



THAI OIL PUBLIC COMPANY LIMITED
ANNUAL REPORT 2011

REFINING OUR FUTURE



High Performance
Organization



Corporate
Governance



Corporate
Social Responsibility

Vision

A leading fully integrated refining and petrochemical company in Asia Pacific

Mission

- >> To be in top quartile on performance and return on investment
- >> To create a high-performance organization that promotes teamwork, innovation and trust for sustainability
- >> To emphasize good Corporate Governance and commit to Corporate Social Responsibility



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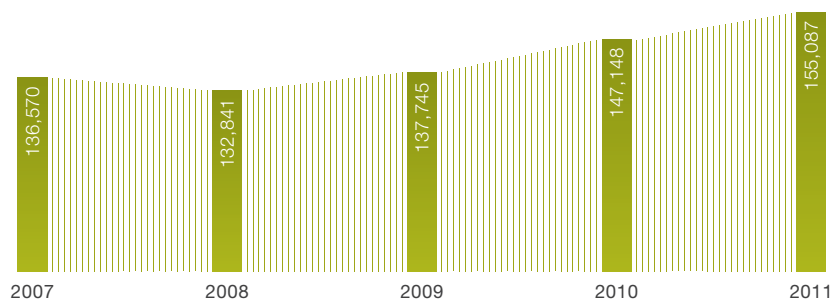
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FINANCIAL HIGHLIGHTS

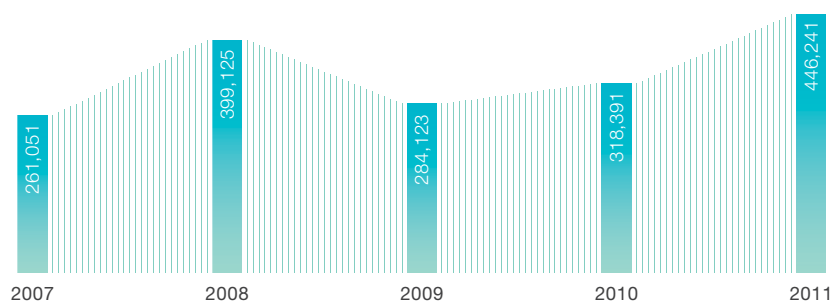
TOTAL ASSETS

Million Baht



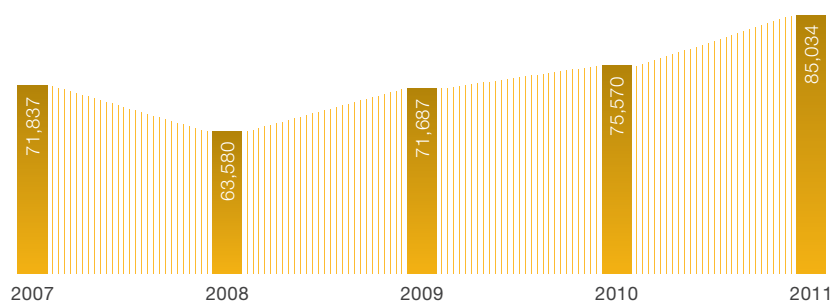
SALES REVENUE

Million Baht



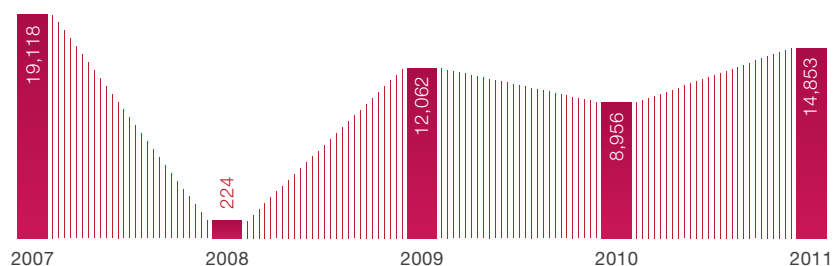
SHAREHOLDERS' EQUITY-NET

Million Baht



NET PROFIT

Million Baht



		2011	2010 ⁽¹⁾	2009	2008	2007 ⁽²⁾
Operating						
Sales revenue	Million Baht	446,241	318,391	284,123	399,125	261,051
EBITDA	"	28,760	17,381	21,393	7,949	28,959
Net profit	"	14,853	8,956	12,062	224	19,118
Earnings per share	Baht/ Share	7.28	4.39	5.91	0.11	9.37
Financial						
Total assets	Million Baht	155,087	147,148	137,745	132,841	136,570
Total liabilities	"	70,053	71,578	66,058	69,261	64,733
Shareholders' equity- net	"	85,034	75,570	71,687	63,580	71,837
Financial Ratios						
Invest coverage ratio	Times	13.5	9.7	10.1	3.8	16.8
Liquidity ratio	"	3.1	2.7	2.7	1.8	1.9
Net debt to equity	"	0.3	0.4	0.5	0.7	0.4
Return on equity	Percent	18.5	12.2	17.8	0.3	29.0
Return on assets	"	9.8	6.3	8.9	0.2	15.5
Stock Data						
Closing price at the end of review period	Baht/ Share	58.50	78.25	42.75	23.40	86.50
Market capitalization	Million Baht	119,342	159,632	87,211	47,737	176,462
Dividend payment	Baht/ Share	3.30 ⁽³⁾	2.00	2.55	2.75	4.50
Dividend yield ⁽⁴⁾	Percent	5.6	2.6	6.0	11.8	5.2
Book value	Baht/ Share	41.68	37.04	35.14	31.17	35.21

Notes:

(1) The Group adopted TAS 19 - Employee Benefits retrospectively

(2) Adjusted according to amended accounting policy for derivative financial statement

(3) Include the interim dividend for 2011 half-year results at the rate of Baht 1.30 per share which was paid on September 30, 2011, and the remaining dividend 2.00 Baht per share is to be proposed to the 2012 Annual General Meeting of Shareholders' approval

(4) Calculated from the closing price at the end of the review period

MESSAGE FROM THE BOARD OF DIRECTORS



Pichai C

(Mr. Pichai Chunhavajira)

Chairman of the Board
Thai Oil Public Company Limited

S. Bulakul

(Mr. Surong Bulakul)

Chief Executive Officer
Thai Oil Public Company Limited

This year, Thai Oil Public Company Limited and its subsidiaries recorded a consolidated net profit of 14,853 million baht, a 66% rise from that of the previous year.

At a time marred by the tumultuous global economy, which is made sensitive to the recovery of the US economy and debt problems of European countries, this performance illustrated professional business management and efficient coordination of the Board and Thailoil management in devising business policies, directions, and strategic plans. Coupled with the diverse business structure of Thailoil Group, a refinery ranking among the region's finest in efficiency, and integrated management practices from production planning to product distribution, Thailoil has emerged as a foremost energy entity of this region.

The year 2011 was marked by a series of project successes for business expansion and sharpening competitive edges. Examples are our becoming the first regional refinery to manufacture all fuels under the EURO 4 standard; production expansion of Treated Distillate Aromatic Extracts (TDAE) by 50,000 tons per annum; business expansion of marine crude oil transport through the establishment of a joint venture to buy very large crude carriers (VLCC); share purchasing of Ubon Bio Ethanol Company Limited, which is engaged in production and distribution of search and planned to expand its business to ethanol production from cassava; and PTT Group's joint venture to run a technical consultancy business. Projects in progress—whether concerning detailed design or construction—have registered steady progress, including expansion of the aromatics capacity (due for completion in Q3 of 2012) and the

construction of two SPP projects. Quite a few other strategic projects are under study, which will emerge in good time.

As for corporate governance and management, to gear up for the highly volatile business circumstances, the Board has appointed the Risk Management Committee in support of the Board's responsibility for Thailoil Group business risk management in a more efficient manner. Thailoil is also determined to refine its assorted management systems to approach international standards, including its internal control system and environmental stewardship. The various awards conferred on Thailoil speak volumes for its intention and commitment to the improvement of management for efficiency, transparency, and fairness to all stakeholders: the Thailand Quality Class (TQC) Award, the "Excellent" rankings for Corporate Governance Report of Thai Listed Companies 2011, the Best Oil & Gas Refining Company in Asia, and the Best Oil & Gas Clean Energy Company in Asia, sponsored by World Finance, Europe's leading financial magazine.

In 2011, Thailoil also marked its 50th anniversary, an auspicious occasion for the initiation of a key public service project: the construction of the emergency building of Ao Udom Hospital. Thailoil is also committed to conducting regular Corporate Social Responsibility (CSR) activities at the community and national levels by leveraging its long-accrued knowhow, skills, and experience for public services. One recent achievement illustrated this commitment: the Thailand Energy Award for alternative energy and energy conservation, conferred on Thailoil Group by the Ministry of Energy for the Huay Poo Ling

Hydro-Power Plant in Chom Thong District, Chiang Mai, which helped residents of areas remoted from the power grid. This same project garnered the ASEAN Energy Award, a regional accolade.

Thanks to Thailoil's ongoing projects, activities, and plans, managed by its personnel dedicated to relentless development, Thailoil is now poised to move into an era of business liberalization, one of growing intensity. On behalf of Thai Oil Public Company Limited, we appreciate your wonderful support and trust: shareholders, joint-venture partners, customers, business partners, government agencies, and financial institutions worldwide. The Board, management, and employees at Thailoil pledge to execute business efficiently and transparently under good corporate governance in parallel with social, community, and environmental responsibility. We are indeed committed to improving Thailoil Group's capability for steady and sustainable growth.

AUDIT COMMITTEE REPORT

To the Shareholders

The Audit Committee, appointed by the Board of Directors, currently consists of three independent directors, namely Mr. Manu Leopairrote (Chairman), Mr. Chaikasem Nitisiri, and Mr. Apisit Rujikeatkamjorn. During the year, the committee underwent a change in composition, since Mr. Chainoi Puankosoom and Mr. Utid Tamwatin resigned, effective from November 8. At the Board of Directors' meeting No. 8/2554 on November 21, the Board then appointed Mr. Apisit Rujikeatkamjorn to the committee.

All three members are knowledgeable with considerable experience in accounting, finance, economics, law, and the petroleum, petrochemical, and energy businesses. An expert in financial accounting, the Chairman is qualified to review the credibility of Thailoil's financial statements against the requirements of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

During the year, the committee held eight meetings, including a meeting with the external auditors without the presence of Thailoil management to seek open views on key issues for the preparation of financial statements and disclosure of key information to their users. In addition, the committee acknowledged the accounting audit performance, audit remarks, as well as problems and obstacles encountered during such audit.

The committee independently undertook its Board-assigned duties according to its own charter, which completely aligns with the requirements of SEC and SET, namely the review of financial statements, connected transactions, risk management, and internal controls; it also provided oversight

to internal audit, compliance, and the appointment of the external auditor. Below are the essences of such reviews this year:

1. Financial Statements: The committee reviewed essential data of quarterly and annual financial statements jointly with senior management, the Internal Systems Audit Manager, and the external auditor. Their interrogation about preparation of financial statements (concerning compliance with the law and accounting standards) was duly answered. The committee found that Thailoil commanded accurate and complete financial statements that are credible, conform to generally accepted accounting principles, and contain adequate and timely disclosure of information for investors and other users of the statements. In addition, the committee promoted development of financial and accounting reporting by international standards. To illustrate, during the year it improved its preparation of financial statements and account entries to the IFRS standard.

2. Connected Transactions: In reviewing the disclosure of connected transactions among Thailoil Group with potential conflicts of interest, the committee concluded that Thailoil had observed regular business practices, exercised fairness and sensibility, avoided siphoning of benefits, and commanded complete and adequate disclosure of information in strict compliance with its corporate governance policy and the announcement of the SET Board.

3. Risk Management: To ensure that Thailoil had efficiently managed its risks to acceptable levels, the committee reviewed its risk management system and found that it had

conformed to the plan. During the year, Thailoil valued such a system by appointing the Risk Management Committee at the director level to devise a framework and ensure that risk management compatible with efficient business execution and of international standards is practiced across Thailoil Group.

4. Internal Control System: The committee reviewed the adequacy of Thailoil Group's internal control system for 2011 to support its goal and objective achievement. Thailoil management ensured continual monitoring of business improvement as recommended in the audit report and the committee's comments by improving its internal control system in line with changing circumstances. The committee considers Thailoil's internal control system suitable for its business. In addition, in assessing the outcome of the internal control system affecting the Company's financial statements, the external auditor has found no essential shortcoming affecting such statements.

5. Internal Audit Supervision: The committee reviewed the 2011 audit plan, acknowledged its implementation, and reviewed audit findings while providing recommendations and following up on corrections of significant aspects stated in the report to ensure good corporate governance.

6. Compliance with Securities and Exchange Laws, SET Requirements, and Relevant Laws: The committee reviewed and ensured strict compliance with these laws and relevant requirements. In 2011, there is no report that the Company committed to the contrary to these regulations that are serious offenses.

7. Appointment of the External Auditor for 2012: Having chosen an independent external auditor and defining a reasonable compensation, the committee has forwarded its opinion to the Board for the shareholders' approval at the 2012 Annual General Meeting of Shareholders of KPMG Phoomchai Audit Ltd., represented by one of these gentlemen, as Thailoil's external auditor for 2012: Mr. Winid Silamongkol, CPA registration No. 3378, Mr. Charoen Phosamritlert, CPA registration No. 4068, or Mr. Vairoj Jindamaneejitak, CPA registration No. 3565.

In 2011, with the above auditing activities, the Audit Committee found that the Company has fully complied with all relevant laws, rules, and regulations in accordance with the good corporate governance principles in all aspects of the business. In addition, the Company also has efficient and effective internal control systems appropriate to its operations.

February 8, 2012

On behalf of the Audit Committee



(Mr. Manu Leopaiprote)

Chairman of the Audit Committee
Thai Oil Public Company Limited

NOMINATION AND REMUNERATION COMMITTEE REPORT

To the Shareholders

To align with corporate governance guidelines for listed companies, the Board of Directors has appointed the Nomination and Remuneration Committee, consisting of at least three directors, most of whom must be independent and none of whom is to be either the Chairman of the Board or the CEO. Members of the committee must be knowledgeable and experienced, and must understand the qualifications, duties, and responsibility, apart from being able to devote adequate time to the fulfillment of the committee's duties. These duties, together with committee members' qualifications, are spelled out in the Nomination and Remuneration Committee Charter.

The committee deliberates recruitment criteria, approaches, and processes together with suitable compensation for the Board and Board-Committees for the consideration of the Board before tabling them to the shareholders' meeting for approval every year. Compensation of the CEO, also deliberated by this committee, is proposed for approval by the Board.

The present Nomination and Remuneration Committee consists of

- | | |
|----------------------------|------------------------------------|
| 1. Mr. Goanpot Asvinvichit | Chairman
(Independent Director) |
| 2. Mr. Somchai Poolsavasdi | Member
(Independent Director) |
| 3. Mr. Tevin Vongvanich | Member |

Notes:

1. LTG. Tawatchai Samutsakorn, Member of the Nomination and Remuneration Committee (Independent Director), resigned from the Board on November 4, 2011
2. Mr. Vitaya Suriyawong, Member of the Nomination and Remuneration Committee (Independent Director), resigned from the Board on November 24, 2011

Meetings and Performance in 2011

The committee performed all its duties spelled out in the charter and met five times, with perfect attendance, as shown on page 95. A summary of these meetings appears below:

1. For the CEO, assessed his performance and decided his salary rise commensurate with his performance against the criteria of the job, effective from January 1, 2011

2. Recruited and deliberated persons for the Board's consideration before tabling their names to the shareholders' meeting for approval to replace directors that completed their terms in 2011
3. Based the Board's compensation this year on criteria linking compensation to Thaioil's overall performance against listed companies of the same business group, as well as Thaioil's dividend payment
4. Recruited and nominated qualified persons to the Board for appointment in place of members who resigned before completing their terms
5. Recruited and nominated directors for seats on the Nomination and Remuneration Committee, Audit Committee, Corporate Governance Committee, and Risk Management Committee to the Board for consideration in the vacated posts after the Annual General Meeting of Shareholders 2011
6. Encouraged Thaioil to allow minor shareholders to propose agenda items and nominate directors for election at least three months ahead of the shareholders' meeting from the period of October 1, 2011 – January 31, 2012 through Thaioil's website

January 20, 2012

On behalf of the Nomination and Remuneration Committee



(Goanpot Asvinvichit)

Chairman of the Nomination and Remuneration Committee
Thai Oil Public Company Limited

CORPORATE GOVERNANCE COMMITTEE REPORT

To the Shareholders

The Board of Directors of Thai Oil Public Company Limited appointed the Corporate Governance Committee (CG committee) in defining a policy on corporate governance and various guidelines to enable Thailoil's business to proceed under these principles and ethical standards.

The CG committee plays a key role in monitoring business execution, including promotion and encouragement of the publicity and cultivation of the corporate values of conformance to good corporate governance and ethics among all employees to ultimately lead to a corporate culture.

This year was another one in which Thailoil has conducted many planned activities and projects with the approval of the CG committee to raise its corporate governance standards. These involved all Thailoil stakeholders, namely the shareholders, customers, business partners, creditors, employees, communities, the environment, and related government agencies.

Thanks to the clear goals and plans for improving the abovementioned standards on the part of the Board, executives, and employees of Thailoil Group, the Company has earned an "Excellent" rating according to the Corporate Governance Report of Thai Listed Companies, which was jointly conducted by the Thai Institute of Directors (IOD), the Stock Exchange of Thailand (SET), and the Securities and Exchange Commission (SEC). Thailoil also achieved 100 marks (a perfect score) and rated "Excellent and Exemplary"

from the Annual General Meeting of Shareholders (AGM Checklist) assessment conducted by SEC and Thai Investors Association (TIA). Moreover, the Company garnered the Thailand Quality Class (TQC) award, sponsored by the Thailand Productivity Institute (TPI), for its compliance with corporate governance principles and ethical standards, which are key award criteria.

In 2011, the CG committee carried out all its duties stated in its charter. For essential activities on corporate governance, the Company produced CG e-learning, an online training program with contents encompassing key elements of the code of business ethics to ensure proper guidelines for employees. This program consists of the essences of the Thailoil's Corporate Governance Manual and the Code of Conduct Handbook featuring principles for corporate governance and code of ethics, case studies, and test forms. To date, more than 85% of the employees have undergone this training.

Thailoil has also prepared its handbook on the standards and guidelines for social responsibility of industrial operators in Thailoil Group's supply chain and staged a workshop with contractors and business partners. To provide role models for other business partners, Thailoil has awarded "CSR in Supply Chain" certification letters to ten business partners and contractors judged to have met its standard.

As for corporate social responsibility (CSR) activities,

Thaioil regularly continued these at both community levels (surrounding the refinery) and national levels. And to coincide with its 50th anniversary of business, it has initiated a project for the construction of Emergency Building at Ao Udom Hospital to support and improve the well-being of communities around the refinery. During this year's Great Floods, Thaioil cooperated with government agencies, including the Ministry of Energy and the Royal Thai Navy, in supplying survival kits and passenger boats to help flood victims and officers alike.

Another key project this year was website improvement, designed to upgrade communication between Thaioil and stakeholders for greater efficiency to give faster, complete, and accurate access to its information.

Besides these projects and activities, Thaioil engaged in other activities to promote corporate governance. These activities are conducted every year, including the TOP Group CG Day. This year, a contest project for "Refining TOP 50 CG Ideas for the Future" was launched for employees' inputs on how to improve aspects of business on top of the activities designed to stimulate awareness of corporate governance and ethics. Also, independent directors held meetings to openly discuss matters among themselves and forward ideas to improve Thaioil's corporate governance.

Through projects, activities, and its business approach under corporate governance and ethical standards collectively

conformed to by the Board, the management, and all employees of Thaioil Group, the CG committee is convinced that Thaioil will achieve its goal of becoming a sustainable entity through outstanding performance in tandem with transparent and fair business standards with due regard for society, the nation, and the environment.

February 10, 2012

On behalf of the Corporate Governance Committee



(Mr. Apisak Tantivorawong)

Chairman of the Corporate Governance Committee
Thai Oil Public Company Limited

RISK MANAGEMENT COMMITTEE REPORT

To the Shareholders

The Board of Directors of Thai Oil Public Company Limited appointed the Risk Management Committee at its meeting No. 4/2011 on June 24, 2011, to ease its burdens of oversight of risk management practices. Equally important, risk management is a key tool to promote Thail's goal achievement. The committee consists of four directors, who are well-versed, competent, and experienced in business, namely:

- | | |
|----------------------------|------------------------|
| 1. Mr. Sathit Limpongpan | Chairman (Independent) |
| 2. Mr. Udom Wongviwatchai | Member (Independent) |
| 3. Mr. Goanpot Asvinvichit | Member (Independent) |
| 4. Mr. Surong Bulakul | Member (CEO) |

Remark:

- | | |
|---------------------------|---|
| 1. Mr. Sathit Limpongpan | Chairman (Independent) resigned from the Board on November 11, 2011 |
| 2. Mr. Udom Wongviwatchai | Member (Independent) resigned from the Board on November 24, 2011 |

Meeting and Performance in 2011

The Risk Management Committee defines and reviews Thail's corporate risk management framework, policy, process, and its charter for efficiency and compatibility with Thail's businesses on a par with international standards. It provides recommendations on the risk management approach that matches Thail's direction, operation strategies, and business plans, and supports continuous development of risk management across the board in Thail to become a corporate culture in keeping key risks to manageable levels. Since its establishment on June 24, 2011, the committee met twice with key performance under their roles and responsibilities as stated in the Risk Management Committee Charter:

1. Organized the election of the Chairman
2. Scrutinized and endorsed its draft charter
3. Reviewed the corporate risk management framework
4. Scrutinized and endorsed the corporate risk management policy
5. Endorsed the structure of corporate risk management
6. Scrutinized and endorsed key corporate risks
7. Defined acceptable levels of key corporate risks
8. Oversaw and monitored performance under the risk management framework for petroleum product and crude prices
9. Oversaw and monitored the assessment outcomes of risk management for Thailoil Group since 2007
10. Reported the outcomes of risk management to the Board
11. Provided recommendations to promote increasingly efficient and effective corporate risk management.

December 31, 2011

On behalf of the Risk Management Committee



(Mr. Goanpot Asvinvichit)

Member of the Risk Management Committee

Thai Oil Public Company Limited



(Mr. Surong Bulakul)

Member of the Risk Management Committee

Thai Oil Public Company Limited

MARKET REVIEW 2011

Industry and Global Economy

The world economy this year continued to expand at 4.0%, slightly lower than originally predicted due to the Great Earthquake in Japan in March, which significantly slowed down its overall manufacturing, and the series of violence and protests this year against political leaders by the public in oil-producing countries of the Middle East and North Africa (MENA). The US economic contraction after the expiration of the Quantitative Easing (QE) measures and the escalating debt crises in Europe had severely affected economic growth worldwide. On the other end, China has no choice but to impose stringent monetary policies, including raising interest rates, controlling lending/deposit ratios in commercial banks, and limiting lending thresholds, in order to cool down the overheating economy.

The world oil market and stock markets made a nosedive this year following many economic uncertainties: the escalating European debt crisis, the downgrading of long-term US credit rating in August due to the political setback for the increase of the national debt ceiling, and the negative market sentiment toward the launch of the Operation Twist measure instead of QE 3 in September. All these uncertainties have driven the world oil and stock markets toward the prediction of further severe economic contraction in Europe and the US. The positive signal derived from the EU summit on debt crisis resolution and the consensus among EU members in late October made a strong positive impact on the markets. However, details and implementation steps of the measures are to be disclosed later.

Crude and Petroleum Product

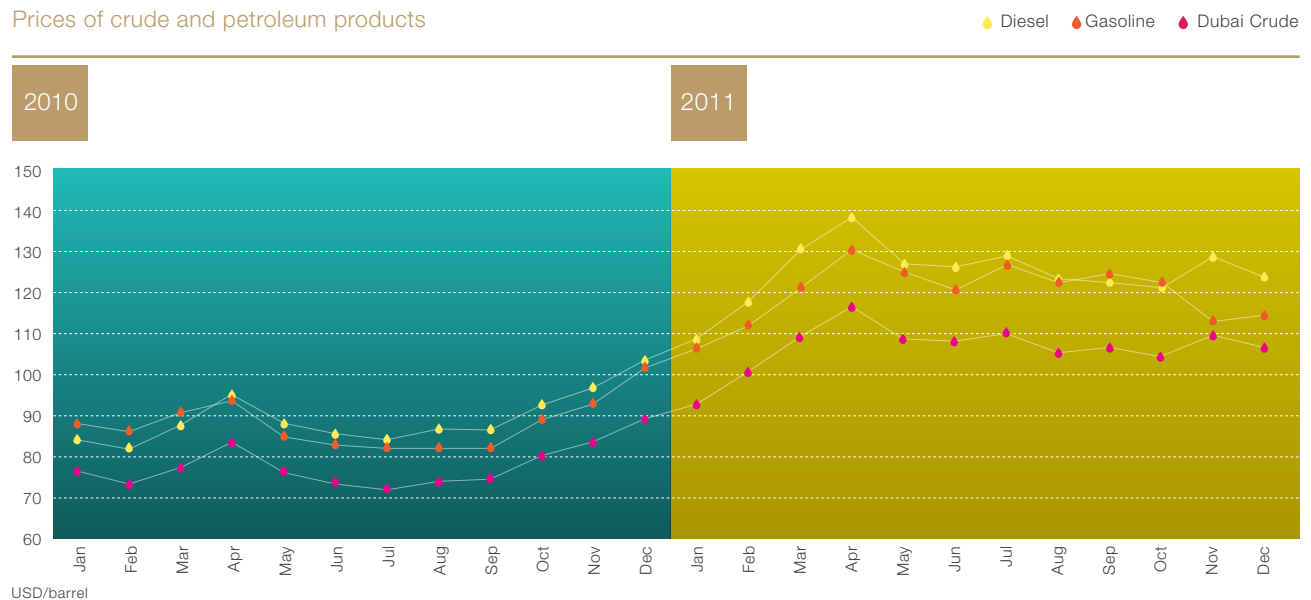
The oil price in 2011 was both very volatile and high.

The Dubai crude moved in the range of USD 90-120 per barrel, averaging USD 106 per barrel, up from that of last year of USD 78 per barrel. The jump in oil price early in the year was a reflection of the jump in diesel demand for heating, since the weather during December 2010 – January 2011 was unusually frigid. The crude price, particularly Brent, continued to climb following the unrest in oil-producing countries of MENA, especially in Libya, where the 1.6-million-barrel-per-day production was halted. The oil price jumped again in April to USD 120 per barrel after the interest rate increase measure imposed by the European Central Bank, resulting in a weakening US dollar. Nevertheless, the concern of the debt crisis in Greece made a return on the table with fears that Greece would definitely miss the debt payment deadline. The International Energy Agency (IEA) finally decided to release the strategic oil inventory totaling 60 million barrels from member countries to the world market, compensating the system loss due to the halt in production from Libya. These two events had driven the world oil price down.

The price went dramatically down in August and September mainly because of negative economic indicators. The debt crises in the US and Europe pushed the credit ratings of the US and many countries in Europe further down. Market disappointment toward the US Operation Twist measure and the escalation of the debt crisis in Greece to other EU member countries, including Italy, France, and Spain, and to commercial bank networks throughout Europe, had generated high uncertainty in the world economy. Later in the year, the world economic indicators, especially in the manufacturing and service industries clearly pointed toward economic contraction, forcing the International Monetary Fund (IMF) to reduce its world economic growth forecast for

2011 and 2012

Prices of crude and petroleum products



2011 and 2012. The IEA followed with a downtrend global oil demand. Amid high uncertainty in the global economy and world oil demand, investors eventually moved their investments from the oil market to US dollar and gold, which were considered lower-risk markets. On the contrary, limited oil supply due to production shortfall from Libya and production difficulty in the North Sea resulted in relatively high oil prices.

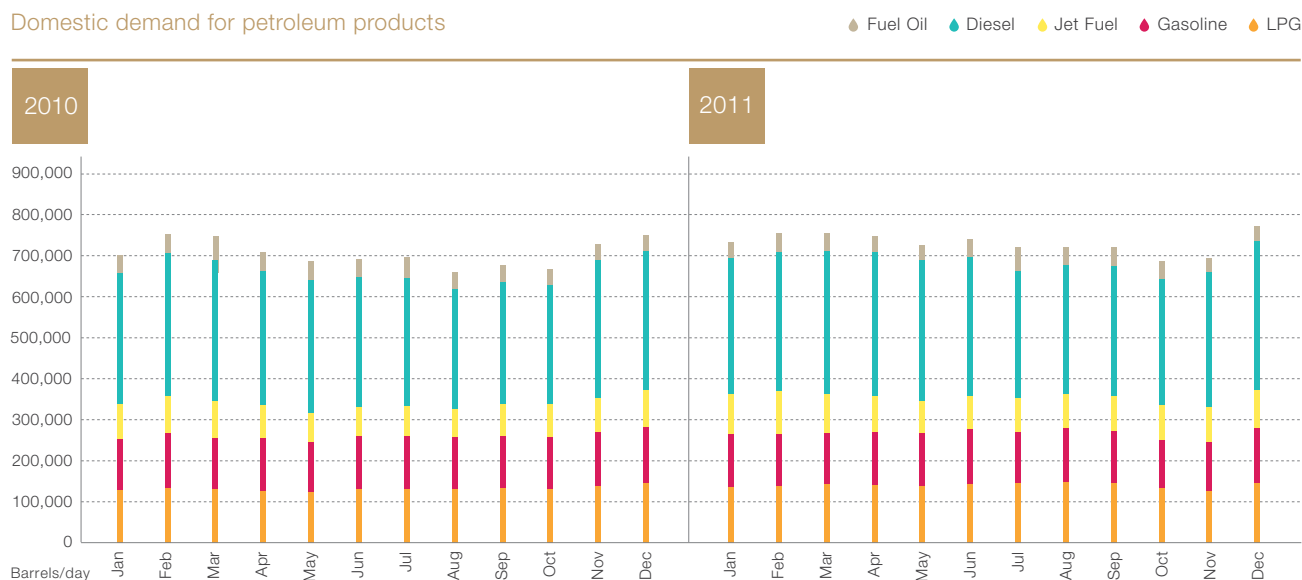
Nevertheless, the world oil price went up in the last quarter following an effort by the EU and world leaders to resolve the European debt crisis. The resolution included many stringent fiscal monetary policies, establishment of the European Stability Mechanism (ESM) and the agreement to inject liquidity via the IMF lending process. In addition, Enbridge Inc. decided to modify their pipeline system from Cushing, Oklahoma, to refineries in Texas to reduce the

oversupply condition at Cushing, which was one of the factors capping the West Texas Intermediate (WTI) price. Moreover, political tension between the western bloc and Iran over the latter's nuclear program was escalated following the sanction imposition by the US, England, EU, and South Korea blocking oil trading with Iran.

Prices of petroleum this year went up, tracking that of crude. Due to the higher demand for diesel early in the year for heating purposes, significant expansion in the world industrial and transport sectors, and the shutdown of the combined 1.4-million-barrel-per-day capacity of refineries in Japan following the Great Earthquake and tsunamis in March, the price gap between jet fuel and diesel and the Dubai crude skyrocketed. This price gap became less pronounced beginning in Q3 as the world economic contraction was more obvious and some refineries returned to operations after

2010 and 2011

Domestic demand for petroleum products



Source: Energy Policy and Planning Office (EPPO), Ministry of Energy

their maintenance shutdowns. However, the price gap went back up in the last quarter, when European and North Asian countries needed diesel for heating in winter. The gasoline market soared in Q3 as supply went short after the rapid rise in demand in Asia, especially China, India, and Indonesia. A major refinery in Taiwan was shut down throughout August for safety inspection after many fire incidents. Another major refinery in Singapore was later closed following a fire incident in September. Nevertheless, both refineries became operational in summer, pushing gasoline demand downward, and so did the price gap between gasoline and the Dubai crude in the last quarter.

Domestic Petroleum Product Market

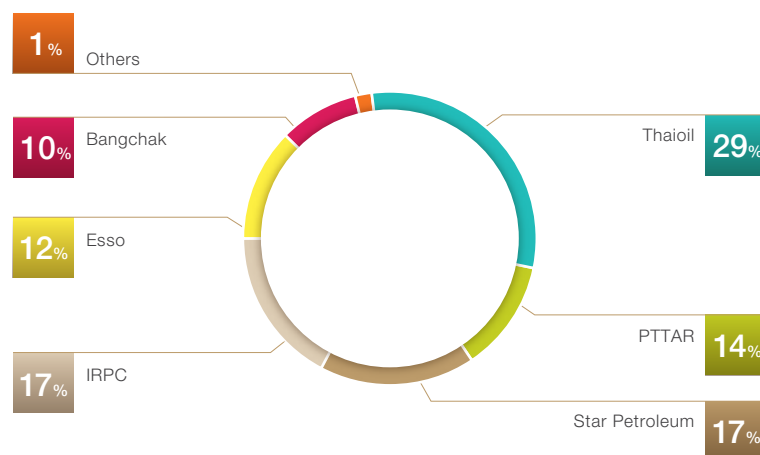
The Thai economy in 2011 grew at a slower pace than the previous year due to many internal and external factors. Beginning with the Great Earthquake and tsunamis in Japan,

private consumption and exports began to feel the impacts in Q2 as parts and supplies from Japan became scarce. The rise in exports of automobiles and more private investment, as well as increasing tourism, were the main driver for improved economic growth in Q3. Unfortunately, economic demand plunged following the worst flood in more than 50 years (the Great Flood), combined with the weakening world economy, devastating Thailand from Q3 to the end of Q4 to a complete halt in some sectors. The Bank of Thailand therefore adjusted economic growth in 2011 from 2.6% to 1.8%.

Even when the overall economy was subdued, especially from the flooding crisis during Q4, the domestic demand for petroleum products in 2011 grew by 3% as a result of the temporary cancellation of the levy to the oil fund contribution since August, which in turn had driven the demand for petroleum products up. The demand for LPG, jet fuel, and

2011

Domestic refining capacity



Source: Energy Policy and Planning Office (EPPO), Ministry of Energy

diesel were up by 13%, 9%, and 3% respectively. The demand for gasoline shrank by 1.5-2.0%, and for fuel oil, down by 5%, substituted by cheaper natural gas.

Despite the planned maintenance shutdowns and additional installation of gasoline and diesel refining units to meet the EURO 4 standard requirements from January 1, 2012 onwards, at nearly all domestic refineries, the overall average refining capacity in 2011 was about the same as in 2010, at 957,000 barrels per day. Thaioil successfully ended the year with a higher average refining capacity and maintained its domestic leading position with a total refining capacity accounting for 30% of the total domestic capacity.

Aromatics Market

In 2011, the aromatics market was extremely volatile. Early in the year, a paraxylene plant in Malaysia, with a 500,000-ton-per-year capacity, ground to a complete halt

for four weeks. Downstream plants, at the same time, were stocking up to keep their inventories high to meet the usually high demand during the Chinese New Year. These two events sharply cut down the supply of paraxylene to the market. Amid the short supply, the price of paraxylene jumped by more than USD 200 per ton within 3 days after the Great Earthquake and tsunamis in Japan in March, which crippled many aromatics plants in Japan. The price peaked at USD 1,815 per ton, a 16-year high. However, the price began to come down later as several PTA (Purified Terephthalic Acid) manufacturing plants decided to temporarily cease their production for maintenance shutdowns in Q2, which can be divided into two types: being planned ahead and decided to cease their production due to the exorbitant prices of raw materials, causing demand to drop. Moreover, since April, an additional supply of 900,000 tons per year from South Korea boosted the system.

The price of paraxylene surged during the latter half of 2011. The paraxylene market was tightened again as two paraxylene plants in Southeast Asia were shut down, including CNOOC in China with production capacity of 840,000 tons per year and Formosa in Taiwan with production capacity of 270,000 tons per year, due to the fire accidents and suspended their operation accordingly. Paraxylene demand coincidentally went up by 3.2 million tons in Q3 from two new PTA plants in Yisheng and Sanfangxiang, China. The higher demand for paraxylene from PTA plants in Q3 was seasonal, as the market called for higher polyester fiber. With the soaring PTA supply in early Q4, some PTA plants ran into financial losses and had to cut down production. This resulted in a slight increase in the price of paraxylene, which stayed somewhat stable around USD 1,500 per ton until the year-end.

The gasoline market was affected by the paraxylene market throughout 2011. With the very high production of paraxylene following the higher prices, the associated gasoline products naturally flooded the market. Moreover, several downstream manufacturers experienced operational interruptions in Q3, including two styrene monomer plants in Singapore, with a total production capacity of 1.2 million tons. As a result, the market demand for gasoline products in Southeast Asia nosedived in 2011.

The toluene market in 2011 was in a totally different picture. As the market demand for paraxylene went up, the need for toluene to produce paraxylene, which is of higher value, also went up. The fire incident at Shell's refinery in Singapore in October added demand for toluene, which is the basic component to increase octane value in gasoline used by many other refineries in the region. All these helped push up the price of toluene this year.

Lube Base Oil and Asphalt Markets

The lube base oil market generally looked positive in the first half of 2011. With the gradual rise in demand and gradual fall in supply, the price of lube base oil climbed up continuously. Meanwhile, several regional lube base oil refineries went on temporary shutdowns for planned maintenance and increasing seasonal demand for agricultural activities drove the price of lube base oil up continuously in the first half of 2011.

Nevertheless, the price of lube base oil dropped off in the latter half of 2011 following the imposition of economic measures in China to cool down the overheating economic growth. Market liquidity gradually eroded, and so did demand for lube base oil. Incidentally, China was the major regional importer. Several refineries in the region also returned to normal operations after their planned maintenance shutdowns. These pushed down the price of lube base oil, but it still proved higher than in the past.

The continuous construction of infrastructure in China and many countries in Southeast Asia was the main reason for the elevated prices of asphalt all year long. Moreover, with the high price of bunker oil, the raw material for asphalt, the price of asphalt was at a 5-year high this year. Nevertheless, after the imposition of economic measures in China, which dragged the need for asphalt in making roads and highways, combined with the rapid drop in demand for asphalt in making roads during the flooding period in Southeast Asia, overall demand for asphalt plummeted in Q4 of 2011.

Domestic Solvent Market

The solvent market began the year with normal growth in line with the world's growing economy. The dramatic incident of the Great Earthquake and tsunamis in Japan halted the

regional auto-industry due to a shortage of parts and supplies. The demand for solvents for auto paints nosedive as a result. Although the auto-industry recovered in the latter half of 2011, the world economy went into a doldrums following the debt crisis escalation in Europe and the weakening economy in the US. The prolonged rainy season in Southeast Asia was another factor suppressing the demand for solvents in the region. The demand suffered another strong setback when the auto-industry and the property sectors in Thailand bore the brunt of the historic floods in the last quarter. The overall solvent market in 2011 dropped by 2% from that in 2010.

Petroleum and Petrochemical Product Tanker Market

In general, the petroleum and petrochemical product tanker market this year registered growth from 2010 thanks to the relatively good regional economy. The jump in demand for tankers continued after the Great Earthquake and tsunamis in Japan and several accidents in many regional petrochemical refineries, resulting in more active movement for petroleum and petrochemical products. As a result, the tanker market looked more positive.

However, due to the jump in the bunker fuel oil price by 30% from the 2010 price level, the operating cost in running the tanker business skyrocketed. The net tanker market this year is therefore slightly better than the previous year.

Ethanol Market

In 2011, the domestic demand for ethanol, the main component for gasohol production, dropped by 1.7% from the previous year level to about 1.2 million liters per day. However, the temporary cancellation of gasoline and diesel levy to the Oil Fund in late August resulted in a narrower

price gap between gasoline and gasohol. Some consumers naturally shifted their consumption to gasoline to enjoy this price gap, thus a drop in ethanol consumption to lower than 1 million liters per day in Q4 of 2011.

Molasses, cassava, and cane syrup are the main sources of ethanol, with a production market share of approximately 72:20:8. In 2011, there were 19 ethanol plants producing a total of 2.93 million liters per day. This fell short from the projected plan of 3.89 million liters per day in capacity by the end of 2011 because of the higher cassava price affecting the opening of new cassava-based ethanol plants.

The average reference price of ethanol climbed from 23.4 Baht per liter in 2010 to 24.3 Baht per liter this year. It was adjusted from the higher prices of raw materials, particularly cassava. Because of climate change, unseasonal rainfall, and drought, and the spreading of mealy bugs, the cassava output plummeted to 22 million tons. On the other hand, molasses production in Thailand during the same period reached a record high. The production share of molasses, therefore outpaced that of cassava, and depressed the cost structure of ethanol production from molasses.

Electrical Power Market

The gross energy generation for the first eight months of 2011 fell by 0.5% year-on-year from 110,628 Gwh to 110,131 Gwh. Two contributing factors were the prolonged cool weather early in the year and the dramatic drop in electrical power demand after the Great Earthquake and tsunamis in Japan. The drop in electrical power demand became more outstanding to more than 10% year-on-year since September as a result of historical floods.

SUMMARY OF BUSINESS ACHIEVEMENTS

BEST OIL & GAS REFINING COMPANY IN ASIA



by
World Finance magazine

Thaioil
successfully produced



Gasohol



Gasoline



Diesel

EURO IV

Standard ahead of
nationwide enforcement
in 2012

Reiterating Golden Jubilee success with the Best Oil & Gas Refining Company in Asia Award in 2011 conducted by World Finance magazine, together with outstanding performance thanks to a robust business structure, poised to become a centennial corporation

After five decades in the energy business, Thaioil Group has refined its knowhow and competency to become an entity of high capability for its production, marketing, and management. In 2011, despite the impact of the Eurozone financial crisis, demand for petroleum products continued its climb concurrently with the rising world market oil price of about USD 17 per barrel. Note that domestic demand was buoyed by the public sector policy on energy price control. The fact that Thaioil successfully produced gasohol, gasoline, and diesel under EURO 4 standard ahead of nationwide enforcement in 2012 enabled it to sell these products to domestic customers for environmentally friendly consumption faster. Late in the year, Thailand suffered from widespread floods in the Central Region, including Bangkok Metropolis, which dented the demand for petroleum products; however, Thaioil's sales of these products went as planned. This was because the refinery is located in Chonburi, unaffected by the natural catastrophe, Thaioil was able to address domestic demand through the new lorry loading station in Sriracha to make up for other producers' transport disruptions during the crisis. In 2011, Thaioil's gross refinery margin (GRM) continued its rise. Thaioil's accounting GRM is USD 6.2 per barrel. Throughout the year, Asian economies kept their healthy expansion, driven by China and India for the most part, which benefited Thaioil Group's downstream businesses, including the aromatics and the lube base oil businesses. This resulted in the Group's accounting gross integrated margin (GIM) of about USD 9.3 per barrel. Incidentally, the Group was able to manage its operating expenses to only USD 1.2 per barrel, regarded as among the industry's leading GIM and operating expenses. In 2011, Thaioil Group reported a consolidated net profit of 14.853 billion baht.

Meanwhile, Thaioil Group continued to focus on the group integration management to link different units through joint production and sales planning for maximum flexibility and benefit among Thaioil Group and for margin improvement activities through production efficiency enhancement and sale, and through keeping costs constantly competitive under the Operational Excellence project. Besides striving for management excellence, Thaioil remains to be a Strategy-Focused Organization (SFO) marked by the application of sophisticated and efficient tools and procedures in response to circumstantial business changes. For instance,

In 2011, consolidated
net profit of



14.853
billion baht



OPERATIONAL EXCELLENCE

increase production efficiency
and sales, and keeping costs
constantly competitive

Thailand
Quality Class Award



from the Office of Thailand
Quality Awards for the third
straight year

its scenario planning accommodates anticipated situations resulting from changes in internal and external factors and assesses preparedness in business, human resource, business process, and corporate cultural aspects, which enables it to analyze the probability of assorted scenarios more efficiently. This tool was applied in tandem with strategy formulation by using balanced scorecard, performance management system, and enterprise risk management. In 2011, the Board of Directors appointed a Risk Management Committee to support its performance in defining a risk management framework and a risk management policy to ensure that such management by the Group remained poised and suitable for evolving circumstances. Thailoil also joined Thai Listed Companies Association under the auspices of the Stock Exchange of Thailand (SET) in encouraging listed companies to share and promote knowledge, skills, and experiences through a Risk Management Club. In addition, Thailoil Group has embraced the development of a concept to align corporate strategies and forge voluntary collaboration of all employees through its project on Key Focus Areas (KFA): bottom-up management and matrix organization. This has resulted in all employees having a say in the improvement of job performance and innovations to add organizational flexibility and drive corporate strategies toward its goals. From these aforementioned actions, Thailoil has maintained its competitive advantages and sustainable growth, thus being named to the Thailand Quality Class (TQC) Award from the Office of Thailand Quality Awards for the third straight year.

Market Strategy Management with a Focus on Customer Relationship Management (CRM) and Efforts Made to Improve New Services and Products, Particularly Environmentally Friendly Products

Thailoil Group values market strategy management to add business opportunities through the expansion of its customer-base and other retail customers, together with sales expansion to current customers and sales in the Indochina market, with a focus on response to customers' demands and provision of fine services. Stressing product sales to address domestic market demands, particularly when other refineries undergo maintenance turnarounds, Thailoil undertook swap location for the refining of EURO 4 - standard fuels since it had successfully refined gasohols, gasoline, and diesel ahead of schedule. During the Great Floods, it managed customers' receipt of goods by extending the fuel distribution period at the lorry loading station to around-the-clock operation, which added flexibility

Thaioil has developed
E-ordering and E-payment
systems



E-Ordering



E-Payment

and operating efficiency. To ease customers' work, Thaioil has developed E-ordering and E-payment systems, and has retained its goal of managing market strategies mainly to raise sales and customers' satisfaction. This year, Thaioil successfully raised its domestic sales to 85% of its capacity and earned more satisfaction. Moreover, it also searched for opportunities to strengthen cooperation between the refinery and its suppliers as a way to lower production costs.

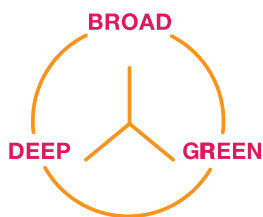
Amid the social awareness and customers' needs for clean products and energy, Thaioil Group valued the development and introduction of new environmentally friendly products to the market in order to meet customers' needs. Instances are Thaioil's EURO 4 products, TDAE, TRAE, and 60 Slack Wax (all Thai Lube Base products), Pentane VPS solvents, s-BA, 3040, and A-150 ND TOPsol (all TOP Solvent products).

Continual Investment Under Strategic Initiatives in Growth under Core Businesses, Value Chain Enhancement, Alternative Energy, and Energy Services to Diversify Business Risks and Promote a Positive Image Among Thai Society

Throughout its five decades in the energy business, filled with professional management in tandem with due regard for refinery communities and society at large, Thaioil Group has remained committed to the investigation and development of business opportunities, as well as new strategic projects, including organic growth under the Broad - Deep - Green strategy focusing on the increase oil refining and products efficiency for maximum value. In 2011, Thaioil Marine has greatly expand and forming TOP-NYK MarineOne Pte. Ltd. (TOP-NYK), a joint venture with Bulk & Energy B.V. (Netherlands) - a daughter company of the world's leading marine fleet operator - to acquire VLCCs to serve Thaioil Group and PTT Group; formation of TOP Maritime Services Co., Ltd. (TMS), another joint venture, to undertake the crew boat business for offshore platform services; a joint venture with Thome Ship Management Pte. Ltd. in Singapore and Nathalin Co., Ltd. to establish Thome Ship Management (Thailand) Co., Ltd. (Thome-Thailand) to undertake the ship management business and internationalize the performance standards of Thai vessel personnel.

As for investment in value chain enhancement, in 2011, Thai Lube Base grew its capacity for TDAE by 50,000 tons per year to 65,000 tons per year, mainly for Europe's auto-tire industry.

Strategy Focusing



striving to increase oil
refining and product
efficiency for maximum value

In 2011, Thai Lube Base
grew its TDAE
production capacity to

TDAE
65,000
tons per year

**BEST
COMPANY**



by
Institutional Investor magazine

As for alternative energy, Thailoil Group plans to develop its ethanol business by following the government-sector approach of alternative-energy application. In 2011, Thailoil Ethanol Co., Ltd. (TET), participated in the share acquisition of 21.28% in Ubon Bio Ethanol Co., Ltd. (UBE), which runs a cassava-to-ethanol business with a capacity of 400,000 liters per day. This ethanol production plant is under construction, due for completion in 2012. Incidentally, this company has also invested in the starch business (with a capacity of 300 metric tons per day) and the biogas business (with a capacity of 36,000 cubic meters per day), which is used to produce electricity at 1.9 MW for trading with the Provincial Electric Authority. Both businesses have planned a doubling of their capacities, also due for completion in 2012.

As for the energy services business, Thailoil joined PTT Group in setting up PTT Energy Solutions Co., Ltd. (PTTES), to provide engineering technical consultation to PTT Group and develop such expertise to serve outside company. Meanwhile, Thailoil Energy Services Co., Ltd. (TES), has developed its business by focusing on the management and development of specific infrastructure, consultation and academy for refineries and petrochemical businesses, and applied energy businesses. Its initial services have been provided to Thailoil Group and Ubon Bio Ethanol Co., Ltd.

Emphasis on Organizational Leadership and Management

Thailoil Group's senior management is committed to driving the Group toward excellence while adhering to management principles and creativity, good corporate governance, corporate social responsibility, and due regard for fair benefits. These attributes resulted in the Group's performance exceeding shareholders' expectations and its widespread acceptance away the business and industrial sectors. Instances abound the selection by World Finance Magazine, Europe's leading financial magazine, as the Best Oil & Gas Refining Company in Asia in 2011, based on its corporate governance practices, outstanding organizational leadership, robust financial standing, and investment potential and the Best Oil & Gas Clean Energy Company in Asia in 2011, based on its leadership in social responsibility, clean-energy management, and sustainable development. Thailoil also named by Institutional Investor Magazine as the Best Company and received the Platts Top 250 Global Energy Companies Award in 2011 from Platts Singapore in comparison with other world-class operators in various aspects, including No. 15 in Oil & Gas Refining & Marketing in Asia and No. 21 in Oil & Gas Refining

Thaioil is the first company in the world to received the ISO/IEC 27001 certification for its networks in production processes



Thaioil received "excellent" rating for Top Corporate Governance Report

TOP CORPORATE GOVERNANCE REPORT



conducted by the
Thai Institute of Directors (IOD)

& Marketing Globally. Thaioil also ranked No. 52 in Asia and No. 182 globally, based on overall performance including financial performance, value of assets, revenue, profitability, and return on investment. Moreover, Thaioil is the first company in the world to received the ISO/IEC 27001 (Information Security Management System) certification for its networks in production processes.

Corporate Governance, Social Responsibility, and Stewardship of Stakeholders

Thaioil takes corporate governance development very seriously by adopting well-accepted principles as its guiding principles. In 2011, Thaioil received "excellent" rating for Top Corporate Governance Report, conducted by the Thai Institute of Directors (IOD), and the "excellent and exemplary" rating of its Annual General Meeting of Shareholders (AGM), conducted by the Thai Investors Association. Other awards included the Best IR Company from IR Magazine and Institutional Investor Magazine; the IR Excellence Award, conducted by SET, presented at the 2011 SET Awards event; and the Investor Relations Excellence Award in the Resource Sector from the Securities Analysts Association. All of these achievements illustrated Thaioil's capability and extensive acceptance by analysts and investors.

With the vision and mission that is committed to social and environmental responsibility, sustainable growth, and proper satisfaction among stakeholders, Thaioil recognizes the importance of energy production processes that are clean and environmentally friendly in forging sustainable development and fostering corporate social responsibility activities, ranging from business processes to constant development of refinery communities and society at large through its focus on optimizing natural energy. In 2011, Thaioil garnered many recognition awards at national and ASEAN levels including two Thailand Energy Awards for the year, presented by the Department of Alternative Energy and Development Efficiency (DEDE), Ministry of Energy, namely the Outstanding Award in Alternative Energy for a renewable, off-grid energy project from the Huay Poo Ling CSR Hydro-Power Plant Project, also known as "Power from Stream" in Chiang Mai and the Outstanding Award in Energy Conservation for a controlled plant (factory). Internationally, Thaioil received ASEAN Energy Awards in 2011 for the Huay Poo Ling CSR Hydro-Power Plant Project, which was extended by creating opportunities for education and information acknowledgment through the internet-equipped 50-Year Thaioil school building. This in turn underscored the Group's CSR project development

Second Runner-Up Award for
Alternative Energy Project

ASEAN Energy Awards 2011



and enabled it to take the second runner-up award in Brunei for off-grid alternative energy project. Thaipol's latest pride was the Outstanding Corporate Social Responsibility Award, conferred at the SET Awards 2011 event, in its first year of entry.

During the flooding catastrophe late in the year, which wreaked great havoc to the business sector and the public in many parts of the country, Thaipol Group continually extended its help to flood victims by visiting affected areas along with the Royal Thai Navy to relieve people's difficulties by handing out needed articles and survival bags in Ayutthaya and Nonthaburi; donating boats and life vests through several government agencies; joining PTT Group in setting up a PTT Group Flood Relief Center at Adisorn Camp, Saraburi, and setting up a SEAL unit to help victims who need to evacuation from affected areas.

In addition, Thaipol Group of companies - Thai Paraxylene Co., Ltd.; Thai Lube Base Plc; and Independent Power (Thailand) Co., Ltd. - received CSR-DIW Continuous Awards for 2010, presented by the Ministry of Industry; Zero Accident Awards for 2011, presented by the Ministry of Labour; in addition to the Green Industry Certificate from the Ministry of Industry.

To forge Thaipol Group's progress and demonstrate a clear stance, the Group is committed to refining energy-related knowledge and competency for the benefit of Thailand and its sustainable growth. Thaipol Group produces environmentally friendly energy while refining good ideas for Thai society—in short, "Refining Our Future"—illustrating that Thaipol Group is poised to strive toward sustainability.

MILESTONES OF 2011

January

Thaioil

Thaioil passed the selection procedure of the Electricity Generating Authority of Thailand (EGAT) to become an SPP of the firm-contract, cogeneration type in 2010 consisting of two projects with a combined capacity of 220 megawatts (MW), from which EGAT agreed to buy 180 MW.

Thai Lube Base

Thai Lube Base Plc completed its capacity expansion for Treated Distillate Aromatic Extract (TDAE) and sold 50,000 additional tons per year.



February

Thaioil Ethanol

Thaioil Ethanol Co., Ltd. and Bangchak Petroleum Plc signed a share acquisition agreement with Ubon Bio Ethanol Co., Ltd. (UBE), under which each was to hold 21.28%. UBE produces ethanol from fresh cassava and cassava chips with a capacity of 400,000 liters per day, which aligns with Thaioil's long-term strategic plans for alternative energy and ethanol market development for future export.



March

Thaioil Marine

Thaioil Marine Co., Ltd., through Thaioil Marine International Pte. Ltd. (TOMI) and NYK Bulk & Energy B.V. (Netherlands)-an affiliate of NYK Line (Japan), a large fleet and is one of the largest transport carrier in the world-signed a joint-venture agreement for equal shareholding in TOP-NYK MarineOne Pte. Ltd. Known by the symbol "TOP-NYK" and listed in Singapore, the company supplies transport vessels for crude transport in Thaioil's and PTT Group's businesses to replace spot-market vessels currently used and serve general regional customers.

Thaioil

Thaioil received Thailand Quality Class (TQC) award for 2010 as a leading Thai entity with an integrated organizational management system and world-class quality.



April

Thaioil

Thaioil is the first company in the world to receive an ISO/IEC 27001 (Information Security Management System) certificate for information security management for its network of advanced production processes.





May

Thaioil

Thaioil, PTT Plc, PTT Aromatics and Refining Plc, and IRPC Plc jointly signed an agreement to form PTT Energy Solutions Co., Ltd. (PTTES) with a registered capital of 150 million baht, with shareholding proportions of 20%, 40%, 20%, and 20% respectively. PTES provides advice and supplies engineering technical services to PTT Group, while evolving as an engineering technical service provider to companies outside PTT Group and aiming to be internationally competitive.

July

Thaioil

Thaioil was ranked second Best Investor Relations (IR) Company in the regional gas and refinery business category and third Best Company in Thailand from votes given by more than 400 Asian analysts in the 2011 All-Asia Executive Team, sponsored by the Institutional Investor Magazine.



August

Thaioil

Thaioil received two Thailand Energy Awards from the Department of Alternative Energy and Development Efficiency (DEDE), Ministry of Energy as follows:

1. Outstanding award in alternative energy for a renewable, off-grid energy project: The Huay Poo Ling CSR hydro-power plant project.
2. Outstanding award in energy conservation for a controlled plant (factory).



Thaioil

Thaioil won ASEAN's second runner-up ASEAN Energy Awards 2011 for its Huay Poo Ling CSR hydro-power plant project, a small (22-MW) community power plant located in the Doi Inthanon National Park. With the Energy for Environment Foundation, DEDE, and UNDP, Thaioil launched this Green Energy project that generated power through its construction of a concrete weir and water inlet at Huay Poo Ling, and diversion of a portion of the water through a penstock to a power house, where electricity is generated by a set of water turbines.



September

Thaioil

Thaioil Group received a plaque and a certificate for conformance to the Corporate Social Responsibility (CSR-DIW) Standard for 2011, conferred by the Department of Industrial Works. Thaioil, Thai Lube Base Plc, and Thai Paraxylene Co., Ltd. received the CSR-DIW Continued Awards 2011, whereas Independent Power (Thailand) Co., Ltd., a first-year entrant, received the CSR-DIW Award.



December



Thaioil

Thaioil received outstanding IR and CSR awards presented by the Stock Exchange of Thailand (SET) at the SET Awards 2011.

Thaioil

Thaioil achieved the following rankings from Singapore-based Platts Top 250:

- No. 15, Oil & Gas Refining & Marketing in Asia
- No. 21, Oil & Gas Refining & Marketing Globally
- No. 52, Overall Performance in Asia
- No. 182, Overall Global Performance.

Thaioil

Thaioil received the SAA Awards for Listed Companies 2011 from the Securities Analysts Association in the category of IR Excellence Award in the resource sector.



October

Thaioil

Thaioil inaugurated its sales of all clean fuels of EURO 4 standard, namely diesel, 91-octane and 95-octane gasoline, and gasohol 91 and 95. The first three fuels had come out in 2008, and the other two achieved the standards on August 21, 2011. With inspection and endorsement by the Department of Energy Business, Thaioil Refinery became the first in Thailand to produce a complete range of such fuels.



BEST OIL & GAS COMPANY IN ASIA

Best Oil & Gas Company in Asia 2011

Thaioil receives the 2011 Best Oil & Gas Company in Asia Awards, in which Mr. Surong Bulakul, Chief Executive Officer of Thai Oil Public Company Limited, has recently received two awards: Best Oil & Gas Refining Company Asia 2011 and Best Oil & Gas Clean Energy Company Asia 2011 from World Finance magazine.

This achievement is a result of the Company's strong liquidity, strong leadership and transparent governance. Thaioil businesses are structured as an integrated operation of long value chains covering oil refining, aromatics production, and lube base oil production. This have made it enjoys competitive edge over rivals in Asia. In addition, Thaioil has been recognized as a leader of innovation and management of resources in clean energy as Thaioil became the first refinery in the ASEAN region to achieve the Euro 4 fuel standard for all products. The ceremony was held at the London Stock Exchange, England.

On this occasion, Mr. Surong Bulakul was chosen to appear on the front cover of World Finance magazine, March – April 2012 issue, to convey the company's success factors and aspiration.



INDUSTRY OUTLOOK

Global Market and Economy

The International Monetary Fund (IMF) issued a forecast of the world economy (as of September 2011), showing the 2012 economy growth at 4.0%, as same as 2011 rate but lower than the 2010 rate of 5.1%. While the average economic growth of the developed countries in 2012 was predicted to be 1.9%, the average growth of the developing economies, led by China and India, would continue around 6.1%. However, the 2012 world economic growth forecast is set to be lower due to high uncertainties, including:

Europe: The economic crisis in Europe needs immediate solutions, particularly the debt crisis in Greece. The European Union (EU) needs to implement economic measures to halt possible crises expanding to other member countries, including France, Italy, and Spain. Nearly all member countries have launched fiscal austerity measures, which will inevitably subdue the European economic growth—not to exceed 1.1%.

USA: The US economy started to decelerate and eventually ran into a contraction in Q2/2010, witnessed by unemployment record, the continuation of the housing market downfall, and the end of the Quantitative Easing 2 (QE2), as well as the negative market sentiment on the Federal Reserve's Operation Twist measure. It is very likely that the US will implement more measures to stimulate the economy, which could be QE3, to welcome the general and presidential elections of November 2012. However, the internal politics between the two main rival parties could result in the slow motion and difficulty in implementation of economic measures and budget deficit resolution.

China: The People's Republic of China will continue to drive

Asian and world economic growth with a 9.0% forecast for 2012. The Chinese government, to maintain its growth machine, needs to stimulate domestic consumption and public investment to offset the slowdown of exports to European markets as a result of the widespread debt crisis there. The People's Bank of China is expected to slow down or defer interest rate reduction so that the continuous economic growth would not be interrupted, but not to relax the current control of lending further to prevent the overheating economy.

Crude and Petroleum Products

The 2012 Dubai crude price is expected to be volatile, with an average of USD 105 per barrel, close to the 2011 price average of USD 106 per barrel because of a relatively balanced contribution of negative and positive factors. On one hand, demand for crude oil is set to rise with positive global economic growth. The crude supply from OPEC, on the other hand, is expected to rise with additional supply from Libya, although not at a full production capacity. OPEC will continue to play an important role in balancing the demand-supply and price of world crude. Other geopolitical factors affecting volatility in 2012 are global capital investment movements, international politics, and additional legislative and regulatory controls, together with seasonal and natural disasters.

Petroleum Product Demand: The International Energy Agency (IEA) projected global demand for crude for 2012 (as of December 2011) to rise gradually, with an average of 91.1 million barrels per day. This is an increase of 1.3 million barrels per day from the level of 2011. Of this, 60% comes from the Asia-Pacific region, led by China and India, and 20% from the Middle East. On the other hand, demand

from developed economies, including the US and Europe, will be lower following their economic contraction, improving energy efficiency, and governmental subsidy and promotion on alternative energy. Incidentally, the demand of crude for Japan is expected to level off.

Crude Oil Supply: The global crude supply in 2012 is entering a balanced state, after the big shortfall in 2011 caused by the production halt of 1.6 million barrels per day from Libya as the country was amid violence, despite the compensating production from Saudi Arabia. Since late August, however, the situation in Libya has returned to normal and its crude production has gradually risen to almost 1 million barrels per day. Nevertheless, it is not expected that Libya would be able to reach its peak before 2012. Additional supplies will come from non-OPEC countries, with an increase of 1 million barrels per day and 0.6 million barrels of oil equivalent per day of natural gas from OPEC. This maintains OPEC oil demand at 30 million barrels per day. The global crude supply should be right on the balance with the increasing global demand in 2012.

Crude and Product Inventories: The global crude inventory is expected to remain low in early 2012 as a result of the continual drop in the global inventory in the US, Europe, and Japan for both crude and diesel, following the production suspension in Libya and underproduction in Europe. As the global production of crude and petroleum products rises in 2012, inventories are set to gradually increase to normal.

Regional Refining Capacity: The regional refining capacity is expected to increase by 0.9 million barrels per day in 2012, with 0.42 million barrels per day of increase from China and

another 0.36 million barrels per day increase from India. The total increase fits perfectly well with the Asian demand increase of 0.9 million barrels per day, which will limit any additional increase in the Asian refining capacity. It is also expected that due to the relatively high but stable crude price, there will be a considerably high market pressure to shut down or phase out old and ineffective refineries, especially in Europe and the US East Coast.

Investment Fund Migration: The global fund will continue to flow from higher-risk to lower-risk investment platforms and assets, such as from the oil market to US dollar and gold in certain periods of the year, due to high uncertainty of the world economic outlook and the greater likelihood of a delay in global economic recovery. This fund flow is the main reason for the highly volatile oil price. In addition, with the new US economic stimulation, the fund flow will increase in the oil market and trigger the weakening US dollar. Besides, investors tend to focus more and more on Brent contracts than West Texas Intermediates (WTI) contracts, since the West Texas crude price does not reflect the world oil market, but is rather driven by crude supply from Cushing, Oklahoma, which drifted the WTI average price in 2011 from Brent by more than USD 16.

Geopolitics in Oil-Producing Countries: Social uprising and political unrest in several countries in the Middle East and North Africa (MENA), including Libya, Syria, Yemen, and Kuwait in early 2011, had driven the global crude price up rapidly, partly as they were major oil producers and partly as the market sentiment turned negative with fears that the situation could escalate, particularly Saudi Arabia, the world's largest oil producer. This geopolitical driver will continue into 2012. Many countries in the region have imposed several

measures to cool down these social disturbances, including cash injection and social welfare improvement. These countries, with a budget need to finance their social programs, will continue with a controlled-production policy to keep the oil price high. Other significant geopolitical events included violence in Nigeria, nuclear conflicts between Iran and the western bloc, as well as internal political movement in Iraq after the US troop withdrawal. All these events, if escalated, could affect global production and logistics of crude, and push the oil price beyond control, particularly when the quota for the additional output by OPEC is limited to only 3.4 million barrels per day.

Seasonal and Natural Disasters: Natural disasters and seasonal effects are another main factors affecting crude price volatility, particularly for certain petroleum products. With more natural disasters in recent years, the crude price fluctuated from time to time because production and demand of crude commodities were possibly halted, such as the Great Earthquake in Japan in March 2011.

Legislative and Regulatory Controls: Following protocols on climate change, global warming, and alternative energy promotion in the US, Europe, and other countries, many more legislative and regulatory controls have been promulgated and debated, such as the enforcement of ethanol in gasoline and biodiesel in diesel in relation to the decreasing productivity of biofuel plantation in Brazil. More research has recently revealed that growing plants for ethanol and biodiesel production could generate greater impacts on global warming than the use of fossil fuels. All of these will dictate the drafting and implementation of policies, legislative, and regulatory controls, which will in turn directly influence future demand and volume of crude and petroleum products.

Domestic Oil Market

The Bank of Thailand (as of November 30, 2011) issued an economic forecast for Thailand in 2012 to grow at 4.8%, reflecting robust recovery from flood damage with economic rehabilitation programs. Most business sectors are expected to return their operations to normal by mid-2012, with a series of immediate remedial programs by the government and the private sectors. The main economic stimuli are the direct investments on infrastructure and other measures, such as a rice-pledging scheme and a minimum wage increase program. In addition, the capital influx to Asia, together with all other measures, will drive the domestic economy and help compensate certain losses from exports due to economic contraction in some Thai export markets.

The overall domestic demand for petroleum products in 2012 is expected to expand by 4%, led by the demand for diesel, which is set for a 3% increase, while demand for other products is predicted to grow at a normal rate. Demand for LPG is expected to rise by 10%, jet fuel at 4%, and gasoline and fuel oil at 1-2%. Taxation and the policy on contribution to the Oil Fund will play a key role in defining the domestic product consumption pattern.

Outputs of petroleum products in 2012 will increase after the completion of several installations and commissioning of new refining units to produce gasoline and diesel under the EURO 4 standard will be enforced from January 1, 2012 onward.

Aromatics Market

The overall aromatics market in 2012 looks bright, following the strong demand of paraxylene as a result of continual market growth. However, the demands for benzene may

be affected by economic recovery in the Western countries because benzenes are generally used as raw material to manufacture luxurious products.

Paraxylene: In 2012, the downstream sector of paraxylene, including synthetic fiber, polyester, and PET bottles (polyethylene terephthalate), is projected to keep growing as the final products have become part of the daily life of consumers. As a result, all PTA (Purified Terephthalic Acid) plants need paraxylene and are expanding their capacities to capture the rising demand. An additional production capacity of more than 8.4 million tons of PTA will come into the system in 2012, driving the demand for paraxylene further. However, the supply of paraxylene in the system will increase by only 2.2 million tons from three new plants, namely two from China and the other from Kazakhstan. Other supplies from additional capacities in India, Singapore, and Thailand will not be sufficient for the rising demand.

Benzene: Benzene production will automatically be increased following the rising outputs of paraxylene and olefins. However, demand for benzene is currently depressed by the economic contraction of the US and Europe. Benzene is used mainly in electronics, furniture items, and electrical appliances—mostly in luxurious items. The world market of benzene output in 2012 will be in a glut since some olefins plants in the US have started to use other substances, such as shale gas, to produce olefins without benzene by-products.

Lube Base Oil and Asphalt Market

Lube Base Oil: The price of lube base oil in 2012 is likely to go below the 2011 level, since the output shortfall caused

by the shutdowns of refineries in previous years has been recovered, and since the regional demand growth for benzene has been slowed down, particularly from main users like China. Therefore, the regional supply of lube base oil in 2012 will return to normal, which will in effect push the price further down from the 2011 level, but will still remain relatively high.

Asphalt: The price of asphalt in 2012 is expected to stay high, relatively at par to the 2011 level, due to a continuous increase in demand for asphalt in the region, especially in China under the national economic plan to continually construct roads and highways. Moreover, there will be demand for asphalt for road reconstruction in many Southeast Asian countries, following severe floods in the latter half of 2011.

Solvent Market

The demand for solvents in 2012 will continue to expand, following the continual rise in world demand, especially in China, where consumption of solvents accounts for 31% of the total world solvent demand. It is expected that the Chinese government will push for a relaxation of its monetary system in order to continue stimulating economic growth. This will lower operating costs for most downstream manufacturers, which will in turn trigger the higher need for solvents in the Chinese market.

Thailand's solvent demand is expected to slow down as a result of the floods, beginning in the last quarter of 2011 and continuing into mid-2012. Major solvent consumers are in the auto-industry and property sectors, whose businesses are directly affected by the floods. Solvent demand will

eventually pick up but may take some time, since business resumption in the auto-industry needs months, and consumers take more time to buy new housing properties due to flood concerns. On the other hand, the construction and building material sectors, as well as the furniture industry, are benefiting, as consumers need to repair and restore their properties and living. This will drive the need for solvents. The furniture and decoration industry for 2012 is set to grow at 7-10% year-on-year. The overall growth rate for solvents in the Thai market is expected at 4.8%.

Clean Product and Petrochemical Tanker Industry

With the rising economy of China, India, Vietnam, and other regional countries, combined with the increasing regional refining capacity, imports and exports of petrochemical and petroleum products are inevitably increasing. Moreover, the demand for transporting petroleum products from the West in 2012 is obviously higher, which will automatically increase marine transportation demand.

At the same time, the number of vessels is smaller due to a significant increase of shipments between the Middle East and China, and between the West and Asian nations. Some of these routes take more days for each shipment, which affects the shipment schedule. Tanker supply has therefore been short. Moreover, more stringent international maritime regulatory controls have been imposed on shipment of petrochemical and petroleum products. Consequently, freight fees are expected to climb in 2012.

Ethanol Market

Subsequent to the promotion of the national policy for gasohol to replace gasoline, the demand for ethanol has been rising and, for 2012, is set to reach 1.8 million liters per day.

There will be five more new plants supplying ethanol in the domestic market in 2012 with a combined capacity of 1.3 million liters per day, mostly cassava-based. The total domestic ethanol refining capacity will be 4.3 million liters per day. In practice, the actual production of ethanol depends on actual local market demand and prices. Incidentally, a portion of ethanol is stored as inventory and for export.

Power Industry

Domestic power consumption in 2011 plunged with the prolonged floods in many areas. It is expected that the market will pick up moderately at 4%.

According to the National Power Development Plan (PDP) and EGAT's development plan, two more power plants will begin delivery of power to the national grid in 2014: 800 megawatts from Chana II and another 800 megawatts from Wang Noi IV. The Northern Bangkok power plant will begin its 800-900 megawatts of supply in 2015. Meanwhile, the Ministry of Energy has deferred its 6-year nuclear power program tentatively from 2020 to 2026 in order to have more time to develop mutual understanding with the public. With this postponement, Thailand needs to locate and secure additional power supply from other sources, such as coal-fired or gas-fired power plants with existing plant expansion or erecting new plants.

FUTURE PROJECTS

In formulating investment strategic plans for Thailoil Group, Thailoil strives primarily to foster sustainable growth while steering toward strong business leadership that integrates petroleum and petrochemical businesses in Asia-Pacific. To this end, Thailoil has focused on business expansion in the petrochemical, lube base oil, and downstream businesses to add business stability amid emerging volatility facing the petroleum and petrochemical, including power and alternative-energy businesses.

Ongoing Projects

Installation of the Deep Cut Vacuum Distillation Unit in VDU-2

Relying on the Deep Cut technology, Thailoil seeks to raise the efficiency of VDU-2 to refine more vacuum gas oil (waxy distillate) from short residue. A raw material for the Cracking Unit, this vacuum gas oil is converted into higher-value fuels like gasoline and gas oil. A by-product of this is the reduced output of low-value fuel oil.

Under the project scope, Deep Cut will be installed and improvements made to other production units at an investment of roughly 3 billion Baht. Currently under the engineering design stage, the project is due for a commercial start-up by Q2 of 2013.

Thai Paraxylene's Aromatics Value Addition

Thai Paraxylene has improved the former Tatoray Unit into a Selective Toluene Disproportionation (STDP) to convert toluene into other aromatics of higher value. The project, currently under construction, has registered satisfactory progress. Once it is completed in Q3 of 2012, the production

capacities for paraxylene will rise to 527 thousand tons per year (KMTA), and benzene to 259 KMTA.

Thai Lube Base's Paraffin Wax Production

Thai Lube Base has investigated a project to add value to slack wax, a by-product of lube base production, by converting it into paraffin wax—a rising-star raw material for the candle, furniture, container, cosmetics, and food industries. TLB's investment plan in this new unit, with a 36,000-ton per year paraffin wax capacity, calls for about 1.085 billion Baht in outlay. The project is under the engineering design stage, due to completion in 2013.

Construction of a New Cogeneration Power Plant under the SPP Project

The government supports the private sector's role in SPP power-generation investment and power distribution, which in essence promotes efficient power production through cogeneration. In 2011, Thailoil was selected as a seller of cogenerated electricity of the firm-contract type for two 90-megawatt projects with commercial operation dates in 2015 and 2016 at an investment outlay of about 10.2 billion Baht. The project is currently under engineering design, due for completion in Q1 of 2012.

Thailoil Marine's Fleet Expansion

In Singapore, Thailoil Marine registered Thailoil Marine International Pte. Ltd. (TOMI), which this year invested with strategic partners in operating the crude oil fleet business. With NYK Bulk & Energy B.V. (Netherlands), it set up TOP-NYK MarineOne Pte. Ltd. (TOP-NYK), a joint-venture company for supply procurement and operation of the first

VLCC of 280,000 deadweight tons (DWT). Thail Marine also invested with Marson Co., Ltd. — which runs the business of fabricating crew boats and patrol vessels for the Royal Thai Navy fleet—in securing crew boats for travel from shore to PTT Exploration and Production Plc's gas platforms in the Gulf of Thailand.

Thail Marine plans to secure more VLCCs and more petrochemical tankers to support the needs of PTT Group and accommodate Thail Group's transport of petrochemicals and solvents (two VLCCs and one 3,000-DWT petrochemical tanker) and expand its crew boat business in 2012.

Sak Chaisidhi's Solvent Capacity Expansion

Sak Chaisidhi plans to expand its solvent capacity to meet the rising demand in Thailand and the region. Entailing capacity expansion for existing products like hexane and rubber solvent as well for new products like A-100, the project envisioned a doubling of the combined capacity from 80 to 160 KMTA, a 100% increment. The board of Sak Chaisidhi approved the expansion project in December 2011, with construction set to begin in early 2012 and commercial operation by Q4 of 2013.

Joint Venture in Ethanol Plants

In April 2011, Thail Ethanol acquired 21.28% of the shares of Ubon Bio Ethanol Co., Ltd. (UBE), which runs a plant based on fresh cassava and cassava chips with a capacity of 400,000 liters per day. Located in Amphoe Na Yia of Ubon Ratchathani, the plants are in a popular cassava-planting district. At this time, UBE is constructing its ethanol plant, and is expected to be commercialized in Q4 of 2012. Since UBE has secured an agreement with China's importers for

all outputs, the project is highly secure in the raw material and export aspects. It also runs a starch plant with a capacity of 300 metric tons per day and a biogas business based on plant effluent for process use while producing electricity for sale to the Provincial Electricity Authority (PEA) as a supplementary business. Both companies are planning to double their capacities in 2012.

Projects under Feasibility Studies

Thai Paraxylene's Aromatics Value Addition

Thai Paraxylene is investigating value addition to benzene by forming benzene derivatives like LAB (Linear Alkyl Benzene), which is key feedstock for cleaning agents, including detergents and other cleaning substances, since Thailand has such growing demand for cleaning agents while it continues to import all of them in the absence of domestic producers. Incidentally, Southeast Asian markets are clearly in place.

Thai Lube Base's Premium Lubricant Production

Thanks to the rapidly rising demand for premium lubricants, Thai Lube Base has mounted an investigation into the production of premium lube base oil to meet the increasingly strict engine and environmental standards by improving the quality of its current lube base oil or fabricating new production units. Economic feasibility is being looked at in detail. The company is also pondering business extension to lubricant production to complete the product value chain, and a detailed investigation is ongoing.

PTT Group's Power Business Collaboration

Today, in PTT Group's efforts for continual business expansion, it has invested in the power business to enhance

the security of process electricity and then sell surplus power to the Electricity Generating Authority of Thailand (EGAT) for greater national power security. Yet, PTT Group's investment still contains some redundancy and its investment structure has yet to optimize its resource efficiency. The group therefore jointly carried out a feasibility study into restructuring its power business for optimal benefit by way of cost reduction and making the most efficient use of the group's human resources over the long term.

Investigation of Ethanol Export

With the currently limited domestic demand for ethanol and a huge supply surplus, Thaioil Ethanol is investigating the feasibility of expanding export ethanol markets as a way out for domestic producers. Initial findings indicated that Brazil, the world's former foremost ethanol producer and exporter, had found itself in dire shortage of ethanol because of its own rising domestic demand. This in turn indicates an opportunity for other potential exporters of ethanol to capture some of Brazil's former markets. Thaioil Ethanol has therefore planned to secure suitable warehouses to support its ethanol export to the Philippines, whose government is set (gasohol) to enforce a rise in the ethanol-blending content in gasoline from 5% to 10% by February 2012.

Expansion through Mergers and Acquisitions

Thaioil plans to expand its domestic and external businesses through mergers and acquisitions with a focus on projects that could extend its own core businesses, namely petroleum and petrochemical, as well as other Thaioil Group businesses, to leverage its production processes, public utilities, and the knowhow and skills of its personnel with the maximum efficiency.

PRODUCTION PROCESS AND PROCESS DEVELOPMENT

In 2011, Thailoil Refinery processed an average of 283,000 barrels per day in crude run (102.9% of its designed capacity), with an improvised plan maintenance turnaround to enable it to mainly accommodate the domestic demand for fuels after the detailed safety standard, to meet the domestic demands; while other refineries stop their process for maintainanace. This also illustrated Thailoil's flexibility and capability to maintain world-class refining leadership of Asia Pacific. The year also saw Thai Lube Base Plc average 263,000 tons per year (95.5% of its designed capacity) and Thai Paraxylene Co., Ltd. average 814,000 tons per year (90.5% of its designed capacity). The production capacities processed under joint production planning with Thailoil to maximize value chain enhancement.

To constantly maintain Thailoil Group's competitiveness and increase competitive capabilities, the Group underwent efficiency improvement of processing units, as well as processing and sales planning for maximum benefit.

The First Domestic Refinery to Produce Diesel, Gasoline, and Gasohols of EURO 4 Quality

- >> Started up the Catalytic Cracked Gasoline Hydro Desulphurization unit (CCG HDS) to remove sulfur from gasoline on August 21, 2011, to produce EURO 4-standard gasoline and gasohol base oil to comply with the public policy of clean energy production, four months ahead of the enforcement date
- >> Completed the engineering design under the Emission Improvement Project, New PSA-3 Project (Pressure Swing Absorption-3), and the HVU-2 Revamp (High Vacuum Unit-2) Project as scheduled
- >> Thailoil is the first refinery in the world to received the ISO/IEC 27001 (Information Security Management System) certificate for its management and installation of an information security management system for Thailoil's advanced process control system
- >> Developed a five-year (2012-2016) environmental management master plan for Thailoil Group
- >> Developed a soil and underground water survey project for the Laem Chabang – Ao Udom area, which encompassed all companies under Thailoil Group.

Production Management

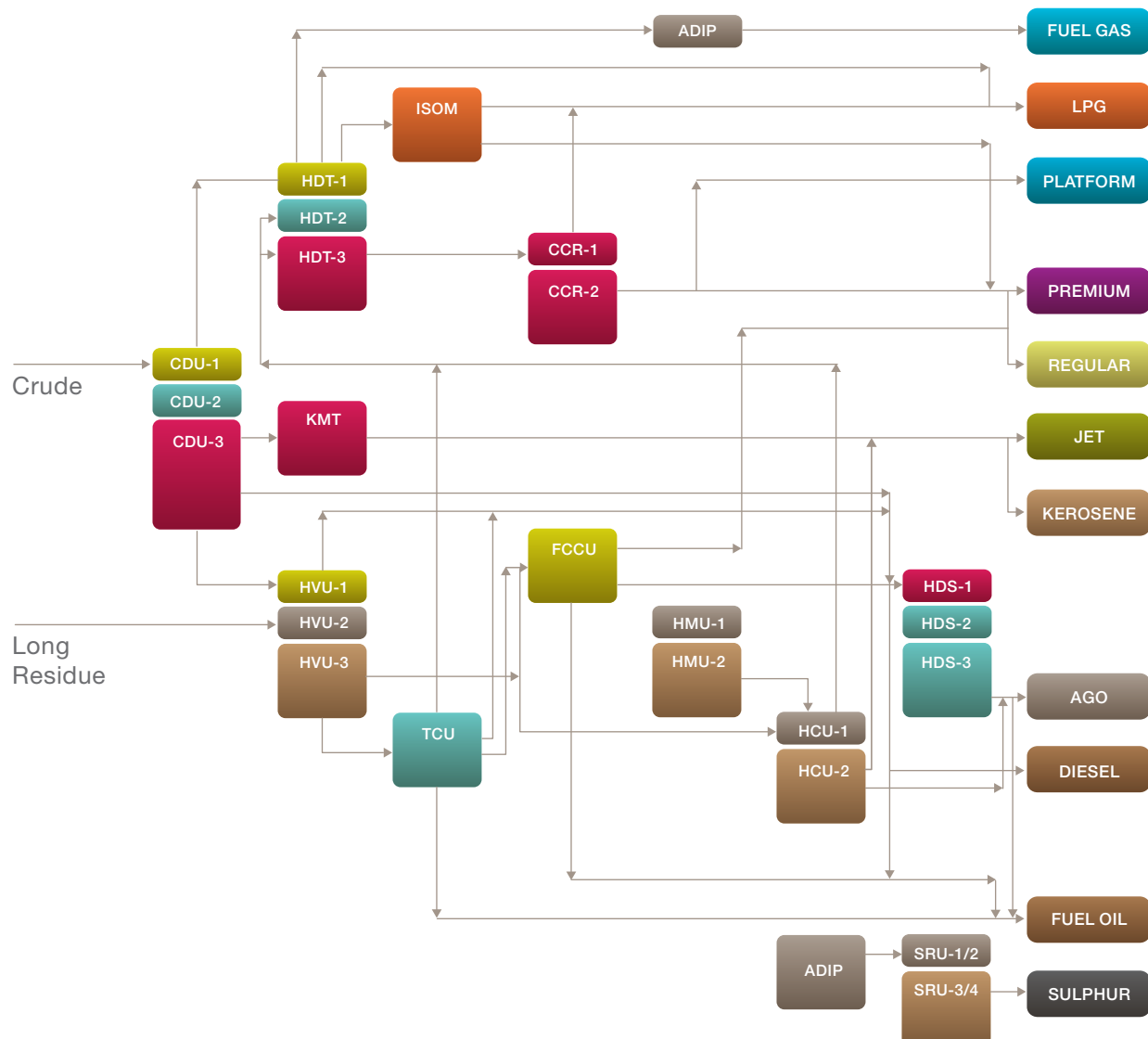
- >> The 2011's indices of energy consumption and energy loss proved superior to goals and the best since its inception
- >> Improved the efficiency of raw material heaters at CDU-2 (Crude Distillation Unit-2) and HDT-2 (Hydrotreater-2)
- >> Improved HVU-2 processes to raise the capacity by 100 tons per day and improved CDU-3 to raise the capacity to 7% beyond the designed value or 1,600 tons per day
- >> Improved the procedure on crude oil unloading from vessels by conducting efficient Crude Oil Washing (COW) to lower crude oil losses
- >> Developed the Crude Oil On Line (COOL) program to raise the analytical efficiency of new grades of crude oil and successfully applied for a patent
- >> Sourced new grades of quality crude oil at lower prices
- >> Improved efficiency of Linear Programming Upgrading
- >> Installed a real-time optimization system at CDU-1 and CDU-2.

Acceleration of Capability Development to Accommodate Future Market Demands

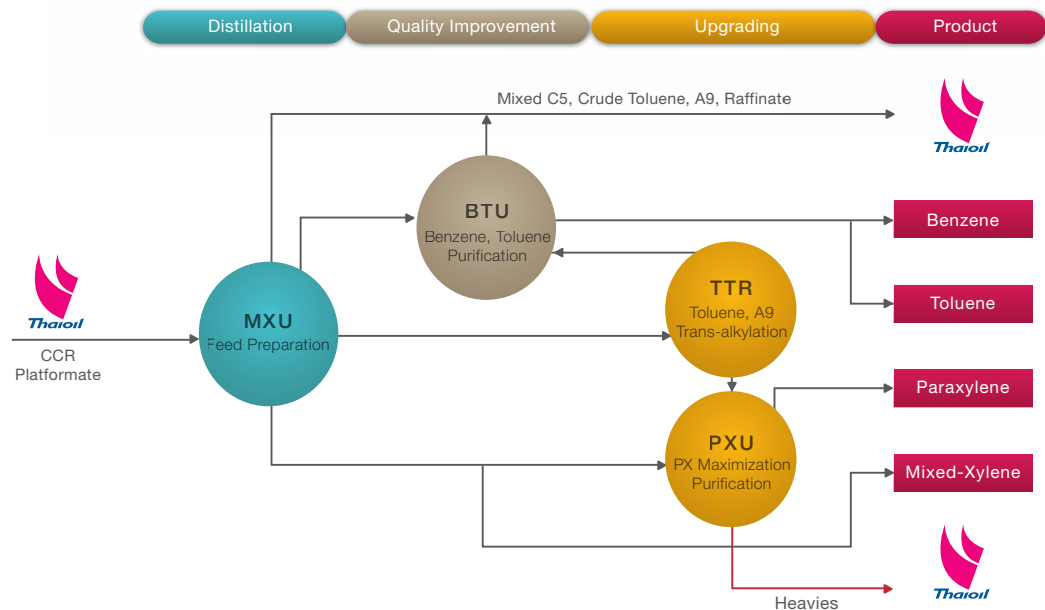
- >> Thai Lube Base successfully raised the efficiency of the furnace at VDU (Vacuum Distillation Unit) and increase temperature for heat transfer in Hot Oil Unit, thus saving 50 million Baht on expenses and benefited on the program to promote the use of electricity more efficiently (Demand-Side Management: DSM)
- >> Thai Lube Base commercially started up its Treated Distillate Aromatic Extract (TDAE) unit in January 2011, thus raising its output to approximately 55,000 tons, increase from 2010 by 36,000 tons
- >> Thai Lube Base invented the Flexi Bag and filled it with slack wax (starting in August 2011) and lube base oil (starting in September this year) to provide faster delivery and convenience for customers
- >> Thai Paraxylene successfully produced Parax at 108% of its designed capacity
- >> Thai Paraxylene successfully conducted engineering design and constructed the PxMax as scheduled

Crude and Feedstock Refining Processes

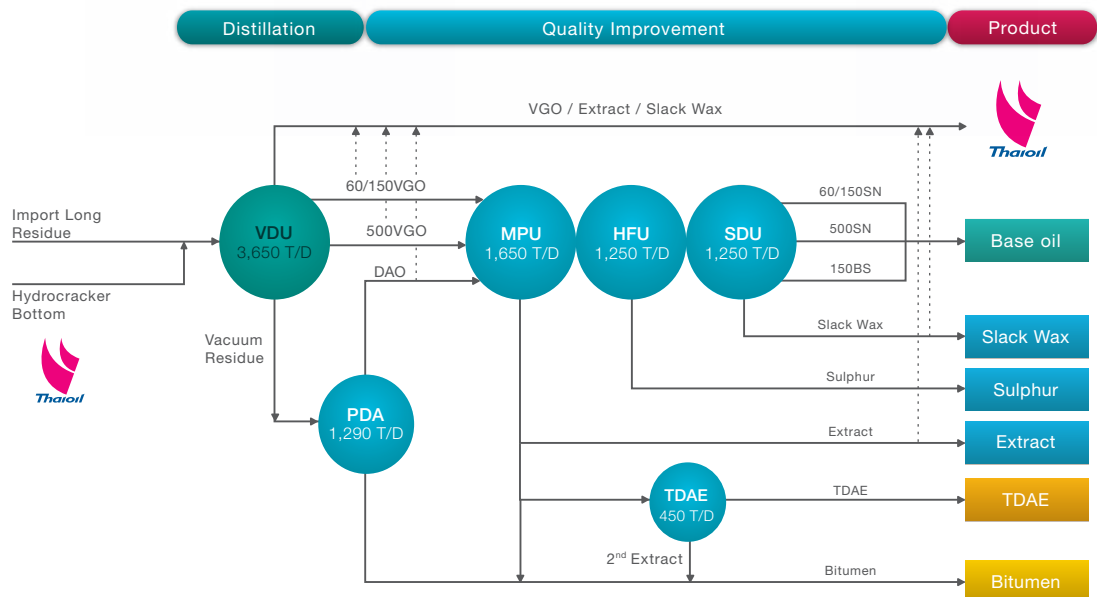
(including Petrochemical and Lubricating Oil Processing) of Thailoil Group



Flow diagram of Thailoil Refinery, one of the most complex refineries in the country

Simplified
Aromatics Configuration

Flow diagram of Thai Paraxylene, with aromatics outputs as parts of the feedstock for the downstream petrochemical industry

Simplified
Lube Configuration

Flow diagram of Thai Lube Base

Refining Performance Measurement

According to a benchmark study by Solomon for 2010 performance, Thailoil maintained its 1st quartile leadership (Top 25 from 100 companies) in key areas, including total operating expenses and mechanical availability, while its process utilization and energy intensity index belonged to

the 2nd quartile (Rank 25-50 from 100 companies). Although performance in energy conservation and oil losses of 2010 was clearly superior to that of 2009, Thailoil was still unable to elevate its ranking to the leadership. Therefore, it remains firmly committed to constantly improving its refining capability to become a future leader in Asia Pacific.



HUMAN RESOURCES AND ORGANIZATIONAL DEVELOPMENT

Thaioil People: The Most Important Part of Our Refined Experience



Performance Driven

At Thaioil, we place high importance on the outcomes. We all strive to produce the best possible performance.



Masterly

At Thaioil, we are the top-class professionals. Everything we do must be well thought, well planned and well executed.



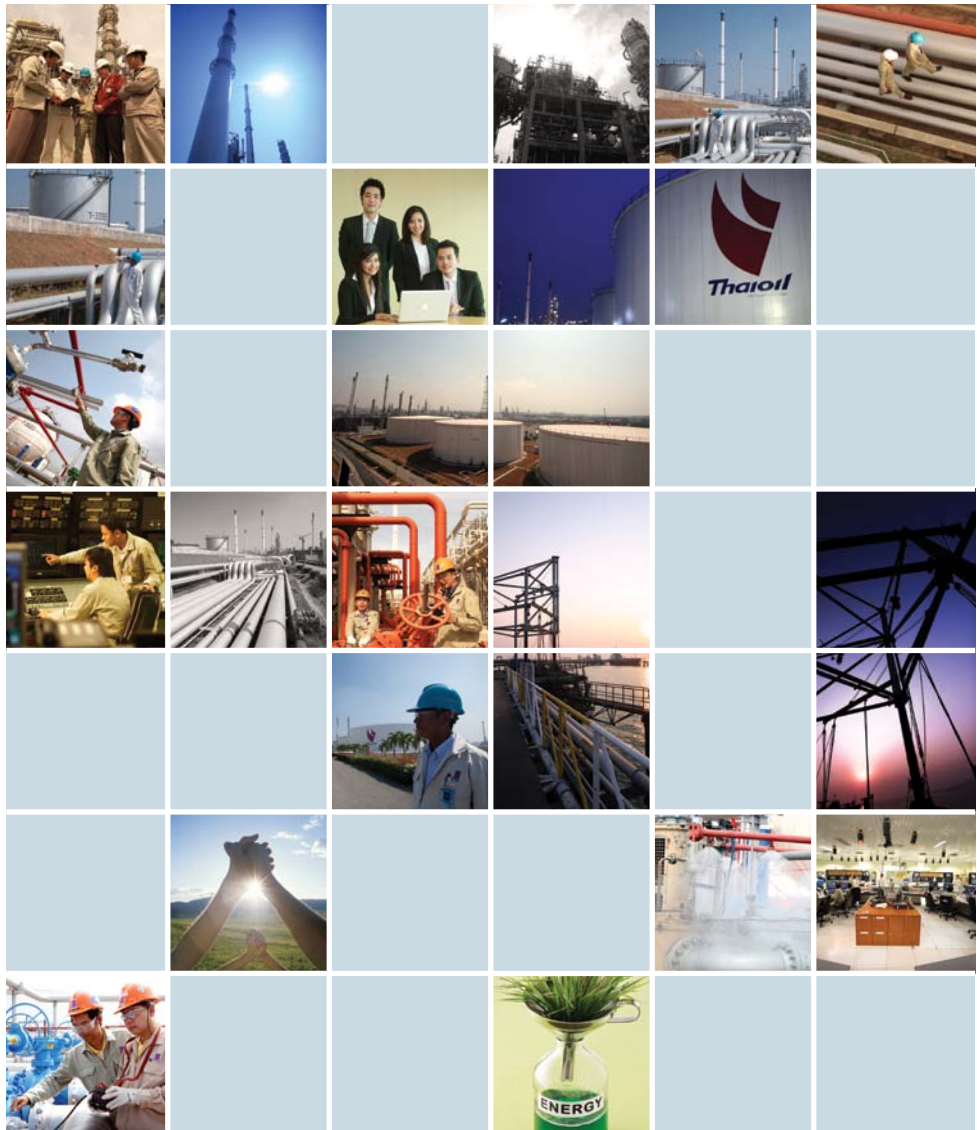
Corporate Governance

At Thaioil, we strictly comply with business ethics in our operations and promote equitable treatment and transparency for all stakeholders.



Sustainable

At Thaioil, we do things with 'future' in mind. We work to sustain our business, our communities, and our environment.



Personnel Competency Building and Career Development

In 2010, Thailoil has started using employees' success profiles—consisting of competency, organizational knowledge, work experience, and personal attributes—to enhance the development of individual career model. In 2011, it has fully completed the career modeling of all career lines. Each career line's model is compatible to the company's organizational vision and mission. Individual career plan and individual development plan can be made more efficiently and effectively, which pave the way for employees' advancement, both in the same line and across career lines. The model also gives competency development clear goals that respond to both business needs and career growth for all employees.

In addition, Thailoil has also made succession planning for the middle management and upward, including critical positions. The planning helps clarifying development and readiness preparation goals for prospective employees. The 'Readiness Preparation of Prospective Employees for Succession Planning' is also included as one of the corporate performance indicators for the following year.

Regarding the preparation to meet future job demands, Thailoil has used the 'Assessment Center' exercise to assess the capability and competency requirements of higher job positions. The Company has completed this assessment for the middle management and upward. Results from the assessment have been included in the consideration for succession planning and applied in designing training programs throughout the last year under the 10:20:70 models. This model provides 3 types of training activities:

programmed learning or training – 10%, knowledge and skill transfer from supervisors and mentors – 20% and on-the-job training – 70%.

In manpower preparation, Thailoil in collaboration with a leading consultant company forecasts the manpower requirement for the company's business in the next decade. By categorizing the manpower requirement into 2 groups: the executive group and employee group, the forecasts help defining strategies for manpower management, development plans for existing employees, recruitment of external resources, and human resources development. During the last year, the Company has also set a policy requiring every new project proposal to include manpower plan together with its business plan.

Human Resources Management System-Strategy Formulation and Efficiency Enhancement

In steering the development and management of human resources system to genuinely support the Company's business direction, Thailoil has reviewed and developed HR strategy and master plan that will match the requirement of Thailoil Group's business plan for the next decade. The strategy is basing on our business direction, policies, core competencies and corporate culture. Executives and employees from every division have participated in the formulation of strategy by providing information and ideas. The HR master plan covers all aspects of HR development and management, as well as setting priorities and degree of urgency according to the needs of the Company's business direction.

One component of the HR strategy and master plan that Thailoil has increasingly developed and enhanced its efficiency is the

HR information systems. Thailoil has installed and used the latest computerized management system - SAP ECC Version 6.0 and has reviewed and improved work processes and systems of human resources development and management through SAP for higher efficiency and faster performance. The systems enable line managers to easily utilize the system and access information (Manager Self Services: MSS) and allow employees to access adequate information for their duties (Employee Self Services: ESS). These advantages help strengthening and improving human resources management system, raising employees' self-assurances in performing their duties, as well as demonstrating the Company's good corporate governance.

Personnel's Commitment and Dedication

Recognizing that employee engagement plays a pivotal role in their work commitment and dedication to give Thailoil excellence and achievement of goals and mission, Thailoil takes good care of its personnel by promoting a safe and happy workplace to give them career growth, suitable welfare, and a good family life. Employees participate in defining policies, services, and benefits through their lines of command and the Joint Advisory Committee (JAC)—now upgraded into the employee committee, canteen committee, dormitory committee, etc.

During a crisis such as the recent Great Flood, Thailoil has promptly provided supports to employees who are flood victims and taken care of them continually throughout the rehabilitation stage, including, providing flood protection materials, organizing relief teams with boats for evacuation, setting up temporary lodging places for evacuated employees and their families and providing financial supports for housing

repairs. Moreover, being concerned with the people's suffering under the crisis, Thailoil and employees have also taken all possible relief actions for flood victims by donating money through government agencies and charitable organizations, organizing relief trips into flooded areas involving executives and employees and collaborating with the PTT Group in organizing relief teams and managing flood relief center, etc. Thailoil executives and employees have also taken personal relief trips to help flood victims. Thailoil also turned all of its recreational events into charitable events to raise funds for flood victims. These activities demonstrate one of Thailoil's key 'corporate value' of 'social responsibility' carried out to help the society, with the force of knowledge and skills acquired from our long corporate experience.

All the above demonstrate the commitment and dedication of employees to Thailoil and its corporate value, making it possible for us to direct our acquired knowledge and skills to meet our social responsibility goals.

QUALITY MANAGEMENT, ENVIRONMENT, OCCUPATIONAL HEALTH, SAFETY, AND SECURITY

Integrated Management System (IMS): ISO 9001/ISO 14001/TIS 18001/BS OHSAS 18001 and Laboratory Capability Management System (ISO/IEC 27001)

In 2011, Thailoil kicked off its 5-Year KPI Master Plan (2011-2015) with integrated management system development under KFA#3: Management System Project, as stated in its business plan.

Since 1995, Thailoil has adopted the ISO System as a basis for managing product quality, environment, occupational health, safety, and security. In 2009, the Company again made progress with the Integrated Management System (IMS) unifying all three international standard systems to improve the efficiency of the overall management system and better respond to needs and expectations from stakeholders. These three systems are quality management (ISO 9001), environmental management (ISO 14001), and occupational health and safety (TIS 18001/BS OHSAS 18001). In addition, Thailoil focuses on product quality control with the Laboratory Capability Management System (ISO/IEC 17025) standard to comply with the agreements and sales contracts with Thailoil Group's customers, including those of Thai Lube Base Plc and Thai Paraxylene Co., Ltd. The ISO/IEC 17025 calls for shared services of human resources, equipment, and instruments. In 2011, Thailoil installed the Advanced Process Control (APC) with the ISO/IEC 27001 (Information Security Management System) to protect data from securing threats and other risks.

Security Management

The security management system adopted by Thailoil intends to strictly protect human resources, assets, data, and reputation of Thailoil Group from internal and external security threats, classified by risk levels. Security management is a policy with roles and responsibilities assigned to all executives and employees to strictly exercise under the Universal Declaration of Human Rights as follows:

1. Conducted risk identification and assessment, including blockades, riots, and sabotage; as well as reviews of risk mitigation under security warnings within specified timeframes.
2. Developed a security management system as stated in the Security Management Manual to provide more operation flexibility under the guidance of relevant laws and international security standards, also within a specified timeframe for review and assessment.
3. Organized two Security Management Workshops: Security is Everyone's Responsibility for executives, employees, and operators across the Company to have everyone participate in the drafting of strategic security plan to ensure effective support to all units and to nurture security awareness among all staff.
4. Developed an emergency response system and conducted four drills, as scheduled in the system, to provide skills and familiarity with actions required for crises. The outcomes of each drill were used for continuous improvement of the emergency response plans.

5. Reported non-conformities and security incidents, as well as regulatory breaches to executives, in a timely manner. Also conducted investigations, prepared records, and systematically documented reports.

Occupational Health and Safety Management

Thaioil has integrated the Enhanced Safety Management (ESM) with the Occupational Health and Safety Management, TIS 18001 and BS OSHAS 18001. A set of key performance indicators (KPIs) for occupational health and safety were established, including the fire prevention system which measured by result indicator (leading and lagging indicators). In 2011, Thaioil focused its activities on promoting development of a safety culture with all staff. The overall safety statistics was found to be superior than the average of the Shell Global Solutions International Benchmarking, which is used as an industrial benchmark, due to the following activities:

1. Integration of quality management, environment, occupational health, safety, and security systems by participative workshops among companywide executives, employees, and operators. Everyone was part of the development of strategic and operation plans, as well as short-term and long-term goals under the 5-Year KPI Master Plan, with a specific focus on integration and development of Process Safety Management (PSM), KPI setting under the API 754 guidance, and the use of the Safety Dashboard for monitoring. All these activities were aimed for the operational excellence development and enhancing Thaioil's business operations in a sustainable and balanced manner. The workshop was organized in conjunction with Shell Global Solutions International (SGSi).

2. Promotion of Occupational Health for Operators

To fulfill the Company's needs to see all employees and contractors in good health, several measures were defined to prevent work-related injuries and illnesses. With external occupational health experts, Thaioil conducted a review on standard operating procedure and occupational illness practices and criteria, as well as the operators' health monitoring program, including Health Risk Assessment (HRA), noise conservation program, and workplace condition monitoring program during the last fiscal year.

3. QSHE – CSR Pilot Project Initiation for Contractors

Thaioil launched a QSHE – CSR pilot project for 12 selected contractors. These business partners agreed to strengthen business partnership and operate their businesses in parallel with responsibility to society, by means of mutually developed QSHE – CSR under the ISO 26000 standard.

4. Potential Incident Report (PIR) Campaign

Thaioil encouraged its employees and contractors to report any unsafe acts and conditions, as well as near-misses, to minimize unsafe acts, which account for 88% of accidents and losses. These PIRs are used by the Company as a leading indicator for proactive use to prevent accidents effectively and efficiently. These campaigns also foster awareness of safe work practices, which eventually lead to sustainable corporate safety culture.

5. Training on Occupational Health, Safety, Fire Prevention and Control, and Emergency Preparedness Management

With cumulative knowledge and lessons learned from more than half a century in business, Thaioil has continuously

organized adequate and appropriate training classes on occupational health, safety, fire prevention and control, as well as emergency preparedness management to develop and improve knowledge, capability, skills, and competency for employees and contractors. Similar knowledge transfer has also been provided to other organizations via the Company's business consulting service group through Thailoil Energy Services Co., Ltd.

6. TOP Group Emergency Management

Under its emergency preparedness management, Thailoil has integrated and continuously updated the emergency management system for Thailoil Group by combining centers of human resources, instruments and equipment, and improving efficiency of the communication network, in addition to reviews of pre-fire and pre-incident planning. Weekly drills and simulations for relevant employees were conducted to ensure readiness to handle explosions, fires, oil and chemical spills, radioactive leakages, floods, riots, blockades, etc. These emergency drills were also organized in conjunction with local authorities and others under joint emergency cooperative agreements.

With all the occupational health and safety activities, Thailoil received the Golden Award by the Ministry of Labour for the Zero Accident category for three consecutive years for its achievement of 10,000,000 man-hour operations without a loss-time injury. Thailoil is the first refinery in Thailand to achieve the Golden Zero Accident Award, a reflection of utmost commitment in operating its business with full responsibility under an international safety management standard. Moreover, Thailoil has continuously provided

information, knowledge, and sharing of experience in safety, fire prevention and control, to local and national authorities, as well as other private industries. Experts from Thailoil have been assigned to give lectures, training, and demonstrate safety practices and fire prevention and control, and appointed as members of a committee drafting legislation and procedures on occupational health, safety and fire prevention and control.

Environmental Management

Under environmental management and operational control, Thailoil emphasizes its entire business value chain from production to sales of their products via land transport, pipeline, and shipment on pollution preventive control.

Air pollution control. Thailoil procures only **low-sulfur fuel**, with sulfur contents in fuel oil below 2%, and has gradually increased the use of less than 1% sulfur fuel. An **ADIP Treating Unit** was installed to remove associated hydrogen sulfide from fuel, convert this poisonous gas to **sulfur dioxide**, and eventually turn that to sulfur as a by-product. Thailoil also installed a **Vapor Recovery Unit (VRU)** to capture oil vapor released to the atmosphere, liquefy it for reuse, and **reduce organic chemicals**. A system including consistent measurement, monitoring programs, preventive maintenance, and renovation of instruments and machinery that release volatile organic chemicals to the atmosphere was put in place to continually reduce the total environmental load. To lower nitrogen oxide concentration in the operating area, Thailoil installed a **Low-NOx Combustion Control System** and a **140-meter ventilation tower** to dilute released gases from its combustion process.

Water Pollution Prevention. A **Sour-Water Stripper** has been installed to remove volatile contaminated chemicals from the Company's production process by using steam, resulting in a lower workload to the wastewater treatment system. **Contaminated water from the entire facilities is segregated** for separate treatment to ensure maximum efficiency, consisting of rainwater, oil-contaminated water, emulsion, and produced water. An efficient **Water Treatment System**, capable of treating up to 400 cubic meters per hour, was installed to handle physical, chemical, and biological treatment. A **Denitrification-Nitrification Biotreater (DNB)** was employed with the biological treatment unit for effective removal of organic impurities from water.

Waste Treatment with 7R's. **Refuse** is adopted to avoid using materials which could generate waste or toxicity, for instance, the selection of suitable quality crude grades to extend the life-cycles of catalysts. **Refill** is preferred to reduce waste where containers can be reused. **Return** is preferred to use containers or products that can be returned to manufacturers for regeneration. **Reduce** is the way to minimize waste throughout the process and optimize the use of resources by monitoring and preventive maintenance of all equipment and instruments to extend the life-cycles of catalysts and absorbents which would result in waste reduction. **Repair** is for machinery, materials, and equipment so as to reduce the volumes of equipment waste. **Reuse** is to bring waste and unused materials back to the process as much as possible, for example, bringing oil segregated in the API and the CPI units back for reprocessing. **Recycle** is selected to modify or convert some of the waste and

bring back for further use, such as metal recovery for gold, platinum, nickel, and others from spent catalysts.

Production of Environmental Friendly Products. These are unleaded gasoline, 95-octane and 91-octane gasoline and diesel under EURO 4 standard prior to the government dateline, TDAE, etc.

Systematic Resource and Environmental Management for Sustainable Business

1. Prepared a 5-Year Environmental Master Plan to optimize resource and environmental management capability by engaging all stakeholders and taking their opinions into consideration for environmental plan improvement. This is Thaioil's approach to effectively manage the environment and community needs in a sustainable way.
2. Continuously pursue a project to monitor soil and groundwater in the area as prevention on the contamination of oil or chemicals to the earth, surface water, and groundwater.
3. Conducted a ZERO Discharge Project feasibility by filtering and converting produce water to consumable water via Reverse Osmosis (RO) to reduce water consumption and minimize discharge to the environment. Also, conducted the Zero Waste project feasibility to share knowledge and generate creative ideas among communities to recycle unused materials for other valuable uses.

Combustion Efficiency Improvement. Under the Clean Development Mechanism (CDM) guideline, Thaioil upgraded and improved its combustion efficiency during the planned

maintenance shutdown of the refinery to increase energy efficiency and reduce impacts on global climate change. Continuous tracking and improvement of the process are routinely conducted.

On-Land and Offshore Ecological System Prevention and Rehabilitation. Conservation and rehabilitation of ecological systems in and outside the refinery compound are consistently conducted. In addition to standard prevention and mitigation under the environmental impact assessment, Thailoil has put in place the following initiatives to restore fertility and sustainability of the ecological systems:

1. Ecological system rehabilitation of 100 rai of Phubai Mountain. The five-year program is aimed to study the fertility of natural botanical inhabitants and nutrients and their adequacy for long-tailed macaque (Sa-mae monkey) inhabitation and reproduction.
2. Beach erosion study at Ban Ao Udom. The study is jointly conducted with external research institutions to define action plans for Thailoil's conservation campaign to preserve the beach. Thailoil and the Ban Ao Udom community will also proceed with a royal initiative of Laem Chabang Municipality to construct an artificial beachfront to serve as a local recreational area.
3. Marine organism and seawater conservation study has been continuously conducted for more than 20 years to conserve marine organisms and seawater quality and to apply the results to the development of operating procedures for Thailoil's jetty area to prevent negative impacts from boats and ships on seawater quality. Current seawater inspection indicates good quality that can be used for ecological purposes.

CORPORATE SOCIAL RESPONSIBILITY



Thaioil's vision and mission firmly adhere to conducting the business with socially and environmentally responsibility toward sustainable growth while appropriately creating satisfaction for stakeholders. Thaioil Group has recognized the importance of clean energy and environmentally friendly production processes for the past 50 years and has maintained process standards for sustainable development. The Company is very active in CSR activities, from business operation processes to development of the communities surrounding the refinery and society as a whole, using its vast experience in the energy business to develop its CSR projects, with emphasis on applying natural energy resources instead of wasting them, to enhance resource management and raise the standard of living of the communities on a sufficiency basis, while preserving the traditional lifestyles and occupations of the communities based on HM the King's Philosophy of Sufficiency Economy. Thaioil's CSR also aims to enhance the self-reliance of communities, which will lead to sustainable strength of the communities.

In 2011, Thailoil Group Consolidated in Overcoming the Great Flood



Thailoil Group Strengthened the Fundamental Infrastructure for Utmost Benefit for the Society



During the past year, Thailoil Group continuously implemented CSR activities and gradually expanded those recognized at both the national and the ASEAN level. The Group is proud to have received the **Thailand Energy Award 2011 for Renewable Energy for Off-Grid Projects: the Huay Poo Ling Hydro-power Plant Project ('Power from Stream') in Chiang Mai**, and Energy Conservation (Controlled Plant Category). At the ASEAN level, the Group received the **ASEAN Energy Award (second runner-up) for its Off-Grid Renewable Power Generation Project for the expanded Huay Poo Ling Hydro-power Plant Project in improving life and education**. Moreover, during the Great Floods of 2011, the Group joined several relief activities. Its volunteers constantly visited devastated sites to help flood victims and donate relief supplies. The Group also formed an ad-hoc SEAL unit to distribute aid to affected people in flooded areas to ensure that they survived the hardship.

Today, the Group is committed to continuing its operations, taking into account balanced co-existence between society, the environment, and the economy for sustainable growth of the Company as a member of an industry of high business potential, strength, and with good relationship with the community. Its CSR activities thus act as a starting place and a turning point for its development as a sustainable organization in line with the corporate strategy of being a part of society and improving its Corporate Citizenship. The Corporate Value, '**POSITIVE**, describes the characteristics of Thailoil employees, who are both 'talented' and 'good hearted', with volunteering spirit and the ability to act and think creatively through their work processes and daily life for the benefit of society.

Valuing socially responsible business conduct, the Board of Directors and executives have defined Thailoil's CSR strategy and policy by integrating strengths and expertise in the energy business and the volunteering spirit of employees into a driving force for CSR activities toward a sustainable organization. Thailoil also emphasizes communicating its policy and CSR activities to the stakeholders in a systematic and continuous way.

Thailoil Group's Volunteering Spirit
The Heart & Soul of Our CSR

Engineering Clean Energy, Sustaining Green World to Become the Sustainable Organization



Thaioil Group's Five CSR Implementation Strategies:

1. Applying Thaioil Group's extensive strengths and experience as an energy expert for over 50 years to CSR projects to benefit society in line with international standards and practices regarding sustainable growth, including ISO 26000, Global Reporting Initiatives (GRI), and Dow Jones Sustainability Indexes (DJSI)
2. Carrying out CSR projects in partnership with recognized institutes or agencies, such as:
 - >> National level: Hospitals, Universities, and Non-Government Organizations (NGOs), such as the Energy for Environment Foundation (E for E)
 - >> International level: United Nations Development Programme (UNDP)
3. Taking on CSR activities which emphasize Clean Development Mechanism (CDM) to reduce global warming caused by unbalanced development
4. Putting more emphasis on in-depth CSR projects and activities to forge bonds with the communities and to live together in harmony
5. Creating and developing public volunteering spirit among employees while encouraging participation in CSR projects and integrating CSR into their work.

The CSR strategies can be efficiently implemented under the following four approaches:

Thaioil Group's CSR Frameworks:

Workplace – Staff Participation:

It starts from within the Company by creating public volunteering spirit among staff to reach out to the community and follow the Company's CSR policy guidelines for running CSR activities.

Environment – Clean Energy Leader:

In addition to striking a balance between doing business and taking care of the environment and society, Thaioil is a leader in producing 'Cleaner Energy for Society' by using the most advanced technology and creating new products that are environmentally friendly to reduce global warming.

Community – Strength Focused:

This approach is to further expand on our strong CSR programs for community responsibility and improve the quality of life of community members to learn together in order to promote the sustainability of their lifestyles according to Sufficiency Economy, based on balanced and sustainable growth.

Market Place-Integrated CSR to Thaioil Way:

This approach is to integrate strengths and expertise to forge sustainability for society and stakeholders while applying the principles of sustainable management within the organization to create values for a competitive.



CSR Projects and Activities Implemented in 2011

The Group applied sustainable production process management (CSR in Process) by applying advanced and environmentally friendly innovations and production technology. Thaioil was the first refinery to comprehensively use the Integrated Management System (IMS) and was certified with the internationally recognized standard and certification systems, including ISO 9001, ISO 14001, TIS 18001, BS OHSAS 18001:2007, and ISO/IEC 17025. It is determined to maintain these standards to improve and add value to its products and services. Significant plans in the past year included:

- >> Choosing raw natural resources with low toxicity and using high-efficiency technology from the start of production processes to prevent toxicity and eliminate sulfur dioxide from combustion processes
- >> Implementing a system to manage Volatile Organic Compounds (VOCs) by monitoring over 100,000 machinery and equipment fittings, as well as installing a Vapor Recovery Unit (VRU) to control air pollution and reduce oil losses
- >> Applying Water Minimization and Source Control in related refining processes to maximize usage of water resources for maximum benefits
- >> Developing the compound into a 'Green Refinery' by setting up a plan and improving the overall landscape and environment, in addition to enhancing awareness of employees in always keeping the work environment in good conditions.

Thaioil has gathered technical data and studied the needs and expectations of stakeholders to prepare a five-year **'Environment Management Master Plan 2012- 2016'**, which will emphasize the importance of monitoring and maintaining environmental impact standards, including study projects on impacts to underground water and on biodiversity in the ecosystem at Phubai Mountain, etc.




Besides emphasizing our environmentally friendly refining processes, we conducted CSR activities at both the community and the society as follows:

Community Surrounding the Refinery Healthcare and Life Quality Improvement Project

The Group emphasizes **'Good Health'** in the community because we believe that good health is the significant **'life capital'**. **Thaioil Group's Health and Learning Center for Communities promotes 'proactive healthcare through community medicine processes'.**

Educational and Learning Promotional Programs

The Group continued its support through the **Thaioil Education Fund** with a total of 22 scholarships to university students from Laem Chabang Municipality. Also, nine scholarships for Nursing Students of Burapha University to further their bachelor's degree study and will work at Ao Udom Hospital after graduation. Other programs include the Program of Knowledge and Morality to Nurture Youth Leaders, the Scientific Culture Youth Camp Program, and the Living

Buddha Ratana Mongkol Sakol Prachanatamunee at Thailoil Group's Health & Learning Center	A Project for Waste-Free Ao Udom Community	Ao Udom Community Commence the Waste Separation Project	The Capability of the Community Committee Development Project
			

Library within the Group's Health and Learning Center for Communities.

The Environmental Programs

The programs include a Campaign for Environmental Conservation as a tribute to HM the Queen, Community Biodiesel Production to Reduce Pollution from Used Vegetable Oil Project, Phubai Mountain Biodiversity Project, and Green Communication Project. The Group also set up a joint '**Coordination Center**' and an '**Thailoil's Environment and Community Relations Committee**' to work proactively together in setting standards and operational plans for a 24-hour monitoring process.

Religion, Customs, and Cultural Programs

Thailoil Group values the importance of religion and customs. The Group discussed and planned religious and traditional activities with the community, including '**Dharma Sermons for a Clean Mind and Meditation**', held every month during the waning moon at the Buddhist Shrine in the Health and Learning Center for Communities which has the meditation court and the statue of Buddha Ratana Mongkol Sakol Prachanatamunee. Other activities included the offering of phansa candles to nine temples, and setting up a "**'Folk Ram Wong' Dancing Conservation Club**" to conserve the traditional folk dances and folk songs.

The Capability of the Community Committee Development Project

Local leaders provide leadership through ideas and coordination between the refinery and community. This

project develops the knowledge of local leaders and provides the skills necessary to enhance the development of the community.

Build Relationships and Participation Projects

The **Tripartite Development Model**—a model of joint efforts of the Group, the community and Laem Chabang Municipality—was applied in the development of the communities surrounding the refinery. In 2011, a **project for Waste-Free Ao Udom Community** was initiated using the systematic tripartite model and funds for environmental conservation to better manage community waste. Other projects included the Open House of Connected Hearts: Thai Youths at the Refinery, Thailoil Youth Ambassador, and programs designed for university students and youths in the community to lead the community to sustainable development.

Community Medicine and Proactive Medicine Project

This proactive project was executed in cooperation with Ao Udom Hospital, Laem Chabang Municipality, and village healthcare volunteers. Students from the Faculty of Nursing of Burapha University and Borommarajonani College of Nursing, Chonburi, surveyed the communities to prepare a health map. Then, the Community Medicine Project Phase 2 started by sending nurses, healthcare volunteers, and youth volunteers into the community to check the physical health of those aged over 35 to identify sick people and those with potentially serious non-contagious diseases requiring further proper treatment to enhance good health of the community. The Group also provided proactive health provisions to the

The Expansion of the Coverage of Power Supply from Huay Poo Ling Community Hydro Power Plant to the Ban Khun Ya School
Amphoe Chom Thong, Chiang Mai



Thaioil Group's CEO,
Mr. Surong Bulakul, Plant-a-Plant
with Employees



'Our Community' Journal



community to promote community health, including dental health and other community health programs so that the programs and services can be carried out continuously and efficiently.

'Our Community' Journal

This bi-monthly journal provides a wide range of useful contents, as well as news reports on various activities of the Group and the community. The journal provides another channel of communication and knowledge-sharing between the two sides.

Communities at the National Level (Society)

'Alternative Energy Development and Energy Efficiency Promotion' was initiated to narrow the gap between urban and rural communities with little access to public facilities by recognizing that **true development starts from the**

foundation and that the rural community (the foundation) must be bolstered first so that it can firmly support the top. Thaioil Group, therefore, emphasizes making use of natural resources or agricultural surplus in the areas to benefit the community and match their needs instead of wasting them, and promote efficient energy consumption.

Green Energy Mechanism Project

In collaboration with E for E, the following projects were continued in 2011:

Installation of the Off-Grid to Expand the Coverage of Power Supply from the Huay Poo Ling Community Hydro-Power Plant to the Ban Khun Ya School,

Tambon Ban Luang, Amphoe Chom Thong, Chiang Mai, is the community's educational center with about 70 students. In addition to the three other communities under this project, more than 100 households benefited from it. Future project expansion will include the installation of power lines for the villages around the school.

Thaioil Group's 50th Anniversary Building Project for Ban Khun Ya School

This project is an extension of the Huay Poo Ling's community hydro-power plant. Over 30 employee volunteers constructed Thaioil Group's 50th Anniversary School Building to replace the old, dilapidated building. The new building is equipped with learning equipment and long-distance learning via satellite. Along with this project are activities



True Development Starts from the Foundation
Educational Development & Youth Leadership in Projected Areas

Thaioil Group's and Its Communities
Fulfill the Quality of Life



Biogas Project, Clean Energy from
Thaioil to Communities at Ban Naret,
Amphoe Don Chedi, Suphanburi Province



Modification of Tea Leaf Steaming
Stove at Amphoe Muang Pan,
Lampang Province



Renewable Community Energy
Development Project at
Mae Hong Son Province



to paint the school building, pour cement for multipurpose areas and build passage to connect school buildings, and plant consumable vegetables to provide learning opportunities for local children. These activities will develop Ban Khun Ya School into a learning center for the nearby communities and provide access to information and enhance knowledge and sharing in the community.

Biogas Project, Clean Energy from Thaioil to Communities

A 100-cubic-meter fixed-dome pit was constructed at Ban Naret, Amphoe Don Chedi, Suphanburi. Biogas is produced in the pit filled with pig manure from a farm. The project reduces greenhouse gas emissions (methane), a major contributor to global warming; adds value to the waste; reduces wastewater problems, unpleasant odors, and disease spreading insects; creates a hygienic environment; and save costs on cooking gas for the villagers. The project also promotes learning in the community, since the project site will become a learning and technology transfer center for nearby communities.

Modification of Tea Leaf Steaming Stove

The Group, through its skilled employees, developed and modified tea leaf steaming stove at Amphoe Mueng Pan, Lampang to increase the efficiency and solve functional problems, such as soot in the combustion room which obstructs gas flow and prolongs and requires more firewood in the steaming process. The modified stove is the prototype for other northern villages which sell steamed tea leaves for

a living. It was also expanded to support a research project on **'Fermented Tea for Good Health'** in collaboration with the Faculty of Pharmacy, Chiang Mai University. The results of this research will also be put to good use in other fields.

The Umphang Energy Town in Honor of His Majesty the King (project extended to 2012)

On the occasion of the 84th Birthday Anniversary of His Majesty the King on December 5, 2011, the Group, in cooperation with the Ministry of Energy and E for E, developed the Umphang Energy Town Project as a tribute to HM the King to develop renewable energy projects to support sustainable management by the community in line with Sufficiency Economy and to set an example for other communities in their development. This area is in Tambon Mae Chan, Amphoe Umphang, Tak, far away from the power grid and where living standards are low due to poor education, healthcare, and economic conditions. The project develops community renewable energy by making use of the community's energy resources and includes various sub-projects, such as Pico-Hydro Power plant, cooking biogas production, and biomass energy production.

Renewable Community Energy Development Project, Mae Hong Son (project extended to 2012).

The project, operated in cooperation with UNDP and E for E, covers the installation of a hydro-power plant, biomass energy, and a project to improve and maintain a solar cell electricity generation system.

The Thailoil Refinery was the First Local Refinery to Produce Products under the EURO 4 Standard



Coral Farming and Rehabilitation of Coral Reef at Si Chang Island



Thailoil's Rescue Team "SEAL"



Thailoil Group Assisted Cold Season Victims by Blanket Donation at Wat Kho Phato in Chiang Mai



Environmental Conservation Projects

Production and Distribution of EURO 4 Standard of Environmentally Friendly Products

Thailoil Refinery was the first local refinery to produce environmentally friendly EURO 4 standard fuel before the government's enforcement on January 1, 2012. The Company official launched of all EURO 4 clean fuel products on October 10, 2011. Presently, the current production capacity of EURO 4 standard fuel is 30 million liters per day, consisting of 21 million liters of diesel and 9 million liters of gasoline.

Coral Farming and Rehabilitation of Coral Reef at Si Chang Island (project extended to 2015)

The Group, in cooperation with the Department of Marine and Coastal Resources, Aquatic Resources Research Institute (ARRI), and the Faculty of Sciences (Chulalongkorn University) jointly carried out a project on coral farming and the rehabilitation of coral reef at Si Chang Island, Chonburi, to increase the efficiency of coral propagation and rehabilitation. The project develops an ecotourist attraction where students and interested people can learn about the ecosystem of coral reef and restoration methods. This five-year project runs from 2011 to 2016.

Relief Projects

In difficult times, Thailoil Group, as a member of the community, has put its full efforts together to provide help and relief for the people in the community as follows:

Thailoil Group for Flood Victims

From October to December 2011, Thailand faced unprecedented devastating floods, the worst one in half a century. The floods wreaked such extensive havoc, ravaging people in various areas. The Group promptly stepped forward to offer aid and participate with victims to fight the floods from the beginning until the situation had eased, and continued onward to provide post-flood aid. These activities included donations of relief supplies, visits to affected areas, and help to victims in cooperation with government agencies, such as the Ministry of Energy, Thai Red Cross Society, Bangkok Metropolitan Administration, Royal Thai Navy, Royal Thai Army, Ministry of Labor, Marine Department, the Stock Exchange of Thailand, etc. The Group also joined PTT SEAL unit, a voluntary rescue team set up to offer aid and relief supplies to flood victims, and joined PTT's Relief Operation Center for flood victims at Adisorn Army Camp in Saraburi.

Thailoil Group for Cold Season Victims

The Group and the Thailoil Club donated blankets to Mae Tuen Witthayakhom School at Wat Kho Phato in Chiang Mai; Ban Manao Wan School, Tambon Manao Wan, Amphoe Patthana Nikhom, Lopburi; Ban Huai Nam Chang School, Tambon Bo Kaeo, Amphoe Samoeng, Chiang Mai; and the Ban Mae Cho community, Amphoe Mae Taeng, Chiang Mai. Blanket Donations will continue to cover all areas of the country affected by cold-weather hazards.

Thaioil Group's Charity Day
for Flooding Relief



The Umphang Energy Town in Honor of His Majesty the King at Tak Province



Activities and CSR Projects for 2012

Communities Inside the Company

During the Great Floods of 2011, the Group and the Thaioil Club set up a 'Relief Fund for the Flood Victims' to cope with the crisis through a Charity Day activity organized by volunteer employees, with proceeds going to flood victims. In addition, the objective of this fund is to promote support among volunteered employees who initiated in CSR project. The Company will also support the project that is in line with Corporate Strategy to provide utmost benefits to the society.

Communities Surrounding the Refinery (Community)

The two extended projects consist of a project to build Thaioil's 50th Anniversary Emergency Building of Ao Udom Hospital in Sriracha, and another is to collect data on health in the communities to develop a health map.

Communities at the National Level (Society)

Extended projects from year 2011 include:

- >> Umphang Energy Town in Honor of His Majesty the King, Amphoe Umphang, Tak
- >> Renewable Energy Development Project, Mae Hong Son, in cooperation with UNDP
- >> Coral Farming and Rehabilitation of the Coral Reef, Si Chang Island
- >> Extension of power grid at Huay Poo Ling Community Hydro-power Plant
- >> Modification of tea leaf steaming stove, Amphoe Mueang Pan, Lampang

- >> Ban Mae Cho Hydro-power Plant Project, Amphoe Mae Taeng, Chiang Mai
- >> Study Trip Project on Community Medicine and Good Health at Pak Phun's Tambon Administrative Organization (TAO), Nakhon Sri Thammarat
- >> Leaders and Youths Learning Development Project in the projected areas. Children in the CSR projected areas will take turns attending the annual Youth Science Camp. The most recent camp was conducted for 30 children from Ban Khun Ya School.

New Projects

- >> Biogas Production and Non-toxic Farming Project, Ko Mak Noi, Phang-Nga
- >> Build a Canal for Efficiency Economy Project, Nang Rong, Buriram

In 2012, Thaioil's significant CSR strategy is to establish networking with related organizations in developing CSR projects. As a result, it plans to set up a network to continuously develop the Green Energy Mechanism project, in addition to developing other CSR projects through brainstorming and planning with our partners, including Thaksin University, Phatthalung Campus; TAO at Pan Yi Island, Amphoe Mueang, Phang-Nga; TAO at Pak Phun, Amphoe Mueang, Nakhon Sri Thammarat; Khon Kaen University, etc. Thaioil hopes that these network will become a major force in driving society toward a sustainable future.

BOARD OF DIRECTORS



Mr. Pichai Chunhavajira
Chairman (Non-Executive)
Age 62 Yrs.

Education

- >> BA in Accounting, Thammasat University, Thailand
- >> MBA in Business Administration, Indiana University of Pennsylvania, U.S.A.
- >> Honorary Degree Doctor of Philosophy (Accounting), Thammasat University, Thailand
- >> Doctor of Philosophy (Honorable Financial Management), Mahasarakham University, Thailand
- >> Diploma, National Defence College, The Joint State-Private Sector Course Class 13
- >> Certified Public Accountant

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Director Accreditation Program (DAP 49/2549)
- >> Certificate in Director Certification Program (DCP 143/2554)

Other Training

- >> Capital Market Academy Leadership Program, Capital Market Academy, Class 5

Working Experience in the 5 preceding years

2001-2007	Senior Executive Vice President, Corporate Finance & Accounting, PTT Public Company Limited
2003-2008	Director and Audit Committee Member, Siam Commercial Bank Public Company Limited
1996-2009	Director, Dhipaya Insurance Public Company Limited
2000-2009	Chairman, Thappline Company Limited
2005-2009	Director, PTT Chemical Public Company Limited
2007-2009	Director, PTT Aromatics and Refining Public Company Limited
2008-2009	Chief Financial Officer, PTT Public Company Limited
1998-April 2011	Director, Bangchak Petroleum Public Company Limited
2000-April 2011	Director, Thailoil Power Company Limited
2005-April 2011	Director, Thai Airways Public Company Limited
2009-April 2011	Director, IRPC Public Company Limited
2009-2011	Director, PTT Public Company Limited

Present Positions

1. Listed Company (1)

- >> Director, PTT Exploration and Production Public Company Limited

2. Public Company (1)

- >> Director, Thai Lube Base Public Company Limited

3. Limited Company (2)

- >> Chairman, Thailoil Ethanol Company Limited
- >> Chairman, Thailoil Marine Company Limited

4. Other Organizations/Institutions (8)

- >> Chairman, Managerial Accounting Committee, Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- >> Chairman, Thammasat Association under the Royal Patronage of His Majesty the King
- >> University Council Member, Assumption University
- >> University Council Member, Thammasat University
- >> Audit Committee Member, Mahidol University
- >> Member of the Financial Risk Management Committee, the Thai Red Cross Society
- >> Chairman of the Board of Executive Directors, Small and Medium Enterprise Development Bank of Thailand (SME Bank)
- >> President, Committee of Investment, Social Security Office

% of Shareholding	- None
Conflict of Interest	- None
Relation among family with the Company	- None
Dispute in the 10 preceding years	- None



Mr. Manu Leopairote
Independent Director (Non-Executive)
and Chairman of the Audit Committee
Age 68 Yrs.



Mr. Chaikasem Nitisiri
Independent Director (Non-Executive)
and Member of the Audit Committee
Age 64 Yrs.

Education

- >> B.Sc. in Economics (Honors), Thammasat University, Thailand
- >> M.Sc. in Economics, University of Kentucky, U.S.A.
- >> PhD in Business Administration (Honorary), Thammasat University, Thailand
- >> Certificate in Industrial Development, Nagoya Training Center, Japan
- >> Diploma, National Defence College, The National Defence Course Class 34

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Role of the Chairman Program (RCP 3/2001)
- >> Certificate in Director Certification Program (DCP 30/2003)

Other Training

- None

Working Experience in the 5 preceding years

2004-2009	Executive Chairman, Neighboring Countries Economic Development Cooperation Agency (Public Organization)
2005-2007	Director, PTT Exploration and Production Public Company Limited
2005-2008	Director, Thai Oil Public Company Limited
2005-2009	Independent Director and Chairman of the Audit Committee, PTT Chemical Public Company Limited

Present Positions

1. Listed Company (5)

- >> Chairman, ARIP Public Company Limited
- >> Chairman, Polyplex (Thailand) Public Company Limited
- >> Chairman, Khon Kaen Sugar Industry Public Company Limited
- >> Chairman, Sherwood Chemicals Public Company Limited
- >> Independent Director and Member of the Audit Committee, Thai Beverage Public Company Limited

2. Public Company

- None

3. Limited Company (1)

- >> Director, Thailoil Power Company Limited

4. Other Organizations/Institutions (1)

- >> Member of the Council of State, Group 5 (Trade and Industry Law)

% of Shareholding	0.0015
Conflict of Interest	- None
Relation among family with the Company	- None
Dispute in the 10 preceding years	- None

Education

- >> LL.B (Honours), Chulalongkorn University, Thailand
- >> Barrister-At-Law, Institute of Legal Education Thai Bar Association, Thailand
- >> LL.M. Columbia University, U.S.A. (through government fund by the Department of Public Prosecutor)
- >> Honorary Doctor of Law, Ramkhamhaeng University, Thailand
- >> Honorary Doctor of Law, North-Chiang Mai University, Thailand
- >> Adjunct Professor of Law, Faculty of Law, Chulalongkorn University, Thailand

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Director Certification Program (DCP 8/2001)
- >> Certificate in Role of the Chairman Program (RCP 16/2007)
- >> Certificate in Financial Statements for Directors Program (FSD 5/2009)

Other Training

- >> Justice Administration Executive Program, Class 1
- >> Diploma, National Defence College, The National Defence Course Class 38
- >> Executive Civil Service Program 1, Class 14
- >> Politics and Governance in Democratic Systems for Executive Course, Class 9
- >> Capital Market Academy Leadership Program, Capital Market Academy, Class 5
- >> Cert. in International Procurement, Georgetown University (1981)
- >> Public Director Certification Program, Public Director Institute (PDI), Class 6, King Prajadhipok's Institute

Working Experience in the 5 preceding years

2007	Attorney General, Office of the Attorney General
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Present Positions

1. Listed Company (2)

- >> Independent Director, Member of the Audit Committee, and Member of the Nomination Committee, PTT Exploration and Production Public Company Limited
- >> Executive Board Chairman and Director, Government Housing Bank

2. Public Company

- None

3. Limited Company

- None

4. Other Organizations/Institutions (4)

- >> Senior Public Prosecutor (Advisor to the Attorney General)
- >> Director, Council of State Committee
- >> Director, Nation University Board
- >> Director, Saint John University Board

% of Shareholding	- None
Conflict of Interest	- None
Relation among family with the Company	- None
Dispute in the 10 preceding years	- None



Mr. Apisit Rujikeatkamjorn
Independent Director (Non-Executive)
and Member of the Audit Committee
Age 66 Yrs.

Education

- >> Bachelor of Engineering (Civil Engineering), Khonkaen University, Thailand
- >> Master of Engineering (Civil Engineering), Lamar University, U.S.A.

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Directors Accreditation Program (DAP 27/2004)
- >> Certificate in Finance for Non-Finance Director (FND 24/2005)
- >> Certificate in Understanding the Fundamental of Financial Statements (UFS 5/2006)
- >> Certificate in Audit Committee Program (ACP 22/2008)
- >> Certificate in Role of the Chairman Program (RCP 26/2011)

Other Training

- None

Working Experience in the 5 preceding years

2006-2009	Director, Bangchak Petroleum Public Company Limited
2006-2011	Director, Thai Lube Base Public Company Limited
2006-2011	Director, Khonkaen University Council

Present Positions

1. Listed Company (2)

- >> Chairman, Siam Global House Public Company Limited
- >> Chairman, PAE (Thailand) Public Company Limited

2. Public Company (3)

- >> Chairman, Seoil Public Company Limited
- >> Director, Thai Lube Base Public Company Limited
- >> Director, Thai Rotary Engineering Public Company Limited

3. Limited Company (2)

- >> Chairman, Eco Lighting Company Limited
- >> Director, Fortune Parts Industry Company Limited

4. Other Organizations/Institutions

- None

% of Shareholding

- None

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None



Mr. Goanpot Asvinvichit
Independent Director (Non-Executive),
Chairman of Nomination
and Remuneration Committee,
and Member of the
Risk Management Committee
Age 55 Yrs.

Education

- >> BA in Economics, Thammasat University, Thailand
- >> MA in Business Administration, University of Southern California, U.S.A.
- >> Diploma, National Defence College, The Joint State-Private Sector Course Class 39

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Director Accreditation Program (DAP 72/2008)
- >> Certificate in Director Certification Program (DCP 134/2010)
- >> Certificate in Role of the Compensation Committee (RCC 11/2010)

Other Training

- >> Certificate in Capital Market Academy Leadership Program, Class 5
- >> Certificate in Democratic Politics and Governance, King Prajadhipok's Institute

Working Experience in the 5 preceding years

2004-2007	Chief Executive Officer, Government Savings Bank
2007-2008	Independent Director, IRPC Public Company Limited
2007-2009	United Nations Advisors Group on Inclusive Financial Sectors
2011	Independent Director, IRPC Public Company Limited

Present Position

1. Listed Company (2)

- >> Chairman, Thai Packaging & Printing Public Company Limited
- >> Advisory Board, MFC Asset Management Public Company Limited

2. Public Company

- None

3. Limited Company (1)

- >> Chairman, CIMB-Principal Asset Management Company Limited

4. Other Organizations/Institutions (1)

- >> Chairman, MFC Energy Fund

% of Shareholding

0.0021

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None



Mr. Tevin Vongvanich
Director (Non-Executive)
and Member of the Nomination
and Remuneration Committee
Age 53 Yrs.

Education

- >> Bachelor in Engineering (Chemical Engineering) - 1st Honors, Chulalongkorn University, Thailand
- >> Masters of Science (Chemical Engineering), Rice University, Texas, U.S.A.
- >> Masters of Science (Petroleum Engineering), University of Houston, Texas, U.S.A.

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Director Certification Program (DCP 21/2002)
- >> Certificate in Financial Statements for Directors (FSD 6/2009)
- >> Certificate in Role of the Compensation Committee (RRC 13/2011)

Other Training

- >> Certificate in Senior Executive Program (S.E.P. 7), SASIN Institute
- >> Certificate in Program for Global Leadership (PGL 3), Harvard Business School, U.S.A.
- >> Democracy for Senior Executives Program (Class 10), King Prajadhipok's Institute
- >> Certificate in Capital Market Academy Leadership Program, Class 6, Thailand
- >> Diploma, National Defence College, The Joint State-Private Sector Course Class 22

Working Experience in the 5 preceding years

- | | |
|--------------|--|
| 2004-2007 | Executive Vice President, Corporate Business Development, PTT Public Company Limited |
| 2008-2009 | Senior Executive Vice President, Corporate Strategy & Development, PTT Public Company Limited |
| 2008-2010 | Director and Member of the Nomination Committee, PTT Chemical Public Company Limited |
| 2009-2010 | Chief Financial Officer and Acting Senior Executive Vice President, Corporate Strategy & Development, PTT Public Company Limited |
| 2010-Present | Chief Financial Officer, PTT Public Company Limited |

Present Positions

1. Listed Company (1)

- >> Director, PTT Exploration and Production Public Company Limited

2. Public Company

- None

3. Limited Company (1)

- >> Chairman of the Board of Directors, PTT Polymer Marketing Company Limited

4. Other Organizations/Institutions (1)

- >> Chairman, Thailand Management Association (TMA)

- | | |
|--|--------|
| % of Shareholding | - None |
| Conflict of Interest | - None |
| Relation among family with the Company | - None |
| Dispute in the 10 preceding years | - None |



Mr. Somchai Poolasavasdi
Independent Director (Non-Executive)
and Member of the Nomination
and Remuneration Committee
Age 55 Yrs.

Education

- >> Certificate from the Customs School
- >> Bachelor of Laws, Thammasart University
- >> Master of Political Science, Thammasart University

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Director Certification Program (DCP 136/2010)

Other Training

- >> Diploma, National Defence College, The Joint State-Private Sector Course Class 49
- >> The Customs International Executive Management Program (CIEMP)
- >> Mini Management

Working Experience in the 5 preceding years

- | | |
|-----------|--|
| 2005-2007 | Director of the Post Clearance Audit Bureau, the Customs Department |
| 2007 | Director of the Regional Customs Office III, the Customs Department |
| 2007-2008 | Director of the Suvarnabhumi Airport Cargo Clearance, Customs Office, the Customs Department |
| 2008 | Director of the Investigation and Suppression Bureau, the Customs Department |
| 2008-2009 | Deputy Director-General of the Customs Department |
| 2009-2010 | Inspector-General, the Ministry of Finance |
| 2010-2011 | Deputy Permanent Secretary, the Ministry of Finance |

Present Positions

1. Listed Company (1)

- >> Director, Airports of Thailand Public Company Limited

2. Public Company

- None

3. Limited Company

- None

4. Other Organizations/Institutions (2)

- >> Director-General of Customs
- >> Director, Provincial Electricity Authority

- | | |
|--|--------|
| % of Shareholding | - None |
| Conflict of Interest | - None |
| Relation among family with the Company | - None |
| Dispute in the 10 preceding years | - None |



Mr. Apisak Tantivorawong
Independent Director (Non-Executive)
and Chairman of the
Corporate Governance Committee
Age 58 Yrs.

Education

- >> B.Sc. in Chemical Engineering, Chulalongkorn University, Thailand
- >> MBA Industrial Management, University of Tennessee, U.S.A.

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Director Certification Program (DCP 18/2002)

Other Training

- >> Diploma, National Defence College, The Joint State-Private Sector Course Class 16

Working Experience in the 5 preceding years

2007-2009	Chairman, ASEAN Bankers' Association
2006-2010	Independent Director, Indorama Polymers Public Company Limited
2007-2010	Chairman, Thai Bankers' Association
2007-2010	Director, Thai Asset Management Corporation (TAMC)
2007-2010	Director, Board of Investment (BOI)
2004-Present	President, Krungthai Bank Public Company Limited

Present Positions

1. Listed Company (1)

- >> Director and President, Krungthai Bank Public Company Limited

2. Public Company

3. Limited Company

4. Other Organizations/Institutions

% of Shareholding	- None
Conflict of Interest	- None
Relation among family with the Company	- None
Dispute in the 10 preceding years	- None



Pol. Gen. Adul Sangsingkeo
Independent Director (Non-Executive)
and Member of the
Corporate Governance Committee
Age 57 Yrs.

Education

- >> BA in Public Administration (Class 29), Royal Thai Police Cadet Academy
- >> MA in Social Science, Kasetsart University, Thailand
- >> National Defence Diploma, Class 42, National Defence College, Royal Thai Armed Force

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- None

Other Training

- >> The Program for Senior Executives on Justice Administration, Class 15, National Justice Academy, Office of Judiciary
- >> Certificate in Capital Market Academy Leadership Program, Class 5, the Stock Exchange Of Thailand
- >> Joint Staff Course, Class 33, Joint Staff College, Royal Thai Armed Forces
- >> Senior Crisis Management Seminar, Washington D.C., U.S.A.
- >> Mass Transit Security Seminar, Washington D.C., U.S.A.
- >> Anti-terrorism Executive Forum, Washington D.C., U.S.A.

Working Experience in the 5 preceding years

2007	Assistant Commissioner General, Acting Commissioner of the Command and Operation Center (Forward Post), Royal Thai Police (Yala Province)
2009	Advisor to Royal Thai Police (Security and Special Tasks)
2009	Member, Board of the Market Organization, Ministry of Interior
2010	Member, Board of the Industrial Estate Authority of Thailand
2010-Present	Deputy Commissioner-General, Royal Thai Police
2011-Present	Secretary-General, Narcotics Control Board

Present Positions

1. Listed Company (1)

- >> Director, MFC Asset Management Public Company Limited

2. Public Company

3. Limited Company

4. Other Organizations/Institutions

% of Shareholding	- None
Conflict of Interest	- None
Relation among family with the Company	- None
Dispute in the 10 preceding years	- None



Mr. Norkun Sitthiphong
Director (Non-Executive)
Age 58 Yrs.

Education

- >> Bachelor of Engineering (Mechanical), Chulalongkorn University, Thailand
- >> MS (Mechanical Engineering), Oregon State University, U.S.A.
- >> PhD (Mechanical Engineering), Oregon State University, U.S.A.

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Role of the Chairman Program (RCP 21/2009)

Other Training

- >> Diploma, National Defence College, The National Defence Course Class 47
- >> Management Course, Capital Market Academy, Class 4

Working Experience in the 5 preceding years

2003-2010 Deputy Permanent Secretary, Ministry of Energy

Present Positions

1. Listed Company (2)

- >> Chairman, PTT Public Company Limited
- >> Chairman, PTT Exploration and Production Public Company Limited

2. Public Company

- None

3. Limited Company

- None

4. Other Organizations/Institutions (2)

- >> Permanent Secretary, Ministry of Energy
- >> Director, Nuclear Power Program Development Office

% of Shareholding - None
 Conflict of Interest - None
 Relation among family with the Company - None
 Dispute in the 10 preceding years - None



Mr. Somchai Sujjapongse
Independent Director (Non-Executive)
Age 50 Yrs.

Education

- >> BA in Economics (Honors), Chulalongkorn University, Thailand
- >> MA in Economics, Ohio State University, Columbus, Ohio, U.S.A.
- >> PhD in Economics, Ohio State University, Columbus, Ohio, U.S.A.

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Director Certification Program (DCP 75/2006)

Other Training

- >> Top Management - Vision-Focused Leader, Class 44, Thailand
- >> Diploma, National Defence College, The Joint State-Private Sector Course Class 20
- >> Leadership Program, Capital Market Academy, Class 2, Thailand

Working Experience in the 5 preceding years

2008-2009 Director-General, Fiscal Policy Office, Ministry of Finance
 2009-2010 Director-General, the Customs Department
 2009-2011 Director, Metropolitan Electricity Authority
 2010-2011 Director-General, State Enterprise Policy Office (SEPO)
 2010-2011 Director, Airports of Thailand Public Company Limited

Present Positions

1. Listed Company (1)

- >> Independent Director and Member of Audit Committee, Bangkok Dusit Medical Services Public Company Limited

2. Public Company

- None

3. Limited Company (1)

- >> Director, Aeronautical Radio of Thailand

4. Other Organizations/Institutions (2)

- >> Director-General, Fiscal Policy Office, Ministry of Finance
- >> Director, Metropolitan Electricity Authority

% of Shareholding - None
 Conflict of Interest - None
 Relation among family with the Company - None
 Dispute in the 10 preceding years - None



LTG. Jiradej Mokkahasmit
Independent Director (Non-Executive)
Age 57 Yrs.

Education

- >> Bachelor of Science, Chulachomklao Royal Military Academy, Class 24
- >> The National Defence College, 2007

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Directors Accreditation Program (DAP 16/2004)

Other Training

- >> Colonel Program
 - Australia
 - Fort Benning, U.S.A.

Working Experience in the 5 preceding years

2004-2007	Commanding Officer, 11 th Military Circle
2008-March 2009	Deputy Commander, 1 st Army Area
April 2009	Commander, 1 st Army Corps
October 2010	Deputy Chief of Staff, Royal Thai Army

Present Positions

1. Listed Company (1)

- >> Independent Director and Chairman of Audit Committee, P Plus P Public Company Limited

2. Public Company (1)

- >> Independent Director and Chairman of Audit Committee, Mida Leasing Public Company Limited

3. Limited Company

4. Other Organizations/Institutions

% of Shareholding

Conflict of Interest

Relation among family with the Company

Dispute in the 10 preceding years

- None

- None

- None

- None

- None

- None



Mr. Surong Bulakul
Director (Executive),
Secretary to the Board,
and Member of the
Risk Management Committee
Age 56 Yrs.

Education

- >> B.Sc. in Industrial Engineering and Operations Research, Syracuse University, U.S.A.
- >> M.Eng. in Operations Research, Cornell University, U.S.A
- >> MBA, Cornell University, U.S.A.

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Director Certification Program (DCP 121/2009)

Other Training

- >> PMD, Harvard University, U.S.A.
- >> Certificate in Democratic Politics and Governance, Class 8, King Prajadhipok's Institute
- >> The National Defense College, Class 4919
- >> Certificate in Capital Market Academy Leadership Program, Class 10
- >> Senior Executives on Justice Administration BATCH, Class 15

Working Experience in the 5 preceding years

2005-2007	Executive Vice President, International Trading, PTT Public Company Limited
2008-2009	Senior Executive Vice President, International Trading Business Unit, PTT Public Company Limited
2005-March 2011	Chairman, PTT International Trading Pte. Ltd.
2005-March 2011	Director, PTT Polymer Marketing Company Limited
2007-March 2011	Director, PTT Green Energy Company Limited
2008-March 2011	Chairman, PTT International Trading DMCC
2008-March 2011	Director, PTT Polymer Marketing DMCC, Dubai

Present Positions

1. Listed Company (1)

- >> Senior Executive Vice President, Chief Operating Officer, PTT Public Company Limited

2. Public Company (1)

- >> Director, Thai Lube Base Public Company Limited

3. Limited Company (10)

- >> Chairman, Thai Paraxylene Company Limited
- >> Chairman, Thailoil Power Company Limited
- >> Chairman, Independent Power (Thailand) Company Limited
- >> Director, Thailoil Marine Company Limited
- >> Director, Thailoil Energy Services Company Limited
- >> Director, Thailoil Ethanol Company Limited
- >> Director, Thailoil Solvent Company Limited
- >> Director, Sapthip Company Limited
- >> Director, Ubon Bio Ethanol Company Limited
- >> Director, Thailoil Marine International Pte. Ltd.

4. Other Organizations/Institutions (1)

- >> Member, PTIT Council of Trustees

% of Shareholding

Conflict of Interest

Relation among family with the Company

Dispute in the 10 preceding years

0.0032

- None

- None

- None

**Miss Puongpech Sarakun**

**Independent Director (Non-Executive)
and Member of the Nomination
and Remuneration Committee**

(Completed the term at 2011
Annual General Meeting of Shareholders)
Age 64 Yrs.

**Mr. Banphot Hongthong**

**Independent Director (Non-Executive)
and Chairman of the
Corporate Governance Committee**

(Completed the term at 2011
Annual General Meeting of Shareholders)
Age 65 Yrs.

Education

- >> Bachelor of Laws, Thammasat University, Thailand
- >> Diploma, National Defence College, The National Defence Course Class 34

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Director Certification Program (DCP 131/2010)

Other Training

- >> Applied Psychology Institute, Class 45
- >> Civil Service Executive Development Program, Visionary and Moral Leadership, Class 1/4
- >> Naval War College, Class 27

Working Experience in the 5 preceding years

- | | |
|-----------|---|
| 1999-2007 | Director and Audit Committee Member,
Tourism Authority of Thailand |
| 2000-2007 | Deputy Secretary-General of the Council of State |
| 2002-2007 | Board Member, Financial Institution Development Fund,
Bank of Thailand Member of the 13 th and 14 th National Labour Committee |
| 2006-2007 | Member of the Constituent Assembly and Constitution Drafting Committee |
| 2006-2008 | Board Member, Town and Country Planning Board |
| 2009 | Legal Advisor, Bureau of the Royal Household |

Present Positions

- | | |
|--|--------|
| 1. Listed Company | - None |
| 2. Public Company | - None |
| 3. Limited Company | - None |
| 4. Other Organizations/Institutions (3) | |
| >> Councilor, the Council of State | |
| >> Qualified Member, Rajamangala University of Technology Phranakorn | |
| >> Director, the Energy Conservation Promotion Fund | |

- | | |
|--|--------|
| % of Shareholding | - None |
| Conflict of Interest | - None |
| Relation among family with the Company | - None |
| Dispute in the 10 preceding years | - None |

Education

- >> BA in Economics, Northeastern University, U.S.A.
- >> MA in Economics Development, Northeastern University, U.S.A.

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- None

Other Training

- >> Certificate in Capital Market Academy Leadership Program, Class 9, Thailand

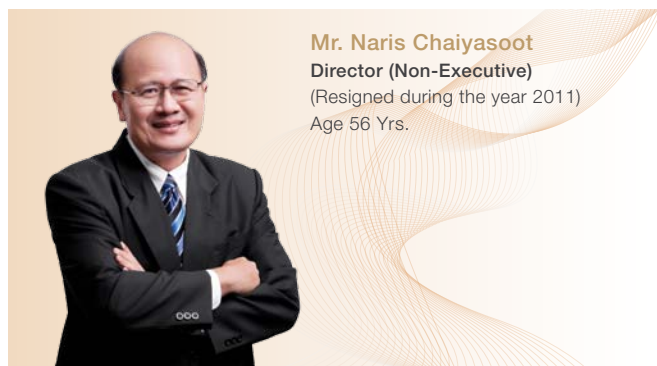
Working Experience in the 5 preceding years

- | | |
|-----------|---|
| 2003 | Permanent Secretary, Ministry of Agriculture and Cooperatives |
| 2007 | Member, National Legislative Assembly |
| 2008-2009 | Director, Thaioil Ethanol Company Limited |

Present Positions

- | | |
|--|--|
| 1. Listed Company (1) | |
| >> Independent Director and Member of Audit Committee,
Grand Canal Land Public Company Limited | |
| 2. Public Company (1) | |
| >> Advisor to the Board of Directors and Chief Executive Officer,
Standard Chartered Bank (Thai) Public Company Limited | |
| 3. Limited Company (2) | |
| >> Chairman, Dhipaya Life Insurance Company Limited | |
| >> Director, Evergreen Plus Company Limited | |
| 4. Other Organizations/Institutions (5) | |
| >> Advisor to the Permanent Secretary, Ministry of Agriculture and Cooperatives | |
| >> Advisor to the Queen Sirikit Department of Sericulture | |
| >> Honorary Advisor of the Committee on Agriculture and Cooperatives of the Senate | |
| >> Advisor to the Administration of the Land Development Department | |
| >> Advisor, the Thai National Shippers' Council | |

- | | |
|--|--------|
| % of Shareholding | - None |
| Conflict of Interest | - None |
| Relation among family with the Company | - None |
| Dispute in the 10 preceding years | - None |



Mr. Naris Chaiyasoot
Director (Non-Executive)
(Resigned during the year 2011)
Age 56 Yrs.



Mr. Sathit Limpongpan
Independent Director (Non-Executive)
and Chairman of the
Risk Management Committee
(Resigned during the year 2011)
Age 61 Yrs.

Education

- >> BA in Economics (Honors) Thammasat University
- >> MA in Economics (English Program), Thammasat University
- >> PhD in Economics, University of Hawaii, U.S.A.

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Director Accreditation Program (DAP 32/2005)
- >> Certificate in Finance for Non-Finance Director (FND 19/2005)
- >> Certificate in Director Certification Program (DCP 82/2006)

Other Training

- >> Certificate in Population Studies, University of Hawaii, U.S.A.
- >> Diploma, National Defence College, The National Defence Course Class 39
- >> Certificate in Capital Market Academy Leadership Program, Class 4

Working Experience in the 5 preceding years

2006-2007	Inspector-General, Ministry of Finance
2008-2009	Chief Inspector-General, Ministry of Finance
2009-2010	Deputy Permanent Secretary, Ministry of Finance
2010-2011	Director-General, Fiscal Policy Office, Ministry of Finance
April 2007-October 2010	Director, PTT Public Company Limited
December 2009-July 2010	Chairman (Acting), PTT Public Company Limited
2011-Present	Director-General, the Treasury Department, Ministry of Finance

Present Positions

- 1. Listed Company** - None
- 2. Public Company** - None
- 3. Public Enterprises (2)**
 - >> Chairman, Small and Medium Enterprise Development Bank of Thailand
 - >> Chairman, Dhanarak Asset Development Company Limited
- 4. Other Organizations/Institutions (7)**
 - >> Chairman, National Economics Research Council
 - >> President, East West Center and Hawaii Alumni Group of Thailand
 - >> President, Thailand Special Olympics
 - >> Chairman, Deposit Protection Agency
 - >> Board Member, Ananthamahidol Foundation, Thammasat Division
 - >> Board Member, Thammasat University Council
 - >> Board Member, Faculty of Economics, Thammasat University

% of Shareholding	- None
Conflict of Interest	- None
Relation among family with the Company	- None
Dispute in the 10 preceding years	- None

Education

- >> LL.B., Thammasat University, Thailand
- >> Barrister-At-Law, Institute of Legal Education Thai Bar Association, Thailand
- >> Master of Laws, Tulane University, U.S.A. (Thai Government Funding)
- >> MA (Economics), Sukhothai Thammathirat Open University, Thailand
- >> PhD in Development Administration, National Institute of Development Administration (NIDA), Thailand

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Directors Certification Program (DCP 28/2008)
- >> Certificate in Audit Committee Program (ACP 22/2008)
- >> Certificate in the Role of the Chairman Program (RCP 18/2008)

Other Training

- >> Leaders in Development: Managing Political & Economic Reform, Harvard
- >> University Advanced Management Program, Oxford University, U.S.A.

Working Experience in the 5 preceding years

2004-2007	Director General, Thai Customs Department
2007-2009	Deputy Permanent Secretary, Ministry of Finance
2009-2010	Permanent Secretary, Ministry of Finance
2009-September 2011	Vice Chairman, Thai Airways Public Company Limited
2009-Present	Chairman, Krung Thai Bank Public Company Limited

Present Positions

- 1. Listed Company (1)**
 - >> Chairman, Krung Thai Bank Public Company Limited
 - 2. Public Company** - None
 - 3. Limited Company** - None
 - 4. Other Organizations/Institutions (1)**
 - >> Chairman, Economics and Finance Academy
- | | |
|--|--------|
| % of Shareholding | - None |
| Conflict of Interest | - None |
| Relation among family with the Company | - None |
| Dispute in the 10 preceding years | - None |



Mr. Prajya Phinyawat
Director (Non-Executive)
and Member of the
Corporate Governance Committee
 (Resigned during the year 2011)
 Age 60 Yrs.



LTG. Tawatchai Samutsakorn
Independent Director (Non-Executive)
and Member of the Nomination
and Remuneration Committee
 (Resigned during the year 2011)
 Age 59 Yrs.

Education

- >> BE in Civil Engineering, Chulalongkorn University, Thailand
- >> MS.c. in Civil Engineering, Stanford University, U.S.A.
- >> PhD in Civil Engineering, University of Texas at Austin, U.S.A.
- >> Diploma, The National Defense Course for the Joint State-Private Sector, The National Defense College (NDC 4515)

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Director Certificate Program (DCP 14/2002)

Other Training

- >> Capital Market Academy Leadership Program, Capital Market Academy, Class 7

Working Experience in the 5 preceding years

2004-2007	Senior Executive Vice President, Petrochemicals and Refining Business Group, PTT Public Company Limited
2005-April 2011	Director, Chairman of the Corporate Governance, and Member of the Nomination Director, PTT Chemical Public Company Limited
2006-November 2011	Director, Executive Director, and Member of the Corporate Governance, IRPC Public Company Limited
2007-October 2011	Director, Member of the Corporate Governance, PTT Aromatics and Refining Public Company Limited
2008-May 2011	Senior Executive Vice President, Oil Business Unit, PTT Public Company Limited
2008-September 2011	Chief Operating Officer, Downstream Petroleum Business Group, PTT Public Company Limited
2008-October 2011	Chairman of Risk Management Committee, PTT Aromatics and Refining Public Company Limited

Present Positions

1. Listed Company (1)

- >> Director, PTT Global Chemical Public Company Limited

2. Public Company (2)

- >> Director, Thai Lube Base Public Company Limited
- >> Director, Bangkok Polyethylene Public Company Limited

3. Limited Company (3)

- >> Chairman, PTT Asahi Chemical Company Limited
- >> Chairman, PTT Polyethylene Company Limited
- >> Director, Thai Paraxylene Company Limited

4. Other Organizations/Institutions

- None

% of Shareholding

- None

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None

Education

- >> Bachelor of Science, Chulachomklao Royal Military Academy, Thailand
- >> Master of Development Administration, National Institute of Development Administration (NIDA), Thailand

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Director Certification Program (DCP 138/2010)
- >> Certificate in Financial Statement for Directors (FSD 9/2010)

Other Training

- >> Royal Thai Armed Forces Staff College, Class 63, Advanced Military Studies Institute
- >> Army War College Class, Australia
- >> Royal Thai Army War College, Class 41, Advanced Military Studies Institute
- >> Diploma, National Defence College, The National Defence Course
- >> Social Peace Building, Class 1, King Prajadhipok's Institute
- >> Advanced Security Management Program, Class 1, National Defence College
- >> The Senior Administration of Justice Program, Class 15

Working Experience in the 5 preceding years:

2007	The 2 nd Army Area Deputy Commander
2009	The 2 nd Corps Commander
2010	The 2 nd Army Area Commanding General

Present Positions

1. Listed Company

- None

2. Public Company

- None

3. Limited Company

- None

4. Other Organizations/Institutions

- None

% of Shareholding

- None

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None



Mr. Chainoi Puankosoom
Independent Director (Non-Executive)
and Member of the Audit Committee
(Resigned during the year 2011)
Age 61 Yrs.

Education

- >> Bachelor Degree in Higher Accounting, California College of Commerce, U.S.A.
- >> Master of Management (MM), Sasin Graduate Institute of Business Administration, Chulalongkorn University, Thailand

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Director Accreditation Program (DAP 63/2007)
- >> Certificate in Financial Institutions Governance Program (Class 3/2011)

Other Training

- >> Diploma in Politics and Governance in Democratic Systems for Executives Course, Class 6, King Prajadhipok's Institute
- >> Capital Market Academy Leader Program, Class 9, Capital Market Academy

Working Experience in the 5 preceding years

2005-2007	President, Rayong Refinery Public Company Limited
2007-2008	President, PTT Aromatics and Refining Public Company Limited
2008-2010	President and CEO, Secretary to the Board of Directors, PTT Aromatics & Refining Public Co., Ltd.
2011	Director and Member of the Corporate Governance Committee, PTT Chemical Public Company Limited

Present Positions

1. Listed Company (2)

- >> Director, National Power Supply Public Company Limited
- >> Independent Director, TISCO Financial Group Public Company Limited

2. Public Company

- None

3. Limited Company (1)

- >> Chairman, HMC Polymers Company Limited

4. Other Organizations/Institutions (2)

- >> Member of the Council of Trustees, Petroleum Institute of Thailand
- >> Vice Chairman, the Federation of Thai Industries

% of Shareholding	- None
Conflict of Interest	- None
Relation among family with the Company	- None
Dispute in the 10 preceding years	- None



Mr. Utid Tamwatin
Independent Director (Non-Executive)
and Member of Audit Committee
(Resigned during the year 2011)
Age 62 Yrs.

Education

- >> LL.B. (Honour), Thammasat University
- >> Barrister-At-Law, Institute of Legal Education Thai Bar Association, Thailand
- >> LL.M., University of California, Berkeley, U.S.A.
- >> The Joint State-Private Course, Class of 399, The National Defence College, Thailand
- >> NIDA-Wharton Executive Leadership Program, Wharton School, University of Pennsylvania, U.S.A.

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Directors Certification Program (DCP 3/2000)

Other Training

- >> The Civil Service Executive Development Program: Office of the Civil Service Commission, Program 1, Class 11
- >> Customs International Executive Management Program, Australian Customs Services (CIEMP)
- >> Mini Master of Management, National Institute of Development Administration (NIDA)
- >> Economic Value Management (EVM), State Enterprise Policy Office and Stern Stewart & Co., Ltd.
- >> The Program for Senior Executives in Criminal Justice Administration, Judicial Training Institute, Class 11

Working Experience in the 5 preceding years

2003-2008	Director, Eastern Water Resources Development and Management Public Company Limited
2004-2006	Director-General, the Excise Department, Ministry of Finance
2006-2008	Deputy Permanent Secretary, Expenditure and Liability Management Cluster, Ministry of Finance
2008-2009	Director-General, the Customs Department, Ministry of Finance
2008-2011	Chairman, Eastern Water Resources Development and Management Public Company Limited

Present Position

1. Listed Company (1)

- >> Director, Siam Commercial New York Life Public Company Limited

2. Public Company (1)

- >> Director, Pan Rajdhevee Group Public Company Limited

3. Company Limited (1)

- >> Advisor, Ladawan Capital Company Limited

4. Other Organizations/Institutions

- None

% of Shareholding	- None
Conflict of Interest	- None
Relation among family with the Company	- None
Dispute in the 10 preceding years	- None



Mr. Vitaya Suriyawong
Director (Non-Executive)
and Member of the Nomination
and Remuneration Committee
 (Resigned during the year 2011)
 Age 50 Yrs.



Mr. Udom Wongviwatchai
Independent Director (Non-Executive)
and Member of the
Risk Management Committee
 (Resigned during the year 2011)
 Age 55 Yrs.

Education

- >> Bachelor of Social Work, Thammasat University, Thailand
- >> Master of Criminology, University of Melbourne, Australia

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Director Certification Program (DCP 148/2011)
- >> Certificate in Role of the Compensation Committee (RCC 13/2011)

Other Training

- >> Senior Executive Program on Administrative Justice, Class 2 (Administrative Court)
- >> Diploma, National Defence College, The National Defence Course Class 52
- >> Senior Executive, Class 44 (Office of the Civil Service Commission)
- >> Senior Executive Program, Class 63, London Business School, University of London

Working Experience in the 5 preceding years

- | | |
|--------------|---|
| 2007 | Deputy Director-General (Executive, Primary Level),
Office of Justice Affairs, Ministry of Justice |
| 2009-Present | Director-General (Executive, Higher Level),
Office of Justice Affairs, Ministry of Justice |

Present Positions

1. Listed Company
2. Public Company
3. Limited Company
4. Other Organizations/Institutions

- | | |
|--|--------|
| % of Shareholding | - None |
| Conflict of Interest | - None |
| Relation among family with the Company | - None |
| Dispute in the 10 preceding years | - None |

Education

- >> Bachelor Degree in Electrical Engineering, Kasetsart University, Thailand
- >> Master Degree in Commerce and Accountancy, Thammasat University, Thailand
- >> MS (Management Engineering), University of Bridgeport, U.S.A.

Training for the Directors courses of Thai Institute of Directors Association, Thailand (IOD)

- >> Certificate in Director Certification Program (DCP 148/2011)

Other Training

- >> Diploma, National Defence College, The National Defence Course Class 49
- >> Top Executive Program in Commerce and Trade (TEPCoT3),
Commerce Academy, University of the Thai Chamber of Commerce

Working Experience in the 5 preceding years

- | | |
|--------------|--|
| 2005 | Deputy Director General, the Office of Industrial Economics,
Ministry of Industry |
| 2010-Present | Chief Inspector General, Ministry of Industry |

Present Positions

- | | |
|---|--------|
| 1. Listed Company | - None |
| 2. Public Company | - None |
| 3. Limited Company | - None |
| 4. Other Organizations/Institutions (5) | |
| >> Head of the Association of QC Headquarters of Thailand | |
| >> Executive Director, Agricultural Research Development Agency | |
| >> Executive Director, National Food Institute | |
| >> Executive Director, the Energy Conservation of Thailand | |
| >> Lecturer, Technology Promotion Association | |

- | | |
|--|--------|
| % of Shareholding | - None |
| Conflict of Interest | - None |
| Relation among family with the Company | - None |
| Dispute in the 10 preceding years | - None |

Name	Thaiol	Subsidiaries										Affiliates and Related Companies									
		Thai Paraxylene Co., Ltd.	Thai Lube Base Plc.	Thaiol Marine Co., Ltd.	Thaiol Power Co., Ltd.	Independent Power (Thailand) Co., Ltd.	Thaiol Solvent Co., Ltd.	Thaiol Energy Services Co., Ltd.	Thaiol Ethanol Co., Ltd.	TOP Solvent Co., Ltd. ⁽¹⁾	Sak Chaisidhi Co., Ltd. ⁽²⁾	TOP Solvent Vietnam LLC. ⁽³⁾	Saphip Co., Ltd. ⁽⁴⁾	Thaiol Marine International Plc. Ltd. ⁽⁵⁾	TOP Maritime Service Co., Ltd. ⁽⁶⁾	PTT ICT Solutions Co., Ltd.	Maesod Clean Energy Co., Ltd. ⁽⁷⁾	Ubon Bio Ethanol Co., Ltd. ⁽⁸⁾	PTT Energy Solutions Co., Ltd.	TOP-NYK MarineOne Plc. Ltd. ⁽⁹⁾	Thai Petroleum Pipeline Co., Ltd.
23 Ms. Duangporm Teerapapaipaisit	✱																				
24 Mr. Teardchart Padungrat	✱																				
25 Mr. Nitas Krongvanitchayakul	✱			✱										✱	✱					✱	
26 Mr. Bandhit Thamprajanchit	✱																				
27 Ms. Prapin Thongnium	✱																				
28 Mr. Pongpun Amornvivat	✱			✱										✱							
29 Mr. Porn-in Mannalai	✱																				
30 Ms. Pattaralada Sa-Ngasang	✱															✱		✱			
31 Ms. Bhawana Suphavilai **	✱															✱		✱			
32 Mr. Yuthana Pasurapunya	✱				✱							✱									
33 Mr. Viroj Meenaphant	✱			✱																	
34 Mr. Saran Harinsuta	✱											✱					✱				
35 Ms. Siriporn Mahachariyawong	✱																				
36 Mr. Santi Wasanasiri	✱											✱									
37 Mr. Suchart Monyanont	✱																				
38 Mr. Athavuth Vikisreth ***	✱																				
39 Ms. Acharee Tiyaehorn	✱																				

Notes: = Chairman = Director = Chief Executive Officer or Managing Director = Executive Officer

* Retired on December 31, 2011

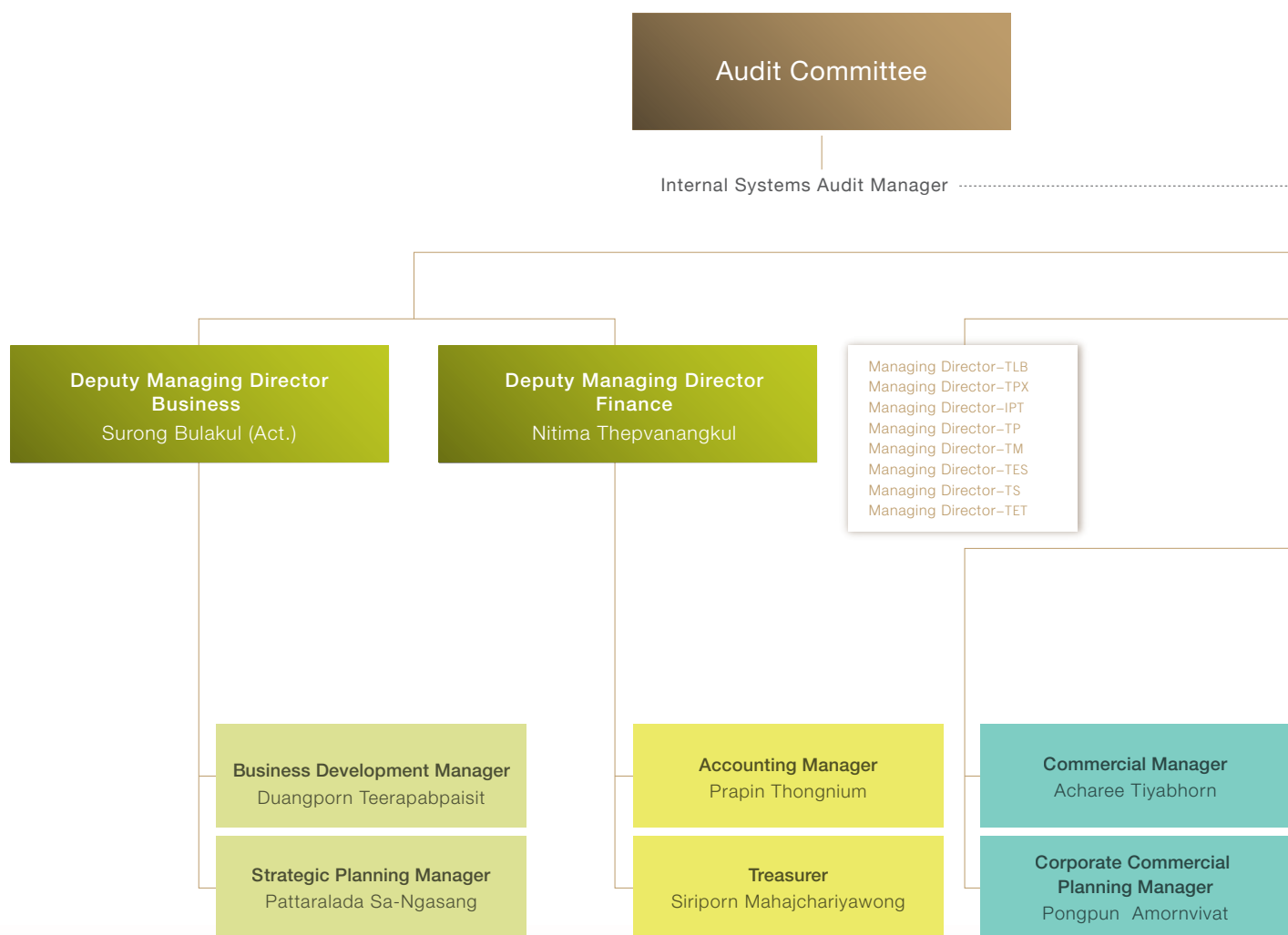
** Assigned to PTT Plc. since July 1, 2011

*** Assigned to PTT Plc. since October 1, 2010

- (1) TOP Solvent Co., Ltd. is a subsidiary of Thaiol Solvent Co., Ltd. (TOS), in which TOS holds 100 % of shares.
 (2) Sak Chaisidhi Co., Ltd. is a subsidiary of TOP Solvent Co., Ltd. (TS), in which TS holds 80.52 % of shares.
 (3) TOP Solvent Vietnam LLC. is a subsidiary of TOP Solvent Co., Ltd. (TS), in which TS holds 100 % of shares.
 (4) Saphip Co., Ltd. is a subsidiary of Thaiol Ethanol Co., Ltd. (TET), in which TET holds 50 % of shares.
 (5) Thaiol Marine International Pte. Ltd. is a subsidiary of Thaiol Marine Co., Ltd. (TM), in which TM holds 100 % of shares.
 (6) TOP Maritime Service Co., Ltd. is a subsidiary of Thaiol Marine Co., Ltd. (TM), in which TM holds 55 % of shares.
 (7) Maesod Clean Energy Co., Ltd. is an affiliate of Thaiol Ethanol Co., Ltd. (TET), in which TET holds 30 % of shares.
 (8) Ubon Bio Ethanol is an affiliate of Thaiol Ethanol Co., Ltd. (TET), in which TET holds 21.28 % of shares.
 (9) TOP-NYK MarineOne Pte. Ltd. is an affiliate of Thaiol Marine International Pte. Ltd. (TOMI), in which TOMI holds 50 % of shares.

ORGANIZATION STRUCTURE

As of December 31, 2011



Remarks :

03/11/2008 >> Abhinant Supatrabutra	(SA-1) - assignment to TLB : TLB-MD
03/11/2008 >> Mitri Reodacha	(SA-4) - assignment to IPT : IPT-MD
01/05/2009 >> Nitas Krongvanitchayakul	(SA-7) - assignment to TM : TM-MD
01/06/2009 >> Suphon Tubtimcharoon	(SA-2) - assignment to TPX : TPX-MD
01/09/2009 >> Teardchart Padungrat	(SA-6) - assignment to TS : TS-MD
01/10/2010 >> Athavuth Vikitsreth	(SA-8) - assignment to PTT
01/07/2011 >> Bhawana Suphavilai	(SA-9) - assignment to PTT : PTES-MD
01/07/2011 >> Santi Wasanasiri	(SA-3) - assignment to TES : TES-MD
01/07/2011 >> Klahan Tochamnanvit	(SA-5) - assignment to TES : TES-EA



SHAREHOLDING AND MANAGEMENT STRUCTURE

Shareholding Structure

Company Assets

Ordinary Shares

On the share registration book closing date for payment of interim dividend, as of September 19, 2011, the Company's registered capital was 20,400,278,730 Baht and the paid-up capital was 20,400,278,730 Baht, comprised of 2,040,027,873 ordinary shares at the par valued at 10 Baht per share.

Debentures

The Company has a 10-year USD 350,000,000 Notes due on

June 9, 2015 and four senior unsecured and unsubordinated debentures of 20,750 million Baht in total, comprised of 3,000 million Baht debentures due 2012, a 2,750 million Baht debentures due 2013, a 12,000 million Baht debentures due 2014 and a 3,000 million Baht debentures due 2022.

Shareholders

As of September 19, 2011, the first ten major shareholders, including shareholding percentage as provided in Section 258 of the Securities and Exchange Act B.E. 2535, are as follows:

Top Ten Major Shareholders ⁽¹⁾	Number of Shares	Shareholding Percentage
1 PTT PUBLIC COMPANY LIMITED ⁽²⁾	1,001,647,483	49.10
2 HSBC (SINGAPORE) NOMINEES PTE LTD	42,235,524	2.07
3 JX HOLDINGS, INC	36,137,200	1.77
4 STATE STREET BANK AND TRUST COMPANY	32,442,179	1.59
5 STATE STREET BANK EUROPE LIMITED	21,669,737	1.06
6 NORTRUST NOMINEES LTD.	19,410,639	0.95
7 IRPC PUBLIC COMPANY LIMITED	17,750,000	0.87
8 GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION C	16,601,500	0.81
9 CHASE NOMINEES LIMITED 74	14,946,800	0.73
10 THE BANK OF NEW YORK (NOMINEES) LIMITED	14,422,963	0.70
Total	1,217,264,025	59.65

Remark:

- (1) Excluding shareholders of Thai NVDR Co., Ltd., a subsidiary of the Stock Exchange of Thailand with the objective of promoting investor investment, particularly international investors, in order to invest in common stock of listed companies without being restricted by the foreign shareholding limit which does not have the right to vote at meetings of listed companies.
- (2) As a major shareholder of Thailoil, PTT Public Company Limited (PTT) participates in formulating the Company's management and operational policies through approval of the Board of Directors. As of yearend 2011, there are three directors from a total of 13 who are also holding position as PTT Board of Directors and/or Management Team.

Dividend Policy

The present dividend payout policy of the Board of Directors is to pay at least 25 percent of the consolidated net profit after deductions of all categories of reserves as specified in the Company's regulations and applicable laws. Payment of such dividend is subject to the cash flows and investment plans of Thairoil and its subsidiaries in each year, and other requirements and considerations as determined by the Board of Directors. The Board of Directors may consider paying the annual dividend with approval from the annual general meeting, except payment of interim dividend which the Board

is authorized to approve periodically when the Company's profit deems it appropriate. The interim dividend payment shall be reported at the following shareholders meeting.

The dividend policy for Thairoil subsidiaries shall be considered and proposed by the Board of Directors of each subsidiary to the annual general meeting for approval. Consideration shall be given to investment plans and other requirements and considerations, such as the adequacy of cash flow of each company after deducting reserve funds in accordance with the law.

Management Structure

The management structure of Thai Oil Public Company Limited comprises of:

- >> The Board of Directors
- >> The four Board-Committees supporting the consideration of important issues as assigned by the Board of Directors are the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee, and the Risk Management Committee

>> The Management with the Chief Executive Officer as the highest executive of the Company

The Board of Directors

Presently, the Board of Directors is comprised of 13 directors as follows:

- >> Twelve non-executive directors, nine of which are independent directors
- >> One executive director, namely the Chief Executive Officer

The Board of Directors as of December 31, 2011 comprised of:

Name - Surname	Position	Appointment Date
1. Mr. Pichai Chunhavajira	Director Chairman of the Board	April 3, 2009
2. Mr. Manu Leopairote	Independent Director Chairman of the Audit Committee	April 3, 2009
3. Mr. Chaikasem Nitisiri	Independent Director Member of the Audit Committee	April 1, 2011
4. Mr. Apisit Rujikeatkamjorn	Independent Director Member of the Audit Committee	November 21, 2011
5. Mr. Goanpot Asvinvichit	Independent Director Chairman of the Nomination and Remuneration Committee Member of the Risk Management Committee	April 2, 2010
6. Mr. Tevin Vongvanich	Director Member of the Nomination and Remuneration Committee	April 2, 2010
7. Mr. Apisak Tantivorawong	Independent Director Chairman of the Corporate Governance Committee	April 2, 2010
8. Pol. Gen. Adul Sangsingkeo	Independent Director Member of the Corporate Governance Committee	April 2, 2010
9. Mr. Norkun Sitthiphong	Director	November 21, 2011
10. Mr. Somchai Sujjapongse	Independent Director	November 21, 2011

Name - Surname	Position	Appointment Date
11. LTG. Jiradej Mokkahasmit	Independent Director	November 21, 2011
12. Mr. Somchai Poolsavasdi	Independent Director	November 21, 2011
13. Mr. Surong Bulakul	Director Member of the Risk Management Committee Chief Executive Officer Secretary to the Board	April 1, 2011

The List of Directors who completed their terms and resigned during the year 2011 is as follows:

Name - Surname	Reasons
1. Mr. Naris Chaayasoot (Director)	Resigned since February 10, 2011 onward
2. Ms. Puongpech Sarakun (Independent Director and Member of the Nomination and Remuneration Committee)	Completed her term at the 2010 AGM on April 1, 2011
3. Mr. Banphot Hongthong (Independent Director and Chairman of the Corporate Governance Committee)	Completed his term at the 2010 AGM on April 1, 2011
4. Mr. Sathit Limpongpan (Independent Director and Chairman of the Risk Management Committee)	Resigned since November 1, 2011 onward
5. Mr. Prajya Phinyawat (Director and Member of the Corporate Governance Committee)	Resigned since November 3, 2011 onward
6. LTG. Tawatchai Samutsakorn (Independent Director and Member of the Nomination and Remuneration Committee)	Resigned since November 4, 2011 onward
7. Mr. Utid Tamwatin (Independent Director and Member of the Audit Committee)	Resigned since November 8, 2011 onward
8. Mr. Chainoi Puankosoom (Independent Director and Member of the Audit Committee)	Resigned since November 8, 2011 onward
9. Mr. Vitaya Suriyawong (Independent Director and Member of the Nomination and Remuneration Committee)	Resigned since November 24, 2011 onward
10. Mr. Udom Wongviwatchai (Independent Director and Member of the Risk Management Committee)	Resigned since November 24, 2011 onward

Shareholding Report of the Board of Directors in 2010 and 2011 (including Spouse and Minor)

Name - Surname	No. of Share		No. of Shares Addition (Reduction) During the Year
	Dec. 31, '10	Dec. 31, '11	
1. Mr. Pichai Chunhavajira	1,000	1,000	-
2. Mr. Manu Leoparote	31,000	31,000	-
3. Mr. Chaikasem Nitisiri	-	-	-
4. Mr. Apisit Rujikeatkamjorn	-	-	-
5. Mr. Goanpot Asvinvichit	-	43,600	43,600
6. Mr. Tevin Vongvanich	-	-	-
7. Mr. Apisak Tantivorawong	-	-	-
8. Pol. Gen. Adul Sangsingkeo	-	-	-
9. Mr. Norkun Sitthiphong	-	-	-
10. Mr. Somchai Sujjapongse	-	-	-
11. LTG. Jiradej Mekkhasmit	-	-	-
12. Mr. Somchai Poolsavasdi	-	-	-
13. Mr. Surong Bulakul	64,700	64,700	-

1. Structure of the Board of Directors

According to the Company's Articles of Association, the Board of Directors shall consist of at least five members and not more than 15 members. Not less than half of the number of such directors must reside within the Kingdom of Thailand. A director needs not be a shareholder in the Company.

2. Appointment and Termination of Directors

The nomination, appointment, removal and resignation of directors are prescribed in the Company's regulation, which can be summarized as follows:

Appointment of Directors

Appointment of directors must be explicitly made at the

Annual General Meeting of Shareholders under the following criteria and procedures:

- (1) Each shareholder shall have one share for one vote;
- (2) Each shareholder may exercise all the votes he or she has under (1) to elect one or several persons as directors, but the shareholder cannot divide his or her votes to any person in any number; and
- (3) Nominees who receive the largest number of votes in descending order shall be elected. In the event of nominees receiving equal votes and exceeding the number of vacancies to be filled, the chairman of the meeting shall cast the decisive vote.

Since 2007, the Board has adopted a resolution to allow minor shareholders' nomination of qualified directors, which

must be explicitly made before the AGM and under the Company's nomination criteria. Last year, there was no nomination proposed by minor shareholders (see detail in Corporate Governance Section on page 117).

Removal and Termination of Directors

1. At every annual ordinary shareholder's meeting one-third of the directors, or, if the number of directors cannot be divided exactly into three parts, the number of directors nearest to one-third shall vacate office. A vacating director may be eligible for re-election. The directors to vacate office in the first and second years following the registration of the conversion of the Company shall be drawn by lots. In subsequent years, the directors who have remained in office for the longest time shall vacate office.
2. Apart from vacating at the end of his office term, a director shall vacate office upon death, resignation, lack of qualifications or disqualifications under the law pertaining to Public Company Limited and/or under the Securities and Exchange Act, removal pursuant to a resolution passed at the shareholders meeting, or removal pursuant to a court order.
3. To resign from office, a director has to hand in his resignation letter. Such resignation shall become effective on the date when it reaches the Company. The director who has resigned may also inform the registrar of the facts.
4. The shareholders' meeting may pass a resolution to remove any director from office prior to retirement by rotation, by a vote of not less than three-fourths of the number of shareholders attending the meeting and having the right to vote and the shares held by them shall, in aggregate, be not less than half of the number of shares

held by the shareholders attending the meeting and having the right to vote.

5. In the event that a position of director becomes vacant for any reason other than the end of his office term, the board of directors shall on the next board meeting appoint a qualified person, not having unacceptable qualities under the laws pertaining to Public Limited Company and the Securities and Exchange Act to be a new director, except if such office term remaining is less than two months. The replacement director shall hold office only for the remainder of the term of office of the director whom he replaces. The resolution of the board of directors must be approved by the votes of not less than three-fourths of the number of the remaining directors.

3. Authorized Directors

According to the Company's regulations, two authorized directors shall jointly sign with affixation of the Company seal to represent the Company. The Board has the right to prescribe and rectify the list of the company's authorized directors.

Through the Board of Directors' Meeting No. 8/2011 on November 21, 2011, the Board of Directors has approved directors having authority to sign on behalf of the Company, namely Mr. Pichai Chunchavajira, Mr. Manu Leopaiprote, and Mr. Surong Bulakul. The signatures of any two of the three representative directors jointly sign together with the affixation of the Company's seal.

4. Board Roles and Responsibilities

Observing Company's regulations, the Board is authorized to conduct roles and responsibilities under the law, Company's objectives, regulations, and resolutions approved by shareholders' meetings. Directors must observe the "Code of Practice for Directors of Listed Companies" stipulated by SET with integrity and prudence to protect the Company's interests and maximize profits to its shareholders. To enable the Company's employees to observe the business principles and establish credibility among shareholders and investors, it has defined the following roles and responsibilities for the Board:

1. Review and endorse activities required by law.
2. Conduct the annual performance appraisal and decide compensation for the chief executive officer.
3. Define the corporate vision and take accountability for business performance and the performance of the executive team with due attention and prudence.
4. Review and endorse significant strategies and policies with a focus on business objectives, financial targets, risks, work program and budget, and ensure that the management follow policies and plan efficiently and effectively.
5. Provide assurance of the accounting system, financial reporting, and audits by forging processes for suitable internal control and audit efficiently and effectively, and oversee financial reporting and monitoring progress.
6. Institute a corporate risk management policy by seeking quarterly risk management reports from the management via the Risk Management Committee, and encouraging the Company to conduct risk management system assessment at least once a year while paying due attention to warning signs and anomalies.
7. Oversee and resolve potential conflicts of interest and connected transactions, and set practical guidelines to prevent them with a focus on maintaining the best interests of the shareholders and stakeholders at large; institute transaction guidelines prohibiting stakeholders with vested interests from decision-making on such matters; and establish standard procedures and thorough information disclosure of all potential conflicts of interest.
8. Promote a written code of business conduct for directors, executives, and employees to ensure full understanding of the Company's business standard, including earnest, periodic follow-ups of compliance.
9. Under the rules governed by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), appoint a corporate secretary to provide legal and assorted regulations that directors must be aware of and comply with in overseeing the Company's business and activities. The corporate secretary coordinates Company activities under the Board's resolutions.

Board-Committees

The Board of Directors has appointed several committees to scrutinize and supervise the operation of the Company over specific issues, in order to perform their duties efficiently and effectively as well as to ensure that the Company complies with rules and regulations of the SEC and SET. The Board-Committees, as of December 31, 2011 are as follows:

1. Audit Committee

The Board of Directors appointed the Audit Committee, with the qualification fully complied by criteria of the SEC and SET, to review business operations, financial reports, and internal control systems, to select independent auditors, and to review conflicts of interest. The members of the Audit Committee have qualified knowledge and experiences to review the reliability of the financial statements.

As of December 31, 2011, the Audit Committee consists of three independent directors as follows:

Name - Surname	Position
1. Mr. Manu Leopaiprote	Chairman (Independent) with accounting and financial expertise
2. Mr. Chaikasem Nitisiri	Member (Independent)
3. Mr. Apisit Rujikeatkamjorn	Member (Independent)

Ms. Hasaya Nipatvaranan, Internal Systems Audit Manager, serves as Secretary to the Audit Committee.

Roles and Responsibilities of the Audit Committee

1. Review financial reports for accuracy, reliability, and adequacy by cooperating with the external auditor and responsible executives who prepare quarterly and annual reports.
2. Review internal control and risk management of Thaioil Group to ensure suitability and efficiency, and recommend further review or audit as necessary, which may also include improvements on internal control and risk management. These reports must be submitted to the Board.
3. Ensure corporate practices in line with the Securities and Exchange laws or SET requirements, as well as policies, regulations, rules, and other laws pertaining to the Company's operations.
4. Check corporate documents when in doubt about activities which could significantly impact the Company's financial status and operating performance, and when conflicts of interest, violation of laws, rules, and regulations are possible.
5. Deliberate disclosure of corporate information in case of potential conflicts of interest or possible violation of rules stipulated by SET to ensure sensible transactions and for the maximum benefits to the Company.
6. Select and appoint an independent person as the external auditor, and deliberate his or her compensation, based on credibility, assigned resources, and financial auditing workload, as well as work experience; hold a meeting with the external auditor in the absence of the management at least once a year.
7. Verify accuracy and effectiveness of IT related to financial reports and internal control.
8. Support the development of the Company's financial reporting system to meet international accounting standards.

9. Review audit plans against internationally accepted procedures and standards.
10. Ensure independence of Internal Audit; provide guidelines on budgeting and manpower for the group and endorse the appointment, rotation, and termination of the head of the group; and conduct his or her annual performance appraisal.
11. Prepare reports, signed by the audit committee chairman, for the annual report as required by SET.
12. Seek independent views of professional experts when necessary at the Company's expense with the concurrence of the Board. Such hiring must follow the Company's terms.
13. The audit committee chairman or its members must attend the annual general shareholders' meeting to explain matters related to the committee and the appointment of the external auditor.
14. Review and modify its' own charter.
15. Undertake tasks assigned by the Board and concurred by the audit committee.

In 2011, Members of the Audit Committee have been performing duties under the aforementioned roles. The summary of activities is shown in the Audit Committee Report on page 14.

2. Nomination and Remuneration Committee

Appointed by the Board of Directors, the Nomination and Remuneration Committee consists of three directors, most of whom must be independent directors. They also must not be Chairman of the Board nor Chief Executive Officer.

Members of the Nomination and Remuneration Committee, as of December 31, 2011, are as follows:

Name - Surname	Position
1. Mr. Goanpot Asvinvichit	Chairman (Independent)
2. Mr. Somchai Poolsavasdi	Member (Independent)
3. Mr. Tevin Vongvanich	Member

Mr. Somchai Wongwattanasan, Assistant Managing Director-Corporate Affairs serves as Secretary to the Nomination and Remuneration Committee.

Roles and Responsibilities of the Nomination and Remuneration Committee

Nomination Procedure

1. Define the procedure and criteria for director nomination.
2. Define qualifications for directors with a focus on skills, experience, specific capabilities beneficial to the Company, and dedication of time and personal endeavor to perform as directors.
3. Search and select qualified experts for directors and nominate them to the Board to seek approval for appointment from the Annual General Meeting of Shareholders.
4. Support minor shareholders' nomination of qualified directors.
5. Deliberate the succession plan for the chief executive officer while reviewing the list of qualified and suitable persons annually.
6. Select directors who are qualified as committee members for the Board's appointment in case of vacancies.

Remuneration Procedure

1. Make recommendation to the Board on the organization structure and essential factors of the Board's compensation annually.
2. Propose compensation criteria for the Board in line with their responsibilities and the overall performance of the Company. Such criteria must be attractive and adequate to retain competent, quality, and capable directors. The Board must review the proposal before presenting to the Annual General Meeting of Shareholders for approval.
3. Conduct performance appraisal and decide the compensation for the chief executive officer.

In 2011, Members of the Nomination and Remuneration Committee have been performing duties under the aforementioned roles. The summary of activities is shown in the Nomination and Remuneration Committee Report on page 16.

3. Corporate Governance Committee

Appointed by the Board of Directors, the Corporate Governance Committee consisted of three directors, most of whom must be independent directors.

Since there is a resignation of director, and there is no appointment for replacement of the vacant seat. The Corporate Governance Committee has two remaining directors as of December 31, 2011 as follows:

Name - Surname	Position
1. Mr. Apisak Tantivorawong	Chairman (Independent)
2. Pol. Gen. Adul Sangsingkeo	Member (Independent)

Mr. Viroj Meenaphant, Manager of the Corporate Management Office and Company Secretary, serves as Secretary to the Corporate Governance Committee.

Roles and Responsibilities of the Corporate Governance Committee

1. Constantly define an international-standard corporate governance policy for Thailoil Group to adopt as their principles.
2. Define a self-assessment policy and procedure on corporate governance policy while promoting standard assessment from renowned and internationally accepted appraisers.
3. Oversee the Company's business in line with the principles set forth by regulating institutions, including SET and SEC.
4. Review the corporate governance policy regularly, adjusting to international practices and recommendations made by regulating institutions or related institutes.
5. Regularly promote sharing of the corporate governance culture among all executives and employees for clear understanding and adoption for Thailoil Group's implementation.
6. Advise the working committee in preparation for external corporate governance ranking, at least once in every three years.
7. Consider and endorse the Company's Board performance appraisal form, including endorsing the appraisal outcomes for presentation to the Board.

8. Take responsibility for other tasks assigned by the Board.

In 2011, Members of the Corporate Governance Committee have been performing duties under the aforementioned roles. The summary of activities is shown in the Corporate Governance Committee Report on page 18.

4. Risk Management Committee

Appointed by the Board of Directors, the Risk Management Committee consisted of a minimum of three non-executive directors, with the Chief Executive Officer serving as one of the Risk Management Committee members.

Since there is a resignation of director, and there is no appointment for replacement of the vacant seat. The Risk Management Committee has two remaining directors as of December 31, 2011 as follows:

Name - Surname	Position
1. Mr. Goanpot Asvinvichit	Member (Independent)
2. Mr. Surong Bulakul	Member

Ms. Pattaralada Sa-NGasang, Strategic Planning Manager, serves as Secretary to the Risk Management Committee.

Roles and Responsibilities of the Risk Management Committee

1. To define and review the Company's enterprise risk management framework that is suitable for efficient business operation and meets international standards, and to provide recommendations on risk management guidelines that are in line with the operation strategy and business plan.

2. To define and review the enterprise risk management policy including the Risk Management Committee Charter to ensure that they are in compliance with the Company's enterprise risk management framework and are effective and adequate for the changing conditions.

3. To continuously and efficiently support and improve on risk management at all levels of the organization, including its various tools, and to promote a risk management culture.

4. To oversee, monitor, and review important risk management reports and provide necessary recommendations to ensure efficient and appropriate risk management for the Company's business operation, and that an acceptable level of risk is maintained in compliance with the enterprise risk management policy.

5. To report significant risk management results to the Board of Directors. In the case where there are factors or events that might have significant impact on the Company, the Board of Directors shall be notified immediately.

6. To carry out any other responsibilities and duties delegated by the Board of Directors.

In 2011, Members of the Risk Management Committee have been performing duties under the aforementioned roles. The summary of activities is shown in the Risk Management Committee Report on page 20.

Meeting Attendance of the Board of Directors, Board-Committees, and Meeting of Shareholders in 2011

Name - Surname	Position	Board of Directors	Audit Committee	Nomination & Remuneration Committee	Corporate Governance Committee	Risk Management Committee	Meeting of Shareholders
		(9 times/Year)	(8 times/Year)	(5 times/Year)	(2 times/Year)	(2 times/Year)	(1 time/Year)
1. Mr. Pichai Chunhavaljira	Director/Chairman of the Board	9/9					1/1
2. Mr. Manu Leopairote	Independent Director/Chairman of the Audit Committee	9/9	8/8				1/1
3. Mr. Chaikasem Nitisiri	Independent Director/Member of the Audit Committee	9/9	8/8				1/1
4. Mr. Apisit Rujikeatkamjorn	Independent Director/Member of the Audit Committee	1/1	1/1				
5. Mr. Goanpot Asvinvichit	Independent Director/Chairman of the Nomination and Remuneration Committee/Member of the Risk Management Committee	7/9		5/5		2/2	1/1
6. Mr. Tevin Vongvanich	Director/Member of the Nomination and Remuneration Committee	8/9		5/5			1/1
7. Mr. Somchai Poolsavasodi	Independent Director/Member of the Nomination and Remuneration Committee	1/1		N/A			
8. Mr. Apisak Tantivorawong	Independent Director/Chairman of the Corporate Governance Committee	9/9			2/2		1/1
9. Pol.Gen. Adul Sangsingkeo	Independent Director/Member of the Corporate Governance Committee	7/9			1/1		1/1
10. Mr. Norkun Sithiphong	Director	1/1					
11. Mr. Somchai Sujjapongse	Independent Director	0/1					
12. LTG. Jiradej Mokkhasmit	Independent Director	1/1					
13. Mr. Surong Bulakul	Director/Member of the Risk Management Committee/Secretary to the Board	9/9				2/2	1/1
Directors who completed their term at the AGM 2011							
1. Ms. Puongpech Sarakun	Independent Director/Member of the Nomination and Remuneration Committee	2/2		3/3			1/1
2. Mr. Banphot Hongthong	Independent Director/Member of the Corporate Governance Committee	0/2			1/1		1/1
Directors who resigned during the year 2011							
1. Mr. Naris Chaiyasoot	Director (Resigned February 10, 2011)	1/1					
2. Mr. Sathit Limpongpan	Independent Director/Chairman of the Risk Management Committee (Resigned November 1, 2011)	4/4				2/2	1/1
3. Mr. Prajya Phinyawat	Director/Member of the Corporate Governance Committee (Resigned November 3, 2011)	6/6			2/2		1/1
4. LTG. Tawatchai Samutsakorn	Independent Director/ Member of the Nomination and Remuneration Committee (Resigned November 4, 2011)	4/6		N/A			1/1
5. Mr. Utid Tamwatin	Independent Director/Member of the Audit Committee (Resigned November 8, 2011)	5/6	6/7				0/1
6. Mr. Chainoi Puankosoom	Independent Director/Member of the Audit Committee (Resigned November 8, 2011)	4/4	4/4				
7. Mr. Vitaya Suriyawong	Independent Director/Member of the Nomination and Remuneration Committee (Resigned November 24, 2011)	6/6		2/2			
8. Mr. Udom Wongviwatchai	Independent Director/Member of the Risk Management Committee (Resigned November 24, 2011)	4/6				1/2	

Company Secretary

The Board of Directors appointed the Company Secretary to take responsibilities in providing advices to the Board and executives regarding the applicable laws and regulations that the Board must recognize and act upon, the corporate governance policies as well as the arrangement of the Board of Directors meetings and the annual general meeting of shareholders. The company secretary must also monitor and coordinate to ensure that the Board and shareholders' resolutions are fully complied. The company secretary is also assigned to keep Company's important documents as required by the laws.

The Company has assigned a person who holds the department manager of the Corporate Management Office to perform the duties as the Company Secretary, presently Mr. Viroj Meenaphant.

Brief Biography:

Name:	Mr. Viroj Meenaphant
Education:	Bachelor Degree of Engineering (Chemical Engineering), Chulalongkorn University
Experience:	
2001-2003	General Manager, Corporate Affairs; Thai Lube Base Plc.
2003-2004	General Manager, Finance; Thai Lube Base Plc.
2005-2006	Assistant Manager of Business Development and Strategic Planning Department
2006-2007	Manager of Strategic Planning Department
2007-2009	Manager – Special Project and assigned to perform as the Managing Director of Thaioil Marine Co., Ltd.
2009-Present	Manager of the Corporate Management Office and Company Secretary

The Management

Roles and Responsibilities of the Chief Executive Officer

Assigned by the Board to conduct the Company's business under the approved work programs and budgets with stringency and integrity while protecting the best interests of the Company and its shareholders, the Chief Executive Officer must not be engaged in any conflicts of interest with Thaioil Group. His roles and responsibilities include the following:

1. Prepare and propose to the Board 5-year and 10-year business plans, including the Company's strategic imperatives.
2. Prepare and provide to the Board on information relevant to the Company's business and activities, as well as other information needed by the Board.
3. Manage the Company's business and activities under the approved work programs and budgets, as well as business strategy.
4. Structure and manage the organization under the guidelines given by the Board.
5. Fine-tune the Company's POSITIVE culture in support of its vision, mission, and strategic imperatives.
6. Execute all other tasks assigned by the Board.
7. Delegate authority or assign others to act on his or her behalf, or both, under the Company's rules, terms, principles, and orders given by the Board or the Company, or both.
8. Prepare and present to the Board on significant company business performance and activity reports as well as other reports required by the Board.
9. Represent the Company in dealing with third parties.

Related Party Transactions or Acquisition or Disposal of Assets of the Company

In the event Thai Oil or its subsidiaries* becomes involved in a related party transaction or an activity in which substantial assets of the Company are acquired or disposed, according to the principles of SET, the Company must take the action stipulated by SET. This requires approval to be sought from shareholders to enter a related party transaction or to acquire or dispose of substantial assets of the Company with a majority vote not being less than three-fourths of all the votes of shareholders or proxies attending the meeting and eligible to vote without counting the votes of shareholders involved in the conflict of interest.

(*Companies, in which Thai Oil directly or indirectly, has a shareholding of more than 50 percent of the registered paid-up capital of such companies)

Director and Executive Remuneration

Director Remuneration

Remuneration Structure	Year 2011
Individual Remuneration	(Baht per Month)
Chairman of the Board ⁽¹⁾	75,000
Member of the Board	60,000
Special bonus for the Board of Directors⁽²⁾	31 million Baht per year

Board-Committee Remuneration

(Comprised of the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee, and the Risk Management Committee)

Remuneration Structure Year 2011

Individual Remuneration	(Baht per Month)
Chairman of the Committee ⁽¹⁾	31,250
Member of the Committee	25,000

The 2011 AGM set the monthly remuneration for the Company's directors and Board-Committees including a special bonus reflecting the Company's performance as follows:

Remark:

- (1) Chairman of the Board and Chairman of the Committees shall receive monthly remuneration of 25% higher than the directors.
- (2) Special bonus for directors who took position in 2009 and members who completed or resigned during 2009 by allocating the period of holding the position of individual Board Members. The Chairman of the Board shall receive the annual incentive of 25% higher than the directors.

In summary, the remuneration of 23 directors, which includes directors in office during 2011 for a period of 12 months ending as of December 31, 2011 and directors who completed their terms or resigned during 2011, totals 13.98 million Baht. This comprised monthly remuneration for the Company's directors of 10.49 million Baht and monthly remuneration for Board-Committees of 3.49 million Baht. Directors' remuneration in the form of a special bonus for 2010 performance totaled to 31 million Baht, which was resolved by the 2011 AGM on April 1, 2011. The remuneration is considered through the comparison with organizations with the equal size in the same industry, as well as the Company's performance, achievement, responsibilities of the Board of Directors, and overall business circumstances.

2011 Directors Remuneration

No.	Name - Surname	Position	Board of Directors	Board-Committees					(Baht)
				Audit Committee	Nomination & Remuneration Committee	Corporate Governance Committee	Risk Management Committee	Total Remuneration	
1	Mr. Pichai Chunhavanjira	Director / Chairman of the Board	900,000	-	-	-	-	900,000	2,621,033.12
2	Mr. Manu Leopatrote	Independent Director / Chairman of the Audit Committee	720,000	375,000	-	-	-	1,095,000	2,096,826.50
3	Mr. Chakasem Nitisiri	Independent Director / Member of the Audit Committee	720,000	276,667	-	-	-	996,667	2,096,826.50
4	Mr. Apisit Rujikethkanjom ^(2,3)	Independent Director / Member of the Audit Committee	80,000	33,333	-	-	-	113,333	-
5	Mr. Goanpot Asvinvichit ⁽⁴⁾	Independent Director / Chairman of the Nomination and Remuneration Committee / Member of the Risk Management Committee	720,000	-	375,000	-	155,833	1,250,833	1,568,311.33
6	Mr. Tevin Vongvanich	Director / Member of the Nomination and Remuneration Committee	720,000	-	300,000	-	-	1,020,000	1,568,311.33
7	Mr. Somchai Poolsavadi ^(2,5)	Independent Director / Member of the Nomination and Remuneration Committee	80,000	-	-	-	-	80,000	-
8	Mr. Apsak Tantirawong ⁽⁶⁾	Independent Director / Chairman of the Corporate Governance Committee	720,000	-	-	334,879	-	1,054,879	2,096,826.50
9	Pol.Gen. Adul Sangsingkeo ⁽⁷⁾	Independent Director / Member of the Corporate Governance Committee	720,000	-	-	155,834	-	875,834	1,568,311.33
10	Mr. Norkun Sitthiphong ⁽²⁾	Director	80,000	-	-	-	-	80,000	-
11	Mr. Somchai Sujjapongse ⁽²⁾	Independent Director	80,000	-	-	-	-	80,000	-
12	LTG. Jiradej Mokkhasmit ⁽²⁾	Independent Director	80,000	-	-	-	-	80,000	-
13	Mr. Surong Bulakul ⁽⁴⁾	Director / Member of the Risk Management Committee / Secretary to the Board	720,000	-	-	-	155,834	875,834	2,096,826.50
Directors who completed their term at the AGM 2011 (April 1, 2011)									
1	Ms. Puongdech Sarakun	Independent Director / Member of the Nomination and Remuneration Committee	180,000	-	75,000	-	-	255,000	2,096,826.50
2	Mr. Banphot Hongthong	Independent Director / Member of the Corporate Governance Committee	180,000	-	-	93,750	-	273,750	2,096,826.50
Directors who resigned during the year 2011									
1	Mr. Naris Chalvasoot	Director (Resigned February 10, 2011)	79,286	-	-	-	-	79,286	2,096,826.50
2	Mr. Sathit Limpingpan	Independent Director / Chairman of the Risk Management Committee (Resigned November 1, 2011)	495,000	-	-	-	127,204	622,204	-
3	Mr. Prajya Phinyawat	Director / Member of the Corporate Governance Committee (Resigned November 3, 2011)	604,000	-	-	251,667	-	855,667	2,096,826.50
4	LTG. Tawatchai Samutsakorn	Independent Director / Member of the Nomination and Remuneration Committee (Resigned November 4, 2011)	606,000	-	108,333	-	-	714,333	1,085,754.00
5	Mr. Urid Tamwatlin	Independent Director / Member of the Audit Committee (Resigned November 8, 2011)	614,000	255,833	-	-	-	869,833	2,096,826.50
6	Mr. Chainoi Puankosoom	Independent Director / Member of the Audit Committee (Resigned November 8, 2011)	434,000	111,666	-	-	-	545,666	-
7	Mr. Vitaya Suriyawong	Independent Director / Member of the Nomination and Remuneration Committee (Resigned November 24, 2011)	480,000	-	176,667	-	-	656,667	-
8	Mr. Udom Wongvivatchai	Independent Director / Member of the Risk Management Committee (Resigned November 24, 2011)	480,000	-	-	-	130,834	610,834	-
Directors who completed their term / resigned during the year 2010 (receive a special bonus for 2010 performance)									
1	Mr. Somnuk Kyavatanakij	Independent Director / Chairman of the Board of Directors	-	-	-	-	-	-	528,515.17
2	Mr. Prasert Bunsumpun	Director / Member of the Nomination and Remuneration Committee	-	-	-	-	-	-	528,515.17
3	GEN.Prayut Chan-O-Cha	Independent Director / Chairman of the Corporate Governance Committee	-	-	-	-	-	-	528,515.17
4	Mr. Krairit Nikluha	Independent Director / Member of the Audit Committee	-	-	-	-	-	-	884,688.44
5	Mr. Nontigorn Kanchanachitra	Independent Director / Member of the Nomination and Remuneration Committee	-	-	-	-	-	-	1,246,606.44
TOTAL			10,492,286	1,052,499	1,035,000	836,130	569,705	13,985,620	31,000,000

Note:

- (1) Special bonus for 2010 company performance as the resolution of the 2011 Annual General Meeting of Shareholders (AGM) on April 1, 2011, which paid in the month of April 2011
- (2) Appointed as Director at the Board of Directors Meeting no. 8/2011 on November 21, 2011
- (3) Appointed as Member of the Audit Committee at the Board of Directors Meeting no. 8/2011 on November 21, 2011
- (4) Appointed as Member of the Risk Management Committee at the Board of Directors Meeting no. 4/2011 on June 24, 2011
- (5) Appointed as Member of the Nomination and Remuneration Committee at the Board of Directors Meeting no. 9/2011 on December 23, 2011
- (6) Appointed as Chairman of the Corporate Governance Committee at the Corporate Governance Committee Meeting no. 2/2011 on July 14, 2011
- (7) Appointed as Member of the Corporate Governance Committee at the Board of Directors Meeting no. 4/2011 on June 24, 2011

Executive Remuneration

As of the fiscal year ended on December 31, 2011, the remuneration of 18 executives totaled to 149.80 million Baht. This comprises remuneration in the forms of monthly salaries and allowances of 88.58 million Baht, special bonus of 22.31 million Baht, provident fund contributions of 9.75 million Baht, retirement gratuity fund payments of 16.54 million Baht, and other payments of 12.62 million Baht.

Remark:

>> The Remuneration for 18 executives

(as of December 31, 2011)

Excluding the executives who work in the subsidiary companies are as follows:

Mr. Mitri Reodacha

Mr. Klahan Tochananvit

Mr. Abhinant Supatrabutra

Ms. Bhawana Suphailai

Mr. Nitas Krongvanitchayakul

Mr. Suphon Tubtimcharoon

Mr. Teardchart Padungrat

Mr. Santi Wasanasiri from July – December 2011

Other Remuneration

Executives who were provident fund members received contributions at the rate of 15% of salaries according to regulations of the provident fund which is the general practice of the Company.

MANAGEMENT TEAM

As of December 31, 2011



Mr. Surong Bulakul
Chief Executive Officer
Deputy Managing Director - Business (Act.)



Mr. Chaiwat Damrongmongkolgul
Deputy Managing Director - Refinery



Ms. Nitima Thepvanangkul
Deputy Managing Director - Finance



Mr. Narongrit Tavornvisitporn
Assistant Managing Director - Refinery
Products & Quality Manager (Act.)
Total Quality Management Manager (Act.)



Mr. Somchai Wongwattanasan
Assistant Managing Director -
Corporate Affairs
Corporate Affairs Manager (Act.)



Mr. Suphon Tubtimcharoon
Assistant Managing Director -
Assignment as Managing Director,
Thai Paraxylene Co., Ltd.



Mr. Abhinant Supatrabutra
Assistant Managing Director -
Assignment as Managing Director,
Thai Lube Base Plc.



Mr. Mitri Reodacha
Assistant Managing Director -
Assignment as Managing Director,
Thaioil Power Co., Ltd. &
Independent Power (Thailand) Co., Ltd.



Mr. Klahan Tochamnanvit
Department Manager -
Assignment as Executive Advisor,
Thaioil Energy Services Co., Ltd.



Mr. Kosol Pimthanothai
Human Resources Manager



Ms. Duangporn Teerapabpaisit
Business Development Manager



Mr. Teardchart Padungrat
Department Manager -
Assignment as Managing Director,
TOP Solvent Co., Ltd.



Mr. Nitas Krongvanitchayakul
Department Manager -
Assignment as Managing Director,
Thaioil Marine Co., Ltd.



Mr. Bandhit Thamprajamchit
Technology Manager



Ms. Prapin Thongnium
Accounting Manager



Mr. Pongpun Amornvivat
Corporate Commercial Planning Manager



Mr. Porn-in Manmalai
Asset Development Manager



Ms. Pattaralada Sa-NGasang
Strategic Planning Manager



Mr. Yuthana Pasurapunya
Operations Manager



Mr. Viroj Meenaphant
Corporate Management Office Manager



Mr. Saran Harinsuta
Managing Director,
Thailoil Ethanol Co., Ltd.



Ms. Siriporn Mahajchariyawong
Treasurer



Mr. Santi Wasanasiri
Department Manager -
Assignment as Managing Director,
Thailoil Energy Services Co., Ltd.
Organization Development &
Business Improvement Manager (Act.)



Mr. Suchart Monyanont
Engineering Manager



Mr. Surachai Saengsamran
Managing Director,
Sak Chaisidhi Co., Ltd.



Ms. Acharee Tiyabhorn
Commercial Manager

CORPORATE RISK MANAGEMENT

Background

Thaioil has conducted Enterprise Risk Management (ERM) and developed its management approach for Thaioil Group's risk management, with planned revisions and linked of key business risks within Thaioil Group, through the Risk Management Steering Committee (RMSC), which consist of the top management of Thaioil Group. In addition, to enable its risk management processes to address the volatility of the industry and the economy efficiently in line with corporate governance principles, in 2011, the Board appointed the Risk Management Committee (RMC) to help it with efficient supervision, support, and development of corporate risk management practices across the Company to form a corporate culture.

Thaioil has constantly assessed the quality of its risk management practices against international standard while reporting the progress made to the RMC and the Board as planned.

Corporate Risk Management Policy

The Company is committed to ensuring that risk management is in place throughout the organization and to constantly supporting risk management system development so that it may handle key corporate risks efficiently and effectively. Thaioil promotes business objective and goal achievement, while supplementing value and forging sustainable business security in line with good corporate governance principles.

To achieve these objectives, Thaioil has defined the following corporate risk management policy:

1. All executives and employees are responsible for risk management in their own units through conformance to this policy while participating in the development of risk management practices. They are also responsible for enhancing business successes and mitigating potential impacts on goal achievement.
2. Thaioil promotes and cultivates awareness in all executives and employees of the significance of risk management so that they consistently practice it enough to form a corporate culture.
3. The RMC is responsible for defining risk appetites for each key corporate risk and promoting efficient risk management tools and processes.
4. The RMSC is responsible for supporting Thaioil Group's risk management processes and implementing the policy and the risk management manual in line with prevailing business circumstances. It is to continually report its performance to the RMC.
5. For uniformity of risk management, this policy governs all across Thaioil Group.

Corporate Risks and Risk Management Measures or Plans

Thaioil has monitored and revised its key risks to ensure alignment with changes and factors potentially affecting its business. These risks fall into five aspects, a total of 12 distinct risks. They are described below along with measures or plans defined to prevent or ease their impacts to enable Thaioil to achieve its goals.

Strategic Risks

1. Risks from Changes in Government Policies, Laws, and Regulations

National energy policies tend to change from administration to administration, following different policies and administration. These changes normally include the issuing of laws and regulations (for instance, the policy on alternative energy), which could affect business, investment, and business expansion of the Group. Thailoil manages these risks by analyzing each government's economic policies and impacts on itself and then devises plans to accommodate changes by cooperating with government agencies as well as attended meetings and seminars with them to provide information. Besides, the Company closely monitors movement together with the Federation of Thai Industries.

2. Industry Risks and Strategic Execution Risks

Because the majority of Thailoil Group's businesses produce commodities subject to volatile external factors and business cycles, the Group's profitability and performance inevitably change with prevailing industrial circumstances. To cope with this fact, the Group devises short-term and long-term strategic plans by implementing data obtained from economic analyses of European countries and the US to align with Thailoil's vision. Thailoil investigates investment projects in the petroleum and petrochemical business and in investment projects to supplement value to products with reasonable project values but producing goods of market needs, including downstream aromatics and lube specialties. The Company executes strategic plans to find new business opportunities and step-out strategies for products, business

operation, and international business development and investment to accommodate business opportunities in ASEAN Economic Community (AEC).

In maximizing the value of business management, Thailoil holds operational excellence meetings and applies gap improvement derived from the Solomon Benchmarking Exercise to foster its competitiveness of outputs, and develops systems and tools for investment and new risk management practices, including scenario planning. Besides, it holds Strategic Thinking Sessions (STS) to devise Group strategies in line with PTT Group's strategic directions.

3. Mergers and Acquisitions Risks

Mergers and acquisitions (M&As) form one of the Group's strategies for business expansion, therefore, M&A risks (both pre- and post-transaction) pose risks. To handle these risks, Thailoil has instituted management systems in which synergy is stressed among the Group. In place is planning for resources and capacity building of personnel, as is its restructuring for future business alignment. To this end, a Growth Steering Committee was appointed to screen and decide prospective M&As to match its goals. Thailoil also coordinated among the Group investment cooperation and information exchange.

4. Technological Change Risks

Since technology is dynamic and thus can affect future application by consumers, Thailoil closely monitor technological changes through cooperation with external research and educational institutions for product research and development,

including innovative technology. In addition, Thailoil's policy is to diversify its investment risks through analyses of feasibility under assorted scenarios so that it can suitably invest and accommodate future scenarios.

Marketing Risks

5. Oil Price Fluctuation and Margin Decrease Risks

Thailoil has boosted its ability to monitor data and analyze scenarios, particularly those of world oil prices and markets, which are key variables for defining marketing strategies and measures in addition to efficient sales planning and inventory management. Thailoil has also adjusted its oil hedging to become more proactive for risk management of crack spreads and stock losses so as to minimize such risks to in turn enable itself to maintain its targeted gross integrated margin (GIM).

6. Domestic Demand Decrease Risks

Volatile economic situations affect supply and demand, and so Thailoil has defined market expansion strategies by securing new regional customers, including Indochina, and adding customers' satisfaction, both domestic and international. To achieve this, it invested in distribution facilities's expansion to ease individual product sales and accelerate product development. This year it has achieved EURO 4 standard for all its products, the first to have done so in Thailand. In addition, it has developed systems and facilities to accommodate exports of petroleum products, aromatics products, lube base, and solvents, and coordinated with other refineries in exercising surplus management.

7. Feedstock Interruption Risks

Since OPEC's crude oil outputs to the market is still limited, Thailoil needs to stay vigilant and devise mitigation plans for such risks through its investigation and search for new crude oil sources, as well as those for raw materials and feedstock for the Group. Essential is synergy among PTT Group via OIM meetings on plans to secure and manage adequate crude oil supply at the right prices. The Company has accelerated its project to construct additional crude oil storage tanks and launched the HVU-4 project to solve the shortage of long residue, a Thai Lube Base raw material.

Financial Risks

8. Risks Associated with Fundraising and Costs of Funds

Since the debt crises of European countries and the US economic downturn could affect Thailoil Group's investment plans and fundraising plans, Thailoil has defined its investment policy for secure Group growth by ranking investment projects; structuring investment to match project feasibility; tracking movement of monetary and capital markets; examining more diverse alternatives for fundraising; planning on repayment of matured loans; securing adequate and timely capital for needs and market circumstances; and application of derivatives to restructure loans (particularly on currencies, interest rates, or both) so that the costs of funds and risks may be compatible. Thanks to continual cooperation among PTT Group, Thailoil is convinced that it can raise enough reasonably-priced funds to support its plans.

9. Risks from Baht Fluctuation

Fluctuations in the Baht-to-US dollar exchange rate affect Thaioil's performance. Most of its production costs come from crude oil or raw material imports, which require payment in US dollars, while revenues from its sales of petroleum and petrochemical products—based on world market prices—are in dollars. Yet, variations in the value of the Baht can affect profitability because of time differences for cost and sales transactions. To add risk management efficiency and ease the impacts of Baht fluctuation, Thaioil has structured the Group's loans so that the dollar loans may match its revenue structure through the natural hedge policy. Also in place are forward contracts for foreign-exchange transactions, loan withdrawals, and loan repayment to match actual income/payment burdens.

Operation Risks

10. Operation Disruption Risks

Thaioil has devised prevention plans and instituted preparedness measures for production processes through its inspection and preventive maintenance plans for machinery, with a focus on vital equipment, to minimize unplanned shutdowns while growing refinery reliability. As for measures to accommodate increasingly severe natural disasters, particularly floods, and environmental preservation measures to ward off impacts on communities, Thaioil has defined measures and staged drills under its Business Continuity Management (BCM) plans, encompassing supply procurement, sales, finance, insurance, and all IT systems, and is now engaged in insurance for losses through business

interruptions. In addition, Thaioil has coordinated with government agencies and linked the Group's emergency plans with provincial plans to accommodate emergencies.

Corporate Risks

11. Human Resource Capability Risks

Thaioil has devised short-term and long-term strategic plans for future growth under which a pivotal factor for goal achievement is knowledgeable and experienced personnel in the petroleum and petrochemical businesses to accommodate business growth and replace retired personnel. It has therefore defined a strategic map and formulated a 10-year master plan, apart from instituting career models, as well as individual career plans and individual development plans, together with a Performance Management System (PMS). Achieved was an analysis of manpower forecast for 2011-2012, as were succession plans for future executives. Revised were critical positions and the successor pool in line with needs. Finally, a Manpower & Enablement Strategy task force was formed to regularly integrated business directions and strategies and Thaioil Group's manpower.

12. Community/Public Pressure Risks

Besides disrupting production and sales to customers under agreements, protests can harm reputation of and faith among shareholders and society in Thaioil. This is why Thaioil values positive relations with communities and a proactive community relations policy relying on community, government agencies, and the Company in launching CSR projects.

Thaioil Group's Health and Learning Center for Community is established as a forum for forging cordial relations and for staging assorted community activities for the 11 communities around the refinery, particularly by listening to their concerns as a proactive preventive step. Meanwhile, Thaioil has formed a national-level network for community development, leveraging its own talent and experience in the energy business in the Energy for Environment Foundation together with UNDP. In addition, Thaioil has devised a strict policy and procedures for the Group's security and safety measures. Drills are in place for potential emergencies; these are constantly exercised with government agencies and the military, while BCM plans are implemented to analyze business impacts and define risk management plans for all key activities for optimal business benefit, in accordance to the Company's goals.

Thanks to its risk management practices under the framework and structure and to the corporate risk management policy, Thaioil is convinced that the Group's risk management processes will proceed efficiently and meet international standards in preventing and easing impacts from assorted risks. This pivotal process leads Thaioil to success by overcoming assorted crises or obstacles while giving it business opportunities to attain goals and strategic plans and bolster shareholders' confidence.

CORPORATE GOVERNANCE

Applying the principles of good corporate governance as advocated by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC), Thailoil is constantly committed to internationalizing its corporate governance practices. Thailoil joined the “Collective Action Coalition against Corruption for Private Sector” to oppose business frauds and bribery. From the value given by the Board of Directors, executives, and employees of Thailoil Group to the conformance to corporate governance, this year, Thailoil garnered an “Excellent” rating in the Corporate Governance Report of Thai Listed Companies 2011, conducted by the Thai Institute of Directors (IOD) in conjunction with SEC and SET; this rating was the highest acclaim given by IOD, based on the corporate governance principles of the Organization for Economic Cooperation and Development (OECD) and the Principles of Good Corporate Governance for Listed Companies issued by SET in 2006.

In addition, Thailoil scored full (100) marks from the 2011 Annual General Meeting of Shareholders (AGM Checklist), conducted by the Thai Investors Associations (TIA); this was considered “Excellent and Exemplary”. It also received the Thailand Quality Class (TQC) Award, conducted by the Thailand Productivity Institute, and was invited to join the Board of the Year 2010/2011 Project, conducted by the IOD.

Corporate Governance Policy

Committed to becoming a leading regional corporation that bolsters investors’ and stakeholders’ confidence in its business, supplements value to the organization, and promotes sustainable growth, Thailoil manages its business with internationally accepted corporate governance for the good of Thai society so that it may achieve its goals and maintain its excellence in righteousness, which forms the

basic value of leading corporations. Below is its corporate governance policy, designed to frame its various aspects of business:

1. The Board of Directors (“The Board”), the management, and all employees are to implement the corporate governance manual with confidence, faith, and understanding of the principles
2. The Board, the management, and all employees are to routinely apply the Company’s corporate governance principles to all areas of business management so that these principles may become an organizational culture
3. The Board, the management, and all employees are to be committed to fair treatment of all stakeholders and serve the Company with dedication, integrity, and transparency
4. The Board, the management, and all employees can make recommendations for improving this policy so that it may better align with and suit current business management standards, as well as evolving social needs and international practices
5. Compliance with the corporate governance policy is a key indicator for business management performance assessment of the Board and the management, and for performance assessment of all employees

The frame for compliance with the corporate governance policy appears in the corporate governance manual, which is handed out to all employees.

Corporate Governance Principles

Corporate governance principles are defined as a process under which there is a structure and an internal managing mechanism connecting relationship between the Board,

the management, employees and shareholders, as well as overall stakeholders, reflecting governing principles in the following areas:

1. Responsibility for performing duties with due competence and adequate efficiency
2. Equitable treatment of all stakeholders
3. Accountability for one's decisions and actions, with good rationales
4. Creation of long-term value for the Company
5. Transparency in conducting business, openness to scrutiny, and transparent disclosure of corporate information to related parties
6. Ethics in conducting business by setting up the management structure that support equitable and fair relationship among the Board of Directors, management, and shareholders.

The Board assigned the Corporate Governance Committee to support its duties in regularly reviewing its corporate governance policy to guide the Company's business and development of its corporate governance practices. Thailoil has issued a corporate governance policy and clearly written in the Corporate Governance Manual (CG Manual). In 2010, Thailoil revised its CG Manual for the third time and issued Code of Conduct for Thailoil Group to adopt international-standard corporate governance guidelines for conducting businesses. The aforementioned CG Manual has undergone periodical review; it contained key topics as follows:

1. Vision, mission, corporate value, corporate governance policy, enforcement of CG manual, whistle-blowing measures, and whistle-blower protection mechanisms

2. Corporate governance principles consist of the rights of the shareholders, fair treatment of the shareholders, roles toward the stakeholders, information disclosure and transparency, and responsibilities of the Board

3. Core policies, other rules in related to corporate governance principles, and code of conduct comprise of the following:

- >> Code of Conduct for the Board, the Management, and Employees
- >> Code of Conduct to the Stakeholders
- >> Code of Conduct - Respect of the Laws and Principles of Universal Human Rights
- >> Code of Conduct - Cultures, Customs, and Political Neutrality
- >> Code of Conduct - Conflicts of Interest
- >> Code of Conduct - Connected Transactions
- >> Code of Conduct - Maintaining Confidential Information and Use of Inside Information
- >> Code of Conduct - Giving or Acceptance of Presents, Properties, or Other Benefits
- >> Code of Conduct - Marketing Communications
- >> Code of Conduct - Intellectual Properties
- >> Code of Conduct - Application of Information and Communication Technology
- >> Quality, Health, Safety, and Environmental Policy
- >> Internal Control Policy
- >> Policy and Rules of Information Technology Service

Remark: Thailoil has a policy against corruption and bribery for the benefit of the company. Therefore, the Company joined "Collective Action Coalition against Corruption for Private Sector," conducted by the Thai Institute of Directors (IOD), in conjunction with the Thai Chamber of Commerce, the Joint Foreign Chambers of Commerce, in Thailand, the Thai Listed Companies Association, and the Thai Bankers Association.

Thaioil has distributed the CG manuals to all executives and employees, all of whom are required to acknowledge their receipt and conform to the manual, and to return it to the Corporate Management Office for retention. In addition, in 2011, Thaioil also developed CG e-learning for the management and employees to review their understanding of corporate governance principles and elements of the code of business conduct. All employees are encouraged to strictly conform to the codes. Thaioil discloses the details of the CG manual and the Code of Conduct at its website (www.thaioilgroup.com/en/cg).

The Company also stages the TOP Group CG Day to promote corporate governance practices every year. In this event, employees have participated in giving ideas to drum-up awareness of corporate governance and development of assorted practices under a contest project called “Refining TOP 50 CG Ideas for Sustainable Future”.

With responsibility for its refinery business, Thaioil conducts its business on the basis of corporate governance and assorted guidelines while promoting responsibility to shareholders, customers, business partners, employees, society, and all stakeholders in a transparent and fair manner. Thaioil is committed to accommodating all parties’ needs by focusing on constantly developing and operating its business to meet energy demands for national development while sustaining its growth and striving to become a role-model company that can do work for the good of all, while yielding satisfactory long-term returns on investment.

Compliance with the Company’s Corporate Governance

Recognizing and valuing the principles of good corporate governance, Thaioil has devised a clear policy and guidelines

as seen in its CG manual (downloadable at www.thaioilgroup.com/en/cg) for strict conformance as follows.

Article 1: Right of Shareholders

1.1 Annual General Meeting of Shareholders (AGM)

- >> Arrange the Annual General Meeting of Shareholders (AGM) every year within four months after the end of each fiscal year. If there is an urgent need to consider any special matter that may or in connection with the interests of shareholders, which need shareholders’ approval, the Board of Directors can call an extraordinary meeting of shareholders on case by case.

1.2 The Issue of Invitation Notice to the Shareholders in Advance

- >> Send invitation notice, meeting agenda with the opinion of the Board of Directors along with proxy forms, comprised of form A, B, and C (for foreign shareholders that have appointed custodians in Thailand), in accordance with the Ministry of Commerce together with other supporting information. The Company shall publish these items on the Company’s website prior to the delivery of the meeting notice at least 30 days in advance of the AGM.
- >> Prepare AGM meeting notices that clearly specifies meeting venue, date, time, agenda, and matters to be proposed to the meeting together with appropriate detail. The opinion of the Board of Directors, minutes of the previous meeting, annual report, all proxy forms and other relevant documents shall also be provided and distributed to shareholders not less than 14 days prior to the meeting (in 2011, it was 21 days ahead of the meeting date). This is to ensure that the information related to voting decision received by the shareholders is sufficient, accurate, complete and transparent. The information must also be

announced in the newspaper both Thai and English for three consecutive days and at least three days prior to the AGM for the shareholders to prepare themselves in joining the meeting.

- >> In the event of an emergency to protect the rights and benefits of the Company, notice shall be delivered not less than seven days in advance. Information on agenda items shall be made available at the corporate website prior to being delivered to shareholders.

1.3 To Facilitate the Shareholders

- >> To facilitate all shareholders at the meeting date. Adequate number of officers shall be assigned to welcome and check registration documents. The Company will make registration process available two hours prior to the meeting, by using bar code system to shorten the registration process. In addition, the Company also arranged each shareholder's meeting at a venue of adequate size in Bangkok or its vicinity under good security and set up an emergency plan to increase confidence and security to all shareholders during the meeting.

1.4 The Shareholders' Meeting

- >> The Company must not deprive the rights of shareholders to attend their meetings. All shareholders can exercise their rights to attend the entire meetings.
- >> Before the meeting, Chairman of the Board will clarify rules and criteria in relation to the meeting, such as the opening of the meetings, voting procedures, and counting of shareholders' vote for each session, in accordance to the Company's Article of Association.
- >> The Company shall support the shareholders to exercise their rights in protecting their own interests by

asking questions, expressing opinions, and making recommendations at the AGM. The shareholders also have rights to participate in the decision of important issues, which may affect the Company, for instance, the appointment or removal of directors, the selection of nominees to become independent directors, the approval of auditors, the dividend payment, the reduction or addition of capital funds, set or revises rules and regulations and the approval of memorandum items, etc.

1.5 Practical Guidance on Reporting Conflicts of Interest

- >> The Company has specified director's interest in the invitation letter and in the Annual General Meeting of Shareholders. If any directors have particular interest or involved in any agenda, Chairman of the meeting must notify the participants prior to the meeting. The directors involved in the interests must not participate in the meeting and must not abstain on such matter.

1.6 The Operation after the Annual General Meeting of Shareholders

- >> The Company must prepare the minutes of the shareholder's meeting and shall notify the Stock Exchange of Thailand (SET) within 14 days after the meeting, in accordance to the SET regulations, and disseminate full details of the meeting. This includes complete and appropriate records of the meeting, voting and questioning process of the shareholders in each session, along with the allocation of video recordings of the Annual General Meeting of Shareholders for their acknowledgment in the Company's website at www.thaioilgroup.com

Article 2: Equitable Treatment of Shareholders

- >> The Company ensures and protects the fundamental rights of all shareholders, regardless of their gender,

age, skin color, race, nationality, religion, belief, political preference, or any physical handicap. The Company provides the opportunity for shareholders to exercise the rights to propose agenda items and qualified nominees for election as directors in advance during the period specified by the Company at least 90 days ahead of the annual general shareholders' meeting by publishing the procedure on the Company's website.

- >> Shareholders are entitled to assign proxies to the meeting to cast ballots for them. To this end, they are entitled to receive documents and advice for the purpose, as well as the names of legitimate proxies. Once proxy forms have been handed to directors at meetings, proxies are entitled to participate in the meeting and cast their ballots like all other shareholders. Shareholders may also delegate proxies to independent directors, and are entitled to receive complete profiles, data on work experiences, and reports on conflicts of interest for the consideration of agenda items from independent directors for their own consideration.
- >> The AGM shall be conducted according to the agenda notified in the notice and it is our policy not to add items to the agenda without advance notice to shareholders.
- >> Adequate time shall be allocated for the meeting and equal opportunities provided for shareholders to express their opinions, ask questions and exercise the rights to elect individual directors. Shareholders vote on every item using the polling card distributed at the meeting.
- >> Directors and executives involved in matters on the agenda shall attend the AGM to answer the questions raised by shareholders. The main questions, answers and opinions shall be recorded in the minutes of the meeting for future review by shareholders.

- >> Opportunity shall be provided to shareholders to register using the barcode system two hours prior to the meeting. After this registration period has lapsed, shareholders who wish to attend the meeting can register to attend without losing their rights.
- >> Current information shall be published at the Company's website to inform shareholders of major Company's data and information which have changed, including information sheets disclosed in accordance with various regulations. After disclosure to SET, the information shall be published at the Company's website in Thai and English.
- >> The Company has in place measures to protect the use of inside information as set out in Article 4: Disclosure and Transparency.

Article 3: Roles Toward the Stakeholders

Recognizing stakeholders' legitimate rights and any agreement with the Company, the Company treats all stakeholders fairly. The guidelines for compliances related to corporate governance for stakeholders are shown in the CG manual (downloadable at www.thaioilgroup.com/en/cg). The following guidelines clearly define work principles for all employees to strictly perform on stakeholder engagement.

3.1 Equitable Treatment of Major Stakeholders Shareholders

The Company, as a representative of the shareholders, is committed to conducting business with transparency, to put in place reliable financial and accounting systems, and to deliver optimum shareholder satisfaction. To achieve this, we shall take long-term growth of the Company and reasonable sustained returns into account. Directors, executives and all employees shall perform duties with integrity and make decisions in good faith and in fairness to major and minor

shareholders alike, as well as for the good of relevant parties. They shall refrain from any activities that could cause conflicts of interest and serve self-interest. Confidential information shall not be divulged to outside parties.

Customers

Customer satisfactions shall be achieved by deliver quality products which meet their requirements; report the Company's status and performance to shareholders equally, regularly, and completely; perform duties with integrity and make decisions in good faith and in fairness to major and minor shareholders alike, as well as for the good of relevant parties; refrain from potential conflicts of interest with the Company; refrain from seeking undue benefits for oneself and related parties by exploiting inside information; and refrain from unduly disclosing the Company's confidential information.

Business Partners, Business Competitors, and Creditors

Equity and honesty in conducting business, and the mutual interests of both parties shall be taken into account. This shall be achieved through strict compliance with legal requirements and other applicable rules, and adhering to business ethics. The Company practices fair competition guided by the following approaches:

- >> Business Partners: Refrain from demanding from, accepting, and paying improper commercial benefits to business partners. Stringently, transparently, and equally observe contracts, agreements, and conditions given to business partners. If conditions cannot be observed, negotiate with business partners well in advance to jointly find reasonable remedies.
- >> Business Competitors: Comply with the rules of fair competition and treat business competitors fairly for mutually fair returns. Also, refrain from dishonestly or

improperly seeking confidential information of business competitors and refrain from defaming business competitors through slander.

- >> Creditors: Stringently observe contracts, agreements, and conditions given to creditors and consistently report the Company's financial status with integrity, accuracy, and promptly to creditors. If conditions cannot be observed, negotiate with business partners well in advance to jointly find remedies and prevent damage.

Employees

Cultivate and develop a good working culture and environment, promoting teamwork to bolster employee confidence of career security in working for the Company. The following are guidelines to achieving this:

- >> Provide fair and proper compensation in line with the knowledge, ability, responsibility, and performance of each person
- >> Ensure that the work environment is always safe and healthy to employees and their properties
- >> Promote, transfer, reward, and punish employees fairly and in good faith while relying on their knowledge, ability, suitability, and behavior
- >> Treat employees fairly and value their development, knowledge, and competency transfer through extensive and regular opportunities given to them
- >> Pay attention to the views and comments of all employees in a fair manner
- >> Strictly obey laws and regulations related to employees
- >> Avoid unfair practices that could disrupt employees' job security

- >> Treat employees politely, as individuals, and with respect for human dignity
- >> Provide channel for report or complaint any ethical and illegal behavior
- >> Promote employees' understanding of the code of conduct and roles to promote compliance with the code throughout the Company
- >> Promote employees' participation in defining business directions and in remedying problems for units in question and the Company as a whole

Communities, Society, and the Environment

Take into consideration for the safety of society, the environment and quality of life of the public, recognize the importance of preserving natural resources to pass on to later generations, and promote natural resources efficiency to achieve sustainable development. This can be realized by following these guidelines:

- >> Utilization of natural resources shall take into account options with the minimum damage to the societies, the environment and quality of life of the public.
- >> Refrain from harming natural resources and the environment more than allowed by the law
- >> Promote conservation of natural resources for the sake of future generations
- >> Refrain from supporting activities that harm or threaten society or morality, or promote vices
- >> Institute a complaint-filing system for matters potentially impacting communities; probe causes, amend the situations, and inform complaint-filers about the Company's action in due time

- >> Promote educational and environmental activities and constantly cultivate an awareness of social and environmental responsibility in the Company and among the workforce
- >> Cooperate and ensure strict compliance with the laws and relevant rules
- >> Value community and social activities by ensuring social, community, and environmental development and promoting innovation and conservation of natural resources as well as provide support for youth education and activities for social benefit.
- >> Promptly and efficiently respond to events affecting communities, society, and the environment because of the Company's business by lending full cooperation to public officials and relevant agencies

Government Authorities and Associated Organizations

Strictly comply with legal requirements on the environment, safety, labor, tax and accounting, as well as government announcements applicable to conducting the Company's business. Employees at every level must study and understand laws relating to their work and never violate such laws. Supervisors shall make available relevant laws to use as reference and shall continually monitor changes. Employees shall have easy access to data. The Company shall instill in employees at every level responsibility for constant compliance with laws, rules and Company's Regulations. Good relations shall also be fostered through cooperation with related government units and associated organizations in providing information for the benefit of the country and the public.

3.2 Enforcement of the Corporate Governance Policy

The Company has defined the duties and responsibilities

of directors, the management, and all employees to acknowledge and comply with the corporate governance policies. All executives are to supervise, take responsibility for, and seriously take the promotion of their understanding and strict compliance with the CG manual.

The Company is to stringently obey the law while refraining from violating these corporate governance principles. If directors, the management, and employees violate these principles, they will face strict disciplinary punishment; if it is suspected that they have violated any law, regulation, rule, and requirement lay down by the public sector, they will be handed to public officials for prosecution. If employees find it difficult to decide on any given matter or deal with any portion of the code of conduct not explicitly stated in the Company's Code of Conduct, they should ask themselves the following questions:

1. Is this action against the law?
2. Is this action against the Company's policy, its code of conduct, or its image?
3. Is this action going to severely affect the Company's stakeholders?

If employees detect violation of the law or the corporate governance principles, or both, they are to inform the Chairman of the Board, Chairman of the Corporate Governance Committee, Chairman of the Audit Committee, Chief Executive Officer, or Corporate Management Office. The Company will begin its probe while protecting whistle-blowers.

3.3 Whistle-Blowing Measures and Whistle-Blower Protection Mechanisms

To ensure fair treatment of all stakeholders under the corporate governance principles, Thailoil has set up channels for complaints, suggestions, or recommendations indicating

impacts or risks of impacts on stakeholders arising from its business or from wrongful action or violation of the code of conduct, as well as from behavior implying corruption, unfair treatment, or careless action. Provide such leads directly or in a letter to:



Chairman of the Board / Chairman of the Corporate Governance Committee / Chairman of the Audit Committee / Chief Executive Officer / Office of Corporate Management

Thai Oil Public Company Limited
555/1 Energy Complex Building A, 11th Floor
Vibhavadi Rangsit Road, Chatuchak, Chatuchak,
Bangkok 10900



cgcoordinate@thailoilgroup.com



+66(0)-2797-2900 or +66(0)-2797-2999 or
+66(0)-2299-0000 ext. 7312-7316



+66(0)-2797-2973

Thailoil will proceed with its investigations as specified in its procedures and record the outcomes in writing without naming whistle-blowers, and will also keep their information confidential.

Article 4: Disclosure and Transparency

4.1 Disclosure Information of Board of Directors and Executive Management Fee and Shareholding

Information of Board of Directors and Executive Management remuneration fee and shareholding must be reported in the annual registration statement (Form 56-1), annual report (Form 56-2), and also published at the Company's website.

Under Article 59 of the Securities and Securities Exchange Act, directors and executives must report their share portfolios

with each purchase, sale, or transfer of shares to SEC. In addition, Thailoil's key guideline is to promote the oversight of the use of inside information. The Company issued reminders for directors and executives to refrain from buying, selling, or transferring their shares at least a month ahead of performance report submission to SET for each quarter. Thailoil also set policy for directors to report each purchase, sale, or transfer of shares to the Board at each meeting. In addition, directors and executives must report changes in their vested interests to the Company every quarter, and update their reports every year. Such information is to be kept within Thailoil to conform to the Capital Market Supervisory Board's announcement, Tor Jor 2/2009 in regards to the report on vested interests of directors, executives, and related parties.

4.2 Disclosure Information of the Company

The Company shall disclose information on material matters regarding the Company, including financial reports, non-financial information and other information as stipulated by SET and SEC that are accurate, clear, complete, easy to understand, transparent, adequate, reliable and timely, and which have been screened according to prescribed procedures. Governance policies and structure shall also be reported in the annual registration statement (Form 56-1), annual report (Form 56-2), and at the corporate website in Thai and English to ensure equitable access by shareholders. The Company shall further report on the responsibilities of the Board of Directors for the financial statements which appear together with the report of the independent auditors in the annual report. Besides, the Company establishes the internal control policy within each department or section to prevent confidential information from being disclosed to the public prior to formal announcement. Employees must not

apply the Company's confidential information for personal or others' gains. They should maintain inside information and sensitive documents that could lead to undue exploitation for themselves, their families, or their associates, including any information influencing stock prices and the Company's proprietary commercial secrets, formula, and inventions. Those who disclose important information and news to outsiders without approval from the Chief Executive Officer shall be subject to disciplinary action according to Company procedures and may face legal action.

4.3 Investor Relations

Thailoil attaches great importance to investor relations which is performed duties with utmost responsibility, integrity, and dedication on disclosure of correct, reliable and adequate Company information to investors, analysts and other related parties in a fair, transparent and comprehensive manner.

Thailoil has set up the Investor Relations Department as a focal point in conducting proactive investor relations activities, according to best practices of leading international organizations, to promote effective communication channels with investors, analysts and other related parties. Opportunities are also provided for investors to raise questions and receive Company information through various channels, such as the Company's road shows and seminars are participated in with domestic and international investors; quarterly presentations for analyst meetings; report on the operations of Investor Relations to the Board of Directors at least once a year; publish the results of the operation in webcast on the Company's website; provide shareholders and institutional investors to visit the refinery and meet business executives in order to generate understandings in the business of the

Company; as well as to participate in annual exhibition organized by SET in providing educate and promoting knowledge to investors in Money Expo. All of which facilitate prompt communication to clarify and respond to investor queries in 4 channels are available:



Investor Relations Department

Thai Oil Public Company Limited
555/1 Energy Complex Building A, 11th floor
Vibhavadi Rangsit Road, Chatuchak, Chatuchak,
Bangkok 10900



ir@thaioilgroup.com



+66(0)-2797-2961 (Direct) or +66(0)-2797-2999 or
+66(0)-2299-0000 ext. 7371-7373



+66(0)-2797-2976

Article 5: Board Responsibilities

5.1 Board Structure

Directors Compositions and Qualifications

The Board of Directors has assigned the Nomination and Remuneration Committee to nominate and select directors and Chief Executive Officer in case of vacancy. The composition of the Board of Directors must have a proportional number of independent directors for work balance of the Board as well as the management's operation. The Board must be knowledgeable must possess diverse skills, including industrial, financial, business, management, international marketing, strategic management, crisis management, law, and auditing skills. Independent directors on the Board represent at least one-third of all directors and must not be less than three directors. All the directors meet the qualifications specified in the Public Company Limited Act and none possess any of the forbidden qualities therein.

Presently, the Board of Directors consists of 13 directors including of one executive director and 12 non-executive directors, nine of which are independent directors. The names of the directors, and the roles and responsibilities of the Board of Directors, Chief Executive Officer, and Company Secretary are defined in Shareholding and Management Structure on page 86-87 and 89-96.

Directors Nomination

Regarding the selection of qualified candidates for nomination as directors in replacement of those who are retired by rotation, the Company gives the opportunity to our shareholders to nominate candidates with qualifications required by Securities and Exchange laws and by the Company's regulations to be elected as directors. Announcement has been posted on the Company's website to invite nomination from shareholders. The Nomination and Remuneration Committee will then select qualified candidates and propose to the Board of Directors for consideration. After the Board's agreement, the list of such candidates will be proposed to the Annual General Meeting of Shareholders to approve the election by majority votes. The Nomination and Remuneration Committee also select qualified directors to be members of committees in replacement of the vacancy after the AGM and propose to the Board for approval.

Qualifications of Independent Directors

The Board of Directors must comprise of sufficient number of independent directors to inspect and balance the performance of the Board and the operation of Management team. Independent directors on the Board must represent at least one-third of all directors and must not be less than three directors.

Independent directors must have all the qualifications required by the Capital Market Supervisory Board which are:

- 1) Holding shares not exceeding one percent of the total number of shares with voting rights of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, including shares held by related persons of such independent director.
- 2) Neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary company, major shareholder or controlling person, unless the foregoing status has ended not less than two years prior to taking the independent dictatorship.
- 3) Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child to other director, executive, major shareholder, controlling person, or person to be nominated as director, executive or controlling person of the Company or its subsidiary company.
- 4) Neither having nor used to have a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, in the manner which may interfere with his/her independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary company, affiliate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to taking the independent dictatorship.

The term 'business relationship' under the first paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance

through receiving or extending loans, guarantee, providing assets as collateral, and any other similar actions, which result in the Company or the counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with the person commences.

- 5) Neither being nor used to be an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary company, affiliate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to taking the independent dictatorship.
- 6) Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding two million Baht per year from the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two years prior to taking the independent dictatorship.
- 7) Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to major shareholder.
- 8) Not undertaking any business in the same nature and in competition to the business of the Company or subsidiary

company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding one percent of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary company.

- 9) Not having any other characteristics which cause the inability to express independent opinions with regard to the Company's business operations.

5.2 Remuneration of Directors and Chief Executive Officer

It is the Company's policy to compensate Directors and the Chief Executive Officer at reasonable levels to motivate and retain quality directors, or at levels comparable to industrial practices. Remuneration is linked to the Directors performance and responsibility as well as the Company's performance and benefits to the shareholders. Directors tasked with greater responsibilities, including the Chief Executive Officer, are paid more for such extra responsibilities. Chairmen may likewise receive higher compensation than directors. The Nomination and Remuneration Committee sets the remuneration principles, payment method, and reports the nomination and remuneration performance to the Board of Directors for approval at the AGM. Details of remuneration

payments to directors and management in 2011 are set out in Shareholding and Management Structure on page 97-98.

5.3 Board's Performance Assessment

The annual performance assessment is done in three steps, namely:

- 1) Individual Director Assessment (Self- Assessment)
- 2) Board Assessment
- 3) Peer Assessment

The company's new appraisal form covers additional significant criteria as follows:

- 1) Board Policy,
- 2) Board Composition,
- 3) Board Meeting, and
- 4) Board Practices, which consist of preparedness of the Board, risk management and internal control, handling of conflicts of interest, financial control and monitoring, selection process, compensation process, and performance appraisal. The criteria for the evaluation represent the percentage in each article as follows:

Over 85%	=	Excellent
Over 75%	=	Very Good
Over 65%	=	Good
Over 50%	=	Satisfactory
Under 50%	=	Poor

Assessment for the year 2011 can be summarized as follows:

Comparison of the Performance Assessment of the Board of Directors

	2012 (%)	Rating
Form 1: Individual Director Assessment (Self- Assessment)	96	Excellent
Form 2: Board Assessment	93	Excellent
Form 3: Peer Assessment	97	Excellent

The overall result of the Board assessment in 2011 in all areas indicates an average rating of “Excellent” at the score of 95%.

The scores as well as opinions of the directors in each category form the basis for improving the performance of the Board in the future. The Chief Executive Officer also participates in explaining his expectations for support from the Board.

5.4 The Chief Executive Officer's Performance Assessment

The Nomination and Remuneration Committee, in charge of the annual performance assessment of the Chief Executive Officer, must forward the assessment outcome to the Board for endorsement. Therefore, the performance assessment of the Chief Executive Officer is considered as confidential information and cannot be disclosed. The performance assessment for the Chief Executive Officer for 2011 has 3 parts as follows:

Part 1 Corporate Key Performance Indicator (KPI) Achievements

Part 2 Leadership Competency

Part 3 Efficiency on Budget and Project Management

The performance appraisal outcome, dictating the pay rise for the Chief Executive Officer, is presented to the Board for further approval.

5.5 Orientation for New Directors

Thaioil prepared orientation documents for new directors to provide useful information for their job performance and staged orientation to introduce its business and business directions for new directors. Its policy is to encourage directors to undergo IOD training courses to support and promote their job performance. In 2011, Thaioil staged two independent directors meetings, in which the meetings account to be meetings without Company's executive, to promote their free-sharing of opinions among themselves. Thaioil's Board of Directors has only one executive director, and is not independent director. At these meetings, Thaioil invited

experts to share their views and provide recommendations, including approaches for improving corporate governance practices and Thaioil's business operation.

5.6 Development of Directors and Executives

Thaioil promoted and provided support on training and education on corporate governance to directors, committee members, executives, the corporate secretary, and others as part of continuous operational development. The Company's continuous executive development program forges preparedness for its internal rotation of executives and this also applies to the Chief Executive Officer succession through the senior management assessment program, including the Currently Estimated Potential (CEP), KPI-based Performance Evaluation, and 360-Degree Competency Assessment according to the Performance Management System (PMS). The Company has nominated assistant managing directors to PTT's executive pool under the Group Leadership Development (GLD) program. These executives undergo individual appraisal for their competence, preparedness, and strengths and weaknesses by independent assessors. Specific leadership development program, such as Individual Development Plan (IDP) has been designed for these. In addition, The Company has established a mentoring program for top executives who require specific development for future senior executive positions or the Chief Executive Officer. When the Chief Executive Officer position is available, the Company considers the qualifications and capabilities of assistant managing directors or other senior executives, as well as external qualified executives, for the selection process managed by the Nomination and Remuneration Committee.

5.7 Board Meetings

Board meetings are scheduled in advance so that directors can schedule themselves to attend. In consultation with the Chief Executive Officer, the board chairman must endorse each meeting and its agenda. Other significant matters proposed by directors are also considered. The Company is

responsible for preparing and delivering the meeting agenda and relevant documents to all directors well in advance. Given adequate preparation time, directors must investigate and make sound decisions.

The Company regulations call for the board to meet at least once a quarter, with at least half of the total board in attendance to make a quorum, with additional meetings as necessary. In 2011, the Board meets once every two months with a total of nine meetings. Meeting invitations are delivered to directors at least seven days prior to meeting date to give them enough time to study, deliberate, make sound decisions on all agenda items, and schedule themselves properly to attend each meeting, as well as protect the rights and benefits of the Company. If the directors who may have involved, or have any financial interest in any agenda of the meeting will have to refrain from voting.

A clear agenda is set for each meeting and adequate supporting documents are distributed sufficiently in advance to allow directors to thoroughly review the details. Minutes of Board meetings, including its meeting outcomes and the Board's views, must be made clear for future reference. Details of meetings of the Board of Directors and Board-Committees and attendance at each meeting in 2011 are provided in Shareholding and Managing Structure on page 84.

5.8 Board Committees

The Board has appointed four committees: Audit Committee, Nomination and Remuneration Committee, Corporate Governance Committee, and Risk Management Committee. The Nomination and Remuneration Committee is in charge of nominating and selecting qualified members for all the committees. With the exception of the Risk Management Committee, that is the prerogative of the Chief Executive Officer, for prudent, efficient screening of significant business matters, continuous improvement of the board's performance, and bolstering of confidence among stakeholders.

The standing committees in 2011 were:

- >> **Audit Committee** consists of at least three independent directors with qualifications as required by the SET announcement in regards to the qualifications and scope of work of the Audit Committee. It performs audits and balances the management of various Company functions to ensure reliability and integrity while serving the best interests of all shareholders. The names, roles and responsibilities of the Audit Committee are set out in Shareholding and Management Structure on page 91-92.
- >> **Nominating and Remuneration Committee** consists of at least three directors, most of whom must be independent directors and not serve as Chairman of the Board or Chief Executive Officer. Its duty is to consider the recruitment and selection process of the nomination of directors and senior management. The names, roles and responsibilities of the Nomination and Remuneration Committee are set out in Shareholding and Management Structure on page 92-93.
- >> **Corporate Governance Committee** consists of at least three directors, most of whom must be independent directors. Its duty is to provide support to the Board of Directors with respect to the formulation of policy and guidelines for the Company to continuously enhance its corporate governance, creating good work ethical standards. The names, roles and responsibilities of the Corporate Governance Committee are set out in Shareholding and Management Structure on page 93-94.
- >> **Risk Management Committee** consists of at least three directors, with the Chief Executive Officer serving as one of the members. Its duty is to establish and implement a risk management framework that is suitable and practical for efficient business management, as well as meeting international standards throughout the organization, including the Company and its subsidiaries. The names, roles and responsibilities of the Risk Management Committee are set out in Shareholding and Management Structure on page 94.

Thai Institute of Directors Association (IOD) courses attended by Directors in 2011

In addition, Thaioil staged independent directors meetings by inviting experts to share their views and provide recommendations, including approaches for improving corporate governance practices with the Company's Directors

Director	Position	Role of the Chairman Program (RCP)	Director Certification Program (DCP)	Director Accreditation Program (DAP)	Audit Committee Program (ACP)	Financial Statement for Directors (FSD)	Role of the Compensation Committee (RCC)
1 Mr. Pichai Chuntavajira	Director/Chairman of the Board of Directors		DCP 143/2011	DAP 49/2006			
2 Mr. Manu Leopairole	Independent Director/Chairman of the Audit Committee	RCP 3/2001	DCP 30/2003				
3 Mr. Chaikasem Nitisiri	Independent Director/Member of the Audit Committee	RCP 16/2007	DCP 8/2001			FSD 5/2009	
4 Mr. Apisit Rujikeatkarnjorn	Independent Director/Member of the Audit Committee	RCP 16/2011		DAP 27/2004	ACP 22/2008		
5 Mr. Goanpot Asvinvichit	Independent Director/Chairman of Nomination and Remuneration Committee/Member of the Risk Management Committee		DCP 134/2010	DAP 72/2008			RCC 11/2010
6 Mr. Texin Yongvanich	Director/Member of the Nomination and Remuneration Committee		DCP 21/2002			FSD 6/2009	RCC 13/2011
7 Mr. Somchai Poolsavasdi	Independent Director/Member of the Nomination and Remuneration Committee		DCP 136/2010				
8 Mr. Apisak Tantivorawong	Independent Director/Chairman of the Corporate Governance Committee		DCP 18/2002				
9 Pol. Gen. Abdul Sangsingkeo	Independent Director/Member of the Corporate Governance Committee						
10 Mr. Norkun Sithiphong	Director	RCP 21/2009					
11 Mr. Somchai Sujjapongse	Independent Director		DCP 75/2006				
12 LTG. Jiradej Mookhasmit	Independent Director			DAP 16/2004			
13 Mr. Surong Bulakul	Director/Secretary to the Board/Member of the Risk Management Committee		DCP 121/2009				
Directors who resigned / retired during the year 2011							
14 Miss Puongpech Sarakun ⁽¹⁾	Independent Director/Member of the Nomination and Remuneration Committee		DCP 131/2010				
15 Mr. Banphot Hongthong ⁽²⁾	Independent Director/Chairman of the Corporate Governance Committee						
16 Mr. Naris Chaiyasoot ⁽³⁾	Director		DCP 82/2006	DAP 32/2005			
17 Mr. Sathit Limpongpan ⁽⁴⁾	Independent Director/Chairman of the Risk Management Committee	RCP 18/2008	DCP 28/2008		ACP 22/2008		
18 Mr. Praiya Phinyawat ⁽⁵⁾	Director/Member of the Corporate Governance Committee		DCP 14/2002			FSD 9/2010	
19 LTG. Tawatchai Samutsakorn ⁽⁶⁾	Independent Director/Member of the Nomination and Remuneration Committee		DCP 138/2010				
20 Mr. Chanoi Puankosoom ⁽⁷⁾	Independent Director/Member of the Audit Committee			DAP 63/2007			
21 Mr. Uld Tamwat ⁽⁸⁾	Independent Director/Member of the Audit Committee		DCP 3/2000				
22 Mr. Vitiaya Suriyawong ⁽⁹⁾	Independent Director/Member of the Nomination and Remuneration Committee		DCP 148/2011				RCC 13/2011
23 Mr. Udom Wongwiwatchai ⁽¹⁰⁾	Independent Director/Member of the Risk Management Committee		DCP 148/2011				

Remask:

(1) Miss Puongpech Sarakun completed her term as Director at the 2011 AGM on April 1, 2011 and had not elected back into position.

(2) Mr. Banphot Hongthong completed her term as Director at the 2011 AGM on April 1, 2011 and had not elected back into position.

(3) Mr. Naris Chaiyasoot resigned from the Director effective from February 14, 2011 onward.

(4) Mr. Sathit Limpongpan resigned from the Director effective from November 1, 2011 onward.

(5) Mr. Praiya Phinyawat resigned from the Director effective from November 3, 2011 onward.

(6) LTG. Tawatchai Samutsakorn resigned from the Director effective from November 4, 2011 onward.

(7) Mr. Chanoi Puankosoom resigned from the Director effective from November 8, 2011 onward.

(8) Mr. Uld Tamwat resigned from the Director effective from November 8, 2011 onward.

(9) Mr. Vitiaya Suriyawong resigned from the Director effective from November 24, 2011 onward.

(10) Mr. Udom Wongwiwatchai resigned from the Director effective from November 24, 2011 onward.

INTERNAL CONTROLS

Valuing a sound internal control system, Thaioil's emphasis is that all executives define suitable internal controls for their respective businesses and examine their own business systems for efficiency so that their performance may fulfill goals. To this end, the Audit Committee (consisting of independent directors) reviews internal control systems (both financial and operation aspects) for effectiveness and efficiency, and provides recommendations to the management for continuous improvement of internal control systems. The Internal Systems Audit Section audits and monitors corrective actions, particularly those on key risks potentially affecting business execution, to ensure that Thaioil manages its businesses under good corporate governance.

Thaioil subscribes to the criteria of adequacy of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Below is a summary of this year's assessment:

1. Control Environment

To promote control environment activities, Thaioil has taken the following steps:

- >> Clearly defined business strategies by applying stakeholders' expectations as imported factors to strategic planning. Also, defined plans and performance indicators under the Balanced Scorecard (BSC) and Key Performance Indicators (KPIs). Finally, cascaded them down to all employees for their uniformity of goals.
- >> Defined a proper organizational structure with clear lines of command and relationship among internal units in line with Thaioil Group's goals and businesses.

- >> Defined all job descriptions and assigned suitable authorities and responsibilities.
- >> Planned the annual Individual Development Plan (IDP) and provided training to all employees as planned for efficient performance.
- >> Ensured that two distinct assessments of employees' performance are performed each year during midyear and year-end.
- >> Issued a corporate governance manual with constant improvement to align with changing criteria and standards. The revised manual was handed out to each employee to study and comply with. In addition, Thaioil improved the online electronics learning media dealing with its good corporate governance and code of conduct through the CG e-learning and promoted self-learning channels in August 2011. To date, more than 85% of the employees have undergone this training.

2. Risk Assessment

Valuing compliance with the risk management policy, Thaioil has implemented a risk management system consisting of the continual review and monitoring of risk management by all units under Thaioil Group; assignment of responsible parties and definition of complete supporting measures; regular and consistent reporting of risk management outcomes and progress to executives. In 2011, the Board appointed the Risk Management Committee consisting of four directors, in charged with the review of risk management framework and structure in line with standards and prevailing

circumstances. A revised risk management policy was announced to Thailoil Group employees. Thailoil also improved its database system to keep it relevant, while raising the efficiency of risk management processes and staging promotional activities for risk management. Therefore, Thailoil Group is confident that risk management will support its fulfillment of business plans and strategic objectives. For details on risk management, see the Corporate Risk Management section on page 103.

3. Control Activities

Control activities, as summarized below, keep Thailoil's business systematic and efficient, while preventing and minimizing risks from business execution.

- >> Definition in writing of policies and business procedures, designed to control activities with significant risks, for employees' use as practical guidelines in keeping with company goals.
- >> Definition of Corporate Authorization Procedures to ensure suitable internal controls and business flexibility. This year, the Company improved such procedures to suit the new corporate structure for prudent business execution.
- >> Clear division of key responsibilities, including approval, recording of transactions, data processing, and asset controls, for the sake of checks and balances.
- >> Definition of the Plan-Do-Check-Act (PDCA) approach for performance improvement as specified by the Thailand Quality Award (TQA) criteria.

- >> Connected transactions reports are based on the guidelines of the Stock Exchange of Thailand (SET) to prevent conflicts of interest.

4. Information and Communication

Valuing information and communication systems, Thailoil instituted systematic data processing processes with access and abuse controls. In addition, it establishes efficient and effective systems for data and communication channels (both internal and external) that are complete, accurate, timely, supportive of decision-making, and in compliance with laws. Besides, it observes the Computer Offense Act and compiles computer traffic data as required by the Ministry of Information and Communications Technology.

In 2011, Thailoil successfully completed the Business Process Transformation (BPT) project as planned. Assorted processes are now linked, and the subsidiaries (namely Thai Paraxylene, Thai Lube Base, Thailoil Power, and Independent Power (Thailand)) are now jointly using the SAP ECC Version 6.0 system to accommodate IFRS (International Financial Reporting Standards). Thailoil also developed and linked other systems for the benefit of more efficient work and simple application, including:

- >> Development of the Oil System for Thai Paraxylene and Thai Lube Base, relying on a former structure used by Thailoil. Regarded as an internal innovation, this development links hydrocarbon data among the entire Thailoil Group

>> Development of the ESS/MSS Workflow system known as i-link to simplify users' application, whether for personal data changes, personnel development, or performance assessment. ESS/MSS is due for full-fledged implementation in early 2012.

5. Monitoring and Evaluation

Thaioil commands a monitoring and evaluation process in support of business goal achievement. Executives and supervisors together review performance indicators and goals while continually tracking performance. The Company also tracks performance through internal and external units, as follows:

- >> The independent Internal Systems Audit Section audits high-risk processes with a focus on the suitability and adequacy of the internal control system, compliance, and legality. Significant issues are reported to the manager of each audited unit to undertake corrective actions. Audit outcomes and updates on corrective actions are reported to the Audit Committee and senior management.
- >> QSHE monitoring by company-appointed internal monitors is based on recommendations for system assessment of quality management and environmental management systems (ISO 19011).
- >> The certified external auditor, appointed by the AGM, independently scrutinizes and makes recommendations on Thaioil's financial statements.

>> To certify the QSHE system, an external auditor independently undertakes the audit, which includes that of laboratories.

6. Review of Internal Controls

Having reviewed Thaioil's internal controls of 2011, the Audit Committee found no significant issue or shortcoming. Therefore, it was concluded that Thaioil commands adequately effective and suitable internal controls; a view shared by the Company's external auditor.

CORPORATE INFORMATION

Thai Oil Public Company Limited

Symbol	TOP
Registration Number	0107547000711
Business	Operates a highly complex refinery utilizing modern and efficient processing technologies to produce petroleum products primarily for domestic distribution. Further diversities investment into related business which includes petrochemical, lube base oil, ethanol, power generation, marine and pipeline transportation of crude oil, petroleum and petrochemical products as well as provide professional management service consultant
Registered Capital	20,400,278,730 Baht Comprising 2,040,027,873 fully paid-up common shares of 10 baht per share
Number of Employees	840 (as at December 31, 2011)
Address	
Bangkok Office	555/1 Energy Complex Building A, 11 th Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Telephone : +66(0)-2797-2999, +66(0)-2797-2900, +66(0)-2299-0000 Fax : +66(0)-2797-2970
Sriracha Office and Refinery	42/1 Moo 1, Sukhumvit Road Km.124, Tungsukla, Sriracha, Chonburi 20230, Thailand Telephone : +66(0)-3840-8500, +66(0)-3835-9000 Fax : +66(0)-3835-1554, +66(0)-3835-1444
Website	www.thaioilgroup.com
Investor Relations	Telephone : +66(0)-2797-2961 E-mail : ir@thaioilgroup.com

General Information of the Subsidiary Companies

Company Name and Address	Registration Number	Business	Registered Capital in Baht	Type of Shares	Number of Shares (Issued)	Value of Share (Baht/Share)	Shareholding (%)
Lube Base Oil Business							
Thai Lube Base Public Company Limited 555/1 Energy Complex Building A, 11 th Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2299-0000, +66(0)-2797-2999 Fax : +66(0)-2797-2970	0107539000090	Lube base oil manufacturer and distributor	1,757,890,730	Common	175,789,073	10	100
Petrochemical Businesses							
Thai Paraxylene Company Limited 105/12 Moo 2 Sukhumvit Road, Tungskulka, Sriracha, Chonburi 20230, Thailand Tel : +66(0)-3835-1317-9, +66(0)-3835-1878 Fax : +66(0)-3835-1320	0105539103288	Upstream petrochemical manufacturer and distributor	2,572,414,160	Common	257,241,416	10	100
Thaioil Solvent Company Limited 555/1 Energy Complex Building A, 11 th Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2299-0000, +66(0)-2797-2999 Fax : +66(0)-2797-2970	0105551116050	Investment in solvent and petrochemical business	1,250,000,000	Common	125,000,000	10	100
TOP Solvent Company Limited 555/1 Energy Complex Building A, 11 th Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2299-0003, +66(0)-2797-2993 Fax : +66(0)-2797-2983	0105551116491	Solvent and petrochemical distributor	1,200,000,000	Common	120,000,000	10	100 (Shareholding through Thaioil Solvent)

Company Name and Address	Registration Number	Business	Registered Capital in Baht	Type of Shares	Number of Shares (Issued)	Value of Share (Baht/Share)	Shareholding (%)
Sak Chaisidhi Company Limited 555/1 Energy Complex Building A, 11 th Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2299-0003, +66(0)-2797-2993 Fax : +66(0)-2797-2983	0105527011880	Hydrocarbon solvent manufacturer and distributor	180,000,000	Common	1,800,000	100	80.52 (Shareholding through TOP Solvent)
TOP Solvent (Vietnam) Limited Liability Company Go Dau Industrial Zones, Long Thanh District, Dong Nai Province, Vietnam Tel : +84-83827-9030-4 Fax : +84-83827-9035	472043000745 (Registered in Vietnam)	Solvent and petrochemical distributor in Vietnam	178,000,000,000 VND or 330,000,000	Common	17,800,000	18.5	100 (Shareholding through TOP Solvent)
Power Generation Businesses Thaioil Power Company Limited 555/1 Energy Complex Building A, 11 th Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2299-0000, +66(0)-2797-2999 Fax : +66(0)-2797-2970	0105539103296	SPP power generation	2,810,000,000	Common	281,000,000	10	55
Independent Power (Thailand) Company Limited 555/1 Energy Complex Building A, 11 th Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2299-0000, +66(0)-2797-2999 Fax : +66(0)-2797-2970	0105539126962	IPP power generation	1,771,000,000	Common	177,100,000	10	24

Company Name and Address	Registration Number	Business	Registered Capital in Baht	Type of Shares	Number of Shares (Issued)	Value of Share (Baht/Share)	Shareholding (%)
Transportation Businesses Thaioil Marine Company Limited 2/84 Moo 15, Old Railway Road, Bangchak, Phraeknong, Bangkok 10260, Thailand Tel : +66(0)-2331-0080-5 Fax : +66(0)-2331-0086	0105541047578	Provide marine transportation of petroleum and petrochemical products	970,000,000	Common	97,000,000	10	100
Thaioil Marine International Pte. Ltd. 391B Orchard Road #15-05/08, Ngee Ann City Tower B, Singapore 238874 Tel : +65-6734-6540 Fax : +65-6734-3397	201021606H (Registered in Singapore)	Investment in marine transportation of crude oil and petroleum products business	9,000,000 USD or 273,883,500	Common	9,000,000	1 USD or 30.43	100 (Shareholding through Thaioil Marine)
TOP-NYK MarineOne Pte. Ltd. 1 Harbourfront Place #13-01, Harbourfront Tower, Singapore 098633 Tel : +65-6290-8405 Fax : +65-6293-2080	201104774G (Registered in Singapore)	Provide marine transportation of crude oil and petroleum products	18,000,000 USD	Common	18,000,000	1 USD	50 (Shareholding through Thaioil Marine International)
TOP Maritime Service Company Limited 413 Moo 4, Soi Sithichai, Taiban Road, Taiban Subdistrict, Capital District, Samutprakarn, Thailand Tel : +66(0)-2331-0080-5 Fax : +66(0)-2331-0086	0115554017087	Provide marine transportation services for crew and supplies in Gulf of Thailand	90,000,000	Common	900,000	100	55 (Shareholding through Thaioil Marine)

Company Name and Address	Registration Number	Business	Registered Capital in Baht	Type of Shares	Number of Shares (Issued)	Value of Share (Baht/Share)	Shareholding (%)
Thome Ship Management (Thailand) Company Limited 88 Soi Bangna-Trad 30, Bangna-Trad Road, Bangna Subdistrict, Bangna District, Bangkok, Thailand Tel : +66(0)-2331-0080-5 Fax : +66(0)-2331-0086	0105551087343	Provide ship management service, provide consultant service and training in crew development, ship operation, technique, and quality control	3,000,000	Common	30,000	100	33.3 (Shareholding through Thairoil Marine)
Thai Petroleum Pipeline Company Limited 2/8 Moo 11, Lumlukka Road, Ladsawai, Lumlukka, Pathumthani 12150, Thailand Tel : +66(0)-2991-9130-59 Fax : +66(0)-2533-2186	0105534002696	Pipeline transportation of petroleum products	8,479,000,000	Common	84,790,000	100	9
Other Businesses Thairoil Energy Services Company Limited 555/1 Energy Complex Building A, 11 th Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2299-0000, +66(0)-2797-2999 Fax : +66(0)-2797-2970	0105550078006	Provide consulting and energy management service as well as human resource management, training and other services	40,000,000	Common	4,000,000	10	100
Thairoil Ethanol Company Limited 555/1 Energy Complex Building A, 11 th Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2299-0000, +66(0)-2797-2999 Fax : +66(0)-2797-2970	0105551121754	Investment in ethanol business	1,450,000,000	Common	145,000,000	10	100

Company Name and Address	Registration Number	Business	Registered Capital in Baht	Type of Shares	Number of Shares (Issued)	Value of Share (Baht/Share)	Shareholding (%)
Sapthip Company Limited 68 Soi Santipap, Sap Road, Sipraya, Bangrak, Bangkok 10500, Thailand Tel : +66(0)-2233-0444-5 Fax : +66(0)-2233-0441	0105539017543	Ethanol production from cassava	800,000,000	Common	8,000,000	100	50 (Shareholding through Thaioil Ethanol)
Maesod Clean Energy Company Limited 191/18-25 CTI Tower, 26 th -27 th Floor, Ratchadapisek Road, Klongteoy, Klongtoey, Bangkok 10110, Thailand Tel : +66(0)-2656-7761-3 Fax : +66(0)-2251-1138	0105549129891	Ethanol production from sugarcane	675,000,000	Common	67,500,000	10	30 (Shareholding through Thaioil Ethanol)
Ubun Bio Ethanol Company Limited 333 Moo 9, Nadee Subdistrict, Nayear District, Ubonratchatani, Thailand Tel : +66(0)-4540-9095 Fax : +66(0)-4540-9096	0345550000315	Ethanol production from cassava	2,740,000,000	Common	2,740,000	1,000	21.28 (Shareholding through Thaioil Ethanol)
PTT ICT Solutions Company Limited 555/1 Energy Complex Building A, 4 th -5 th Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2140-2000 Fax : +66(0)-2140-2999	0105549076496	IT and communication services	150,000,000	Common	15,000,000	10	20
PTT Energy Solutions Company Limited 555 PTT Head Office, Building 2, 7 th Floor Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2537-3645 Fax : +66(0)-2537-3685	0105554075621	Provide engineering technique consulting and other services	150,000,000	Common	1,500,000	100	20

Reference

Securities Registrar

Thailand Securities Depository Company Limited

The Stock Exchange of Thailand Building,
62 Ratchadapisek Road, Klongtoey, Bangkok 10110
Telephone : +66(0)-2229-2800, +66(0)-2229-2888
(Call Center)

Debenture Registrar and Principal Paying Agent

Thai Military Bank Public Company Limited

Head of Marketing & Sales Investor Services
393 Silom Road, Bangrak, Bangkok 10500
Telephone : +66(0)-2230-5783, +66(0)-2230-5575
Facsimile : +66(0)-2266-8150

Bangkok Bank Public Company Limited

Head of Marketing & Sales Investor Services
333 Trinity Building, Silom Road, Bangkok 10500
Telephone : +66(0)-2230-1477, +66(0)-2230-1478
Facsimile : +66(0)-2626-4545-6

Auditors

KPMG Phoomchai Audit Limited

22nd Floor, Empire Tower, 195 South Sathorn Road,
Bangkok 10120
Telephone : +66(0)-2677-2000
Facsimile : +66(0)-2677-2222

Other Services (Loss of share certificate, change of particulars in Securities Register, and other shareholder services)

Counter Service

1st Floor, The Stock Exchange of Thailand Building
62 Ratchadapisek Road, Klongtoey, Bangkok 10110
Telephone : +66(0)-2229-2888 (Call Center)

or

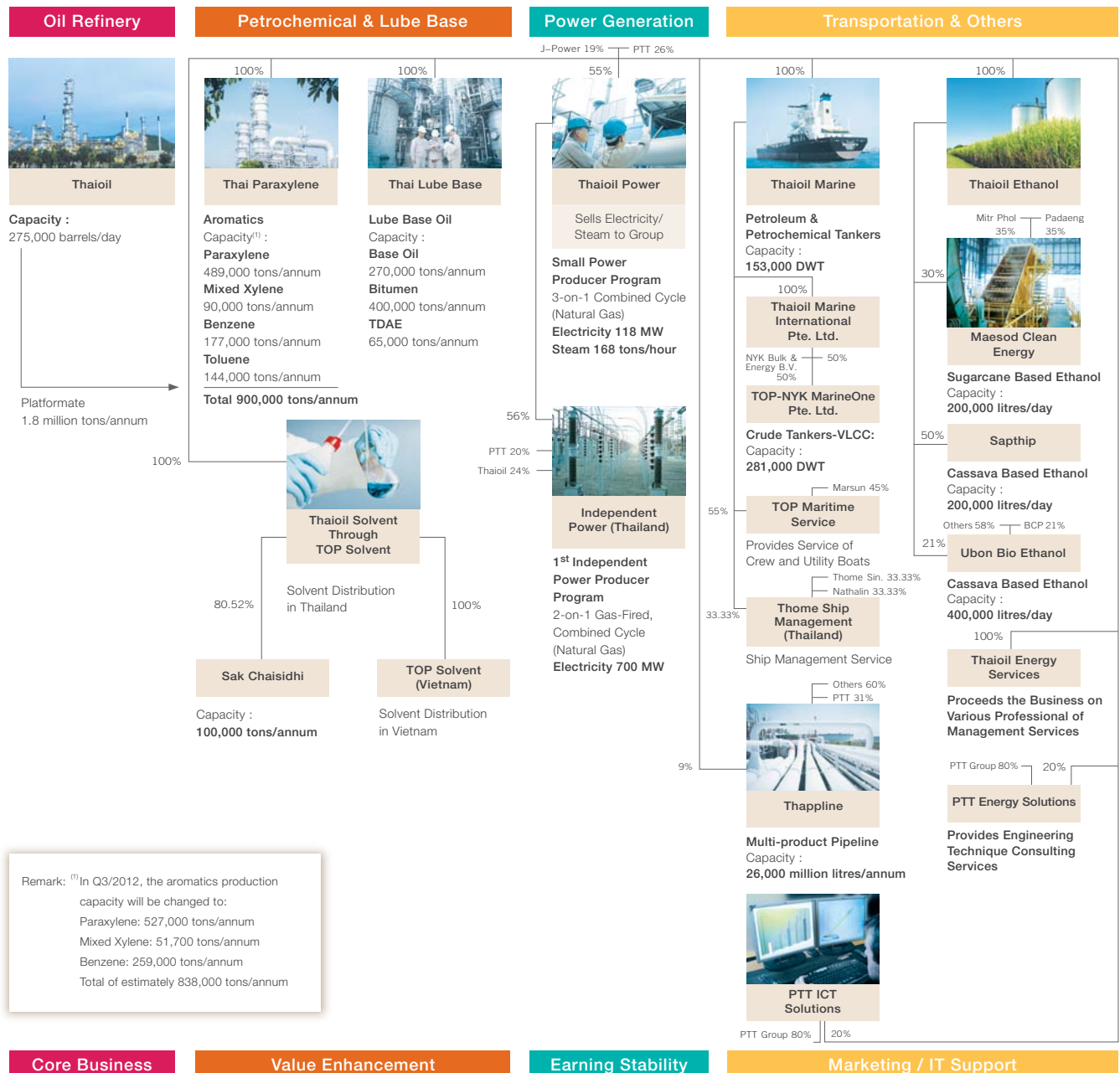
Office of Registration Services

Thailand Securities Depository Company Limited
The Stock Exchange of Thailand Building
62 Ratchadapisek Road, Klongtoey, Bangkok 10110
Telephone : +66(0)-2229-2870-80
Facsimile : +66(0)-2654-5642, 66(0)-2654-5645

BUSINESS DESCRIPTION

Thaioil is Thailand's largest refiner and supplier of petroleum products. Founded in 1961, we operate one of the most efficient refineries in Asia-Pacific with a current processing capacity of 275,000 barrels per day. To complement our core oil refining business, we engage through our subsidiary companies in related businesses of paraxylene, lube base oil, power generation, marine and pipeline transportation of crude oil as well as petroleum and petrochemical products, ship management, alternative energy, solvents and professional management consultant business.

TOP Group Business Structure



REVENUE STRUCTURE

Thaioil's core earnings were derived from our refinery business. Other revenue contributors were lube base oil, petrochemical, power generation, oil and petrochemicals transportation, and other businesses.

(in million Baht)

			Fiscal year ended December 31						
Operator ⁽⁵⁾			% of Thaioil stake	2009		2010		2011	
				Amount	%	Amount	%	Amount	%
A. Net Sales									
1. Oil refining	TOP	-	274,325	95	310,027	96	431,572	96	
2. Lube base oil	TLB	100	16,981	6	20,523	6	28,614	6	
3. Petrochemicals ⁽¹⁾	TPX/Thaioil Solvent	100/100	49,365	17	54,295	17	74,393	17	
4. Power generation	TP/IPT	55/24	14,231	5	7,406	2	14,120	3	
5. Oil and petrochemicals transportation	TM	100	968	-	1,045	-	1,016	-	
6. Others	TES/TET	100/100	25	-	740	-	1,356	-	
Less: Related party transactions			(71,772)	(25)	(75,645)	(23)	(104,830)	(23)	
Total			284,123	98	318,391	98	446,241	99	
B. Gain on a Bargain Purchase									
1. Others	TES/TET	100/100	-	-	77	-	-	-	
C. Net Derivative Gain on Hedging ⁽²⁾									
1. Oil refining	TOP	-	-	-	548	-	-	-	
2. Petrochemicals ⁽¹⁾	TPX/Thaioil Solvent	100/100	-	-	(20)	-	-	-	
Total			-	-	528	-	-	-	
D. Net Foreign Exchange Gain ⁽³⁾									
1. Oil refining	TOP	-	1,480	1	2,620	1	-	-	
2. Lube base oil	TLB	100	3	-	8	-	-	-	
3. Petrochemicals ⁽¹⁾	TPX/Thaioil Solvent	100/100	17	-	(27)	-	-	-	
4. Power generation	TP/IPT	55/24	72	-	122	-	-	-	
5. Oil and petrochemicals transportation	TM	100	3	-	(2)	-	-	-	
6. Others	TES/TET	100/100	-	-	1	-	-	-	
Total			1,575	1	2,722	1	-	-	

(in million Baht)

			Fiscal year ended December 31					
			2009		2010		2011	
			Amount	%	Amount	%	Amount	%
E. Other Revenues ⁽⁴⁾								
1. Oil refining	TOP	-	2,331	1	3,059	1	3,472	1
2. Lube base oil	TLB	100	151	-	121	-	163	-
3. Petrochemicals ⁽¹⁾	TPX/Thaioil Solvent	100/100	329	-	325	-	420	-
4. Power generation	TP/IPT	55/24	41	-	680	-	158	-
5. Oil and petrochemicals transportation	TM	100	10	-	3	-	3	-
6. Others	TES/TET	100/100	-	-	11	-	13	-
Less: Related party transactions			(1,167)	-	(1,565)	-	(1,697)	-
Total			1,695	1	2,634	1	2,534	1
Total revenue (A-E)			287,393	100	324,352	100	448,773	100

Remarks:

- Petrochemicals comprise paraxylene and solvent businesses.
- Net derivative loss on hedging in 2009 and 2011.
- Net foreign exchange loss in 2011.
- Comprises received interests, export tax subsidy, revenues from services provided to subsidiary companies, land lease, single buoy mooring service fee, oil tank lease, subsidy for Euro IV standard fuel, etc.
- TOP is Thai Oil Public Company Limited.
TLB is Thai Lube Base Public Company Limited.
TPX is Thai Paraxylene Company Limited.
TP is Thaioil Power Company Limited.
IPT is Independent Power (Thailand) Company Limited, in which the shareholding of Thaioil is 56% through Thaioil Power and 24% held directly by Thaioil.
TM is Thaioil Marine Company Limited.
Thaioil Solvent is Thaioil Solvent Company Limited.
TES is Thaioil Energy Services Company Limited (formerly Thaioil Energy Solutions Company Limited).
TET is Thaioil Ethanol Company Limited.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND OPERATING RESULTS

Consolidated Results

		2011	2010 ⁽²⁾	Change
GIM <u>excluding</u> oil stock impact ⁽¹⁾	USD/barrel	7.8	5.7	+2.1
GIM <u>including</u> oil stock impact ⁽¹⁾	USD/barrel	9.3	6.5	+2.8
Sales revenue	Million Baht	446,241	318,391	+127,850
EBITDA	Million Baht	28,760	17,381	+11,379
Net Profit	Million Baht	14,853	8,956	+5,897
Earnings per share	Baht	7.28	4.39	+2.89

Remarks:

(1) GIM includes Thairoil (TOP), Thai Paraxylene (TPX), and Thai Lube Base (TLB)

(2) Resulting from accounting policy changes under standard No. 19 (employees' benefits)

For the year, Thairoil Group continued its group integration management, that is, joint production and sales planning for maximum flexibility and benefits among the Group. This resulted in a GIM (including oil stock impact) of USD 9.3 per barrel, with a 40% rise in sales revenue to 446,241 million Baht as a result of rising sales prices and maximum capacity utilization while other domestic refineries underwent maintenance turnarounds—thus promoting TOP product sales. Add to this, the continuous expansion in Asian economies, driven mainly by China and India, which was a boon to Thairoil's downstream businesses, namely aromatics and lube base oil. Thairoil Group netted a profit of 14,853 million Baht, a 66% rise from last year, which translated into 7.28 Baht of earnings per share.

Results by Company

Thairoil (TOP) posted 431,572 million Baht in sales revenue, a surge of 121,545 million Baht from last year, thanks to the 11% rise in combined product sales, the sharp rises in oil prices due to frigid weather, and the political unrest in oil-producing Middle East and North Africa (MENA) countries. TOP's EBITDA amounted to 15,860 million Baht with a net profit (excluding dividends received) of 7,359 million Baht, a 70% rise.

Thai Paraxylene (TPX) grossed 67,090 million Baht in sales revenue, a rise of 18,712 million Baht from last year, in line with the rising demand for aromatics amid tight supply in the wake of devastating earthquake in Japan, a major paraxylene producer. Also, many regional paraxylene plants had to shut down for maintenance and some caught fire. TPX's EBITDA totaled 6,460 million Baht and its net profit came to 4,183 million Baht, a 55% rise from last year.

Thai Lube Base (TLB) grossed 28,614 million Baht in sales revenue, a jump of 8,090 million Baht, in line with the steady rises in lube base oil sales prices and sales, a result of the regional rise in demand and the greater capacity utilization for base oil production. TLB's EBITDA surged to 3,765 million Baht, a 47% rise. Note that the larger the price gaps between base oil and fuel oil, the higher the product-to-feed margin. TLB netted a profit of 2,482 million Baht, a 62% increment.

Independent Power (Thailand) (IPT) posted 9,796 million Baht in sales revenue, a rise of 6,208 million Baht from last year, while its capacity utilization rose to 95% from 67% last year with its shutdown to repair steam turbines due to the April 27 accident last year and a return to operation on November 30. IPT netted a profit of 637 million Baht, a rise of 611 million Baht.

Thaioil Power (TP) posted 4,326 million Baht in sales revenue and 634 million Baht in EBITDA, along with only 16 million Baht in income tax liability due to the tax-break privilege (investment promotion) of its project to improve the combustion system of a gas-turbine power generator. As a result, TP netted a profit of 394 million Baht, a rise of 108 million Baht.

Thaioil Marine (TM) held its Extraordinary General Meeting of Shareholders on March 2, 2011, with resolution to increase share capital by 340 million Baht and a joint venture between its wholly-owned Thaioil Marine International Pte. Ltd. (TOMI) and Bulk & Energy B.V. (Netherlands), an affiliate of NYK Line (Japan), the Singapore-listed and one of the world's largest transporter fleets, with a 50:50 joint

venture—named TOP-NYK MarineOne Pte. Ltd. (TOP-NYK). TOP-NYK would undertake the sourcing of crude transport vessels for TOP Refinery and PTT Group to replace hired spot-market vessels while serving customers in regional market as well.

Thaioil Marine also invested with Marson Co., Ltd. in setting up TOP Maritime Service Co., Ltd. (TMS) with a registered capital of 90 million Baht to secure crew and utility boats for travel from shore to oil and gas platforms in the Gulf of Thailand or for other marine transport in the gulf. TM's proportion was 55% (49.5 million Baht). In addition, TM bought 33.3% of the shares (worth 1 million Baht) in Thome Ship Management (Thailand) Co., Ltd. (Thome-Thailand) to provide ship management services and development of international fleets, in addition to serve as a consultant and personnel developer in operation, technical, and quality aspects of marine logistics.

In 2011, TM earned 1,016 million Baht in service revenue and 284 million Baht in EBITDA. Its profit share from investment in TOP-NYK amounted to 27 million Baht, boosting its net profit to 76 million Baht, a 71-million-Baht rise.

Thaioil Solvent grossed 9,146 million Baht in sales revenue and registered 626 million Baht in EBITDA with its higher average sales prices and higher gross margins. The company netted a profit of 265 million Baht, a jump of 142 million Baht.

Thaioil Ethanol (TET) held its Extraordinary General Meeting of Shareholders on February 21, 2011, with resolution to increase its share capital from 670 to 1,450 million Baht

to acquire 21.28% of the shares of Ubon Bio Ethanol Co., Ltd. (UBE), which produces ethanol from cassava with a capacity of 400,000 liters per day. TET posted

1,152 million Baht in sales revenue and a net loss of 185 million Baht against 36 million Baht of net profit last year, along with a gain on bargain purchase of 77 million Baht.

Analysis of Consolidated Financial Position

Financial Position (Million Baht)	Dec. 31, 2011	Dec. 31, 2010	+/-
Total assets	155,087	147,148	+7,939
Total liabilities	70,053	71,578	-1,525
Shareholders' equity-net	85,034	75,570	+9,464

Total Assets

As of year-end 2011, Thaioil Group posted 155,087 million Baht in total assets, a year-on-year increment of 7,939 million Baht, mainly due to rising current assets in line with rising oil prices.

Total Liabilities

As of year-end 2011, Thaioil Group posted 70,053 million Baht in total liabilities, a year-on-year drop of 1,525 million Baht, due to a drop in current liabilities and a rise in long-term loans. To elaborate, Thaioil withdrew USD 150 million for contingency use to enhance liquidity during the Great Floods, but since the Company was not affected in any way, it returned the entire loan on January 23, 2012.

Shareholders' Equity-Net

As of year-end 2011, Thaioil Group posted 85,034 million Baht in shareholders' equity-net, a rise of 9,464 million Baht from last year-end, mainly due to its operating results of 14,853 million Baht in net profit with dividends deduction of 5,720 million Baht.

Analysis of Cash Flow and Financial Ratios

As of year-end 2011, Thaioil Group posted 18,129 million Baht in cash and cash equivalents, with the following breakdown.

Cash flow from operating activities amounted to 17,602 million Baht. This consisted of the net profit adjusted to cash receipt from operating activities of 30,473 million Baht and cash outflow for change in working capital of 12,871 million Baht.

Cash flow from investing activities totaled 5,580 million Baht, mainly due to 3,853 million Baht in cash outflow for purchases of property, plant, and equipment; 1,074 million Baht in cash outflow on new investments in the ethanol business as well as the petroleum and petrochemical transportation business; and 345 million Baht in purchases of current investments.

Cash flow from financing activities amounted to 7,110 million Baht, consisting of 5,720 million Baht in dividend payment; 4,327 million Baht in repaying short-term and long-term loans from financial institutions; and 2,089 million Baht in finance costs. Meanwhile, there was 5,015 million Baht in cash received from short-term and long-term loans from financial institutions.

Financial Ratios

		2011	2010
Current ratio	(times)	3.1	2.7
Interest coverage ratio	(times)	13.5	9.7
Long-term loan to total capitalization	(%)	35	37
Long-term loan to equity	(times)	0.5	0.6
Total liabilities to equity	(times)	0.8	0.9
Net debt to equity	(times)	0.3	0.4
Return on equity	(%)	18.5	12.2
Return on assets	(%)	9.8	6.3

Notes:

Interest coverage ratio (times)	=	EBITDA / Interest expenses (Finance costs)
Long-term loan to total capitalization (%)	=	Long-term loan / Total capitalization
Long-term loan	=	Long-term borrowings from financial institutions + Debentures (includes current portion)
Total capitalization	=	Long-term loan + Total equity
Net debt to equity ratio (times)	=	Net debt / Total equity
Net Debt	=	Interest bearing debt - Cash and cash equivalent - Current investments
Return on equity (%)	=	Net profit / Average of equity
Return on assets (%)	=	Net profit / Average of total assets

CONNECTED TRANSACTIONS

For the 2011 accounting period, Thailoil and/or its subsidiaries conducted significant business transactions with subsidiaries and related parties with common shareholders and/or directors, as can be considered from the notes to the Company's financial statements. Connected transactions are based on market prices or, if there are no reference market prices, the prices agreed in previous contracts. Details of the relationships with these companies are as follows:

Company	Current Relationship with Thailoil as of December 31, 2011
PTT Plc.	<ul style="list-style-type: none"> >> Major shareholder holding 49.10% of the shares in Thailoil >> Common director: Mr. Norkun Sitthiphong
Thai Paraxylene Co., Ltd.	<ul style="list-style-type: none"> >> 100% owned by Thailoil >> Common director: Mr. Surong Bulakul >> Thailoil management member on Thai Paraxylene's Board: Mr. Suphon Tubtimcharoon
Thai Lube Base Plc.	<ul style="list-style-type: none"> >> 100% owned by Thailoil >> Common directors: Mr. Pichai Chunhavajira, Mr. Surong Bulakul, and Mr. Apisit Rujikeatkamjorn >> Thailoil management members on Thai Lube Base's Board: Mr. Chaiwat Damrongmongkolgul and Mr. Abhinant Supatrabutra
Thailoil Power Co., Ltd.	<ul style="list-style-type: none"> >> 26% of the shares held by PTT >> 54.99% of the shares held by Thailoil >> Common directors: Mr. Manu Leoparote and Mr. Surong Bulakul >> Thailoil management members on Thailoil Power's Board: Mr. Suphon Tubtimcharoon, Mr. Mitri Reodacha, Mr. Somchai Wongwattanasan, and Mr. Yuthana Pasurapunya
Thailoil Marine Co., Ltd.	<ul style="list-style-type: none"> >> 100% owned by Thailoil >> Common directors: Mr. Pichai Chunhavajira and Mr. Surong Bulakul >> Thailoil management members on Thailoil Marine's Board: Mr. Pongpun Amornvivat, Mr. Viroj Meenaphant, and Mr. Nitas Krongvanitchayakul
Independent Power (Thailand) Co., Ltd.	<ul style="list-style-type: none"> >> 20% of the shares held by PTT >> 24% of the shares held by Thailoil >> 56% of the shares held by Thailoil Power, in which Thailoil holds 54.99% of the shares >> Common director: Mr. Surong Bulakul >> Thailoil management members on Independent Power's Board: Mr. Chaiwat Damrongmongkolgul, Mr. Suphon Tubtimcharoon, and Mr. Mitri Reodacha

Company	Current Relationship with Thailoil as of December 31, 2011
TOP Solvent Co., Ltd.	<ul style="list-style-type: none"> >> 100% owned by Thailoil >> Thailoil management members on TOP Solvent's Board: Mr. Chaiwat Damrongmongkolgul and Mr. Teardchart Padungrat
Sak Chaisidhi Co., Ltd.	<ul style="list-style-type: none"> >> 80.52% of the shares held by TOP Solvent >> Thailoil management members on Sak Chaisidhi's Board: Mr. Chaiwat Damrongmongkolgul, Ms. Nitima Thepvanangkul, Mr. Narongrit Tavorvisitporn, Mr. Somchai Wongwattanasan, and Mr. Teardchart Padungrat
Thailoil Ethanol Co., Ltd.	<ul style="list-style-type: none"> >> 100% owned by Thailoil >> Common directors: Mr. Pichai Chunhavajira and Mr. Surong Bulakul >> Thailoil management members on Thailoil Ethanol's Board: Ms. Nitima Thepvanangkul and Mr. Saran Harinsuta
Sapthip Co., Ltd.	<ul style="list-style-type: none"> >> 50% owned by Thailoil Ethanol >> Common director: Mr. Surong Bulakul >> Thailoil management members on Sapthip's Board: Ms. Nitima Thepvanangkul and Mr. Saran Harinsuta
Thailoil Marine International Pte. Ltd.	<ul style="list-style-type: none"> >> 100% owned by Thailoil Marine >> Common director: Mr. Surong Bulakul >> Thailoil management members on Thailoil Marine International Pte. Ltd's Board: Mr. Nitas Krongvanitchayakul and Mr. Pongpun Amornvivat
TOP-NYK MarineOne Pte. Ltd.	<ul style="list-style-type: none"> >> 50% owned by Thailoil Marine International Pte. Ltd. >> Thailoil management member on TOP-NYK MarineOne Pte. Ltd's Board: Mr. Nitas Krongvanitchayakul
Maesod Clean Energy Co., Ltd.	<ul style="list-style-type: none"> >> 30% owned by Thailoil Ethanol >> Thailoil management members on Maesod Clean Energy's Board: Mr. Chaiwat Damrongmongkolgul, Ms. Nitima Thepvanangkul, and Mr. Saran Harinsuta
IRPC Plc.	>> 38.52% of the shares held by PTT
PTT Global Chemical Plc.	>> 48.92% of the shares held by PTT
Bangchak Petroleum Plc.	>> 28.46% of the shares held by PTT

Connected Transactions of Thailoil and/or Subsidiaries with Major Shareholders

Connected Transactions between Thailoil and PTT

Company	Transaction	Value in 2011 (Million Baht)
PTT Plc.	>> Revenue from the sale of oil products: Thailoil entered into a Product Offtake and Crude Supply Agreement (POCSA) with PTT. Both parties agreed on the sale and purchase of refined products at market prices and to follow the procedures to reach an agreed volume as well as other terms and conditions stated in the contract.	193,908
	>> Expenses on the purchase of oil and natural gas products: Thailoil entered into a POCSA with PTT. Both parties agreed on the sale and purchase of refined products at market prices and to follow the procedures to reach an agreed volume as well as other terms and conditions stated in the contract. >> Thailoil entered into 8-year (2006-2013) and 15-year (2007-2021) contracts with PTT for the supply of natural gas to feed the refinery at an agreed volume based on regular market prices.	156,234

Connected Transaction between Thailoil Subsidiaries and PTT

Company	Transaction	Value in 2011 (Million Baht)
Thai Paraxylene Co., Ltd.	>> Revenue from occasional sale of aromatics to PTT, considered normal business practice	539
Thai Lube Base Plc.	>> Revenue from occasional sale of lube base products to PTT, considered normal business practice	5,504
Thailoil Power Co., Ltd.	>> Thailoil Power entered into a 25-year gas sales agreement (1998-2022) with PTT at an agreed volume based on regular market prices.	2,592
Independent Power (Thailand) Co., Ltd.	>> Independent Power entered into a 25-year gas sales agreement (1999-2024) with PTT at an agreed volume based on regular market prices.	7,905

Company	Transaction	Value in 2011 (Million Baht)
Thaioil Marine Co., Ltd.	>> Expenses on occasional purchases of petroleum products, considered normal business practice	206
Sapthip Co., Ltd.	>> Sapthip entered into a 10-year ethanol agreement (2011-2021) with PTT at an agreed volume based on regular market prices	225

Connected Transactions between Thaioil and Subsidiaries (with Less Than 100% Shareholding) or Other Related Companies

Company	Transaction	Value in 2011 (Million Baht)
Thaioil Power Co., Ltd.	>> Thaioil entered into a 24-year contract starting from April 1, 1998, to provide maintenance and other supporting services as well as supply of feedstock, parts, and reserved fuels for Thaioil Power. The service charge is based on cost-plus pricing, considered normal business practice.	992
	>> Thaioil entered into a 24-year infrastructure sharing contract, starting from April 1, 1998. Thaioil Power agreed to pay for the consumption at 2% of its monthly revenue.	
	>> Thaioil entered into a 25-year contract (1998-2022) for the supply of electricity and steam power at an agreed volume based on market prices.	1,738
TOP-NYK MarineOne Pte. Ltd.	>> Thaioil entered into a 10-year contract (2011-2021) for marine transportation of crude oil at an agreed market price.	313
IRPC Plc.	>> Revenue from occasional sale of petroleum products to IRPC, considered normal business practice	964
	>> Expenses on occasional purchases of petroleum products from IRPC, considered normal business practice	642

Company	Transaction	Value in 2011 (Million Baht)
PTT Global Chemical Plc.	>> Revenue from occasional sale of petroleum products to PTT Global Chemical, considered normal business practice	3,619
	>> Expenses on occasional purchases of petroleum products from PTT Global Chemical, considered normal business practice	3,398
Bangchak Petroleum Plc.	>> Revenue from occasional sale of petroleum products to Bangchak Petroleum, considered normal business practice >> Thailoil entered into a 15-year contract to provide feedstock receiving service for Bangchak Petroleum using Thailoil's single buoy mooring system. The service charge is based on market prices, with terms and conditions similar to contracts with other parties.	9,969

Connected Transactions between Subsidiaries and Related Companies

Company	Related Company	Transaction	Value in 2011 (Million Baht)
Thailoil Power Co., Ltd.	Thai Paraxylene Co., Ltd.	>> Thailoil Power entered into a 25-year contract to supply Thai Paraxylene with electricity and steam power at market prices. The contract will end in 2022.	1,113
	Thai Lube Base Plc.	>> Thailoil Power entered into a 25-year contract to supply Thai Lube Base with electricity and steam power at market prices. The contract will end in 2022.	619
Thai Lube Base Plc.	IRPC Plc.	>> Occasional purchase of by-products, considered normal business practice	1,362
		>> Occasional sale of by-products, considered normal business practice	136

Company	Related Company	Transaction	Value in 2011 (Million Baht)
Thai Paraxylene Co., Ltd.	IRPC Plc.	>> Occasional sale of aromatics, considered normal business practice	693
		>> Occasional purchase of aromatics, considered normal business practice	1,152
TOP Solvent Co., Ltd.	IRPC Plc.	>> Occasional purchase of solvent products, considered normal business practice	1,029
Sak Chaisidhi Co., Ltd.	IRPC Plc.	>> Sak Chaisidhi made three contracts for the purchase of feedstock from IRPC at an agreed volume based on market price. The 9 to 30 months contracts will end between 2011 – 2013.	637
	PTT Global Chemical Plc.	>> Sak Chaisidhi made a contract for the purchase of feedstock from PTT Global Chemical at an agreed volume based on market prices. The contract in effect until one of the party cancels the contract on written notice.	2,191

BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Thai Oil Public Company Limited and the consolidated financial statements of Thai Oil Public Company Limited and its subsidiaries have been prepared in conformity with the requirements of the Public Company Act B.E. 2535 (1992), the Securities and Exchange Act B.E. 2535 (1992), the Announcement of the Department of Business Development dated September 28, 2011 issued in accordance with Section 11, Paragraph 3 of the Accounting Act B.E. 2543 (2000), and the Financial Reporting Standards prescribed by the Federation of Accounting Professions.

The Board of Directors is responsible for the financial statements which have been prepared to provide assurance

that the financial position, results of operations and cash flows present accurately, an effective internal control system has been established, accounting records have been properly and adequately maintained to safeguard assets and prevent fraud and other irregularities with material implications, suitable accounting policies have been selected in the preparation of the financial statements and consistently applied in accordance with Financial Reporting Standards, and key information has been adequately disclosed in the notes to the financial statements. The independent auditors have expressed their opinion on the financial statements of Thai Oil Public Company Limited and the consolidated financial statements of Thai Oil Public Company Limited and its subsidiaries in the Auditors' Report.



(Pichai Chunhavajira)

Chairman of the Board

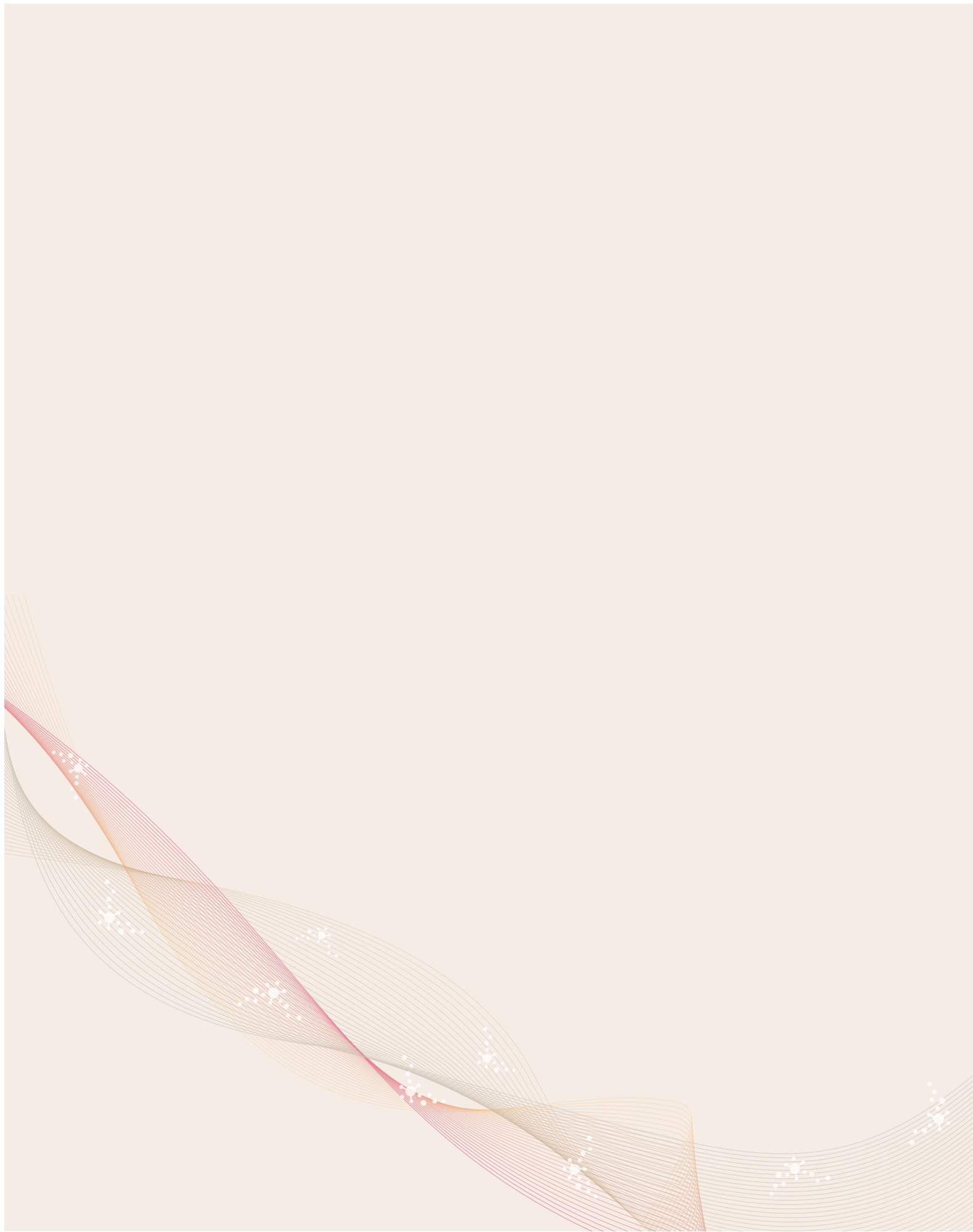
Thai Oil Public Company Limited



(Surong Bulakul)

Chief Executive Officer

Thai Oil Public Company Limited



AUDIT REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders of Thai Oil Public Company Limited

I have audited the accompanying consolidated and separate statements of financial position as at 31 December 2011, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended of Thai Oil Public Company Limited and its subsidiaries, and of Thai Oil Public Company Limited respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits. The consolidated and separate financial statements of Thai Oil Public Company Limited and its subsidiaries, and of Thai Oil Public Company Limited, respectively, for the year ended 31 December 2010 were audited by another auditor whose report dated 21 February 2011 expressed an unqualified opinion on those statements. As explained in note 2 and 3 to the accompanying financial statements, with effect from 1 January 2011 the Company has adopted certain new and revised financial reporting standards. The consolidated and separate financial statements for the year ended 31 December 2010 have been restated accordingly. I have audited the adjustments that were applied to the restatement of these financial statements and in my opinion those adjustments are appropriate and have been properly applied.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance

about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2011 and the results of operations and cash flows for the years then ended of Thai Oil Public Company Limited and its subsidiaries, and of Thai Oil Public Company Limited respectively in accordance with Financial Reporting Standards.



(Winid Silamongkol)

Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
10 February 2012

Statements of financial position

As at 31 December 2011 and 2010

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

(in Rupees)					
Assets	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
Current assets					
Cash and cash equivalents	7, 19	18,129,338,422	13,216,886,070	14,588,104,245	10,796,419,127
Current investments	8, 19	1,162,893,622	817,659,755	-	-
Trade accounts receivable	6, 9	26,102,484,488	19,130,256,372	25,239,425,962	17,879,578,516
Short-term loans to related parties	6	90,000,000	-	4,811,500,000	4,596,500,000
Inventories	6, 10	34,039,275,432	32,994,880,978	29,139,501,546	28,225,633,234
Prepaid corporate income tax		31,964,067	232,322,067	-	208,649,768
Value added tax receivable		2,331,054,860	5,613,816,556	1,423,228,677	5,042,935,647
Receivable from Oil Fuel Fund		1,052,371,618	349,506,860	1,052,371,618	349,506,860
Other current assets	6, 11	1,209,429,742	2,368,364,421	1,013,589,700	1,049,473,798
Total current assets		84,148,812,251	74,723,693,079	77,267,721,748	68,148,696,950
Non-current assets					
Investments in subsidiaries	12	-	-	9,883,387,002	8,763,387,002
Investments in associates	13	940,115,952	129,844,023	60,000,000	30,000,000
Investments in jointly-controlled entity	13	313,434,810	-	-	-
Other long-term investments	8	996,229,311	1,001,035,825	996,229,311	1,001,035,825
Investment properties	14	82,382,568	82,382,568	637,676,536	643,385,421
Property, plant and equipment	6, 15, 19	65,131,760,486	67,384,264,592	30,336,745,295	31,510,984,580
Intangible assets	16	1,533,666,399	1,472,049,832	412,663,201	277,763,558
Deferred tax assets	17	552,253,299	779,565,424	515,539,244	728,583,865
Other non-current assets	18	1,388,471,630	1,575,037,779	1,150,552,606	1,218,107,532
Total non-current assets		70,938,314,455	72,424,180,043	43,992,793,195	44,173,247,783
Total assets		155,087,126,706	147,147,873,122	121,260,514,943	112,321,944,733

The accompanying notes are an integral part of these financial statements.

Statements of financial position

As at 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

(in Baht)					
Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(Restated)			
Current liabilities					
Short-term borrowings from financial institutions	19	615,000,000	460,000,000	-	200,000,000
Trade accounts payable	6, 20	17,271,222,741	18,983,698,593	18,826,761,244	19,423,801,049
Short-term borrowings from related parties	6, 19	-	-	4,253,791,441	2,997,517,664
Current portion of long-term borrowings from financial institutions	7, 8, 15, 19	2,125,476,902	2,501,757,668	608,229,517	592,700,000
Current portion of debentures	19	2,977,264,474	-	2,977,264,474	-
Excise duty payable		618,567,123	1,030,467,396	618,567,123	1,030,467,396
Income tax payable		1,380,575,851	2,149,558,721	383,735,867	1,495,779,860
Other current liabilities	6, 21	1,912,054,420	2,248,397,078	1,263,708,402	1,246,794,928
Total current liabilities		26,900,161,511	27,373,879,456	28,932,058,068	26,987,060,897
Non-current liabilities					
Long-term borrowings from financial institutions	7, 8, 15, 19	11,084,187,003	9,880,473,926	9,336,506,380	6,537,950,000
Debentures	19	28,886,003,539	31,181,141,879	28,886,003,539	31,181,141,879
Deferred tax liabilities	17	658,388,398	1,171,263,557	647,078,030	1,150,316,097
Employee benefit obligations	22	2,427,955,373	1,873,274,624	2,281,457,914	1,756,159,394
Other non-current liabilities		96,788,074	97,410,122	226,177,919	239,725,873
Total non-current liabilities		43,153,322,387	44,203,564,108	41,377,223,782	40,865,293,243
Total liabilities		70,053,483,898	71,577,443,564	70,309,281,850	67,852,354,140

The accompanying notes are an integral part of these financial statements.

Statements of financial position

As at 31 December 2011 and 2010

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

		Consolidated financial statements		Separate financial statements	
Liabilities and equity	Note	2011	2010 (Restated)	2011	2010 (Restated)
Equity					
Share capital	23				
Authorised share capital		20,400,278,730	20,400,278,730	20,400,278,730	20,400,278,730
Issued and paid-up share capital		20,400,278,730	20,400,278,730	20,400,278,730	20,400,278,730
Additional paid-in capital					
Premium on ordinary shares	24	2,456,261,491	2,456,261,491	2,456,261,491	2,456,261,491
Retained earnings					
Appropriated					
Legal reserve	24	2,040,027,873	2,040,027,873	2,040,027,873	2,040,027,873
Other		244,500,000	244,500,000	244,500,000	244,500,000
Unappropriated		54,473,919,590	45,127,848,357	25,845,875,585	19,359,426,571
Other components of equity		(145,414,410)	(111,526,989)	(35,710,586)	(30,904,072)
Equity attributable to owner					
of the Company		79,469,573,274	70,157,389,462	50,951,233,093	44,469,590,593
Non-controlling interests		5,564,069,534	5,413,040,096	-	-
Total equity		85,033,642,808	75,570,429,558	50,951,233,093	44,469,590,593
Total liabilities and equity		155,087,126,706	147,147,873,122	121,260,514,943	112,321,944,733

The accompanying notes are an integral part of these financial statements.

Statements of comprehensive income

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

(in Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(Restated)		(Restated)	
Revenues					
Revenue from sale of goods and rendering of services	6, 32	446,240,930,991	318,390,526,170	431,572,268,001	310,026,968,863
Dividend income	6, 12	-	-	4,634,875,176	3,104,910,661
Gain on a bargain purchase	5	-	76,809,865	-	-
Net derivative gain on hedging		-	527,656,107	-	547,686,550
Net foreign exchange gain		-	2,722,471,734	-	2,620,386,577
Other income	6, 26	2,531,651,921	2,634,384,335	3,471,959,187	3,059,322,167
Total revenues		448,772,582,912	324,351,848,211	439,679,102,364	319,359,274,818
Expenses					
Cost of sale of goods and rendering of services	6, 10	423,307,488,245	307,902,852,292	420,400,087,318	306,755,431,695
Selling expenses	6	347,561,514	202,733,426	393,954,865	450,008,553
Administrative expenses	6, 27	2,111,993,793	2,176,982,722	1,513,763,971	1,345,625,286
Net derivative loss on hedging		352,261,599	-	218,560,917	-
Net foreign exchange loss		82,449,643	-	260,869,854	-
Total expenses		426,201,754,794	310,282,568,440	422,787,236,925	308,551,065,534
Share of profit (loss) of associates and jointly-controlled entity	13	36,837,685	(72,466,722)	-	-
Profit before finance costs and income tax expense					
		22,607,665,803	13,996,813,049	16,891,865,439	10,808,209,284
Finance costs	6, 30	2,126,405,001	1,796,302,722	2,012,342,728	1,643,738,848
Profit before income tax expense		20,481,260,802	12,200,510,327	14,879,522,711	9,164,470,436
Income tax expense	31	5,273,868,766	3,035,003,860	2,885,979,760	1,729,253,974
Profit for the year		15,207,392,036	9,165,506,467	11,993,542,951	7,435,216,462

The accompanying notes are an integral part of these financial statements.

Statements of comprehensive income

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

(in Baht)					
		Consolidated financial statements		Separate financial statements	
	Note	2011	2010 (Restated)	2011	2010 (Restated)
Other comprehensive income (loss)					
Net change in fair value of					
available-for-sale investments		(5,183,062)	(10,922,801)	(4,806,514)	(11,299,349)
Foreign currency translation differences		(28,892,633)	(76,235,993)	-	-
Other comprehensive income (loss)					
for the year, net of income tax		(34,075,695)	(87,158,794)	(4,806,514)	(11,299,349)
Total comprehensive income for the year		15,173,316,341	9,078,347,673	11,988,736,437	7,423,917,113
Profit for the year attributable to:					
Owners of the Company		14,853,165,170	8,956,106,907	11,993,542,951	7,435,216,462
Non-controlling interest		354,226,866	209,399,560	-	-
Profit for the year		15,207,392,036	9,165,506,467	11,993,542,951	7,435,216,462
Total comprehensive income					
attributable to:					
Owners of the Company		14,819,277,749	8,868,759,839	11,988,736,437	7,423,917,113
Non-controlling interest		354,038,592	209,587,834	-	-
Total comprehensive income for the year		15,173,316,341	9,078,347,673	11,988,736,437	7,423,917,113
Basic earnings per share					
	33	7.28	4.39	5.88	3.64

The accompanying notes are an integral part of these financial statements.

Statements of changes in equity

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

Consolidated financial statements											(in Baht)
	Note	Retained earnings				Other components of equity				Non-controlling interests	Total equity
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Other	Unappropriated	Fair value changes in available-for-sale investment	Currency translation differences	Equity attributable to owners of the Company		
Balance at 1 January 2010											
- as reported		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	41,671,653,809	(19,604,723)	(4,575,198)	66,788,541,982	4,898,332,815	71,686,874,797
Impact of changes in accounting policies											
3 (g)		-	-	-	-	(1,217,321,160)	-	-	(1,217,321,160)	(5,797,472)	(1,223,118,632)
Balance at 1 January 2010											
- restated		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	40,454,332,649	(19,604,723)	(4,575,198)	65,571,220,822	4,892,535,343	70,463,756,165
Dividend	34	-	-	-	-	(4,282,591,199)	-	-	(4,282,591,199)	(136,178,181)	(4,418,769,380)
Acquisition of non-controlling interests											
5		-	-	-	-	-	-	-	-	447,095,100	447,095,100
Comprehensive income (loss) for the year											
Profit for the year		-	-	-	-	8,956,106,907	-	-	8,956,106,907	209,399,560	9,165,506,467
Other comprehensive income (loss)		-	-	-	-	-	(11,111,075)	(76,235,993)	(87,347,068)	188,274	(87,158,794)
Total comprehensive income (loss) for the year											
		-	-	-	-	8,956,106,907	(11,111,075)	(76,235,993)	8,868,759,839	209,587,834	9,078,347,673
Balance at											
31 December 2010		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	45,127,848,357	(30,715,798)	(80,811,191)	70,157,389,462	5,413,040,096	75,570,429,558

The accompanying notes are an integral part of these financial statements.

Statements of changes in equity

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

Consolidated financial statements											(in Baht)
	Note	Retained earnings				Other components of equity				Non-controlling interests	Total equity
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Other	Unappropriated	Fair value changes in available-for-sale investment	Currency translation differences	Equity attributable to owners of the Company		
Balance at 1 January 2011											
- as reported		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	46,387,683,525	(30,715,798)	(80,811,191)	71,417,224,630	5,420,349,076	76,837,573,706
Impact of changes in accounting policies	3(g)	-	-	-	-	(1,259,835,168)	-	-	(1,259,835,168)	(7,308,980)	(1,267,144,148)
Balance at 1 January 2011											
- restated		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	45,127,848,357	(30,715,798)	(80,811,191)	70,157,389,462	5,413,040,096	75,570,429,558
Dividend	34	-	-	-	-	(5,507,093,937)	-	-	(5,507,093,937)	(213,134,154)	(5,720,228,091)
Acquisition of non-controlling interests	5	-	-	-	-	-	-	-	-	10,125,000	10,125,000
Comprehensive income (loss) for the year											
Profit for the year		-	-	-	-	14,853,165,170	-	-	14,853,165,170	354,226,866	15,207,392,036
Other comprehensive income (loss)		-	-	-	-	-	(4,994,788)	(28,892,633)	(33,887,421)	(188,274)	(34,075,695)
Total comprehensive income (loss) for the year		-	-	-	-	14,853,165,170	(4,994,788)	(28,892,633)	14,819,277,749	354,038,592	15,173,316,341
Balance at											
31 December 2011		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	54,473,919,590	(35,710,586)	(109,703,824)	79,469,573,274	5,564,069,534	85,033,642,808

The accompanying notes are an integral part of these financial statements.

Statements of changes in equity

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

	(in Baht)	Separate financial statements						
		Retained earnings			Other components of equity		Total equity	
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Other	Unappropriated	Fair value changes in available-for-sale investments	
Balance at 1 January 2010								
- as reported		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	17,356,121,914	(19,604,723)	42,477,585,285
Impact of changes in accounting policies	3 (g)	-	-	-	-	(1,149,320,606)	-	(1,149,320,606)
Balance at 1 January 2010 - restated		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	16,206,801,308	(19,604,723)	41,328,264,679
Dividend	34	-	-	-	-	(4,282,591,199)	-	(4,282,591,199)
Comprehensive income (loss) for the year								
Profit for the year		-	-	-	-	7,435,216,462	-	7,435,216,462
Other comprehensive income (loss)		-	-	-	-	-	(11,299,349)	(11,299,349)
Total comprehensive income (loss) for the year		-	-	-	-	7,435,216,462	(11,299,349)	7,423,917,113
Balance at 31 December 2010		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	19,359,426,571	(30,904,072)	44,469,590,593

The accompanying notes are an integral part of these financial statements.

Statements of changes in equity

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

Separate financial statements							(in Baht)
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Total equity
				Legal reserve	Other	Unappropriated	
Balance at 1 January 2011							
- as reported		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	20,542,874,531	45,653,038,553
Impact of changes in accounting policies	3(g)	-	-	-	-	(1,183,447,960)	(1,183,447,960)
Balance at 1 January 2011 - restated		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	19,359,426,571	44,469,590,593
Dividend	34	-	-	-	-	(5,507,093,937)	(5,507,093,937)
Comprehensive income (loss) for the year							
Profit for the year		-	-	-	-	11,993,542,951	11,993,542,951
Other comprehensive income (loss)		-	-	-	-	-	(4,806,514)
Total comprehensive income (loss) for the year		-	-	-	-	11,993,542,951	11,988,736,437
Balance at 31 December 2011		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	25,845,875,585	50,951,233,093

The accompanying notes are an integral part of these financial statements.

Statements of cash flows

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

(in Baht)				
Note	Consolidated financial statements		Separate financial statements	
	2011	2010 (Restated)	2011	2010 (Restated)
Cash flows from operating activities				
Profit for the year	15,207,392,036	9,165,506,467	11,993,542,951	7,435,216,462
<i>Adjustments for</i>				
(Reversal of) allowance for decline in value of inventories adjusted to net realisable value	161,694,409	(254,133,105)	134,871,178	(249,236,286)
Depreciation and amortisation	29 6,603,959,676	6,661,721,353	3,912,226,771	4,077,932,526
Finance costs	30 2,126,405,001	1,796,302,722	2,012,342,728	1,643,738,848
Gain on a bargain purchase	5 -	(76,809,865)	-	-
Unrealised (gain) loss on foreign exchange	1,106,514,693	(1,655,353,980)	1,074,977,662	(1,440,886,518)
Share of (gain) loss of associates and jointly-controlled entity	13 (36,837,685)	72,466,722	-	-
Dividend income	12 -	-	(4,634,875,176)	(3,104,910,661)
Loss on disposal of property, plant and equipment	40,316,131	23,536,032	40,270,703	4,554,721
Realisation of deferred land lease and other income	(10,514,009)	(10,494,815)	(110,879,469)	(102,741,903)
Income tax expense	31 5,273,868,766	3,035,003,860	2,885,979,760	1,729,253,974
	30,472,799,018	18,757,745,391	17,308,457,108	9,992,921,163

The accompanying notes are an integral part of these financial statements.

Statements of cash flows

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010 (Restated)	2011	2010 (Restated)
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(6,871,878,995)	1,139,433,606	(7,286,592,191)	(300,888,935)
Inventories	(1,206,088,864)	(3,336,956,838)	(1,048,739,490)	(3,430,319,117)
Other current assets	(1,330,559,539)	(2,680,215,772)	(2,124,607,356)	(1,518,944,297)
Other non-current assets	134,236,828	(9,227,422)	49,581,585	(21,481,342)
Trade accounts payable	(2,017,608,234)	934,742,432	(898,561,548)	2,449,203,796
Excise duty payable	(411,900,273)	272,926,386	(411,900,273)	272,926,386
Other current liabilities	(505,929,046)	140,195,496	(170,020,323)	(112,100,971)
Other non-current liabilities	556,797,387	(256,591,782)	575,921,200	(198,617,409)
Income tax paid	(6,340,411,957)	(1,436,649,404)	(4,288,217,201)	(291,634,271)
Income tax and value added tax received	5,122,682,305	10,371,713	5,120,138,557	4,681,549
Net cash from operating activities	17,602,138,630	13,535,773,806	6,825,460,068	6,845,746,552

The accompanying notes are an integral part of these financial statements.

Statements of cash flows

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

(in Baht)				
Note	Consolidated financial statements		Separate financial statements	
	2011	2010 (Restated)	2011	2010 (Restated)
Cash flows from investing activities				
Dividends received	-	-	4,634,875,176	3,104,910,661
Purchase of current investments	(345,233,867)	(197,304,667)	-	-
Cash outflow on short-term loans				
to related parties	6	(90,000,000)	(375,000,000)	(1,839,000,000)
Cash inflow on short-term loans				
to related parties	6	-	160,000,000	1,250,000,000
Cash outflow on investment				
in subsidiaries	12	-	(1,120,000,000)	(450,000,000)
Cash outflow on investment				
in associates	13	(800,547,587)	(30,000,000)	-
Cash outflow on investment				
in jointly-controlled entity	13	(273,883,500)	-	-
Cash outflow on acquisition	5	-	(584,188,529)	-
Cash inflow on long-term loans				
to savings co-operative of employees		5,249,174	5,249,174	18,727,948
Purchase of property, plant and equipment		(3,852,954,259)	(2,239,803,229)	(788,296,494)
Sale of property, plant and equipment		3,423,906	2,950,000	3,032,991
Purchase of intangible assets		(219,190,747)	(211,472,048)	(68,110,929)
Currency translation differences		(6,484,998)	-	-
Net cash from (used in) investing activities		(5,579,621,878)	826,799,073	1,231,264,177

The accompanying notes are an integral part of these financial statements.

Statements of cash flows

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

(in \$ mil.)					
		Consolidated financial statements		Separate financial statements	
	Note	2011	2010 (Restated)	2011	2010 (Restated)
Cash flows from financing activities					
Finance costs paid		(2,088,703,640)	(1,727,084,260)	(1,977,553,863)	(1,608,787,529)
Dividends paid		(5,720,228,091)	(4,418,769,380)	(5,507,093,937)	(4,282,591,199)
Repayment of short-term borrowings					
from financial institutions		(200,000,000)	(1,260,000,000)	(200,000,000)	(1,100,000,000)
Proceeds from short-term borrowings					
from financial institutions		355,000,000	-	-	-
Repayment from short-term borrowings					
from related parties	6	-	-	-	(168,153,137)
Proceeds from short-term borrowings					
from related parties	6	-	-	1,256,273,777	-
Repayment of long-term borrowings					
from financial institutions		(4,126,757,669)	(2,199,837,498)	(2,092,700,000)	(296,350,000)
Proceeds from long-term borrowings					
from financial institutions		4,660,500,000	1,699,000,000	4,660,500,000	1,500,000,000
Proceeds from issue of debentures		-	3,000,000,000	-	3,000,000,000
Proceeds of a subsidiary's shares					
from its non-controller		10,125,000	-	-	-
Net cash used in financing activities		(7,110,064,400)	(4,906,691,138)	(3,860,574,023)	(2,955,881,865)
Net increase in cash and cash equivalents					
		4,912,452,352	4,598,771,416	3,791,685,118	5,121,128,864
Cash and cash equivalents at beginning of year		13,216,886,070	8,618,114,654	10,796,419,127	5,675,290,263
Cash and cash equivalents at end of year	7	18,129,338,422	13,216,886,070	14,588,104,245	10,796,419,127
Non-cash transaction					
Payable on purchase of property, plant and equipment		320,881,207	418,300,977	246,700,568	46,633,462

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

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Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 10 February 2012.

1 General information

Thai Oil Public Company Limited, the “Company”, is incorporated in Thailand and has its registered offices and refinery plant as follows:

Head office : 555/1 Energy Complex Building A, 11th Floor, Vibhavadi Rangsit Road,
Kwang Chatuchak, Khet Chatuchak, Bangkok 10900, Thailand

Sriracha office and refinery plant : 42/1 Moo 1, Sukhumvit Road Km. 124, Tambol Tungsukla,
Amphur Sriracha, Cholburi 20230, Thailand

The Company was listed on the Stock Exchange of Thailand on 26 October 2004.

The Company is an entity in the PTT Public Company Limited (“PTT”) group of companies. PTT is incorporated in Thailand and is the major shareholder of the Company and owned 49.1% of the Company’s issued and paid-up share capital as at 31 December 2011 (31 December 2010: 49.1%).

The principal businesses of the Company are oil refining and distributions. Details of the Company’s direct and indirect subsidiaries as at 31 December 2011 and 2010 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2011	2010
Direct subsidiaries				
Thai Paraxylene Co., Ltd.	Paraxylene manufacturing	Thailand	99.99	99.99
Thai Lube Base Public Company Limited	Lube base oil refining and distribution	Thailand	99.99	99.99
Thaioil Marine Co., Ltd.	Providing marine transportation services for petroleum and liquid chemical products	Thailand	99.99	99.99
Thaioil Energy Services Co., Ltd. (formerly Thaioil Energy Solutions Co., Ltd.)	Providing of management and general services	Thailand	99.99	99.99

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2011	2010
Thaioil Solvent Co., Ltd.	Investment in solvent and petrochemical businesses	Thailand	99.99	99.99
Thaioil Ethanol Co., Ltd.	Investment in ethanol business and alternative energy products	Thailand	99.99	99.99
Thaioil Power Co., Ltd.	Power and steam generation	Thailand	54.99	54.99
Indirect subsidiaries				
TOP Solvent Co., Ltd.	Distribution of solvent and petrochemical products	Thailand	99.99	99.99
Independent Power (Thailand) Co., Ltd.	Power generation	Thailand	80.00*	80.00*
Sak Chaisidhi Co., Ltd.	Solvent and petrochemical products manufacturing and distribution	Thailand	80.52	80.52
TOP Solvent (Vietnam) LLC.	Distribution of solvent and petrochemical products	Vietnam	100.00	100.00
Sapthip Co., Ltd.	Ethanol products manufacturing and distribution	Thailand	50.00	50.00
Thaioil Marine International Pte. Ltd.	Investment in marine transportation for crude oil and petroleum product business	Singapore	100.00	-
TOP Maritime Service Co., Ltd.	Providing marine transportation services for crew and utilities in Gulf of Thailand	Thailand	55.00	-

* The Company and a subsidiary (Thaioil Power Co., Ltd.) hold a 24% and 56% interest in Independent Power (Thailand) Co., Ltd. respectively.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS) and guidelines promulgated by the Federation of Accounting Professions (“FAP”), applicable rules and regulations of the Thai Securities and Exchange Commission.

During 2010 and 2011, the FAP issued the following new and revised TFRS relevant to the Group’s operations and effective for accounting periods beginning on or after 1 January 2011:

TFRS	Topic
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
FAP Announcement no. 17/2554	Transitional Procedures for Other Long-term Employee Benefits

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The adoption of these new and revised TFRS has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in note 3.

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 40.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as stated in the accounting policies.

(c) Presentation currency

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes to the financial statements:

Note 5 to the financial statements	Acquisitions of subsidiaries, associate and jointly-controlled entities
Note 8 to the financial statements	Other investments
Note 16 to the financial statements	Intangible assets
Note 17 to the financial statements	Deferred tax
Note 22 to the financial statements	Employee benefit obligations
Note 35 to the financial statements	Financial instruments

Notes to the financial statements

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3 Changes in accounting policies

(a) Overview

From 1 January 2011, consequent to the adoption of new and revised TFRS as set out in note 2, the Group has changed its accounting policies in the following areas:

- Presentation of financial statements
- Accounting for business combinations
- Accounting for property, plant and equipment
- Accounting for investment properties
- Accounting for borrowing costs
- Accounting for employee benefits

The major impact of these policy changes is in presentation aspects. There is no significant impact on reported profit or earnings per share except for accounting for employee benefits which is disclosed in note 3(g).

Details of the new accounting policies for the Group are summarised in notes 3(b) to 3(g) below.

(b) Presentation of financial statements

The Group has applied TAS 1 (revised 2009) Presentation of Financial Statements. Under the revised standard, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows; and
- Notes to the financial statements.

As a result, the Group presents all owner changes in equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard.

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(c) Accounting for business combinations

The Group has adopted TFRS 3 (revised 2009) Business Combinations and TAS 27 (revised 2009) Consolidated and Separate Financial Statements for all business combinations on or after 1 January 2011. The new policy has been applied prospectively from 1 January 2011 in accordance with the transitional provisions of the revised standards.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Acquisitions on or after 1 January 2011

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

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Acquisitions between 1 January 2008 and 31 December 2010

Goodwill represented the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalized as part of the cost of the acquisition.

Acquisitions prior to 1 January 2008

Goodwill was measured in the same way as described in the preceding paragraph. However, both positive and negative goodwill were amortised over their estimated useful life of 20 years. On 1 January 2008, on adoption of the former TAS 43 (revised 2007), the Group discontinued amortising goodwill. Negative goodwill carried in the financial statements as at 31 December 2007 was derecognised by crediting unappropriated retained earnings on 1 January 2008.

(d) Accounting for property, plant and equipment

The Group has adopted TAS 16 (revised 2009) Property, Plant and Equipment in determining and accounting for the cost and depreciable amount of property, plant and equipment.

The principal changes introduced by the revised TAS 16 and affecting the Group are that

- (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation;
- (ii) the depreciation charge has to be determined separately for each significant part of an asset; and
- (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The changes have been applied prospectively in accordance with the transitional provisions of the revised standard, except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively.

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(e) Accounting for investment properties

The Group has applied TAS 40 (revised 2009) Investment Property.

Under the revised standard, investment property, defined as property owned to earn rentals; capital appreciation; or both, is disclosed in the financial statements separately from other property, plant and equipment.

The Group has selected the cost model for accounting for its investment properties under the revised standard. The change in accounting policy has been applied retrospectively and the financial statements for the year ended 31 December 2010, which are included in the Group's 2011 financial statements for comparative purposes, have been adjusted to reclassify investment properties from 'Property, plant and equipment' to a separate account, 'Investment property'. The cost and accumulated depreciation as at 1 January 2010 and 31 December 2010 of the Group's investment property previously included in property, plant and equipment, have been reclassified to a separate account, 'Investment property'. Apart from this reclassification, the change in policy has no material impact on the 2010 financial statements.

(f) Accounting for borrowing costs

The Group has adopted TAS 23 (revised 2009) Borrowing Costs.

Under the revised standard, borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Under the former standard, there was also an option to expense borrowing costs on qualifying assets when incurred.

It was the Group's policy under the former TAS 23 to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Consequently the adoption of the revised standard has had no impact on reported profit or earnings per share.

(g) Accounting for employee benefits

The Group has adopted TAS 19 Employee Benefits.

Under the new policy, the Group's obligations for post-employment benefits under defined benefit plan and other long-term employee benefits are recognised in the financial statements based on calculations performed by a qualified actuary using the projected unit credit method. Previously, this obligation was recognised as and when payments were made except provision for gratuity fund plan was accrued based on the benefit formula assuming all employees were terminated at the reporting date.

Notes to the financial statements

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The change in accounting policy has been applied retrospectively and the Group's 2010 financial statements, which are included in the Group's 2011 financial statements for comparative purposes, have been restated accordingly. The impact on the 2010 financial statements was as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2010 and 1 January 2011	31 December 2009 and 1 January 2010	31 December 2010 and 1 January 2011	31 December 2009 and 1 January 2010

Statement of financial position

Increase in employee benefit obligations	(1,808)	(1,756)	(1,691)	(1,652)
Increase in deferred tax asset	541	533	508	503
Decrease in non-controlling interest	7	6	-	-
Decrease in retained earnings	(1,260)	(1,217)	(1,183)	(1,149)

(in million Baht)

	Consolidated financial statements	Separate financial statements
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Statement of comprehensive income for the year ended 31 December 2010

Increase in employee expenses resulting in:

Increase in cost of sales	(62)	(55)
Increase in selling expenses	(1)	-
Decrease in administrative expenses	11	17
Decrease in profit before income tax	(52)	(38)
Decrease in deferred tax expense	7	4
Decrease in profit	(45)	(34)

Decrease in earnings per share

- Basic earnings per share (in Baht)	(0.02)	(0.02)
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Notes to the financial statements

For the years ended 31 December 2011 and 2010
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4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policies.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and jointly-controlled entity.

Business combinations

The accounting policy for business combinations has been changed from 1 January 2011. See note 3(c) for details.

The Group applies the acquisition method for all business combinations other than those with entities under common control.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Notes to the financial statements

For the years ended 31 December 2011 and 2010
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Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Associates and jointly-controlled entities

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

The consolidated financial statements include the Group's share of the total recognised gains and losses of associates and jointly-controlled entities on an equity accounted basis, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an associate and jointly-controlled entity, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate and jointly-controlled entity.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the financial statements

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(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Foreign entities

The assets and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling at the reporting date.

The revenues and expenses of foreign entities are translated to Thai Baht at the average foreign exchange rates ruling during the periods.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investments.

(c) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate and commodity price risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Hedge of future foreign currency transactions

Forward foreign exchange contracts hedging future foreign currency transactions are revalued at the reporting date at the foreign exchange rate ruling on that date. Differences on revaluation are recognised in profit or loss.

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Cross currency swap and interest rate swap contracts

Financial assets and liabilities hedged by forward exchange contracts at the reporting date are translated at the contracted forward exchange rates. The differences from translation are recognised in the profit or loss. The differences under interest rate swaps are recorded as adjustments to the interest expense relating to the financial obligations in profit or loss.

Hedge of crack spread and time spread

Differences between the fixed prices of contracts and the settlement prices are recognised in the profit or loss in the period in which the contracts mature.

(d) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash balances, current and savings accounts, and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(e) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost of inventories is calculated using the weighted average cost. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

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(g) Investments

Investments in subsidiaries, jointly-controlled entities and associates

Investments in subsidiaries, jointly-controlled entities and associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates and jointly-controlled entities in the consolidated financial statements are accounted for using the equity method.

Investments in other debt and equity securities

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. The exceptions are impairment losses and foreign exchange gains and losses, which are recognised in the profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(h) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and impairment losses.

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Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Reclassification to property, plant and equipment

When the use of a property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

(i) Property, plant and equipment

The Group's owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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Depreciation is charged to the profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings	10 - 25 years
Leasehold improvements	5 - 20 years
Refinery plant and equipment (depreciated over the remaining estimated useful life starting from 1 October 1994)	20 - 35 years
Lube base oil refinery plants and equipment	16 - 20 years
Paraxylene plants	10 - 25 years
Power plants	15 - 25 years
Transmission facilities	25 years
Machinery, equipment and plant equipment	3 - 20 years
Oil and liquid chemical tankers	10 - 25 years
Furniture, fixtures, office equipment and others	5 - 10 years
Vehicles	5 years

No depreciation is provided on freehold land and assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 4(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Customer database

Customer database is stated at cost less impairment losses.

License fee and computer software

License fee and computer software that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses.

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Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are as follows:

License fee	10 - 15 years
Computer software	5 - 10 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Deferred charges

Deferred charges are amortised over the estimated periods to which the benefits relate, which are principally in line with the agreements to which such deferred charges relate.

(l) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

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Calculation of recoverable amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Discount on debentures

Discount on debentures, comprising the difference between proceeds from debentures issuance and redemption value on maturity, is recognised in the profit or loss over the period of the borrowings on an effective interest basis.

(n) Interest-bearing liabilities

Interest-bearing liabilities are stated at cost.

(o) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

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(p) Employee benefits

Defined contribution plans

A defined contribution plan, provident fund, is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed by a qualified actuary using the projected unit credit method.

The Group recognises all actuarial gains and losses in profit or loss.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

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Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

A liability is recognised for the amount expected to be paid under short-term cash benefit if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(q) Provisions

A provision is recognised 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 economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(r) Revenue

Revenue excludes value added taxes or other sales taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

Rental income

Rental income from assets is recognised in profit or loss on a straight-line basis over the term of the lease.

Interest and dividend income

Interest income is recognised in the profit or loss as it accrues. Dividend income is recognised in the profit or loss on the date the Group's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date.

(s) Expenses

Leases payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Notes to the financial statements

For the years ended 31 December 2011 and 2010
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Repair and maintenance expenses

Expenditure on repair and maintenance is charged to profit or loss in the period in which the expenditure is incurred. Expenditure of a capital nature is added to the cost of the related plant and equipment.

Finance costs

Finance costs comprise interest expense and similar cost.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss for the period in which they are occurred.

(t) Income tax

Income tax expense on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entity to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the financial statements

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A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

5 Acquisitions of subsidiaries, associates and jointly-controlled entity

Subsidiaries

On 21 March 2011, a direct subsidiary (Thaioil Marine Co., Ltd.) acquired an investment in a wholly-owned subsidiary, has been named Thaioil Marine International Pte. Ltd., which is incorporated in Singapore. The company has a share capital of 9 million ordinary shares with a par value of US. Dollar 1 each totalling US. Dollar 9 million.

On 11 November 2011, a direct subsidiary (Thaioil Marine Co., Ltd.) acquired 55% of the issued registered ordinary shares of TOP Maritime Service Co., Ltd.. The company has a share capital of 900,000 ordinary shares with a par value of Baht 100 each totalling 90 million Baht. The first call was 25% of par value, totalling Baht 12.38 million.

Jointly-controlled entity

On 24 March 2011, an indirect subsidiary (Thaioil Marine International Pte. Ltd.) acquired an investment in a jointly-controlled entity, has been named TOP-NYK MarineOne Pte. Ltd., which is incorporated in Singapore. The investment is jointly set up between Thaioil Marine International Pte. Ltd. and Bulk & Energy B.V. each party holding 50% of total registered capital. The company has a share capital of 18 million ordinary shares with a par value of US. Dollar 1 each, totalling US. Dollar 18 million.

Associates

On 4 April 2011, a subsidiary (Thaioil Ethanol Co., Ltd.) invested in Ubon Bio Ethanol Co., Ltd. by acquiring 583,000 ordinary shares, total consideration of Baht 769.55 million, which represent 21.28% of total registered capital.

On 10 June 2011, the Company acquired an investment in associate, has been named PTT Energy Solutions Co., Ltd. by acquiring 300,000 ordinary shares, total consideration of Baht 30 million, which represent 20% of total registered capital.

On 9 December 2011, a direct subsidiary (Thaioil Marine Co., Ltd.) acquired an investment in associate, has been named Thome Ship Management (Thailand) Co., Ltd. by acquiring 10,000 ordinary shares, total consideration of Baht 1 million, which represent 33.33% of total registered capital.

Notes to the financial statements

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On 1 June 2010, a subsidiary (Thaioil Ethanol Co., Ltd.) acquired 50% of the issued registered ordinary shares of Sapthip Co., Ltd. ("acquiree"). The acquiree's net assets at the acquisition date comprised:

	(in million Baht)		
	Recognised value	Fair value adjustments	Carrying amount
Cash and cash equivalents	21	-	21
Trade accounts receivable	83	-	83
Inventories	467	-	467
Other current assets	25	-	25
Property, plant and equipment	1,674	315	1,359
Other non-current assets	1	-	1
Interest-bearing borrowings	(985)	-	(985)
Other current liabilities	(45)	-	(45)
Other non-current liabilities	(32)	-	(32)
Net identifiable assets and liabilities	1,209	315	894
Less Non-controlling interests	(447)		
Gain on a bargain purchase	(77)		
Consideration paid	685		
Cash received	(21)		
Payable on capital investment	(80)		
Net cash outflow	584		

Sapthip Co., Ltd.'s operation for the period from 1 June 2010 to 31 December 2010 was reported a net profit of Baht 82 million.

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

6 Related parties

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Relationships with related parties that control or jointly control the Group or are being controlled or jointly controlled by the Group or have transactions with the Group are as follows:

Name of entities	Country of incorporation	Nature of relationships
PTT Public Company Limited	Thailand	Major shareholder
Thai Paraxylene Co., Ltd.	Thailand	Subsidiary and/or common directors
Thai Lube Base Public Company Limited	Thailand	Subsidiary and/or common directors
Thaioil Marine Co., Ltd.	Thailand	Subsidiary and/or common directors
Thaioil Energy Services Co., Ltd.	Thailand	Subsidiary and/or common directors
Thaioil Solvent Co., Ltd.	Thailand	Subsidiary and/or common directors
Thaioil Ethanol Co., Ltd.	Thailand	Subsidiary and/or common directors
Thaioil Power Co., Ltd.	Thailand	Subsidiary and/or common directors
TOP Solvent Co., Ltd.	Thailand	Indirect subsidiary and/or common directors
Independent Power (Thailand) Co., Ltd.	Thailand	Indirect subsidiary and/or common directors
Sak Chaisidhi Co., Ltd.	Thailand	Indirect subsidiary and/or common directors
TOP Solvent (Vietnam) LLC.	Vietnam	Indirect subsidiary and/or common directors
Sapthip Co., Ltd.	Thailand	Indirect subsidiary and/or common directors
Thaioil Marine International Pet. Ltd.	Singapore	Indirect subsidiary and/or common directors
TOP Maritime Service Co., Ltd.	Thailand	Indirect subsidiary and/or common directors
TOP-NYK MarineOne Pte. Ltd.	Singapore	Jointly-controlled entity of indirect subsidiary
PTT ICT Solutions Co., Ltd.	Thailand	Associate and/or the Company's management as a director
PTT Energy Solutions Co., Ltd.	Thailand	Associate and/or the Company's management as a director
Maesod Clean Energy Co., Ltd.	Thailand	Indirect associate and/or the Company's management as a director

Notes to the financial statements

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Name of entities	Country of incorporation	Nature of relationships
Ubon Bio Ethanol Co., Ltd.	Thailand	Indirect associate and/or common directors
Thome Ship Management (Thailand) Co., Ltd.	Thailand	Indirect associate
PTT International Trading Pte. Ltd.	Singapore	Subsidiary of major shareholder
PTT Exploration and Production Public Company Limited	Thailand	Subsidiary of major shareholder
Star Petroleum Refining Co., Ltd.	Thailand	Associate of major shareholder
IRPC Public Company Limited	Thailand	Associate of major shareholder
Bangchak Petroleum Public Company Limited	Thailand	Associate of major shareholder
PTT Global Chemical Public Company Limited*	Thailand	Associate of major shareholder
PTT Phenol Co., Ltd.	Thailand	Associate of major shareholder
Thai Petroleum Pipeline Co., Ltd.	Thailand	Related company and/or the Company's management as a director

* On 19 October 2011, PTT Global Chemical Public Company Limited, the amalgamated company resulting from the amalgamation of PTT Aromatics and Refining Public Company Limited and PTT Chemical Public Company Limited.

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Revenue from sale of goods and rendering of services, lease income, purchase of goods and assets	Market prices or, where no market price exists, at contractually agreed prices
Interest income and expense	Agreed rates stipulated in the agreements
Dividend income	Right to receive dividends
Other income and expenses	Contractually agreed prices
Directors' remuneration	Amounts approved by the Group's shareholders

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

Significant transactions for the years ended 31 December 2011 and 2010 with related parties were as follows:

	(in million Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Major shareholder				
Revenue from sale of goods and rendering of services	200,222	166,819	193,908	161,355
Purchase of crude oil and feedstock	167,036	119,610	156,234	114,342
Other income	28	178	27	178
Other expenses	26	28	25	27
Subsidiaries				
Revenue from sale of goods and rendering of services	-	-	60,348	42,669
Purchase of crude oil and feedstock	-	-	42,276	30,885
Purchase-sale of crude oil and feedstock for legal reserve*	-	-	2,262	3,642
Purchase of assets	-	-	5	6
Interest income	-	-	234	200
Dividend income	-	-	4,635	3,105
Land lease income	-	-	47	48
Other income	-	-	892	932
Interest expense	-	-	95	38
Other expenses	-	-	401	452
Jointly-controlled entity				
Other expenses	313	-	313	-

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Associate				
Purchase of crude oil and feedstock	86	25	86	25
Interest income	1	-	-	-
Other expenses	58	40	58	40
Purchase of assets	74	2	74	2
Other related parties				
Revenue from sale of goods and rendering of services	15,497	8,967	14,535	6,973
Purchase of crude oil and feedstock	10,512	5,215	4,041	624
Other income	25	6	25	4
Other expenses	95	79	95	79
Directors' remuneration	96	101	45	50

* Purchase-sale of crude oil and feedstock transactions entered for the purpose of maintaining the legal minimum reserve levels of crude oil inventory are transacted with related parties and have already been reversed in the financial statements for the years ended 31 December 2011 and 2010.

Balances as at 31 December 2011 and 2010 with related parties were as follows:

Trade accounts receivable - related parties

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Major shareholder				
PTT Public Company Limited	10,230	8,589	9,894	8,418
Subsidiaries				
Thai Paraxylene Co., Ltd.	-	-	5,137	4,210
Thai Lube Base Public Company Limited	-	-	296	173
Thaioil Power Co., Ltd.	-	-	43	49
Other related parties				
IRPC Public Company Limited	27	76	-	-
Bangchak Petroleum Public Company Limited	182	606	180	605
PTT Exploration and Production Public Company Limited	5	-	-	-
PTT Global Chemical Public Company Limited	5	1	-	-
	10,449	9,272	15,550	13,455
Less allowance for doubtful accounts	-	-	-	-
Net	10,449	9,272	15,550	13,455

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

Other accounts receivable - related parties

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Major shareholder				
PTT Public Company Limited	60	348	60	69
Subsidiaries				
Thai Paraxylene Co., Ltd.	-	-	16	56
Thai Lube Base Public Company Limited	-	-	12	67
Thaioil Marine Co., Ltd.	-	-	3	3
Thaioil Energy Services Co., Ltd.	-	-	4	2
Thaioil Solvent Co., Ltd.	-	-	16	4
Thaioil Ethanol Co., Ltd.	-	-	2	2
Thaioil Power Co., Ltd.	-	-	41	80
TOP Solvent Co., Ltd.	-	-	1	2
Independent Power (Thailand) Co., Ltd.	-	-	2	1
Associate				
PTT ICT Solutions Co., Ltd.	6	7	6	7
Maesod Clean Energy Co., Ltd	1	-	-	-
Other related parties				
Thai Petroleum Pipeline Co., Ltd	1	4	1	4
Bangchak Petroleum Public Company Limited	1	-	1	-
Total	69	359	165	297

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

Short-term loans to related parties

(in million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Subsidiaries				
Thaioil Marine Co., Ltd.	-	-	1,803	1,883
Thaioil Solvent Co., Ltd.	-	-	2,754	2,559
Thaioil Ethanol Co., Ltd.	-	-	255	155
Associate				
Maesod Clean Energy Co., Ltd	90	-	-	-
Total	90	-	4,812	4,597

Interest rates during the years of 2011 and 2010 were charged at money market rate (MMR) but not exceeding the average minimum loan rate (MLR) of 5 financial institutions less margin.

Movements of short-term loans to related parties during the years ended 31 December 2011 and 2010 were as follows:

(in million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
At 1 January	-	-	4,597	4,008
Increase	90	-	375	1,839
Decrease	-	-	(160)	(1,250)
At 31 December	90	-	4,812	4,597

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

Trade accounts payable - related parties

	(in million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Major shareholder				
PTT Public Company Limited	9,213	9,448	7,430	8,417
Subsidiaries				
Thai Paraxylene Co., Ltd.	-	-	3,305	2,573
Thai Lube Base Public Company Limited	-	-	316	346
Thaioil Power Co., Ltd.	-	-	157	129
Sak Chaisidhi Co., Ltd.	-	-	-	2
Thaioil Marine Co., Ltd.	-	-	2	-
Associate				
Maesod Clean Energy Co., Ltd	6	-	6	-
Other related parties				
IRPC Public Company Limited	90	102	-	2
PTT Global Chemical Public Company Limited	175	104	-	-
PTT Phenol Co., Ltd.	5	8	-	-
Total	9,489	9,662	11,216	11,469

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

Other accounts payable - related parties

(in million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Major shareholder				
PTT Public Company Limited	103	39	101	39
Subsidiaries				
Thai Paraxylene Co., Ltd.	-	-	2	29
Thai Lube Base Public Company Limited	-	-	3	-
Thaioil Marine Co., Ltd.	-	-	11	39
Thaioil Energy Services Co., Ltd.	-	-	1	2
Associate				
PTT ICT Solutions Co., Ltd.	9	16	9	16
PTT Energy Solutions Co., Ltd.	1	-	1	-
Other related party				
Thai Petroleum Pipeline Co., Ltd.	5	6	5	6
Total	118	61	133	131

Short-term borrowings from related parties

(in million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Subsidiaries				
Thai Paraxylene Co., Ltd.	-	-	2,095	1,113
Thai Lube Base Public Company Limited	-	-	2,050	1,864
Thaioil Marine Co., Ltd.	-	-	109	21
Total	-	-	4,254	2,998

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Interest rates during the years of 2011 and 2010 were charged at money market rate (MMR) but not exceeding the average minimum loan rate (MLR) of 5 financial institutions less margin.

Movements of short-term borrowings from related parties during the years ended 31 December 2011 and 2010 were as follows:

	(in million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
At 1 January	-	-	2,998	3,166
Increase	-	-	1,256	-
Decrease	-	-	-	(168)
At 31 December	-	-	4,254	2,998

Significant agreements with related parties

As at 31 December 2011 the Group had the following significant agreements with related parties.

Raw Materials and Oil-Products Purchases and Sales Agreements

The Company has raw materials and oil products purchase and sale agreements with a subsidiary, whereby the purchase and sale volumes and prices of raw materials and oil products are specified in the agreements. These agreements are effective on the agreement date and shall be terminated by either party giving at least 6 months notice in writing to the other party.

Oil-Products Sale and Purchase Agreements

The Company has oil products purchase and sale agreements with a subsidiary, whereby the purchase and sale volumes and prices are specified in the agreements. These agreements are effective on the agreement date and shall be terminated if either party does not comply with the terms stipulated in the agreements.

By-Product Sale and Purchase Agreement

The Company has a by-product purchase and sale agreement with a subsidiary, whereby the purchase and sale volumes and prices of the by-product are specified in the agreement. The agreement is for a period of 10 years expiring in September 2014, or until the termination by mutual consent.

Notes to the financial statements

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Technology and Communication Service Agreement

The Company has a technology and communication service agreement with an associate, whereby the service fees are specified in the agreement. The agreement is for a period of 4 years 6 months expiring in December 2015 and is renewable for additional periods of 5 years.

Crack Spread Swap and Time Spread Swap Agreements

The Company has crack spread swap and time spread swap agreements with a subsidiary and a related company ("counterparties"). The Company has or the counterparties have commitments to make payments for the differences between the fixed price and floating price for each period.

As at 31 December 2011 the Company had oil volume under the agreements with the subsidiary and the related company of 0.02 million barrels and 1.37 million barrels respectively (31 December 2010: 0.12 million barrels and 0.63 million barrels respectively).

Product Offtake and Crude Oil Supply Agreement

The Company has a product off take and crude oil supply agreement with a related company, whereby (a) the Company will sell and the related company will purchase refined petroleum products produced by the refinery for 49.99% of 270,000 barrels per day; and (b) the related party will supply and the Company will purchase crude oil and/or feedstock for the refinery required to produce 49.99% of 270,000 barrels per day. The credit term for crude oil shall be mutually agreed.

Feedstock Throughput Agreement

The Company has an agreement with a related company to use the Company's single buoy mooring facility for receiving its feedstock. The agreement is for a period of 15 years expiring in 2023 and the throughput fee is stipulated in the agreement.

Throughput Agreement

The Company has a throughput agreement with a related company, whereby the tariff fee is specified in the agreement. The agreement is for a period of 20 years expiring in 2014 and is renewable.

Natural Gas Supply Agreements

The Company and three subsidiaries have natural gas supply agreements with a related company, whereby the related company agrees to supply the natural gas to the Company and the subsidiaries at quantities and prices as stipulated in the agreements. These agreements are effective for periods of 5 to 25 years expiring during 2014 and 2023.

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Cost Reimbursement Agreements

Certain subsidiaries have cost reimbursement agreements with the Company covering the reimbursement of construction costs of natural gas pipeline facilities and the use of the pipeline facilities, raw water pipeline and the use of land for the construction of a transmission line connecting the subsidiaries to the Electricity Generating Authority of Thailand (EGAT). Under the terms of the agreements, the subsidiaries agree to share the cost of investments with the Company on the basis and conditions stipulated in the agreements. These agreements are effective for a period of 25 years, or until the termination of the power purchase agreement entered into by the subsidiaries with EGAT, whichever is sooner.

Power and Steam Purchase Agreements

Certain subsidiaries ("sellers") have power and steam purchase agreements with the Company and two subsidiaries for periods of 20 and 25 years expiring in 2023 and 2027, whereby the sellers will sell power and steam energy to the Company and the subsidiaries at the agreed quantities and prices as stipulated in the agreements.

Raw Materials and Petrochemical Products Purchase and Sale Agreements

A subsidiary has raw materials and petrochemical products purchase and sale agreements with related companies, whereby the purchase and sale volumes and prices of raw materials and petrochemical products are specified in the agreements. These agreements are for periods of 9 months to 15 years expiring during 2011 and 2017.

Services and Supplies Agreements

Certain subsidiaries have services and supplies agreements with the Company, whereby the Company provides the subsidiaries for the operating, repair and maintenance, management, controlling and administration, procurement, fuel transmission, waste water treatment and utilities, information technology, financial, accounting and human resource services. The subsidiaries agree to pay certain fees as stipulated in the agreements. These agreements are effective for periods of 3 years or 24 years or until the termination of the land lease agreement entered into by a subsidiary with the Company, whichever is sooner, or until the termination of the power purchase agreement entered into by another subsidiary with EGAT.

Land Lease Agreements

Certain subsidiaries have land lease agreements with the Company to lease/sublease certain parcels of land ending in September 2022 with total annual rental for the year 2011 of Baht 48.4 million, and the rate will be adjusted every 5 years.

The Company has a land lease agreement with a related company to lease certain parcels of land ending in August 2026 with total annual rental for the year 2011 of Baht 0.5 million. If the company does not giving a cancelable notice with in a months before contract end date, the contract shall be renewed for additional 15 years.

Notes to the financial statements

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Technical Service Agreements

A subsidiary has technical service agreements with the Company and three subsidiaries to provide a consultancy technical solutions service for energy-related and petrochemical businesses, whereby the service fees are specified in the agreements. These agreements are for a period of 3 years expiring during 2011 and 2013.

An associate has a technical service agreement with the Company to provide a consultancy technical solutions service for energy-related and petrochemical businesses, whereby the service fees are specified in the agreements. This agreement is for a period of 5 years expiring in August 2016 and shall be automatically renewed for another a period of 5 years until either party giving at least 6 months notice in writing to the other party.

Time Charter and Affreightment Agreements

A subsidiary has time charter and affreightment agreements with the Company and another subsidiary, whereby the freight rate is specified in the agreement. The agreements are for periods of 1 year and 3 years expiring in 2012 and 2013.

A jointly-controlled entity has time charter agreements with the Company, whereby the freight rate is specified in the agreement. The agreements are for periods of 10 years expiring in 2021.

Office Rental Agreements

A subsidiary has office rental agreements with a related company and another subsidiary, whereby the rental fees are specified in the agreements. These agreements have no specified expiry date so the compliance with conditions specified in the agreements is ongoing until either party giving at least 30 days written notice of termination to the other party.

Ethanol Products Purchase and Sale Agreements

A subsidiary has an ethanol products purchase and sale agreement with the Company, whereby the purchase and sale volumes and prices of the ethanol products are specified in the agreement. The agreement is expiring in December 2010 and shall be automatically renewed for additional period of 1 year until either party giving at least 30 days notice in writing to the other party.

A subsidiary has an ethanol products purchase and sale agreement with a related company, whereby the purchase and sale volumes and prices of the ethanol products are specified in the agreement. The agreement is for a period of 10 years expiring in June 2021 and shall be renewed by either party giving at least 6 months before contract end date notice in writing to the other party.

Notes to the financial statements

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Service Agreements

A subsidiary has service agreements with the Company and three subsidiaries, whereby the service fees are specified in the agreement. These agreements are for a period of 9 months to 1 year expiring in December 2011.

7 Cash and cash equivalents

	(in million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Cash on hand	2	2	1	-
Cash at banks - savings and current accounts	9,412	8,726	7,087	6,796
Cash at banks - fixed deposits (maturity period less than 3 months from the investment date)	2,215	489	1,000	-
Bill of Exchange	6,500	4,000	6,500	4,000
Total	18,129	13,217	14,588	10,796

The currency denomination of cash and cash equivalents as at 31 December 2011 and 2010 was as follows:

	(in million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Thai Baht	17,798	12,741	14,586	10,794
United States Dollars	240	414	2	2
Other	91	62	-	-
Total	18,129	13,217	14,588	10,796

As at 31 December 2011 a subsidiary pledged its savings, current and fixed deposits totalling Baht 1,928 million (2010: Baht 647 million) as collateral for credit facilities as described in note 19 to the financial statements. The subsidiary can withdraw these deposits when needed as specified in the borrowing agreements.

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

8 Other investments

(in million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Current investments				
Cash at bank - fixed deposits	540	326	-	-
Promissory notes issued by financial institutions	623	301	-	-
Debt securities - available-for-sale securities	-	191	-	-
	1,163	818	-	-
Other long-term investments				
Equity securities - available-for-sale securities	217	222	217	222
Other non-marketable securities	779	779	779	779
	996	1,001	996	1,001
Total	2,159	1,819	996	1,001

All other investments of the Group as at 31 December 2011 and 2010 were denominated entirely in Thai Baht.

Cash at banks - fixed deposits

As at 31 December 2011 a subsidiary pledged its fixed deposits totalling Baht 531 million (2010: Baht 121 million) as collateral for credit facilities as described in note 19 to the financial statements. The subsidiary can redeem these deposits when needed as specified in the borrowing agreements.

Equity securities - available-for-sale securities

In 2007 the Company entered into MFC Energy Open End Fund with certain companies so as to raise funds from financial institution investors who are interested in investing in energy or relating energy business. In consideration thereof, the Company has a commitment to purchase a holding in this Fund, comprising 40 million units at par value of Baht 10, amounting to Baht 400 million. As at 31 December 2011 the Company had hold totalling 25.2 million units or totalling 252 million Baht at fair value of Baht 217 million (2010: fair value of Baht 222 million).

Notes to the financial statements

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Other non-marketable securities

(in million Baht)								
Consolidated / Separate financial statements								
Type of Business	Ownership interest		Paid-up capital		Cost method		Dividend income	
	2011 (%)	2010 (%)	2011	2010	2011	2010	2011	2010
Related party								
Thai Petroleum Pipeline Co., Ltd.	9.19	9.19	8,479	8,479	779	779	-	-
					779	779	-	-

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

9 Trade accounts receivable

(in million Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Related parties	6	10,449	9,272	15,550	13,455
Other parties		15,665	9,858	9,689	4,425
		26,114	19,130	25,239	17,880
Less allowance for doubtful accounts	12	-	-	-	-
Total		26,102	19,130	25,239	17,880
Doubtful debts expenses for the year	12	-	-	-	-

Aging analyses for trade accounts receivable are as follows:

(in million Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Related parties					
Within credit terms		10,449	9,272	15,550	13,455
Overdue:					
Less than 3 months		-	-	-	-
3 - 6 months		-	-	-	-
6 - 12 months		-	-	-	-
Over 12 months		-	-	-	-
		10,449	9,272	15,550	13,455
Less allowance for doubtful accounts		-	-	-	-
Net	6	10,449	9,272	15,550	13,455

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Other parties				
Within credit terms	15,514	9,727	9,689	4,425
Overdue:				
Less than 3 months	30	11	-	-
3 - 6 months	1	-	-	-
6 - 12 months	-	29	-	-
Over 12 months	120	91	-	-
	15,665	9,858	9,689	4,425
Less allowance for doubtful accounts	12	-	-	-
Net	15,653	9,858	9,689	4,425
Total	26,102	19,130	25,239	17,880

The normal credit term granted by the Group ranges from 15 days to 90 days.

Trade accounts receivable from other parties overdue for more than 12 months included receivable from a state enterprise of Baht 108 million (2010: Baht 91 million). As at 31 December 2011 the subsidiary is in the process of negotiation with the state enterprise and has taken appropriate legal advice that the debt should be received in full. Accordingly, no allowance for doubtful account has been made in respect of this debt.

Notes to the financial statements

For the years ended 31 December 2011 and 2010
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The currency denomination of trade accounts receivable as at 31 December 2011 and 2010 was as follows:

	(in million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Thai Baht	19,644	15,927	21,054	16,716
United States Dollars	6,278	3,005	4,185	1,164
Other	180	198	-	-
Total	26,102	19,130	25,239	17,880

10 Inventories

	(in million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Crude oil and feedstock	11,759	14,680	10,280	12,773
Materials, spare parts and supplies	1,271	1,195	838	805
Finished and semi-finished oil products	10,413	9,488	7,450	7,015
Goods in transit				
Crude oil	10,703	7,633	10,703	7,633
Materials, spare parts and supplies	56	-	3	-
	34,202	32,996	29,274	28,226
Less allowance for decline in value of				
inventories adjusted to net realisable value	(163)	(1)	(135)	-
Net	34,039	32,995	29,139	28,226

As at 31 December 2011 the Group and the Company's inventories as stated above included a legal reserve amounting to Baht 12,112 million and Baht 11,324 million respectively (2010: Baht 8,108 million and Baht 7,696 million respectively).

The cost of inventories which is recognised as an expense and included in cost of sale of goods for the year ended 31 December 2011 amounted to Baht 422,354 million (2010: Baht 307,031 million) in the consolidated financial statements and Baht 420,400 million (2010: Baht 306,755 million) in the separate financial statements.

Notes to the financial statements

For the years ended 31 December 2011 and 2010
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In 2011 the Group and the Company recognised an allowance for decline in value of inventories adjusted to net realisable value of Baht 162 million and Baht 135 million respectively (2010: Baht 1 million for the Group) and recognised a recovery of allowance for decline in value of inventories adjusted to net realisable value of Baht 1 million for the Group (2010: Baht 254 million and Baht 249 million respectively).

11 Other current assets

	(in million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Prepaid expenses	409	312	204	172
Other accounts receivable	328	626	363	471
Receivable from insurance company	-	957	-	-
Current portion of long-term loans to savings co-operative of employees	40	40	40	40
Other	432	433	407	366
Total	1,209	2,368	1,014	1,049

On 27 April 2010 a subsidiary's stream turbine was interrupted as a result of Lube oil leakage from lube oil cooler pipe breaking resulting in the whole power plant shutdown. This fault had been rectified and the power plant was able to resume to normal operation since 30 November 2010. The subsidiary has claimed the insurance compensation for property damage and business interruption from a local insurance company. As at 31 December 2010 the subsidiary had accounts receivable from the claim with the insurance company of Baht 957 million. During the year 2011, the subsidiary had additionally recorded the accounts receivable from insurance companies for the claim of Baht 77 million. As at 31 December 2011 the subsidiary had already received all claims.

12 Investments in subsidiaries

	(in million Baht)	
	Separate financial statements	
	2011	2010
At 1 January	8,763	8,313
Acquisitions	1,120	450
At 31 December	9,883	8,763

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

Investments in subsidiaries as at 31 December 2011 and 2010, and dividend income from those investments for the years then ended were as follows:

	Separate financial statements							(in million Baht)	
	Ownership interest		Paid-up capital		Cost method		Dividend income		
	2011	2010	2011	2010	2011	2010	2011		2010
	(%)	(%)							
Subsidiaries									
Thai Paraxylene Co., Ltd.	99.99	99.99	2,572	2,572	2,161	2,161	3,601	2,572	
Thai Lube Base Public Company Limited	99.99	99.99	1,758	1,758	1,979	1,979	879	378	
Thaioil Marine Co., Ltd.	99.99	99.99	970	630	970	630	-	-	
Thaioil Energy Services Co., Ltd.	99.99	99.99	40	40	40	40	-	-	
Thaioil Solvent Co., Ltd.	99.99	99.99	1,250	1,250	1,250	1,250	-	-	
Thaioil Ethanol Co., Ltd.	99.99	99.99	1,450	670	1,450	670	-	-	
Thaioil Power Co., Ltd.	54.99	54.99	2,810	2,810	1,545	1,545	155	155	
Independent Power (Thailand) Co., Ltd.	24.00	24.00	1,771	1,771	488	488	-	-	
Total			12,621	11,501	9,883	8,763	4,635	3,105	

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

13 Investments in associates and jointly-controlled entity

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
At 1 January	130	202	30	30
Share of net gain (loss) of investments - equity method	37	(72)	-	-
Acquisition	1,074	-	30	-
Currency transaction differences	12	-	-	-
At 31 December	1,253	130	60	30

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

Investments in associates and jointly-controlled entity as at 31 December 2011 and 2010, and dividend income for the years then ended were as follows:

(in million Baht)

	Consolidated financial statements									
	Ownership interest		Paid-up capital		Cost method		Equity method		Dividend income	
	2011 (%)	2010 (%)	2011	2010	2011	2010	2011	2010	2011	2010
Associates										
PTT ICT Solutions Co., Ltd.	20.00	20.00	150	150	30	30	75	40	-	-
PTT Energy Solutions Co., Ltd.	20.00	-	150	-	30	-	31	-	-	-
Maesod Clean Energy Co., Ltd.	30.00	30.00	675	675	203	203	81	90	-	-
Ubon Bio Ethanol Co., Ltd.	21.28	-	2,740	-	769	-	752	-	-	-
Thome Ship Management (Thailand) Co., Ltd.	33.33	-	3	-	1	-	1	-	-	-
Jointly-controlled entity			3,718	825	1,033	233	940	130	-	-
TOP-NYK MarineOne Pte. Ltd.	50.00	-	548	-	274	-	313	-	-	-
Total			4,266	825	1,307	233	1,253	130	-	-

(in million Baht)

Separate financial statements										
Ownership interest		Paid-up capital		Cost method		Equity method		Dividend income		
2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	
(%)	(%)									
PTT ICT Solutions Co., Ltd.		20.00	20.00	150	150	30	30	-	-	-
PTT Energy Solutions Co., Ltd.		20.00	-	150	-	30	-	-	-	-
Total				300	150	60	30	-	-	-

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

As at 31 December 2011 and 2010 the financial information on associates and jointly-controlled entity which have been accounted for using the equity method based on the percentage of ownership held by the Group are as follows:

	(in million Baht)				
	Ownership interest (%)	Total assets	Total liabilities	Total revenues	Profit (loss)
2011					
Associates					
PTT ICT Solutions Co., Ltd.	20	1,573	1,196	540	178
PTT Energy Solutions Co., Ltd.	20	210	53	85	8
Maesod Clean Energy Co., Ltd.	30	2,387	2,119	1,116	(32)
Ubon Bio Ethanol Co., Ltd.	21.28	4,788	2,093	548	(83)
Thome Ship Management (Thailand) Co., Ltd.	33.33	28	27	3	(1)
		8,986	5,488	2,292	70
Jointly-controlled entity					
TOP-NYK MarineOne Pte. Ltd.	50	1,933	1,319	223	54
Total		10,919	6,807	2,515	124
2010					
Associates					
PTT ICT Solutions Co., Ltd.	20	1,322	1,124	1,180	(2)
Maesod Clean Energy Co., Ltd.	30	2,581	2,280	683	(240)
Total		3,903	3,404	1,863	(242)

Notes to the financial statements

For the years ended 31 December 2011 and 2010
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14 Investment properties

(in million Baht)

(in million Euro)					
	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Cost					
At 1 January		88	88	686	686
Reclassification to property, plant and equipment	15	-	-	(7)	-
At 31 December		88	88	679	686
Impairment losses					
At 1 January		(6)	(6)	(43)	(43)
Reclassification to property, plant and equipment	15	-	-	2	-
At 31 December		(6)	(6)	(41)	(43)
Net book value					
At 1 January		82	82	643	643
At 31 December		82	82	638	643

Investment properties were revalued as at 31 December 2011 and 2010 by a firm of independent professional valuers, at open market values on an existing use basis. The appraised value was Baht 848 million (2010: Baht 853 million).

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

15 Property, plant and equipment

Consolidated financial statements													(in million Baht)
	Land	Buildings	Leasehold improve- ments	Refinery plant and equipment	Paraxylene plants	Power plants	Trans- mission facilities	Machinery, equipment and plant equipment	Oil and liquid chemical tankers	Furniture, fixtures, office equipment and others	Vehicles	Con- struction in progress	Total
Cost													
At 1 January 2010	2,537	1,056	5	80,711	21,759	15,553	193	3,303	2,464	501	38	1,002	129,122
Business acquisitions													
(Note 5)	396	499	-	-	-	-	-	845	-	9	6	12	1,767
Additions	719	1	-	19	-	-	-	168	-	11	3	2,669	3,590
Transfers, net	-	73	-	283	-	343	-	550	406	143	1	(1,799)	-
Disposals	-	-	-	-	-	-	-	(2)	(90)	(102)	(9)	-	(203)
Translation differences													
on consolidation	-	-	-	-	-	-	-	(25)	-	-	-	-	(25)
At 31 December 2010													
and 1 January 2011	3,652	1,629	5	81,013	21,759	15,896	193	4,839	2,780	562	39	1,884	134,251
Additions	88	1	-	30	-	-	-	16	222	21	3	3,600	3,981
Transfers, net	-	5	-	2,313	136	-	-	79	-	25	-	(2,558)	-
Disposals	-	-	-	(334)	-	(3)	-	(8)	-	(1)	(1)	-	(347)
Translation differences													
on consolidation	-	-	-	-	-	-	-	(6)	-	-	-	-	(6)
At 31December 2011	3,740	1,635	5	83,022	21,895	15,893	193	4,920	3,002	607	41	2,926	137,879

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

Consolidated financial statements													(in million Baht)
	Land	Buildings	Leasehold improve- ments	Refinery plant and equipment	Paraxylene plants	Power plants	Trans- mission facilities	Machinery, equipment and plant	Oil and liquid chemical tankers	Furniture, fixtures, office equipment and others	Vehicles	Con- struction in progress	Total
Depreciation													
At 1 January 2010	-	752	2	46,345	4,449	6,256	107	1,645	344	394	26	-	60,320
Business acquisitions (Note 5)	-	28	-	-	-	-	-	58	-	2	4	-	92
Depreciation charge for the year	-	57	1	3,921	1,116	706	6	232	118	45	4	-	6,206
Disposals	-	-	-	-	-	-	-	(2)	(42)	(92)	(8)	-	(144)
At 31 December 2010 and 1 January 2011													
Depreciation charge for the year	-	837	3	50,266	5,565	6,962	113	1,933	420	349	26	-	66,474
Disposals	-	68	-	3,815	1,119	626	7	348	135	60	4	-	6,182
Translation differences	-	-	-	(291)	-	-	-	(8)	-	(1)	(1)	-	(301)
on consolidation	-	-	-	-	-	-	-	(1)	-	-	-	-	(1)
At 31 December 2011	-	905	3	53,790	6,684	7,588	120	2,272	555	408	29	-	72,354

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

Consolidated financial statements													
	Land	Buildings	Leasehold improve- ments	Refinery plant and equipment	Paraxylene plants	Power plants	Trans- mission facilities	Machinery, equipment and plant equipment	Oil and liquid chemical tankers	Furniture, fixtures, office equipment and others	Vehicles	Con- struction in progress	Total
Impairment losses													
At 31 December 2010	391	-	-	-	-	-	-	2	-	-	-	-	393
At 31 December 2011	391	-	-	-	-	-	-	2	-	-	-	-	393
Net book value													
At 1 January 2010	2,146	304	3	34,366	17,310	9,297	86	1,658	2,120	107	12	1,002	68,411
At 31 December 2010													
and 1 January 2011	3,261	792	2	30,747	16,194	8,934	80	2,904	2,360	213	13	1,884	67,384
At 31 December 2011	3,349	730	2	29,232	15,211	8,305	73	2,646	2,447	199	12	2,926	65,132

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

	Separate financial statements							(in million Baht)
							Total	
	Land	Buildings	Refinery plant and equipment	Machinery, equipment and plant equipment	Furniture, fixtures, office equipment and others	Vehicles		
Cost								
At 1 January 2010	1,934	724	74,272	974	299	16	541	78,760
Additions	14	-	19	-	-	-	761	794
Transfers, net	-	53	283	67	142	1	(546)	-
Disposals	-	-	-	-	(92)	(1)	-	(93)
At 31 December 2010 and 1 January 2011	1,948	777	74,574	1,041	349	16	756	79,461
Additions	56	-	30	5	15	1	2,332	2,439
Transfers, net	-	-	1,095	-	-	-	(1,095)	-
Transfer from investment property								
(Note 14)	7	-	-	-	-	-	-	7
Disposals	-	-	(334)	-	-	-	-	(334)
At 31 December 2011	2,011	777	75,365	1,046	364	17	1,993	81,573

Notes to the financial statements

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	Separate financial statements							(in million Baht)
	Land	Buildings	Refinery plant and equipment	Machinery, equipment and plant equipment	Furniture, fixtures, office equipment and others	Vehicles	Construction in progress	
Depreciation								
At 1 January 2010	-	535	42,554	619	247	12	-	43,967
Depreciation charge for the year	-	23	3,607	54	31	1	-	3,716
Disposals	-	-	-	-	(86)	(1)	-	(87)
At 31 December 2010 and 1 January 2011	-	558	46,161	673	192	12	-	47,596
Depreciation charge for the year	-	24	3,459	52	40	1	-	3,576
Disposals	-	-	(292)	-	-	-	-	(292)
At 31 December 2011	-	582	49,328	725	232	13	-	50,880
Impairment losses								
At 31 December 2010	354	-	-	-	-	-	-	354
Transfer from investment property								
(Note 14)	2	-	-	-	-	-	-	2
At 31 December 2011	356	-	-	-	-	-	-	356
Net book value								
At 1 January 2010	1,580	189	31,718	355	52	4	541	34,439
At 31 December 2010 and 1 January 2011	1,594	219	28,413	368	157	4	756	31,511
At 31 December 2011	1,655	195	26,037	321	132	4	1,993	30,337

Notes to the financial statements

For the years ended 31 December 2011 and 2010
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The gross amounts of the Group's fully depreciated property, plant and equipment that were still in use as at 31 December 2011, amounted to Baht 1,693 million in the consolidated financial statements (2010: Baht 1,619 million) and amounted to Baht 1,390 million in the separate financial statements (2010: Baht 1,312 million).

A subsidiary mortgaged its power plant and another subsidiary mortgaged its land, building and machine as collateral for long-term borrowings as described in note 19 to the financial statements. The net book value of the power plant, land, building and machine as at 31 December 2011 amounted to Baht 5,796 million and Baht 1,113 million respectively (2010: Baht 6,194 million and Baht 1,144 million).

16 Intangible assets

(in million Baht)

	Consolidated financial statements				Total
	License fee	Computer software	Customer database	Goodwill	
Cost					
At 1 January 2010	1,171	193	205	736	2,305
Additions	5	84	-	-	89
Translation differences on consolidation	-	-	-	(73)	(73)
At 31 December 2010 and 1 January 2011	1,176	277	205	663	2,321
Additions	-	170	-	-	170
Translation differences on consolidation	-	-	-	(28)	(28)
At 31 December 2011	1,176	447	205	635	2,463
Accumulated amortisation					
At 1 January 2010	656	107	-	-	763
Amortisation charge for the year	59	27	-	-	86
At 31 December 2010 and 1 January 2011	715	134	-	-	849
Amortisation charge for the year	58	22	-	-	80
At 31 December 2011	773	156	-	-	929
Net book value					
At 1 January 2010	515	86	205	736	1,542
At 31 December 2010 and 1 January 2011	461	143	205	663	1,472
At 31 December 2011	403	291	205	635	1,534

Notes to the financial statements

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(in million Baht)

	Separate financial statements		
	License fee	Computer software	Total
Cost			
At 1 January 2010	786	77	863
Additions	4	64	68
At 31 December 2010 and 1 January 2011	790	141	931
Additions	1	162	163
At 31 December 2011	791	303	1,094
Accumulated amortisation			
At 1 January 2010	592	35	627
Amortisation charge for the year	20	6	26
At 31 December 2010 and 1 January 2011	612	41	653
Amortisation charge for the year	20	8	28
At 31 December 2011	632	49	681
Net book value			
At 1 January 2010	194	42	236
At 31 December 2010 and 1 January 2011	178	100	278
At 31 December 2011	159	254	413

Notes to the financial statements

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17 Deferred tax

Deferred tax assets and liabilities as at 31 December 2011 and 2010 were as follows:

	(in million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
		(Restated)		(Restated)
Deferred tax assets	552	779	515	728
Deferred tax liabilities	(658)	(1,171)	(647)	(1,150)
Net	(106)	(392)	(132)	(422)

Movements in total deferred tax assets and liabilities during the years 2011 and 2010 were as follows:

	(in million Baht)			
	Consolidated financial statements			
	(Charged) / credited to:			
	At	Statement of		At
	1 January	comprehensive		31 December
	2011	income (Note 31)	Equity	2011
	(Restated)			
Deferred tax assets				
Employee benefits	643	(194)	-	449
Impairment losses on assets	119	(40)	-	79
Loss on cross currency and interest rate swap contracts	-	20	-	20
Loss on insurance claim for property damage	11	(11)	-	-
Other	6	(2)	-	4
Total	779	(227)	-	552

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Consolidated financial statements			
	(Charged) / credited to:			At 31 December 2011
	At 1 January 2011 (Restated)	Statement of comprehensive income (Note 31)	Equity	
Deferred tax liabilities				
Depreciation	(1,060)	416	-	(644)
Provision for hedging on foreign exchange and forward contracts	(7)	4	-	(3)
Amortisation of transmission facilities transferred to EGAT	(21)	11	-	(10)
Gain on cross currency and interest rate swap contracts	(52)	52	-	-
Allowance for decline in value of inventories adjust to net realisable value	(31)	31	-	-
Other	-	(1)	-	(1)
Total	(1,171)	513	-	(658)
Net	(392)	286	-	(106)

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Consolidated financial statements (Restated)			
	(Charged) / credited to:			At 31 December 2010
	At 1 January 2010	Statement of comprehensive income (Note 31)	Equity	
Deferred tax assets				
Employee benefits	629	14	-	643
Loss carry forward	78	(78)	-	-
Impairment losses on assets	119	-	-	119
Loss on cross currency and interest rate swap contracts	29	(29)	-	-
Loss on insurance claim for property damage	-	11	-	11
Other	2	4	-	6
Total	857	(78)	-	779
Deferred tax liabilities				
Depreciation	(1,287)	227	-	(1,060)
Provision for hedging on foreign exchange and forward contracts	(15)	8	-	(7)
Amortisation of transmission facilities transferred to EGAT	(27)	6	-	(21)
Gain on cross currency and interest rate swap contracts	-	(52)	-	(52)
Allowance for decline in value of inventories adjust to net realisable value	-	(31)	-	(31)
Total	(1,329)	158	-	(1,171)
Net	(472)	80	-	(392)

Notes to the financial statements

For the years ended 31 December 2011 and 2010
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(in million Baht)

	Separate financial statements			
	(Charged) / credited to:			At 31 December 2011
	At 1 January 2011 (Restated)	Statement of comprehensive income (Note 31)	Equity	
Deferred tax assets				
Employee benefit	609	(193)	-	416
Impairment losses on assets	119	(40)	-	79
Loss on cross currency and interest rate swap contracts	-	20	-	20
Total	728	(213)	-	515
Deferred tax liabilities				
Depreciation	(1,060)	416	-	(644)
Provision for hedging on foreign exchange and forward contracts	(7)	4	-	(3)
Gain on cross currency and interest rate swap contracts	(52)	52	-	-
Allowance for decline in value of inventories adjust to net realisable value	(31)	31	-	-
Total	(1,150)	503	-	(647)
Net	(422)	290	-	(132)

Notes to the financial statements

For the years ended 31 December 2011 and 2010
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(in million Baht)

	Separate financial statements (Restated)			
	(Charged) / credited to:			At 31 December 2010
	At 1 January 2010	Statement of comprehensive income (Note 31)	Equity	
Deferred tax assets				
Employee benefits	599	10	-	609
Loss carry forward	73	(73)	-	-
Impairment losses on assets	119	-	-	119
Loss on cross currency and interest rate swap contracts	29	(29)	-	-
Other	2	(2)	-	-
Total	822	(94)	-	728
Deferred tax liabilities				
Depreciation	(1,287)	227	-	(1,060)
Provision for hedging on foreign exchange and forward contracts	(15)	8	-	(7)
Gain on cross currency and interest rate swap contracts	-	(52)	-	(52)
Allowance for decline in value of inventories adjust to net realisable value	-	(31)	-	(31)
Total	(1,302)	152	-	(1,150)
Net	(480)	58	-	(422)

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18 Other non-current assets

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Long-term loans to savings co-operative of employees	522	527	522	527
Transmission facilities transferred to EGAT, net	47	69	-	-
Deferred natural gas pipeline facilities, raw water pipeline and the use of land, net	178	222	103	111
Deferred land lease arrangement and registration fees, net	462	506	462	506
Other deferred charges, net	101	117	21	30
Refundable deposits and other	78	134	43	44
Total	1,388	1,575	1,151	1,218

19 Interest-bearing liabilities

(in million Baht)

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2011	2010	2011	2010
Current					
Short-term borrowings from financial institutions					
- Unsecured		615	460	-	200
Short-term borrowings from related companies	6	-	-	4,254	2,997
Current portion of long-term borrowings from financial institutions					
- Secured		629	642	-	-
- Unsecured		1,497	1,860	608	593
Unsecured debentures		2,977	-	2,977	-
		5,718	2,962	7,839	3,790

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(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Non-current				
Long-term borrowings from financial institutions				
- Secured	1,223	1,821	-	-
- Unsecured	9,861	8,059	9,337	6,538
Unsecured debentures	28,886	31,181	28,886	31,181
	39,970	41,061	38,223	37,719
Total	45,688	44,023	46,062	41,509

The periods to maturity of interest-bearing liabilities as at 31 December 2011 and 2010 were as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Within one year	5,718	2,962	7,839	3,790
After one year but within five years	36,970	33,894	35,223	30,552
After five years	3,000	7,167	3,000	7,167
Total	45,688	44,023	46,062	41,509

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Secured interest-bearing liabilities as at 31 December 2011 and 2010 were secured on the following assets:

(in million Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Cash at banks - current, savings and fixed deposits	7	1,928	647	-	-
Current investments in fixed deposits	8	531	121	-	-
Power plant - carrying value	15	5,796	6,194	-	-
Land, building and machinery - carrying value	15	1,113	1,144	-	-
Total		9,368	8,106	-	-

As at 31 December 2011 the Group and the Company had unutilised long-term credit facilities totalling Baht 9,327 million and Baht 9,292 million respectively (2010: Baht 6,235 million and Baht 6,200 million respectively).

The currency denomination of interest-bearing liabilities as at 31 December 2011 and 2010 was as follows:

(in million Baht)				
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Thai Baht	27,437	28,627	28,794	28,078
United States Dollars	18,251	15,396	17,268	13,431
Total	45,688	44,023	46,062	41,509

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Interest-bearing liabilities as at 31 December 2011 and 2010 were as follows:

	(in million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Short-term borrowings from financial institutions	615	460	-	200
Short-term borrowings from related companies	-	-	4,254	2,997
Long-term borrowings from financial institutions	13,210	12,382	9,945	7,131
Debentures	31,863	31,181	31,863	31,181
Total	45,688	44,023	46,062	41,509

Long-term borrowings

Details of principal features of the Group's long-term borrowings as at 31 December 2011 and 2010 were as follows:

	(in million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010

The Company :

1) Baht 4,927 million Syndicated Loan Facility Agreement at interest 6-month (THBFIX) rate plus a margin, payable in semi-annual installments commencing in September 2010	4,320	4,681	4,320	4,681
2) Baht 1,000 million Term Loan Facility Agreement at interest 6-month (THBFIX) rate plus a margin, payable in semi-annual installments commencing in September 2010	850	950	850	950
3) Baht 4,000 million Revolving Credit Facility Agreement at interest 6-month (FDR) rate plus a margin, principal will be repayable in full at the fifth anniversary of the date of the agreement	-	1,000	-	1,000

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(in million Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
4) Baht 1,700 million or equivalent thereof in U.S. Dollar Revolving Credit Facility Agreement at interest 3-month (FDR) rate plus margin or interest 3-month USD LIBOR plus margin, principal will be repayable in full at the fifth anniversary of the date of the agreement	-	500	-	500
5 U.S. Dollars 200 million Revolving Credit Facility Agreement at interest 3-month USD LIBOR plus margin, principal will be repayable in full at the fifth anniversary of the date of the agreement. Within the availability period, the Company's own discretion whether to make a drawdown or repayment as well as decision to select the interest period of the amount drawdown under the relevant terms and conditions under the loan agreement	4,775	-	4,775	-

Subsidiaries:

6) Baht 200 million Credit Facility Agreements at interest rates ranging from 4.00% to 4.50% per annum, payable in semi-annual installments commencing in December 2010	-	175	-	-
7) U.S. Dollars 40 million Credit Facility Agreement at interest USD LIBOR plus a margin, payable in semi-annual installments commencing in March 2000	420	485	-	-

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(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
8) Baht 1,000 million Credit Facility Agreement at interest MLR less a margin, payable in semi-annual installments commencing in March 2000	338	409	-	-
9) Baht 920 million Credit Facility Agreement at interest MLR less a margin, payable in semi-annual installments commencing in March 2000	309	374	-	-
10) Baht 371.4 million Credit Facility Agreement at interest MLR less a margin, payable in semi-annual installments commencing in March 2000	122	148	-	-
11) Baht 308.6 million Credit Facility Agreement at interest MLR less a margin, payable in monthly installments commencing in December 1999	48	70	-	-
12) U.S. Dollars 144 million Credit Facility Agreement at interest USD LIBOR plus a margin, payable in semi-annual installments commencing in March 2000	199	441	-	-
13) Baht 2,625 million Loan Facility Agreement at interest MLR less a margin, payable in semi-annual installments commencing in April 2009	1,050	1,575	-	-
14) Yen 9,438 million Syndicated Loan Agreement at interest 3-month JPY LIBOR plus a margin, payable in semi-annual installments commencing in January 2009	364	1,039	-	-

Notes to the financial statements

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(in million Baht)				
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
15) Baht 565 million Loan Facility Agreement at interest MLR less a margin, payable in three-month installments commencing in November 2010	415	535	-	-
Total	13,210	12,382	9,945	7,131

Debentures

In 2010 the Company issued twelve-year-term debentures to specific institutional investors with a limit of not more than ten investors, totalling Baht 3,000 million, at face value of Baht 1,000 each, maturing on 30 April 2022 and bearing interest at the rate of 4.80% per annum, which will be repayable on every 30 April and 30 October in arrears.

Details of the Company's debentures as at 31 December 2011 and 2010 were as follows:

(in million Baht)				
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Debentures	31,868	31,187	31,868	31,187
Less discount on debentures	(5)	(6)	(5)	(6)
Total	31,863	31,181	31,863	31,181

As at 31 December 2011 the Company and a subsidiary have cross currency swap contracts with the local branches of foreign financial institutions for hedging foreign exchange and interest rate exposure of long-term debts for Baht and Yen currencies, totalling Baht 6,023 million and Yen 9,438 million respectively (2010: Baht 3,000 million and Yen 9,438 million respectively). All counterparties agree to pay the interest and the notional amount according to terms and conditions of the contracts.

Notes to the financial statements

For the years ended 31 December 2011 and 2010
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20 Trade accounts payable

(in million Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
Related parties	6	9,489	9,662	11,216	11,469
Other parties		7,782	9,322	7,611	7,955
Total		17,271	18,984	18,827	19,424

The currency denomination of trade accounts payable as at 31 December 2011 and 2010 was as follows:

(in million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Thai Baht	9,381	10,969	11,014	11,618
United States Dollars	7,890	8,015	7,813	7,806
Total	17,271	18,984	18,827	19,424

21 Other current liabilities

(in million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Accrued operating expenses	537	975	215	273
Oil Fuel Fund payable	15	210	15	210
Other payables	1,015	707	701	451
Value added tax payable	30	7	-	-
Other	315	349	333	313
Total	1,912	2,248	1,264	1,247

Notes to the financial statements

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22 Employee benefit obligations

The Group adopted TAS 19 - Employee Benefits with effect from 1 January 2011. The effect on the financial statements is disclosed in note 3(g). The Group has adopted to apply the new standard retrospectively and adjust the prior year's financial statements accordingly.

Movement in the present value of the defined benefit obligations:

	(in million Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Defined benefit obligations at 1 January	1,873	2,102	1,756	1,998
Benefits paid	(85)	(466)	(78)	(464)
Current service costs and interest	241	237	222	222
Actuarial losses recognised in the year	399	-	381	-
Defined benefit obligations at 31 December	2,428	1,873	2,281	1,756

The expense is recognised in the following line items in the statement of comprehensive income:

	(in million Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cost of sale of goods and rendering of services	514	184	463	176
Administrative expenses	126	53	140	46
Total	640	237	603	222

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Principal actuarial assumptions at the reporting date:

		Consolidated financial statements and Separate financial statements
		% per annum
Discount rate	Interest rate of long-term Thai Government Bond	
Salary increases rate	4.0-10.0	
Employee turnover	0.0-2.0	
Mortality rate	Base on Thailand Mortality Ordinary 2008 (TMO08)	

23 Share capital

(million shares / million Baht)					
	Par value per share (in Baht)	2011		2010	
		Number of shares	Amount	Number of shares	Amount
Authorised					
At 1 January					
- Ordinary shares	10	2,040	20,400	2,040	20,400
At 31 December					
- Ordinary shares	10	2,040	20,400	2,040	20,400
Issued and paid-up					
At 1 January					
- Ordinary shares	10	2,040	20,400	2,040	20,400
At 31 December					
- Ordinary shares	10	2,040	20,400	2,040	20,400

Notes to the financial statements

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24 Additional paid-in capital and reserves

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Fair value changes

The fair value changes account within equity comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign entities.

25 Segment information

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The Group comprises the following main business segments:

Segment 1:	Oil refinery
Segment 2:	Lube base oil refinery
Segment 3:	Petrochemical
Segment 4:	Power generation
Segment 5:	Oil and chemical products transportation services
Segment 6:	Other

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	Oil and chemical products																
	Oil refinery				Lube base oil refinery		Petrochemical		Power generation		transportation services		Other		Eliminations		Total
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	(Restated)
	(Restated)		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
Revenue from sale of goods and rendering of services	431,572	310,027	28,614	20,523	74,393	54,295	14,120	7,406	1,016	1,045	1,356	740	(104,830)	(75,645)	446,241	318,391	
Dividend income	4,635	3,105	-	-	-	-	-	-	-	-	-	-	(4,635)	(3,105)	-	-	
Gain on a bargain purchase	-	-	-	-	-	-	-	-	-	-	-	77	-	-	-	77	
Net derivative gain on hedging	-	548	-	-	-	(20)	-	-	-	-	-	-	-	-	-	528	
Net foreign exchange gain	-	2,620	-	8	-	(27)	-	122	-	(2)	-	1	-	-	-	2,722	
Other income	3,472	3,059	163	121	420	325	158	680	3	3	13	11	(1,697)	(1,565)	2,532	2,634	
Total revenues	439,679	319,359	28,777	20,652	74,813	54,573	14,278	8,208	1,019	1,046	1,369	829	(111,162)	(80,315)	448,773	324,352	
Cost of sale of goods and rendering of services	420,400	306,755	25,094	18,213	68,202	50,437	13,014	7,351	794	869	1,455	618	(105,651)	(76,340)	423,308	307,903	
Selling expenses	394	450	147	75	286	282	-	-	-	-	24	11	(503)	(615)	348	203	
Administrative expenses	1,514	1,346	162	170	280	274	71	352	81	90	107	23	(103)	(78)	2,112	2,177	
Net derivative loss on hedging	218	-	-	-	134	-	-	-	-	-	-	-	-	-	352	-	
Net foreign exchange loss	261	-	(45)	-	(150)	-	19	-	(2)	-	(1)	-	-	-	82	-	
Total expenses	422,787	308,551	25,358	18,458	68,752	50,993	13,104	7,703	873	959	1,585	652	(106,257)	(77,033)	426,202	310,283	

	Oil and chemical products																	
	Oil refinery				Lube base oil refinery		Petrochemical		Power generation		transportation services		Other		Eliminations		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2010	
Share of gain (loss) of associates and jointly-controlled entity	-	-	-	-	-	-	-	-	-	-	27	-	(27)	(72)	37	(1)	37	(73)
Profit (loss) before finance costs and income tax expense	16,892	10,808	3,419	2,194	6,061	3,580	1,174	505	173	87	105	(4,868)	(3,283)	22,608	13,996			
Finance costs	2,012	1,644	-	-	212	209	70	74	90	82	71	25	(328)	2,127	1,796			
Profit (loss) before income tax expense	14,880	9,164	3,419	2,194	5,849	3,371	1,104	431	83	5	(314)	80	(4,540)	20,481	12,200			
Income tax expense	2,886	1,729	937	660	1,370	524	73	119	7	-	1	3	-	5,274	3,035			
Profit (loss) for the year	11,994	7,435	2,482	1,534	4,479	2,847	1,031	312	76	5	(315)	77	(4,540)	15,207	9,165			
Attributable to :																		
Owners of the Company	11,994	7,435	2,482	1,534	4,448	2,818	750	301	76	5	(174)	37	(4,723)	14,853	8,956			
Non-controlling interests	-	-	-	-	31	29	281	11	-	-	(141)	40	183	129	354	209		
Profit (loss) for the year	11,994	7,435	2,482	1,534	4,479	2,847	1,031	312	76	5	(315)	77	(4,540)	15,207	9,165			

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Business segment financial position

Oil and chemical products																	(in million Baht)
	Oil refinery		Lube base oil refinery		Petrochemical		Power generation		transportation services		Other		Eliminations		Total		
	2011	2010 (Restated)	2011	2010 (Restated)	2011	2010 (Restated)	2011	2010 (Restated)	2011	2010 (Restated)	2011	2010 (Restated)	2011	2010 (Restated)	2011	2010 (Restated)	
Trade accounts receivable	25,239	17,880	1,463	1,072	7,115	6,363	1,549	1,399	108	98	105	98	(9,477)	(7,780)	26,102	19,130	
Inventories	29,140	28,226	3,066	2,925	1,429	1,481	214	196	87	76	130	117	(27)	(26)	34,039	32,995	
Other current assets	22,889	22,043	2,544	2,230	3,877	2,849	3,568	3,010	190	68	140	277	(9,200)	(7,878)	24,008	22,599	
Investments in subsidiaries	9,883	8,763	-	-	-	-	-	-	-	-	-	-	(9,883)	(8,763)	-	-	
Investments in associates	60	30	-	-	-	-	-	-	1	-	833	90	46	10	940	130	
Investments in jointly-controlled entity	-	-	-	-	-	-	-	-	313	-	-	-	-	-	313	-	
Property, plant and equipment	30,337	31,511	3,948	3,796	17,186	18,075	9,228	9,926	2,690	2,384	1,688	1,691	55	1	65,132	67,384	
Other non-current assets	3,713	3,869	76	133	1,218	1,300	1,289	1,341	14	13	83	6	(1,840)	(1,752)	4,553	4,910	
Total assets	121,261	112,322	11,097	10,156	30,825	30,068	15,848	15,872	3,403	2,639	2,979	2,279	(30,326)	(26,188)	155,087	147,148	

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(in million Baht)

	Oil and chemical products														Total								
	Oil refinery			Lube base oil refinery			Petrochemical			Power generation			transportation services			Other			Eliminations				
	2011	2010	(Restated)	2011	2010	(Restated)	2011	2010	(Restated)	2011	2010	(Restated)	2011	2010		(Restated)	2011	2010	(Restated)	2011	2010	(Restated)	
Trade accounts payable	18,827	19,424		327	1,005		5,637	4,935		1,819	1,110		74	55		11	27		(9,424)	(7,572)		17,271	18,984
Current portion of long-term borrowings from financial institutions	608	593		-	-		889	1,217		508	572		-	-		120	120		-	-		2,125	2,502
Current portion of debenture	2,977	-		-	-		-	-		-	-		-	-		-	-		-	-		2,977	-
Other current liabilities	6,520	6,970		676	668		3,361	2,950		127	936		2,194	1,894		921	546		(9,272)	(8,076)		4,527	5,888
Long-term borrowings from financial institutions																							
Debentures	28,886	31,181		-	-		-	-		-	-		-	-		-	-		-	-		28,886	31,181
Other non-current liabilities	3,155	3,146		83	75		88	73		25	33		25	18		79	6		(272)	(209)		3,183	3,142
Total liabilities	70,309	67,852		1,086	1,748		10,500	10,571		3,407	4,182		2,293	1,967		1,426	1,114		(18,968)	(15,857)		70,053	71,577

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26 Other income

(in million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Interest income	453	116	610	282
Land lease income	10	10	57	58
Service income	47	48	948	980
Euro IV compensation income	1,680	1,317	1,680	1,317
Subsidy income for cost of power plant equipment change	-	278	-	-
Insurance compensation income on business interruption	78	303	-	-
Other	264	562	177	422
Total	2,532	2,634	3,472	3,059

27 Administrative expenses

(in million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
		(Restated)		(Restated)
Advisory and legal fees	77	87	61	59
Personnel expenses	1,019	809	759	577
Depreciation	126	360	48	24
Other	890	921	646	686
Total	2,112	2,177	1,514	1,346

Notes to the financial statements

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28 Employee benefit expenses

	(in million Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010 (Restated)	2011	2010 (Restated)
Management				
Salaries and wages	177	200	103	134
Contributions to provident fund	14	16	10	12
Retirement gratuity fund	26	22	16	14
Other	114	120	66	73
	331	358	195	233
Other employees				
Salaries and wages	1,997	1,597	1,312	1,176
Contributions to provident fund	114	110	92	90
Retirement gratuity fund	276	142	276	142
Other	689	366	548	252
	3,076	2,215	2,228	1,660
Total	3,407	2,573	2,423	1,893

The Group established a contributory registered provident fund to which the employees contribute monthly at rates ranging from 2% to 15% of their basic salaries and by the Group at rates ranging from 2% to 15% of the employees' basic salaries. Membership to the funds is on a voluntary basis. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

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29 Expenses by nature

The statements of comprehensive income include an analysis of expenses by function. Significant expenses by nature are detailed as follows:

	(in million Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010 (Restated)	2011	2010 (Restated)
Changes in finished goods and work in progress	(774)	(2,454)	(312)	(2,132)
Purchase and raw materials used	478,388	333,968	383,110	265,535
Natural gas used	13,777	7,217	3,264	1,164
Employee benefits expense	3,407	2,573	2,423	1,893
Depreciation and amortisation	6,604	6,662	3,912	4,078
Excise tax	28,553	34,947	28,553	34,947

30 Finance costs

	(in million Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Interest expense:				
financial institutions and other	2,018	1,744	1,908	1,601
Financial expenses	108	53	104	43
	2,126	1,797	2,012	1,644
Capitalised as cost of property plant and equipment under construction	-	(1)	-	-
Net	2,126	1,796	2,012	1,644

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

31 Income tax expense

(in million Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
Current tax expense					
Current year		5,560	3,115	3,176	1,787
Deferred tax expense					
	17				
Movements in temporary differences		(243)	(80)	(238)	(58)
Income tax reduction - deferred		(43)	-	(52)	-
Total		5,274	3,035	2,886	1,729

Reconciliation of effective tax rate

	(in million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
		(Restated)		(Restated)
Profit before income tax expense	20,481	12,200	14,880	9,164
Income tax using the Thai corporation tax rate	6,144	3,660	4,464	2,749
Income tax reduction - current	-	(15)	-	(15)
Income tax reduction - deferred	(43)	-	(52)	-
Income not subject to tax	(846)	(478)	(1,539)	(1,032)
Expenses not deductible for tax purposes	23	30	13	27
Utilisation of previously unrecognised tax losses	(4)	(162)	-	-
Total	5,274	3,035	2,886	1,729

Notes to the financial statements

For the years ended 31 December 2011 and 2010
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Income tax reduction - current

Royal Decree No. 387 B.E. 2544 and dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for the five consecutive accounting periods beginning on or after enactment. Listed companies that received income tax reduction under this Royal Decree are also eligible to continue the period of tax reduction under Royal Decree No. 475 but not beyond the 2010 accounting period ending on or after 31 December 2010.

Royal Decree No. 475 B.E. 2551 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the three consecutive accounting periods beginning on or after 1 January 2008.

The Company has calculated income tax on its taxable profit for the year ended 31 December 2010 at the 25% corporate income tax rate for taxable profit not exceeding Baht 300 million. However, its subsidiaries have calculated income tax on their taxable profits for those years at the 30% corporate income tax rate.

Income tax reduction - deferred

On 11 October 2011, the Cabinet passed a resolution regarding tax measures to increase Thailand's competitiveness and approved the reduction of the corporate income tax rate from 30% to 23% of net taxable profit for the accounting period 2012 which ends on or after 31 December 2012 and to 20% of net taxable profit for the accounting period which begins on or after 1 January 2013 and onwards.

In order to give effect to the above Cabinet resolution, the Government has issued a Royal Decree under the Revenue Code regarding the Reduction and Exemption in Income Taxes (No.530) B.E. 2554 to reduce the corporate income tax rate for the three consecutive accounting periods from 30% to 23% of net taxable profit for the accounting period 2012 which begins on or after 1 January 2012 and to 20% of net taxable profit for the following period two accounting periods which begin on or after 1 January 2013. It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at no higher than 20% for the accounting period which begins on or after 1 January 2015 onwards in order to give full effect to the Cabinet resolution.

Such announcement on the reduction of income tax rate has an impact on the measurement of deferred tax assets and deferred tax liabilities since Thai Accounting Standard No. 12 Income Taxes paragraph 47 states that deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the financial statements

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The Federation of Accounting Professions has considered this matter and has resolved that the substantively enacted tax rates which should be applied in measuring deferred tax assets and liabilities shall be the reduced rates as approved by the Cabinet; i.e. 23% shall be applied for the accounting period 2012 and 20% shall be applied for accounting periods 2013 onwards.

32 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company and certain local subsidiaries have been granted privileges by the Board of Investment relating to oil refinery, power and steam generation, petroleum product production, chemical product production, ethanol product production, petroleum and liquid chemical products transported by marine, offshore crude oil unloading facilities and industrial zone. The privileges granted include:

- an exemption from payment of import duty and tax on machinery and equipment as approved by the Board of Investment.
- an exemption from payment of corporate income tax for promoted operations for periods of 3 to 8 years from the dates on which the income is first derived from such operations, and
- a 50% reduction in the normal corporate income tax rate on the net profit derived from certain promotional operations for a period of five years, commencing from the expiry date in (b) above

As promoted companies, the Company and its subsidiaries must comply with certain conditions and restrictions provided for in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses:

(in million Baht)

	Consolidated financial statements					
	2011			2010		
	Promoted businesses	Non- Promoted businesses	Total	Promoted businesses	Non- Promoted businesses	Total
Export sales	10,371	66,638	77,009	5,482	57,148	62,630
Local sales	169,975	309,213	479,188	24,791	311,207	335,998
Eliminations			(109,956)			(80,237)
Total revenues			446,241			318,391

Notes to the financial statements

For the years ended 31 December 2011 and 2010
Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Separate financial statements					
	2011			2010		
	Promoted businesses	Non- Promoted businesses	Total	Promoted businesses	Non- Promoted businesses	Total
Export sales	-	43,378	43,378	-	40,760	40,760
Local sales	145,050	243,144	388,194	-	269,267	269,267
Total revenues			431,572			310,027

33 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2011 and 2010 were based on the profit for the years attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

(in million Baht / million shares)

	Consolidated financial statements		Separate financial statements	
	2011	2010 (Restated)	2011	2010 (Restated)
Profit for the year attributable to owner of the Company	14,853	8,956	11,994	7,435
Weighted average number of ordinary shares outstanding during the year	2,040	2,040	2,040	2,040
Basic earnings per share (in Baht)	7.28	4.39	5.88	3.64

34 Dividends

At the meeting of the Board of the Directors of the Company held on 2 September 2011, the Company's Board of Directors approved the appropriation of interim dividends for the six-month period ended 30 June 2011 at Baht 1.30 per share, totalling Baht 2,652 million. The interim dividends were paid to the Company's shareholders in September 2011.

Notes to the financial statements

For the years ended 31 December 2011 and 2010
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At the annual general meeting of the shareholders of the Company held on 1 April 2011, the Company's shareholders approved the appropriation of 2010 annual dividends at Baht 2.00 per share, totalling Baht 4,080 million. After a deduction of the interim dividends of Baht 0.60 per share which were already paid to the Company's shareholders in October 2010, the remaining dividends of Baht 1.40 per share, totalling Baht 2,856 million, were paid to the Company's shareholders in April 2011.

At the meeting of the Board of Directors of the Company held on 11 September 2010, the Company's Board of Directors approved the appropriation of interim dividends for the six-month period ended 30 June 2010 at Baht 0.60 per share, totalling Baht 1,224 million. The interim dividends were paid to the Company's shareholders in October 2010.

At the annual general meeting of the shareholders of the Company held on 2 April 2010, the Company's shareholders approved the appropriation of 2009 annual dividends at Baht 2.55 per share, totalling Baht 5,202 million. After a deduction of the interim dividends of Baht 1.05 per share which were already paid to the Company's shareholders in September 2009, the remaining dividends of Baht 1.50 per share, totalling Baht 3,060 million, were paid to the Company's shareholders in April 2010.

35 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns to the Group's shareholders and benefits to other stakeholders. The management sets strategies to support the Group's operations for more efficiency, and better performances and stronger financial status, including dividend and capital management policies to maintain the optimal capital structure and cost of capital.

Notes to the financial statements

For the years ended 31 December 2011 and 2010
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Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. Hence, the Group has hedging agreements with various investment-grade financial institutions to protect against the risk of rising interest rates.

The effective interest rates of loans as at 31 December 2011 and 2010 and the periods in which those assets mature were as follows:

(in million Baht)

Consolidated financial statements				
	Effective interest rate (% per annum)	Within 1 year	After 1 year	Total
2011				
Non-current				
Long-term loans to savings				
co-operative of employees	MLR less margin	40	522	562
Loans to employees	MMR less margin	-	7	7
Total		40	529	569
2010				
Non-current				
Long-term loans to savings				
co-operative of employees	MLR less margin	40	527	567
Loans to employees	MMR less margin	1	9	10
Total		41	536	577

Notes to the financial statements

For the years ended 31 December 2011 and 2010
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(in million Baht)

		Separate financial statements		
	Effective interest rate (% per annum)	Within 1 year	After 1 year	Total
2011				
Current				
Short-term loans to subsidiaries	MMR rate not exceeding the average MLR of 5 banks less margin	4,812	-	4,812
Non-current				
Long-term loans to savings co-operative of employees	MLR less margin	40	522	562
Total		4,852	522	5,374
2010				
Current				
Short-term loans to subsidiaries	MMR rate not exceeding the average MLR of 5 banks less margin	4,597	-	4,597
Non-current				
Long-term loans to savings co-operative of employees	MLR less margin	40	527	567
Total		4,637	527	5,164

The effective interest rates of borrowings from financial institutions and debentures as at 31 December 2011 and 2010 and the periods in which those liabilities mature were disclosed in note 19 to the financial statements.

Notes to the financial statements

For the years ended 31 December 2011 and 2010
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Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases of raw materials and long-term borrowings which are denominated in foreign currencies. However, the Group enters into short-term currency hedging contracts for short term foreign currency exposures when appropriate.

As at 31 December 2011 and 2010 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

(in million Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
U.S. Dollars					
Cash and cash equivalents	7	240	414	2	2
Trade accounts receivable	9	6,278	3,005	4,185	1,164
Other receivables		-	195	-	195
Interest-bearing liabilities	19	(18,251)	(15,396)	(17,268)	(13,431)
Trade accounts payable	20	(7,890)	(8,015)	(7,813)	(7,806)
Other payables		(76)	(239)	(72)	(239)
		(19,699)	(20,036)	(20,966)	(20,115)
Other currencies					
Cash and cash equivalents	7	91	62	-	-
Trade accounts receivable	9	180	198	-	-
Other payables		(12)	(4)	(10)	(3)
		259	256	(10)	(3)
Net balance sheet exposure		(19,440)	(19,780)	(20,976)	(20,118)

Notes to the financial statements

For the years ended 31 December 2011 and 2010
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Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due. The Group has no significant credit risk with any single counterparty or group of counterparties since the Group maintains business with large customers in petroleum and power industries and requires full first class collateral for the rest.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The following methods and assumptions are used by the Group to estimate the fair value of each class of financial instrument.

The fair value of cash and cash equivalents, trade and other short-term receivables is taken to approximate the carrying value due to the relatively short-term maturity of these financial instruments.

The fair values of investments in equity securities, which are available for sales, are determined by reference to their net asset value at the reporting date.

The fair value of bank overdrafts and short-term borrowings from financial institutions and trade accounts payable and others, are taken to approximate their fair values due to the relatively short-term maturity of these financial instruments.

The fair value of long-term loans and borrowings carrying a floating rate, which is considered to be market rate, are taken to approximate their fair values.

Notes to the financial statements

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The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date or based on market price, if available.

Fair values of debentures, together with the carrying values shown in the statement of financial position as at 31 December 2011 and 2010 were as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	Fair value	Carrying value	Fair value	Carrying value
2011				
Current				
Debentures	3,011	2,977	3,011	2,977
Non-current				
Debentures	30,004	28,886	30,004	28,886
Total	33,015	31,863	33,015	31,863
2010				
Non-current				
Debentures	32,626	31,181	32,626	31,181
Total	32,626	31,181	32,626	31,181

Notes to the financial statements

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36 Commitments with non-related parties

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Capital commitments				
Project construction agreements	3,933	3,168	3,267	1,551
Total	3,933	3,168	3,267	1,551
Non-cancellable operating lease commitments				
Within one year	183	175	182	175
After one year but within five years	806	788	802	784
After five years	1,294	1,496	1,292	1,493
Total	2,283	2,459	2,276	2,452
Other commitments				
Technical services agreements	399	203	399	203
Inventory management services agreements	82	134	-	-
Letters of guarantee issued by financial institutions	540	452	377	288
Crude oil purchase agreements	58,980	48,864	58,980	48,864
Total	60,001	49,653	59,756	49,355

Long-term Maintenance Agreements

A subsidiary has combustion turbine supply and maintenance agreements with local companies ("service providers"), whereby the service providers will supply and repair parts used for yearly and scheduled repairs. In this regard, the subsidiary is committed to pay for the parts and maintenance service fees to the service providers at the prices specified in the agreements. These agreements are effective on the agreement date till the second major scheduled repair or the twelfth yearly scheduled repair.

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Power Purchase Agreements

Two subsidiaries have power purchase agreements for a period of 25 years with the Electricity Generating Authority of Thailand ("EGAT") expiring in 2023 and 2025 respectively whereby the subsidiaries will supply the electric energy to EGAT at the agreed quantity and price. As the contracted parties with EGAT, the subsidiaries must comply with conditions and restrictions provided for in the agreements.

37 Contingent liabilities and contingent assets

As at 31 December 2011 the Group had the following contingent liabilities and contingent assets:

- a) A subsidiary has been assessed by the Customs Department and the Revenue Department for the excise tax including penalty and surcharge for certain shipments of imported reduced crude oil totalling Baht 253.7 million (the Central Tax Court ruled in favor of the subsidiary). As at 31 December 2011 the case was in the process of consideration of the Supreme Court.
- b) A subsidiary has been assessed by the Revenue Department for the corporate income tax in respect to 1999 and 2000 revenues resulting to the utilisation of tax loss carry forwards in subsequent years (the Central Tax Court ruled in favor of the subsidiary). As at 31 December 2011 the case was in the process of consideration of the Supreme Court.
- c) The Company has crack spread swap and time spread swap agreements with foreign companies ("counterparties"). The Company has or the counterparties have commitments to make payments for the differences between the fixed price and floating price for each period.

As at 31 December 2011 the Company had oil volume under the agreements totalling 3.35 million barrels (31 December 2010: 3.34 million barrels).

38 Insurance policy

As at 31 December 2011 the Group has an All Risks and Loss of Profit Insurance Policy ("ALOP") from a syndicate of insurers and reinsurers for a total insured value of U.S. Dollars 7,077 million (2010: U.S. Dollars 6,777 million). Such policy is renewed on an annual basis. Certain subsidiaries have assigned their rights to proceeds from insurance claims under the ALOP to the lenders under certain borrowings agreements.

Notes to the financial statements

For the years ended 31 December 2011 and 2010
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39 Event after the reporting period

At the meeting of the Board of Directors of the Company held on 10 February 2012, the Company's Board of Directors approved the submission for approval at the annual general meeting of the shareholders of the Company the appropriation of 2011 annual dividends at Baht 3.30 per share, totalling Baht 6,732 million. After a deduction of the interim dividends of Baht 1.30 per share which were already paid to the Company's shareholders in September 2011, the remaining dividends of Baht 2.00 per share, totalling Baht 4,080 million, are scheduled for payment on 30 April 2012. This dividend is subject to the approval of the Company's shareholders at the annual general meeting to be held on 5 April 2012.

40 Thai Financial Reporting Standards not yet adopted

The Company and local subsidiaries have not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are expected to become effective for annual financial periods beginning on or after 1 January in the year indicated.

TFRS	Topic	Year effective
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013

Management is presently considering the potential impact of adopting and initially applying this new revised and revised TFRS on the consolidated and separate financial statements. Significant details are as follows:

TAS 21 (revised 2009) – The effects of changes in foreign exchange rates

The principal change introduced by TAS 21 in the introduction of the concept of functional currency which is defined as the currency of the primary economic environment in which the equity operates, TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

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41 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2010 and the statement of comprehensive income for the years ended 31 December 2010, which are included in the 2011 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2011 financial statements.

(in million Baht)

	2010					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
Statement of financial position						
as at 31 December 2010						
Investment properties	-	82	82	-	643	643
Property, plant and equipment	66,939	445	67,384	31,627	(116)	31,511
Other non-current	2,102	(527)	1,575	1,745	(527)	1,218
		-			-	

Statement of comprehensive income for the year ended 31 December 2010

Cost of sale of goods and rendering of services	308,347	(506)	307,841	307,209	(509)	306,700
Selling expenses	201	1	202	-	-	-
Administrative expenses	1,331	857	2,188	627	736	1,363
Management benefit expenses	352	(352)	-	227	(227)	-
		-			-	

The reclassifications have been made to comply with the classification.

AUDIT FEES OF THE AUDITORS 2011

1. Audit Fees

The company, subsidiaries and Thailoil Group Registered Provident Fund paid for the audit fees to the audits' company for the latest account period amounting to Baht 6,250,000 (Six million two hundred and fifty thousand Baht only).

2. Non-Audit Fees

The company and subsidiaries paid for non-audit fees for monitoring the performance compliance with the condition of the BOI Promotion Certificate to the audit's company for the latest account period amounting to Baht 875,000 (Eight hundred and seventy five thousand Baht only).

ABBREVIATIONS AND ACRONYMS

Unless otherwise stated, abbreviations and terms used in this annual report shall have the following meaning:

AGM	Annual General Meeting of Shareholders
Bangchak Petroleum	Bangchak Petroleum Public Company Limited
CG	Corporate Governance
CSR	Corporate Social Responsibility
DEDE	Department of Alternative Energy and Development Efficiency
DWT	Dead Weight Ton
GIM	Gross Integrated Margin
GRM	Gross Refinery Margin
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
Independent Power (Thailand)/ IPT	Independent Power (Thailand) Company Limited
IPP	Independent Power Producer
IRPC	IRPC Public Company Limited
ISO	International Organization of Standardization
MENA	Middle East and North Africa
MW	Megawatt
PTA	Purified Terephthalic Acid
PTT	PTT Public Company Limited
PTT Energy Solutions	PTT Energy Solutions Company Limited
PTT Global Chemical	PTT Global Chemical Public Company Limited
QE	Quantative Easing
Sapthip/ SAP	Sapthip Company Limited
Sak Chaisidhi/ SAKC	Sak Chaisidhi Company Limited
SEC	Securities and Exchange Commission
SET	Stock Exchange of Thailand
SGSi	Shell Global Solutions International
SPP	Small Power Producer
TDAE	Treated Distillate Aromatic Extract
Thaioil Energy Services/ TES	Thaioil Energy Services Company Limited
Thaioil Ethanol/ TET	Thaioil Ethanol Company Limited
Thaioil Marine/ TM	Thaioil Marine Company Limited
Thai Paraxylene/ TPX	Thai Paraxylene Company Limited
Thaioil Power/ TP	Thaioil Power Company Limited
Thaioil Solvent/ TOS	Thaioil Solvent Company Limited
Thappline/ THAP	Thai Petroleum Pipeline Company Limited
Thai Lube Base/ TLB	Thai Lube Base Public Company Limited
TOP / Thaioil / the Company	Thai Oil Public Company Limited
TOP Solvent / TS	TOP Solvent Company Limited
USD	US Dollar





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