Paid-in capital		Shareholding by	Percentage of interest		Investments				Dividends for the years ended	
			Dec. 31, 2012	Dec. 31, 2011		Dec. 31, 2012	Dec. 31, 2011	Cost Method		Equity Method		Dec. 31, 2012	Dec. 31, 2011
								Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011		
Subsidiary Companies													
PTTEP International Limited (PTTEPI)	Thailand	Petroleum	20,000.00	20,000.00	PTTEP	100%	100%	15,817.66	16,364.82	55,306.45	47,427.95	-	-
	Cayman Islands	Petroleum	0.17	0.17	PTTEP	75%	75%	0.15	0.16	27,685.02	27,117.56	-	-
PTTEP Offshore Investment Company Limited (PTTEPO)					PTTEPI	25%	25%	0.05	0.05	9,243.24	9,039.37	-	-
	PTTEP Southwest Vietnam Company Limited (PTTEP SV)	Cayman Islands	Petroleum	2.03	2.03	PTTEPO	100%	100%	1.53	1.58	(373.30)	(337.42)	-
PTTEP Kim Long Vietnam Company Limited (PTTEP KV)		Cayman Islands	Petroleum	2.03	2.03	PTTEPO	100%	100%	1.53	1.58	(588.93)	(546.56)	-
	PTTEP Hoang-Long Company Limited (PTTEP HL)	Cayman Islands	Petroleum	2.12	2.12	PTTEPO	100%	100%	1.53	1.58	(231.05)	(5,267.92)	-
PTTEP Hoan-Vu Company Limited (PTTEP HV)		Cayman Islands	Petroleum	2.16	2.16	PTTEPO	100%	100%	1.53	1.58	(588.89)	(1,201.39)	-
	PTTEP Oman Company Limited (PTTEP OM)	Cayman Islands	Petroleum	2.16	2.16	PTTEPO	100%	100%	1.53	1.58	(3,107.47)	(2,696.37)	-
PTTEP Algeria Company Limited (PTTEP AG)		Cayman Islands	Petroleum	2.10	2.10	PTTEPO	100%	100%	1.53	1.58	(3,706.22)	(3,292.15)	-
	PTTEP (Thailand) Limited (PTTEPT) ¹	Thailand	Petroleum	100.00	100.00	PTTEPI	100%	100%	77.78	80.47	(79.28)	(93.94)	-
PTTEP Services Limited (PTTEP Services)		Thailand	Services	1.00	1.00	PTTEP	25%	25%	0.19	0.20	17.42	0.16	-
	PTTEP Siam Limited (PTTEPS)				PTTEPI	75%	75%	1.35	1.40	145.49	96.94	-	-
		Thailand	Petroleum	100.00	100.00	PTTEP	51%	51%	3,056.75	3,162.50	4,751.54	5,164.91	5,253.03
	PTTEP Iran Company Limited (PTTEP IR)	Cayman Islands	Petroleum	1.91	1.91	PTTEPO	49%	49%	2,915.22	3,016.06	3,777.62	4,147.63	5,046.97
PTTEP Bahrain Company Limited (PTTEP BH)		Cayman Islands	Petroleum	1.90	1.90	PTTEP OM	100%	100%	1.53	1.58	(2,505.84)	(2,376.25)	-
	PTTEP Holding Company Limited (PTTEPH)	Cayman Islands	Petroleum	1.88	1.88	PTTEP OM	100%	100%	1.53	1.58	(1,042.94)	(510.08)	-
					PTTEPO	100%	100%	1.53	1.58	(26,519.12)	(12,492.36)	-	-

Unit: Million Baht

Company	Registered country	Type of business	Paid-in capital		Shareholding by	Percentage of interest		Investments				Dividends for the years ended	
			Dec. 31, 2012	Dec. 31, 2011		Dec. 31, 2012	Dec. 31, 2011	Cost Method	Equity Method	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Subsidiary Companies													
PTTEP Indonesia Company Limited (PTTEP ID)	Cayman Islands	Petroleum	1.88	1.88	PTTEPH	100%	100%	1.53	1.58	(3,419.97)	(3,094.52)	-	-
PTTEP Bengara I Company Limited (PTTEPB)	Cayman Islands	Petroleum	1.88	1.88	PTTEP ID	100%	100%	1.53	1.58	(343.26)	(340.73)	-	-
PTTEP Andaman Limited (PTTEP A)	Thailand	Petroleum	0.25	0.25	PTTEPS	100%	100%	0.23	0.23	(0.12)	(0.05)	-	-
PTTEP Africa Investment Limited (PTTEP AI) ²	Cayman Islands	Petroleum	1.69	1.69	PTTEPH	100%	100%	1.53	1.58	(3,736.47)	(1,366.58)	-	-
PTTEP Rommana Company Limited (PTTEPR)	Cayman Islands	Petroleum	1.69	1.69	PTTEP AI	100%	100%	1.53	1.58	(478.62)	(332.06)	-	-
PTTEP Sidi Abd El Rahman Company Limited (PTTEP SAER)	Cayman Islands	Petroleum	1.69	1.69	PTTEP AI	100%	100%	1.53	1.58	(1,034.25)	(1,031.49)	-	-
PTTEP Australia Pty Limited (PTTEP AU) *	Australia	Petroleum	1.53	1.53	PTTEPH	100%	100%	1.38	1.43	(2,027.08)	(1,839.85)	-	-
PTTEP Bangladesh Limited (PTTEP BD)	Cayman Islands	Petroleum	1.67	1.67	PTTEPH	100%	100%	1.53	1.58	(346.17)	(344.54)	-	-
PTTEP South Asia Limited (PTTEP SA)	Cayman Islands	Petroleum	1.59	1.59	PTTEPH	100%	100%	1.53	1.58	(52.22)	1.09	-	-
PTTEP New Zealand Limited (PTTEP NZ)	Cayman Islands	Petroleum	1.70	1.70	PTTEPH	100%	100%	1.53	1.58	(584.29)	(420.57)	-	-
PTTEP Semai II Limited (PTTEP SM)	Cayman Islands	Petroleum	1.74	1.74	PTTEP ID	100%	100%	1.53	1.58	(2,295.16)	(2,216.26)	-	-
PTTEP Australia Perth Pty Limited (PTTEP AP) *	Australia	Petroleum	1.20	1.20	PTTEPH	100%	100%	1.07	1.11	(7,813.76)	956.51	-	-
Andaman Transportation Limited (ATL) ³	Cayman Islands	Gas pipeline transportation	-	1.74	PTTEPO	-	100%	-	1.58	-	(237.36)	-	-
PTTEP International Holding Company Limited (PTTEP IH)	Cayman Islands	Petroleum	1.77	1.77	PTTEPH	100%	100%	1.53	1.58	(8,519.77)	(6,368.72)	-	-
PTTEP Southwest Vietnam Pipeline Company Limited (PTTEP S/PC)	Cayman Islands	Gas pipeline transportation	1.64	1.64	PTTEPH	100%	100%	1.53	1.58	(5.23)	(1.19)	-	-
PTTEP FLNG Holding Company Limited (PTTEP FH)	Hong Kong	Petroleum	0.04	0.04	PTTEP IH	100%	100%	0.04	0.04	(517.01)	(215.31)	-	-
UV Shore Base Limited (UV Shore Base)	Cayman Islands	Petroleum	1.61	1.61	PTTEP IH	100%	100%	1.53	1.58	(106.20)	1.15	-	-
PTTEP Netherland Holding Limited (PTTEP NL)	Cayman Islands	Petroleum	1.61	1.61	PTTEP IH	100%	100%	1.53	1.58	(7,913.52)	(6,087.95)	-	-
UV Marine Limited (UV Marine)	Cayman Islands	Petroleum	1.61	1.61	PTTEP IH	100%	100%	1.53	1.58	34.05	(3.94)	-	-
PTTEP South Mandar Limited (PTTEP SMD)	Cayman Islands	Petroleum	1.61	1.61	PTTEP ID	100%	100%	1.53	1.58	(110.55)	(55.84)	-	-
PTTEP South Segeri Limited (PTTEP SS)	Cayman Islands	Petroleum	1.61	1.61	PTTEP ID	100%	100%	1.53	1.58	(84.21)	(55.11)	-	-
PTTEP Sadang Limited (PTTEP SD)	Cayman Islands	Petroleum	1.61	1.61	PTTEP ID	100%	100%	1.53	1.58	(114.53)	(89.41)	-	-
PTTEP Malunda Limited (PTTEP ML)	Cayman Islands	Petroleum	1.61	1.61	PTTEP ID	100%	100%	1.53	1.58	(462.60)	(327.68)	-	-
PTTEP Netherlands Coöperatie U.A. (PTTEP NC) ⁷	Netherlands	Petroleum	31,692.79	31,692.79	PTTEP IH	0.00005%	0.00005%	0.02	0.02	(43.75)	(58.77)	-	-
					PTTEP NL	99.99995%	99.99995%	30,633.12	31,692.77	24,337.21	25,873.29	-	-
PTTEP Canada Limited (PTTEP CA)	Canada	Petroleum	31,692.75	31,692.75	PTTEP NC	100%	100%	30,633.09	31,692.75	24,199.40	25,896.98	-	-
PTTEP Canada International Finance Limited (PTTEP CIF)	Canada	Petroleum	1.55	1.55	PTTEP NC	100%	100%	1.55	1.61	71.15	(113.25)	-	-
PTTEP MEA Limited (PTTEP MEA) ⁷	Cayman Islands	Petroleum	1.56	1.56	PTTEP	100%	100%	1.53	1.58	1.30	1.53	-	-
Cove Energy Public Company Limited **	England	Petroleum	647.23	-	PTTEP AI	100%	-	647.23	-	451.32	-	-	-

Unit: Million Baht

Company	Registered country	Type of business	Paid-in capital		Shareholding by	Percentage of interest		Investments				Dividends for the years ended	
			Dec. 31, 2012	Dec. 31, 2011		Dec. 31, 2012	Dec. 31, 2011	Cost Method		Equity Method		Dec. 31, 2012	Dec. 31, 2011
								Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011		
Associated Companies													
Energy Complex Company Limited (EnCo)	Thailand	Commerce	1,800.00	1,800.00	PTTEP	50%	50%	759.34	785.61	736.55	690.10	-	-
	Thailand	Services	150.00	150.00	PTTEP	20%	20%	24.14	24.97	113.25	69.12	-	-
	Australia	Services	33.77	33.77	PTTEP AAO	50%	50%	14.70	15.21	105.83	94.02	-	-
Jointly Controlled Entities													
Carigali - PTTEPI Operating Company Sdn Bhd. (CPOC)	Malaysia	Petroleum	3.68	3.68	PTTEPI	50%	50%	1.48	1.53	1.48	1.75	-	-
	Bermuda	Gas pipeline transportation	0.76	0.76	PTTEPO	25.5%	25.5%	0.23	0.24	2,118.44	1,943.85	3,919.95	3,039.91
Taninthayi Pipeline Company LLC (TPC)	Cayman Islands	Gas pipeline transportation	2.62	2.62	PTTEPO	19.3178%	19.3178%	245.24	253.73	1,502.27	1,398.73	2,641.69	2,085.91
	Thailand	Petroleum	100.00	100.00	PTTEPO	53.9496%	53.9496%	10,101.34	10,450.76	5,638.33	6,192.22	2,632.02	2,227.83
B832 Partners Limited (B832 Partners)	Thailand	Petroleum	110.00	110.00	PTTEPO	25.0009%	25.0009%	3,367.97	3,484.47	1,583.93	1,669.64	987.61	966.54
	Hong Kong	Petroleum	0.02	0.02	PTTEP FH	50%	50%	0.02	0.02	(515.68)	(214.51)	-	-
Erawan 2 FSO Bahamas Limited (Erawan 2)	Bahamas	Petroleum	0.003	0.003	JV Marine	13.11%	13.11%	682.69	369.77	728.76	372.04	-	-
	Canada	Petroleum	127,684.27	127,684.27	PTTEP CA	40%	40%	76,094.04	65,524.02	76,050.53	66,550.01	-	-
Leismer Aerodrome Limited (LAL) ⁵	Canada	Services	681.63	681.63	PTTEP CA	32%	40%	186.62	234.44	194.96	238.39	-	-
	Algeria	Petroleum	-	-	PTTEP AG	35%	35%	-	-	-	-	-	-
Groupement Bir Seba (GBRS)	Cayman Islands	Gas pipeline transportation	1.74	-	PTTEPO	80%	-	1.53	-	(799.70)	-	-	-
	Thailand	Petroleum	1,000.00	-	JV Shore Base	15.67%	-	154.56	-	50.99	-	-	-
NST Supply Base Company Limited (NST) ⁶													

Relationship: The Company directly or indirectly holds the shares in subsidiaries, associates, and jointly controlled entities. Subsidiaries' management teams are from the Company.

¹ As at December 24, 2010, PTTEPT has registered for the dissolution with the Ministry of Commerce and is in the process of liquidation.

² The name of PTTEP Egypt Company Limited (PTTEP EG) was changed to PTTEP Africa Investment Limited (PTTEP AI).

³ On January 5, 2012, PTTEP Offshore Investment Limited (PTTEPO) with Myanmar Oil and Gas Enterprise (MOGE) has entered into Shareholders Agreement with Andaman Transportation Limited (ATL) to invest in Zawtika gas transportation project. The MOGE's investment is under "the Agreement Establishing the Rights and Obligations of the Andaman Transportation Limited", which stated that, if MOGE exercised its rights to invest 20% of participating interest under the Production Sharing Contract, MOGE will have rights to invest in the common stock of ATL at the same proportion. As a result of entering into this agreement, the proportion of shareholders' interest of PTTEPO in ATL has been changed to 80% and MOGE has held another 20% shareholders interest effective on the date that both parties signed the agreement. The proportion change in the investment resulted in the change of ATL from a subsidiary to a jointly controlled entity. MOGE had paid for the actual participation interest totaling to US Dollar 6.22 million and paid for an increase in capital of its shareholders interest of US Dollar 12,500.

⁴ PTTEP AP's Associates are ShoreAir Pty Ltd and Troughton Island Pty Ltd.

⁵ On November 8, 2012, PTTEP CA has sold 8% of its interest in LAL to FCCL PARTNERSHIP which resulted in a decrease in its interest in LAL from 40% to 32%.

⁶ As at December 13, 2011, JV Shore Base Limited entered into an agreement with NST Supply Base Company Limited to purchase 19.5875% interests of NST Supply Based Company Limited. As at February 3, 2012, NST Supply Base Company Limited has increased its registered share capital which resulted in a decrease in the Group's interests to 15.67% and paid the full amount for capital of its shareholders interest.

⁷ As at December 31, 2012 PTTEP NC and PTTEP MEA have share receivables.

* Details of PTTEP AU's and PTTEP AP group's subsidiaries are as follows:

Company	Registered country	Percentage of interest
PTTEP Australia Pty Limited (PTTEP AU)'s subsidiaries		
PTTEP Australia Offshore Pty Limited (PTTEP AO)	Australia	100%
PTTEP Australia Perth Pty Limited (PTTEP AP) group's subsidiaries		
PTTEP Australia Browse Basin Pty Limited (PTTEP AB)	Australia	100%
PTTEP Australia International Finance Pty Ltd (PTTEP AIF)	Australia	100%
PTTEP Australasia Pty Limited (PTTEP AA)	Australia	100%
PTTEP Australia Timor Sea Pty Limited (PTTEP AT)	Australia	100%
PTTEP Australasia (Finance) Pty Ltd (PTTEP AAF)	Australia	100%
PTTEP Australasia (Petroleum) Pty Ltd (PTTEP AAP)	Australia	100%
Tullian Pty Ltd (PTTEP AAT)	Australia	100%
PTTEP Australasia (Operations) Pty Ltd (PTTEP AAO)	Australia	100%
PTTEP Australasia (Ashmore Cartier) Pty Ltd (PTTEP AAA)	Australia	100%
PTTEP Australasia (Staff) Pty Ltd (PTTEP AAS)	Australia	100%

** Details of Cove Energy Limited group's subsidiaries are as follows:

Company	Registered country	Percentage of interest
Cove Energy Mozambique Rovuma Onshore Limited	Cyprus	100%
Cove Energy East Africa Limited	Cyprus	100%
Cove Energy Mozambique Rovuma Offshore Limited	Cyprus	100%
Cove Mozambique Terra Limitada	Mozambique	100%
Cove Mozambique Energia Limitada	Mozambique	100%
Cove Energy Kenya Limited	Kenya	100%

14.2 Investments in Subsidiaries, Associates, and Jointly Controlled Entities

Changes of investments in subsidiaries and associates which are accounted for using the equity method for the consolidated financial statements and using the cost method for the Company's financial statements are as follows:

Unit: Million US Dollar

Unit: Million Baht

	Consolidated		Consolidated	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Net book value as at the beginning of the year	26.92	24.60	853.23	741.76
Share of net profit from investment after income taxes	4.66	2.42	144.70	74.87
Decrease in investment	(0.38)	(0.10)	(11.87)	(3.29)
Currency translation differences	-	-	(30.43)	39.89
Net book value as at the end of the year	31.20	26.92	955.63	853.23

Unit: Million US Dollar

Unit: Million Baht

	The Company		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Net book value as at the beginning of the year	641.82	641.77	20,339.84	19,350.00
Increase in investment	-	0.05	-	1.58
Currency translation differences	-	-	(680.07)	988.26
Net book value as at the end of the year	641.82	641.82	19,659.77	20,339.84

14.3 Investments in Subsidiaries

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

	Unit: Million US Dollar		Unit: Million Baht	
	The Company		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
PTTEP International Limited	516.38	516.38	15,817.66	16,364.82
PTTEP Services Limited	0.01	0.01	0.20	0.20
PTTEP Siam Limited	99.79	99.79	3,056.75	3,162.50
PTTEP Offshore Investment Company Limited	0.005	0.005	0.15	0.16
PTTEP MEA Limited	0.05	0.05	1.53	1.58
Total	616.24	616.24	18,876.29	19,529.26

14.4 Investments in Associates

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

	Unit: Million US Dollar		Unit: Million Baht	
	Consolidated		Consolidated	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Energy Complex Company Limited	24.05	21.77	736.55	690.10
PTT ICT Solutions Company Limited	3.70	2.18	113.25	69.11
PTTEP AP group's associates	3.45	2.97	105.83	94.02
Total	31.20	26.92	955.63	853.23

	Unit: Million US Dollar		Unit: Million Baht	
	The Company		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Energy Complex Company Limited	24.79	24.79	759.34	785.61
PTT ICT Solutions Company Limited	0.79	0.79	24.14	24.97
Total	25.58	25.58	783.48	810.58

Share of assets, liabilities, income and gains (losses) from associates as at December 31, 2012 and 2011 are as follows:

	Unit : Million US Dollar		PTTEP AP group's associates			
	EnCo		ICT		associates	
	2012	2011	2012	2011	2012	2011
Assets	121.26	121.58	11.66	9.92	3.16	2.61
Liabilities	93.05	96.55	7.62	7.55	0.47	0.43
Income	20.48	19.48	15.18	13.29	4.44	2.34
Gains	2.27	1.47	1.48	1.08	1.01	0.29

	Unit : Million Baht		PTTEP AP group's associates			
	EnCo		ICT		associates	
	2012	2011	2012	2011	2012	2011
Assets	3,714.35	3,853.03	357.18	314.53	96.64	82.68
Liabilities	2,850.37	3,059.83	233.54	239.24	14.34	13.69
Income	636.53	593.85	471.69	405.25	138.13	71.44
Gains	70.68	44.92	46.04	33.08	31.46	8.93

14.5 Investments in Jointly Controlled Entities

Investments in jointly controlled entities are recorded in the Company's financial statements using the cost method. The Company presents its share of the assets, liabilities, revenues and expenses of jointly controlled entities, together with similar items, under similar headings in the proportionate consolidated financial statements. The transactions of jointly controlled entities included in the Company's financial statements are as follows:

	CPOC		MGTC		TPC		Orange		B8/32 Partners		PTT FLNG	
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Statements of financial position :												
Current assets	8.50	1.03	38.29	31.67	24.53	19.84	145.76	147.49	37.44	34.50	1.41	3.20
Non-current assets	-	-	71.70	75.93	40.60	42.94	182.88	154.60	62.37	51.20	-	-
Current liabilities	(8.45)	(0.98)	(1.00)	(0.94)	(1.45)	(1.13)	(70.15)	(75.29)	(23.98)	(22.13)	(8.75)	(3.47)
Non-current liabilities	-	-	(39.83)	(45.32)	(13.62)	(16.56)	(98.42)	(63.48)	(31.30)	(20.17)	(9.50)	(6.50)
Net assets	0.05	0.05	69.16	61.34	50.06	45.09	160.07	163.32	44.53	43.40	(16.84)	(6.77)

Unit : Million US Dollar

	Erawan 2		KOSP		LAL		GBRS		ATL		NST	
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Statements of financial position :												
Current assets	2.65	3.98	120.72	93.99	0.46	0.31	27.96	3.30	16.09	-	2.05	-
Non-current assets	22.83	7.93	2,686.53	2,541.50	6.03	7.53	-	-	360.25	-	-	-
Current liabilities	(0.03)	(0.27)	(132.74)	(65.94)	(0.12)	(0.32)	(27.96)	(3.30)	(28.83)	-	(0.39)	-
Non-current liabilities	(1.91)	-	(585.17)	(595.62)	-	-	-	-	(359.86)	-	-	-
Net assets	23.54	11.64	2,089.34	1,973.93	6.37	7.52	-	-	(12.35)	-	1.66	-

Unit : Million US Dollar

Unit : Million US Dollar

	CPOC		MGTC		TPC		Orange		B8/32 Partners		PTT FLNG	
	For the years ended		For the years ended		For the years ended		For the years ended		For the years ended		For the years ended	
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Statements of income :												
Revenues	-	-	194.57	151.47	125.21	101.18	293.24	294.77	112.62	104.51	0.21	0.15
Expenses	-	-	(8.53)	(8.93)	(5.79)	(5.43)	(133.06)	(140.29)	(45.70)	(46.24)	(10.27)	(6.90)
Income (loss) before income taxes	-	-	186.04	142.54	119.42	95.75	160.18	154.48	66.92	58.27	(10.06)	(6.75)
Income taxes	-	-	(52.40)	(41.58)	(29.59)	(28.86)	(77.11)	(77.18)	(33.29)	(32.42)	-	-
Net income (loss)	-	-	133.64	100.96	89.83	66.89	83.07	77.30	33.63	25.85	(10.06)	(6.75)

Unit : Million US Dollar

	Erawan 2		KOSP		LAL		GBRS		ATL		NST	
	For the years ended		For the years ended		For the years ended		For the years ended		For the years ended		For the years ended	
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Statements of income :												
Revenues	2.11	0.001	259.37	149.99	1.65	1.76	-	-	0.03	-	-	-
Expenses	(0.82)	(0.025)	(318.18)	(196.30)	(1.46)	(1.50)	-	-	(6.65)	-	(3.31)	-
Income (loss) before income taxes	1.29	(0.024)	(58.81)	(48.31)	0.19	0.26	-	-	(6.62)	-	(3.31)	-
Income taxes	(0.01)	-	25.78	11.88	-	-	-	-	-	-	-	-
Net income (loss)	1.28	(0.024)	(33.03)	(36.43)	0.19	0.26	-	-	(6.62)	-	(3.31)	-

Unit: Million Baht

	CPOC		MGTC		TPC		Orange		B8/32 Partners		PTT FLNG	
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Statements of financial position :												
Current assets	260.41	32.68	1,173.03	1,003.74	751.25	628.87	4,464.80	4,674.03	1,146.81	1,093.31	43.30	101.35
Non-current assets	-	-	2,196.40	2,406.17	1,243.77	1,361.02	5,601.90	4,899.31	1,910.62	1,622.57	-	-
Current liabilities	(258.95)	(30.33)	(30.88)	(29.91)	(44.39)	(35.94)	(2,148.81)	(2,385.99)	(734.75)	(701.33)	(267.97)	(109.92)
Non-current liabilities	-	-	(1,220.11)	(1,436.16)	(417.14)	(524.86)	(3,014.63)	(2,011.60)	(958.66)	(639.13)	(291.00)	(205.99)
Net assets	1.46	1.75	2,118.44	1,943.84	1,533.49	1,429.09	4,903.26	5,175.75	1,364.02	1,375.42	(515.67)	(214.56)

Unit: Million Baht

	Erawan 2		KOSP		LAL		GBRS		ATL		NST	
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Statements of financial position :												
Current assets	81.07	126.13	3,697.86	2,978.55	13.99	9.72	856.34	104.68	492.94	-	62.99	-
Non-current assets	699.47	251.37	82,292.77	80,543.29	184.78	238.84	-	-	11,034.98	-	-	-
Current liabilities	(0.82)	(8.49)	(4,066.12)	(2,089.81)	(3.81)	(10.17)	(856.34)	(104.68)	(883.12)	-	(12.01)	-
Non-current liabilities	(58.51)	-	(17,924.58)	(18,875.76)	-	-	-	-	(11,023.16)	-	-	-
Net assets	721.21	369.01	63,999.93	62,556.27	194.96	238.39	-	-	(378.36)	-	(50.98)	-

Unit: Million Baht

	CPOC		MGTC		TPC		Orange		B8/32 Partners		PTT FLNG	
	For the years ended		For the years ended		For the years ended		For the years ended		For the years ended		For the years ended	
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Statements of income :												
Revenues	-	-	6,049.94	4,614.44	3,891.77	3,083.46	9,115.66	8,975.63	3,500.70	3,183.64	6.36	4.70
Expenses	-	-	(264.99)	(272.53)	(179.96)	(165.75)	(4,133.11)	(4,277.58)	(1,419.55)	(1,409.77)	(317.04)	(210.89)
Income (loss) before income taxes	-	-	5,784.95	4,341.91	3,711.81	2,917.71	4,982.55	4,698.05	2,081.15	1,773.87	(310.68)	(206.19)
Income taxes	-	-	(1,625.67)	(1,267.48)	(917.39)	(879.28)	(2,399.90)	(2,346.34)	(1,036.02)	(985.22)	-	-
Net income (loss)	-	-	4,159.28	3,074.43	2,794.42	2,038.43	2,582.65	2,351.71	1,045.13	788.65	(310.68)	(206.19)

Unit: Million Baht

	Erawan 2		KOSP		LAL		GBRS		ATL		NST	
	For the years ended		For the years ended		For the years ended		For the years ended		For the years ended		For the years ended	
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2011
Statements of income :												
Revenues	65.24	0.04	8,053.41	4,584.50	51.27	53.54	-	-	0.88	-	0.10	-
Expenses	(25.57)	(0.78)	(9,874.66)	(6,026.32)	(45.32)	(45.72)	-	-	(206.71)	-	(101.45)	-
Income (loss) before income taxes	39.67	(0.74)	(1,821.25)	(1,441.82)	5.95	7.82	-	-	(205.83)	-	(101.35)	-
Income taxes	(0.31)	-	805.12	358.94	-	-	-	-	-	-	-	-
Net income (loss)	39.36	(0.74)	(1,016.13)	(1,082.88)	5.95	7.82	-	-	(205.83)	-	(101.35)	-

15. Property, Plant and Equipment - Net

Unit: Million US Dollar

	Consolidated					Total
	Oil and Gas Properties			Pipeline	Others	
	Proved Properties and Related Producing Properties	Support Equipment and Facilities	Decommissioning Costs			
<u>Historical cost</u>						
Balance as at January 1, 2011	10,684.53	119.87	750.55	204.56	94.10	11,853.61
Acquisition	1,383.85	13.82	0.54	-	-	1,398.21
Increase	1,937.94	20.87	37.26	149.27	20.37	2,165.71
Transfer	271.42	-	11.14	-	-	282.56
Decrease	(140.53)	(0.95)	(104.32)	-	(5.20)	(251.00)
Currency translation differences*	(33.27)	(0.28)	(0.23)	-	-	(33.78)
Balance as at December 31, 2011	14,103.94	153.33	694.94	353.83	109.27	15,415.31
Acquisition	-	1.65	-	-	-	1.65
Increase	2,553.90	18.35	338.06	162.30	22.80	3,095.41
Transfer	88.47	-	-	-	-	88.47
Decrease	(86.54)	(4.09)	(0.66)	-	(2.28)	(93.57)
Currency translation differences*	44.01	0.41	0.29	-	-	44.71
Balance as at December 31, 2012	16,703.78	169.65	1,032.63	516.13	129.79	18,551.98
<u>Accumulated depreciation</u>						
Balance as at January 1, 2011	(4,575.18)	(78.02)	(284.06)	(84.40)	(24.54)	(5,046.20)
Depreciation for the year	(968.36)	(13.10)	(57.40)	(6.88)	(8.13)	(1,053.87)
Decrease	2.29	0.37	-	-	4.65	7.31
Currency translation differences*	(0.50)	(0.91)	(0.12)	-	-	(1.53)
Balance as at December 31, 2011	(5,541.75)	(91.66)	(341.58)	(91.28)	(28.02)	(6,094.29)
Depreciation for the year	(1,246.12)	(14.28)	(42.72)	(6.94)	(9.61)	(1,319.67)
Decrease	33.91	1.83	6.06	-	1.51	43.31
Currency translation differences*	(1.01)	(0.05)	(0.01)	-	-	(1.07)
Balance as at December 31, 2012	(6,754.97)	(104.16)	(378.25)	(98.22)	(36.12)	(7,371.72)
<u>Allowance for impairment of assets</u>						
Balance as at January 1, 2011	(12.79)	-	-	-	-	(12.79)
Increase	(7.18)	(0.10)	-	-	-	(7.28)
Decrease	(0.04)	-	-	-	-	(0.04)
Balance as at December 31, 2011	(20.01)	(0.10)	-	-	-	(20.11)
Increase	(196.86)	-	-	-	-	(196.86)
Decrease	7.68	-	-	-	-	7.68
Balance as at December 31, 2012	(209.19)	(0.10)	-	-	-	(209.29)
Net book value as at December 31, 2011	8,542.18	61.57	353.36	262.55	81.25	9,300.91
Net book value as at December 31, 2012	9,739.62	65.39	654.38	417.91	93.67	10,970.97

Depreciation included in the statement of income for the year ended December 31, 2011

US Dollar 1,053.87 million

Depreciation included in the statement of income for the year ended December 31, 2012

US Dollar 1,319.67 million

* Net foreign exchange rate differences in translating financial statements.

Unit: Million Baht

	Consolidated					Total
	Oil and Gas Properties			Pipeline	Others	
	Proved Properties and Related Producing Properties	Support Equipment and Facilities	Decommissioning Costs			
<u>Historical cost</u>						
Balance as at January 1, 2011	322,152.44	3,614.18	22,630.23	6,167.66	2,837.31	357,401.82
Acquisition	41,724.99	416.68	16.14	-	-	42,157.81
Increase	59,602.49	643.07	1,171.16	4,576.13	623.34	66,616.19
Transfer	8,183.71	-	335.98	-	-	8,519.69
Decrease	(4,393.39)	(29.58)	(3,306.00)	-	(157.04)	(7,886.01)
Currency translation differences*	19,700.45	214.97	1,175.89	469.55	159.23	21,720.09
Balance as at December 31, 2011	446,970.69	4,859.32	22,023.40	11,213.34	3,462.84	488,529.59
Acquisition	-	51.86	-	-	-	51.86
Increase	79,203.65	565.19	10,350.54	5,102.97	712.00	95,934.35
Transfer	2,749.05	-	-	-	-	2,749.05
Decrease	(2,677.56)	(126.71)	(20.46)	-	(70.82)	(2,895.55)
Currency translation differences*	(14,582.20)	(152.84)	(722.37)	(506.57)	(128.21)	(16,092.19)
Balance as at December 31, 2012	511,663.63	5,196.82	31,631.11	15,809.74	3,975.81	568,277.11
<u>Accumulated depreciation</u>						
Balance as at January 1, 2011	(137,947.88)	(2,352.47)	(8,564.87)	(2,544.74)	(739.81)	(152,149.77)
Depreciation for the year	(29,516.39)	(399.27)	(1,748.58)	(209.74)	(247.87)	(32,121.85)
Decrease	69.20	9.88	-	-	140.42	219.50
Currency translation differences*	(8,229.64)	(163.10)	(511.68)	(138.23)	(40.56)	(9,083.21)
Balance as at December 31, 2011	(175,624.71)	(2,904.96)	(10,825.13)	(2,892.71)	(887.82)	(193,135.33)
Depreciation for the year	(38,738.85)	(444.13)	(1,327.56)	(215.58)	(298.67)	(41,024.79)
Decrease	1,052.32	56.77	186.05	-	46.67	1,341.81
Currency translation differences*	6,395.43	101.69	380.19	99.86	33.29	7,010.46
Balance as at December 31, 2012	(206,915.81)	(3,190.63)	(11,586.45)	(3,008.43)	(1,106.53)	(225,807.85)
<u>Allowance for impairment of assets</u>						
Balance as at January 1, 2011	(385.52)	-	-	-	-	(385.52)
Increase	(218.50)	(6.51)	-	-	-	(225.01)
Decrease	(6.55)	-	-	-	-	(6.55)
Currency translation differences*	(23.46)	3.34	-	-	-	(20.12)
Balance as at December 31, 2011	(634.03)	(3.17)	-	-	-	(637.20)
Increase	(6,134.03)	-	-	-	-	(6,134.03)
Decrease	219.79	-	-	-	-	219.79
Currency translation differences*	140.56	-	-	-	-	140.56
Balance as at December 31, 2012	(6,407.71)	(3.17)	-	-	-	(6,410.88)
Net book value as at December 31, 2011	270,711.95	1,951.19	11,198.27	8,320.63	2,575.02	294,757.06
Net book value as at December 31, 2012	298,340.11	2,003.02	20,044.66	12,801.31	2,869.28	336,058.38

Depreciation included in the statement of income for the year ended December 31, 2011

Baht 32,121.85 million

Depreciation included in the statement of income for the year ended December 31, 2012

Baht 41,024.79 million

* Net foreign exchange rate differences in translating financial statements.

Impairment of Assets

Assets that are subject to amortization are reviewed for impairment whenever events or change in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost to sell or value in use.

During the year ended December 31, 2012, PTTEP Australasia Pty Limited recognized the impairment loss of US Dollar 204 million due to the increase of the Montara project cost, the change and the delay in the first oil production to the end of the first quarter of 2013. The recoverable amount used in assessing the impairment loss is based on fair value less cost to sell. The group estimates fair value less cost to sell using discounted cash flow over the life of the project. The cash flow projections are based on a proved and probable reserve production profile and various estimates and assumptions. The key assumptions used in the cash flow projections include the oil prices, exchange rates, discount rates, and capital expenditure, etc.

The short term oil price was determined based on the forward price curve and long term oil price was determined based on long-term view of global supply and demand, building upon past experience of the industry and consistent with external sources. For the exchange rate, the Company used the forward prices of United States dollars/Australian dollars. The Company used the weighted average cost of capital of 8.27% as a discount rate and the capital expenditure was determined based on forecasts by project management team. The Company expects that the Montara production will be commenced in the first quarter of 2013.

Unit: Million US Dollar

	The Company				Total
	Oil and Gas Properties			Others	
	Proved Properties and Related Producing Properties	Support Equipment and Facilities	Decommissioning Costs		
<u>Historical cost</u>					
Balance as at January 1, 2011	4,971.42	53.17	341.88	68.55	5,435.02
Increase	821.99	3.86	-	10.07	835.92
Decrease	(15.41)	(0.06)	(69.51)	(5.21)	(90.19)
Balance as at December 31, 2011	5,778.00	56.97	272.37	73.41	6,180.75
Increase	1,003.63	2.28	210.65	10.77	1,227.33
Decrease	(38.01)	(0.58)	(0.42)	(2.12)	(41.13)
Balance as at December 31, 2012	6,743.62	58.67	482.60	82.06	7,366.95
<u>Accumulated depreciation</u>					
Balance as at January 1, 2011	(2,527.23)	(35.59)	(132.35)	(19.18)	(2,714.35)
Depreciation for the year	(540.99)	(4.95)	(34.75)	(6.67)	(587.36)
Decrease	1.27	-	-	4.65	5.92
Balance as at December 31, 2011	(3,066.95)	(40.54)	(167.10)	(21.20)	(3,295.79)
Depreciation for the year	(656.76)	(3.22)	(17.40)	(7.40)	(684.78)
Decrease	31.83	0.18	5.94	1.51	39.46
Balance as at December 31, 2012	(3,691.88)	(43.58)	(178.56)	(27.09)	(3,941.11)
Net book value as at December 31, 2011	2,711.05	16.43	105.27	52.21	2,884.96
Net book value as at December 31, 2012	3,051.74	15.09	304.04	54.97	3,425.84

Depreciation included in the statement of income for the year ended December 31, 2011 US Dollar 587.36 million

Depreciation included in the statement of income for the year ended December 31, 2012 US Dollar 684.78 million

Unit: Million Baht

	The Company				Total
	Oil and Gas Properties			Others	
	Proved Properties and Related Producing Properties	Support Equipment and Facilities	Decommissioning Costs		
<u>Historical cost</u>					
Balance as at January 1, 2011	149,894.78	1,602.99	10,308.19	2,066.83	163,872.79
Increase	25,177.37	118.52	-	311.55	25,607.44
Decrease	(467.80)	(1.84)	(2,203.00)	(157.04)	(2,829.68)
Currency translation differences *	8,507.33	85.77	526.44	105.26	9,224.80
Balance as at December 31, 2011	183,111.68	1,805.44	8,631.63	2,326.60	195,875.35
Increase	31,062.62	70.06	6,452.45	331.74	37,916.87
Decrease	(1,182.47)	(17.73)	(12.81)	(65.92)	(1,278.93)
Currency translation differences *	(6,423.96)	(60.41)	(288.60)	(78.76)	(6,851.73)
Balance as at December 31, 2012	206,567.87	1,797.36	14,782.67	2,513.66	225,661.56
<u>Accumulated depreciation</u>					
Balance as at January 1, 2011	(76,199.27)	(1,072.95)	(3,990.49)	(578.31)	(81,841.02)
Depreciation for the year	(16,484.47)	(151.02)	(1,058.50)	(203.52)	(17,897.51)
Decrease	37.29	-	-	140.42	177.71
Currency translation differences *	(4,548.94)	(60.87)	(246.41)	(30.60)	(4,886.82)
Balance as at December 31, 2011	(97,195.39)	(1,284.84)	(5,295.40)	(672.01)	(104,447.64)
Depreciation for the year	(20,426.08)	(100.41)	(540.79)	(229.41)	(21,296.69)
Decrease	987.97	5.63	182.11	46.59	1,222.30
Currency translation differences *	3,545.18	44.59	184.64	25.04	3,799.45
Balance as at December 31, 2012	(113,088.32)	(1,335.03)	(5,469.44)	(829.79)	(120,722.58)
Net book value as at December 31, 2011	85,916.29	520.60	3,336.23	1,654.59	91,427.71
Net book value as at December 31, 2012	93,479.55	462.33	9,313.23	1,683.87	104,938.98

Depreciation included in the statement of income for the year ended December 31, 2011 Baht 17,897.51 million

Depreciation included in the statement of income for the year ended December 31, 2012 Baht 21,296.69 million

* Net foreign exchange rate differences in translating financial statements.

16. Carried Costs under Petroleum Sharing Contract

As at December 31, 2012, the Group presented carried costs paid to foreign governments under oil and gas properties and other non-current assets in the statement of financial position and presented exploration expenses in the statement of income for the following projects:

Unit: Million US Dollar

Projects	Consolidated		
	Carried Cost		
	Oil and Gas Properties	Other Non-Current Assets	Exploration Expenses (Cumulative since 2002 - December 31, 2012)
Vietnam 52/97	-	1.01	-
Vietnam B & 48/95	-	1.06	-
Vietnam 16-1	25.82	-	35.49
Vietnam 9-2	33.18	-	19.93
Algeria 433a & 416b	8.11	-	12.31
Algeria Hassi Ber Rekaiz	34.32	-	8.44
Myanmar PSC-G & EP-2	0.36	-	0.17
Mozambique Rovuma Offshore Area 1	26.28	-	4.60
Mozambique Rovuma Onshore	0.03	-	0.60

Unit: Million Baht

Projects	Consolidated		
	Carried Cost		
	Oil and Gas Properties	Other Non-Current Assets	Exploration Expenses (Cumulative since 2002 - December 31, 2012)
Vietnam 52/97	-	30.90	-
Vietnam B & 48/95	-	32.34	-
Vietnam 16-1	790.91	-	1,268.59
Vietnam 9-2	1,016.26	-	791.82
Algeria 433a & 416b	248.28	-	412.37
Algeria Hassi Ber Rekaiz	1,051.34	-	259.38
Myanmar PSC-G & EP-2	10.95	-	5.22
Mozambique Rovuma Offshore Area 1	804.85	-	141.21
Mozambique Rovuma Onshore	0.77	-	18.40

As at December 31, 2012, Vietnam 16-1 and Vietnam 9-2 projects had received the full recoupment of the carried cost from the recoupment based on its participating interests.

Unit: Million US Dollar

The Company			
Projects	Carried Cost		
	Oil and Gas Properties	Other Non-Current Assets	Exploration Expenses (Cumulative since 2002 - December 31, 2012)
Algeria Hassi Ber Rekaiz	34.32	-	8.44

Unit: Million Baht

The Company			
Projects	Carried Cost		
	Oil and Gas Properties	Other Non-Current Assets	Exploration Expenses (Cumulative since 2002 - December 31, 2012)
Algeria Hassi Ber Rekaiz	1,051.34	-	259.38

17. Goodwill

	Consolidated	
	Unit: Million US Dollar	Unit: Million Baht
<u>Historical Cost</u>		
Balance as at January 1, 2011	7.31	220.52
Acquisition	336.81	10,155.32
Currency translation differences *	(14.42)	72.59
Balance as at December 31, 2011	329.70	10,448.43
Acquisition	570.58	17,980.52
Currency translation differences *	8.27	(598.48)
Balance as at December 31, 2012	908.55	27,830.47
<u>Allowance for impairment of assets</u>		
Balance as at December 31, 2011	-	-
Increase	(7.31)	(231.51)
Decrease	-	-
Currency translation differences *	-	7.48
Balance as at December 31, 2012	(7.31)	(224.03)
Net Book Value as at December 31, 2011	329.70	10,448.43
Net Book Value as at December 31, 2012	901.24	27,606.44

* Net foreign exchange rate differences in translating financial statements.

18. Intangible Assets, Net

Unit: Million US Dollar

	Consolidated		
	Exploration and Evaluation Assets	Other Intangible Assets	Total
<u>Historical Cost</u>			
Balance as at January 1, 2011	172.61	29.41	202.02
Acquisition	1,140.57	-	1,140.57
Increase	191.10	24.60	215.70
Transfer	(282.57)	-	(282.57)
Decrease	(96.06)	(0.36)	(96.42)
Currency translation differences *	(18.16)	-	(18.16)
Balance as at December 31, 2011	1,107.49	53.65	1,161.14
Acquisition	2,037.75	-	2,037.75
Increase	157.89	30.98	188.87
Transfer	(88.47)	-	(88.47)
Decrease	(56.60)	(0.01)	(56.61)
Currency translation differences *	22.55	-	22.55
Balance as at December 31, 2012	3,180.61	84.62	3,265.23
<u>Accumulated amortization</u>			
Balance as at January 1, 2011	-	(18.83)	(18.83)
Amortization for the year	-	(2.40)	(2.40)
Decrease	-	0.13	0.13
Balance as at December 31, 2011	-	(21.10)	(21.10)
Amortization for the year	-	(2.01)	(2.01)
Decrease	-	0.01	0.01
Balance as at December 31, 2012	-	(23.10)	(23.10)
<u>Provision for impairment losses</u>			
Balance as at January 1, 2011	-	-	-
Increase	(9.87)	-	(9.87)
Decrease	6.38	-	6.38
Balance as at December 31, 2011	(3.49)	-	(3.49)
Increase	-	-	-
Decrease	0.03	-	0.03
Balance as at December 31, 2012	(3.46)	-	(3.46)
Net Book Value as at December 31, 2011	1,104.00	32.55	1,136.55
Net Book Value as at December 31, 2012	3,177.15	61.52	3,238.67

* Net foreign exchange rate differences in translating financial statements.

Unit: Million Baht

	Consolidated		
	Exploration and Evaluation Assets	Other Intangible Assets	Total
<u>Historical cost</u>			
Balance as at January 1, 2011	5,204.29	886.79	6,091.08
Acquisition	34,389.67	-	34,389.67
Increase	5,864.59	766.59	6,631.18
Transfer	(8,519.69)	-	(8,519.69)
Decrease	(2,940.57)	(11.30)	(2,951.87)
Currency translation differences *	1,099.43	58.22	1,157.65
Balance as at December 31, 2011	35,097.72	1,700.30	36,798.02
Acquisition	64,214.49	-	64,214.49
Increase	4,154.22	955.19	5,109.41
Transfer	(2,749.05)	-	(2,749.05)
Decrease	(1,764.06)	(0.36)	(1,764.42)
Currency translation differences *	(1,526.13)	(63.07)	(1,589.20)
Balance as at December 31, 2012	97,427.19	2,592.06	100,019.25
<u>Accumulated amortization</u>			
Balance as at January 1, 2011	-	(567.75)	(567.75)
Amortization for the year	-	(72.16)	(72.16)
Decrease	-	4.04	4.04
Currency translation differences *	-	(32.84)	(32.84)
Balance as at December 31, 2011	-	(668.71)	(668.71)
Amortization for the year	-	(62.57)	(62.57)
Decrease	-	0.36	0.36
Currency translation differences *	-	23.22	23.22
Balance as at December 31, 2012	-	(707.70)	(707.70)
<u>Provision for impairment losses</u>			
Balance as at January 1, 2011	-	-	-
Increase	(304.17)	-	(304.17)
Decrease	194.68	-	194.68
Currency translation differences *	(1.04)	-	(1.04)
Balance as at December 31, 2011	(110.53)	-	(110.53)
Decrease	1.04	-	1.04
Currency translation differences *	3.69	-	3.69
Balance as at December 31, 2012	(105.80)	-	(105.80)
Net Book Value as at December 31, 2011	34,987.19	1,031.59	36,018.78
Net Book Value as at December 31, 2012	97,321.39	1,884.36	99,205.75

* Net foreign exchange rate differences in translating financial statements.

Unit: Million US Dollar

	The Company		
	Exploration and Evaluation Assets	Other Intangible Assets	Total
<u>Historical cost</u>			
Balance as at January 1, 2011	0.31	24.67	24.98
Increase	10.50	24.37	34.87
Balance as at December 31, 2011	10.81	49.04	59.85
Increase	56.39	30.09	86.48
Decrease	(7.92)	-	(7.92)
Balance as at December 31, 2012	59.28	79.13	138.41
<u>Accumulated amortization</u>			
Balance as at January 1, 2011	-	(16.14)	(16.14)
Amortization for the year	-	(2.06)	(2.06)
Balance as at December 31, 2011	-	(18.20)	(18.20)
Amortization for the year	-	(1.70)	(1.70)
Balance as at December 31, 2012	-	(19.90)	(19.90)
Net Book Value as at December 31, 2011	10.81	30.84	41.65
Net Book Value as at December 31, 2012	59.28	59.23	118.51

Unit: Million Baht

	The Company		
	Exploration and Evaluation Assets	Other Intangible Assets	Total
<u>Historical Cost</u>			
Balance as at January 1, 2011	9.43	743.80	753.23
Increase	327.10	756.44	1,083.54
Currency translation differences *	6.06	53.84	59.90
Balance as at December 31, 2011	342.59	1,554.08	1,896.67
Increase	1,748.78	927.77	2,676.55
Decrease	(250.70)	-	(250.70)
Currency translation differences *	(24.87)	(57.96)	(82.83)
Balance as at December 31, 2012	1,815.80	2,423.89	4,239.69
<u>Accumulated Amortization</u>			
Balance as at January 1, 2011	-	(486.73)	(486.73)
Amortization for the year	-	(62.66)	(62.66)
Currency translation differences *	-	(27.34)	(27.34)
Balance as at December 31, 2011	-	(576.73)	(576.73)
Amortization for the year	-	(52.78)	(52.78)
Currency translation differences *	-	20.00	20.00
Balance as at December 31, 2012	-	(609.51)	(609.51)
Net Book Value as at December 31, 2011	342.59	977.35	1,319.94
Net Book Value as at December 31, 2012	1,815.80	1,814.38	3,630.18

* Net foreign exchange rate differences in translating financial statements.

19. Income Taxes and Deferred Income Taxes

Income tax rates for the Group are as follows:

	Tax Rate (%)
Petroleum income tax on petroleum businesses in Thailand pursuant to Petroleum Income Tax Act B.E. 2514 and 2532	50
Income tax under Revenue Code	15 - 30 (for 2011), 20 - 30 (for 2012), 20 - 23 (for 2013), 20 (commencing 2014)
Corporate Income tax in the Union of Myanmar	30
Corporate Income tax from the Petroleum business in the Thai - Malaysia co-development area under the Petroleum Income Tax Act (No.5) B.E. 2541	
- From first to eighth accounting period	0
- From ninth to fifteenth accounting period	10
- From sixteenth onward	20
Corporate Income tax in the Republic of Vietnam	50
Corporate income tax in Australia	30
Petroleum Resource Rent Tax in Australia	40
Corporate income tax in the Sultanate of Oman	55
Corporate income tax in Canada	26.5 (for 2011), 25 (commencing 2012)
Corporate income tax in Netherlands	25
Corporate income tax in the Republic of Kenya	30
Corporate income tax in the Republic of Mozambique	24 (for the first eight year after production commencing) 32 (from year ninth after production commencing)

Royal Decree Issued under Revenue Code Governing Reduction of Rates and Exemption of Taxes and Duties (No.530) B.E.2554 to reduce of the corporate income tax rate of 30% to 23% for the accounting period beginning on or after January 1, 2012 and to 20% for the two following accounting periods beginning on or after January 1, 2013.

Subsequently, the Federation of Accounting Professions (FAP) has published the announcement to clarify the tax rate used in deferred tax calculation for deferred tax assets and liabilities under the Royal Decree for the future tax benefit for the year 2012 of 23% and 2013 onward of 20%.

19.1 Deferred income tax assets and liabilities for the years ended December 31, 2012 and 2011 are as follows:

Unit : Million US Dollar

	Consolidated		The Company	
	2012	2011	2012	2011
Deferred income tax assets	380.98	510.60	14.93	21.28
Deferred income tax liabilities	1,512.78	918.67	266.48	182.46
	(1,131.80)	(408.07)	(251.55)	(161.18)

Unit : Million Baht

	Consolidated		The Company	
	2012	2011	2012	2011
Deferred income tax assets	11,670.13	16,181.63	457.30	674.54
Deferred income tax liabilities	46,339.00	29,113.63	8,162.88	5,782.37
	(34,668.87)	(12,932.00)	(7,705.58)	(5,107.83)

19.2 The corporate income taxes in statement of income in the consolidated and the Company financial statements for the years ended December 31, 2012 and 2011 are as follows:

Unit : Million US Dollar

	Consolidated		The Company	
	2012	2011	2012	2011
Income Taxes :				
Current tax expenses	1,276.77	1,093.02	621.76	606.83
Prior year tax expenses recognized in current period	(3.65)	7.63	(2.55)	3.22
	1,273.12	1,100.65	619.21	610.05
Deferred Income Taxes :				
Temporary differences change	116.03	(99.74)	120.71	8.27
Decrease of income tax rate *	-	14.22	-	7.29
Tax Effect of currency translation on tax base	(34.96)	132.23	(25.63)	94.02
	81.07	46.71	95.08	109.58
Total	1,354.19	1,147.36	714.29	719.63

Unit : Million Baht

	Consolidated		The Company	
	2012	2011	2012	2011
Income Taxes :				
Current tax expenses	39,667.72	33,306.07	19,314.57	18,491.05
Prior year tax expenses recognized in current period	(114.50)	230.83	(79.87)	97.53
	39,553.22	33,536.90	19,234.70	18,588.58
Deferred Income Taxes :				
Temporary differences change	3,590.62	(2,992.19)	3,724.75	268.17
Decrease of income tax rate *	-	434.42	-	223.53
Tax Effect of currency translation on tax base	(1,023.72)	4,065.73	(747.64)	2,889.55
	2,566.90	1,507.96	2,977.11	3,381.25
Total	42,120.12	35,044.86	22,211.81	21,969.83

* Royal Decree Issued under Revenue Code Governing Reduction of Rates and Exemption of Taxes and Duties (No.530) B.E.2554 on December 21, 2011 to reduce of the corporate income tax rate, which affects the measurement of deferred tax assets and liabilities in the financial statements. Subsequently, the Federation of Accounting Professions (FAP) has published the announcement to clarify the tax rate used in deferred tax calculation for deferred tax assets and liabilities under the Royal Decree for the future tax benefit for the year 2012 of 23% and 2013 onward of 20%. The Group recognized the impact of corporate income tax rate changes in the statement of income.

19.3 The tax on the Group's income before income tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Company are as follows:

Unit : Million US Dollar

	Consolidated		The Company	
	2012	2011	2012	2011
Income before income taxes	3,199.71	2,615.61	2,214.95	1,768.63
Tax calculated at a tax rate of 50%	1,599.85	1,307.81	1,107.47	884.31
Tax effect of :				
Associates' results reported, net of tax	(2.33)	(1.22)	-	-
Income not subject to tax	(81.39)	(71.11)	(86.14)	(72.43)
Undeductible expenses - Corporate income tax	(1.62)	0.71	(3.90)	(1.54)
Undeductible expenses - Petroleum tax	273.62	258.08	219.85	203.22
Undeductible expenses - Foreign income tax	195.00	8.77	-	-
Tax loss for which no deferred income tax asset was recognized	86.38	66.10	-	-
Differences between income tax rate on undeductible expenses - Corporate income tax	(2.25)	4.64	74.38	1.89
Differences between taxes rate on income before income tax - Corporate income tax	(98.38)	(112.00)	(90.56)	(31.55)
Remeasurement of gain on exchange rate of US Dollar financial statement	(2.39)	25.49	(5.02)	22.55
Remeasurement of gain on exchange rate of Baht financial statement	(31.39)	23.75	(27.08)	38.86
Deferred tax on functional currency	(34.96)	138.05	(25.63)	94.02
Tax credit on petroleum royalty	(538.52)	(468.82)	(429.74)	(379.29)
Tax credit on foreign corporate income tax	(43.10)	(51.39)	-	-
Remeasurement of deferred tax - Change in tax rate	3.19	14.22	2.01	7.29
Adjustment in respect of prior year	(13.53)	4.66	(2.37)	3.23
Difference in tax rate of the Group's operating business	(23.95)	(12.41)	-	-
Others	69.96	12.03	(18.98)	(50.93)
Income tax	1,354.19	1,147.36	714.29	719.63

Unit : Million Baht

	Consolidated		The Company	
	2012	2011	2012	2011
Income before income taxes	99,436.08	79,792.92	68,709.86	54,046.78
Tax calculated at a tax rate of 50%	49,718.04	39,896.46	34,354.93	27,023.39
Tax effect of :				
Associates' results reported, net of tax	(72.36)	(37.06)	-	-
Income not subject to tax	(2,529.47)	(2,169.44)	(2,672.10)	(2,213.28)
Undeductible expenses - Corporate income tax	(50.46)	21.76	(121.09)	(47.12)
Undeductible expenses - Petroleum tax	8,503.25	7,873.06	6,819.94	6,209.96
Undeductible expenses - Foreign income tax	6,060.01	267.50	-	-
Tax loss for which no deferred income tax asset was recognized	2,684.33	2,016.35	-	-
Differences between income tax rate on undeductible expenses - Corporate income tax	(69.79)	141.51	2,307.46	57.82
Differences between taxes rate on income before income tax - Corporate income tax	(3,057.46)	(3,416.61)	(2,809.15)	(964.02)
Remeasurement of gain on exchange rate of US Dollar financial statement	(74.42)	777.61	(155.72)	689.02
Remeasurement of gain on exchange rate of Baht financial statement	(975.45)	724.54	(840.13)	1,187.63
Deferred tax on functional currency	(1,086.33)	4,211.56	(795.19)	2,873.18
Tax credit on petroleum royalty	(16,735.37)	(14,302.08)	(13,330.91)	(11,590.62)
Tax credit on foreign corporate income tax	(1,339.45)	(1,567.77)	-	-
Remeasurement of deferred tax - Change in tax rate	99.05	433.73	62.29	222.80
Adjustment in respect of prior year	(420.35)	142.18	(73.46)	98.55
Difference in tax rate of the Group's operating business	(744.16)	(378.43)	-	-
Others	2,210.51	409.99	(535.06)	(1,577.48)
Income tax	42,120.12	35,044.86	22,211.81	21,969.83

19.4 Changes in deferred income tax assets and liabilities are as follows:

Unit : Million US Dollar

	Consolidated				December 31, 2012
	January 1, 2012	The statement of income	Shareholders' equity	Others	
Deferred income tax assets :					
Amortization of decommissioning costs and currency translation differences from decommissioning costs	111.67	(14.76)	-	-	96.91
Provision for employee benefits	1.86	0.45	0.04	-	2.35
Property, plant and equipment and intangible assets	(13.54)	(4.27)	-	-	(17.81)
Petroleum Resource Rent Tax in Australia	235.51	(120.18)	-	(64.59)	50.74
Loss carried forward	293.01	(5.28)	-	-	287.73
Unrealized foreign exchange	(38.26)	(9.24)	-	-	(47.50)
Revaluation in value of oil and gas properties according to Australian law	(63.39)	(22.23)	-	-	(85.62)
Financial derivative	22.71	(12.36)	4.70	-	15.05
Others	(52.83)	111.23	-	-	58.40
	496.74	(76.64)	4.74	(64.59)	360.25
Tax Effect of currency translation on tax base	13.86	6.87	-	-	20.73
Total	510.60	(69.77)	4.74	(64.59)	380.98

Unit : Million US Dollar

	Consolidated				December 31, 2012
	January 1, 2012	The statement of income	Shareholders' equity	Others	
Deferred income tax liabilities :					
Amortization of decommissioning costs and currency translation differences from decommissioning costs	(133.17)	(18.78)	(0.08)	-	(152.03)
Provision for employee benefits	(28.56)	(6.97)	-	-	(35.53)
Provision for impairment loss	(6.39)	-	-	-	(6.39)
Property, plant and equipment and intangible assets	1,259.30	113.94	15.41	568.01	1,956.66
Loss carried forward	(27.65)	(33.92)	(0.46)	-	(62.03)
Advance payment	(14.30)	1.46	-	-	(12.84)
Financial derivative	0.26	(0.18)	0.39	-	0.47
Others	(0.40)	(16.17)	(0.46)	-	(17.03)
	1,049.09	39.38	14.80	568.01	1,671.28
Tax Effect of currency translation on tax base	(130.42)	(28.08)	-	-	(158.50)
Total	918.67	11.30	14.80	568.01	1,512.78

Unit : Million baht

	Consolidated				December 31, 2012
	January 1, 2012	The statement of income	Shareholders' equity	Others	
Deferred income tax assets :					
Amortization of decommissioning costs and currency translation differences from decommissioning costs	3,538.98	(468.68)	(101.71)	-	2,968.59
Provision for employee benefits	59.05	14.20	(1.06)	-	72.19
Property, plant and equipment and intangible assets	(428.98)	(128.81)	12.24	-	(545.55)
Petroleum Resource Rent Tax in Australia	7,463.48	(3,755.20)	(2,154.26)	-	1,554.02
Loss carried forward	9,285.89	(127.47)	(344.82)	-	8,813.60
Unrealized foreign exchange	(1,212.53)	(261.81)	19.27	-	(1,455.07)
Revaluation in value of oil and gas properties according to Australian law	(2,009.01)	(691.99)	78.23	-	(2,622.77)
Financial derivative	719.89	(380.17)	121.17	-	460.89
Others	(1,674.41)	3,418.49	44.97	-	1,789.05
	15,742.36	(2,381.44)	(2,325.97)	-	11,034.95
Tax Effect of currency translation on tax base	439.27	204.54	(8.63)	-	635.18
Total	16,181.63	(2,176.90)	(2,334.60)	-	11,670.13

Unit : Million baht

	Consolidated				December 31, 2012
	January 1, 2012	The statement of income	Shareholders' equity	Others	
Deferred income tax liabilities :					
Amortization of decommissioning costs and currency translation differences from decommissioning costs	(4,220.44)	(582.86)	146.36	-	(4,656.94)
Provision for employee benefits	(905.11)	(214.65)	31.50	-	(1,088.26)
Provision for impairment of loss	(202.61)	-	6.77	-	(195.84)
Property, plant and equipment and intangible assets	39,908.86	3,519.55	(1,100.24)	17,607.75	59,935.92
Loss carried forward	(876.31)	(1,042.14)	18.36	-	(1,900.09)
Advance payment	(453.04)	45.14	14.76	-	(393.14)
Financial derivative	8.21	(5.73)	11.76	-	14.24
Others	(12.87)	(510.14)	1.17	-	(521.84)
	33,246.69	1,209.17	(869.56)	17,607.75	51,194.05
Tax effect of currency translation on tax base	(4,133.06)	(819.18)	97.19	-	(4,855.05)
Total	29,113.63	389.99	(772.37)	17,607.75	46,339.00

Unit : Million US Dollar

	The Company			
	January 1, 2012	The statement of income	Shareholders' equity	December 31, 2012
Deferred income tax assets :				
Financial derivative	21.24	(10.89)	4.70	15.05
Others	(0.11)	(0.10)	-	(0.21)
	21.13	(10.99)	4.70	14.84
Tax effect of currency translation on tax base	0.15	(0.06)	-	0.09
Total	21.28	(11.05)	4.70	14.93

Unit : Million US Dollar

	The Company			
	January 1, 2012	The statement of income	Shareholders' equity	December 31, 2012
Deferred income tax liabilities :				
Decommissioning costs and currency translation differences from decommissioning costs	(98.55)	(12.14)	-	(110.69)
Provision for employee benefits	(28.24)	(6.99)	-	(35.23)
Property, plant and equipment and intangible assets	434.80	130.87	-	565.67
Others	-	(2.02)	-	(2.02)
	308.01	109.72	-	417.73
Tax effect of currency translation on tax base	(125.55)	(25.70)	-	(151.25)
Total	182.46	84.02	-	266.48

Unit : Million baht

	The Company			
	January 1, 2012	The statement of income	Shareholders' equity	December 31, 2012
Deferred income tax assets :				
Financial derivative	673.06	(333.43)	121.26	460.89
Others	(3.35)	(3.10)	0.19	(6.26)
	669.71	(336.53)	121.45	454.63
Tax Effect of currency translation on tax base	4.83	(1.97)	(0.19)	2.67
Total	674.54	(338.50)	121.26	457.30
Deferred income tax liabilities :				
Amortization of decommissioning costs and currency translation differences from decommissioning costs	(3,123.16)	(377.02)	109.72	(3,390.46)
Provision for employee benefits	(895.03)	(215.55)	31.26	(1,079.32)
Property, plant and equipment and intangible assets	13,779.43	4,042.64	(494.52)	17,327.55
Others	-	(61.85)	-	(61.85)
	9,761.24	3,388.22	(353.54)	12,795.92
Tax Effect of currency translation on tax base	(3,978.87)	(749.61)	95.44	(4,633.04)
Total	5,782.37	2,638.61	(258.10)	8,162.88

20. Prepaid Expenses

As at December 31, 2012, the major prepaid expenses totaling to US Dollar 21.21 million or Baht 649.73 million are the prepayments for investment in the Myanmar Zawtika pipeline project to facilitate the construction of a gas pipeline for Moattama Gas Transportation Company (MGTC). These prepayments will be amortized as expenses in according with the concession period of MGTC.

In addition, prepayments totalling to US Dollar 2.07 million or Baht 63.42 million in which PTTEPI had recorded as advance royalty fee to Myanmar's government for the Yadana project will be amortized as expense together with the recognition of deferred income as disclosed in Note 28 to the financial statements.

21. Financial Derivatives

Financial derivatives as at December 31, 2012 and 2011 are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Financial derivative assets				
<u>Financial derivative assets - Current</u>				
Oil price hedge	1.39	-	42.61	-
Total financial derivative assets - Current	1.39	-	42.61	-
<u>Financial derivative assets - Non - current</u>				
Interest rate swap	5.49	6.15	168.04	194.97
Cross currency and interest rate swap	2.05	-	63.02	-
Total financial derivative assets - Non - current	7.54	6.15	231.06	194.97
Financial derivative liabilities				
<u>Financial derivative liabilities - Current</u>				
Oil price hedge	-	0.77	-	24.40
Cross currency and interest rate swap	2.42	45.65	74.00	1,446.67
Forward foreign exchange	0.03	-	0.92	-
Total financial derivative liabilities - Current	2.45	46.42	74.92	1,471.07
<u>Financial derivative liabilities - Non - current</u>				
Cross currency and interest rate swap	42.38	46.83	1,298.04	1,484.15
Interest rate swap	2.43	-	74.57	-
Total financial derivative liabilities - Non - current	44.81	46.83	1,372.61	1,484.15

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Financial derivative assets				
<u>Financial derivative assets - Non - current</u>				
Interest rate swap	5.49	6.15	168.04	194.97
Total financial derivative assets - Non - current	5.49	6.15	168.04	194.97
Financial derivative liabilities				
<u>Financial derivative liabilities - Current</u>				
Cross currency and interest rate swap	2.42	45.65	74.00	1,446.67
Total financial derivative liabilities - Current	2.42	45.65	74.00	1,446.67
<u>Financial derivative liabilities - Non - current</u>				
Cross currency and interest rate swap	42.38	46.83	1,298.04	1,484.15
Interest rate swap	0.48	-	14.96	-
Total financial derivative liabilities - Non - current	42.86	46.83	1,313.00	1,484.15

Fair value of financial derivatives at December 31, 2012 and 2011 presented by fair value measurement are as follows:

	Consolidated				Consolidated			
	December 31, 2012				December 31, 2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial derivative assets								
Oil price hedge	-	1.39	-	1.39	-	42.61	-	42.61
Interest rate swap	-	5.49	-	5.49	-	168.04	-	168.04
Cross currency and interest rate swap	-	2.05	-	2.05	-	63.02	-	63.02
Financial derivative liabilities								
Cross currency and interest rate swap	-	44.80	-	44.80	-	1,372.04	-	1,372.04
Interest rate swap	-	2.43	-	2.43	-	74.57	-	74.57
Forward foreign exchange	-	0.03	-	0.03	-	0.92	-	0.92

Unit : Million US Dollar

Unit : Million Baht

	Consolidated				Consolidated			
	December 31, 2011				December 31, 2011			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial derivative assets								
Interest rate swap	-	6.15	-	6.15	-	194.97	-	194.97
Financial derivative liabilities								
Cross currency and interest rate swap	-	92.48	-	92.48	-	2,930.82	-	2,930.82
Oil price hedge	-	0.77	-	0.77	-	24.40	-	24.40

Unit : Million US Dollar

Unit : Million Baht

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

Level 2: Fair value based on inputs other than quoted prices included with Level 1 that are observable for the assets and liabilities either directly (that is, as prices) or indirectly (that is, derived from prices).

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

	The Company				The Company			
	December 31, 2012				December 31, 2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial derivative assets								
Interest rate swap	-	5.49	-	5.49	-	168.04	-	168.04
Financial derivative liabilities								
Cross currency and interest rate swap	-	44.80	-	44.80	-	1,372.04	-	1,372.04
Interest rate swap	-	0.48	-	0.48	-	14.96	-	14.96

Unit : Million US Dollar

Unit : Million Baht

	The Company				The Company			
	December 31, 2011				December 31, 2011			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial derivative assets								
Interest rate swap	-	6.15	-	6.15	-	194.97	-	194.97
Financial derivative liabilities								
Cross currency and interest rate swap	-	92.48	-	92.48	-	2,930.82	-	2,930.82

Unit : Million US Dollar

Unit : Million Baht

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

Level 2: Fair value based on inputs other than quoted prices included with Level 1 that are observable for the assets and liabilities either directly (that is, as prices) or indirectly (that is, derived from prices).

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

Cash flow hedges

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

In 2012, the Company follows the accounting for hedge on cross currency and interest rate swaps in which the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The amounts that had been recognized in other comprehensive income shall be reclassified to statement of income in the same period when the swap and the underlying debt affect the statement of income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of income. The Company did not have any hedged transactions which were reclassified from other comprehensive income to the statement of income during 2012.

22. Other Non-current Assets

Other non-current assets as at December 31, 2012 and 2011 are comprised of:

	Unit: Million US Dollar		Unit: Million Baht	
	Consolidated		Consolidated	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Costs carried for PetroVietnam in projects:				
- Vietnam B & 48/95	1.06	1.06	32.34	33.46
- Vietnam 52/97	1.01	1.01	30.91	31.97
Deposits	3.78	4.02	115.94	127.46
Others	1.99	0.06	60.86	1.89
Total	7.84	6.15	240.05	194.78

	Unit: Million US Dollar		Unit: Million Baht	
	The Company		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Deposits	3.77	3.64	115.34	115.44
Others	1.56	0.01	47.83	0.14
Total	5.33	3.65	163.17	115.58

23. Loans and Debentures

Loans and debentures comprised:

	Unit: Million US Dollar		Unit: Million Baht	
	Consolidated		Consolidated	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
<u>Current Liabilities</u>				
Short-term loans from financial institutions	-	315.55	-	10,000.00
Current portion of debentures	163.55	687.77	5,009.71	21,796.32
Total current liabilities	163.55	1,003.32	5,009.71	31,796.32
<u>Non-current Liabilities</u>				
Debentures	2,517.71	2,251.99	77,121.49	71,368.16
Long-term loans from financial institutions	1,091.70	617.86	33,440.66	19,580.74
Total non-current liabilities	3,609.41	2,869.85	110,562.15	90,948.90

	Unit: Million US Dollar		Unit: Million Baht	
	The Company		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
<u>Current Liabilities</u>				
Short-term loans from financial institutions	-	315.55	-	10,000.00
Current portion of debentures	163.55	687.77	5,009.71	21,796.32
Total current liabilities	163.55	1,003.32	5,009.71	31,796.32
<u>Non-current Liabilities</u>				
Debentures	626.52	858.84	19,191.32	27,217.78
Long-term loans from financial institutions	50.00	50.00	1,531.58	1,584.56
Total non-current liabilities	676.52	908.84	20,722.90	28,802.34

Movements in the loans and debentures for the year ended December 31, 2012 are as follows:

	Unit: Million US Dollar	Unit: Million Baht
	Consolidated	Consolidated
Balance as at January 1, 2012	3,873.17	122,745.22
Loan draw down	3,930.63	122,176.23
Debenture issuing	500.00	15,541.55
Repayment of loans	(3,801.41)	(118,159.42)
Repayment of debentures	(779.22)	(24,220.72)
Deferred financing cost	(5.93)	(184.26)
Currency translation differences	55.72	(2,326.74)
Balance as at December 31, 2012	3,772.96	115,571.86

	Unit: Million US Dollar	Unit: Million Baht
	The Company	The Company
Balance as at January 1, 2012	1,912.16	60,598.66
Loan draw down	1,949.74	60,604.11
Repayment of loans	(2,275.68)	(70,735.13)
Repayment of debentures	(779.22)	(24,220.72)
Deferred financing cost	(0.41)	(12.80)
Currency translation differences	33.48	(501.51)
Balance as at December 31, 2012	840.07	25,732.61

Short-term loans from financial institutions

In February 2012, the Company has entered into the five-year unsecured and unsubordinated revolving credit loan agreements with financial institution of Baht 20,000 million with the floating interest at fixed deposit plus 1.10% per annum (THB FIX + 1.10) with the option to convert the outstanding balance of loan (if any) at the end of the agreement into a five-year term loan, if both lender and borrower mutually agreed. The interest rate will be reset at that date. As at December 31, 2012, the Company has no short-term loans balance outstanding.

On 23 May 2012, PTTEP Offshore Investment Company Limited (PTTEPO) signed a facility agreement for an amount of GBP 950 million with financial institution. The facility is fully guaranteed by PTTEP and has a one-year tenor with the floating interest at GBP LIBOR plus interest rate between 0.85% to 1.8555% based on the duration of the loan. The proceeds from the facility were used for the acquisition of Cove Energy Plc. PTTEPO fully utilized this loan in August 2012 and had paid back this short-term loan in full in December 2012.

On June 27, 2012, the Company withdrew short-term loan from the uncommitted loan facilities which the Company signed with two financial institutions of Baht 1,500 million for each financial institution, totaled to Baht 3,000 million with a fixed interest rate of 3.15% per annum. The Company had paid back this short-term loan in full in June 2012.

On September 27, 2012, the Company withdrew short-term loan from the uncommitted loan facilities which the Company signed with two financial institutions of Baht 1,500 million for each financial institution, totaled to Baht 3,000 million with a fixed interest rate of 3.15% per annum. The Company had paid back this short-term loan in full in October 2012.

Bills of Exchange

The Company launched the “PTTEP Short-term Financing Program” which involved the Company’s inaugural issuance of Bills of Exchange (B/Es). The B/Es are to be issued on a revolving basis to institutional and high net-worth investors, with a total revolving credit up to Baht 50,000 million. As at December 31, 2012, the Company has no outstanding Bills of Exchange.

Long-term loans from financial institutions

In March 2012, PTTEP Canada International Finance Limited (PTTEP CIF) had entered into five-year unsecured loan agreement in the amount of CAD 300 million with the floating interest rate of CDOR + 1.7% per annum with a financial institution. This loan is fully guaranteed by PTTEP. PTTEP CIF fully utilized this loan in May 2012.

In April 2012, PTTEP Canada International Finance Limited (PTTEP CIF) had entered into five-year unsecured loan agreement in the amount of CAD 75 million with the floating interest rate of CDOR + 1.9% per annum with a financial institution. This loan is fully guaranteed by PTTEP. PTTEP CIF fully utilized this loan in May 2012.

In August 2012, PTTEP Canada International Finance Limited (PTTEP CIF) had entered into seven-year unsecured loan agreement in the amount of CAD 100 million with the floating interest rate of CDOR + 2.1% per annum with a financial institution. This loan is fully guaranteed by PTTEP. PTTEP CIF fully utilized this loan in September 2012.

Debentures

On June 12, 2012, PTTEP Canada International Finance Limited (PTTEP CIF) has issued the 30 year unsecured and unsubordinated debentures with a fixed interest of 6.35% per annum in the amount of US Dollar 500 million. This debenture is fully guaranteed by PTTEP.

Debentures

The carrying value of unsecured and unsubordinated debentures as at December 31, 2012 and 2011 comprised:

Unit: Million US Dollar								Unit: Million Baht	
	Interest rates (% per annum)	Effective interest rates (% per annum)	Maturity date	Consolidated		Consolidated			
				December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011		
Maturity date within 1 year									
- Debentures Baht 18,300 million ¹	3.25	3.293	May 29, 2012	-	577.34	-	18,296.76		
- Debentures Baht 3,500 million ²	3.91	3.91	June 15, 2012	-	110.43	-	3,499.56		
- Debentures Baht 5,000 million ³	Year 1 - 2 : 3.00 Year 3 - 4 : 4.00 or 6-M THB FIX + 1.25 ⁴	3.517	May 29, 2013	163.55	158.82	5,009.71	5,033.15		
Maturity date between 1 - 3 years									
- Debentures Baht 11,700 million ⁵	4.00	4.027	May 29, 2014	381.82	368.96	11,695.62	11,692.65		
- Debentures USD 500 million ⁶	4.152	4.366	July 19, 2015	497.48	496.50	15,238.53	15,734.43		
- Debentures USD 200 million	4.152	4.326	August 4, 2015	199.11	198.66	6,099.28	6,295.81		
Maturity date over 5 years									
- Debentures Baht 2,500 million ⁷	4.625	4.625	March 27, 2018	81.61	78.88	2,500.00	2,500.00		
- Debentures Baht 5,000 million ⁸	4.80	4.816	May 29, 2019	163.09	157.62	4,995.69	4,995.13		
- Debentures Baht 3,000 million NC5 ⁹	5.13	5.13	June 15, 2022	-	94.56	-	2,996.85		
- Debentures USD 700 million ⁶	5.692	5.732	April 5, 2021	698.16	697.99	21,385.74	22,120.14		
- Debentures USD 500 million	6.350	6.404	June 12, 2042	496.44	-	15,206.63	-		
Total Carrying Value				2,681.26	2,939.76	82,131.20	93,164.48		

		Unit: Million US Dollar		Unit: Million Baht	
		The Company		The Company	
		December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
		Effective interest rates (% per annum)		Maturity date	
		Interest rates (% per annum)			
Maturity date within 1 year					
-	Debentures Baht 18,300 million ¹	3.25	3.293	May 29, 2012	18,296.76
-	Debentures Baht 3,500 million ²	3.91	3.91	June 15, 2012	3,499.56
-	Debentures Baht 5,000 million ³	Year 1 - 2 : 3.00 Year 3-4 : 4.00 or 6-M THB FIX + 1.25 ⁴	3.517	May 29, 2013	5,033.15
Maturity date between 1 - 3 years					
-	Debentures Baht 11,700 million ⁵	4.00	4.027	May 29, 2014	11,692.65
Maturity date over 5 years					
-	Debentures Baht 2,500 million ⁷	4.625	4.625	March 27, 2018	2,500.00
-	Debentures Baht 5,000 million ⁸	4.80	4.816	May 29, 2019	4,995.13
-	Debentures Baht 3,000 million NC5 ⁹	5.13	5.13	June 15, 2022	2,996.85
Total Carrying Value				790.07	49,014.10
				1,546.61	

- ¹ In March 2011, the Company entered into a Cross Currency Swap transaction with a bank to swap Baht for US Dollar 603.36 million at the exchange rate of Baht 30.33 per US Dollar. Under this agreement, the average interest rate was charged at the rate of 1.452% per annum.
- ² In April 2011, the Company entered into a Cross Currency Swap transaction with a bank to swap Baht for US Dollar 115.78 million at the exchange rate of Baht 30.23 per US Dollar. Under this agreement, the average interest rate was charged at the rate of 1.73% per annum.
- ³ In May 2011, the Company entered into a Cross Currency Swap transaction with a bank to swap Baht for US Dollar 165.89 million at the exchange rate of Baht 30.14 per US Dollar.
- ⁴ Minimum and maximum repayments are 3.25% and 6.00% per annum, respectively, with Interests for the 3rd year and 4th year at 4% per annum.
- ⁵ In April 2011, the Company entered into a Cross Currency Swap transaction with a bank to swap Baht for US Dollar 389.50 million at the exchange rate of Baht 30.039 per US Dollar. Under this agreement, the average interest rate was charged at the rate of 2.668% per annum.
- ⁶ The Company has Optional Redemption rights. The redemption price is the sum of the debenture par value, accrued interest, interest payable up to the day before the maturity date and Applicable Premium whereby the Applicable Premium is the higher of the following:
- (1) 1% per annum of the debenture par value or
 - (2) Present value that is higher than the debenture par value. Present value is the debenture par value and the interest receivable if the debenture is redeemed on the maturity date minus accrued interest and interest payable to the date of early redemption discounted using Treasury Rate as at the early redemption date plus 0.35% per annum.
- ⁷ On September 27, 2005, the Company entered into a Cross Currency Swap transaction with a bank to swap Baht for US Dollar 60.82 million. Under this agreement, interest was charged at the rate of 3.85% per annum. On May 2, 2007, the Company swapped the US Dollar with the same bank for Baht 2,500 million. Under this agreement, the interest rate was reduced to 3.30% per annum until the expiration date. In May 2011, the Company swapped Baht 2,500 million for US Dollar 82.92 million at the exchange rate of 30.15 per US Dollar. Under this agreement, interest rate was charged at the rate of 3.30% per annum.
- ⁸ In June 2011, the Company entered into a Cross Currency Swap transaction with a bank to swap Baht for US Dollar 161.81 million at the exchange rate of Baht 30.90 per US Dollar. Under this agreement, the average interest rate was charged at the rate of 4.93% per annum.
- ⁹ NC5 (Non Call 5 years): the Company can redeem these debentures in the 5th year or in 2012. On June 15, 2012, the Company exercised its rights to early redeem these debentures in full amounts.

Long-term loans from financial institutions

As at December 31, 2012 and 2011 comprised:

	Unit: Million US Dollar			Unit: Million Baht		
	Consolidated			Consolidated		
	Interest rates (% per annum)	Effective interest rates (% per annum)	Maturity date	December 31, 2012	December 31, 2011	December 31, 2011
Maturity date between 1 - 3 years						
- Loan US Dollar 50 million ¹	Libor + 1.30	1.97	December 9, 2015	50.00	50.00	1,531.58
- Loan US Dollar 500 million ²	Libor + 0.985	1.98	November 24, 2015	496.23	493.81	15,200.49
- Loan US Dollar 75 million	Libor + 0.985	1.98	December 1, 2015	74.42	74.05	2,279.50
Maturity date between 3 - 5 years						
- Loan CAD Dollar 300 million	CDOR + 1.7	3.39	May 11, 2017	296.70	-	9,088.43
- Loan CAD Dollar 75 million	CDOR + 1.9	3.28	May 11, 2017	75.13	-	2,301.48
Maturity date over 5 years						
- Loan CAD Dollar 100 million ³	CDOR + 2.10	3.61	May 19, 2019	99.22	-	3,039.18
				1,091.70	617.86	33,440.66
						19,580.74
	Unit: Million US Dollar			Unit: Million Baht		
	The Company			The Company		
	Interest rates (% per annum)	Effective interest rates (% per annum)	Maturity date	December 31, 2012	December 31, 2011	December 31, 2011
Maturity date between 1 - 3 years						
- Loan US Dollar 50 million ¹	Libor+1.30	1.97	December 9, 2015	50.00	50.00	1,531.58
				50.00	50.00	1,531.58
						1,584.56

¹ In April 2012, the Company swapped the interest rate on Loan amounting to US Dollar 50 million to average interest rate of 2.25% per annum.

² In May 2012, the Company swapped the interest rate on Loan amounting to US Dollar 250 million to average interest rate of 1.86% per annum.

³ Amortised loan with the repayment schedule of 4 installments will start from Year 5.5.

24. Short-term Provision

Short-term provision as at December 31, 2012 and 2011 comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Provision for decommissioning cost that will be due within 1 year	20.76	72.97	635.90	2,312.67
Provision for Montara incident	1.51	2.80	46.29	88.62
Provision for Remuneration for the renewal of petroleum production	10.73	-	328.62	-
Total	33.00	75.77	1,010.81	2,401.29

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Provision for Remuneration for the renewal of petroleum production	10.73	-	328.62	-
Total	10.73	-	328.62	-

25. Provision for Employee Benefits

The reconciliation details for the present value of the defined benefit obligation plans and liabilities recognized in the statement of financial position as at December 31, 2012 are as follows:

	Unit: Million US Dollar	Unit: Million Baht
	Consolidated	Consolidated
Present value of the defined benefit obligation plans as at		
January 1, 2012	69.27	2,195.40
Current service cost	6.26	193.86
Interest cost	3.19	98.73
Actuarial losses recognized in the statement of income during the period	20.29	628.84
Benefits paid	(1.61)	(49.90)
Currency translation differences	2.80	2.41
Present value of the defined benefit obligation plans as at		
December 31, 2012	100.20	3,069.34
Unrecognized transitional liabilities	-	-
Unrealized actuarial loss	(21.36)	(654.46)
Net liabilities recorded in the statement of financial position	78.84	2,414.88

	Unit: Million US Dollar	Unit: Million Baht
	The Company	The Company
Present value of the defined benefit obligation plans as at		
January 1, 2012	60.63	1,921.35
Current service cost	4.62	143.10
Interest cost	2.80	86.75
Actuarial losses recognized in the statement of income during the period	22.50	697.26
Benefits paid	(1.31)	(40.44)
Currency translation differences	2.51	2.45
Present value of the defined benefit obligation plans as at		
December 31, 2012	91.75	2,810.47
Unrecognized transitional liabilities	-	-
Unrealized actuarial gain	(21.28)	(651.82)
Net liabilities recorded in the statement of financial position	70.47	2,158.65

Expenses recognized in the statements of income for the years ended December 31, 2012 and 2011 are as follows:

	Unit: Million US Dollar	Unit: Million Baht
	Consolidated	Consolidated
	2012	2011
Current service cost	6.26	6.16
Interest cost	3.19	2.86
Transitional liabilities recognized during the year	6.03	6.06
Actuarial loss recognized during the year	0.14	0.18
Expenses recognized in the statements of income	15.62	15.26

	Unit: Million US Dollar	Unit: Million Baht
	The Company	The Company
	2012	2011
Current service cost	4.62	4.51
Interest cost	2.80	2.55
Transitional liabilities recognized during the year	5.75	5.78
Actuarial (gain) loss recognized during the year	-	-
Expenses recorded in the statements of income	13.17	12.84

Major Actuarial Assumptions

The Group's financial assumptions

	% per annum
Discount rate	3.6
Inflation rate	2.0
Credit interest rate on provident funds	4.8 - 6.6

The Group's demographic assumptions

- Mortality assumption: The mortality rate is from the Thailand Mortality Ordinary 2008 (TMO08) issued by the Office of the Insurance Commission. The TMO08 contains the results of the most recent mortality investigation of policyholders of life insurance companies in Thailand. It is reasonable to assume that these rates would reflect of the mortality rate of the working population in Thailand.
- Turnover rate assumption:

Age-related scale	% per annum
Prior to age 30	2.5 - 16.0
Age 30 - 39	1.5 - 10.0
Age 40 thereafter	0.0 - 5.0

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

26. Provision for Decommissioning Costs

Provision for decommissioning costs remaining as at December 31, 2012 and 2011 are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Provision for decommissioning costs	1,091.50	776.97	33,434.50	24,623.20
<u>Less</u> Current portion	(20.76)	(72.97)	(635.90)	(2,312.66)
Non-current portion of provision for decommissioning costs	1,070.74	704.00	32,798.60	22,310.54

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Provision for decommissioning costs	525.41	302.37	16,094.16	9,582.56
<u>Less</u> Current portion	-	-	-	-
Non-current portion of provision for decommissioning costs	525.41	302.37	16,094.16	9,582.56

Movements of provisions for decommissioning costs during the year 2012 are as follows:

	Unit : Million US Dollar	Unit : Million Baht
	Consolidated	Consolidated
Balance at the beginning of the year	776.97	24,623.20
Additional provision	389.77	12,115.23
Estimated liability incurred during the period	(104.55)	(3,249.64)
Finance cost	28.98	900.67
Currency translation differences	0.33	(954.96)
Balance at the end of the year	1,091.50	33,434.50

	Unit : Million US Dollar	Unit : Million Baht
	The Company	The Company
Balance at the beginning of the year	302.37	9,582.56
Additional provision	210.16	6,532.46
Estimated liability incurred during the period	-	-
Finance cost	12.88	400.24
Currency translation differences	-	(421.10)
Balance at the end of the year	525.41	16,094.16

27. Provision for Remuneration for the Renewal of Petroleum Production

Provision for remuneration for the renewal of petroleum production remaining as at December 31, 2012 and 2011 are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Provision for remuneration for the renewal of petroleum production	178.18	-	5,457.89	-
<u>Less</u> Current portion	(10.73)	-	(328.62)	-
Non-current portion of provision for the renewal of petroleum production	167.45	-	5,129.27	-

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Provision for remuneration for the renewal of petroleum production	178.18	-	5,457.89	-
<u>Less</u> Current portion	(10.73)	-	(328.62)	-
Non-current portion of provision for the renewal of petroleum production	167.45	-	5,129.27	-

Movements of provisions for remuneration for the renewal of petroleum production during the year 2012 are as follows:

	Unit : Million US Dollar	Unit : Million Baht
	Consolidated	Consolidated
Balance at the beginning of the year	-	-
Additional provision	187.96	5,842.29
Estimated liability incurred during the period	(9.78)	(303.95)
Currency translation differences	-	(80.45)
Balance at the end of the year	178.18	5,457.89

	Unit : Million US Dollar	Unit : Million Baht
	The Company	The Company
Balance at the beginning of the year	-	-
Additional provision	187.96	5,842.29
Estimated liability incurred during the period	(9.78)	(303.95)
Currency translation differences	-	(80.45)
Balance at the end of the year	178.18	5,457.89

28. Deferred Income

Deferred income as at December 31, 2012 and 2011 comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Deferred income for the year 2000	35.59	36.22	1,090.01	1,147.73
Deferred income for the year 2001	0.05	0.05	1.57	1.62
Deferred income for the year 2011	-	0.10	-	3.29
Total	35.64	36.37	1,091.58	1,152.64

Deferred revenue mainly comprises of the advance received for the payment of natural gas from PTT to PTTEPI and the payment from MOGE to MGTC for transportation of gas in which PTT could not fulfill its obligation during the period from 2000 to 2001 based on agreed deliverable quantity as per natural gas sale agreement of Yadana project. PTTEPI and MGTC will recognize revenue when PTT receives this gas in subsequent years.

29. Financial Assets and Financial Liabilities

Financial assets and financial liabilities as at December 31, 2012 and 2011 are as follows:

Unit : Million US Dollar

	Consolidated							
	December 31, 2012				December 31, 2011			
	Fair value through statement of income	Derivative hedging instruments	Loan and accounts receivable	Available for sale financial assets	Fair value through statement of income	Derivative hedging instruments	Loan and accounts receivable	Available for sale financial assets
Financial assets								
Cash and cash equivalents	-	-	2,291.92	-	-	-	1,350.53	-
Account receivable - parent company	-	-	870.24	-	-	-	484.20	-
Trade and other accounts receivables	-	-	337.17	-	-	-	352.05	-
Other current assets	-	-	67.83	-	-	-	73.34	-
Investments in available-for-sales securities	-	-	-	1.25	-	-	-	-
Long-term loans to related parties	-	-	18.93	-	-	-	18.49	-
Derivative financial instruments	7.39	1.54	-	-	6.15	-	-	-
Other non-current assets	-	-	6.78	-	-	-	6.15	-
Total financial assets	7.39	1.54	3,592.87	1.25	6.15	-	2,284.76	-

Unit : Million US Dollar

Consolidated

	December 31, 2012			December 31, 2011		
	Fair value through statement of income	Derivative hedging instruments	Amortized cost through statement of income	Fair value through statement of income	Derivative hedging instruments	Amortized cost through statement of income
Financial liabilities						
Short-term loans and current portion of long-term debts	-	-	163.55	-	-	1,003.32
Trade accounts payable and working capital to co-venturers	-	-	127.92	-	-	108.66
Accrued expenses and interest payable	-	-	982.19	-	-	1,024.89
Other current liabilities	-	-	96.28	-	-	42.47
Derivative financial instruments	2.45	44.81	-	7.54	85.71	-
Debentures and long-term loans	-	-	3,609.41	-	-	2,869.85
Other non-current liabilities	-	-	19.05	-	-	32.23
Total financial liabilities	2.45	44.81	4,998.40	7.54	85.71	5,081.42

Unit : Million Baht

Consolidated

	December 31, 2012				December 31, 2011			
	Fair value through statement of income	Derivative hedging instruments	Loan and accounts receivable	Available for sale financial assets	Fair value through statement of income	Derivative hedging instruments	Loan and accounts receivable	Available for sale financial assets
Financial assets								
Cash and cash equivalents	-	-	70,205.14	-	-	-	42,799.90	-
Account receivable - parent company	-	-	26,656.98	-	-	-	15,344.89	-
Trade and other accounts receivables	-	-	10,328.07	-	-	-	11,156.95	-
Other current assets	-	-	2,077.66	-	-	-	2,324.24	-
Investments in available-for-sales securities	-	-	-	38.24	-	-	-	-
Long-term loans to related parties	-	-	580.00	-	-	-	585.82	-
Derivative financial instruments	226.40	47.27	-	-	194.97	-	-	-
Other non-current assets	-	-	207.70	-	-	-	194.77	-
Total financial assets	226.40	47.27	110,055.55	38.24	194.97	-	72,406.57	-

Unit : Million Baht

Consolidated

	December 31, 2012			December 31, 2011		
	Fair value through statement of income	Derivative hedging instruments	Amortized cost through statement of income	Fair value through statement of income	Derivative hedging instruments	Amortized cost through statement of income
Financial liabilities						
Short-term loans and current portion of long-term debts	-	-	5,009.71	-	-	31,796.32
Trade accounts payable and working capital to co-venturers	-	-	3,918.29	-	-	3,443.60
Accrued expenses and interest payable	-	-	30,085.93	-	-	32,480.23
Other current liabilities	-	-	2,949.10	-	-	1,345.94
Derivative financial instruments	74.92	1,372.61	-	238.90	2,716.32	-
Debentures and long-term loans	-	-	110,562.15	-	-	90,948.90
Other non-current liabilities	-	-	583.51	-	-	1,021.47
Total financial liabilities	74.92	1,372.61	153,108.69	238.90	2,716.32	161,036.46

Unit : Million US Dollar

The Company

	December 31, 2012			December 31, 2011		
	Fair value through statement of income	Derivative hedging instruments	Loan and accounts receivable	Fair value through statement of income	Derivative hedging instruments	Loan and accounts receivable
Financial assets						
Cash and cash equivalents	-	-	1,732.90	-	-	744.93
Account receivable - parent company	-	-	567.88	-	-	292.94
Trade and other accounts receivables	-	-	47.33	-	-	25.72
Other current assets	-	-	19.82	-	-	2.06
Long - term loans to related parties	-	-	4,743.94	-	-	3,101.45
Derivative financial instruments	5.49	-	-	6.15	-	-
Other non-current assets	-	-	4.27	-	-	3.65
Total financial assets	5.49	-	7,116.14	6.15	-	4,170.75

Unit : Million US Dollar

The Company

	December 31, 2012			December 31, 2011		
	Fair value through statement of income	Derivative hedging instruments	Amortized cost through statement of income	Fair value through statement of income	Derivative hedging instruments	Amortized cost through statement of income
Financial liabilities						
Short-term loans and current portion of long-term debts	-	-	163.55	-	-	1,003.32
Trade accounts payable	-	-	9.79	-	-	22.10
Accrued expenses and interest payable	-	-	426.64	-	-	341.88
Other current liabilities	-	-	2.72	-	-	4.12
Derivative financial instruments	2.42	42.86	-	6.77	85.71	-
Debentures and long-term loans	-	-	676.52	-	-	908.84
Total financial liabilities	2.42	42.86	1,279.22	6.77	85.71	2,280.26

Unit : Million Baht

The Company

	December 31, 2012			December 31, 2011		
	Fair value through statement of income	Derivative hedging instruments	Loan and accounts receivable	Fair value through statement of income	Derivative hedging instruments	Loan and accounts receivable
Financial assets						
Cash and cash equivalents	-	-	53,081.59	-	-	23,607.88
Account receivable - parent company	-	-	17,395.12	-	-	9,283.69
Trade and other accounts receivables	-	-	1,449.90	-	-	815.02
Other current assets	-	-	607.21	-	-	65.02
Long - term loans to related parties	-	-	145,314.44	-	-	98,288.79
Derivative financial instruments	168.04	-	-	194.97	-	-
Other non-current assets	-	-	130.83	-	-	115.58
Total financial assets	168.04	-	217,979.09	194.97	-	132,175.98

Unit : Million Baht

The Company

	December 31, 2012			December 31, 2011		
	Fair value through statement of income	Derivative hedging instruments	Amortized cost through statement of income	Fair value through statement of income	Derivative hedging instruments	Amortized cost through statement of income
Financial liabilities						
Short-term loans and current portion of long-term debts	-	-	5,009.71	-	-	31,796.32
Trade accounts payable	-	-	299.76	-	-	700.35
Accrued expenses and interest payable	-	-	13,068.63	-	-	10,834.69
Other current liabilities	-	-	83.19	-	-	131.09
Derivative financial instruments	74.00	1,313.00	-	214.50	2,716.32	-
Debentures and long-term loans	-	-	20,722.89	-	-	28,802.34
Total financial liabilities	74.00	1,313.00	39,184.18	214.50	2,716.32	72,264.79

The majority of financial assets are classified as short-term. The interest rate on loans is approximate the market interest rate. The management of the Group believes that the book value of these financial assets are approximate similar to market value.

The Group calculated the fair value of long-term liabilities using the discounted cash flow based on a discounted rate of borrowing with similar terms. Details of the carrying value and fair value of these instruments are as follows:

Unit : Million US Dollar

Consolidated

December 31, 2012

	Book Value	Fair Value
Unsecured and unsubordinated debentures - Baht	790.07	804.75
Unsecured and unsubordinated debentures - US Dollar	1,891.19	2,167.12
Long-term loans from financial institutions - US Dollar	620.65	620.65
Long-term loans from financial institutions - Canada Dollar	471.05	471.05

Unit : Million Baht

Consolidated

December 31, 2012

	Book Value	Fair Value
Unsecured and unsubordinated debentures - Baht	24,201.02	24,650.78
Unsecured and unsubordinated debentures - US Dollar	57,930.18	66,381.93
Long-term loans from financial institutions - US Dollar	19,011.57	19,011.57
Long-term loans from financial institutions - Canada Dollar	14,429.09	14,429.09

Unit : Million US Dollar

The Company		
December 31, 2012		
	Book Value	Fair Value
Unsecured and unsubordinated debentures - Baht	790.07	804.75
Long-term loans from financial institutions - US Dollar	50.00	50.00

Unit : Million Baht

The Company		
December 31, 2012		
	Book Value	Fair Value
Unsecured and unsubordinated debentures - Baht	24,201.02	24,650.78
Long-term loans from financial institutions - US Dollar	1,531.58	1,531.58

30. Share Capital

On September 27, 2012, the Board of Directors of the Company passed a resolution to approve the authorized share capital decrease, the authorized share capital increase, and the allocation of new ordinary shares as follows;

- Decrease of authorized share capital

According to the Company's Extraordinary General Meeting of the shareholders No. 1/2555 on October 29, 2012, Shareholders resolved to approve for the reduction of the Company's authorized share capital from Baht 3,322,000,000 to Baht 3,319,985,400 by cancelling the Company's unissued ordinary share of 2,014,600 shares at the par value of Baht 1 per share. The total reduction of authorized share capital is Baht 2,014,600. The company registered for the decrease of authorized share capital with Ministry of Commerce on October 30, 2012.

- Increase of authorized share capital and allocation of new ordinary shares

According to the Company's Extraordinary General Meeting of the shareholders No. 1/2555 on October 29, 2012, Shareholders resolved to approve for the increase of the Company's authorized share capital from Baht 3,319,985,400 to Baht 3,969,985,400 by issuing of 650,000,000 newly issued ordinary shares, at the par value of Baht 1 per share. The Company will sell the share through the preferential public offering to all eligible existing shareholders as per following details;

- 1) Offering and allocation of new ordinary shares of up to 650,000,000 shares at the par value of Baht 1 per share to all eligible existing shareholders. Any entitlement to a fraction of a share from the calculation will be rounded down to the nearest whole share.
- 2) If there are ordinary shares remaining from clause 1 above, the remaining shares will be allocated to shareholders who over subscribe of their entitlement on a pro-rata basis for at least one more round.
- 3) Under a private placement scheme, as defined in the Notification of the Capital Market Supervisory Board No. Tor Chor. 28/2551 re: Application for Permission and Grant Permission to Offer Newly Issued Shares, in the event there are remaining ordinary shares from 2) above, the Company may offer such ordinary shares to limited institutional investors, excluding PTT.

On November 30, 2012, the Company had fixed the final offering price at Baht 142 per ordinary share with the allocation ratio of 1 existing ordinary share to 0.195783 newly issued ordinary shares.

The company registered for the increase of authorized share capital with Ministry of Commerce on December 17, 2012.

The Company had completed its share offering and allocation of share increased and received the total proceed on December 17, 2012.

PTT continues to maintain the same percentage of shareholding after share offering and allocation of share increased.

As at December 31, 2012, the Company's registered capital consists of 3,969.98 million ordinary shares at Baht 1 per share, or a total of Baht 3,969.98 million. The Company registered the change in its issued and fully paid-up capital to Baht 3,969.98 million ordinary shares at Baht 1 per share, or a total of Baht 3,969.98 million. The details of the change in the issued and fully paid-up ordinary shares are as follows:

Unit: Million Shares

Ordinary shares issued and fully paid-up

Balance as at January 1, 2012	3,319.98
New ordinary shares issued during the year	650.00
Balance as at December 31, 2012	3,969.98

Ordinary shares issued and fully paid-up

Balance as at January 1, 2011	3,317.45
Share capital issued and paid-up	2.53
Balance as at December 31, 2011	3,319.98

31. Subordinated Capital Debenture

On June 15, 2012, the Company issued 5 million units of subordinated capital debentures with a face value of Baht 1,000 each totaling to Baht 5,000 million. These subordinated capital debentures are perpetual long-term, unsecured, inconvertible and no final maturity date. The principle payment will be paid upon liquidation or early redemption by the Company, subject to certain restrictions under the agreement. These subordinated capital debentures bear a step-up fixed interest based on the life of these debentures starting from 5.85 to 7.85 percent per annum. The interest is paid on a quarterly basis. However, the Company can defer the interest payment at its sole discretion. All deferred interest will be accumulated, but not bear any interests. If the Company deferred the interest payment, the Company shall not declare or make any dividend payment, make any interest payment or distribution of any sort of any instrument or security issued by the Company which ranks pari passu or junior to this subordinated capital debentures. In addition, the Company shall not redeem, reduce, cancel, acquire or buy-back for any consideration on any instrument or security issued by the Company which rank pari passu or junior to this subordinated capital debentures. These subordinated capital debentures are recognized as a part of shareholder equity.

32. Legal Reserve

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	2012	2011	2012	2011
Balance as at January 1	12.96	12.96	332.20	332.20
Appropriation during the year	2.09	-	64.80	-
Balance as at December 31	15.05	12.96	397.00	332.20

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	2012	2011	2012	2011
Balance as at January 1	12.96	12.96	332.20	332.20
Appropriation during the year	2.09	-	64.80	-
Balance as at December 31	15.05	12.96	397.00	332.20

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

33. Petroleum Royalties and Remuneration

Petroleum royalties and remuneration for the years ended December 31, 2012 and 2011 comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	2012	2011	2012	2011
Petroleum royalties	769.76	634.43	23,918.67	19,339.53
Special remuneration benefits	18.46	11.04	573.57	338.33
Total	788.22	645.47	24,492.24	19,677.86

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	2012	2011	2012	2011
Petroleum royalties	428.49	378.67	13,312.88	11,542.45
Special remuneration benefits	-	-	-	-
Total	428.49	378.67	13,312.88	11,542.45

34. Gain (loss) on Foreign Currency Translation

Gain (loss) on foreign currency translation for the year ended December 31, 2012 and 2011 comprised:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	2012	2011	2012	2011
Realized loss on foreign currency translation	(85.66)	(18.45)	(2,673.70)	(599.63)
Unrealized gain (loss) on foreign currency translation	61.70	(46.44)	1,946.12	(1,337.96)
Total	(23.96)	(64.89)	(727.58)	(1,937.59)

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	2012	2011	2012	2011
Realized loss on foreign currency translation	(43.40)	(1.42)	(1,368.26)	(56.77)
Unrealized gain (loss) on foreign currency translation	53.44	(43.68)	1,678.48	(1,342.16)
Total	10.04	(45.10)	310.22	(1,398.93)

35. Expenses by Nature

Significant expenses by nature of the Group which comprise the expenses based on its percentage of interest in each project for the year ended December 31, 2012 and 2011 are as follows:

	Unit : Million US Dollar		Unit : Million Baht	
	Consolidated		Consolidated	
	2012	2011	2012	2011
Salary, wages and employees' benefits	103.91	85.72	3,229.80	2,613.95
Repair and maintenance	74.65	63.09	2,320.36	1,931.88
Exploration well write-off	94.68	150.45	2,945.39	4,587.47
Geological and geophysical	105.14	66.60	3,267.96	2,030.10

	Unit : Million US Dollar		Unit : Million Baht	
	The Company		The Company	
	2012	2011	2012	2011
Salary, wages and employees' benefits	47.33	42.69	1,471.32	1,301.55
Repair and maintenance	50.04	44.11	1,555.47	1,344.86
Exploration well write-off	12.62	14.97	398.28	456.60
Geological and geophysical	5.73	9.77	178.17	298.01

36. Earnings per Share

Basic earnings per share for the years ended December 31, 2012 and 2011 are calculated as follows:

	Unit : US Dollar		Unit : Baht	
	Consolidated		Consolidated	
	2012	2011	2012	2011
Income attributable to shareholders (unit: million)	1,845.52	1,468.25	57,315.96	44,748.06
<u>Less</u> : Interest expenses for subordinated capital debentures (unit : million)	(4.76)	-	(146.62)	-
Income used to determine basic earnings per share (unit: million)	1,840.76	1,468.25	57,169.34	44,748.06
Weighted average number of ordinary shares in issue during the year (million shares)	3,346.62	3,319.08	3,346.62	3,319.08
Basic earnings per share	0.55	0.44	17.08	13.48

	Unit : US Dollar		Unit : Baht	
	The Company		The Company	
	2012	2011	2012	2011
Income attributable to shareholders (unit: million)	1,500.66	1,049.00	46,498.05	32,076.95
<u>Less</u> : Interest expenses for subordinated capital debentures (unit : million)	(4.76)	-	(146.62)	-
Income used to determine basic earnings per share (unit: million)	1,495.90	1,049.00	46,351.43	32,076.95
Weighted average number of ordinary shares in issue during the year (million shares)	3,346.62	3,319.08	3,346.62	3,319.08
Basic earnings per share	0.45	0.32	13.85	9.66

Diluted earnings per share is calculated based on the weighted average number of ordinary shares in issue during the year adjusted with dilutive potential ordinary shares assuming that all dilutive potential ordinary shares are converted into ordinary shares.

Diluted earnings per share for the years ended December 31, 2012 and 2011 are calculated as follows:

	Unit : US Dollar		Unit : Baht	
	Consolidated		Consolidated	
	2012	2011	2012	2011
Income attributable to shareholders (unit: million)	1,845.52	1,468.25	57,315.96	44,748.06
<u>Less</u> : Interest expenses for subordinated capital debentures (unit : million)	(4.76)	-	(146.62)	-
Income used to determine diluted earnings per share (unit: million)	1,840.76	1,468.25	57,169.34	44,748.06
Weighted average number of ordinary shares in issue during the year (million shares)	3,346.62	3,319.08	3,346.62	3,319.08
Adjustments for dilutive potential ordinary shares (million shares)	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share (million shares)	3,346.62	3,319.08	3,346.62	3,319.08
Diluted earnings per share	0.55	0.44	17.08	13.48

Unit : US Dollar

Unit : Baht

	The Company		The Company	
	2012	2011	2012	2011
Income attributable to shareholders (unit: million)	1,500.66	1,049.00	46,498.05	32,076.95
<u>Less</u> : Interest expenses for subordinated capital debentures (unit : million)	(4.76)	-	(146.62)	-
Income used to determine diluted earnings per share (unit: million)	1,495.90	1,049.00	46,351.43	32,076.95
Weighted average number of ordinary shares in issue during the year (million shares)	3,346.62	3,319.08	3,346.62	3,319.08
Adjustments for dilutive potential ordinary shares (million shares)	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share (million shares)	3,346.62	3,319.08	3,346.62	3,319.08
Diluted earnings per share	0.45	0.32	13.85	9.66

37. Segment Information

Primary reporting - business segments

Unit: Million US Dollar

Consolidated financial statements for the year ended December 31, 2012										
	Exploration and production					Pipeline		Others	Inter-company elimination	Group's total business
	Thailand	Other South East Asia	Australia	North America	Africa	Middle East	South East Asia			
Revenues	425.17	662.48	-	255.52	-	14.71	150.68	-	-	1,508.56
- Third parties										
- Related parties	4,786.56	447.38	-	-	-	97.74	168.27	-	(168.27)	5,331.68
Other revenues - Third parties	25.37	-	178.99	7.62	2.01	-	0.82	23.90	(98.34)	140.37
Total Revenues	5,237.10	1,109.86	178.99	263.14	2.01	112.45	319.77	23.90	(266.61)	6,980.61
Operating expenses	371.89	237.51	7.94	219.43	-	31.99	8.12	0.86	(172.09)	705.65
Administrative expenses	76.09	35.64	20.55	22.27	14.06	5.88	2.96	10.83	(2.20)	186.08
Exploration expenses										
- Amortization of dry holes and projects	25.25	9.55	6.89	14.92	12.06	26.01	-	-	-	94.68
- Geological and geophysical	34.46	27.93	26.00	20.75	8.33	0.89	-	-	-	118.36
Depreciation, depletion and amortization	1,039.99	165.14	57.88	42.70	0.13	49.46	7.28	2.21	-	1,364.79
Petroleum royalties and remuneration	670.25	111.62	-	6.35	-	-	-	-	-	788.22
Loss from Montara incident	-	-	0.54	-	-	-	-	-	-	0.54
Impairment loss on assets	-	-	204.17	-	-	-	-	-	-	204.17
Loss on financial derivatives	-	-	-	-	-	-	-	12.26	-	12.26
(Gain) loss on foreign exchange	(0.86)	(1.08)	4.34	0.07	(0.35)	-	0.07	(1.26)	-	0.93
Share of gain from associates	-	-	(1.01)	-	-	-	-	(3.65)	-	(4.66)
Total Expenses	2,217.07	586.31	327.30	326.49	34.23	114.23	18.43	21.25	(174.29)	3,471.02
Segment result	3,020.03	523.55	(148.31)	(63.35)	(32.22)	(1.78)	301.34	2.65	(92.32)	3,509.59
Depreciation - general										(9.05)
Administrative expenses - general										(126.14)
Operating profit										3,374.40
Other income, net										24.19
Finance costs										
- Interest income										15.87
- Interest expenses and other finance costs										(187.01)
Loss on foreign exchange										(23.03)
Management's remuneration										(4.71)
Income before tax										3,199.71
Tax - Project	(1,136.34)	(189.73)	(65.09)	26.88	(0.63)	(8.73)	(85.06)	(3.08)		(1,461.78)
- Group										107.59
Net Income (Loss)	1,883.69	333.82	(213.40)	(36.47)	(32.85)	(10.51)	216.28	(0.43)		1,845.52

Unit: Million US Dollar

Consolidated financial statements for the year ended December 31, 2012

	Exploration and production					Pipeline		Inter-company elimination	Group's total business
	Thailand	Other South East Asia	Australia	North America	Africa	Middle East	South East Asia		
Assets									
Segment assets	6,150.53	1,566.79	2,811.52	2,870.17	2,972.78	104.25	225.02		16,819.94
Investments under equity method	-	-	3.46	-	-	-	-		31.20
Unallocated assets									2,785.88
Consolidated total assets									19,637.02
Liabilities									
Segment liabilities	3,252.45	344.17	351.40	687.97	658.82	54.75	43.64	26.31	5,419.51
Unallocated liabilities									3,506.21
Consolidated total liabilities									8,925.72
Capital Expenditures	1,633.48	483.87	634.97	153.94	2,730.16	50.45	167.87	39.52	5,894.26

Consolidated financial statements for the year ended December 31, 2012

	Exploration and production						Pipeline		Others	Inter-company elimination	Group's total business
	Thailand	Other South East Asia	Australia	North America	Africa	Middle East	South East	Asia			
Revenues	13,214.57	20,576.41	-	7,934.90	-	457.38	4,685.26	-	-	-	46,868.52
- Third parties											
- Related parties	148,717.59	13,911.13	-	-	-	3,039.45	5,230.86	-	(5,230.86)	(5,230.86)	165,668.17
Other revenues - Third parties	788.69	-	5,516.26	235.09	61.46	-	25.53	743.05	(3,018.65)	(3,018.65)	4,351.43
Total Revenues	162,720.85	34,487.54	5,516.26	8,169.99	61.46	3,496.83	9,941.65	743.05	(8,249.51)	(8,249.51)	216,888.12
Operating expenses	11,538.83	7,381.61	244.20	6,809.03	-	993.89	252.45	27.02	(5,349.84)	(5,349.84)	21,897.19
Administrative expenses	2,366.85	1,106.91	638.47	692.47	435.53	183.07	91.55	334.75	(68.37)	(68.37)	5,781.23
Exploration expenses											
- Amortization of dry holes and projects	783.59	297.88	211.53	456.95	378.51	816.93	-	-	-	-	2,945.39
- Geological and geophysical	1,066.49	869.45	817.19	645.86	257.82	27.63	-	-	-	-	3,684.44
Depreciation, depletion and amortization	32,336.82	5,131.23	1,781.32	1,328.30	4.13	1,534.14	226.15	68.83	-	-	42,410.92
Petroleum royalties and remuneration	20,825.88	3,468.85	-	197.51	-	-	-	-	-	-	24,492.24
Loss from Montara incident	-	-	17.54	-	-	-	-	-	-	-	17.54
Impairment loss on assets	-	-	6,365.54	-	-	-	-	-	-	-	6,365.54
Loss on financial derivatives	-	-	-	-	-	-	-	-	-	-	384.73
(Gain) loss on foreign exchange	(31.98)	(33.74)	133.34	1.94	(11.01)	-	2.20	(39.14)	-	-	21.61
Share of gain from associates	-	-	(31.67)	-	-	-	-	(113.04)	-	-	(144.71)
Total Expenses	68,886.48	18,222.19	10,177.46	10,132.06	1,064.98	3,555.66	572.35	663.15	(5,418.21)	(5,418.21)	107,866.12
Segment result	93,834.37	16,265.35	(4,661.20)	(1,962.07)	(1,003.52)	(58.83)	9,369.30	79.90	(2,831.30)	(2,831.30)	109,032.00
Depreciation - general											(280.87)
Administrative expenses - general											(3,898.97)
Operating profit											104,852.16
Other income, net											755.18
Finance costs											
- Interest income											493.58
- Interest expenses and other finance costs											(5,812.48)
Loss on foreign exchange											(705.97)
Management's remuneration											(146.39)
Income before tax											99,436.08
Tax - Project	(35,316.77)	(5,900.02)	(2,030.42)	839.20	(19.17)	(279.13)	(2,638.08)	(96.22)			(45,440.61)
- Group											3,320.49
Net Income (Loss)	58,517.60	10,365.33	(6,691.62)	(1,122.87)	(1,022.69)	(337.96)	6,731.22	(16.32)			57,315.96

Unit: Million Baht

Consolidated financial statements for the year ended December 31, 2012

	Exploration and production					Pipeline		Inter-company elimination	Group's total business
	Thailand	Other South East Asia	Australia	North America	Africa	Middle East	South East Asia		
Assets									
Segment assets	188,400.51	47,993.31	86,121.40	87,917.80	91,060.95	3,193.51	6,892.77		515,221.76
Investments under equity method	-	-	105.83	-	-	-	-		955.63
Unallocated assets									85,335.90
Consolidated total assets									601,513.29
Liabilities									
Segment liabilities	99,627.63	10,542.51	10,764.02	21,073.67	20,180.86	1,676.95	1,336.66		166,008.16
Unallocated liabilities									107,400.88
Consolidated total liabilities									273,409.04
Capital Expenditures	50,493.37	14,995.13	19,723.22	5,470.28	84,542.91	1,571.54	5,275.89	1,218.29	183,290.63

Unit: Million US Dollar

Consolidated financial statements for the year ended December 31, 2011

	Exploration and production					Pipeline		Others	Inter-company elimination	Group's total business
	Thailand	Other South East Asia	Australia	North America	Africa	Middle East	South East Asia			
Revenues										
- Third parties	390.61	285.52	-	149.89	-	16.80	124.07	-	-	966.89
- Related parties	4,185.42	339.80	-	-	-	71.68	127.77	-	(127.77)	4,596.90
Other revenues - Third parties	15.44	26.65	48.03	0.48	-	-	0.81	23.99	(13.43)	101.97
Total Revenues	4,591.47	651.97	48.03	150.37	-	88.48	252.65	23.99	(141.20)	5,665.76
Operating expenses	407.20	169.03	19.26	134.23	-	17.84	8.34	1.75	(132.26)	625.39
Administrative expenses	76.97	20.05	13.32	14.32	9.04	5.06	6.11	8.24	(2.38)	150.73
Exploration expenses										
- Amortization of dry holes and projects	21.63	75.06	36.33	11.05	2.24	4.14	-	-	-	150.45
- Geological and geophysical	8.34	30.31	7.31	8.06	10.73	1.69	-	-	-	66.44
Depreciation, depletion and amortization	896.59	76.00	56.86	30.85	3.70	35.85	7.21	1.88	-	1,108.94
Petroleum royalties and remuneration	573.95	68.01	-	3.51	-	-	-	-	-	645.47
Loss from Montara incident	-	-	5.33	-	-	-	-	-	-	5.33
Loss on financial derivatives	-	-	-	-	-	-	-	11.06	-	11.06
(Gain) loss on foreign exchange	19.85	(0.72)	2.23	(0.03)	0.01	-	-	2.59	-	23.93
Share of gain from associates	-	-	(0.29)	-	-	-	-	(2.14)	-	(2.43)
Total Expenses	2,004.53	437.74	140.35	201.99	25.72	64.58	21.66	23.38	(134.64)	2,785.31
Segment result	2,586.94	214.23	(92.32)	(51.62)	(25.72)	23.90	230.99	0.61	(6.56)	2,880.45
Depreciation - general										(8.41)
Administrative expenses - general										(106.68)
Operating profit										2,765.36
Other income, net										3.09
Finance costs										
- Interest income										16.24
- Interest expenses and other finance costs										(123.56)
Loss on foreign exchange										(40.95)
Management's remuneration										(4.57)
Income before tax										2,615.61
Tax - Project	(1,058.24)	(115.45)	88.39	12.83	-	(15.02)	(70.44)	(4.36)		(1,162.29)
- Group										14.93
Net Income (Loss)	1,528.70	98.78	(3.93)	(38.79)	(25.72)	8.88	160.55	(3.75)		1,468.25

Unit: Million US Dollar

Consolidated financial statements for the year ended December 31, 2011

	Exploration and production					Pipeline		Inter-company elimination	Group's total business
	Thailand	Other South East Asia	Australia	North America	Africa	Middle East	South East Asia		
Assets									
Segment assets	5,049.60	1,383.32	2,607.91	2,678.08	169.22	148.54	361.37		12,483.04
Investments under equity method	-	-	2.97	-	-	-	-		26.93
Unallocated assets									1,621.46
Consolidated total assets									14,131.43
Liabilities									
Segment liabilities	2,453.54	264.26	443.46	634.93	53.52	78.56	160.99		4,107.23
Unallocated liabilities									3,712.53
Consolidated total liabilities									7,819.76
Capital Expenditures	1,119.13	384.25	513.83	2,989.11	38.75	25.90	149.65	36.40	5,257.02

Unit: Million Baht

Consolidated financial statements for the year ended December 31, 2011

	Exploration and production						Pipeline	Others	Inter-company elimination	Group's total business
	Thailand	Other South East Asia	Australia	North America	Africa	Middle East				
Revenues										
- Third parties	11,897.88	8,767.63	-	4,581.39	-	512.35	3,780.18	-	-	29,539.43
- Related parties	127,562.32	10,352.71	-	-	-	2,191.36	3,892.95	-	(3,892.95)	140,106.39
Other revenues - Third parties	467.54	831.78	1,477.67	14.89	-	-	24.74	707.76	(386.79)	3,137.59
Total Revenues	139,927.74	19,952.12	1,477.67	4,596.28	-	2,703.71	7,697.87	707.76	(4,279.74)	172,783.41
Operating expenses	12,386.51	5,157.61	590.51	4,095.57	-	545.09	254.32	52.89	(4,007.92)	19,074.58
Administrative expenses	2,346.14	613.08	405.82	437.46	275.71	153.84	186.54	251.26	(72.52)	4,597.33
Exploration expenses										
- Amortization of dry holes and projects	656.58	2,283.55	1,121.39	342.12	68.92	125.79	-	-	-	4,596.35
- Geological and geophysical	253.59	929.39	224.85	230.29	327.82	50.88	-	-	-	2,016.82
Depreciation, depletion and amortization	27,323.39	2,324.23	1,730.69	934.53	112.99	1,095.28	219.83	57.19	-	33,798.13
Petroleum royalties and remuneration	17,494.64	2,076.09	-	107.13	-	-	-	-	-	19,677.86
Loss from Montara incident	-	-	164.21	-	-	-	-	-	-	164.21
Loss on financial derivatives	-	-	-	-	-	-	-	339.84	-	339.84
(Gain) loss on foreign exchange	627.33	(22.62)	68.32	(1.05)	0.39	-	0.02	80.12	-	752.51
Share of gain from associates	-	-	(9.02)	-	-	-	-	(65.85)	-	(74.87)
Total Expenses	61,088.18	13,361.33	4,296.77	6,146.05	785.83	1,970.88	660.71	715.45	(4,080.44)	84,944.76
Segment result	78,839.56	6,590.79	(2,819.10)	(1,549.77)	(785.83)	732.83	7,037.16	(7.69)	(199.30)	87,838.65
Depreciation - general										(256.40)
Administrative expenses - general										(3,284.72)
Operating profit										84,297.53
Other income, net										94.97
Finance costs										
- Interest income										496.54
- Interest expenses and other finance costs										(3,770.87)
Loss on foreign exchange										(1,185.08)
Management's remuneration										(140.17)
Income before tax										79,792.92
Tax - Project	(32,279.44)	(3,537.20)	2,677.11	384.02	-	(458.75)	(2,146.76)	(133.27)		(35,494.29)
- Group										449.43
Net Income (Loss)	46,560.12	3,053.59	(141.99)	(1,165.75)	(785.83)	274.08	4,890.40	(140.96)		44,748.06

Unit: Million Baht

Consolidated financial statements for the year ended December 31, 2011

	Exploration and production					Pipeline	Inter-company elimination	Group's total business
	Thailand	Other South East Asia	Australia	North America	Africa	Middle East		
Assets								
Segment assets	160,027.90	43,839.20	82,647.79	84,871.49	5,362.74	4,707.56	2,693.77	395,602.65
Investments under equity method	-	-	94.02	-	-	-	759.21	853.23
Unallocated assets	-	-	-	-	-	-	-	51,386.16
Consolidated total assets								447,842.04
Liabilities								
Segment liabilities	77,755.43	8,374.83	14,053.68	20,121.78	1,696.01	2,489.87	569.57	130,163.26
Unallocated liabilities	-	-	-	-	-	-	-	117,664.61
Consolidated total liabilities								247,817.87
Capital Expenditures	34,317.34	11,801.05	15,822.02	90,276.72	1,213.89	803.24	1,128.30	159,950.46

During the year, the Company had acquired Cove Energy Plc. as per details disclosed in Note 6 to the consolidated financial statement. As a result of this acquisition, business operation in Africa becomes primary business segment. The Company had adjusted the comparative segment information for the consolidated financial statement as of December 31, 2011 to conform to changes in presentation in the current period.

The Group is organized into the following business segments:

- Exploration and production: The Group operates in oil and gas exploration and production both domestically and overseas, either as an operator or as a joint venture partner with international oil and gas companies. Most domestic projects are located in the Gulf of Thailand. Overseas projects are located in Southeast Asia, Australia, North America, Africa, the Middle East and others. As at the financial statement date, the Group had 20 projects in the production phase and 24 projects in the development and exploration phases.
- Overseas pipelines: The Group has investments with its joint venture partners to operate pipelines to transport natural gas from the exploration and production projects where the Group has working interests i.e., the Yadana, Yetagunand Zawtika gas transportation projects.
- Others: The Group's other operations consist mainly of investments in projects strategically connected to the energy business; this does not constitute a separately reportable segment.

Secondary reporting - geographical segments

The Group's two main business segments are managed on a worldwide basis. They are operated in six main geographical areas:

Unit: Million US Dollar

Consolidated financial statements for the year ended December 31, 2012

	Thailand	Other Southeast Asia	Australia	North America	Africa	Middle East	Group's total business
Revenues - Third parties	425.17	813.16	-	255.52	-	14.71	1,508.56
- Related parties	4,786.56	447.38	-	-	-	97.74	5,331.68
Segment assets	6,269.41	1,791.81	2,811.52	2,870.17	2,972.78	104.25	16,819.94
Investments under equity method	27.74	-	3.46	-	-	-	31.20
Capital expenditures	1,673.00	651.74	634.97	153.94	2,730.16	50.45	5,894.26
Consolidated total assets	9,083.03	1,791.81	2,814.98	2,870.17	2,972.78	104.25	19,637.02

Unit: Million Baht

Consolidated financial statements for the year ended December 31, 2012

	Thailand	Other Southeast Asia	Australia	North America	Africa	Middle East	Group's total business
Revenues - Third parties	13,214.57	25,261.67	-	7,934.90	-	457.38	46,868.52
- Related parties	148,717.59	13,911.13	-	-	-	3,039.45	165,668.17
Segment assets	192,042.02	54,886.08	86,121.40	87,917.80	91,060.95	3,193.51	515,221.76
Investments under equity method	849.80	-	105.83	-	-	-	955.63
Capital expenditures	51,711.66	20,271.02	19,723.22	5,470.28	84,542.91	1,571.54	183,290.63
Consolidated total assets	278,227.72	54,886.08	86,227.23	87,917.80	91,060.95	3,193.51	601,513.29

Unit: Million US Dollar

Consolidated financial statements for the year ended December 31, 2011

	Thailand	Other Southeast Asia	Australia	North America	Africa	Middle East	Group's total business
Revenues - Third parties	390.61	409.59	-	149.89	-	16.80	966.89
- Related parties	4,185.42	339.80	-	-	-	71.68	4,596.90
Segment assets	5,134.60	1,744.69	2,607.91	2,678.08	169.22	148.54	12,483.04
Investments under equity method	23.96	-	2.97	-	-	-	26.93
Capital expenditures	1,155.53	533.90	513.83	2,989.11	38.75	25.90	5,257.02
Consolidated total assets	6,780.02	1,744.69	2,610.88	2,678.08	169.22	148.54	14,131.43

Unit: Million Baht

Consolidated financial statements for the year ended December 31, 2011

	Thailand	Other Southeast Asia	Australia	North America	Africa	Middle East	Group's total business
Revenues - Third parties	11,897.88	12,547.81	-	4,581.39	-	512.35	29,539.43
- Related parties	127,562.32	10,352.71	-	-	-	2,191.36	140,106.39
Segment assets	162,721.67	55,291.40	82,647.79	84,871.49	5,362.74	4,707.56	395,602.65
Investments under equity method	759.21	-	94.02	-	-	-	853.23
Capital expenditures	35,445.64	16,388.95	15,822.02	90,276.72	1,213.89	803.24	159,950.46
Consolidated total assets	214,867.04	55,291.40	82,741.81	84,871.49	5,362.74	4,707.56	447,842.04

38. Risk Management

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

Market Risk

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

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

• Price Risk

In 2012, world oil prices fluctuated. The price of Brent crude oil was in the range of US Dollar 84 - 130 per barrel. The Group's product prices vary with those of world oil prices, which are subject to factors beyond its control, for instance, market demand and supply, political and economic stability of various countries, OPEC's production policy, oil reserves and the change in the global climate each season. Fluctuations in world oil prices affect the Group's revenue and investment planning.

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

The Group has managed the oil price risk by analyzing the impact of the level of oil price changes to revenue and net profit of the Group annually. The risk mitigation plan is reviewed by the Risk Management Committee and endorsed by the Board of Directors for future cash flows. In addition, the Group entered into a derivative on oil price hedged for the Group's petroleum products using the Brent oil price during January 2012 to December 2012 totaling to 11.69 million barrels.

As at December 31, 2012, the Group has mark to market the value of the put option on the oil price hedged contracts of US dollars 1.39 million.

- **Interest Rate Risk**

The Group is exposed to interest rate risk from the changes in interest rate that will affect future cash flows and fair values of financial instruments. The majority of the Group's debts are subject to fixed interest rates, resulting in stable cash outflows. However, fixed interest rates would result in a higher interest expense if the market interest rates decrease. In order to manage the risk from falling interest rates, the Group has a policy to maintain a proper proportion between fixed-interest rate debts and floating-interest rate debts. The Group considers both fixed and floating-interest rate borrowings as well as using the financial instruments, such as interest rate swap to swap from floating interest rate to fixed interest and vice versa rate in order to prevent interest rate risks. The Group considers costs, market conditions, and acceptable risks in using the financial instrument to prevent the risk.

As at December 31, 2012, the Group has proportion of floating rate debt net of interest rate swaps at 21% of total debt (in 2011 at 16%). The weighted average interest rate on debt was 3.99% per annum (in 2011 was 3.12% per annum)

The Group's income before income taxes are sensitive to changes in interest rates on the floating rate element of the Group's debt as at January 1, 2013. If the interest rate applicable to floating rate instruments were to have increased by 1% per annum, it is estimated that the Group's income before income taxes for 2013 would decrease by approximately US Dollars 8 million (in 2012 decrease by US Dollars 6 million). This assumes that the debt amount and the proportion of fixed and floating rate remain unchanged from that in place at December 31, 2013. Furthermore, the effect on the Group's income before income taxes shown by this analysis does not consider the effect of any changes in general economic activity that may accompany such an increase or a decrease in interest rates.

- **Foreign Currency Risk**

The vast majority of the Group's domestic and international business (revenues and expenses) are in US Dollar. Commencing January 1, 2011, the Company's management has determined the US Dollar as the functional currency by considering revenue from and operating expenses use in the primary economic environment in which the entity operates. The Group is exposed to the exchange rate risks from transactions which are denominated in currencies that are not the Group's functional currency. Foreign exchange gains and losses are presented in Note 34.

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

The Group's income before income taxes are sensitive to changes in foreign currency of net assets and liabilities denominated in currencies other than functional currency. If at December 31, 2012 and 2011, the other currencies had fluctuated 10% against the functional currency, the possible change to the Group's income before income taxes is as follows:

Unit: Million US Dollar

	Consolidated	
	Exposure of assets and liabilities position to the exchange rate	
	Baht to US Dollar	Canadian Dollar to US Dollar
For the year ended December 31, 2012		
Income before income taxes increase (decrease)		
(10% US Dollar appreciate)	10	(134)
Income before income taxes increase (decrease)		
(10% US Dollar depreciate)	(10)	134
For the year ended December 31, 2011		
Income before income taxes increase (decrease)		
(10% US Dollar appreciate)	(10)	(147)
Income before income taxes increase (decrease)		
(10% US Dollar depreciate)	10	147

For the year ended December 31, 2012, the Company changed the methodology for sensitivity calculation from using monetary assets and liabilities position denominated in currencies other than functional currency at the year ended with the closing exchange rate as of the year ended to full year weighted average of the monetary assets and liabilities denominated in currencies other than functional currency with the closing exchange rate as of the year ended. The management has considered that the new methodology using the full year weighted average of the monetary assets and liabilities denominated in currencies that are not the functional currency is more appropriate than using monetary assets and liabilities position denominated in currencies that are not the functional currency at the year ended for sensitivity calculation.

Credit Risk

The Group seeks to ensure that sales of products are made to the customers with acceptable credit profiles, with the overwhelming majority of sales being made to PTT Public Company Limited, PTTEP's parent company. The credit risks are carefully assessed and regularly reviewed.

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

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

The Group's maximum exposure to credit risks is the fair value of financial assets.

Liquidity Risk

Liquidity risk is the risk that suitable sources of funding for the group's business activities may not be available. The Group's contractual maturity of liabilities and interest as at December 31, 2012 are as follows:

	Within 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
Trade accounts payable and working capital to co-venturers	127.92	-	-	-	127.92
Accrued expenses	946.55	-	-	-	946.55
Other current liabilities	96.28	-	-	-	96.28
Loans from financial institution with floating interest rate					
Principle	-	625.00	376.90	100.51	1,102.41
Interest *	26.70	52.24	22.32	3.36	104.62
Debtenture with fixed interest rate					
Principle	163.23	1,081.96	-	1,444.84	2,690.03
Interest *	130.19	217.98	166.44	918.03	1,432.64
Foreign currency and interest rate swap	-	7.27	0.85	4.64	12.76

Unit: Million US Dollar

The major assumptions for the data presented in the table above are that all the interest expenses are calculated based on the contractual interest rate and there is no change in aggregate principle amounts of loans other than repayment at scheduled maturity. The floating interest rate is based on the contractual interest rate at December 31, 2012.

- Thai Baht liabilities were equivalent to US Dollar at the weighted average exchange rate announced by the Bank of Thailand on December 28, 2012 at Baht 30.6316 per US Dollar.
- Canadian Dollar liabilities were equivalent to US Dollar at the weighted average exchange rate announced by the Bank of Thailand on December 28, 2012 at Baht 30.7869 per Canadian Dollar for conversion to Thai baht and at Baht 30.6316 for conversion from Thai baht to US Dollar, respectively.

* interest represents the interest payment due within one year.

The Group manages its liquidity risks by preparing cash flow forecasts and adjusting financial estimates regularly. The Group operates a Short-Term Financing Program in order to access Thailand's capital market by issuing short-term debt securities, and credit facilities with commercial banks. This credit facilities are available within 3 - 5 business days after notifying to the bank with the agreed upon interest rate in advance. The outstanding principle amount undrawn facilities are summarized below:

	Unit: Million US Dollar	
	Credit limit	Undrawn amount
Committed bank credit facility	654.88	654.88
Uncommitted bank credit facility *	435.76	435.76
Short-term debt securities	1,632.30	1,632.30

* Uncommitted bank credit facility equivalent to US Dollar at the weighted average exchange rate announced by the Bank of Thailand on December 28, 2012 at Baht 30.6316 per US Dollar.

The Group's Receivables Purchase Financing Facility has been launched for the purpose of converting credit terms to immediate cash to ensure flexible working capital.

The Company's International Credit Rating is comparable with the Sovereign Rating of Thailand and the National Credit Rating is at the AAA. As a result, the Company can access to the source of fund for the long-term loan at the interest rate approximate the market interest rate. For the years ended 2012 and 2011, the Company's credit ratings as assigned by prominent credit rating agencies for are as follows:

	2012		2011	
	Foreign Currency	Domestic Currency	Foreign Currency	Domestic Currency
Rating Agency				
Moody's	Baa1	Baa1	Baa1	Baa1
Standard and Poor's	BBB+	BBB+	BBB+	BBB+
Japan Credit Rating	A-	A	A-	A
TRIS Rating (National Rating)	-	AAA	-	AAA

39. Dividends

On March 28, 2012, the Annual General Meeting of the Shareholders approved payment of a dividend for the year 2011 of Baht 5.40 per share. The Company made interim dividend payment for the first half-year operations of 2011 at the rate of Baht 2.61 per share on August 29, 2011 and for the second half-year operations of 2011 at the rate of Baht 2.79 per share on April 10, 2012.

The Company estimated the dividend to its shareholders for the year 2012 at Baht 5.80 per share. The Company made an interim dividend payment for the first half-year operations of 2012 at the rate of Baht 2.80 per share on August 22, 2012 and still has to pay the dividend for the second half-year operations of 2012 at the rate of Baht 3.00 per share. This dividend will be paid upon approval by the Annual General Meeting of the Shareholders.

40. Commitments, Contingent Liabilities and Significant Litigation

- Commitment under operating leases - the Group as a lessee

The future minimum lease payments for the non-cancellable operating leases as at December 31, 2012 and 2011 are as follows:

	Unit: Million US Dollar		Unit: Million Baht	
	Consolidated		Consolidated	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Within 1 year	93.38	73.16	2,860.19	2,318.42
Between 1 - 5 years	82.86	129.57	2,538.93	4,106.54
Over 5 years	74.78	74.75	2,290.69	2,368.87
Total	251.02	277.48	7,689.81	8,793.83

	Unit: Million US Dollar		Unit: Million Baht	
	The Company		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Within 1 year	60.50	47.28	1,852.84	1,498.26
Between 1 - 5 years	23.52	51.45	720.94	1,630.46
Over 5 years	0.31	0.29	9.53	9.23
Total	84.33	99.02	2,583.31	3,137.95

- Commitment from loan agreements
 - The Company had a subordinated loan agreement with Energy Complex Company Limited (EnCo), with the loan limit of Baht 1,250 million. The agreement shall continue for 13 years and 6 months effective from April 2, 2009. The total value of loans provided by the Company as at December 31, 2012 was US Dollar 18.93 millions (Baht 580 million).
- Commitment from loan and debenture guarantee of subsidiaries
 - The Company had commitment from unsecured and unsubordinated debenture guarantee for PTTEP Australia International Finance Pty Ltd (PTTEP AIF) with US Dollar 700 million credit facilities.
 - The Company had commitment from loan guarantee for PTTEP Offshore Investment Company Limited with US Dollar 575 million credit facilities.
 - The Company had commitment from unsecured and unsubordinated debenture guarantee for PTTEP Canada International Finance Limited (PTTEP CIF) with US Dollar 1,200 million and 475 million Canada Dollar credit facilities.
- Obligation under Gas Sale Agreement

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

On December 31, 2012 PTTEPI may have an obligation for the Shortfall as per GSA mentioned above with the approximate total cost for PTTEPI of US Dollar 6.57 million (Baht 201.38 million). Currently, negotiation between the buyer (PTT) and the seller are in process.
- Contingent liabilities
 - On August 26, 2010, PTTEP Australasia Pty Ltd (PTTEP AA) received a letter claiming for compensation relating to an incident of oil and natural gas leak in Montara area under PTTEP Australasia project from the Government of Indonesia. Subsequently on September 1, 2010, PTTEP AA submitted the letter rejecting the claim for the compensation because the evidence provided by the Government of Indonesia is considered unproven and unsubstantiated. No verifiable scientific evidence has yet been provided to support the claim. Currently, there are uncertainties for this claim and charge, and the Company is in discussion with the Government of Indonesia to agree on the Memorandum of Understanding (MOU). The discussion is on-going and the conclusion regarding to this matter has not been finalized.
 - As at December 31, 2012, the Company had contingent liabilities in the form of letters of guarantee amounting to US Dollar 24.85 million or Baht 761.15 million for the Company's financial statements and US Dollar 29.73 million (Baht 910.59 million) for the consolidated financial statements.
 - Significant litigation

Cove Energy Plc. (Cove), a subsidiary of the Company has been claimed by The Tanzanian Revenue Authority (TRA) for the additional Value Added Tax (VAT), including interest based on the Farm-in agreement made in 2009. The TRA has requested for the additional payment of VAT including interest total to US Dollar 0.51 million (Baht 15.58 million). Cove is currently negotiated with the TRA. However, in order for Cove to proceed for the negotiation, the TRA has requested Cove to pay the one-third of the assessed amount total to US Dollar 0.17 million (Baht 5.19 million) upfront in which Cove has paid in June 2012.

As at December 31, 2012, the Company has already recognized the remaining amount of assessed claim, plus interest total to US Dollar 0.34 million (Baht 10.39 million) in the consolidated financial statement.

41. Events after the Statement of Financial Position Date

The Board of Directors of the Company authorized for the issue of these financial statements on February 15, 2013.

Supplemental Information on Petroleum Exploration and Production Activities

(A) PTTEP and its Subsidiaries' Petroleum Reserves Report As of December 31, 2012

The total Proved Reserves of PTT Exploration and Production Public Company Limited (PTTEP) and its Subsidiaries as of December 31, 2012 are shown in the table next page. The Proved Reserves are reviewed annually by company's earth scientists and reservoir engineers to ensure rigorous professional standards. The Proved Reserves are reported on a gross basis, which includes the company's net working interest and related host country's interest.

No reserve quantities have been recorded for the hydrocarbon discoveries in Vietnam B & 48/95 Project and Vietnam 52/97 Project since no Gas Sales Agreement (GSA) has been established.

The total Proved Reserves (Consolidated Companies) as of December 31, 2012 of PTTEP and its Subsidiaries are 263 Million Stock Tank Barrels (MMSTB) for crude and condensate¹, and 4,182 Billion Standard Cubic Feet (BSCF) for gas. The total Proved Reserves (Consolidated Companies) in term of oil equivalent are 901 Million Barrels (MMBOE), of which approximately 45 percent of the total Proved Reserves is Proved Developed Reserves. Proved Reserves of crude and condensate are approximately 29% while, for gas, are 71% of the total Proved Reserves in terms of oil equivalent.

The total production in 2012 (Consolidated Companies) was 115.0 MMBOE (36 MMSTB of crude and condensate¹, and 497 BSCF of gas) or the production rate of approximately 313,293 Barrels of Oil Equivalent per Day (BOED). The increase was approximately 11,926 BOED or 3.96% higher than that of last year. The production increase was attributed to the increase in production of Bongkot, Vietnam 16-1, and S1 projects.

¹ Included the proved reserves and production of LPG and Bitumen

Proved Reserves of Crude,
Condensate and Natural Gas ^{(1) (2)}

	Proved Reserves of Crude and Condensate ^{(1) (2)}			Proved Reserves of Natural Gas ⁽¹⁾			Barrel of Oil Equivalent		
	(Million Barrels)			(Billion Cubic Feet)			(Million Barrels)		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic ⁽²⁾	Foreign	Total
Company's share of reserves of consolidated companies									
As of December 31, 2010	121	93	214	2,992	2,333	5,325	612	431	1,043
1) Revision of previous estimates	24	(1)	23	(224)	(31)	(255)	(20)	(7)	(27)
2) Improved recovery	6	-	6	27	-	27	11	-	11
3) Extensions and discoveries	5	36	41	128	-	128	26	36	62
4) Purchases/Sales of Petroleum in place	-	21	21	-	(195)	(195)	-	(10)	(10)
5) Production	(25)	(5)	(30)	(381)	(120)	(501)	(88)	(22)	(110)
Total consolidated companies									
As of December 31, 2011	131	144	275	2,542	1,987	4,529	541	428	969
Company's share of reserves of consolidated companies									
As of December 31, 2011	131	144	275	2,542	1,987	4,529	541	428	969
1) Revision of previous estimates	12	1	13	120	(18)	102	33	(5)	28
2) Improved recovery	7	-	7	11	-	11	9	-	9
3) Extensions and discoveries	2	2	4	35	2	37	7	3	10
4) Purchases/Sales of Petroleum in place	-	-	-	-	-	-	-	-	-
5) Production	(27)	(9)	(36)	(378)	(119)	(497)	(89)	(26)	(115)
Total consolidated companies									
As of December 31, 2012	125	138	263	2,330	1,852	4,182	501	400	901

(1) The proved reserves are reported on a gross basis which includes the company's net working interest and the related host country's interest.

(2) Included the proved reserves and production of LPG and Bitumen.

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

Capitalized costs represent cumulative expenditures for proved and unproved properties, and support equipment and facilities used in oil and gas exploration and production operations together with related accumulated depreciation, depletion, amortization and impairment.

Proved properties include exploration & development wells, equipment, transportation pipeline and related producing facilities associated with proved reserves project. Unproved properties represent amounts associated with non-proved reserve project. Support equipment and facilities include warehouse, field offices, vehicles and movable assets used in oil and gas producing activities.

The net capitalized costs represent the undepreciated value for these assets.

(Unit: Million US Dollar)

	2012	2011
Proved properties	17,220	14,458
Unproved properties	3,180	1,107
Accrued decommissioning costs	1,032	695
Support equipment and facilities	170	153
Gross capitalized costs	21,602	16,413
Accumulated depreciation, depletion, amortization and impairment	(7,548)	(6,089)
Net capitalized costs	14,054	10,324

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

Costs incurred in oil and gas property acquisition, exploration and development activities represent amounts both capitalized and charged to expense during the year. Property acquisition costs include costs to purchase proved and unproved properties.

Exploration costs include the costs of geological and geophysical work, carrying and retaining undeveloped properties, and drilling and equipping exploratory wells.

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

(Unit: Million US Dollar)	2012			2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Acquisition of properties						
- Proved	188	-	188	-	1	1
- Unproved	-	2,039	2,039	-	704	704
Exploration costs ⁽¹⁾	182	321	503	144	309	453
Development costs	979	1,352	2,331	989	2,773	3,762
Total	1,349	3,712	5,061	1,133	3,787	4,920

(1) Exploration costs include transferring of exploration well costs to development well costs for future production.

(D) Results of Operations for Producing Activities

Results of operations from oil and gas producing activities for the year 2012 and 2011 are shown in the following table.

Operating costs include lifting costs incurred to operate and maintain productive wells and related equipment. Exploration expenses consist of geological and geophysical costs, and dry hole costs.

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

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

Other (revenues)/expenses include pipeline transportation income and foreign exchange gains and losses.

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

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

(Unit: Million US Dollar)	2012			2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Gross revenues :						
Sales - Related parties	4,787	545	5,332	4,185	412	4,597
Sales - Third parties	425	933	1,358	391	452	843
Total Sales	5,212	1,478	6,690	4,576	864	5,440
Expenses :						
Operating expenses	372	333	705	407	216	623
Exploration expenses	60	153	213	30	187	217
General administrative expenses	76	99	175	77	66	143
Petroleum royalties and remuneration	670	118	788	574	72	646
Depreciation, depletion and amortization	1,040	323	1,363	897	210	1,107
Loss from Montara Incident	-	1	1	-	5	5
Other (revenues)/expenses	(26)	(128)	(154)	4	(185)	(181)
Total expenses	2,192	899	3,091	1,989	571	2,560
Results before income taxes	3,020	579	3,599	2,587	293	2,880
Income tax expenses	1,136	322	1,458	1,058	100	1,158
Net results of operations	1,884	257	2,141	1,529	193	1,722

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

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

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

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

Discounted future cash flow estimates like those shown below are not intended to represent estimates of the fair value of oil and gas properties. Estimates of fair value should also consider probable and possible reserves which may become proved reserves in the future, anticipated future oil and gas prices, interest rates, changes in development and production costs and risks associated with future production. Because of these and other considerations, any of fair value is necessarily subjective and imprecise.

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

(Unit: Million US Dollar)	Domestic		Foreign		Total	
	2012	2011	2012	2011	2012	2011
Future cash inflows	24,056	23,196	23,258	21,038	47,314	44,234
Future production costs	(2,990)	(2,649)	(6,323)	(4,816)	(9,313)	(7,465)
Future development costs	(5,333)	(6,233)	(2,825)	(3,070)	(8,158)	(9,303)
Future income tax expenses	(4,777)	(4,351)	(2,732)	(2,796)	(7,509)	(7,147)
Future net cash flows	10,956	9,963	11,378	10,356	22,334	20,319
10% annual discount	(2,883)	(2,793)	(5,014)	(4,727)	(7,897)	(7,520)
Standardized measure of discounted future net cash flows (SMDCF)	8,073	7,170	6,364	5,629	14,437	12,799

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

(Unit: Million US Dollar)	2012	2011
Present value at beginning of year	12,799	10,381
Sales and transfers of oil and gas produced, net of production costs	(5,331)	(4,100)
Development costs incurred during the period	2,509	1,880
Net changes in prices and production costs	4,628	8,970
Net changes in development costs	(948)	(2,902)
Extensions, discoveries and improved recovery	643	1,474
Revisions of previous quantity estimates	878	(454)
Purchases / sales of petroleum in place	-	(565)
Accretions of discount	(378)	(811)
Net changes in income taxes	(363)	(1,074)
Present value at the year end	14,437	12,799

(F) Other Information

Productive Oil/Condensate* and Gas Wells

The numbers of productive wells at December 31, 2012 were as follows:

	Oil/Condensate*		Gas	
	Gross	Net	Gross	Net
Thailand	779	373	1,006	372
Foreign				
Southeast Asia	13	4	97	42
Middle East and Others	22	9	10	10
Total	814	386	1,113	424

* include Bitumen Wells

Drilling in Progress of Oil/Condensate* and Gas Wells

The numbers of wells in progress at December 31, 2012 were as follows:

	Gross	Net
<u>Exploratory</u>		
Thailand	2	0.9
Foreign		
Australia	1	0.3
Middle East and Others	3	0.4
Total	6	1.6
<u>Development</u>		
Thailand	39	10.2
Foreign		
Southeast Asia	4	1.8
Middle East and Others	1	0.4
Total	44	12.4

* include Bitumen Wells

Net Oil/Condensate* and Gas Wells Drilled Annually in 2012

	Net Productive wells drilled	Net Dry well drilled
<u>Exploratory</u>		
Thailand	15.2	2.5
Foreign		
Southeast Asia	0.6	0.3
Australia	0.9	-
Middle East and Others	34.3	17
Total	51	19.8
<u>Development</u>		
Thailand	192.9	5.4
Foreign		
Southeast Asia	7.9	-
Australia	3.6	-
Middle East and Others	19.1	2.4
Total	223.5	7.8

* include Bitumen Wells

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

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

Quarterly Information in 2012 (Unaudited) and 2011 for the consolidated financial statement are as follows:

Year 2012	(Unit: US Dollars)			
	4thQ	3rdQ	2ndQ	1stQ
Revenues				
Sales	1,842,194,870	1,755,375,712	1,567,268,704	1,524,716,295
Revenue from pipeline transportation	37,136,388	37,634,815	34,611,046	41,301,845
Other revenues				
Gain on foreign exchange	-	-	-	33,765,218
Interest income	5,639,087	1,488,943	5,309,389	3,436,905
Gain on financial derivatives	13,975,901	-	-	558,394
Other revenues	55,092,242	25,826,293	60,280,820	23,357,339
Total Revenues	1,954,038,488	1,820,325,763	1,667,469,959	1,627,135,996
Expenses				
Operating expenses	218,118,999	177,560,342	152,769,963	157,204,284
Exploration expenses	68,688,308	44,909,221	57,671,959	41,766,650
Administrative expenses	109,281,667	78,484,807	64,171,259	60,285,634
Petroleum royalties and remuneration	214,158,772	207,679,661	186,063,918	180,316,373
Depreciation, depletion and amortization	359,082,670	371,846,010	318,342,409	324,564,814
Other expenses				
Loss on foreign exchange	1,844,204	12,439,600	43,445,718	-
Loss from Montara incident	537,982	-	-	-
Loss on financial derivatives	-	19,239,630	7,552,025	-
Management's remuneration	1,377,158	1,171,880	979,782	1,185,282
Impairment loss on assets	95,000,072	-	109,167,123	-
Finance costs	59,478,572	54,140,501	41,435,113	31,955,829
Total Expenses	1,127,568,404	967,471,652	981,599,269	797,278,866
Share of gain from associates	501,519	1,300,056	1,336,563	1,518,560
Income before income taxes	826,971,603	854,154,167	687,207,253	831,375,690
Income taxes expense	(378,455,141)	(296,472,224)	(436,701,445)	(242,560,532)
Income for the period	448,516,462	557,681,943	250,505,808	588,815,158
Earnings per share				
Basic earnings per share	0.13	0.17	0.08	0.18
Diluted earnings per share	0.13	0.17	0.08	0.18

(Unit: US Dollars)

Year 2011	4thQ	3rdQ	2ndQ	1stQ
Revenues				
Sales	1,440,651,768	1,373,546,481	1,420,253,743	1,205,269,909
Revenue from pipeline transportation	31,033,243	34,413,783	32,591,372	26,032,563
Other revenues				
Gain on foreign exchange	49,780,106	-	3,467,412	62,778,540
Interest income	6,168,391	4,301,144	2,780,461	2,988,758
Other revenues	53,905,990	9,838,249	28,208,434	13,108,003
Total Revenues	1,581,539,498	1,422,099,657	1,487,301,422	1,310,177,773
Expenses				
Operating expenses	177,925,911	178,654,705	148,754,325	120,061,022
Exploration expenses	27,071,538	51,237,763	76,035,541	62,545,119
Administrative expenses	89,070,143	49,105,660	58,828,262	60,404,469
Petroleum royalties and remuneration	167,633,500	163,396,751	171,627,884	142,810,043
Depreciation, depletion and amortization	267,591,706	272,365,810	279,413,569	297,975,028
Other expenses				
Loss on foreign exchange	-	180,912,028	-	-
Loss from Montara incident	4,297,651	1,033,629	-	-
Loss on financial derivatives	3,623,747	2,019,730	2,353,816	3,059,338
Management's remuneration	2,156,086	852,820	676,927	884,796
Finance costs	35,167,465	32,830,745	31,604,288	23,954,550
Total Expenses	774,537,747	932,409,641	769,294,612	711,694,365
Share of gain (loss) from associates	1,224,201	(853)	553,534	653,034
Income before income taxes	808,225,952	489,689,163	718,560,344	599,136,442
Income taxes expense	(319,093,659)	(240,100,824)	(348,521,606)	(239,648,726)
Income for the period	489,132,293	249,588,339	370,038,738	359,487,716
Earnings per share				
Basic earnings per share	0.15	0.08	0.11	0.11
Diluted earnings per share	0.15	0.08	0.11	0.11

Five-year Petroleum Sales Volume and Unit Price Summary

	2012	2011	2010	2009	2008
Net sales of petroleum (BOED)	275,923	265,047	264,575	233,756	219,314
Average petroleum unit prices					
Average unit prices of crude oil and condensate (USD per BBL)	103.27	102.23	73.77	58.03	91.38
Average unit prices of natural gas (USD per MMBTU)	7.59	6.00	5.52	5.17	5.17
Average unit prices of petroleum (USD per BOE)	64.86	55.49	44.83	39.53	49.69
Lifting cost (USD per BOE)	4.28	4.35	3.75	3.16	2.46

Abbreviations

BBL	barrel
BOE	barrel of oil equivalent
BOED	barrel of oil equivalent per day
BPD	barrel per day
BSCF*	billion standard cubic feet
CNG ¹	compressed natural gas
DCQ	Daily Contract Quantity
FLNG	Floating Liquefied Natural Gas
GSA	Gas Sale Agreement
HOA	Heads of Agreement
KBD	Thousand barrels per day
LNG ²	liquefied natural gas
LPG	liquefied petroleum gas
MMBBL	million barrels
MMBOE	million barrels of oil equivalent
MMBPD	million barrels per day
MMSCF*	million standard cubic feet
MMSCFD*	million standard cubic feet per day
MMSTB*	million stock-tank barrels
MMSTBD*	million stock-tank barrels per day
NGV	natural gas for vehicles
STB*	stock-tank barrel
STBD*	stock-tank barrel per day
TCF	trillion cubic feet
TPD	ton per day

* Referring to gas and oil at standard condition, 60°F and 1 atmosphere (ATM)

¹ Natural gas liquefied by increasing pressure

² Natural gas liquefied by decreasing temperature



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