



THAI OIL PUBLIC COMPANY LIMITED  
ANNUAL REPORT 2013



Reliable  
Performance



Reliable  
Workforce



Reliable  
Product  
Commitment



Reliable  
Compliance

# STRIVING FOR THE MOST RELIABLE COMPANY





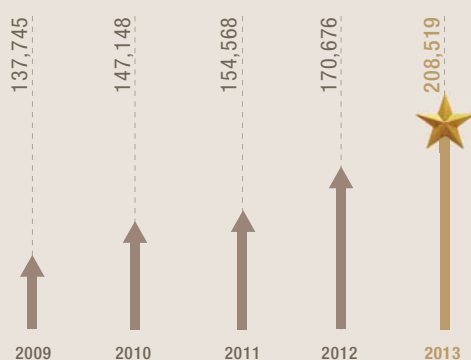
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# 01 FINANCIAL HIGHLIGHTS

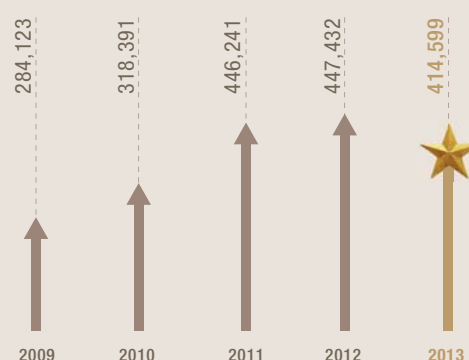
## TOTAL ASSETS

Million Baht



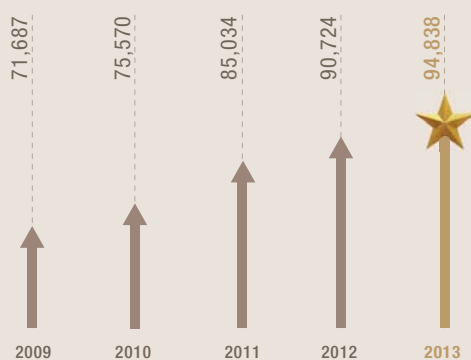
## SALES REVENUE

Million Baht



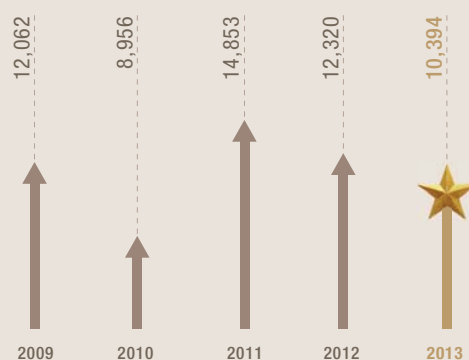
## SHAREHOLDERS' EQUITY-NET

Million Baht



## NET PROFIT

Million Baht



		2013	2012	2011 <sup>(1)</sup>	2010 <sup>(2)</sup>	2009
<b>OPERATING</b>						
Sales Revenue	Million Baht	414,599	447,432	446,241	318,391	284,123
EBITDA	"	22,361	20,350	28,760	17,381	21,393
Net Profit	"	10,394	12,320	14,853	8,956	12,062
Earnings per Share	Baht/Share	5.09	6.04	7.28	4.39	5.91
<b>FINANCIAL</b>						
Total Assets	Million Baht	208,519	170,676	154,568	147,148	137,745
Total Liabilities	"	113,681	79,952	69,534	71,578	66,058
Shareholders' Equity-Net	"	94,838	90,724	85,034	75,570	71,687
<b>FINANCIAL RATIOS</b>						
Invest Coverage Ratio	Times	5.9	8.7	13.5	9.7	10.1
Liquidity Ratio	"	2.6	2.9	3.1	2.7	2.7
Net Debt to Equity Ratio	"	0.3	0.2	0.3	0.4	0.5
Return on Equity	Percent	11.2	14.0	18.5	12.2	17.8
Return on Assets	"	5.5	7.6	9.8	6.3	8.9
<b>STOCK DATA</b>						
Closing price at the end of review period	Baht/Share	56.25	67.50	58.50	78.25	42.75
Market Capitalization	Million Baht	114,752	137,702	119,342	159,632	87,211
Dividend Payment	Baht/Share	2.30 <sup>(3)</sup>	2.70	3.30	2.00	2.55
Dividend Yield <sup>(4)</sup>	Percent	4.1	4.0	5.6	2.6	6.0
Book Value	Baht/Share	46.49	44.47	41.68	37.04	35.14

Notes:

- (1) The statement of financial position as at December 31, 2011 have been reclassified to conform to the presentation in the 2012 financial statements.
- (2) The Group adopted TAS 19 - Employee Benefits retrospectively
- (3) Including the interim dividend for 2013 half-year results at the rate of Baht 0.80 per share which was paid on September 30, 2013, and the remaining dividend 1.50 Baht per share is to be proposed to the 2014 Annual General Meeting of Shareholders' approval.
- (4) Calculated from the closing price at the end of the review period

02



## MESSAGE FROM THE BOARD OF DIRECTORS



**Mr. Norkun Sitthiphong**  
Chairman of the Board of Directors  
Thai Oil Public Company Limited

**Mr. Veerasak Kositpaisal**  
Chief Executive Officer / President  
Thai Oil Public Company Limited

This year, Thaioil Group qualified as a member of the Dow Jones Sustainability Indices (DJSI) in the oil and gas category, together with the naming by RobecoSAM (DJSI's assessor) as a Gold Class sustainability leader in the oil and gas group. The latter is the ultimate distinction of the 2014 Sustainability Award. Such acclaim marked the Group's pride and echoed the astounding success arising from the commitment and unity of the Board, the management, and employees in defining business policies, managing, and executing tasks while taking to heart a fine balance among economic, social, and environmental aspects under good governance and with equitable response to all stakeholders—all these for sustainable success over the long term.

Businesswise, the still-frail global economy inching to grow at a modest rate from the previous year eroded product demand across the market. To make matters worse, emerging capacities in the petroleum, aromatics, and lube base oil segments together exerted pressure on the product-to-feed spreads this year. To tackle this, the Board and the management fully recognized how volatile and adverse things could become, and devised accommodating measures focusing on operational excellence and integrated business group management all along for the Thaioil Group to maintain its competitive advantages. Evidently these moves paid off with the Group's successful attainment of a 102% capacity utilization rate this year along with a net profit of 10,394 billion Baht and a net profit earned by each of the affiliates. Considering such volatile and adverse economic and industrial circumstances, this performance is nothing short of commendable.

The year saw us manage to accelerate strategic projects to lay a business foundation and obtain excellent results. In improving refining efficiency for more competitiveness, work at CDU-3 and HVU-2 is now set for start-up in 2014. Expansion and business extension successes included the Group's fleet expansion, two small power plants, and a new company (LABIX Co., Ltd.) founded to manage a project on LAB (Linear Alkyl Benzene), key feedstock for detergents and soaps, worth some USD 400 million and due for a commercial start-up in 2015. Eyeing beyond the borders, the Group's project to grow its market to ASEAN is being diligently investigated for feasibility. Should the idea prove viable and ongoing projects be completed, the Board is convinced that the Group's future is bright, with

steady growth coming from a variety of projects to high-potential domestic and international markets.

In tandem with business aspects, the Group consistently pays attention to social and environmental projects and activities. A notable example is the investment in a 7-billion Baht project to improve the quality of exhaust gas released from the factories and designed to minimize the environmental impact, which was above the legal requirement. Such Project is due for a start-up in early 2014. Another is the activities conducted at the Thaioil Group's Health and Learning Center for Communities in Sriracha, Chonburi, whose key objectives are to improve residents' health, educational, religious belief, and cultural matters under the triad concept of company-community-local organization, which focuses on participation by all parties, resulting in project and activities that are truly sustainable for communities. This success, safety attitude, and due attention of Thaioil Group's employees to the environment while at work—all these combined to maintain high community satisfaction with the Group's business. The Group has also applied the knowledge and accrued experience to public service projects further from the refinery and from public utility systems. A case in point is the biogas from rubber production and household waste and promoting toxin-free homegrown vegetation project at Mak Noi Island, Panyi Sub-District, Phang-Nga. This project led the Company to receive the 2013 Thailand Energy Award, which recognized our outstanding project for Off-Grid alternative energy efforts from the Ministry of Energy.

The various domestic and international successes and awards conferred on the Group this year, detailed can be found in this annual report, speak volumes for the commitment of the Board, the management, and employees in driving our organization to sustainable business successes. For these, the Board would like to take this opportunity to express its sincere appreciation to all shareholders, investors, customers, business partners, financial institutions, organizations, and government agencies for their faith in, and strong support of, our businesses. All of us at Thaioil Group pledge to do our best to run businesses with transparency and earnest commitment to corporate governance in parallel with social and environmental responsibility as part of our mandate for energy security enhancement for Thailand and steering the Thaioil Group toward sustainability.

# Reliable PERFORMANCE

INVESTMENT OF CHOICE







## REFINERY UTILIZATION



# 102%

This year sees refinery utilization averaging 102% of the nameplate capacity.

## RELIABLE PERFORMANCE

Amidst the fluctuating state of economy, Thailoil can still maintain the strategically-strengthened performance, emphasizing on the Operational Excellence and the integrated management of business group.



### 2013 Net Profit

# 10,394

Million Baht

Result from implementing the business direction emphasizing on the production excellence and the integrated management of business group.



### The Success of Bond Issuance

# 1,000

\$ Million Dollar

Thailoil issued and offered foreign institutional investors unsecured and unsubordinated bonds totalling USD 1,000 million. The notes have been rated by Standard and Poor's and Moody's at BBB and Baa1 respectively.



### Operating Expense

# 1<sup>st</sup>

quartile Ranking

Thailoil is rated as one of the forefront refineries in the region, especially in the aspect of operating expense, putting the Company in the advantageous condition in business competition.

Reliable

# WORK FORCE

ENHANCE POTENTIAL AND  
SUCCESSOR READINESS





## EMPLOYEE ENGAGEMENT



83%

The Employee Engagement Survey conducted in 2013 yields the result of 83%, due to communication improvement among the employees.

## RELIABLE WORKFORCE

Thaioil Group constantly prepare its employees readiness through succession plan and efficient human resources management, along with cultivating employees' motivation in its process for the excellent working performance.



KM

### Knowledge Management

Thaioil always pays attention to knowledge management (KM) in order to gather know-how and experience, by developing a KM system for its employees to gain knowledge and for self-improvement, thus enhancing Thaioil's potential.



100%

### Successors for Key Positions

In 2013, Thaioil identifies successors for all key positions to ensure continuous and effective organizational management.



100%

### Individual Development Plan and Individual Career Plan

Thaioil provides its employees with individual development plan and individual career plan.

Reliable

# PRODUCT COMMITMENT



THE RIGHT BUSINESS PARTNER  
FOR CUSTOMERS





## CUSTOMER FOCUS

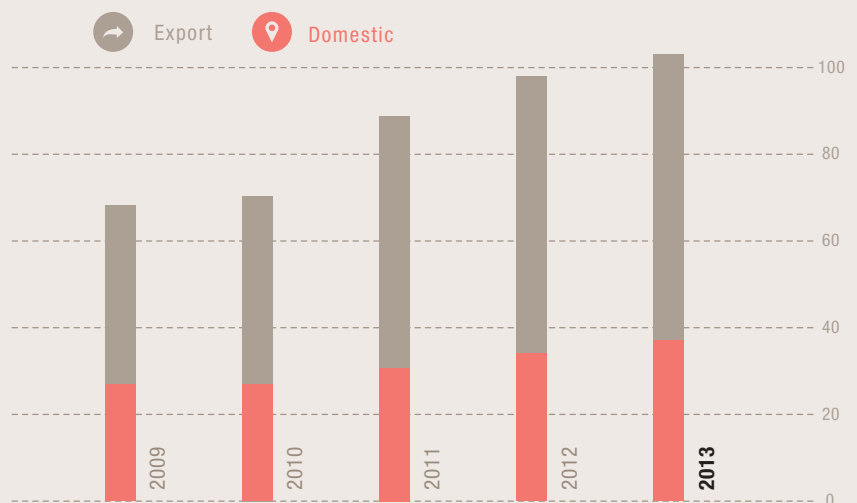


Continuously practicing commercial management and serving to customer needs, Thailoil scored 89% of Customer Satisfaction Survey in the year 2013.

## RELIABLE PRODUCT COMMITMENT

Thailoil focuses on standard product quality, punctual delivery, prompt and accurate service, as well as safety standard for product loading.

### INCREASING NUMBER OF CUSTOMERS IN THE PAST 5 YEARS



Reliable



# COMPLIANCE

**SOCIAL & ENVIRONMENTAL  
TRUSTWORTHINESS**





## TOWARD SUSTAINABILITY

MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM

Echoing success and readiness to become a centenarian organization by qualifying as a member of Dow Jones Sustainability Indices (DJSI) in the oil and gas industry.

## RELIABLE COMPLIANCE

Thaioil defines business policies by taking to heart a fine balance among economic, social, and environmental aspects under good governance and with equitable response to all stakeholders.



**ROBECOSAM**  
Sustainability Award  
Gold Class 2014

Thaioil was recognized by RobecoSAM, the assessor of sustainability for DJSI as a Gold Clas sustainability leader, acclaimed at the sustainability Award 2014.



**Emission Improvement Project**  
Investment

**7,000** Million  
Baht

Thaioil made a 7 billion Baht investment to improve the quality of exhaust gas released from the factories, as well as to minimize the environmental impact.



**5** Excellence in  
Corporate  
Governance  
Consecutive years

Thaioil received an "excellent" ranking in the top corporate governance report award for the listed company, conducted by IOD, for five consecutive years.



**Won CSR Awards  
in SET Awards  
twice in-a-row**

**2**

Thaioil received the best corporate social responsibility award for the listed company in SET Awards 2012 and 2013.



## AUDIT COMMITTEE REPORT

**Mr. Apisit Rujikeatkamjorn**

Chairman of the Audit Committee  
Thai Oil Public Company Limited



### To the Shareholders

Appointed by the Board of Directors, the Audit Committee is made up of knowledgeable independent directors with considerable experience in accounting, finance, economics, law, and the petroleum, petrochemical, and energy businesses. These members are therefore qualified to review the credibility of financial statements against the requirements of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The present committee is led by Mr. Apisit Rujikeatkamjorn, with Mr. Chulasingh Vasantasingh, Ms. Chularat Suteethorn, and Mr. Tanawat Ampunant as members.

The committee independently undertook its Board-assigned duties under its own charter, which fully aligned 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 the internal audit, compliance, and nomination of the external auditor, as well as its fees. During the year, the committee held eight meetings. Below are the essences of such reviews this year:

**1. Financial Statements:** The committee reviewed essential data of quarterly and annual financial statements for the company and its subsidiaries jointly with the external auditor, senior management, and Internal Systems Audit Manager. In its views, Thailoil had prepared its financial reports comprehensively and credibly, with conformance to legal requirements and financial report standards.

The financial statements were found to contain adequate, timely disclosure of information for users. Such was the external auditor's unqualified view after its review and scrutiny. In addition, the committee held a meeting with the external auditor in the absence of the management to freely discuss the freedom of the audit, material data for the preparation of Thailoil Group's financial statements, and major obstacles faced during the audit, which were reported by the auditor to be non-existent.

**2. Connected Transactions:** In reviewing pertinent connected transactions under the 2003 SEC announcement on information disclosure and operation of listed companies on transactions with potential conflicts of interest, the committee concluded that Thailoil had observed regular business practices, exercised fairness and sensibility, produced no siphoning of benefits, and commanded adequate disclosure of information in conformance to its corporate governance policy and the relevant announcement of the SET Board.

**3. Risk Management:** To ensure Thailoil's suitably effective risk management system, the committee reviewed risk management processes and concluded that not only did the company conform to the policy and plan, but its operations also effectively agreed with Thailoil Group's short-term and long-term goals as well as strategic plans. Under restructured risk management in line with the group's



revamped management structure, risk management would align more with external and internal circumstance changes, spanning all of Thailoil Group.

**4. Internal Controls:** The committee reviewed Thailoil Group's internal control system for 2013 against the requirements of SEC and SET. To this end, the management of relevant units assessed internal controls against the system adequacy checklist of The Committee of Sponsoring Organizations of the Treadway Commission (COSO). The findings were that the company's internal controls adequately suited its businesses, agreeing with the views of the external auditor in similar assessment concerning Thailoil's preparation of financial statements for the group. In other words, the external auditor considered the system suitable, staff adequately competent, and data adequately disclosed.

**5. Internal Audit Supervision:** The committee ensured that Internal System Audit carried out its work freely by having the unit report directly to it. Supervising and providing feedback on its operation, the committee also ensured that Internal System Audit conformed to the approved 2013 audit plan to supplement lasting, continual value to the company. The committee's findings were that the unit's execution had achieved the goals and plans. The committee also reviewed the suitability of Internal System Audit's structure, audit process, and manpower for efficient, effective execution by international standards.

**6. Compliance with the Law:** The committee reviewed and ensured strict compliance with legislation related to securities and exchange, regulations, and relevant requirements, concluding that the year had seen no violation.

**7. Appointment of the External Auditor for 2014:** In selecting the external auditor, the committee reviewed the external auditor's performance, freedom, and fees. It then forwarded its views to the Board for the shareholders' approval of

KPMG Phoomchai Audit Ltd. as Thailoil's external auditor for 2014 (quarterly financial statements included): Mr. Winid Silamongkol, CPA registration No. 3378, Mr. Charoen Phosamritlert, CPA registration No. 4068, or Mr. Vairoj Jindamaneepitak, CPA registration No. 3565. The proposed audit fees amounted to 2.54 million baht.

In summary, leveraging its competency and adequate freedom in fulfilling its charter-specified duties, the Audit Committee concluded that Thailoil had prepared essential, credible financial statements in line with generally accepted accounting principles, complete with adequate disclosure of connected transactions or transactions with potential conflicts of interest; that it commanded good corporate governance, adequate risk management, and a suitable, effective internal control system; and that it had fully complied with all relevant legislation and regulations for its businesses.

February 11, 2014

On behalf of the Audit Committee

(Mr. Apisit Rujikeatkamjorn)

Chairman of the Audit Committee  
Thai Oil Public Company Limited



## NOMINATION AND REMUNERATION COMMITTEE REPORT

### Mr. Wisan Wuthisaksilp

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



### To the Shareholders

To align with corporate governance guidelines for listed companies, the Board of Directors has appointed the Nomination and Remuneration Committee (NRC) and approved the NRC Charter as guidelines for their duties and responsibilities, including composition and qualifications of its members. The committee consists of at least 3 directors, most of whom must be independent and none of whom is to be either the Chairman of the Board or the Chief Executive Officer (CEO). Members of the committee must be knowledgeable and experienced, and must understand the qualifications, duties, and responsibilities, apart from being able to devote adequate time to the fulfillment of the committee's duties.

According to its 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. Wisan Wuthisaksilp   | Chairman<br>(Independent Director) |
| 2. Gen. Jiradej Mokkahasmit | Member<br>(Independent Director)   |
| 3. Gen. Trisak Indararusmi  | Member<br>(Independent Director)   |

#### Remark:

Mr. Somchai Poolsavasdi has resigned from the Board of Directors and Chairman of the Nomination and Remuneration Committee on September 11, 2013.

### Meetings and Performance in 2013

The committee performed all its duties spelled out in the charter and met five times, with perfect attendance, as shown on page 85.

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

2. Appointed Secretary to the Nomination and Remuneration Committee to align with new organization structure, which officially announced on January 1, 2013
3. 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 2013
4. Based the Board's compensation for the year 2013 on criteria suitable for their responsibility and linked the compensation to Thaioil's overall performance against listed companies of the same business group, as well as Thaioil's dividend payment
5. Recruited and nominated qualified persons to the Board for appointment in place of members who resigned before completing their terms
6. Recruited and nominated directors for seats on the Audit Committee, Corporate Governance Committee, Risk Management Committee, and Nomination and Remuneration Committee to the Board for consideration in the vacated posts
7. Encouraged Thaioil to allow minor shareholders to propose agenda items and nominate director candidates for election at least three months ahead of the 2014 Annual General Meeting of Shareholders from the period of October 1, 2013 – January 31, 2014 through Thaioil's website
8. Appointed Chairman of the Nomination and Remuneration Committee to fill the vacancy

January 23, 2014

On behalf of the Nomination and Remuneration Committee



(Mr. Wisan Wuthisaksilp)

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



## CORPORATE GOVERNANCE COMMITTEE REPORT

Adjunct Professor

Dr. Thosaporn Sirisumphand

Chairman of the  
Corporate Governance Committee  
Thai Oil Public Company Limited



### To the Shareholders

Thaioil's successful membership qualification for the Dow Jones Sustainability Indices (DJSI) in 2013—an internationally acclaimed yardstick for business operations—spoke volumes for the collective desire and commitment of the Board, executives, and employees to basing businesses on sustainability with proper regard for economic, social, and environmental factors.

The Board set up the Corporate Governance Committee (CG Committee) to define a corporate governance (CG) policy and practical guidelines to ensure that management proceeds on the basis of CG and business ethics; that CG standard assessment is in place for international acceptance; that businesses are properly monitored; and that Thaioil promotes and advocates the publicity and cultivation of business values of CG compliance among all executives and employees before turning the practices into a corporate culture—all these by committing itself to fair treatment of stakeholders and by doing the best on the job for the best interests of the company with integrity, transparency, and accountability. The ultimate goal is to support Thaioil's business sustainability.

The current CG Committee comprised of three qualified independent directors, namely Adj.Prof.Dr. Thosaporn Sirisumphand as chairman, with Pol.Gen. Adul Sangsingkeo and Mr. Thaworn Phanichaphan as members.

In comprehensively undertaking its charter-specified tasks, this year the committee held three meetings to approve and endorse key CG activities and plans, described as follows.

1. Approved CG activity plans for 2014 to enable business to align with CG principles and internationalize CG practices; promote confidence among the shareholders and stakeholders; and stimulate and cultivate values among all employees for their strict conformance to CG and business ethics
2. Endorsed an amendment to the CG policy to be in line with Thaioil's strategies and the 2012 Stock Exchange of Thailand's (SET's) CG guidelines for listed companies through clearer contents classification to encompass REACT principles, namely Responsibility for performance with adequate competence and efficiency; Equitable treatment of all stakeholders; Accountability for decisions and actions, which implies answerable ones; Creation of long-term value; and Transparency of business as well as information disclosure to related parties. The Board approved such policy amendment, which is downloadable from [www.thaioilgroup.com](http://www.thaioilgroup.com).
3. Endorsed Thaioil Group's policy for sustainability management to be in line with the Securities and Exchange Commission's (SEC's) guidelines for information disclosure,

which require listed companies to disclose their policies and actions illustrating social and environmental responsibility. This includes an overall policy, vision, missions, and strategies inserted in the annual information disclosure form (Form 56-1) and the annual report (Form 56-2).

4. Endorsed the Anti-Corruption Policy and Thailoil's sign-up for a certification process for CAC (Private Sector Collective Action Coalition against Corruption) membership to show its commitment to doing business with fairness, integrity, transparency, and responsibility to society and all stakeholders under CG principles and business ethics. To these, Thailoil added practical guidelines about prevention of involvement in fraud. The Anti-Corruption Policy is downloadable from Thailoil's website.

This year, Thailoil executed CG Committee-endorsed activities and projects to upgrade its CG standard, which incorporates all business stakeholders, summarized below:

### Shareholders, Investors, and Analysts

It is Thailoil's policy to keep domestic and overseas investors regularly informed of its performance and various data through assorted activities, including an open house for minor shareholders and analysts at the refinery to promote understanding of Thailoil's businesses, meetings with investors and analysts to report on quarterly performance, and meetings with investors on SET's Opportunity Days. This year it added communication channels for shareholders, investors, and analysts through the Investor Relations Web Page, electronic investor relations newsletters, and occasional updates on oil situations and intelligence reports on the state of the industry during critical periods. Besides, Thailoil promoted knowledge among investors through exhibitions at SET's hosted activities every year, including SET in the City and Money Expo, and business

news on its own website to enable all stakeholders to keep updated in an accurate, prompt, and equitable way in both Thai and English.

### Customers

Thailoil strictly honored its product purchase agreements and delivered quality products under such agreements, including accurate warranties, and provided customers with opportunities to serve as witnesses in merchandise measurements at their requests, in addition to annually surveying their satisfaction. It informed them about the CG policy concerning treatment of customers, made possible complaint-making, and provided them with useful recommendations. This year, a direct complaint-making channel was added at its website, from which the data received is now linked to the Customer Relations Management – Voice of Customers (CRM-VOC Management) system to speed up the prevention and solution of problems.

### Business Partners

The Company has improved Thailoil Group's hiring and procurement processes along with the rules and criteria for appointing price contest panels to make such processes transparent, give them checks and balances, and ensure that all its business partners are treated fairly. It held meetings with major business partners and staged relations activities with them to clarify CG policies and measures, as well as establishing complaint channels for violations of the CG policy and proper relations. A plan has been devised and experimented for CSR criteria application to business partner selection. This year, Thailoil partnered with Air Liquide (Thailand) Co., Ltd., and East Water Plc. in conducting CSR activities under the CSR-DIW Project of the Ministry of Industry, where a piped-water storage pool was dug for

Wat Laem Chabang School. As a result, Thailoil won two awards, namely a CSR-DIW award in recognition of an entity that continuously conformed to standards and a CSR-DIW Advanced 5 (also known as CSR-DIW in Supply Chain). The acclaim illustrated sustainable co-existence among communities, business partners, and Thailoil.

*To avoid and prevent practices potentially leading to violations of Thailoil's policy of putting customers and business partners on equal footing, Thailoil has now initiated the practice of sending requests to all of them, seeking cooperation by not giving to its employees any gift, high-value token, or entertainment during the New Year's festive season.*

### Creditors

Responsible people were appointed to directly keep creditors informed to ensure that each of them received the same information. Besides, quarterly meetings provided them with Thailoil's performance, while serving as opportunities to clarify its policies and a complaint channel.

### Employees

Thailoil initiated a project for all executives and employees of Thailoil Group to issue an online conflicts of interest report to promote their expression of transparency in performing duties, promote morality and legality, and responsibility for their actions, in addition to improving job efficiency with transparency and fairness in line with Thailoil's CG principles. It also publicized CG articles and news in its internal bulletins and CG e-newsletters to promote understanding and underscore the criticality of CG among employees. Its employee orientation contains elements of CG principles, business ethics, reporting of conflicts of interest, and anti-corruption so that employees may master and recognize the criticality of CG from day one.

### Communities, Society, and the Environment

Thailoil's explicit business policy takes into account sustainable and safe growth in tandem with communities, society, and the environment. This year, it ran assorted projects promoting relations with communities around the refinery, encompassing activities on public health, education, culture, and the environment at the Thailoil Group's Health and Learning Center for Communities at Sriracha District, Chonburi. It applied the energy know-how, skills, and experience in developing national society through a variety of projects, including the Ban Mae Jo Hydropower Project, located at Mae Taeng District of Chiang Mai. This project promoted security of power supply for communities apart from establishing knowledge sources and an ecotourist site, promoting chemical-free farming to constantly improve the community quality of life. Another was a project to manage household waste resulting from the production of rubber sheets and household waste by a system of biogas household ferment pits at Mak Noi Island, Phang-Nga. Along with Thaksin University, Phatthalung Campus, the project promoted chemical-free vegetables for community quality of life and hygiene. A prototype island for sustainable community energy was created with a biogas system for the entire island and integrated energy consumption diversity.

### Government Agencies and Related Entities

Thailoil assessed its compliance with applicable laws and monitored emerging law promulgation, hand-in-hand with regular cultivation among employees of awareness of the responsibility for compliance. In addition, it cooperated with external parties in sharing certain business data, knowledge, and experience upon request.

Apart from membership of DJSI achieved this year, it won international and national recognition for CG excellence as follows:

### International Awards

- >> “Asia’s Outstanding Company on Corporate Governance” at the Corporate Governance Asia Recognition Awards 2013, hosted by Corporate Governance Asia Magazine
- >> “The Strongest Adherence to CG”, hosted by Alpha Southeast Asia Magazine, based on a survey of leading Southeast Asian companies with outstanding financial management, CG, CSR, and Investor Relations
- >> A Gold award under “The Asset Excellence in Management and Corporate Governance Awards 2013”, presented by Hong Kong-based The Asset Magazine.

### National Awards

- >> An Excellent SET Award 2013 under “Outstanding Listed Companies for CG Reporting”
- >> “Corporate Governance: Top 50 Publicly Listed Companies – Thailand” against the ASEAN CG Scorecard.

**Thanks to these awards from distinguished international institutions, the Corporate Governance Committee is convinced that the collective efforts and commitment shown by the Board, the management, and employees will enable Thaioil to develop, promote, and elevate its CG standard and business ethics in tandem with CSR and environmental responsibility activities for sustainability. Should this be achieved, shareholders, stakeholders, society, and the nation would benefit from business efficiency and sustainability.**

January 21, 2014

On behalf of the Corporate Governance Committee



**(Adjunct Professor Dr. Thosaporn Sirisumphand)**

Chairman of the Corporate Governance Committee  
Thai Oil Public Company Limited



## RISK MANAGEMENT COMMITTEE REPORT

**Mr. Apisak Tantivorawong**

Chairman of the  
Risk Management Committee  
Thai Oil Public Company Limited



### To the Shareholders

The Board of Directors appointed the Risk Management Committee in support of its oversight of corporate risk management, a key tool to fulfill its goal achievement. The current committee consists of three directors who are competent and experienced in business, namely:

1. Mr. Apisak Tantivorawong      Chairman  
(Independent Director)
2. Mr. Nuttachat Charuchinda      Member  
(Director)
3. Mr. Veerasak Kositpaisal      Member  
(Director/  
Chief Executive Officer)

### Performance in 2013

As defined in its charter, the committee defined and reviewed the corporate risk management framework, policy, and process. It also provided recommendations on the risk management approach in line with Thailoil's business direction, operating strategies and plans, while supporting continuous, efficient development of risk management throughout Thailoil on a par with international standards to form a corporate culture. This year, the committee met seven times, with the following summary of actions:

1. Endorsed, before forwarding to the Board, the revised Thailoil Group's risk management structure to ensure alignment with Board-Committees concerning risk management and corporate risks of Thailoil Group in 2013, corporate risk management plans, and Thailoil Group's Business Continuity Management Plan.
2. Endorsed the amendment to company objectives before forwarding it to the Board.
3. Endorsed risk issues for the supervision and monitoring of performance outcomes under the price risk management framework for petroleum products and crude oil during the year, together with the amendment to the price risk management framework, assumptions of raw materials and price spreads for the business plans, and raised the reference crude oil inventory for price risk management.
4. Endorsed risk issues and completeness of key investment projects before forwarding them to the Board. These consisted of an agreement in support of the LAB project with joint-venture partners; founding of a subsidiary of Thailoil Marine Co., Ltd., to acquire an AFRAMAX and a long-term, time-charter lease of the third VLCC; approval of an additional loan credit line to acquire



recapitalization shares proportional to Thaioil's shareholding in Ubon Bio Ethanol Co., Ltd.; investment plans of Global Power Synergy Co., Ltd. (GPSC); and two SPP projects.

5. Provided recommendations to promote development of corporate risk management for greater efficiency and effectiveness.

January 24, 2014

On behalf of the Risk Management Committee



**(Mr. Apisak Tantivorawong)**

Chairman of the Risk Management Committee

Thai Oil Public Company Limited



## THAIOIL GROUP'S VISION, MISSION, AND OPERATING STRATEGIES

Thailoil Group aspires to become a business leader in the integrated refining and petrochemical company in Asia-Pacific with the following missions:



To be in top quartile  
on performance and return  
on investment



To become a high-performance  
organization that promotes  
teamwork, innovation and  
trust for sustainability



To emphasize good Corporate  
Governance and commit to  
Corporate Social Responsibility

Being a strategy-focused organization, Thailoil Group is characterized by a regular review of vision and business directions to further its business capability and promote competitiveness, while carving business growth and preparedness for emerging challenges and increasingly intense competition. The Group has defined three key strategies for growth:



**1. Operational Excellence:** Focus on process reliability, efficiency of production planning, flexibility of production and sale of quality products to meet customers' needs, and competitive costs



**2. Growth & Step Out:** Focus on expertise, efficiency improvement, and extension of businesses through value addition in parallel with growth focus in Indonesia, Vietnam, and Myanmar to expand its base of customers that are overseas industries, thus enhancing its performance and long-term competitiveness



**3. Organization and Human Resources Development:** Focus on bolstering corporate preparedness and grooming personnel's skills and competencies to drive for corporate success while accommodating business growth abroad and emerging businesses.



## SUMMARY OF BUSINESS ACHIEVEMENTS IN 2013

### DOW JONES SUSTAINABILITY INDICES

In 2013, Thaioil was enlisted  
as a member of Dow Jones  
Sustainability Indices (DJSI)  
in Emerging Markets Category



MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM

### SUSTAINABILITY AWARD 2014

Thaioil achieved the Gold Class  
Standard of Sustainability,  
recognized by RobecoSAM



### Robust Performance amid Volatile Global Economy

**Echoing success and readiness to become a centenarian  
organization by qualifying as a member of Dow Jones  
Sustainability Indices (DJSI) in Emerging Markets category**

Leveraging more than half a century of experience and skills  
in the energy business to become a highly capable entity  
for production, marketing, and management, Thaioil Group  
undertakes its businesses with maximum efficiency,  
confirmed by regional peers. Thanks to its robust performance,  
it intends to look after the environment, society, communities,  
and all stakeholders.

Thaioil Group strives to further its capability for sustainable  
growth by enlisting on the Dow Jones Sustainability Indices  
(DJSI). This means indexing its performance to best practices  
of sustainable entities to develop its own management  
systems to overcome weaknesses, and improve further on  
strengths by focusing on risk assessment along with  
economic, environmental, and social opportunities. In 2013,  
Thaioil Group earned DJSI Emerging Markets membership  
with a 99<sup>th</sup> percentile ranking for excellence in sustainability  
operations, thus bolstering confidence among international  
investors and financial institutions in its operations.

Equally important, Thaioil was recognized by RobecoSAM,  
the assessor of sustainability for DJSI as a Gold Class  
sustainability leader in the oil and gas group—the ultimate  
acclaim—at the Sustainability Award 2014 event.

## REFINERY UTILIZATION

Thaioil Group successfully managed its refinery utilization rate at 102%



## THAIOIL GROUP POSTED A 2013 NET PROFIT OF

# 10.394

billion Baht

## Solid Performance amid Volatile Petroleum, Aromatics, and Lube Base Oil Industry

This year, Thaioil Group maintained its focus on proactive management. Despite the recovery of the global economy—particularly in developed countries like the US and EU—petroleum, aromatics, and lube base oil markets faced pressure from China's economic slowdown policy and emerging capacities, both of which depressed the spreads and margins of various products. Yet, public policies on economic stimuli and continued measures supporting alternative energy—particularly ethanol—contributed to a 3% rise in domestic fuel demand over last year.

Maintaining its refinery utilization rate at 102% this year, Thaioil Group posted 10.394 billion Baht in net profit. The Accounting Gross Refining Margin (Accounting GRM) and the Accounting Gross Integrated Margin (Accounting GIM) was reported at USD 5.1 per barrel and USD 7.6 per barrel, respectively. Accounting for these outcomes were business conduct that focused on operational excellence, commercial management, and customer focus, not to mention synergy among PTT Group for business efficiency, including lower logistics fees, product development, as well as sharing of knowledge of business, production technologies, and operational trends.

## Processing Excellence Focus Through Integrated Management

The largest domestic complex refinery and a most sophisticated one of Asia-Pacific, Thaioil's refinery is focused on group integration among refining, aromatics, and lube base oil businesses through link-ups of units achieved through joint production planning and joint product sales. As a result, the group turned out petroleum products and petrochemical feedstock that were higher-priced and better in quality than those from ordinary oil refineries.

Margin improvement activities prevailed this year, resulting in a GRM rise of about USD 0.56 per barrel, mostly derived from unconventional-crude oil refining; higher gasoline sales

## THAIOIL GROUP STRATEGY



Operational  
Excellent



Growth  
&  
Step Out



Organization and  
Human Resources  
Development

due to naphtha value addition; reduction of the naphtha cut point to raise jet fuel outputs; distribution of novel products by meeting customers' needs, like low-sulfur fuel oil; catalyst replacement at HCU-2; shortening of distillation unit maintenance; and processing efficiency improvement and sale of quality products under the Operational Excellence project—marked by reliability, efficiency, flexibility, and safety. All these factors catapulted Thailoil to a rank among the world's leading refineries, with excellent safety records (The Total Recordable Case Frequency) among the top 10% of the US oil and gas business, a steadily declining energy intensity index, and a cash cost is maintained in the top quartile.

### Proactive Marketing Strategy and Risk Management

Also at the heart of Thailoil Group's success is customer relations management, attributed to quality products, punctual delivery, product diversity, prompt, accurate service and problem-solving for customers, and safety standard for product delivery. These have boosted the domestic and Indochinese sales ratio to 87% of capacity and sales from market expansion to ASEAN countries. Besides, more raw materials were imported for gasohol, paraxylene, and benzene products to accommodate customers' demand, and a truck loading station for liquid sulfur was built. As a result of all these, the customer satisfaction score rose to 89% this year.

As for risk management, Thailoil Group implements Business Continuity Management (BCM) by defining its Business Continuity Process (BCP) plans for key processes to ensure continued prevention risks and losses and keep businesses going amid risks to business interruption. In place was an oil price hedging measure, designed to counter oil price volatility.

### Success in Continued Implementation of Strategic Plans

Remaining a strategy-focused organization, this year Thailoil Group had set a goal called 'Speed Up Execution' to help achieving the vision of becoming a regional leader in refining and petrochemical businesses and maintaining its leader position as PTT Flagship Refinery.

This year, Thailoil installed an upgrading unit to lower pollution, namely (High-Purity Hydrogen Separator Unit) (PSA-3), a project on gas quality improvement before venting (phase 1), and a crude oil injection pump system to enable Crude Distillation Unit (CDU-3) to operate more heavy crude as planned.

Then there were ongoing projects, namely a project on gas quality improvement before venting (phase 2) to comply with environmental laws permitting sulphur oxide (SO<sub>x</sub>) emission of less than 500 ppm; a project to raise energy efficiency at CDU-3; a project to improve HVU-2, due for commercial



### Customer Focus

Focus on commercial  
management and enhance  
customer satisfaction



### Synergy

Synergy among PTT Group  
for Business Efficiency

operation by 2014; and a production expansion project at Sak Chaisidhi Co., Ltd., where production capacity will be expanded for hydrocarbon and aromatic solvents from 76 to 143 KTA to accommodate market expansion in AEC countries, due for commercial operation by Q4/2014.

Meanwhile, LABIX Co., Ltd. —a joint venture with Mitsui & Co. Ltd. was established to add value to benzene by furthering it to benzene derivatives called Linear Alkyl Benzene (LAB). All processes are linked together to the production structure of Thailoil Group, thus enabling full synergy; commercial production is set to begin in 2015.

In the ethanol business, Ubon Bio Ethanol Co., Ltd., began commercial, fuel-grade ethanol production as planned with a capacity of 400,000 liters per day.

As for the power business, Global Power Synergy Co., Ltd. (GPSC), issued 6 billion Baht's worth of recapitalization shares to buy or transfer shares in seven power companies owned by PTT International Co., Ltd. (PTTI) and PTT International Holdings Limited (PTTIH), worth 7.269 billion Baht altogether. Thailoil and Thailoil Power Co., Ltd., bought such recapitalization shares from GPSC as allocated for a total investment of 2.375 billion Baht to maintain their shareholding ratio and raise their profit portion from the power business, regarded as a sound, secure business with healthy returns. In addition, the company founded TOP SPP Co., Ltd., to manage its own SPP with a total capacity of 239 megawatts, efficiently and for its best interests. Commissioning and sale are projected for 2016.

Meanwhile, Thailoil Marine Co., Ltd., restructured its business from serving oil transport and shipping to a shipping fleet with specialized expertise in a variety of vessels, particularly large ones, to strive for business allies and raise its service standard efficiency. To this end, the company expanded its fleet by securing very large crude carriers (VLCCs) and crew boats.

Finally, to ensure sustainable growth and bolster confidence among shareholders and stakeholders, Thailoil Group

established portfolio management for growth balance of returns on investment, profit growth, proportion of sustainable income, and financial discipline.

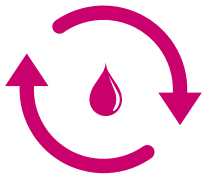
### Corporate Governance, Social Responsibility, and Stakeholder Stewardship

Thanks to its business processes and activities, Thailoil Group commands management excellence, with extensive acceptance among the business and industrial sectors. This year it was ranked, according to Platts Top 250 Global Energy Company Ranking for 2013, at No. 38 in Asia and No. 136 worldwide. The information disclosure in its sustainability report under Global Reporting Initiative (GRI) version 3.1, earned 'A' ranking for the group. It also won for the second consecutive year the following awards presented by Alpha Southeast Asia, the first and only investment magazine with a focus on Southeast Asian banking and capital markets:

- >> The Strongest Commitment to Sustainable Energy in Southeast Asia
- >> The Strongest Adherence to Corporate Governance
- >> The Best Strategic CSR

The Group recognized the value of safety and environmental stewardship, evident in its winning Thailand Energy Awards for the sixth time this year. In 2013, Thailoil earned an outstanding award for off-grid alternative energy for its project on biogas from rubber production and household waste promoting toxin-free homegrown vegetation at Mak Noi Island, Phang-Nga province. Based on sustainable development, this project focused on collective thinking and implementation together with communities. In addition, Thai Lube Base Plc., a group affiliate, won an award for its Zero Accident Project for the year.

A leading regional refining and petrochemical businesses with excellence, Thailoil Group has focused on improving its Corporate Governance (CG) standard all along through clear action plans, goal-based management, and ethical



#### THAILAND ENERGY AWARDS

Thaioil won Energy awards for the 6<sup>th</sup> time this year, receiving outstanding award for off-grid alternative energy



#### SET AWARDS 2013

Excellence in Social Responsibility presented by SET at the SET Awards 2013



#### THAI INSTITUTE OF DIRECTORS (IOD)

IOD listed Thaioil Group score at 96 out of 100, rated "Excellent" for the 5<sup>th</sup> consecutive years. The Group also won the top Corporate Governance Report Award for the 2<sup>nd</sup> year in a row



#### CSR-DIW

CSR-DIW award in recognition of socially responsible industrial plants, upgrading into a continued, sustainable green culture and network

practices, while observing social and environmental responsibility. Consistently, to promote sustainable community development, it values communities' needs and expectations. As a result, it earned awards from these leading entities:

- >> Excellence in Corporate Governance Reporting and Excellence in Social Responsibility, both for listed companies, presented by SET at the SET Awards 2013 event
- >> Outstanding Sustainability Report Award, presented by the Thai Listed Companies Association for Environment, Social, and Governance (ESG) information disclosure in the sustainability report
- >> IOD's Corporate Governance Report of Thai Listed Companies for 2013 listed Thaioil Group's score at 96 out of 100, rated excellent (the highest category), for the fifth consecutive year. The group also won the Top Corporate Governance Report Award for the second year in a row
- >> The Asset's Excellence in Management and Corporate Governance for 2013 (Gold Level), presented by Hong Kong-based The Assets Magazine
- >> The Asia's Outstanding Company on Corporate Governance from Corporate Governance Asia Recognition Awards 2013, presented by Corporate Governance Asia Magazine, a renowned Corporate Governance journal in Asia
- >> The 1<sup>st</sup> Asian Company Secretary of the Year 2013, presented by Corporate Governance Asia Magazine

- >> Asian Excellence Recognition Awards for 2013, specifically the Best Corporate Social Responsibility Award for the group's focus on social and environmental stewardship, projects on community health stewardship, and innovative leadership in clean-energy production
- >> CSRI Recognition of 2013 (general), presented by SET and the Corporate Social Responsibility Institute (CSRI)
- >> CSR-DIW 2013 in recognition of socially responsible industrial plants, upgrading into a continued, sustainable green culture and network, presented by the Green Industry Promotion and Development Office, Department of Industrial Works.

Thaioil Group recognizes the need to look after all stakeholders and keep them contented, which earned a Best Investor Relations in Sector Energy – South East Asia award, presented at the IR Magazine South East Asia Awards & Conference 2013 in Singapore, and the Best Investor Relations Company – Thailand award for observing a policy and treating investors with transparent disclosure of information.

Thaioil Group remains committed to applying its cumulative knowledge and experience for more than five decades—whether operational excellence, good governance, social and environmental responsibility, or satisfaction of stakeholders—to its business development for sustainable growth in parallel with Thai society.



## MILESTONES OF 2013

### JANUARY

01

#### THAIOIL

- Thailoil formed a joint venture with Global Power Synergy Co., Ltd. (GPSC), the merger between Independent Power (Thailand) Co., Ltd. (IPT), and PTT Utility Co., Ltd. (PTTUT), to run the power business and invest in future power development projects. The venture has a total capacity equivalent to 1,357 megawatts (MW), being 1,038 MW of electricity and 1,340 tons/hour of steam (equivalent to 319 MW of electricity). Thailoil has altogether a 32.39% share in the venture through direct and indirect investments.
- Thailoil offered a USD 1.0 billion dual-tranche senior insecure fixed rate notes to foreign institutional investors in accordance with Rule 144A and Regulation S. An aggregate principal amount of USD 500 million of the 10-year tranche and USD 500 million of the 30-year tranche, the notes have been rated by Standard and Poor's and Moody's at BBB and Baa1, respectively. The proceeds from the notes issuance for the general corporate purpose, including working capital, capital expenditures and/or refinancing debts.

### FEBRUARY

02

#### THAIOIL

Thailoil held USD 1.0 billion Bond Closing Ceremony to mark the success of bond issuance.





## APRIL

04

### THAIOIL

Thaioil earned two awards at Asian Excellence Recognition Awards 2013 event, hosted by Corporate Governance Asia Magazine:

- Best Investor Relations Company (Thailand) Award
- Best CSR Award.



## JULY

### THAIOIL

- Thaioil was named Asia's Outstanding Company on Corporate Governance, with a commemorative plaque presented at the Asian Excellence Recognition Awards 2013 event, organized by Corporate Governance Asia Magazine.
- Thaioil's CEO, together with Japan's Ambassador to Thailand and executives of Mitsui & Co., Ltd., called on Prime Minister Yingluck Shinawatra to report on the progress of the joint venture between Thaioil Group and Mitsui & Co., Ltd. to set up for LAB (Linear Alkyl Benzene) production, an intermediate in the production of surfactants such as detergents.



### THAI PARAXYLENE CO., LTD.

- Thai Paraxylene Co., Ltd. (TPX), formed a joint venture with Mitsui & Co., Ltd. (Mitsui) to set up LABIX Co., Ltd. (LABIX), to produce LAB, which also entails a number of derivatives and by-products. TPX holds a 75% share in the venture, and Mitsui 25%. Commercial production is set for the second quarter of 2015.

### THAIOIL

- A signing ceremony was held for the Engineering, Procurement, and Construction (EPC) contract between LABIX and the consortium of Hyundai Engineering Co., Ltd. and Hyundai Engineering and Construction Co., Ltd.; and for the Project Management Consultancy (PMC) contract between LABIX and Bechtel International Inc.

### THAIOIL MARINE CO., LTD.

- Thaioil Marine Co., Ltd. (TM), formed a joint venture with Nathalin Co., Ltd. (Nathalin), and TOP-NTL Shipping Trust (TOP-NTL)—a 50:50 joint venture between TM and Nathalin to set up TOP Nautical Star Co., Ltd., with a shareholding ratio of 35:35:30. The primary purpose of investing is to acquire large vessels for crude, feedstock and petroleum product storage and transportation services.



## AUGUST

08

## THAI LUBE BASE PUBLIC CO., LTD.

- Thai Lube Base Public Co., Ltd., received a plaque from the Ministry of Labour at Zero Accident Awards 2013 for an initiative to campaign for zero accident. Thai Lube Base was among those in the category of 3,000,000 - 10,000,000 man-hours without loss time injury.



## THAIOIL

- Thailoil was the only company in the region to receive Alpha Southeast Asia 2013 awards at both regional and national levels. The event was hosted by Alpha Southeast Asia Magazine, the first and only magazine for institutional investors, with such information as banking and capital markets in Southeast Asia:
  - Strongest Commitment to Sustainable Energy in Southeast Asia Award
  - Strongest Adherence to Corporate Governance Award
  - Best Strategic CSR Award.

## SEPTEMBER

09

## THAIOIL

- Thailoil paid the year's interim dividend to the Company's shareholders with the total of 2,040,027,873 shares at the rate of Baht 0.80 per share, roughly equivalent to Baht 1,632 million in total.
- Thailoil received an Outstanding Alternative Power Award for Non-Grid Connected Renewable Electricity Generation Project (Off-Grid) at the Thailand Energy Awards 2013 event. This is in recognition of its project on production of biogas from waste discharged from the rubber sheet production process and household waste, and promotion of chemical-free home-grown vegetables for community people's health on Mak Noi Island, Panyi, Phang-Nga. The event was hosted by the Department of Alternative Energy Development and Efficiency, Ministry of Energy.
- Thailoil Group earned awards from the Department of Industrial Works (DIW), Ministry of Industry, under a project initiated to recognize industrial plants that promote social responsibility to the level that it becomes corporate culture and a sustained green network.
  - CSR-DIW in Supply Chain Award for Thailoil and business partners in recognition of cooperation in respecting social responsibility standards and a CSR-DIW Continuous Award for keeping up with the standards
  - CSR-DIW Advanced Level 4 for Thai Lube Base Public Co., Ltd.
  - CSR-DIW Continuous Award for Thai Paraxylene Co., Ltd.
- Thailoil was included on the 2013 Dow Jones Sustainability Indices in Emerging Market (DJSI Emerging Market), with a score of 82 and being in the top 10% of sustainable oil and gas producers. DJSI is an index for listed companies around the globe, based on the RobecoSAM Corporate Sustainability Assessment methodology.



## OCTOBER 10

### THAIOIL

Thaioil was ranked 38<sup>th</sup> in Asia and 136<sup>th</sup> in the world by Platts: TOP 250 Global Energy Company Rankings, based on asset value, revenue, profit, and returns on investment in the oil and natural gas production business.



## NOVEMBER 11

### THAIOIL

- Thaioil earned two awards in recognition for its social responsibility work and its successful publicity of the outcomes.
  - CSRI Recognition Award 2013 in the 'general' category – This award goes to listed companies meeting the contest criteria and qualifying for the interview to win the 'Best Corporate Social Responsibility Awards: CSR Awards', as an encouragement for their determination to constantly do businesses with social responsibility and to be a role model for other listed companies, businesses, and the public.
  - Sustainability Report Award 2013 in the 'outstanding' category – This award goes to listed companies that produce sustainability reports to disclose information about ESG (Environmental, Social and Governance) that benefits investors' decision-making.
- Thaioil received two SET Awards 2013 from The Stock Exchange of Thailand:
  - Best Corporate Social Responsibility Award
  - Top Corporate Governance Report Award.
- Thaioil received the Asian Company Secretary of the Year 2013 award from Corporate Governance Asia Magazine, a well-recognized magazine on corporate governance in Asia.



## DECEMBER 12

### THAIOIL

- Thaioil earned The Asset Corporate Award 2013 – Gold Award from The Asset Magazine. This is the first year that Thaioil has been selected for the award, intended for companies with a management focus on sustainable growth, corporate governance, responsibilities for society and the environment, and investor relations. Thaioil regards this award as another notched achievement in the Asian arena. The reward reflects Thaioil's continuous emphasis on corporate governance and responsibilities for society and the environment, as well as investor relations.
- Thaioil won the Best Investor Relations Award in Energy Sector– South East Asia, based on a survey from IR Magazine. The Company also entered the final round for two other awards, one of which was Grand Prix for Best Overall Investor Relations – South East Asia (the top award for small to medium-sized listed companies in South East Asia). It was the first year in which Thaioil was among the finalists. The other was Best Investor Relations by a Thai Company Award (the top award for businesses in Thailand).
- Thaioil established wholly owned TOP SPP Co., Ltd., with a registered capital of Baht 3,500 million the purpose is to conduct 2 Small Power Plants (SPPs).





## MARKET REVIEW 2013 AND INDUSTRY OUTLOOK



Mildly weaker price in 2014.  
Keep an eye on non-OPEC  
crude oil supply along with  
unrest in the Middle East  
and North Africa, which could  
turn the oil price volatile.



The outlook calls for steady  
demand growth for aromatics and  
lube base oil in line with the world  
economy, as capacities grow.



Other downstream industries-  
whether solvent, ethanal,  
oiltanker, or power-hold growth  
potential, tracking economic  
growth

### Market Review 2013

#### Global Market and Economy

In 2013, the global economy expanded by 2.9%, a mild drop from the 3.2% growth rate of 2012, mainly because of China's slower economic growth, the US economic decline, and the European debt crisis. The new Chinese leadership team came to power in March 2013 and adopted a more sustainable economic policy through higher domestic consumption and less dependence on exports. Despite the gradual economic recovery later in the year, the US average economic growth retracted from the previous year following the "fiscal cliff" economic crisis early in the year and the budget cut measure launched to counter the debt ceiling, significantly affecting economic recovery and resulting in a 17-day shutdown of government offices in Q4. Quantitative Easing Tapering (or QE4) was predicted throughout 2013 and became enforced in late 2013 with the continuous reduction from the USD 85-billion injection by the US Federal Reserve (FED) to purchase mortgage-backed securities and long-term government bonds. QE4, to a certain extent, has sent a negative sentiment to the world market. The European debt crisis was still the main economic concern throughout 2013. With a few hiccups early in the year, including the launch delay of an economic measure in Q1 and Q2 due to the general elections and formation of the government in Italy, together with the collapse of the second largest commercial bank in Cyprus following the widespread debt crisis in the country, the overall European economic contraction has eventually improved in the latter part of the year.



### Crude and Petroleum Products

The crude price was volatile throughout the year. The Dubai crude price, fluctuating within a USD 95-115 per barrel window, averaged USD 105.45 per barrel—a drop from USD 109 per barrel average in 2012. The higher price was observed earlier in the year and peaked at USD 113 per barrel in February as a result of significant improvement of the manufacturing sector in the US and China. Concerns of lower demand impacts from the fiscal cliff and debt ceiling, which subsequently resulted in a substantial budget cut in the US, and the leadership change in China have gradually dampened the crude price later in the year. Market perception of the crude price went further negative following the sentiment that the world's second largest oil consumer, China, would consume less as a result of the new economic policy to become less dependent on exports and foreign direct investment. With inconclusive results of the general elections in Italy in March, a second round of elections was organized to ensure the formation of a stable government. Several economic measures earlier planned for Italy and other European countries in Q1 were consequently delayed, pressing the crude price to go lower. The collapse of the

second largest commercial bank in Cyprus around the end of Q1 aggravated the debt crisis in Europe and generated concerns of more widespread economic contraction and lower crude demand.

The crude price was under greater pressure during Q2 after the economic nosedive dictated by fears of the Eurozone debt crisis escalation in the wake of Cyprus and possible economic hard landing in China. The International Monetary Fund (IMF) and the Organization for Economic Co-operation and Development (OECD) consequently came up with a lower annual GDP forecast down to 7.7-7.8% for China. The IMF also lowered the global GDP to 3.3%, while the World Bank's prediction dipped further to 2.4%. Market sentiments plummeted further with a prediction of a falling crude price due to the lower global oil demand following the FED's economic measure to reduce the size of USD 85-billion per month QE. Meanwhile, the International Energy Agency (IEA), the US Energy Information Administration (EIA) and the Organization of Petroleum Exporting Countries (OPEC) came out with a lower global oil demand forecast during Q2 and Q3.

The crude price, however, jumped in Q3 reflecting a series of unrest in several oil-producing countries. The US resolution to deploy military intervention in Syria following the use of chemical weapons, the demonstration in Libya leading to the closure of seaports, blocking oil exporting and reducing daily production from 1.2 million to around 0.55 million barrels per day in June and Q3, the escalation of conflicts of interest between North Sudan and South Sudan leading to a possible crude oil pipeline cutoff, continual fighting between the pro- and anti-former president in Egypt, oil export pipeline explosion in Iraq, and oil smuggling from pipeline in Nigeria—all these happened in 2013, bringing global oil supply disruption. Many North Sea oil fields were also shut down during the quarter under the planned maintenance program, reflecting a regional supply shortfall. On the other hand, manufacturing and service sectors in the US, EU, and China were significantly improved from the previous quarter, thus driving the global economy recovery.

The high oil price, however, softened after market sentiments on crude supply shortfall from the Middle East were relieved following eased tensions in Syria and Egypt around the end of September. The price fell continuously into early Q4, reflecting the US budget deficit leading to the 17-day shutdown of government offices nationwide and the stop-work of more than 800,000 civil officers, as well as the risk of missing the debt payment deadline for the first time in the US history. These concerns directly impacted the US economic forecast and the global oil price. The recurring violence in Libya sapped production and export of crude oil from Libya to the lowest level of the year. Moreover, the meeting between Iran and six western superpower nations in early November on nuclear disputes yielded no clear conclusion. The global crude price, as a result, rose and refused to come down even after the six-month zero-sanction period was agreed under the full control of Iranian uranium inventory, since many

perceived that such resolution was very preliminary, and Iran would need at least 6-12 months to bring their crude production up to 2.6 million barrels per day.

The prices of refined products tracked the declining crude price. The variation (or price gap between Dubai crude and refined products, including gasoline, kerosene, jet fuel and fuel oil) plunged from the levels of 2012. The wider gap was a result of weakened currencies in many countries in Southeast Asia, forcing importers, including Indonesia, to import less. On the other hand, weak currencies supported the main refined product exporters, including India, to export more. While China's demand was lower, China exported more refined products. At any rate, the price gap between Dubai crude and diesel edged up a little, buoyed by the import needs of Middle Eastern and West African countries, which boosted diesel prices in Asia.

### Domestic Oil Market

Thailand's economy experienced decent growth in the first half of the year due to several factors. Domestic consumption was robust. Industrial investment grew in support of automobile manufacturing in response to higher demand driven by the government's First Car scheme. The service sector also recorded healthy expansion. The economy, however, slowed down in the second half. Private consumption dropped. Both private and public investments decelerated following the delay of public budget spending on mega-infrastructure projects. Export growth recovery was still unclear, as demand from major trade counterparts became sluggish in view of the relatively slow global economic recovery. The National Economic and Social Development Board (NESDB) reported on February 17, 2014 that a new economic growth forecast at 2.9%, declined from the year 2012 at 6.5%.

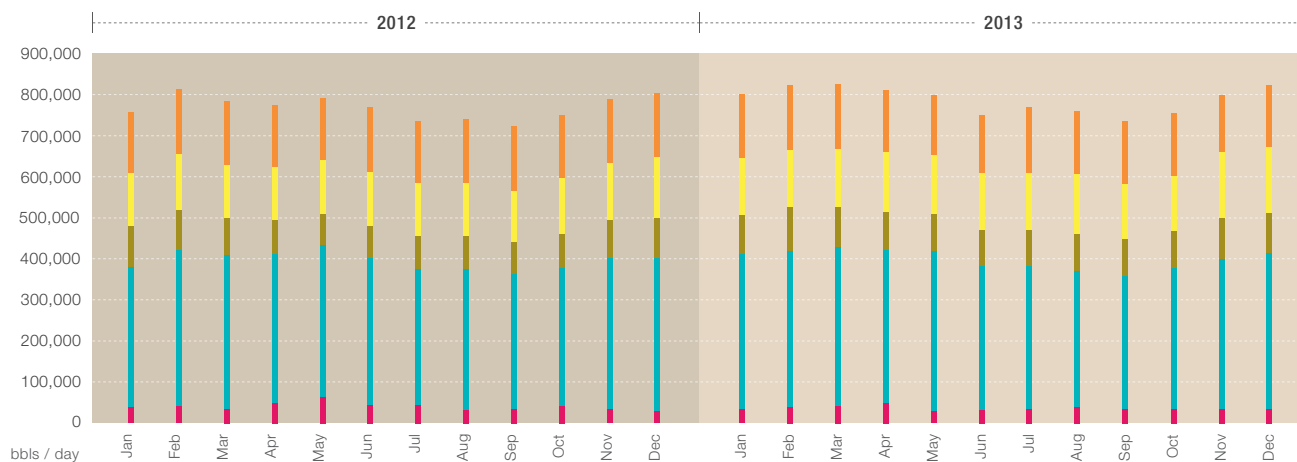
The overall domestic demand for refined products in 2013 expanded approximately 3%, led by the demand for





## DOMESTIC DEMAND OF REFINED PETROLEUM PRODUCTS IN 2012 AND 2013

● LPG ● Gasoline ● Jet fuel ● Diesel ● Fuel oil



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

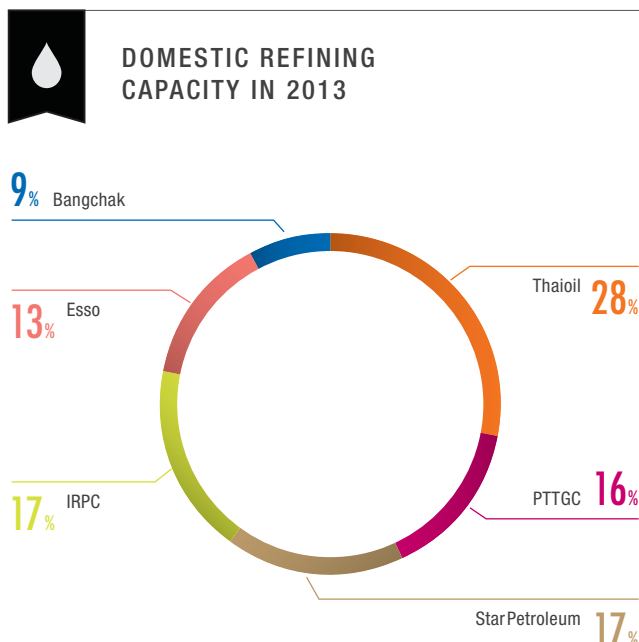
gasoline at 7% growth. Following the First Car scheme policy, sales of sedans and commercial vehicles in the first half surged to 690,497 units, a 29% increase from the previous year. On the other hand, diesel consumption grew only by 2%, as the retail diesel price was capped at 30 Baht per liter under the levy adjustment mechanism by the Excise Department and the maneuvering of the Oil Fund. Jet fuel consumption climbed by 9% following an influx of more tourists. Fuel oil consumed by industrial and power generation sectors, however, was substituted by natural gas and other fuels and shrank by 8%.

In 2013, the domestic oil refining capacity amounted to 1,077,977 barrels per day, edging up from 976,745 barrels per day, the corresponding number of 2012. The rise reflected overall economic recovery and higher demand for oil. Incidentally, Thairoil remained the leader in total market share of 28% of the overall refining capacity.

### Aromatics Market

The aromatics market was highly volatile, since demand

and supply failed to find their equilibrium throughout the year. The paraxylene supply in the first half was relatively tight after the demand jump for polyester in China to feed the downstream industry by 7.7% year-on-year. China is the world's largest importer of paraxylene. The only additional world supply of paraxylene was from HC Petrochem's new aromatics complex in South Korea, with a production capacity of 800,000 tons per annum. Coincidentally, the Tenglong aromatics plant in China had to defer its 800,000 tons per annum output to the second half of the year. The tight global supply therefore continued. The market situation reversed itself around the end of Q2. The major purified terephthalic acid (PTA) producers in China, including plants in Hengli, Yisheng and Yuandong, shifted their positions from major buyers of paraxylene to produce PTA to major sellers after their restructuring and reduction of PTA throughput. The paraxylene price, meanwhile, went down, leading the market to concerns about demand for polyester in China and gloom.



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

The paraxylene market became vigorous in Q3 in view of more production of PTA from many plants in China to profit from the wide price gap between PTA and paraxylene. Moreover, the price of mixed xylenes was too high for some producers in South Korea, including HC Petrochem and Lotte Chemical. The market supply of paraxylene became tighter in Q3, but eased up in Q4 after additional supply came in. Two new aromatics plants of Tenglong in China with a combined capacity of 1,600,000 tons per annum of paraxylene started their production. The TPPI aromatics plant in Indonesia also started their production at 550,000 tons per annum. The overall paraxylene market in 2013 improved from the 2012 situation, since the price gap between paraxylene and gasoline 95 exceeded USD 20 per ton.

During the year the benzene market was continually buoyed by the tight supply in the US, after many olefins plants turned to lighter feedstock like ethane, propane, and butane, thus leading to a lower output of benzene to the market. China constantly raised the import of benzene throughout the

year after its styrene monomer plants came on stream. The wider price gap between styrene monomer and benzene had driven all the styrene monomer producers to grow their production, resulting in higher demand for benzene. The price gap between benzene and gasoline 95 rose to USD 130 per ton, higher than the 2012 level.

Meanwhile, the toluene market was also bright year-round due to higher demand for toluene for paraxylene production. The toluene feedstock in China rose to a three-year high of 170,000 tons in Q3, forcing its imports to drop and cap the price gap between toluene and gasoline 95 to a mild increase from the previous years.

### Lube Base Oil and Asphalt Market

The lube base oil market dropped from the year earlier after the demand drop during long holidays of the New Year and Chinese New Year. Moreover, sales competition had heated up since late 2012. A discount in prices of premium grade (Group 2) lube base was offered to compete with Thai Oil's lube base (Group 1). The overall lube base market became more vigorous in late Q1, following supply reduction from China, while the domestic demand crept up for seasonal preparation of machinery for the agricultural sector. The market situation turned abruptly around mid-year, when the regional major lube oil importer, China, resumed its purchases, while regional lube oil producers were under planned maintenance shutdowns. Prices of lube oil, therefore, went up till about year-end when all traders had to keep their inventories low.

The overall asphalt market proved better than the previous year. As demand driven by imports from China, Vietnam, and Indonesia dropped after completion of road construction, inventories of asphalt were maintained at a high level in preparation for new budget approvals. It was noted that China's demand was much lower as a result of the



government's budget control policy, and commercial banks therefore enforced strict measures on loan applications by asphalt importers and road construction. Indonesia, on the other hand, raised asphalt imports and inventories for domestic construction during summer. Regional asphalt demand continued to creep up and was expected to rise to cope with additional demand from Australia for their road construction in summer, as well as from Indonesia and Vietnam for their road construction before the extended New Year's holiday.

### Solvent Market

The demand for solvents was high during Q1 in view of a strong need for solvents for the auto-industry after the First Car scheme. Yet, the global solvent market was generally down, reflecting the weak US economy and Eurozone debt crisis, as well as the falling raw material costs. Solvent production therefore dropped. The Baht currency strengthened sharply in Q2 directly, affecting exporters and depressing solvent exports. China, South Korea, Singapore, and Taiwan, on the other hand, raised their solvent production during the year. The solvent market in the first half of the year was therefore out of equilibrium, with supply overwhelming demand.

The situation continued into the latter half of 2013. More supply from China and South Korea went to Southeast Asia while demand in China dropped. Price competition in several markets was inevitable. Domestic demand for solvents went down further in Q3, when floods in south-central and eastern Thailand forced several factories using solvents to close down. The overall solvent market outlook was down by 5% year-on-year.

### Clean Product and Petrochemical Tanker Market

The overall oil tanker and refined product market showed good response to the regional economic recovery. Tankers

for oil transport were in constant need throughout the year, with the average occupancy rate to transport oil, refined petroleum, and petrochemical products for Thaioil standing at 85%. However, the sea freight tariff was under pressure from additional supply of tankers in the region. After the oil-spill incident in Rayong in July, 'Ship to Ship' offloading was temporarily prohibited affecting Thaioil's 'Ship to Ship' business, and it resumed in October.

### Ethanol Market

As a result of the measure launched by the Ministry of Energy to abandon the sale of unleaded gasoline ULG91, demand for ethanol, a raw material for domestic gasohol production, for 2013 proved sharply higher. Ethanol demand jumped by 95.24% year-on-year to 2.46 million liters per day in the first half of 2013. Following this successful measure, a number of new gas stations with E20 and E85 filling services and new vehicles fueled by E20 and E85 gasohol also soared. The annual average demand for ethanol was expected to rise to 2.6-2.7 million liters per day.

For the year, 0.65 million liters per day came from two new ethanol plants, bringing the total domestic output to 3.95 million liters per day. This ethanol came from 0.23 million liters per day of sugar cane, 1.74 million liters per day of molasses, 0.88 million liters per day of cassava, and 1.1 million liters per day of a combination of molasses and cassava. Despite the higher ethanol supply in the domestic market, the market was out of equilibrium in the first half of 2013. The higher demand was driven by a few factors. The Ministry of Energy initiated a policy, dictating that, in producing gasohol, oil companies must procure ethanol produced from molasses and cassava at a ratio of 62:38, respectively. Certain molasses-based ethanol producers had secured sales agreements with foreign buyers in late 2012. Some ethanol producers failed to operate continuously for the year, and some had

to temporarily shut down for machinery replacement and maintenance. The demand-supply of ethanol approached equilibrium during Q3 and Q4.

The price of ethanol this year surged from the 2012 level, particularly ethanol produced from cassava. This is mainly due to the policy implemented by the Ministry of Energy to force all oil companies to procure ethanol produced from both molasses and cassava at a ratio of 62:38. The year's average ethanol price produced from cassava was 26-31 Baht per liter, whereas the average price of ethanol produced from molasses for the same period was 22-26 Baht per liter.

### Power Industry

The power purchase from independent producer (IPP) bidding and the call for purchase of solar rooftop energy were the two key events in the domestic power industry this year. Gulf Energy Company won the IPP bidding with a commitment to producing a combination of 5,000 MW from two agreements, with the lowest power purchase unit cost of 4.2371 Baht. Glow and EGCO were the other bidding contenders who failed to secure any agreement. Gulf Energy is obliged to construct the power plant and begin selling electricity by 2021.

An invitation for purchase of solar rooftop energy was made to target a purchase of 200 MW. This target was broken down into 100 MW in total from housing and residential producers with generating capacity of 0-10 kilowatts, and another 100 MW from small-medium-large commercial buildings with a generating capacity of 10-1,000 kilowatts. A 25-year period and feed-in tariff would be granted, beginning when power is commercially transmitted into the distribution system. Purchase unit prices were set at 6.96 Baht for housing and residential producers, 6.55

Baht for small commercial buildings, and 6.16 Baht for medium-large commercial buildings. The invitation was offered during September 23 – October 11, and the announcement was made on October 14 this year.

### Global Market and Economy in 2014

In its October 2013 report, IMF projected the 2014 global economy to grow by 3.6%, a rise from the 2.9% registered in 2013. The economic growth of the developed-country group is expected to be 2.0%, whereas China, India, and other Asian developing countries will grow by 5.1%. However, these forecasts are subject to a number of risks and negative factors, some of which are as follows.

**USA:** Because of the massive budget deficit and political conflicts between the Democrats and the Republicans, the 17-day government shutdown took place in October 2013. Although both parties and the House eventually agreed and passed a new budget bill in mid-December 2013, the deficit crisis still exists and the market is keeping a close watch on the US economy. Moreover, the FED has begun the QE4 with continuous reduction of inflow funds into the bond and mortgage-backed securities markets since December 2013. The market has observed significant economic recovery from the past three QE measures, but is somewhat skeptical about the QE4.

**Europe:** The Eurozone debt crisis is still under close monitoring. There is a possibility that Greece, Italy, Spain, and other European countries would seek financial aid from EU. The EU Council has expressed grave concerns on the economic contraction of Italy and Spain, while their sovereign debts keep rising. Nevertheless, the EU Council has convened and developed a mitigation and budget plan for 2014, including financial support for member countries. Moreover, the IMF has put out a forecast of positive

economic growth for EU in 2014, first in the last several years after the birth of Eurozone debt crisis.

**China:** Despite the high economic growth of the past several years, the IMF predicted that the Chinese GDP will cool down from the last few years. This is due to the adoption of a more conservative economic policy by the new leadership, including less dependence on exports as well as public and private investments, realizing that China is now less dependent on large foreign investments. The GDP for 2014 reported by IMF is 7.3%, a drop from 7.6%, the average growth of 2013. The Chinese government, meanwhile, still maintains its five-year economic growth of 7.5%.

### Crude and Petroleum Products

The world oil price is expected to drop in 2014, reflecting higher global supply, while demand for oil is relatively stabilized. The Dubai crude average price is expected to be around USD 102 per barrel with a degree of volatility throughout the year, a slight drop from USD 105.45 per barrel, the actual average price in 2013. Significant additional supply is from non-OPEC producing countries, including the US and Canada. Risks affecting falling demand include unrest and violence in major oil-producing countries like those in the Middle East and North Africa, natural disasters, and other negative factors.

**Crude Oil Supply:** The world expects historic growth in global crude supply in 2014. The IEA stated in its October 2013 report that an additional crude supply of 1.77 million barrels per day would be contributed by non-OPEC producers, leading the world's overall supply to a historic level of 56.37 million barrels per day. The majority of additional supply is from horizontal drilling and production of tight oil formations, including shale oil and shale gas in the US. The total US crude output is expected to exceed 4 million barrels per day

in 2014. Moreover, 2 million barrels per day in additional supply is expected from Iraq, subject to the completion of oil production facilities within the timeframe.

**Petroleum Product Demand:** The global demand for petroleum products is set to gradually rise. The IEA stated in its October 2013 report that the global demand in 2014 will rise by 1.12 million barrels per day to 92.12 million barrels per day. China and India still dominate the global demand. Demand for oil in Europe, meanwhile, is expected to rebound, reflecting economic recovery. A slightly higher demand is expected by the US, following the economic rebound; however, this could be offset by more energy efficiency and the federal measures to promote the use of alternative energy.

**Regional Refining Capacity:** With additional refining capacity of 0.89 million barrels per day from China and 0.3 million barrels per day from India, and a mild rise in the Middle East, the additional refining capacity in Asia-Pacific and the Middle East is set to rise to 1.2 million barrels per day in 2014. It is also expected, however, that up to 0.7 million barrels per day in refining capacity will be lowered with the closure of refineries in Japan and Australia due to stricter regulations or financial causes. The expected additional supply is less than the expected additional demand in this high-growth region. Supply risks are possible, including closure of some inefficient refineries in Europe and the US East Coast.

**Politics in the Middle East:** The politics and conflicts in Iran, Libya, and Syria are likely to dominate the supply scenario here. The summit between Iran and six superpowers ended with a positive resolution on Iranian uranium inventory. To elaborate, the government of Iran agreed to cease the development to transform uranium ore to the nuclear

weapon production grade in exchange for reducing the scope of economic sanction imposed on its crude oil export quota. In practice, Iran would need at least 6-12 months in preparation and commissioning of all equipment and machinery to produce an additional million barrels per day for export. Libya's oil export is still under great pressure from continued demonstration and unrest. Crude supply of 500,000-700,000 barrels per day is not expected to flow into the market in 2014. Following an agreement between the Syrian government and international organizations on demolishing and inspection of all chemical weapons, the US might reconsider the deployment of military force if Syria fails to execute and prove what they have committed to. The deployment of international forces in the Middle East would escalate the regional tension exponentially and directly affect the oil supply from the region.

**Seasonal and Natural Disasters:** Besides seasonal effects, the demand and price of oil are highly driven by natural disasters. Hurricanes in the Atlantic, including Karen in 2013, ravaged several oil fields in the Atlantic and the Gulf of Mexico, as well as refineries in the Gulf region. Tropical storms and typhoons in the Pacific and South China Sea, including Typhoons Naree, Wipa, and Haiyan, ravaged refineries in the Asia-Pacific region and deprived oil demand.

**Legislative and Regulatory Controls:** Amid higher awareness of "green" energy consumption, many countries have adopted policies for more consumption from alternative energy sources to minimize the global warming impact. The United States, EU, and many Asian countries, including Indonesia, Vietnam, the Philippines, and Thailand, have issued regulatory controls on the use of ethanol in gasoline and biodiesel.

## Domestic Oil Market

The NESDB, in its Thailand Economic Report dated November 18, 2013, forecast national economic growth at 4.0-5.0%, supported by global economic recovery. The IMF, meanwhile, projected the world GDP to rise from 2.9% in 2013 to 3.6% in 2014. Contributing factors to the economic growth are a rebound of exports, a mild rise in household consumption following higher consumption statistics in the first half of 2013, and public mega-project investments if the projects can be completed within their timeframes. The Thai economy is, however, subject to certain obvious risks, including currency market volatility due to the US QE4 policy and its unclear impacts on the world economy, together with domestic political instability and delays in private investment upon further clarification from the Board of Investment under the new investment promotion strategy.

The domestic consumption of refined oil products in 2014 is expected to rise by 2%, including 4% growth in LPG consumption, 2% growth in diesel and jet fuel, and a normal 1% growth in gasoline. Since several local refineries are set to enter their planned maintenance shutdowns during the year, the domestic oil refining is expected to fall from those of the previous years.

## Aromatics Market

The aromatics market is expected to stay put or drop mildly, led by the fall in the paraxylene market due to higher supply. The demand, however, is still supported by the continual growth and demand for garment and packaging. Moreover, due to inadequate upstream feedstock, some paraxylene producers will be unable to run their plants at maximum capacity. A mild glut is therefore anticipated for the paraxylene market. Following the replacement of lighter substitutes, many olefins plants in the US will be unable to

supply benzene to the world market at the same level. The world benzene market therefore looks bright in 2014.

**Paraxylene:** The world demand for paraxylene is believed to grow by 6% CAGR (Compound Annual Growth Rate), an impressive growth rate compared with other aromatics markets. The higher demand is driven by continual growing needs for daily living commodities, even during an economic downturn, such as polyester for the textile industry and PET (polyethylene terephthalate) for the packaging industry.

With a rising population, demand for more downstream products is warranted by capacity expansion at many PTA plants. The PTA capacity expansion is set to rise by 7 million tons, and all products go into the market system. This additional PTA production is driven by demand of 4.69 million tons per year for three PTA plants in China, one in India, one in South Korea, and one in Taiwan. During the year, 6.8 million tons in additional supply will be added into the system by two new plants in China, three in South Korea, one in Singapore, and from capacity expansion in Kazakhstan and Algeria. Yet, due to tight supply of mixed xylenes and toluene, some paraxylene producers are likely to run their facilities under capacity, leading to a slight oversupply paraxylene market.

**Benzene:** The benzene market is expected to grow tightly, with a CAGR of 2-3.5%, in line with the world's economic growth. The growth is driven by products manufactured with benzene, including those in the electronics industry, toys, packaging, furniture, and electrical appliances. With new downstream styrene monomer and phenol plants using benzene as feedstock, China maintains its leading imports of benzene. Following more production of shale gas in the US, many olefins plants are set to use shale gas as a substitute to produce olefins. This process will

not yield benzene and, therefore, the US is likely to import more benzene from the Asian region, which will enhance the benzene market and keep the benzene demand and supply in good balance.

### Lube Base Oil and Asphalt Market

The global demand for lube base oil is likely to continue rising at 1.4%, due mainly to growth in developing economies in Asia. The Group 1 lube base oil, used in heavy industries and marine transport industry, is set to steadily grow, whereas the demand for Groups 2 and 3 lube base oil, developed for use in the automobile industry, will rise more sharply following several environmental protection regulations to reduce emissions. On the supply side, Group 1 is on a slow decline curve, as some Group 1 producers are now using their facilities to produce Group 2 products. Groups 2 and 3 producers, especially those in Asia, are producing more and more with expectation of higher demand. This will therefore likely lower the price ratio between the lube base oil and fuel oil in 2014.

The asphalt market will grow to meet high demand in 2014, driven by developing countries like India and Indonesia, both of which have a long list of road construction and repair projects, as well as Indochinese countries preparing themselves for the ASEAN economic integration in 2015. Thailand is also set to use much more asphalt for its transportation infrastructure in the next seven years, and Australia is pretty much the same. The regional supply of asphalt looks stable, leading to an expectation of a bright asphalt market. However, the prices of fuel oil and asphalt are likely to fall slightly next year in line with the expectation of a lower global oil price.

### Solvent Market

The demand of solvents is expected to rise in line with the national GDP, as solvents are used in the automobile, paint, glue, and ink industries. The Bank of Thailand's forecast of Thai GDP in 2014 is to be around 4.0-5.0%, an improvement from 2013. The domestic demand for solvents is expected to rise accordingly. On the supply side, more supply from China and South Korea will continue to come in. For the local supply, Sak Chaisidhi located in Rayong is doubling its production capacity around the end of Q2. IRPC will also grow production of their solvent products. This will drive the C9 and C10 solvent supply over the local demand, and export is therefore anticipated. On the other hand, the pending approval of the government's infrastructural projects could significantly boost local demand for certain solvents, particularly xylenes, toluene, and white spirit.

### Clean Product and Petrochemical Tanker Industry VLCC Market

The global refining capacity is set to rise at an extra 6 million barrels per day during 2014-2015, which will trigger a higher demand for VLCC (very large crude carrier) at a rate of 3% per annum. However, in view of new carriers in the market in recent years and higher supply of tight oil, sea freight rates are expected to still be under pressure. Investment in used carriers is still considered attractive. Moreover, PTT Group companies have planned to deploy more crude carriers during 2014-2015 and onward to support their refining operation and expansion. An opportunity for long-term investment in VLCC to drive for lower freight rates is foreseeable.

### AFRAMAX Market

Despite healthy demand for AFRAMAX crude carriers to support exploration and production of oil in Thailand and

in the region, in their applications for special-grade and heavy crude oil shipment in the region, as well as for raw material transport and floating storage, the market has not been receiving a good response for AFRAMAX. Faced with poor market growth, the number of AFRAMAX carriers is expected to decline.

### Chemical Carrier Market

With additional demand from PTT Group to deliver petrochemical products to customers within Thailand, in the region, and overseas, the market is set to grow constantly. However, because of a good number of chemical carriers in the market, freight rates will likely be capped.

### Crew Boat Market

Amid higher exploration and production activities of oil and gas in Southeast Asia, the demand of crew boats has been rising sharply. Also with stricter regulations on safety and environment for offshore operations, newer crew boats are in high demand.

### Ethanol Market

In the light of a considerable rise in vehicles using E20 and E85 gasohol, and a sizeable number of gas stations, demand for ethanol next year is set to rise to a level of 3.0 million liters per day.

One or two more cassava-based ethanol plants are set to begin operation in 2014, adding 0.34-0.54 million liters per day in capacity. The total domestic supply of ethanol will be around 4.59 million liters per day. Moreover, the government policy targets a higher ratio of molasses-based ethanol to cassava-based ethanol in 2014 at 55:45 ratio, which translates into a need for cassava of 3 million tons to produce ethanol of 1.31 million liters per day. However, due to the oversupply of ethanol in early 2014, the average price of ethanol produced from cassava is expected to drop slightly.

## Power Industry

The Electricity Generating Authority of Thailand (EGAT) and privately-owned power plants will become outdated in 2014, but the market will be offset by new ones. Meanwhile, additional power supply generated by natural gas from the Zawtika field in Myanmar will come on stream in Q2. EGAT is tasked to revise its power production and transmission plans for 2014-2018 to align with the maintenance programs of energy sources, including all gas fields, to ensure minimum possible power generating costs. It is foreseen that more power generating capacity is needed on the west coast, while less capacity is needed on the east coast. Some plants, such as the GPSC-SRC (original IPT) and Glow IPP, may have to shut down in 2015-2018.

Even with higher, continuous support from the government on the use of alternative energy, Thailand's power market still relies on the use of natural gas at 63-67% of the total energy sources. The alternative-energy consumption target is set to grow under the national alternative energy plan to 20% of the total energy sources during 2014-2018. The power demand for 2018 is targeted to reach 32,062 MW. The next Power Development Plan (PDP) is under close watch by all and is set to be announced in 2014. This new PDP is set to reduce dependence on natural gas, which is rapidly being depleted. The retail power price is likely to be higher, but the overall market is set to be stronger and more reliable.





## PRODUCTION PROCESS AND PROCESS DEVELOPMENT/ QUALITY, SECURITY, SAFETY, HEALTH, AND ENVIRONMENTAL MANAGEMENT

### Production processes and process development

This year Thailoil's throughput of crude oil and other raw materials averaged 279,940 barrels per day (about 102% of the nameplate capacity). Meanwhile, Thai Lube Base posted an average daily processing rate of 272,457 tons per year (102.0 % of the nameplate capacity); Thai Paraxylene, 749,258 tons per year (89.4% of the nameplate capacity). These rates conformed to the optimum production plan jointly made with Thailoil.

To maintain its production capability as well as constant readiness to enhance competitiveness, Thailoil took the following steps to raise processing efficiency while planning closely coordinated production and sale, with a view to optimizing benefit:

- >> Installed the Plant Information – High Availability production database to integrate Thailoil Group's production data and add access to all site data. Equipped with the automatic fail-over system, the system's readiness is as high as 99.99%. This system represents efforts to develop database security under ISO/IEC 27001 (ISMS: Information Security Management System), certified by Thailoil Group since 2010.
- >> Process alarm management: Constantly developed and valued process safety, which sharply lowered the number of alarms to international standards and even beyond. As a result, operators now have more time for efficient process supervision and for resolving production problems. Thailoil's alarm management is among the world's best in class.

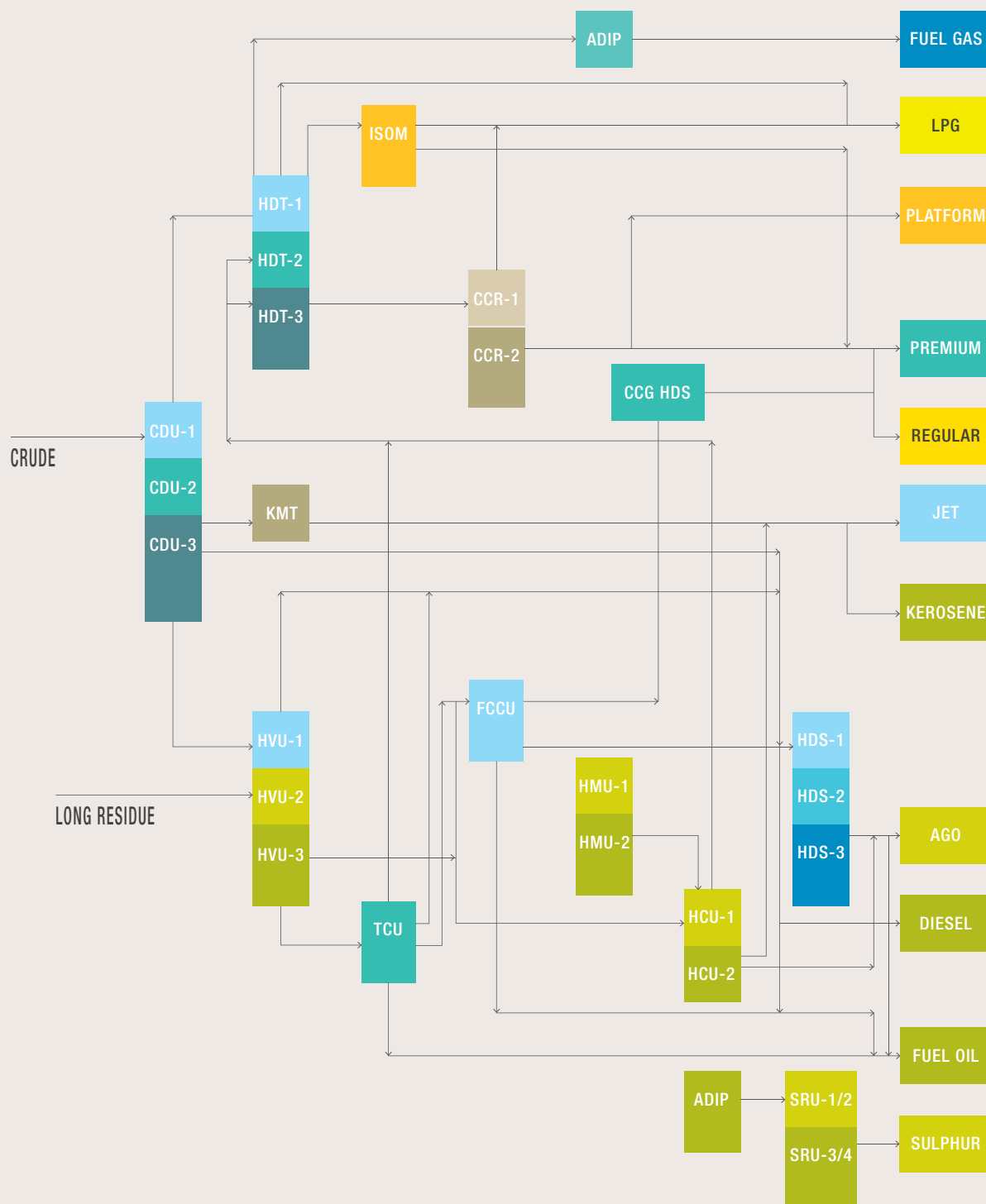




- >> Installed the Advanced Process Control (APC) and Real-Time Optimization (RTO) systems for key processes throughout Thailoil Group:
  - Installed APC at TDAE (lube base oil unit) for greater TDAE output
  - Installed RTO, currently the most advanced control system, in four more units:
    - Continuous Catalyst Regeneration Platformer Unit 1 and 2 (CCR-1 and CCR-2) to raise aromatics precursor volumes for greater paraxylene and toluene yields
    - Hydrocracking Unit 2 (HCU-2) to raise jet fuel and gasoil yields
    - Vacuum Distillation Unit (VDU) to raise the lube base oil yield.
- >> Ran the Emission Improvement Project (EIP) to lower sulfur oxide concentration in compliance with the new legislation. The project consisted of SRU-5 unit and TGTU construction together with improvement of relevant treatment units, including Shell Claus Off-Gas Treating (SCOT), SRU-3, and SRU-4, to comply with the new legislation.
- >> Ran a project to enlarge fuel-gas systems in Crude Distillation Unit 1 (CDU-1) and Crude Distillation Unit 2 (CDU-2) to accommodate future natural gas consumption and switched to a Low-NOx burner to improve environment quality.
- >> Installed PSA-3 to accommodate more hydrogen consumption, on stream since December 2013.
- >> Debottlenecked various process units during the annual maintenance shutdown:
  - Crude Distillation Unit 2 (CDU-2)
  - Continuous Catalyst Regeneration Platformer Unit 3 (CCR-3)
  - Thermal Cracking Unit (TCV)
  - Hydrocracking Unit 2 (HCU-2)
  - High Vacuum Unit 2 (HVV-2)
- and effectively saved energy while deriving high-value products, including jet fuels and gasoil from HCU-2, and maintained maximum capacities.
- >> Won the PTT Best-Practice Platinum Award, in effect the first prize of PTT Group's Best-Practice Sharing this year, as a result of its optimizing steam consumption in the Crude Distillation Unit 3 (CDU-3) furnace.
- >> Won the Energy Management System: ISO50001 certification for Thailoil's CDU-3. Thailoil has planned to extend the certification scope to other process units and Thailoil Group.
- >> Fabricated two new gasoline storage tanks to accommodate the growing demand for 91-octane gasoline.
- >> Improved the crude-blending system to allow the feeding of low-quality crude into CDU-3 and raise its capacity for such crude oil.
- >> Constructed a new, modern, and faster station dispensing liquid sulfur to trucks to accommodate its rising sale of liquid sulfur.
- >> Successfully produced up to 1,490 tons/day of paraxylene.

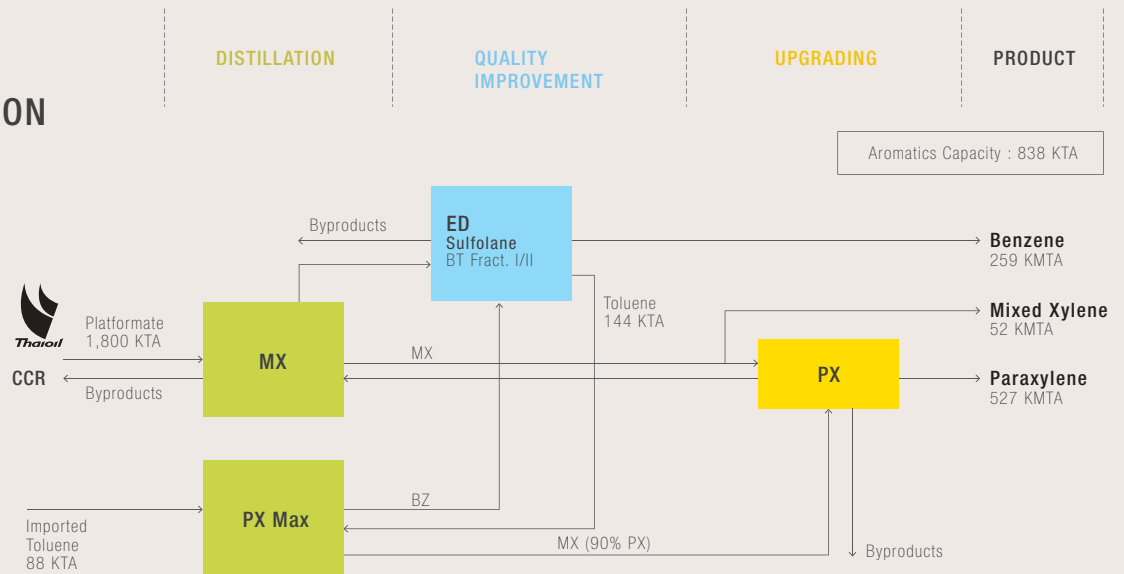


## CRUDE AND FEEDSTOCK REFINING PROCESSES (INCLUDING PETROCHEMICAL AND LUBRICATING OIL PROCESSING OF THAI OIL GROUP)



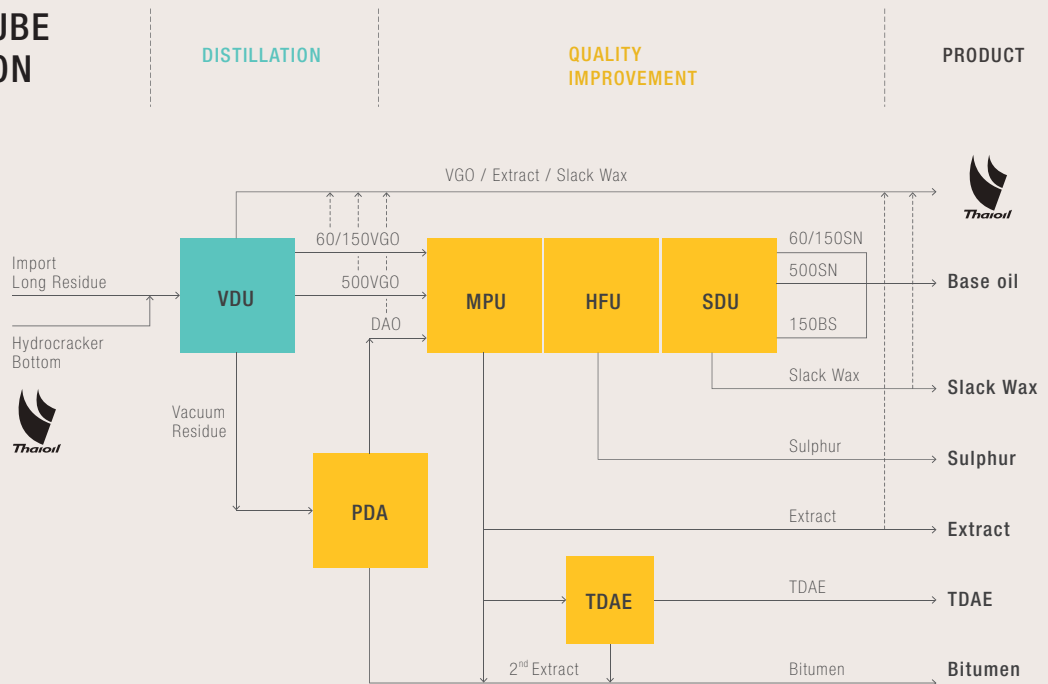
Flow diagram of Thai Oil Refinery, a complex refinery in Thailand

## SIMPLIFIED AROMATICS CONFIGURATION



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

## SIMPLIFIED LUBE CONFIGURATION



Flow diagram of Thai Lube Base

### Refining performance measurement

Based on the benchmarking of Thailoil and other refineries in Asia-Pacific of 2012 by Solomon, Thailoil ranked in the 1<sup>st</sup> Quartile in total operating expenses, while its process utilization and energy intensity index ranked in the 2<sup>nd</sup> Quartile.

Thailoil remains committed to constantly improving its refining capability so as to become an Asia Pacific's leading refiner.

### Quality, Security, Safety, Health, and Environmental Management

Thailoil Group has laid down a set of guidelines on the management of quality, security, safety, occupational health, energy, and social responsibility by applying the following ISO systems:

1. Quality Management (TIS 9001)
2. Environmental Management (TIS 14001)
3. Occupational Health and Safety Management (TIS 18001)
4. Occupational Health and Safety Management (BS OHSAS 18001)
5. Integrated Management System (IMS)
6. Laboratory Competency Management (ISO/IEC 17025)
7. Social Responsibility Management: CSR (ISO 26000) under CSR-DIW Project
8. Information Security Management (ISO/IEC 27001)
9. Energy Management (ISO 50001).

Since 1996, Thailoil has maintained and improved all these systems for continuity, which led to the formulation of Thailoil Group's current policy on the management of quality, security, safety, occupational health, environment, energy, and social responsibility, intended for:

- >> Development of quality products and services to meet customer satisfaction under standard management systems, laws and regulations, as well as other related standards and requirements
- >> Formulation of a systematic risk management plan to control and minimize operation risks, namely physical, chemical, biological, and psychosocial risks to prevent incidents which may cause injuries or illness to workers. Thailoil also pays attention to the proper use of its workforce
- >> Formulation of international-standard plans with goals to control and reduce impacts potentially occurring from processes involving water, air, noise, garbage, residue, greenhouse gas emissions, and energy management, followed by reviews, follow-ups, and inspection for continual improvement
- >> Provision of sufficient resources and information for policy implementation and business operation. In the design and procurement of products and services, careful consideration is given to efficiency and continual improvement in quality, security, safety, occupational health, environment, energy management, and social responsibility.
- >> Continual development and updates of policies and regulations to keep abreast with changes in laws, technological development, energy consumption, environmental situation, and social movements.

Thaioil remains committed to embracing management standards to drive them for sustainable development.

### Security Management

Thaioil implements its strict security measures to safeguard Thaioil Group's personnel, properties, data, and reputation from security threats arising from both internal and external factors in line with risk levels. It adheres to Thaioil Group's quality, security, safety, occupational health, environment, energy, and social responsibility policy, which requires all executives and employees to jointly and strictly conform to the Universal Declaration of Human Rights. This year it took the following further steps:

- >> Devised and reviewed security measures for dealing with threats while linking the measures and resources to government and private intelligence networks and seeking external assistance. Exercises were held for the emergency response team, followed by assessment and improvement to ensure effectiveness
- >> Published a safety and security manual to help staff lead a safe life, both at work and at home
- >> Set up the Safe White Green Project, another security management effort to eliminate narcotics (White) at operating sites. Covering formulation of policies and plans for prohibition of such substances and all illegal objects, as well as breach of security regulations, the project also called for contractors' participation.

### Occupational Health and Safety Management

The occupational health and safety of employees, communities, contractors, and stakeholders are Thaioil's top priority. Possibly the national leader in this industry, it has always

taken pride in maintaining excellent performance on this matter. Yet, this leadership excellence is not a given without Thaioil's sustained improvement of its processes and operations, as other companies could very well be continually developing themselves. As a result, it has updated its five-year plan on occupational health, safety, and emergency and crisis response to keep up with changing circumstances while improving the quality of its operations.

Thaioil successfully operated its occupational health and safety businesses in line with its five-year plan on occupational health, safety, and fire prevention and firefighting, encompassing occupational health, personal safety, process safety, emergency and crisis management, and safety leadership. A dedicated unit controls and drives performance under the plan. Appointed was an occupational health, safety, and workplace environment panel, consisting of at least 50% from the ranks of operating personnel (excluding the Chairman of the Board). This panel met at least once a month to keep employees informed, track performance progress, share future plans, etc.

Thaioil developed and upgraded its management system for occupational health, safety, and fire prevention and firefighting through the Operational Excellence Management System (OEMS), which is made up of 12 key elements. While one of these key elements involves the management of Security, Safety, Occupational Health, and the Environment (SSHE), the rest mostly deals with process safety, which plays a part in raising process safety performance, such as Strategy and Leadership, Operation, Management of Change, Reliability and Asset Integrity, and Management of

Contractors and Suppliers. A new rule under OEMS requires a review of the initial status, followed by another of the five-year plan to make it up to date before communicating to all staff for action. Thailoil established a set of process safety indicators to specifically maintain excellent occupational health and safety management systems for the benefit of sustainable competitive advantages. In the past year, it also attained leadership excellence along with skills in occupational health, safety, and emergency and crisis management through competency development programs. This underlined the values while cultivating a culture and awareness among all employees, averting severe incidents, and maintaining Thailoil's leadership of this competitive oil industry.

In addition, the Safe White Green Project was initiated to include contractors in the management of safety (Safe), security (White), and the environment (Green). The project targets zero accident, together with zero narcotic substance and lawbreaking. All activities must not set off any environmental impact or public nuisance.

Thailoil took the following steps in occupational health this year:

- >> Introduced a fitness test for staff and contractors.  
Sick or injured workers, caused by work-related or non work-related incidents, are required to go through a fitness test to measure their physical and mental strength to ensure that they can resume their duties and to prevent possible accident to themselves and colleagues.
- >> Initiated the Ergonomics Approaches for Office Work Program, which requires examination of work stations along with staff's sitting and working postures. Corrective

measures were designed to suit each staff member's physical conditions to prevent musculoskeletal disorders and to protect staff from health risks.

Because data are a key success factor for management, Thailoil devised a data system for recording, monitoring, and reporting safety performance for employees and contractors, together with assorted accident reports and events potentially leading to accidents, namely unsafe acts and conditions, and near-misses.

### Environmental Management

Thailoil Group has defined an environmental management framework with due regard for the triple bottom lines (social, environmental, and economic) under the Environmental Master Plan of 2012-2016 so as to respond to challenges and opportunities posed to Thailoil Group by major stakeholders, including communities, government authorities, Thailoil Group business plans, and guidelines for environmental excellence. Coupled with its strengths and skills in energy matters accrued over five decades, the framework gave rise to a development plan known as the Environmental Master Plan of 2012-2016, consisting of nine development project plans, namely:

**1. Governance Structure:** The ISO 14001 has governed the oversight and development of Thailoil's environmental management system. Today, the Eco Industry framework, Global Reporting Initiative (GRI) and Dow Jones Sustainability Indices (DJSI) provide an operational approach for a wider and more comprehensive scope and issues. As for CSR standards, ISO 26000 has been applied under the CSR-DIW project.

**2. Technical Procedures:** Thailoil strives to ensure that its environmental management agrees with its code of conduct for its treatment of communities, society, and the environment. Thailoil will not engage in any activities that harm natural resources and the surroundings and will constantly cultivate awareness of social and environmental responsibility among employees. To this end, it has defined corporate governance in its policy on quality, security, safety, occupational health, environment, and social responsibility, which has found implementation and has been communicated through various means, including CG e-learning, employee orientation, education and training on environmental aspects, Safety, Security and Environment in Refinery (STA.1) training, QSSHE Week activities, external and internal training on environmental courses, and energy and environmental conservation training. Thailoil drives its employees toward implementation while informing them as required by ISO 14001. Through the years, its environmental management has constantly pursued excellence and can be passed on from generation to generation via the five steps under Knowledge Management known as COSSAI: Capture, Organize, Store, Share, Apply, and Innovate.

**3. Climate Strategy:** Valuing natural resource conservation (particularly that of fuels and energy), Thailoil Group appointed an Energy and Loss Committee (E&L) to plan operation, monitor, examine, and identify ways to continually improve energy management. Besides, Thailoil has defined a master plan for energy management for 2010-2019, with a goal to move into the first quartile of Asia-Pacific refineries in energy consumption, which directly affects world atmosphere through greenhouse gas reduction.

**4. Water Resource Management:** Thailoil has in place a systematic water resource management to reduce risks for water shortage in the production process and to prevent possible conflicts with communities. It is also prepared to report its water consumption to the public and welcomes inspection. To raise water management efficiency, Thailoil mapped out a development framework intended for dealing with both water consumption in the production process and efficient use of water resources. Implementation projects under the framework are being designed.

**5. Eco-efficiency Performance:** Besides environmental stewardship and conformance to measures to prevent and ease environmental impacts defined in Environmental Impact Assessment (EIA) reports, together with full conformance to environmental legislation, Thailoil Group takes the following process improvement into account to illustrate its attention to environmental quality:

- >> Air Pollution – The management process ranges from maintenance planning, control of sulfur content in fuels at its sources, choice of equipment and clean processes, ventilation control, to continual measurement
- >> Water Pollution – Water pollution management ranges from volume reduction and segregation of treatment from sources, the 3Rs principles (Reduce, Reuse, Recycle), to efficient wastewater treatment
- >> Industrial Waste – To manage industrial waste, the process involves inventory-making, volume reduction at sources using the 3Rs principle, storage control, transport, as well as safe, lawful, and technically correct disposal for treatment.

**6. Biodiversity:** As a responsible party for the habitat and natural resources around the refinery, Thailoil Group proceeded with notable projects, including the Refinery Park Project, to improve the landscape and work ambience in perfect blend with natural surroundings, while reminding employees, contractors, and Thailoil Group visitors to pay attention to nature; and Khao Phubai Ecosystem Development Project, which is under a feasibility study.

**7. Supplier and Contractor Program:** A crucial factor for Thailoil's sustainability is its management of business partners and contractors, which also illustrates social responsibility for managing impacts on society and the environment from their operations. As a result, Thailoil has defined guidelines for business partners and contractors on the environment and society and encouraged them to abide by Thailoil Group's requirements. Thailoil has also joined the CSR-DIW Project to show its social responsibility.

**8. Environmental Audit:** Thanks to its earnest, continual operation under the ISO 14001 framework, Thailoil experienced no major corrective action (meaning NC Major = 0) following an audit by the Management System Certification Institute (Thailand). In addition, it is defining audit and assurance actions for its sustainability development reports under GRI.

**9. Management Information Solutions:** For sustainable management, Thailoil Group is developing and formatting its environmental database to strive for international management practices, with instances including an environmental dashboard, LCA/LCI, carbon dioxide footprint, water footprint, etc.

The work under the Environmental Master Plan of 2012-2016 is annually revised under Management Review for improvement, which is a key element supporting the vision and mission of commitment to social responsibility and of fostering satisfaction and engagement among stakeholders. These actions will lead to Thailoil Group's sustainable growth.

#### **Environmental Education and Training for Employees**

Thailoil has defined a code of conduct on the treatment of communities, society, and the environment, under which it will refrain from actions harming natural resources and the surroundings, and will constantly cultivate awareness of social and environmental responsibility among its workforce. To this end, Thailoil has defined a clear set of guidelines for education and training of employees on environmental conservation. A quality management unit is charged with designing and developing curricula focusing on valuing environmental policy communication and employee education from day one (that is, through their orientation), particularly operators, technicians, and engineers, who are performing tasks directly related to environmental stewardship and conservation. Such courses include the Safe White Green Project; STA.1 training on Safety, Security and Environment in Refinery; QSSHE Week activities; external and internal training on environmental courses; and training for managers, supervisors, and operators responsible for water pollution, industrial waste, and air pollution control. Moreover, engineers in charge of production processes were seconded to technology proprietors for training on process techniques. To date, more than 20 such courses were held.

In addition, Thailoil has applied leading environmental management systems and other management systems,



including ISO 14001, ISO 26001 through the CSR-DIW Project, and the Thailand Quality Award (TQA) Management System. Besides, it regularly encourages employees' environmental conservation awareness through the likes of environmental audit in production areas and campaigns on the effective application of office resources—including turning off meeting room lights after meetings, properly controlling air conditioners' thermostats in offices, saving tap water, and using electronic instead of hard document copies in communication.

The outcomes of these various activities are regularly reported to the management, who will conduct their annual Management Review to outline improvement guidelines and formulate the annual plans, to be deployed for effective implementation.

## 12 FUTURE PROJECTS



### Poised to become a leader of the integrated refining and petrochemical company of Asia-Pacific

In drawing up strategic investment plans for Thailoil Group, Thailoil seeks primarily to foster sustainable growth and steer toward business leadership that robustly integrates refining and petrochemical businesses in Asia-Pacific in the run-up to the ASEAN Economic Community (AEC), which will indeed broaden its market scope and business opportunities.

Thailoil has mapped out investment plans to grow its capacities to accommodate rising product demand and value addition, introduce emerging products to meet consumers' demand, and invest in competition efficiency and capacity, including development of the transport and logistics of petroleum and petrochemical products, apart from environmental projects.

### Ongoing Projects

#### Debottlenecking of High-Vacuum Unit (HVU-2)

Under this debottlenecking project, Thailoil is to raise HVU-2 efficiency to refine more vacuum gas oil (waxy distillate) from short residue and convert it into higher-value fuels like gasoline and gas oil (diesel). 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 construction, the project is due for commercial start-up by Q1/2014.

#### Emission Gas Improvement

Thailoil has taken steps in the Emission Improvement Project (EIP) to raise its efficiency in eliminating sulfur oxide in the fuel gas to under 500 ppm for a better environment and accommodate assorted future projects under its strategic plans. Costing around 7 billion Baht, it encompasses a sulfur recover unit and tail gas treating unit. Thailoil enjoys juristic person income tax exemption granted by the Board of Investment for the net profit equivalent to investment in the project.



#### **LAB Production by Thai Paraxylene Co., Ltd.**

Thai Paraxylene Co., Ltd. and Mitsui & Company Co., Ltd., jointly founded LABIX Co., Ltd. on July 11, 2013, a pioneer producer of LAB in Thailand with a capacity of 100,000 tons per annum. LAB is the core feedstock for soaps and detergents. LABIX's selected process, proprietary of UOP Limited Liability Company, is advanced and green, linked to Thailoil Group's core processes for maximum operating efficiency at an investment of 12 billion Baht.

The produced LAB will not only replace Thailand's imports of about 70,000 tons per annum, but can also be exported to Southeast Asia (currently a net importer), since there is only one other LAB plant, which operated irregularly in the absence of a refinery link. Since the regional LAB demand normally rises with economic growth, this project will enhance Thailand's potential as the hub for production and export of soaps and detergents feedstock for Thailand and Southeast Asia.

Under construction, the project is due for commercial operation in 2015 to serve the AEC integration.

#### **Construction of a New Cogeneration Power Plant under the SPP Project**

Thailoil's power industry investment strategy is to diversify risks from refinery and petrochemical operation, fraught with business cycle volatility, to businesses with a more stable income structure, lower risks, and enhanced security of supply of Thailoil Group's power and steam. In 2011, Thailoil was named the seller of cogenerated electricity of the firm-contract type for two 90-megawatt projects at an investment outlay of about 12 billion Baht. Currently under construction, the project is due for commercial power distribution by the end of 2016.

#### **Thailoil Marine's Fleet Expansion**

In striving to become a fleet leader for PTT Group and in Asia-Pacific to accommodate the growing market for energy, petroleum, and petrochemicals, Thailoil Marine focuses on investment in larger vessels like VLCCs, AFRAMAXs, as well as crew boats in support of PTT Group's logistics management in the run-up to AEC integration. Such investment will also accommodate Thailoil Group's step-out investment.



In 2014, Thailoil Marine is to invest in one AFRAMAX vessel, one VLCC, and three crew boats at a budget of approximately 1 billion Baht, to be invested through its affiliates to command a formidable fleet and readiness to become a key foundation for the sustainable growth of PTT Group and Thailoil Group alike. Equally important, it will be an essential supporter of PTT Group's oil and gas imports to bolster Thai energy security.

#### **Sak Chaisidhi's Solvent Capacity Expansion**

Thailand's No. 1 producer of solvents, Sak Chaisidhi plans to roughly double its capacity from 76 to 141 KMTA at an investment of about 2 billion Baht to meet the rising demand in Thailand and the region. Entailing capacity expansion for products like hexane, rubber solvent, TOPSol A100, and TOPSol A150, as well for emerging products like various grades of pentane, the project is now near reality, with commercial operation set for Q2/2014.

#### **Biogas from Cassava Waste by NP Bio Energy**

Ubon Bio Ethanol Co., Ltd., is proceeding with a biogas project based on cassava waste (derived from tapioca flour processes) supplied by its affiliate Ubon Energy Agriculture Co., Ltd.. The biogas will fuel a 5.6-MW power project for

sale to the Provincial Electricity Authority under the VSPP (Very Small Power Plant) scheme. The project, in which Ubon Bio Ethanol will be investing through NP Bio Energy, qualifies for an added income due to biogas fueling its process. Construction is due for completion and power is to be fed to the grid by Q1/2015.

#### **Competitiveness Enhancement through Fresh Cassava as Sapthip's Raw Material**

Sapthip Co., Ltd., has proceeded with an improvement project for ethanol to accommodate not only cassava chips, but also fresh cassava, to add process flexibility while lowering production costs, particularly in the fresh-cassava harvesting season from every January to May. Calling for about 80 million Baht in capital outlay, the project is expected to be completed by Q4/2014.

#### **Projects under Feasibility Studies**

##### **Residue Upgrading**

Thanks to spiraling domestic and regional economic growth, petroleum demand has proved robust in the transport and petrochemical sectors. Thailoil Group has therefore looked at a project to upgrade residue, traditional feedstock for low-value fuel oil, into higher-value products. The efforts

covered the installation of a cracking unit and downstream processing units to upgrade oil quality and improve the former processes. Technologies are being chosen, while a preliminary feasibility study is ongoing.

#### **Thai Lube Base's High-Quality Lubricant Production**

Thanks to the soaring domestic and overseas demand for high-quality lubricants, Thai Lube Base has pondered production of high-quality lube base oil to meet the increasingly strict engine and environmental standards. Such lube oil should contain low sulfur, last longer, and cut fuel consumption. The company is also contemplating business extension to lubricant production to complete the product value chain.

#### **Logistics Master Plan**

Through recent years, the energy business has steadily expanded. Valuing logistics system development and strengthening for greater flexibility and efficiency, Thailoil Group and PTT Group companies have together investigated a study on a project to develop transport and logistics systems, embracing land and marine transport together with management system development with a focus on maximizing the use of properties and synergy, and with a feasibility study on growing it into another business to bolster prosperity, while generating healthy returns.

#### **Solvent Business Expansion**

By undertaking an investigation of novel, green solvent production opportunities, Thailoil is determined to become Southeast Asia's solvent leader to increasingly accommodate environmentally conscious consumers and expand the market to niche solvents. Thailoil also plans to grow its production base and product sales regionally in Asia-Pacific.

#### **Surfactant Business Expansion**

In Thailoil's plan is a feasibility study of business expansion for surfactants; key raw materials for cleaning agents for households and personal products, to enhance and build on the above-mentioned LAB project. The emphasis is on promoting Thailand as Southeast Asia's cleaning-agent hub.

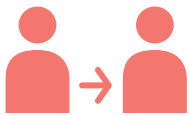
#### **Other Business Expansion Projects**

Thailoil plans to expand its domestic and overseas businesses with a focus on AEC members through the identification of business allies and mergers & acquisitions. The focus is on investment in projects to leverage Thailoil Group's strengths and build on or add value to the refining and petrochemical businesses, as well as other Thailoil Group and emerging businesses, to bolster its strengths and in time become a sustainable business leader.



## ORGANIZATIONAL EFFECTIVENESS MANAGEMENT

Emphasize Organizational Effectiveness by Enhancing Human Resources Management and Strengthening the Organization from Within



### Succession Planning



### Organizational Health Check



### Knowledge Management

### Human Resources Development

In evolving from Thailoil Group's strategic plans to a master plan on human resources over the years, Thailoil has systematically laid down fundamental preparedness for its personnel to accommodate business growth under current corporate circumstances. The focus has been on preparedness in competency and a proper headcount under Thailoil's growth plan. To this end, Thailoil established a firm foundation for human resources management marked by a clear policy and processes that can be integrated provided that employees can enjoy adequate incentives to do their jobs, leading to organizational excellence.

This year, Thailoil kept strengthening human resources through centralized operation for assorted human resources processes—personnel recruitment development or selection, career management, compensation and welfare management, and labor relations and labor management. These help Thailoil achieve policy alignment, uniform practical guidelines, and better responses to customers' needs in speed, opportunities created, and benefits to employees, not to mention more efficient expense management.

Constantly, personnel preparedness has been enhanced, for instance in succession planning, where increased emphasis has been on key positions, linking with designated career planning. Thailoil established a development acceleration process through individual assessment for future positions, thus accelerating and pinpointing employee development. This point is regarded as extra development beyond standard development for all, which begins the day an employee becomes a member of the Thailoil Family. Thailoil boasts a development program focusing on educating employees on Thailoil Group's businesses and adjustment to Group culture so as to forge employee engagement from

their early days with the group. Then, the company arranges development programs fitting each level's responsibilities with a focus on developing management skills, business principles, and leadership skills. And should one move from one position to another, or from one level to another, development programs are in place to lay a new foundation and readiness. In short, the company has prepared a proper and clear development path for all across the board.

Thaioil remains committed to constantly promoting employee engagement, including promotional activities for engagement and job incentives, with a focus on improving communication formats for greater clarity and variety to penetrate the workforce in earnest. It strives to achieve employees' understanding of its systems and accurate awareness of information, whether by turning human resource system media into a simple handbook, the "Phi Phop Nong (Seniors Meet Juniors) Project" as an orientation for new employees so as to quickly resolve assorted difficulties, and the Best Delivery Project (a key communication channel for movements or news from the HR unit), and a call center to provide quick answers to employees.

These steps illustrate Thaioil Group's constant commitment to getting its personnel prepared for business needs and plans to go beyond national borders. To this end, a Mobility Project, designed to manage and develop high-potential employees for overseas work, is to be launched. This is a challenging plan.

### Organizational Development

Fast-paced changes of the business world today indeed affect corporate competition directly. Those strongest ones tend to be on their feet the longest, and strength from within the company is vital for becoming number one in business. This year, Thaioil has applied the findings of the Organizational Health Check (OHI) exercise to formulate its plans for improving and providing immunity for itself by making OHI

part of its main corporate strategies. An appointed OHI working group now drives the OHI strategies into action. Originating from a cross-functional team, the group represents various levels of employees, from top to bottom.

Today, the OHI strategies have successfully been transferred and fulfilled the company's objectives, launching new perspectives that promote the POSITIVE values well in the preparation of the Leadership Backbone Model and the Trust & Care practical guidelines, which have promoted commitment across the board, now filled with mutual trust and care. These key factors do promote Thaioil's strength from within.

### Knowledge Management

Through Knowledge Management (KM) practices, Thaioil seeks to become a learning organization in the hope of meeting three key objectives, namely supporting Thaioil Group's sustainable growth, heightening Thaioil Group's employees' competencies, and supporting Thaioil Group's High Performance Organization (HPO) goals. The Company focuses on the management of KM outcomes toward valuable qualities for itself, namely restructuring of business and work processes, best practices, innovation, and establishment of experts. The KM Team collaborated with KM Governance (representing various units) in applying assorted KM tools, whether they are knowledge bases, KM Process, Community of Practice (CoP), or KM Culture Cultivation activities. These tools promote joint learning in the company, resulting in knowledge sharing and playing a vital role in supporting Thaioil Group's sustainable growth. This year, the Company also saw the TOP Group KM CoP enter the PTT Group KM Award 2013 contest for the first time and win The Best Process (Platinum Level) award, which serves not only as a guarantee of quality, but also an impressive mark of pride for Thaioil Group's knowledge management efforts.

# 14 BOARD OF DIRECTORS

## Mr. Norkun Sitthiphong

Chairman of the Board of Directors  
(non-executive)

Age 60 Yrs.



## Mr. Apisit Rujikeatkamjorn

Independent Director (non-executive)  
and Chairman of the Audit Committee

Age 68 Yrs.



### Education

- >> Bachelor of Engineering (Mechanical), Chulalongkorn University
- >> M.Sc. (Mechanical Engineering), Oregon State University, U.S.A.
- >> Ph.D. (Mechanical Engineering), Oregon State University, U.S.A.

### Training for the Directors Courses of Thai Institute of Directors Association (IOD)

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

### Other Training

- >> Diploma, National Defence College, The National Defence Course Class of 47<sup>th</sup>
- >> Leadership Program, Capital Market Academy, Class of 4<sup>th</sup>
- >> Certificate in Top Executives in Energy Education Program, Thailand Energy Academy (Class of 2<sup>nd</sup>)

### Working Experience in the 5 preceding years

- 2003-2010 Deputy Permanent Secretary, Ministry of Energy
- 2010-2013 Permanent Secretary, Ministry of Energy
- 2011-2013 Chairman, PTT Public Company Limited

### Present Positions

#### 1. Listed Company (1)

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

#### 2. Public Company

- None

#### 3. Limited Company

- None

#### 4. Other Organizations/Institutions

- None

#### 5. State Enterprise

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

### Training for the Directors Courses of Thai Institute of Directors Association (IOD)

- >> Director Accreditation Program (DAP 27/2004)
- >> Finance for Non-Finance Director (FND 24/2005)
- >> Understanding the Fundamental of Financial Statement (UFS 5/2006)
- >> Audit Committee Program (ACP 22/2008)
- >> Role of the Chairman Program (RCP 26/2011)
- >> Director Certification Program (DCP 166/2012)

### Other Training

- None

### Working Experience in the 5 preceding years

- 2004-2012 Independent Director and Chairman of Audit Committee, Fortune Parts Industry Company Limited
- 2006-2011 Chairman, Promotion Board for Advancement, Khonkaen University
- 2006-2011 Chairman, Tele Data (Bangkok) Group Company
- 2006-2011 Member of Khonkaen University Council
- 2006-2013 Director, Thai Lube Base Public Company Limited
- 2008-2012 Chairman, PAE (Thailand) Public Company Limited
- 2008-2013 Independent Director and Chairman of Audit Committee, Thai Rotary Engineering Public Company Limited

### Present Positions

#### 1. Listed Company (1)

- >> Chairman, Siam Global House Public Company Limited

#### 2. Public Company (1)

- >> Chairman, Seaoil Public Company Limited

#### 3. Limited Company (2)

- >> Chairman, Eco Lighting Company Limited
- >> Independent Director and Chairman of Nomination Committee, Sakari Resources Company Limited

#### 4. Other Organizations/Institutions

- None

#### 5. State Enterprise

- None

% of Shareholding

- None

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None



### Mr. Tanawat Ampunant

Independent Director (non-executive)  
and Member of the Audit Committee

Age 42 Yrs.



### Ms. Chularat Suteethorn

Independent Director (non-executive)  
and Member of the Audit Committee

Age 59 Yrs.



#### Education

- >> Bachelor of Engineering (Civil), Rangsit University
- >> Master of Public and Private Management (MPPM), National Institute of Development Administration (NIDA)
- >> Doctor of Public Administration (DPA) Valaya Alongkorn Rajabhat University

#### Training for the Directors Courses of Thai Institute of Directors Association (IOD)

- >> Audit Committee Program (ACP 40/2012)
- >> Advance Audit Committee Program (AACP 9/2012)
- >> Director Certification Program (DCP155/2012)
- >> Financial Statements for Directors (FSD 15/2012)
- >> Successful Formulation & Execution of Strategy (SFE 14/2012)
- >> Monitoring the Quality of Financial Reporting (MFR 16/2012)
- >> Monitoring Fraud Risk Management (MFM 8/2012)
- >> Monitoring the Internal Audit Function (MIA 13/2012)
- >> Monitoring the System of Internal Control and Risk Management (MIR 13/2012)
- >> How to Develop a Risk Management Plan (HRP 1/2012)
- >> How to Measure the Success of Corporate Strategy (HMS 1/2012)

#### Other Training

- None

#### Working Experience in the 5 preceding years

- 2002-2011 Managing Director, Commercial Alliance Co., Ltd.
- 2003-2007 Executive Director, Blue Sky Beach Co., Ltd.
- 2011-2012 Director and Member of Executive Committee, TOT Public Company Limited

#### Present Positions

##### 1. Listed Company

- None

##### 2. Public Company

- None

##### 3. Limited Company (1)

- >> Director, Air Inter Transport Company Limited

##### 4. Other Organizations/Institutions

- None

##### 5. State Enterprise (1)

- >> Chairman of Executive Directors and Director, Dhanarak Assets Development Company Limited (State Enterprise under Ministry of Finance)

% of Shareholding

- None

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None

#### Education

- >> Bachelor of Economics (with Honors), Kasetsart University
- >> Master of Development Studies (Economic Policy and Planning), Institute of Social Studies, Rotterdam Erasmus University, The Netherlands

#### Training for the Directors Courses of Thai Institute of Directors Association (IOD)

- >> Director Accreditation Program (DAP40/2005)
- >> Director Certification Program (DCP72/2006)
- >> Finance for Non-Finance Director (FND 28/2006)
- >> Finance Statement for Director (FSD 10/2010)
- >> Audit Committee Program (ACP 39/2012)
- >> The Role of Chairman Program (RCP 28/2012)
- >> Financial Institutions Governance Program (FGP 4/2012)
- >> Role of the Nomination and Governance Committee (RNG 3/2012)

#### Other Training

- >> Certificate, Senior Executive Development Program Class of 41<sup>st</sup>, Office of the Civil Service Commission, Bangkok
- >> Strategic Thinking and Executive Action, Kellogg Executive Program Northwestern University, U.S.A.
- >> Diploma, National Defence College, The Joint State-Private Sector Course Class of 19<sup>th</sup>
- >> Advanced Security Management Program (ASMP 1<sup>st</sup>), National Defence College
- >> Capital Market Academy Leadership Program, Class of 12<sup>th</sup>, Capital Market Academy
- >> Top Executive Program in Commerce and Trade (TEPCOT) (Class of 5<sup>th</sup>)
- >> Certificate in Top Executives in Energy Education Program, Thailand Energy Academy (Class of 3<sup>rd</sup>), Thailand

#### Working Experience in the 5 preceding years

- 2005-2007 Deputy Director-General, Fiscal Policy Office, Ministry of Finance
- 2007-2009 Alternate Executive Director, South East Asia Group, The World Bank and Affiliates, Washington, DC, U.S.A.
- Jun.-Dec. 2009 Deputy Director-General, Fiscal Policy Office, Ministry of Finance
- 2009-2011 Fiscal Policy Advisor, Fiscal Policy Office, Ministry of Finance
- 2011-2012 Inspector General, Office of Permanent Secretary, Ministry of Finance

#### Present Positions

##### 1. Listed Company

- None

##### 2. Public Company

- None

##### 3. Limited Company

- None

##### 4. Other Organizations/Institutions (1)

- >> Director-General, Public Debt Management Office, Ministry of Finance

##### 5. State Enterprise (2)

- >> Director, Government Savings Bank, Ministry of Finance
- >> Director, Thailand Tobacco Monopoly, Ministry of Finance

% of Shareholding

- None

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None

**Mr. Chulasingh Vasantasingh**  
Independent Director (non-executive)  
and Member of the Audit Committee  
Age 63 Yrs.



#### Education

- >> Bachelor of Laws (LL.B.) (Hons.), Chulalongkorn University
- >> Barrister at Law, The Institution of Legal Education
- >> Master of Comparative Law (MCL.), University of Illinois, U.S.A.
- >> Honorary Doctorate Degree in Laws, Ramkhamhaeng University
- >> Honorary Doctorate Degree in Laws, Chulalongkorn University
- >> Honorary Doctorate Degree in Laws, Yonok University
- >> Harvard Business School Certificate

#### Training for the Directors Courses of Thai Institute of Directors Association (IOD)

- >> Director Certification Program (DCP 35/2003)
- >> Finance for Non-Finance Director (FND 7/2003)
- >> Understanding the Fundamental of Financial Statements (UFS 1/2006)
- >> Audit Committee Program (ACP 17/ 2007)
- >> DCP Refresher Course (1/2008)
- >> Financial Institutions Governance Program (FGP 4/2012)

#### Other Training

- >> The National Defence Course, National Defence College, (Class of 388<sup>th</sup>)
- >> Politics and Governance in Democratic Systems for Executives Course, King Prajadhipok's Institute
- >> Capital Market Academy Leadership Program (Class of 5<sup>th</sup>)
- >> Certificate in Top Executives in Energy Education Program, Thailand Energy Academy (Class of 1<sup>st</sup>)
- >> Top Executive Program in Commerce and Trade (TEPCOT) (Class of 5<sup>th</sup>)
- >> Poom Palung Pandin Program (Class of 1<sup>st</sup>), Chulalongkorn University

#### Working Experience in the 5 preceding years

- |           |   |
|-----------|---|
| 2005-2009 | Deputy Attorney General, Office of the Attorney General                                       |
| 2009-2013 | Attorney General, Office of the Attorney General  |
| 2010-2013 | Independent Director and Chairman of the Audit Committee, PTT Public Company Limited          |
| 2010-2013 | Independent Director and Chairman of the Audit Committee, Thai Airways Public Company Limited |

#### Present Positions

- |  |        |
|--|--------|
| <b>1. Listed Company</b>   | - None |
| <b>2. Public Company</b>   | - None |
| <b>3. Limited Company</b>  | - None |
| <b>4. Other Organizations/Institutions (4)</b>   |        |
| >> President, Chulalongkorn University Alumni Association  |        |
| >> Professor, Chulalongkorn University   |        |
| >> Member of Chulalongkorn University Council  |        |
| >> Member of the Council of State  |        |
| <b>5. State Enterprise (1)</b>   |        |
| >> Chairman of the Independent Directors Committee and Chairman of the Audit Committee, Krung Thai Bank Public Company Limited |        |

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

**Mr. Wisan Wuthisaksilp**  
Independent Director (non-executive)  
and Chairman of the Nomination  
and Remuneration Committee  
Age 63 Yrs.



#### Education

- >> Bachelor of Laws, Ramkhamhaeng University
- >> Master of Public Administration, National Institute of Development Administration

#### Training for the Directors Courses of Thai Institute of Directors Association (IOD)

- >> Director Certification Program (DCP 125/2009)
- >> Financial Statements for Directors (FSD 6/2009)
- >> Role of the Compensation Committee (RCC 14/2012)

#### Other Training

- >> Diploma, National Defence College, The Joint State - Private Sector Course Class of 15<sup>th</sup>
- >> Politics and Governance in Democratic Systems for Executive Course, Class of 8<sup>th</sup>
- >> Chief Executive Officer Development Program, Fiscal Policy Research Institute Foundation, the Kellogg School of Management and the Maxwell School of Citizenship and Public Affairs
- >> Senior Executives on Justice Administration, Class of 12<sup>th</sup>

#### Working Experience in the 5 preceding years

- |           |  |
|-----------|--|
| 2007-2009 | Deputy Director-General, the Customs Department                          |
| 2009-2011 | Principal Advisor on Customs Control Development, the Customs Department |

#### Present Positions

- |   |        |
|---|--------|
| <b>1. Listed Company (1)</b>  |        |
| >> Independent Director and Chairman of the Remuneration Committee, SNC Former Public Company Limited |        |
| <b>2. Public Company</b>  | - None |
| <b>3. Limited Company</b>   | - None |
| <b>4. Other Organizations/Institutions (2)</b>  |        |
| >> Advisor, Office of the National Broadcasting and Telecommunications Commission                     |        |
| >> Honorary Advisor to the Senate Committee on Monetary, Finance, Banking and Financial Institutions  |        |
| <b>5. State Enterprise</b>  | - None |
| % of Shareholding   | - None |
| Conflict of Interest  | - None |
| Relation among family with the Company  | - None |
| Dispute in the 10 preceding years   | - None |

### Gen. Jiradej Mokkahasmit

Independent Director (non-executive)  
and Member of the Nomination  
and Remuneration Committee  
Age 59 Yrs.



### Gen. Trisak Indararusmi

Independent Director (non-executive)  
and Member of the Nomination  
and Remuneration Committee  
Age 63 Yrs.



#### Education

- >> Bachelor of Science, Chulachomklao Royal Military Academy, Class of 24<sup>th</sup>
- >> National Defence College, 2007

#### Training for the Directors Courses of Thai Institute of Directors Association (IOD)

- >> Director Accreditation Program (DAP 16/2004)

#### Other Training

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

#### Working Experience in the 5 preceding years

- Oct. 2008 Deputy Commander, 1st Army Area
- Apr. 2009 Commander, 1st Army Corps
- Oct. 2010 Deputy Chief of Staff, Royal Thai Army
- Oct. 2012 Assistant Commander-in-Chief, Royal Thai Army

#### Present Positions

##### 1. Listed Company (1)

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

##### 2. Public Company

- None
- None

##### 3. Limited Company

##### 4. Other Organizations/Institutions (1)

- >> Chairman of the Advisory Board, Royal Thai Army

##### 5. State Enterprise

- 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
- >> Royal Thai Army War College
- >> Master of Public Administration, National Institute of Development Administration

#### Training for the Directors Courses of Thai Institute of Directors Association (IOD)

- >> Director Certification Program (DCP 158/2012)
- >> Role of the Nomination and Governance Committee (RNG 3/2012)
- >> Financial Statements for Directors (FSD 17/2012)

#### Other Training

- >> Diploma, National Defence College, the Joint State-Private Sector Course  
(Batch No.4616)

#### Working Experience in the 5 preceding years

- 2005-2007 Commander, Military Circle (22), Ubon Ratchathani
- 2007-2009 Advisor, Royal Thai Army
- 2012-2013 Member of Corporate Governance Committee,  
Thai Oil Public Company Limited

#### Present Positions

##### 1. Listed Company

- None

##### 2. Public Company

- None

##### 3. Limited Company

- None

##### 4. Other Organizations/Institutions

- None

##### 5. State Enterprise (1)

- >> Advisor, Relations Affair Committee, Thailand Tobacco Monopoly

% of Shareholding

- None

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None

**Adjunct Professor  
Dr. Thosaporn Sirisumphand**  
Independent Director (non-executive)  
and Chairman of the  
Corporate Governance Committee  
Age 53 Yrs.



#### Education

- >> Bachelor of Public Administration (Honors), Chulalongkorn University, Thailand
- >> Master of Public Administration, Pi Alpha Alpha (National Honor Society for Public Affairs and Administration), Northern Illinois University, U.S.A.
- >> Ph.D. in Policy Analysis, Public Administration, and Comparative Politics, Northern Illinois University, U.S.A.

#### Training for the Directors Courses of Thai Institute of Directors Association (IOD)

- >> Director Certification Program (DCP 80/2006)
- >> Financial Statements for Non-Directors (FND 30/2006)

#### Other Training

- >> Certificate in Capital Market Academy Leadership Program, Class of 10<sup>th</sup>
- >> Senior Executives on Justice Administration, Class of 15<sup>th</sup>

#### Working Experience in the 5 preceding years

2002-2013	Secretary-General, Office of the Public Sector Development Commission
2006-2009	Member of Corporate Governance Committee, Thai Airways International
2012-2013	Independent Director, Siam Commercial Bank Public Company Limited

#### Present Positions

##### 1. Listed Company (1)

- >> Independent Director and Chairman of the Corporate Governance Committee, PTT Public Company Limited

##### 2. Public Company

- None

##### 3. Limited Company

- None

##### 4. Other Organizations/Institutions (6)

- >> Secretary-General, Committee of the Civil Service Commission for Higher Education
- >> Council Member, The Office of the Board of Royal Thai Police
- >> Council Member for Personnel Policy, Chulalongkorn University Council
- >> Member of the Independent Monitoring and Evaluation Committee, King Prajadhipok's Institute
- >> Chairman of the Independent Monitoring and Evaluation Committee, Political Development Council
- >> Director, Thailand Management Association (TMA)

##### 5. State Enterprise (1)

- >> Independent Director and Chairman of the Good Corporate Governance Committee, CAT Telecom Public Company Limited

% 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 59 Yrs.



#### Education

- >> B.A. Public Administration (Class of 29<sup>th</sup>), Royal Thai Police Cadet Academy
- >> M.A. Social Science, Kasetsart University
- >> Diploma, National Defence College, National Defence Course Class of 42<sup>nd</sup>

#### Training for the Directors Courses of Thai Institute of Directors Association (IOD)

- None

#### Other Training

- >> Top Executive Program in Commerce and Trade (TEPCoT), University of the Thai Chamber of Commerce in cooperation with the Ministry of Commerce and the Thai Chamber of Commerce.
- >> Insurance Executive Program, OIC Advanced Insurance Institute
- >> Advanced Justice Administration Course, Class of 15<sup>th</sup>, National Justice Academy
- >> Advanced Executive Program, Class of 5<sup>th</sup>, Capital Market Academy
- >> Joint Staff Course, Class of 33<sup>th</sup>, Joint Staff College

#### 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
2010-2012	Deputy Commissioner-General, Royal Thai Police
2011-2012	Secretary-General, Narcotics Control Board

#### Present Positions

##### 1. Listed Company (2)

- >> Director, Thai Airways Public Company Limited
- >> Director, Siam Commercial Bank Public Company Limited

##### 2. Public Company

- None

##### 3. Limited Company

- None

##### 4. Other Organizations/Institutions (1)

- >> Commissioner-General, Royal Thai Police

##### 5. State Enterprise

- None

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

**Mr. Thaworn Phanichaphan**  
Independent Director (non-executive)  
and Member of the  
Corporate Governance Committee  
Age 63 Yrs.



#### Education

- >> Bachelor of Laws (LLB.) (Hons.), Chulalongkorn University
- >> Barrister at Law, The Institution of Legal Education
- >> Master of Laws, Chulalongkorn University

#### Training for the Directors Courses of Thai Institute of Directors Association (IOD)

- >> Understanding the Fundamental of Financial Statements (UFS 8/2007)
- >> Director Certification Program (DCP 108/2008)
- >> Director Accreditation Program (DAP 73/2008)
- >> Audit Committee Program (ACP 22/2008)

#### Other Training

- >> Diploma, National Defence College, the Joint State-Private Sector Course (Batch No.4313)
- >> The 14<sup>th</sup> Advanced Certificate Course in Politics and Governance in Democratic System for Executives, Political and Governance College, King Prajadhipok's Institute

#### Working Experience in the 5 preceding years

2007-2013 Deputy Attorney General

#### Present Positions

- |   |        |
|---|--------|
| <b>1. Listed Company</b>  | - None |
| <b>2. Public Company</b>  | - None |
| <b>3. Limited Company</b>   | - None |
| <b>4. Other Organizations/Institutions (4)</b>                                  |        |
| >> Senior Public Prosecutor, Advisor to the Attorney General                    |        |
| >> Expert Board of Committee, King Mongkut's Institute of Technology Ladkrabang |        |
| >> Board of Committee, Financial Institutions Development Fund                  |        |
| >> (Legal) Expert Board of Committee, Deposit Protection Agency                 |        |
| <b>5. State Enterprise</b>  | - None |
| % of Shareholding   | - None |
| Conflict of Interest  | - None |
| Relation among family with the Company  | - None |
| Dispute in the 10 preceding years   | - None |

**Mr. Somkeirt Hudthagosol**  
Director (non-executive)  
Age 63 Yrs.



#### Education

- >> Bachelor of Arts in Political Science, Chulalongkorn University
- >> Master of Public Administration, Pennsylvania State University, U.S.A.

#### Training for the Directors Courses of Thai Institute of Directors Association (IOD)

- >> Certificate in Director Certification Program (DCP 158/2012)

#### Other Training

- None

#### Working Experience in the 5 preceding years

- |           |  |
|-----------|--|
| 2004-2012 | Director, Thai Lube Base Public Company Limited                    |
| 2006-2009 | Director, Maesod Clean Energy Company Limited                      |
| 2006-2012 | Director, Thai Paraxylene Company Limited                          |
| 2007-2011 | Director, Thailoil Energy Solutions Company Limited                |
| 2008-2010 | Deputy Managing Director-Business, Thai Oil Public Company Limited |
| 2008-2013 | Director, Thailoil Solvent Company Limited                         |
| 2008-2013 | Director, TOP Solvent Company Limited                              |
| 2008-2013 | Chairman, Sak Chaisidhi Company Limited                            |
| 2008-2013 | Director, Thailoil Ethanol Company Limited                         |
| 2009-2010 | President, Thai Oil Public Company Limited                         |
| 2009-2013 | Director, TOP Solvent (Vietnam) Limited Liability                  |
| 2010-2013 | Director, Saphip Company Limited                                   |

#### Present Positions

- |   |        |
|---|--------|
| <b>1. Listed Company</b>                                      | - None |
| <b>2. Public Company</b>                                      | - None |
| <b>3. Limited Company (3)</b>                                 |        |
| >> Deputy Chairman, Thai Tokai Carbon Product Company Limited |        |
| >> Director, Thailoil Marine Company Limited                  |        |
| >> Director, Ubon Bio Ethanol Company Limited                 |        |
| <b>4. Other Organizations/Institutions</b>                    | - None |
| <b>5. State Enterprise</b>                                    | - None |
| % of Shareholding in Thailoil                                 | 0.0519 |
| 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  
Risk Management Committee  
Age 60 Yrs.



#### Education

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

#### Training for the Directors Courses of Thai Institute of Directors Association (IOD)

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

#### Other Training

- >> Diploma, National Defence College, the Joint State-Private Sector Course Class of 16<sup>th</sup>

#### Working Experience in the 5 preceding years

2004-7 Nov. 2012	President, Krungthai Bank Public Company Limited
2006-2010	Independent Director, Indorama Polymers Public Company Limited
2007-2009	Chairman, ASEAN Bankers' Association
2007-2010	Chairman, Thai Bankers' Association
2007-2010	Director, Thai Asset Management Corporation (TAMC)
2007-2010	Director, Board of Investment (BOI)
2555-Feb 2013	Independent Director, CP All Public Company Limited

#### Present Positions

##### 1. Listed Company (4)

- >> Independent Director, Synnex (Thailand) Public Company Limited
- >> Independent Director, Indorama Ventures Public Company Limited
- >> Chairman, Quality Houses Public Company Limited
- >> Advisor of The Board of Directors,  
Siam Commercial Bank Public Company Limited

##### 2. Public Company

- None

##### 3. Limited Company (2)

- >> Vice Chairman, Investment Board,  
Charoen Pokphand Group Company Limited
- >> Independent Director, Member of the Audit Committee,  
and Chairman of the Risk Management Committee,  
Bangkok Glass Company Limited

##### 4. Other Organizations/Institutions

- None

##### 5. State Enterprise

- None

% of Shareholding

- None

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None

**Mr. Nuttachat Charuchinda**  
Director (non-executive)  
and Member of the  
Risk Management Committee  
Age 59 Yrs.



#### Education

- >> Bachelor of Engineering, Chiangmai University
- >> Master of Business Administration, Thammasat University

#### Training for the Directors Courses of Thai Institute of Directors Association (IOD)

- >> Directors Certification Program (DCP 129/2010)

#### Other Training

- >> Certificate in Program for Global Leadership (PGL),  
Harvard Business School, U.S.A
- >> Certificate in Oxford Energy Seminar, England
- >> Certificate in Break through Program for Senior Executives (BPSE),  
IMD International, Switzerland
- >> Diploma, National Defence College, the Joint State-Private Sector Course Class of 20<sup>th</sup>
- >> Certificate in Capital Market Academy Leadership Program Class of 15<sup>th</sup>
- >> Certificate in Top Executives in Energy Education Program,  
Thailand Energy Academy (Class of 3<sup>rd</sup>), Thailand

#### Working Experience in the 5 preceding years

2005-2009	Executive Vice President, Natural Gas Vehicle, PTT Plc.
2009	Executive Vice President, International Trading Business Unit, PTT Plc.
2010-2011	Senior Executive Vice President, Corporate Strategy, PTT Plc.
2011-2013	Chief Operating Officer, Downstream Petroleum Business Group, PTT Plc.

#### Present Positions

##### 1. Listed Company (3)

- >> Chief Operating Officer, Upstream Petroleum and Gas Business Group,  
PTT Plc.
- >> Director, PTT Exploration and Production Public Company Limited
- >> Director, PTT International Company Limited

##### 2. Public Company

- None

##### 3. Limited Company

- None

##### 4. Other Organizations/Institutions (1)

- >> Chairman, Water Resource Management Committee,  
Thailand Business Council for Sustainable Development

##### 5. State Enterprise

- None

% of Shareholding

- None

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None



**Mr. Veerasak Kositpaisal**  
Director (executive),  
Member of the  
Risk Management Committee,  
Chief Executive Officer/President,  
and Secretary to the Board  
Age 59 Yrs.



#### Education

- >> B.Eng. (Mechanical), Chulalongkorn University
- >> M.S. (Mechanical Engineering), Texas A&I University, U.S.A.

#### Training for the Directors Courses of Thai Institute of Directors Association (IOD)

- >> Certificate in Director Certification Program (DCP 82/2006)
- >> Certificate in Finance for Non-Finance Directors (FND 30/2006)

#### Other Training

- >> Top Executive Program in Commerce and Trade (TEPCOT) 2/2009
- >> Certificate in Capital Market Academy Leadership Program Class of 11<sup>th</sup>
- >> Certificate in Leadership Development Program "Enhancing Competitiveness" by International Institute for Management Development (IMD) 2012

#### Working Experience in the 5 preceding years

2006-2008	Senior Executive Vice President, Trading Business, PTT Chemical Public Company Limited (PTTCH) and Managing Director, Bangkok Polyethylene Public Company Limited
2008	Senior Executive Vice President, Polymer Product Business Unit, PTTCH
2008-2011	President, PTTCH
2011-2012	Chief Executive Officer, PTT Global Chemical Public Company Limited

#### Present Positions

##### 1. Listed Company (1)

- >> Senior Executive Vice President, Downstream Petroleum Business Group, PTT Public Company Limited

##### 2. Public Company (1)

- >> Chairman, Thai Lube Base Public Company Limited

##### 3. Limited Company (12)

- >> Chairman, Thai Paraxylene Company Limited
- >> Chairman, Thailoil Power Company Limited
- >> Chairman, Thailoil Solvent Company Limited
- >> Chairman, TOP Solvent Company Limited
- >> Chairman, Thailoil Ethanol Company Limited
- >> Chairman, Thailoil Energy Services Company Limited
- >> Chairman, LABIX Company Limited
- >> Chairman, Sak Chaisidhi Company Limited
- >> Chairman, Sapthip Company Limited
- >> Chairman, Ubon Bio Ethanol Company Limited
- >> Director, Thailoil Marine Company Limited
- >> Director, Global Power Synergy Company Limited

##### 4. Other Organizations/ Institutions (5)

- >> Vice Chairman, the Federation of Thai Industries
- >> Chairman, the Institute of Industrial Energy, the Federation of Thai Industries
- >> Council of Trustee, Petroleum Institute of Thailand
- >> Chairman of the Association, Chulalongkorn University Engineering Alumni
- >> Committee of Thailand Professional Qualification Institute (Public Organization), Petroleum and Petrochemical field

##### 5. State Enterprise

- None

% of Shareholding

- None

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None

**Mr. Chaikasem Nitisiri****Independent Director (non-executive)  
and Chairman of the Audit Committee**

(Resigned during the Year 2013)

Age 65 Yrs.

**Mr. Somchai Sujjapongse****Independent Director (non-executive)  
and Member of the Audit Committee**

(Resigned during the Year 2013)

Age 52 Yrs.

**Education**

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

**Training for the Directors Courses of Thai Institute of Directors Association (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 of 1<sup>st</sup>
- >> Diploma, National Defence College, The National Defence Course Class of 38<sup>th</sup>
- >> Executive Civil Service Program 1, Class of 14<sup>th</sup>
- >> Politics and Governance in Democratic Systems for Executive Course, Class of 9<sup>th</sup>
- >> Capital Market Academy Leadership Program, Capital Market Academy, Class of 5<sup>th</sup>
- >> Cert. in International Procurement, Georgetown University (1981)
- >> Public Director Certification Program, Public Director Institute (PDI), Class of 6<sup>th</sup>, King Prajadhipok's Institute
- >> Poom Palung Pandin Program (Class of 1<sup>st</sup>), Chulalongkorn University
- >> Certificate in Top Executives in Energy Education Program, Thailand Energy Academy (Class of 2<sup>nd</sup>)

**Working Experience in the 5 preceding years**

2003- 2013	Member of the Council of State
2004- 2013	Director, Saint John University Board
2007-2009	Attorney General, Office of the Attorney General
2007-2013	Director, Nation University Board
2008-2012	Independent Director and Member of the Audit Committee, Thai Oil Public Company Limited
2009-2013	Senior Public Prosecutor (Advisor to the Attorney General)
2012-2013	Independent Director and Chairman of the Audit Committee, Thai Oil Public Company Limited
2012-2013	Chairman, the Securities and Exchange Commission
2012-2013	Chairman, Institute of Justice (Public Organization)

**Present Positions**

<b>1. Listed Company</b>	- None
<b>2. Public Company</b>	- None
<b>3. Limited Company</b>	- None
<b>4. Other Organizations/Institutions (1)</b>	
>> Minister, Ministry of Justice	
<b>5. State Enterprise</b>	- None
% of Shareholding	- None
Conflict of Interest	- None
Relation among family with the Company	- None
Dispute in the 10 preceding years	- None

**Education**

- >> B.A. in Economics (Honors), Chulalongkorn University
- >> M.A. in Economics, Ohio State University, Columbus, Ohio, U.S.A.
- >> Ph.D. in Economics, Ohio State University, Columbus, Ohio, U.S.A.

**Training for the Directors Courses of Thai Institute of Directors Association (IOD)**

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

**Other Training**

- >> Top Management - Vision-Focused Leader, Class of 44<sup>th</sup>
- >> Diploma, National Defence College, The Joint State-Private Sector Course, Class of 20<sup>th</sup>
- >> Leadership Program, Capital Market Academy, Class of 2<sup>nd</sup>

**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
2012-Jun. 2013	Independent Director and Member of the Audit Committee, Thai Oil Public Company Limited

**Present Positions**

<b>1. Listed Company (2)</b>	
>> Independent Director and Member of Audit Committee, Bangkok Dusit Medical Services Public Company Limited	
>> Director, PTT Public Company Limited	
<b>2. Public Company</b>	- None
<b>3. Limited Company (1)</b>	
>> Director, Aeronautical Radio of Thailand	
<b>4. Other Organizations/Institutions (1)</b>	
>> Director-General, Fiscal Policy Office, Ministry of Finance	
<b>5. State Enterprise (1)</b>	
>> 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



**Mr. Somchai Poolsavasdi**

**Independent Director (non-executive)  
and Chairman of the Nomination  
and Remuneration Committee**  
(Resigned during the Year 2013)  
Age 57 Yrs.



**Education**

- >> Bachelor of Laws, Thammasat University
- >> Master of Political Science, Thammasat University

**Training for the Directors Courses of Thai Institute of Directors Association (IOD)**

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

**Other Training**

- >> Diploma, National Defence College,  
The Joint State-Private Sector Course Class of 49<sup>th</sup>
- >> The Customs International Executive Management Program (CIEMP), Australia
- >> Mini Management, Ministry of Finance
- >> Certificate in Top Executives in Energy Education Program,  
Thailand Energy Academy (Class of 2<sup>nd</sup>)
- >> Certificate in Capital Market Academy Leadership Program Class of 17<sup>th</sup>

**Working Experience in the 5 preceding years**

2008-2009	Deputy Director-General, the Customs Department
2009-2010	Inspector-General, the Ministry of Finance
2010-2011	Deputy Permanent Secretary, the Ministry of Finance
2011-2012	Director General, the Customs Department
2011-2013	Director, Airports of Thailand Public Company Limited
2011-Sep. 2013	Independent Director (non-executive) and Chairman of the Nomination and Remuneration Committee, Thai Oil Public Company Limited

**Present Positions**

**1. Listed Company (1)**

- >> Director, Krungthai Bank Public Company Limited

**2. Public Company**

- None

**3. Limited Company**

- None

**4. Other Organizations/Institutions (1)**

- >> Director General, the Excise Department

**5. State Enterprise (1)**

- >> Director, Provincial Electricity Authority

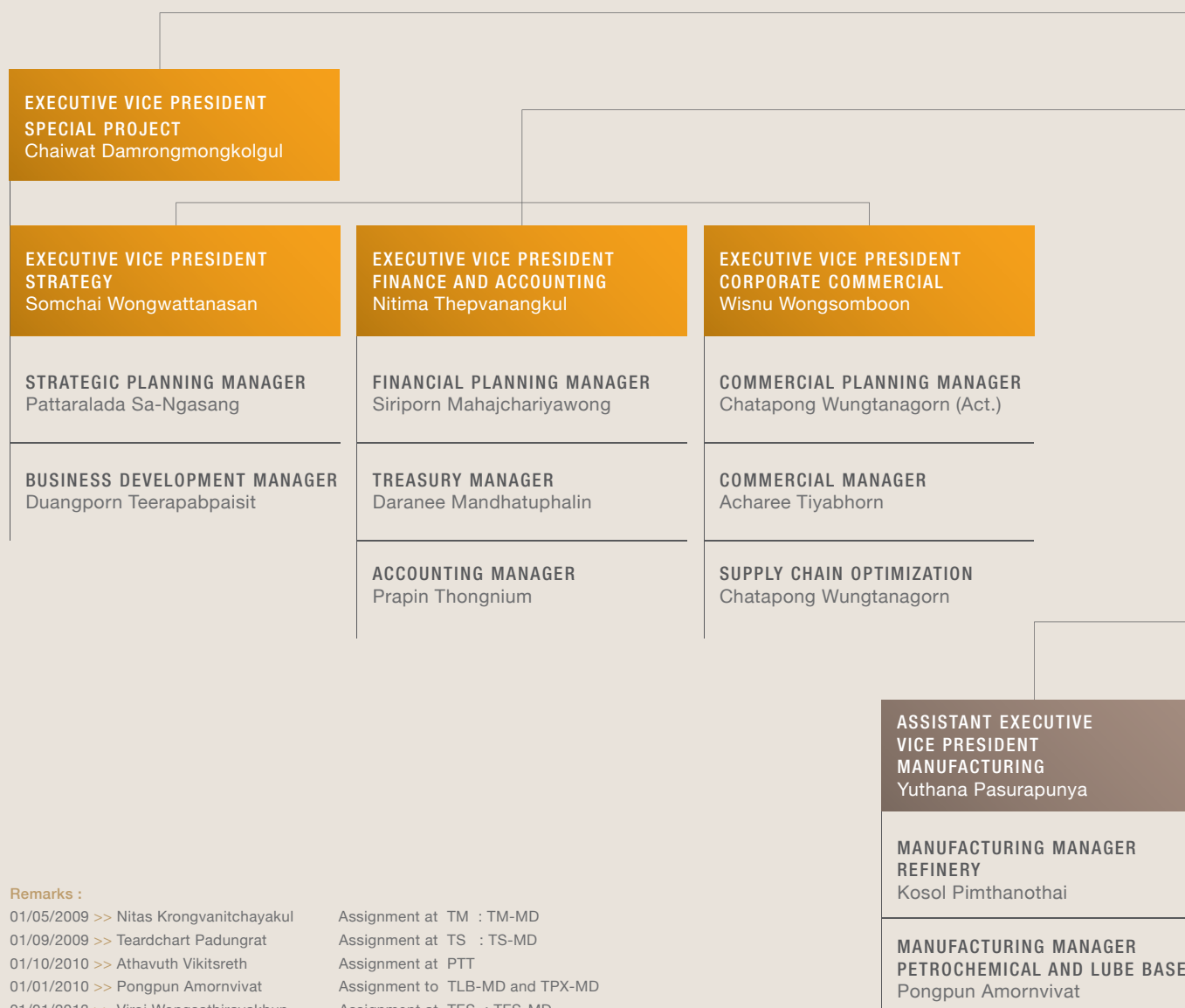
% of Shareholding	- None
Conflict of Interest	- None
Relation among family with the Company	- None
Dispute in the 10 preceding years	- None



## MANAGEMENT ORGANIZATION

As of December 31, 2013

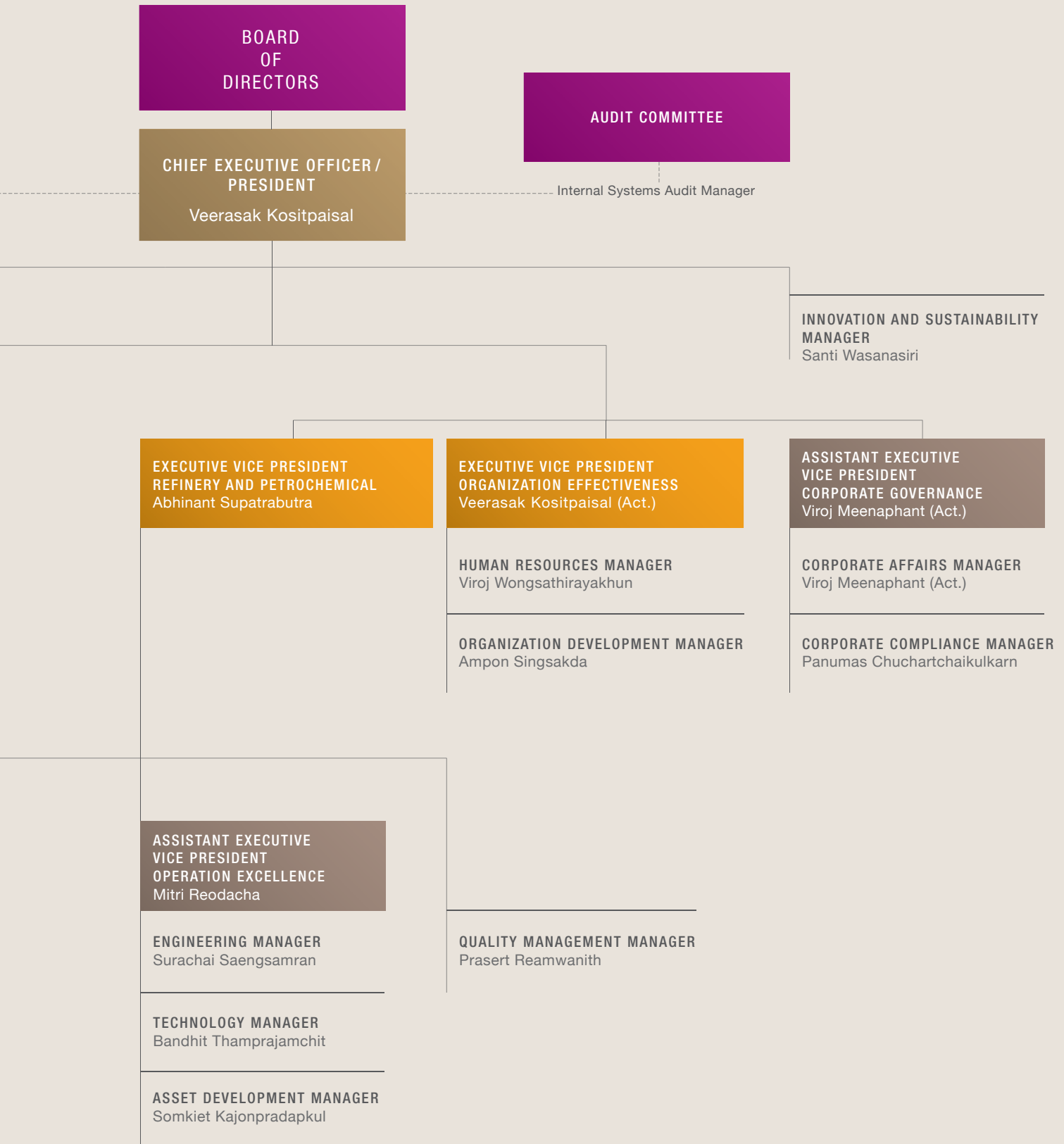
Managing Director - TLB  
Managing Director - TPX  
Managing Director - TM  
Managing Director - TES  
Managing Director - TET  
Managing Director - TP  
Managing Director - TS  
Managing Director - SAKC



### Remarks :

01/05/2009 >> Nitas Krongvanitchayakul  
01/09/2009 >> Teardchart Padungrat  
01/10/2010 >> Athavuth Vikitsreth  
01/01/2010 >> Pongpun Amornvivat  
01/01/2013 >> Viroj Wongsathirayakhun  
10/01/2013 >> Klahan Tochamnanvit  
11/07/2013 >> Suchart Monyanont

Assignment at TM : TM-MD  
Assignment at TS : TS-MD  
Assignment at PTT  
Assignment to TLB-MD and TPX-MD  
Assignment at TES : TES-MD  
Assignment at GPSC  
Assignment at LABIX





## MANAGEMENT TEAM

As of December 31, 2013

### 01. MR. VEERASAK KOSITPAISAL

Chief Executive Officer and President  
Executive Vice President - Organization Effectiveness (Acting)

### 02. MR. CHAIWAT DAMRONGMONGKOLGUL

Executive Vice President - Special Project

### 03. MR. SOMCHAI WONGWATTANASAN

Executive Vice President - Strategy

### 04. MS. NITIMA THEPVANANGKUL

Executive Vice President - Finance and Accounting

### 05. MR. WISNU WONGSOMBOON

Executive Vice President - Corporate Commercial

### 06. MR. ABHINANT SUPATRABUTRA

Executive Vice President - Refinery and Petrochemical

### 07. MR. YUTHANA PASURAPUNYA

Assistant Executive Vice President - Manufacturing

### 08. MR. MITRI REODACHA

Assistant Executive Vice President - Operation Excellence  
Managing Director, Thailoil Power Co., Ltd.

### 09. MR. VIROJ MEENAPHANT

Assistant Executive Vice President - Corporate Governance  
(Acting)  
Corporate Affairs Manager (Acting)

### 10. MR. KLAHAN TOCHAMNANVIT

Department Manager - Assignment at  
Global Power Synergy Co., Ltd.

### 11. MR. KOSOL PIMTHANOTHAI

Manufacturing Manager - Refinery

### 12. MR. JEERAWAT PATTANASOMSIT

Managing Director, Sak Chaisidhi Co., Ltd.

### 13. MR. CHATAPONG WUNGTANAGORN

Supply Chain Optimization Manager  
Commercial Planning Manager (Acting)

### 14. MS. DUANGPORN TEERAPABPAISIT

Business Development Manager

### 15. MS. DARANEE MANDHATUPHALIN

Treasury Manager

### 16. MR. TEARDCHART PADUNGRAT

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

### 17. MR. NITAS KRONGVANITCHAYAKUL

Department Manager - Assignment as Managing Director,  
Thailoil Marine Co., Ltd.



**18. MR. BANDHIT THAMPRAJAMCHIT**

Technology Manager

**19. MS. PRAPIN THONGNIUM**

Accounting Manager

**20. MR. PRASERT REAMWANITH**

Quality Management Manager

**21. MR. PONGPUN AMORNVIVAT**

Manufacturing Manager - Petrochemical and Lube Base  
Department Manager - Assignment as Managing Director,  
Thai Lube Base Plc.  
Department Manager - Assignment as Managing Director,  
Thai Paraxylene Co., Ltd.

**22. MS. PATTARALADA SA-NGASANG**

Strategic Planning Manager

**23. MS. PANUMAS CHUCHARTCHAIKULKARN**

Corporate Compliance Manager

**24. MR. VIROJ WONGSATHIRAYAKHUN**

Human Resources Manager  
Department Manager - Assignment as Managing Director,  
Thaioil Energy Services Co., Ltd.

**25. MR. SARAN HARINSUTA**

Managing Director, Thaioil Ethanol Co.,Ltd.

**26. MS. SIRIPORN MAHAJCHARIYAWONG**

Financial Planning Manager

**27. MR. SOMKIET KAJONPRADAPKUL**

Asset Development Manager

**28. MR. SANTI WASANASIRI**

Innovation and Sustainability Manager

**29. MR. SUCHART MONYANONT**

Department Manager - Assignment as Managing Director,  
LABIX Co., Ltd.

**30. MR. SURACHAI SAENGSAKDA**

Engineering Manager

**31. MS. ACHAREE TIYABHORN**

Commercial Manager

**32. MR. ATHAVUTH VIKITSRETH**

Department Manager - Assignment at PTT Plc.

**33. MR. AMPON SINGSAKDA**

Organization Development Manager





## SHAREHOLDING AND MANAGEMENT STRUCTURE

### Assets and Shareholders Information

THB 20,400,278,730, comprised of 2,040,027,873 ordinary shares at the par valued at THB 10 per share.

### Registered and Paid-up Capitals

#### Ordinary Shares

On the share registration book closing date as of October 31, 2013, the Company's registered capital was THB 20,400,278,730 and the paid-up capital was

#### Shareholders

As of October 31, 2013, the top ten major shareholders are as follows:

Top Ten Major Shareholders <sup>(1)</sup>	Number of Shares	Shareholding Percentage
1 PTT PUBLIC COMPANY LIMITED <sup>(2)</sup>	1,001,647,483	49.10
2 STATE STREET BANK EUROPE LIMITED	75,856,763	3.72
3 STATE STREET BANK AND TRUST COMPANY	58,452,670	2.87
4 CHASE NOMINEES LIMITED 15	54,727,319	2.68
5 JX Holdings, Inc.	36,137,200	1.77
6 HSBC (SINGAPORE) NOMINEES PTE LTD	33,494,299	1.64
7 THE BANK OF NEW YORK MELLON	28,912,824	1.42
8 GIC PRIVATE LIMITED-C	20,033,700	0.98
9 IRPC PUBLIC COMPANY LIMITED	16,900,000	0.83
10 THE BANK OF NEW YORK (NOMINEES) LIMITED	14,701,498	0.72
<b>Total</b>	<b>1,340,863,756</b>	<b>65.73</b>

#### Remark:

- (1) Excluding shareholders of Thai NVDR Co., Ltd., a subsidiary of the Stock Exchange of Thailand with the objective of promoting investor's investment, particularly foreign 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 its representatives in Thailoil's Board of Directors. As of year end 2013, there are three directors from a total of 15 who are also holding position as PTT Board of Directors and/or Management Team.



## Issuance of Other Securities

### Debentures

The Company issued three unsecured debentures of USD 1.35 billion in total, comprised of USD 350 million due in 2015, USD 500 million due in 2023, and USD 500 million due in 2043.

Also, the Company issued four unsecured and unsubordinated debentures of THB 25 billion in total, comprised of THB 12 billion due in 2014, THB 2.5 billion due in 2017, THB 3 billion due in 2022, and THB 7.5 billion due in 2027.

### Dividend Policy

The Company's dividend payout policy is to pay at least 25 percent of the consolidated net profit after deductions of all categories of reserves as specified in applicable laws and the Company's Article of Association. 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's 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.

### Dividend Payout Information

Year	2008	2009	2010	2011	2012
Earnings (Baht per share)	0.11	5.91	4.39	7.28	6.04
Dividend (Baht per Share)	2.75	2.55	2.00	3.30	2.70
Dividend Payout (%)	2,500	43.0	45.0	45.0	45.0

## Management Structure

The management structure of Thai Oil Public Company Limited comprises:

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

- >> The management with the Chief Executive Officer and President as the highest executive of the Company

## The Board of Directors

Presently, the Board of Directors is comprised of 15 Directors as followed:

- >> Fourteen non-executive Directors, 11 of which are independent Directors
- >> One executive Director, namely the Chief Executive Officer and President

The Board of Directors as of December 31, 2013 comprised of:

Name - Surname	Position	Appoint Date
1. Mr. Norkun Sitthipong	Director Chairman of the Board	April 5, 2012 (re-elected) February 10, 2012
2. Mr. Apisit Rujikeatkamjorn	Independent Director Chairman of the Audit Committee	November 21, 2011 August 7, 2013
3. Mr. Tanawat Ampunant	Independent Director Member of the Audit Committee	March 27, 2012 April 27, 2012
4. Ms. Chularat Suteethorn	Independent Director Member of the Audit Committee	September 20, 2013 September 20, 2013
5. Mr. Chulasingh Vasantasingh	Independent Director Member of the Audit Committee	November 29, 2013 November 29, 2013
6. Mr. Wisan Wuthisaksilp	Independent Director Chairman of the Nomination and Remuneration Committee	March 27, 2012 November 29, 2013 (Member of the NRC since April 27, 2012)
7. Gen. Jiradej Mokkahasmit	Independent Director Member of the Nomination and Remuneration Committee	November 21, 2011 February 10, 2012
8. Gen. Trisak Indarusmi	Independent Director Member of the Nomination and Remuneration Committee	April 5, 2012 November 29, 2013
9. Adj. Prof. Dr. Thosaporn Sirisumphand	Independent Director Chairman of the Corporate Governance Committee	May 25, 2012 August 31, 2013 (Member of the CGC since June 22, 2012)

Name - Surname	Position	Appoint Date
10. Pol.Gen. Adul Sangsingkeo	Independent Director Member of the Corporate Governance Committee	April 2, 2013 (re-elected) April 26, 2013
11. Mr. Thaworn Phanichaphan	Independent Director Member of the Corporate Governance Committee	November 29, 2013 November 29, 2013
12. Mr. Somkeirt Hudthagol	Director	March 27, 2012
13. Mr. Apisak Tantivorawong	Independent Director Chairman of the Risk Management Committee	April 2, 2013 (re-elected) May 29, 2013 (re-appointed as member of the RMC on April 26, 2013)
14. Mr. Nuttachat Charuchinda	Director Member of the Risk Management Committee	April 2, 2013 (re-elected) April 26, 2013
15. Mr. Veerasak Kositpaisal	Director Chief Executive Officer & President/ Secretary to the Board Member of the Risk Management Committee	May 1, 2012 May 1, 2012 June 22, 2012

The List of Directors who completed their terms and resigned during the year 2013 is as followed:

Name - Surname	Position	Reasons
1. Mr. Chaikasem Nitisiri	Independent Director / Chairman of the Audit Committee	Resigned since June 26, 2013 onward
2. Mr. Somchai Sujjapongse	Independent Director / Member of the Audit Committee	Resigned since June 28, 2013 onward
3. Mr. Somchai Poolsavasdi	Independent Director / Chairman of the Nomination and Remuneration Committee	Resigned since September 11, 2013 onward

**Shareholding Report of the Board of Directors in 2012 and 2013 (including Spouse and Minor)**

Name - Surname	No. of Share (shares)		No. of Shares Addition (Reduction) During the Year
	Dec. 31, 2012	Dec. 31, 2013	
1. Mr. Norkun Sitthipong	-	-	-
2. Mr. Apisit Rujikeatkamjorn	-	-	-
3. Mr. Tanawat Ampunant	-	-	-
4. Ms. Chularat Suteethorn	N/A	-	-
5. Mr. Chulasingh Vasantasingh	N/A	-	-
6. Mr. Wisan Wuthisaksilp	-	-	-
7. Gen. Jiradej Mekkhasmit	-	-	-
8. Gen. Trisak Indarusmi	-	-	-
9. Adj.Prof.Dr. Thosaporn Sirisumphand	-	-	-
10. Pol.Gen. Abdul Sangsingkeo	-	-	-
11. Mr. Thaworn Phanichaphan	N/A	-	-
12. Mr. Somkeirt Hudthagool	1,058,900	1,058,900	-
13. Mr. Apisak Tantivorawong	-	-	-
14. Mr. Nuttachat Charuchinda	-	-	-
15. Mr. Veerasak Kositpaisal	-	-	-

**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 in the Kingdom of Thailand. A Director needs not be a shareholder of the Company.

**Appointment and Termination of Directors**

The nomination, appointment, removal and resignation of Directors are prescribed in the Company's Article of Association, which can be summarized as followed:

**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 vote for one share;
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 Director candidates, which must be explicitly made before the AGM and under the Company's nomination criteria. However, in the year 2013, there was no nomination proposed by minor shareholders.

### 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 to 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 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.

### 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. 3/2012 on April 27, 2012 and No. 5/2012 on June 22, 2012, the Board of Directors has approved Directors having authority to sign on behalf of the Company, namely Mr. Norkun Sitthiphong, Mr. Veerasak Kositpaisal, and Mr. Nuttachat Charunchinda. The signatures of any two of the three representative Directors jointly sign together with the affixation of the Company's seal.

### Board Roles and Responsibilities

Observing company regulations, the Board is authorized to conduct roles and responsibilities under the laws, the Company's objectives, the Company's Article of Association, 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 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 follows policies and plans 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 Company 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 Company Secretary coordinates company activities under the Board's resolutions.

### Meeting Attendance of the Board of Directors, Board-Committees, and AGM in 2013

Name - Surname	Position	Board of Directors (12 times)	Audit Committee (8 times)	Nomination & Remuneration Committee (5 times)	Corporate Governance Committee (3 times)	Risk Management Committee (7 times)	Annual General Meeting of Shareholders (AGM) (1 time)
1 Mr. Norkun Sithiphong	Director / Chairman of the Board	12/12					1/1
2 Mr. Apisit Rujikeatkamjorn	Independent Director / Chairman of the Audit Committee	12/12	7/8				1/1
3 Mr. Tanawat Ampunant	Independent Director / Member of the Audit Committee	10/12	8/8				1/1
4 Ms. Chularat Suteethorn <sup>(1)</sup>	Independent Director / Member of the Audit Committee	3/3	3/3				N/A
5 Mr. Chulasingh Vasantasingh <sup>(2)</sup>	Independent Director / Member of the Audit Committee	1/1	0/1				N/A
6 Mr. Wisan Wuthisakslip	Independent Director / Chairman of the Nomination and Remuneration Committee	12/12		5/5			1/1
7 Gen. Jiradej Mokkhasmit	Independent Director / Member of the Nomination and Remuneration Committee	9/12		5/5			1/1
8 Gen. Trisak Indarusmi <sup>(3)</sup>	Independent Director / Member of the Nomination and Remuneration Committee	12/12		1/1	2/3		1/1
9 Adj.Prof.Dr. Thosaporn Sirisumphan	Independent Director / Chairman of the Corporate Governance Committee	9/12			3/3		1/1
10 Pol.Gen. Adul Sangsingkeo	Independent Director / Member of the Corporate Governance Committee	6/12			1/3		0/1
11 Mr. Thaworn Phanichaphan <sup>(4)</sup>	Independent Director / Member of the Corporate Governance Committee	1/1			1/1		N/A
12 Mr. Somkeirt Hudthagosol	Director	12/12					1/1
13 Mr. Apisak Tantivorawong	Independent Director / Chairman of the Risk Management Committee	11/12				7/7	1/1
14 Mr. Nuttachat Charuchinda	Director / Member of the Risk Management Committee	11/12				7/7	1/1
15 Mr. Veerasak Kosipaisal	Director / Member of the Risk Management / Chief Executive Officer & President / Secretary to the Board	12/12				7/7	1/1

### Directors who resigned during the year 2013

1 Mr. Chaikasem Nitisiri	Independent Director / Chairman of the Audit Committee (Resigned June 26, 2013)	6/6	3/3				1/1
2 Mr. Somchai Sujjapongse	Independent Director / Member of the Audit Committee (Resigned June 28, 2013)	4/6	3/3				0/1
3 Mr. Somchai Poolsavadi	Independent Director / Chairman of the Nomination and Remuneration Committee (Resigned September 11, 2013)	7/8		4/4			1/1

### Remark

<sup>(1)</sup> Appointed as Independent Director/ Member of the Audit Committee in the Board of Directors Meeting No. 9/2013 on September 20, 2013.
























<sup>(2)</sup> Appointed as Independent Director/ Member of the Audit Committee in the Board of Directors Meeting No. 11/2013 on November 29, 2013.

<sup>(3)</sup> Appointed as Member of the Nomination and Remuneration Committee in the Board of Directors Meeting No. 9/2013 on September 20, 2013; and resigned from the Corporate Governance Committee on November 28, 2013.

<sup>(4)</sup> Appointed as Independent Director/ Member of the Corporate Governance Committee in the Board of Directors Meeting No. 11/2013 on November 29, 2013.





Name	Thai Paraxylene Co., Ltd.	Subsidiaries						Indirect Subsidiaries						Jointly-Controlled Entity of Subsidiaries				Associates					Related Companies			
		Thai Lube Base Pte.	Thai Marine Co., Ltd.	Thai Oil Energy Services Co., Ltd.	Thai Oil Solvent Co., Ltd.	Thai Oil Ethanol Co., Ltd.	Thai Oil Power Co., Ltd.	TOP SPP Co., Ltd.	TOP Solvent Co., Ltd. <sup>(1)</sup>	Sak Chaisidhi Co., Ltd. <sup>(2)</sup>	TOP Solvent Vietnam LLC. <sup>(3)</sup>	Surthip Co., Ltd. <sup>(4)</sup>	Thai Oil Marine International Pte. Ltd. <sup>(5)</sup>	TOP Maritime Service Co., Ltd. <sup>(6)</sup>	LABX Co., Ltd. <sup>(7)</sup>	TOP-NTL Pte. Ltd. <sup>(8)</sup>	TOP Nautical Star Co., Ltd. <sup>(9)</sup>	TOP-NYK MarineOne Pte. Ltd. <sup>(10)</sup>	PTT ICT Solutions Co., Ltd.	PTT Energy Solutions Co., Ltd.	Global Power Synergy Co., Ltd.	Maesod Clean Energy Co., Ltd. <sup>(11)</sup>	Ubon Bio Ethanol Co., Ltd. <sup>(12)</sup>	Thome Ship Management (Thailand) Co., Ltd. <sup>(13)</sup>	Thai Petroleum Pipeline Co., Ltd.	
28 Ms. Duangporn Teerapabpaisit	*																									
29 Ms. Daranee Mandatuphalin	*																									
30 Mr. Teardchart Padungrat	*																									
31 Mr. Nitas Krongvanichayakul	*																									
32 Mr. Bandhit Thampajamchit	*																									
33 Ms. Prapin Thongnium	*																									
34 Mr. Prasert Raomwanith	*																									
35 Mr. Pongpun Anornvivat	*																									
36 Ms. Pattaralada Sa-Ngasang	*																									
37 Ms. Panumas Chuchartchaikulam	*																									
38 Mr. Virroj Wongsathirayakhun	*																									
39 Mr. Saran Harnsuta																										
40 Ms. Siriporn Mahachariyawong	*																									
41 Mr. Somkiet Kajonpradapkul	*																									
42 Mr. Santi Wasanasiri	*																									
43 Mr. Suchart Monyanont	*																									
44 Mr. Surachai Saengsamran	*																									
45 Mr. Athavuth Vikitsreth ***	*																									
46 Ms. Acharee Tiyaabhorn	*																									
47 Mr. Ampon Singsakda	*																									

Notes: ★ = Chairman ☆ = Director 🏢 = Chief Executive Officer or Managing Director 🌟 = Executive Officer

\* Retired on December 31, 2013

\*\* Assigned to Global Power Synergy Co., Ltd. Since January 10, 2013

\*\*\* Assigned to PTT Plc. Since October 1, 2010

(1) TOP Solvent Co., Ltd. is a subsidiary of Thai Oil Solvent Co., Ltd. (TOS), in which TOS holds 100% of shares.

(2) Sak Chaisdhi 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) Sapthip Co., Ltd. is a subsidiary of Thai Oil Ethanol Co., Ltd. (TET), in which TET holds 50% of shares.

(5) Thai Oil Marine International Pte. Ltd. is a subsidiary of Thai Oil Marine Co., Ltd. (TOM), in which TOM holds 100% of shares.

(6) TOP Maritime Service Co., Ltd. is a subsidiary of Thai Oil Marine Co., Ltd. (TOM), in which TOM holds 55% of shares.

(7) LABX Co., Ltd. is a subsidiary of Thai Paraxylene Co., Ltd. (TPX), in which TPX holds 75% of shares.

(8) TOP-NTL Pte. Ltd. is a jointly-controlled entity of Thai Oil Marine Co., Ltd. (TOM), in which TOM holds 50% of shares.

(9) TOP Nautical Star Co., Ltd. is a jointly-controlled entity of Thai Oil Marine Co., Ltd. (TOM), in which TOM holds 35% of shares.

(10) TOP-NYK MarineOne Pte. Ltd. is a jointly-controlled entity of Thai Oil Marine International Pte. Ltd. (TOMI), in which TOMI holds 50% of shares.

(11) Maesod Clean Energy Co., Ltd. is an associate company of Thai Oil Ethanol Co., Ltd. (TET), in which TET holds 30% of shares.

(12) Ubon Bio Ethanol Co., Ltd. is an associate company of Thai Oil Ethanol Co., Ltd. (TET), in which TET holds 21.28% of shares.

(13) Thome Ship Management (Thailand) Co., Ltd. is an associate company of Thai Oil Marine Co., Ltd. (TOM), in which TOM holds 33% of shares.

## Management Team

Thaioil's Management team as of December 31, 2013 are listed below.

Name-Surname	Position
1. Mr. Veerasak Kositpaisal	Chief Executive Officer and President Executive Vice President - Organization Effectiveness (Acting)
2. Mr. Chaiwat Damrongmongkolgul	Executive Vice President - Special Project
3. Mr. Somchai Wongwattanasan	Executive Vice President - Strategy
4. Ms. Nitima Thepvanangkul	Executive Vice President - Finance and Accounting
5. Mr. Wisnu Wongsomboon	Executive Vice President - Corporate Commercial
6. Mr. Abhinant Supatrabutra	Executive Vice President - Refinery and Petrochemical
7. Mr. Yuthana Pasurapunya	Assistant Executive Vice President - Manufacturing
8. Mr. Mitri Reodacha	Assistant Executive Vice President - Operation Excellence Managing Director, Thaioil Power Co., Ltd.
9. Mr. Viroj Meenaphant	Assistant Executive Vice President- Corporate Governance (Acting) Corporate Affairs Manager (Acting)
10. Mr. Klahan Tochamnanvit	Department Manager - Assignment at Global Power Synergy Co., Ltd.
11. Mr. Kosol Pimthanothai	Manufacturing Manager - Refinery
12. Mr. Jeerawat Pattanasomsit	Managing Director, Sak Chaisidhi Co., Ltd.
13. Mr. Chatapong Wungtanagorn	Supply Chain Optimization Manager Commercial Planning Manager (Acting)
14. Ms. Duangporn Teerapabpaisit	Business Development Manager
15. Ms. Daranee Mandhatuphalin	Treasury Manager
16. Mr. Teardchart Padungrat	Department Manager - Assignment as Managing Director, TOP Solvent Co., Ltd.
17. Mr. Nitas Krongvanitchayakul	Department Manager - Assignment as Managing Director, Thaioil Marine Co., Ltd.
18. Mr. Bandhit Thamprajamchit	Technology Manager
19. Ms. Prapin Thongnium	Accounting Manager
20. Mr. Prasert Raomwanith	Quality Management Manager
21. Mr. Pongpun Amornvivat	Manufacturing Manager - Petrochemical and Lube Base Department Manager - Assignment as Managing Director, Thai Lube Base Plc. Department Manager - Assignment as Managing Director, Thai Paraxylene Co., Ltd.
22. Ms. Pattaralada Sangasang	Strategic Planning Manager
23. Ms. Panumas Chuchartchaikularn	Corporate Compliance Manager
24. Mr. Viroj Wongsathirayakhun	Human Resources Manager Department Manager - Assignment as Managing Director, Thaioil Energy Services Co., Ltd.
25. Mr. Saran Harinsuta	Managing Director, Thaioil Ethanol Co.,Ltd.
26. Ms. Siriporn Mahajchariyawong	Financial Planning Manager
27. Mr. Somkiet Kajonpradapkul	Asset Development Manager
28. Mr. Santi Wasanasiri	Innovation and Sustainability Manager
29. Mr. Suchart Monyanont	Department Manager - Assignment as Managing Director, LABIX Co., Ltd.
30. Mr. Surachai Saengsamran	Engineering Manager
31. Ms. Acharee Tiyaabhorn	Commercial Manager
32. Mr. Athavuth Vikitsreth	Department Manager - Assignment at PTT Plc.
33. Mr. Ampon Singsakda	Organization Development Manager

## 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 position of Assistant Executive Vice President - Corporate Governance to perform the duties as the Company Secretary. Presently Mr. Viroj Meenaphant holds such position.

### Brief Biography:

<b>Name:</b>	Mr. Viroj Meenaphant
<b>Education:</b>	Bachelor Degree of Engineering (Chemical Engineering), Chulalongkorn University
<b>Experience:</b>	
2001-2003	General Manager, Corporate Affairs; Thai Lube Base (Public) Co., Ltd.
2003-2004	General Manager, Finance; Thai Lube Base (Public) Co., Ltd.
2005-2006	Assistant Manager of Business Development and Strategic Planning Department
2006-2007	Manager of Strategic Planning Department
2007-April 2009	Manager – Special Project and assigned to perform as the Managing Director of Thaioil Marine Co., Ltd.
2009-December 2012	Manager of the Corporate Management Office and Company Secretary
January 1, 2013-Present	Assistant Executive Vice President - Corporate Governance (Acting) and Company Secretary

### Company Secretary Training:

June 2009	Company Secretary Program (CSP 31/ 2009) from the Thai Institute of Directors (IOD)
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## Director and Executive Remuneration

### Director Remuneration

The 2013 AGM set the monthly remuneration for the Company's Directors and Board-Committees including a special bonus reflecting the Company's performance as followed:

### 2013 Remuneration Structure

Retainer Fee	Baht per Month
Chairman of the Board <sup>(1)</sup>	75,000
Vice Chairman of the Board (if any) <sup>(1)</sup>	67,500
Directors	60,000
<b>Special Bonus for the Board of Directors <sup>(2)</sup></b>	<b>37 million Baht / year</b>

### Board-Committee Remuneration

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

Retainer Fee	
Chairman of Board-Committees <sup>(1)</sup>	31,250
Member of Board-Committees	25,000

### Remark:

- <sup>(1)</sup> Chairman of the Board and Chairman of the Board-Committees shall receive monthly remuneration of 25% higher than the Directors. Vice Chairman of the Board (if any) shall receive monthly remuneration of 12.5% higher than the Directors.
- <sup>(2)</sup> Special bonus for Directors who took position in 2012 and members who completed or resigned during 2012 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 18 Directors, which includes Directors in office during 2013 for a period of 12 months ending as of December 31, 2013, and Directors who completed their terms or resigned during 2013, totals 14.26 million Baht. This comprised monthly remuneration for the Company's Directors of 10.35 million Baht and monthly remuneration for Board-Committees of 3.91 million Baht. Directors' remuneration in the form of a special bonus for 2012 performance totaled to 37 million Baht, which was resolved by the 2013 AGM on April 2, 2013. 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.

## 2013 Directors Remuneration

No.	Name - Surname	Position	Board of Directors	Board-Committees				Total Remuneration	Special Bonus for 2012 Performance <sup>(1)</sup> (paid in April 2013)
				Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee	Risk Management Committee		
1	Mr. Norkun Siththiphong	Director / Chairman of the Board	900,000	-	-	-	-	900,000	3,104,446.11
2	Mr. Apsit Rujiteakamjorn	Independent Director / Chairman of the Audit Committee	720,000	330,040	-	-	-	1,050,040	2,540,474.63
3	Mr. Tanawat Ampunant	Independent Director / Member of the Audit Committee	720,000	300,000	-	-	-	1,020,000	1,943,532.50
4	Ms. Chularat Suteethorn	Independent Director / Member of the Audit Committee	202,000	84,167	-	-	-	286,167	-
5	Mr. Chulasingh Vasantasingh	Independent Director / Member of the Audit Committee	64,000	26,667	-	-	-	90,667	-
6	Mr. Wisan Wuthisakulp	Independent Director / Chairman of the Nomination and Remuneration Committee	720,000	-	306,667	-	-	1,026,667	1,943,532.50
7	Gen. Jiradej Mokkhasmit	Independent Director / Member of the Nomination and Remuneration Committee	720,000	-	280,834	-	-	1,000,834	2,540,474.63
8	Gen. Trisak Indarasumi	Independent Director / Member of the Nomination and Remuneration Committee <sup>(2)</sup>	720,000	-	84,167	275,000	-	1,079,167	1,874,120.63
9	Adj. Prof. Dr. Thosaporn Sirisumphand	Independent Director / Chairman of the Corporate Governance Committee	720,000	-	-	326,008	-	1,046,008	1,534,002.44
10	Pol.Gen. Adul Sangsingkeo	Independent Director / Member of the Corporate Governance Committee	720,000	-	-	300,000	-	1,020,000	2,540,474.63
11	Mr. Thaworn Phantichaphan	Independent Director / Member of the Corporate Governance Committee	64,000	-	-	26,667	-	90,667	-
12	Mr. Somkeirt Hudthagosol	Director	720,000	-	-	-	-	720,000	1,943,532.50
13	Mr. Apsak Tantivorawong	Independent Director / Chairman of the Risk Management Committee <sup>(3)</sup>	720,000	43,172	-	-	344,355	1,107,527	2,540,474.63
14	Mr. Nuttachat Charuchinda	Director / Member of the Risk Management Committee	720,000	-	-	-	280,834	1,000,834	1,534,002.44
15	Mr. Veerasak Kosipaisal	Director / Member of the Risk Management / Chief Executive Officer & President / Secretary to the Board	720,000	-	-	-	300,000	1,020,000	1,700,590.94
<b>Directors who resigned during the year 2013</b>									
1	Mr. Chaikasem Nitisiri	Independent Director / Chairman of the Audit Committee (Resigned on June 26, 2013)	360,000	187,500	-	-	-	547,500	2,540,474.63
2	Mr. Somchai Sujapongse	Independent Director / Member of the Audit Committee (Resigned on June 28, 2013)	360,000	150,000	-	-	-	510,000	2,540,474.63
3	Mr. Somchai Poolsavasdi	Independent Director / Chairman of the Nomination and Remuneration Committee (Resigned on September 11, 2013)	480,000	-	260,417	-	-	740,417	2,540,474.63
<b>Directors who completed the term / resigned during the year 2012 (received a special bonus for 2012 performance)</b>									
1	Mr. Goanpot Asvinvichit	Independent Director / Chairman of Nomination and Remuneration Committee (Resigned on March 1, 2012)	-	-	-	-	-	-	416,471.25
2	Mr. Manu Leopalrote	Independent Director / Chairman of the Audit Committee (Completed the term at 2012 Annual General Meeting of Shareholders on April 5, 2012)	-	-	-	-	-	-	666,354.00
3	Mr. Pichai Chunhavajira	Director / Chairman of the Board / Vice Chairman of the Board (Resigned on April 23, 2012)	-	-	-	-	-	-	917,972.03
4	Mr. Tevin Vongvanich	Director / Member of the Nomination and Remuneration Committee (Resigned on April 26, 2012)	-	-	-	-	-	-	805,177.75
5	Mr. Surong Bulakul	Director / Member of the Risk Management Committee / Chief Executive Officer / Secretary to the Board (Resigned on May 1, 2012)	-	-	-	-	-	-	832,942.50
<b>TOTAL</b>			<b>10,350,000</b>	<b>1,121,546</b>	<b>932,085</b>	<b>927,675</b>	<b>925,189</b>	<b>14,256,495</b>	<b>37,000,000</b>

## Remarks:

- (1) Special bonus for 2012 performance according to the resolution of the 2013 Annual General Meeting of Shareholders (AGM) on April 2, 2013, paid to directors on April 25, 2013.  
 (2) Appointed as Member of the Nomination and Remuneration Committee on September 20, 2013 and resigned from the Corporate Governance Committee on November 28, 2013.  
 (3) Appointed as Member of the Audit Committee on July 26, 2013 and resigned from the Audit Committee on September 17, 2013.

### Executive Remuneration

As of the fiscal year ended on December 31, 2013, the remuneration of 26 executives totaled to 229.47 million Baht. This comprises remuneration in the forms of monthly salaries and allowances of 141.93 million Baht, special bonus of 47.45 million Baht, provident fund contributions 15.51 million Baht, retirement gratuity fund payments of 14.12 million Baht, and other payments of 10.46 million Baht.

#### Remark:

>> The Remuneration for 26 executives as of December 31, 2013

Excluding the executives who work in the subsidiary companies, are as followed:

Mr. Klahan Tochananvit

Mr. Nitas Krongvanitchayakul

Mr. Teardchart Padungrat

Mr. Athavuth Vikitsreth

Mr. Pongpun Amornvivat



## CORPORATE RISK MANAGEMENT

### Background

Thaioil recognizes the importance of Enterprise Risk Management (ERM) in developing Thaioil Group's risk management approach to international standards and aligning it with corporate strategies and the restructured organization. Assessments, follow-ups, analyses, and revisions of key business risks are carried out against its short-term and long-term goals to identify risk factors, both internal and external. Then, measures to prevent and manage risks are laid down according to the risk management plan to minimize risks associated with key activities across Thaioil Group. Major risks are systematically assessed and reported so that each responsible unit can take their due actions, namely the Risk Management Steering Committee (RMSC), whose members are Thaioil's senior management, and the Risk Management Committee (RMC), whose members are appointed by the Board. Like the directors, the committees supervise, support, and ensure efficient corporate risk management across the company. Their roles also include provision of support for the formulation of the group's strategy to form a corporate culture.

In addition, Thaioil enriched its employees with knowledge to be able to take part in the mitigation of impacts from risks and play their respective role in Business Continuity Management (BCM) to ensure preparedness for emergencies leading to operation disruption in order to attain operating goals and realize the corporate vision. The risk management process is, moreover, reviewed to identify improvements across Thaioil Group by benchmarking against local leading firms. This is not only to prepare for overseas expansion under the strategy for growth, but also

to boost confidence in risk management, in line with good corporate governance.

### Corporate Risk and Risk Management Plan

Thaioil has monitored and revised its key risks to ensure that risk management measures can respond to changes and factors potentially affecting Thaioil Group's business growth. Key risks for 2013 and management measures, and key risk indicators (KRIs) were reported to RMC before presenting to the Board. Thaioil classifies the Group's risks into five aspects comprised of 10 distinct risks, described below along with measures or plans defined to prevent or ease their impacts to enable goal achievement.

### Strategic Risks

#### 1. Risks from Changes in Government Policies / Laws and Regulations

Changes in public policies, laws, and regulations may affect Thaioil Group's operations, new investments, and business expansion, domestically and internationally. Thaioil manages such risks by analyzing the government's economic policies to proactively cope with possible impacts on Thaioil Group's business. It cooperates with relevant government agencies, with special attention paid to laws and regulations concerning society, communities, and the environment. Work processes are drawn up in conformance to regulations and to ensure efficiency, as well as application for various permits with a monitoring system. Relevant information is also cascaded down the line to alert staff to comply with the government's rules.

## 2. Strategic Risks (Short-Term and Long-Term)

Thaioil recognizes economic, social, political, and environmental volatility, both in and outside Thailand, as well as technological innovations. Its business strategies for short, medium, and long terms are the fruits of close monitoring and analyses of economic, social, and political facts and figures, as well as applicable national and international laws. This brought about the introduction of an Investment Decision Making Policy or TOP Group Investment Management (TIM), and Portfolio Management. Moreover, a Leadership Brainstorming Workshop was organized for executives and directors, while sufficient Strategic Financial Models were developed to cater for the Group's strategies, in line with those of PTT Group and the national energy policy.

## 3. New Investment Risks

Investment and expansion form part of Thaioil's strategy for growth, which stem from analyses of investment risks to achieve expected returns. Various measures to prevent and manage risks at all stages, that is, from project analysis to returns on investment, were drawn up by TOP Group Growth and Investment Steering Committee, which is in charge of screening investment projects to ensure growth and value added to Thaioil and mapping out the TOP Group Investment Management Process, which provides guidelines for consideration and decisions on investment under the standard criteria before presentation to RMC and the Board for approval. The procedure was designed to mitigate investment risks and protect Thaioil's interests, while boosting confidence among shareholders and stakeholders in their decision-making that involves Thaioil's investment and expansion plans.

## Marketing Risks

### 4. Oil Price Fluctuation and Margin Decrease Risks

Since Thaioil's profit margin depends largely on the world oil price, which is virtually unpredictable, it conducts more profound analysis of marketing data and applies such data to the formulation of marketing strategies and measures, in addition to sales strategies and inventory management of the entire Thaioil Group and among PTT affiliates. Thaioil, with approval from RMC, has also adjusted its oil price-hedging method to make it more proactive for risk management of crack spreads and stock losses. Price-hedging results are regularly reported to RMC to avoid impacts from the risks and maintain its targeted gross integrated margin (GIM).

### 5. Feedstock Interruption Risks

Unrest in various spots around the globe as well as natural disasters has interrupted crude deliveries, which consequently affect Thaioil's crude procurement volumes and prices. To cope with this risk, Thaioil laid down additional measures on crude procurement and ran a project to construct new crude reserve tanks. This is in addition to the close monitoring of the situation, analyses of information, and searching for new sources of crude and other feedstock for affiliates. Moreover, it has prepared the refinery for crude oil from new sources by upgrading refining efficiency and working with other PTT Group refineries on crude procurement planning and management to ensure adequate crude supplies at reasonable prices.

### 6. Demand Fluctuation Risks

Development of technologies and vehicles, political movements, changes in policies and regulations, and the

world's economic, social, and political situations, as well as natural catastrophes, do affect consumers' behavior and oil demand, on which the bulk of Thailoil's income is based. Thailoil has therefore speeded up its marketing expansion to reach new customers in nearby regions while trying to enhance customer satisfaction and offering convenient and flexible sales channels. The attempt also included jetty expansion. Thailoil has also stepped up cooperation with other refineries and government agencies to increase sales as part of its surplus management.

## Financial Risks

### 7. Risks Associated with Fund-Raising and Costs of Funds

Since the debt crises of European countries and the sluggish economy in the US and China could affect Thailoil Group's investment and fund-raising plans, Thailoil expanded its loan base through money and capital markets. In January 2013, it issued an offshore dollar bond with 10-year and 30-year maturity periods worth altogether USD 1 billion to support loan restructuring, liquidity increase, and investment according to the Group's investment policy. Investment project ranking and proper loan structuring are needed to spur growth. In parallel, Thailoil closely monitored movements of money and capital markets, planned on repaying matured loans, and leveraged other financial tools—derivatives in particular. Thanks to continual financial cooperation within PTT Group, Thailoil is convinced that it can raise enough reasonably priced funds to support its plans.

### 8. Risks from Baht Fluctuation

Fluctuations in the Baht-to-dollar exchange rate affect Thailoil's performance. The bulk of its production costs come from crude oil or raw material imports, which require

payment in US dollars. To ease the impacts of Baht fluctuation, Thailoil has structured the Group's loans so that the dollar loans may match its revenue structure through the natural hedge policy. Also in place were forward contracts for foreign-exchange transactions, loan withdrawals, and loan payment to match actual income/payment burdens, as practiced in the previous year.

## Operation Risks

### 9. Business Disruption Risks

Recognizing that risk management is crucial, Thailoil looks thoroughly into risks and risk factors potentially causing business disruption. In addition to preventive plans and preparedness measures for production processes, it instituted a Business Continuity Management Plan of international standards and, at the same time, ran corporate social responsibility (CSR) activities, while continuously building a network of communities. It is also engaged in insurance for losses through business interruptions. Carrying on its coordination with government agencies, the military, local safety, and security units, Thailoil held meetings with PTT Group to link its emergency response plans to those of the province. Measures have been added to the risk management plan to ensure business continuity and timely product delivery, while safeguarding lives, assets, communities, and the environment.

## Corporate Risks

### 10. Human Resource Capability Risks

Thailoil has devised short-term and long-term strategic plans for future growth, under which a pivotal factor for goal achievement is knowledgeable, experienced personnel in the refining and petrochemical businesses to accommodate



business growth and replace retired personnel. Thailoil, therefore, revised its recruitment process and expedited its personnel development under the Strategy Map and long-term strategic plans. The organizational structure, manpower forecast, and personnel development plan were also mapped out to align with the long-term growth strategy. Executive meetings culled select future leaders (successors) and groomed them under the plan that integrated Thailoil Group's manpower into business direction and strategies.

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



## INTERNAL CONTROLS

Thaioil constantly values the maintenance of the internal control system to give business processes accuracy, transparency, and accountability, which prevents or eases errors or damage. To this end, the Board of Directors assigned the Audit Committee to review internal control system to ensure business adequacy and suitability, together with operating efficiency, effectiveness, resource consumption, stewardship of properties, a correct and credible accounting system and financial reports, together with compliance with applicable legislation and regulations.

The Audit Committee meeting No. 2/2557 on February 13, 2014, reviewed and approved Thaioil's assessment of its internal control system for 2013. The committee's views are classified by internal control component as follows:

### 1. Control Environment

Thaioil has drawn up and reviewed its 10-year business directions and strategic plans with clearly stated strategic goals and projects for businesses and the organization. The approved strategies are then systematically translated into one-year and five-year business plans for approval by the Board. To this end, Thaioil has structured the organization to lend efficiency to operation while formulating policies and procedures in writing, with due regard for fairness toward its business partners. For such documents, proper authorization and responsibilities are defined. In addition, Thaioil has put in writing the code of conduct for conflicts of interest and whistleblowing measures in its corporate governance (CG) manual. All executives and employees of Thaioil Group are to sign their names in acknowledgment form of such handbooks, to which they

must adhere with a commitment to the best interests of the shareholders, and with due regard for relevant stakeholders' confidence as well as its sustainable growth.

### 2. Risk Assessment

Valuing and establishing company-wide risk management, Thaioil appointed the Risk Management Committee to define policies and ensure suitable and efficient risk management. Its risk management plans cover assessment and review of internal and external factors potentially affecting the company. Action plans help monitor all units' and affiliates' conformance to risk mitigation measures, for which a risk management database is used to remind relevant officers to report the outcomes of their conformance to such risk management measures.

### 3. Control Activities

Thaioil established approval protocols for business transactions, with a well-defined scope of authority and approval limits for executives management and employees to lend business flexibility and give rise to a suitable internal control system. For checks and balances, duties have been segregated by responsibility for key tasks. The approval process for connected transactions is clearly stated: Before their approval by the Board, they must secure endorsement by senior executives and the Audit Committee. As a rule, transactions are approved by those without vested interests, keeping Thaioil's best interests in mind. All units must comply with the law, and new-legislation tracking mechanisms have been defined to prevent wrongdoing. Thaioil regularly monitors the performance of subsidiaries or associated companies by assigning its executives to

manage these companies as managing directors and by appointing representatives as their directors, thus giving Thailoil participation in policy-making while keeping informed and periodically monitoring performance through key performance indicators (KPIs).

#### 4. Information & Communications

Providing adequate key information for the Board's information and decision-making, Thailoil has established an information system systematically supporting task performance, management, and financial reporting for an effective internal control system. All accounting documents are grouped by collection period as specified by law. In addition, Thailoil communicated key information to executives and internal users in user-friendly formats, thus easing achievement of objectives and goals. Finally, the Audit Committee reviewed and selected a generally accepted accounting policy that suits its businesses, requiring systematic reporting, approval for application, and modification of accounting policies.

#### 5. Monitoring & Evaluation

Thailoil has made it the duties and responsibilities of all executives to ensure inspection of individual units' work processes for efficiency and conformance to standard operating procedures under a strict internal control system. Thailoil's Internal Systems Audit section supports, advises, and reviews the company-wide internal control system. Each month the Board reviews Thailoil's actual performance against business plan goals and, each quarter, reviews operating success against strategic plans. Should actual performance deviate from goals, the Board will provide

recommendations on improvement and resolution of assorted issues promptly. The Internal Systems Audit Section reports its findings to the Audit Committee freely and candidly while tracking corrective actions until completion. Should deficiencies be detected, the Internal Systems Audit Manager must report them to the Audit Committee.



## CORPORATE GOVERNANCE REPORT

Thaioil is committed to basing business on fairness, integrity, transparency, adhering to corporate governance principles as stipulated by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) to boost confidence among all investors and stakeholders, which is a crucial part of the sustainability.

The Board of Directors has always valued the corporate governance policy and has determined that this is one of Thaioil's key performance indicators (KPIs). It has also devised an operating plan to upgrade corporate governance on a par with international standards. In 2013, Thaioil earned the following corporate governance awards and certifications:

- >> Evaluated by the "Corporate Governance Report of Thai Listed Companies 2013" at a score of 96 percent or a rating of "excellent", which was the highest rank for the fifth consecutive year. It was also one of the 30 companies in the "Top Quartile Group" with market values over 10 billion Baht, organized by the Thai Institute of Directors (IOD).
- >> Won the "Top Corporate Governance Report Awards" in the SET Awards 2013 event, organized by the Stock Exchange of Thailand
- >> Named the "TOP 50 of Listed Companies in Thailand" according to the criteria of the ASEAN CG Scorecard
- >> Ranked as "Asia's Outstanding Company on Corporate Governance" from the Corporate Governance Asia Recognition Awards 2013, organized by Corporate Governance Asia Magazine.
- >> Awarded with the "Strongest Adherence to Corporate Governance" from Alpha Southeast Asia Magazine,

which made a survey of leading companies in Southeast Asia on financial management, social and environment responsibility, and investor relations.

- >> Received "The Asset Corporate Award 2013 – Gold Award" from The Asset Excellence in Management and Corporate Governance Awards 2013, organized by The Asset Magazine.

### 1. Corporate Governance Policy

Thaioil has a clearly written corporate governance policy since 2001. It ensures that it is the duty and responsibility of directors, executives, all employees, and its subsidiaries to acknowledge the policy and comply with it. In 2013, the policy was improved in accordance with Thaioil's strategy and the 2012 SET's Corporate Governance for Listed Companies. It is divided into clear categories, covering core principles of corporate governance with the approval of the Corporate Governance Committee and the Board of Directors. Thaioil disseminated its corporate governance policy via its website at [www.thaioilgroup.com](http://www.thaioilgroup.com), allowing interested persons to download. The details of the policy are as follows:

*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. Thaioil manages its business with fairness, integrity, and transparency under the internationally-accepted corporate governance principles, 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 perform their duties with utmost

*dedication, determination, devotion, and responsibility for the best interest of the company along with adhering to the company's corporate governance principles and business ethics with understanding, trust, and confidence as the habitual practice, so that these principles may become an organizational culture.*

2. *The Board, with the management, plays a key role in defining the company's visions, strategies, policies, and business plans, as well as organizes the management structure to ensure the alignment between the Board, the management, and shareholders along with management that are appropriate for the company's business operations.*
3. *The Board and the management will be required to be the ethical leaders and the role model in performing their duties with integrity, honesty, fairness, and transparency, in accordance with the company's corporate governance and ethical practices.*
4. *The Board, the management, and all employees are to be committed to equality and fair treatment of all stakeholders, as well as monitor, control, and prevent any decision or actions that may lead to the conflict of interests.*
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.*

## 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
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.

Thaioil communicates with its employees the principles and guidelines of corporate governance and the code of business conduct, the Conflict of Interest Disclosure Form, and anti-corruption policy and principles, starting from the orientation of new employees so that they may understand and comply with the policy. Moreover, communication is undertaken regularly through "Akanee" Magazine (internal magazine), CG e-newsletter, and other forms of internal media.

## 2. 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, 2013 are as follows:

### 1) The 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, 2013, the Audit Committee consists of four independent directors as follows:

Name	Position
1. Mr. Apisit Rujikeatkamjorn	Chairman of the Audit Committee (Independent)
2. Mr. Chulasingh Vasantasingh	Member of the Audit Committee (Independent)
3. Mr. Tanawat Ampunant	Member of the Audit Committee (Independent)
4. Ms. Chularat Suteethorn	Member of the Audit Committee (Independent), with qualified knowledge and experience in accounting and finance to review the reliability of the financial statements

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

#### Roles and Responsibilities of the Audit Committee

- Review financial reports for accuracy, reliability, and adequacy by cooperating with the external auditor and responsible executives who prepare quarterly and annual reports.
- Review internal control and risk management of Thailoil 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.
- Ensure corporate practices in line with SEC laws or SET requirements, as well as policies, regulations, rules, and other laws pertaining to the company's operations.
- 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.
- 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.
- 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.
- Verify accuracy and effectiveness of information technology system related to financial reports and internal control.
- Support the development of the company's financial reporting system to meet international accounting standards.
- Review audit plans against internationally-accepted procedures and standards.
- 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.
- Prepare reports, signed by the audit committee chairman, for the annual report as required by SET.
- 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 the Audit Committee Charter.
15. Undertake tasks assigned by the Board and concurred by the Audit Committee.

In 2013, 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 14-15.

## 2) The 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, 2013, are as follows:

Name	Position
1. Mr. Wisan Wuthisaksilp	Chairman of the Nomination and Remuneration Committee (Independent)
2. Gen. Jiradej Mookhasmit	Member of the Nomination and Remuneration Committee (Independent)
3. Gen. Trisak Indararusmi	Member of the Nomination and Remuneration Committee (Independent)

Mr. Viroj Meenaphant, Assistant to Executive Vice President – Corporate Governance (Act.) and Company Secretary, serves as Secretary to the Nomination and Remuneration Committee.

## Roles and Responsibilities of the Nomination and Remuneration Committee

### Nomination

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 shareholders' meeting.
4. Support minor shareholders' nomination of qualified directors.
5. Search and select qualified experts for directors and nominate them to the Board to seek approval for appointment from the annual general shareholders' meeting.
6. Select directors who are qualified as committee members for the Board's appointment in case of vacancies.

### Remuneration

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 shareholders' meeting for approval.
3. Conduct performance appraisal and decide the compensation for the Chief Executive Officer.

In 2013, 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 16-17.

### 3) The Corporate Governance Committee

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

Members of the Corporate Governance Committee, as of December 31, 2013, are as follows:

Name - Surname	Position
1. Adj. Prof. Dr. Thosaporn Sirisumphand	Chairman of the Corporate Governance Committee (Independent)
2. Pol.Gen. Adul Sangsingkeo	Member of the Corporate Governance Committee (Independent)
3. Mr. Thaworn Phanichaphan	Member of the Corporate Governance Committee (Independent)

Mr. Viroj Meenaphant, Assistant Executive Vice President-Corporate Governance (Act.) 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 Thaioil 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 Thaioil 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 2013, 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 18-21.

### 4) The Risk Management Committee

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

Members of the Risk Management Committee, as of December 31, 2013, are as follows:

Name - Surname	Position
1. Mr. Apisak Tantivorawong	Chairman of the Risk Management Committee (Independent)
2. Mr. Nuttachat Charuchinda	Member of the Risk Management Committee
3. Mr. Veerasak Kositpaisal	Member of the Risk Management Committee

Mr. Somchai Wongwattanasan, Executive Vice President-Strategy, serves as Secretary to the Risk Management Committee and Mr. Wichai Maithong, Risk Management Manager, serves as Assistant of the Risk Management Committee's Secretary



### **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 2013, 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 22-23.

### **3. Roles and Responsibilities of the Chairman of the Board and Chief Executive Officer**

#### **Roles and Responsibilities of the Chairman of the Board**

1. The Chairman or his/her delegate calls the meetings of the Board, having meeting notices sent at least seven days ahead of each meeting so that the directors may have adequate time to study, review, and make proper decisions.
2. The Chairman, jointly with the Chief Executive Officer, decides the agenda of each meeting.
3. The Chairman ensures each meeting's efficiency by allocating enough time for the management to present data, encouraging and allowing directors' queries and expression of free views, controlling the issues under discussion, and summarizing the meeting's resolutions.
4. The Chairman plays a key role in encouraging the Board's conformance to corporate governance principles, including identifying oneself, refraining from voting, and leaving the meeting when agenda items of his/her conflicts of interest are up for discussion.
5. The Chairman informs the Board of all significant matters.
6. The Chairman encourages the Board to attend shareholders' meetings and presides over such meetings to ensure the meetings' efficiency and address shareholders' queries.
7. The Chairman encourages the Board to do their duties under their scope of authority under the law and corporate governance.

#### **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 the Company and its Subsidiaries. His roles and responsibilities include the following:

1. Prepare and propose to the Board five-year and 10-year business plans, including the Company's strategic imperatives.
2. Prepare and provide information relevant to the Company's business and activities to the Board, as well as other information needed by the Board.
3. Manage the Company's business and activities under the approved business plan and 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 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.

#### 4. Nomination and Selection of Directors and Chief Executive Officer

Thaioil provides guidelines for this in the Corporate Governance Manual under Article 5, Responsibilities of the Board of Directors, that is, the Board must consist of qualified persons with knowledge, expertise, and experience that benefit the Company, with full devotion of time and effort in performing their duties. Appointed by the shareholders to oversee the Thaioil's operation, the Board appoints the management responsible for business operation and Board-Committees responsible for specific assignments. The guidelines on the nomination and selection of directors and senior management are as follows:

##### Directors Compositions and Qualifications

According to the Company's Article of Association, the Board of Directors shall consist of at least five members and not

more than 15 members. 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 and 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 15 directors including of one executive director and 14 non-executive directors, 11 of which are independent directors. The names and roles of the Board of Directors and the Company Secretary can be found in the Shareholding and Management Structure section in page 80-84 and page 89.

The Board of Directors has also established a policy on the number of listed companies that the directors can take position. To ensure that the directors can devote their time and effort in performing duties, the directors can take position in no more than five listed companies.

##### Directors and Executive Director Nomination

Regarding the selection of qualified candidates for nomination as directors in replacement of those who are retired by rotation, Thaioil gives the opportunity to our shareholders to nominate candidates with qualifications required by SEC laws and by the Company's regulations to be elected as directors. Announcement has been posted on the website to invite nomination from shareholders. Thaioil determines the minimum shareholding for the shareholders who are entitled to nominate directors in advance, under which they must together hold more than one percent of the total number of shares with voting shares. 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 (AGM) 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.

As for the nomination of qualified persons to fill the position of Chief Executive Officer, the Board appoints this person to be responsible for business operation. As a rule, the Nomination and Remuneration Committee will consider the criteria and nomination process of qualified persons to fill the vacant post and submit them to the Board, as well as reviewing the succession plans of executive directors and the list of suitable persons to be considered for the succession plans every year.

#### 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 0.5 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, 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 20 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, 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, 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.
10. The Company's independent directors shall serve not more than two consecutive terms. (Director's term shall be counted as of August 23, 2012 onwards)

To encourage the independent directors and non-executive directors to independently hold meetings to discuss, recommend, and define guidelines to develop the quality of corporate governance, Thailoil ensures that there is a

meeting of the independent directors at least once a year and the meeting of directors without the management at least once a year.

## 5. Supervision of Subsidiaries' Operations

In the supervision of the Thailoil Group's operations, Thailoil's Board of Directors has appointed the Chief Executive Officer and other senior executives to serve as members on the boards in the subsidiaries that Thailoil held 100 percent of the shares. The Chief Executive Officer will serve as Chairman of the Board or a member of the boards of the subsidiaries. Moreover, Thailoil has provided policies and practices for Thailoil Group of companies, in order to ensure that they will perform in the same direction with Thailoil.

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

In the event Thailoil or Thailoil 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 Thailoil directly or indirectly, has a shareholding of more than 50 percent of the registered paid-up capital of such companies)

### Promotion of Corporate Governance among Employees of Subsidiaries and Affiliates

In compliance with the corporate governance policy, Thailoil defines the roles and responsibilities of directors, the management, and all employees of the Thailoil Group to acknowledge and comply with the corporate governance policy, ethics, key policies, and other guidelines concerning

this policy for a uniform standard for the entire company. To promote understanding and importance of corporate governance among all employees, Thailoil invites all employees to participate in corporate governance activities, and disseminates articles and news on corporate governance to them.

Moreover, the Company prepares the “Conflict of Interest Disclosure Electronic Form” for its employees and those of its subsidiaries. The objective is to urge them to perform their duties with transparency, promote morality and lawfulness, responsibility for their own actions, as well as increased efficiency in business operation, based on transparency and fairness and in compliance with Thailoil’s corporate governance principles.

## 6. Supervision of the Use of Inside Information

Thailoil establishes a code of conduct on confidentiality and use of inside information in its corporate governance manual and code of business conduct, which serve as guidelines for the directors, the management, and employees. The protection of inside information is crucial to the success of the Company. Therefore, to disseminate information and news to outsiders in such a way to protect the Thailoil’s business or reputation, it has defined the code of conduct on confidentiality and use of inside information as follows:

1. Employees 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, formulae, and inventions
2. Employees must not apply the Company’s confidential information for personal or others’ gains
3. Employees who have received personal information must take good care of or use it cautiously
4. The Company has defined the information about contractual parties and the agreements with these parties as sensitive information not to be shared with others except when

both the company and its contractual parties have given their consent

5. The Company should institute strict measures and processes for guarding its information within its departments to prevent publicity before its formal distribution. These measures and processes are regarded as an integral part of the Company’s risk control measures.
6. The Company has assigned roles and responsibilities to all superiors for the prevention of leaks of key information and news by subordinates before the Company’s formal distribution
7. Joint use of inside information by employees must be strictly on a need-to-know basis
8. Even after their termination or retirement, employees must not disclose the Company’s confidential information

## 7. Audit Fees of the Auditors 2012

### 1. Audit Fees

The Company, subsidiaries and Thailoil Group Registered Provident Fund paid for the audit fees to the auditors’ company for the latest account period amounting to 6,143,000 Baht.

### 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 auditor’s company for the latest account period amounting to 10,225,000 Baht.

## 8. Compliance with the Company’s Corporate Governance

Recognizing and valuing the principles of good corporate governance, the Company has devised a clear policy and guidelines as seen in its corporate governance manual (downloadable at [www.thaioilgroup.com](http://www.thaioilgroup.com)) for strict conformance, and can be divided into five articles as follows:

### Article 1: Right of Shareholders

The Company recognizes the importance of good corporate governance and values the shareholders’ right by encouraging

the shareholders to exercise their rights including legal fundamental rights such as the right to attend and vote in the shareholders' meeting, the right to provide an opportunity for shareholders to propose agenda and to nominate director candidates, the appointment or removal of directors, the remuneration of directors, the right to share in the profit, the right to receive adequate information, etc.

Beyond such fundamental rights, the Company endeavors to provide essential information to shareholders via website, e-newsletter, the Company's site visits, etc.

The Company arranges 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. In 2013, the Company organized AGM on April 2, 2013 at Bangkok Convention Center at Central Plaza Ladprao with a total attendance of 2,211 shareholders comprising of 1,681 shareholders and 530 representatives by proxy, representing 1,455,014,350 shares or 71.32 percent of the total issued share capital of the Company. The meeting was organized in accordance with the processes and procedures of the AGM Checklist, which prepared by the Thai Investors Association (TIA) as follows:

#### **Before the AGM**

>> Provide an opportunity for shareholders to propose agenda and to nominate director candidates to be elected in the 2014 AGM, by which the details and procedures are placed in the Company's website at least 3 months prior to the year ended. The shareholders who wish to propose agenda or nominate director candidate must be one single shareholder or several shareholders together hold the Company's shares at least 1 percent of total voting rights of the Company.

>> 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 in both Thai and English, stipulating conditions and methods of registration, as well as documents/proxy forms. 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 21 days prior to the meeting. 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 newspapers 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 Company's website prior to being delivered to shareholders.

#### **On the Date of the AGM**

>> Felicitate all shareholders, including major shareholders, minor shareholders, and institutional investors, 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. Furthermore, after this registration period has lapsed, shareholders who wish to attend the meeting can register to attend without losing their rights.

- >> Arranged each shareholder's meeting at a venue that is convenient, easy to access, and 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.
- >> The bar code system was implemented to facilitate the shareholders' registration process and counting of vote for accuracy and more convenience.
- >> 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, the 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 with the Company's Article of Association.
- >> The Company has specified director's interest in the invitation letter and in the AGM. 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 abstain from voting on such matter.
- >> The Company allows shareholders to volunteer as witnesses in vote counting and to inquire about the voting.
- >> 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.

- >> Provide quality assessment of the AGM to use in the development of the meeting for effectiveness, transparent, and beneficial to shareholders.

#### After the AGM

- >> The Company discloses the resolutions of the AGM along with the vote results on the following working day after the meeting through Electronic Listed Company Information Disclosure (ELCID) by notifying SET in the form of a newsletter and on the Company's website.
- >> The Company must prepare the minutes of the shareholder's meeting and shall notify SET within 14 days after the meeting, in accordance with 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 AGM for their acknowledgment in the Company's website.
- >> Consider the recommendations and opinions received from the shareholders in the quality assessment of the AGM to make improvement plan for the following AGM. As a result, Thailoil received the score of 98 out of 100 points on the quality assessment of the 2013 AGM Checklists, organized by the TIA.

#### 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 3 months ahead of the AGM 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.
- >> 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 both in Thai and English.

Moreover, the Company established ethical codes on maintaining confidential information and the use of inside information and conflict of interests in the corporate governance manual and code of conduct handbook, which can be downloaded via the Company's website.

### **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 corporate governance manual (downloadable at [www.thaioilgroup.com](http://www.thaioilgroup.com)). The following guidelines clearly define work principles for all employees to strictly perform on stakeholder engagement.

#### **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, 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. Improve the Group's procurement processes, regulations and criteria on the appointment of procurement committees so that the general procurement and large projects are systematic, efficient, suitable to present economic situation, and in compliance with corporate governance principles, based on good governance, transparency, and accountability.

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 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 Environment**

Take into consideration for the safety of society, environment, and quality of life of the public, the Company recognizes the importance of preserving natural resources to pass on to later generations while 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, environment, and quality of life of the public
- >> Refrain from harming natural resources and 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 its 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 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 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.

In addition, the Company disclosed Quality, Health, Safety, and Environment (QSHE) Policy; ethical codes on the respect of the laws and principles of universal human rights; and codes on intellectual properties in the corporate governance manual and code of conduct.

#### **Measures against Corruption**

Thaioil has business code of conduct principles including conflict of interests; maintaining confidential information and the use of inside information; giving or acceptance of presents, properties, or other benefits, etc. Thaioil's code of conduct prescribes that employees are prohibited from soliciting or accepting any advantage from third parties that may impair their objectivity or weaken their ability to promote the best interest of the Company. Employees shall refrain from offering advantages to outside persons as a motive for him/her to do, or refrain from doing any illegal or wrongful act that may lead to seek benefits for themselves or their families. Further detail is disclosed in the corporate governance manual, which can be downloaded in the Company's website.

Moreover, Thaioil has launched a "Conflict of Interest Disclosure Electronic Form" for all employees to encourage them to perform their duties with transparency, morality, lawfulness, responsibility for their own actions, and increased efficiency in performing their work based on transparency and fairness, in compliance with the Company's corporate governance principles.

Since 2010, Thaioil joined the project on Collective Action Coalition against Corruption in Private Sector. The coalition was initiated by the IOD, the Thai Chamber of Commerce,

the Joint Foreign Chambers of Commerce in Thailand, the Thai Listed Companies Association, the Thai Bankers Association, and the Federation of Thai Industries commerce. The project was also supported by the government and the Office of National Anti-Corruption Commission.

In 2012, Thailoil joined the membership of the United Nations Global Compact (UNGC), which enabled it to apply the ten UNGC principles, which are internationally recognized in the promotion of good governance on human rights, labor, environment, and anti-corruption in its business operation.

In 2013, Thailoil defined an Anti-Corruption Policy by assigning definitions, roles, duties, responsibilities, guidelines, implementing measures of the supervision and control of corruption in the organization. This was to show its concrete commitment to conducting business based on fairness, integrity, transparency, responsibility to society and all stakeholders in compliance with Thailoil's corporate governance principles and code of business conduct, which conform to the Capital Market Supervisory Board's announcement, Tor Jor 44/2013 on the conditions on the disclosure of information on financial status and operating results; the 2014 corporate governance rating criteria of the IOD; and the Private Sector Collective Action Coalition against Corruption (CAC) criteria. Thailoil has communicated the policy to all employees through circulars and internal magazines and sent policy notifications to customers and business partners, as well as announcing the policy in its website for the interested public.

#### **Anti-Corruption Policy**

*The Company is committed to basing business on fairness, integrity, transparency, responsibility to society and all stakeholders, in compliance with its corporate governance principles and code of conduct on a par with international standards, to bolster confidence among all stakeholders and promote its own sustainability. The Company is aware that corruption is a major obstacle to objective achievement and*

*is also a problem to national country's economic and social development. Therefore, in 2010, the Company signed its commitment to joining the "Private Sector Collective Action Coalition against Corruption".*

*To achieve the objectives, the Company defined its Anti-Corruption Policy, as well as roles, responsibilities, guidelines, and measures as follows:*

#### **Definition of the Anti-Corruption Policy**

**Corruption** means any action, whether offering, promising, soliciting, demanding, giving or accepting assets or other benefits to government officials or other persons in business dealing with the Company, whether directly or indirectly, as a motive for them to do or refrain from doing any act to acquire or keep benefits that are unsuitable to the business, except as allowed by the laws, rules, regulations, local customs or tradition, or business customs.

**Political Contribution** means assistance, whether in cash or in-kind, to support political activities such as giving of objects or services, advertisement on the promotion or support of political parties, purchase of tickets to attend fund-raising sessions, or donation to organizations close to political parties.

#### **Anti-Corruption Policy**

*The Board of Directors (the Board), the management, and employees must not corrupt or accept corruption of all forms in any circumstances, covering the business of the Company in every country and in every relevant agency. The Company defines guidelines, operating measures, and roles and duties of responsible persons, as well as regularly monitoring and reviewing the implementation of the anti-corruption policy in compliance with changes in businesses, rules, regulations, and relevant laws.*

#### **Roles and Responsibilities**

*Apart from the strict implementation of the policies, guidelines, and measures, the Company defines the roles and duties of the Board, Board-Committees, and Management as follows:*

1. The Board of Directors must define policies, supervise, follow up, as well as allocating sufficient and suitable resources to ensure that the Company meets the objective of implementing the anti-corruption policy.
2. The Corporate Governance Committee must review the policies as necessary in line with changes in businesses, rules, regulations, and relevant laws, approve any improvement or modification before submitting it to the Board for approval; as well as providing comments and recommendations that benefit the management in the preparation of operating plans and the implementation of the measures.
3. The Audit Committee must monitor the operation of the Company in line with anti-corruption measures, including financial reports, internal control system, and internal audit to ensure that the operation of various departments are efficient, lawful, and in compliance with ethical rules, regulations, and standards.
4. The Management must implement the policies, support resources, communicate and encourage all employees and all relevant persons to understand the policies, guidelines, and measures, encourage and support the Company's subsidiaries to apply the anti-corruption policy and measures as appropriate, implement the views and recommendations of the Board and the Board-Committees, review the suitability of various systems and measures, as well as reporting to the Board and/or to the Board-Committees accordingly.

#### **Implementation**

1. In implementing the policies, refer to the guidelines set by the Company in the corporate governance manual and code of business conduct, as well as rules, regulations, and relevant manuals on business operation.
2. In dealing with major corruption risks, the Company ensures that directors, the management, and employees cautiously perform the following duties:

#### **2.1 Political Contribution**

The Company's policy is politically neutral, with no support or action that supports political parties, whether directly or indirectly, as well as the use of the Company's resources in activities that cause the Company to lose its political neutrality and/or sustain damage by participating in such activities.

#### **2.2 Charitable Contribution and Sponsorship**

The Company's policy is to control charitable contributions and sponsorships in various forms to ensure that the activities will not lead to corruption. The Company sets up procedures and control that are clear, concise, efficient, and able to check and follow documents and proofs.

#### **2.3 Gifts, Hospitality, and Expenses**

The Company determines that exchanging gifts and entertainment must be suitably done according to tradition but within reasonable value. They must not induce to act or refrain from acting that may lead to malfeasance and corruption.

#### **Measures**

1. The Board, the management, and employees must comply with the anti-corruption policy and measures, the Company's corporate governance principles and code of business conduct, by not involving in corruption, whether directly or indirectly.
2. Employees should not neglect or ignore, or when they face or doubt any act that is considered corruption by notifying supervisors or responsible persons or through suitable report channels and cooperate in the fact-finding investigation stipulated by the Company's regulations.
3. The Company will provide fairness and protection of employees who refuse or inform about the corruption relevant to the Company's activities, by not demoting, punishing, or causing negative impacts. The Company will strictly provide protection to the complainant or the

*person who cooperates in reporting corruption as defined in the policy and personnel guidelines and/or the Company's complaint and whistle-blowing measures.*

- 4. Corrupt persons violate the Company's code of conduct and must face punishment under the Company's rules and may also face prosecution if the action violates the law.*
- 5. The Company communicates its anti-corruption policy and measures, including channels of whistle-blowing, complaint or recommendations within the Company through various means such as orientation of new directors and employees, the intranet, or newsletter to forge understanding in the implementation of the policy.*
- 6. The Company communicates anti-corruption policy and measures, including channels of whistle-blowing, complaint, or recommendations to the public and stakeholders through various means such as the Company's website or annual report.*
- 7. The Company sets up risk management on anti-corruption by assessing and ranking risks, and defining suitable measures, as well as following up on the implemented measures.*
- 8. The Company sets up personnel management processes to reflect its commitment to the anti-corruption policy and measures, from the selection of personnel, training, performance assessment, compensation, promotion, to an organizational structure with suitable division of duties for checks and balances, as well as ensuring sufficient and suitable skilled resources and personnel to implement the policy.*
- 9. The Company sets up a Corporate Authorization Procedure that is clear, concise, efficient, transparent, and open to scrutiny.*
- 10. The Company sets up an internal control system covering finance, accounting, data entry, as well as*

*other organizational processes, which is relevant to anti-corruption measures. The Company also ensures that internal control findings are communicated to responsible personnel.*

- 11. The Company sets up an internal audit system covering major activities, including commercial operation, and procurement to ensure that the system meets the objectives, as well as monitoring the operation so that it complies with rules, work practices, regulations, and, finally, provide recommendations on the improvement of processes for greater efficiency.*

*To comply with the policy, the Company has put in place whistle-blowing measures and whistle-blower protection mechanisms, as well as communication on anti-corruption measures via the orientation of new employees, e-newsletter, internal and external magazines, policy notifications to business partners and customers, and the Company's website.*

#### **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 its corporate governance policy. All executives are to supervise, take responsibility for, and seriously take the promotion of their understanding and strict compliance with the corporate governance manual.

The Company is to stringently obey the law while refraining from violating these 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?
- 4) Is this action acceptable and can it be disclosed to the public?

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 Company Secretary. The Company will begin its probe while protecting whistle-blowers.

### Whistle-Blowing Measures, Scopes, and Protection Mechanisms

To ensure fair treatment of all stakeholders under the corporate governance principles, the Company 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.

Essential matters such as impacts on the reputation, image, or financial status of the Company or any action contrary to the its policy or involving senior executives will be sent to Internal Audit (or the Audit Committee) to find facts. General questions such as share prices, dividend payment, or other information about the Company are not considered complaints and will be sent to the responsible department directly to answer them. All stakeholders can report such leads directly or send in a letter to:



**Chairman of the Board / Chairman of the Corporate Governance Committee / Chairman of the Audit Committee / Chief Executive Officer / Company Secretary**

**Thai Oil Public Company Limited**

555/1 Energy Complex Building A, 11<sup>th</sup> Floor  
Vibhavadi Rangsit Road, Chatuchak, Chatuchak,  
Bangkok 10900



cgcoordinate@thaioilgroup.com or  
company\_secretary@thaioilgroup.com



+66(0)-2797-2900 or +66(0)-2797-2999 or  
+66(0)-2299-0000 ext. 7440-7442



+66(0)-2797-2973

Moreover, those who make complaint, or whistle-blow, or provide any information must give their names, means of communicating back, whether by phone, email, or facsimile, as well as the name(s) of the person(s) or the circumstance(s) under complaint and other relevant information in good faith, without any wish to slander or cause damage to anyone or the Company. The Company will investigate under the established procedures and record the investigation in written form without disclosing the name(s) of the whistle-blower(s) and keep the complaint(s) information in confidentiality. The Company will provide suitable and fair protection, that is, there will be no change in position, work nature, workplace, work suspension, threat, disturbance of work, employment termination, or any action that is unfair to the whistle-blower or the complainant.

In 2013, the Company received no complaint, whistle-blowing on unethical actions, or actions contrary to the corporate governance principles.



#### Article 4: Disclosure and Transparency

##### Disclosure Information of Board of Directors and Executive Management Remuneration Fee and Shareholding

Information of the Board of Directors and executive management remuneration fee and shareholding must be reported in the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2).

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, the Company'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. The Company 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 the Company 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.

##### 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. The Company disclosed information to ensure equitable access by shareholders in the following channels:

- >> SET's Community Portal system and SEC
- >> Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2)

- >> Company's website at [www.thaioilgroup.com](http://www.thaioilgroup.com) in both Thai and English
- >> Public channels such as newspapers, magazines, television, and the Company's journal
- >> Company's site visit and analysts meetings
- >> Road shows for both domestic and overseas investors
- >> Annual exhibition such as SET in the City and Money Expo
- >> Invitation to the AGM via post
- >> Preparation of e-news to report on quarterly performance and announcement via the Company's website.

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.

##### Information Disclose in the Company's Website

To ensure that the shareholders, investors, and interested persons can quickly search and retrieve the Company's public information, the Company provided the following information in both Thai and English via Company's website.

- >> About Thaioil comprises of visions, missions, business and products, organization charts, etc.
- >> Corporate Governance comprises of policies and principles, code of conduct, Board of Directors, Board-Committees, Management, Board Charters, etc.

- >> Investor Relations comprises of financial information, stock information, shareholder information, etc.
- >> Corporate Social Responsibility comprises of policies, activities, communication channels, etc.
- >> Corporate News comprises of executives in the news, advertisements, articles from the Chief Executive Officer, etc.

### Investor Relations

Thaioil 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.

The Company 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 and SET in the City. All of which facilitate prompt communication to clarify and respond to investor queries as follows:



### Investor Relations

#### Thai Oil Public Company Limited

555/1 Energy Complex Building A, 11<sup>th</sup> 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. 7370, 7372-4



+66(0)-2797-2976

### Article 5: Board Responsibilities

The structure of the Board, consisting of the composition and qualifications of directors, their nomination procedures, qualifications of independent directors, nomination and selection of the executive officer, is found under the Nomination and Selection of Directors and Chief Executive Officer on page 104-105.

### Board Meetings

Board meetings are scheduled in advance so that directors can schedule themselves to attend. In consultation with the Chief Executive Officer, Chairman of the Board 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 2013, the Company managed a total of 12 Board of Directors' Meetings, one independent directors meeting, and one directors meeting with the absence of executive directors without the management. 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 2013 are provided in Shareholding and Managing Structure on page 85.

#### 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 director's 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. Chairman 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.

#### Board's Performance Assessment

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

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

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

- 1) Board Policy
- 2) Board Composition and Qualification
- 3) Board Meeting
- 4) Practices, Roles, Duties and Responsibilities of the Board, which consist of preparedness of the Board, the 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

The 2013 Performance Assessment of the Board of Directors can be summarized as follows:

Comparison of the Performance Assessment of the Board of Directors	2013 (%)	Rating
Form 1: Individual Director Assessment (Self-Assessment)	98	Excellent
Form 2: Board and Board-Committees Assessment	98	Excellent
Form 3: Peer Assessment	99	Excellent

The overall result of the 2013 Board Assessment indicates an average rating of "excellent" at the score of 98%.

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.

**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 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.

**Orientation for New Directors**

The Company 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.

**Development of Directors and Executives**

Thaioil promoted and provided support on training and education on corporate governance to directors, executives, the company 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.

**The Company's Directors have attended courses organized by the Thai Institute of Directors (IOD) as follows:**

Director	Position	Director Certification Program (DCP)	Director Accreditation Program (DAP)	Audit Committee Program (ACP)	Role of the Compensation Committee (RCC)	Role of the Nomination and Governance Committee (RNG)	Role of the Chairman Program (RCP)	Financial Statements for Directors (FSD)	Others
1 Mr. Norkun Sitthiphong	Director / Chairman of the Board						RCP 21/2009		
2 Mr. Apisit Rujikeatkamjorn	Independent Director / Chairman of the Audit Committee	DCP 166/2012	DAP 27/2004	ACP 22/2008			RCP 26/2011		FND 24/2005 UFS 5/2006
3 Mr. Tanawat Ampunant	Independent Director / Member of the Audit Committee	DCP 155/2012		ACP 40/2012				FSD 15/2012	AACP 9/2012 SFE 14/2012 MFM 8/2012 MIA 13/2012 MFR 16/2012 MIR 13/2012 HRP 1/2012 HMS 1/2012
4 Ms. Chularat Suteethorn	Independent Director / Member of the Audit Committee	DCP 72/2006	DAP 40/2005	ACP 39/2012		RNG 3/2012	RCP 28/2012	FSD 10/2010	FND 28/2006 FGP 4/2012
5 Mr. Chulasingh Vasantasingh	Independent Director / Member of the Audit Committee	DCP 35/2003		ACP 17/2007					FND 7/2003 UFS 1/2006 FGP 4/2012
6 Mr. Wisan Wuthisakslip	Independent Director / Chairman of the Nomination and Remuneration Committee	DCP 125/2009			RCC 14/2012			FSD 6/2009	
7 Gen. Jiradej Mokkhasmit	Independent Director / Member of the Nomination and Remuneration Committee		DAP 16/2004						
8 Gen. Trisak Indarusmi	Independent Director / Member of the Nomination and Remuneration Committee	DCP 158/2012				RNG 3/2012		FSD 17/2012	
9 Adj. Prof. Dr. Thosaporn Sirisumphand	Independent Director / Chairman of the Corporate Governance Committee	DCP 80/2006							FND 30/2006
10 Pol.Gen. Adul Sangsingkeo	Independent Director / Member of the Corporate Governance Committee								
11 Mr. Thaworn Phanichaphan	Independent Director / Member of the Corporate Governance Committee	DCP 108/2008	DAP 73/2008	ACP 22/2008					UFS 8/2007
12 Mr. Somkeirt Hudthegosol	Director	DCP 158/2012							
13 Mr. Apisak Tantivorawong	Independent Director / Chairman of the Risk Management Committee	DCP 18/2002							
14 Mr. Nuttachat Charuchinda	Director / Member of the Risk Management Committee	DCP 129/2010							
15 Mr. Veerasak Kositpaisal	Director / Member of the Risk Management Committee and CEO / President	DCP 82/2006							FND 30/2006

## 21 SUSTAINABILITY AT THAIOIL GROUP

For Thailoil Group, sustainability means lasting business growth achieved through operational excellence and valuing of economic development, social responsibility, and environmental stewardship—all these to generate values for stakeholders.



### Social Sustainability is Synonymous to Thailoil Group's Sustainability

An integral part of Thai society for over five decades, Thailoil operates a refinery with average refining capacity of 279,940 barrels per day in 2013, equivalent to 26% of total domestic oil refining capacity so that all can have access to this essential commodity for the development of the economy, society, and the environment. This year, Thailoil produced 13.7 million metric tons, worth 414.599 billion Baht. Through an affiliate, it also invested in the production of ethanol, a form of alternative energy popularly blended with gasoline to form gasohol. When comparing gasohol to other fuel, gasohol yields less greenhouse gas emissions and leads to less global warming in view of the product lifecycle. This year, a total of 147,680 metric tons was sold for a total value of some 5.12 billion Baht.

### Sustainable Businesses

Thailoil incorporates key sustainability issues ranging from strategic planning and definition of KPIs under the Balanced Scorecard concept as follows:

- >> **The sustainability KPI** has to do with the assessment score under Dow Jones Sustainability Indices (DJSI)
- >> **The stakeholder KPIs** mean customers' satisfaction, the corporate governance assessment score, communities' satisfaction, and employee engagement
- >> **The internal process KPIs** consist of accident frequency rates, international-standard energy efficiency improvement in peer industries, and the reporting level under Global Reporting Initiative (GRI)
- >> **The learning and development KPIs** consist of long-term grooming of personnel and replacement of key personnel, together with development of an organizational health index. KPIs are cascaded from the CEO/President to

senior executives and employees. In other words, like financial KPIs, key issues dealing with sustainable business are monitored and assessed by the Board and the management.

This year, Thailoil announced **Thailoil Group's Sustainability Management Policy** to frame the business aspects (economic, environmental, and social) of all affiliates. It also set up a unit to handle development for sustainability and mapped out a master plan on sustainability to enable Thailoil Group to operate businesses into future years, which will be fraught with more challenges for the environment and social matters. To this end, here are the three essential objectives set forth by Thailoil:



Thailoil Group's Sustainability Management Policy (in Thai)



#### Economic

To support Thailoil Group's business sustainability and corporate development through operational cost-effectiveness and integrated supply chain management



#### Social

To be responsible for advancing the well-being of society and communities, and for all those directly and indirectly involved in Thailoil Group's businesses



#### Environmental

To commit itself to responsible consumption and protection of the surroundings through conservation and sustainable business practices

## Disclosure of Information

Based on the guidelines of the G4 edition of Global Reporting Initiative (GRI), Thailoil discloses information on sustainable business practices through the annual report and the sustainability report, together with its own website, supplemented by reporting guidelines of the oil and gas industry. Complete information is supplied under the standards and contents screened through the application of the AA1000 APS and Materiality Assessment of GRI.



MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM



Thailoil has been selected to the membership of the DJSI Emerging Markets 2013 in recognition of leaders of operating economic, environmental, and social matters for each industry over the long term, generate secure returns on such investment.

Thailoil has also achieved the Gold Class standard of sustainability among the oil and gas industry, the ultimate recognition given by RobecoSAM, a unique securities investment fund management company worldwide that focuses on sustainable investment. RobecoSAM's assessment is based on the operating approach and effectiveness of economic, environmental, and social undertakings, including safety and human resource development of some 3,000 companies worldwide in 59 industries.

## Key Performance Outcomes

Thailoil's sustainable business operation are framed by

**I**

Strengthening of Thailoil itself, whether in corporate governance or in employee stewardship, covering safety and occupational health, in addition to career growth and employee engagement

**WE**

Extension of responsibility to business-related parties, ranging from business partners, contractors, customers, communities, to society

**WORLD**

Thailoil's commitment to safeguarding environmental qualities.

**I**

### Key Performance Outcome

### Year's Milestone

Corporate Governance (CG)	96% in the CG assessment outcome by Thai IOD and SET, as planned	An Anti-Corruption Policy and Guidelines were issued and rolled out to the Board, executives, and employees of Thailoil Group and are due to apply with business partners and contractors in 2014
Human Resource Management	82.45% in employee engagement, as planned	An Organizational Health Index (OHI) study identified causes, and a development plan was included as a KPI
Safety and Occupational Health	Lower total work-related injury rate and days away from work (employees and contractors) this year	Development actions were taken for effective safety performance of contractors working for Thailoil Group under the Safe, White, Green Plan

## WE

	Key Performance Outcome	Year's Selected Key Milestone Project
Business Partners and Contractors	Participation by key business partners and contractors in CSR in Supply Chain Project	Level 5 Award under the Green Industry Project, Ministry of Industry
Customers	89% in customers' satisfaction index, exceeding the goal	Phase 2 achieved for development of the E-ordering system, which focused on an expanded customer base for receipt of land-transported products (now inclusive of some petrochemical groups); lower procedural errors; shorter employees' operating time; and more operating convenience for customers
Communities and Society	2,347 households and eight public venues benefited from the Community Alternative-Energy Development Project and Energy Efficiency Improvement Project	A rope-jumping contest was held among 400 Chonburi residents for winners to represent the region in a nationwide contest for a royal trophy, to be sponsored by Thailoil Group. Community school representatives won 10 out of a total of 20 categories

## WORLD

	Key Performance Outcome	Year's Selected Key Milestone Project
Energy and Climate Change	82.1 in energy intensity index, with a steadily declining trend, based on 95-million-Baht reduction in expenses and the saved natural gas volume	PTT Best Practice Platinum Award (PTT Group's first prize) was earned for optimal steam application in the CDU-3 furnace, increasing the output of high-value jet fuels by a profit of 204 million Baht per year
Environmental Management	No violation of environmental laws or standards	A Bio Filter reduced process VOC smell, thus improving the work environment and reducing the risk of nuisance on neighboring communities
Oil-spill Prevention	No leaks of oil or chemicals from processes that impacted the surroundings	Thailoil Group's measures and equipment effectively prevented spills and can be promptly mobilized if needed

Detailed information can be found at [www.thailoilgroup.com](http://www.thailoilgroup.com) in Sustainability Report 2013.

## 22 THAIOIL GROUP'S SOCIAL RESPONSIBILITY

Thailoil Group discloses its policies and operation illustrating social and environmental responsibility in its Sustainability Report 2013.

For this edition of the Sustainability Report 2013, the company selected the contents under the Materiality Assessment of Global Reporting Initiative (GRI) 4, the latest international standard for reporting the approach and performance of environmental, social, economic, and corporate governance matters. The company also adheres to additional reporting guidelines about the Oil and Gas Sector Supplement by disclosing complete information as required.

# I

Our  
Well-being

# WE

People's  
Well-being

# WORLD

Environmental  
Well-being





## 23 **CORPORATE INFORMATION**

### Thai Oil Public Company Limited

<b>Symbol</b>	TOP
<b>Registration Number</b>	0107547000711
<b>Business</b>	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, LAB: an intermediate in the production of surfactants such as detergents, lube base oil, power generation, marine and pipeline transportation of crude, petroleum and petrochemical products, ship management service, alternative energy, solvents and provide recruitment service for Thaioil Group.
<b>Registered Capital</b>	20,400,278,730 Baht Comprising 2,040,027,873 fully paid-up common shares of 10 Baht per share
<b>Number of Employees</b>	794 persons (as at December 31, 2013)
<b>Address</b>	<p><b>Bangkok Office</b> 555/1 Energy Complex Building A, 11<sup>th</sup> 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</p> <p><b>Sriracha Office and refinery</b> 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</p>
<b>Website</b>	www.thaioilgroup.com
<b>Investor Relations</b>	Telephone : +66(0)-2797-2961 E-mail : ir@thaioilgroup.com
<b>Company Secretary</b>	Telephone : +66(0)-2797-2999, +66(0)-2797-2900, +66(0)-2799-0000 E-mail : company_secretary@thaioilgroup.com

## Information of the Subsidiaries and Affiliates

Company Name and Address	Registration Number	Business	Registered Capital	Type of Shares	Number of Shares (Issued)	Value of Share	Shareholding (%)
<b>Lube Base Oil Business</b>							
<b>Thai Lube Base Public Company Limited</b> 555/1 Energy Complex Building A, 11 <sup>th</sup> 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 THB	Common	175,789,073	10 THB/Share	100
<b>Petrochemical Business</b>							
<b>Thai Paraxylene Company Limited</b> 105/12 Moo 2 Sukhumvit Road, Tungsukla, Siracha, 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 THB	Common	257,241,416	10 THB/Share	100
<b>LABIX Company Limited</b>							
555/1 Energy Complex Building A, 11 <sup>th</sup> Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2299-0000, +66(0)-2797-2999 Fax : +66(0)-2797-2974	0105556110246	LAB (an intermediate in the production of surfactants such as detergents) manufacturer and distributor	4,654,965,000 THB	Common	465,496,500	10 THB/Share	75 (Shareholding through Thai Paraxylene)
<b>Thaioil Solvent Company Limited</b>							
555/1 Energy Complex Building A, 11 <sup>th</sup> 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 to manufacture and distribute solvent and petrochemical	1,250,000,000 THB	Common	125,000,000	10 THB/Share	100

Company Name and Address	Registration Number	Business	Registered Capital	Type of Shares	Number of Shares (Issued)	Value of Share	Shareholding (%)
<b>TOP Solvent Company Limited</b> 555/1 Energy Complex Building A, 11 <sup>th</sup> 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 THB	Common	120,000,000	10 THB/Share	100 (Shareholding through Thairoil Solvent)
<b>Sak Chaisidhi Company Limited</b> 555/1 Energy Complex Building A, 11 <sup>th</sup> Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2299-0003, 0-2797-2993 Fax : +66(0)-2797-2983	0105527011880	Hydrocarbon solvent manufacturer and distributor	180,000,000 THB	Common	1,800,000	100 THB/Share	80.52 (Shareholding through TOP Solvent)
<b>TOP Solvent (Vietnam) Limited Liability</b> 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	Common	17,800,000	10,000 VND/Share	100 (Shareholding through TOP Solvent)
<b>Power Generation Business</b> <b>Thairoil Power Company Limited</b> 555/1 Energy Complex Building A, 11 <sup>th</sup> Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2299-0000, 0-2797-2999 Fax : +66(0)-2797-2970	0105539103296	SPP power generation	2,810,000,000 THB	Common	281,000,000	10 THB/Share	73.99

Company Name and Address	Registration Number	Business	Registered Capital	Type of Shares	Number of Shares (Issued)	Value of Share	Shareholding (%)
<b>Global Power Synergy Company Limited</b> 555/2 Energy Complex Building B, 14 <sup>th</sup> Floor, Vibhavadi Rangsit Road, Chatuchak Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2140-4600 Fax : +66(0)-2140-4601	0105556004811	Operate power business, including investment and development in power business	11,237,256,000 THB	Common	1,123,725,600	10 THB/Share	11.88 and (Shareholding through Thairoil Power 27.71)
<b>TOP SPP Company Limited</b> 555/1 Energy Complex Building A, 11 <sup>th</sup> Floor, Vibhavadi Rangsit Road, Chatuchak Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2797-2999 Fax : +66(0)-2797-2974	0105556198933	SPP power generation	3,500,000,000 THB	Common	350,000,000	10 THB/Share	100
<b>Transportation Businesses</b> <b>Thairoil Marine Company Limited</b> 223/97 Country Complex Building A, 22 <sup>nd</sup> Floor, Sanphuwat Road, Bangna, Bangkok 10260, Thailand Tel : +66(0)-2361-7500 Fax : +66(0)-2361-7498-9	0105541047578	Provide marine transportation of petroleum and petrochemical products	970,000,000 THB	Common	97,000,000	10 THB/Share	100
<b>Thairoil Marine International Private Limited</b> 391A Orchard Road #12-01104, #12-05 & 12-10 Ngee Ann City Tower A, Singapore 238873 Tel : +65-6734-6540 Fax : +65-6734-3397, +65-6734-5801	201021606H (Registered in Singapore)	Investment in marine transportation of crude oil and petroleum products business	9,000,000 USD	Common	9,000,000	1 USD/Share	100 (Shareholding through Thairoil Marine)

Company Name and Address	Registration Number	Business	Registered Capital	Type of Shares	Number of Shares (Issued)	Value of Share	Shareholding (%)
<b>TOP-NYK MarineOne Pte. Ltd.</b> 1 Harbourfront Place #13-01, Harbourfront Tower One, Singapore 098633 Tel : +65(0)-6290-8405 Fax : +65(0)-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/Share	50 (Shareholding through Thailoil Marine International)
<b>TOP Maritime Service Company Limited</b> 223/97 Country Complex Building A, 22 <sup>nd</sup> Floor, Sanphuwat Road, Bangna, Bangkok 10260, Thailand Tel : +66(0)-2361-7500 Fax : +66(0)-2361-7498-9	0115554017087	Provide marine transportation services for crew and supplies in Gulf of Thailand	180,000,000 THB	Common	1,800,000	100 THB/Share	55 (Shareholding through Thailoil Marine)
<b>Thome Ship Management (Thailand) Company Limited</b> 88 Soi Bangna-Trad 30, Bangna-Trad Road, Bangna, Bangna, Bangkok 10260, Thailand Tel : +66(0)-2331-0080-5 Fax : +66(0)-2331-0086	0105551087343	Provide international-standard ship management services, and provide consultation to and develop crew on technical operation and marine transportation quality	3,000,000 THB	Common	30,000	100 THB/Share	33.3 (Shareholding through Thailoil Marine)
<b>TOP-NTL Private Limited</b> 5 Temasek Boulevard # 11-02 Suntec Tower Five, Singapore 038985 Tel : +65(0)-6361-0383 Fax : +65(0)-6361-0377	201202478W (Registered in Singapore)	Trustee Management	20,000 SGD	Common	20,000	1 SGD/Share	50 (Shareholding through Thailoil Marine)

Company Name and Address	Registration Number	Business	Registered Capital	Type of Shares	Number of Shares (Issued)	Value of Share	Shareholding (%)
<b>TOP Nautical Star Company Limited</b> 88 Soi Bangna-Trad 30, Bangna-Trad Road, Bangna, Bangna, Bangkok, 10260, Thailand Tel : +66(0)-2331-0080-5 Fax : +66(0)-2331-0086	0105556123275	Provide large vessels for crude, feedstock and petroleum product storage and transportation services	150,000,000 THB	Common	1,500,000	100 THB/Share	35 (Shareholding through Thailoil Marine) 30 (Shareholding through TOP-NTL)
<b>Thai Petroleum Pipeline Company Limited</b> 2/8 Moo 11, Lumlukka Road, Ladsawai, Lumlukka, Pathumthani 12150, Thailand Tel : +65(0)-2991-9130-59 Fax : +65(0)-2533-2186	0105534002696	Pipeline of transportation of petroleum products	8,479,000,000 THB	Common	84,790,000	100 THB/Share	9.19
<b>Other Business</b> <b>Thailoil Energy Services Company Limited</b> 555/1 Energy Complex Building A, 11 <sup>th</sup> Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2299-0000, 0-2797-2999 Fax : +66(0)-2797-2970	0105550078006	Provide recruitment service for Thailoil Group	40,000,000 THB	Common	4,000,000	10 THB/Share	100
<b>Thailoil Ethanol Company Limited</b> 555/1 Energy Complex Building A, 11 <sup>th</sup> Floor, Vibhavadi Rangsit Road, Chatuchak Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2299-0000, 0-2797-2999 Fax : +66(0)-2797-2970	0105551121754	Investment in ethanol business and renewable energy	1,450,000,000 THB	Common	145,000,000	10 THB/Share	100

Company Name and Address	Registration Number	Business	Registered Capital	Type of Shares	Number of Shares (Issued)	Value of Share	Shareholding (%)
<b>Sapthip Company Limited</b> 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 THB	Common	8,000,000	100 THB/Share	50 (Shareholding through Thailoil Ethanol)
<b>Maesod Clean Energy Company Limited</b> 191/18-25 CTI Tower, 26 <sup>th</sup> -27 <sup>th</sup> Floor, Ratchadapisek Road, Klongtoey, Klongtoey, Bangkok 10110, Thailand Tel : +66(0)-2656-7761-3 Fax : +66(0)-2251-1138	0105549129891	Ethanol production from sugarcane and molasses	675,000,000 THB	Common	67,500,000	10 THB/Share	30 (Shareholding through Thailoil Ethanol)
<b>Ubon Bio Ethanol Company Limited</b> 333 Moo 9, Nadee Subdistrict, Nayer District, Ubonratchatani, Thailand Tel : +66(0)-4525-2905 Fax : +66(0)-4525-2908	0345550000315	Ethanol production from cassava and molasses	2,740,000,000 THB	Common	2,740,000	1,000 THB/Share	21.28 (Shareholding through Thailoil Ethanol)
<b>PTT ICT Solutions Company Limited</b> 555/1 Energy Complex Building A, 4 <sup>th</sup> -5 <sup>th</sup> Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2140-2000 Fax : +66(0)-2140-2999	0105549076496	Provide IT and communication services	150,000,000 THB	Common	15,000,000	10 THB/Share	20
<b>PTT Energy Solutions Company Limited</b> 555 PTT Head Office, Building 2, 7 <sup>th</sup> Floor Vibhavadi Rangsit Road, Chatuchak Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2537-3645 Fax : +66(0)-2537-3685	0105554075621	Provide engineering technique consultation and other services	150,000,000 THB	Common	1,500,000	100 THB/Share	20

## Reference

### Securities Registrar

#### Thailand Securities Depository Company Limited (TSD)

The Stock Exchange of Thailand Building,  
62 Ratchadapisek Road, Klongtoey, Bangkok 10110,  
Thailand  
Tel : +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  
3000 Phaholyothin Road, Chompon, Chatuchak,  
Bangkok 10900, Thailand  
Tel : +66(0)-2299-1321, 0-2299-1536  
Fax : +66(0)-2299-1028

#### Bangkok Bank Public Company Limited

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

#### KASIKORNBANK Public Company Limited

Head of Marketing & Sales Investor Services  
400/22 Phahon Yothin Road, Sam Sen Nai District,  
Phaya Thai, Bangkok 10400, Thailand  
Tel : +66(0)-2470-5978  
Fax : +66(0)-2273-2279

### Auditors

#### KPMG Phoomchai Audit Limited

22<sup>nd</sup> Floor, Empire Tower, 195 South Sathorn Road,  
Bangkok 10120, Thailand  
Tel : +66(0)-2677-2000  
Fax : +66(0)-2677-2222

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

#### Counter Service

The Stock Exchange of Thailand Building,  
62 Ratchadapisek Road, Klongtoey, Bangkok 10110,  
Thailand  
Tel : +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,  
Thailand  
Tel : +66(0)-2229-2870-80  
Fax : +66(0)-2654-5642, 66(0)-2654-5645





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## THAIOIL GROUP BUSINESS STRUCTURE

As of December 31, 2013

### OIL REFINERY



#### THAIOIL

##### Capacity:

275,000 barrels/day

##### Platformate

1.8 million tons/annum

### PETROCHEMICAL & LUBE BASE OIL

• 100%



#### THAI PARAXYLENE

##### Aromatics

Capacity:

##### Paraxylene

527,000 tons/annum

##### Mixed Xylene

52,000 tons/annum

##### Benzene

259,000 tons/annum

##### Total

838,000 tons/annum

25% Mitsui

• 75%

#### LABIX Company Limited

LAB Producer and Distributor

Capacity: 100 KTA COD: 2015

• 100%



#### THAI LUBE BASE

##### Lube Base Oil

Capacity:

##### Lube Base Oil

267,015 tons/annum

##### Bitumen

350,000 tons/annum

##### TDAE

67,520 tons/annum

• 100%

#### THAIOIL SOLVENT

100%

##### TOP Solvent

Solvent Distributor in Thailand

80.5%

100%

##### Sak Chaisidhi

Capacity :

76,000 tons/annum

##### TOP Solvent Vietnam LLC.

Solvent Distributor in Vietnam

Core Business

Value Enhancement

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, LAB: an intermediate in the production of surfactants such as detergents, lube base oil, power generation, marine and pipeline transportation of crude, petroleum and petrochemical products, alternative energy, solvents and provide recruitment service for Thaioil Group.

## POWER GENERATION

• 74% PTT 26%



### THAIOIL POWER

#### Sells Electricity / Steam to Group

Small Power Producer Program  
3-on-1 Combined Cycle  
Electricity 118 MW  
Steam 168 tons/hour

#### • 100% TOP SPP Company Limited

2 Small Power Producers  
Capacity: 239 MW COD: 2016

PTT 30.1%  
PTTGC 30.3%

#### • 27.7% Global Power Synergy

• 11.9% Principal power plant of the PTT  
Capacity 1,038 MW of electricity and  
1,340 tons/hour of steam  
Total aggregate capacity 1,357 MW

## TRANSPORTATION & OTHERS

• 100%



### THAIOIL MARINE

4 Oil & Chemical Tankers  
Capacity: 47,250 DWT

3 Crude Tankers VLCCs  
Capacity: 882,050 DWT

6 Crew & Utility Boats  
Capacity: 720 DWT

2 Large Vessels for Crude, Feedstock &  
Product Storage and Transportation Services  
Capacity: 192,000 DWT

Ship Management Services

PTT 31%  
Others 60%

#### • 9% Thai Petroleum Pipeline

Multi-product Pipeline  
Capacity: 26,000 million litres/annum

• 100%



### THAIOIL ETHANOL

35% Mitr Phol 35% PTTGC

• 30% Maesod Clean Energy  
Sugarcane Based Ethanol  
Capacity: 230,000 litres /day

• 50% Sapthip  
Cassava Based Ethanol  
Capacity: 200,000 litres /day

57.4% Others 21.3% BCP

• 21.3% Ubon Bio Ethanol  
Cassava and Molasses Based Ethanol  
Capacity: 400,000 litres /day

#### Thaioil Energy Services

Provide Recruitment  
Service for Thaioil Group

100%

PTT Energy Solutions  
Provides engineering  
technique consulting  
services

PTT Group 80%

20%

PTT ICT Solutions  
IT and communication  
services

PTT Group 80%

20%

## Earning Stability

## Marketing / IT Support

## 25 REVENUE % STRUCTURE

Thaioil's core earnings were derived from our refinery business. Other revenue contributors were the lube base oil refinery, petrochemical, power generation, oil and chemical product transportation services, solvent, ethanol and other businesses.

(in million Baht)

			Fiscal year ended December 31							
			Operator <sup>(4)</sup>	% of Thaioil stake	2011		2012		2013	
					Amount	%	Amount	%	Amount	%
A. Net Sales										
1. Oil refining	TOP	-	431,572	96	434,850	96	409,229	98		
2. Lube base oil	TLB	100	28,614	6	29,089	7	26,954	6		
3. Petrochemicals	TPX	100	67,090	15	67,861	15	64,519	15		
4. Power generation	TP/IPT	74/24	14,120	3	17,124	4	5,440	2		
5. Oil and chemical product transportation services	TM	100	1,016	-	1,233	-	1,232	-		
6. Solvent <sup>(5)</sup>	Thaioil Solvent	100	9,146	3	9,856	2	9,781	3		
7. Ethanol <sup>(5)</sup>	TET	100	1,152	-	615	-	1,505	-		
8. Other	TES	100	208	-	377	-	516	-		
Less: Related party transactions			(106,677)	(24)	(113,573)	(25)	(104,577)	(25)		
Total			446,241	99	447,432	99	414,599	99		
B. Net Derivative Gain on Hedging <sup>(1)</sup>										
1. Oil refining	TOP	-	-	-	892	-	1,292	-		
2. Petrochemicals	TPX	100	-	-	(2)	-	-	-		
Total			-	-	890	-	1,292	-		
C. Net Foreign Exchange Gain <sup>(2)</sup>										
1. Oil refining	TOP	-	-	-	1,927	1	-	-		
2. Lube base oil	TLB	100	-	-	16	-	-	-		
3. Petrochemicals	TPX	100	-	-	10	-	-	-		
4. Power generation	TP/IPT	74/24	-	-	24	-	-	-		
5. Oil and chemical product transportation services	TM	100	-	-	3	-	-	-		
6. Solvent <sup>(5)</sup>	Thaioil Solvent	100	-	-	7	-	-	-		
Total			-	-	1,987	1	-	-		

(in million Baht)

		% of Thaioil stake	Fiscal year ended December 31					
			2011		2012		2013	
			Amount	%	Amount	%	Amount	%
D. Other Revenues <sup>(3)</sup>								
1. Oil refining	TOP	-	3,472	1	2,047	-	3,085	1
2. Lube base oil	TLB	100	163	-	376	-	166	-
3. Petrochemicals	TPX	100	395	-	406	-	445	-
4. Power generation	TP/IPT	74/24	158	-	102	-	469	-
5. Oil and chemical product transportation services	TM	100	3	-	23	-	26	-
6. Solvent <sup>(5)</sup>	Thaioil Solvent	100	26	-	21	-	19	-
7. Ethanol <sup>(5)</sup>	TET	100	12	-	24	-	25	-
8. Other	TES	100	-	-	-	-	24	-
Less: Related party transactions			(1,697)	-	(1,649)	-	(1,636)	-
Total			2,532	1	1,350	-	2,623	1
Total revenues (A-D)			448,773	100	451,659	100	418,514	100

Remarks:

1. Net derivative loss on hedging in 2011.
2. Net foreign exchange loss in 2011 and 2013.
3. Comprises received interests, export tax subsidy, revenues from services provided to subsidiary companies, land lease, single buoy mooring service fee, oil storage tank lease, gain on disposal of investment, subsidy for Euro IV standard fuel, etc.
4. 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, in which Thaioil increase ownership interest from 55% to 74% since 4 December 2012.  
IPT is Independent Power (Thailand) Company Limited, in which the shareholding of Thaioil is 56% through Thaioil Power and 24% held directly by Thaioil. On 10 January 2013, Independent Power (Thailand) Co., Ltd. and PTT Utility Co., Ltd. formed a new amalgamated company namely Global Power Synergy Co., Ltd. and became the group's associated company.  
TM is Thaioil Marine Company Limited.  
Thaioil Solvent is Thaioil Solvent Company Limited.  
TES is Thaioil Energy Services Company Limited.  
TET is Thaioil Ethanol Company Limited.
5. To apply retrospectively the change in basis of presentation in respect of the following segments: Solvent segment and Ethanol segment which have been adjusted to present separately from Petrochemical segment and other segment in 2011 and 2012.

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

### Consolidated Results

		2013	2012	+/-
GIM <u>excluding</u> oil stock impact <sup>(1)</sup>	USD/barrel	6.8	7.6	-0.8
GIM <u>including</u> oil stock impact <sup>(1)</sup>	USD/barrel	7.6	6.9	+0.7
Sales revenue	Million Baht	414,599	447,432	-32,833
<b>EBITDA</b>	Million Baht	<b>22,361</b>	<b>20,350</b>	<b>+2,011</b>
<b>Net Profit</b>	Million Baht	<b>10,394</b>	<b>12,320</b>	<b>-1,926</b>
Earnings per share	Baht	5.09	6.04	-0.95

#### Remarks:

<sup>(1)</sup> GIM includes Thairoil, Thai Paraxylene (TPX), and Thai Lube Base (TLB)

This year, Thairoil Group focused on proactive management amid sluggish world economic circumstances resulting from diminished demand and in turn causing average product prices to decline. The Group therefore faced a 7% drop in sales revenue to 414,599 million Baht. Likewise, the spreads between product prices and raw-material prices were squeezed. Nevertheless, the spreads between aromatics and ULG95 improved with greater demand for aromatics, particularly benzene. Meanwhile, the lube base oil market was pressured by the overall market supply, thus depressing lube base oil prices from last year. As a result, Thairoil Group's GIM excluding the oil stock impact shrank to USD 6.8 per barrel, USD 0.8 per barrel reduction. Due to the USD 0.8 per barrel gain in oil stock, equivalent to 2,624 million Baht, the Group's GIM including the oil stock impact posted a gain. In addition, the Group posted a gain from derivative financial instruments of 402 million Baht, thus raising EBITDA by 2,011 million Baht to 22,361 million Baht. Yet, the Group's cost of funds did rise due to the issuance of its dollar bonds, compounded by foreign-exchange losses due to the weaker Baht, resulting in a net profit of 10,394 million Baht, or 5.09 Baht in earnings per share.

### Results by Company

This year, **Thairoil (TOP)** commanded a capacity utilization rate of 102% with a throughput of 280,000 barrels per day. It posted 409,229 million Baht in sales revenue, a drop of 25,621 million Baht from last year, in line with the lower price spreads. Yet, the profit from oil stock of USD 0.8 per barrel (2,624 million Baht) resulted in 12,415 million Baht in EBITDA, a rise of 1,959 million Baht. Note that the weaker Baht yielded a net loss in foreign-exchange transactions of 3,412 million Baht. Compare this with last year, when there was a gain of 1,927 million Baht. Therefore, this year TOP posted a net profit before dividends receivable of 3,012 million Baht against 6,359 million Baht last year.

Due to an aromatics capacity utilization rate of 89%, **Thai Paraxylene (TPX)** boasted 64,519 million Baht in sales revenue, a drop of 3,342 million Baht from last year. Yet, the growing spreads between aromatics and ULG95 raised the product-to-feed margins by USD 21 per ton and raised EBITDA to 5,555 million Baht (or 478 million Baht from last year), while its net profit came to 4,004 million Baht, a 742-million-Baht surge from last year. Note that the

performance inclusive of LABIX, a subsidiary with 75% shares held by TPX, showed a net profit of 30 million Baht.

With a capacity utilization rate of 102%, **Thai Lube Base (TLB)** grossed 26,954 million Baht in sales revenue, a fall of 2,136 million Baht from last year due to the lower price margin caused by pressure from the overall market supply, which still outpaced demand. Yet, with the falling price of fuel oil (the raw material) during the year, TLB derived a higher product-to-feed margin and EBITDA of 2,399 million Baht this year, a gain of 217 million Baht. Incorporating tax expenses, this year saw TLB net a profit of 1,668 million Baht, a 76-million-Baht drop, when compared to the previous year.

**Thaioil Power (TP)** commanded a capacity utilization rate of 88%, with 5,132 million Baht in sales revenue (a rise of 201 million Baht), while its EBITDA gained by 25 million Baht to 641 million Baht. TP registered a rise in tax expenses of 26 million Baht due to the expiry in Q3/2012 of its tax privileges for investment promotion to improve nitrogen oxide (NOx) emissions from the combustion system of a gas-turbine power generator. As a result, TP netted a profit of 358 million Baht, a 9-million-Baht drop from last year.

The completed merger between Independent Power (Thailand) (IPT) and PTT Utility Co., Ltd. (PTTUT) on January 10, 2013 formed a new company namely Global Power Synergy Co., Ltd. (GPSC), with an initial registered capital of 8,630 million Baht. TOP holds 11.88% shares directly and 20.51% shares indirectly through TP, which holds 27.71% shares in GPSC. In short, TOP boasts a total of 32.39%. This year the Group recorded a net profit share of 351 million Baht, whereas the recorded profit from the merger for the Group exclusive of uncontrolled interests amounted to 450 million Baht.

**Thaioil Solvent** faced a solvent output rate of 130% this year. It grossed 9,781 million Baht in sales revenue (down by 75 million Baht from last year) and registered 500 million Baht in EBITDA (down by 163 million Baht) due to the falling gross margin and despite the rising sales volume of about 6,000 tons from last year. As a result, Thaioil Solvent netted a profit of 232 million Baht, a 101-million-Baht decline from last year.

**Thaioil Marine (TM)** had a fleet utilization rate of 88%. This year, it earned 1,232 million Baht in service revenue and 496 million Baht in EBITDA, a 109-million-Baht rise partly due to the adjustment made for the repairs of the Phubai Pathra 1 vessel and the 63-million-Baht fine earned from the engine-room fire on the vessel in Q3/2012. This year, TM posted a profit share of 25 million Baht, derived from its investment in associated companies, down by 41 million Baht from last year due to the drydocking of a VLCC in Q2/2013. Incorporating the 108-million-Baht loss realized from the sale of the Phubai Pathra 2, TM netted a profit of 118 million Baht, a 55-million-Baht drop from last year.

**Thaioil Ethanol (TET)** posted an ethanol capacity utilization rate of 84% and a sales revenue of 1,505 million Baht, up by 890 million Baht, thanks to more efficient production of ethanol, buoyed by the government's abolishment of gasoline 91 early this year, which boosted domestic gasohol demand in turn raised both volumes and ethanol sales prices, resulting in 348 million Baht in EBITDA. TET's share of profit arising from investment in Ubon Bio Ethanol Co., Ltd., came to 34 million Baht, and the loss arising from investment in Maesod Clean Energy Co., Ltd., came to 2 million Baht. In all, TET earned a net profit of 114 million Baht in 2013, against a net loss of 162 million Baht in the previous year.

## Analysis of Consolidated Financial Position

Financial Position (Million Baht)	Dec. 31, 2013	Dec. 31, 2012	+/-
Total assets	208,519	170,676	+37,843
Total liabilities	113,681	79,952	+33,729
Shareholders' equity—net	94,838	90,724	+4,114

### Total Assets

As of year-end 2013, Thailoil Group commanded 208,519 million Baht in total assets, a surge of 37,843 million Baht from the year before, mainly due to a rise of 10,650 million Baht in current investments and a rise in investments in associates 10,211 million Baht due to the merger between IPT and PTTUT into GPSC. As a result, GPSC recorded capital as investments in associates under equity method in the consolidated financial statements. Note that the Group also acquired recapitalization shares in GPSC.

### Total Liabilities

As of year-end 2013, Thailoil Group posted 113,681 million Baht in total liabilities, a rise of 33,729 million Baht from last year, largely as a result of 4,939 million Baht in current liabilities due to rising trade accounts payable, long-term loans, and additional bonds arising from the Group's issuance of USD 1,000 million in issued bonds, made up of USD 500 million in the first tranche with 10-year maturity and USD 500 million in the second tranche with 30-year maturity for operation purposes, including working capital and investment. TP also acquired 1,200 million Baht in loans to buy GPSC's recapitalization shares. The Group repaid 17,944 million Baht in long-term loans to financial institutions and bonds.

### Shareholders' Equity—Net

As of year-end 2013, Thailoil Group had 94,838 million Baht in shareholders' equity, a rise of 4,114 million Baht from last

year, mainly due to its operating results of 10,394 million Baht in net profit, less 6,116 million Baht in dividends.

### Analysis of Cash Flow and Financial Ratios

As of year-end 2013, Thailoil Group held 15,303 million Baht in cash and cash equivalents, with a cashflow from operating activities of 16,131 million Baht.

Cashflow from investing activities totaled 26,242 million Baht, mainly due to 11,129 million Baht in cash outflow for temporary investment capital and 12,330 million Baht for purchases of property, plant, and equipment.

Cashflow from financing activities amounted to 16,616 million Baht, primarily consisting of USD 1,000 million (29,356 million Baht) in cash received as a result of bond issuance, 4,445 million Baht in repayment of long-term loans, and 2,750 million Baht in bonds redeemed this year.

Thanks to the cashflow for the above-mentioned activities, Thailoil Group held 6,505 million Baht more in cash and cash equivalents than the same time last year. The Group posted 217 million Baht in income affected by foreign-exchange transactions and the merger between IPT and PTTUT, registered as GPSC, which reduced the subsidiary's cash and cash equivalents due to the disposal of capital between the period of 1,879 million Baht. In short, Thailoil Group held 15,303 million Baht in total cash and cash equivalents at the year-end.



## Financial Ratios

		2013	2012	+ / (-)
<b>Profitability Ratios</b>				
Quality of earnings ratio	(%)	5	5	-
Net profit margin ratio	(%)	2	3	(1)
<b>Liquidity Ratios</b>				
Current ratio	(times)	2.6	2.9	(0.3)
Quick ratio	(times)	1.5	1.6	(0.1)
<b>Financial Policy Ratios</b>				
Total liability/ Total equity	(times)	1.2	0.9	0.3
Long-term loan/ Total equity	(times)	0.8	0.5	0.3
Interest coverage ratio	(times)	5.9	8.7	(2.8)
Long-term loan/ Total capitalization	(%)	44	34	10
Net debt to equity ratio	(times)	0.3	0.2	0.1

**Note:**

Quality of Earnings ratio (%)	=	EBITDA / Sales Revenue
Net Profit Margin ratio (%)	=	Net Profit / Total Revenue
Current ratio (times)	=	Current Assets / Current Liabilities
Quick ratio (times)	=	(Cash and Cash Equivalent + Current investments + Accounts Receivable) / Current Liabilities
Total Liabilities / Total Equity (times)	=	Total Liabilities / Total Equity
Long-term loans / Total Equity (times)	=	Long-Term Loan / Total Equity
Long-term loans	=	Long-term borrowings from financial institutions + Debentures (includes current portion)
Interest Coverage ratio (times)	=	EBITDA / Interest Expenses (Finance costs)
Long-term loans / Total Capitalization (%)	=	Long-Term Loans / Total Capitalization
Total Capitalization	=	Long-Term Loans + Total Equity
Net Debt to Equity ratio (times)	=	Net Debt / Total Equity
Net Debt	=	Interest bearing debt – Cash and cash equivalent – Current investments

## 27 CONNECTED TRANSACTIONS

For the 2013 accounting period, Thailoil and/or its subsidiaries engaged in significant business transactions with subsidiaries and related partners with common shareholders and/or directors, as seen in the notes to its financial statements. Connected transactions were based on market prices or, in the absence of reference market prices, the prices agreed in previous contracts. Below are details of the relationships with these companies.

Company	Current Relationship with Thailoil, as of 31 December 2012
<b>PTT Plc.</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Major shareholder, with 49.10% of Thailoil's shares</li> <li>&gt;&gt; Common director : Mr. Thosaporn Sirisumphand</li> </ul>
<b>Thai Paraxylene Co., Ltd.</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Wholly owned by Thailoil</li> <li>&gt;&gt; Common director : Mr. Veerasak Kositpaisal</li> <li>&gt;&gt; Thailoil management members on Thai Paraxylene's Board : Ms. Nithima Thepvanangkul and Mr. Wisnu Wongsomboon</li> </ul>
<b>Thai Lube Base Plc.</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Wholly owned by Thailoil</li> <li>&gt;&gt; Common directors : Mr. Veerasak Kositpaisal</li> <li>&gt;&gt; Thailoil management members on Thai Lube Base's Board: Mr. Chaiwat Damrongmongkolgul, Mr. Abhinant Supatrabutra, and Mr. Pongpun Amornvivat</li> </ul>
<b>Thailoil Power Co., Ltd.</b>	<ul style="list-style-type: none"> <li>&gt;&gt; 26% of the shares held by PTT</li> <li>&gt;&gt; 73.99% of the shares held by Thailoil</li> <li>&gt;&gt; Common director : Mr. Veerasak Kositpaisal</li> <li>&gt;&gt; Thailoil management members on Thailoil Power's Board : Mr. Yuthana Pasurapunya, Mr. Mitri Reodacha, Mr. Somchai Wongwattanasan, and Mr. Bandhit Thamprajamchit</li> </ul>
<b>TOP Solvent Co., Ltd.</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Wholly owned by Thailoil Solvent</li> <li>&gt;&gt; Common director : Mr. Veerasak Kositpaisal</li> <li>&gt;&gt; Thailoil management members on TOP Solvent's Board : Mr. Teardchat Padungrat, Mr. Chaiwat Damrongmongkolgul, Mr. Wisnu Wongsomboon, and Mr. Surachai Saengsamran</li> </ul>
<b>Sak Chaisidhi Co., Ltd.</b>	<ul style="list-style-type: none"> <li>&gt;&gt; 80.52% of the shares held by TOP Solvent</li> <li>&gt;&gt; Common director : Mr. Veerasak Kositpaisal</li> <li>&gt;&gt; Thailoil management members on Sak Chaisidhi's Board : Mr. Abhinant Supatrabutra, Ms. Nitima Thepvanangkul, Mr. Wisnu Wongsomboon, Mr. Teardchat Padungrat, and Mr. Somchai Wongwattanasan</li> </ul>

Company	Current Relationship with Thailoil, as of 31 December 2012
<b>TOP Solvent (Vietnam) LLC</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Wholly owned by TOP Solvent</li> <li>&gt;&gt; Thailoil management members on TOP Solvent (Vietnam) LLC's Board : Mr. Chaiwat Damrongmongkolgul and Mr. Teardchat Padungrat</li> </ul>
<b>Sapthip Co., Ltd.</b>	<ul style="list-style-type: none"> <li>&gt;&gt; 50% owned by Thailoil Ethanol</li> <li>&gt;&gt; Common directors: Mr. Veerasak Kositpaisal</li> <li>&gt;&gt; Thailoil management member on Sapthip's Board : Mr. Mitri Reodacha, Ms. Nitima Thepvanangkul, and Mr. Saran Harinsuta</li> </ul>
<b>Star Petroleum Refining Co., Ltd.</b>	<ul style="list-style-type: none"> <li>&gt;&gt; 36% of the shares held by PTT</li> </ul>
<b>IRPC Plc.</b>	<ul style="list-style-type: none"> <li>&gt;&gt; 38.51% of the shares held by PTT</li> </ul>
<b>Bangchak Petroleum Plc.</b>	<ul style="list-style-type: none"> <li>&gt;&gt; 27.22% of the shares held by PTT</li> </ul>
<b>PTT Global Chemical Plc.</b>	<ul style="list-style-type: none"> <li>&gt;&gt; 48.89% of the shares held by PTT</li> </ul>
<b>PTT International Trading Pte. Ltd.</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Wholly owned by PTT</li> </ul>
<b>PTT Phenol Co., Ltd.</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Wholly owned by PTT Wholly owned by PTT Global Chemical Plc.</li> </ul>

**Connected transactions between Thailoil and/or subsidiaries with major shareholders****Connected transactions between Thailoil and PTT**

Company	Transaction	Value in 2013 (Million Baht)
<b>PTT Plc.</b>	>> 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 sales and purchases of refined products at market prices and to follow the procedures to reach an agreed volume as well as other terms and conditions stipulated in the contract.	186,226
	>> Expenses on the purchases 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 stipulated in the contract.	157,284
	>> Thailoil entered into 8-year (2005 - 2013) and 15-year (2007 - 2022) contracts with PTT for the supply of natural gas to feed the refinery at an agreed volume based on market prices.	
	>> Sales and purchases of crude oil and feedstock for stockpiling as required by law.	2,380

**Connected transactions between Thailoil's subsidiaries and PTT**

Company	Transaction	Value in 2013 (Million Baht)
<b>Thai Paraxylene Co., Ltd.</b>	>> Revenue from occasional sales of aromatics to PTT, considered normal business practice.	1,028
	>> Expenses for occasional purchases of petroleum products, considered normal business practice.	904
<b>Thai Lube Base Plc.</b>	>> Revenue from occasional sales of lube base products to PTT, considered normal business practice.	4,855
	>> Thai Lube Base entered into a five-year gas supply contract with PTT for an agreed volume based on market prices.	815

Company	Transaction	Value in 2013 (Million Baht)
<b>Thaioil Power Co. Ltd.</b>	>> Thaioil Power entered into a 25-year gas sales agreement (1998-2022) with PTT at an agreed volume based on market prices.	3,245
<b>Independent Power (Thailand) Co., Ltd.*</b>	>> Independent Power (Thailand) entered into a 25-year gas sales agreement (1999-2024) with PTT at an agreed volume based on market prices.	269
<b>Sapthip Co., Ltd.</b>	>> Sapthip entered into a 10-year ethanol agreement (2011-2021) with PTT at an agreed volume based on market prices.	840

\* **Note:** On January 10 this year, Global Power Synergy Co., Ltd. (resulting from the amalgamation of Independent Power (Thailand) Co., Ltd., and PTT Utility Co., Ltd.) was founded

#### Connected transactions between Thaioil and subsidiaries (with less than 100% shareholding) or other related companies

Company	Transaction	Value in 2013 (Million Baht)
<b>Thaioil Power Co., Ltd.</b>	>> Thaioil entered into a 24-year contract starting April 1, 1998, to provide maintenance and other supporting services as well as supply of feedstock, parts, and reserved fuels to Thaioil Power. The service charges were based on cost-plus pricing, considered normal business practice.	1,076
	>> Thaioil entered into a 24-year infrastructure sharing contract starting 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 at an agreed volume based on market prices.	2,053
<b>IRPC Plc.</b>	>> Revenue from occasional sales of petroleum products to IRPC, considered normal business practice.	2,602
	>> Expenses on occasional purchases of petroleum products from IRPC, considered normal business practice.	2,249
	>> Sales and purchases of crude oil and feedstock for stockpiling as required by law.	1,741

Company	Transaction	Value in 2013 (Million Baht)
PTT Global Chemical Plc.	>> Revenue from occasional sales of petroleum products to PTT Global Chemical, considered normal business practice.	860
	>> Expenses on occasional purchases of petroleum products from PTT Global Chemical, considered normal business practice.	499
Bangchak Petroleum Plc.	>> Revenue from occasional sales of petroleum products to Bangchak Petroleum, considered normal business practice.	7,290
	>> Thailoil entered into a 15-year contract to provide feedstock-receiving service for Bangchak Petroleum using Thailoil's single buoy mooring system. The service charges were based on market prices, with terms and conditions similar to contracts with other parties.	
	>> Expenses on occasional purchases of petroleum products from Bangchak Petroleum, considered normal business practice.	493
Star Petroleum Refining Co., Ltd.	>> Sales and purchases of crude petroleum oil and feedstock for stockpiling as required by law.	2,131
PTT International Trading Pte. Ltd.	>> Revenue from occasional sales of petroleum products to PTT International Trading, considered normal business practice.	1,940

#### Connected transactions between subsidiaries and related companies

Company	Related Company	Transaction	Value in 2013 (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 at market prices. The contract will end in 2022.	1,344
	Thai Lube Base Plc.	>> Thailoil Power entered into a 25-year contract to supply Thai Lube Base with electricity and steam at market prices. The contract will end in 2022.	724

Company	Related Company	Transaction	Value in 2013 (Million Baht)
Thai Lube Base Plc.	IRPC Plc.	>> Occasional purchases of by-products, considered normal business practice.	1,450
	Bangchak Petroleum Plc.	>> Occasional sales of by-products, considered normal business practice.	868
Thai Paraxylene Co., Ltd.	IRPC Plc.	>> Occasional sales of aromatics, considered normal business practice.	563
		>> Occasional purchases of aromatics, considered normal business practice.	661
	PTT International Trading Pte. Ltd.	>> Occasional sales of aromatics, considered normal business practice.	3,027
TOP Solvent Co., Ltd	IRPC Plc.	>> Occasional purchases of solvents, considered normal business practice.	2,165
	PTT Phenol Co., Ltd.	>> Occasional purchases of solvents, considered normal business practice.	139
Sak Chaisidhi Co., Ltd.	IRPC Plc.	>> Sak Chaisidhi engaged in three contracts for the purchases of feedstock from IRPC at an agreed volume based on reference market prices. The one-year contract ends in 2013.	572
	PTT Global Chemical Plc.	>> Sak Chaisidhi engaged in a contract for the purchase of feedstock from Global Chemical at an agreed volume based on reference market prices. The contract will end upon a written notice from either party.	2,294
TOP Solvent (Vietnam) LLC.	IRPC Plc.	>> Occasional purchases of solvents, considered normal business practice.	662
Sapthip Co., Ltd.	Bangchak Petroleum Plc.	>> Occasional sales of ethanol, considered normal business practice.	105



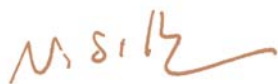


## 28 BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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 auditor has expressed 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 Auditor's Report.



(Mr. Norkun Sitthiphong)

Chairman of the Board

Thai Oil Public Company Limited



(Mr. Veerasak Kositpaisal)

Chief Executive Officer

Thai Oil Public Company Limited



## **29** INDEPENDENT AUDITOR'S REPORT

### **To the Shareholders of Thai Oil Public Company Limited**

I have audited the accompanying consolidated and separate financial statements of Thai Oil Public Company Limited and its subsidiaries (the "Group") and of Thai Oil Public Company Limited ("Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2013, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated and Separate Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks

of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



**(Winid Silamongkol)**

Certified Public Accountant  
Registration No. 3378

KPMG Phoomchai Audit Ltd.  
Bangkok  
13 February 2014



## STATEMENTS OF FINANCIAL POSITION

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Assets	Note	2013	2012	2013	2012
Current assets					
Cash and cash equivalents	7, 20	15,302,596,629	10,459,746,357	9,074,889,657	6,738,889,455
Current investments	8, 20	28,512,000,000	17,862,427,375	28,500,000,000	17,000,000,000
Trade accounts receivable	6, 9	28,746,177,747	27,089,542,903	28,289,142,388	25,795,553,828
Other receivable	6, 10	1,322,847,554	1,655,525,414	1,282,403,394	906,784,100
Short-term loans to related parties	6	90,000,000	90,000,000	2,923,000,000	3,184,000,000
Inventories	6, 11	48,508,807,787	40,004,178,949	42,361,363,192	33,639,608,985
Prepaid corporate income tax		9,014,978	19,965,214	-	-
Value added tax receivable		3,088,564,968	1,468,247,238	2,075,108,135	709,258,977
Receivable from Oil Fuel Fund		1,318,657,423	1,732,088,139	1,318,657,423	1,732,088,139
Non-current asset held for sale	12	250,280,999	-	-	-
Total current assets		127,148,948,085	100,381,721,589	115,824,564,189	89,706,183,484
Non-current assets					
Investments in subsidiaries	13	-	-	11,920,419,002	11,533,387,002
Investments in associates	14	11,156,463,132	945,772,980	1,260,604,927	60,000,000
Investments in jointly-controlled entities	14	422,154,069	339,557,501	-	-
Other long-term investments	8	940,260,153	1,001,921,900	940,260,153	1,001,921,900
Investment properties	15	82,382,568	82,382,568	777,696,716	637,676,536
Property, plant and equipment	6, 16, 20	65,467,628,690	64,863,666,249	36,558,279,054	31,084,256,661
Intangible assets	17	1,970,634,442	1,713,297,540	432,423,608	420,051,501
Deferred tax assets	18	174,316,076	29,477,674	142,535,935	-
Other non-current assets	19	1,156,605,913	1,318,628,510	1,106,778,144	1,106,580,179
Total non-current assets		81,370,445,043	70,294,704,922	53,138,997,539	45,843,873,779
Total assets		208,519,393,128	170,676,426,511	168,963,561,728	135,550,057,263

The accompanying notes are an integral part of these financial statements.



## STATEMENTS OF FINANCIAL POSITION

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity	Note	2013	2012	2013	2012
Current liabilities					
Short-term borrowings	20	663,559,344	607,500,000	-	-
Trade accounts payable	6, 21	31,554,321,436	26,614,728,223	32,138,993,360	26,358,929,761
Other payable	6, 22	3,298,064,678	2,242,489,559	2,853,632,501	1,775,071,855
Short-term borrowings from related parties	6, 20	-	-	5,836,250,522	5,019,974,425
Current portion of long-term borrowings from financial institutions	7, 8, 16, 20	484,646,300	1,277,572,897	-	595,935,559
Current portion of debenture	20	12,329,716,612	2,750,000,000	12,329,716,612	2,750,000,000
Excise duty payable		496,947,661	617,591,787	496,947,661	617,591,787
Income tax payable		748,349,343	1,061,369,341	182,445,481	721,118,998
Total current liabilities		49,575,605,374	35,171,251,807	53,837,986,137	37,838,622,385
Non-current liabilities					
Long-term borrowings from financial institutions	7, 8, 16, 20	4,314,378,700	6,375,980,419	-	3,873,581,134
Debentures	20	57,070,452,017	35,786,183,962	57,070,452,017	35,786,183,962
Deferred tax liabilities	18	-	93,272,252	-	62,919,780
Employee benefit obligations	23	2,635,001,299	2,472,747,809	2,454,850,874	2,304,958,071
Other non-current liabilities		85,552,881	53,167,300	263,591,066	220,537,164
Total non-current liabilities		64,105,384,897	44,781,351,742	59,788,893,957	42,248,180,111
Total liabilities		113,680,990,271	79,952,603,549	113,626,880,094	80,086,802,496

The accompanying notes are an integral part of these financial statements.



## STATEMENTS OF FINANCIAL POSITION

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2013	2012	2013	2012
<b>Equity</b>					
Share capital	24				
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	25	2,456,261,491	2,456,261,491	2,456,261,491	2,456,261,491
Retained earnings					
Appropriated					
Legal reserve	25	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		65,971,964,270	61,694,846,105	30,286,676,370	30,352,204,670
Other components of equity		(302,952,030)	(300,961,134)	(91,062,830)	(30,017,997)
<b>Equity attributable to owner of the Company</b>		<b>90,810,080,334</b>	<b>86,534,953,065</b>	<b>55,336,681,634</b>	<b>55,463,254,767</b>
Non-controlling interests		4,028,322,523	4,188,869,897	-	-
<b>Total equity</b>		<b>94,838,402,857</b>	<b>90,723,822,962</b>	<b>55,336,681,634</b>	<b>55,463,254,767</b>
<b>Total liabilities and equity</b>		<b>208,519,393,128</b>	<b>170,676,426,511</b>	<b>168,963,561,728</b>	<b>135,550,057,263</b>

The accompanying notes are an integral part of these financial statements.



## STATEMENTS OF COMPREHENSIVE INCOME

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2013	2012	2013	2012
Revenues					
Revenue from sale of goods					
and rendering of services	6, 33	414,598,779,589	447,431,630,372	409,228,916,094	434,849,848,259
Dividend income	6, 13, 14	-	-	3,039,021,349	3,245,976,607
Net derivative gain on hedging		1,292,127,100	890,053,288	1,292,127,100	892,218,031
Net foreign exchange gain		-	1,987,135,724	-	1,926,529,193
Other income	6, 27	2,623,195,185	1,350,142,502	3,085,563,854	2,047,335,521
Total revenues		418,514,101,874	451,658,961,886	416,645,628,397	442,961,907,611
Expenses					
Cost of sale of goods and					
rendering of services	6, 11	397,555,520,583	432,312,365,410	401,089,756,322	428,328,643,286
Selling expenses	6	477,276,026	400,454,154	403,318,666	438,673,303
Administrative expenses	6, 28	2,104,837,135	2,231,016,820	1,891,289,773	1,588,301,133
Net foreign exchange loss		3,111,428,545	-	3,411,994,680	-
Total expenses		403,249,062,289	434,943,836,384	406,796,359,441	430,355,617,722
Share of profit of associates					
and jointly-controlled entities	14	533,266,909	72,696,667	-	-
Profit before finance costs					
and income tax expense		15,798,306,494	16,787,822,169	9,849,268,956	12,606,289,889
Finance costs	6, 31	3,786,253,098	2,342,954,198	3,766,202,306	2,259,103,746
Profit before income tax expense		12,012,053,396	14,444,867,971	6,083,066,650	10,347,186,143
Income tax expense	32	1,158,491,093	1,789,034,233	32,186,229	741,991,288
Profit for the year		10,853,562,303	12,655,833,738	6,050,880,421	9,605,194,855

The accompanying notes are an integral part of these financial statements.



## STATEMENTS OF COMPREHENSIVE INCOME

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2013	2012	2013	2012
Other comprehensive income (loss)					
Net change in fair value of					
available-for-sale investments		(61,044,833)	5,692,589	(61,044,833)	5,692,589
Foreign currency translation differences		58,936,603	(33,443,930)	-	-
Share of other comprehensive					
income of associate		117,334	-	-	-
Other comprehensive income (loss)					
for the year, net of income tax		(1,990,896)	(27,751,341)	(61,044,833)	5,692,589
Total comprehensive income for the year		10,851,571,407	12,628,082,397	5,989,835,588	9,610,887,444
Profit for the year attributable to:					
Owners of the Company		10,393,526,886	12,319,792,285	6,050,880,421	9,605,194,855
Non-controlling interest		460,035,417	336,041,453	-	-
Profit for the year		10,853,562,303	12,655,833,738	6,050,880,421	9,605,194,855
Total comprehensive income attributable to:					
Owners of the Company		10,391,535,990	12,292,040,944	5,989,835,588	9,610,887,444
Non-controlling interest		460,035,417	336,041,453	-	-
Total comprehensive income for the year		10,851,571,407	12,628,082,397	5,989,835,588	9,610,887,444
Basic earnings per share					
	34	5.09	6.04	2.97	4.71

The accompanying notes are an integral part of these financial statements.



# STATEMENTS OF CHANGES IN EQUITY

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

Consolidated financial statements												
	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	Other comprehensive income (loss)						
						Fair value changes in available-for-sale investments	Currency translation differences	Deficit from the change in the ownership interests in subsidiary			Equity attributable to owners of the Company	
Year ended 31 December 2012												
Balance at 1 January 2012		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
Dividend	35	-	-	-	-	(5,098,865,770)	-	-	-	(5,098,865,770)	(259,911,473)	(5,358,777,243)
Acquisition of subsidiary's non-controlling interests from investment in subsidiary												
	5	-	-	-	-	-	-	-	-	-	70,875,000	70,875,000
Additional acquisition of subsidiary's shares												
	5	-	-	-	-	-	-	-	(127,795,383)	(127,795,383)	(1,522,204,617)	(1,650,000,000)
Comprehensive income (loss) for the year												
Profit for the year		-	-	-	-	12,319,792,285	-	-	-	12,319,792,285	336,041,453	12,655,833,738
Other comprehensive income (loss)		-	-	-	-	-	5,692,589	(33,443,930)	-	(27,751,341)	-	(27,751,341)
Total comprehensive income (loss) for the year												
		-	-	-	-	12,319,792,285	5,692,589	(33,443,930)	-	12,292,040,944	336,041,453	12,628,082,397
Balance at 31 December 2012		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	61,694,846,105	(30,017,997)	(143,147,754)	(127,795,383)	86,534,953,065	4,188,869,897	90,723,822,962

The accompanying notes are an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

Consolidated financial statements												
	Retained earnings			Other components of equity								
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Other	Unappropriated	Other comprehensive income (loss)			Deficit from the change in the ownership interests in subsidiary			
						Fair value changes in available-for-sale investments	Currency translation differences	Share of other comprehensive income of associate				
Year ended 31 December 2013												
Balance at 1 January 2013	20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	61,694,846,105	(30,017,997)	(143,147,754)	-	(127,795,383)	86,534,953,065	4,188,869,897	90,723,822,962
Dividend	35	-	-	-	(6,116,408,721)	-	-	-	-	(6,116,408,721)	(153,131,305)	(6,269,540,026)
Loss of non-controlling interests with a change in control from disposal of investment in subsidiary	5	-	-	-	-	-	-	-	-	-	(2,889,152,993)	(2,889,152,993)
Acquisition of subsidiary's non-controlling interests from investment in associate	5	-	-	-	-	-	-	-	-	-	1,217,460,257	1,217,460,257
Acquisition of subsidiary's non-controlling interests from investment in subsidiary	5	-	-	-	-	-	-	-	-	-	1,204,241,250	1,204,241,250
Comprehensive income (loss) for the year												
Profit for the year	-	-	-	-	10,393,526,886	-	-	-	-	10,393,526,886	460,035,417	10,853,562,303
Other comprehensive income (loss)	-	-	-	-	-	(61,044,833)	58,936,603	117,334	-	(1,990,896)	-	(1,990,896)
Total comprehensive income (loss) for the year												
Balance at 31 December 2013	20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	65,971,964,270	(91,062,830)	(84,211,151)	117,334	(127,795,383)	90,810,080,334	4,028,322,523	94,838,402,857

The accompanying notes are an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

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			Other components of equity			Total equity
				Legal reserve	Other	Unappropriated	Other comprehensive income (loss)	Fair value changes in available-for-sale investments		
Year ended 31 December 2012										
Balance at 1 January 2012		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	25,845,875,585	(35,710,586)		50,951,233,093	
Dividend	35	-	-	-	-	(5,098,865,770)	-		(5,098,865,770)	
Comprehensive income for the year										
Profit for the year		-	-	-	-	9,605,194,855	-		9,605,194,855	
Other comprehensive income		-	-	-	-	-	5,692,589		5,692,589	
Total comprehensive income for the year		-	-	-	-	9,605,194,855	5,692,589		9,610,887,444	
Balance at 31 December 2012		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	30,352,204,670	(30,017,997)		55,463,254,767	

The accompanying notes are an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

Separate financial statements									
	Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other components of equity		Total equity
				Legal reserve	Other	Unappropriated	Other comprehensive income (loss)	Fair value changes in available-for-sale investments	
Year ended 31 December 2013									
Balance at 1 January 2013		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	30,352,204,670	(30,017,997)		55,463,254,767
Dividend	35	-	-	-	-	(6,116,408,721)	-		(6,116,408,721)
Comprehensive income (loss)									
for the year									
Profit for the year		-	-	-	-	6,050,880,421	-		6,050,880,421
Other comprehensive loss		-	-	-	-	-	(61,044,833)		(61,044,833)
Total comprehensive income (loss)									
for the year		-	-	-	-	6,050,880,421	(61,044,833)		5,989,835,588
Balance at 31 December 2013		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	30,286,676,370	(91,062,830)		55,336,681,634

The accompanying notes are an integral part of these financial statements.



## STATEMENTS OF CASH FLOWS

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2013	2012	2013	2012

Cash flows from operating activities					
Profit for the year		10,853,562,303	12,655,833,738	6,050,880,421	9,605,194,855
Adjustments for					
(Reversal of) allowance for decline					
in value of inventories adjusted to					
net realisable value		31,941,713	(147,695,259)	-	(134,871,178)
Depreciation and amortisation	30	6,046,854,203	6,640,306,097	3,820,395,696	3,914,949,043
Finance costs	31	3,786,253,098	2,342,954,198	3,766,202,306	2,259,103,746
Unrealised (gain) loss on					
foreign exchange		3,996,183,839	(595,474,544)	4,048,155,522	(620,556,007)
Share of gain of associates					
and jointly-controlled entities	14	(533,266,909)	(72,696,667)	-	-
Dividend income	6, 13, 14	-	-	(3,039,021,349)	(3,245,976,607)
Impairment loss on asset					
held for sale	12	107,704,767	-	-	-
(Gain) loss on disposal of property,					
plant and equipment		18,916,369	26,643,138	19,847,210	(2,839,611)
(Gain) loss on disposal of investment	5	(568,473,840)	-	209,911	-
Realisation of deferred land lease					
and other income		(11,184,954)	(11,657,132)	(123,491,753)	(114,187,583)
Income tax expense	32	1,158,491,093	1,789,034,233	32,186,229	741,991,288
		24,886,981,682	22,627,247,802	14,575,364,193	12,402,807,946

The accompanying notes are an integral part of these financial statements.



## STATEMENTS OF CASH FLOWS

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2013	2012	2013	2012
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(2,874,751,673)	(1,027,928,191)	(2,431,667,590)	(566,056,333)
Other receivable	(5,865,311,942)	(5,791,320,515)	(4,451,051,868)	(3,784,468,653)
Inventories	(8,706,729,555)	(5,838,786,875)	(8,721,754,207)	(4,365,236,261)
Other non-current assets	(11,880,877)	(14,039,852)	(512,550)	(3,087,889)
Trade accounts payable	5,903,546,102	9,585,913,835	5,717,302,747	7,776,201,553
Other payable	(8,480,918)	437,654,050	(24,582,934)	495,956,723
Excise duty payable	(120,644,126)	(975,336)	(120,644,126)	(975,336)
Other non-current liabilities	151,043,602	4,697,097	259,162,175	80,510,003
Income tax paid	(1,677,518,093)	(2,151,768,214)	(776,315,461)	(473,227,163)
Income tax and value added tax received	4,455,092,661	5,218,259,011	2,746,382,032	3,577,770,628
<b>Net cash from operating activities</b>	<b>16,131,346,863</b>	<b>23,048,952,812</b>	<b>6,771,682,411</b>	<b>15,140,195,218</b>

The accompanying notes are an integral part of these financial statements.



## STATEMENTS OF CASH FLOWS

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2013	2012	2013	2012
Cash flows from investing activities					
Dividends received		-	-	3,039,021,349	3,245,976,607
Purchase of current investments		(11,129,258,636)	(16,699,533,753)	(11,500,000,000)	(17,000,000,000)
Cash outflow on short-term loans					
to related parties	6	-	-	(231,500,000)	(902,500,000)
Cash inflow on short-term loans					
to related parties	6	-	-	492,500,000	2,530,000,000
Cash outflow on investment					
in subsidiaries	5, 13	-	(1,650,000,000)	(875,000,000)	(1,650,000,000)
Cash outflow on investment					
in associate	5, 14	(2,375,456,340)	-	(712,636,927)	-
Cash outflow on investment					
in jointly-controlled entities	5, 14	(38,045,000)	(1,256,312)	-	-
Sale of other long-term investment		407,003	-	407,003	-
Cash outflow on long-term loans to					
savings co-operative of employees		(61,249,195)	(14,398,464)	(61,249,195)	(14,398,464)
Advance received for asset held					
for sale		26,947,914	-	-	-
Purchase of investment property	15	-	-	(4,977,142)	-
Purchase of property, plant					
and equipment		(12,333,930,789)	(6,169,246,502)	(8,521,718,165)	(4,314,368,609)
Sale of property, plant and equipment		3,836,975	66,613,147	2,550,000	3,783,364
Purchase of intangible assets		(396,570,494)	(294,884,886)	(57,240,454)	(47,897,456)
Currency translation differences		60,846,613	23,819	-	-
Net cash used in investing activities		(26,242,471,949)	(24,762,682,951)	(18,429,843,531)	(18,149,404,558)

The accompanying notes are an integral part of these financial statements.



## STATEMENTS OF CASH FLOWS

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2013	2012	2013	2012
<b>Cash flows from financing activities</b>					
Finance costs paid		(3,067,799,060)	(2,243,757,340)	(3,049,693,393)	(2,160,967,707)
Dividends paid		(6,269,540,026)	(5,358,777,243)	(6,116,408,721)	(5,098,865,770)
Proceeds from (repayment of) short-term borrowings		56,059,344	(7,500,000)	-	-
Proceeds from short-term borrowings from related parties	6	-	-	816,276,097	766,182,985
Repayment of long-term borrowings from financial institutions		(15,193,550,000)	(7,489,832,385)	(14,960,750,000)	(5,367,485,000)
Proceeds from long-term borrowings from financial institutions		13,280,425,000	2,052,000,000	10,515,500,000	-
Redemption of debenture		(2,750,000,000)	(2,978,869,958)	(2,750,000,000)	(2,978,869,958)
Proceeds from issue of debentures		29,356,029,346	10,000,000,000	29,356,029,346	10,000,000,000
Proceeds from subsidiaries's shares from non-controller	5	1,204,241,250	70,875,000	-	-
<b>Net cash from (used in) financing activities</b>		<b>16,615,865,854</b>	<b>(5,955,861,926)</b>	<b>13,810,953,329</b>	<b>(4,840,005,450)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>					
		<b>6,504,740,768</b>	<b>(7,669,592,065)</b>	<b>2,152,792,209</b>	<b>(7,849,214,790)</b>
Effect of exchange rate changes on balance held in foreign currencies at end of year		216,833,895	-	183,207,993	-
Decrease in cash and cash equivalents from the disposal of a subsidiary during the year		(1,878,724,391)	-	-	-
Cash and cash equivalents at beginning of year		10,459,746,357	18,129,338,422	6,738,889,455	14,588,104,245
<b>Cash and cash equivalents at end of year</b>	<b>7</b>	<b>15,302,596,629</b>	<b>10,459,746,357</b>	<b>9,074,889,657</b>	<b>6,738,889,455</b>
<b>Non-cash transaction</b>					
Payable on purchase of property, plant and equipment		743,289,232	349,630,793	673,574,845	215,959,537

The accompanying notes are an integral part of these financial statements.





## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

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## NOTES TO THE FINANCIAL STATEMENTS

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 13 February 2014.

### 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, Choburi 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 2013 (31 December 2012: 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 2013 and 2012 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2013	2012
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.	Providing of management and general services	Thailand	99.99	99.99
Thaioil Solvent Co., Ltd.	Investment in solvent and chemical 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	73.99	73.99
TOP SPP Co., Ltd.	Power and steam generation	Thailand	99.99	-



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2013	2012
Indirect subsidiaries				
TOP Solvent Co., Ltd.	Distribution of solvent and chemical products	Thailand	99.99	99.99
Independent Power (Thailand) Co., Ltd.	Power generation	Thailand	-	80.00*
Sak Chaisidhi Co., Ltd.	Solvent and chemical products manufacturing and distribution	Thailand	80.52	80.52
TOP Solvent (Vietnam) LLC.	Distribution of solvent and chemical 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	100.00
TOP Maritime Service Co., Ltd.	Providing marine transportation services for crew and utilities in Gulf of Thailand	Thailand	55.00	55.00
LABIX Co., Ltd.	Linear Alkyl Benzene manufacturing and distribution	Thailand	75.00	-

\* 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.

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.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

The FAP has issued the following new and revised TFRS relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2013:

<b>TFRS</b>	<b>Topic</b>
TAS 20	Accounting for Government Grants and Disclosures of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rate
TFRS 8	Operating Segments

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 a number of new and revised TFRS and interpretations which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS and interpretations are disclosed in note 41.

### **(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except as stated in the accounting policies.

### **(c) Functional and presentation currency**

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. 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.



## NOTES TO THE FINANCIAL STATEMENTS

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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 17	to the financial statements	Intangible assets
Note 18	to the financial statements	Deferred tax
Note 23	to the financial statements	Employee benefit obligations
Note 36	to the financial statements	Financial instruments

### 3 Changes in accounting policies

#### (a) Overview

From 1 January 2013, 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

- Accounting for government grants and disclosures of government assistance
- Accounting for the effects of changes in foreign exchange rate
- Presentation of information on operating segments

Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group.

Details of the new accounting policies adopted by the Group are included in notes 3(b) to 3(d) below.

#### (b) Accounting for government grants and disclosures of government assistance

The Group has adopted TAS 20 Accounting for government grants and disclosures of government assistance.

This TAS applies in accounting for, and in the disclosure of, government grants and in the disclosure of other forms of government assistance. Government grants are recognised when there is reasonable assurance that the entity will comply with conditions related to them and that the grants will be received. The Group has selected to present as the other income in profit or loss for the grants related to income and present as deferred income in the statement of financial position for the grants related to assets.



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### (c) Accounting for the effects of changes in foreign exchange rate

The Group has adopted TAS 21 (revised 2009) Accounting for the effects of changes in foreign exchange rate.

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity 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.

Management has determined that the functional currency of the Company is Thai Baht and that the adoption of TAS 21 from 1 January 2013 has not had a significant impact on the Group's and the Company's reported assets, liabilities or retained earnings.

### (d) Presentation of information on operating segments

The Group has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below. The new policy has been applied retrospectively and segment information included in the financial statements for the year ended 31 December 2012, which are included in the Group's 2013 financial statements for comparative purposes, has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Group's reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Group presented segment information in respect of its business segments in accordance with TAS 14 Segment Reporting.

The change in basis of presentation and disclosure of segment information has resulted in the Group presenting segment information (Note 26) in respect of the following segments: Solvent segment and Ethanol segment which have been adjusted to present separately from Petrochemical segment and Other segment respectively.

## 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 entities.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### Business combinations

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.

### 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.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 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.

### (b) Foreign currencies

#### Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency 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 the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the foreign exchange rates ruling at the dates of the transactions.

#### Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.





## NOTES TO THE FINANCIAL STATEMENTS

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Goodwill and fair value adjustments arising on the acquisition of foreign operations are stated at exchange rates ruling at the reporting date.

The revenues and expenses of foreign operations 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 translated into the functional currency at the foreign exchange rates determined in the contracts and revalued at the reporting date at the foreign exchange rate ruling on that date. Foreign exchange differences are recognised in profit or loss.

#### **Cross currency swap and interest rate swap contracts**

Cross currency swap and interest rate swap contracts hedging future fluctuations in exchange rates and interest rates. Foreign financial assets and liabilities hedged by cross currency swap contracts are translated into the functional currency at the foreign exchange rates determined in the contracts and revalued at the reporting date at the foreign exchange rate ruling on that date. Foreign exchange differences are recognised in 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.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### (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.

### (g) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. The assets are measured at the lower of their carrying value and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

### (h) 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.

Any changes in the equity interest in subsidiaries of the Group while control is retained are recorded in equity.

#### 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.



## NOTES TO THE FINANCIAL STATEMENTS

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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.

### (i) 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.

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.

### (j) 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.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

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.

### Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

### 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.

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	20 - 25 years
Transmission facilities	25 years
Machinery, equipment and plant equipment	3 - 20 years
Oil and liquid chemical tankers and crew boats	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.



## NOTES TO THE FINANCIAL STATEMENTS

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Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### (k) 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 accumulated 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 accumulated impairment losses.

#### 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 - 20 years
Computer software	5 - 10 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.



## NOTES TO THE FINANCIAL STATEMENTS

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### (l) 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.

### (m) 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.

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.

#### 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.



## NOTES TO THE FINANCIAL STATEMENTS

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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.

### **(n) 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.

### **(o) Interest-bearing liabilities**

Interest-bearing liabilities are stated at cost.

### **(p) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

### **(q) 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.



## NOTES TO THE FINANCIAL STATEMENTS

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When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

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.

### **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.

### **(r) 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.





## NOTES TO THE FINANCIAL STATEMENTS

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### (s) 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.

### (t) 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.

#### **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.



## NOTES TO THE FINANCIAL STATEMENTS

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### (u) 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 entities 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.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

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.

### (v) Segment Reporting

Segment results that are reported to the Group's chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.



## NOTES TO THE FINANCIAL STATEMENTS

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### 5 Acquisitions of subsidiaries, associate and jointly-controlled entities

#### Subsidiaries

##### LABIX

On 11 July 2013, a direct subsidiary (Thai Paraxylene Co., Ltd.) invested in LABIX Co., Ltd. together with Mitsui & Co., Ltd.. The company, in which TPX owned 75%, has a share capital of 465 million ordinary shares with a par value of Baht 10 each, totalling Baht 4,655 million. The first call was 40% of par value. Later, the subsidiary fully paid for the remaining paid-up capital on 20 December 2013 in proportion to its shareholding. Total investment amounted to Baht 3,491 million.

##### TMS

On 17 January 2012, a direct subsidiary (Thaioil Marine Co., Ltd.) paid Baht 37.1 million for the remaining 75% of par value of TOP Maritime Service Co., Ltd.. During 2012 and 2013, TMS increased share capital by Baht 90 million each year, totalling share capital of Baht 270 million. The subsidiary fully paid Baht 49.5 million and Baht 49.5 million for these additional shares on 23 August 2012 and 23 December 2013 respectively, in proportion to its shareholding.

##### TOP SPP

On 26 December 2013, the Company invested in TOP SPP Co., Ltd.. The company, in which the Company owned 99.99%, has a share capital of 350 million ordinary shares with a par value of Baht 10 each, totalling Baht 3,500 million. The first call was 25% of par value, amounted to Baht 875 million.

##### TP

On 4 December 2012, the Company acquired additional 19% interest in Thaioil Power Co., Ltd. for Baht 1,650 million, increasing its ownership from 54.99% to 73.99%. On acquisition date, the Company recognised a decrease in non-controlling interests of Baht 1,522 million and the deficit from the change in the ownership interests in subsidiary of Baht 128 million in equity.

#### Associate

##### GPSC

On 10 January 2013, Independent Power (Thailand) Company Limited ("IPT") and PTT Utility Company Limited ("PTTUT") formed the new amalgamated company and registered the new company namely Global Power Synergy Company Limited ("GPSC") with The Ministry of Commerce.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Pursuant to the amalgamation, the Group as shareholders of IPT swapped all existing ordinary shares held in IPT for new ordinary shares issued by GPSC, resulting in the Group obtaining ownership interests of (a) directly owned by the Company (11.88%) and (b) indirectly owned via Thailoil Power Co., Ltd. (27.71%). Upon the completion of the share swap, the Group derecognised its investment in IPT and recognised the investment in GPSC as an investment in associate accounted for on an equity basis in the consolidated financial statements.

In the separate financial statements, the Group recorded the initial value of investment in GPSC, which is accounted for using the cost method, at the book value of IPT at the amalgamation date.

In the consolidated financial statements, the Group recorded the initial value of the investment in GPSC, which is accounted for using the equity method, at the fair value of GPSC shares received at the amalgamation date and consequently recognised the difference between the fair value of GPSC shares received at the amalgamation date and the Group's interest in IPT on that date amounting to Baht 568 million as gain on investment disposal. The amounts of the gain attributable to the Group and the non-controlling interest amounted to Baht 450 million and Baht 118 million respectively, and are included in other income in the consolidated statement of comprehensive income.

On 11 November 2013, at the meeting of Board of Directors of GPSC, the Board of Directors approved on the capital increase and issuance of Right Offering shares. GPSC offer the newly issued shares to the existing shareholder in proportion of their shareholding with the offering price of Baht 6,000 million. The Company and Thailoil Power Co., Ltd. fully paid Baht 713 million and Baht 1,663 million respectively for these additional shares on 19 December 2013 in proportion to their shareholding.

### Jointly-controlled entities

#### TOP-NTL

On 21 November 2012, a direct subsidiary (Thailoil Marine Co., Ltd.) invested in TOP-NTL Shipping Trust, which is incorporated in Singapore, together with Nathalin Co., Ltd. equally each. The business trust has 80,000 units in issue with a par value of SGD 1 each, totalling SGD 80,000. The subsidiary fully paid SGD 40,000 or equivalent to Baht 1 million in proportion to its unitholding.

During 2013, at the TOP-NTL Shipping Trust's Extraordinary General Meeting of the unitholders, the unitholders passed a resolution to issue additional units on two occasions totalling 950,000 units. The subsidiary fully paid SGD 475,000 or equivalent to Baht 12 million for these additional units on 1 August 2013 and 30 October 2013 in proportion to its unitholding.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### TOP Nautical Star

On 2 August 2013, a direct subsidiary (Thaioil Marine Co., Ltd. ("TM")) invested in TOP Nautical Star Co., Ltd. together with Nathalin Co., Ltd. ("Nathalin") and TOP-NTL Shipping Trust ("TOP-NTL"), owned equally by TM and Nathalin. The shareholding portion of TM, Nathalin and TOP-NTL is 35%, 35% and 30% respectively. The company has a share capital of 1.5 million ordinary shares with a par value of Baht 100 each, totalling Baht 150 million. The first call was 25% of par value. Later, the subsidiary paid for the additional 25% paid-up capital on 30 October 2013 in proportion to its shareholding. Total investment amounted to Baht 26 million.

### TOP-NTL PTE

On 13 June 2012, a direct subsidiary (Thaioil Marine Co., Ltd.) invested in TOP-NTL Pte. Ltd., which is incorporated in Singapore, together with Nathalin Co., Ltd. equally each. The company has a share capital of 20,000 ordinary shares with a par value of SGD 1 each, totalling SGD 20,000. The subsidiary fully paid SGD 10,000 or equivalent to Baht 0.3 million in proportion to its shareholding.

## 6 Related parties

Related parties are those parties linked to the Group 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 SPP Co., Ltd.	Thailand	Subsidiary and/or common directors
TOP Solvent 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 the Company's management as a director



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Name of entities	Country of incorporation	Nature of relationships
Sapthip Co., Ltd.	Thailand	Indirect subsidiary and/or common directors
Thaioil Marine International Pte Ltd.	Singapore	Indirect subsidiary and/or common directors
TOP Maritime Service Co., Ltd.	Thailand	Indirect subsidiary and/or the Company's management as a director
LABIX Co., Ltd.	Thailand	Indirect subsidiary and/or common directors
TOP-NTL Pte. Ltd.	Singapore	Jointly-controlled entity of subsidiary
TOP-NTL Shipping Trust	Singapore	Jointly-controlled entity of subsidiary
TOP Nautical Star Co., Ltd.	Thailand	Jointly-controlled entity of subsidiary and/or the Company's management as a director
TOP-NYK MarineOne Pte. Ltd.	Singapore	Jointly-controlled entity of indirect subsidiary and/or the Company's management as a director
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
Global Power Synergy Co., Ltd.*	Thailand	Indirect associate and/or common directors
Maesod Clean Energy Co., Ltd.	Thailand	Indirect associate and/or the Company's management as a director
Ubon Bio Ethanol Co., Ltd.	Thailand	Indirect associate and/or common directors
Thome Ship Management (Thailand) Co., Ltd.	Thailand	Indirect associate and/or the Company's management as a director
PTT International Trading Pte. Ltd.	Singapore	Subsidiary of major shareholder
PTT Exploration and Production Public Company Limited	Thailand	Subsidiary of major shareholder
PTTEP International Limited	Thailand	Subsidiary of major shareholder
Energy Complex Co., Ltd.	Thailand	Subsidiary of major shareholder
Star Petroleum Refining Public Company Limited	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
PTT Maintenance and Engineering 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 10 January 2013, Global Power Synergy Co., Ltd., the amalgamated company resulting from the amalgamation of Independent Power (Thailand) Co., Ltd. and PTT Utility Co., Ltd.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

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

Significant transactions for the years ended 31 December 2013 and 2012 with related parties were as follows:

(in million Baht)				
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012

### Major shareholder

Revenue from sale of goods and rendering of services	192,982	208,927	186,226	201,445
Purchase of crude oil and feedstock	162,647	189,164	157,284	173,402
Purchase-sale of crude oil and feedstock for legal reserve*	2,380	1,076	2,380	1,076
Other income	22	184	22	184
Interest expense	-	1	-	1
Other expenses	39	26	29	25

### Subsidiaries

Revenue from sale of goods and rendering of services	-	-	61,693	64,965
Purchase of crude oil and feedstock	-	-	39,813	44,911
Purchase-sale of crude oil and feedstock for legal reserve*	-	-	4,962	5,525
Interest income	-	-	122	149
Dividend income	-	-	3,024	3,246



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Land lease income	-	-	50	49
Other income	-	-	1,022	869
Interest expense	-	-	135	117
Other expenses	-	-	828	495
Purchase of assets	-	-	7	3
<b>Jointly-controlled entities</b>				
Other expenses	648	407	640	405
<b>Associates</b>				
Revenue from sale of goods and rendering of services	11	16	7	-
Purchase of crude oil and feedstock	783	204	736	204
Interest income	4	4	-	-
Dividend income	15	-	15	-
Land lease income	7	-	7	-
Other income	63	3	38	-
Other expenses	213	326	182	137
Purchase of assets	99	60	99	60
<b>Other related parties</b>				
Revenue from sale of goods and rendering of services	17,509	23,438	12,684	21,288
Purchase of crude oil and feedstock	11,222	8,793	3,241	1,263
Purchase-sale of crude oil and feedstock for legal reserve*	3,873	1,337	3,873	1,337
Other income	13	13	10	13
Other expenses	151	152	151	152
Purchase of assets	-	4	-	4
<b>Directors' remuneration</b>	91	112	51	59

\* 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 2013 and 2012.





## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Balances as at 31 December 2013 and 2012 with related parties were as follows:

### Trade accounts receivable - related parties

	(in million Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Major shareholder</b>				
PTT Public Company Limited	12,436	12,625	11,566	12,322
<b>Subsidiaries</b>				
Thai Paraxylene Co., Ltd.	-	-	5,709	5,286
Thai Lube Base Public Company Limited	-	-	573	77
Thaioil Power Co., Ltd.	-	-	53	54
<b>Associate</b>				
Ubon Bio Ethanol Co., Ltd.	-	3	-	-
<b>Other related parties</b>				
IRPC Public Company Limited	66	17	-	-
Bangchak Petroleum Public Company Limited	370	493	310	490
PTT Exploration and Production Public Company Limited	19	8	-	-
PTT International Trading Pte. Ltd.	134	-	-	-
PTT Global Chemical Public Company Limited	20	2	-	-
	13,045	13,148	18,211	18,229
Less allowance for doubtful accounts	-	-	-	-
<b>Net</b>	<b>13,045</b>	<b>13,148</b>	<b>18,211</b>	<b>18,229</b>
<b>Bad and doubtful debts expense for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### Other accounts receivable - related parties

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Major shareholder</b>				
PTT Public Company Limited	9	18	9	18
<b>Subsidiaries</b>				
Thai Paraxylene Co., Ltd.	-	-	39	12
Thai Lube Base Public Company Limited	-	-	43	9
Thaioil Marine Co., Ltd.	-	-	1	3
Thaioil Energy Services Co., Ltd.	-	-	4	3
Thaioil Solvent Co., Ltd.	-	-	17	16
Thaioil Ethanol Co., Ltd.	-	-	4	3
Thaioil Power Co., Ltd.	-	-	38	35
TOP Solvent Co., Ltd.	-	-	2	-
LABIX Co., Ltd.	-	-	24	-
Independent Power (Thailand) Co., Ltd.	-	-	-	2
<b>Jointly-controlled entity</b>				
TOP-NYK MarineOne Pte. Ltd.	-	31	-	-
<b>Associates</b>				
PTT ICT Solutions Co., Ltd.	4	3	4	3
PTT Energy Solutions Co., Ltd.	-	1	-	1
Maesod Clean Energy Co., Ltd.	1	1	-	-
Global Power Synergy Co., Ltd.	2	-	2	-
Thome Ship Management (Thailand) Co., Ltd.	1	-	-	-
<b>Other related parties</b>				
Bangchak Petroleum Public Company Limited	-	1	-	1
PTT Maintenance and Engineering Co., Ltd.	2	-	2	-
<b>Total</b>	<b>19</b>	<b>55</b>	<b>189</b>	<b>106</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### Short-term loans to related parties

	(in million Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Subsidiaries</b>				
Thaioil Marine Co., Ltd.	-	-	-	243
Thaioil Solvent Co., Ltd.	-	-	2,486	2,579
Thaioil Ethanol Co., Ltd.	-	-	437	362
<b>Associate</b>				
Maesod Clean Energy Co., Ltd	90	90	-	-
<b>Total</b>	<b>90</b>	<b>90</b>	<b>2,923</b>	<b>3,184</b>

Interest rates during the years of 2013 and 2012 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 2013 and 2012 were as follows:

	(in million Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
At 1 January	90	90	3,184	4,812
Increase	-	-	231	902
Decrease	-	-	(492)	(2,530)
<b>At 31 December</b>	<b>90</b>	<b>90</b>	<b>2,923</b>	<b>3,184</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### Trade accounts payable - related parties

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Major shareholder</b>				
PTT Public Company Limited	15,873	12,656	14,918	11,004
<b>Subsidiaries</b>				
Thai Paraxylene Co., Ltd.	-	-	3,157	3,140
Thai Lube Base Public Company Limited	-	-	583	336
Thaioil Marine Co., Ltd.	-	-	57	4
Thaioil Power Co., Ltd.	-	-	193	181
Sak Chaisidhi Co., Ltd.	-	-	2	4
Sapthip Co., Ltd.	-	-	10	-
<b>Jointly-controlled entity</b>				
TOP-NTL Shipping Trust	-	2	-	-
<b>Associates</b>				
Maesod Clean Energy Co., Ltd	49	27	49	27
PTT ICT Solutions Co., Ltd.	6	-	-	-
Thome Ship Management (Thailand) Co., Ltd.	-	2	-	-
Ubon Bio Ethanol Co., Ltd.	54	-	54	-
Global Power Synergy Co., Ltd.	5	-	-	-
<b>Other related parties</b>				
PTTEP International Limited	-	44	-	44
IRPC Public Company Limited	411	375	-	-
PTT Global Chemical Public Company Limited	243	224	-	-
PTT Phenol Co., Ltd.	12	11	-	-
<b>Total</b>	<b>16,653</b>	<b>13,341</b>	<b>19,023</b>	<b>14,740</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### Other accounts payable - related parties

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Major shareholder</b>				
PTT Public Company Limited	4	2	3	1
<b>Subsidiaries</b>				
Thai Paraxylene Co., Ltd.	-	-	2	-
Thai Lube Base Public Company Limited	-	-	3	3
Thaioil Marine Co., Ltd.	-	-	5	50
Thaioil Energy Services Co., Ltd.	-	-	107	12
<b>Associate</b>				
PTT ICT Solutions Co., Ltd.	63	9	60	9
<b>Other related parties</b>				
Energy Complex Co., Ltd.	1	5	1	5
PTT Global Chemical Public Company Limited	-	1	-	1
IRPC Public Company Limited	16	-	16	-
Thai Petroleum Pipeline Co., Ltd.	3	3	3	3
<b>Total</b>	<b>87</b>	<b>20</b>	<b>200</b>	<b>84</b>

### Short-term borrowings from related parties

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Subsidiaries</b>				
Thai Paraxylene Co., Ltd.	-	-	2,171	798
Thai Lube Base Public Company Limited	-	-	3,481	4,046
Thaioil Marine Co., Ltd.	-	-	184	176
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5,836</b>	<b>5,020</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Interest rates during the years of 2013 and 2012 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 2013 and 2012 were as follows:

	(in million Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
At 1 January	-	-	5,020	4,254
Increase	-	-	816	766
Decrease	-	-	-	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>5,836</b>	<b>5,020</b>

### Significant agreements with related parties

As at 31 December 2013 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

Thai Oil Public Company Limited and its Subsidiaries

### 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 Agreements

The Company has crack spread swap agreements with a related company ("counterparty"). The Company or the counterparty has commitments to make payments for the differences between the fixed price and floating price for each period.

As at 31 December 2013, the Company had oil volume under the agreements with the related company of 0.3 million barrels (2012: 0.3 million barrels).

### 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 a feedstock throughput 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 two 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 2016 and 2023.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### Cost Reimbursement Agreements

A subsidiary and an associate 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 subsidiary and the associate to the Electricity Generating Authority of Thailand (EGAT). Under the terms of the agreements, the subsidiary and the associate 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 agreements entered into by the subsidiary and the associate 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.

### Services and Supplies Agreements

Certain subsidiaries and an associate have services and supplies agreements with the Company, whereby the Company provides the subsidiaries and the associate 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 and the associate 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 the associate with EGAT.

A subsidiary has services and supplies agreement with the Company, whereby the subsidiary provides the Company for human resource services, whereby the service fee is specified in the agreement. This agreement is for a period of 2 years expiring in December 2015.

### Land Lease Agreements

Certain subsidiaries and an associate have land lease agreements with the Company to lease/sublease certain parcels of land ending in September 2022 and August 2043 with total annual rental for the year 2013 of Baht 57 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 2013 of Baht 2.7 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

Thai Oil Public Company Limited and its Subsidiaries

### 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 1 year to 15 years expiring during 2014 and 2017.

### 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 at least 3 years and shall be terminated by either party giving at least 1 year notice in writing to the other party.

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 agreement. 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 agreements. These agreements are for period of 1 year expiring during 2014.

Two jointly-controlled entities have time charter agreements with the Company, whereby the freight rate is specified in the agreements. These agreements are for periods of 10 years expiring in 2021 and 2022.

### Charter of Crew Boat Agreements

An indirect subsidiary has charter of crew boat agreements with a related company, whereby the service fees are specified in the agreements. These agreements are for period of 3 and 5 years expiring in 2016 and 2017 and shall be renewed for period of 2 years by either party giving at least 3 days before contract end date notice in writing to the other party.

### Office Rental Agreements

A subsidiary has an office rental agreement with a related company, whereby the rental fees are specified in the agreement. The agreement has no specified expiry date so the compliance with conditions specified in the agreement is ongoing until either party giving at least 30 days written notice of termination to the other party.

The Company has office rental and service agreements with a related party, whereby the rental and service fees are specified in the agreements. These agreements are for the periods of 3 years expiring in November 2015 and are renewable for additional periods of 3 years.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### Ethanol Products Purchase and Sale Agreements

A subsidiary and an associate have ethanol products purchase and sale agreements with the Company, whereby the purchase and sale volumes and prices of the ethanol products are specified in the agreements. An agreement expired in December 2010 and the other one expired in December 2013. These agreements 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.

### Service Agreements

A subsidiary has service agreements with the Company, whereby the service fees are specified in the agreements. These agreements are for a period of 1 year expiring in December 2014.

The Company has a service agreement with a subsidiary, whereby the service fees are specified in the agreement. This agreement is for a period of 2 years and 6 months expiring in December 2015.

The Company has a service agreement with a subsidiary, whereby the Company provides the subsidiary for the management, controlling and administration services at the service fee as specified in the agreement. This agreement is for a period of not exceeding 27 months or until the termination of the land lease agreement entered into by the subsidiary with the Company, whichever is sooner.

### Ship Management Agreements

An indirect associate has ship management agreements with a subsidiary, whereby the service fees are specified in the agreements. These agreements are for a period of at least 1 year and shall be terminated by either party giving 3 months notice in writing to the other party.

### Crude Oil Storage Tank Service Agreement

A related company has a crude oil storage tank service agreement with the Company, whereby the service fees are specified in the agreement. This agreement is for a period of 3 years expiring in September 2016.

The Company has a crude oil storage tank service agreement with a related company, whereby the service fees are specified in the agreement. This agreement is for a period of 1 year and 1 month expiring in December 2014.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### Loan Agreement

The Company has uncommitted unsecured short term inter-company borrowing and lending agreements with a related company to manage liquidity. Each of the borrowing credit line and lending credit line is not exceeding Baht 2,000 million, bearing the interest rate reference by BIBOR or LIBOR, plus interest rate margin by taking into account on the short term borrowing interest rate, the return on short term investment and credit rating of the Company and the counterparty. These agreements are for a period of 1 year expiring in December 2014.

### 7 Cash and cash equivalents

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash on hand	2	1	1	1
Cash at banks - savings and current accounts	13,801	4,413	7,574	2,738
Cash at banks - fixed deposits (maturity period less than 3 months from the investment date)	1,500	6,046	1,500	4,000
<b>Total</b>	<b>15,303</b>	<b>10,460</b>	<b>9,075</b>	<b>6,739</b>

The currency denomination of cash and cash equivalents as at 31 December 2013 and 2012 was as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Thai Baht	9,808	10,079	4,044	6,739
United States Dollars	5,478	253	5,031	-
Other	17	128	-	-
<b>Total</b>	<b>15,303</b>	<b>10,460</b>	<b>9,075</b>	<b>6,739</b>

As at 31 December 2013 none of the Group's savings, current and fixed deposits were pledged as collateral for credit facilities as described in note 20 to the financial statements (2012: Baht 1,879 million).



# NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

## 8 Other investments

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Current investments</b>				
Cash at bank - fixed deposits	28,512	17,560	28,500	17,000
Promissory notes issued by financial institutions	-	302	-	-
	28,512	17,862	28,500	17,000
<b>Other long-term investments</b>				
Equity securities - available-for-sale securities	161	223	161	223
Other non-marketable securities	779	779	779	779
	940	1,002	940	1,002
<b>Total</b>	<b>29,452</b>	<b>18,864</b>	<b>29,440</b>	<b>18,002</b>

All other investments of the Group as at 31 December 2013 and 2012 were denominated entirely in Thai Baht.

### Cash at bank – fixed deposits

As at 31 December 2013 none of the Group's fixed deposits were pledged as collateral for credit facilities as described in note 20 to the financial statements (2012: Baht 481 million).

### 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. During 2013, the Fund redeemed automatically from the Company for 0.06 million units or amounting to Baht 0.4 million. As at 31 December 2013 the Company held totalling 25.2 million units or totalling Baht 252 million at fair value of Baht 161 million (2012: Baht 223 million).

## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### Other non-marketable securities

Consolidated/Separate financial statements							
Type of Business	Ownership interest		Paid-up capital		Cost method		Dividend income
	2013	2012	2013	2012	2013	2012	2013 2012
	(%)				(in million Baht)		
<b>Related party</b>							
Thai Petroleum Pipeline Co., Ltd.	9.19	9.19	8,479	8,479	779	779	- -
Oil transportation by pipeline							
					<b>779</b>	<b>779</b>	<b>- -</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 9 Trade accounts receivable

(in million Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Related parties	6	13,045	13,148	18,211	18,229
Other parties		15,702	13,943	10,078	7,567
		28,747	27,091	28,289	25,796
Less allowance for doubtful accounts		1	1	-	-
<b>Total</b>		<b>28,746</b>	<b>27,090</b>	<b>28,289</b>	<b>25,796</b>

#### Reversal of bad and doubtful debts expenses for the year

-	(7)	-	-
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Aging analyses for trade accounts receivable are as follows:

(in million Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
<b>Related parties</b>					
Within credit terms		13,040	13,148	18,211	18,229
Overdue:					
Less than 3 months	5	-	-	-	-
		13,045	13,148	18,211	18,229
Less allowance for doubtful accounts		-	-	-	-
<b>Net</b>	<b>6</b>	<b>13,045</b>	<b>13,148</b>	<b>18,211</b>	<b>18,229</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Other parties</b>				
Within credit terms	15,682	13,754	10,078	7,567
Overdue:				
Less than 3 months	13	76	-	-
3 - 6 months	2	4	-	-
6 - 12 months	2	1	-	-
Over 12 months	3	108	-	-
	15,702	13,943	10,078	7,567
Less allowance for doubtful accounts	1	1	-	-
<b>Net</b>	<b>15,701</b>	<b>13,942</b>	<b>10,078</b>	<b>7,567</b>
<b>Total</b>	<b>28,746</b>	<b>27,090</b>	<b>28,289</b>	<b>25,796</b>

The normal credit term granted by the Group ranges from 15 days to 90 days.

As at 31 December 2012 trade accounts receivable from other parties overdue for more than 12 months included a subsidiary's receivable from a state enterprise of Baht 108 million. On 10 January 2013 the Group derecognised the assets and liabilities of the said subsidiary from the consolidated financial statement after registering the new amalgamated company named Global Power Synergy Company Limited and became the Group's an associate.

The currency denomination of trade accounts receivable as at 31 December 2013 and 2012 was as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Thai Baht	20,843	23,017	23,307	23,974
United States Dollars	7,621	3,851	4,982	1,822
Other	282	222	-	-
<b>Total</b>	<b>28,746</b>	<b>27,090</b>	<b>28,289</b>	<b>25,796</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 10 Otherreceivable

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Prepaid expenses	510	551	363	297
Other accounts receivable	335	417	466	281
Current portion of long-term loans to savings co-operative of employees	42	40	42	40
Other	436	648	411	289
<b>Total</b>	<b>1,323</b>	<b>1,656</b>	<b>1,282</b>	<b>907</b>

On 27 June 2012, the Supreme Court ruled in favor of a subsidiary in the matter of the assessment by the Customs Department and the Revenue Department for the excise tax including penalty and surcharge for certain shipments of imported reduced crude oil. As at 31 December 2012, the subsidiary's other accounts receivable included receivable from the case of Baht 145 million. The subsidiary received the said amount in full on 20 June 2013.

### 11 Inventories

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Crude oil and feedstock	12,132	10,197	9,859	8,268
Materials, spare parts and supplies	1,135	1,229	884	813
Finished and semi-finished oil products	14,167	12,802	10,605	8,804
Goods in transit				
Crude oil	21,120	15,784	21,012	15,750
Materials, spare parts and supplies	2	7	1	5
	48,556	40,019	42,361	33,640
Less allowance for decline in value of inventories adjusted to net realisable value	47	15	-	-
<b>Net</b>	<b>48,509</b>	<b>40,004</b>	<b>42,361</b>	<b>33,640</b>





## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

As at 31 December 2013 the Group and the Company's inventories as stated above included a legal reserve amounting to Baht 15,244 million and Baht 14,548 million respectively (2012: Baht 12,515 million and Baht 11,875 million respectively).

	(in million Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Inventories recognised as				
an expense in 'cost of sale of goods':				
- Cost	396,256	431,237	401,090	428,464
- (Reversal of) write-down to net realisable value	32	(148)	-	(135)
<b>Net</b>	<b>396,288</b>	<b>431,089</b>	<b>401,090</b>	<b>428,329</b>

### 12 Non-current asset held for sale

A non-current asset is presented as an asset held for sale following the commitment of a subsidiary's management. Effort to sell has commenced, and a sale is expected by January 2014.

An impairment loss of Baht 108 million on the remeasurement of the asset classified as held for sale to the lower of its carrying amount and its fair value less cost to sell has been recognised in administrative expenses (note 28).

Details of the asset classified as held for sale as at 31 December were as follows:

	(in million Baht)	
	Consolidated financial statements	
	Note	2013
<b>Asset</b>		
Property, plant and equipment – Oil and liquid chemical tanker	16	250
		<b>250</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 13 Investments in subsidiaries

(in million Baht)

	Note	Separate financial statements	
		2013	2012
At 1 January		11,533	9,883
Acquisitions	5	875	1,650
Disposal	5, 14	(488)	-
<b>At 31 December</b>		<b>11,920</b>	<b>11,533</b>

## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Investments in subsidiaries as at 31 December 2013 and 2012, and dividend income from those investments for the years then ended were as follows:

	Separate financial statements							
	Ownership interest		Paid-up capital		Cost method		Dividend income	
	2013	2012	2013	2012	2013	2012	2013	2012
	(in million Baht)							
(%)								
Subsidiaries								
Thai Paraxylene Co., Ltd.	99.99	99.99	2,572	2,572	2,161	2,161	450	2,058
Thai Lube Base Public Company Limited	99.99	99.99	1,758	1,758	1,979	1,979	2,109	879
Thaioil Marine Co., Ltd.	99.99	99.99	970	970	970	970	49	-
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	1,450	1,450	1,450	-	-
Thaioil Power Co., Ltd.	73.99	73.99	2,810	2,810	3,195	3,195	416	309
Independent Power (Thailand) Co., Ltd.	-	24.00	-	1,771	-	488	-	-
TOP SPP Co., Ltd.	99.99	-	875	-	875	-	-	-
Total			11,725	12,621	11,920	11,533	3,024	3,246

None of the Company's investment in subsidiaries are publicly listed and consequently do not have published price quotations.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 14 Investments in associates and jointly-controlled entities

(in million Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
At 1 January		1,286	1,253	60	60
Share of net gain of investments - equity method		533	73	-	-
Acquisitions	5, 13	9,749	1	1,201	-
Dividend income		(15)	(31)	-	-
Currency translation differences		26	(10)	-	-
<b>At 31 December</b>		<b>11,579</b>	<b>1,286</b>	<b>1,261</b>	<b>60</b>

## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Investments in associates and jointly-controlled entities as at 31 December 2013 and 2012, and dividend income for the years then ended were as follows:

Consolidated financial statements									
Ownership interest		Paid-up capital		Cost method		Equity method		Dividend income	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
(%)		(in million Baht)							
Associates									
	20.00	20.00	150	150	30	30	152	124	15
PTT ICT Solutions Co., Ltd.									-
PTT Energy Solutions Co., Ltd.	20.00	20.00	150	150	30	30	37	33	-
Global Power Synergy Co., Ltd.	39.59*	-	11,237	-	3,855	-	10,140	-	-
Maesod Clean Energy Co., Ltd.	30.00	30.00	675	675	203	203	58	60	-
Ubon Bio Ethanol Co., Ltd.	21.28	21.28	2,740	2,740	769	769	763	729	-
Thome Ship Management (Thailand) Co., Ltd.	33.33	33.33	3	3	1	1	7	-	-
			14,955	3,718	4,888	1,033	11,157	946	15
Jointly-controlled entities									
TOP-NTL Pte. Ltd.	50.00	50.00	1	1	-	-	3	1	-
TOP-NTL Shipping Trust	50.00	50.00	26	2	13	1	11	2	-
TOP Nautical Star Co., Ltd.	35.00	-	75	-	26	-	16	-	-
TOP-NYK MarineOne Pte. Ltd.	50.00	50.00	548	548	274	274	392	337	-
			650	551	313	275	422	340	-
Total			15,605	4,269	5,201	1,308	11,579	1,286	15
									31

	Separate financial statements					
	Ownership interest		Paid-up capital		Cost method	
	2013	2012	2013	2012	2013	2012
	(%)		(in million Baht)			
	2013	2012	2013	2012	2013	2012
PTT ICT Solutions Co., Ltd.	20.00	20.00	150	150	30	30
PTT Energy Solutions Co., Ltd.	20.00	20.00	150	150	30	30
Global Power Synergy Co., Ltd.	11.88*	-	11,237	-	1,201	-
<b>Total</b>			<b>11,537</b>	<b>300</b>	<b>1,261</b>	<b>60</b>
					<b>15</b>	<b>-</b>

\* The Company and a subsidiary (Thaioil Power Co., Ltd.) hold a 11.88% and 27.71% interest in Global Power Synergy Co., Ltd. respectively.

None of the group's investment in associates and jointly-controlled entries are publicly listed and consequently do not have published price quotations.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

As at 31 December 2013 and 2012 the financial information on associates and jointly-controlled entities which have been accounted for using the equity method based on the percentage of ownership held by the Group are as follows:

	Ownership interest  (%)	Total assets	Total liabilities	Total revenues	Profit (loss)
(in million Baht)					
2013					
Associates					
PTT ICT Solutions Co., Ltd.	20	1,947	1,190	2,362	214
PTT Energy Solutions Co., Ltd.	20	412	225	452	21
Global Power Synergy Co., Ltd.	39.59*	45,490	20,810	26,080	1,187
Maesod Clean Energy Co., Ltd.	30	2,257	2,065	1,523	(8)
Ubon Bio Ethanol Co., Ltd.	21.28	6,679	3,931	3,579	159
Thome Ship Management (Thailand) Co., Ltd.	33.33	294	273	47	22
		57,079	28,494	34,043	1,595
Jointly-controlled entities					
TOP-NTL Pte. Ltd.	50	6	1	9	3
TOP-NTL Shipping Trust	50	81	58	17	(4)
TOP Nautical Star Co., Ltd.	35	758	711	15	(28)
TOP-NYK MarineOne Pte. Ltd.	50	2,068	1,284	319	57
Total		59,992	30,548	34,403	1,623
2012					
Associates					
PTT ICT Solutions Co., Ltd.	20	1,786	1,168	2,358	242
PTT Energy Solutions Co., Ltd.	20	352	187	407	7
Maesod Clean Energy Co., Ltd.	30	2,467	2,267	1,143	(69)
Ubon Bio Ethanol Co., Ltd.	21.28	5,899	3,310	1,040	(106)
Thome Ship Management (Thailand) Co., Ltd.	33.33	144	144	330	(2)
		10,648	7,076	5,278	72
Jointly-controlled entities					
TOP-NTL Pte. Ltd.	50	2	1	2	1
TOP-NTL Shipping Trust	50	78	75	56	1
TOP-NYK MarineOne Pte. Ltd.	50	1,941	1,267	343	132
Total		12,669	8,419	5,679	206



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 15 Investment properties

(in million Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
Cost					
At 1 January		88	88	679	679
Addition		-	-	5	-
Reclassification from property, plant and equipment	16	-	-	160	-
At 31 December		88	88	844	679
Impairment losses					
At 1 January		(6)	(6)	(41)	(41)
Reclassification from property, plant and equipment	16	-	-	(25)	-
At 31 December		(6)	(6)	(66)	(41)
Net book value					
At 1 January		82	82	638	638
At 31 December		82	82	778	638

Investment properties as at 31 December 2013 and 2012 were valued by a firm of independent professional valuers, at open market values on an existing use basis. The appraised value of the Group and the Company was Baht 217 million and Baht 1,071 million respectively (2012: Baht 217 million and Baht 848 million respectively).



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## 16 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 and crew boats	Furniture, fixtures, office equipment and others	Construction in progress	Total
Cost												
At 1 January 2012	3,740	1,635	5	83,022	21,895	15,893	193	4,920	3,002	607	41	2,926 137,879
Additions	8	1	-	133	-	-	-	21	2	22	7	5,780 5,974
Transfers, net	-	20	-	759	1,108	-	-	120	526	4	-	(2,537) -
Disposals	-	-	-	-	-	(70)	-	(45)	(114)	(12)	(13)	- (254)
Translation differences												
on consolidation	-	-	-	-	-	-	-	(5)	-	-	-	(5)
At 31 December 2012 and 1 January 2013	3,748	1,656	5	83,914	23,003	15,823	193	5,011	3,416	621	35	6,169 143,594
Additions	115	1	-	230	-	-	-	34	14	38	-	12,295 12,727
Transfers, net	(77)	153	-	1,079	42	36	-	27	144	12	-	(1,416) -
Transfers out from disposal of subsidiary	-	(9)	(5)	-	-	(10,455)	-	(1,370)	-	(22)	(3)	(23) (11,887)
Transfers to asset held for sale (note 12)	-	-	-	-	-	-	-	-	(417)	(1)	-	- (418)
Disposals	-	(2)	-	(40)	-	-	-	(2)	-	(3)	(2)	- (49)
Translation differences												
on consolidation	-	-	-	-	-	-	-	8	-	-	-	1 9
At 31 December 2013	3,786	1,799	-	85,183	23,045	5,404	193	3,708	3,157	645	30	17,026 143,976

# NOTES TO THE FINANCIAL STATEMENTS

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 and crew boats	Furniture, fixtures, office equipment and others	Construction in progress	Total
Depreciation												
At 1 January 2012	-	905	3	53,790	6,684	7,588	120	2,272	555	408	29	- 72,354
Depreciation charge for the year	-	66	-	3,805	1,101	624	6	324	182	78	5	- 6,191
Disposals	-	-	-	-	-	(33)	-	(37)	(115)	(11)	(11)	- (207)
Translation differences on consolidation	-	-	-	-	-	-	-	(1)	-	-	-	- (1)
At 31 December 2012 and 1 January 2013												
At 31 December 2012	-	971	3	57,595	7,785	8,179	126	2,558	622	475	23	- 78,337
Depreciation charge for the year	-	76	-	3,609	1,130	225	7	231	170	61	4	- 5,513
Transfers out from disposal of subsidiary	-	(5)	(3)	-	-	(5,022)	-	(598)	-	(20)	(2)	- (5,650)
Transfers to asset held for sale (note 12)	-	-	-	-	-	-	-	-	(60)	-	-	- (60)
Disposals	-	(2)	-	(18)	-	-	-	(2)	-	(3)	(2)	- (27)
Translation differences on consolidation	-	-	-	-	-	-	-	2	-	-	-	- 2
At 31 December 2013	-	1,040	-	61,186	8,915	3,382	133	2,191	732	513	23	- 78,115

# NOTES TO THE FINANCIAL STATEMENTS

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 equipment	Oil and liquid chemical tankers and crew boats	Furniture, fixtures, office equipment and others	Total
<b>Impairment losses</b>											
At 31 December 2012	391	-	-	-	-	-	-	2	-	-	393
At 31 December 2013	391	-	-	-	-	-	-	2	-	-	393
<b>Net book value</b>											
At 1 January 2012	3,349	730	2	29,232	15,211	8,305	73	2,646	2,447	199	65,132
At 31 December 2012											
and 1 January 2013	3,357	685	2	26,319	15,218	7,644	67	2,451	2,794	146	64,864
At 31 December 2013	3,395	759	-	23,997	14,130	2,022	60	1,515	2,425	132	65,468

# NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries



		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	Total
<b>Cost</b>									
At 1 January 2012		2,011	777	75,365	1,046	364	17	1,993	81,573
Additions		8	-	133	15	12	-	4,115	4,283
Transfers, net		-	-	537	-	-	-	(537)	-
Disposals		-	-	-	-	-	(10)	-	(10)
<b>At 31 December 2012 and 1 January 2013</b>		<b>2,019</b>	<b>777</b>	<b>76,035</b>	<b>1,061</b>	<b>376</b>	<b>7</b>	<b>5,571</b>	<b>85,846</b>
Additions		72	-	230	14	30	-	8,633	8,979
Transfers, net		-	44	1,056	1	7	-	(1,108)	-
Reclassification to investment properties (Note 15)		(160)	-	-	-	-	-	-	(160)
Disposals		-	-	(40)	(2)	(2)	-	-	(44)
<b>At 31 December 2013</b>		<b>1,931</b>	<b>821</b>	<b>77,281</b>	<b>1,074</b>	<b>411</b>	<b>7</b>	<b>13,096</b>	<b>94,621</b>

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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	Total
<b>Depreciation</b>								
At 1 January 2012	-	582	49,328	725	232	13	-	50,880
Depreciation charge for the year	-	22	3,422	49	41	1	-	3,535
Disposals	-	-	-	-	-	(9)	-	(9)
<b>At 31 December 2012 and 1 January 2013</b>								
	-	604	52,750	774	273	5	-	54,406
Depreciation charge for the year	-	31	3,222	48	46	1	-	3,348
Disposals	-	-	(18)	(2)	(2)	-	-	(22)
<b>At 31 December 2013</b>	-	635	55,954	820	317	6	-	57,732
<b>Impairment losses</b>								
At 31 December 2012	356	-	-	-	-	-	-	356
Reclassification to investment properties (Note 15)	(25)	-	-	-	-	-	-	(25)
<b>At 31 December 2013</b>	331	-	-	-	-	-	-	331

(in million Baht)									
Separate financial statements									
	Land	Buildings	Refinery plant and equipment	Machinery, equipment and plant equipment	Furniture, fixtures, office equipment and others	Vehicles	Construction in progress	Total	
Net book value									
At 1 January 2012	1,655	195	26,037	321	132	4	1,993	30,337	
At 31 December 2012 and 1 January 2013									
1 January 2013	1,663	173	23,285	287	103	2	5,571	31,084	
At 31 December 2013	1,600	186	21,327	254	94	1	13,096	36,558	

The gross amounts of the Group's fully depreciated property, plant and equipment that were still in use as at 31 December 2013, amounted to Baht 4,999 million in the consolidated financial statements (2012: Baht 4,776 million) and amounted to Baht 3,531 million in the separate financial statements (2012: Baht 3,260 million).

Certain subsidiaries mortgaged their land, building and machines and crew boats as collateral for long-term borrowings as described in note 20 to the financial statements. The net book value of land, building and machines and crew boats as at 31 December 2013 amounted to Baht 1,806 million (2012: Baht 7,125 million for land, building and machines, crew boats and power plant).



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 17 Intangible assets

(in million Baht)

	Consolidated financial statements				
	License fee	Computer software	Customer database	Goodwill	Total
<b>Cost</b>					
At 1 January 2012	1,176	447	205	635	2,463
Additions	244	51	-	-	295
Translation differences on consolidation	-	-	-	(21)	(21)
<b>At 31 December 2012 and 1 January 2013</b>	<b>1,420</b>	<b>498</b>	<b>205</b>	<b>614</b>	<b>2,737</b>
Additions	290	40	-	-	330
Transfers out from disposal of subsidiary	-	(13)	-	-	(13)
Translation differences on consolidation	-	-	-	33	33
<b>At 31 December 2013</b>	<b>1,710</b>	<b>525</b>	<b>205</b>	<b>647</b>	<b>3,087</b>
<b>Accumulated amortisation</b>					
At 1 January 2012	773	156	-	-	929
Amortisation charge for the year	65	30	-	-	95
<b>At 31 December 2012 and 1 January 2013</b>	<b>838</b>	<b>186</b>	<b>-</b>	<b>-</b>	<b>1,024</b>
Amortisation charge for the year	74	29	-	-	103
Transfers out from disposal of subsidiary	-	(10)	-	-	(10)
<b>At 31 December 2013</b>	<b>912</b>	<b>205</b>	<b>-</b>	<b>-</b>	<b>1,117</b>
<b>Net book value</b>					
<b>At 1 January 2012</b>	<b>403</b>	<b>291</b>	<b>205</b>	<b>635</b>	<b>1,534</b>
<b>At 31 December 2012 and 1 January 2013</b>	<b>582</b>	<b>312</b>	<b>205</b>	<b>614</b>	<b>1,713</b>
<b>At 31 December 2013</b>	<b>798</b>	<b>320</b>	<b>205</b>	<b>647</b>	<b>1,970</b>



# NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Separate financial statements		
	License fee	Computer software	Total
<b>Cost</b>			
At 1 January 2012	791	303	1,094
Additions	-	48	48
<b>At 31 December 2012 and 1 January 2013</b>	<b>791</b>	<b>351</b>	<b>1,142</b>
Additions	18	39	57
<b>At 31 December 2013</b>	<b>809</b>	<b>390</b>	<b>1,199</b>
<b>Accumulated amortisation</b>			
At 1 January 2012	632	49	681
Amortisation charge for the year	21	20	41
<b>At 31 December 2012 and 1 January 2013</b>	<b>653</b>	<b>69</b>	<b>722</b>
Amortisation charge for the year	24	21	45
<b>At 31 December 2013</b>	<b>677</b>	<b>90</b>	<b>767</b>
<b>Net book value</b>			
At 1 January 2012	159	254	413
<b>At 31 December 2012 and 1 January 2013</b>	<b>138</b>	<b>282</b>	<b>420</b>
<b>At 31 December 2013</b>	<b>132</b>	<b>300</b>	<b>432</b>





## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 18 Deferred tax

Deferred tax assets and liabilities as at 31 December 2013 and 2012 were as follows:

(in million Baht)				
	Consolidated financial statements			
	Assets		Liabilities	
	2013	2012	2013	2012
Total	594	548	(420)	(612)
Set off of tax	(420)	(519)	420	519
<b>Net deferred tax assets (liabilities)</b>	<b>174</b>	<b>29</b>	<b>-</b>	<b>(93)</b>

(in million Baht)				
	Separate financial statements			
	Assets		Liabilities	
	2013	2012	2013	2012
Total	561	514	(418)	(577)
Set off of tax	(418)	(514)	418	514
<b>Net deferred tax assets (liabilities)</b>	<b>143</b>	<b>-</b>	<b>-</b>	<b>(63)</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Movements in total deferred tax assets and liabilities during the years 2013 and 2012 were as follows:

(in million Baht)

	Consolidated financial statements				
	(Charged) / credited to:				
	At 1 January 2013	Statement of comprehensive income (Note 32)	Equity	Transfer out from disposal of subsidiary	At 31 December 2013
<b>Deferred tax assets</b>					
Employee benefits	465	48	-	(2)	511
Impairment losses on assets	79	-	-	-	79
Other	4	-	-	-	4
<b>Total</b>	<b>548</b>	<b>48</b>	<b>-</b>	<b>(2)</b>	<b>594</b>
<b>Deferred tax liabilities</b>					
Depreciation	(577)	161	-	-	(416)
Amortisation of transmission facilities transferred to EGAT	(5)	-	-	5	-
Other account receivable from winning legal case regarding excise tax assessment	(29)	29	-	-	-
Other	(1)	(3)	-	-	(4)
<b>Total</b>	<b>(612)</b>	<b>187</b>	<b>-</b>	<b>5</b>	<b>(420)</b>
<b>Net</b>	<b>(64)</b>	<b>235</b>	<b>-</b>	<b>3</b>	<b>174</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Consolidated financial statements			
	(Charged) / credited to:			
	At 1 January 2012	Statement of comprehensive income (Note 32)	Equity	At 31 December 2012
<b>Deferred tax assets</b>				
Employee benefits	449	16	-	465
Impairment losses on assets	79	-	-	79
Loss on cross currency and interest rate swap contracts	20	(20)	-	-
Other	4	-	-	4
<b>Total</b>	<b>552</b>	<b>(4)</b>	<b>-</b>	<b>548</b>
<b>Deferred tax liabilities</b>				
Depreciation	(644)	67	-	(577)
Provision for hedging on foreign exchange and forward contracts	(3)	3	-	-
Amortisation of transmission facilities transferred to EGAT	(10)	5	-	(5)
Other account receivable from winning legal case regarding excise tax assessment	-	(29)	-	(29)
Other	(1)	-	-	(1)
<b>Total</b>	<b>(658)</b>	<b>46</b>	<b>-</b>	<b>(612)</b>
<b>Net</b>	<b>(106)</b>	<b>42</b>	<b>-</b>	<b>(64)</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Separate financial statements			
	(Charged) / credited to:			
	At 1 January 2013	Statement of comprehensive income (Note 32)	Equity	At 31 December 2013
Deferred tax assets				
Employee benefit	435	47	-	482
Impairment losses on assets	79	-	-	79
Total	514	47	-	561
Deferred tax liabilities				
Depreciation	(577)	161	-	(416)
Other	-	(2)	-	(2)
Total	(577)	159	-	(418)
Net	(63)	206	-	143



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Separate financial statements			
	(Charged) / credited to:			
	At 1 January 2012	Statement of comprehensive income (Note 32)	Equity	At 31 December 2012
<b>Deferred tax assets</b>				
Employee benefit	416	19	-	435
Impairment losses on assets	79	-	-	79
Loss on cross currency and interest rate swap contracts	20	(20)	-	-
<b>Total</b>	<b>515</b>	<b>(1)</b>	<b>-</b>	<b>514</b>
<b>Deferred tax liabilities</b>				
Depreciation	(644)	67	-	(577)
Provision for hedging on foreign exchange and forward contracts	(3)	3	-	-
<b>Total</b>	<b>(647)</b>	<b>70</b>	<b>-</b>	<b>(577)</b>
<b>Net</b>	<b>(132)</b>	<b>69</b>	<b>-</b>	<b>(63)</b>

Deferred tax asset arising from loss carry forward that has not been recognised in the financial statements as at 31 December 2013 amounted to Baht 104 million (2012: Baht 103 million).



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 19 Other non-current assets

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Long-term loans to savings co-operative of employees	598	537	598	537
Transmission facilities transferred to EGAT, net	-	27	-	-
Deferred natural gas pipeline facilities, raw water pipeline and the use of land, net	105	162	85	94
Deferred land lease arrangement and registration fees, net	365	425	376	419
Other deferred charges, net	24	86	2	11
Refundable deposits and other	65	82	46	46
<b>Total</b>	<b>1,157</b>	<b>1,319</b>	<b>1,107</b>	<b>1,107</b>

### 20 Interest-bearing liabilities

(in million Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Current					
Short-term borrowings					
- Secured		26	-	-	-
- Unsecured		638	607	-	-
Short-term borrowings from related companies	6	-	-	5,836	5,020
Current portion of long-term borrowings from financial institutions					
- Secured		163	532	-	-
- Unsecured		321	746	-	596
Unsecured debentures		12,330	2,750	12,330	2,750
		13,478	4,635	18,166	8,366



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Non-current</b>				
Long-term borrowings from financial institutions				
- Secured	911	1,227	-	-
- Unsecured	3,404	5,149	-	3,874
Unsecured debentures	57,070	35,786	57,070	35,786
	61,385	42,162	57,070	39,660
<b>Total</b>	<b>74,863</b>	<b>46,797</b>	<b>75,236</b>	<b>48,026</b>

The periods to maturity of interest-bearing liabilities as at 31 December 2013 and 2012 were as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Within one year	13,478	4,635	18,166	8,366
After one year but within five years	17,475	30,997	14,213	29,160
After five years	43,910	11,165	42,857	10,500
<b>Total</b>	<b>74,863</b>	<b>46,797</b>	<b>75,236</b>	<b>48,026</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Secured interest-bearing liabilities as at 31 December 2013 and 2012 were secured on the following assets:

(in million Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Cash at banks - current, savings and fixed deposits	7	-	1,879	-	-
Current investments in fixed deposits	8	-	481	-	-
Land, building and machines, power plant and crew boat - carrying value	16	1,806	7,125	-	-
<b>Total</b>		<b>1,806</b>	<b>9,485</b>	<b>-</b>	<b>-</b>

As at 31 December 2013 the Group and the Company had unutilised long-term credit facilities totalling Baht 23,340 million and Baht 14,290 million respectively (2012: Baht 13,891 million and Baht 13,856 million respectively).

The currency denomination of interest-bearing liabilities as at 31 December 2013 and 2012 was as follows:

(in million Baht)				
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Thai Baht	23,333	26,012	23,836	27,548
United States Dollars	51,400	20,785	51,400	20,478
Other	130	-	-	-
<b>Total</b>	<b>74,863</b>	<b>46,797</b>	<b>75,236</b>	<b>48,026</b>





## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Interest-bearing liabilities as at 31 December 2013 and 2012 were as follows:

	(in million Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Short-term borrowings	664	607	-	-
Short-term borrowings from related companies	-	-	5,836	5,020
Long-term borrowings from financial institutions	4,799	7,654	-	4,470
Debentures	69,400	38,536	69,400	38,536
<b>Total</b>	<b>74,863</b>	<b>46,797</b>	<b>75,236</b>	<b>48,026</b>

### Long-term borrowings

Details of principal features of the Group's long-term borrowings as at 31 December 2013 and 2012 were as follows:

	(in million Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012

#### The Company :

1) Baht 4,927 million Syndicated Loan Facility Agreement at interest 6-month THBFX plus a margin, payable in semi-annual installments commencing in September 2010	-	3,720	-	3,720
2) Baht 1,000 million Term Loan Facility Agreement at interest 6-month THBFX plus a margin, payable in semi-annual installments commencing in September 2010	-	750	-	750



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Subsidiaries:</b>				
3) U.S. Dollars 40 million Credit Facility Agreement at interest USD LIBOR plus a margin, payable in semi-annual installments commencing in March 2000	-	308	-	-
4) Baht 1,000 million Credit Facility Agreement at interest MLR less a margin, payable in semi-annual installments commencing in March 2000	-	256	-	-
5) Baht 920 million Credit Facility Agreement at interest MLR less a margin, payable in semi-annual installments commencing in March 2000	-	234	-	-
6) Baht 371.4 million Credit Facility Agreement at interest MLR less a margin, payable in semi-annual installments commencing in March 2000	-	92	-	-
7) Baht 308.6 million Credit Facility Agreement at interest MLR less a margin, payable in monthly installments commencing in December 1999	-	27	-	-
8) Baht 565 million Loan Facility Agreement at interest MLR less a margin, payable in three-month installments commencing in November 2010	325	325	-	-
9) Baht 1,500 million Loan Facility Agreement at interest MLR less a margin, payable in semi-annual installments commencing in September 2012	1,275	1,425	-	-



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
10) Baht 324 million Loan Facility Agreement at interest MLR less a margin, payable in monthly installments commencing in April 2012	242	289	-	-
11) Baht 228 million Loan Facility Agreement at interest MLR less a margin, payable in monthly installments commencing in January 2013	192	228	-	-
12) Baht 365 million Loan Facility Agreement at interest MLR less a margin, payable in monthly installments commencing in June 2014	242	-	-	-
13) Baht 365 million Loan Facility Agreement at interest MLR less a margin, payable in monthly installments commencing in October 2014	73	-	-	-
14) Baht 300 million Loan Facility Agreement at interest MLR less a margin, payable in semi-annual installments commencing in September 2015	300	-	-	-
15) Baht 1,200 million Loan Facility Agreement at interest 6-month FDR plus a margin, payable in semi-annual installments June 2014	1,200	-	-	-
16) Baht 1,800 million Loan Facility Agreement at interest 6-month FDR plus a margin, payable in semi-annual installments June 2015	950	-	-	-
<b>Total</b>	<b>4,799</b>	<b>7,654</b>	<b>-</b>	<b>4,470</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### Debentures

On 23 January 2013, the Company issued USD 1.0 billion dual-tranche debentures to foreign institutional investors. An aggregate principal amount of USD 500 million of the 10-year tranche due 2023 was issued at a coupon rate of 3.625% per annum and an aggregate principal amount of USD 500 million of the 30-year tranche due 2043 was issued at a coupon rate of 4.875% per annum.

On 23 March 2012, the Company issued debentures to institutional investors and high net worth investors totalling Baht 10,000 million as detail below:

Tranche No.1 : the 5-year principal amount of Baht 2,500 million, maturing on 23 March 2017 at a coupon rate of 3.99% per annum, which will be repayable on every 23 March and 23 September in arrears.

Tranche No.2 : the 15-year principal amount of Baht 7,500 million, maturing on 23 March 2027 at a coupon rate of 5.05% per annum, which will be repayable on every 23 March and 23 September in arrears.

Details of the Company's debentures as at 31 December 2013 and 2012 were as follows:

	(in million Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Debentures	69,994	38,540	69,994	38,540
Less discount on debentures	(594)	(4)	(594)	(4)
<b>Total</b>	<b>69,400</b>	<b>38,536</b>	<b>69,400</b>	<b>38,536</b>

As at 31 December 2013 the Company has cross currency swap contracts with the local financial institutions for hedging foreign exchange and interest rate exposure of long-term debts for Baht currency totalling Baht 7,000 million (2012: Baht 10,023 million). All counterparties agree to pay the interest and the notional amount according to terms and conditions of the contracts.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 21 Trade accounts payable

(in million Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Related parties	6	16,653	13,341	19,023	14,740
Other parties		14,901	13,274	13,116	11,619
<b>Total</b>		<b>31,554</b>	<b>26,615</b>	<b>32,139</b>	<b>26,359</b>

The currency denomination of trade accounts payable as at 31 December 2013 and 2012 was as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Thai Baht	18,507	14,094	19,266	14,146
United States Dollars	13,047	12,516	12,873	12,213
Other	-	5	-	-
<b>Total</b>	<b>31,554</b>	<b>26,615</b>	<b>32,139</b>	<b>26,359</b>

### 22 Other payable

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Accrued operating expenses	240	433	124	83
Oil Fuel Fund payable	219	661	219	661
Other payables	1,603	710	1,459	586
Other	1,236	438	1,052	445
<b>Total</b>	<b>3,298</b>	<b>2,242</b>	<b>2,854</b>	<b>1,775</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 23 Employee benefit obligations

Movement in the present value of the defined benefit obligations:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Defined benefit obligations at 1 January	2,473	2,428	2,305	2,281
Benefits paid	(99)	(98)	(94)	(73)
Current service costs and interest	271	259	244	242
Past service cost - vested	-	8	-	5
Actuarial gain recognised in the year	-	(124)	-	(150)
Decrease from disposal of subsidiary	(10)	-	-	-
<b>Defined benefit obligations at 31 December</b>	<b>2,635</b>	<b>2,473</b>	<b>2,455</b>	<b>2,305</b>

The expense is recognised in the following line items in the statement of comprehensive income:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cost of sale of goods and rendering of services	194	62	172	17
Selling expenses	1	-	-	-
Administrative expenses	76	81	72	80
<b>Total</b>	<b>271</b>	<b>143</b>	<b>244</b>	<b>97</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Principal actuarial assumptions as at 31 December 2013 and 2012:

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	0.0-1.5
Mortality rate	Base on Thailand Mortality Ordinary 2008 (TMO08)

### 24 Share capital

		2013		2012	
	Par value per share	Number of shares	Amount	Number of shares	Amount
	(in Baht)	(million shares / million Baht)			
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

### 25 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.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 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 operations.

## 26 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 the internal reporting structure provided to the chief operating decision maker.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### Reportable 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	:	Solvent
Segment 7	:	Ethanol
Segment 8	:	Other



# NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

## Information about reportable segments

For the year ended 31 December 2013										(in million Baht)
	Oil refinery	Lube base oil refinery	Petro-chemical	Power generation	transportation services	Solvent	Ethanol	Other	Eliminations	Total
Revenue from sale of goods and rendering of services										
- External	347,536	21,175	33,184	1,321	548	9,702	1,130	3	-	414,599
- Inter-segment	61,693	5,779	31,335	4,119	684	79	375	513	(104,577)	-
Dividend income	3,039	-	-	-	-	-	-	-	(3,039)	-
Net derivative gain on hedging	1,292	-	-	-	-	-	-	-	-	1,292
Other income	3,085	166	445	469	26	19	25	24	(1,636)	2,623
<b>Total revenues</b>	<b>416,645</b>	<b>27,120</b>	<b>64,964</b>	<b>5,909</b>	<b>1,258</b>	<b>9,800</b>	<b>1,530</b>	<b>540</b>	<b>(109,252)</b>	<b>418,514</b>
Cost of sale of goods and rendering of services	401,090	24,783	60,410	5,009	838	8,988	1,220	443	(105,225)	397,556
Selling expenses	403	232	79	-	-	177	17	-	(431)	477
Administrative expenses	1,891	125	72	16	202	209	53	15	(478)	2,105
Net foreign exchange (gain) loss	3,412	(29)	(242)	(2)	(7)	(21)	-	-	-	3,111
<b>Total expenses</b>	<b>406,796</b>	<b>25,111</b>	<b>60,319</b>	<b>5,023</b>	<b>1,033</b>	<b>9,353</b>	<b>1,290</b>	<b>458</b>	<b>(106,134)</b>	<b>403,249</b>

# NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

## For the year ended 31 December 2013

	Oil refinery	Lube base oil refinery	Petro- chemical	Power generation	Oil and chemical product transportation services	Solvent	Ethanol	Other	Elimi- nations	Total
Share of gain of associates and jointly-controlled entities	-	-	-	300	25	-	32	-	176	533
<b>Profit before finance costs and income tax expense</b>	<b>9,849</b>	<b>2,009</b>	<b>4,645</b>	<b>1,186</b>	<b>250</b>	<b>447</b>	<b>272</b>	<b>82</b>	<b>(2,942)</b>	<b>15,798</b>
Finance costs	3,766	1	-	6	102	109	59	-	(257)	3,786
<b>Profit before income tax expense</b>	<b>6,083</b>	<b>2,008</b>	<b>4,645</b>	<b>1,180</b>	<b>148</b>	<b>338</b>	<b>213</b>	<b>82</b>	<b>(2,685)</b>	<b>12,012</b>
Income tax expense	32	340	631	63	2	74	-	16	-	1,158
<b>Profit for the year</b>	<b>6,051</b>	<b>1,668</b>	<b>4,014</b>	<b>1,117</b>	<b>146</b>	<b>264</b>	<b>213</b>	<b>66</b>	<b>(2,685)</b>	<b>10,854</b>
Attributable to :										
Owners of the Company	6,051	1,668	4,004	1,115	118	232	114	66	(2,974)	10,394
Non-controlling interests	-	-	10	2	28	32	99	-	289	460
<b>Profit for the year</b>	<b>6,051</b>	<b>1,668</b>	<b>4,014</b>	<b>1,117</b>	<b>146</b>	<b>264</b>	<b>213</b>	<b>66</b>	<b>(2,685)</b>	<b>10,854</b>

# NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

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For the year ended 31 December 2012										(in million Baht)
	Oil refinery	Lube base oil refinery	Petro-chemical	Power generation	Oil and chemical product transportation services	Solvent	Ethanol	Other	Eliminations	Total
Revenue from sale of goods and rendering of services										
- External	369,885	22,961	30,466	13,180	522	9,823	575	20	-	447,432
- Inter-segment	64,965	6,128	37,395	3,944	711	33	40	357	(113,573)	-
Dividend income	3,246	-	-	-	-	-	-	-	(3,246)	-
Net derivative gain (loss)										
on hedging	892	-	(2)	-	-	-	-	-	-	890
Net foreign exchange gain	1,927	16	10	24	3	7	-	-	-	1,987
Other income	2,047	376	406	102	23	21	24	-	(1,649)	1,350
<b>Total revenues</b>	<b>442,962</b>	<b>29,481</b>	<b>68,275</b>	<b>17,250</b>	<b>1,259</b>	<b>9,884</b>	<b>639</b>	<b>377</b>	<b>(118,468)</b>	<b>451,659</b>
Cost of sale of goods and rendering of services	428,329	27,246	64,142	16,125	934	8,922	628	334	(114,348)	432,312
Selling expenses	439	158	125	-	-	156	8	-	(485)	401
Administrative expenses	1,588	127	78	156	90	207	155	15	(185)	2,231
<b>Total expenses</b>	<b>430,356</b>	<b>27,531</b>	<b>64,345</b>	<b>16,281</b>	<b>1,024</b>	<b>9,285</b>	<b>791</b>	<b>349</b>	<b>(115,018)</b>	<b>434,944</b>

# NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

For the year ended 31 December 2012										(in million Baht)
	Oil refinery	Lube base oil refinery	Petro-chemical	Power generation	Oil and chemical product transportation services	Solvent	Ethanol	Other	Eliminations	Total
Share of gain (loss) of associates and jointly-controlled entities	-	-	-	-	66	-	(43)	-	50	73
<b>Profit (loss) before finance costs and income tax expense</b>	<b>12,606</b>	<b>1,950</b>	<b>3,930</b>	<b>969</b>	<b>301</b>	<b>599</b>	<b>(195)</b>	<b>28</b>	<b>(3,400)</b>	<b>16,788</b>
Finance costs	2,259	1	22	50	100	112	65	-	(266)	2,343
<b>Profit (loss) before income tax expense</b>	<b>10,347</b>	<b>1,949</b>	<b>3,908</b>	<b>919</b>	<b>201</b>	<b>487</b>	<b>(260)</b>	<b>28</b>	<b>(3,134)</b>	<b>14,445</b>
Income tax expense	742	205	646	71	12	109	-	4	-	1,789
<b>Profit (loss) for the year</b>	<b>9,605</b>	<b>1,744</b>	<b>3,262</b>	<b>848</b>	<b>189</b>	<b>378</b>	<b>(260)</b>	<b>24</b>	<b>(3,134)</b>	<b>12,656</b>
Attributable to :										
Owners of the Company	9,605	1,744	3,262	636	173	333	(161)	24	(3,296)	12,320
Non-controlling interests	-	-	-	212	16	45	(99)	-	162	336
<b>Profit (loss) for the year</b>	<b>9,605</b>	<b>1,744</b>	<b>3,262</b>	<b>848</b>	<b>189</b>	<b>378</b>	<b>(260)</b>	<b>24</b>	<b>(3,134)</b>	<b>12,656</b>

## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

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(in million Baht)

### As at 31 December 2013

	Oil refinery	Lube base oil refinery	Petro- chemical	Power generation	Oil and chemical product transportation services	Solvent	Ethanol	Other	Elimi- nations	Total
Trade accounts receivable	28,289	1,886	6,345	538	193	1,918	138	107	(10,668)	28,746
Inventories	42,361	3,227	1,740	49	40	756	362	-	(26)	48,509
Other current assets	45,175	4,659	5,621	1,557	675	965	154	63	(8,975)	49,894
Investments in subsidiaries	11,920	-	-	-	-	-	-	-	(11,920)	-
Investments in associates	1,261	-	-	7,097	7	-	821	-	1,971	11,157
Investments in jointly-controlled entities	-	-	-	-	422	-	-	-	-	422
Property, plant and equipment	36,558	3,275	16,677	2,164	2,737	1,902	1,520	-	634	65,467
Other non-current assets	3,400	68	769	33	7	1,308	3	141	(1,405)	4,324
<b>Total assets</b>	<b>168,964</b>	<b>13,115</b>	<b>31,152</b>	<b>11,438</b>	<b>4,081</b>	<b>6,849</b>	<b>2,998</b>	<b>311</b>	<b>(30,389)</b>	<b>208,519</b>
Trade accounts payable	32,139	2,306	6,130	694	42	741	93	10	(10,601)	31,554
Current portion of long-term borrowings from financial institutions	-	-	-	172	263	-	50	-	-	485
Current portion of debenture	12,330	-	-	-	-	-	-	-	-	12,330
Other current liabilities	9,369	298	454	58	175	2,755	1,094	43	(9,039)	5,207
Long-term borrowings from financial institutions	-	-	-	1,028	2,061	950	275	-	-	4,314
Debentures	57,070	-	-	-	-	-	-	-	-	57,070
Other non-current liabilities	2,719	76	37	-	15	43	12	137	(318)	2,721
<b>Total liabilities</b>	<b>113,627</b>	<b>2,680</b>	<b>6,621</b>	<b>1,952</b>	<b>2,556</b>	<b>4,489</b>	<b>1,524</b>	<b>190</b>	<b>(19,958)</b>	<b>113,681</b>

# NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

## As at 31 December 2012

	Oil refinery	Lube base oil refinery	Petro- chemical	Power generation	Oil and chemical product transportation services	Solvent	Ethanol	Other	Elimi- nations	Total
Trade accounts receivable	25,796	1,304	5,667	1,793	124	1,726	-	29	(9,349)	27,090
Inventories	33,640	3,405	1,902	221	49	716	97	-	(26)	40,004
Other current assets	30,270	4,312	1,904	3,661	343	981	108	46	(8,337)	33,288
Investments in subsidiaries	11,533	-	-	-	-	-	-	-	(11,533)	-
Investments in associates	60	-	-	-	-	-	789	-	97	946
Investments in jointly-controlled entities	-	-	-	-	340	-	-	-	-	340
Property, plant and equipment	31,084	3,619	15,800	8,521	2,809	968	1,590	-	473	64,864
Other non-current assets	3,167	59	505	1,240	16	1,235	6	125	(2,208)	4,145
<b>Total assets</b>	<b>135,550</b>	<b>12,699</b>	<b>25,778</b>	<b>15,436</b>	<b>3,681</b>	<b>5,626</b>	<b>2,590</b>	<b>200</b>	<b>(30,883)</b>	<b>170,677</b>

## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries



As at 31 December 2012										(in million Baht)
	Oil refinery	Lube base oil refinery	Petro-chemical	Power generation	Oil and chemical product transportation services	Solvent	Ethanol	Other	Eliminations	Total
Trade accounts payable	26,359	1,524	5,408	1,661	104	802	9	2	(9,254)	26,615
Current portion of long-term borrowings from financial institutions	596	-	-	449	233	-	-	-	-	1,278
Current portion of debenture	2,750	-	-	-	-	-	-	-	-	2,750
Other current liabilities	8,134	210	529	118	262	2,712	985	22	(8,444)	4,528
Long-term borrowings from financial institutions	3,874	-	-	468	1,709	-	325	-	-	6,376
Debentures	35,786	-	-	-	-	-	-	-	-	35,786
Other non-current liabilities	2,588	89	37	14	14	40	10	120	(292)	2,620
<b>Total liabilities</b>	<b>80,087</b>	<b>1,823</b>	<b>5,974</b>	<b>2,710</b>	<b>2,322</b>	<b>3,554</b>	<b>1,329</b>	<b>144</b>	<b>(17,990)</b>	<b>79,953</b>

### Major customer

Revenue from one customer represents approximately Baht 192,982 million (2012: Baht 208,927 million) of the Group's revenue from sale of goods and rendering of services.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 27 Other income

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Interest income	1,577	901	1,634	890
Land lease income	18	10	68	59
Service income	50	10	1,075	891
Gain on disposal of investment	568	-	-	-
Insurance compensation income on business interruption	-	18	-	-
Compensation income from winning legal case regarding excise tax assessment	-	118	-	-
Other	410	293	309	207
<b>Total</b>	<b>2,623</b>	<b>1,350</b>	<b>3,086</b>	<b>2,047</b>

### 28 Administrative expenses

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Advisory and legal fees	221	109	213	82
Personnel expenses	881	897	703	672
Depreciation	98	175	59	47
Impairment loss on asset	108	-	-	-
Other	797	1,050	916	787
<b>Total</b>	<b>2,105</b>	<b>2,231</b>	<b>1,891</b>	<b>1,588</b>





## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 29 Employee benefit expenses

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Management</b>				
Salaries and wages	204	205	156	119
Contributions to provident fund	19	17	16	11
Retirement gratuity fund	14	66	14	48
Other	137	166	95	111
	374	454	281	289
<b>Other employees</b>				
Salaries and wages	1,830	1,893	1,289	1,299
Contributions to provident fund	117	118	94	94
Retirement gratuity fund	141	40	141	40
Other	379	291	300	188
	2,467	2,342	1,824	1,621
<b>Total</b>	<b>2,841</b>	<b>2,796</b>	<b>2,105</b>	<b>1,910</b>

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 licensed Fund Managers.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 30 Expenses by nature

The statements of 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	
	2013	2012	2013	2012
Changes in finished goods and work in progress	(1,596)	(2,576)	(2,064)	(1,527)
Purchase and raw materials used	362,347	386,476	375,403	400,785
Natural gas used	7,506	17,761	3,177	3,447
Employee benefits expense	2,841	2,796	2,105	1,910
Depreciation and amortisation	6,047	6,640	3,820	3,915
Excise tax	14,491	19,796	14,491	19,796

### 31 Finance costs

	(in million Baht)			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Financial institutions and other	3,736	2,271	3,720	2,197
Financial expenses	55	73	46	62
	3,791	2,344	3,766	2,259
Capitalised as cost of property plant and equipment under construction	(5)	(1)	-	-
<b>Net</b>	<b>3,786</b>	<b>2,343</b>	<b>3,766</b>	<b>2,259</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 32 Income tax expense

(in million Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
Current tax expense					
Current year		1,393	1,831	238	811
Deferred tax expense					
	18				
Movements in temporary differences		(235)	(32)	(206)	(60)
Income tax reduction		-	(10)	-	(9)
Total		1,158	1,789	32	742

### Reconciliation of effective tax rate

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Profit before income tax expense	12,012	14,445	6,083	10,347
Income tax using the Thai corporation tax rate	2,402	3,322	1,217	2,380
Income tax reduction - deferred	-	(10)	-	(9)
Income not subject to tax	(1,420)	(1,583)	(1,336)	(1,651)
Expenses not deductible for tax purposes	183	71	151	22
Utilisation of previously unrecognised tax losses	(7)	(11)	-	-
<b>Total</b>	<b>1,158</b>	<b>1,789</b>	<b>32</b>	<b>742</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### Income tax reduction

Royal Decree issued under the Revenue Code regarding Reduction and Exemption from Revenue Taxes (No. 530) B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

### 33 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, marine transportation, offshore crude oil unloading facilities and industrial zone. The privileges granted include:

- a) an exemption from payment of import duty and tax on machinery and equipment as approved by the Board of Investment.
- b) 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
- c) 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.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Summary of revenue from promoted and non-promoted businesses:

(in million Baht)

	Consolidated financial statements					
	2013			2012		
	Promoted businesses	Non- Promoted businesses	Total	Promoted businesses	Non- Promoted businesses	Total
Export sales	56,395	22,275	78,670	8,829	55,576	64,405
Local sales	359,375	84,414	443,789	424,788	75,379	500,167
Eliminations			(107,860)			(117,140)
<b>Total revenues</b>			<b>414,599</b>			<b>447,432</b>

(in million Baht)

	Separate financial statements					
	2013			2012		
	Promoted businesses	Non- Promoted businesses	Total	Promoted businesses	Non- Promoted businesses	Total
Export sales	40,986	3,530	44,516	-	34,449	34,449
Local sales	333,774	30,939	364,713	396,302	4,099	400,401
<b>Total revenues</b>			<b>409,229</b>			<b>434,850</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 34 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2013 and 2012 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	
	2013	2012	2013	2012
Profit for the year attributable to owner of the Company	10,394	12,320	6,051	9,605
Weighted average number of ordinary shares outstanding during the year	2,040	2,040	2,040	2,040
<b>Basic earnings per share (in Baht)</b>	<b>5.09</b>	<b>6.04</b>	<b>2.97</b>	<b>4.71</b>

### 35 Dividends

At the meeting of the Board of the Directors of the Company held on 31 August 2013, the Company's Board of Directors approved the appropriation of 2013 interim dividends at Baht 0.80 per share, totalling Baht 1,632 million. The interim dividends were paid to the Company's shareholders in September 2013.

At the annual general meeting of the shareholders of the Company held on 2 April 2013, the Company's shareholders approved the appropriation of 2012 annual dividends at Baht 2.70 per share, totalling Baht 5,508 million. After a deduction of the interim dividends of Baht 0.50 per share which were paid to the Company's shareholders in September 2012, the remaining dividends of Baht 2.20 per share, totalling Baht 4,488 million, were paid to the Company's shareholders in April 2013.

At the meeting of the Board of the Directors of the Company held on 23 August 2012, the Company's Board of Directors approved the appropriation of 2012 interim dividends at Baht 0.50 per share, totalling Baht 1,020 million. The interim dividends were paid to the Company's shareholders in September 2012.

At the annual general meeting of the shareholders of the Company held on 5 April 2012, the Company's shareholders approved 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 paid to the Company's shareholders in September 2011, the remaining dividends of Baht 2.00 per share, totalling Baht 4,080 million, were paid to the Company's shareholders in April 2012.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 36 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.

#### 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 2013 and 2012 and the periods in which those assets mature were as follows:

	Consolidated financial statements			
	Effective interest rate (% per annum)	Within 1 year	After 1 year (in million Baht)	Total
<b>2013</b>				
<b>Non-current</b>				
Long-term loans to savings co-operative of employees	MLR less margin	42	598	640
Loans to employees	MMR less margin	1	4	5
<b>Total</b>		<b>43</b>	<b>602</b>	<b>645</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Consolidated financial statements				
	Effective interest rate (% per annum)	Within 1 year	After 1 year (in million Baht)	Total
<b>2012</b>				
<b>Non-current</b>				
Long-term loans to savings co-operative of employees	MLR less margin	40	537	577
Loans to employees	MMR less margin	1	5	6
<b>Total</b>		<b>41</b>	<b>542</b>	<b>583</b>
Separate financial statements				
	Effective interest rate (% per annum)	Within 1 year	After 1 year (in million Baht)	Total
<b>2013</b>				
<b>Current</b>				
Short-term loans to subsidiaries	MMR rate not exceeding the average MLR of 5 banks less margin	2,923	-	2,923
<b>Non-current</b>				
Long-term loans to savings co-operative of employees	MLR less margin	42	598	640
<b>Total</b>		<b>2,965</b>	<b>598</b>	<b>3,563</b>
<b>2012</b>				
<b>Current</b>				
Short-term loans to subsidiaries	MMR rate not exceeding the average MLR of 5 banks less margin	3,184	-	3,184
<b>Non-current</b>				
Long-term loans to savings co-operative of employees	MLR less margin	40	537	577
<b>Total</b>		<b>3,224</b>	<b>537</b>	<b>3,761</b>

The effective interest rates of borrowings from financial institutions and debentures as at 31 December 2013 and 2012 and the periods in which those liabilities mature were disclosed in note 20 to the financial statements.





## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 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 2013 and 2012 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		(in million Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
<b>U.S. Dollars</b>					
Cash and cash equivalents	7	5,478	253	5,031	-
Trade accounts receivable	9	7,621	3,851	4,982	1,822
Other receivables		186	158	186	158
Interest-bearing liabilities	20	(51,400)	(20,785)	(51,400)	(20,478)
Trade accounts payable	21	(13,047)	(12,516)	(12,873)	(12,213)
Other payables		(226)	(44)	(208)	(27)
		(51,388)	(29,083)	(54,282)	(30,738)
<b>Other currencies</b>					
Cash and cash equivalents	7	17	128	-	-
Trade accounts receivable	9	282	222	-	-
Other receivables		4	2	2	-
Interest-bearing liabilities	20	(130)	-	-	-
Trade accounts payable	21	-	(5)	-	-
Other payables		(46)	(23)	(45)	(14)
		127	324	(43)	(14)
<b>Gross exposure in statement of financial position</b>					
		(51,261)	(28,759)	(54,325)	(30,752)
Currency forwards		(599)	-	-	-
<b>Net exposure</b>		<b>(51,860)</b>	<b>(28,759)</b>	<b>(54,325)</b>	<b>(30,752)</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 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.

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.



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Fair values of debentures, together with the carrying values shown in the statement of financial position as at 31 December 2013 and 2012 were as follows:

(in million Baht)				
	Consolidated financial statements		Separate financial statements	
	Fair value	Carrying value	Fair value	Carrying value
<b>2013</b>				
<b>Current</b>				
Debentures	11,753	12,330	11,753	12,330
<b>Non-current</b>				
Debentures	53,554	57,070	53,554	57,070
<b>Total</b>	<b>65,307</b>	<b>69,400</b>	<b>65,307</b>	<b>69,400</b>
<b>2012</b>				
<b>Current</b>				
Debentures	2,809	2,750	2,809	2,750
<b>Non-current</b>				
Debentures	37,317	35,786	37,317	35,786
<b>Total</b>	<b>40,126</b>	<b>38,536</b>	<b>40,126</b>	<b>38,536</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### 37 Commitments with non-related parties

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Capital commitments</b>				
Project construction agreements	22,955	7,192	15,035	6,747
License agreement	1,113	-	-	-
Other agreement	750	-	-	-
<b>Total</b>	<b>24,818</b>	<b>7,192</b>	<b>15,035</b>	<b>6,747</b>
<b>Non-cancellable operating lease commitments</b>				
Within one year	208	217	201	200
After one year but within five years	851	829	842	812
After five years	852	1,084	852	1,083
<b>Total</b>	<b>1,911</b>	<b>2,130</b>	<b>1,895</b>	<b>2,095</b>
<b>Other commitments</b>				
Inventory management services agreements	134	30	-	-
Forward exchange contracts	599	-	-	-
Letters of guarantee issued by financial institutions	584	682	404	403
Crude oil purchase agreements	45,617	48,500	45,617	48,500
<b>Total</b>	<b>46,934</b>	<b>49,212</b>	<b>46,021</b>	<b>48,903</b>



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

### Power Purchase Agreements

The Electricity Generating Authority of Thailand (“EGAT”) has a power purchase agreement for a period of 25 years with a subsidiary expiring in 2023 whereby the subsidiary will supply the electric energy to EGAT at the agreed quantity and price. As the contracted party with EGAT, the subsidiary must comply with conditions and restrictions provided for in the agreement.

### 38 Contingent liabilities and contingent assets

As at 31 December 2013 the Group had the following contingent liabilities and contingent assets:

- a) The Company has crack spread swap and time spread swap 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 2013 the Company had oil volume under the agreements totalling 20.7 million barrels (2012: 13.2 million barrels).

- b) The Company has commodity option agreements with foreign companies (“counterparties”). The Company has or the counterparties have commitments to make payments for the differences between the strike price and floating price of the crude oil price at maturity date.

As at 31 December 2013 the Company had crude oil volume under the agreements totalling 0.3 million barrels (2012: nil).

### 39 Insurance policy

As at 31 December 2013 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 9,242 million (2012: U.S. Dollars 7,501 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

Thai Oil Public Company Limited and its Subsidiaries

### 40 Event after the reporting period

At the meeting of the Board of Directors of the Company held on 13 February 2014, 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 2013 annual dividends at Baht 2.30 per share, totalling Baht 4,692 million. After a deduction of the interim dividends of Baht 0.80 per share which were paid to the Company's shareholders in September 2013, the remaining dividends of Baht 1.50 per share, totalling Baht 3,060 million, are scheduled for payment on 30 April 2014. This dividend is subject to the approval of the Company's shareholders at the annual general meeting to be held on 2 April 2014.

### 41 Thai Financial Reporting Standards not yet adopted

The Company and local subsidiaries have not adopted the new and revised TFRS and interpretations that have been issued but are not yet effective. Those new and revised TFRS and interpretations become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

TFRS	Topic	Year effective
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rate	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

TFRS	Topic	Year effective
TAS 28 (revised 2012)	Investments in Associates	2014
TAS 31 (revised 2012)	Interests in Joint Venture	2014
TAS 34 (revised 2012)	Interim Financial Reporting	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 2 (revised 2012)	Share-Based Payment	2014
TFRS 3 (revised 2012)	Business Combinations	2014
TFRS 4	Insurance Contracts	2016
TFRS 5 (revised 2012)	Non-current Assets held for Sale and Discontinued Operations	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TFRIC 12	Service Concession Arrangements	2014



## NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

TFRS	Topic	Year effective
TFRIC 13	Customer Loyalty Programmes	2014
TFRIC 17	Distributions of Non-cash Assets to Owners	2014
TFRIC 18	Transfers of Assets from Customers	2014
TSIC 15	Operating Leases-Incentives	2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014
TSIC 29	Service Concession Arrangements – Disclosure	2014
TSIC 32	Intangible Assets-Web Site Costs	2014

Management expects to adopt and apply these new and revised TFRS and interpretations in accordance with FAP's announcement and made an assessment of the potential impacts arising from the adoptions of these new and revised TFRS and interpretations on the Group's financial statements and expects that there will be no material impact on the financial statements in the period of initial application.





## AUDIT FEES OF THE AUDITORS 2013

### 1. Audit Fees

The company, subsidiaries and Thailoil Group Registered Provident Fund paid for the audit fees to the auditors' company for the latest account period amounting to Baht 6,143,000 (Six million one hundred and forty three 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 and preparing the Letter of Comfort and Accounting Comment to the auditor's company for the latest account period amounting to Baht 10,225,000 (Ten million two hundred and twenty five thousand baht only).





Professionalism

Ownership and  
Commitment

Social  
Responsibility

Integrity

Teamwork and  
Collaboration

Initiative

Vision Focus

Excellence  
Striving



#### Bangkok Office

555/1 Energy Complex Building A, 11<sup>th</sup> Floor,  
Vibhavadi Rangsit Road, Chatuchak, Chatuchak,  
Bangkok 10900, Thailand  
Tel: +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  
Tel: +66(0)-3840-8500, +66(0)-3835-9000  
Fax: +66(0)-3835-1554, +66(0)-3835-1444

[www.thaioilgroup.com](http://www.thaioilgroup.com)