



# Accelerated Success

by Sustainable Drive

2009 Annual Report  
PTT Chemical Public Company Limited



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# VISION *AND* MISSION

## VISION

Leading and Innovative Chemical Company

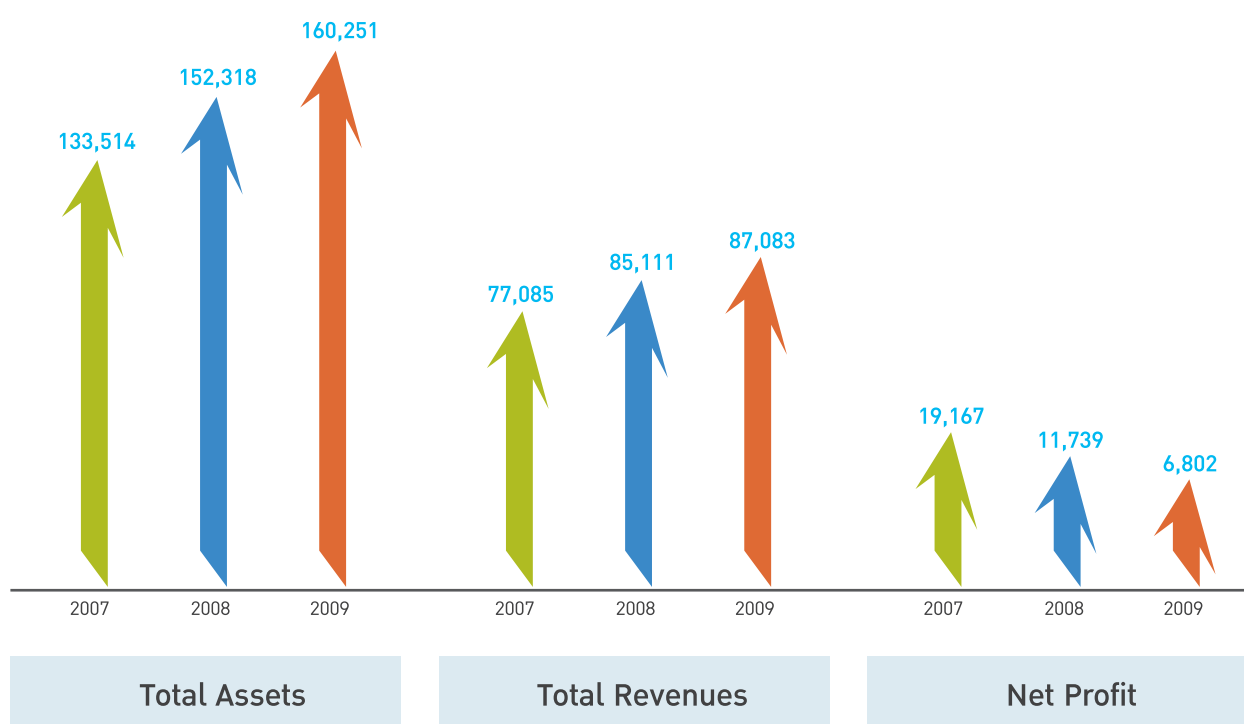
## MISSION

- PTT Flagship in Olefins Business
  - Diversified and Integrated Chemical Company
  - Superior Benefits to Stakeholders
  - Market Back and Innovation Driven Company
  - Knowledge Based Organization
  - Trustworthy Company to Stakeholders with Safety Responsibility and Environmental Care
- 

# Financial Key Figures

	YEAR	2007	2008	2009
Total Assets		133,514	152,318	160,251
Total Liabilities		39,117	56,121	59,158
Shareholder's Equity		94,397	96,197	101,093
Total Revenue		77,085	85,111	87,083
EBITDA		25,343	20,258	15,546
Net Profit		19,167	11,739	6,802
Earning Per Share (Baht)		12.85	7.84	4.54
<b>Financial Ratios</b>				
Current Ratio (time)		2.39	2.96	2.28
EBITDA to Total Revenues (%)		32.87	23.80	17.85
Net profit to Total Revenues (%)		24.86	13.79	7.81
Return on Total Assets (%)		15.64	8.21	4.35
Return on Equity (%)		21.75	12.32	6.90
Debt to Equity (times)		0.41	0.58	0.59

Unit : Million Baht



Note: Share of profits from investments accounted for using equity method which was included as part of total revenue has been reclassified to be separately presented as an item under profit and loss statement for the year ended December 31, 2008.



**Top  
5**

Among largest Olefins  
producer in SEA

**1.7**  
**mn PTA**

Olefins production  
capacity

**70%**

of Thailand's Olefins  
production capacity

**14%**

of SEA Olefins  
production capacity

**100**

Serving over 100 countries  
world-wide

**1**

2009 Frost & Sullivan  
Asia Pacific  
Industrial Technologies Award  
to Emery Oleochemicals

**87,083**  
**MB**

Consolidated Sales revenue

# Achievements of the Year 2009



## Board of the Year Awards 2008/09

for Exemplary Practices

Conferred by Thai Institute of Directors Association (IOD)



## Audit Committee of the Year 2008/09 "Top Five" level

Conferred by Thai Institute  
of Directors Association (IOD)



## Best Asian Companies 2008

for the most convincing and coherent strategy  
among Asia's petrochemical businesses

Conferred by EUROMONEY Magazine



## SET Awards 2009 Excellent CG Scoring

for 2 consecutive years

Conferred by the Stock Exchange  
of Thailand/Money & Banking Magazine



## The ICIS Top 40 Power Player 2009

CEO & President of PTCH was the only Thai  
and 1 of 5 players in Asia voted for ability  
to sail the Company through the subprime turmoil  
by ICIS, the world's leading chemical consultant



## Top 5 of 200 Best Public Companies 2009

Conferred by Money & Banking Magazine  
(based on the size, profitability  
and return on investment)



### EIA Monitoring Award 2009

Certificate for manufacturing plants for compliance with the Environmental Impact Assessment report with excellent environment management  
Conferred by the Office of Environment Policy and Planning, Ministry of Natural Resources and Environment



### Environmental Governance Award (Green Star)

from the Industrial Estate Authority of Thailand, in recognition of the Company's promotion and supports of transparent and fair environmental activities



### Outstanding Business Operator

in Labor Relationships and Welfare 2009 Award  
Large Business Category  
Conferred by the Department of Labor Protection and Welfare, the Ministry of Labor



### Outstanding Business Operator

in Safety, Occupational Health and Work Environment Award (National) 2009  
Conferred by the Ministry of Labor (for 11<sup>th</sup> year)



### Golden Sun Award under Thai Software Promotion Campaign

through the (PCI – Performance & Competency Management and Individual Development Plan  
Conferred by Software Industry Promotion Agency in recognition of excellent application of Thai software

# Message to Shareholders

**Mr. Prasert Bunsumpun**  
Chairman

**Mr. Veerasak Kositpaisal**  
President & CEO



## Dear Shareholders

The effect of global economic crisis in the last quarter of 2008 had an adverse impact on the entire economy as well as the petrochemical and chemical industry in early 2009. On recognition of the hardship, the Board of Directors closely monitored the situation through regular Board meetings. Concerned with the impact, the Board had revised the business plan, sale and marketing strategies, and the production plan.

Affected by the wave of economic crisis, the Company rapidly adopted immediate action plans, including proactive sales and marketing strategies, energy saving measures, the improvement in the operating system and cash flow management.

The Company also conveyed these messages to all employees to overcome the difficulties. In 2009, owing to employees' supports, the Company realized Baht 87,083 million in revenue and the better-than-expected net profit of Baht 6,802 million or Baht 4.54 per share.

However, shareholders could have been informed of the Central Administrative Court's injunction on the suspension of the 7 investment projects in Map Ta Phut Industrial Estate, involving the Company and its subsidiaries. The Company has assessed the direct and indirect impacts on the Company's projections. Meanwhile, we have also formulated a round table discussion in order to settle for a solution and mitigate the impacts in all aspects. The Board of Director's also took into consideration possible investment risks and set out long-term goals and direction, to ensure sustainable growth of the Company.

## Investment

In 2009, the Company expanded its investment overseas through Emery Oleochemicals (M) Sdn Bhd, a 50:50 joint venture of PTT Chemical International Private Limited and Sime Darby Plantation (M) Sdn Bhd of Malaysia, a world-class oleochemical company, to strengthen the Company's regional business expansion with the goal to become a global leader in the biochemical product business.

### Customer-Oriented Product Development

As innovation and the plastic industry are interconnected, the Company develops Polymer products under “InnoPlus”, a well-received brand not only in domestic but also in international markets, in order to meet customers’ needs and offer them various alternatives. Meanwhile, through the improvement of the supply chain management, the internal administration was enhanced to foster efficient customer relationship, in which highlighted our belief that customers are our business partners.

### Employee-Key Driven Towards Organizational Strength

The Company believes in its employees potential which is a key to our business success in 2009. The Individual Development Program (IDP), whereby each employee is invited to plot their individual development plan together with their superiors, was introduced. With the Company’s support, this will allow them to fully develop their own potential. This year, for the first time, the Company also introduced a new systematic approach called “Pay for Performance”, which describes financial returns that match employees’ performance.

### Social and Environment Responsibilities

We give high value in a better quality of life and better society, by initiating numerous community and social development projects. Our employees are committed to social responsibilities and devote themselves in supporting activities for the communities.

The Company emphasizes on performing best practices and operating its business with high responsibilities throughout the whole value chain which leads to a continuous improvement. As a result, we ceaselessly achieved numerous environmental quality awards from certified institutions. Furthermore, in order to build safety culture, the Company established “The Behavior Based Safety” Project (BBS).

### Stable Growth and Sustainable Development

The Company underlined the importance of Stable Growth and Sustainable Development, via its vision and mission. Our management demonstrates the ambition of becoming a trustworthy and highly responsible organization for all stakeholders, through safety and environmental awareness and compliance with the Good Corporate Governance practices, resulting in a great number of awards. Some of our dignified prizes were the Board of the Year for Exemplary Practices and the Audit Committee

Award for 2008/2009, which were evaluated and bestowed by the Thai Institute of Directors and other acceptable institutions.

We are grateful for all's supports and trusts. It is undeniable that shareholders have played an inevitable role in helping the Company overcome obstacles. We also appreciate all supports from other stakeholders, e.g. the government and the private sector, customers, business partners, and communities at home and internationally.

We, as the Board of Directors, will put our efforts in monitoring and governing the Company to assure competitive ability and commit to engage proactively with Thai communities on the basis of transparency and Good Governance.



**(Mr. Prasert Bunsumpun)**  
Chairman



**(Mr. Veerasak Kositpaisal)**  
President & CEO

## Overall Economy in 2009

The first quarter of 2009 witnessed the continued economic slide from the last quarter of 2008, showing 7.1% contraction year on year, which was the sharpest drop since 1997 crisis. The global financial crisis continued to pressure developed and emerging countries' demand for exports from Thailand. Export-oriented production, particularly durable goods like electronics, automobiles and auto parts as well as electrical appliances, was unusually low, leading to a significant realignment. Capacity utilization dropped, along side with a cut in finished goods and raw materials inventories, work hours, workforce, and production cost. The trend spread out to their supporting industries and the entire economy. As a consequence, private investment, public investment and private consumption in the first quarter of 2009 plunged 17.7%, 9.1% and 2.6%, respectively.

The crisis eased to some extent in the second quarter. International financial markets recouped some stability and many countries witnessed smaller contraction. The Thai economy showed improvement in some areas like industrial production, investor confidence and figures in some export industries such as the electronics and electrical appliances. In this quarter, relaxed fiscal and monetary policies started to yield a satisfactory result.


The economy expanded 2.3% from the previous quarter, the first quarterly expansion since the global financial crisis. The figure officially confirmed the end of economic recession, ignited in the last quarter of 2008 and running for two straight quarters, as government spending buoyed consumption and investment. Private consumption and investment consequently expanded 0.8% and 1.5%, respectively. Inventory realignment came to a close, while export-oriented sectors like electronics and hard disk drive saw their capacity utilization nearly return to the pre-crisis level.

In the third quarter, the recovery pace continued, albeit gradually, in major industrialized nations and most Asian countries. Some uncertainties remained, though, particularly the weak financial institutions in the United States and European Union as well as rising unemployment and bad debts. Thailand, however, saw improvement in the areas of industrial production, exports, employment, private investment and confidence. In this quarter, many countries' relaxed fiscal and monetary policies created clearer results.

Thailand's third quarter recovery was at a slower pace than in the previous quarter, when industrial production to meet higher demand for inventory build-up ended. The recovery was mainly boosted by the export and service sectors which expanded for the first time in a year. Improvement was vivid in export-oriented industries and tourism, while public spending surged 21.1% over the same period a year earlier. Private consumption expanded 1%, with strong demand for durable goods in line with improving consumer confidence.

In the fourth quarter, the economic recovery, first felt by export-oriented industries in the second quarter, was extended to cover industries that depended on domestic demand





like the automobile, beverage and petrochemical. Coupled with increasing tourism revenue and farmers' income, the last quarter showed the recovery in the manufacturing, exports and consumer spending. Unemployment which skyrocketed in the first quarter went down to the normal level in the last quarter.

The unusually low capacity utilization in the first three quarters resulted in a delay in new private investment. Despite an improvement in the fourth quarter, private investment remained low. Exacerbating the sentiment was the legal complications concerning the Constitution 2007's Article 67 (2), which put several large investment projects in Map Ta Phut and nearby areas on hold, directly or indirectly, as a result of the Central Administrative Court's injunction. This pressured private investment late 2009, as reflected through the 1.6% contraction in capital goods imports.

Late January 2010, the Bank of Thailand revised the 2009 economic contraction to 2.7%, with inflation contracting 0.9%. Moreover, it pointed out some risk factors, mainly the slower-than-expected recovery in major trade partners' economies, the slower-than-expected budget disbursement, and the delay in solving the Map Ta Phut crisis. Regarding the Map Ta Phut crisis, both the Central Bank and the Fiscal Policy Office agreed that it could shave off the economic growth by 0.2-0.5%, excluding the unknown social impacts. The injunction could result in short and long-term impacts on economy and society at all levels if it continues for a long period. The impacts are just beyond one's evaluation ability.

# Business Value Chain



## Olefins & Shared Facilities

- Olefins <sup>(1)</sup> <sup>(2)\*</sup>
- Mixed C4  
Pyrolysis Gasoline  
Cracker Bottom  
Hydrogen
- Utility  
Jetty & Buffer Tank Farm

## Polymer Products Value Center

- High Density Polyethylene (HDPE) <sup>(3)</sup> <sup>(4)\*</sup>
- Low Density Polyethylene (LDPE) <sup>(5)\*</sup>
- Linear Low Density Polyethylene (LLDPE) <sup>(6)\*</sup>
- Polystyrene (PS) <sup>(7)</sup>

## EO-Based Performance Products Value Center

- Ethylene Oxide / Ethylene Glycol (EO / EG) <sup>(8)</sup>
- Ethanolamine <sup>(9)\*</sup>
- Choline Chloride <sup>(10)\*</sup>
- Ethoxylate <sup>(11)</sup>

### Business Structure of the Company, its Subsidiaries and Affiliates, and their capacities

\* Projects Under Construction

(1) PTTCH capacity = 1,863,000 tons per year

(2)\* PTTCH and PTTPE capacity = 150,000 tons per year and 1,025,000 tons per year, respectively

(3) PTTCH and BPE capacity = 250,000 tons per year and 250,000 tons per year, respectively

(4)\* PTTCH and BPE capacity = 50,000 tons per year and 250,000 tons per year, respectively

(5)\* PTTPE capacity = 300,000 tons per year

(6)\* PTTPE capacity = 400,000 tons per year

(7) TSCL capacity = 90,000 tons per year

(8) TOCGC capacity = 395,000 tons per year

(9)\* TEA capacity = 50,000 tons per year

(10)\* TCC capacity = 20,000 tons per year

(11) TEX capacity = 50,000 tons per year

## Our Products are Life Fulfillment

### Oleochemical Products Value Center

- Methyl Ester Mixed Fatty Alcohol & Glycerin<sup>(12)</sup>
- Base & Specialty Oleochemicals<sup>(13)</sup>
- Multi-Purpose Reactor (MPR)<sup>(14)\*</sup>

(12) TOL capacity = 331,000 tons per year  
 (13) EMERY capacity = 962,000 tons per year  
 (14)\*TOL capacity = 14,000 tons per year

### Services / Others

- Jetty<sup>(15)</sup>
- Utility<sup>(16)</sup>
- Safety & Environmental Services<sup>(17)</sup>
- Maintenance & Engineering<sup>(18)</sup>
- Pipe Line Transportation & Logistics<sup>(19)</sup>
- Vinyl Chloride Monomer (VCM)<sup>(20)</sup>  
Poly Vinyl Chloride (PVC)
- Phenol<sup>(21)</sup>
- Other Services<sup>(22)</sup>

(15) TTT  
 (16) PTTUT  
 (17) NPC S&E  
 (18) PTTME  
 (19) EFT  
 (20) VNT ; VCM capacity = 400,000 tons per year, PVC capacity = 280,000 tons per year  
 (21) PPCL capacity = 200,000 ton per year  
 (22) PTTICT



# Accelerated Success

by Sustainable Drive

True success materializes when business growth and social development are on the same course. PTT Chemical is committed to innovations, participation and idea exchanges with partners in jointly creating and developing new products to fit their preferences. The marketing channel is expanded for higher business growth, where product value is heightened and Thai petrochemical and chemical industry can leap forward. We care for all stakeholders and demonstrate responsibility to society and community, to ensure solid and sustainable growth from today to the future.

OLEFINS & SHARED FACILITIES | OPERATIONAL EXCELLENCE





# Striding To Success On a Strong Foundation

With a solid foundation, PTT Chemical covers the upstream to downstream petrochemical industry, derivative products including to the top production capacity in Thailand. We are a leading company in Asia, owing to the wise raw material management, advanced technology, continually-developed operations, and capacity expansion to meet the growing demand regionally. With stability and efficient cost management, we remain competitive in the fast-changing environment. Capability in market expansion, production stability, and distribution are assured to secure customer trust. This is for today and future sustainable growth.

# Olefins & Shared Facilities

## Overview

### Olefins Production and Distribution

The Company produces and distributes ethylene and propylene, collectively called “olefins”. The products are supplied to downstream petrochemical plants in the industrial estate, the Company’s High Density Polyethylene (HDPE) plant, and the Ethylene/Ethylene Oxide (EO/EG) plant of TOC Glycol (TOCGC), a wholly-owned subsidiary of the Company. Any excess supply from domestic demand, if at attractive prices, will be sold on the international spot market.

As natural gas and naphtha are feedstock of the Company’s olefins production, the feedstock can be efficiently adjusted for the highest benefits. At the end of 2009, the Company’s olefins nameplate capacity stood at 1,863,000 tons per annum: ethylene 1,376,000 tons and propylene 487,000 tons—from 3 plants:

- Olefins plant I-1, a gas based plant, with ethylene capacity of 461,000 tons per year and propylene of 127,000 tons per year.
- Olefins plant I-4/1, a gas or naphtha based plant, with ethylene capacity of 515,000 tons per year and propylene of 310,000 tons per year.
- The second phase of debottlenecking will increase the plant’s ethylene and propylene capacity by 100,000 and 50,000 tons per year, respectively. Olefins plant I-4/2, a gas based plant, with ethylene capacity of 300,000 tons per year.

The Company also produces and distributes olefins by-products, such as Mixed C-4, pyrolysis gasoline, tail gas, cracker bottom and hydrogen. The by-products are distributed to domestic buyers.

### Utilities Production and Distribution

For greater stability and integration of the petrochemical business, the Company emphasizes on supporting businesses and activities, like electricity, steam and water for industrial use (treated water, potable water and demineralized water) for the Company’s olefins plants and downstream petrochemical plants in authorized locations as well as companies in Map Ta Phut Industrial Estate. At the end of 2009, the Company commanded 247.5 megawatts (MW) of power generating capacity, 480 tons per hour of steam capacity, 1,500 cubic meters per hour of industrial water, and 1,000 cubic meters per hour of sea water reverse osmosis (SWRO).

The Company also operates its jetty and petrochemical buffer tank farm facilities, to support production stability particularly in the event of discontinued production or maintenance shutdown. Through these facilities, the Company can continue the imports and exports of petrochemical products and extend the services to serve downstream petrochemical plants.



## 2009 Olefins and Shared Facilities Performance

The Olefins and Shared Facilities value center has undertaken development and improvement in the production efficiency, for competitive operating cost, which will solidify its operations and pave way for business expansion. Major activities are as follows;

### Production Efficiency-Related Activities

- Increase the operating standard to the 1<sup>st</sup> Quartile level
- Enhance the plant reliability, through MERIT program which was transformed to Operation Excellence Platform. The program at I-1 plant is scheduled for completion in 2010. To increase the utilities reliability, the Reliability Center Maintenance (RCM) has been implemented at Plant I-4 during 2009-2010, while the Modernized Power Substation for the gas turbine generation of 22 kV is completed, aside from the installation of the Sea Water Reverse Osmosis (SWRO) for water backup.
- Production efficiency is enhanced for higher yield through the Advanced Process Control (APC) at Plant I-4/1, which is expected to be completed in 2010.
- The Operation Training Simulator (OTS) is implemented at Plant I-4/2, expected completion in July 2010, to increase employees' production controlling skills.
- Energy Saving Efficiency
- Actions to materialize operating cost reduction, through the optimization of raw material and product inventory management as well as facilities.

## 2009 Asian Olefins Market Overview


Due to the global economic crisis in the fourth quarter of 2008, olefins prices in the first half of 2009 showed slight improvement. Despite continued improvement through the year end, the annualized average prices remained significantly lower than those in the first three quarters of 2008 when the economic and industry condition was in normal stage. Average ethylene price was \$864 per ton in 2009, 24%<sup>1</sup> lower than that of the same period last year, while propylene price was \$883 per ton, 30%<sup>2</sup> lower.

In the second half of 2009, demand for oil and derivatives picked up significantly, thanks to the economic recovery on stimulus packages in several countries. Crude oil and naphtha enjoyed a rapid price increase. The ethylene supply remained tight from the second quarter to year end despite higher demand in the intermediate and downstream markets, as some petrochemical complexes started downstream operations ahead of schedule. These complexes needed to buy ethylene on the spot market, and significantly drove the ethylene price above \$1,000 per ton. However, ethylene producers with naphtha based feedstock saw their margin squeezed, reflecting through the narrower spread of ethylene and naphtha prices which fell about \$18 per ton<sup>3</sup> from 2008 to \$314 per ton in 2009. Thanks to the Company's feedstock flexibility, profit opportunities remained.

In 2009, propylene prices in Asia rose higher than ethylene prices. The prices shot up in the first half was due to higher cost of crude oil price and naphtha price and tighter market conditions, which was driven by a shutdown of four on-purpose propylene units in Asia with combined capacity of 685,000 tons per annum. Coupled with the capacity cut of crackers, propylene supply nosedived by approximately 194,000 tons<sup>4</sup> in the second half. As the market started to pick up on the back of economic stimulus packages, derivatives producers demand rose significantly, while some on-purpose propylene plants were shut down for scheduled maintenance. However, overall, the propylene market showed better outlook than the ethylene market.

<sup>1, 2, 3</sup> [Source: ICIS]

<sup>4, 5</sup> [Source: CMAI]



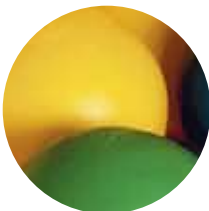
Thanks to the policy to increase competitiveness through feedstock diversity, competitive cost, and enhanced business opportunities from the upstream to downstream industries, the Company has possessed stability and flexibility options. These help the Company to stand ready for domestic and international competition, with higher flexibility in formulating marketing policies and distribution channels, particularly amid high volatility and global economic crisis.

POLYMER PRODUCTS | MARKET-FUTURE DRIVEN





# Co-Creating For Smarter Growth



PTT Chemical strives for innovative products for the new lifestyles,  
and a greater range of choices for consumers.

Under "Co-Creation" principle, we work together with clients  
in product development. Under "InnoPlus" brand, we add value to  
the "polymer" business, leading to greater value and innovations  
in various industries, in response to the needs of end-users.

Our strengths in marketing, technology and services are enhanced  
for customer's maximum benefits and sustainable development so that  
we can maximize our ability to satisfy end-users.



**InnoPlus**  
by PTT Chemical



# Polymer Products Value Center

## Overview

Polymer products, the main derivatives of olefins, are processed into assorted consumer commodities, needed merchandise in industries and agriculture, and merchandise that eases modern lifestyles, closely related to everyday life. It's thus a business that makes the Company proud.

The Company's high density polyethylene (HDPE) capacity was 250,000 tons per year, and another 250,000 tons per year under its subsidiary Bangkok Polyethylene Plc (BPE). The products were distributed under "InnoPlus" brand. The capacity of both companies are being expanded by another 50,000 tons and 250,000 tons per annum, respectively.

Both plants are capable of producing various forms of HDPE, making them perfect for conversion to end-products via the processes of blown film, cast film, pipeline, injection and thread. The quality and characters can be adjusted to fit specifications, for the production of plastic bags, drinking water bottles, milk bottles, lubricant gallons, home appliances, toys, construction materials, as well as industrial and agriculture tools like ropes, fishing nets, nets, plastic boxes, showcase boxes, water pipes, electrical wire pipes, and etc.

The HDPE is distributed to local and international casting industrial plants via PTT Polymer Marketing Co.,Ltd. (PTTPM), a joint venture of the Company, PTT and IRPC in which the Company holds a 25% stake. PTTPM handles marketing and distribution activities for the Group, for marketing competitiveness in domestic and overseas markets.

## 2009 Polymer Products Value Center Performance

The value center has continuously improved the production efficiency at competitive cost. Product development is also in focus to keep up with market demand and customers' specification, aside from maintaining the existing customer base and expanding business so that the value center's increasing capacity is best managed. Major activities are :

### **Production Efficiency-Related Activities**

- Increase the operating standard to the 1<sup>st</sup> Quartile level
- Production efficiency is enhanced through the Advanced Process Control (APC) at HDPE unit of oletins plant I-1, which was completed in 2009 and at BPE's Plant scheduled for completion in 2010.
- The Operation Training Simulator (OTS) was implemented at HDPE-unit of olefins plant I-1 and completed in Q3 of 2009, to increase employees' production controlling skills.
- Energy Saving
- Actions to materialize operating cost reduction, by minimizing yield but maintaining product quality. Feedstock is managed while the styrene monomer (SM) pipeline was installed and completed in 2009 to accommodate SM imports. This facilitates the value center's SM supply and enhances the Company's competitiveness as SM cost is maintained at competitive level.

### **Competitiveness and Marketing-Related Activities**

- Expand the marketing channel, by supporting PTT Polymer Marketing Co., Ltd. (PTTPM), in establishing a subsidiary in the United Arab Emirates to cover operations in target markets, increase the service efficiency, thoroughly respond to customers, and accommodate the increasing volumes of polymer products.
- Customer management for the long-term relationship, through the Key Account Management and Co-Creation Project with customers in jointly developing products to fit their specifications.
- Increase revenues through offensive marketing and distribution, in line with the production plan.



## Polymers Market Overview 2009

After the global economic crisis in the fourth quarter of 2008, polyethylene prices had been on the rise. Average high density polyethylene (HDPE) price of all grades was quoted at \$895 per ton in the fourth quarter of 2008, while in 2009 the price gradually shot up and maintained at \$1,183 per ton in the fourth quarter, resulted in average price of 2009 of \$1,113 per ton. However, the price was approximately 24%\* lower than that of 2008 of \$1,462 per ton.

The slowdown of global economic also forced businesses in many sectors to cut production and lay off, amid higher cost. The spread of polyethylene and its main feedstock, ethylene, fell no less than 20% from the previous year. The spread of HDPE, LDPE and LLDPE in 2009 went down to \$249, \$293, and \$276 per ton, respectively.\*


Polypropylene prices in 2009, like polyethylene situation, fluctuated in line with crude oil prices, with the average price peaking at \$1,181 per ton in December, while hitting the floor at \$779 per ton in January. Polypropylene producers' profitability moved downward, with average spread of polypropylene and propylene of \$176 per ton, approximately \$16 per ton lower than the 2008 level.\*

Polystyrene prices were more volatile than polyethylene and polypropylene prices. The GPPS grade witnessed the lowest average price in January at \$730 per ton, while the price peaked at \$1,250 per ton in August. For HIPS grade, lowest average price was seen in January at \$840 per ton, while the peak was \$1,335 per ton in December. On average, GPPS and HIPS grade polystyrene price stayed at \$1,065 and \$1,161 per ton, respectively, in 2009. The figures showed a drop of \$359 and \$339 per ton, respectively, from the 2008 level.\*

In Thailand, despite economic contraction as a result of the financial crisis in late 2008, the country witnessed continuous improvement in economic indicators, thanks to the government's stimulus packages and faster-than-expected recovery of major trade partners. Moreover, polymer products are linked to everyday life, despite a drop in domestic demand during the contraction, the impact was mild compared to that of other industries.

\* Source: ICIS





Thanks to the long history as an HDPE producer who ably maintains plastic pellet quality and continuous product researches with production cost control, established customer base, worldwide distribution network, competitive cost, and particularly the “InnoPlus” brand as well as commitment to the value of partnership, the Company is confident that the operations will continue showing efficiency, to strengthen the Thai plastic industry’s potential in the global arena in the future.





# Gaining Higher Value... Reaching Higher Margin

PTT Chemical takes the EO-based performance business to the next level, with a wider variety of products at higher value.

This pushes us towards the leading position, driving Thailand's competitiveness and strengthening the economy through import substitutes. We create jobs, generate income and widen the market.

# EO-Based Performance Products Value Center

## Overview

For the added value of olefins products and in response to industrial and consumer demands, the Company sees the need to embark on the production of high-valued products non-existent in Thailand, to substitute imports and enhance the Thai petrochemical industry's competitiveness. The following ethylene oxide and derivatives (EO-Based Performance Products) are thus created.

- **Ethylene Oxide/Ethylene Glycol (EO/EG)** by TOC Glycol Co., Ltd., which the Company subsidiary, mainly converts Ethylene Oxide (EO) and Ethylene Glycol (EG) to Monoethylene Glycol (MEG), a raw material for polyester fiber production in the textile industry and production of clear plastic (PET) bottles. TOCGC's MEG annual capacity is 395,000 tons per year.
- **Fatty Alcohol Ethoxylate** by Thai Ethoxylate Co., Ltd. (TEX), a 50 : 50 joint venture with Cognis Thai Ltd., a unit of Cognis Group – the world's major specialty chemicals producer. Ethoxylate is a raw material for shampoos, dish washing liquids, and washing liquids. TEX is Thailand's first ethoxylate producer, with the installed capacity of 50,000 tons per year.
- **Ethanolamine** by Thai Ethanolamine Co., Ltd. (TEA) whose main product is Monoethanolamine, Diethanolamine and Triethanolamine with combined capacity of 50,000 tons per year. The products are components of shampoos, conditioners, fabric softeners, cosmetics, and the pharmaceutical industry, the cement industry and others. The plant is completed, ready for operations as soon as the Map Ta Phut case is solved.
- **Choline Chloride** by Thai Choline Chloride Co., Ltd. (TCC). The main product of TCC is an essential blended item for poultry and pig feed, with a capacity of 20,000 tons per year. The import substitution project is under project revision.

## 2009 EO-Based Performance Products Value Center Performance

The 50 - Based Performance Products value center is set out to improve the production efficiency for competitiveness in the international scale, as well as enhance the production capability to accommodate the domestic market. Major activities are as follows;

### Production Efficiency-Related Activities

- Increase the operating standard to the 1<sup>st</sup> Quartile level
- Energy Saving Efficiency
- Actions to materialize operating cost reduction, through the optimization of raw material and product inventory management as well as facilities.
- Standardize the operations through the implementation of Internal Control Program (ICP) to control petrochemical substances in TEA plant, the improvement of the Plant Real Time Information System at TOCGC, in order to bring the same standard of other companies in the Group. TEA is also prepared to implement measures on quality (ISO 9000), environment (ISO 14000) and occupational health and safety (TSI 18000). The Company plans to complete the three actions within 2 years after the start of commercial operations.

### Competitiveness and Marketing-Related Activities


- Customer management for the long-term relationship, through the Key Account Management
- Increase revenue through offensive marketing and distribution, in line with the production plan.

## Market Overview 2009

As TOCGC is the country's first and only EG producer, excess supply from domestic consumption is exported to Asian markets like China, which has a huge demand of EG compared to other markets or niche markets in other regions where EG demand is slim, while selling price is relatively high. In addition, the market of MEG, a commodity product used as main raw material of the polyester industry which is a major component of the textile industry, and clear plastic (PET) bottle industry, is in line with the polyester industry's market. In particular, China is in huge demand of MEG and is the world's largest MEG importer. Other Asian countries also need to import MEG for domestic demand.

In Thailand, demand for MEG in 2009 totaled about 450,000 tons. Due to the economic slowdown from political condition and other external factors that continued from late 2008, the market condition in the first half was poor. However, thanks to the continued economic improvement in the second half, domestic and international demand rose, which led to a rise in MEG price and continue to tend upward towards early 2010.

Ethanolamine is mostly exported to Asian markets, particularly China where demand is high. About half of Ethoxylate in various grades is supplied to Cognis Group, as agreed in the joint venture agreement. Overall, 2009 marked the downturn in the industry, as economic crisis led to slower business activities and lower demand in related industries like the personal care product, pesticide, and construction industries. Ethanolamine price dropped compared to the previous year. Nevertheless, due to the economic improvement in the second half of 2009, demand had picked up and should continue the positive trend in 2010.



The EO-Based Performance Products value center is considered as an intermediate chemical industry, with can expand to many ranges of specialty products. Aside from maximum added value from the products, the center emphasized the preventive measures of environmental impacts from the start. The plants were designed and constructed in line with international standards, with the intention to reduce energy consumption and keep environmental impacts within the legal limits, in line with the policy to grow business in a sustainable way.

OLEOCHEMICAL PRODUCTS | GREEN SOLUTIONS







# Keeping Green Pace

PTT Chemical, a leading Thai oleochemical company, is keeping pace with the green innovation in response to growing demand. Our innovations range from alternative energy or biodiesel to primary substances for the cosmetics industry, cleaning and hygienic products to gain consumer trust and benefit the country in environmental and economic terms.

PTT Chemical is also committed to use innovative strengths in extracting new alternative energy from Jatropa and Algae, for instance.

# Oleochemical Products Value Center

## Overview

Thanks to Thailand's and other Southeast Asian countries' terrain and climate, suitable for oil-yielding plants like palm, coconut and jatropha, which can be processed into natural chemical products or oleochemicals, and thanks to the increasing demand for alternative energy and environmental-friendly products, the Company sees the need in developing the oleochemicals business. Natural raw materials like palm oil, palm kernel oil, vegetable oil or animal fat can be processed into oleochemicals which in turn can be used for the production of derivative materials. The Company oleochemical products, produced by a wholly-owned subsidiary, Thai Oleochemicals Co., Ltd., are as follows;

- Methyl Ester, which can be processed into high-performance biodiesel to reduce pollution and environmental impacts and boost diesel performance (capacity : 200,000 tons per year).
- Fatty Alcohol is widely used in health and personal care industry (capacity : 100,000 tons per year). A wholly-owned subsidiary, Thai Fatty Alcohol Co., Ltd., supplies fatty alcohol for the ethoxylate production.
- Glycerin, a derivative, is widely used in pharmaceutical and food industries (capacity : 31,000 tons per year).

TOL is also involved in the Multi-Purpose Reactor (MPR) project with 14,000 tons per year capacity for health & personal care substances and basic oleochemicals-based plastic additive. The commercial operation of MPR is scheduled for the second quarter of 2010.

## 2009 Oleochemical Products Value Center Performance

The Company's oleochemicals business, operated in 2008, was under the learning curve during 2009 with efforts to enhance its quality and standards, which will be the main foundation. The manufacturing quality was continuously improved, through higher efficiency and lower production cost. Process to establish confidence in the products was focus. Major activities in the business are as follows :



### **Production Efficiency-Related Activities**

- Increase the operating standard to the 1st Quartile level by gathering data for benchmarking and searching for best practices for the work process, in comparison to other players in the oleochemicals industry.
- Enhance production efficiency, with adjustment in the process to allow direct processing of Fatty Alcohol C16/18 from the Fractionation Unit, which results in shorter production process.
- Energy Saving Efficiency
- Actions to materialize operating cost reduction, through the sourcing of various and cheap raw materials like Palm Fatty Acid Distillate (PFAD) and Palm Styrene for the production of Methyl Ester, as well as striking palm supply contracts with more suppliers and securing other materials.
- Standardize the operations through management systems. TOL was bestowed the ISO 9000 (quality) from Management System Certification Institute (Thailand).

### **Competitiveness and Marketing-Related Activities**

- Enhance revenues capability. Methyl Ester controls huge share in the domestic demand. Products are of various grades in response to customers' preferences, while the international marketing and distribution network is established for fatty alcohols and glycerin.
- Obtain quality standards to widen marketing and distribution opportunities. Glycerin is certified under the Good Manufacturing Practice (GMP) quality system that assures food safety and Hazard Analysis and Critical Control Point (HACCP) - the systematic approach to analyze dangers and points to take control. The Company's Glycerin is thus can be supplied to the pharmaceutical, food and health & personal care industries. Late 2009, both glycerin and fatty alcohols also secured certificates from the Halal Standard Institute of Thailand.




## Market Overview 2009

In the past few years, global awareness in alternative energy and drive to replace synthetic substances with substances containing or made of natural materials has been on the rise. Globally, consumers are demanding for more products containing or made of natural materials. Demand for basic oleochemical products has been escalating globally, in line with economic growth and the government's biodiesel policy and supports. Many countries openly promoted higher use of biodiesel, encouraging greater demand of Methyl Ester. Such policy plays an influential role in forecasting the supply and demand as well as the methyl ester outlook, and the Company is required to closely monitor energy policies in the international scale.

The fatty alcohols market is meanwhile witnessing a supply crisis, mainly because fatty alcohols production plants in Asia are just completed and operational. However, the supply and demand should be balanced in the next 1-2 years. The financial crisis also put the downstream industries into great difficulties in 2009, particularly the plastic industry. The situation showed signs of improvement in late 2009, thanks to higher demand from the health & personal care industry as well as demand to replace synthetic fatty alcohols with natural ones.

The market conditions of methyl ester and fatty alcohols directly brought down the price of glycerin, which also suffered from higher supply. To cope with the condition, the Company is embarking on researches and development to use glycerin in place of chemicals in the production of downstream chemical products.



To demonstrate the commitment in growing the oleochemical business, the Company has extensively developed and improved the production and service quality. The production efficiency has been enhanced while production cost is brought down on energy saving measures. This will allow the Company to better satisfy customers and establish trust in the products for maximum customer satisfaction.

SERVICES & OTHERS

PROFESSIONAL SERVICE PROVIDER





# Ensuring Reliabilities & Efficiency Services

PTT Chemical is dedicated to become an integrated services provider to support the entire value chain, whereby the organization and customers in related petrochemical industry can operate efficiently and meet with standard in terms of marketing, utilities, facility maintenance, storage, product transportation and operations.

Aside from safety and environment consultation, we offer petrochemical product lab tests for all customers.

All for the greatest benefits and convenience of customers, are part of PTT Chemical's drive to proudly become a chemical leader and an innovative organization.

## Services & Others

**The Company has put focus on supporting businesses and activities, which will increase the petrochemical business's stability and integration. The Company has the following services for companies in the Group and intermediate petrochemical clients.**

### **Chemical Storage and Transportation**

The Company has a subsidiary that offers the chemical storage and transportation service. Thai Tank Terminal Ltd. (TTT) operates the liquid chemical storage and transport facilities, a foundation of the petrochemical industry, to serve industrial clients in Map Ta Phut Industrial Estate. It is also concessioned to provide the service to industrial plants located in Map Ta Phut Industrial Estate.

### **Electricity and Steam Generating and Distribution**

Through the joint investment with companies under PTT Group, the Company set up PTT Utility Co., Ltd. (PTTUT) to generate electricity, steam and industrial water to serve project 1 (CUP-1) - phase 1-5. Power and steam are also produced project 2 (CUP-2) and project 3 (CUP-3) - phase 1. All the projects are commercially operational. The phase 6 at project 1 (CUP-1) will be completed and commence operations in the second quarter of 2010.

### **Plant Maintenance and Design Engineering**

The Company's subsidiary, Alliance Plant Service Co., Ltd. (APS), which in June 2009 was renamed to PTT Maintenance and Engineering Co., Ltd. (PTTME), conducts the maintenance, construction design and engineering, pipeline installation, procurement, equipment and production management services for petroleum and petrochemical companies in Map Ta Phut Industrial Estate and other industries in Thailand and Asia. The Company owns 60% in PTTME and the rest is held by PTT.



## Others

- **Safety and environment:** Integrated safety, health and environmental services, ranging from trainings on all safety, health and environmental aspects, design and installation of fire prevention system, and consulting services on quality management, the design of safety, health and environmental standards in line with international requirement, and etc. These services are operated by wholly-owned subsidiary, NPC Safety Environmental Service Co., Ltd. (NPC S&E).
- **Pipeline installation and logistics:** Provides and lays transmission pipelines, through an affiliate, Eastern Fluid Transport Co., Ltd. (EFT).
- **Others:** Through affiliate, PTT ICT Solutions Co., Ltd., information technology services are provided.

The services and others value center has operated at its full capacity and highest standards, so that the Company can extensively add value of the value chain. It also supports other areas of the business of the Company, customers in the intermediate petrochemical industry as well as other clients, with emphasis on the maximum satisfaction and best interests of all clients.

## INTERNATIONAL BUSINESS





# Investing for Growth

PTT Chemical is announcing a new dawn in the international arena, aside from fortifying domestic operations. We endeavor to invest overseas to form subsidiaries and joint ventures, to expand the production capacity and continue to advance in the petrochemical industry and business.

Emery Oleochemicals (M) Sdn Bhd of Malaysia is one of such overseas joint venture, established by PTT Chemical International Private Limited and Sime Darby Plantation. We aim to maximize our capacities to satisfy the domestic and international demand growth.

We create investment opportunities and strive to expand the marketing network.

This introduces new knowledge to our human capital and lead us to continued revenue growth, to further reinforce our leading stance in the future.


# International Business

**PTT Chemical International Private Limited (CH Inter), a wholly-owned subsidiary of PTTC was incorporated in Singapore, set up as a vehicle for PTTC overseas investment.**

Driving towards the accomplishment of overseas investment goals, PTT Chemical International (Asia Pacific ROH) Limited was incorporated in Thailand as a subsidiary of CH Inter. The role of Asia Pacific regional operating headquarter is to plan, develop business opportunities and manage execution of transactions as well as oversee the international business portfolio of CH Inter.

Emery Oleochemicals (M) Sdn Bhd (EMERY), formerly known as Cognis Oleochemicals (M) Sdn Bhd (COM), was acquired by CH Inter as an equal joint venture between the Company and Sime Darby Plantation, the world's largest producer of palm oil, to create investment opportunities and strive to expand the marketing network of oleochemicals across Asia, Europe and America.

The acquisition of Emery Oleochemicals marked our first international investment and management. Strategic integration process was developed and implemented to ensure the success of the transition. Key areas included realigning a strategic & growth plan with PTTC and Sime Darby directions, restructuring organization to capture a full potential of global footprints, developing strategic communication plans to stakeholders together with rebranding initiatives (from Cognis Oleochemicals to Emery Oleochemicals). Emery Oleochemicals aims to be a global force in oleochemicals and leads the industry by nurturing and instilling strong business values amongst its industry players. Emery has garnered the Frost & Sullivians 2009; Asia Pacific Industrial Technologies Award in the category of Oleochemicals Company of the Year.



To fulfill our mandate as a vehicle for an overseas investment successfully and responsibly, CH Inter also continues to substantially direct efforts in exploring business and investment opportunities under the strategic framework of PTTCH. We concentrate our interest in a global business with the focus on emerging market as well as the development of strategic partnership to strengthen/broaden PTTCH's portfolio and expand its international business footprint.

CORPORATE SOCIAL RESPONSIBILITY







# Balancing Growth & Sustainability

PTT Chemical realizes the value of life and environment. Our growth path is designed to associate social and environmental responsibility so that community can grow accordingly. We operate responsibly, by maximizing the value of "innovation" under the "Shaping an Innovative Society" theme. This guides us towards the way to discover the shared corporate and social values and enhance community and social living standard through knowledge sharing as well as social projects and activities for greater inter-dependence and sustainable growth of all parties.

# Corporate Social Responsibility

## Social Responsibility Policy



PTT Chemical Public Company Limited is committed and devoted to providing a better quality of life for our entire workforce and society through “Innovation”, which guides us towards the shared value between the Company, relevant agencies, partners, communities and society as a whole. Any cultivated knowledge, proficiency, expertise and innovative process are applied to create integrated forces under the “Shaping an Innovative Society” philosophy. Our commitment in implementing the philosophy is shown below.

### Environmental Value Enhancement Natural resources preservation

PTT Chemical Group of Companies has placed emphasis on preserving the natural resources in all activities. Throughout the value chain, the natural resources are fully and carefully exploited, starting with the choice of standard, modern and environmental-friendly technology for the production, the selection of raw materials, to the delivery of products to clients. All executives and employees are encouraged to initiate energy-saving and environment-protection projects.

### Plastic Flapped Sacks against landslides

Forest encroachment for farming land in Nam Ta Community, Tha Pla district, Uttaradit led to landslides. When dry, the volcanic soil is dusty and in water it thickens into lumps. Landslides caused lives and damaged the farming land. On HRH Princess Maha Chakri Sirindhorn’s assignment, the Chaipattana Foundation stepped in to devise the mitigation and prevention strategies as well as the quality of life improvement plan. PTT Chemical together with the Hydro and Agro Informatics Institute (Public Organization) and the Department of Mineral Resources jointly carried out the R&D project, whereby the Company’s HDPE plastic pellets are used in the making of plastic flapped sacks. The sacks are proved useful in preventing landslides and communities can apply them in check dam building. The sacks are also proved environmental-friendly as the R&D shows that trees can be regrown on the once-problematic areas.





### **Water resource management**

Water is the valuable resource that must be managed efficiently. The reservoir in our operating area has been managed to ensure that every single drop is exploited safely and economically for the benefits of the agricultural, household, community and the entire industry sectors.

### **Rayong water management project**

PTT Chemical has collaborated with Hydro and Agro Informatics Institute (Public Organization), Ministry of Science and Technology, to outline solutions and seek cooperation in managing water in Rayong province, a major industrial zone of the Kingdom. Carried out jointly are the feasibility studies on appropriate locations of water retention basins “Monkey Cheeks or Kaem Ling” in Khlong Thapma and Prasae River. Check dams and old laterite pools in the areas are investigated, together with the water assessment under the mathematic model (SWAT: Soil and Water Assesement Tool) and enlisting of watersheds and water sources in the areas. The data, to be displayed over the Internet GIS-MIS system, will support the water management and Kaem Ling development projects.

### **Summer Fishery Camp**

The Company and Kasetsart University’s Faculty of Fisheries realize the value of disseminating knowledge in sustainable natural resources exploitation to the youth, who are shaping the future conservation framework. Together, we launched “The Summer Fishery Camp” to educate the youth on fishery resources and conservation strategic formation for sustainable exploitation. Under the project, senior high school students nationwide are invited to experience the fishermen’s living conditons.



## Social Value Enhancement

PTT Chemical Group of Companies and stakeholders, including customers and employees, forge the joint efforts in helping society. Stakeholders are encouraged to take part in helping communities and society in the following areas;

### Tripartite Educational Development

The Group promotes the value of education and supports the development. Its emphasis is on “teachers”, who are the major engine in shaping and developing students. The Tripartite Educational Development Project is created jointly by Chulalongkorn University’s Faculty of Education, the Rayong Education Service Area Office (Zone 1), and Map Ta Phut Municipality. Under the project, selected teacher interns taught students in target Rayong schools to develop the quality of education for communities in a sustainable and concrete manner.

### Satellite Distance Learning

PTT Chemical Group of Companies applied a royal initiative in creating educational opportunities for schools which lack proficiency and are short of teachers. Knowledge is broadcast to schools in Rayong, enabling appropriate education to the youth in various academic fields. The project also creates a new teaching paradigm, giving the schools’ access to modern information to improve their teaching quality.

### Volunteer Teachers

The Volunteer Teachers Project is launched to raise employee awareness in taking part in nurturing communities and society. The volunteers are engaged in educational projects for children in surrounding communities, where teacher shortage is apparent. The program involves the President and the lowest level of employees. As a sign of genuine support, the Company counts the teaching period as their work hours.

### Contented Kids with PTT Chemical

Children’s ability to concentrate is an indicator of social happiness and the children’s emotional equilibrium. The Contented Kids with PTT Chemical Project derives from the engagement of employees who see the need in emotional equilibrium. For over 10 years, they have volunteered to guide the children in Rayong in meditation courses.



## **Economic Value Enhancement**

Through innovations and the organization's experiences, we aim to enhance the economic value through environmental-friendly products and the creation of jobs and income for communities, to lift the communities' living condition and quality of life.

### **Bio-diesel R&D with Chaipattana Foundation**

PTT Chemical Group of Companies in cooperation with the Chaipattana Foundation forge the efforts in promoting technology research and development (R&D), with supports to programs to address social needs and ensure sustainable development in communities' quality of life, so that communities can stand on their own feet as His Majesty the King envisions. Together, we carried out R&D on the plantation, the breeds of non-toxic Jatropha, and relevant production process. This R&D is driven towards the finding of potential fuel crops, which could be converted to fuel or other chemicals. Together, we are pushing the project towards success, on a belief that it would be a way to address the national energy problem and reduce the imports of costly raw materials and technology. Thanks to the sustainability projects, shaped around the environmental and social-friendly philosophy, the Company is bestowed the award and certificate on corporate social responsibility (CSR-DIW) from the Department of Industrial Works and garners confidence from business partners.

## Occupational Health, Safety & Environment Policy

PTT Chemical Public Company Limited and its subsidiaries (the Company) are committed to the management policies concerning occupational health, safety, and environment, based on the principle of effective use of resources, control and prevention for minimum environmental impacts, as well as strict compliance with the domestic and international laws on occupational health, safety, and environment. To achieve this, the Company's policy on occupational health, safety, and environment is as follows:

1. Customers Satisfaction
2. Assess occupational health, safety and identify possible environmental problems
3. Prevent and mitigate impacts on occupational health, safety, and environment
4. Strict compliance with the laws and regulations, and standard requirements
5. Continued improvement of operational systems

The Company will develop and uphold the mechanism to handle occupational health, safety, and environment, with sufficient resources for implementation. Employees are encouraged to take part in the development, and sufficient communication with relevant individuals is assured.


## Environmental Safety, and Occupational Health

### Environment

The Company sets to prevent the problems from the start. Facilities are designed and constructed in line with the law and international standards. In focus are the choice of technology, the production process, and the advanced controlling process to ensure systematic and international-standard environment management, reflecting the Company's commitment to meet international standards, with unwavering concerns in environmental impacts.

The measures to control and prevent problems from operations and continual improvement as well as the measures to establish employees' knowledge and awareness in environmental impacts are as follows:

- **Strictly follow the environmental impact prevention and mitigation steps** as prescribed in the Environmental Impact Assessment (EIA) during the construction period and commercial operations, as well as monitor environmental quality as prescribed.
- **Ensure the integrated use of resources, applying the Eco-Efficiency principle.** In this regard, Chulalongkorn University's Faculty of Environmental Engineering conducted the preliminary study on the plant's environment efficiency. Under the study, targets and objectives in improving the use of resources and reducing wastes are set, taking into consideration the financial capacity and ability to increase business and trade opportunities.



To complete the economic ecological efficiency index, focus is placed on impacts on five main environmental areas – water use, energy use, global warming contribution, ozone depletion substances and waste. The Company has followed the policy since 2007 and will extend it to other PTT Chemical Group of companies in the near future.

- **Introduce the Reverse Osmosis (RO) system** to turn wastewater into clarified water for the cooling system. This is to reduce wastewater and maximize the use of natural resources.
- **Continued control on Volatile organic compounds (VOCs)**, with a special team in charge and training so that employees know about VOCs and efficiently follow the set plans. The Company also continually carries the Walk Through Survey to monitor VOCs, to ensure no leakage of VOCs inside the facility.
- **Launch the GPS (global positioning system)-based waste shipment monitor**, to track the shipment trucks and shipment period from facility to waste treatment company's premise as well as enhance the transport monitoring efficiency.
- **Join the Industrial Estate Authority of Thailand (IEAT)'s environmental governance** program. To assure the nearby community, pollution reduction plans are plotted and IEAT and community's representatives make a visit, assess the plans and closely monitor the Company's environmental management on a quarterly basis. Under previous assessments, the Company has won the green-starred white flag since 2007, reflecting the excellent pollution reduction and emission prevention.
- **Install COD Online and CEMS (Continuous Emission Monitoring System)** to monitor the quality of water and air released from the facility, to ensure that it meets the prescribed standard and restrictions. The air and waste-water quality is within the control limit. The online system also enables continued reporting to government agencies.
- **Screen and select contractors** who boasts good management in occupational health, safety and environment. During the service period, they are monitored and periodic reports are completed.
- **Install the display board** in front of the facility to present environment management data, pollution reduction and prevention plans, and the Company's projects to reduce and prevent pollution to raise awareness among employees and demonstrate the Company's commitment to transparent environmental management. The display boards are now in front of PTT Chemical's I-4 Road Branch, Bangkok Polyethylene Public Company Limited and TOC Glycol Co.,Ltd.
- **Increase the green area** inside the Company's facility and nearby areas in Map Ta Phut. Trees are planted and existing ones are nurtured, as part of efforts to reduce the global warming.



### Safety Measures

The Company implements stern safety measures inside the facility and supports activities to raise employees' awareness on work safety. Major activities to promote occupational safety in 2009 are:

- **S-H-E Day Program**, to encourage all employees to take part in occupational health, safety, and environment activities. The program was exhibited on each unit of occupational health, safety, and environment, including an expert talk session.
- **Applied the "Behavior Based Safety: BBS"** in internal operations, to adjust the safety behaviors of employees at all levels for continued improvement and compliance with safety goals. Employees are also encouraged to take care of colleagues and ensure safety at work place under the "Friends Help Friends" principle.
- **Organized the training on Job Safety and Environmental Analysis (JSEA)** to employees who are to complete risky tasks.
- **Provided the system to handle fire and emergency.** Equipment was installed to detect gas and chemical leaks. The fire hose was designed to tackle emergency. Efficient contingency plans and risk management plans were in place.



## Occupational Health Measures

The Company has demonstrated its concerns to employees' health condition and supported the following projects designed to regularly promote employees' health condition:

- **Annual physical examination**, including those on a risk-specific basis.
- **Assessing work place environment** like chemical concentrations, noise level, light intensity, and heat.
- **The E-Health Book program** shows the personal health data of employees who are working in risky environment. The data is continually updated using a software system to records employee's physical examination results conducted by occupational medical doctors. This enables employees to access up-to-date health and medical records at all time, thus enabling more complete health monitoring
- **Hearing Conservation Program**, to equip employees with knowledge and tips to protect themselves against impacts from working in areas with loud noise.
- **Good Health Good Life Program** for the work life balanced of employees with focus on balancing the physical, emotional, social and spiritual aspects.

**The Company has upheld the principle that business progress can go in line with systematic and international-standard occupational health, safety and environmental management in all projects and production units, now and in the future. This will highlight the Company's responsibility for all stakeholders, under the commitment towards sustainable growth.**

# Company Information

**Name**  
**Initial**  
**Website**  
**Registered Number**

**PTT Chemical Public Company Limited**  
**PTTCH**  
**www.pttchemgroup.com**  
0107548000668

**Registered Capital**

Baht 15,191,153,000 comprising of 1,519,115,300 ordinary shares at par value of Baht 10 each (As of 31 December 2009)

**Paid-up Capital**

Baht 15,010,400,000 (As of 31 December 2009)

**First Day Trade on the SET**  
**Establishment**

13 December 2005  
7 December 2005

**Business Structure and Value Chain**

- Olefins & Shared Facilities
- Polymer Products Value Center
- EO-Based Performance Products Value Center
- Oleochemical Products Value Center
- Services & Others

**Number of Employees**

1,362 Persons

**Contact**

**Head Office** : Tel : 66 (0) 2265-8400 Fax : 66 (0) 2265-8500  
**Corporate Governance & Secretarial** Tel : 66 (0) 2265-8632-5  
Email: cg@pttchemgroup.com  
**Investor Relations** Tel : 66 (0) 2265-8574 Email: ir@pttchemgroup.com

**References**  
**Securities Registrar**

**Thailand Securities Depository Company Limited**  
62 The Stock Exchange of Thailand Building,  
Rachadapisek Road, Klongtoey, Bangkok 10110  
Tel : 66 (0) 2229-2888 Call center 66 (0) 2229-2888  
Fax : 66 (0) 2654-5427 Website <http://www.tsd.co.th>

**Address**

Effective on 22 March 2010, the Company's head office (Bangkok) and its Suntowers Building branches have been relocated to a new address at the Energy Complex Building and registered change of head office and its branches' registered office addresses as follow:



<b>Head Office Address</b>	<b>555/1 Energy Complex, Building A, 15-18<sup>th</sup> Floor</b> <b>Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900</b> <b>Tel : 66 (0) 2265-8400 Fax : 66 (0) 2265-8500</b>
<b>1<sup>st</sup> Branch (I-1 Branch)</b>	14 I-1 Road, Tambon Map Ta Phut, Amphoe Mueang Rayong, Rayong 21150 Tel : 66 (0) 3892-2100
<b>2<sup>nd</sup> Branch (I-4 Branch)</b>	9 I-4 Road, Tambon Map Ta Phut, Amphoe Mueang Rayong, Rayong 21150 Tel : 66 (0) 3892-2000
<b>3<sup>rd</sup> Branch</b> <b>(Jetty and Buffer Tank Farm Branch)</b>	19 Rong-Pui Road, Tambon Map Ta Phut, Amphoe Mueang Rayong, Rayong 21150 Tel : 66 (0) 3892-2750
<b>4<sup>th</sup> Branch</b> <b>(Rachniyom Road Branch)</b>	59 Rachniyom Road, Tambon Noen-Phra, Amphoe Mueang Rayong, Rayong 21150 Tel : 66 (0) 3899-4000
<b>5<sup>th</sup> Branch</b> <b>(Pakorn Songkro-Radh Road Branch)</b>	24/9 Pakorn Songkro-Radh Road, Tambon Map Ta Phut, Amphoe Mueang Rayong, Rayong 21150
<b>PTT Chem Group's Address</b>	<b>PTT Chem group has moved its head office to the Energy Complex Building and registered the change of registered office address as follow :</b> <b>555/1 Energy Complex, Building A, 15<sup>th</sup> Floor</b> <b>Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900</b>
<b>Registrar and Debenture Holders Representative</b>	<b>Thai Military Bank Public Company Limited</b> 393 Silom Road, Bangrak, Bangkok 10500 Tel : 66 (0) 2230-5479, 5575, 5783, 6061 Fax : 66 (0) 2266-8150, 9779
<b>Registrar</b>	<b>Siam Commercial Bank Public Company Limited</b> Markets Operations Division 1060 Phetburi Road, Makasan, Ratchatawee, Bangkok 10400 Tel : 66 (0) 2256-2323-8 Fax : 66 (0) 2256-2406 Securities Services Product 9 Rutchadapisek Road, Jatujak, Bangkok 10900 Tel : 66 (0) 2544-3930 Fax : 66 (0) 2937-7662
<b>Auditor</b>	<b>KPMG Phoomchai Audit Limited</b> 48 <sup>th</sup> Floor, Empire Tower, 195 South Sathorn Road, Bangkok 10120 Tel : 66 (0) 2677-2000 Fax: 66 (0) 2677-2222
<b>Legal Advisor</b>	<b>Baker &amp; McKenzie Limited</b> 22-25 <sup>th</sup> Floor, Abdulrahim Place, 990 Rama IV Road, Silom, Bangrak, Bangkok 10500 Tel : 66 (0) 2636-2000 Fax: 66 (0) 2636-2111 <b>Siam Premier International Law Office Limited</b> 26 <sup>th</sup> Floor, The Offices at Central World, 999/9 Rama I Road, Pathumwan, Bangkok 10330 Tel : 66 (0) 2646-1888 Fax : 66 (0) 2646-1919 <b>Domnern Somgiat and Boonma Law Office Limited</b> 719 Si Phya Road, Bangrak, Bangkok 10500 Tel : 66 (0)-2266-6485-6510 Fax: 66 (0)-2266-6483, 84

# Management's Discussion and Analysis

## Financial Result for the fiscal year 2009

### 1. Executive Summary

In the fiscal year 2009, PTT Chemical Public Company Limited ("the Company" or "PTTCH") and its subsidiaries reported net profit of Baht 6,802 million or 4.54 Baht per share, down 42% from that of 2008 of Baht 11,739 million. The operating results of the Company and its subsidiaries are shown below:

#### Comparing 2009 and 2008 operating results

(Unit: Baht Million)			
	2009	2008	% Change
Sales	83,952	81,960	2%
EBITDA	15,546	20,258	(23%)
Net Profit	6,802	11,739	(42%)
Basic Earning Per Share (Baht)	4.54	7.84	(42%)

In 2009, Crude oil price (Dubai) was recorded at 62 USD/BBL, down from that of 2008 of 93 USD/BBL. This resulted in a 32% drop in naphtha price to 547 USD/BBL from 798 USD/BBL. In addition, the first three quarters of 2008 were considered as a peak cycle of petrochemical industry, which had boosted up 2008 HDPE price to 1,476 USD/ton while HDPE price in 2009 dropped to 1,134 USD/ton or 23% due to a global economic recession since 4Q/2008 to the beginning of 2Q/2009. This resulted in HDPE-Naphtha spread in 2009 dropped to 587 USD/ton from 678 USD/ton in 2008 or down 13%.

The Company has implemented several investment projects with project progress as of December 31, 2009 details are as followed:

#### To Enhance the Competitiveness

##### OLEFINS & SHARED FACILITIES

Project	Ethane Cracker Project under PTT Polyethylene Co., Ltd. (PTTPE) holding 100% by PTTCH
Description	An ethylene plant with capacity of 1,000,000 tons per year, which ethane will be provided by PTT.
Progress	Construction completed & during test-run

#### To integrate into downstream businesses and related businesses to diversify the investment risks

##### POLYMER PRODUCTS

Project	HDPE Expansion under PTT Chemical PLC.
Description	To expand HDPE capacity from 250,000 tons per year to 300,000 tons per year
Progress	Construction completed & ready to test-run*

<b>Project</b>	<b>HDPE Expansion under Bangkok Polyethylene PLC. (BPE)</b>
<b>Description</b>	To expand HDPE capacity from 250,000 tons per year to 500,000 tons per year
<b>Progress</b>	Construction completed & ready to test-run*
<b>Project</b>	<b>LLDPE and LDPE project under PTT Polyethylene Co., Ltd. (PTTPE) holding 100% by PTTH</b>
<b>Description</b>	LLDPE plant with capacity of 400,000 tons per year LDPE plant with capacity of 300,000 tons per year
<b>Progress</b>	LLDPE : COD 1 Jan. 10 LDPE - Under construction phase with ~94% project progress (Dec. 31,09) & construction completion is expected to be in late 2Q/2010

### EO-BASED PERFORMANCE PRODUCTS

<b>Project</b>	<b>Ethanolamines Project under Thai Ethanolamines Co., Ltd. (TEA) holding 100% by PTTH</b>
<b>Description</b>	An ethanolamines plant with capacity of 50,000 tons per year
<b>Progress</b>	Construction completed & ready to operate*
<b>Project</b>	<b>Bis Phenol-A (BPA) Project under PTT Phenol Co., Ltd. (PPCL) holding 30% by PTTH</b>
<b>Description</b>	A Bis Phenol-A plant with capacity of 150,000 tons per year
<b>Progress</b>	Under construction phase & construction completion is expected to be in 3Q/2010

### OLEOCHEMICAL PRODUCTS

<b>Project</b>	<b>MPR (Multi-Purpose Reactor) Project under Thai Oleochemicals Co., Ltd. (TOL) holding 100% by PTTH</b>
<b>Description</b>	MPR plant with capacity of 14,000 tons per year
<b>Progress</b>	Construction completed & during test-run

\*Projects suspending under Supreme Administrative Court's injunction.

## 2. Industry Overview

### Product price, feed stock price and product to feed margins

Source : CMAI											
Unit:	Naphtha	Ethylene		Propylene		HDPE	MEG	Spread		MEG	
	(MOPS)	(SEA)	(MTP)	(SEA)	(MTP)	(SEA)	(SEA)	Ethylene -MOPS	Propylene -MOPS	HDPE -MOPS	Ethylene -0.65
<b>2008</b>	<b>798</b>	<b>1,133</b>	<b>1,281</b>	<b>1,253</b>	<b>1,342</b>	<b>1,476</b>	<b>1,194</b>	<b>335</b>	<b>455</b>	<b>678</b>	<b>458</b>
1Q-09	410	627	680	672	615	934	615	218	263	524	207
2Q-09	508	743	758	797	750	1,144	600	234	288	636	117
3Q-09	600	1,030	926	1,045	1,030	1,249	740	429	444	649	71
4Q-09	671	1,056	1,025	1,018	1,081	1,209	784	385	347	538	98
<b>2009</b>	<b>547</b>	<b>864</b>	<b>847</b>	<b>883</b>	<b>869</b>	<b>1,134</b>	<b>685</b>	<b>317</b>	<b>336</b>	<b>587</b>	<b>123</b>

For Methyl Ester (ME) unit of TOL, selling price, feedstock (Crude Palm Oil-CPO), and spread margin are summarized as follows:

Unit : USD/ton			
	ME Price*	CPO Price*	ME-CPO
1Q/2009	844	602	242
2Q/2009	944	725	219
3Q/2009	965	724	241
4Q/2009	953	700	253

Note : \* Reference price announced by Ministry of Energy

### 3. Financial Results

	(Unit: Baht Million)		
	2009	2008	%Change
Sales Revenue	83,952	81,960	2%
Feedstock Cost	(56,456)	(50,979)	11%
Net Realize Value Adjustment	-	(753)	(100%)
<b>Gross Margin</b>	<b>27,497</b>	<b>30,228</b>	<b>(9%)</b>
Processing Cost	(9,739)	(9,444)	3%
Other Revenue	2,263	2,587	(13%)
S&A Expenses	(4,475)	(3,113)	44%
<b>EBITDA</b>	<b>15,546</b>	<b>20,258</b>	<b>(23%)</b>
Depre.&Amort.	(4,690)	(4,054)	16%
<b>EBIT</b>	<b>10,856</b>	<b>16,204</b>	<b>(33%)</b>
Financing Expenses (Net Interest Earned)	(2,040)	(814)	151%
FX Gain (Loss)	648	(910)	171%
Share of Gain From Investment	144	40	261%
Earning to Minority	(479)	(461)	4%
Corporate Tax	(2,329)	(2,320)	0%
<b>Net Profits</b>	<b>6,802</b>	<b>11,739</b>	<b>(42%)</b>
Earnings Per Share (Baht/Share)	4.54	7.84	(42%)

### Comparing 2009 and 2008 Operating Results

- The Company reported sales revenues of Baht 83,952 million, up 2% due mainly to a consolidation of Emery since December 2008. However, the Company's performances relatively decreased with details as follows:
  - Olefins sales was down Baht 6,616 million or 22% due to a 24% drop in ethylene price (SEA) to 864 USD/ton and a 30% drop in propylene price (SEA) to 883 USD/ton while ethylene sales volumes were up 22% to 1,043,479 tons and propylene sales volumes rose 26% to 400,063 tons.
  - HDPE's sales revenues dropped Baht 3,713 million or 16%. This was due mainly to a 23% drop in HDPE price (SEA) to 1,134 USD/ton while HDPE sales volumes improved 7% to 529,022 tons.
  - EO and MEG sales revenues decreased Baht 1,254 million or 13% due to a 43% drop in MEG price (SEA) to 685 USD/tons while MEG sales volumes were up 29% to 396,652 tons from a capacity expansion in 4Q/2008.
- The Company reported feedstock cost of Baht 56,456 million, processing cost of Baht 9,739 million, and SG&A expenses of Baht 4,475 million, up 11%, 3%, and 44% respectively. This was due mainly to a commercial operation of TFA in September 2008 and a consolidation of Emery since December 2008.
- Depreciation and amortization was reported at Baht 4,690 million, up 16% due mainly to a consolidation of Emery since December 2008.
- Financial expenses was Baht 2,040 million, up 151%, due mainly to a rise in long term loan of Baht 10,000 million in 4Q/2008, an issuance of debentures of Baht 12,000 million and Baht 3,000 million in December 2008 and June 2009 respectively, which are used in investment as planned.
- The Company reported unrealized FX gain of Baht 648 million while recorded unrealized FX loss of Baht 910 million in 2008. This was due mainly to a strengthening of Baht against US currency from 35.08 Baht/ 1 USD as of December 31, 2008 to 33.52 Baht/ 1 USD as of December 31, 2009, which resulted in lower amount of USD 442 million liabilities when converted to Baht.

6. Share of gain from investment was Baht 144 million, up 261%, due mainly to a rise in associates' net profits.

## 4. Products Sales

Details of 2009 sales volumes compared to that of 2008 are as follows:

- 4.1 Olefins sales volumes were 1,443,541 tons, up from 1,171,013 tons or up 23% due to higher production.
- 4.2 HDPE sales volumes (I-1 and BPE) were 529,022 tons, up from 492,232 tons or up 7%, due to higher production.
- 4.3 MEG sales volumes of TOCGC were 396,652 tons, up from 306,875 tons or up 29%, due to capacity increase.

## 5. Production Efficiencies

Details of 2009 production volumes compared to that of 2008 are as follows:

- 5.1 Olefins production volumes were 1,715,588 tons, up from 1,437,432 tons or up 19%, due to the de-bottlenecking of olefins plant I-4/2 in 4Q/2008. Olefins utilization rate was 92% in 2009, up from 84% in 2008 and olefins yields were reported at 67%, relatively stable as in 2008.
- 5.2 HDPE (I-1 and BPE) production volumes were 527,967 tons, up from 492,722 tons or up 7%, due to a longer shutdown of HDPE plants in 2008 than that of 2009. Details are as follows:
 

**2008**

  - HDPE plant of BPE was shut down for maintenance (planned) for 30 days in 3Q/2008 (1-30 Aug.) and was commercial shutdown for 21 days in 4Q/2008 (25-31 Oct. and 14-27 Nov.)
  - HDPE plant of olefins plant I-1 was commercial shutdown for 8 days in 4Q/2008 (19-26 Dec.)

**2009**

  - HDPE plant of olefins plant I-1 was shut down for capacity expansion for 46 days in 4Q/2008 (3 Nov.-18 Dec.).
  - HDPE utilization rate was 106% in 2009, up from 99% in 2008.
- 5.3 MEG of TOCGC production volumes were 396,722 tons, up from 310,121 tons or up 28% due to capacity expansion in 4Q/2008. However, MEG utilization was 100% in 2009, down from 103% in 2008.
- 5.4 ME of TOL production volumes were 127,807 tons, up from 109,592 tons or up 17%, and ME utilization rate was 64% in 2009, up from 55% in 2008.

## 6. Financial Status

### Assets

As of 31 December 2009, the Company recorded total assets of Baht 160,251 million, up Baht 7,933 million or 5% from those of 2008. This was due mainly to a decrease in cash and cash equivalent of Baht 10,124 million from investments in subsidiaries, particularly PTTPE project. Account receivables increased Baht 3,423 million from higher sales volumes and higher product prices in late 2009, other receivables were up Baht 716 million from higher deferred tax receivables, other assets were up Baht 769 million from prepaid material and supplies, and intangible assets were up Baht 907 million from PTTPE's technology license. Property, plant & equipment also increased Baht 10,915 million due to higher work construction progress of the Company's subsidiaries.

## Liabilities

As of 31 December 2009, the Company recorded total liabilities of Baht 59,158 million, up Baht 3,037 million from those of 2008 or up 5%. This was due mainly to a rise in account payables of Baht 2,462 million from an increase in feedstock volumes purchase and higher feedstock price in late 2009, a rise in deferred tax liabilities of Baht 1,195 million, which will be due in 2010, an increase in debentures issued in June 2009 of Baht 3,000 million while payables to contractors decreased Baht 1,570 million from repayment during the year and a repayment of longterm loans and debentures of Baht 1,993 million.

## Shareholders' Equity

As of 31 December 2009, the Company had total shareholders' equity of Baht 101,093 million, up Baht 4,896 million from those of 2008. This was due mainly to an increase in share premium from ESOP warrant exercised of Baht 280 million and FY 2009 net profit of Baht 6,802 million while the Company and subsidiaries' dividend paid to shareholders were Baht 2,881 million.

## Cash Flows

As of December 31, 2009, the Company had cash flows from operations of Baht 11,572 million while cash flow from investments was recorded at Baht 17,773 million, resulting in the negative cash flow before financing activities (Free Cash Flow) of Baht 6,201 million. The Company also recorded negative cash flow from financing activities of Baht 3,896 million due to interest payment, long-term loan repayment, and dividend paid. This resulted in negative cash and cash equivalent of Baht 10,098 million. In addition, the Company recorded negative cash flow from an effect of exchange rate changes on balances held in foreign currencies of Baht 27 million. When concluded with beginning cash on hand of Baht 21,175 million, the Company's ending cash and cash equivalent was Baht 11,050 million as end of 2009.

## Important Financial Ratios

	2009	2008
Current Ratio (X)	2.29	2.96
EBITDA to revenues	18.02%	23.55%
Net Profits to revenues	7.88%	13.65%
Return on total assets	4.35%	8.21%
Return on equity	6.90%	12.32%
Interest Bearing Debt to equity (X)	0.45	0.46
Net debt to equity (X)	0.34	0.24
Net debt to EBITDA (X)	2.20	1.16

### Note:

Current ratio	= Current assets divided by current liabilities
EBITDA to revenue	= EBITDA divided by total revenue (exclude profits/ (losses) from exchange rates and equity in net income of subsidiaries & associated companies)
Net profit on revenue	= Net profit divided by total revenue (exclude profits/ (losses) from exchange rates and equity in Net income of subsidiaries & associated companies)
Return on total assets	= Net profit divided by average total assets
Return on equity	= Net profit divided by average total shareholder's equity
Interest Bearing Debt to equity	= Interest Bearing Debt divided by shareholder's equity
Net Debt to equity	= Interest Bearing Debt net from cash and cash equivalent and current investments divided by shareholder's equity
Net Debt to EBITDA	= Interest Bearing Debt net from cash and cash equivalent and current investments divided by EBITDA

# Risk Management and Risk Factors

## Risk Management

PTT Chemical and its subsidiaries (PTT Chemical Group), on recognition of business risks, set out the systematic risk management. In 2009, the Company restructured the organizational risk management unit and improved its Corporate Risk Management Manual to meet the present conditions. In July 2009, the Company announced the use of Risk Management Procedure, to compliment the manual.

High-leveled executives are assigned to the Risk Management Committee, whose responsibilities are shaping corporate risk management policy and framework and monitoring and providing comments on corporate risks and their management as well as reporting corporate risk management to the Audit Committee and the Board of Directors under the prescribed schedules and procedures.

PTT Chemical has constantly ensured its group of companies' risk analysis in both quantitative and qualitative aspects. The Value-at-Risk (VaR) is used in analyzing financial impacts at various probabilities resulting from changes in key assumptions. PTT Chemical also uses an analysis of impact-likelihood relationship in form of 4x4 Risk Matrix in order to comprehend potential effects on its corporate KPIs and project goals. The Company advises its risk owners within PTT Chemical Group to set up risk mitigation plans to reduce the likelihood or impact of the risks under their responsibilities. Corporate risks are reported to the Risk Management Committee, the Audit Committee and the Board of Directors of the Company on a regular basis.

## Risk Factors

Although, the Company has emphasized on aligning its risk management practice to an international standard, its Group can not totally avoid risks due to the unique nature of the petrochemical industry and of its Group's activities. Certain risks, both industrial and company-specific ones, could thus have significant impacts on PTT Chemical Group's goals and business operations.

## • Industrial Risks

### Product & Feedstock Price Risks

Changes in product and feedstock prices can significantly affect PTT Chemical Group's operations, as its product and feedstock prices are those of, or formula-linked to the world market, which is directly subject to changes in demand, which in turn exposed to the global economy or domestic economy in major consuming countries as well as capacity changes for a given product in the world market. All these are beyond PTT Chemical Group's control.

**Risk Mitigation Approach :** PTT Chemical has a policy of having an explicit pricing formula of products and feedstock of its Group that reflects the reference prices in major markets to avoid volatility to some extent. Where suitable, it follows a policy of relating product and feedstock prices of its Group on production cost. This will help reduce the impacts on the Company or its subsidiaries, when acting as a seller, if the market prices of some products fall below the production cost. For example, the price of natural gas, PTT Chemical Group's major feedstock, reflects that of polymers, its major downstream product. Such policy allows the cost of the group's partial feedstock to better reflect end-product prices, and cushion price volatility especially during the industry's down cycle to some extent.

The Company has put in place the centralized production planning in olefins, polymer products and ethylene oxide-based performance products so that the distribution of ethylene and propylene for each product line and production in individual product groups may achieve maximum efficiency and highest aggregated return under given limitations. This helps reduce the impacts of price fluctuations on feedstock and products to some extent.

PTT Chemical Group constantly seeks business opportunities, to expand into potential downstream products to reduce negative impacts of the falling price on existing products and reduce volatility on its Group's revenue and net profit in the long term. This is because the price cycle of some downstream products like polymer sometimes differs from that of ethylene, an upstream product which is a major product of the Group. Expansion into downstream petrochemicals with high potential and higher value-added downstream products will lessen the impact of price competition in the long term and give the Group an opportunity to venture into more innovative products, an essential factor for the sustained growth.

PTT Chemical Group recognizes an impact if the global economic recovery were to lower than expectation potentially leading to a significant decline in demand for its Group's products. The Group has drawn up plans to expand market of some products that have potential or an attractive gross margin and into the countries or regions holding demand for the Group's products. Meanwhile, PTT Chemical Group is in the process of developing products that are able to respond to the requirement of the market. By doing that, the Group believes it would lessen an impact from product price volatility to a certain extent.



### Cluster-of-Plants Risk

Large-sized petrochemical plants are usually located near their feedstock suppliers or major customers to reduce logistics cost. The location of the Group's facilities fits the aforementioned description. They are located in Map Ta Phut Industrial Estate and nearby areas, which are close to those of feedstock suppliers or major customers. Serious damage or losses to the plants, offices, or pipelines of the Group or the Group's main suppliers or customers could lead to a severe impact on the operations of the Group.

**Risk Mitigation Approach :** PTT Chemical Group has instituted a security system at its plants that is up to an international standard and made it a policy for an all-risks insurance policy for commercial operations of the Group and a construction all-risks insurance policy for undergoing construction projects under an internationally accepted standard.

### Environmental Risk

Generally, industrial and petrochemical operations tend to be associated with chemical activities and others that could harm human health and environment. Accidents, malfunctions or other mishaps may significantly harm stakeholders, investment plans, the operations, and the image of PTT Chemical Group, in both short and long terms.

**Risk Mitigation Approach :** The Company puts occupational health, safety, and environment policy in its mission, stating from planning to selecting technology and the production process, designing installation to setting up work process, building up safety culture to having environmental risk assessment, preventing and lessening environmental impacts on stakeholders to assuring strict compliance with laws and regulations, and proactive improving environmental management to improving eco-efficiency or energy efficiency for sustainability of both the organization and society. The Company follows the ISO 14001 environmental practice, prepares action reports in line with environmental prevention and mitigation plans, regularly reports environment monitoring results to the Office of Natural Resources and Environment Policy and Planning, and thoroughly communicates with all involved. The Group established an environmental consulting group, represented by members of communities around the plants and relevant government units, so that they take part in the plants' safety and environmental activities for accurate understanding in the monitored risks as well as preventive measures in the production process undertaken by the Group.

### Legal Risk

On 29 September 2009, the Central Administrative Court gave the ruling on the petition No. 586/2552, ordering the government agencies to temporarily put on hold 76 projects annexed to the petition which has not yet complied with the Article 67 (2) of the Constitution BE. 2550 and the Supreme Administrative Court later stood by the Central Administrative Court's temporary injunction except 11 projects, which included one of the eight projects of PTT Chemical group have been released.

On 22 January 2010, the Central Administrative Court has ordered to the Case No. 908/2552 that all 65 suspending consult with the projects relevant government agencies on their status and act accordingly to the Court's order. PTT Chemical Group is working with relevant government agencies to clarify which projects to be suspended as ordered by the Court and which could proceed accordingly to the Court's exemption as well as seeking solutions to minimize damage or impact on stakeholders like contractors, creditors and personnel at the sites on plant safety issues.

**Risk Mitigation Approach :** PTT Chemical Group made efforts to cooperate with government agencies and coordinate with other affected companies in preparing and providing the information of the annexed projects to government agencies, relevant private sectors and surrounding communities to assure that the Group projects can promptly proceed and comply with the constitutional law.

Aside from coordinating with external parties, PTT Chemical Group has readjusted its structure and work process regarding feedstock supply, production and distribution so that some projects of the Group, which are not part of the suspended projects but witness indirect impact from the Central Administrative Court's suspension order, can proceed with optimal value to the Group. These should relieve the Court's impacts to a certain extent.

## Financial Risks

### (A) Foreign Exchange (FX) Risk

Though expenses on other items aside from most feedstock costs are in Thai Baht, but the feedstock and product prices are quoted in foreign currencies particularly US dollar. PTT Chemical Group's product-to-feed margin therefore is subject to FX risk. Should the Baht strengthen against the dollar, it would pressure the Group's profitability in Baht term. This clearly indicates that changes in the Baht against the dollar and the couple's volatility, over which the Group has no control, could have a significantly negative impact on the Group.

**Risk Mitigation Approach :** The Company focuses on natural hedging in managing FX risks, by ensuring that PTT Chemical Group's net income resulting from revenues and expenses in foreign currency match its foreign loans as much as possible at a given period. If the Baht strengthens, the net income will fall but the loans, when converted to the Baht, will also fall accordingly. The Company also resorts to other financial tools like currency forwards to, when suitable, hedge foreign currencies-denominated revenues and expenses.

### (B) Interest Rate Risk

The Company's policy is to maintain the net interest bearing debt-to-equity ratio of its Group below one times and net interest bearing debt-to-EBITDA ratio of the Group below two times in the long term, for maximum returns to stakeholders and smooth operations and investment.

However, PTT Chemical Group cannot avoid risks when the interest rate fluctuates or increases when it is in demand for loans. Such events may prevent the Group from tapping the desired amounts, or raise the financial cost of the Group.

**Risk Mitigation Approach :** To temper an impact of fluctuating interest rate and of rising interest rate when the Group is in demand for loans, the Company is prepared to seek short term credit lines from financial institutions, taking into account the borrowing period, amount and loan types, to match the Group's financial structure and needs. The ratio of loans with fixed and floating rates will also be balanced accordingly to the circumstances and interest rate trend at a given period. It may use a financial tool to reduce the volatility, when suitable, for example.

## Company-Specific Risks

### Conflict of Interest Risk

The conflict of interest between PTT Chemical Group and Siam Cement Plc. may arise, as the latter is a major shareholder of the Company, holding 21.44% of paid-up capital, but owns companies producing olefins and HDPE, LDPE and LLDPE plastic pellets similar to those of the Group (either on operation or in planning). This may reduce PTT Chemical Group capability to maximize its profits. Likewise, PTT Plc., the largest shareholder with 49.30% share holding, is the Group's major supplier of feedstock with the supply of over four-fifths of total feedstock the Group uses in the olefins production. A conflict of interest between the Group and its largest shareholder thus possible and could affect the Company's capability in maximizing benefits of the Group.

**Risk Mitigation Approach :** PTT Chemical not only observes a recognized good corporate governance and business code of conduct but stresses their importance and the implementation at all levels of the Group's operation. The aforementioned practices are expected and required to be implemented by the Board members, executives, employees, subcontracted workers, and contractor employees, all of whom must acknowledge and follow the policies and guidelines set forth in the Company's Corporate Governance & Business Code of Conduct handbook. The guidelines also cover transactions with shareholders, subsidiaries or joint ventures of shareholders, directors or executives, as well as connected transactions whereby with those with vested interest are barred from casting votes at the Board of Directors meeting and shareholder's meetings, to prevent a possible conflict of interest. As a listed company, PTT Chemical is committed to honor the Securities and Exchange Act BE 2535 and the amended version in BE 2551 by appointing independent directors and the Audit Committee to safeguard the interests of minor shareholders and ensure fair treatment to all stakeholders.

### Supplier Risk

PTT Chemical Group procures more than four-fifths of its total required feedstock in olefins production from PTT Plc., therefore the Group somewhat bears a supplier risk.

**Risk Mitigation Approach :** As the major supplier is also the major shareholder of the Company, coupled with the fact that supply contracts are long term and that petrochemical suppliers generally have limitation in securing new customers, there is a slim chance that this feedstock supplier would break its contracts or amend the supply volume at short notice. Consequently, the Company bears only a limited risk by relying on such supplier.

### Plant Operation Risk

In operating petrochemical plants, some potential occurrences from various reasons originated within and outside PTT Chemical Group can unexpectedly cause disruption. Human errors, accidents, insufficient or undeliverable utilities (electricity, water, steam, etc.), machinery failures, and failure at feedstock plants which cuts the supply, or failure at customers' plants which disrupts the delivery could lead to an interruption of or a change in the Group's businesses and may thus pose a significant impact on the Group's financial performance.

**Risk Mitigation Approach :** Aware of these operational risks, PTT Chemical Group has established an interruption plan for controlling emergency incidents, reducing damage, safeguarding personnel and the environment, and returning the plants to a normal state as soon as possible. Furthermore, the Group has scheduled preventive and predictive maintenance to minimize machinery-related risks. It has also prepared manuals and procedures for machinery operation and maintenance as well as regular training and reviewing the manuals and procedures to minimize errors, accidents and disruptions. Finally, the Group makes it a policy to have an all-risks insurance policy for all commercial operations to minimize the Group's losses from such occurrences.

### Project Risk

PTT Chemical Group continues the expansion course from the previous year particularly in downstream petrochemicals and in utilities to support the expansion. Most projects are connected in terms of feedstock and products transfers, or in the transfers of electricity and steam between product lines and utilities system. Several projects are also under construction. The Group cannot avoid many forms of project risks and they could, if realized, shed various impacts, chiefly on project delay, cost overrun, and the worthiness of the investment projects. The risks that could send such impacts are, for instance, feedstock supply risk, environmental risk, health risk, project design risk, equipment and machinery procurement risk, machinery execution risk, market risk, and logistics risk.

The legal risk concerning the Central Administrative Court's injunction on Map Ta Phut projects is presenting several higher project risks, like those of feedstock supply, environment, health and market, for instance, as some projects of PTT Chemical Group have difficulties in securing feedstock and the scale and period of negative impact or losses yet cannot be definitely evaluated. Some projects may need to comply with the environmental or health impact assessment rules which may be changed or strengthened from the existing ones, if any. Compliance to such forthcoming rules could present multi-dimensional impacts on the projects. As a result from the Court's suspension order, some projects may face an opportunity loss. All the uncertainties involving with the Group's operations now and in the future, as well as those not mentioned herein, could have a significant negative impact on the Group's business performance in the current year and in the future.

**Risk Mitigation Approach :** With awareness of the risks, PTT Chemical Group assigns the project owners to take responsibilities for project risk management under the Company's policy and framework. The owners are required to follow prescribed risk management procedure, which includes identifying project risks, assessing of the impacts and likelihood of identified risks, formulating and implementing risk mitigation plans, and continuingly reporting and reviewing risk report. This should reduce the likelihood or enhance the risk-handling efficiency, which could help lessen opportunity loss or damage than otherwise. This will allow the Group to achieve its long term goals. The Company also demands an all-risks insurance policy, as required by international standard, for the projects under construction to minimize losses to the Group if severe project risks were to occur.

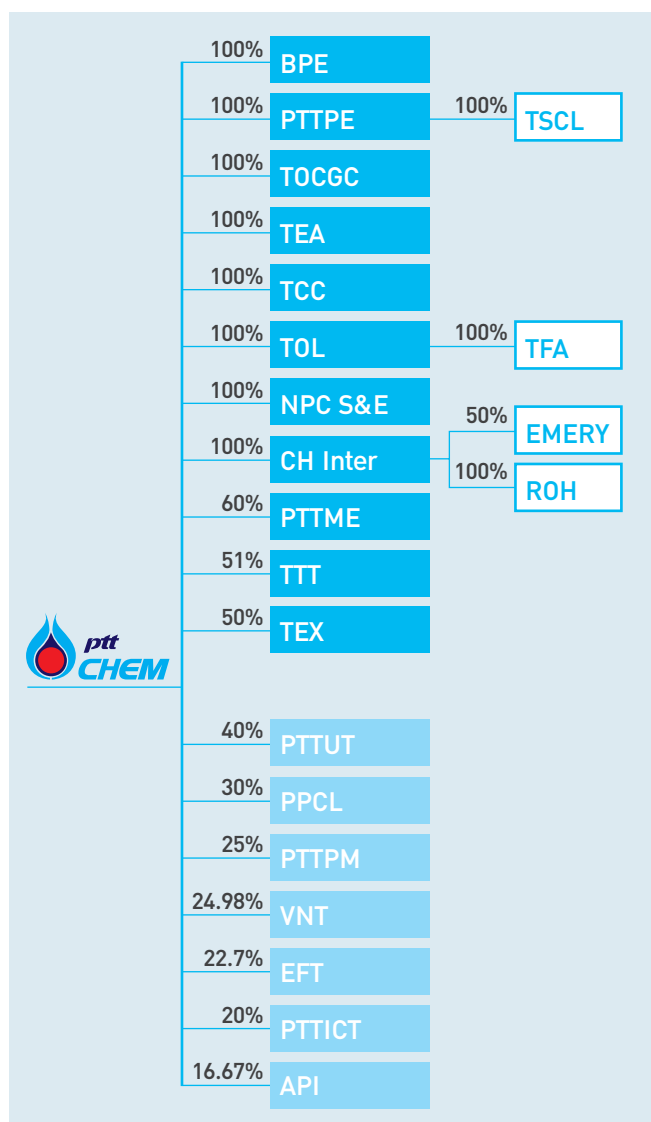
Due to the already realized and existing risks related to the Map Ta Phut fiasco, the Group has realigned the work process concerning feedstock procurement, production and distribution so that some projects of the Group, which are not part of the suspended projects but witness indirect impact from the Central Administrative Court's suspension order, can proceed with the production for maximum value of the Company. This should relieve the Court's impacts to some extent.

### Human Resources Risk

The Group is expanding its business into downstream petrochemicals and derivatives or else domestically and internationally. Consequently, the configuration and running of plants and machinery as well as product planning and sales management of the expanded businesses may differ radically from the present. Current personnel may lack skills and experiences in carrying out new modes of operation efficiently or sufficiently for international competition. Alternatively, the Group may be unable to recruit external personnel with the required skills and experiences. In the worst case, such shortage could pose severe risks that hurt the Group's operations significantly.

**Risk Mitigation Approach :** The Group has recognized these risks ever since its contemplation of projects and preparation of skilled and experienced employees from the start. To cope with this type of problems, the Company has been developing its Group's shared services. The Group stresses the importance of a setup of the individual development plans to meet all business units' HR demand following the Group's growth roadmap. The Company believes that the aforementioned actions will alleviate the Group's human resources risk somewhat.

# Shareholding in Affiliates



## Subsidiaries

BPE	Bangkok Polyethylene Plc
PTTPE	PTT Polyethylene Co.,Ltd.
TSCL	Thai Styrenics Co.,Ltd.
TOCGC	TOC Glycol Co.,Ltd.
TEA	Thai Ethanolamines Co.,Ltd.
TCC	Thai Choline Chloride Co.,Ltd.
TOL	Thai Oleochemicals Co.,Ltd.
TFA	Thai Fatty Alcohol Co.,Ltd.
NPC S&E	NPC Safety and Environmental Service Co.,Ltd.
CH Inter	PTT Chemical International Pte.,Ltd.
EMERY	Emery Oleochemicals (M) Sdn Bhd
ROH	PTT Chemical International (Asia Pacific ROH) Limited
PTTME	PTT Maintenance and Engineering Co.,Ltd.
TTT	Thai Tank Terminal Ltd.
TEX	Thai Ethoxylate Co.,Ltd.

## Affiliates

PTTUT	PTT Utility Co.,Ltd.
PPCL	PTT Phenol Co.,Ltd.
PTTPM	PTT Polymer Marketing Co.,Ltd.
VNT	Vinythai Plc
EFT	Eastern Fluid Transport Co.,Ltd.
PTTICT	PTT ICT Solutions Co.,Ltd.
API	Alliance Petrochemical Investment (Singapore) Pte.,Ltd.

### Note:

- On 8 April 2008, NPTC Maintenance and Engineering Services (NPTC) has been renamed as Alliance Plant Service Co., Ltd. (APS), while changing shareholders (40%) from Toyo Thai Corporation to PTT Plc, with the Company's equity interest (60%) intact.
- On 16 July 2008, PTT Chemical International Pte., Ltd. was registered and signed the agreement to take over a 50% of the common shares of Cognis Oleochemicals (M) Sdn Bhd (COM) on 23 July 2008. COM has been renamed as Emery Oleochemicals (M) Sdn Bhd on 18 May 2009
- On 17 October 2008, Thai Oleochemicals Co.,Ltd. (TOL) a wholly-owned subsidiary of PTTC, acquired shares of Thai Fatty Alcohol (TFA) from Cognis Thai Co.,Ltd. (Cognis B.V. (Cognis)), thus enabling TOL shares to rise from 50% to 100% in TFA.

# Revenues Structure

## Consolidated Revenues Structure

Products/Services	Operated % holding		2007		2008		2009	
	by	of Company	MB	%	MB	%	MB	%
<b>Group 1 - Olefins Products and Utilities</b>								
1.1 Ethylene sales revenues	PTTCH	100	16,154	21%	17,306	21%	12,970	15%
1.2 Propylene sales revenues	PTTCH	100	12,511	17%	13,187	16%	10,944	13%
1.3 Derivatives sales revenues	PTTCH	100	6,025	8%	6,723	8%	5,775	7%
1.4 Utilities sales revenues	PTTCH	100	2,929	4%	2,798	3%	3,070	4%
1.5 Others	PTTCH	100	-	0%	47	0%	31	0%
<b>Total</b>			<b>37,619</b>	<b>50%</b>	<b>40,061</b>	<b>48%</b>	<b>32,790</b>	<b>38%</b>
<b>Group 2 - Polymer Products</b>								
2.1 Plastic pellet sales revenues	PTTCH, BPE	100	22,211	29%	23,325	28%	19,611	23%
2.2 Polystyrene sales revenues	TSCl	100	-	0%	1,225	1%	1,687	2%
<b>Total</b>			<b>22,211</b>	<b>29%</b>	<b>24,550</b>	<b>29%</b>	<b>21,298</b>	<b>25%</b>
<b>Group 3 - Ethylene Oxide Products</b>								
3.1 Sales revenues from EO/EG, EO Derivatives	TOCGC	100	13,128	17%	10,598	13%	9,343	11%
3.2 EO Derivatives	TEX	50	912	1%	1,183	1%	1,181	1%
<b>Total</b>			<b>14,040</b>	<b>19%</b>	<b>11,781</b>	<b>14%</b>	<b>10,524</b>	<b>12%</b>
<b>Group 4 - Oleochemical Products</b>								
4.1 Sales revenues from ME/FA	TOL, TFA	100	-	0%	4,568	5%	6,426	7%
4.2 Sales revenues from CH Inter, EMERY	CH Inter	100	-	0%	1,000	1%	12,915	15%
<b>Total</b>			<b>-</b>	<b>0%</b>	<b>5,568</b>	<b>7%</b>	<b>19,341</b>	<b>22%</b>
<b>Group 5 - Services and Others</b>								
5.1 Revenues from storage and shipment services	TTT	51	1,234	2%	1,385	2%	1,479	2%
5.2 Revenues from continued service	PTTCH	100	159	0%	238	0%	236	0%
5.3 Revenues from facilities maintenance service	PTTME	60	189	0%	378	0%	206	0%
5.4 Revenues from safety and environmental services	NPC S&E	100	132	0%	156	0%	156	0%
<b>Total</b>			<b>1,714</b>	<b>2%</b>	<b>2,157</b>	<b>3%</b>	<b>2,077</b>	<b>2%</b>
<b>Total Revenues from Sales and Services</b>			<b>75,584</b>	<b>100%</b>	<b>84,117</b>	<b>100%</b>	<b>86,030</b>	<b>100%</b>

Note: \* Business groups classified in line with the value chain

# Connected Transactions

## Transactions with Shareholders and Connected Companies

As of 31 December 2009, some significant business transactions had taken place between the Company and its shareholders and connected companies of common shareholders or directors.

Mainly concerning product and service transactions, these transactions were based on market or contractual prices. Below are the details.

Company Business Relationship with PTT Chemical	<b>PTT Public Company Limited (PTT)</b> Petrochemical Business Operation & Support - Major shareholder with 49.30% shares - Common director : Mr. Prasert Bunsumpun - Sales transactions of products and services
Company Business Relationship with PTT Chemical	<b>HMC Polymers Company Limited (HMC)</b> Manufacture & Sale of Polypropylene - Holds 2.81% of the shares in PTCH - Common directors : 1. Mr. Prajya Phinyawat      2. Mr. Pichit Nithivasin - Sales transactions of products and services
Company Business Relationship with PTT Chemical	<b>Thai Plastic and Chemicals Public Company Limited (TPC)</b> Manufacture & Sale of Poly Vinyl Chloride - Holds 0.58% of the shares in PTCH - TPC's major shareholder (Siam Cement) is also a major shareholder of PTCH - Common director : Mr. Cholanat Yanaranop - Sales transactions of products and services
Company Business Relationship with PTT Chemical	<b>Thai Polyethylene Company Limited (TPE)</b> Manufacture & Sale of Polyethylene - TPE's major shareholder (Siam Cement) is also a major shareholder of PTCH - Common directors : 1. Mr. Cholanat Yanaranop      2. Mr. Roongrote Rangsiyopash - Sales transactions of products and services
Company Business Relationship with PTT Chemical	<b>Thai Polypropylene Company Limited (TPP)</b> Manufacture & Sale of Polypropylene - TPP's major shareholder (Siam Cement) is also a major shareholder of PTCH - Common directors : 1. Mr. Cholanat Yanaranop      2. Mr. Roongrote Rangsiyopash - Sales transactions of products and services



Company	<b>PTT Aromatics and Refining Public Company Limited (PTTAR)</b>
Business	Manufacture & sale of Benzene, Toluene, Paraxylene, Orthoxylene, and Mixed Xylenes, and Oil Refinery Business
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- PTTAR's major shareholder (PTT) is also a major shareholder of PTTC</li> <li>- Common directors :               <ol style="list-style-type: none"> <li>1. Mr. Prasert Bunsumpun</li> <li>2. Mr. Witoon Simachokedee</li> <li>3. Mr. Prajya Phinyawat</li> <li>4. Mr. Tevin Vongvanich</li> </ol> </li> <li>- Sales transactions of products and services</li> </ul>
Company	<b>Rayong Olefins Company Limited (ROC)</b>
Business	Petrochemical Business
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- ROC's major shareholder (Siam Cement) is also a major shareholder of PTTC</li> <li>- Common directors :               <ol style="list-style-type: none"> <li>1. Mr. Cholanat Yanaranop</li> <li>2. Mr. Roongrote Rangsiyopash</li> <li>3. Mr. Pichit Nithivasin</li> <li>4. Mr. Prajya Phinyawat</li> </ol> </li> <li>- Sales transactions of products and services</li> </ul>
Company	<b>Siam Styrene Monomer Company Limited (SSMC)</b>
Business	Manufacture of Styrene Monomers
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- SSMC's major shareholder (Siam Cement) is also a major shareholder of PTTC</li> <li>- Common directors :               <ol style="list-style-type: none"> <li>1. Mr. Cholanat Yanaranop</li> <li>2. Mr. Roongrote Rangsiyopash</li> </ol> </li> <li>- Sales transactions of products and services</li> </ul>
Company	<b>Siam Mitsui PTA Company Limited (SIAM MITSUI)</b>
Business	Manufacture of Purified Terephthalic Acid
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- SIAM MITSUI'S major shareholder (Siam Cement) is also a major shareholder of PTTC</li> <li>- Common director : Mr. Cholanat Yanaranop</li> <li>- Sales transactions of products with PTTC's subsidiary</li> </ul>
Company	<b>Thai Tank Terminal Limited (TTT)</b>
Business	Storage and Logistical Services for Liquid Chemicals, Oil, and Gas at Map Ta Phut Industrial Estate
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- A subsidiary of PTTC (51% of the shares)</li> <li>- Common director : Mr. Veerasak Kositpaisal</li> <li>- Three TTT directors are PTTC executives :               <ol style="list-style-type: none"> <li>1. Mr. Dhanes Charoensupaya</li> <li>2. Mrs. Puntip Oungpasuk</li> <li>3. Mr. Narong Bunditkamol</li> </ol> </li> <li>- Sales transactions of products and services</li> </ul>
Company	<b>PTT Maintenance and Engineering Company Limited (PTTME)</b>
Business	Maintenance and Engineering Services, etc. (Domestic and Asia)
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- A subsidiary of PTTC (60% of the shares)</li> <li>- One PTTME director is a PTTC executive : Mr. Jiamsak Nantanate</li> <li>- Service transactions</li> </ul>

<b>Company</b>	<b>NPC Safety and Environmental Service Company Limited (NPC S&amp;E)</b>
<b>Business</b>	Safety and Environment Services for Network Government Agencies and Private Companies
<b>Relationship with PTT Chemical</b>	<ul style="list-style-type: none"> <li>- A wholly - owned subsidiary of PTTCH</li> <li>- Common director : Mr. Veerasak Kositpaisal</li> <li>- Three NPC S&amp;E directors are PTTCH executives :               <ol style="list-style-type: none"> <li>1. Mr. Jiamsak Nantananate</li> <li>2. Mr. Narong Bunditkamol</li> <li>3. Mr. Suvit Tinnachote</li> </ol> </li> <li>- Service transactions</li> </ul>
<b>Company</b>	<b>PTT Utility Company Limited (PTTUT)</b>
<b>Business</b>	Production and Sale of Electricity, Steam, and Water for Production Processes
<b>Relationship with PTT Chemical</b>	<ul style="list-style-type: none"> <li>- A PTTCH associate with 40% of the shares</li> <li>- PTTUT's major shareholder (PTT) is also a major shareholder of PTTCH</li> <li>- Four PTTUT directors are PTTCH executives :               <ol style="list-style-type: none"> <li>1. Mr. Athavudhi Hirunburana</li> <li>2. Mr. Dhanes Charoensupaya</li> <li>3. Mr. Narong Bunditkamol</li> <li>4. Mr. Jiamsak Nantananate</li> </ol> </li> <li>- Common executives :               <ol style="list-style-type: none"> <li>1. Mr. Jiamsak Nantananate</li> <li>2. Mr. Narong Bunditkamol</li> </ol> </li> <li>- Sales transactions of products</li> </ul>
<b>Company</b>	<b>PTT Polyethylene Company Limited (PTTPE)</b>
<b>Business</b>	Manufacture of Olefins and Derivatives
<b>Relationship with PTT Chemical</b>	<ul style="list-style-type: none"> <li>- A wholly - owned subsidiary of PTTCH</li> <li>- Common directors :               <ol style="list-style-type: none"> <li>1. Mr. Prajya Phinyawat</li> <li>2. Mr. Veerasak Kositpaisal</li> </ol> </li> <li>- Three PTTPE directors are PTTCH executives :               <ol style="list-style-type: none"> <li>1. Mr. Khubbhol Suksupha</li> <li>2. Mrs. Puntip Oungpasuk</li> <li>3. Mr. Patipan Sukonthaman</li> </ol> </li> <li>- Common executives :               <ol style="list-style-type: none"> <li>1. Mr. Suvit Tinnachote</li> <li>2. Mr. Narong Bunditkamol</li> </ol> </li> <li>- Service transactions</li> </ul>
<b>Company</b>	<b>Thai Styrenics Company Limited (TSCL)</b>
<b>Business</b>	Manufacture and Sale of Petrochemical Products
<b>Relationship with PTT Chemical</b>	<ul style="list-style-type: none"> <li>- A wholly - owned subsidiary of PTTCH</li> <li>- Four TSCL directors are PTTCH executives :               <ol style="list-style-type: none"> <li>1. Mr. Khubbhol Suksupha</li> <li>2. Mrs. Puntip Oungpasuk</li> <li>3. Mr. Suvit Tinnachote</li> <li>4. Mr. Dhanes Charoensupaya</li> </ol> </li> <li>- Sales transactions of products and services</li> </ul>
<b>Company</b>	<b>PTT Phenol Company Limited (PPCL)</b>
<b>Business</b>	Manufacture of Phenol and By-Products
<b>Relationship with PTT Chemical</b>	<ul style="list-style-type: none"> <li>- A PTTCH associate with 30% of the shares</li> <li>- PPCL's major shareholder (PTT) is also a major shareholder of PTTCH</li> <li>- Common directors :               <ol style="list-style-type: none"> <li>1. Mr. Prajya Phinyawat</li> <li>2. Mr. Veerasak Kositpaisal</li> </ol> </li> <li>- Two PPCL directors are PTTCH executives :               <ol style="list-style-type: none"> <li>1. Mrs. Puntip Oungpasuk</li> <li>2. Mr. Dhanes Charoensupaya</li> </ol> </li> <li>- Sales transactions of products and services</li> </ul>

Company	<b>PTT Polymer Marketing Company Limited (PTTPM)</b>
Business	Marketing and Distribution of Polymer Products for PTT Group
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- A PTTCCH associate with 25% of the shares</li> <li>- PTTPM's major shareholder (PTT) is also a major shareholder of PTTCCH</li> <li>- Common directors :               <ol style="list-style-type: none"> <li>1. Mr. Prajya Phinyawat</li> <li>2. Mr. Veerasak Kositpaisal</li> </ol> </li> <li>- One PTTPM director is a PTTCCH executive : Mr. Dhanes Charoensupaya</li> <li>- Sales transactions of products and services</li> </ul>
Company	<b>Star Petroleum Refining Company Limited (SPRC)</b>
Business	Oil Refinery Business
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- SPRC's major shareholder (PTT) is also a major shareholder of PTTCCH</li> <li>- Sales transactions of products</li> </ul>
Company	<b>Vinythai Public Company Limited (VNT)</b>
Business	Manufacture & Sale of Poly Vinyl Chloride
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- PTTCCH associate with 24.98% of the shares</li> <li>- Common director : Mr. Veerasak Kositpaisal</li> <li>- Two VNT directors are PTTCCH executives :               <ol style="list-style-type: none"> <li>1. Mrs. Puntip Oungpasuk</li> <li>2. Mr. Dhanes Charoensupaya</li> </ol> </li> <li>- Sales transactions of products</li> </ul>
Company	<b>IRPC Public Company Limited (IRPC)</b>
Business	Petrochemical Business
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- IRPC's major shareholder (PTT) is also a major shareholder of PTTCCH</li> <li>- Common directors :               <ol style="list-style-type: none"> <li>1. Mr. Prasert Bunsumpun</li> <li>2. Mr. Prajya Phinyawat</li> </ol> </li> <li>- Sales transactions of products</li> </ul>
Company	<b>Bangkok Polyethylene Public Company Limited (BPE)</b>
Business	Manufacture & Sale of High Density Polyethylene
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- A wholly - owned subsidiary of PTTCCH</li> <li>- Common director : Mr. Prajya Phinyawat</li> <li>- One BPE director is a PTTCCH executive : Mr. Suvit Tinnachote</li> <li>- Sales transactions of products and services</li> </ul>
Company	<b>Bangkok Synthetics Company Limited (BST)</b>
Business	Manufacture & Sale of Mixed-C4s Derivatives
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- BST has 1.46% of the shares in PTTCCH</li> <li>- Common director : Mr. Cholanat Yanaranop</li> <li>- One BST executive is a PTTCCH Director : Mr. Pichit Nithivasin</li> <li>- Service transactions</li> </ul>
Company	<b>Bangkok Industrial Gas Company Limited (BIG)</b>
Business	Manufacture and Sale of Industrial Gases
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- Common director : Mr. Pichit Nithivasin</li> <li>- Sales transactions of products and services</li> </ul>
Company	<b>Thai Petroleum Pipeline Company Limited (THAPPLINE)</b>
Business	Fuel Pipeline Transport Services
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- THAPPLINE's major shareholder (PTT) is also a major shareholder of PTTCCH</li> <li>- Service transactions</li> </ul>

Company	<b>Eastern Fluid Transport Company Limited (EFT)</b>
Business	Pipeline Infrastructural Services
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- A PTTCCH associate with 22.7% of the shares</li> <li>- Common director : Mr. Athavudhi Hirunburana</li> <li>- Service transactions</li> </ul>
Company	<b>Dhipaya Insurance Public Company Limited (DHIPAYA)</b>
Business	Insurance Business
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- DHIPAYA's major shareholder (PTT) is also a major shareholder of PTTCCH</li> <li>- Connected transactions</li> </ul>
Company	<b>TOC Glycol Company Limited (TOCGC)</b>
Business	Manufacture & Sale of Mono Ethylene Glycol
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- A wholly-owned subsidiary of PTTCCH</li> <li>- Three TOCGC directors are PTTCCH executives :               <ol style="list-style-type: none"> <li>1. Mr. Patipan Sukonthaman</li> <li>2. Mrs. Puntip Oungpasuk</li> <li>3. Mr. Athavudhi Hirunburana</li> </ol> </li> <li>- Sales transactions of products and services</li> </ul>
Company	<b>Thai Ethoxylate Company Limited (TEX)</b>
Business	Manufacture & Sale of Fatty Alcohol Ethoxylates, Base Chemicals of Personal Healthcare Products
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- A PTTCCH joint venture with 50% of the shares</li> <li>- Sales transactions of products and services</li> </ul>
Company	<b>Thai Ethanolamines Company Limited (TEA)</b>
Business	Manufacture & Sale of Ethanolamines And Products for Paint, Pharmaceutical, Cosmetics, Cement, etc.
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- A wholly - owned subsidiary of PTTCCH</li> <li>- Two TEA directors are PTTCCH executives :               <ol style="list-style-type: none"> <li>1. Mr. Patipan Sukonthaman</li> <li>2. Mr. Athavudhi Hirunburana</li> </ol> </li> <li>- Service transactions</li> </ul>
Company	<b>Thai Choline Chloride Company Limited (TCC)</b>
Business	Manufacture & Sale of Choline Chloride for Animal Feed
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- A wholly-owned subsidiary of PTTCCH</li> <li>- Three TCC directors are PTTCCH executives :               <ol style="list-style-type: none"> <li>1. Mr. Jiamsak Nantananate</li> <li>2. Mr. Athavudhi Hirunburana</li> <li>3. Mr. Patipan Sukonthaman</li> </ol> </li> <li>- Service transactions</li> </ul>
Company	<b>Thai Oleochemicals Company Limited (TOL)</b>
Business	Manufacture & Sale of Methyl Ester, Fatty Alcohol, and Glycerine
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- A wholly-owned subsidiary of PTTCCH</li> <li>- Common director : Mr. Witoon Simachokedee</li> <li>- Three TOL directors are PTTCCH executives :               <ol style="list-style-type: none"> <li>1. Mr. Patipan Sukonthaman</li> <li>2. Mr. Athavudhi Hirunburana</li> </ol> </li> <li>- Sales transactions of products and services</li> </ul>
Company	<b>Thai Industrial Gases Public Company Limited (TIG)</b>
Business	Manufacture & Sale of Industrial Gases
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- Common director : Mr. Paibulya Punyavutti</li> <li>- Sales transactions of products and services</li> </ul>

Company	<b>PTT ICT Solutions Company Limited (PTTICT)</b>
Business	Services for Information Communication and Technology to PTT Group
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- A PTTCH associate with 20% of the shares</li> <li>- Common director : Mr. Tevin Vongvanich</li> <li>- One PTTICT director is a PTTCH executive : Mr. Athavudhi Hirunburana</li> <li>- Service transactions</li> </ul>
Company	<b>PTT Polymers Logistic Company Limited (PTTPL)</b>
Business	Logistical Services to PTT Group's Petrochemical Businesses
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- PTTPL's major shareholder (PTT) is also a major shareholder of PTTCH</li> <li>- Common directors :               <ol style="list-style-type: none"> <li>1. Mr. Prajya Phinyawat</li> <li>2. Mr. Veerasak Kositpaisal</li> </ol> </li> <li>- One PTTPL director is PTTCH executive : Mr. Khubbhol Suksupha</li> </ul>
Company	<b>Thai Fatty Alcohol Company Limited (TFA)</b>
Business	Manufacture & Sale of Oleochemicals, Fatty Alcohols, and Derivatives
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- A PTTCH joint venture with a subsidiary holding 100% of the shares</li> <li>- Common director : Mr. Vitoon Simachokedee</li> <li>- Two TFA directors are PTTCH executives :               <ol style="list-style-type: none"> <li>1. Mr. Patipan Sukonthaman</li> <li>2. Mr. Athavudhi Hirunburana</li> </ol> </li> <li>- Sales transactions of products and services</li> </ul>
Company	<b>Emery Oleochemicals (M) SDN BHD (EMERY)</b>
Business	(Formerly known as Cognis Oleochemicals (M) Sdn Bhd) Manufacture of Oleochemicals, Fatty Alcohols, and all its Derivatives
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- Holds 50% of the shares in a PTTCH joint venture</li> <li>- Common director : Mr. Veerasak Kositpaisal</li> <li>- One director is PTTCH executive : Mrs. Puntip Oungpasuk</li> <li>- Sales transactions of products</li> </ul>
Company	<b>PTT Chemical International Private Limited (CH Inter)</b>
Business	International Investment
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- A wholly-owned subsidiary of PTTCH</li> <li>- Common director : Mr. Veerasak Kositpaisal</li> </ul>
Company	<b>PTT Chemical International (Asia Pacific ROH) Limited (AP ROH)</b>
Business	Services for International Investment and Management to PTTCH group
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- PTTCH Inter, a PTTCH subsidiary holding 100%</li> <li>- Common director : Mr. Veerasak Kositpaisal</li> </ul>
Company	<b>PTT Exploration and Production Public Company Limited (PTTEP)</b>
Business	Petroleum Exploration and Production
Relationship with PTT Chemical	<ul style="list-style-type: none"> <li>- PTTEP's major shareholder (PTT) is also a major shareholder of PTTCH</li> <li>- Common director : Mr. Prasert Bunsumpun</li> </ul>

<b>Company</b>	<b>PTT Tank Terminal Company Limited (PTT Tank)</b>
<b>Business</b>	Storage and Logistical Services for Liquid Chemicals, Oil, and Gas
<b>Relationship with PTT Chemical</b>	<ul style="list-style-type: none"> <li>- PTT Tank's major shareholder (PTT) is also a major shareholder of PTTCH</li> <li>- Common director : Mr. Prajya Phinyawat</li> <li>- Service transactions</li> </ul>
<b>Company</b>	<b>PTT International Trading Company Limited (PTTT)</b>
<b>Business</b>	Wholesale Trade in Crude Oil and Petroleum Products
<b>Relationship with PTT Chemical</b>	<ul style="list-style-type: none"> <li>- PTTT's major shareholder (PTT) is also a major shareholder of PTTCH</li> <li>- Common director : Mr. Tevin Vongvanich</li> <li>- Sales transactions of products</li> </ul>
<b>Company</b>	<b>PTT International Company Limited (PTT Inter)</b>
<b>Business</b>	International Investment
<b>Relationship with PTT Chemical</b>	<ul style="list-style-type: none"> <li>- PTT Inter's major shareholder (PTT) is also a major shareholder of PTTCH</li> <li>- Common director : Mr. Tevin Vongvanich</li> </ul>

## Transactions with Connected Parties

For 2009 and 2008, details of the Company's transactions with connected parties appear in the top pro forma financial statements as of year-end 2009 and 2008, item 5.

## Needs and Justification of Connected Transactions

Sales of products by PTT Chemical to connected parties have been carried out mainly so that they may convert its products into their own for sale at prices corresponding to long-term offtake agreements or spot prices. Prices must prove reasonable to both parties and be based on market prices without any undue transfer of interests. When providing services to connected parties, transactions must cover transportation or storage costs of products. The charge for services is both market-based and benefit-based, without any transfer of interests.

Product and feedstock supplies and/or services as well as the volume of products, feedstock or services given by connected parties must meet the needs and business operation of PTT Chemical. Prices of product trading or services are as agreed by the Company and connected parties without any transfer of interests.

In addition, the Company is required to purchase feedstock for producing ethylene, propylene, and other by-products from connected parties because the capacity and quality of such feedstock meet its needs. PTT Chemical also saves transportation expenses since feedstock bought from connected parties can be transferred safely by the Company's pipeline system from their plants in Map Ta Phut Industrial Estate, Rayong.

## Measures and Procedures for Approval of Connected Transactions

Company regulations state that a director can acquire or dispose of company assets or perform any business transaction involving the Company either by himself or herself or on behalf of others only with the approval of the Board. Any director who personally gains from any acquisition or disposal of company assets or any transaction of the Company is not allowed to vote on that matter. After securing approval from the Board, the Company can perform any business transaction or acquire or dispose of major assets in line with an announcement of the Stock Exchange of Thailand (SET). This also applies to the Company's subsidiaries in the SET announcement concerning connected transactions of registered companies as well as the buying or selling of registered company assets.

## Opinion of Independent Directors

The Company's independent directors noted that the connected transactions complied with the requirements of the Board.

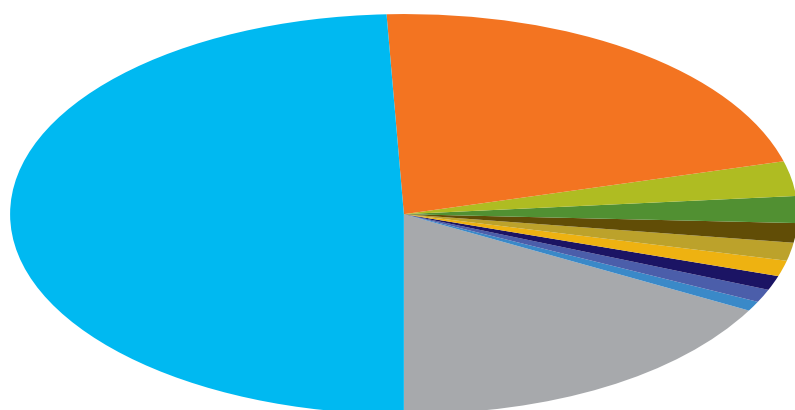
## Policies and Trends of Future Connected Transactions

Future connected transactions between the Company and connected parties will remain normal and unexceptional without any transfer of interests. Pricing between them will be implemented at arm's length. Moreover, the prices of products or feedstock purchased from connected parties will be set in agreements or linked to market prices. In addition, service charges paid to connected parties will also be at arm's length. The prices of products sold or purchased between the Company and connected parties will, as a rule, be linked to the Map Ta Phut market prices.

Disclosure of the Company's connected transactions is to comply with the rules and regulations of the Securities and Exchange Commission (SEC) and SET.

The audit standards for connected parties will be as specified by the Federation of Accounting Professions and Office of the Auditor-General.

# Shareholding Structure



<b>PTT</b>	<b>49.30</b>
<b>SCG</b>	<b>21.44</b>
<b>HMC</b>	<b>2.81</b>
<b>STATE STREET</b>	<b>2.16</b>
<b>OMAN OIL</b>	<b>1.57</b>
<b>BST</b>	<b>1.46</b>
<b>HSBC</b>	<b>1.27</b>
<b>NORTRUST</b>	<b>1.16</b>
<b>THAI NVDR</b>	<b>1.05</b>
<b>CPB</b>	<b>0.78</b>
<b>OTHERS</b>	<b>17.00</b>

## List of major shareholders of PTT Chemical Public Company Limited (PTTCH)

Rank	Shareholders	Number of Shares	(%) of Total Shares
1	PTT Public Company Limited	737,917,272	49.30
2	The Siam Cement Public Company Limited	320,870,427	21.44
3	HMC Polymers Company Limited	42,132,567	2.81
4	State Street Bank and Trust Company	32,375,615	2.16
5	Oman Oil Company S.A.O.C	23,505,853	1.57
6	Bangkok Synthetics Company Limited	21,928,254	1.46
7	Nortrust Nominees Limited	19,072,153	1.27
8	HSBC (Singapore) Nominees Private Limited	17,319,307	1.16
9	Thai NVDR Company Limited	15,729,143	1.05
10	CPB Equity Company Limited	11,718,400	0.78
<b>Total</b>		<b>1,242,568,991</b>	<b>83.00</b>

### Note:

1. PTT Chemical Plc's top 10 shareholders at the closing date of the share register for interim dividend payment (XD) as of 7 September 2009.
2. With 49.30% shareholding, PTT Plc is in practice the major shareholder with significant influence over the policy formulation of Company's management and operation.
3. Numbers 7 and 8 are nominee accounts. PTT Chemical Plc's investigation at Thailand Securities Depository Co., Ltd., (TSD) found that the ultimate shareholders' names could not be disclosed.
4. Shareholders of Thai NVDR Co., Ltd., who held non-voting depository receipts in number 9 were ineligible for voting at shareholders' meetings except when exercising their voting rights on delisting the shares from SET.
5. There are 173 foreign shareholders, holding combined 192,280,520 shares of 12.85% of paid-up capital.  
(On the foreign ownership, the Company's regulations No.7 states "it must not exceed 24% of all issued shares")

### The top 5 foreign shareholders, through Thai NVDR Co.,Ltd (Major NVDR Holders) as of 7 September 2009 are \*

Rank	Shareholders	Number of Shares	(%) of Total Shares
1	HSBC (SINGAPORE) NOMINEES PTE LTD	2,898,000	0.19
2	STATE STREET BANK AND TRUST COMPANY	2,389,800	0.16
3	N.C.B. TRUST LIMITED-STICHTING PGGM DEPOSITORY	1,715,600	0.11
4	MORGAN STANLEY & CO. INTERNATIONAL PLC	1,483,572	0.10
5	CITIBANK NOMINEES SINGAPORE PTE LTD-TFCB-ING THAILAND FD	632,600	0.04

\*Source : [www.set.or.th](http://www.set.or.th)



# Dividend Payment Policy

## 1. PTT Chemical Public Company Limited

At Meeting No. 1/2005, held on 7 December 2005, the Board of Directors agreed to pay a dividend of no less than 30% of net profits after the deduction of tax and capital reserves. However, dividend payment is subject to investment plans, necessity, and other factors. After deciding on an appropriate dividend payment, the Board must propose the payment to a shareholders' meeting for approval. If necessary, the Board may approve an interim dividend payment and report to the shareholders at their next meeting.

### Dividend Allocation Profile

Year	2005	2006	2007	2008	2009 (Jan.-Jun.)
Dividend (Baht/share)	5.00	5.25	6.00	4.00	0.60
Total dividend (million Baht)	5,656	6,926	8,967	5,987	898

## 2. Subsidiary : Thai Tank Terminal Limited

The dividend allocation policy is as follows: "If there is no other necessity, the Company shall allocate a dividend of no less than 40% of the net profits after the year-end deduction of corporate income tax to maintain the ratio of liabilities to equity of shareholders at no more than 1:1"

## 3. Subsidiary : TOC Glycol Company Limited

The dividend allocation policy is as follows: "In any dividend allocation, the Company shall allocate as capital reserves no less than one-twentieth of the net profits earned from its business until such capital reserves equal or exceed one-tenth of the capital of the Company."

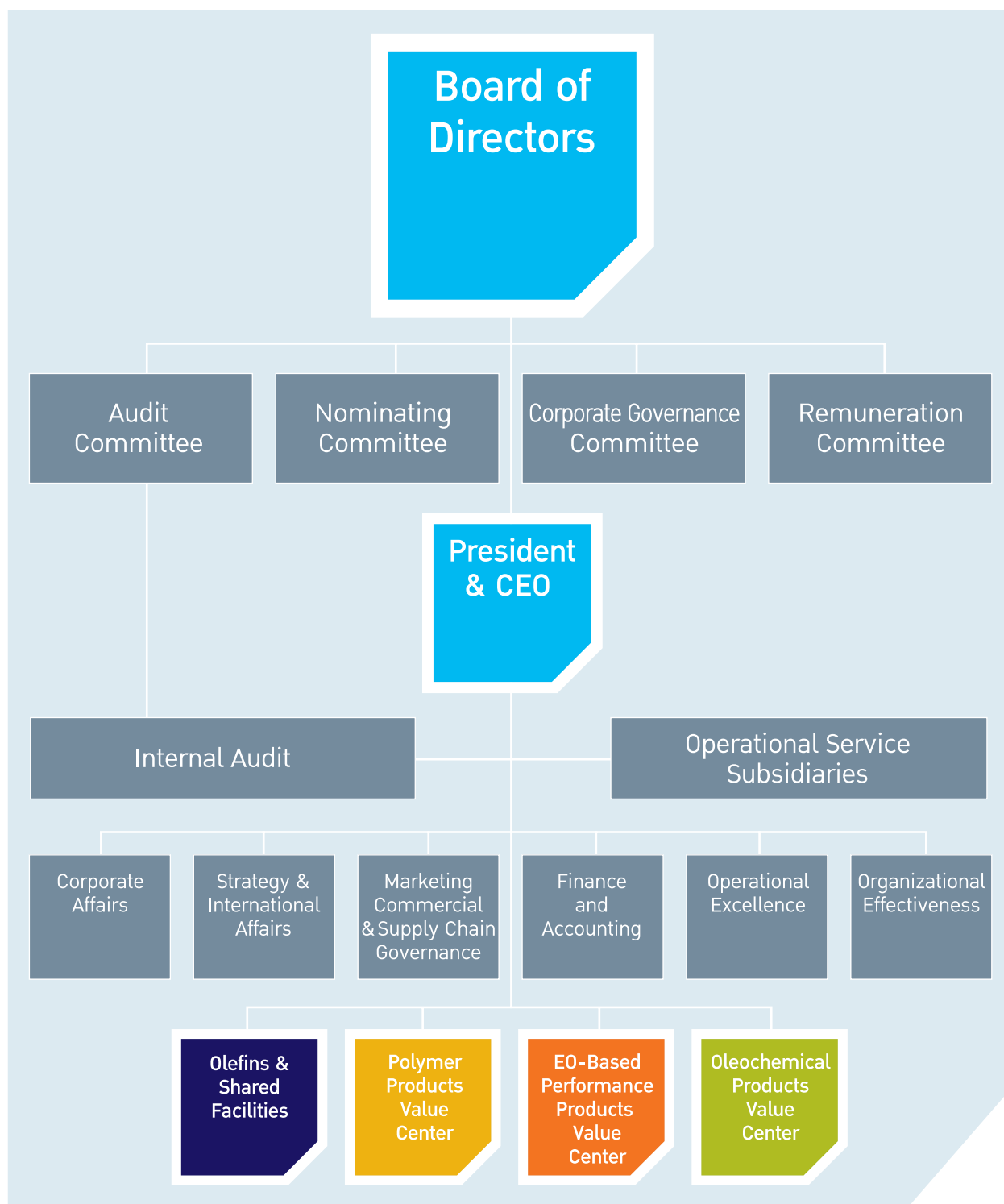
## 4. Subsidiary : Thai Oleochemicals Company Limited

The dividend allocation policy is as follows: "In any dividend allocation, the Company shall allocate as capital reserves no less than one-twentieth of the net profits earned from its business until such capital reserves equal or exceed one-tenth of the capital of the Company."

## 5. Subsidiary : Bangkok Polyethylene Public Company Limited

The dividend allocation policy is as follows: "No dividend allocation is permitted unless decided by the shareholders' meetings or the Board of Directors. An interim dividend may on occasion be paid if it is apparent to the Board that the Company has been reasonably profitable. Once the dividend allocation has been made, the Board shall report to the next shareholders' meeting. In so doing, the Company shall allocate a portion as capital reserves; this amount is to be no less than 5% of the annual net profits, deducted by the cumulative loss (if applicable). This practice shall continue until the provisional capital equals 10% of the registered capital."

# Organization Structure



(As of 31 December 2009)

# Organization and People Management

It is our ambitions to make a sustainable growth by focusing on a vigorous business expansion and entering into more diversified markets. This journey must be propelled by people capabilities and readiness. As such the human capital is pegged on the corporate strategic dashboard in line with the marketing and production strategies.

At this point, with solid expertise and long experiences in manufacturing base, we perceive challenges and opportunities to embed work culture, cultivate people's mindsets and behaviors and enhance people's skills and knowledge to be more aligned with expectations of customers and markets.

To provide an infrastructure that encourages the organization and the people to be closer to the customers, the Company has transformed the structure into, what we call, the Value-Based Organization (VBO) since 2008 with aims to add more values and to create new sources of growth. Under VBO, there are 3 roles, i.e. the Governance Role, whose key jobs are to set governing objectives and establish common practices & principles, and the Shared Services Role, which pools all supporting functions in order to maximize highest effectiveness in resources allocation and standardizes processes. Such two roles are assigned to function at the Corporate Center and decentralize to the Value Centers.

The major role under the VBO structure is the Value Centers (VC). This role is dedicatedly drawn up to take charge of creating products and business results, including development and execution of local strategic planning and marketing, finance and accounting, and human resources management within their own VC in line with the corporate policy. In order to provide an appropriate decentralization and governing from the corporate center, the Company has adopted the Matrix Organization Approach to accommodate the two-way and cross-functional reporting lines, i.e. solid and dotted lines.

From the assignment of roles, responsibilities and management approach as mentioned above, it is clear-cut that the cross-functional nature of working is greatly appreciated as one of underlying themes of VBO. In order to streamline processes and systems for internal coordination and cooperation, new policies, rules and regulations are developed, particularly in the human resources management area, the Human Resources Policy is constituted to be a basic principle about power decentralization, relationship and coordination between 3 HR functions, i.e. People Strategy and Policies-the Governance Role, Human Resources Development and Services-the Shared Services Role, and HR Support at VC.

In addition, to stabilize the cross-functional and team-working culture which is the VBO theme, the concept of Pay for Performance (P4P) was firstly introduced last year as the methodology for performance review. Each individual's performance is reviewed on the basis of his/her contribution to the achievement of corporate KPIs, team KPIs and individual KPIs. P4P not only strengthens the culture of working as a team, but also ensures that the deployment of corporate strategies to individual goals is comprehensively aligned and reflects real practices.

A leverage of people capabilities and potentials is one of the challenges that our managements at all levels always dedicate to and place great concerns on. Therefore our people are very exposed to several training and development programs which are provided company-wide and dedicatedly designed in line with the Company's business direction. The master development plan is established with a strong focus on equipping our people with leadership skills, by which the Leadership Development Program is tailored to meet our business context. Other focuses are placed on enlarging knowledge in more diversified markets as well as embedding risk management and change management concerns in a more strategic way in order that our people are able to timely handle external and internal impacts. Apart from the above corporate development, each individual staff can as well participate in other development programs that specifically link to the Company's Competency Model. Last year, every staff was encouraged to produce an individual development plan by discussing with their bosses.

Career planning is another system that is on the way. It is a systematic integration of the Company's Performance Management, Competency Management, Talent Management, Succession Planning and People Development. Competency assessment result indicates individual's capabilities and even an individual's potentials to grow in his/her career. The result therefore serves as one input in career planning and individual development for people who are on either normal or fast track. People who demonstrate high performance and high potential are then taken care by the talent management program to be prepared for filling up the critical positions according to the succession planning program.

To achieve the Company's ambitious goals, dedicated efforts and collective contributions of people are needed in a very much proactive degree. However, balancing our people's work and personal life must not be left out. As such, we have adopted the approach of the Federation of Thai Industries' *Management System of Quality of Work Life* (MSQWL) to strengthen the qualities of our people's work lives in 4 aspects i.e. physical well-being, emotional well-being, spiritual well-being and social well-being. During the past year, we have run a campaign called Good Health and Happy Life Project to encourage such 4 aspects. Receiving a great deal of interest and participation from the Company's management and staff, the campaign is continued to the years to come.

Meanwhile, the Company has emphasized occupational environment and safety, with dissemination of advices to prevent accidents and other mishaps, to minimize impacts and damage to lives, properties, organizations, communities and environment. Training and refreshing sessions are held to ensure employees' understandings and conformity to the safety procedures/restrictions of the local and national governments.

With a strong realization on global economic uncertainty, the Company ceaselessly nurtures its determination and intention in leveraging the organization and people to be most aligned with and be able to satisfy both short- and long-term business plans in order to handle and cope with external factors, which is beyond our control, in a more timely manner and value maximization way.

# Board of Directors



**Mr. Prasert Bunsumpun**

Chairman

Age : 58

## Present Important Positions

- President & Chief Executive Officer, PTT Public Company Limited
- Chairman, PTT Exploration and Production Public Company Limited
- Vice Chairman, IRPC Public Company Limited
- Director, PTT Aromatics and Refining Public Company Limited
- Director, Thai Oil Public Company Limited

## Education / Training

- Honorary Doctorate Degree in Engineering, Chulalongkorn University
- Honorary Doctorate Degree in Management, National Institute of Development Administration (NIDA)
- Honorary Doctorate Degree in Management Science, Petchaburi Rajabhat University
- M.B.A., Utah State University, U.S.A.
- Bachelor of Civil Engineering, Chulalongkorn University
- Certificate in Advanced Management Program, Harvard Business School, U.S.A.
- The Joint State – Private Sector Regular Course, the National Defence College (Class 10)
- Politics and Governance in Development Systems for Executive Course, King Prajadhipok's Institute (Class 6)
- Capital Market Academy Leader Program Class 3

## Training on Director Roles and Responsibilities

- Director Accreditation Program (DAP), Class 26/2004, Thai Institute of Directors Association (IOD)

## Experiences

- Vice Chairman, PTT Chemical Public Company Limited
- Senior Executive Vice President, Gas Business Group, PTT Public Company Limited
- Vice Chairman, National Petrochemical Public Company Limited
- Vice Chairman, Thai Olefins Public Company Limited
- Director, The Aromatics (Thailand) Public Company Limited
- Director, Rayong Refinery Public Company Limited

## Relation among family within the Company

None



**Mr. Witoon Simachokedee**  
Independent Director  
Director to the Corporate  
Governance Committee  
Age : 55

#### Present Important Positions

- Permanent Secretary for Industrial
- Chairman, Thai Oleochemicals Company Limited
- Chairman, Thai Fatty Alcohols Company Limited
- Director, the Electricity Generating Authority of Thailand
- Director, PTT Aromatics and Refining Public Company Limited
- Director, Ratchburi Electricity Generating Holding Public Company Limited
- Director, EGAT International Co.,Ltd.

#### Education / Training

- Ph.D in Public Administration (Public and Private Management), Ramkhamhaeng University
- M.B.A., Thammasat University
- L.L.B., Thammasat University
- B.Eng. (Electrical Engineering), Kasetsart University
- The National Defense College (Class 46)
- Political and Governance Program, King Prajadhipok's Institute (Class 11)
- Capital Market Academy Leadership Program (Class 7)
- The Programme of Senior Executives on Justice Administration Batch 13, National Justice Academy, Office of the Judiciary
- Top Executive Program in Commerce and Trade (TEPCoT), (Jun-Sep/2009)

#### Training on Director Roles and Responsibilities

- Financial Statement for Directors (FSD) Class 4/2009
- Director Certification Program (DCP) Class 115/2009 Thai Institute of Directors Association (IOD)
- Politics and Governance in Development Systems for Executive Course (Class 1), King Prajadhipok's Institute

#### Experiences

- Director, the Industrial Estate Authority of Thailand
- Director, Technology Promotion Association
- Director, the Institute of Small and Medium Enterprises Development
- Director, Customers Protection Committee
- Vice-Chairman, the Association of QC Headquarters of Thailand
- Independent Director, Electricity Generating Public Company Limited
- Deputy Permanent Secretary, Ministry of Industry
- Director-General, Department of Primary Industries and Mines, Ministry of Industry
- Director-General, Department of Industrial Works, Ministry of Industry
- Chairman of the Association of QC Headquarters of Thailand

**Relation among family within the Company**  
None



**Pol.Gen. Nopadol Somboonsub**  
Independent Director  
Chairman of the Remuneration  
Committee  
Director to the Audit Committee  
Age : 65

#### Present Important Positions

- Chief Corporate Security Officer, Business Security Office, Charoen Pokphand Group
- Executive Assistant to President/CEO & Director, Fraud & Cyber Crime, True Corporation Public Company Limited

#### Education / Training

- Criminal Justice, M.A., California State University, U.S.A.
- Public Administration (Police), B.A., Police Cadet Academy
- Oversea Command Course, Police Staff College, United Kingdom
- FBI National Academy, Quantico, Virginia, U.S.A.

#### Training on Director Roles and Responsibilities

- Director Accreditation Program (DAP), Class 25/2004

- Audit Committee Program (ACP), Class 11/2006
- Finance for Non-Finance Directors (FND), Class 29/2006, Thai Institute of Directors Association (IOD)

#### Experiences

- Director, Thai Airways International Public Company Limited
- Deputy Commissioner-General, Royal Thai Police
- Director-General, Department of Special Investigation
- Assistant Commissioner-General, Royal Thai Police

**Relation among family within the Company**  
None





**Mr. Somchai Kuvijitsuwan**  
Independent Director  
Director to the Remuneration  
Committee  
Director to the Corporate Governance  
Committee  
Age : 59

#### Present Important Positions

- Director-General, Office of Regional Appellate Litigation, Region 9, Acting Director-General, Department of Policy, Strategy and Budget Planning
- Commissioner, Securities and Exchange Commission, Thailand
- Chairman, Krungthai Laws Company Limited
- Director, Metropolitan Electricity Authority
- Director and Liquidator, Express Transportation Organization of Thailand

#### Education / Training

- Master of Political Science, National Institute of Development Administration
- Barrister at Law, Institute of Thai Bar Association
- LL.B., Ramkamheang University
- Provincial Public Prosecutor Program, Class 9/1987

#### Training on Director Roles and Responsibilities

- Director Certification Program (DCP) Class 76/2006
- Understanding the Fundamental of Financial Statement, Class 3/2006, Thai Institute of Directors Association (IOD)

#### Experiences

- Deputy Director, Department of Prosecutor Commission, Office of the Attorney General
- Director and Director to the Audit Committee, SME Bank
- Representative of the Office of the Attorney General for Co-operation to the Office of National Security Commission Secretary
- Director and Director to the Audit Committee, Neighboring Countries Economic Development Cooperation Agency (Public Organization) (NEDA)
- Deputy Director, Department of Intellectual Property and International Trade Litigation
- Deputy Director, Department of Criminal Litigation

#### Relation among family within the Company

None



**Mr. Areepong Bhoocha-oom**  
Independent Director  
Director to the Audit Committee  
Age : 52

#### Present Important Positions

- Director-General, the Excise Department, Ministry of Finance
- Director, Siam Commercial Bank Public Company Limited
- Director, Thai Airways International Public Company Limited

#### Education / Training

- Ph.D. Finance, University of Mississippi, U.S.A.
- M.B.A. Finance, Marshall University, U.S.A.
- B.S. International Management, Boston University, U.S.A.
- Government Debt Monitoring System, World Bank
- Global Trend and Public Enterprise Reform, Harvard University, U.S.A.

#### Training on Director Roles and Responsibilities

- Director Certification Program (DCP), Class 3/2000, Thai Institute of Directors Association (IOD)

#### Experiences

- Director-General, State Enterprise Policy Office, Ministry of Finance
- Deputy Director-General, State Enterprise Policy Office, Ministry of Finance
- Director, Ratchburi Electricity Generating Company Limited
- Director, Ratchburi Electricity Generating Holding Public Company Limited
- Director, Bangkok Insurance Public Company Limited
- Director, Siam City Bank Public Company Limited
- Director, Airport of Thailand Public Company Limited
- Director, The Aromatics (Thailand) Public Company Limited

#### Relation among family within the Company

None





### **Gen. Winai Phattiyakul**

Independent Director  
Director to the Nominating  
Committee

Age : 61

#### **Present Important Positions**

- Director to the Audit Committee, Big C Supercenter Public Company Limited
- Director, Thai Life Insurance Company Limited
- Chairman, Thai San Mi Guel Liquor Company Limited
- President, Pitakprachachat Foundation
- Secretary, Thanpuying Prapasri Foundation

#### **Education / Training**

- Command and General Staff College, U.S.A.
- Command and General Staff Course, (Class 57)
- B.A., Chulachomkhao Royal Military Academy
- The National Defense College (Class 41)
- Capital Market Academy Leader Program (Class 8)

#### **Training on Director Roles and Responsibilities**

- Politics and Governance in Development Systems for Executive Course (Class 1), King Prajadhipok's Institute

#### **Experiences**

- Permanent Secretary for Defence
- Secretary-General, National Security Council (NSC)

#### **Relation among family within the Company**

None



### **Mr. Paibulya Punyavutti**

Independent Director  
Chairman of the Audit Committee  
Chairman of the Nominating  
Committee

Age : 68

#### **Present Important Positions**

- Chairman, Wang Tong Group Public Company Limited
- Director, Thai Industrial Gas Public Company Limited
- Chairman, Atop Technology Company Limited

#### **Education / Training**

- B.Sc. Chemical Engineering, Chulalongkorn University
- Senior Executive Program, National Institute of Development Administration (NIDA)
- Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University (Sasin)
- NPRA International Petrochemical Conference, U.S.A.
- Balanced Scorecard by Learnnet International (Thailand) Co., Ltd.

#### **Training on Director Roles and Responsibilities**

- Director Certification Program (DCP), Class 22/2002
- Setting the CEO Performance Plan and Evaluation, Thai Institute of Directors Association (IOD)
- Politics and Governance in Development Systems for Executive Course (Class 2), King Prajadhipok's Institute

#### **Experiences**

- President, The Aromatics (Thailand) Public Company Limited
- Advisor to Board of Directors of The Aromatics (Thailand) Public Company Limited
- Chairman, Rayong Petrochemical Corporation Limited

#### **Relation among family within the Company**

None



**Mr. Panich Pongpirodom**

Director

Age : 60

#### Present Important Positions

- Chief Inspector General, Ministry of Energy

#### Education / Training

- Ph.D. Eng. (Coastal Engineering), Asian Institute of Technology
- M. Eng. (Coastal Engineering), Asian Institute of Technology
- M. Eng. (Sanitary Engineering), Chulalongkorn University
- B. Eng. (Civil Engineering), Chulalongkorn University
- The Joint State – Private Sector Regular Course (Class 15), the National Defence College
- Senior Administrator Training 2001, 1<sup>st</sup> Course (32<sup>nd</sup> Batch), Office of the Civil Service Commission

#### Training on Director Roles and Responsibilities

- Director Certification Program (DCP), Class 121/2009
- Understanding the Fundamental of Financial Statement (UFS), Class 1/2006
- Director Accreditation Program (DAP), Class 56/2006
- Setting the CEO Performance Plan and Evaluation, Thai Institute of Directors Association (IOD)
- Politics and Governance in Development Systems for Executive Course (Class 3), King Prajadhipok's Institute

#### Experiences

- Director-General, Department of Alternative Energy Development and Efficiency, Ministry of Energy
- Director-General, Department of Energy Business, Ministry of Energy
- Inspector-General, Ministry of Energy
- Deputy Director, Department of Alternative Energy Development and Efficiency, Ministry of Energy
- Director, PTT Public Company Limited
- Independent Director, Ratchburi Electricity Generating Holding Public Company Limited

#### Relation among family within the Company

None



**Mr. Prajya Phinyawat**

Director

Chairman of the Corporate

Governance Committee

Director to the Nominating

Committee

Age : 59

#### Present Important Positions

- Chief Operation Officer, Downstream Petroleum Business Group, and Senior Executive Vice President, Oil Business Unit, PTT Plc
- Director, PTT Aromatics and Refining Plc
- Director, Thai Oil Plc
- Director, IRPC Plc
- Director, Bangkok Polyethylene Plc
- Director, Thai Lube Base Plc
- Chairman, PTT Asahi Chemical Co., Ltd.
- Chairman, HMC Polymers Co., Ltd.
- Chairman, PTT Polyethylene Co., Ltd.
- Chairman, PTT Polymers Logistic Co., Ltd.
- Chairman, PTT Polymer Marketing Co., Ltd.
- Chairman, PTT Phenol Co., Ltd.
- Chairman, PTT Tank Terminal Co., Ltd.
- Director, Thai Paraxylene Co., Ltd.
- Director, Rayong Olefins Co., Ltd.

#### Education / Training

- Ph.D. (Civil Eng.), University of Texas at Austin, U.S.A.
- M.S. (Civil Eng.), Stanford University, U.S.A.
- B.E. (Civil Eng.), Chulalongkorn University
- The National Defense College (Class 15)
- Capital Market Academy Leader Program (Class 7)

#### Training on Director Roles and Responsibilities

- Director Certification Program (DCP), Class 14/2002, Thai Institute of Directors Association (IOD)

#### Experiences

- Senior Executive Vice President, Petrochemicals & Refining Business Group, PTT Plc
- Chairman, Alliance Refining Co., Ltd.
- Director, Star Petroleum Refining Co., Ltd.
- Director, PTT Utility Co., Ltd.

#### Relation among family within the Company

None



**Mr. Tevin Vongvanich**  
Director  
Director to the Remuneration  
Committee  
Age : 51

#### Present Important Positions

- Chief Financial Officer, PTT Public Company Limited
- Director, PTT Aromatics and Refining Public Company Limited
- Director, PTT Exploration and Production Public Company Limited
- Director, Bangchak Petroleum Public Company Limited
- Director, Bangkok Aviation Fuel Services Public Company Limited
- Chairman, PTT ICT Solutions Company Limited
- Director, PTT International Limited

#### Education / Training

- M.S. (Petroleum Eng.), University of Houston, U.S.A.
- M.S. (Chemical Eng.), Rice University, U.S.A.
- B.Eng. (Chemical Eng.) - 1<sup>st</sup> Honors, Chulalongkorn University
- Capital Market Academy Leader Program (Class 6)
- Democracy for Senior Executives Program (Class 10), King Prajadhipok's Institute
- Program for Global Leadership (PGL), Harvard Business School, U.S.A.
- Senior Executive Program (S.E.P. 7), SASIN/Kellogg/Wharton

#### Training on Director Roles and Responsibilities

- Director Certification Program (DCP), Class 21/2002
- Financial Statements for Directors (FSD), Class 6/2009, Thai Institute of Directors Association (IOD)

#### Experiences

- CFO and Acting Senior Executive Vice President, Corporate Strategy & Development, PTT Public Company Limited
- Executive Vice President, Corporate Business Development, PTT Public Company Limited

#### Relation among family within the Company

None



**Mr. Cholanat Yanaranop**  
Director  
Age : 51

#### Present Important Positions

- Director, Thai Plastic and Chemicals Public Company Limited
- President, SCG Chemicals Company Limited
- Chairman, Rayong Olefins Company Limited
- Chairman, SCG Polyolefins Company Limited
- Chairman, Thai Polyethylene Company Limited
- Chairman, Thai Polypropylene Company Limited
- Chairman, SCG Plastics Company Limited
- Chairman, Map Ta Phut Olefins Company Limited
- Chairman, Siam Styrene Monomer Company Limited
- Director, Siam Mitsui PTA Company Limited
- Director, Bangkok Synthetics Company Limited
- Council of Trustees, Petroleum Institute of Thailand

#### Education / Training

- Master of Chemical Engineering, Imperial College, London, U.K.
- Bachelor of Environmental Chemical Engineering, Salford University, Manchester, U.K.
- Certificate in Advanced Management Program, Harvard Business School, U.S.A.

#### Training on Director Roles and Responsibilities

- Director Accreditation Program (DAP), Class 39/2005, Thai Institute of Directors Association (IOD)

#### Experiences

- Director, Pacific Plastics (Thailand) Company Limited
- Executive Vice President, Cement Thai Chemicals Company Limited
- President, CCC Chemical Trading Company Limited
- President, CCC Polyolefins Company Limited

#### Relation among family within the Company

None



**Mr. Roongrote Rangsiyopash**

Director

Age : 46

#### Present Important Positions

- Vice President, Siam Cement Public Company Limited
- Director, Thai-German Ceramic Industry Public Company Limited
- Director, Rayong Olefins Company Limited
- Director, SCG Polyolefins Company Limited
- Director, Thai Polyethylene Company Limited
- Director, Thai Polypropylene Company Limited
- Director, SCG Plastics Company Limited
- Director, SCG Chemicals Company Limited
- Director, Map Ta Phut Olefins Company Limited
- Director, Siam Styrene Monomer Company Limited

#### Education / Training

- M.S. Industrial Engineering, University of Texas (Arlington), U.S.A.
- M.B.A. (with Distinction), Harvard Business School, Harvard University, U.S.A.
- Bachelor of Engineering, Chulalongkorn University

#### Training on Director Roles and Responsibilities

- Director Accreditation Program (DAP), Class Cementhai, Thai Institute of Directors Association (IOD)

#### Experiences

- Corporate Planning Director, the Siam Cement Public Company Limited

#### Relation among family within the Company

None

#### Present Important Positions

- Director, Thoresen Thai Agencies Public Company Limited
- Chairman, Bangkok Industrial Gas Company Limited
- Director, HMC Polymers Company Limited
- Director, Rayong Olefins Company Limited
- President, Bangkok Synthetics Company Limited
- President, BST Elastomers Company Limited
- Managing Director, B I G Marketing Company Limited
- Managing Director, Bangkok Cogeneration Company Limited
- Director, Polymer Marketing Company Limited
- Director, Map Ta Phut Tank Terminal Company Limited

#### Education / Training

- Ph.D. Operation Research, University of California, Berkeley, U.S.A.
- M.S. Industrial Engineer / Operation Research, University of California, Berkeley, U.S.A.
- M.S. Electrical Engineer and Computer Science, University of California, Berkeley, U.S.A.
- B.S. Industrial Engineer, University of California, Berkeley, U.S.A.

#### Training on Director Roles and Responsibilities

- Finance for Non-Finance Directors Program, Class 4/2003, Thai Institute of Directors Association (IOD)

#### Experiences

- Vice Chairman, Bangkok Polyethylene Public Company Limited
- Managing Director, Map Ta Phut Industrial Gases Company Limited

#### Relation among family within the Company

None



**Mr. Pichit Nithivasin**

Director

Age : 63



**Mr. Veerasak Kositpaisal**  
 Director and Secretary  
 to the Board of Directors  
 Age : 55

#### Present Important Positions

- Senior Executive Vice President, Petroleum Downstream Business Group, PTT Plc
- Director, Vinythai Plc
- Director, NPC Safety and Environmental Service Co., Ltd.
- Director, PTT Polymer Marketing Co., Ltd.
- Director, PTT Polyethylene Co., Ltd.
- Director, PTT Polymer Logistics Co., Ltd.
- Director, PTT Phenol Co., Ltd.
- Director, Thai Tank Terminal Ltd.
- Director, Emery Oleochemicals (M) Sbn Bhd
- Director, PTT Chemical International Private Ltd.
- Director, PTT Chemical International (Asia Pacific ROH) Ltd.
- Chairman, the Plastic Industry Club, the Federation of Thai Industries

#### Education / Training

- Master of Science (Mechanical Engineering), Texas A&I University, U.S.A.
- Bachelor of Engineering (Mechanical), Chulalongkorn University
- Top Executive Program in Commerce and Trade (TEPCoT) 06-09/2009
- Director Certification Program (DCP), Class 82/2006
- Finance for Non-Finance Director, Class 30/2006 Thai Institute of Directors Association (IOD)

#### Experiences

- Executive Vice President Acting for Senior Executive Vice President, PTT Public Company Limited
- Director, Secretary to the Board of Directors, Managing Director, Bangkok Polyethylene Public Company Limited
- Executive Vice President-Polymer Products Value Center, PTT Chemical Public Company Limited
- Director and Public Affairs Manager, Esso Thailand and ExxonMobil Thailand

#### Relation among family within the Company

None



# Management Team



**Mr. Veerasak Kositpaisal**  
President & CEO  
Age : 55

## Present Important Positions

- Senior Executive Vice President, Petroleum Downstream Business Group, PTT Plc
- Director, Vinythai Plc
- Director, NPC Safety and Environmental Service Co., Ltd.
- Director, PTT Polymer Marketing Co., Ltd.
- Director, PTT Polyethylene Co., Ltd.
- Director, PTT Polymer Logistics Co., Ltd.
- Director, PTT Phenol Co., Ltd.
- Director, Thai Tank Terminal Ltd.
- Director, Emery Oleochemicals (M) Sbn Bhd
- Director, PTT Chemical International Private Ltd.
- Director, PTT Chemical International (Asia Pacific ROH) Ltd.
- Chairman, the Plastic Industry Club, the Federation of Thai Industries

## Education / Training

- Master of Science (Mechanical Engineering), Texas A&I University, U.S.A.

- Bachelor of Engineering (Mechanical), Chulalongkorn University
- Top Executive Program in Commerce and Trade (TEPCoT) 06-09/2009
- Director Certification Program (DCP), Class 82/2006
- Finance for Non-Finance Director, Class 30/2006 Thai Institute of Directors Association (IOD)

## Experiences

- Executive Vice President Acting for Senior Executive Vice President, PTT Public Company Limited
- Director, Secretary to the Board of Directors, Managing Director, Bangkok Polyethylene Public Company Limited
- Executive Vice President-Polymer Products Value Center, PTT Chemical Public Company Limited
- Director and Public Affairs Manager, Esso Thailand and ExxonMobil Thailand

**Relation among family within the Company**  
None



**Mr. Jiamsak Nantananate**  
Executive Vice President,  
Operational Excellence  
Age : 57

## Present Important Positions

- Chairman, NPC Safety and Environmental Service Company Limited
- Director, Thai Choline Chloride Company Limited
- Director, PTT Maintenance and Engineering Company Limited
- Director, PTT Utility Company Limited

## Education / Training

- Master's Degree in Mechanical Engineering, Chulalongkorn University
- Bachelor's Degree in Mechanical Engineering, Chulalongkorn University
- Director Certification Program (DCP), Class 92/2007, Thai Institute of Directors Association (IOD)

## Experiences

- Executive Vice President – Chief Engineering & Construction, PTT Chemical Public Company Limited

**Relation among family within the Company**  
None



**Mr. Narong Bunditkamol**  
Executive Vice President,  
Olefins & Shared Facilities  
Age : 55

#### Present Important Positions

- Director, Thai Tank Terminal Limited
- Director, PTT Utility Company Limited
- Director, NPC Safety and Environmental Service Company Limited
- Acting Deputy Managing Director, Olefins Production, PTT Polyethylene Company Limited

#### Education / Training

- M.B.A., Thammasat University
- B.Eng. (Electrical Engineering), Chulalongkorn University
- Advanced Management Program, Harvard Business School, U.S.A.
- Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Director Certification Program (DCP), Class 97/2007, Thai Institute of Directors Association (IOD)

#### Experiences

- Executive Vice President (Operation), National Petrochemical Public Company Limited

#### Relation among family within the Company

None



**Mr. Dhanes Charoensupaya**  
Executive Vice President,  
Marketing, Commercial &  
Supply Chain Governance  
Age : 55

#### Present Important Positions

- Director, Thai Tank Terminal Limited
- Director, PTT Polymer Marketing Company Limited
- Director, PTT Utility Company Limited
- Director, PTT Phenol Company Limited
- Director, Thai Styrenics Company Limited
- Director, Alliance Petrochemical Investment (Singapore) Pte., Ltd.
- Director, Vinythai Public Company Limited

#### Education / Training

- Ph.D. (Mechanical Engineering), Illinois Institute of Technology, U.S.A.
- Master of Science (Mechanical Engineering), Texas A&I University, U.S.A.
- Bachelor's Degree in Mechanical Engineering, Chulalongkorn University
- Advance Management Program, Harvard Business School, U.S.A.
- Director Certification Program (DCP), Class 97/2007, Thai Institute of Directors Association (IOD)

#### Experiences

- Senior Vice President, PTT Chemical Public Company Limited
- Executive Vice President - Operation, TOC Glycol Company Limited
- EO/EG Project Director, PTT Chemical Public Company Limited

#### Relation among family within the Company

None



**Mr. Athavudhi Hirunburana**  
Executive Vice President,  
Organizational Effectiveness  
Age : 54

#### Present Important Positions

- Director, TOC Glycol Company Limited
- Director, Thai Choline Chloride Company Limited
- Director, Thai Ethanolamines Company Limited
- Director, Thai Oleochemicals Company Limited
- Director, Thai Fatty Alcohol Company Limited
- Director, Eastern Fluid Transport Company Limited
- Director, PTT Utility Company Limited
- Director, PTT ICT Solutions Company Limited
- Director, PTT Chemical International (Singapore) Pte., Ltd.

#### Education / Training

- Master of Science (Mechanical), Manhattan College, New York, U.S.A.
- Bachelor of Science (Mechanical), New York Institute of Technology, U.S.A.
- Director Accreditation Program (DAP), Class 81/2006, Thai Institute of Directors Association (IOD)
- Senior Executive Program 2007, Stanford University, U.S.A.
- Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University

#### Experiences

- Executive Vice President - Chief Corporate Development & Support, PTT Chemical Public Company Limited
- Acting Managing Director, Thai Ethoxylate Company Limited

#### Relation among family within the Company

None



**Mrs. Puntip Oungpasuk**  
Executive Vice President,  
Strategy & International Affairs  
Age : 50

#### Present Important Positions

- Director, TOC Glycol Company Limited
- Director, Vinythai Public Company Limited
- Director, PTT Polyethylene Company Limited
- Director, PTT Phenol Company Limited
- Director, Thai Styrenics Company Limited
- Director, Thai Tank Terminal Limited
- Director, PTT Chemical International Pte. Limited
- Director, PTT Chemical International (Asia Pacific ROH) Limited
- Director, Emery Oleochemicals (M) Sdn. Bhd

#### Education / Training

- Master's Degree in Business Administration (Commerce & Accountancy), Thammasat University
- Bachelor's Degree in Chemical Engineering, Prince of Songkla University
- The Advance Management Program (AMP), Harvard Business School, U.S.A.
- Director Certification Program (DCP) Class 67/2005, Thai Institute of Directors Association (IOD) and Australian Institute of Company Directors
- Chief Finance Officer (CFO) Class 1/2004, The Institute of Certified Accountants and Auditors of Thailand

#### Experiences

- Director, PTT Polymer Marketing Company Limited
- Executive Vice President - Corporate Strategy & Business Development, PTT Chemical Public Company Limited

#### Relation among family within the Company

None





**Mr. Patiparn Sukorndhaman**  
Executive Vice President, Finance &  
Accounting  
Age : 48

#### Present Important Positions

- Director, PTT Polyethylene Company Limited
- Director, Thai Oleochemicals Company Limited
- Director, Thai Fatty Alcohol Company Limited
- Director, TOC Glycol Company Limited
- Director, Thai Ethanolamines Company Limited
- Director, Thai Choline Chloride Company Limited

#### Education / Training

- M.B.A. (Finance), The American University, U.S.A.
- B.A. Political Science (Public Administration - Public Finance), 2<sup>nd</sup> Class Honors, Chulalongkorn University
- Director Certification Program (DCP) 2006, Thai Institute of Director (IOD)
- Graduate Diploma in Public Law and Management (PLM.8), King Prajadhipok's Institute
- Certification program for Senior Management 5, Fiscal Policy Research Institute Foundation

#### Experiences

- Senior Executive Vice President Accounting and Finance (CFO), Bangchak Petroleum Public Company Limited (BCP)
- Chief Financial Officer, Banpu Power Limited (A Subsidiary of Banpu Public Company Limited)
- Chief Financial Officer, Cogeneration Public Company Limited (COCO)

#### Relation among family within the Company

None



**Mr. Suvit Tinnachote**  
Executive Vice President,  
Polymer Products Value Center  
Age : 52

#### Present Important Positions

- Director, NPC Safety and Environmental Service Company Limited
- Director, Bangkok Polyethylene Public Company Limited
- Chairman, Thai Styrenics Company Limited
- Acting Deputy Managing Director, Polymer Production, PTT Polyethylene Company Limited

#### Education / Training

- Master of Public and Private Management, National Institute of Development Administration (NIDA)
- Bachelor's Degree in Electrical Engineering, King Mongkut's Institute of Technology (Ladkrabang)
- Director Certification Program (DCP), Class 92/2007, Thai Institute of Directors Association (IOD)
- Asean Executive Program (AEP), GE Crotonville

#### Experiences

- Executive Vice President EO-Based Performances Product Value Center
- Executive Vice President - Chief Operating Unit Plant I-4, PTT Chemical Public Company Limited

#### Relation among family within the Company

None



**Mrs. Thasnalak Santikul**  
Senior Vice President,  
Corporate Affairs  
Age : 55

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**Present Important Positions**

- Director, Thai Oleochemicals Company Limited
- Director, Thai Fatty Alcohol Company Limited
- Director, NPC Safety and Environmental Service Company Limited

**Education / Training**

- Master and Doctorate Degree (D.E.S) International Laws, University D'Aix-Marseille, France
- Bachelor Degree in Political Science (International Affairs), Thammasat University
- Director Certification Program (DCP), Class 92/2007, Thai Institute of Directors Association (IOD)
- Certification Business Program, NIDA-Wharton (Class 2)

**Experiences**

- Senior Vice President - Office of the President, PTT Chemical Public Company Limited
- Vice President Corporate Governance Office, PTT Chemical Public Company Limited

**Relation among family within the Company**

None



**Mr. Sermsak Sriyaphai**  
Senior Vice President,  
EO-Based Performance  
Product Value Center  
Age : 54

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**Present Important Positions**

- Director, TOC Glycol Company Limited

**Education / Training**

- Master, Degree in Public and Private Management, National Institute of Development Administration ( NIDA)
- Bachelors Degree in Electrical Engineering, Feati University, Philippines
- Director Certification Program (DCP), Class 117/2009, Thai Institute of Directors Association (IOD)
- Certificate Senior Executive Program, Kellogg/Sasin (SEP Class 19)
- Certificate Business Program, NIDA-Wharton (Class 3)

**Experiences**

- Managing Director, TOC Glycol Company Limited
- Managing Director, Thai Ethanolamine Company Limited

**Relation among family within the Company**

None

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## PTTCH's Managements who appointed as Management of its Subsidiaries:

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### Mr. Khubbhol Suksupha

- Senior Executives Vice President Appointed as Executives Vice President, PTT Public Company Limited
  - Managing Director, PTT Polyethylene Company Limited
- 

### Mr. Kongkrapan Intarajang

- Senior Vice President
  - Appointed as Group Chief Executive Officer, Emery Oleochemicals (M) Shn Bhd.
- 

### Mr. Tawatchai Chittavanich

- Senior Vice President
  - Appointed as Managing Director, Thai Tank Terminal Limited
- 

### Mr. Somsak Keerativutisest

- Senior Vice President
  - Appointed as Managing Director, PTT Maintenance and Engineering Company Limited
- 

### Mr. Prakob Petcharuttana

- Senior Vice President
- Appointed as President, NPC Safety and Environmental Service Company Limited

# Management Structure

The management structure of PTT Chemical Public Company Limited consists of the Board of Directors, sub-committees, the President, management, and employees.

## List of the Board of Directors as of 31 December 2009

Name	Position
1. Mr. Prasert Bunsumpun*	Chairman
2. Mr. Witoon Simachokedee	Independent Director Director to the Corporate Governance Committee
3. Pol. Gen. Nopadol Somboonsub	Independent Director Chairman of the Remuneration Committee Director to the Audit Committee
4. Mr. Somchai Kuvijitsuwan	Independent Director Director to the Remuneration Committee Director to the Corporate Governance Committee
5. Mr. Areepong Bhoocha-oom	Independent Director Director to the Audit Committee
6. Gen. Winai Phattiyakul	Independent Director Director to the Nominating Committee
7. Mr. Paibulya Punyavutti	Independent Director Chairman of the Audit Committee Chairman of the Nominating Committee
8. Mr. Panich Pongpirodorn	Director
9. Mr. Prajya Phinyawat	Director Chairman of the Corporate Governance Committee Director to the Nominating Committee
10. Mr. Tevin Vongvanich	Director Director to the Remuneration Committee
11. Mr. Cholanat Yanaranop	Director
12. Mr. Roongrote Rangsiyopash	Director
13. Mr. Pichit Nithivasin	Director
14. Mr. Veerasak Kositpaisal	Director President & CEO and Secretary to the Board of Directors

\* At the Board of Directors' meeting No.1/2010, held on 19 February 2010, the Board appointed Mr. Prasert Bunsumpun-Vice Chairman as Chairman of the Board, effective as of 19 February 2010.

[Details on directors' appointment and retirement during 2009 appear on page 113]

## Board of Directors

### 1. Composition

According to Company regulations, the Board of Directors shall consists of at least 5 but not more than 15 directors, of whom no less than 3 are independent directors, elected and removed at the AGM. At least half of the directors must reside in Thailand and all directors must meet the legal requirements.

### 2. Appointment and Termination

Company regulations on the appointment, removal, or termination of directors are summarized as follow:

#### Appointment

- The shareholders vote for directors under the following rules:
  - (1) Each shareholder has one vote per share.
  - (2) If the number of nominees do not exceed the number of directors required in an election, the shareholders' meeting simply votes those nominees. In voting, the nominees are to receive the numbers of votes according to the number of shares each shareholder holds as under (1) Each shareholder cannot allocate only part of his/her vote to any nominee.
  - (3) If the number of nominees exceed the number of directors required in the election, a shareholder is to cast his/her vote for the nominees individually. In voting, the nominees are to receive the numbers of votes according to the number of shares each shareholder holds as under (1) Each shareholder cannot allocate only part of his/her vote to any nominee. The nominees are to be rank by the total number of votes received and those that receive the most votes are elected as directors, but the numbers can only be equal to that of the directors required. In case of tie vote, and result in more directors than required, the Chairman of the meeting is to cast a vote to decide which nominee(s) is appointed.
- The directors are to appoint any one among themselves as Chairman, who is to make the final decision anytime there are an equal number of votes among the directors. The Board is to appoint another director as Vice Chairman, who acts as assigned by the Chairman or on his/her behalf in case he/she is unable to perform the duty, or if the Chairman's position becomes vacant .
- If vacancies on the Board exist for reasons other than term expiration, the Board is to select a qualified person for consideration at the following Board meeting. If the remaining term of directorship is less than two months, the newly elected director replacing the former director is to stay in office for the remaining term of the former director. The resolution of the Board on this matter must consist of no less than three-quarter votes of the remaining directors.
- If vacancies on the Board are less than the quorum, the remaining Board is to only call, on behalf of the Board, for a shareholders' meeting to elect directors to fill the vacancies; to be held within one month. Each newly elected director replacing the former director is to stay in office for the remaining term of the former director.

### Termination

- At every Annual General Meeting (AGM), one-third of the directors are to retire from the office. Nevertheless, a director whose term in the office expires may be re-elected.
- Apart from normal term expiration, directorship is to be considered terminated for reasons of death, resignation, disqualification, shareholders' resolutions to remove a director, or a court order for removal.
- Any director may resign by submitting a resignation letter to the Company, and such resignation will take effect on the date the Company receives the letter. He/she may also inform the registrar about the resignation.
- At a shareholders' meeting, shareholders may vote for the removal of any director from office before his/her term expires, in which case a three-quarter vote of eligible shareholders present at the meeting is required, provided that the number of shares represented by the three-quarter vote is no less than half of the total number of shares represented by the total number of eligible shareholders present at the meeting.

### 3. Authority and Duties

The Board's core responsibility is to manage Company business and perform its duties under relevant laws, objectives, and regulations of the Company, in addition to the resolutions of the shareholders' meeting. The authority, duties, and responsibilities of the Board are as follows:

#### Duties required by law

- Ensure the availability of balance sheets, statements of income, and financial reports.
- Appoint the external auditor to examine financial statements and present for approval to shareholders at the AGM within four months from the end of the Company's accounting periods. The Board is to send copies of the audited balance sheets together with the auditor's report and the annual report to all shareholders at least seven days ahead of each meeting date.
- Identify the authorized directors who will sign on the behalf of the Company with Company seal affixed.
- Consider interim dividend payment when the Company makes enough profits and report to shareholders at the next shareholders' meeting.

#### Oversight of the Company

- Direct and monitor the management's operation to ensure performance efficiency.
- Decide the Company's internal regulations.
- Consider the Company's annual budget, containing operating and investment budgets.
- Assign one director or more to act on behalf of the Board.
- Appoint other person(s) to carry out Company business under the Board's control or delegate authority to the mentioned person(s) and within a suitable time frame. The Board may revoke, repeal, or amend the authorization at any time.
- Hold Board meetings; organize shareholders' meetings and notify all shareholders; ensure preparation of minutes of the Boards' meetings and shareholders' meetings.
- Establish the Company's structures.
- Consider giving permission to directors wishing to buy the Company's assets or sell his/ hers to the Company or conduct any transactions with it, either on his/her behalf or others'.
- Offer opinions on various matters proposed to shareholders' meetings, including opinions for the approval of the allocation of annual net profits for capital reserves.
- Appoint the Audit Committee, the Nominating Committee, the Remuneration Committee, and the Corporate Governance Committee. Each committee is to consist of directors from the Board of Directors under specified criteria.

The following matters, however, require prior approval by the shareholders' meeting:

- Engagement in a connected transaction and acquisition/sale of significant Company assets as defined by law and announced by the Capital Market Regulators.
- Sale or transfer of the whole or essential parts of the Company to other entities
- Purchase or takeover of other companies
- Preparation, amendment, or termination of contracts dealing with the granting of a lease of the whole or essential parts of any Company business, the assignment to any other person to manage the Company, or the merger of the Company with any other entity to share profits and losses.
- Amendment of the Memorandum of Association or Company regulations
- Increase/reduction in registered capital
- Issuance of debentures for the public
- Company dissolution/merger
- Announcement of yearly dividend payment
- Other businesses as defined by Company regulations that require prior approval at a shareholders' meeting.

#### 4. Authorized Directors

Directors' authority to sign on behalf of the Company as stipulated in Company regulations are "Two directors co-sign and affixed with the Company seal. The Board may designate the names of directors authorized to sign and bind the Company and affixed with the Company seal".

At its meeting No.5/2009 on 24 July 2009, the Board designated the following names and number of directors to sign and bind the Company as follows: "Mr. Paibulya Punyavutti, Mr. Tevin Vongvanich, Mr. Witoon Simachokedee, Mr. Veerasak Kositpaisal, Pol. Gen. Nopadol Somboonsub, Mr. Panich Pongpirodom, and Gen. Winai Phattiyakul. The signatures of any two of these seven directors, affixed with the Company seal, are considered valid."

#### 5. Authority and Responsibility of the President

Company regulations call for the Board to select and appoint a director as President and secretary to the Board, to be called President. The President is to conduct the Company's day-to-day business as well as other businesses under the Board resolution at its meeting No. 1/2005 on 7 December 2005, and to perform core responsibilities under Company announcement No. 108/2007 on 1 December 2007, including the authority to manage Company tasks under Board policy, as summarized below:

- Be accountable to the Board and shareholders by generating and supplementing business value for stakeholders.
- Devise objectives for the supervision of the PTT Chem Group to supplement business value for stakeholders.
- Create a broad vision, mission, goals, and targets, as well as ensuring their concrete implementation and organizational development.
- Delegate authority and responsibility to senior and executive management in support of his/her accountability in creating business value.
- Be accountable for business performance and integrated business development with long-term economic returns comparable to those obtained in domestic and overseas petrochemical businesses.
- Develop the Company ethically as a model business operation in compliance with the law, morality, and culture.
- Evolve the organization and its personnel to realize their full potential, create a Company culture, and professional ethics.

Such authority delegation, however, shall not involve the permission to transactions of parties, which could pose any conflict of interest to the Company or its subsidiaries.

## Sub-Committees

In compliance with the Good Corporate Governance principles, at its meeting No. 1/2005 on 7 December 2005, the Board appointed four sub-committees (the committee) to screen particular critical issues with prudence and efficiency and report to the Board. As of 31 December 2009, the structures of these committees were as follows:

### 1. Audit Committee

The Committee consists of 3 independent directors, whose qualifications shall be in accordance with the criteria prescribed under the Notification of the Securities and Exchange Commission. The Committee shall possess adequate knowledge and experience needed to perform its duty on reviewing integrity of financial statement.

Name	Position
Mr. Paibulya Punyavutti	Chairman of the Audit Committee
Pol. Gen. Nopadol Somboonsub	Director to the Audit Committee
Mr. Areepong Bhoocha-oom	Director to the Audit Committee

Mr. Adison Vichaikatka, Vice President of the Internal Audit Department, served as secretary to the Audit Committee.

The Committee's term is three years or terminated by resignation, removal by the board or termination of directorship. However, the Audit Committee member shall not be reappointed immediately after two consecutive terms of service are expired, unless otherwise agreed by the Board of Directors.

The Audit Committee shall have the following authorities and responsibilities according to its charter as follows:

### Financial Statements and External Audit

- Review the accuracy, completeness, and creditability of the Company's financial reports.
- Evaluate the external auditor's proposals and nominate the external auditor together with its fees for its independence.

### Internal Control

- Review the adequacy and effectiveness of the Company's internal control system and risk management.
- Encourage the Company to carry out the production, maintenance, and any other activities related to production in an efficient and effective manner with a full regard of safety, environmental prevention, and minimization of any impact towards the environment.

### Internal Audit

- Review the independence of the Internal Audit Function and effectiveness of the Company's internal audit system.
- Approve the appointment, transfer, dismissal, and performance evaluation of the Head of the Internal Audit Function.
- Approve the Charter of the Internal Audit Function.
- Jointly with the internal auditor, review and examine the audit results.
- Develop understanding among the Audit Committee, the Management, the Internal Audit Function and external auditors, and consider the scope of audit and audit plan of the internal auditor and the Company's auditor to ensure consistency and cooperation.



### **Compliance with the Law and Related Regulation**

- Review the Company's activities to ensure the compliance with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand, or laws relevant to the Company's business.
- Review the Connected Transactions, or the transactions that may lead to conflict of interest, to ensure that they are in compliance with the laws and the Exchange's regulations, reasonable, and are taken care with regard to the highest benefit of the Company.

### **Reporting**

- Prepare and disclose, in the Company's annual report, the audit committee's report, which shall consist of information as required by the Stock Exchange of Thailand, which must be signed by the Audit Committee's Chairman.
- Report the performance of the Audit Committee to the Board of Directors.
- In the course of performance of the Audit Committee, if any transaction or action that may significantly affect the Company's financial condition and results of operations is found or suspected, the Audit Committee shall report the concern to the Board of Directors for rectification within the period the Audit Committee deems appropriate. Those transactions and actions shall include:
  - 1) A transaction which causes a conflict of interest;
  - 2) Any fraud, irregularity or significant defect in the internal control system;
  - 3) A violation of the Securities and Exchange Law, regulations of the Stock Exchange of Thailand or any law relating to the Company's business.
- If the Board of Directors or Management fails to rectify any transaction or action that may significantly affect the Company's financial condition and operating results, any member of the Audit Committee may report such transaction or action to the Office of the Securities and Exchange Commission or to the Stock Exchange of Thailand.

### **Other Duties**

- The Audit Committee may, at the Company's expense, seek advice from an external independent advisor where necessary.
- Conduct self assessment in regard to the Committee's performance and accomplishment under the assigned duties and responsibilities.
- Review the Charter of the Audit Committee and propose the revised Charter to the Board of Directors for approval.
- Perform any other duties as assigned by the Board of Directors within the scope of responsibility of the Audit Committee.
- Perform any other responsibilities as specified in the Company's Articles of Association.

The Audit Committee shall have a non-management meeting with an external auditor at least once a year.

**Accountability:** The Audit Committee is directly accountable to the Board of Directors according to its duties and responsibilities as assigned, and the Board of Directors shall take responsibility to the third parties for the Company's business operation.

## 2. Nominating Committee

The Committee consists of at least three directors, one of whom must be an independent director. Chairman of the committee should be an independent director. The Nominating Committee as of 31 December 2009 are:

Name	Position
Mr. Paibulya Punyavutti	Independent Director Chairman of the Nominating Committee
Gen. Winai Phattiyakul	Independent Director Director to the Nominating Committee
Mr. Prajya Phinyawat	Director to the Nominating Committee

The Committee's term is three years, or terminated by resignation, termination of directorship, or removal by the Board of Directors. Nevertheless, a director whose term in the office expires may be re-elected by the Board. The Committee has the following authority and responsibilities, according to the Charter approved by the Board at its meeting No.2/2009 on 9 June 2009:

### Scope of Authority

- Devise transparent criteria for recruitment and selection procedures for directors or President.
- Recruit and select qualified persons as new directors or President, and propose their names to the Board or shareholders' meetings, or both, for approval.
- Perform other duties as assigned by the Board in line with the Company's regulations.

**Accountability:** The Committee is directly accountable to the Board for its duties and responsibilities, and the Board is in turn accountable to external parties for the Company's business operations.

## 3. Remuneration Committee

The Committee consists of at least three directors, one of whom must be an independent director. Chairman of the committee should be an independent director. The Remuneration Committee as of 31 December 2009 are:

Name	Position
Pol. Gen. Nopadol Somboonsub	Independent Director Chairman of the Remuneration Committee
Mr. Somchai Kuvijitsuwan	Independent Director Director to the Remuneration Committee
Mr. Tevin Vongvanich	Director to the Remuneration Committee

The Committee's term is three years, or terminated by resignation, termination of directorship, or removal by the Board of Directors. Nevertheless, a director whose term in the office expires may be re-elected by the Board. The Committee has the following authority and responsibilities, according to the Charter approved by the Board at its meeting No.2/2009 on 9 June 2009:

### Scope of Authority

- Consider criteria for compensation for Board directors and President.
- Devise criteria and procedures for fair and reasonable compensation to the Board and President, and submit details of the Board's compensation to shareholders' meetings for approval.
- Perform other duties assigned by the Board in line with the Company's regulations.

**Accountability:** The Committee is directly accountable to the Board for its duties and responsibilities, and the Board is in turn accountable to external parties for the Company's business operations.

## 4. Corporate Governance Committee

The Committee consists of at least three directors, and at least one of them should be an independent director. The Corporate Governance Committee as of 31 December 2009 are:

Name	Position
Mr. Prajya Phinyawat	Chairman of the Corporate Governance Committee
Mr. Witoon Simachokedee	Independent Director Director to the Corporate Governance Committee
Mr. Somchai Kuvijitsuwan	Independent Director Director to the Corporate Governance Committee

The Committee's term is three years, or terminated by resignation, termination of directorship, or removal by the Board of Directors. Nevertheless, a director whose term in the office expires may be re-elected by the Board. The Committee has the following authority and responsibilities, according to the Charter approved by the Board at its meeting No.2/2009 on 9 June 2009:

### Scope of Authority

- Establish the Company's corporate governance policy / principles and code of conduct in line with international standards and propose them to the Board for approval and implementation.
- Oversee the Company's compliance with the corporate governance policy / principles and code of conduct.
- Give practical advice and recommendations on corporate governance and code of conduct to the Board and management.
- Evaluate and review the corporate governance policy / principles and code of conduct, along with the Company's practices, against international practices and leading companies, and propose modernization and sound practices to the Board for approval.
- Perform any other duties as assigned by the Board in line with the Company's regulations.

**Accountability:** The Committee is directly accountable to the Board for its duties and responsibilities, and the Board is in turn accountable to external parties for the Company's business operation.

## Company Secretary

To comply with the Securities and Exchange Act (No. 4) of 2008, Section 89/15, the Board at its meeting No. 4/2008 on 20 June 2008 appointed Mrs. Walaiporn Puspavesa, Vice President, Corporate Governance and Secretariat, as Company Secretary, in charge of providing regulation advise to the Board and the management so that they can perform for the benefit of the Company. The Company Secretary supervises Board's activities and coordination to ensure compliance with the resolutions of the Board, and prepares Board meetings and shareholders' meetings. She is also required to observe the law in ensuring proper documentation of major Company documents, namely directors' roster, meeting notices, minutes of Board and shareholders meetings, and annual reports.

## Independent Director

The Board has required that independent directors account for one-third of the composition of the Board, as required by the Securities and Exchange Commission. The Board also strengthened the definition of "independent director" beyond the SEC requirement, requiring the directors to hold no more than 0.5% of the Company's voting shares, parent company, subsidiaries, affiliate companies, major shareholders, or the Company's control personnel, including those held by their related persons. (lower than 1% by the SEC). (Definition of independent directors appears on Page 127)

As of 31 December 2009, There are 6 Independent Directors, which exceeded one-third of the Board as required by the SEC. They are:

Name	Position
Mr. Paibulya Punyavutti	Independent Director Chairman of the Audit Committee Chairman of the Nominating Committee
Pol. Gen. Nopadol Somboonsub	Independent Director Chairman of the Remuneration Committee Director to the Audit Committee
Mr. Somchai Kuvijitsuwan	Independent Director Director to the Remuneration Committee Director to the Corporate Governance Committee
Mr. Witoon Simachokedee	Independent Director Director to the Corporate Governance Committee
Mr. Areepong Bhoocha-oom	Independent Director Director to the Audit Committee
Gen. Winai Phattiyakul	Independent Director Director to the Nominating Committee

## Board of Directors' Meetings and Remuneration

### 1. Board of Directors Meetings

In 2009, the Board and Sub-Committees held these meetings as summarized below:

A number of meetings in 2009				
The Board of Directors	Audit Committee	Nominating Committee	Remuneration Committee	Corporate Governance Committee
10	7	2	3	6

## 2. Director Remuneration

According to the 2009 AGM, held on 8 April 2009, approved the remuneration and bonuses for the Board, the sub-committees, and directors as follow:

(1) Remuneration for the Board and sub-committees since 8 April 2009:

Remuneration	Rate
<b>1. Board's Remuneration</b>	
• Monthly Remuneration	• Chairman Baht 50,000 • Director Baht 40,000/director
• Meeting Remuneration	• None
<b>2. Sub-Committees' Remuneration</b>	For each meeting
• Audit Committee	• Chairman Baht 40,000/meeting
• Nominating Committee	• Director Baht 30,000/director/meeting
• Remuneration Committee	
• Corporate Governance Committee	

(2) Directors' bonuses for 2009 amounted to Baht 35.21 million, or 0.3% of the Company's net profit for that year, with the terms of each director taken into account. The Chairman received 25% more than other directors.

In addition, with the approval of the AGM 2006 on 26 April 2006, the Company awarded warrants for the exercise for 29,000,000 common shares under an ESOP scheme to directors, management, consultants, employees, and secondments from PTT Plc and its subsidiaries who served PTT Chemical.

## 3. Meeting Attendance and Remuneration for the Board and Sub-Committees in 2009

Remuneration paid in 2009 for directors as of 31 December 2009

Name	Position	First Date of Term	Attendance	Monthly/sub-committee meeting Remuneration (Baht)	Bonus paid in 2009 (Baht)	Total (Baht)
1. Mr. Prasert Bunsumpun *	Chairman	7 Dec 05	10/10	480,000.00	2,378,307.65	<b>2,858,307.65</b>
2. Mr. Witoon Simachokedee	Independent Director	10 Apr 08	8/10	480,000.00	1,728,496.82	<b>2,388,496.82</b>
	Director, Corporate Governance Committee	12 Dec 08	6/6	180,000.00	-	
3. Pol. Gen. Nopadol Somboonsub	Independent Director	14 Nov 08	10/10	480,000.00	311,909.20	<b>1,081,909.20</b>
	Director, Remuneration Committee	12 Dec 08	1/1	30,000.00	-	
	Chairman, Remuneration Committee	4 May 09	2/2	80,000.00	-	
	Director, Audit Committee	4 May 09	6/6	180,000.00	-	
4. Mr. Somchai Kuvijitsuwan	Independent Director	14 Nov 08	10/10	480,000.00	311,909.20	<b>1,031,909.20</b>
	Director, Remuneration Committee	4 May 09	2/2	60,000.00	-	
	Director, Corporate Governance Committee	12 Dec 08	6/6	180,000.00	-	
5. Mr. Panich Pongpirodorn	Director	8 Apr 09	7/8	350,666.67	-	<b>350,666.67</b>
6. Mr. Areepong Bhoocha-oom	Independent Director	8 Apr 09	6/8	350,666.67	-	<b>500,666.67</b>
	Director, Audit Committee	4 May 09	5/6	150,000.00	-	

Name	Position	First Date of Term	Attendance	Monthly/sub-committee meeting Remuneration (Baht)	Bonus paid in 2009 (Baht)	Total (Baht)
7. Gen. Winai Phattiyakul	Independent Director	8 Apr 09	7/8	350,666.67	-	<b>380,666.67</b>
	Director, Nominating Committee	4 May 09	1/1	30,000.00	-	
8. Mr. Paibulya Punyavutti	Independent Director	7 Dec 05	9/10	480,000.00	2,378,307.65	<b>3,438,307.65</b>
	Director, Audit Committee	7 Dec 05	1/1	300,000.00	-	
	Chairman, Audit Committee	4 May 09	6/6	240,000.00	-	
	Chairman, Nominating Committee	4 May 09	1/1	40,000.00	-	
9. Mr. Prajya Phinyawat	Director	7 Dec 05	10/10	480,000.00	2,378,307.65	<b>3,158,307.65</b>
	Director, Nominating Committee	7 Dec 05	2/2	60,000.00	-	
	Chairman, Corporate Governance Committee	12 Dec 08	6/6	240,000.00	-	
10. Mr. Tevin Vongvanich	Director	24 July 09	5/5	209,032.26	-	<b>269,032.26</b>
	Director, Remuneration Committee	24 July 09	2/2	60,000.00	-	
11. Mr. Cholanat Yanaranop	Director	7 Dec 05	8/10	480,000.00	2,378,307.65	<b>2,858,307.65</b>
12. Mr. Roongrote Rangsiyopash	Director	7 Dec 05	8/10	480,000.00	2,378,307.65	<b>2,858,307.65</b>
13. Mr. Pichit Nithivasin	Director	7 Dec 05	9/10	480,000.00	2,378,307.65	<b>2,858,307.65</b>
14. Mr. Veerasak Kositpaisal **	Director and Secretary to the Board of Directors	1 Oct 08	10/10	480,000.00	539,342.99	<b>1,019,342.99</b>

\* At its meeting No.1/2010, held on 19 February 2010, the Board of Directors appointed Mr. Prasert Bunsumpun-Vice Chairman as Chairman of the Board effective as of 19 February 2010.

\*\* Director remuneration excludes executive pay

### Directors whose Term Ended and Resigned during 2009 Remuneration to retired or resigning directors during 2009

Name	Position	Last Date of Term	Attendance	Monthly/sub-committee meeting Remuneration (Baht)	Bonus paid in 2009 (Baht)	Total (Baht)
1. Mr. Pornchai Rujjiprapa	Chairman	15 May 09	2/3	222,580.65	2,972,884.56	<b>3,195,465.21</b>
2. Mr. Manu Leopaiprote	Independent Director	8 Apr 09	2/2	129,333.33	2,378,307.65	<b>2,547,640.98</b>
	Chairman, Audit Committee		1/1	40,000		
3. Mr. Pala Sookawesh	Independent Director	8 Apr 09	1/2	129,333.33	2,378,307.65	<b>2,587,640.98</b>
	Chairman, Nominating Committee		1/1	40,000		
	Chairman, Remuneration Committee		1/1	40,000		
4. Mr. Cherdpong Siriwit	Independent Director	8 Apr 09	2/2	129,333.33	2,378,307.65	<b>2,567,640.98</b>
	Director, Audit Committee		1/1	30,000		
	Director, Nominating Committee		1/1	30,000		
5. Mr. Pichai Chunhavajira	Director	30 Jun 09	2/4	240,000	2,378,307.65	<b>2,648,307.65</b>
	Director, Remuneration Committee		1/1	30,000		

## 4. Summary of Change in the Composition of Board of Directors and Sub-Committees in 2009

### 1. Board of Directors

- 1.1 Mr. Pornchai Rujiprapa resigned as chairman as of 15 May 2009.
- 1.2 At the end of Mr. Manu Leopaiprote's director term, Mr. Panich Pongpirodorn was appointed as his replacement at the annual shareholders' meeting on 8 Apr 2009.
- 1.3 Mr. Pala Sookawesh's director term ended and he was replaced by Mr. Areepong Bhoocha-oom at the annual shareholders' meeting on 8 April 2009.
- 1.4 Mr. Cherdpong Siriwit's director term ended and he was replaced by Pol.Gen. Nopadol Somboonsub at the annual shareholders' meeting on 8 April 2009.
- 1.5 Mr. Pichai Chunhavajira resigned as a director on 30 June 2009 and Mr. Tevin Vongvanich replaced him from 24 July 2009.

At the Board of Directors' meeting No. 1/2010 on 19 February 2010, the Board appointed Mr. Prasert Bunsumpun-Vice Chairman as Chairman effective as of 19 February 2010 as replacement of Mr. Pornchai Rujiprapa, who resigned as Chairman on 15 May 2009.

### 2. Sub-Committees

#### 2.1 Audit Committee

- (1) Mr. Paibulya Punyavutti was appointed Chairman of the Audit Committee, in replacement of Mr. Manu Leopaiprote from 4 May 2009.
- (2) Pol. Gen. Nopadol Somboonsub was appointed Director of the Audit Committee, in replacement of Mr. Manu Leopaiprote from 4 May 2009.
- (3) Mr. Areepong Bhoocha-oom was appointed Director of the Audit Committee, in replacement of Mr. Cherdpong Siriwit from 4 May 2009.

#### 2.2 Nominating Committee

- (1) Mr. Paibulya Punyavutti was appointed Chairman of the Nominating Committee, in replacement of Mr. Pala Sookawesh from 4 May 2009.
- (2) Gen. Winai Phattiyakul was appointed Director of the Nominating Committee, in replacement of Mr. Cherdpong Siriwit from 4 May 2009.

#### 2.3 Remuneration Committee

- (1) Pol. Gen. Nopadol Somboonsub was appointed Chairman of the Remuneration Committee, in replacement of Mr. Pala Sookawesh from 4 May 2009.
- (2) Mr. Somchai Kuvijitsuwan was appointed Director of the Remuneration Committee, in replacement of Mr. Pala Sookawesh from 4 May 2009.
- (3) Mr. Tevin Vongvanich was appointed Director of the Remuneration Committee, in replacement of Mr. Pichai Chunhavajira from 4 May 2009.

## 5. Remuneration for Directors who served as Director of major subsidiaries' in 2009

The directors are appointed to serve in subsidiaries' Boards to conducted the businesses under business policies of PTT Chem Group. Their remuneration as board members of major subsidiaries in 2009 are as follows:

#### • PTT Polyethylene Co., Ltd. (PTTPE) (100%-owned)

Name	Position	Total Remuneration (Baht)
1. Mr. Prajya Phinyawat	Chairman	240,000
2. Mr. Veerasak Kositpaisal	Director	180,000

#### • Bangkok Polyethylene Plc (BPE) (100%-owned)

Name	Position	Total Remuneration (Baht)
1. Mr. Prajya Phinyawat	Vice Chairman	480,000

• **Thai Oleochemicals Co., Ltd. (TOL)** (100%-owned)

Name	Position	Total Remuneration (Baht)
1. Mr. Witoon Simachokedee	Chairman	360,000

• **NPC Safety and Environmental Service Co., Ltd. (NPC S&E)** (100%-owned)

Name	Position	Total Remuneration (Baht)
1. Mr. Veerasak Kositpaisal	Director	180,000

• **Thai Tank Terminal Ltd. (TTT)** (100%-owned)

Name	Position	Total Remuneration (Baht)
1. Mr. Veerasak Kositpaisal	Director	240,000

• **PTT Chemical International Private Limited (CH INTER)** (100%-owned)

Name	Position	Total Remuneration (Singapore Dollar)
1. Mr. Veerasak Kositpaisal	Director	20,000

• **Emery Oleochemicals (M) Shn Bhd (EMERY)** (50%-owned)

Name	Position	Total Compensation (Malaysian Ringgit)
1. Mr. Veerasak Kositpaisal	Director	90,000

## 6. Shareholding by Directors as of 31 December 2009

Name	As of 31 December 2008 Paid-up Capital Baht 14,968,296,000	As of 31 December 2009 Paid-up Capital Baht 15,010,400,000	Change Up/(down) During the year (shares)	ESOP Warrant (Units)
	% Shareholding/Shares	% Shareholding/Shares		
1. Mr. Prasert Bunsumpun Chairman	-	-	-	75,000
2. Mr. Witoon Simachokedee Independent Director	-	-	-	-
3. Pol. Gen. Nopadol Somboonsub Independent Director	-	-	-	-
4. Mr. Somchai Kuvijitsuwan Independent Director	-	-	-	-
5. Mr. Panich Pongpirodom Director	-	-	-	-
6. Mr. Areepong Bhoocha-oom Independent Director	-	-	-	-
7. Gen. Winai Phattiyakul Independent Director	-	-	-	-
8. Mr. Paibulya Punyavutti Independent Director	-	-	-	75,000
9. Mr. Prajya Phinyawat Director	0.001002% 15,000	0.000999% 15,000	-	75,000
10. Mr. Tevin Vongvanich Director	-	-	-	-
11. Mr. Cholanat Yanaranop Director	-	-	-	25,000
12. Mr. Roongrote Rangsiyopash Director	-	-	-	25,000



Name	As of 31 December 2008	As of 31 December 2009	Change Up/(down)	ESOP
	Paid-up Capital Baht 14,968,296,000	Paid-up Capital Baht 15,010,400,000	During the year	Warrant
	% Shareholding/Shares	% Shareholding/Shares	(shares)	(Units)
13. Mr. Pichit Nithivasin Director	0.001670% 25,000	0.003331% 50,000	25,000	50,000
14. Mr. Veerasak Kositpaisal Director and Secretary to the Board of Directors	0.001810% 27,100	0.001805% 27,100	-	69,400

## 7. Shareholding by Company Executives required to report their portfolios

Name	As of 31 December 2008	As of 31 December 2009	Change Up/(down)	ESOP
	Paid-up Capital Baht 14,968,296,000	Paid-up Capital Baht 15,010,400,000	During the year	Warrant
	% Shareholding/Shares	% Shareholding/Shares	(shares)	(Units)
1. Mr. Veerasak Kositpaisal President & CEO	0.001810% 27,100	0.001805% 27,100	-	69,400
2. Mr. Khubbhol Suksupha Senior Executive Vice President, Seconded to PTT Plc	0.000601% 9,000	0.000600% 9,000	-	69,400
3. Mr. Jiamsak Nantananate Executive Vice President- Operational Excellence	0.005504% 82,374 (including 59,274 shares held by spouse)	0.003078% 46,200 (including 50,274 shares held by spouse)	(36,174)	46,300
4. Mr. Narong Bunditkamol Executive Vice President- Olefins & Shared Facilities	0.003433% 51,396 (including 15,698 shares held by spouse)	0.003623% 54,396 (including 15,698 shares held by spouse)	3,000	67,500
5. Mr. Dhanes Charoensupaya Executive Vice President- Marketing, Commercial & Supply Chain Governance	-	-	-	69,400
6. Mr. Athavudhi Hirunburana Executive Vice President- Organizational Effectiveness	0.003172% 47,486 (including 15,305 shares held by spouse)	0.002144% 32,181 (including 15,305 shares held by spouse)	(15,305)	23,200
7. Mrs. Puntip Oungpasuk Executive Vice President- Strategy & International Affairs	0.003693% 55,281	0.003283% 49,281	(6,000)	46,300
8. Mr. Patiparn Sukondhanman Executive Vice President- Finance & Accounting	-	-	-	-
9. Mr. Suvit Tinnachote Executive Vice President Polymer Product Value Center	0.001706% 25,543	0.001782% 26,743	1,200	23,200

Name	As of 31 December 2008 Paid-up Capital Baht 14,968,296,000 % Shareholding/Shares	As of 31 December 2009 Paid-up Capital Baht 15,010,400,000 % Shareholding/Shares	Change Up/(down) During the year (shares)	ESOP Warrant (Units)
10. Mr. Thitipong Chulapornsiridee Vice President Finance & Accounting and Investor Relations	0.000200% 3,000	0.000007% 100	(2,900)	28,500
11. Mr. Theerapol Muenpakdee Vice President- Corporate Management Accounting	-	-	-	13,500
12. Mrs. Varanee Ubonpoonphol Vice President Finance Accounting 1 Department	0.000635% 9,500	0.000633% 9,500	-	19,000

## Executives

Senior executives, holding titles from senior vice president to the president, are appointed by a majority vote of the Board. Mr. Veerasak Kositpaisal and Mr. Khubbhol Suksupha are secondments of PTT Plc.

## Management change in 2009

\* Mr. Patiparn Sukondhanman was appointed Executive Vice President-Finance & Accounting, in replacement of Ms. Panada Kanokwat who retired as of 1 October 2009.

## Executive Remuneration in 2009

Remuneration	Total (persons)	Remuneration (Baht)
Total salaries	17	49,717,364.00
Fringe Benefits	17	8,289,013.36
Company Contribution to the Provident Fund	17	4,588,366.73
Total	17	62,594,744.09

## Detail of Directors of PTT Chemical and its Subsidiaries, Associates and Related Companies As of 31 December 2009

NO.		NAME	PTT CHEM	SUBSIDIARIES									ASSOCIATES / RELATED COMPANIES																				
				TOL	TFA	BPE	NPC S&E	TTT	EMERY	CH INTER	AP ROH	PTTPE	PTT	VNT	PTT ICT	SCG	HMC	TPE	TPP	TPC	BIG	BST	PTTAR	ROC	SMMC	SIAM MITSUI	PPCL	PTTPM	IRPC	PTT TANK	PTTPL	TIG	PTTT
DIRECTORS																																	
1	Mr. Prasert Bunsumpun			X																							/						
2	Mr. Witoon Simachokedee			/	X																/												
3	Pol. Gen. Nopadol Somboonsub			/																													
4	Mr. Somchai Kuvijitsuwan			/																													
5	Mr. Areepong Bhoocha-oom			/																													
6	Gen. Winai Phattiyakul			/																													
7	Mr. Paibulya Punyavutti			/																													
8	Mr. Panich Pongpirodorn			/																												/	
9	Mr. Praiya Phiyawat			/		/									X						/	/				X	X	/	X	X			
10	Mr. Tevin Vongvanich			/											X						/											/	/
11	Mr. Cholanat Yanaranop			/												//	X	/		/				X	X								
12	Mr. Roongrote Rangsiyopash			/												//	/						/	/									
13	Mr. Pichit Nithivasin			/											/				X	//			/										
14	Mr. Veerasak Kositpaisal			/, //			/	/	/	/	/	//													/	/			/				

**Remark :** / = Director

// = Management

X = Chairman

## Detail of Managements of PTT Chemical and its Subsidiaries / Associates / Related Companies

NO.	NAME	PTT CHEM	SUBSIDIARIES													ASSOCIATES / RELATED COMPANIES									
			TOCGC	TCC	TEA	TFA	TOL	BPE	PTTPE	TSCl	TTT	EMERY	PTTME	NPC S&E	AP ROH	CH Inter	PTT	VNT	PPCL	PTTUT	PTTPM	API	EFT	PTT ICT	PTTPL
1	Mr. Veerasak Kositpaisal	/, //						/		/			/	/	/	//	/	/	/						/
2	Mr. Khubhol Suksupha	//						//	/							//									/
3	Mr. Jiamsak Nantanamate	//		/								/	/						/						
4	Mr. Narong Bunditkamol	//						//		/			/						/						
5	Mrs. Puntip Oungpasuk	//	/					/	/	/	/			/			/	/	/						
6	Mr. Dhanes Charoensupaya	//								/							/	/	/	/					
7	Mr. Patiparn Sukornthaman	//	/	/	/	/	/	/		/					/										
8	Mr. Athavudhi Hirunburana	//	/	/	/	/	/							/					/				/	/	
9	Mr. Suwit Tinnachote	//						/	//	X			/												
10	Mr. Thitipong Chulapornsiridee	//																							
11	Mr. Theerapol Muenpakdee	//																							
12	Mrs. Varanee Ubonpoonphol	//																							

**Remark :** / = Director // = Management X = Chairman

### SUBSIDIARIES

TOCGC = TOC Glycol Co., Ltd.  
TCC = Thai Choline Chloride Co., Ltd.  
EA = Thai Ethanolamines Co., Ltd.  
TOL = Thai Oleochemicals Co., Ltd.  
TTT = Thai Thank Terminal Ltd.  
APS = Alliance Plant Service Co., Ltd.  
NPC S&E = NPC Safety and Environmental Service Co., Ltd.  
PTTPE = PTT Polyethylene Co., Ltd.  
BPE = Bangkok Polyethylene Plc

TEX = Thai Ethoxylate Co., Ltd.  
TFA = Thai Fatty Alcohol Co., Ltd.  
TSCl = Thai Styrenics Co., Ltd.  
CH Inter = PTT Chemical International Pte., Ltd.  
AP ROH = PTT Chemical International Pte., Ltd (Asia Pacific ROH)  
EMERY = Emery Oleochemicals

SCG = The Siam Cement Plc  
HMC = HMC Polymers Co., Ltd.  
TPE = Thai Polyethylene Co., Ltd.  
TPP = Thai Polypropylene Co., Ltd.  
TPC = Thai Plastic and Chemicals Plc  
TIG = Thai Industrial Gas Plc  
BIG = Bangkok Industrial Gas Co., Ltd.  
BST = Bangkok Synthetics Co., Ltd.  
PTTAR = PTT Aromatics and Refining Plc  
ROC = Rayong Olefins Co., Ltd.  
SSMC = Siam Styrene Monomer Co., Ltd.

SIAM MITSUI = Siam Mitsui PTA Co., Ltd.  
THAPPLINE = Thai Petroleum Pipeline Co., Ltd.  
DHIPAYA = Dhipaya Insurance Plc  
IRPC = IRPC Plc  
PTTPL = PTT Polymers Logistic Co., Ltd  
PTT TANK = PTT Tank Terminal Co., Ltd.  
PTTT = PTT International Trading Co., Ltd.  
PTT Inter = Ptt International Co., Ltd.

PTTPM = PTT Polymer Marketing Co., Ltd.  
VNT = Vinythai Plc  
PTTICT = PTT ICT Solutions Co., Ltd.  
PTTUT = PTT Utility Co., Ltd.  
API = Alliance Petrochemical Investment (Singapore) Pte., Ltd  
EFT = Eastern Fluid Transport Co., Ltd.

### RELATED COMPANIES

PTT = PTT Plc

### ASSOCIATES

PPCL = PTT Phenol Co., Ltd.

# CORPORATE GOVERNANCE

## *Best-in-Class Governance*

PTT Chemical exerts ourself in being the leading chemical company with ethics in all operating process. Integrity is blended in the corporate culture, to follow through the corporate governance practices - the basis of business doing. This is not only to raise confidence among investors, customers and other stakeholders, but also to formulate a responsible corporate culture for transparent and fair operations, for the sake of entire society.

# Report on Corporate Governance

In 2009, the Company was bestowed the Corporate Governance awards for two consecutive years; **SET Awards 2009 : Top Corporate Governance Report Awards; and Excellent 2009 - AGM Assessment**, and **Corporate Governance Report of Thai Listed Companies 2009: Excellent CG Scoring** – higher scores in the “Board of Directors’ Responsibilities” category. The Board also won **Board of the Year Awards 2008/09 for Exemplary Practices**, while the Audit Committee secured the **Audit Committee of the Year 2008/09 “Top Five” level**. The awards and recognition from the regulators of listed companies and corporate governance promoting institutions/organizations reflected the Company’s commitment to raise the level of corporate governance to international standards, and its emphasis on corporate governance for the equitable and sustainable benefits of shareholders, investors, and all stakeholders.

## Compliance with Good Corporate Governance Principles in 2009

The Board ensured the Company acts in full compliance with the five main good corporate governance principles: shareholders’ rights, equitable treatment of shareholders, stakeholders’ rights, disclosure and transparency, and the responsibilities of the Board. In 2009, the Board maintained the quality of its performances, and improve/amend some areas, as summarized below:

### Shareholders’ Rights

**Principle: Shareholders’ rights should be protected and the exercising of such rights encouraged**

#### Company practice:

The Board values shareholders’ rights by refraining from violating or infringing on such rights. This has been made a policy and disclosed in the Company’s revised Corporate Governance and Business Code of Conduct Handbook. The Board encourages and supports this through the following actions.

#### Fundamental legal rights:

PTT Chemical facilitated the exercising of these rights, namely the exchange of securities and the right to receive a dividend.

#### Right to receive significant information:

Significant and necessary information is disclosed via SET system and through Company’s website in both Thai and English. Its investor relations unit communicates and addresses queries on changes or issues of current interest in an equitable manner, as shown in “Information Disclosure and Transparency” topic.

### **Right to attend meetings and vote:**

PTT Chemical facilitated all shareholders' attendance at meetings and exercising of their votes, as well as their major decisions at the Annual General Meeting of Shareholders (AGM) in accordance with the AGM Checklist of the Office of Securities and Exchange Commission and the Thai Investors Association. The Board also made continuous improvement on the checklist, as evidenced under the "Equitable Treatment of Shareholders" topic.

## **Equitable Treatment of Shareholders**

**Principle: All shareholders should be treated fairly**

### **Company practice:**

To ensure the shareholders of fair treatment and full exercising of voting privileges as owners, and the Board, management and employees' access to inside information, the Board has observed the following measures:

### **Consideration of Fair Rights and Treatment at AGM**

The Board has ensured a high quality of the AGM and strives to improve this. It participates in an AGM assessment project organized by the SEC and Thai Investors Association, and prepares the assessment form for the meeting attendants to do the assessment on quality and satisfaction in terms of information, document, meeting topics, and the process in organizing the meeting. Attendants are also urged to provide helpful views for further improvement. The assessment results are applied in improving the quality of the next AGM.

**In 2009, the Company hosted the AGM on April 8, 2009 at 2 pm, at Vibhavadi Ballroom, Sofitel Centara Grand Bangkok Hotel. The venue was selected based on the number of attendants and their travelling convenience. The Board also took into accounts the shareholders' rights and fair treatment, as summarized below.**

#### **Before the meeting date**

- Shareholders were notified of the meeting through the SET system right after the Board resolved to set the meeting. The notification on the meeting was also posted on the Company's website after the announcement through the SET system.
- The Company allowed each shareholder to propose agenda items for consideration at the meeting ahead of the actual meeting date and also to nominate qualified candidates for directors. The Board instituted criteria to support shareholders' exercising of their rights.
- **The Board extended the period whereby shareholders were allowed to propose meeting agenda and director nominees, from 2 months prior to the end of fiscal year to 3 months or during October 1 and December 31 of each year, starting from the 2009 AGM. This is to allow the Board ample time in considering whether to include the shareholders' proposals to the meeting agenda or to secure more information for the consideration.**
- Shareholders were allowed to submit written questions about agenda items to the Board ahead of the meeting date through its website, by fax, and by letter.
- Aside from notification of the meeting on Thai and English-language daily newspapers for 3 consecutive days as required by law, meeting notices and documents were distributed in both languages through its website a month ahead of the meeting date. The documents were identical to what the Company mailed to allow ample time for shareholders' consideration before the meeting.

- **The Company has improved the paper document mailing process, from 7 days ahead of the meeting date in 2007, to 14 days in 2008 and 20 days in 2009, so that shareholders have more time to digest the details prior the meeting and prepare their proxies if unable to attend the meeting.**
- In 2009, the annual report was available in bilingual CD ROM as requested by the SET, and the print edition was available upon request through e-mail, telephone, fax and letter. The print edition was mail as soon as the requests were acknowledged, and also available at the AGM.
- Adequate and clear information was disclosed in the meeting notices along with the opinions of the Board.
- Through the meeting notices, shareholders were informed of meeting participation criteria, providing them with a list of all independent directors who could act as shareholders' proxy with the proxy forms designed by the Ministry of Commerce and the proxy form on which shareholders can state their voting opinions.

#### On the meeting date

- The meeting venue, meeting process, registration and officers were prepared, to facilitate and speed up the registration process. Registration was allowed through the bar-code system two hours ahead of the meeting, and shareholders can register for the meeting after that so that they maintain their rights.
- **An exhibition is staged, to provide the corporate information. The Shareholder Corner is set up in front of the meeting room, where directors, senior managers and officers from various units like investor relations, accounting and finance, corporation planning, marketing, corporate communications are present to answer the questions of their interest.**
- The Company telecast the meeting via a closed-circuit TV system so that shareholders outside the meeting room stay informed throughout the meeting.
- The Chairman, the sub-committee chairmen, directors and the President attended the AGM to explain and clarify questions.
- The meeting starts on specified time and the Chairman introduces the directors, executives, and the auditor who join the question-answer session, and the legal counselor who oversees the voting registration and protects shareholders' rights, and shareholders' right protection volunteers from the Thai Investors Association which join the meeting quality assessment process. The Chairman also clearly notifies all shareholders of the meeting criteria as well as voting method and procedure.
- Ample time is set aside for shareholders to ask questions on relevant issues and the Company's business, questions sent in advance are clarified/answered one by one.
- **In 2009, the presentation process and procedure related to the performance agenda and opinions on future business operations was improved. The performance was presented through a video, for the audio and visual presentation to all shareholders.**
- Shareholders were allowed to vote for replacing directors individually, through the ballots. Retired directors left the meeting room, so that shareholders could freely discuss and cast votes.
- The computerized voting calculation system was presented for all agenda, and neutral outsiders counted the ballots. The Chairman announced the votes, which appeared on the screen and the closed-circuit TV for equal disclosure to shareholders.
- The meeting on the day continued for 3 hours (from 2 p.m. to 5 p.m.), without additional agenda on top of the agenda notified to the shareholders in the meeting notices.



#### After the meeting date

- The Company Secretary recorded all significant information at the AGM, including the resolutions and all votes on each agenda and abstained votes. The Secretary also recorded all questions and answers and the full names of the individual shareholders who asked the questions and those who commented on the questions. The Meeting Minute, signed by the Chairman, was disclosed within 14 days after the meeting on the Company website and the minute of meeting was properly documented for auditing purpose and references.
- The Company recorded the proceeding at the meeting and placed it on the Company website for the information of those absent. Interested shareholders may file a request for a copy in the VCD format.
- To ensure shareholders of full dividend payment, after the payment had been made as approved by AGM, the Company notified them about the resolution through SET channel and coordinated with the registrar at Thailand Securities Depository Co., Ltd. to ensure complete and accurate rights to the dividends. The payment was made in a faster manner than required by law.
- In addition, the Corporate Governance Committee screened the recommendations and views received from shareholders who assessed the meeting, to constantly improve shareholders' meetings.

#### Control and Prevention of the Use of Inside Information

- To assure shareholders that directors, management, employees and relevant insiders would not use undisclosed inside information for their personal benefits, the Board sets out the following measures.
- "Written guidelines on inside information" are incorporated in the Corporate Governance and Business Code of Conduct Handbook, whereby all directors, management and employees must honor. The guidelines cover transactions on the Company's shares through inside information, safeguarding of the information, disclosure of the information, and giving opinions to outsiders.
- "Guidelines on the prohibited Company's stock transactions of directors, management and related person(s)", which bar directors, management and related person(s) (spouses and under-aged children) from buying or selling PTCH shares 45 days before the disclosure of the financial statements, from the end of each quarter. They are allowed to such transactions 24 hours after the disclosure to the Stock Exchange of Thailand.
- Directors and the management are required to report to the SEC all changes in shareholding of themselves, spouses and under-aged children under the Article 59 of the Securities and Exchange Act. They must also make regular reports on any change in shareholding to the Board. The Company Secretary will compile the data for the Board's consideration at the Board meeting.
- Specific timetable for the disclosure of significant information like the quarterly and annual financial statements, which may affect the Company's share prices. The timetable are distributed to directors and management, so that they accordingly refrain from making any share transaction during the specified period.

## Roles of Stakeholders

**Principle: Stakeholders should be duly taken care of, and cooperation should be promoted among them**

### Company practice:

The Board has instituted a policy in treating individual groups of stakeholders in line with their legal rights and agreements with the Company, while developing formats and approaches for stakeholder participation in fostering sustainable performance. In 2009, the Board reviewed and formulated the policy to cover all stakeholders and completed the written guidelines in the Corporate Governance and Business Code of Conduct Handbook, so directors, management and employees at all levels can accordingly follow.

<b>Shareholders</b>	: The Company is committed to creating the highest satisfaction for shareholders through its consideration of sustainable Company growth, continually suitable returns on investment, and transparent action along with reliable accounting systems.
<b>Customers</b>	: The Company is committed to creating satisfaction and confidence to customers and the general public on quality goods and services at fair prices. The standards have been elevated and the relationship has been nurtured for sustainable relationship.
<b>Business Partners</b>	: The Company takes into account business equality, integrity, and mutual benefit through strict compliance with the law and mutually-agreed rules as well as business ethics.
<b>Business Competitors</b>	: The Company treats competitors under international standards and the framework of the Anti-Competition Act. Fair competition rules are honored.
<b>Creditors</b>	: The Company fairly treats creditors in line with good practices and conditions and honors the repayment schedules.
<b>Government/ Regulators</b>	: The Company outlines the code of practices for the government and regulation sectors in line with rules of respective countries that it invests in, to avoid inappropriate actions.
<b>Employees</b>	: The Company has a clear policy to develop a learning organization with a culture and atmosphere conducive to teamwork with fair compensation. The Company ensures work safety and maintains a good workplace while valuing knowledge development and transfer and listening to opinions and recommendations from all employees alike on recognition that employees are a significant and valuable factor towards sustainable achievements and growth.
<b>Communities, Society and Environment</b>	: The Company operates responsibly to communities, society and environment, in terms of safety, living quality and environmental conservation. It promotes efficient energy use, recognizes the living quality of communities and society, with concern in those near facilities and in the national level. Partial profits are used to finance community and social development projects. It operates with environmental concern, through the facility construction process, technology selection, waste management system and research and development for energy-efficient innovations.

**Occupational safety and health** : The Company has emphasized on occupational safety and health. The occupational safety and health policy is outlined and reviewed and good practices are implemented for sustainable development.

- The Board has ensured the practices along with the aforementioned policy, taking into consideration that mechanism of stakeholders' participation. The Board also formulates the compensation policy and measures, to cover stakeholders who are legally violated. Satisfaction surveys on individual groups of stakeholders are carried out, for further improvements.
- The Company instituted a communication channel for suggestions to the Board through email at **cg@pttchemgroup.com**, its website: heading: contact us. The Company Secretary will handle the suggestions or document for submission to the relevant sub-committee and eventually to the Board.
- **The Corporate Governance Committee has emphasized responsible actions for stakeholders. In 2009, the units responsible for each group – communities, society and environment; business partners, customers and creditors – were summoned on their actions and future plans for the Corporate Governance Committee's acknowledgement and consideration of the sufficiency. The Committee also made suggestions and views for the improvement of the pattern and guidelines in treating stakeholders, for responsible and fair actions. In 2010, the Corporate Governance Committee will thoroughly consider the practices, for submission to the Board.**

## Disclosure and Transparency

**Principle: The Company's significant information should be disclosed in a transparent, accurate, complete, equitable, reliable, and timely manner.**

### Company practice:

The Board recognizes and values the quality of information and fair, transparent, and equitable disclosure through easy access. To assure all stakeholders of such disclosure and the use of inside information, it engaged in the following:

### Quality of Information

- The financial statements must be correct, complete and actual in line with accounting standards. They are audited by the independent auditor and the Audit Committee. The Board bears responsibility in the financial statements through a report of responsibility, signed by the Chairman and the President, which is included in the annual report along with the auditor's report. The annual and quarterly balance sheets are reviewed and reported to the SEC, the SET, and disclosed to shareholders/investors before the deadline.
- Significant information, financial and non-financial, is disclosed in an accurate, complete, and transparent way, with due screening in line with the required procedures and regular assessment and improvement. During the year 2009, no case arose of improper disclosure of information in violation of the SEC and the SET requirements.

### Disclosure Channels

- The Company's significant, current and complete information in line with the corporate governance practices are disclosed through Form 56-1 and the Company's website [www.pttchemgroup.com](http://www.pttchemgroup.com) (available in Thai and English). Access is open for questions and information downloads.
- In 2009, the website was modernized, with current information and links to all government units.

- The Company's vision, mission, goals and financial performance have been disclosed internally and externally by the President. For external communications, there are press conferences, interviews and presentations of views in accordance with the year plan or on particular occasion/situation. Internally, the President communicates the information through the annual conference to all employees of companies in the Group at all levels, to give them a chance to meet executives management, learn and understand the Group's guidelines and business direction. The internal communications are carried out continually.

### Information Disclosure Channel and Responsible Parties

- **An Investor Relations department** has been instituted with a responsible manager. The department is closely supervised by the executive vice president of finance and accounting as well as the President.
- Executives management take part in the Investor Relations operations, including meeting with investors and securities analysts under an annual schedule to clarify and answer questions on the Company's operation. Such information is clearly presented and posted on the website after each meeting. A questionnaire is also prepared to measure the satisfaction of analysts towards the performance of Investor Relations for future improvement on the efficiency.
- As an additional channel for shareholders, individual investors and institutional investors, securities analysts, and relevant others like the SET and the SEC, the Investor Relations Department discloses the Company's significant information in [www.pttchemgroup.com](http://www.pttchemgroup.com), under item "Investor Relations". It also welcomes e-mails to [ir@pttchemgroup.com](mailto:ir@pttchemgroup.com). The channels are posted in the Company's media, for the acknowledgement of shareholders and investors. Finally, investors and analysts can also access the Company's information through "IR News Clipping and Press Release".

#### In 2009, the Investor Relations Department conducted the following major activities:

- International meetings and road shows with investors in Asia, Europe, and the United States, a total of 7 meetings
  - Meetings with local individual and institutional investors.
  - Quarterly Securities Analysts Conference to present the Company's financial data and social responsibility, after the disclosure of the financial data to the SET.
  - Arranging a total of 71 company visits and conference calls for the Company's executives, as asked by shareholders, investors and analysts.
  - Regular reports to SET as required by the SET's corporate governance regulations and principles.
  - Addressing telephone calls and e-mails from shareholders, investors, analysts, and concerned agencies.
  - Disclose important Company data including notifications to SET, shareholders' meeting notices, and share prices through the Company's website under "Investor Information" item.
  - Participation in the "Money Expo 2009" during 8-10 May and "SET in the City" during 12-15 November. Besides providing information to prospective investors and shareholders through documents and exhibitions, the management and the Investor Relations team personally met and provided direct information to them.
- **A Corporate Communication Department** is in place to publicize and disseminate timely news and movement, activities, and cooperation with agencies for the benefit of the media, for dissemination to the general public and employees. Handing out information and hosting activities under year plan, in accordance with the Company's strategies and business direction on a regular basis with the information quality as the priority.

## Responsibilities of the Board of Directors

**Principle:** The Board plays a key role in corporate governance for the maximum benefit of the Company and is responsible for its performance.

### Company practice:

The Board has performed its duties with integrity, prudence, care, understanding in the legal commitments, rules and regulations of the Company, shareholders' resolutions and corporate governance practices. It avoids committing actions in contradiction with Company's interests, for investor confidence, as follows;

## Balanced Structure and Composition of the Board

The Board consists of directors, independent directors, sub-committees, the President, and the Company secretary. The structure is balanced and appropriate, showing the check and balance mechanism.

### Directors

- As of 31 December 2009, the Board consisted of 14 directors - 13 non-executives with 6 being independent directors, and 1 executive (the President). All directors are experts with diverse managerial experiences in petrochemicals and chemical industry, the Company's core business, as well as other disciplines of benefit to the Company. As proof of such expertise, skills, qualifications, and experience which would benefit the Company's operations.
- The Chairman and the President are two distinct persons with clear separation of roles. While the Chairman is not an independent director, he has performed his duty with independence, particularly in expressing his views on the Company's performance under the Board policy and in the best interests of the Company, shareholders, and the country.
- The Board has disclosed the directors' names, profiles, credentials, experience, and shareholding through the annual report, Form 56-1, and Company's website.

### Independent Directors

- Currently numbering 6, which exceeds one-third of the composition of the Board, all independent directors perform their duties by taking into account equitable benefits of all stakeholders.
  - The Board review the independent directors' independence through past and current performance as well as their business relationships to the Company, in accordance with the SEC's regulations.
  - The Sub-Committees mostly consist of independent directors while their chairmen are independent directors in compliance with corporate governance practices.
  - In 2009, the Board, as recommended by the Corporate Governance Committee, defined the definition of independent directors' independence in line with regulations of the SEC and SET. The Board also imposed stricter rules on their shareholding, which must not exceed 0.5% (SEC's limit of 1%). All independent directors are qualified, as:
1. Not holding more than 0.5% of the total outstanding voting shares of the Company, parent company, subsidiaries, affiliates, major shareholders or controlling persons of the Company, including shares held by a person connected to the independent director;
  2. Not being a director participating in management, or not being a staff, an employee or consultant who receives regular salary, or controlling persons of the Company, parent company, subsidiaries, affiliates, same-level subsidiaries, major shareholder, or of the controlling persons of the Company both at present and at least 2 years prior to taking the independent directorship;

3. Not having relationship by blood or legal registration in a way that makes the independent director a parent, spouse, sibling, and children, including spouse of the children, management, major shareholders, controlling persons, or nominated persons to be management or controlling persons of the Company or subsidiaries;
4. Not having business relationship with the Company, parent company, subsidiaries, affiliates, major shareholders or controlling persons of the Company with conflict of interest in a way which may obstruct his independent judgement, or not being significant shareholders or controlling persons having business relationship with the Company, parent company, subsidiaries, affiliates, major shareholders or controlling persons of the Company both at present and at least 2 years prior to taking the independent directorship;  
The aforementioned term 'business relationship' includes normal business transaction, rental, or lease of immovable property, transaction relating to assets or services, or grant or receipt of financial assistance through borrowing or lending loans, guarantee, pledge of asset as collateral, including any other similar transactions which may cause the Company or the counterparty being indebtedness to the other party in the amount of 3 % or more of the net tangible assets of the Company, or Baht 20 Million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transaction under the Notification of the Capital Market Supervisory Board. The combination of such indebtedness shall include such indebtedness incurred during 1 year prior to the date on which the business relationship with the person commences;
5. Not being the auditor of the Company, parent company, subsidiaries, affiliates, major shareholders, or controlling persons of the Company and significant shareholders (holding more than 10 % of the total outstanding voting shares of the Company including those of the connected person) controlling persons or partner of the audit firm which employs the auditor of the Company, parent company, subsidiaries, affiliates, major shareholders, or controlling persons of the Company both at present and at least 2 years prior to taking the independent directorship;
6. Not being any professional service providers including legal or financial consultants who receive annual service fee in the amount of more than Baht 2 Million from the Company, parent company, subsidiaries, affiliates, major shareholders, or controlling persons of the Company, and not being significant shareholders, controlling persons, or partners of such professional service providers both at present and at least 2 years prior to taking the independent directorship;
7. Not representing the Company's directors, major shareholders, or shareholders connecting to major shareholders;
8. Not operating business with a conflict of interest with the Company, subsidiaries, or not being significant shareholders of the partnership, or not being director participating in management, an employee, a staff, a consultant who receive regular salary or holding shares more than 1 % of the total outstanding voting shares of other companies having conflict of interest with the Company or subsidiaries;
9. Not having any other characteristics which may obstruct the director to independently express his opinion regarding the Company's operation.

After the appointment, the Company's Independent Director may be authorized by the Board of Directors to make collective decisions on operating the Company, parent company, subsidiaries, affiliates, same-level subsidiaries, major shareholders, or controlling persons of the Company, whereby such actions are not deemed partaking in the management.

- **The Company asks independent directors to annually certify their qualifications as prescribed.**

### **Sub-Committees**

In line with the corporate governance principles, since the Company's formation in 2005, the Board has appointed 4 sub-committees or (The Committees). To comply with good practices concerning the composition of the Nominating Committee and Remuneration Committee, the Board ensured that most of the committees' are independent directors and that the chairpersons are independent directors.

The sub-committees screen critical relevant matters with prudence and efficiency as assigned by the Board. They are to regularly report their findings and their performance for the year to shareholders through the annual report.

### **The Audit Committee**

The committee consists of 3 independent directors, all of whom are knowledgeable and experienced in reviewing the reliability of the financial statements. The scope of their power and responsibility is specified in the committee's Charter. In reviewing the financial statements, the committee is always joined by the auditor whose opinions as well as remarks and suggestions are noted in the meeting minutes. The committee's performance was regularly reported to the Board, the annual performance appraisals were conducted, the number of meetings was disclosed, along with the number of meetings attended by individual directors. The committee also completes the previous year's report for submission to shareholders in the annual report and publicize the Charter on the Company website. In 2009, the Audit Committee also held a meeting with the auditor, without the participation from the management, as prescribed in the committee's plan in 2009.

- **The Audit Committee reviewed and improved the Audit Committee's 2008 Charter to be in line with good practices regarding to the composition. "For continued operations of the Audit Committee and new ideas or new perspectives, the Audit Committee should consist of members who have been performing the task and newly-appointed members." The Board meeting No.10/2009 on 20 December 2009 approved the Charter's revision.**

### **Nominating Committee**

The committee consists of 3 directors, 2 of whom are independent directors, with 3-year serving term. The Chairman, who is not the Chairman of the Board, is an independent director. The committee performs its assigned duties of deliberating criteria and recruitment process for directors and the President, and selects persons under the recruitment process prescribed with independence and transparency in the Nominating Committee's Charter.

### Remuneration Committee

The committee consists of 3 directors, 2 of whom are independent directors, with 3-year term. The Chairman, who is not the Chairman of the Board, is an independent director. The committee deliberates criteria and patterns of compensation paid to directors and the management with independence, fairness, transparency, and sensibility as specified in the Remuneration Committee's Charter.

### Corporate Governance Committee

The committee consists of 3 directors, 2 of whom are independent directors, with 3-year term. The Chairman is not the Chairman of the Board. Though not an independent director, the Chairman performs as assigned by the Board in considering practical guidelines for corporate governance and providing recommendations to the Board for improvements in accordance with the guidelines of SEC, SET, leading organizations and international standards, as written in the Corporate Governance Committee's Charter.

- **The Nominating Committee, the Remuneration Committee, and the Corporate Governance Committee have their own written Charters, to specify the roles, duties, responsibilities, qualifications, serving terms and meetings. At the meeting No.4/2009 on 19 June 2009, the Board approved the Charters. As such, all sub-committees now have their own Charters, which are disclosed in the Corporate Governance and Business Code of Conduct Handbook and the Company website.**

### Company Secretary

- At the meeting No.4/2008 on 20 June 2008, the Board appointed Mrs. Walaiporn Puspavesa, Vice President, Corporate Governance and Secretariat under the Corporate Affairs department, as the Company Secretary under the Securities and Exchange Act. The Board viewed that she has knowledge and experience to perform the duty for the benefit of the Company, the Board and shareholders.
- In performing her duty, aside from regulatory requirements like the preparation and documentation of directors' certificates, the Board's meeting dates, the Board's meeting minutes, shareholder meeting notices, the Company's annual reports, and accumulation and maintenance of connected transactions having been reported by directors and the management, the Secretary also ensure that the Company and the Board observe the Company's regulations, relevant laws and regulations and corporate governance practice. The Secretary organizes the meetings for the Board, sub-committees, shareholders, Top Team, subsidiaries' Board and shareholders; notifies the directors and management of rule amendments; supports/coordinates training for the directors and management on relevant areas; and supports activities related to the Board.
- The Company Secretary attends trainings, seminars and clarification and gives opinions on issues raised by the regulatory body that oversees listed companies, which will boost the efficiency of the Secretary's functions and the Company's corporate governance. Shareholders can contact the Company Secretary at e-mail: [cg@pttchemgroup.com](mailto:cg@pttchemgroup.com)

### Director Nomination and Appointment

- The Board has defined a formal and transparent recruitment procedure for directors, whereby the Nominating Committee will execute in selecting qualified persons for the Board's consideration and shareholders' approval, whichever is the case. This is to ensure that the Board consists of knowledgeable, capable and experienced persons in various areas, to benefit the Company's operations. The Board has made it possible for shareholders to nominate suitable persons ahead of the annual shareholders meeting.



## Terms of Directors

- As stated in Company regulations, each director's term is three years, in line with the Public Company Limited Act. The Board allows the Audit Committee to serve no more than 2 consecutive terms, unless the Board sees otherwise. As for other directors and members of the sub-committees, the Board would ensure that Company practices align with the good corporate governance principles.
- Recognizing the limit to the efficiency of directors, the Board takes seriously the number of companies where Company directors also serve. The policy is outlined, allowing directors to serve no more than 5 listed companies. If the number exceeds, taken into consideration are the suitability to the nature and condition of the Company's business and the fact that they should emphasize on companies in which the Company invests in. The Company discloses the positions of each director in other companies in the annual report, Form 56-1 and the Company website.
- **The Board orders the disclosure of the policy on directorship in other listed companies in the 2009-revised version of Corporate Governance and Business Code of Conduct Handbook.**
- The Board has defined the policy and procedures for serving as directors in PTT Chem Group for executives (Top Team) from the rank of vice president upward. The President has the delegated authority for considering the suitability of such terms and the number of companies each can serve, to align the business direction and strategy with the policy of the Group.

## Segregation of Roles

The Board has devised a written code of the Board and the management's power and responsibilities, for the benefit of supervision, examination and assessment, as follows:

- The Board has clearly separated the authority of the Board and the management, through the Board's resolution which is translated into guidelines on the financial authority and the authority to decide on matters of the President. The President is empowered of such matters on the written endorsement, valid for three years at a time.
- To achieve the Company's goals, the Board has decided on its proactive roles, duties, and responsibilities. It reviews and endorses critical operation matters, namely its vision, mission, strategies, financial goals, risk management, operating plans, and budgets. Such matters are first screened by the Top Team, consisting of the President, Senior and Executive Vice Presidents from different departments and value centers, before the submission to the Board. The Board has ensured that the management follow the policy and operating plans.

## Duties and Responsibilities of the Board

- The Board's leadership reflects through the outlining and reviewing of vision and business mission at the meetings, based on the analysis of internal and external factors which will have an influence on the operations, strengths, weaknesses, potential, and the circumstances of the organization as well as expectations of stakeholders.
- The Board is determined to accomplish its mission, taking the benefits of the Company and stakeholders into the consideration. In 2009, the Board monitored the operations through the key performance indicators devised under the Balanced Scorecard system, to evaluate the efficiency and effectiveness. The management was assigned to report the operating results and index the comparative indicators with the goals on a quarterly and annualized basis. If the results did not meet the goals, the Board devised emergency measures to ensure goal achievements.
- Independent directors are acting independently, in giving opinions at the meetings and ensuring no conflict of interest. They are assigned to sit in the sub-committees, to make sure that the matters waiting for the Board's consideration are properly and efficiently screened in line with the corporate governance practices.

## Corporate Governance Policy and Code of Conduct

- The Board is convinced that corporate governance will provide the management framework and business guidelines towards sustainable growth and confidence of stakeholders. The corporate governance policy is set, and the Board ensures the communications, publicizing and monitoring of the policy.
- **Through the Corporate Governance Committee, the Board institutes assessment of the Company's corporate governance handbook on the annual basis. In 2009 the committee revised and amended the first handbook, completed in 2006, to ensure the updated and complete contents to the current business circumstances, international standards, and revised rules and regulations.**
- In the revision, the Board put the contents in two parts - corporate governance policy and code of conduct - for clarity as suggested by the SET's guidelines.

### Corporate Governance Policy:

Covering corporate governance principles for companies listed on the SET and in line with the standards imposed by the Organization for Economic Co-operation and Development (OECD).

### Business Code of Conduct :

General guidelines that define good and standard practices, under the ethical, moral and honest framework that all employees responsibly agree to observe

- The Board meeting No.8/2009 on 16 October 2009 approved the revised version of the Corporate Governance & Business Code of Conduct handbook, which this time is enforced at all units of PTT Chem Group.
- On the Company's 4th anniversary in December 2009, the Company dispatched the handbook, in Thai and English, to directors, management and all employees for mutual understanding, acknowledgement and compliance to demonstrate the mutual participation.
- **The Company also distributed the "PTT Chem Group's Business Code of Conduct" to stakeholders like business partners, customers, creditors, joint ventures and relevant agencies. It was also disclosed to the general public through the Company website, to demonstrate the Group's commitment to ethical business practices and expectation that business partners will follow the similar principles.**

### Communications and dissemination of corporate governance policy

The Board made it compulsory for the external and internal dissemination of the corporate governance policy and Business Code of Conduct, for a communication with stakeholders through the following patterns and channels;

### Compliance Monitoring

- The Board has monitored the compliance to the corporate governance policy, having the Corporate Governance Committee devise the guidelines, give recommendations and oversee the corporate governance. The Audit Committee is also tasked to review and evaluate the internal control, to ensure compliance to relevant rules.
- The Corporate Governance Committee observes the compliance and regularly reviews and assesses the compliance through the committee's quarterly meetings where the Company's compliance is compared to the international-standard guidelines for listed companies. Compliance reports are submitted to the Board and presented to shareholders in the annual report.
- A Company culture concerning "Integrity", righteousness, ethics, honesty, transparency, openness to scrutiny, delivery of promises, and fairness to all becomes part of Company personnel's behavior assessment in the annual performance evaluation.

- PTT Chemical gave priority to the promotion of the good corporate governance culture to ensure employee's awareness and mastering of the principles involved. In 2009, it not only staged promotional CG activities internally, but also cooperated with listed companies of PTT Group in organizing a "PTT Group CG Day 2009" which has been the group's regular event and won a very warm response from employees.

## Evaluation and Control Apparatus

The Board has devised the following evaluation and control apparatus to ensure transparent operations for the confidence of shareholders, investors and related stakeholders.

## Conflicts of Interest

- The Board has devised the policy on conflict of interest as part of the Corporate Governance and Business Code of Conduct Handbook. It has also followed the recommendations of SEC concerning Board approvals for commercial transactions under agreements between PTT Chemical or its subsidiaries and directors, the management, or related parties, to comply with the amended Securities and Exchange Act.
- In approving any transaction, the Board has ensured the compliance with the criteria and guidelines, with prudence, proper reasoning and independence. The process is transparent and completely and accurately emphasizes on the Company's maximum benefits.
- In approving a connected transaction, the Board demands the disclosure of the interests of directors, the management and connected parties, the transaction value, independent directors' opinions, and others as necessary, so that the Board/shareholders can properly make a decision for the Company's mutual benefits.
- The Board devises a guideline which bars involved directors or management or employees from the process to consider the transactions of such persons. Any involved individual must refrain from the meeting, or attend the meeting only to clarify some facts. They will have no right to consider or vote on the issue.
- **The Board meeting No.2/2009 on 9 June 2009 resolved on the criteria, procedure and form to report the benefits of directors, the management and relevant individuals in line with the Securities and Exchange Act's Article 89/14, which took effect on 1 July 2009. Directors are demanded to file reports upon their appointment to the Board and any change on their interests. They are compelled to have the interests reviewed and complete the annual report at the end of each year. The Company Secretary will gather the reports and submit the copies to the Chairman and the Chairman of the Audit Committee for their acknowledgement.**
- **The Board, as advised by the Corporate Governance Committee, requires directors, management and employees complete the disclosure at the end of each year of transactions with possible conflict of interest, or even when no such transactions take place, starting from end-2009. Earlier, the information was disclosed only when such transaction took place.**
- The Internal Audit is in charge of handling complaints on Code of Conduct from whistle blowers. The complaints can be filed when an improper action which violates the Code of Conduct, and there are measures to protect the whistle blowers throughout and after the investigation.

## Internal Control and Internal Audit

- The Board values the internal control. The Audit Committee is assigned to review the control, for sufficiency and appropriateness to business conditions, as well as operating effectiveness, and report to the Board and shareholders.

- The Board also set up the internal audit as a separate unit, responsible for the assessment of sufficiency and effectiveness of the internal control on the operations and activities in line with the annual audit. It must regularly report to the Audit Committee, to promote the effectiveness of the control environment, risk assessment and control activities under the ethical and standard internal audit standards for the independence and quality of the internal control.
- The Audit Committee submitted the evaluation report on the 2009 internal control to the Board at its meeting No.1/2010 on 19 February 2010. The Audit Committee made suggestions to the management on continued improvement in the internal control. Acknowledging the suggestions, the Board viewed that the Company's internal control was adequate and effective, as detailed below.

## 1. Control Environment

The environment is appropriate in the overall picture, and attributes to sufficient and effective internal control. For instance, the Company has written policy and guidelines on integrity and ethics, and sets the corporate governance policy in line with the international standard. All directors, management and employees must comply with the Corporate Governance and Business Code of Conduct Handbook, for shareholders' maximum benefits. They are held to show responsibility to stakeholders – shareholders, customers, business partners, business competitors, creditors, government/regulators, employees, community, society, environment honor Code of Conduct and operate in the transparent and evaluable manner. The goal is to turn the Company to a leading petrochemical company, utilities and supporting services, with recognized and efficient good governance to assure confidence among stakeholders which will lead the organization towards sustainable growth.

- The Company has analyzed educational background, necessary skills and specialization, to ensure that each employee has the right knowledge, skill and capability to perform the assigned task.
- The Company ensures the independence of the Board and the Audit Committee from the management, so that they can observe the management's compliance to the assigned policy and targets, reliability of financial reporting, sufficient and effective internal audit and internal control, and appropriate disclosure of connected transactions.
- Executives promise philosophy and pattern in their work, like good attitudes and supports to accounting, information management, human resources, evaluation, internal audit and the auditor's audit, as well as risk management options for key activities.
- The organizational structure and line of command is clear and appropriate, with written assignments of duty and responsibility which is continually reviewed and improved in line with the business environment.
- The Company sets out the human resource policy and management guidelines in writing, covering the training, promotion, compensation, for example, to boost the work morale and maintain the positive work environment.

## 2. Risk Assessment

The Company has implemented a risk management system, holding the Risk Management Committee, consisting of senior executives, accountable for risk management and assessment of risks to the business operations and the achievement of the Company's strategic goals in compliance to the Risk Management Handbook. The Mitigation Plan is devised to prevent or reduce risks to the acceptable level. There is a monthly review and quarterly reports are submitted to the Audit Committee.

### 3. Control Activities

The Company's control activities are overall appropriate, sufficient and effective, with the written policy and rules. There are guidelines to assure the success, as determined by the management, if the guidelines are followed. The control activities guide all towards possible risks, so that they carefully proceed with their work and accomplish the goals. They are as follows;

- **Internal control in management :** The Company has written objectives which are communicated with all employees, to achieve the goals. The management outlines the operating plan and the allocation of resources, budget and human resources. It also devises the work process and the evaluation system, to allow all to carry out their jobs with efficiency, effectiveness and compliance with the laws, regulations and required standards.
- **Financial internal control:** The Company puts in place the process to verify the accuracy and completeness of accounting, financial reports, assets management, scrutiny of disbursement, and scrutiny of connected transactions. There is appropriate segregation in accounting and finance.
- **Procurement internal control:** The Company has rules and regulations on procurements, and the duties and responsibilities in procurement process are clearly stated.
- **Human resource internal control:** A process to find knowledgeable and talented personnel in a specified period is in place, with the appropriate and fair compensation scheme and clear specification of duties and responsibilities. The information channel is appropriately efficient.
- **Information technology control:** A system is in place to ensure compliance to relevant laws and accordingly to the control activities.

### 4. Information and Communication

The Company has the information system related to the operations, financial reports, policies and relevant regulations, as well as external information. The Company has the communications system which, once executives and internal users receive the assignment, ensures efficient and effective proceedings. The Company establishes internal and external communications, which helps the Company achieve its goals and targets. It also gives supports to advanced information technology for the handling of the Company's critical information.

### 5. Monitoring

The Company has the monitoring system to supports its business achievements and effectiveness of the internal control. The system covers "Ongoing Monitoring Activities" to monitor the proceedings of strategic plans, and "BSC Monitoring" which encompasses the weekly management meetings, internal monitoring of the meetings on the quality process, occupational safety, health and environment evaluation, the monitoring of subsidiaries which is reported to the management on a monthly basis, and the separate evaluations on internal audit; acknowledgement on quality system evaluation; the occupational safety, health and environment; and the auditor, for instance.

### Risk Management

- The Board has specified a comprehensive risk management policy and guidelines throughout the entire organization in the Corporate Governance and Business Code of Conduct Handbook. The Audit Committee is assigned to review the system, to ensure effective risk management and acknowledge risk management reports before presentation to the Board, at its quarterly meetings or when irregularities emerge.

- The Board has devised the risk management monitoring and reporting system, requiring the reports on risks to PTT Chem Groups' financial performance, goal achievement as stated in the Balanced Scorecard, and the Company's long term investment plan, or when any incident that may cause significant risks arise.
- The Risk Management Committee, chaired by the President and having top executives as members, is responsible for formulating the corporate risk management policy and framework, so that the risk management aligns with business goals with maximum efficiency. The corporate risks are charted during the top-down approach in formulating business plans, to compliment the strategic planning on corporate risk monitoring and management. The committee is also tasked to endorse the Company's regular risk management reports for submission to the Audit Committee and eventually the Board.

### Board Meetings

- In 2009, the Board hold 10 meetings. The number of Board meetings is compatible with the directors' performance and the nature of Company business. Records show individual directors' attendance at meetings in line with SEC's specifications. Each meeting took 2-3 hours on average, depending on the agenda.
- The Board fixes meeting dates and times for the year and informs all directors in advance so that each may schedule their attendance at the meetings. Other extraordinary meetings are scheduled as needed. If a director cannot attend a meeting, he/she must send notification of absence to the Chairman. The agenda items are jointly decided by the Chairman and the President. The Company sends meeting notices with an agenda and complete and sufficient documents for the study in advance. Each director maintains independence and may also propose matters they consider important and may request further information from the President, who serves as Secretary to the Board. The Chairman should allow sufficient time for management presentations and discussions by the Board. Directors with potential conflict of interest must neither attend meetings on their conflict of interest nor vote on those issues.
- The prepared minutes of each meeting, with complete significant details, are to be prepared by the Company Secretary and approved at subsequent Board meetings and signed by the Chairman of the meeting. Storage of the minutes must be in both hard copies and electronic form for convenient search, and a mechanism is in place to prevent minutes amendment without the acknowledgment of the Board.
- The management delivers significant documents/information to the Board regularly and encourages non-executive directors to hold their own meetings in the absence of the management to discuss concerns and problems of interest. To this end, the Corporate Governance Committee has provided a practical approach, including meeting before the full Board meeting, to come up with recommendations or deliberate other matters jointly.
- The Board encourages non-executive directors to discuss among themselves as necessary, without the management involved. The Audit Committee hosts the meeting with auditor without the management involved at least once a year. The other sub-committees – the Nominating Committee, the Remuneration Committee and the Corporate Governance Committee – will have separate meetings with relevant individuals, without the participation of the President, to promote independent consideration.

## Assessment of Board Performance

- The Board institutes annual assessment to allow it to review its own performance, problems, and obstacles during the past year. Self-assessment forms for directors come in three varieties: individual, group and cross assessment (for assessment of other directors).
- The Corporate Governance Committee deliberated initial assessment findings and tabled them for the Board's consideration and decision on ways to improve collaboration.
- In 2009, the Board criteria assessment is as follows;
 

Over 85%	= Excellent/Exemplary
Over 50%	= Appropriate/Average
Below 50%	= Improvement required/Low
- The Board is of the following opinion on the overall assessment;

**Assessment of the entire Board** encompassing the Corporate Governance Committee's policy formulation and guidelines to take care of stakeholders, the Board's opinions on the structure and composition of the Board, the performance in the past year, the meetings and the Board's meeting attendance. **In summary, the Board considered that the performance is appropriate and exemplary, with the average score at 85.85%, comparing to 80.8% in the previous year.**

**Self Assessment** on each director's performance in line with the rules and regulations, the role in commenting on the vision, mission and the operations, teamwork spirits, and meeting attendance. **In Summary, the Board's self assessment showed that the directors performed excellent duties with the average score of 87.61%, comparing to 86.12% in the previous year.**

**Cross assessment** which was first implemented this year to assess other directors' knowledge, business experience, participation in giving opinions on risk management and the management, independence and integrity, as well as dedication to the job. **The average score was excellent at 89.75%.**

- The Company will improve and support the Board's performance with the assessment results in 2009 as well as other valuable recommendations and opinions.

## Assessment of Audit Committee Performance

The Audit Committee assessed its performance in 2008 so as to review how it had performed against the assigned scope of responsibility, and reported its findings to the Board as follows:

- **Assessment of the Audit Committee** covered the 8 areas under the jurisdiction, namely its charter; composition; meetings; training and resources; responsibility; relationship with the head of Internal Audit/External Auditor, and the management; reporting to the Board and shareholders; and quality assurance. Three grades were involved - not practiced, partly practiced, and fully practiced. **In summary, the Audit Committee fully practiced its performance.**
- **Individual self-assessment** covered 5 areas, namely business knowledge; specialty; independence and fairness; appreciation of duties and responsibility; and dedication to office and meetings. Three grades were involved - little, moderate, and considerable. In summary, most areas were rated as considerable and none rated as little.

## Director's Compensation

- The Remuneration Committee formulates clear policies and criteria for fair and reasonable directors' compensation, and tables them before the Board, which then seeks approval from the shareholders. The decision process for such compensation is transparent and the compensation amounts are approved by the shareholders.

- The compensation structures/components are fair, suit individual directors' responsibilities, reflect the Company's performance, and be comparable to those for the industry in which the Company operates. Each director that also serves as members of the sub-committees members duly receives additional compensation.
- The Board discloses the types of compensation and the sums given to each director, as well as compensation for directors serving as directors of PTT Chemical's subsidiaries required by position and responsibility in line with stated policies.

### Compensation to the President

- The Board requires the annual assessment on the President's performance, based on the Company's financial performance which reflects the President's management potential and ability in achieving management goals in the past year and managing the organization's potential.
- The Remuneration Committee decides the assessment criteria for the President for the Board's approval.
- The Remuneration Committee appraises the performance of the President and decide on his/her compensation in line with the preliminary assessment findings, which is to be tabled for the Board's consideration. The Chairman is to communicate the Board's decision to the President.

### Development of Directors and the Management

The Board's policy and means of training for directors are in place for both new and current ones, as well as senior executives appointed to serve as directors of PTT Chem Group. It also regularly disseminates the regulations and practical guidelines of SEC and SET to all of them by the following methods.

<b>New directors</b>	: PTT Chemical has instituted an orientation for all incoming directors, where information/knowledge is provided on the roles of directors along with other helpful documents for the mastering of PTT Chem Group business. Visits to the Company's and related companies' plants and meetings with the management teams are also arranged. New directors are also encouraged to undergo IOD directors' training.
<b>Current directors</b>	: Continuing education is provided to these directors through sponsorship of relevant training courses offered by IOD. All directors underwent such courses, and some are under training during 2010, concerning directors' duties and Company business in general.
<b>Management executives</b>	: These executives are continually trained in relevant laws and regulations that are helpful to their performance in the management role, including a seminar designed to prime executives for the new Securities and Exchange Act. Those that are directors of PTT Chem Group are encouraged to attend directors' courses at IOD; to date, more than 90% of Group company directors have passed IOD courses.
<b>Relevant parties in corporate governance</b>	: The Company Secretary, the secretary to the Audit Committee, officers engaged in investor relations, as well as those doing relevant jobs, regularly attend assorted training courses and sit in on seminars on relevant and current topics, and topics that are helpful to their performance organized by SEC, SET, Listed Companies Association, and IOD.



## Succession Plan

- The Board has outlined the succession plan and executive development plan to support the succession and the Company has devised the human resource development process to aide this area. Containing six major steps, the process ensures management continuity and the identification of potential persons for key positions. The targeted human resource development is also to ensure that the talented are ready for future challenges. The process contains the following steps;
  1. Indentify the key positions
  2. Review details of the key positions
  3. Enlist potential candidates
  4. Identify the person for nomination
  5. Devise individual development plan
  6. Develop and periodically evaluate

**In following the good corporate governance principles, aside from the commitment of the Board, management and employees in further promoting the corporate governance, the Company also received supports and valuable recommendations from the listed companies regulatory and assessment organizations like the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand, the Thai Listed Companies Association, Thai Institute of Directors Association, and Thai Investors Association, all of which share the objectives and mission of raising the level of corporate governance to international standards, which will enhance Thailand's competitiveness in the global arena and for stable and sustainable development.**

# Report of the Corporate Governance Committee

## To the Shareholders

In 2009, the Corporate Governance Committee, consisting of Mr. Prajya Phinyawat, Chairman of the Committee with Mr. Witoon Simachokedee and Mr. Somchai Kuvijitsuwan as members, performed the following duties as described in the Charter.

## Meetings and Performance in 2009

- The Corporate Governance Committee fixed the quarterly meetings. In 2009, the Committee attended 6 meetings, with the presence of all members to acknowledge and review the agenda to be presented ahead of the meetings.
- All members of the Committee attended the 2009 Annual General Meeting. Before and after the meeting, the Committee reviewed and provided recommendations for continuous improvement of the quality and efficiency of the AGM.

## Compliance to Laws/Corporate Governance Principles

- (1) Deliberated an approach for compliance to the new Securities and Exchange Act, as well as the amended notifications and regulations of regulators of listed companies as follows;
  - Deliberated the conflict of interest disclosure criteria, method and form for directors, management and relevant individuals of the Company, and ensured the directors, management and relevant individuals submit the first report with fully honor to the law.
  - Strengthened the definition of “Independent Directors” beyond the corporate governance requirements of the Securities and Exchange Commission, in term of independent directors’ share holding in the Company, subsidiaries and affiliates, which should not exceed 0.5% (the SEC’s requirement is 1%).
  - Improved the conflict of interest disclosure criteria, method, and form for directors, management and employees, requiring them to submit reports at the end of each year regardless of changes or no changes. Earlier, reports were required upon incidents that posed conflicts of interest. The reporting requirement covers management and employees of PTT Chem Group.
- (2) Deliberated the charters for all sub-committees. The charters of all sub-committees are posted on the Company website and included in the revised version of the Corporate Governance and Business Code of Conduct Handbook.
- (3) Considered the criteria and guidelines for promoting the rights and equality of shareholders through extending the period for them to propose meeting agenda items and nominate suitable candidates for directors in advance of the 2010 AGM to up to three months, that is, from 1 October to 31 December 2009, in line with the Stock Exchange of Thailand’s corporate governance practices.
- (4) Reviewed and endorsed the revision in the Company’s Corporate Governance and Business Code of Conduct Handbook, first enforced in 2006, to ensure the accurate, complete and current contents as well as conformity to the revised regulations of regulators of listed companies and the business environment. The business code of conduct was separated from corporate governance principles/policies for clearer

corporate governance practices. The Code of Conduct was also applied to the entire PTT Chem Group. The Corporate Governance Committee reviewed the Corporate Governance and Business Code of Conduct Handbook (1st revised edition, 2009) before submission for the Board's approval and enforcement.

### Plan / Reports/CG Activity Participation

- Approved the Company's corporate governance year plan for 2009, designed to raise the level of corporate governance to the international standards and to encourage concrete actions.
- Reviewed the compliance to the Company's corporate governance principles in 2009, and recommended on guidelines for continuous quality improvement. The compliance report was completed for disclosure to shareholders in the 2009 annual report.
- Reviewed the Corporate Governance Committee's performance in the past year and completed the Report of the Corporate Governance Committee in 2009, to summarize the performance for the Board and shareholders through the 2009 annual report.
- Emphasized the corporate governance culture promotion, with participation in PTT Group CG Day 2009 and in the panel to judge employees' work that demonstrated sustainability through PTT Groups' good deeds.

### Directors Development

Reviewed the Board's performance assessment and introduced the cross assessment after the group and individual performance assessment. Reviewed the assessment forms for appropriateness and completeness, and recommended the summary of each item for the Board's consideration, which would enhance the assessment efficiency.

The Corporate Governance Committee has perform its duties with support from all involved, namely the shareholders, the Board of Directors, the management, and all employees. Special thanks are due to assorted organizations and regulatory agencies that have promoted, assessed and supported the move to lift our practices to the international standards, for confidence and acceptance from stakeholders and the public in the Company's business operations with good corporate governance. I would like to express my sincere appreciation to all.

On behalf of the Corporate Governance Committee



(Mr. Prajya Phinyawat)

Chairman of the Corporate Governance Committee

# Report of the Nominating Committee

## To the Shareholders

Recognizing the significance of compliance to good corporate governance principles, the Board of Directors appointed the Nominating Committee to perform assignments in issuing transparent criteria for the recruitment and selection of those to be nominated as directors, the President & CEO, and proposing them to the Board and/or the Annual General Meeting for approval.

The Nominating Committee, consisting of Mr. Paibulya Punyavutti, Chairman of the committee with Mr. Prajya Phinyawat and Gen. Winai Phattiyakul (who replaced Mr. Pala Sookawesh and Mr. Cherdpong Siriwit who resigned from the Board) as members. The Committee's term is from 12 December 2008 to 11 December 2011.

## Meetings and performance

In 2009, the Committee hold 2 meetings, with perfect attendance to perform its assigned duties as summarized below :

### 1. Reviewed the committee's report 2008

The Committee reviewed the Nominating Committee's Report 2008 and report the performance to the Board for acknowledgement. The report was signed by the Chairman, and disclosed in Form 56-1 and the 2008 annual report.

### 2. Reviewed the committee's charter

The Committee reviewed the Nominating Committee's Charter and propose revisions to the Board for approval. The charter was signed by the Chairman of the Board of Directors, and disclosed in the revised version of the Company's Corporate Governance and Business Code of Conduct Handbook.

### 3. Deliberated the nominations of directors in replacement of directors who completed their terms at 2009 AGM

At the 2009 AGM, 5 directors were due to leave their posts, namely Mr. Manu Leopairrote, Mr. Pala Sookawesh, Mr. Cherdpong Siriwit, Pol. Gen. Nopadol Somboonsub, and Mr. Veerasak Kositpaisal. Shareholders were invited to nominate qualified person (s) but as the nomination period ended on 31 December 2009, there was no nomination. The Nominating Committee thus nominated Pol. Gen. Nopadol Somboonsub and Mr. Veerasak Kositpaisal to be re-appointed after considering their qualifications, experiences, skills, and suitability in the best interests of the Company. The Committee also proposed 3 external persons; Mr. Panich Pongpirodorn, Mr. Areepong Bhoocha-oom and Gen. Winai Phattiyakul as the replacement of directors, whose term ended in 2009. The Board proposed the nominations to the AGM 2009, which approved the proposal.

#### **4. Nominating directors in place of those who resigned**

Mr. Pichai Chunhavajira resigned before his term ended, the Nominating Committee had reviewed individuals with knowledge, ability and suitability in the best interests of the Company on consideration of the Board's structure. To ensure that the Board is equipped with knowledge and ability in various areas, the Committee proposed the Board to appoint Mr. Tevin Vongvanich as Mr. Pichai Chunhavajira's replacement.

The Nominating Committee has performed its duties to foster the confidence among shareholders and stakeholders in the transparent recruitment and selection processes for directors and the President, in line with the Company's criteria and procedures. Its main consideration is the individual qualifications of those that can enhance the performance of the Board as a whole, which will in turn enhance the long-term value to the Company.

On behalf of Nominating Committee



**(Mr. Paibulya Punyavutti)**

Chairman of the Nominating Committee

# Report of the Remuneration Committee

## To the Shareholders

Adhering to good corporate governance principles for listed companies, the Board of Directors appointed the Remuneration Committee as one of its sub-committees to devise a fair and rational approach, procedures and criteria for compensation paid to directors, committee members, and the President & CEO. All these are tabled for the Board's consideration and propose to the AGM for approval.

The Remuneration Committee is consisting Pol. Gen. Nopadol Somboonsub as Chairman with Mr. Somchai Kuvijitsuwan (who replaced Mr. Pala Sookawesh who ended his term) and Mr. Tevin Vongvanich (who replaced Mr. Pichai Chunhavajira who ended his term). Its term is from 12 December 2009 to 11 December 2011.

## Meetings and performance

In 2009, the Committee hold 3 meetings, with perfect attendance to perform the following assigned duties:

### 1. Reviewed the committee's report 2008

The Committee reviewed the Remuneration Committee's Report 2008 and presented the report for the Board's acknowledgement. After the signing of the Chairman of the Remuneration Committee, it was disclosed in Form 56-1 and the 2008 annual report.

### 2. Reviewed the committee's charter

The Committee reviewed the Remuneration Committee's Charter and submitted it to the Board for approval. After the Chairman's signing, it is disclosed in the revised version of the Company's Corporate Governance and Business Code of Conduct Handbook.

### 3. Considered compensation of directors and sub-committee's members

The compensation was considered in line with the comparison of current level and that of companies in PTT Group and petrochemical industry, to reflect their responsibilities, as well as the Company's financial performance and dividend payments to shareholders. The Committee resolved to maintain the 2009 compensation for directors and sub-committee's members. This was approved by shareholders at the AGM.

#### **4. Considered 2008 directors' bonuses**

The bonuses were considered in line with the Company's performance or net profit and with industry peers. The Committee resolved to allocate 0.3% of the Company's 2008 net profit as directors' bonuses, which is the same rate paid in the previous year. The total amount is Baht 35.31 million. The Shareholders concurred with this proposal.

#### **5. Considered the compensation for the President & CEO**

The Committee deliberated this matter, taking into consideration the achievements of jointly-set targets, and forwarded the proposal to the Board.

Valuing the significance of instituting transparent deliberation processes for compensation, the Committee took into consideration the correlation between the Company's performance and responsibility of directors and the President & CEO, so that the compensation decisions comply with good corporate governance principles and maintain maximum benefit to the Company in the long term.

On behalf of the Remuneration Committee



**(Police General Nopadol Somboonsub)**  
Chairman of the Remuneration Committee

# The Board of Directors' Report on its Responsibility to Financial Report

Financial Statement of PTT Chemical Public Company Limited, and its subsidiaries included in the consolidated financial statements have been prepared in compliance with notification of Department of Commercial Registration, under the third paragraph of Section 11 of the Accounting Act B.E. 2543 (2000) in compliance with the accounting standard determined by the Federation of Accounting Professions.

The responsibilities of the Board of Directors towards the financial report of PTT Chemical Public Company Limited, and its subsidiaries have been provided to ensure that it has revealed the financial status, incomes and expenses, and consolidated cash flow on a practical and reasonable basis and the accounting data has been properly recorded in relation to the property retention, including the anti-corruption and abnormal transactions. Regarding the provision of the financial report, the Company has considered and selected proper accounting policy for regular practices in compliance with the generally accepted accounting standard and has disclosed significant data in the notes to the financial statement, which the auditor has expressed the opinions to the financial statements of PTT Chemical Public Company Limited and its subsidiaries in the auditor's report.



**(Mr. Prasert Bunsumpun)**  
Chairman



**(Mr. Veerasak Kositpaisal)**  
President & CEO





# FINANCIAL REPORT

# Report of the Audit Committee

## To the Shareholders

The Board of Directors of PTT Chemical Plc's appointment of the Audit Committee is based on their extensive expertise and experience in management, finance, accounting, economics, law and the petrochemical industry. The Committee consists of Mr. Paibulya Punyavutti as Chairman, and Pol. Gen. Nopadol Somboonsub and Mr. Areepong Bhoocha-oom as members. Its composition, qualifications and duties are in line with the regulations prescribed under the Notification of Stock Exchange of Thailand (SET) Re: Qualifications and Scope of Work of the Audit Committee, 2008 and regulations prescribed under the Notification of Securities and Exchange Commission (SEC).

On 4 May 2009, the Board of Director appointed Mr. Paibulya Punyavutti as Chairman, Pol. Gen. Nopadol Somboonsub and Mr. Areepong Bhoocha-oom as members, in replacement of Mr. Manu Leopairote and Mr. Cherdpong Siriwit as their directorship term ended. Their term will be ended on 11 December 2011.

## Performance of the Audit Committee

The Committee has performed their duties, exercised their due authorities and assigned responsibilities under the Audit Charter, which was approved by the Board. The Committee held seven meetings in 2009 and held meeting No. 1/2010 on 16 February 2010 to review the financial statements for the year 2009 and internal control for 2009. Top Management, relevant managers and external auditors attended the meeting in their respective agenda.

Reviews and recommendations made by the Committee in each agenda are summarized as follows:

1. Reviewed the Company's quarterly and annual financial statements for the year 2009 to ensure that these financial statements are accurate, credible, and adequately disclosed for the benefit of the users in decision-making. The Committee agreed with the external auditor's opinions that nothing could lead to the notion that the quarterly financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles and the 2009 annual financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles. The Committee also held a private meeting with the external auditor on process and issues of the 2009 financial statements audit.
2. Evaluated, selected, and nominated independent external auditors, and the remuneration fee. The Committee recommended Mr. Niran Lilamethawat, certified auditor No.2316; Mr. Winid Silamongkol, certified auditor No. 3378; or Mr. Vairoj Jindamaneepitak, certified auditor No. 3565 of KPMG Phoomchai Audit Ltd, who are qualified and of which the audit fee was appropriate, as the Company's auditors for the year 2009 to the Board, which would in turn submit it for shareholders' approval.

3. Reviewed the effectiveness of risk management by monitoring and providing quarterly recommendations on corporate risk management as a major risk to the Company's achievements. The major risks comprise of risks against corporate performance using the Value-at-Risk (VaR) method, risks against corporate strategic objectives, and risks against corporate growth under the long-term investment plan. The Company's risk management has been in line with policies and framework of risk management established by the Risk Management Committee composed of members of the top management.
4. Reviewed the adequacy and effectiveness of internal control, to assure the achievement of the Company's objectives. The Committee monitored the implementation of the recommendations of the Audit Committee, the external auditor and the internal auditor to assure that they were appropriately carried out. The Committee acknowledged the external auditor's internal control assessment and the Committee reviewed the internal auditor's report of internal control assessment and agreed that the Company's internal control is adequate and effective.
5. Reviewed the independence of the Internal Audit department and the effectiveness of the Internal Audit System. The Committee deliberated on the performance of the head of the Internal Audit department, and acknowledged the internal audit department's turnover. The committee endorsed and oversaw on internal audit activities as follows; endorsed the annual audit plan, reviewed the internal audit department's charter, its procedure and its self assessment, and recommended improvements for additional internal audit quality.
6. Reviewed the Company's compliance with legislatures of the SEC and the regulations of the SET and laws relating to the Company's business. The Committee monitored and reviewed the 2009 audit reports and found there were no reports of violation of the laws nor were there illegal activities.
7. Reviewed the connected transactions or the transactions that may lead to conflicts of interests to assure of compliance with the legislatures of the SEC and the regulations of the SET, to ensure that the transactions were reasonable and were to the Company's maximum benefits. The Committee monitored and reviewed the 2009 related party transactions as disclosed in the notes to the quarterly and annual financial statements. In 2009, there were no connected transaction that required Papproval from the shareholders' meeting.
8. Monitored and provided recommendations on key Company activities conducive to the accomplishment of the PTT Chemical group's strategic objectives, whether in the financial perspective, customer perspective, internal process perspective or the learning and growth perspective, that are derived from the activities of the Olefins (Shared Facilities), the Polymer Products Value Center, the EO-Based Performance Products Value Center and the Oleochemical Products Value Center. The monitoring were on the Company's performance against the plan, the response to risk against objectives, major construction projects, marketing management, and changes in accounting policies.

9. Reviewed and improved the Charter of the Audit Committee to be in line with regulations prescribed under the Notification of SET Re: Qualifications and Scope of Work of the Audit Committee, 2008 and the Notification of the SEC. In 2009, the Board of Directors' passed a resolution for the revisions in the Committee's composition to better conform with the Best Practices.
10. Conducted the Audit Committee's 2009 collective and individual self-evaluation to review the performance and accomplishments under its duty and responsibility. Its self-assessment report was submitted to the Board of Directors.
11. Established the Audit Committee's 2010 meeting plan to assure proper and due performance of duties, authorities and responsibilities as assigned.
12. Prepared the Committee's report, to disclose in the annual report and to periodically report the Committee's performance to the Board of Directors.

In carrying out the above-mentioned duties and responsibilities, the Audit Committee provided recommendations for improvements to the company's project management process, production, sales and marketing process, and risk management process for which a quarterly monitoring was duly performed.

In 2009, the Audit Committee fulfilled their obligations and responsibilities as prescribed by their Charter. In all, seven meetings were held, and most were attended by all of committee members; except for one meeting that a member requested a leave of absence for Government duty. The Committee would like to take this opportunity to thank the Board, the management, the external auditor and all related parties for their cooperation and support and also taking appropriate action on the recommendations provided by the Audit Committee that, in turn, enabled the Audit Committee to effectively perform their duties, and was voted the Audit Committee of the Year 2008/2009 by the Thai Institute of Directors Association in cooperation with others 6 institutes.

On behalf of the Audit Committee



**(Mr. Paibulya Punyavutti)**

Chairman of the Audit Committee

17 February 2010

# Audit Report of Certified Public Accountant

## To the Shareholders of PTT Chemical Public Company Limited

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2009 and 2008, and the related statements of income, changes in equity and cash flows for the years then ended of PTT Chemical Public Company Limited and its subsidiaries, and of PTT Chemical Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2009 and 2008 and the results of operations and cash flows for the years then ended of PTT Chemical Public Company Limited and its subsidiaries, and of PTT Chemical Public Company Limited, respectively, in accordance with generally accepted accounting principles.



**(Vairoj Jindamaneepitak)**  
Certified Public Accountant  
Registration No. 3565

KPMG Phoomchai Audit Ltd.  
Bangkok  
19 February 2010

# Balance Sheets

PTT Chemical Public Company Limited and its Subsidiaries

As at 31 December 2009 and 2008

Unit : Baht

		Consolidated financial statements		Separate financial statements	
	Note	2009	2008	2009	2008
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	11,050,292,553	21,174,886,782	7,767,293,426	18,171,231,970
Trade accounts receivable and notes receivable	5, 7	9,667,798,873	6,244,209,598	6,355,240,864	3,052,602,658
Other accounts receivable from related parties	5	748,777,309	32,932,276	106,047,186	173,384,401
Inventories	8	8,537,365,815	7,560,859,708	4,332,985,726	3,232,943,101
Short-term loans to related parties	5	-	-	11,277,000,000	7,995,000,000
Current portion of long-term loans to related party	5	-	-	3,313,000,000	-
Value-added tax receivable		1,136,636,294	220,576,563	67,505,200	220,576,563
Other current assets		1,273,644,347	1,423,754,059	767,026,845	968,723,162
<b>Total current assets</b>		<b>32,414,515,191</b>	<b>36,657,218,986</b>	<b>33,986,099,247</b>	<b>33,814,461,855</b>
<b>Non-current assets</b>					
Investments in subsidiaries	5, 9	-	-	38,392,325,977	33,752,540,137
Investments in jointly-controlled entity	5, 9	-	-	210,000,000	210,000,000
Investments in associates	5, 10	8,370,334,303	8,000,430,700	8,478,066,913	8,150,091,913
Other long-term investments	11	323,196,388	318,540,800	290,238,392	290,238,392
Long-term loans to related parties	5	-	-	26,027,000,000	21,678,213,200
Property, plant and equipment	12, 15	111,063,466,713	100,147,662,466	39,574,556,078	37,359,436,306
Intangible assets	13	6,519,820,210	5,612,486,300	729,153,215	458,101,876
Deferred tax assets	14	131,906,503	197,559,932	3,096,578	112,536,282
Other non-current assets		1,427,685,166	1,384,479,344	625,574,649	438,411,044
<b>Total non-current assets</b>		<b>127,836,409,283</b>	<b>115,661,159,542</b>	<b>114,330,011,802</b>	<b>102,449,569,150</b>
<b>Total assets</b>		<b>160,250,924,474</b>	<b>152,318,378,528</b>	<b>148,316,111,049</b>	<b>136,264,031,005</b>

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

					Unit : Baht
			Consolidated financial statements	Separate financial statements	
Note	2009	2008	2009	2008	
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	15	771,721,822	978,964,102	-	-
Trade accounts payable	5, 16	5,891,962,161	3,429,565,463	4,318,542,340	1,567,229,532
Other accounts payable to related parties	5	550,190,977	167,667,560	221,819,289	526,104,138
Other accounts payable		710,120,714	998,995,402	315,346,719	992,122,745
Retention payables		490,695,673	311,501,284	186,456,986	159,215,401
Payables to contractors	5	1,451,959,603	3,022,707,252	665,776,081	190,569,874
Current portion of long-term loans	15	855,546,545	1,304,921,621	545,454,545	545,454,545
Current portion of debentures	15	400,000,000	400,000,000	400,000,000	400,000,000
Income tax payable	25	1,339,266,972	143,832,486	1,195,778,078	195,056,720
Other current liabilities	17	1,721,602,422	1,654,787,465	633,876,421	527,474,287
<b>Total current liabilities</b>		<b>14,183,066,889</b>	<b>12,412,942,635</b>	<b>8,483,050,459</b>	<b>5,103,227,242</b>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions	15	12,817,834,335	13,732,764,536	11,090,909,091	11,636,363,636
Debentures	15	30,398,595,244	28,256,802,032	30,398,595,244	28,256,802,032
Deferred tax liabilities	14	881,969,619	749,672,715	720,564,582	648,407,203
Other non-current liabilities		876,436,935	968,721,723	268,559,154	271,989,874
<b>Total non-current liabilities</b>		<b>44,974,836,133</b>	<b>43,707,961,006</b>	<b>42,478,628,071</b>	<b>40,813,562,745</b>
<b>Total liabilities</b>		<b>59,157,903,022</b>	<b>56,120,903,641</b>	<b>50,961,678,530</b>	<b>45,916,789,987</b>

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

# Balance Sheets

PTT Chemical Public Company Limited and its Subsidiaries

As at 31 December 2009 and 2008

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Equity</b>					
Share capital	18				
Authorised share capital		15,191,153,000	15,191,153,000	15,191,153,000	15,191,153,000
Issued and paid-up share capital		15,010,400,000	14,968,296,000	15,010,400,000	14,968,296,000
Reserves	19				
Share premium		30,892,963,818	30,655,076,218	30,892,963,818	30,655,076,218
Currency translation changes		376,268,307	454,585,019	-	-
Investment changes		10,998,638	10,998,678	-	-
Retained earnings					
Appropriated					
Legal reserve	19	1,519,115,300	1,519,115,300	1,519,115,300	1,519,115,300
Loan repayment reserve		807,802,564	807,802,564	807,802,564	807,802,564
Projects expansion reserve		5,932,994,126	5,932,994,126	5,932,994,126	5,932,994,126
Unappropriated		44,713,499,156	40,306,321,346	43,191,156,711	36,463,956,810
<b>Total equity attributable to equity holders of the Company</b>		<b>99,264,041,909</b>	<b>94,655,189,251</b>	<b>97,354,432,519</b>	<b>90,347,241,018</b>
Minority interests		1,828,979,543	1,542,285,636	-	-
<b>Total equity</b>		<b>101,093,021,452</b>	<b>96,197,474,887</b>	<b>97,354,432,519</b>	<b>90,347,241,018</b>
<b>Total liabilities and equity</b>		<b>160,250,924,474</b>	<b>152,318,378,528</b>	<b>148,316,111,049</b>	<b>136,264,031,005</b>

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



# Statements of Income

PTT Chemical Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Revenues</b>					
Revenue from sale of goods	5, 26	83,952,092,721	81,960,152,137	59,930,898,598	68,015,754,509
Revenue from rendering of services	5, 26	2,077,078,053	2,156,666,732	333,916,864	302,935,523
Dividends income	9, 10	21,090,045	-	975,212,042	4,797,888,077
Interest income	5	219,177,658	564,004,930	2,001,587,050	1,618,472,336
Net foreign exchange gain		648,469,768	-	589,950,500	-
Other income	5	165,022,462	430,574,480	603,803,065	531,991,091
<b>Total revenues</b>		<b>87,082,930,707</b>	<b>85,111,398,279</b>	<b>64,435,368,119</b>	<b>75,267,041,536</b>
<b>Expenses</b>					
Cost of sale of goods	5	70,213,817,930	62,534,630,540	48,943,197,748	53,603,725,861
Cost of rendering of services	5	1,017,941,703	1,671,286,142	93,819,399	84,354,553
Selling expenses	5, 21	1,455,118,072	172,207,359	17,097,136	13,158,550
Administrative expenses	22	3,267,423,124	3,045,808,627	2,470,488,436	2,710,600,493
Allowance for loss on decline in value of inventories	8	(785,293,105)	752,843,762	(283,525,238)	283,525,238
Management benefit expenses	23	189,982,519	166,467,006	97,670,302	127,023,189
Net foreign exchange loss		-	910,042,439	-	567,408,684
<b>Total expenses</b>		<b>75,358,990,243</b>	<b>69,253,285,875</b>	<b>51,338,747,783</b>	<b>57,389,796,568</b>
Share of profit of associates, net of income tax expense	9, 10	144,450,952	40,146,336	-	-
<b>Profit before finance costs and income tax expense</b>		<b>11,868,391,416</b>	<b>15,898,258,740</b>	<b>13,096,620,336</b>	<b>17,877,244,968</b>
Finance costs	24	2,259,379,686	1,378,084,970	2,078,297,855	1,263,575,002
<b>Profit before income tax expense</b>		<b>9,609,011,730</b>	<b>14,520,173,770</b>	<b>11,018,322,481</b>	<b>16,613,669,966</b>
Income tax expense	25	2,328,589,820	2,319,893,910	1,896,423,820	2,193,560,086
<b>Net profit for the year</b>		<b>7,280,421,910</b>	<b>12,200,279,860</b>	<b>9,121,898,661</b>	<b>14,420,109,880</b>
Profit attributable to:					
Equity holders of the Company		6,801,876,570	11,738,977,085	9,121,898,661	14,420,109,880
Minority interest		478,545,340	461,302,775	-	-
<b>Net profit for the year</b>		<b>7,280,421,910</b>	<b>12,200,279,860</b>	<b>9,121,898,661</b>	<b>14,420,109,880</b>
<b>Earnings per share</b>	27				
Basic		4.54	7.84	6.09	9.63
Diluted		4.54	7.84	6.09	9.63

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

# Statements of Changes in Equity

PTT Chemical Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

	Consolidated financial statements										Unit : Baht
	Reserves			Retained earnings							
				Appropriated to			Total equity attributable to equity holders of the Company				
	Issued and paid-up share capital	Share premium	Currency translation changes	Change in investment holding	Legal reserve	Loans repayment reserve	Projects expansion reserve	Unappropriated	Minority interests	Total equity	
<b>Balance at 1 January 2008</b>	14,965,716,000	30,640,499,218	-	10,998,678	1,519,115,300	807,802,564	5,932,994,126	39,043,656,261	92,920,782,147	1,476,119,748	94,396,901,895
Differences on translation of financial statements	-	-	454,585,019	-	-	-	-	-	454,585,019	(686,887)	453,898,132
<b>Net gain (loss) recognised directly in equity</b>	-	-	454,585,019	-	-	-	-	-	454,585,019	(686,887)	453,898,132
Net profit for the year	-	-	-	-	-	-	-	11,738,977,085	11,738,977,085	461,302,775	12,200,279,860
<b>Total recognised income and expense</b>	-	-	-	-	-	-	-	11,738,977,085	11,738,977,085	461,302,775	12,200,279,860
Issue of ordinary shares	18	2,580,000	14,577,000	-	-	-	-	-	17,157,000	-	17,157,000
Dividends	28	-	-	-	-	-	-	(10,476,312,000)	(10,476,312,000)	(394,450,000)	(10,870,762,000)
<b>Balance at 31 December 2008</b>	14,968,296,000	30,655,076,218	454,585,019	10,998,678	1,519,115,300	807,802,564	5,932,994,126	40,306,321,346	94,655,189,251	1,542,285,636	96,197,474,887
<b>Balance at 1 January 2009</b>	14,968,296,000	30,655,076,218	454,585,019	10,998,678	1,519,115,300	807,802,564	5,932,994,126	40,306,321,346	94,655,189,251	1,542,285,636	96,197,474,887
Differences on translation of financial statements	-	-	(78,316,712)	-	-	-	-	-	(78,316,712)	(36,500,326)	(114,817,038)
<b>Net gain (loss) recognised directly in equity</b>	-	-	(78,316,712)	-	-	-	-	-	(78,316,712)	(36,500,326)	(114,817,038)
Net profit for the year	-	-	-	-	-	-	-	6,801,876,570	6,801,876,570	478,545,340	7,280,421,910
<b>Total recognised income and expense</b>	-	-	-	-	-	-	-	6,801,876,570	6,801,876,570	478,545,340	7,280,421,910
Issue of ordinary shares	18	42,104,000	237,887,600	(40)	-	-	-	-	279,991,560	309,029,537	589,021,097
Dividends	28	-	-	-	-	-	-	(2,394,698,760)	(2,394,698,760)	(464,380,644)	(2,859,079,404)
<b>Balance at 31 December 2009</b>	15,010,400,000	30,892,963,818	376,268,307	10,998,638	1,519,115,300	807,802,564	5,932,994,126	44,713,499,156	99,264,041,909	1,828,979,563	101,093,021,452

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

# Statements of Changes in Equity

PTT Chemical Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

Unit : Baht

	Separate financial statements							Total equity attributable to equity holders of the Company
	Reserves		Retained earnings					
			Issued and paid-up share capital	Share premium	Legal reserve	Loans repayment reserve	Projects expansion reserve	
Balance at 1 January 2008		14,965,716,000	30,640,499,218	1,519,115,300	807,802,564	5,932,994,126	32,520,158,930	86,386,286,138
Net profit for the year		-	-	-	-	-	14,420,109,880	14,420,109,880
Total recognised income and expense		-	-	-	-	-	14,420,109,880	14,420,109,880
Issue of ordinary shares	18	2,580,000	14,577,000	-	-	-	-	17,157,000
Dividends	28	-	-	-	-	-	(10,476,312,000)	(10,476,312,000)
Balance at 31 December 2008		14,968,296,000	30,655,076,218	1,519,115,300	807,802,564	5,932,994,126	36,463,956,810	90,347,241,018
Balance at 1 January 2009		14,968,296,000	30,655,076,218	1,519,115,300	807,802,564	5,932,994,126	36,463,956,810	90,347,241,018
Net profit for the year		-	-	-	-	-	9,121,898,661	9,121,898,661
Total recognised income and expense		-	-	-	-	-	9,121,898,661	9,121,898,661
Issue of ordinary shares	18	42,104,000	237,887,600	-	-	-	-	279,991,600
Dividends	28	-	-	-	-	-	(2,394,698,760)	(2,394,698,760)
Balance at 31 December 2009		15,010,400,000	30,892,963,818	1,519,115,300	807,802,564	5,932,994,126	43,191,156,711	97,354,432,519

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

# Statements of Cash Flows

PTT Chemical Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Cash flows from operating activities</b>				
Net profit for the year	7,280,421,910	12,200,279,860	9,121,898,661	14,420,109,880
<i>Adjustments for</i>				
Depreciation and amortisation	4,913,676,157	4,130,412,614	2,861,550,897	2,897,083,990
Interest income	(219,177,658)	(564,004,930)	(2,001,587,050)	(1,618,472,336)
Finance costs	2,259,379,686	1,378,084,970	2,078,297,855	1,263,575,002
Unrealised (gain) loss on exchange	(562,780,719)	350,087,990	(539,996,034)	264,867,434
Doubtful debts expense	13,994,116	-	-	-
Dividends income	(21,090,045)	-	(975,212,042)	(4,797,888,077)
(Reversal) of allowance for loss on decline in value of inventories	(785,293,105)	752,843,762	(283,525,238)	283,525,238
Allowance for obsolete stock	(79,931)	11,070,277	(79,931)	11,070,277
(Reversal) of impairment loss on intangible assets and property, plant and equipment	3,223,982	(55,457)	-	-
Loss on disposal of property, plant and equipment	154,142,936	49,792,163	153,905,087	15,996,508
Realised deferred pipeline income and equipment and other income	(17,608,257)	(14,562,471)	(17,608,257)	(14,562,471)
Share of profit of associates, net of income tax expense	(144,450,952)	(40,146,336)	-	-
Income tax expense	2,328,589,820	2,319,893,910	1,896,423,820	2,193,560,086
	15,202,947,940	20,573,696,352	12,294,067,768	14,918,865,531
<b>Changes in operating assets and liabilities</b>				
Trade accounts receivable and notes receivable	(3,237,862,666)	7,031,664,088	(3,302,177,275)	5,670,876,807
Other accounts receivable from related parties	(674,468,956)	39,246,413	67,337,215	(26,050,065)
Inventories	(295,100,306)	273,585,497	(819,392,390)	1,404,205,430
Value-added tax receivable	(916,059,731)	(2,057,151)	153,071,363	(220,576,563)
Other current assets	(295,692,251)	56,345,015	(348,117,331)	648,255,800
Other non-current assets	(146,402,448)	(239,203,674)	(237,720,477)	(208,038,830)
Trade accounts payable	2,693,145,552	(5,556,893,388)	2,747,658,772	(6,800,745,779)
Other accounts payable to related parties	230,451,602	(30,523,596)	(304,284,849)	358,970,200
Other accounts payable	(288,874,688)	626,211,788	(676,776,026)	749,645,457
Retention payables	72,104,528	88,806,344	27,241,584	27,882,402
Other current liabilities	358,417,329	(739,399,280)	176,211,249	(982,944,404)
Other non-current liabilities	(220,197,815)	(5,583,114)	53,860,529	5,260,232
Income tax paid	(910,153,309)	(3,565,551,648)	(714,105,378)	(3,431,957,113)
<b>Net cash provided by operating activities</b>	<b>11,572,254,781</b>	<b>18,550,343,646</b>	<b>9,116,874,754</b>	<b>12,113,649,105</b>

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

# Statements of Cash Flows

PTT Chemical Public Company Limited and its Subsidiaries

For the years ended 31 December 2009 and 2008

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b><i>Cash flows from investing activities</i></b>				
Interest received	238,733,062	631,942,075	2,022,922,399	1,683,198,007
Dividends received	124,703,586	33,635,855	1,440,870,042	4,331,180,077
Purchase of property, plant and equipment	(17,369,087,056)	(26,327,053,601)	(4,524,512,399)	(6,271,899,714)
Sale of property, plant and equipment	35,171,343	5,826,917	5,853,049	3,014,844
Increase in short-term loans to related parties	-	-	(4,402,000,000)	(3,695,000,000)
Proceeds from short-term loans to related parties	-	-	1,120,000,000	100,000,000
Increase in long-term loans to related parties	-	-	(7,661,786,800)	(17,438,213,200)
Proceeds from long-term loans to related parties	-	-	-	1,922,772,500
Purchase of intangible assets	(502,087,681)	(55,997,943)	(371,880,638)	(21,596,593)
Net cash outflow for investments in subsidiaries	-	(168,577,097)	(4,639,785,840)	(5,274,766,537)
Net cash outflow for investments in associates	(327,975,000)	(1,106,940,000)	(327,975,000)	(1,106,940,000)
Net cash outflow for investments in long-term investments	-	(3,825,726,760)	-	-
Proceeds from sale of long-term investments	27,231,377	-	-	-
<b>Net cash used in investing activities</b>	<b>(17,773,310,369)</b>	<b>(30,812,890,554)</b>	<b>(17,338,295,187)</b>	<b>(25,768,250,616)</b>
<b><i>Cash flows from financing activities</i></b>				
Interest paid	(2,319,852,606)	(1,130,230,385)	(2,085,323,116)	(1,014,673,610)
Dividends paid	(2,880,852,811)	(10,870,762,000)	(2,394,698,760)	(10,476,312,000)
Finance lease payments	(77,531,609)	(121,620,656)	(37,033,290)	(98,214,209)
Proceeds from borrowings	235,055,000	10,741,949,093	-	10,000,000,000
(Repayment of) proceeds from short-term loans from financial institutions	(177,772,611)	(292,919,090)	-	-
Repayment of long-term borrowings	(1,592,793,843)	(1,078,497,717)	(545,454,545)	(545,454,545)
Proceeds from issue of debentures	3,000,000,000	12,500,000,000	3,000,000,000	12,500,000,000
Redemption of debentures	(400,000,000)	(1,257,143,500)	(400,000,000)	(1,257,143,500)
Proceeds from issue of share capital	317,440,712	17,157,000	279,991,600	17,157,000
<b>Net cash provided by (used in) financing activities</b>	<b>(3,896,307,768)</b>	<b>8,507,932,745</b>	<b>(2,182,518,111)</b>	<b>9,125,359,136</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(10,097,363,356)</b>	<b>(3,754,614,163)</b>	<b>(10,403,938,544)</b>	<b>(4,529,242,375)</b>
Cash and cash equivalents at beginning of year	21,174,886,782	24,797,301,553	18,171,231,970	22,700,474,345
Effect of exchange rate changes on balances held in foreign currencies	(27,230,873)	132,199,392	-	-
<b>Cash and cash equivalents at end of year</b>	<b>11,050,292,553</b>	<b>21,174,886,782</b>	<b>7,767,293,426</b>	<b>18,171,231,970</b>

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

# Notes to the Financial Statements

**PTT Chemical Public Company Limited and its Subsidiaries**

For the years ended 31 December 2009 and 2008

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 19 February 2010.

## 1 General information

PTT Chemical Public Company Limited, the “Company”, is incorporated in Thailand and has its registered offices as follows:

Head Office	: 123, Sun Towers Building B, 31 <sup>st</sup> - 35 <sup>th</sup> Floor, Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok, Thailand
Branch 1 (Sun Towers A Branch)	: 123, Sun Towers Building A, 14 <sup>th</sup> and 18 <sup>th</sup> Floor, Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok, Thailand
Branch 2 (I-1 Road Branch)	: 14, I-1 Road, Tambon Map Ta Phut, Amphoe Mueang Rayong, Rayong, Thailand
Branch 3 (I-4 Road Branch)	: 9, I-4 Road, Tambon Map Ta Phut, Amphoe Mueang Rayong, Rayong, Thailand
Branch 4 (Jetty and Buffer Tank Farm Branch)	: 19, Rong Pui Road, Tambon Map Ta Phut, Amphoe Mueang Rayong, Rayong, Thailand
Branch 5 (Radniyom Road)	: 59, Radniyom Road, Tambon Noenphra, Amphoe Mueang Rayong, Rayong, Thailand
Branch 6 (Sun Towers B Branch)	: 123, Sun Towers Building B, 10 <sup>th</sup> Floor, Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok, Thailand

The Company was listed on the Stock Exchange of Thailand in December 2005.

The Company is a company in the PTT Public Company Limited (“PTT”) group of companies. PTT is incorporated in Thailand and is the major shareholder of the Company, holding 49.16% of the Company’s issued and paid-up share capital.

The principal businesses of the Company are production and distribution of Ethylene, Propylene and Polyethylene. By-products are Mixed C4, Pyrolysis gasoline, Cracker bottom and tail gas. Minor activities are production and distribution of electricity, water, steam and other utilities. In addition, the Company also operates production support facilities such as Jetty and Buffer Tank Farm services for liquid chemical, oil and gas. Details of the Company’s subsidiaries and jointly-controlled entities as at 31 December 2009 and 2008 were as follows:

				Unit : %	
Name of the entity	Type of business	Country of incorporation	Ownership interest		
			2009	2008	
<b>Direct subsidiaries</b>					
Bangkok Polyethylene Plc.	Manufacturing and distributing petrochemical products	Thailand	100	100	
TOC Glycol Co., Ltd.	Manufacturing and distributing petrochemical products	Thailand	100	100	
Thai Ethanolamines Co., Ltd.	Manufacturing and distributing petrochemical products	Thailand	100	100	
Thai Choline Chloride Co., Ltd.	Manufacturing and distributing petrochemical products	Thailand	100	100	
Thai Oleochemicals Co., Ltd.	Manufacturing and distributing petrochemical products	Thailand	100	100	
PTT Polyethylene Co., Ltd.	Manufacturing and distributing petrochemical products	Thailand	100	100	
NPC Safety and Environmental Service Co., Ltd.	Safety and environmental services	Thailand	100	100	
PTT Chemical International Pte. Ltd.	Holding and operating international business	Singapore	100	100	
PTT Maintenance and Engineering Co., Ltd. (formerly: Alliance Plant Services Co., Ltd.)	Maintenance factory and services engineering	Thailand	60	60	
Thai Tank Terminal Ltd.	Service for the storage and handling of liquid chemicals, oil and gas	Thailand	51	51	
<b>Indirect subsidiaries</b>					
Thai Styrenics Co., Ltd.	Manufacturing and distributing petrochemical products	Thailand	100	100	
Thai Fatty Alcohol Co., Ltd.	Manufacturing and distributing petrochemical products	Thailand	100	100	
PTT Chemical International (Asia Pacific ROH) Ltd.	Services rendering to the Group	Thailand	100	100	
<b>Jointly-controlled entity</b>					
Thai Ethoxylate Co., Ltd.	Manufacturing and distributing petrochemical products	Thailand	50	50	
<b>Indirect jointly-controlled entity</b>					
Emery Oleochemical (M) Sdn Bhd (formerly: Cognis Oleochemical (M) Sdn Bhd)	Manufacturing and distributing petrochemical products	Malaysia	50	50	

## 2 Basis of preparation of the financial statements

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 Accounting Standards ("TAS") and Thai Financial Reporting Standards ("TFRS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand.

On 15 May 2009, the FAP announced (Announcement No. 12/2009) the re-numbering of TAS to the same numbers as the International Accounting Standards ("IAS") on which the TAS/TFRS are based.

The Group has adopted the following revised TAS/TFRS and accounting guidance which were issued by the FAP during 2008 and 2009 and effective for annual accounting periods beginning on or after 1 January 2009:



TAS 36 (revised 2007)      *Impairment of Assets (formerly TAS 36)*  
 TFRS 5 (revised 2007)      *Non-current Assets Held for Sale and Discontinued Operations (formerly TAS 54)*

Framework for the Preparation and Presentation of Financial Statements (revised 2007) (effective on 26 June 2009).

Accounting Guidance about Leasehold Right (effective on 26 June 2009)

Accounting Guidance about Business Combination under Common Control

The adoption of these revised TAS/TFRS and accounting guidance does not have any material impact on the consolidated or separate financial statements.

The FAP has issued during 2009 a number of new and revised TAS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised TAS are disclosed in note 32.

The financial statements are presented in Thai Baht, rounded in the notes to the financial statements to the nearest million unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TAS and TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 4	Acquisitions
Note 11	Other long-term investments
Note 13	Intangible assets
Note 14	Deferred tax
Note 29	Financial instruments

## 3 Significant accounting policies

### (a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries and jointly-controlled entities (together referred to as the "Group") and the Group's interests in associates.

#### Business combinations

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Business combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method and in accordance with the Guideline issued in 2009 by the FAP.



### **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.

### **Jointly-controlled entities**

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 proportionate share of the entities' assets, liabilities, revenue and expenses combined with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

### **Associates**

Associates are those 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. The consolidated financial statements include the Group's share of the income, expenses and equity movements of associates after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, 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.

### **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 and joint ventures 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 Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

### **Foreign entities**

The assets and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on the reporting date.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in a separate component of equity until disposal of the investments.

Where monetary items, in substance, form part of the Group's net investment in a foreign entity, foreign exchange differences arising on such monetary items and related hedges are recognised directly in a separate component of equity until disposal of the investment.

### **(c) Derivative financial instruments**

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate arising from operating and financing 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.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in the statement of income when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of income.

The fair value of interest rate swaps is based on broker quotes at the reporting date. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

### **(d) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

### **(e) Trade and other accounts receivable**

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

### **(f) Inventories**

#### **Raw materials, work in progress and finished goods**

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and 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) 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 in the consolidated financial statements are accounted for using the equity method.

### Investments in equity securities

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 the statement of income.

If the Group/Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

## (h) Property, plant and equipment

### Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

### Leased assets

Leases in terms of which the Group/Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of income.

### Depreciation

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Plant, machinery and equipment	3-30 years
Facilities system	7-30 years
Factory tools and equipment	3-15 years
Buildings and other constructions	10-25 years
Leasehold improvement	6-30 years
Furniture, fixtures and office equipment	3-20 years
Vehicles	5 years

No depreciation is provided on freehold land or assets under construction.

## (i) Intangible assets

### Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. The Group changed its accounting policy for goodwill with effect from 1 January 2008 as follows:

#### Acquisitions prior to 1 January 2008

Goodwill was stated at cost from the date of initial recognition and amortised over its estimated useful life of 20 years. On 1 January 2008, the Group/Company discontinued amortisation of goodwill. The remaining balance is subject to testing for impairment, as described in note 3 (j).

#### Acquisitions on or after 1 January 2008

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 3 (j).

**Other intangible assets**

Other intangible assets that are acquired by the Group/Company, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised in the statement of income on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows:

Production licence fees	10 - 20 years
Computer software	5 - 10 years
Right to use pipe rack	15 years
Trademark	10 years

**(j) Impairment**

The carrying amounts of the Group's/Company'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, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

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 the statement of income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

**Calculation of recoverable amount**

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.

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.

**(k) Interest-bearing liabilities**

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of income over the period of the borrowings on an effective interest basis.

**(l) Trade and other accounts payable**

Trade and accounts payable are stated at cost.

**(m) Employee benefits****Defined contribution plans**

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income as incurred.

### **Share based payments**

The employee share option programme allows certain of the Group's directors and employees to acquire shares of the Company under certain conditions. The proceeds received on exercise of the options, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised.

### **(n) Provisions**

A provision is recognised when the Group/Company 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. If the effect is material, 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, where appropriate, the risks specific to the liability.

### **(o) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

### **Sale of goods and services rendered**

Revenue is recognised in the statement of income 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 investment property is recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

### **Interest and dividend income**

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Group's/Company's right to receive payments is established.

### **(p) Expenses**

#### **Operating leases**

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease payments made. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.

#### **Finance costs**

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the statement of income using the effective interest rate method.

### **(q) Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

#### **Current tax**

Current tax is the expected tax payable on the taxable income 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

Deferred tax is recognised using the balance sheet method, providing for 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 tax profit; and differences relating to investments in subsidiaries and joint venture 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, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only 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.

## 4 Acquisitions

On 20 June 2008, the Company invested SGD 205.2 million to acquire 205.2 million ordinary shares representing 100% of the issued share capital of PTT Chemical International Pte. Ltd. at their par value of SGD 1 per share. Subsequently, on 23 July 2008, PTT Chemical International Pte. Ltd. entered into Share Purchase Agreement for a 50% stake in Cognis Oleochemicals (M) Sdn Bhd (change the name of entity to Emery Oleochemical (M) Sdn Bhd) which is incorporated in Malaysia from Cognis BV, which is a related party, at Baht 4,854 million. The acquiree's net assets at the acquisition date (24 November 2008) adjusted by fair value appraised by Independent Appraiser at the reporting date 12 November 2009 comprised the following:

	Unit : million Baht		
	Recognised values	Fair value adjustments	Carrying amounts
Cash and deposits at financial institutions	959	-	959
Trade accounts receivable	2,344	-	2,344
Inventories	2,276	-	2,276
Other current assets	243	-	243
Long-term investments	28	-	28
Property, plant and equipment	3,118	(229)	2,889
Intangible assets	140	25	165
Deferred tax assets	23	-	23
Other non-current assets	77	-	77
Interest-bearing liabilities	(1,863)	-	(1,863)
Trade accounts payable	(1,429)	-	(1,429)
Other current liabilities	(619)	-	(619)
Deferred tax liabilities	(44)	-	(44)
Other non-current liabilities	(593)	-	(593)
Minority interest	(273)	273	-
<b>Net identifiable assets and liabilities</b>	<b>4,387</b>	<b>69</b>	<b>4,456</b>
Goodwill on acquisition	434		
<b>Consideration paid</b>	<b>4,821</b>		
Cash acquired	(959)		
<b>Net cash outflow</b>	<b>3,862</b>		

## 5 Related party transactions and balances

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Relationships with related parties that control or jointly control the Group or are being controlled or jointly controlled by the Company or have transactions with the Group/Company were as follows:

<b>Name of entities</b>	<b>Country of incorporation / nationality</b>	<b>Nature of relationships</b>
PTT Plc.	Thailand	Major shareholder, some common directors
Bangkok Polyethylene Plc.	Thailand	Subsidiary, 100% shareholding, some common directors and the Company's management as a director
TOC Glycol Co., Ltd.	Thailand	Subsidiary, 100% shareholding and the Company's management as a director
Thai Ethanolamines Co., Ltd.	Thailand	Subsidiary, 100% shareholding and the Company's management as a director
Thai Choline Chloride Co., Ltd.	Thailand	Subsidiary, 100% shareholding and the Company's management as a director
Thai Oleochemicals Co., Ltd.	Thailand	Subsidiary, 100% shareholding, some common directors and the Company's management as a director
PTT Polyethylene Co., Ltd.	Thailand	Subsidiary, 100% shareholding, some common directors and the Company's management as a director
NPC Safety and Environmental Service Co., Ltd.	Thailand	Subsidiary, 100% shareholding some common directors and the Company's management as a director
PTT Maintenance and Engineering Co., Ltd.	Thailand	Subsidiary, 60% shareholding and the Company's management as a director
Thai Tank Terminal Ltd.	Thailand	Subsidiary, 51% shareholding, some common directors and the Company's management as a director
Thai Ethoxylate Co., Ltd.	Thailand	Jointly-controlled entity, 50% shareholding
Thai Fatty Alcohols Co., Ltd.	Thailand	Subsidiary of the Company's subsidiary, 100% shareholding by the Company's subsidiary, some common directors and the Company's management as a director
Emery Oleochemical (M) Sdn Bhd	Malaysia	Jointly-controlled entity of subsidiary, 50% shareholding by a subsidiary, some common directors and the Company's management as a director
PTT Utility Co., Ltd.	Thailand	Associate, 40% shareholding, major shareholder as the Company's shareholder and the Company's management as a director
PTT Phenol Co., Ltd.	Thailand	Associate, 30% shareholding, some common directors, the Company's management as a director and major shareholding by the Company's major shareholder
PTT Polymer Marketing Co., Ltd.	Thailand	Associate, 25% shareholding, some common directors, major shareholding by the Company's major shareholder and the Company's management as a director
Vinythai Plc.	Thailand	Associate, 25% shareholding, some common directors and the Company's management as a director
PTT ICT Solutions Co., Ltd.	Thailand	Associate, 20% shareholding some common directors and the Company's management as a director
Eastern Fluid Transport Co., Ltd.	Thailand	Associate, 15% shareholding, 15% shareholding by the Company's subsidiary and the Company's management as a director

Name of entities	Country of incorporation / nationality	Nature of relationships
Thai Styrenics Co., Ltd.	Thailand	Subsidiary of the Company's subsidiary, 100% shareholding by the Company's subsidiary and the Company's management as a director
HMC Polymers Co., Ltd.	Thailand	The Company's shareholder and some common directors
Thai Polyethylene Co., Ltd.	Thailand	Major shareholding by the Company's major shareholder and some common directors
Thai Polypropylene Co., Ltd.	Thailand	Major shareholding by the Company's major shareholder and some common directors
Thai Plastic and Chemical Plc.	Thailand	Major shareholding by the Company's major shareholder, the Company's shareholder and some common directors
Thai Industrial Gases Plc.	Thailand	Some common directors
Bangkok Industrial Gas Co., Ltd.	Thailand	Some common directors
Bangkok Synthetic Co., Ltd.	Thailand	The Company's shareholder, some common directors and the Company's management as a director
IRPC Plc.	Thailand	Major shareholding by the Company's major shareholder and some common directors
PTT Aromatic and Refinery Plc.	Thailand	Major shareholding by the Company's major shareholder and some common directors
PTT Exploration and Production Plc.	Thailand	Major shareholding by the Company's major shareholder and some common directors
Rayong Olefins Co., Ltd.	Thailand	Major shareholding by the Company's major shareholder and some common directors
Star Petroleum Refining Co., Ltd.	Thailand	Major shareholding by the Company's major shareholder
Siam Styrene Monomer Co., Ltd.	Thailand	Major shareholding by the Company's major shareholder and some common directors
Siam Mitsui PTA Co., Ltd.	Thailand	Major shareholding by the Company's major shareholder and some common directors
Thai Petroleum Pipeline Co., Ltd.	Thailand	Major shareholding by the Company's major shareholder
PTT Polymer Logistic Co., Ltd.	Thailand	Major shareholding by the Company's major Shareholder, some common directors and the Company's management as a director
Dhipaya Insurance Plc.	Thailand	Major shareholding by the Company's major shareholder
PTT Chemical International Private Limited	Singapore	Subsidiary, 100% shareholding, some common directors and the Company's management as a director
PTT Chemical International (Asia Pacific ROH) Ltd.	Thailand	Subsidiary, 100% shareholding, some common directors
PTT Tank Terminal Ltd.	Thailand	Major shareholding by the Company's major shareholder and some common directors
PTT International Trading Ltd.	Singapore	Major shareholding by the Company's major shareholder and some common directors
PTT International Ltd.	Thailand	Major shareholding by the Company's major shareholder and some common directors

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sale of goods	Contract price/ Regional market price/ World market price
Rendering of services	Contract price
Purchase of goods/raw materials	Contract price/ Market price
Interest on loan	Average cost of fund



Significant transactions for the years ended 31 December 2009 and 2008 with related parties were as follows:

	Unit : million Baht			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Major Shareholder</b>				
Sales of goods or rendering of services	4,485	4,632	1,742	1,821
Purchases of goods or receiving of services	38,159	43,735	38,076	43,554
Other income	12	12	12	12
Other expense	71	98	36	79
<b>Subsidiaries</b>				
Sales of goods or rendering of services	-	-	17,147	14,869
Purchases of goods or receiving of services	-	-	793	730
Other income	-	-	353	321
Other expense	-	-	208	125
Interest income	-	-	1,816	1,131
<b>Jointly-controlled entities</b>				
Other income	-	-	31	7
<b>Associates</b>				
Sales of goods or rendering of services	29,004	29,757	17,410	19,362
Purchases of goods or receiving of services	1,410	913	68	108
Other income	78	144	77	143
Other expense	166	151	139	132
<b>Other related parties</b>				
Sales of goods or rendering of services	22,448	33,337	21,545	29,958
Purchases of goods or receiving of services	2,096	1,318	1,586	327
Other income	31	2	31	2
Other expense	59	122	7	93

Balances as at 31 December 2009 and 2008 with related parties were as follows:

	Unit : million Baht			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Trade accounts receivable from related parties</b>				
<b>Major Shareholder</b>				
PTT Plc.	352	190	173	76
<b>Subsidiaries</b>				
Bangkok Polyethylene Plc.	-	-	1,188	530
PTT Polyethylene Co., Ltd.	-	-	507	-
TOC Glycol Co., Ltd.	-	-	686	406
Thai Oleochemicals Co., Ltd.	-	-	7	4
Thai Tank Terminal Ltd.	-	-	10	6
Thai Styrenics Co., Ltd.	-	-	5	1
Thai Ethanolamines Co., Ltd.	-	-	1	-
<b>Associates</b>				
PTT Utility Co., Ltd.	66	46	-	-
PTT Phenol Co., Ltd.	265	143	247	111
PTT Polymer Marketing Co., Ltd.	1,605	1,504	464	758
Vinythai Plc.	608	138	605	134

	Unit : million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
<i>Trade accounts receivable from related parties</i>	2009	2008	2009	2008
<b>Other related parties</b>				
HMC Polymers Co., Ltd.	291	316	286	314
Thai Polyethylene Co., Ltd.	215	212	215	212
Thai Polypropylene Co., Ltd.	292	54	292	54
Thai Plastic and Chemical Plc.	226	176	226	176
Thai Industrial Gas Plc.	3	5	3	-
Bangkok Industrial Gas Co., Ltd.	2	9	2	9
Bangkok Synthetic Co., Ltd.	135	43	134	42
IRPC Plc.	365	1	365	-
PTT Aromatics and Refinery Plc.	335	53	309	27
PTT Exploration and Production Plc.	6	5	-	-
Siam Styrene Monomer Co., Ltd.	230	1	230	-
Star Petroleum Refining Co., Ltd.	8	12	-	1
Siam Mitsui PTA Co., Ltd.	6	2	-	-
Cognis Thai Co., Ltd.	-	103	-	-
PT Cognis Indonesia	-	4	-	-
Others	184	-	168	-
	5,194	3,017	6,123	2,861
<i>Less allowance for doubtful accounts</i>	-	-	-	-
<b>Net</b>	<b>5,194</b>	<b>3,017</b>	<b>6,123</b>	<b>2,861</b>
Bad and doubtful debts expenses for the year	-	-	-	-

	Unit : million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
<i>Other receivables from related parties</i>	2009	2008	2009	2008
<b>Major Shareholder</b>				
PTT Plc.	4	11	4	5
<b>Subsidiaries</b>				
Bangkok Polyethylene Plc.	-	-	5	9
TOC Glycol Co., Ltd.	-	-	8	14
Thai Ethanolamine Co., Ltd.	-	-	6	7
Thai Choline Chloride Co., Ltd.	-	-	1	3
Thai Oleochemicals Co., Ltd.	-	-	19	11
PTT Polyethylene Co., Ltd.	-	-	22	34
NPC Safety and Environmental Service Co., Ltd.	-	-	8	10
PTT Maintenance and Engineering Co., Ltd.	-	-	1	55
Thai Tank Terminal Ltd.	-	-	1	1
Thai Fatty Alcohol Co., Ltd.	-	-	-	2
PTT Chemical International (Asia Pacific ROH) Ltd.	-	-	2	-
<b>Jointly-controlled entity</b>				
Thai Ethoxylate Co., Ltd.	-	-	2	2

				Unit : million Baht	
		Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Other receivables from related parties</b>					
<b>Associates</b>					
PTT Utility Co., Ltd.		3	4	3	4
PTT Phenol Co., Ltd.		1	2	2	2
PTT Polymer Marketing Co., Ltd.		718	-	-	-
PTT ICT Solutions Co., Ltd.		23	14	22	14
<b>Other related party</b>					
Cognis Thai Co., Ltd.		-	2	-	-
		749	33	106	173
Less allowance for doubtful accounts		-	-	-	-
<b>Net</b>		<b>749</b>	<b>33</b>	<b>106</b>	<b>173</b>
Bad and doubtful debts expenses for the year		-	-	-	-
		Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Loans to related parties</b>					
		Interest rate			
		2009	2008	2009	2008
		(% per annum)		(in million Baht)	
<b>Short-term loans</b>					
<b>Subsidiaries</b>					
Bangkok Polyethylene Plc.	4.93-5.14	-	-	310	-
PTT Polyethylene Co., Ltd.	4.93-5.14	-	-	600	-
NPC Safety and Environmental Service Co., Ltd.	4.93-5.14	5.4-5.6	-	290	230
Thai Oleochemicals Co., Ltd.	4.93-5.14	5.4-5.75	-	8,580	7,215
Thai Ethanolamines Co., Ltd.	4.93-5.14	5.4-5.6	-	1,497	550
		-	-	11,277	7,995
Less allowance for doubtful accounts		-	-	-	-
<b>Short-term loans to related parties, net</b>		<b>-</b>	<b>-</b>	<b>11,277</b>	<b>7,995</b>
<b>Long-term loans</b>					
<b>Subsidiaries</b>					
Bangkok Polyethylene Plc.	4.93-5.14	5.4-5.75	-	4,040	2,030
PTT Polyethylene Co., Ltd.	4.93-5.14	5.4-5.75	-	25,300	19,648
		-	-	29,340	21,678
Less current portion due within one year		-	-	(3,313)	-
Less allowance for doubtful accounts		-	-	-	-
<b>Long-term loans to related parties, net</b>		<b>-</b>	<b>-</b>	<b>26,027</b>	<b>21,678</b>
<b>Summary of loans to related parties</b>					
Short-term loans		-	-	11,277	7,995
Current portion of long-term loans		-	-	3,313	-
Long-term loans		-	-	26,027	21,678
		-	-	40,617	29,673
Less allowance for doubtful accounts		-	-	-	-
<b>Total loans to related parties, net</b>		<b>-</b>	<b>-</b>	<b>40,617</b>	<b>29,673</b>
Bad and doubtful debts expenses for the year		-	-	-	-

Movements during the years ended 31 December 2009 and 2008 of loans to related parties were as follows:

	Unit : million Baht			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Loans to related parties</b>				
<b>Short-term loans</b>				
<b>Subsidiaries</b>				
At 1 January	-	-	7,995	4,400
Increase	-	-	4,402	3,695
Decrease	-	-	(1,120)	(100)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>11,277</b>	<b>7,995</b>

**Long-term loans**

<b>Subsidiaries</b>				
At 1 January	-	-	21,678	6,163
Increase	-	-	7,662	17,438
Due within one year	-	-	(3,313)	-
Decrease	-	-	-	(1,923)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>26,027</b>	<b>21,678</b>

	Unit : million Baht			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Investments in subsidiaries</b> (Note 9)	-	-	<b>38,392</b>	<b>33,753</b>
<b>Investments in jointly-controlled entity</b> (Note 9)	-	-	<b>210</b>	<b>210</b>
<b>Investments in associates</b> (Note 10)	<b>8,370</b>	<b>8,000</b>	<b>8,478</b>	<b>8,150</b>

	Unit : million Baht			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Advanced for construction in progress to related party</b>				
<b>Subsidiary</b>				
PTT Maintenance and Engineering Co., Ltd.	-	-	7	128

	Unit : million Baht			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Trade accounts payable to related parties</b>				
<b>Major Shareholder</b>				
PTT Plc.	4,076	1,486	4,076	1,485
<b>Associate</b>				
PTT Utility Co., Ltd.	-	103	-	1
<b>Other related parties</b>				
Thai Plastic and Chemical Plc.	-	1	-	-
Thai Industrial Gas Co., Ltd.	1	-	-	-
Bangkok Industrial Gas Co., Ltd.	6	10	5	5
Bangkok Synthetic Co., Ltd.	13	10	8	4
IRPC Plc.	41	4	-	-
Siam Styrene Monomer Co., Ltd.	-	44	-	-
Vopak Holding International B.V.	-	157	-	-
Cognis Thai Co., Ltd.	-	5	-	-
<b>Total</b>	<b>4,137</b>	<b>1,820</b>	<b>4,089</b>	<b>1,495</b>

	Unit : million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
<i>Other payables to related parties</i>	2009	2008	2009	2008
<b>Major Shareholder</b>				
PTT Plc.	28	74	4	52
<b>Subsidiaries</b>				
Bangkok Polyethylene Plc.	-	-	14	28
TOC Glycol Co., Ltd.	-	-	7	6
Thai Oleochemicals Co., Ltd.	-	-	5	6
NPC Safety and Environmental Service Co., Ltd.	-	-	11	21
PTT Maintenance and Engineering Co., Ltd.	-	-	80	336
Thai Tank Terminal Ltd.	-	-	2	4
Thai Choline Chloride Co., Ltd.	-	-	1	-
Thai Ethanolamines Co., Ltd.	-	-	1	-
<b>Associates</b>				
Vinythai Plc.	1	1	1	1
PTT Utility Co., Ltd.	300	4	1	-
PTT ICT Solutions Co., Ltd.	59	37	59	32
Eastern Fluid Transport Co., Ltd.	4	2	2	2
<b>Other related parties</b>				
Thai Plastic and Chemical Plc.	1	1	1	1
Thai Industrial Gas Plc.	7	12	5	10
Bangkok Industrial Gas Co., Ltd.	2	1	-	1
IRPC Plc.	11	2	10	2
PTT Aromatics and Refinery Plc.	-	3	-	3
PTT Polymer Logistics Co., Ltd.	59	17	2	11
Dhipaya Insurance Plc.	13	13	13	10
Thai Polypropylene Co., Ltd.	4	-	3	-
Bangkok Synthetic Co., Ltd.	61	-	-	-
Cognis Thai Co., Ltd.	-	1	-	-
<b>Total</b>	<b>550</b>	<b>168</b>	<b>222</b>	<b>526</b>

	Unit : million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
<i>Payables to contractors- related parties</i>	2009	2008	2009	2008
<b>Subsidiary</b>				
PTT Maintenance and Engineering Co., Ltd.	-	-	156	8
<b>Associates</b>				
PTT Utility Co., Ltd.	4	-	-	-
PTT ICT Solutions Co., Ltd.	2	-	2	-
<b>Other related party</b>				
Bangkok Industrial Gas Co., Ltd.	1	-	-	-
<b>Total</b>	<b>7</b>	<b>-</b>	<b>158</b>	<b>8</b>

**Significant agreements with related parties****Loan agreements**

On 31 August 2007, the Company entered into an unsecured loan agreement with PTT Polyethylene Co., Ltd. with the credit limit of Baht 26,700 million. The loan agreement consists of Baht 25,300 million of long-term loan and Baht 1,400 million of short-term loan. The loan bears interest at the rate of the Company's average cost of fund. This long-term loan is repayable in equally quarter instalments commencing from June 2010 within 5 years.

On 5 September 2007, the Company entered into an unsecured loan agreements with Bangkok Polyethylene Plc. with the credit limit of Baht 5,105 million. The loan agreement consists of Baht 4,605 million of long-term loan and Baht 500 million of short-term loan. The loan bears interest at the rate of the Company's average cost of fund. This long-term loan is repayable in semi-annual instalments commencing from June 2011 within 5 years.

**Sales Agreements**

On 16 December 1992, the Company entered into the Olefins Sales Agreement with five downstream petrochemical companies, for the period of 15 years commencing from 1 June 1995. Under the agreement, it is agreed that purchases by these companies will not be lower than the volume specified in the agreement with Olefins product prices based on prices prevailing in the world market.

On 6 February 2002, the Company entered into the Purchase and Sale of Expansion Ethylene Agreement with PTT Public Co., Ltd. for the period of 7 years commencing from commercial operation date of expansion unit of the Company. Product prices are based on prices prevailing in the world market.

On 1 July 2003, the Company entered into the Ethylene Sales Agreement with Thai Polyethylene Company Limited. The selling price structure is characterized by the contract price based on average price of polyethylene product (HDPE). This agreement will expire in 2016.

On 1 November 2003, the Company entered into the Ethylene Sales Agreement with Thai Plastic and Chemicals Public Company Limited and concurrently abrogated its obligations under the former Olefins Sales Agreement and Expansion Olefins Sales Agreement. A new selling price structure for Ethylene is formulated under this agreement with reference to the world market price. This agreement will expire in 2016.

On 25 February 2004, the Company entered into the Propylene Sales Agreement with HMC Polymers Company Limited, pricing characterised by the contract price based on average price of Polypropylene (PP Film). The agreement is effective from 1 January 2004, and will expire on 31 December 2016.

On 1 June 2004, the Company entered into the Propylene Sales Agreement with Thai Polypropylene Company Limited, pricing characterised by the contract price based on average price of Polypropylene (PP Film). The agreement will expire on 31 December 2016.

On 28 February 2005, the Company entered into the additional Ethylene Sales Agreement with Vinythai Public Company Limited, for the period of 15 years. The Ethylene selling prices are based on market prices. The Company has delivered the product and commenced the agreement with Vinythai Public Company Limited in April 2007.

On 7 July 2006, the Company entered into the Ethylene Sales Agreement with TOC Glycol Company Limited, for the period of 15 years. The Ethylene selling prices are based on Ethane prices that PTT Public Company Limited charges to the Company.

On 25 May 2007, the Company entered into the Propylene Sales Agreement with PTT Phenol Company Limited, for the period of 15 years. The selling prices are based on Polypropylene and Propylene world market prices.

On 1 August 2009, the Company renewed the Propylene Sales Agreement with Aditya Birla Chemicals (Thailand) Limited. The agreement is for the period of 5 years. The pricing structure is based on Propylene world market prices. The agreement is effective from 1 August 2009, and will expire on 31 July 2014.

#### **Hydrogen Supply Agreement**

On 1 October 2005, the Company entered into the Purified Hydrogen Supply Agreement (Pure H<sub>2</sub>) with Bangkok Industrial Gas Company Limited, for the period of 3 years commencing from the date of the first receipt of the product on 23 November 2005. The agreement can be extended by further terms of 1 year with the mutual agreement of both parties.

On 30 November 2008, the Company renewed the Raw Hydrogen Supply Agreement (Raw H<sub>2</sub>) with Bangkok Synthetics Company Limited. The agreement will expire on 30 November 2012.

#### **Pyrolysis and Gasoline Supply Agreement**

On 1 January 2001, the Company entered into the Pyrolysis and Gasoline Agreement with PTT Aromatics and Refinery Public Company Limited, for the period of 15 years commencing from the date of the first receipt of the product on 2 November 1996 to 1 November 2011.

#### **Mixed C4 Supply Agreements**

The Company entered into two Supply Mixed C4 Agreements with Bangkok Synthetic Company Limited. The term of the agreement dated 20 October 1997 was 10 years from product receiving date on 8 September 1997 to 7 September 2008. The term of the agreement dated 16 December 1992 was 15 years from product receiving date on 1 June 1995 to 31 May 2010.

#### **Tail Gas Supply Agreement**

On 11 February 2005, the Company entered into the Tail Gas Supply Agreement with TOC Glycol Company Limited, for the period of 15 years commencing from the date of the first receipt of the product on 1 August 2007 to 31 July 2022.

#### **Feedstock and Fuel Gas Sales Agreements**

On 18 October 1991, the Company entered into NGL Supply Agreement and LPG Supply Agreement with PTT Public Co., Ltd., for the period of 15 years commencing from 1 June 1995, Commercial Operation Date of the Company, and is renewable for another period of 5 years with the agreement of both parties.

On 1 June 1999, the Company entered into Purchase and Sale of Light Naphtha and Raffinate Agreement with PTT Public Co., Ltd., for the period of 13 years.

On 9 September 1999, the Company entered into the Feedstock Sales Agreement and the Natural Gas Sales Agreement with PTT Public Company Limited (PTT). Under the Feedstock Sales Agreement, the feedstock pricing structure is changed to link to the olefins prices which the Company sells to its customers, in the manner stipulated in the agreement. This agreement is effective from 1 January 1999, is to continue in force for 12 years, and is renewable for another period of 5 years with the agreement of both parties. The Natural Gas Sales Agreement is the standard agreement under which PTT sells Natural Gas to Small Power Producers (SPP). This agreement is effective from 1 January 1999, is to continue in force for 20 years, and is renewable for another period of 4 years with the agreement of both parties.

On 17 September 2001, the Company entered into Ethane Supply Agreement with PTT Public Company Limited, for the period of 15 years commencing from 1 August 2005 and renewable for another period of 5 years with the agreement of both parties.

On 31 July 2003, the Company amended the part of the Feedstock Sales Agreement with PTT Public Company Limited dealing with Ethane. Under the amendment the pricing structure is changed to link to the Company's selling price for Polyethylene (HDPE). This agreement is effective from 1 July 2003, and will expire in 2016.

On 20 February 2004, the Company entered into a Feedstock Sales Agreement with PTT Public Company Limited under which the Propane/LPG pricing structure was changed from the contract price based on the price of Propylene to the contract price based on the average price of Polypropylene (PP Film). The amendment is effective from 1 January 2004, and extends the original expiry date of the agreement from 31 December 2010 to 31 December 2016.

On 23 September 2005, a subsidiary entered into Purchase and Sale Agreement of the Liquefied Natural Gas Agreement with PTT Public Co., Ltd. for the period of 15 years. The agreement period commenced on the date of the first receipt and distribution of the gas and could be extended in accordance with the condition of the agreement.

On 2 September 2008, the Company entered into a revised formula price of Ethane, Propane and LPG Sales Agreement with PTT Public Company Limited. The amendment is effective back to 1 August 2008.

#### **Utilities Sales Agreements**

On 8 June 1999, the Company entered into Memorandum of Understanding of Power Supply with Bangkok Polyethylene Public Company Limited (BPE) to supply 12 MWh. electricity, for the period of 15 years commencing from 31 October 2000.

On 1 January 2007, the Company entered into extended Utilities Sales Agreement with HMC Polymers Company Limited (HMC) to supply utilities for the period of 10 years.

On 1 January 2007, the Company entered into extended Utilities Sales Agreement with Thai Polyethylene Company Limited (TPE) to supply utilities for the period of 10 years.

The Company entered into Power Supply Agreement with Thai Tank Terminal Limited to supply 2.5 MWh. electricity for the period of 15 years commencing from January 2002.

On 1 January 2007, the Company entered into extended Utilities Sales Agreement with Thai Plastic and Chemical Public Company Limited to supply utilities for the period of 10 years.

The Company entered into Power Supply Agreement with Thai Plastic and Chemical Public Company Limited PVC9 to supply 3 MWh. electricity for the period of 5 years commencing from January 2007 and renewable for 5 years.

On 1 May 2008, the Company entered into Power Supply Agreement with Thai Styrenics Company Limited to supply 1.2 MWh. electricity for the period of 6 years.

#### **Nitrogen Supply Agreements**

On 2 May 2003, the Company entered into the Nitrogen Supply Agreement with Bangkok Industrial Gases Company Limited for the period of 10 years commencing from 16 October 2004, and renewable with the provision of 2 years' notice prior to the expiry date.



On 5 September 2006, the Company entered into the Nitrogen Supply Agreement with Thai Industrial Gases Public Company Limited for the period of 8 years. The agreement can be terminated by either party providing not less than 12 months' prior written notice to the counterparty.

On 1 November 2009, the Company entered into the Nitrogen Supply Agreement with Bangkok Industrial Gases Company Limited for the provision of Nitrogen to High Density Polyethylene plant for the period of 15 years. The Company is in the extension process for the provision of Nitrogen to Jetty and Buffer Tank Farm plants.

#### **Polyethylene Sales Agreement**

On 29 September 2006, the Company entered into the Polyethylene Sales Agreement with PTT Polymer Marketing Company Limited, for the period of 15 years commencing from 1 January 2007. Under this agreement, the Company entirely sells all Polyethylene products to PTT Polymer Marketing Company Limited for distributing to the customers. Under the Polyethylene Sale Agreement, the Polyethylene pricing structure is changed to link to the Polyethylene product price, which the Company sells to ended customers, adjusted by the appropriate marketing expenses for fairness to both parties.

#### **Shareholder's Commercial Support Agreement**

The Company, as the issuer of bonds, entered into Shareholder's Commercial Support Arrangement with PTT Public Co., Ltd. (PTT) and bondholders' representative, under which PTT has provided a commercial trade credit line amounting to USD 100 million to the Company (As at 31 December 2009, this commercial credit line had not been used).

#### **Agreements for Purchase of Materials and Utilities**

On 23 September 2005, a subsidiary entered into Natural Gas Sales Agreement with PTT Public Company Limited, for the period of 15 years commencing from the date of the first receipt and distribution of the natural gas which could be extended by either party providing not less than 6 months' prior written notice to the other party.

On 5 April 2007, a subsidiary entered into Sales and Purchase Steam Agreement with PTT Utility Company Limited covering steam, electricity and demineralised water for the period of 15 years commencing from 1 January 2007.

On 26 September 2008, a subsidiary entered into Sales and Purchase Steam Agreement with PTT Utility Company Limited covering steam, electricity and water for the period of 15 years commencing from 1 July 2008.

#### **Service with Subsidiaries Agreements**

On 24 December 2008, the Company entered into Share Service Agreements with its 8 subsidiaries for the provision of general services. Service charges will be reviewed and agreed in the fourth quarter of each year. The agreements are effective from 1 July 2008 and may be terminated by either party with not less than 3 months' prior written notice.

On 20 October 2008, the Company entered into Construction Desire and Machinery and Equipment Installation for Interconnecting Pipelines and Cable Package with PTT Maintenance and Engineering Co., Ltd., for the period of 1 year and 4 months commencing from 6 October 2008 to 31 January 2010.

On 26 June 2008, the Company entered into All Quality Guarantee, Machinery and Equipment Checking with PTT Maintenance and Engineering Co., Ltd., for the period of 3 years commencing from 1 March 2008 to 28 February 2011.

On 1 January 2009, the Company entered into Emergency Control and Management Agreement with NPC Safety and Environmental Service Co., Ltd., for the period of 3 years commencing from 1 January 2009 to 31 December 2011.

#### Office Rental Agreement

On 19 October 2009, the Company entered into the Office Rental Agreement with a related party for the provision of general services in the building and rental space. The agreement is effective from 1 October 2009 and will be terminated on 30 September 2012 for the period of 3 years and is renewable for another period of 3 years with the office rental rate and committed conditions as stipulated in the agreement.

#### Service Agreement

On 19 October 2009, the Company entered into the Service Agreement with a related party for the provision of general services in the building and rental space. The agreement is effective from 1 October 2009 and will be terminated on 30 September 2012 for the period of 3 years and is renewable for another period of 3 years with the service rate and committed conditions as stipulated in the agreement.

## 6 Cash and cash equivalents

	Unit : million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Cash on hand	-	1	-	-
Cash at banks-current accounts	469	879	(2)	-
Cash at banks-savings accounts	2,026	2,060	469	729
Fixed deposit	570	387	-	-
Highly liquid short-term investments	7,985	17,848	7,300	17,442
<b>Total</b>	<b>11,050</b>	<b>21,175</b>	<b>7,767</b>	<b>18,171</b>

The currency denomination of cash and cash equivalents as at 31 December was as follows:

	Unit : million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Thai Baht (THB)	10,058	19,966	7,767	18,169
United States Dollars (USD)	151	267	-	2
Euro (EUR)	404	512	-	-
Ringgit (MYR)	283	367	-	-
Others	154	63	-	-
<b>Total</b>	<b>11,050</b>	<b>21,175</b>	<b>7,767</b>	<b>18,171</b>

## 7 Trade accounts receivable and notes receivable

		Unit : million Baht			
	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Related parties	5	5,194	3,017	6,123	2,861
Other parties		4,489	3,242	234	194
		9,683	6,259	6,357	3,055
Less allowance for doubtful accounts		(15)	(15)	(2)	(2)
<b>Total</b>		<b>9,668</b>	<b>6,244</b>	<b>6,355</b>	<b>3,053</b>
Bad and doubtful debts expenses for the year		14	-	-	-

Aging analyses for trade accounts receivable were as follows:

			Unit : million Baht	
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Related parties</b>				
Within credit terms	5,149	2,978	6,118	2,861
Overdue:				
Less than 3 months	45	35	5	-
3-6 months	-	4	-	-
6-12 months	-	-	-	-
Over 12 months	-	-	-	-
	5,194	3,017	6,123	2,861
Less allowance for doubtful accounts	-	-	-	-
<b>Net</b>	<b>5,194</b>	<b>3,017</b>	<b>6,123</b>	<b>2,861</b>
<b>Other parties</b>				
Within credit terms	4,007	2,850	231	188
Overdue:				
Less than 3 months	467	370	1	4
3-6 months	3	11	-	-
6-12 months	6	2	-	-
Over 12 months	6	9	2	2
	4,489	3,242	234	194
Less allowance for doubtful accounts	(15)	(15)	(2)	(2)
<b>Net</b>	<b>4,474</b>	<b>3,227</b>	<b>232</b>	<b>192</b>
<b>Total</b>	<b>9,668</b>	<b>6,244</b>	<b>6,355</b>	<b>3,053</b>

The normal credit term granted by the Group/Company ranges from 19 days to 90 days.

The currency denomination of trade accounts receivable as at 31 December was as follows :

		Unit : million Baht			
		Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Thai Baht (THB)		7,053	3,877	6,186	3,055
United States Dollars (USD)		1,591	1,300	171	-
Euro (EUR)		628	649	-	-
Others		411	433	-	-
<b>Total</b>		<b>9,683</b>	<b>6,259</b>	<b>6,357</b>	<b>3,055</b>

## 8 Inventories

	Unit : million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Finished goods	2,707	3,594	865	864
Work in progress	947	676	-	-
Raw materials	1,702	1,753	1,070	805
Factory supplies	509	273	213	102
Spare parts	2,650	2,034	2,185	1,751
Goods in transit	117	21	-	6
	8,632	8,351	4,333	3,528
Less allowance for decline in value	(95)	(773)	-	(284)
allowance for obsolescence	-	(17)	-	(11)
<b>Net</b>	<b>8,537</b>	<b>7,561</b>	<b>4,333</b>	<b>3,233</b>

In 2009, the Company and subsidiaries recognised allowance for decline in net realisable value of inventories of Baht-million and Baht 95 million, respectively, which was included in cost of sale of goods (2008: Baht 284 million and Baht 773 million, respectively).

The cost of inventories which is recognised as an expense and included in 'cost of sale of goods' for the year ended 31 December 2009 amounted to Baht 70,214 million (2008: Baht 62,535 million).

## 9 Investments in subsidiaries and jointly-controlled entity

	Unit : million Baht	
	Separate	
	financial statements	
	2009	2008
<b>Subsidiaries</b>		
At 1 January	33,753	28,478
Acquisitions	4,639	5,275
Allowance for impairment	-	-
Disposals	-	-
<b>At 31 December</b>	<b>38,392</b>	<b>33,753</b>
<b>Jointly-controlled entity</b>		
At 1 January	210	210
Acquisitions	-	-
Allowance for impairment	-	-
Disposals	-	-
<b>At 31 December</b>	<b>210</b>	<b>210</b>
<b>Total</b>		
At 1 January	33,963	28,688
Acquisitions	4,639	5,275
Allowance for impairment	-	-
Disposals	-	-
<b>At 31 December</b>	<b>38,602</b>	<b>33,963</b>

Investments in subsidiaries and jointly-controlled entities as at 31 December 2009 and 2008, and dividend income from those investments for the years then ended were as follows:

Unit : million Baht														
	Separate financial statements										Market price of listed securities		Dividend income for the years ended	
	Ownership interest (%)		Paid-up capital		Cost method		Impairment		At cost - net					
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
<b>Subsidiaries</b>														
Bangkok														
Polyethylene Plc.	100	100	1,700	1,700	3,664	3,664	-	-	3,664	3,664	-	-	-	-
TOC Glycol Co., Ltd.	100	100	5,395	5,395	5,395	5,395	-	-	5,395	5,395	-	-	341	4,336
Thai Ethanolamines Co., Ltd.	100	100	900	900	900	900	-	-	900	900	-	-	-	-
Thai Choline Chloride Co., Ltd.	100	100	280	280	280	280	-	-	280	280	-	-	-	-
Thai Oleochemicals Co., Ltd.	100	100	2,400	2,400	2,400	2,400	-	-	2,400	2,400	-	-	-	-
PTT Polyethylene Co., Ltd.	100	100	19,600	15,100	20,200	15,700	-	-	20,200	15,700	-	-	-	-
NPC Safety and Environmental Service Co., Ltd.	100	100	165	165	165	165	-	-	165	165	-	-	-	-
PTT Maintenance and Engineering Co., Ltd.	60	60	137	42	82	25	-	-	82	25	-	-	-	-
Thai Tank Terminal Limited	51	51	900	900	459	459	-	-	459	459	-	-	483	411
PTT Chemical International Pte. Ltd.	100	100	4,847	4,765	4,847	4,765	-	-	4,847	4,765	-	-	-	-
					38,392	33,753	-	-	38,392	33,753	-	-	824	4,747
<b>Jointly-controlled entity</b>														
Thai Ethoxylate Co., Ltd.	50	50	420	420	210	210	-	-	210	210	-	-	25	-
					210	210	-	-	210	210	-	-	25	-
<b>Total</b>					<b>38,602</b>	<b>33,963</b>	<b>-</b>	<b>-</b>	<b>38,602</b>	<b>33,963</b>	<b>-</b>	<b>-</b>	<b>849</b>	<b>4,747</b>

The following summarised financial information on jointly-controlled entity which has been accounted for using the equity method is not adjusted for the percentage of ownership held by the Group:

Unit : million Baht										
	Owner-ship (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenues	Total expenses	Net Profit
<b>2009</b>										
Thai Ethoxylate Co., Ltd.	50	523	245	768	226	122	348	1,183	1,072	111
<b>Total</b>		<b>523</b>	<b>245</b>	<b>768</b>	<b>226</b>	<b>122</b>	<b>348</b>	<b>1,183</b>	<b>1,072</b>	<b>111</b>
<b>2008</b>										
Thai Ethoxylate Co., Ltd.	50	314	241	555	85	143	228	1,224	1,131	93
<b>Total</b>		<b>314</b>	<b>241</b>	<b>555</b>	<b>85</b>	<b>143</b>	<b>228</b>	<b>1,224</b>	<b>1,131</b>	<b>93</b>

At the Board of Directors meeting of TOC Glycol Co., Ltd. held on 25 December 2009, the Board approved the appropriation of dividends of Baht 14.97 per share, amounting to Baht 807.63 million. The dividend was paid to shareholders during 2009. Also, at the annual general meeting of the shareholders of TOC Glycol Co., Ltd held on 27 April 2009, the shareholders approved to change the appropriation of dividends to Baht 20.39 per share, amounting to Baht 1,100.04 million from Baht 29.04 per share, amounting to Baht 1,566.71 million, which had been approved by the meeting of the Board of Directors held on 17 November 2008, resulting in the change in dividend paid in 2009 of Baht 466.67 million.

At the Board of Directors meeting of TOC Glycol Co., Ltd. held on 17 November 2008, the Board approved the appropriation of dividends of Baht 29.04 per share, amounting to Baht 1,566.71 million. The dividend of Baht 1,100.04 million was paid to shareholders during 2008.

At the annual general meeting of the shareholders of TOC Glycol Co., Ltd. held on 29 April 2008, the Board approved the appropriation of dividends of Baht 51.33 per share, amounting to Baht 2,769.25 million. The dividend was paid to shareholders during 2008.

At the annual general meeting of the shareholders of Thai Tank Terminal Ltd. held on 24 April 2009, the shareholders approved the appropriation of dividends from the net profit of Baht 105.30 per share, amounting to Baht 947.72 million. The dividend was paid to shareholders during 2009.

At the annual general meeting of the shareholders of Thai Tank Terminal Ltd. held on 26 April 2008, the shareholders approved the appropriation of dividends from the net profit of Baht 89.44 per share, amounting to Baht 805 million. The dividend was paid to shareholders during 2008.

At the annual general meeting of the shareholders of Thai Ethoxylate Co., Ltd. held on 29 April 2009, the shareholders approved the appropriation of dividends from the net profit of Baht 12 per share, amounting to Baht 50.40 million. The dividend was paid to shareholders during 2009.

At the annual general meeting of the shareholders of PTT Polyethylene Co., Ltd. held on 31 March 2009, the shareholders approved to increase the registered share capital from Baht 15,100,000,000 (divided into 151,000,000 shares at Baht 100 par value) to Baht 19,600,000,000 (divided into 196,000,000 shares at Baht 100 par value) by issuing new common shares of Baht 4,500,000,000 (divided into 45,000,000 shares at Baht 100 par value) of which the Company called and fully received in 2009.

At the annual general meeting of the shareholders of PTT Maintenance and Engineering Co., Ltd. held on 21 April 2009, the shareholders approved to increase the registered share capital from Baht 42,122,600 (divided into 421,226 shares at Baht 100 par value) to Baht 200,000,000 (divided into 2,000,000 shares at Baht 100 par value) by issuing new common shares of Baht 157,877,400 (divided into 1,578,774 shares at Baht 100 par value) of which the Company called and received of Baht 60 per share, totalling Baht 94,726,440.

At the Board of Directors meeting of PTT International Private Co., Ltd. held on 20 November 2009, the Board approved to increase the registered share capital from SGD 250 million (divided into 250 million shares at SGD 1 par value) to SGD 264 million (divided into 264 million shares at SGD 1 par value) by issuing new common shares of SGD 14 million (divided into 14 million shares at SGD 1 par value) of which the Company called and received of SGD 0.25 per share, totalling SGD 3.5 million.

## 10 Investments in associates

	Unit : million Baht			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
At 1 January	8,001	6,905	8,150	7,043
Share of net profit of investments-equity method	146	40	-	-
Acquisitions	328	1,107	328	1,107
Dividend income	(105)	(51)	-	-
Allowance for impairment	-	-	-	-
Disposals	-	-	-	-
<b>At 31 December</b>	<b>8,370</b>	<b>8,001</b>	<b>8,478</b>	<b>8,150</b>

Investments in associates as at 31 December 2009 and 2008, and dividend income from those investments for the years ended 31 December 2009 and 2008 were as follows:

Unit : million Baht															
	Consolidated financial statements												Dividend income for the years ended		
	Ownership interest (%)		Paid-up capital		Cost method		Equity method		Impairment		At equity-net				
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	
<b>Associates</b>															
PTT Utility Co., Ltd.	40	40	6,859	6,859	2,744	2,744	2,487	2,478	-	-	2,487	2,478	-	-	
PTT Phenol Co., Ltd.	30	30	9,252	6,892	2,396	2,068	2,067	1,836	-	-	2,067	1,836	-	-	
PTT Polymer Marketing Co., Ltd.	25	25	40	40	10	10	46	30	-	-	46	30	-	-	
Vinythai Plc.	25	25	7,111	7,111	3,297	3,297	3,717	3,600	-	-	3,717	3,600	104	50	
Eastern Fluid Transport Co., Ltd.	23	23	10	10	1	1	13	10	-	-	13	10	1	1	
PTT ICT Solutions Co., Ltd.	20	20	150	150	30	30	40	47	-	-	40	47	-	-	
<b>Total</b>					<b>8,478</b>	<b>8,150</b>	<b>8,370</b>	<b>8,001</b>	<b>-</b>	<b>-</b>	<b>8,370</b>	<b>8,001</b>	<b>105</b>	<b>51</b>	

Unit : million Baht														
	Separate financial statements										Market price of listed securities	Dividend income for the years ended		
	Ownership interest (%)		Paid-up capital		Cost method		Impairment		At cost - net					
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008			2009	2008
<b>Associates</b>														
PTT Utility Co., Ltd.	40	40	6,859	6,859	2,744	2,744	-	-	2,744	2,744	-	-	-	-
PTT Phenol Co., Ltd.	30	30	9,252	6,892	2,396	2,068	-	-	2,396	2,068	-	-	-	-
PTT Polymer Marketing Co., Ltd.	25	25	40	40	10	10	-	-	10	10	-	-	-	-
Vinythai Plc.	25	25	7,111	7,111	3,297	3,297	-	-	3,297	3,297	-	-	104	50
Eastern Fluid Transport Co., Ltd.	15	15	10	10	1	1	-	-	1	1	-	-	1	1
PTT ICT Solutions Co., Ltd.	20	20	150	150	30	30	-	-	30	30	-	-	-	-
<b>Total</b>					<b>8,478</b>	<b>8,150</b>	<b>-</b>	<b>-</b>	<b>8,478</b>	<b>8,150</b>	<b>-</b>	<b>-</b>	<b>105</b>	<b>51</b>

The following summarised financial information on associates which have been accounted for using the equity method is not adjusted for the percentage of ownership held by the Group:

Unit : million Baht					
	Ownership (%)	Total assets	Total liabilities	Total revenues	Net profit/(loss)
<b>2009</b>					
PTT Utility Co., Ltd.	40	20,996	14,778	6,149	22
PTT Phenol Co., Ltd.	30	19,039	12,147	7,297	(323)
PTT Polymer Marketing Co., Ltd.	25	2,996	2,812	26,073	67
Vinythai Plc.	25	15,291	1,177	11,918	985
Eastern Fluid Transport Co., Ltd.	23	78	25	21	1
PTT ICT Solutions Co., Ltd.	20	882	682	853	(32)
<b>Total</b>		<b>59,282</b>	<b>31,621</b>	<b>52,311</b>	<b>720</b>
<b>2008</b>					
PTT Utility Co., Ltd.	40	15,661	9,466	2,687	(343)
PTT Phenol Co., Ltd.	30	14,676	8,555	34	(407)
PTT Polymer Marketing Co., Ltd.	25	1,877	1,759	28,342	(33)
Vinythai Plc.	25	15,830	2,292	13,320	1,035
Eastern Fluid Transport Co., Ltd.	15	75	29	184	19
PTT ICT Solutions Co., Ltd.	20	840	607	947	73
<b>Total</b>		<b>48,959</b>	<b>22,708</b>	<b>45,514</b>	<b>344</b>

## 11 Other long-term investments

Unit : million Baht				
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Other long-term investments</b>				
Other non marketable equity securities				
Alliance Petrochemical Investment (Singapore) Pte. Ltd. (15.34% Shareholding)	290	290	290	290
Guangzhou Keylink Chemical Co., Ltd. (15% Shareholding)	33	29	-	-
	<b>323</b>	<b>319</b>	<b>290</b>	<b>290</b>

The currency denomination of other long-term investments as at 31 December was as follows:

Unit : million Baht				
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Singapore Dollars (SGD)	290	290	290	290
Hong Kong Dollars (HKD)	33	29	-	-
<b>Total</b>	<b>323</b>	<b>319</b>	<b>290</b>	<b>290</b>



## 12 Property, plant and equipment

Unit : million Baht

	Consolidated financial statements									Total
	Land	Plant, machinery and equipment	Factory equipment and tools	Buildings	Leasehold improve- ment	Buildings improve- ment	Furniture, fixtures and equipment	Vehicles	Assets under construction	
<b>Cost</b>										
At 1 January 2008	2,475	66,854	571	1,949	372	52	589	396	30,670	103,928
Additions	-	665	77	54	1	-	144	119	24,779	25,839
Transfers	689	9,695	22	1,451	76	2	230	8	(12,172)	1
Disposals	-	(38)	(3)	(89)	(2)	-	(17)	(15)	(438)	(602)
Acquisition through business combinations	130	6,400	-	2,841	-	-	246	23	404	10,044
Translation differences on consolidation	(2)	144	-	6	-	-	9	-	(26)	131
<b>At 31 December 2008 and 1 January 2009</b>	<b>3,292</b>	<b>83,720</b>	<b>667</b>	<b>6,212</b>	<b>447</b>	<b>54</b>	<b>1,201</b>	<b>531</b>	<b>43,217</b>	<b>139,341</b>
Additions	26	145	230	17	1	-	107	71	15,148	15,745
Transfers	57	2,474	262	1,108	389	159	(10)	98	(4,971)	(434)
Disposals	(23)	(257)	(5)	-	(4)	-	(25)	(34)	-	(348)
Translation differences on consolidation	(86)	610	-	(3)	-	-	4	(7)	(106)	412
<b>At 31 December 2008</b>	<b>3,266</b>	<b>86,692</b>	<b>1,154</b>	<b>7,334</b>	<b>833</b>	<b>213</b>	<b>1,277</b>	<b>659</b>	<b>53,288</b>	<b>154,716</b>
<b>Finance costs capitalised</b>										
Finance costs capitalised during 2008 (note 24)	-	-	-	13	-	-	-	-	1	14
Rates of interest capitalised during 2008 (% per annum)	-	-	-	4-6	-	-	-	-	4-6	4-6
Finance costs capitalised during 2009 (note 24)	-	-	-	1	-	-	-	-	-	1
Rates of interest capitalised during 2009 (% per annum)	-	-	-	3-4	-	-	-	-	-	3-4
<b>Accumulated depreciation</b>										
At 1 January 2008	-	(26,063)	(364)	(1,042)	(217)	(38)	(402)	(168)	-	(28,294)
Depreciation charge for the year	-	(3,436)	(84)	(136)	(19)	(2)	(94)	(88)	-	(3,859)
Disposals	-	19	4	58	1	-	18	12	-	112
Acquisition through business combinations	-	(5,067)	-	(1,720)	-	-	(223)	(12)	-	(7,022)
Translation differences on consolidation	-	(129)	-	8	-	-	(9)	-	-	(130)
<b>At 31 December 2008 and 1 January 2009</b>	<b>-</b>	<b>(34,676)</b>	<b>(444)</b>	<b>(2,832)</b>	<b>(235)</b>	<b>(40)</b>	<b>(710)</b>	<b>(256)</b>	<b>-</b>	<b>(39,193)</b>
Depreciation charge for the year	-	(3,770)	(91)	(281)	(33)	(12)	(158)	(106)	-	(4,451)
Disposals	-	103	5	-	3	-	24	32	-	167
Transfers	-	38	(80)	40	(1)	(9)	29	(15)	-	2
Translation differences on consolidation	-	(171)	-	-	-	-	(9)	2	-	(178)
<b>At 31 December 2009</b>	<b>-</b>	<b>(38,476)</b>	<b>(610)</b>	<b>(3,073)</b>	<b>(266)</b>	<b>(61)</b>	<b>(824)</b>	<b>(343)</b>	<b>-</b>	<b>(43,653)</b>
<b>Net book value</b>										
Owned assets	3,292	49,044	223	3,380	212	14	416	25	43,217	99,823
Assets under finance leases	-	-	-	-	-	-	75	250	-	325
<b>Total at 31 December 2008</b>	<b>3,292</b>	<b>49,044</b>	<b>223</b>	<b>3,380</b>	<b>212</b>	<b>14</b>	<b>491</b>	<b>275</b>	<b>43,217</b>	<b>100,148</b>
<b>Net book value</b>										
Owned assets	3,266	48,216	543	4,261	567	152	376	91	53,288	110,760
Assets under finance leases	-	-	1	-	-	-	77	225	-	303
<b>Total at 31 December 2009</b>	<b>3,266</b>	<b>48,216</b>	<b>544</b>	<b>4,261</b>	<b>567</b>	<b>152</b>	<b>453</b>	<b>316</b>	<b>53,288</b>	<b>111,063</b>

The gross amount of the Group's fully depreciated property and equipment that was still in use as at 31 December 2009 amounted to Baht 10,084 million (2008: Baht 919.08 million).

Unit : million Baht

The Company financial statements										
	Land	Plant, machinery and equipment	Factory equipment and tools	Buildings	Leasehold improve- ment	Buildings improve- ment	Furniture, fixtures and equipment	Vehicles	Assets under construction	Total
<b>Cost</b>										
At 1 January 2008	1,032	50,340	498	957	339	49	482	301	2,995	56,993
Additions	-	298	50	-	-	-	118	72	6,149	6,687
Transfers	689	1,023	21	907	37	-	229	-	(2,906)	-
Disposals	-	(14)	(3)	-	-	-	(14)	(8)	(409)	(448)
<b>At 31 December 2008 and 1 January 2009</b>	<b>1,721</b>	<b>51,647</b>	<b>566</b>	<b>1,864</b>	<b>376</b>	<b>49</b>	<b>815</b>	<b>365</b>	<b>5,829</b>	<b>63,232</b>
Additions	-	83	185	-	1	-	60	23	4,858	5,210
Transfers	33	2,370	(64)	300	71	30	(86)	36	(2,907)	(217)
Disposals	-	(195)	(5)	-	(2)	-	(2)	(23)	-	(227)
<b>At 31 December 2009</b>	<b>1,754</b>	<b>53,905</b>	<b>682</b>	<b>2,164</b>	<b>446</b>	<b>79</b>	<b>787</b>	<b>401</b>	<b>7,780</b>	<b>67,998</b>
<b>Accumulated depreciation</b>										
At 1 January 2008	-	(21,695)	(349)	(460)	(201)	(38)	(339)	(124)	-	(23,206)
Depreciation charge for the year	-	(2,414)	(67)	(56)	(11)	-	(77)	(65)	-	(2,690)
Disposals	-	-	3	-	-	-	14	6	-	23
<b>At 31 December 2008 and 1 January 2009</b>	<b>-</b>	<b>(24,109)</b>	<b>(413)</b>	<b>(516)</b>	<b>(212)</b>	<b>(38)</b>	<b>(402)</b>	<b>(183)</b>	<b>-</b>	<b>(25,873)</b>
Depreciation charge for the year	-	(2,262)	(63)	(97)	(16)	(7)	(114)	(69)	-	(2,628)
Disposals	-	(48)	79	14	3	(11)	31	9	-	77
<b>At 31 December 2009</b>	<b>-</b>	<b>(26,419)</b>	<b>(397)</b>	<b>(599)</b>	<b>(225)</b>	<b>(56)</b>	<b>(485)</b>	<b>(243)</b>	<b>-</b>	<b>(28,424)</b>
<b>Net book value</b>										
Owned assets	1,721	27,538	153	1,348	164	11	356	4	5,829	37,124
Assets under finance leases	-	-	-	-	-	-	57	178	-	235
<b>Total at 31 December 2008</b>	<b>1,721</b>	<b>27,538</b>	<b>153</b>	<b>1,348</b>	<b>164</b>	<b>11</b>	<b>413</b>	<b>182</b>	<b>5,829</b>	<b>37,359</b>
<b>Net book value</b>										
Owned assets	1,754	27,486	285	1,565	221	23	245	19	7,780	39,378
Assets under finance leases	-	-	-	-	-	-	57	139	-	196
<b>Total at 31 December 2009</b>	<b>1,754</b>	<b>27,486</b>	<b>285</b>	<b>1,565</b>	<b>221</b>	<b>23</b>	<b>302</b>	<b>158</b>	<b>7,780</b>	<b>39,574</b>

The gross amount of the Company's fully depreciated property and equipment that was still in use as at 31 December 2009 amounted to Baht 1,012 million (2008: Baht 732.98 million).

## 13 Intangible assets

Unit : million Baht

	Consolidated financial statements						
	License for production process	Software Licences	Right to use Pipeline	Right to use Jetty	Right for other operation	Goodwill	Total
<b>Cost</b>							
At 1 January 2008	819	312	25	115	1,768	2,943	5,982
Additions	30	7	-	-	30	431	498
Acquisition through business combinations	1,758	-	-	-	55	36	1,849
Transfers	26	79	-	-	(89)	-	16
Translation differences on consolidation	71	-	-	-	4	1	76
<b>At 31 December 2008 and 1 January 2009</b>	<b>2,704</b>	<b>398</b>	<b>25</b>	<b>115</b>	<b>1,768</b>	<b>3,411</b>	<b>8,421</b>
Additions	1	22	67	-	628	-	718
Transfers	(5)	152	-	-	-	-	147
Translation differences on consolidation	(104)	-	-	-	286	3	185
<b>At 31 December 2009</b>	<b>2,596</b>	<b>572</b>	<b>92</b>	<b>115</b>	<b>2,682</b>	<b>3,414</b>	<b>9,471</b>
<b>Accumulated amortisation</b>							
At 1 January 2008	(378)	(145)	(10)	(12)	-	(390)	(935)
Amortisation charge for the year	(78)	(36)	(2)	(7)	(3)	-	(126)
Acquisition through business combinations	(1,635)	-	-	-	(41)	-	(1,676)
Transfers	17	(17)	-	-	-	-	-
Translation differences on consolidation	(68)	-	-	-	(2)	-	(70)
Loss from impairment	-	-	-	-	-	(1)	(1)
<b>At 31 December 2008 and 1 January 2009</b>	<b>(2,142)</b>	<b>(198)</b>	<b>(12)</b>	<b>(19)</b>	<b>(46)</b>	<b>(391)</b>	<b>(2,808)</b>
Amortisation charge for the year	(130)	(69)	(12)	(8)	(9)	-	(228)
Transfers	5	(2)	-	-	-	-	3
Translation differences on consolidation	63	15	-	-	6	-	84
Loss from impairment	-	-	-	-	-	(3)	(3)
<b>At 31 December 2008</b>	<b>(2,204)</b>	<b>(254)</b>	<b>(24)</b>	<b>(27)</b>	<b>(49)</b>	<b>(394)</b>	<b>(2,952)</b>
<b>Net book value</b>							
<b>At 31 December 2008</b>	<b>562</b>	<b>200</b>	<b>13</b>	<b>96</b>	<b>1,722</b>	<b>3,020</b>	<b>5,613</b>
<b>At 31 December 2009</b>	<b>392</b>	<b>318</b>	<b>68</b>	<b>88</b>	<b>2,633</b>	<b>3,020</b>	<b>6,519</b>

Unit : million Baht

	Separate financial statements			
	License for production	Software licences	Others	Total
<b>Cost</b>				
At 1 January 2008	680	256	-	936
Additions	-	-	6	6
Transfers	-	15	-	15
<b>At 31 December 2008 and 1 January 2009</b>	<b>680</b>	<b>271</b>	<b>6</b>	<b>957</b>
Additions	-	10	218	228
Transfers	-	144	-	144
<b>At 31 December 2009</b>	<b>680</b>	<b>425</b>	<b>224</b>	<b>1,329</b>
<b>Accumulated amortisation</b>				
At 1 January 2008	(298)	(117)	-	(415)
Amortisation charge for the year	(57)	(27)	-	(84)
<b>At 31 December 2008 and at 1 January 2009</b>	<b>(355)</b>	<b>(144)</b>	<b>-</b>	<b>(499)</b>
Amortisation charge for the year	(57)	(43)	(1)	(101)
<b>At 31 December 2009</b>	<b>(412)</b>	<b>(187)</b>	<b>(1)</b>	<b>(600)</b>

Unit : million Baht

	License for production	Separate financial statements Software licences	Others	Total
<b>Net book value</b>				
<b>At 31 December 2008</b>	<b>325</b>	<b>127</b>	<b>6</b>	<b>458</b>
<b>At 31 December 2009</b>	<b>268</b>	<b>238</b>	<b>223</b>	<b>729</b>

## 14 Deferred tax

Deferred tax assets and liabilities determined after appropriate offsetting are included in the balance sheets as follows:

Unit : million Baht

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Deferred tax assets	132	197	3	113
Deferred tax liabilities	(882)	(750)	(720)	(648)
<b>Net</b>	<b>(750)</b>	<b>(553)</b>	<b>(717)</b>	<b>(535)</b>

Movements in deferred tax assets and liabilities during the year were as follows:

Unit : million Baht

	Consolidated financial statements					
	(Charged) / credited to:					
	At 1 January 2009	Statement of income (note 25)	Equity	Acquisition of subsidiary	Exchange differences	At 31 December 2009
<b>Deferred tax assets</b>						
Net loss on remeasurement to fair value of cross currency interest rate swap contracts	48	(48)	-	-	-	-
Allowance for decline in value of inventories	119	(117)	-	-	-	2
Loss carry forward	-	53	-	-	-	53
Others	30	47	-	-	-	77
<b>Total</b>	<b>197</b>	<b>(65)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132</b>
<b>Deferred tax liabilities</b>						
Depreciation and amortisation	(709)	(143)	-	-	-	(852)
Finance lease assets	(22)	3	-	-	-	(19)
Net gain on remeasurement to fair value of interest rate swap contracts	(12)	3	-	-	-	(9)
Others	(7)	(6)	(1)	-	12	(2)
<b>Total</b>	<b>(750)</b>	<b>(143)</b>	<b>(1)</b>	<b>-</b>	<b>12</b>	<b>(882)</b>
<b>Net</b>	<b>(553)</b>	<b>(208)</b>	<b>(1)</b>	<b>-</b>	<b>12</b>	<b>(750)</b>
<b>Deferred tax assets</b>						
Net loss on remeasurement to fair value of cross currency interest rate swap contracts	-	46	-	2	-	48
Allowance for decline in value of inventories	-	112	-	7	-	119
Others	1	27	-	2	-	30
<b>Total</b>	<b>1</b>	<b>185</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>197</b>

Unit : million Baht

Unit : million Euro						
	Consolidated financial statements					At 31 December 2009
	At 1 January 2009	(Charged) / credited to:		Acquisition of subsidiary	Exchange differences	
		Statement of income (note 25)	Equity			
<b>Deferred tax liabilities</b>						
Depreciation and amortisation	(618)	(75)	-	(16)	-	(709)
Finance lease assets	(23)	1	-	-	-	(22)
Net gain on remeasurement to fair value of interest rate swap contracts	-	(12)	-	-	-	(12)
Others	-	(1)	-	(6)	-	(7)
<b>Total</b>	<b>(641)</b>	<b>(87)</b>	<b>-</b>	<b>(22)</b>	<b>-</b>	<b>(750)</b>
<b>Net</b>	<b>(640)</b>	<b>98</b>	<b>-</b>	<b>(11)</b>	<b>-</b>	<b>(553)</b>

Unit : million Baht

	Separate financial statements			
	(Charged) / credited to:			
	At 1 January 2009	Statement of income (note 25)	Equity	At 31 December 2009
<b>Deferred tax assets</b>				
Allowance for decline in value of inventories	72	(72)	-	-
Net loss on remeasurement to fair value of cross currency interest rate swap	38	(38)	-	-
Others	3	-	-	3
<b>Total</b>	<b>113</b>	<b>(110)</b>	<b>-</b>	<b>3</b>
<b>Deferred tax liabilities</b>				
Depreciation	(616)	(79)	-	(695)
Finance lease assets	(19)	3	-	(16)
Net gain on remeasurement to fair value of interest rate swap contracts	(13)	4	-	(9)
<b>Total</b>	<b>(648)</b>	<b>(72)</b>	<b>-</b>	<b>(720)</b>
<b>Net</b>	<b>(535)</b>	<b>(182)</b>	<b>-</b>	<b>(717)</b>

Unit : million Baht

	Separate financial statements			
	At 1 January 2008	(Charged) / credited to:		At 31 December 2008
		Statement of income (note 25)	Equity	
<b>Deferred tax assets</b>				
Allowance for decline in value of inventories	-	72	-	72
Net loss on remeasurement to fair value of cross currency interest rate swap	-	38	-	38
Others	1	2	-	3
<b>Total</b>	<b>1</b>	<b>112</b>	<b>-</b>	<b>113</b>
<b>Deferred tax liabilities</b>				
Depreciation	(618)	2	-	(616)
Finance lease assets	(23)	4	-	(19)
Net gain on remeasurement to fair value of interest rate swap contracts	-	(13)	-	(13)
<b>Total</b>	<b>(641)</b>	<b>(7)</b>	<b>-</b>	<b>(648)</b>
<b>Net</b>	<b>(640)</b>	<b>105</b>	<b>-</b>	<b>(535)</b>

## 15 Interest-bearing liabilities

	Unit : million Baht			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Current</b>				
Short-term loans from financial institutions unsecured	772	979	-	-
Current portion of long-term loans from financial institutions secured	21	392	-	-
unsecured	835	913	546	546
	<b>856</b>	<b>1,305</b>	<b>546</b>	<b>546</b>
Debentures secured	<b>400</b>	<b>400</b>	<b>400</b>	<b>400</b>
Current portion of finance lease liabilities	<b>155</b>	<b>130</b>	<b>111</b>	<b>100</b>
	<b>2,183</b>	<b>2,814</b>	<b>1,057</b>	<b>1,046</b>
<b>Non-current</b>				
Long-term loans from financial institutions secured	122	431	-	-
unsecured	12,696	13,302	11,091	11,636
	<b>12,818</b>	<b>13,733</b>	<b>11,091</b>	<b>11,636</b>
Debentures secured	-	400	-	400
unsecured	30,399	27,857	30,399	27,857
	<b>30,399</b>	<b>28,257</b>	<b>30,399</b>	<b>28,257</b>
Finance lease liabilities	<b>196</b>	<b>234</b>	<b>126</b>	<b>166</b>
	<b>43,413</b>	<b>42,224</b>	<b>41,616</b>	<b>40,059</b>
<b>Total</b>	<b>45,596</b>	<b>45,038</b>	<b>42,673</b>	<b>41,105</b>

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December were as follows:

	Unit : million Baht			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Within one year	2,028	2,684	946	946
After one year but within five years	15,913	16,270	14,186	14,269
After five years	27,304	25,720	27,304	25,624
<b>Total</b>	<b>45,245</b>	<b>44,674</b>	<b>42,436</b>	<b>40,839</b>

Secured interest-bearing liabilities as at 31 December were secured on the following assets:

	Unit : million Baht			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Machinery and equipment	12,416	14,460	12,000	12,000
<b>Total</b>	<b>12,416</b>	<b>14,460</b>	<b>12,000</b>	<b>12,000</b>

The principal features of debentures as at 31 December were as follows:

	Facilities			Face Value Per share	Interest Rates (%) p.a.	Repayment Terms	Consolidated financial statements		Separate financial statements	
	Currency	(in million)	Years				2009	2008	2009	2008
(in million Baht)										
Secured and installment of principal debenture which condition specified in the agreement	Baht	2,000	1,000	-	Average Baht 6-month time deposit rate plus 2.5% p.a.	Principal and interest are payable on semi-annual basis and maturity to redeem on 24 September 2010.	400	800	400	800
	U.S. Dollars	300	10,000	-	5.5	Interest is payable on semi-annual basis and maturity to redeem on 24 June 2015.	10,019	10,483	10,019	10,483
	Baht	2,100	1,000	-	4.58	Interest is payable on semi-annual basis and maturity to redeem on 10 October 2012.	2,090	2,085	2,090	2,085
Unsubordinated and unsecured debenture	Baht	2,800	1,000	-	5.5	Interest is payable on semi-annual basis and maturity to redeem on 10 October 2017.	2,790	2,789	2,790	2,789
Unsubordinated and unsecured debenture	Baht	500	1,000	-	5.6	Interest is payable on semi-annual basis and maturity to redeem on 22 October 2015.	500	500	500	500
Unsubordinated and unsecured debenture	Baht	8,000	1,000	1-3 4-5	5.3 6	Interest is payable on quarterly basis and maturity to redeem on 4 December 2013.	8,000	8,000	8,000	8,000
Unsubordinated and unsecured debenture	Baht	4,000	1,000	1-3 4-5 6-7	5.3 6 6.45	Interest is payable on quarterly basis and maturity to redeem on 4 December 2015.	4,000	4,000	4,000	4,000
Unsubordinated and unsecured debenture	Baht	1,058	1,000	7	4.9	Interest is payable on semi-annual basis and maturity to redeem on 19 June 2016.	1,058	-	1,058	-
Unsubordinated and unsecured debenture	Baht	1,942	1,000	10	5.5	Interest is payable on semi-annual basis and maturity to redeem on 19 June 2019.	1,942	-	1,942	-
<b>Total</b>							<b>30,799</b>	<b>28,657</b>	<b>30,799</b>	<b>28,657</b>
Less : Current portion							(400)	(400)	(400)	(400)
<b>Net</b>							<b>30,399</b>	<b>28,257</b>	<b>30,399</b>	<b>28,257</b>

The details of loans as at 31 December were as follows:

	Facilities		Interest Rates (%) p.a.	Repayment Terms	Consolidated financial statements		Separate financial statements	
	Currency	(in million)			2009	2008	2009	2008
(in million Baht)								
The Company	Baht	3,000	-	Average 3 month –fixed deposit rate of Government Saving Bank plus margin	1,636	2,181	1,637	2,181
	(Draw-down only permitted until December 2006)							
	Baht	1,000	-	THBFIX 6 M plus margin	1,000	1,000	1,000	1,000
	Baht	7,500	-	Highest interest rate for 6 month-fixed deposit plus margin	7,500	7,500	7,500	7,500
Subsidiaries	Baht	1,500	-	Fixed rate	1,500	1,500	1,500	1,500
	Baht	170	-	THBFIX 6 M plus margin	170	-	-	-
	Baht	135	-	Highest interest rate for 3 month-fixed deposit plus margin	123	70	-	-
	Baht	500	-	MLR minus discount	-	336	-	-
	Baht	1,000	-	THBFIX 3 M plus margin	600	835	-	-



	Currency	Facilities (in million)	Years	Interest Rates (%) p.a.	Repayment Terms	Consolidated financial statements 2009	2008	2009	2008	Separate financial statements
						(in million Baht)				
Subsidiaries										
	USD	22.4	-	LIBOR plus margin	The principal is repayable on semi-annual basis, in 7 instalments commencing on 31 May 2006.	-	220	-	-	-
	Baht	369.2	-	3 month-fixed deposit rate plus margin	The principal is repayable on semi-annual basis, in 7 instalments commencing on 31 May 2006.	-	104	-	-	-
	Baht	450	-	THBFIX 3 M plus margin	The principal is repayable on quarterly basis, in 15 instalments, commencing on 1 June 2006.	-	120	-	-	-
	Euro	41.8	-	EURIBOR plus margin	The principal is repayable on maturity date in February 2011.	1,001	1,008	-	-	-
Jointly-controlled entities										
	Baht	286	-	Interest rate for 3 month-fixed deposit plus margin	The principal is repayable on semi-annual basis, in 14 instalments commencing on 31 August 2008.	144	164	-	-	-
Total						13,674	15,038	11,637	12,181	
Less : Current portion						(856)	(1,305)	(546)	(546)	
Net						12,818	13,733	11,091	11,635	

As at 31 December 2009 the Group and the Company had unutilised credit facilities totalling Baht 9,197.93 million and 6,300 million, respectively (2008: Baht 30,997.48 million and Baht 16,755.85 million, respectively).

The currency denomination of interest-bearing liabilities as at 31 December was as follows:

	Unit : million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Thai Baht (THB)	35,038	32,349	32,654	30,625
United States Dollars (USD)	10,194	10,746	10,019	10,480
Others	364	1,943	-	-
<b>Total</b>	<b>45,596</b>	<b>45,038</b>	<b>42,673</b>	<b>41,105</b>

## 16 Trade accounts payable

	Note	Unit : million Baht			
		Consolidated		Separate	
		financial statements		financial statements	
		2009	2008	2009	2008
Related parties	5	4,137	1,820	4,089	1,495
Other parties		1,755	1,610	229	72
<b>Total</b>		<b>5,892</b>	<b>3,430</b>	<b>4,318</b>	<b>1,567</b>

The currency denomination of trade accounts payable as at 31 December was as follows:

	Unit : million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Thai Baht (THB)	4,360	3,142	4,076	1,567
United States Dollars (USD)	630	50	207	-
Euro (EUR)	414	71	35	-
Others	488	167	-	-
<b>Total</b>	<b>5,892</b>	<b>3,430</b>	<b>4,318</b>	<b>1,567</b>

## 17 Other current liabilities

	Unit : million Baht			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Accrued interest and other accrued expenses	909	1,057	387	252
Value-added tax payable	-	18	-	-
Withholding tax payable	174	199	137	159
Others	639	381	110	116
<b>Total</b>	<b>1,722</b>	<b>1,655</b>	<b>634</b>	<b>527</b>

## 18 Share capital

Unit : million shares/million Baht					
	Par value per share (in Baht)	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
<b>Authorised</b>					
At 1 January					
- ordinary shares	10	1,519	15,191	1,519	15,191
<b>At 31 December ordinary shares</b>	<b>10</b>	<b>1,519</b>	<b>15,191</b>	<b>1,519</b>	<b>15,191</b>
<b>Issued and paid up</b>					
At 1 January					
- ordinary shares	10	1,497	14,968	1,497	14,966
Issue of new shares	10	4	42	-	2
<b>At 31 December ordinary shares</b>	<b>10</b>	<b>1,501</b>	<b>15,010</b>	<b>1,497</b>	<b>14,968</b>

In year 2009, holders of 4,210,400 warrants under the Company's Employee Stock Ownership Plan exercised their rights to purchase 4,210,400 ordinary shares in the Company at the exercise price of Baht 66.50 per share. The Company registered the increase in the paid-up share capital of Baht 42,104,000 (divided into 4,210,400 shares at Baht 10 par value) with the Ministry of Commerce, increasing the issued and paid-up share capital from Baht 14,968,296,000 (divided into 1,496,829,600 shares at Baht 10 par value) to Baht 15,010,400,000 (divided into 1,501,400,000 shares at Baht 10 par value). The new shares were issued at Baht 66.50 per share, resulting in an increase in share premium of Baht 237,887,600

In year 2008, holders of 258,000 warrants under the Company's Employee Stock Ownership Plan exercised their rights to purchase 258,000 ordinary shares in the Company at the exercise price of Baht 66.50 per share. The Company registered the increase in the paid-up share capital of Baht 2,580,000 (divided into 258,000 shares at Baht 10 par value) with the Ministry of Commerce, increasing the issued and paid-up share capital from Baht 14,965,716,000 (divided into 1,496,571,600 shares at Baht 10 par value) to Baht 14,968,296,000 (divided into 1,496,829,600 shares at Baht 10 par value). The new shares were issued at Baht 66.50 per share, resulting in an increase in share premium of Baht 14,577,000.

As at 31 December 2009, there were 18.08 million units of unexercised warrants, which will expire on 28 September 2011.

## 19 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.

### Currency translation changes

The currency translation changes recognised in equity relate to:

- (a) foreign exchange differences arising from translation of the financial statements of foreign operations to Thai Baht;
- (b) foreign exchange differences arising on translation of monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

### Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, 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.

## 20 Segment information

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest or dividend-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

### Business segments

The Group comprises the following main business segments:

Segment 1	Olefins / Shared Facilities
Segment 2	Polymers
Segment 3	EO-Based Performance
Segment 4	Oleochemicals
Segment 5	Services & Others
Segment 6	International Business

## Business segment results

	Unit : million Baht											
	Segment 1		Segment 2		Segment 3		Segment 4		Segment 5		Segment 6	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue	50,095	55,227	21,300	24,550	11,293	12,190	9,115	4,759	4,209	3,025	12,915	1,000
Interest income	490	1,618	133	23	7	33	2	8	1,420	11	13	1
Other income	582	532	401	178	54	115	125	76	579	10	133	27
Unallocated revenue	975	4,798	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>52,142</b>	<b>62,175</b>	<b>21,834</b>	<b>24,751</b>	<b>11,354</b>	<b>12,338</b>	<b>9,242</b>	<b>4,843</b>	<b>6,208</b>	<b>3,046</b>	<b>13,061</b>	<b>1,028</b>
Cost of sales	41,674	45,560	17,491	20,069	9,922	8,417	9,288	5,165	2,587	1,587	11,182	1,007
Selling and administrative Expenses	2,270	2,533	538	572	351	107	302	77	299	220	1,869	266
Other expenses	152	601	5	178	-	65	-	158	(2)	-	16	-
<b>Total expenses</b>	<b>44,096</b>	<b>48,694</b>	<b>18,034</b>	<b>20,819</b>	<b>10,273</b>	<b>8,589</b>	<b>9,590</b>	<b>5,400</b>	<b>2,884</b>	<b>1,807</b>	<b>13,067</b>	<b>1,273</b>
											<b>(22,585)</b>	<b>(17,328)</b>
<b>Profit (loss) before interest and income tax expenses</b>	<b>8,046</b>	<b>13,481</b>	<b>3,800</b>	<b>3,932</b>	<b>1,081</b>	<b>3,749</b>	<b>(348)</b>	<b>(557)</b>	<b>3,324</b>	<b>1,239</b>	<b>(6)</b>	<b>(245)</b>
Finance costs	1,278	1,208	174	143	20	23	398	271	866	55	97	11
Income tax expense	1,588	2,194	187	24	2	(1)	1	(4)	554	150	12	(87)
<b>Net profit (loss) for the year</b>	<b>5,180</b>	<b>10,079</b>	<b>3,439</b>	<b>3,765</b>	<b>1,059</b>	<b>3,727</b>	<b>(747)</b>	<b>(824)</b>	<b>1,904</b>	<b>1,034</b>	<b>(115)</b>	<b>(169)</b>
											<b>(3,440)</b>	<b>(5,412)</b>
											<b>7,280</b>	<b>12,200</b>

## Business segment financial position

	Segment 1		Segment 2		Segment 3		Segment 4		Segment 5		Segment 6		Eliminations		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Cash and cash equivalent	6,309	12,610	2,294	5,956	367	273	394	445	548	593	1,138	1,298	-	-	11,050	21,175
Trade accounts receivable and notes receivable	5,892	2,295	1,605	1,505	1,850	853	690	360	502	373	1,954	2,006	[2,825]	[1,148]	9,668	6,244
Other accounts receivable	106	173	733	27	13	11	5	6	42	-	-	-	[150]	[184]	749	33
Inventories	3,964	2,700	1,256	1,255	367	299	834	831	55	39	2,062	2,135	-	302	8,538	7,561
Short-term loans to related parties	11,277	7,995	-	-	-	-	-	-	-	-	-	-	[11,277]	[7,995]	-	-
Current portion of long-term loans to related party	3,313	-	-	-	-	-	-	-	-	-	-	-	[3,313]	-	-	-
Value-added tax receivable	355	179	276	42	362	-	170	-	-	-	-	-	[26]	-	1,137	221
Other current assets	686	785	215	513	161	312	38	194	72	413	159	217	[58]	[1,010]	1,273	1,424
Investments in jointly-controlled entity	47,080	42,113	-	-	-	-	-	-	-	-	-	-	[38,710]	[34,113]	8,370	8,000
Other long-term investment	290	235	-	55	-	-	-	-	2	2	33	28	[2]	[2]	323	318
Long term loan to related parties	26,027	21,678	-	-	-	-	-	-	-	-	-	-	[26,027]	[21,678]	-	-
Property, plant and equipment	59,053	34,466	26,245	40,887	11,143	11,319	7,248	7,398	4,164	4,201	3,212	3,031	(1)	[1,155]	111,064	100,147
Intangible assets	622	174	2,068	2,031	188	43	112	80	115	129	471	569	2,943	2,586	6,519	5,612
Deferred tax assets	3	105	-	27	21	17	5	5	1	-	102	44	-	-	132	198
Other non-current assets	328	156	325	312	750	827	12	12	18	1	107	79	[112]	[2]	1,428	1,385
<b>Total assets</b>	<b>165,305</b>	<b>125,664</b>	<b>35,017</b>	<b>52,610</b>	<b>15,222</b>	<b>13,954</b>	<b>9,508</b>	<b>9,331</b>	<b>5,519</b>	<b>5,751</b>	<b>9,238</b>	<b>9,407</b>	<b>[79,558]</b>	<b>[64,399]</b>	<b>160,251</b>	<b>152,318</b>



## 21 Selling expenses

	Unit : million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Distribution	1,103	154	6	2
Promotional	23	14	7	8
Marketing	4	4	4	3
Personnel	265	-	-	-
Others	60	-	-	-
<b>Total</b>	<b>1,455</b>	<b>172</b>	<b>17</b>	<b>13</b>

## 22 Administrative expenses

	Unit : million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Personnel	1,530	1,185	937	853
Administrative	1,145	1,537	1,073	1,623
Depreciation and amortisation	436	262	307	208
Loss on disposal of fixed assets	156	62	154	27
<b>Total</b>	<b>3,267</b>	<b>3,046</b>	<b>2,471</b>	<b>2,711</b>

## 23 Employee benefit expenses

	Unit : million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
<b>Management</b>				
Wages and salaries	187	163	95	124
Contribution to defined contribution plans	3	3	3	3
	<b>190</b>	<b>166</b>	<b>98</b>	<b>127</b>
<b>Other employees</b>				
Wages and salaries	3,177	2,648	1,688	1,771
Contribution to defined contribution plans	146	119	84	80
Others	56	20	-	-
	<b>3,379</b>	<b>2,787</b>	<b>1,772</b>	<b>1,851</b>
<b>Total</b>	<b>3,586</b>	<b>2,944</b>	<b>1,870</b>	<b>1,978</b>

The defined contribution plans comprise provident funds established by the Group in Thailand for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at the minimum rate as required by law not exceeding 10% of their basic salaries and the Group contributes at the minimum rate as required by law not exceeding 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.



## 24 Finance costs

Unit : million Baht					
	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Interest paid and payable to financial institutions		2,260	1,392	2,078	1,264
Capitalised as cost of assets under construction	12	(1)	(14)	-	-
<b>Net</b>		<b>2,259</b>	<b>1,378</b>	<b>2,078</b>	<b>1,264</b>

## 25 Income tax expense

Unit : million Baht					
		Consolidated financial statements		Separate financial statements	
	Note	2009	2008	2009	2008
<b>Current tax expense</b>					
Current year		2,151	2,359	1,723	2,236
Under / (over) provided in prior years		(30)	58	(9)	63
		2,121	2,417	1,714	2,299
<b>Deferred tax expense</b>					
Movements in temporary differences	14	208	(98)	182	(105)
<b>Total</b>		<b>2,329</b>	<b>2,319</b>	<b>1,896</b>	<b>2,194</b>

### Reconciliation of effective tax rate

	Consolidated financial statements			
	2009		2008	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense		9,609		14,520
Income tax using the Thai corporation tax rate	30.00	2,883	30.00	4,356
Income tax reduction	(0.14)	(14)	(0.09)	(13)
Effect of different tax rates in foreign jurisdictions	-	-	(0.01)	(1)
Income not subject to tax	(8.11)	(779)	(16.98)	(2,466)
Expenses not deductible for tax purposes	2.49	239	3.05	443
<b>Total</b>	<b>24.24</b>	<b>2,329</b>	<b>15.97</b>	<b>2,319</b>

### Reconciliation of effective tax rate

	Separate financial statements			
	2009		2008	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense		11,018		16,614
Income tax using the Thai corporation tax rate	30.00	3,305	30.00	4,984
Income tax reduction	(0.13)	(14)	(0.08)	(13)
Income not subject to tax	(13.35)	(1,471)	(18.57)	(3,086)
Expenses not deductible for tax purposes	0.69	76	1.86	309
<b>Total</b>	<b>17.21</b>	<b>1,896</b>	<b>13.21</b>	<b>2,194</b>

### Income tax reduction

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the five consecutive accounting periods beginning on or after enactment. Listed companies that received income tax reduction under this Royal Decree are also eligible to continue the period of tax reduction under Royal Decree No. 475 but not beyond the 2010 accounting period ending on or after 31 December 2010. The Company has, accordingly, calculated income tax on its taxable profit for the years ended 31 December 2009 and 2008 at the corporate income tax rate as specified in the Royal Decree.

## 26 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Group/Company has been granted privileges by the Board of Investment relating to production and distribution of petrochemical product, Polyethylene plastic resin, utilities and production support facilities such as jetty and buffer tank farm services for liquid chemical and marine transportation services. The privileges granted include:

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations; and
- (c) a 50% reduction in the normal income tax rate on the net profit derived from certain 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 terms and conditions prescribed in the promotional certificates.

Summary of revenues from promoted and non-promoted businesses:

						Unit : million Baht
Consolidated financial statements						
2009			2008			
Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total	
Export sales	3,808	13,398	3,984	1	3,985	
Local sales	36,787	50,525	39,598	54,199	93,797	
Service income		4,409			2,969	
Eliminations		(22,898)			(16,634)	
<b>Total Revenues</b>		<b>86,029</b>			<b>84,117</b>	

						Unit : million Baht
Separate financial statements						
2009			2008			
Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total	
Export sales	380	380	-	-	-	
Local sales	18,540	41,011	24,970	43,046	68,016	
Service income	94	239	-	303	303	
<b>Total Revenues</b>	<b>19,014</b>	<b>41,250</b>	<b>24,970</b>	<b>43,349</b>	<b>68,319</b>	

## 27 Earnings per share

### Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2009 and 2008 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Unit : million Baht/million shares			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Profit for the year attributable to equity holders of the Company (basic)</b>	<b>6,802</b>	<b>11,739</b>	<b>9,122</b>	<b>14,420</b>
Number of ordinary shares outstanding at 1 January	1,496.7	1,496.6	1,496.7	1,496.6
Effect of shares issued during the year	4.3	0.1	4.3	0.1
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b>1,501.0</b>	<b>1,496.7</b>	<b>1,501.0</b>	<b>1,496.7</b>
<b>Earnings per share (basic) (in Baht)</b>	<b>4.54</b>	<b>7.84</b>	<b>6.09</b>	<b>9.63</b>

### Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2009 and 2008 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

	Unit : million Baht/million shares			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Profit for the year attributable to equity holders of the Company (diluted)</b>	<b>6,802</b>	<b>11,739</b>	<b>9,122</b>	<b>14,420</b>
Weighted average number of ordinary shares outstanding (basic)	1,501.0	1,496.7	1,501.0	1,496.7
Effect of shares options on issue	-	-	-	-
<b>Weighted average number of ordinary shares outstanding (diluted)</b>	<b>1,501.0</b>	<b>1,496.7</b>	<b>1,501.0</b>	<b>1,496.7</b>
<b>Earnings per share (diluted) (in Baht)</b>	<b>4.54</b>	<b>7.84</b>	<b>6.09</b>	<b>9.63</b>

## 28 Dividends

At the Board of Directors meeting held on 21 August 2009, the Board approved the appropriation of interim dividends of Baht 0.6 per share, amounting to Baht 898 million, from the net profit for the six-month period ended 30 June 2009. The dividend was paid to shareholders on 17 September 2009.

At the annual general meeting of the shareholders of the Company held on 8 April 2009, the shareholders approved the appropriation of dividends of Baht 4 per share, amounting to Baht 5,937 million, from the net profit of 2008 after deducting the interim dividends of Baht 3 per share, amounting to Baht 4,490 million, paid to shareholders during 2008, from the net profit for the six-month period ended 30 June 2008. The balance of dividend, amounting to Baht 1,497 million, was paid to shareholders during 2009.

At the Board of Directors meeting held on 22 August 2008, the Board approved the appropriation of interim dividends of Baht 3 per share, amounting to Baht 4,490 million, from the net profit for the six-month period ended 30 June 2008. The dividend was paid to shareholders on 19 September 2008.

At the annual general meeting of the shareholders of the Company held on 10 April 2008, the shareholders approved the appropriation of dividends of Baht 6 per share, amounting to Baht 8,966 million, from the net profit of 2007 after deducting the interim dividends of Baht 2 per share, amounting to Baht 2,980 million, paid to shareholders during 2007 from the net profit for the six-month period ended 30 June 2007. The balance of dividend, amounting to Baht 5,986 million, was paid to shareholders during 2008.

## 29 Financial instruments

### Financial risk management policies

The Group/Company 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/Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group/Company. The Group/Company continually has a system of risk management process to create an acceptable and appropriate balance of risk.

### Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's/Company's operations and its cash flows because the Group's/Company's finances loans which have both floating and fixed interest rates, for their operations. The Group/Company mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

The effective interest rates of loans receivable as at 31 December and the periods in which the loans receivable mature or re-price were as follows:

		Separate financial statements			
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
<b>2009</b>					
<b>Current</b>					
Loans receivable – Related parties	Average cost of fund	14,590	-	-	14,590
<b>Non-current</b>					
Loans receivable – Related parties	Average cost of fund	-	25,116	911	26,027
<b>Total</b>		<b>14,590</b>	<b>25,116</b>	<b>911</b>	<b>40,617</b>
<b>2008</b>					
<b>Current</b>					
Loans receivable – Related parties	Average cost of fund	7,995	-	-	7,995
<b>Non-current</b>					
Loans receivable – Related parties	Average cost of fund	-	20,835	843	21,678
<b>Total</b>		<b>7,995</b>	<b>20,835</b>	<b>843</b>	<b>29,673</b>

The effective interest rates of interest-bearing liabilities at 31 December 2009 and 2008 and the periods in which those liabilities mature or re-price were disclosed in note 15.

### Foreign currency risk

The Group/Company is exposed to foreign currency risk relating to purchases and sales, including borrowings which are denominated in foreign currencies. The Group/Company primarily utilizes forward exchange contracts to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the balance sheet date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

In addition, the Group and the Company uses derivative financial instruments, principally interest rate and currency swaps, to manage exposure to fluctuations in interest rates and in exchange rates on specific debt securities and borrowings.

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

Assets and liabilities denominated in the following currencies:

				Unit : million Baht	
		Consolidated financial statements		Separate financial statements	
	Note	2009	2008	2009	2008
<b>USD</b>					
Cash and cash equivalents	6	151	267	-	2
Trade accounts receivable	7	1,591	1,300	171	
Advance payment		-	290	-	290
Interest-bearing liabilities	15	(10,194)	(10,746)	(10,019)	(10,480)
Trade accounts payable	16	(630)	(50)	(207)	-
Payable to contractors		(185)	(1,058)	-	-
Other payable		(145)	(267)	(68)	(248)
<b>Gross balance sheet exposure</b>		<b>(9,412)</b>	<b>(10,264)</b>	<b>(10,123)</b>	<b>(10,436)</b>
Currency swaps		215	63	215	63
Currency forwards		(259)	5	-	-
<b>Net exposure</b>		<b>(9,456)</b>	<b>(10,196)</b>	<b>(9,908)</b>	<b>(10,373)</b>
<b>EUR</b>					
Cash and cash equivalents	6	404	512	-	-
Trade accounts receivable	7	628	649	-	-
Advance payment		156	384	151	384
Interest-bearing liabilities	15	(203)	(1,583)	-	-
Trade accounts payable	16	(413)	(71)	(35)	-
Other payable		(40)	(123)	(10)	(85)
<b>Gross balance sheet exposure</b>		<b>532</b>	<b>(232)</b>	<b>106</b>	<b>299</b>
Currency swaps		-	1	-	-
Currency forwards		(3)	-	-	-
<b>Net exposure</b>		<b>529</b>	<b>(231)</b>	<b>106</b>	<b>299</b>
<b>SGD</b>					
Cash and cash equivalents	6	23	3	-	-
Other investments	11	290	290	290	290
Payable to contractors		-	(10)	-	-
Other payable		-	(17)	-	(7)
<b>Gross balance sheet exposure</b>		<b>313</b>	<b>266</b>	<b>290</b>	<b>283</b>
Currency swaps		-	-	-	-
Currency forwards		-	-	-	-
<b>Net exposure</b>		<b>313</b>	<b>266</b>	<b>290</b>	<b>283</b>

Unit : million Baht					
		Consolidated financial statements		Separate financial statements	
	Note	2009	2008	2009	2008
<b>JPY</b>					
Cash and cash equivalents	6	38	17	-	-
Trade accounts receivable	7	185	234	-	-
Advance payment		4	439	4	439
Interest-bearing liabilities	15	-	(38)	-	-
Trade accounts payable	16	(18)	(97)	-	-
Other payable		(8)	(191)	(8)	(191)
<b>Gross balance sheet exposure</b>		<b>201</b>	<b>364</b>	<b>(4)</b>	<b>248</b>
Currency swaps		-	-	-	-
Currency forwards		-	-	-	-
<b>Net exposure</b>		<b>201</b>	<b>364</b>	<b>(4)</b>	<b>248</b>
<b>MYR</b>					
Cash and cash equivalents	6	283	367	-	-
Trade accounts receivable	7	138	120	-	-
Interest-bearing liabilities	15	(156)	(311)	-	-
Trade accounts payable	16	(430)	(68)	-	-
<b>Gross balance sheet exposure</b>		<b>(165)</b>	<b>(108)</b>	<b>-</b>	<b>-</b>
Currency swaps		-	-	-	-
Currency forwards		-	-	-	-
<b>Net exposure</b>		<b>(165)</b>	<b>(108)</b>	<b>-</b>	<b>-</b>
<b>Others</b>					
Cash and cash equivalents	6	93	43	-	-
Trade accounts receivable	7	89	79	-	-
Other investments	11	33	29	-	-
Interest-bearing liabilities	15	(4)	(11)	-	-
Trade accounts payable	16	(39)	(2)	-	-
Other payable		-	(1)	-	(1)
<b>Gross balance sheet exposure</b>		<b>172</b>	<b>137</b>	<b>-</b>	<b>(1)</b>
Currency swaps		-	-	-	-
Currency forwards		-	-	-	-
<b>Net exposure</b>		<b>172</b>	<b>137</b>	<b>-</b>	<b>(1)</b>

### Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group/Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. However, the majority of the customers are on the long-term contracted commitment and parts of them are the Company's shareholders which the company has consistently collected from them. For the customers who do not have the long-term contracted commitments, the Group monitors the risk on an ongoing basis and would do the business only with the credible customers by limiting the credit lines and requesting the guarantee on some cases. For the export, the credit of counterparty will be considered and will demand a payment on a case to case basis. Management does not anticipate material losses from its debt collection.

### Liquidity risk

The Group/Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's/Company's operations and to mitigate the effects of fluctuations in cash flows.

### Determination of Fair values

A number of the Group's/Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. 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. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of trade and other short-term receivables is taken to approximate the carrying value.

The fair value of investments in equity securities, which are held for held-to-maturity, is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The fair value of forward exchange contracts is based on their listed market price of forward rate for the residual maturity of the contract.

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.

Fair values of debentures, together with the carrying values shown in the balance sheets at 31 December were as follows:

	Unit : million Baht			
	Consolidated financial statements		Separate financial statements	
	Fair value	Carrying value	Fair value	Carrying value
<b>2009</b>				
<b>Current</b>				
Debentures	400	400	400	400
<b>Non-current</b>				
Debentures	31,108	30,399	31,108	30,399
<b>Total</b>	<b>31,508</b>	<b>30,799</b>	<b>31,508</b>	<b>30,799</b>
<b>2008</b>				
<b>Current</b>				
Debentures	400	400	400	400
<b>Non-current</b>				
Debentures	26,457	28,257	26,457	28,257
<b>Total</b>	<b>26,857</b>	<b>28,657</b>	<b>26,857</b>	<b>28,657</b>

## 30 Commitments with non-related parties

	Unit : million Baht			
	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
<b>Capital commitments</b>				
<i>Contracted but not provided for</i>				
Land	-	21	-	-
Plant, machinery and equipment	2,595	13,346	1,560	5,750
Buildings	22	199	18	6
Other	-	28	-	-
<b>Total</b>	<b>2,617</b>	<b>13,594</b>	<b>1,578</b>	<b>5,756</b>
<b>Non-cancellable operating lease commitments</b>				
Within one year	150	598	-	-
After one year but within five years	289	361	-	-
After five years	27	100	-	-
<b>Total</b>	<b>466</b>	<b>1,059</b>	<b>-</b>	<b>-</b>
<b>Other commitments</b>				
Unused letters of credits	307	482	293	467
Bank guarantees	530	204	140	157
Other agreements	736	72	17	73
<b>Total</b>	<b>1,573</b>	<b>758</b>	<b>450</b>	<b>697</b>

## 31 Others

On 29 September 2009, following the petition no. 586/2009 (Map Ta Phut case), the Central Administrative Court ordered Government authorities as defendants to temporarily suspend 76 projects, which have not fully complied with the Section 67 chapter II of the Constitution of the Kingdom of Thailand, in Map Ta Phut Industrial Estate and vicinity areas as attached no. 7 in the petition. Subsequently, on 2 December 2009, the Supreme Administrative Court ordered, following the petition no. 592/2009, to confirm the order of the Central Administrative Court except for 11 projects. Of these 11 projects, 1 project, which is part of the 8 temporarily suspended projects of the Group, was allowed to resume its operations. Therefore, 7 projects of the Group have been temporarily suspended for which the Group had already invested a total of Baht 9,794 million as at 31 December 2009.

On 22 January 2010, the Central Administrative Court ordered the temporarily suspended 65 projects, following the undecided case no. 908/2009, to coordinate with the relevant authorities to jointly consider whether the projects have complied with the conditions as ordered in the writ to continue their operations.

The Company and companies in the Group are coordinating with the relevant authorities to acknowledge the detail of projects either temporarily suspended by order of the Court or to be allowed to resume operations as a corrected order or damage of the Court, including the consideration of provision of the guidance to minimize the damage or impact on the interests such as the contractors, borrowers and the safety of the plant and etc.



## 32 Thai Accounting Standards (TAS) not yet adopted

The Group/Company has not adopted the following new and revised TAS that have been issued as of the reporting date but are not yet effective. The new and revised TAS are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated.

TAS	Topic	Year effective
TAS 24 (revised 2009)	Related Party Disclosures (formerly TAS 47)	2011
TAS 40 (revised 2009)	Investment Property	2011

Management is presently considering the potential impact of adopting and initial application of these new and revised TAS on the consolidated and separate financial statements.

## 33 Reclassification of accounts

Certain accounts in the 2008 financial statements have been reclassified to conform to the presentation in the 2009 financial statements as follows:

	2008					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
<b>Balance sheet</b>						
Inventories	7,647	(86)	7,561	-	-	-
Investments in subsidiaries, jointly-controlled entity and associates	8,000	(8,000)	-	42,113	(42,113)	-
Investments in subsidiaries	-	-	-	-	33,753	33,753
Investments in jointly-controlled entity	-	-	-	-	210	210
Investments in associates	-	8,000	8,000	-	8,150	8,150
Property, plant and equipment	100,061	86	100,147	-	-	-
Other non-current liabilities	988	(19)	969	-	-	-
Value-added tax receivable	-	221	221	-	221	221
Other current assets	1,644	(221)	1,423	1,189	(221)	968
Other accounts payable	-	999	999	-	992	992
Retention payables	-	312	312	-	159	159
Other current liabilities	2,947	(1,292)	1,655	1,678	(1,151)	527
		-			-	
<b>Statement of income</b>						
Revenue from sale of goods and rendering of services	84,117	(84,117)	-	68,319	(68,319)	-
Revenue from sale of goods	-	81,960	81,960	-	68,016	68,016
Revenue from rendering of services	-	2,157	2,157	-	303	303
Cost of sale of goods and rendering of services	64,222	(64,222)	-	53,704	(53,704)	-
Cost of sale of goods	-	62,535	62,535	-	53,604	53,604
Cost of rendering of services	-	1,671	1,671	-	84	84
Selling and administrative expenses	3,276	(3,276)	-	2,762	(2,762)	-
Selling expense	-	172	172	-	13	13
Administrative expenses	-	3,046	3,046	-	2,710	2,710
Directors' remuneration	92	(92)	-	72	(72)	-
Management benefit expenses	-	166	166	-	127	127
		-			-	

The reclassifications have been made to comply with the classification set out in the Pronouncement of the Department of Business Development Re: Determination of items in the financial statements B.E. 2552 dated 30 January 2009.

## 34 Events after the reporting period

At the Board of Directors' meeting held on 19 February 2010, the Board approved to submit for approval at the Annual General Meeting of the Shareholders, a full year 2009 dividend payment at the rate of Baht 2.0 per share, of which Baht 0.60 per share was paid as an interim dividend on 21 August 2009 as discussed in note 28. Thus, the remaining dividend will be at the rate of Baht 1.40 per share to the shareholders entitled to receive dividends, totalling approximately Baht 2,102 million. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 7 April 2010.

# Audit Fee

## Audit Fee

- PTT Chemical Plc. and its subsidiaries paid a total of Baht 7.39 million in audit fee to the external auditor's office.

## Other fees

- None

# Technical Terms & Abbreviations

## Chemical Products

EG	Ethylene Glycol
EO	Ethylene Oxide
EVA	Ethylene Vinyl Acetate
FA	Fatty Alcohols
HDPE	High Density Polyethylene
LDPE	Low Density Polyethylene
LLDPE	Linear Low Density Polyethylene
LPG	Liquefied Petroleum Gas
ME	Methyl Ester
MEG	Mono Ethylene Glycol
NGL	Natural Gasoline
PC	Polycarbonate
PE	Polyethylene
PET	Poly Ethylene Terephthalate
PP	Polypropylene
PS	Polystyrene
PTA	Purified Terephthalic Acid
PVC	Poly Vinyl Chloride
PYGAS	Pyrolysis Gasoline
VCM	Vinyl Chloride Monomer

## Base Chemicals / Commodity Chemicals

The commodity chemical products serve as a large supplier at a competitive price. Commodity chemicals are a starting material for all significant intermediates such as Ethylene, Propylene, Polyethylene Resins, Polypropylene Resins and PVC Resins.

## Polymers

A Polymer is a large molecule composed of repeating structural units connected by bonds, synthetically called Plastic.

## Performance Chemicals / Specialty Chemicals

The performance chemicals value center supplies specific products and solutions for a range of customer industries with highly-effective technology, including Fatty Alcohol Ethoxylates.

## Oleochemicals

Oleochemicals are chemicals derived from plant and animal fats such as Fatty Alcohol, Methyl Ester and Glycerin.





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