



OPERATIONAL EXCELLENCE



**EFFICIENT ASSET
UTILIZATION AND
MAINTENANCE**



**ENSURE SAFE
PRODUCTION**



**ENVIRONMENTAL
CONSERVATION**



THAI OIL PUBLIC COMPANY LIMITED
ANNUAL REPORT 2012



VISION

A leading fully integrated
refining and petrochemical
company in Asia Pacific



MISSION

>> To be in top quartile on performance
and return on investment

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

>> To emphasize good Corporate Governance
and commit to Corporate Social Responsibility

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BOARD OF DIRECTORS'
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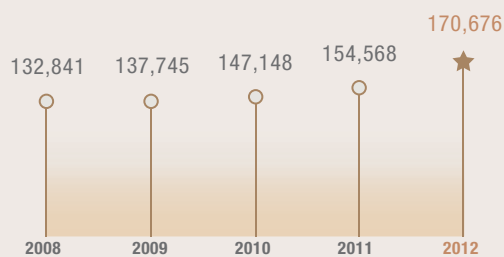
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FINANCIAL
STATEMENTS

FINANCIAL HIGHLIGHTS

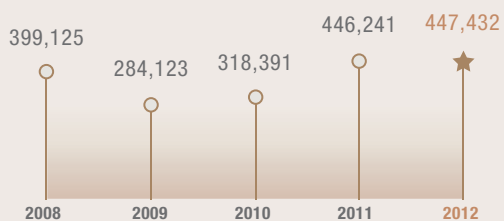
TOTAL ASSETS

Million Baht



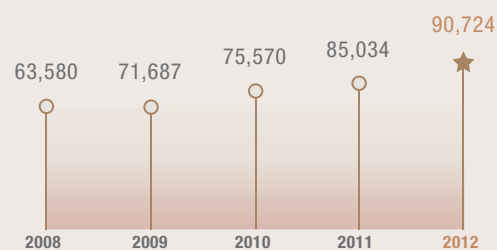
SALES REVENUE

Million Baht



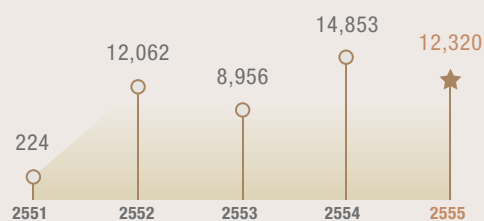
SHAREHOLDERS' EQUITY-NET

Million Baht



NET PROFIT

Million Baht



		2012	2011 ⁽¹⁾	2010 ⁽²⁾	2009	2008
OPERATING						
Sales revenue	Million Baht	447,432	446,241	318,391	284,123	399,125
EBITDA	"	20,350	28,760	17,381	21,393	7,949
Net profit	"	12,320	14,853	8,956	12,062	224
Earnings per share	Baht/Share	6.04	7.28	4.39	5.91	0.11
FINANCIAL						
Total assests	Million Baht	170,676	154,568	147,148	137,745	132,841
Total liabilities	"	79,952	69,534	71,578	66,058	69,261
Shareholders' equity-net	"	90,724	85,034	75,570	71,687	63,580
FINANCIAL RATIOS						
Invest coverage ratio	Times	8.7	13.5	9.7	10.1	3.8
Liquidity ratio	"	2.9	3.1	2.7	2.7	1.8
Net debt to equity ratio	"	0.2	0.3	0.4	0.5	0.7
Return on equity	Percent	14.0	18.5	12.2	17.8	0.3
Return on assets	"	7.6	9.8	6.3	8.9	0.2
STOCK DATA						
Closing price at the end						
of review period	Baht/Share	67.50	58.50	78.25	42.75	23.40
Market capitalization	Million Baht	137,702	119,342	159,632	87,211	47,737
Dividend payment	Baht/Share	2.70 ⁽³⁾	3.30	2.00	2.55	2.75
Dividend yield	Percent	4.0	5.6	2.6	6.0	11.8
Book value	Baht/Share	44.47	41.68	37.04	35.14	31.17

Notes:

(1) The statement of financial position as at December 31, 2012 have been reclassified to conform to the presentation in the 2012 financial statements

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

(3) Including the interim dividend for 2012 half-year results at the rate of Baht 0.50 per share which was paid on September 21, 2012, and the remaining dividend 2.20 Baht per share is to be proposed to the 2013 Annual General Meeting of Shareholders' approval

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

MESSAGE FROM THE BOARD OF DIRECTORS



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

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

The year 2012 was another in which the Board of Directors, the management, and employees of Thailoil Group can rightfully take pride. With the success attained in goal achievement and progress made in project and activity implementation, we have laid a firm foundation for future competitiveness and business expansion.

Despite the highly volatile domestic and global economic conditions during the year, which had repercussions through the energy industry, Thailoil Group still posted 12,320 million Baht in net profit. Such outstanding performance illustrates the group's robust capability and business competitiveness in a few aspects. First, the diversified business structure encompassing the petroleum, aromatics, lube base oil, and power generation industries sustains individual businesses' fluctuation. Second, the complexity of refining structures yields high-value products corresponding to market needs and allows for efficient energy consumption, thus keeping Thailoil's production costs in the first-quartile ranking. Thanks to these factors, Thailoil's business management approach finds excellent integration, ranging from the planning stage to the production control stage and the product distribution stage. Our skillful personnel, meanwhile, have leveraged their 50 years of experience to enable Thailoil to not only survive, but also make great strides amid challenging economic conditions with a highly satisfactory performance outcome.

Besides this performance, we have kept moving ahead with full commitment to project development and activity engagement to upgrade our capability while enhancing our competitiveness further. This we have done hand in hand with business growth to stay prepared for newer challenges and heated competition in future years—for both the industry's volatility and emerging, sizeable capacities in the market. The Board has endorsed Thailoil Group's business directions and long-term strategic plans, in addition to approving investment outlays for various projects, which will be continually

launched in the years ahead. The Board is convinced that our projects and plans are bound to enable Thailoil Group to achieve its goal of becoming a leading regional entity.

Along the path toward business goal achievement, Thailoil has maintained its stewardship of the environment and social duties. This we have done through projects and activities at the community level around the refinery and at the national level, out of the reach of public utilities—not to mention public services and the development and upgrading of good governance standards to ensure that all our stakeholders are treated transparently and fairly.

Our successes and various awards achieved through the year speak volumes for our management efficiency and our people's commitment to driving Thailoil toward sustainable business successes. We would like to take this opportunity to express our appreciation to the shareholders, investors, customers, business partners, financial institutions, government agencies, and other business-related entities for their excellent trust and support to our business all along. The Board, management, and employees pledge to do their best in managing and operating their businesses transparently, and adhere to good governance as well as social and environmental responsibility in an effort to enhance national energy security and ultimately make Thailoil Group a sustainable business entity.



OPERATIONAL EXCELLENCE

Constantly, Thailoil is committed to nurturing its business competitiveness while stressing refining safety and stewardship of the environment. We strive for regional excellence in the refining and petrochemical industries.

01 EFFICIENT ASSET UTILIZATION AND MAINTAINANCE

Based on accrued skills and experience, Thailoil takes proactive maintenance and refinery operation extremely seriously for the benefit of continuity of operation, marked by reliability, flexibility, and efficiency.



REFINERY UTILIZATION

101 %

This year sees refinery utilization averaging 101% of the nameplate capacity.



ZERO UNPLANNED SHUT DOWN

5

process
units

Among PTT Group, Thailoil's record of five refining process units with continuous operation is top-ranked.



ENERGY INTENSITY INDEX

2ND

quartile*

Thailoil's energy consumption currently lies in the second quartile among refinery leaders in efficiency.

* Based on a performance comparison with other Asia Pacific refineries in 2010 by Solomon



02 ENSURE SAFE PRODUCTION

One of the key goals for Thaipol all along is the safety of personnel, properties, and communities around the refinery, achievable through world-class standards and employees' safety attitude.



TOTAL REPORTABLE CASE FREQUENCY (TRCF)

0.81 case/
1 million manhour

Thaipol's injury-related TRCF of 0.81 ranks us in the 10th percentile among petroleum and petrochemical industries.



03 ENVIRONMENTAL CONSERVATION

Thaipol strives to be a leading organization that operates under an effective environmental management system, which derived from top management systems in line with international standards and practices for sustainable growth.

SET AWARDS 2012

BEST CORPORATE SOCIAL RESPONSIBILITY AWARDS

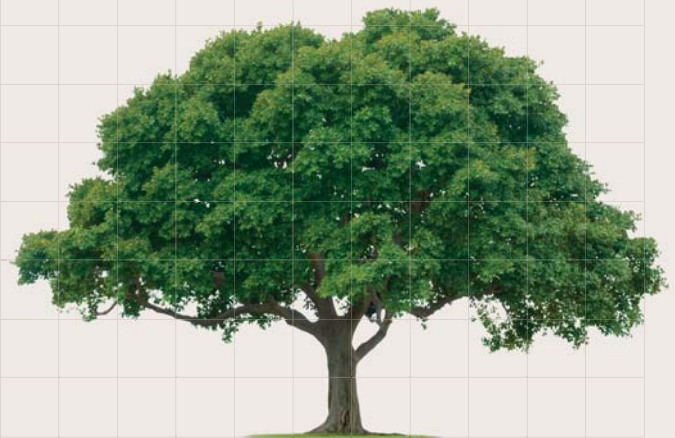
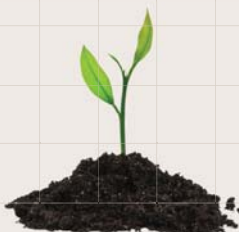
This award from the Stock Exchange of Thailand recognizes our outstanding CSR efforts among listed companies.

GLOBAL REPORTING INITIATIVE (GRI)

B Designed to spread information about economic, social, and environmental actions, Thaipol's sustainability report under GRI's approach was assessed for transparency at the B level in its first year.

AIM FOR DOW JONES SUSTAINABILITY INDEX

Thaipol strives for ranking in the 10th percentile worldwide, with decent assessment scores of business execution hand in hand with social and environmental work.



AUDIT COMMITTEE REPORT



Mr. Chaikasem Nitisiri

Chairman of the Audit Committee
Thai Oil Public Company Limited

To the Shareholders

Appointed by the Board of Directors, the Audit Committee consists of knowledgeable independent directors with considerable experience in accounting, finance, economics, law, and the petroleum, petrochemical, and energy businesses and qualified to review the credibility of financial statements against the requirements of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The present committee is led by Mr. Chaikasem Nitisiri, with Mr. Apisit Rujikeatkamjorn, Mr. Somchai Sujjapongse, and Mr. Tanawat Ampunant as members.

During the year, the committee held seven meetings, of

which one was held with the external auditor in the absence of the management to seek free views on key issues for the preparation of financial statements and disclosure of helpful information to their users. In addition, the committee acknowledged the accounting audit performance, audit remarks, as well as problems and obstacles encountered during such audit.

The committee independently undertook its Board-assigned duties under its own charter, which fully aligned with the requirements of SEC and SET, namely the review of financial statements, connected transactions, risk management, and internal controls; it also provided oversight to the internal audit, compliance, and appointment of the external auditor. Below are the essences of such reviews this year:

1. Financial Statements: The committee reviewed essential data of quarterly and annual financial statements jointly with the external auditor, senior management, and Internal Systems Audit Manager. Their interrogation about preparation of financial statements under the Thai Financial Reporting Standards was duly answered. The committee concluded that Thailoil commanded accurate, full financial statements that were credible, conformed to generally accepted accounting principles, and contained adequate, timely disclosure of information for investors and other users of the statements.

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

3. Risk Management: To ensure that Thailoil commanded an efficient, effective risk management system, the committee

reviewed this system and concluded that it had conformed to the plan. During the year, Thailoil consistently valued and evolved such a system by appointing the risk management committee at the Board level to devise a relevant framework and ensure that risk management compatible with effective business execution was practiced across Thailoil Group. The goal was to achieve effective practices compatible with the goals and strategic plans (both short-term and long-term) of Thailoil Group.

4. Internal Controls: The committee reviewed the adequacy and suitability of Thailoil Group's internal controls for 2012 to support Thailoil's objective and goal achievement, in addition to providing helpful recommendations for business improvement. It ensured continual monitoring of business process improvement as recommended in the audit report and the committee's comments by improving its internal controls in line with prevailing circumstances. The committee considered Thailoil's internal controls suitable for its business. In addition, in assessing the outcome of the internal control system affecting Thailoil's financial statements, the external auditor found no essential shortcoming in such statements.

5. Internal Audit Supervision: The committee ensured that Internal System Audit carried out its work independently by having the unit report directly to the committee. It also ensured that the Internal System Audit complied with international standards while commanding an effective audit system. To this end, the committee approved the year's internal audit plan, monitored plan implementation, and provided helpful recommendations for greater efficiency of the internal audit system.

6. Compliance with Securities and Exchange Laws, SET Requirements, and Relevant Laws: The committee reviewed and ensured strict compliance with these laws and relevant requirements. It concluded that the year had seen no violation of the law and relevant regulations.

7. Appointment of the External Auditor for 2013: In selecting its external auditor for 2013-2015, Thailoil underwent a bidding process together with PTT Group companies. The criteria included technical competencies and sensible compensation, as well as the external auditor's independence. The committee forwarded its opinion to the Board for the 2013 AGM shareholders' approval of KPMG Phoomchai Audit Ltd., represented by one of these gentlemen, as Thailoil's external auditor for 2013: Mr. Winid Silamongkol, CPA registration No. 3378, Mr. Charoen Phosamritlert, CPA registration No. 4068, or Mr. Vairoj Jindamaneepitak, CPA registration No. 3565.

The Audit Committee monitored operations in 2012 against its assigned scope of responsibility and concluded that Thai Oil Public Company Limited had prepared essential and reliable financial statements complete with adequate disclosure of connected transactions or transactions with potential conflicts of interest; that it commanded good corporate governance, suitable risk management, and a suitable internal control system for its own businesses; and that it had fully complied with all relevant legislation and regulations for the benefit of its excellence and sustainability.

December 19, 2012

On behalf of the Audit Committee



(Mr. Chaikasem Nitisiri)

Chairman of the Audit Committee
Thai Oil Public Company Limited

NOMINATION AND REMUNERATION COMMITTEE REPORT



Mr. Somchai Poolsavasdi

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

To the Shareholders

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

duties, and responsibility, apart from being able to devote adequate time to the fulfillment of the committee's duties.

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

The present Nomination and Remuneration Committee consists of

- | | |
|----------------------------|------------------------------------|
| 1. Mr. Somchai Poolsavasdi | Chairman
(Independent Director) |
| 2. Gen. Jiradej Mokkaasmit | Member
(Independent Director) |
| 3. Mr. Wisan Wuthisaksilp | Member
(Independent Director) |

Meetings and Performance in 2012

The committee performed all its duties spelled out in the charter and met 8 times, with perfect attendance, as shown on page 93.

A summary of these meetings appears below:

1. For the CEO, assessed his performance and decided his salary rise commensurate with his performance against the criteria of the job
2. Recruited and deliberated persons for the Board's consideration before tabling their names to the shareholders' meeting for approval to replace directors that completed their terms in 2012

3. Based the Board's compensation for the year 2012 on criteria suitable for their responsibility and linked the compensation to Thairoil's overall performance against listed companies of the same business group, as well as Thairoil's dividend payment
4. Recruited and nominated qualified persons to the Board for appointment in place of members who resigned before completing their terms
5. Recruited and nominated qualified persons both internally and externally to the Board for appointment as director and CEO to fill the vacancy
6. Recruited and nominated directors for seats on the Nomination and Remuneration Committee, Audit Committee, Corporate Governance Committee, and Risk Management Committee to the Board for consideration in the vacated posts
7. Encouraged Thairoil to allow minor shareholders to propose agenda items and nominate director candidates for election at least three months ahead of the shareholders' meeting from the period of October 1, 2012 – January 31, 2013 through Thairoil's website

January 23, 2013

On behalf of the Nomination and Remuneration Committee



(Mr. Somchai Poolsavasdi)

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

CORPORATE GOVERNANCE COMMITTEE REPORT



Pol. Gen. Adul Sangsingkeo

Chairman of the Corporate Governance Committee
Thai Oil Public Company Limited

To the Shareholders

The Board of Directors has appointed the Corporate Governance Committee, consisting of three knowledgeable, independent directors, led by Pol. Gen. Adul Sangsingkeo, with Gen. Trisak Indararusmi, and Mr. Thosaporn Sirisumphand as members.

The committee plays several key roles in supporting the Board's duties. It not only defines the policy and guidelines for corporate governance to enable Thail's businesses to proceed under corporate governance and internationally accepted ethical standards, but also monitors business to

ensure adherence to such policy and guidelines. It promotes and encourages dissemination and cultivation of values for compliance with corporate governance among all employees to ensure achievement of corporate culture of commitment to fair treatment of stakeholders and exercise of full caliber in Thail's interests with integrity, transparency, and accountability.

This year the committee held three meetings and fully performed its duties specified in its charter by endorsing key activities and plans, as summarized below:

1. Approved the year's corporate governance development plan to ensure business alignment with corporate governance principles, developed corporate governance practices on a par with international standards to bolster confidence among shareholders and all stakeholders, and cultivated values for strict compliance with business ethics.
2. Endorsed modification of the policy, regulations, and guidelines for corporate governance by basing it on the recommendations of the Thai Institute of Directors (IOD) following survey outcomes of compliance with corporate governance principles by listed companies in 2011. These included more opportunities for shareholders to propose agenda items and nominate qualified persons for director election by reducing their required shareholding from a minimum of 5% to 1%, as well as term determination for independent directors.
3. Endorsed Thail's application to the United Nations Global Compact (UNGC), which will enable it to apply the ten principles of the UNGC—universally accepted for the promotion of good governance for human rights, labor, environment, and anti-corruption—to its business.

In 2012, Thailoil carried out assorted, planned activities and projects with the blessings of the committee to heighten its corporate governance standards by encompassing all stakeholders of Thailoil's business, as summarized below:

Shareholders, Investors, and Analysts: Thailoil held refinery site visits for minor shareholders and analysts to promote their understanding of its business, held quarterly update meetings for analysts, and publicized video-recordings of performance briefings on its website to keep all stakeholders equally informed of its business performance.

Customers: Every year, Thailoil conducts a customer satisfaction survey to improve its service processes, regularly visits and joins planning sessions with customers, strictly honors product purchase/sale agreements, and delivers products of quality required by customers.

Business Partners: Thailoil improved its procedures for the appointment of a price contest panel and the procurement & hiring processes of Thailoil Group to ensure that all business partners are treated fairly, and held "Safety Day" together with its contractors to cultivate awareness and a safety culture among those related to Thailoil's business.

Creditors: Thailoil arranges for dedicated officers to communicate with creditors to ensure creditors of equal access to information, and communicates the corporate governance policy and establishes complaint channels with institutional creditors through letters or emails every year.

Employees: Thailoil includes corporate governance and business ethics principles as part of its employee orientations. It publicizes articles about corporate governance in internal bulletins to stress the principles and significance of corporate governance. By taking part in PTT Group CG Day 2012, Thailoil encouraged and reminded employees of the significance of corporate governance and commitment to business ethics in performing their duties.

Communities, Society, and Environment: For over five decades, Thailoil has constantly taken into account the safety of communities, society, environment, and quality of life of the people. This year it undertook assorted projects to nurture its relations with communities and society, encompassing public health, education, culture, and environment. Examples were the development of a Thailoil Group Health and Learning Center, scholarship awards, and activities and projects on energy and environmental conservation around the refinery and in remote areas without access to public utilities—including a project to farm and rehabilitate coral reefs at Si Chang Island, the Umphang Energy Town in Honor of His Majesty the King's Project in Tak Province, and a project to expand transmission lines from the Huay Poo Ling community hydropower plant in Mae Hong Son Province.

Government Agencies and Related Entities: Thailoil constantly assesses its compatibility with related legislation and sends questionnaires to constantly solicit comments from the public sector about Thailoil's business to identify needs and nurture relations with government agencies and related entities, while cultivating awareness of the responsibility for compliance among employees.

As a result of the clear goals and plans laid down by the Board of Directors, management, and Thailoil Group's employees to upgrade corporate governance standards and ethical practices—which reflect its constant commitment to improving corporate governance—Thailoil received the “excellent” recognition in corporate governance assessment conducted by the IOD for the fourth consecutive years. This year, the Company also received the 2012 Top Corporate Governance Report Awards and Best Corporate Social Responsibility Awards in SET Awards 2012, organized by the Stock Exchange of Thailand (SET). In addition, Thailoil was rated “outstanding” by the Thai Investors Association (TIA) for the quality of its 2012 Annual General Meeting of Shareholders.

The Corporate Governance Committee is convinced that the following crucial factors will support Thailoil's goal achievement of becoming a sustainable entity: commitment and unity of the Board, the management, and all employees to raise corporate governance standards; adherence to business ethics; and business responsibility to society and the environment.

December 18, 2012

On behalf of the Corporate Governance Committee



(Pol. Gen. Adul Sangsingkeo)

Chairman of the Corporate Governance Committee
Thai Oil Public Company Limited

RISK MANAGEMENT COMMITTEE REPORT



Mr. Apisak Tantivorawong

Chairman of the Risk Management Committee
Thai Oil Public Company Limited

To the Shareholders

The Board of Directors of Thai Oil Public Company Limited appointed the Risk Management Committee in support of its oversight of corporate risk management, which is a key tool to promote its goal achievement. The present committee consists of three directors who are competent and experienced in business, namely:

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

Performance in 2012

The committee defined and reviewed the corporate risk management framework, policy, and process as defined in its charter. It provided recommendations on the risk management approach that matched Thail's business direction, operation strategies, and plans, while supporting continuous development of risk management across the board in Thail on a par with international standards to forge corporate culture. This year the committee met six times, with the following essential actions:

1. Endorsed key corporate risks and provided recommendations on risk management
2. Endorsed Thail Group's revised risk management structure to align with changes and for greater efficiency and effective practices
3. Endorsed Business Continuity Management Project action plans
4. Supervised and monitored outcomes under the risk management framework of petroleum product and crude oil prices for the year, and endorsed framework expansion for price risk management
5. Endorsed risk management plans for key investment projects before seeking the Board's consideration, including the solution approach to Thail Ethanol's problem, the energy efficiency improvement project for Crude Distillation Unit-3 (CDU-3), and the LAB (Linear Alkyl Benzene) Project.
6. Provided recommendations to encourage development of corporate risk management for greater efficiency and effectiveness.

December 31, 2012

On behalf of the Risk Management Committee

(Mr. Apisak Tantivorawong)

Chairman of the Risk Management Committee
Thai Oil Public Company Limited

SUMMARY OF BUSINESS ACHIEVEMENTS IN 2012

REFINERY UTILIZATION

The group successfully
managed its refinery
utilization rate at

101%

higher rate than other refineries
in Thailand and the region



Operational
Excellence



Customer
Focus

Strong Performance Despite the Global Economic Oscillation

With an offensive management continuously from pre-2012, Thailoil Group had been sailing through a series of economic oscillation, including the Eurozone economic turmoil, which developed into a regional recession, in turn resulting in a contraction in major economies, including China and several key Asian countries. As a result, the world oil price had been under pressure from various directions and had become extremely volatile, and so were the spreads for aromatic products and lube base oil. Nevertheless, the domestic economic recovery after the historic Great Floods in late 2011 and public investments driven by government policies, such as extension of the diesel levy tax exemption period, LPG retail price control in transport and household sectors, and tax exemption under the first-car scheme policy—all these had positively maintained fuel consumption growth at 6% y-o-y.

The group successfully managed its refinery utilization rate at 101%, a higher rate than other refineries in Thailand and the region. This success stemmed from a combination of its operational excellence, strategic control, and customer focus philosophy with more than half a century of accrued

expertise and experience. The group successfully kept its accounting gross refinery margin (accounting GRM) and accounting gross integrated margin (accounting GIM) at USD 4.5 and USD 6.9 per bbl respectively. When combined with an operating expense of USD 1.5 per bbl, an outstanding rate among global peers, Thailoil Group posted a 2012 net profit of 12.320 billion Baht.

**Toward Production Operational Excellence,
Marked by Integrative Management Approach**

To optimize benefits, Thailoil Group continued its group integration work philosophy in order to optimize its synergy and operational network among the refining, aromatics, and lube oil business units. An additional value of roughly USD 0.39 per bbl or 1.2 billion Baht, known as margin improvement, was a result of this work philosophy of the group, mainly derived from unconventional crude refining, production efficiency, and quality products specifically accommodating customers, as well as the ability to maintain competitive production costs. The Operational Excellence Project focused on reliability, efficiency, and flexibility of the overall production system so that the group could best accommodate customers' needs, minimize planned shutdowns of refining units, and maintain excellent safety records.

**THAIOIL GROUP POSTED
A 2012 NET PROFIT OF**

12.320
billion Baht

Operating
Expense of

1.5
USD
per bbl

Employees were trained and fully adhered to safety (at the heart of its operation), witnessed by a TRCF (Total Reportable Case Frequency) performance rating within the top 10 percentile under the Petroleum and Petrochemical Business Group. Operational Excellence principles have been adopted not only by Thailoil Group, but also by PTT Group, which has provided synergy and integrative work forums among PTT Group companies, including business and pricing strategies.

Aggressive Marketing Strategies and Risk Management

Managing market strategies is Thailoil Group's foremost task. The group adopts a customer relationship management (CRM) to focus on customers and their needs, especially domestic ones. Its market strategies emphasize sales increase and customer satisfaction, as well as product development and innovations. This year, it continued to develop and introduce new products to the market and, at the same time, offered more product alternatives to specifically fit customers' needs. For example, MES (Mild Extract Solvate) and Warm Mixed Asphalt were alternative products of Thai Lube Base Plc., and Pentane 50/50 solvent and Solvent 1425 of TOP Solvent Co., Ltd., were also launched. At the year-end, Thailoil Group successfully increased its total domestic sales to 87% of its capacity.

TRCF

Total Reportable Case Frequency
Performance Rating within the Top

10 percentile

under the Petroleum and
Petrochemical Business Group

As a rule, the Risk Management Committee takes on an important role in managing risks by defining risk boundaries, defining the risk management structure, and approving the risk management policy to ensure the group's readiness and capabilities to encounter a dynamic environment. Oil price hedging and cross-currency swaps exemplify measures to reduce impacts on business operations caused by the volatile world oil price and currency exchange rates.

This year, the group adopted business continuity management (BCM) gap analysis and recommendation process to enhance its risk management system for assessing and developing appropriate measures, and to ensure zero business disruption and loss during any emergency.

Rewards of Continuous Conformance to Strategy-Focused Operations

As a strategy-focused organization, Thail Group continuously reviews its strategies and implementation in order to strive for its vision and maintain its leading position in the region as the top refinery and petrochemical-related refining operator. Additional equipment and machinery, together with modern technologies and efficient systems, are constantly invested in so as to cope with prevailing business environment, such as the implementation of the scenario planning system to analyze internal and external impacts, capability level to cope with changes from business, human resources, work system, and corporate culture. An integration of balanced scorecard, performance management and enterprise risk management has worked well for Thail and placed it as a flagship refinery for PTT Group.

This year, the group completed the construction of the Aromatics Value Addition Project under Thai Paraxylene's operation. The project was commercially commissioned in September, well ahead of schedule and under the budget, with a most impressive safety record. In the same period,

Thail Marine completed its business restructuring to better accommodate the strategy dealing with increasing marine transport services, including a joint venture with allies and establishment of a subsidiary in Singapore to better develop its oil and petrochemical tanker fleet, crew staff, and ship management to ably cope with fleet expansion. Thail Marine signed a contract with the TOP-NTL Shipping Trust fund in November to lease a very large crude carrier (VLCC) for Thail Group. Under a joint venture between Thail Marine and Marsun Company Limited, TOP Maritime Service Co., Ltd., was registered and won a contract in 2012 to provide 5 crew boats for Thail Marine to provide services for PTT Exploration and Production, Chevron Thailand, and Petronas.

To ensure effective integration of the decision-making process involving reviewing, screening, and decision-making with transparency and good governance, Thail Group has adopted Thail Group Investment Decision-Making Policy to support its decision-making with a focus on optimum profits, least investment risk exposure, and highest credibility to its shareholders and stakeholders.

Good Corporate Governance, Social Responsibility, and Stakeholder Management

Besides striving to become a high-performance organization, the group's top management continuously drives the organization toward good corporate governance, corporate social responsibility (CSR), and sustainable development. It kicked off the Global Reporting Initiative (GRI) in 2012, resulted in a B-level rating. Moreover, it was included in the World DJSI Enlarge Group, ranked by Dow Jones Sustainability Index. It also aims to manage its business activities in line with the Total Quality Award (TQA) management system.

With adherence to social responsibility while maintaining judicious business interests, Thailoil Group's 2012 business performance outcomes exceeded shareholders' expectation and was widely regarded by business and industrial forums, evident in the Alpha Southeast Asia 2012 Awards at the national level and regional level from Alpha Southeast Asia, an institutional investment magazine specializing in banking and investing in the region. The awards came in a package including:

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

ALPHA SOUTHEAST ASIA 2012

Thaioil is the only company in the region to receive the Alpha Southeast Asia 2012 Awards at the national level and regional level from Alpha Southeast Asia



The Strongest Commitment to Sustainable Energy in Southeast Asia



The Strongest Adherence to Corporate Governance

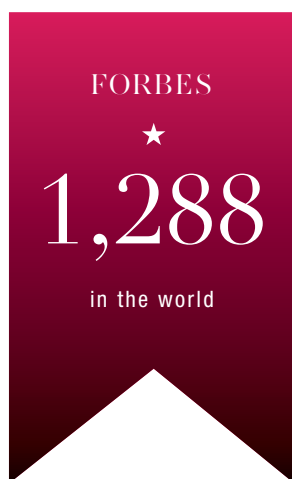


The Best Strategic CSR

Moreover, Thaioil Group was included among the Top 10 leading entities by Finance Asia magazine in many areas, including the 3rd place for Best Investors Relations, the 3rd place for Most Committed to a strong dividend policy, the 6th place for Best Corporate Social Responsibility, and the 8th place for Best Managed Company. These awards illustrated our capability for managing economic and social aspects efficiently while maintaining our outstanding managerial capability and credibility among investors. Last but not least, Forbes magazine (the most powerful and influential publishing house in the world and most widely read by businessmen in the US, Europe, and Asia) placed Thaioil Group among

FORBES GLOBAL 2000

Out of the world's 2,000 largest corporations, Thailoil Group was ranked 1,288 among the 2012 FORBES GLOBAL 2000



its 2012 Forbes Global 2000 at number 1,288 out of the world's 2,000 largest corporations. The ranking was based on annual sales turnovers, profitability, assets, and market capitalization of the past year. Thailoil and PTT were the two Thai companies under the category of production and sale of oil and natural gas products.

Thailoil was rated 'excellent' for four consecutive years by Thai Institute of Directors (IOD) for its clear, determined business plans and management with good governance and ethics. It also won outstanding awards at the SET Awards event, organized by the Stock Exchange of Thailand

THAI INSTITUTE OF DIRECTORS (IOD)

Thailoil was rated 'excellent' for Top Corporate Governance Report Assessment



(SET), for the 2012 Best Corporate Governance Report and the Best Corporate Social Responsibility. In addition, it was rated 'excellent' by the Thai Investors Association for its 2012 AGM quality.

Once again in 2012, Thailoil Group has proved—with its commitment to retaining and continuously improving our capability and business potential—competitive in the region's refining and petrochemical businesses. In response to stakeholders' needs, Thailoil pledges to continue identifying business opportunities and strategically invest in projects with sustainable growth.

MILESTONES OF 2012

January

THAIOIL MARINE CO., LTD.

- Entered into a joint venture with Marsun Co., Ltd., to found TOP Maritime Services Co., Ltd., to provide crew and utility boats transport between platforms and other points in the Gulf of Thailand. This investment called for 55% of its shares
- Purchased 33.3% of the equity of Thome Ship Management (Thailand) Co., Ltd., from its current shareholders. Thome-Thailand is an international shipping company providing complete lines of services, including management and development, shipping consultancy, development of operating and technical personnel, and quality services.
- Entered into a joint venture with Nathalin Co., Ltd., with an initial investment of SGD 50,000 to form a business trust fund (TOP-NTL Shipping Trust) and an entity called a trustee manager (TOP-NTL Private Limited) under the law of Singapore. This investment enhanced development of marine transport of crude oil and petrochemical products, development of crew, and self-management capability development to cope with future expansion business plans. The established business trust also won investment promotion from the government of Singapore.

THAIOIL

Won the following awards, presented by the Thai Institute of Directors (IOD):

- Board with Consistent Best Practices
- Board of the Year for Distinctive Practices
- Audit Committee of the Year, for 2010/2011.



February

March

THAIOIL

- Launched a public offering of its debentures No. 1/2012, with specified names of holders, unsubordinated and unsecured bonds with a total subscription value of 10 billion Baht in two tranches: 5-year, with 3 billion Baht, and 15-year, with 7 billion Baht in subscription value. The offers were made only to specified institutional and major investors. The income would refinance debts and fund upcoming projects, and fund operating cash flow activities.

- Won the Thailand Quality Class (TQC) award for being a leading Thai company with an integrated organizational management system and world-class quality.



THAIOIL

- Won awards, presented by Finance Asia for
- 3rd place on Best Investor Relations
 - 3rd place on Most Committed to a Strong Dividend Policy
 - 6th place on Best Corporate Social Responsibility
 - 8th place on Best Managed Company.

June

THAIOIL

Forbes, the most powerful and influential publishing house in the world and most widely read by businessmen in the US, Europe, and Asia, placed Thailoil at number 1,288 on its 2012 Forbes Global 2000 out of the world's 2,000 largest corporations.

April

August

THAIOIL

- Paid 0.50 Baht per share in interim dividend to a total of 2,040,027,873 shares, a total value of 1.02 billion Baht.



- Finalized the merger between Independent Power (Thailand) Co., Ltd. and PTT Utility Co., Ltd., to strengthen synergy between the two power producers in operations and investment, maximize resource consumption efficiency, generate optimum profits, and increase long-term power business value, as well as for future power projects and potential development. The total combined capacity is 1,357 megawatts (MW), including 1,038 MW of power and 1,340 tons per hour of steam generation, equivalent to 319 MW.

THAIOIL MARINE CO., LTD.

Increased the registered capital of Top Maritime Services Co., Ltd.

THAI PARAXYLENE CO., LTD.

Completed construction of paraxylene capacity expansion ("PxMax") and began commercial production.

THAI LUBE BASE PLC.

THAI PARAXYLENE CO., LTD.

INDEPENDENT POWER (THAILAND) CO., LTD.

Won 2012 Zero Accident Awards, presented by the Ministry of Labour for accident-free operations without a single work day loss from accidents or injuries.



THAIOIL

Won 2012 Alpha Southeast Asia awards at the national level and the regional level from Alpha Southeast Asia, an institutional investment magazine specializing in banking and investing in this region. Thailoil was the only selected company for

- The Strongest Commitment to Sustainable Energy in Southeast Asia

- The Strongest Adherence to Corporate Governance
- The Best Strategic CSR.



October

THAIOIL

Won the following Thailand Energy Awards 2012:

- Outstanding Energy Personnel (Controlled Plant Administrator)
- Outstanding Energy Personnel (Controlled Plant Team).



Achieved the following rankings according to Singapore-based Platts Top 250 Global Energy Company Rankings:

- No. 11, Oil & Gas Refining & Marketing in Asia, and No. 17, Oil & Gas Refining & Marketing Worldwide
- No. 36 in Asia and No. 135 of the World, Overall Assets, Revenues, Profits, and Return on Investment.



November

THAIOIL

Won three SET Awards 2012, presented by the Stock Exchange of Thailand:

- Top Corporate Governance Report
- Best Corporate Social Responsibility
- Best Investor Relations.



THAIOIL

- Acquired shares of Thaipower Co., Ltd. ("TP") from J-Power Holding (Thailand) Co., Ltd. With ownership of 74% of the shares of TP, Thaipower took majority control and was able to enforce its strategies on power and steam generation more efficiently.



- Won a CSR-DIW in Supply Chain Award from the Department of Industrial Works (DIW) in recognition of the outstanding joint performance between Thaipower and its joint ventures in full compliance with all social standards, including corporate governance, human rights, labor relations, environmental management, fair and equitable treatment of consumers, and mutual respect and participation with the public and community.

December



PETROLEUM *and*
PETROCHEMICAL
INDUSTRY
REMAINS ROBUST

MARKET REVIEW 2012 AND INDUSTRY OUTLOOK

Petroleum, petrochemical, and downstream industries maintain their strength amid intense competition and a fragile economy around the world.

Despite strong fundamentals of petroleum, petrochemical and downstream industries, particularly in Asia, competition gets increasingly heated because of emerging capacities marked by higher efficiency and lower costs. Naturally, refinery operators must then constantly upgrade their capabilities so as to survive in a secure, sustainable manner amid increasingly cut-throat competition and a fragile global economy.



Persistent growth despite world economic slowdown



Constantly competing in the world market



Robust performance in volatile circumstances





Crude price volatility continues to rule the scene in 2013, marked by risk factors arising from the US economy, the Euro crisis, and unrest in oil-producing countries.



Steady growth in demand for aromatics and lube base oil, particularly in Asia, as outputs meet demand.



Downstream industries-solvent, ethanol, tanker, and power-continue their healthy growth in line with the petroleum and petrochemical industries.

Market Review 2012

The 2012 Global Market and Economy

The global economy this year still expanded, although at a slow rate of 3.3%, less than 3.8% in 2011, because of the prolonged debt crisis that had driven Eurozone into a recession. Although the European Central Bank (ECB) had drawn up many mitigation plans, most of them were not implemented. Therefore, the overall situation in Europe was still worrisome. At the same time, the economic growth of China and many Asian countries was decelerated as a result of export contraction in major markets, especially Europe. Macro-economic conditions in the US are improving little by little under the relaxed monetary policy, including the maintaining of low policy interest rates longer until the unemployment rate drops to about 6.5%, and the Quantitative Easing 3 (QE3) and QE4 measures to buy up to USD 85 billion a month of mortgage-backed securities and long-term bonds for an indefinite period. The US labor market still proved fragile partly due to the slowdown in investment and employment in anticipation of for clear measures to reduce its treasury deficit, and the uncertain extension of economic stimulus measures that would expire at the end of 2011 (that is, the "US Fiscal Cliff").

The uncertainty of the European debt crisis and concerns over the economic slowdown in China caused the oil market and the stock market to plummet in the second quarter before a rebound on the issuance of more stimulus packages by the US Federal Reserve, ECB, and the People's Bank of China, including QE3 and QE4 through the buying of up to USD 85 billion a month of mortgage-backed securities and long-term bonds for an indefinite period, the announcement to buy the government's bonds of financially troubled European countries (Outright Monetary Transaction: OMT), and cash injection through infrastructural investment from the Chinese government. However, Hurricane Sandy, ravaging the US East Coast in late October, hampered economic growth in the fourth quarter. The concern over the US fiscal cliff as taxes would increase and the government's spending would be cut on January 1, 2013, sapped the market's confidence for fear that the Democrats and the Republicans would fail to solve this problem in time.

Crude and Petroleum Products

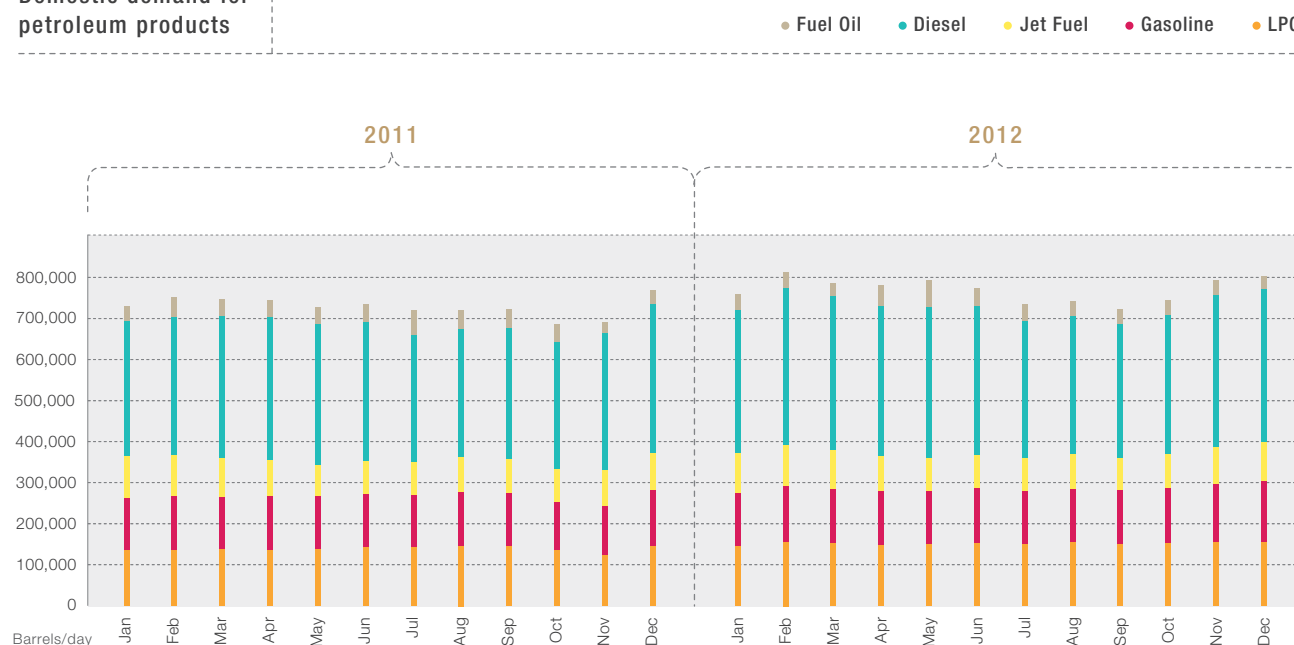
The crude price in 2012 proved highly volatile. The Dubai crude oil price moved between USD 85-125 per barrel, averaging USD 109 per barrel, up from that of last year at USD 106 per barrel. The jump in the crude price in early 2012 resulted from a concern over the stand-off between the Western bloc nations and Iran on the latter's nuclear projects. Iran threatened to block the Strait of Hormuz, the main sea export route for Middle Eastern crude, while the Western bloc sanctioned crude imports from Iran so as to pressure it to abandon its nuclear weapon development projects. Crude supply was obviously the main tool. Combined with the unrest in many Middle Eastern and North African countries such as Syria, South Sudan, and Yemen, the Dubai crude price peaked at USD 124.20 a barrel on March 13, 2012. Yet, crude price plunged in Q2 with the worsening European debt crisis and the risk that Greece would miss the debt payment deadline and thus drop out of the Eurozone after its first election failed, as well as the aggravating sovereign debt woes in Spain and Italy, which resulted in high government bond yields. Despite Iran's softer position to negotiate with the Western bloc, there was no resolution after several rounds. These factors contributed to the plummeting of the Dubai crude price to the rock-bottom level of the year at USD 89.10 per barrel on June 22, 2012.

The oil price started to pick up in late Q2 and continued rising to Q3, after the Greece government had managed to restructure its debts with private investors and won approval from Eurozone member countries and the International Monetary Fund (IMF) for the second loan. European countries also reached a conclusion on the way forward to resolve sovereign debt problems, particularly the European Stability Mechanism (ESM), set to be operational after the European Financial Stability Facility (EFSF) expired, and the OMT

by the ECB to buy, for an indefinite amount, government bonds of debtor member countries in secondary markets, as well as the US QE3 to stimulate the economy. Investors therefore regained confidence and invested more in risky assets, including oil. In addition, supply disruption in the Gulf of Mexico, caused by Hurricane Sandy, and the maintenance shutdown of the Buzzard field in the North Sea also hiked the oil price in Q3.

In Q4, however, the oil price became volatile due to the uncertainty whether Greece would receive more money from the European Union (EU) and IMF, and Spain did not ask for more support from the EU, as well as a concern over the US fiscal cliff. On the other hand, escalating violence between Israel and Hamas militants in Palestine, and the protest against the president and the draft constitution in Egypt, helped kept the oil price high.

Petroleum prices in 2012 went up following that of crude. The price gap between gasoline and fuel oil rose sharply from the previous year. Meanwhile, gasoline supply was tight as a result of permanent shutdowns of refineries on the US East Coast and in Europe, many fire incidents to refineries in the US, Venezuela, and Asia, as well as the high regional demand, especially in Indonesia, Vietnam, and the Middle East. The fuel oil price was driven by imports from Japan for power generation to replace the amount lost from the nuclear power plants shut down by the Great Earthquake and tsunamis of 2011. Nevertheless, the price differences compared to the Dubai crude of the jet fuel and diesel dropped slightly from last year due to warmer weather in Europe and the US early on in the year, which lowered the need for diesel for heating. However, planned and emergency shutdowns due to fire incidents of many refineries before the winter helped sustain the price gaps.

2011 & 2012**Domestic demand for
petroleum products**

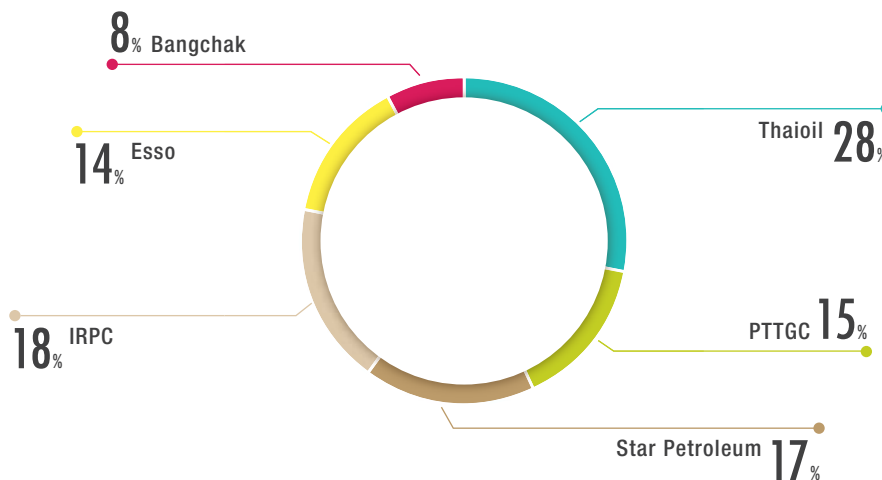
Source: Energy Policy and Planning Office (EPPO), Ministry of Energy

Domestic Oil Market

This year, Thai economic year saw a 6.4% expansion, which surpassed the Bank of Thailand's forecast of 5.7%, due to the investment expansion of the private sectors and the rise of consumers' product demand that accumulate after the Great Flood in the end of 2011. There are also factors such as policy support from the government including a 300-Baht minimum wage, the first-car tax return to help stimulate domestic demands. All of these factors incorporate with the growth in "service" sector, raise the number of tourists increase by more than 3 million people, to a total of 22 million people. The Thai's export sector has also expanded by 3.2% last year.

Similarly, domestic petroleum product demand in 2012 grew due to the after-flood effect. The government implemented many measures to ease living conditions and reduce expenses, such as an extension of diesel excise tax exemption and maintaining of the diesel price at around 30 Baht per liter, LPG price control for transport and household consumption, and excise tax exemption for "first cars". Consequently, petroleum product demand rose 6%, with diesel topping the list at 7%, LPG 9%, and gasoline 5%, while the jet fuel price was stable because long-haul flights and air transport shrank due to the slowed-down world economy. Fuel oil demand dropped by 4% when power plants switched to alternative fuels, especially cheaper natural gas.

2012

Domestic
refining capacity

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

For the year, the average domestic refining capacity totaled 975,697 barrels per day, a sizeable rise from 2011 (935,160 barrels per day) because all refineries resumed normal operation after the planned maintenance shutdowns to install gasoline and diesel refining units to meet the EURO 4 standard requirements from January 1, 2012 onward. Incidentally, Thailoil maintained its leading domestic position with a total refining capacity accounting for 28% of the total domestic capacity.

Aromatics Market

This year the aromatics market was marked by high volatility. In the first half of the year, paraxylene prices were boosted by tight supply since domestic plants were facing problems and had to reduce their capacities, and an aromatic plant in

Indonesia failed to resume operation after the maintenance shutdown in late 2011. The concern over the world economy and the volatile oil price as a result of the Euro debt crisis in Q2 changed buyers' behavior to spend only on what was necessary, then wait and see. In addition, two new PTA plants in China with a total capacity of 2.9 million tons per year postponed their start-ups to Q3. This deflated demand from the expected level. Many PTA producers, especially those in South Korea and Taiwan, decided to reduce their capacities or shut down the plants for maintenance from May after suffering losses, which further hampered demand and depressed paraxylene prices in Q2.

In the second half of the year, prices rebounded after the market tightened with more demand from four new PTA

plants in China with a combined capacity of over 8 million tons starting up in September. Besides, two new paraxylene plants in South Korea and China with a combined capacity of 1.6 million tons per year postponed their start-ups, resulting in tighter supply. The diminishing polyester stock was another drive for downstream producers to buy more paraxylene.

The benzene market this year was buoyed by tight supply because many olefins plant in Asia, the US, and Europe suffered losses and had to cut their production capacities, thus reducing the supply of by-product benzene. In addition, many US olefins plants switched to lighter feed, resulting in less benzene outputs, which made the US import more benzene from Asia and in turn squeezed demand in Asia as well as hiking the benzene price above expectation. Nevertheless, the demand for benzene to produce downstream products such as ABS and Polystyrene was limited since downstream producers kept reducing their production capacities in response to the decelerating world economy.

Meanwhile, much like the benzene market, the toluene market was boosted by the olefins business. The supply diminished because many plants in Asia had cut their outputs while the demand for toluene to produce higher-value paraxylene was still high. As a result, the toluene stock in China, a major importer, remained low, which sustained the price at an abnormally high level.

Lube Base Oil and Asphalt Market

In the first half of 2012, the regional lube base oil market was healthy due to agricultural demand in summer. However, the market slowed down in the latter half, since buyers were concerned about the highly volatile oil price around midyear, and China (the major regional buyer) saw its economy held back from the weakened exports. The price of lube base oil then slumped, forcing many plants in the region to shut down for economic reasons. Lower supply did not drive the

price of lube base oil up, since the overall regional supply still exceeded demand. In addition, there was such a fierce price competition between lube base oil group 1 and group 2 in China that the price of group 2 (normally higher than group 1), at times during the latter half of the year, dipped below that of group 1, thus drawing manufacturers to more lube base oil group 2. Besides, there was a glut of lube base oil group 3 in South Korea. These factors depressed the price in the second half of 2012.

This year, regional asphalt demand continued to rise, especially in Indonesia, where it was needed for road construction. At the same time, regional supply dropped, especially that from Thailand, since there was more domestic demand for road repairs after the Great Floods of late 2011. Australia also bought asphalt from Singapore and Thailand to cope with their higher domestic consumption. Therefore, the asphalt price remained high throughout 2012. Although the demand from China was less, it made no real difference to the regional asphalt market. However, regional demand tends to drop toward the year-end due to the long holiday period, when there is typically less construction and repair.

Solvent Market

In the first half of the year, the solvent market started with a bright outlook for growth along with the improved automotive and auto-parts industries, which recovered from the Great Floods in late 2011, meaning higher demand for solvents for the auto-paint industry. Meanwhile, solvent prices rose as a result of higher crude oil and raw-material prices in combination with the concern over the declining domestic toluene supply, thus a higher toluene price.

For the latter half, however, despite the continued growth of the auto-industry buoyed by the government's first-car policy, the world economy showed decelerating signs due to the Euro debt crisis. Moreover, declining prices of raw materials

and long rainy seasons in Southeast Asia depressed the regional solvent market. In addition, concerns about recurring floods in the last quarter thwarted downstream industries along with solvent demand. For the year, domestic solvent demand enjoyed healthy growth of 4.5% year-on-year.

Clean Product and Petrochemical Tanker Market

The overall tanker market edged up in 2012, thanks to the growth of the regional economy. Refinery shutdowns and several accidents in many regional petrochemical refineries resulted in more active movement of petroleum and petrochemical products, a boon to the tanker industry. With few new tankers coming onto the market, the transport cost increased over that of 2011.

Ethanol Market

In 2012, domestic demand for ethanol, the main component for gasohol production, surged by 9% from last year to about 1.33 million liters per day as a result of the policy to widen the price gap between gasoline and gasohol, particularly gasohol E20, which registered a 40% jump over the demand of 2011.

On the supply side, there were a total of 21 ethanol plants, two of which producing ethanol from cassava were commissioned this year. The total ethanol capacity was 3.38 million liters per day, with the actual average output of 1.9 million liters per day (as of July 2012).

The average reference price of ethanol dropped from 24.31 Baht in 2011 to 20.83 Baht per liter this year because of the change in price calculation from cost-plus to actual-price average. Since the capacity far exceeded demand, ethanol producers competed with one another on prices to retain as much production capacity as possible. In 2012, producers of ethanol from molasses were more competitive than those using cassava because of their lower raw-material cost.

Power Industry

On April 26 this year, Thailand's peak power demand reached 26,121 MW, a rise of 8.4% and 9.3% over that in 2010 and 2011. The forecast peak in 2013 is 27,443 MW, or a 5.1% rise year-on-year.

Meanwhile, the government approved an increase in the variable electricity cost (FT) to reflect rising fuel costs. The Energy Regulatory Commission (ERC) approved the FT rise for September – December 2012 by only 0.18 Baht per unit versus what should have been 0.3824 Baht. The difference of 0.2024 Baht per unit was absorbed by EGAT, so the revised electricity tariff was 3.71 Baht per unit.

According to the National Power Development Plan 2012-2030 (third revision, or PDP 2010 Rev3), the government plans to buy 5,400 MW from IPPs and 1,350 from SPPs with scheduled commercial operation dates (COD) in 2021-2026. The PDP 2010 Rev3 also features more alternative energy and renewable energy, going from 5% to 10% or from 4,433 MW to 9,516 MW; many private investors therefore plan to invest more in power generation from such types of energy. In the future, the purchase of power from these types of energy will use feed-in tariffs (that is, determining the power generation total unit price according to the cost of generation from each technology) and will abolish adders so as to lower the price of electricity produced from alternative and renewable energy as technology develops.

In a related move, ERC announced on December 4 this year an invitation to IPP power purchase amounting to 5,400 MW. The tender offer is due on April 29, 2013, and a short list will be announced in June-July 2013.

Global Market and Economy in 2013

The IMF issued a forecast of the world economy (as of October 2012), projecting the 2013 economic growth at 3.6%,

somewhat higher than the 2012 rate of 3.3%. While the average economic growth of developed countries this year was predicted to be 1.5%, that of developing economies, led by China and India, would continue at around 5.6%. In the end, the world economy may expand at a lower rate due to the following risk factors:

USA: President Obama and the Congress reached a resolution during the New Year to avoid the US fiscal cliff by passing a draft bill to raise taxes for those earning more than USD 400,000 a year and for families with income exceeding USD 450,000 a year, while maintaining tax rates for the poor and the middle class, as well as extending the welfare coverage to the unemployed. Still, many including the IMF, expressed concerns that the US economy risks reaching the sovereign debt limit within Q1/2013, and that the president will need to negotiate with Republicans to cut the budget and raise the debt limit, failing which the US may lose its high credit ranking, as it did in 2011.

Europe: Debt woes still linger, and other countries such as Spain and Italy may have to ask for the EU's support to repay their debts due this year amid questionable measures laid out last year by European leaders whether they can be implemented this year: be it the ECB's policy to buy government bonds issued by debtor countries or the establishment of a neutral body to regulate the financial and banking sectors in the Eurozone. Moreover, unemployment is yet the main problem that each government must quickly resolve, which may prevent the austerity measures from meeting their objectives. These risk factors could keep the Eurozone economy in recession although the IMF had projected the European economy to grow by 0.2% this year. In addition, political uncertainty in the upcoming elections in Italy and Germany in the early Q1 and Q3 may delay policy implementation and jeopardize the market's confidence.

China: The People's Republic of China will continue to drive Asian and world economic growth with an 8.2% forecast for 2013. The focus is the decision to issue more economic stimulus policies once the new leader, Xi Jinping, officially takes office in March 2013. Nevertheless, it is expected that China will not unveil a huge stimulus package as done in the past, but a stimulus policy to boost domestic demand. The new leader has also floated a policy on anti-corruption and political reform, which will benefit the Chinese economy in the long run. It is also predicted that the People's Bank of China will adopt a more relaxed monetary policy, particularly interest rate reduction and reduced commercial banks' cash reserve ratios to boost domestic spending.

Crude and Petroleum Products

The Dubai crude oil price is expected to continue its volatility in 2013, averaging USD 105 a barrel, slightly lower than this year's average of USD 109 a barrel because of a good mix of negative and positive factors. On one hand, demand for crude oil tends to rise more slowly, while crude supply is likely to rise, especially from the US and Iraq. OPEC will continue to play a key role in balancing the demand-supply and prices of world crude oil. Other factors for the oil price to remain volatile and high in 2013 are international politics (particularly in the Middle East), the continuity of the policies to solve the European debt crisis when new leaders are elected in Italy and Germany, and additional legislative and regulatory controls, together with seasonal and natural disasters.

Petroleum Product Demand: As of December 2012, the International Energy Agency (IEA) projected global demand for crude this year to average 90.52 million barrels per day, an increase of 0.86 million barrels per day over the year before. Of this, over 45% comes from Asia, led by China and India, and 23% from the Middle East. On the other hand,

demand from developed economies, especially Europe, will be lower, and that of the US will level off due to their economic slowdown, improving energy efficiency, and governmental subsidies and promotion of alternative energy.

Crude Oil Supply: Global crude supply in 2013 will be in a balanced state despite the Western bloc's sanction against Iran, designed to halt its nuclear weapon development, since the higher world crude output will compensate for this shortfall. Production from non-OPEC countries is expected to rise by 0.9 million barrels per day, particularly from the US and Iraq. The demand-supply balancing output from OPEC will then drop slightly to 29.9 million barrels per day from 30.2 million barrels per day in 2012.

Crude and Product Inventories: The global crude oil inventory, excluding the US, is likely to fall short of the average of the past five years as a result of unfavorable economic conditions and low oil demand, especially in Europe. Many refineries will buy and produce only as much as necessary and avoid keeping high inventories. In addition, since futures market oil prices are lower than current prices, oil producers and oil traders tend to keep their inventories low.

Regional Refining Capacity: In 2013, Asia's refining capacity is expected to increase by 1.1 million barrels per day, with 0.69 million barrels per day coming from China, and 0.54 million barrels per day from the Middle East. Although the overall rise exceeds the demand rise in both regions, the overall demand and supply of petroleum products will still be balanced, since some of the additional refining capacity will enter the system only in the latter half of the year, particularly Q4, while fragile economic conditions will force low-efficiency refineries all over the world, especially in Europe, to shut down or cut their outputs.

International Politics in the Middle East: The conflict between the Western bloc and Iran over the latter's nuclear weapon development is not yet resolved, with the former exerting more pressure through economic and financial sanctions, resulting in Iran's export reduction by up to 1 million barrels per day. Meanwhile, Syria's civil war has escalated to gun battle confrontation with neighboring Turkey. A new round of clash between Israel and Palestine after the United Nations recognized the latter's status as a free state gave rise to a concern that the imminent war will disrupt crude supply from the Middle East. Meanwhile, the border argument between Sudan and South Sudan could affect South Sudan's crude production.

Seasonal and Natural Disasters: These affect crude price volatility in each season, particularly the prices of certain petroleum products. With more frequent natural disasters happening in recent years, the crude oil price fluctuated from time to time because production and demand of the commodity were possibly halted, such as Hurricane Isaac and Hurricane Sandy, and the severe drought in the US resulting in a shortage of ethanol raw materials, thus decreasing the ethanol content in gasoline and increasing gasoline use.

Legislative and Regulatory Controls: Following protocols on global warming and alternative energy promotion in the US and Europe, arguments continues over the enforcement of ethanol in gasoline and biodiesel in diesel due to problems about biofuel plantation. Legislation implemented to more strictly control various financial transactions, information disclosure by hedge funds, financial institutions' investment, and derivative transactions, especially those carried out off-market (under Dodd-Frank Act) will directly affect oil market speculation. The push for environmental measures and fuel efficiency in the US will affect the approval of many energy projects, including oil pipeline laying.

Domestic Oil Market

As of October 2012, the Bank of Thailand issued an economic forecast for Thailand in 2013 to grow at a slower pace of 4.6%, taking into account the export sector hampered by the lethargic world economy. However, the domestic economy will be driven by domestic consumption and private investment, supported by various factors like the first-car campaign, with excise tax refunds starting from October 2012 onward, healthier household income as a result of the increased minimum labor wages and public-sector salaries, business sectors' confidence to proceed under their long-term investment plans, and the government's clearer, accelerated infrastructural investment plan. The relaxed monetary policy will keep up domestic expenses and investment to compensate for the eroded demand from foreign countries.

The overall domestic demand for petroleum products in 2013 is expected to grow by 3%, led by the demand for diesel, which is set for a 4% rise due to the government's retail price fixing at 30 Baht a liter and the 500,000 additional pick-up trucks under the first-car campaign. Demand for other products, however, will expand at normal rates. LPG demand is expected to rise by 7% and jet fuel at 3%, with fuel oil more or less stable. The government's abolishment of 91-octane gasoline sale will change the domestic product consumption pattern, in which the overall gasoline demand will rise by 2%, mainly due to more than 700,000 new passenger cars under the first-car tax refund campaign. Outputs of petroleum products will drop a bit from last year as some refineries have planned their maintenance shutdowns in Q2.

Aromatics Market

The overall aromatics market in 2013 looks stable or slightly better than last year, led by the strong demand of paraxylene

from the garment and packaging industries. However, benzene supply is becoming tight because many olefins plants in the US are switching to lighter feedstock.

Paraxylene: The downstream sector of paraxylene, including polyester fibers and PET bottles (Polyethylene Terephthalate), is projected to keep growing, since the final products have become second nature to consumers. As a result, PTA (Purified Terephthalic Acid) plants need paraxylene and are expanding their capacities to capture the rising demand. An additional production capacity of more than 6.4 million tons of PTA (4.3 million tons of paraxylene) will come into the system in 2013, further driving the demand for paraxylene, albeit not by much, since some loss-making PTA plants with higher costs and unable to compete with new ones may have to reduce their outputs. At the same time, 5.5 million tons of new supply is coming into the system: four plants from China, one plant each from India and South Korea, and additional capacities in Singapore and Saudi Arabia. However, only some of the new plants will run at full capacity, since there is a risk of insufficient market supply of feed, such as mixed xylenes and toluene. As a result, the additional capacities are not of great concern to the paraxylene market.

Benzene: Due to the sluggish world economy, benzene outputs will continue to be affected by lower production capacities at many olefins plants. In addition, olefins plants in different countries, especially the US, had switched to lighter feedstock, resulting in less benzene by-products, hence more benzene import from Asia. In general, this year benzene will still be buoyed by a rather tight supply from the weakened olefins business, while the demand trend is fairly stable, thanks to slow world economic recovery. All in all, prices will remain high.

Toluene: The toluene market tends to be tight since more will be needed for the production of paraxylene, a more valuable product, in all new paraxylene plants starting up in 2013, while the supply of toluene from the olefins business, continuing from 2012, is declining as a result of lower olefins outputs.

Lube Base Oil and Asphalt Market

In 2013, the regional and global lube base oil and asphalt markets are perceived as still growing with a generally balanced supply and demand. The market for lube base oil group 1 will see more or less the same level of supply, while its demand is rising at 0-1%, mostly attributed to heavy industries and the marine transport industry. For group 2 and group 3, supply is predicted to grow by 3-6%, since there will be a formula change of lube oil to a higher standard than that of the automotive industry, as required by environmental legislation so as to reduce motor pollution. As a result, lube manufacturers have to switch to the higher-quality lube base oil group 2 and group 3. However, the demand for lube base oil from heavy industries and the marine transport industry will still be accounted for by group 1, which will help maintain the group-1 price at the same level as last year.

Solvent Market

The demand for solvents in 2013 will continue to grow, following the rise in world demand, especially in China, where consumption of solvents accounts for 31% of the worldwide solvent demand. It is expected that the Chinese government will push for a relaxed monetary system to continue stimulating economic growth. This will lower operating costs for most downstream manufacturers, which will in turn trigger the higher need for solvents in the Chinese market.

Thailand's solvent demand—driven by the automotive, packaging, and adhesive industries, as well as the property sector—is expected to grow, though at a slower pace, due to the weakened export markets in Europe and the US and the impact of the higher minimum wages on certain manufacturers, who had relocated their production bases. Moreover, domestic market competition is intensifying, with more players entering the market as a result of upcoming free trade under the Asian Economic Community (AEC). The overall domestic growth rate for solvents is expected at 4.6%.

Clean Product and Petrochemical Tanker Industry

The regional movement of petroleum and petrochemical products is expected to be in an upswing in line with the expanding regional economy, especially that of China and Australia (with shut-down refineries), together with the increasing total regional refining capacity, all benefiting the overall tanker market in 2013.

At the same time, trade routes from the Middle East and Western countries to Asia take more time for chartered vessels, thus causing them to make the return trips somewhat later and resulting in less regional availability. Besides, more stringent international maritime regulatory controls have been imposed on the shipment of petroleum and petrochemical products. Consequently, freight fees are expected to climb in 2013.

Ethanol Market

Demand for ethanol in 2013 is predicted to be 1.8–2.0 million liters per day when more consumers switch to gasohol under the government's policy to abandon 91-octane gasoline sale and the promotion of E20 gasohol through price-gap incentives in comparison to gasohol 91 and E10.

In 2013, three to four new ethanol plants are expected to join the domestic market with a combined capacity of 1 million liters per day, mostly cassava-based. The total domestic ethanol refining capacity will be about 4 million liters per day. In practice, the actual output depends on actual local market demand and prices. With the former being below the total supply capacity, ethanol producers must also export excess ethanol.

In 2012, cassava-based ethanol producers were stricken with the government's cassava-pledging policy, which made them uncompetitive with those using molasses. Although such pledging has continued into 2013, the government maintains its ethanol promotion policy, and tries to help the two groups of producers coexist sustainably by requiring oil companies to buy 62% of their ethanol from molasses-based producers and 38% from cassava-based ones, as well as implementing assorted measures to achieve the goal of domestic ethanol consumption at 9 million liters per day by 2022.

Power Industry

The third IPP bidding round on January 4, 2012, announced by the Energy Regulatory Commission (ERC) is of particular interest to major players in the power industry since ERC will purchase all power outputs from gas-fired combined-cycle power plants for 5,400 MW to meet the demand from 2021 onward, with commercial operation dates in 2021-2026. The last bid purchase date was December 22, 2012. Bid submission is scheduled for April 29, 2013, and the qualified bidders will be announced in June – July 2013.

FUTURE PROJECTS

READINESS TO BECOME ASIA PACIFIC PETROCHEMICAL COMPANY LEADER

In devising Thail Group's strategic investment plans, Thail seeks primarily to foster sustainable growth while striving for robust business leadership that integrates refining and petrochemical businesses in Asia-Pacific. Since the imminent ASEAN Economic Community (AEC) would broaden not only the market scope, but also business opportunities, Thail has drawn up investment plans to accommodate market growth and raise its competition efficiency and potential, including the transport and logistics of petroleum and petrochemical products.

Ongoing Projects

Debottlenecking of VDU 2 (Vacuum Distillation Unit 2)

Under this debottlenecking project, Thail seeks to improve the efficiency of VDU 2 to obtain more vacuum gas oil (waxy distillate) from short residue and convert it into higher-value fuels like gasoline and gas oil. Under the project scope, the Deep Cut unit will be installed and improvements made to other downstream production units at an investment of roughly 3 billion Baht. Currently under construction, the project is due for commercial start-up by Q1 of 2014.

Thai Lube Base's Paraffin Wax Production

Thai Lube Base has investigated a project to add value to slack wax, a byproduct of lube base production, by converting it into paraffin wax—a fast-growing raw material for the candle, cosmetics, container, and food industries. TLB's investment plan in this new unit with a 36,000-ton/year paraffin wax capacity calls for about 1.085 billion Baht in outlay. The project is under the detailed engineering design stage, due for commercial start-up in 2015.

Construction of a New Cogeneration Power Plant Under the SPP Project

Thaioil's investment in power generation diversifies risks from the oil refining and petrochemical businesses to those with assured revenue and lower risks while adding security of the Group's power and steam supply. In 2011, Thaioil was selected as a seller of cogenerated electricity of the firm-contract type for two 90-megawatt projects with commercial operation dates by 2016 at an investment outlay of about 10.2 billion Baht. The project is currently under study and Environmental Impact Assessment (EIA) preparation, which is due for completion by Q2 of 2013, after which construction bidding will be launched.

Thaioil Marine's Fleet Expansion

Thaioil Marine seeks to become a leader in the energy business logistics of PTT Group, as well as a regional leader, to accommodate the growth of the energy market in the transport of crude oil, gas, and petroleum/petrochemical products. Once AEC is in full force, the business sector would be wide-open, with significant expansion in business activities. By the end of 2013, Thaioil Marine plans to

invest through TOP-NTL Shipping Trust (Business Trust) of Singapore, a joint venture between Thaioil Marine and Nathalin Co., Ltd., which plans to procure two VLCCs for crude oil, one VLGC for gas, and two 2,000-DWT chemical vessels. Meanwhile, it plans to secure eight crew boats within 2013-2014 through TOP Maritime Service Co., Ltd., a joint-venture company between Thaioil Marine and Marsun Co., Ltd. Thanks to this business plan, Thaioil Marine's fleet will command capability, strength, and readiness to become a key foundation to support the growth of PTT Group and Thaioil Group alike. Equally important, it will be an essential supporter of PTT Group's oil and gas import to bolster Thai energy security.

Sak Chaisidhi's Solvent Capacity Expansion

Sak Chaisidhi is proceeding with construction to expand its solvent capacity from 80 to 160 thousand tons per year to meet the surging demand for Thailand and the region. The plan is to expand capacities for existing products like hexane, rubber solvent, TOPSol A100, TOPSol A150, and new products like assorted grades of IsoPentane and Pentane. Commercial production is expected by September 2013.



TOP Solvent's Market Expansion

TOP Solvent plans to move into the specialty product market and the tailor-made hydrocarbon solvent market. Despite these markets' focused customers, these products yield a higher return per unit than other solvents. The company is looking at market growth in three key areas: AEC countries, Northeast Asian countries, and the Middle East. Today it has set up a representative office in China and plans another in Dubai, United Arab Emirates, to support its marketing efforts in Middle Eastern countries.

Ubon Bio Ethanol's Processing Improvement Project to Accommodate Molasses as Raw Material

Ubon Bio Ethanol, which runs a plant based on fresh cassava and cassava chips, undertook a feasibility study of modifying its processes to accommodate molasses as another raw material. Adding process flexibility, the project should raise efficiency for managing the costs of raw materials, thus leading to greater competitiveness. On June 14, 2012, Ubon Bio Ethanol's Board approved the investment under an outlay of up to 300 million Baht. Construction and commercial production are projected for Q1 of 2013 with a capacity of 400,000 liters a day.

Projects Under Feasibility Studies

Thai Paraxylene's Aromatics Value Addition

Thai Paraxylene has investigated a project to add value to benzene by producing benzene derivatives like LAB (Linear Alkyl Benzene), key feedstock for detergents. Conducting a detailed engineering design while selecting modern, environmentally friendly technologies as well as operating strategies, it negotiated with business allies with marketing experience and a view to invest in this project. Thai Paraxylene's study is expected to be wrapped up in Q1 of 2013, and construction will then proceed to accommodate production in 2015. This project grows Thai Paraxylene's business to lessen Thailand's reliance on imports.

Residue Upgrading

Thanks to spiraling domestic and regional economic growth, the demand for petroleum products has proved robust in the transport and petrochemical sectors. Thailoil Group has therefore looked at a project to upgrade residue, traditional feedstock for low-value fuel oil, into higher-value products to satisfy the booming market. The exercise covered the installation of a cracking unit and downstream processing units to upgrade oil quality, in addition to improvement of the former processes. Technologies are being chosen, while a preliminary feasibility study is ongoing.



Thai Paraxylene's Aromatics Capacity Expansion

Aromatics are handy feedstock for various industries; for instance, paraxylene is feedstock for polyester production of apparel and PET (Polyethylene Terephthalate). Thai Paraxylene is therefore investigating capacity expansion for aromatics to meet the dynamic market by raising domestic capacities and investing in other countries. Besides growing the market, this would improve its own competitiveness. Thai Paraxylene is conducting a preliminary feasibility study to assess the optimized investment option.

Thai Lube Base's Premium Lubricant Production

Thanks to the surging demand for premium base lubricants and the increasingly strict engine and environmental standards, Thai Lube Base has initiated an economic feasibility study of premium lube base oil production by fabricating a new production unit. Thai Lube Base is also pondering business extension to lubricant production in other countries to complete the product value chain of the lubricant business.

Logistics Master Plan

Through recent years, the energy business has expanded by leaps and bounds. PTT Group companies are leaders with key roles in the domestic petroleum and petrochemical industries, whereas the emerging AEC is bound to heighten the values of these industries. Recognizing the significance of strong supporting factors for flexibility and efficiency of these businesses, Thailoil Group and PTT Group have together conducted a study on a project to develop transport and logistical systems for the businesses, embracing land and marine transport and development of management systems with a focus on maximizing the use of properties, synergy, together with a feasibility study on how to grow it into another business that would bolster prosperity while generating healthy returns for the two groups.

Expansion through Mergers and Acquisitions

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





CENTER *of*
OPERATIONAL
EXCELLENCE

THAI OIL PUBLIC COMPANY LIMITED
ANNUAL REPORT 2012

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

Always with meticulous care and concern about all its stakeholders, Thaioil pursues business excellence from the first drop of oil until it reaches consumers.

-

Apart from petroleum products catering to customers' needs through advanced technologies, Thaioil consistently values the properties and safety of employees, contractors, the surroundings, communities, and society.



PROCESS EQUIPMENT RELIABILITY

Proactive maintenance plans boost confidence in the quality of Thaioil products, marked by minimal losses.



SAFETY

Relentless attention to safety results in Thaioil's world-class safety records.



Top **10** percentile

OPERATING SAFETY

As a result of its cultivation of safety as the vital mindset, Thailoil's TRCF belongs to the top 10 percentile among petroleum and petrochemical industries worldwide.



101 %

REFINERY UTILIZATION

Thailoil's refinery utilization rate this year is 101% with a low record of unplanned shutdowns.

SECURITY MANAGEMENT

In a very strict way, security measures safeguard Thailoil Group's personnel, properties, data, and reputation from internal and external threats, duly classified.



MANAGEMENT SYSTEM DEVELOPMENT

Thailoil Group adopts and develops its QSHE and CSR under the ISO system.

ENVIRONMENTAL MANAGEMENT

An eco-industrial development framework under the Global Reporting Initiative (GRI) and the Dow Jones Sustainability Index (DJSI) finds application at Thailoil in laying operating guidelines to broaden perspectives and issues. The framework also defines an improvement approach in the form of an environmental master plan.



Production Processes and Process Development

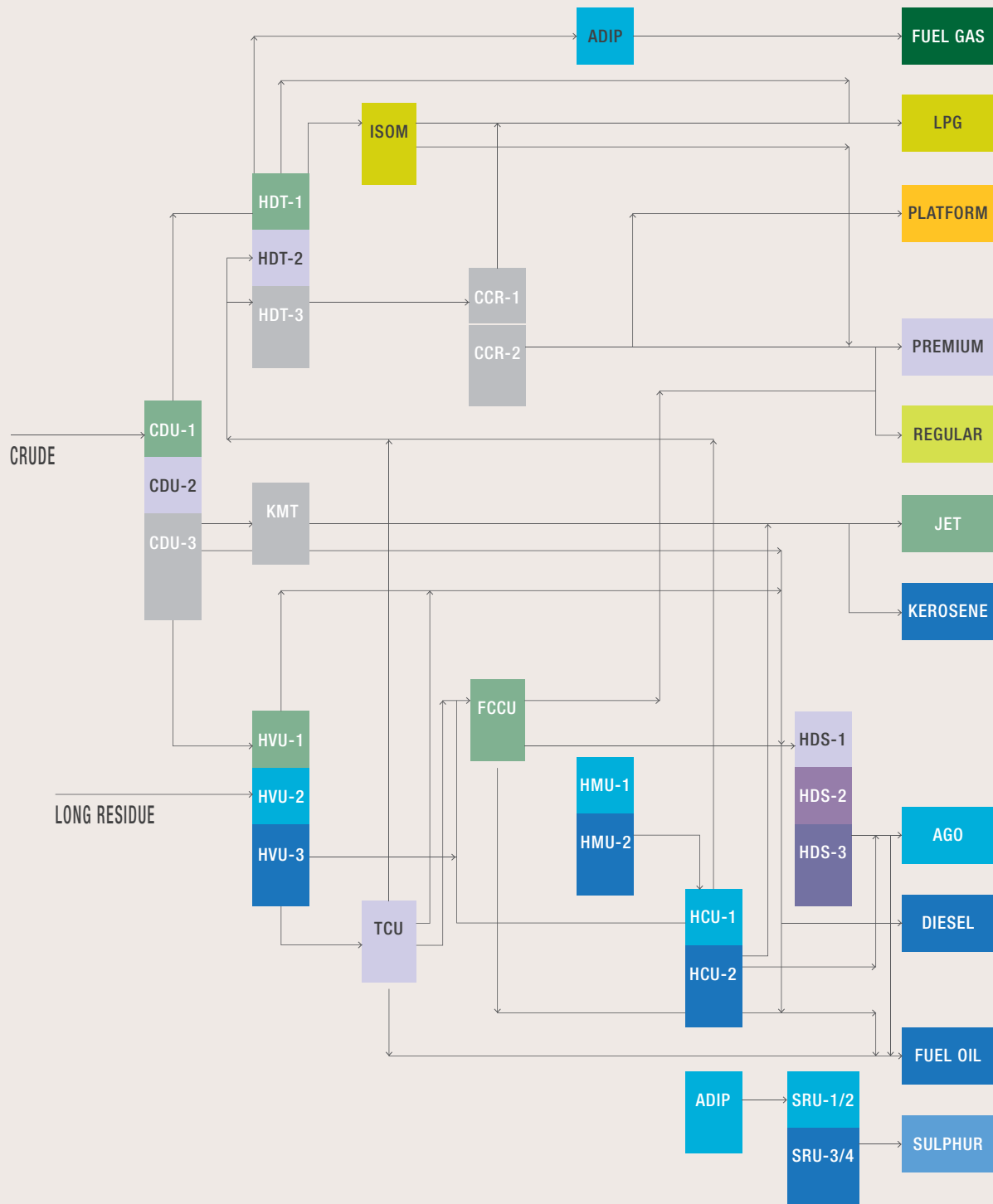
Thaioil's throughput of crude oil and other raw materials averaged 278,000 barrels per day (about 101% of the nameplate capacity) for the year. The refinery rescheduled inspection and maintenance after a detailed safety standard inspection had indicated its feasibility. This decision, made to satisfy domestic demand for fuels while other domestic refineries underwent maintenance turnarounds, underscored Thaioil's flexibility for maintaining world-class petroleum refining leadership in Asia Pacific. Meanwhile, TLB posted an average daily processing rate of 257,000 tons per year (96% of the nameplate capacity); TPX, 749,000 tons per year (85% of the nameplate capacity). These rates conformed to the optimum production plan jointly made with Thaioil.

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

- >> Underwent a maintenance turnaround at CDU-1 (Crude Distillation Unit 1) and HVU-1 (High Vacuum Unit 1) with a focus on removing coke in furnace pipes and cleaning heat exchangers to raise efficiency and save energy
- >> Underwent a maintenance turnaround at HDT-1 (Hydrotreater 1) to replace spent catalysts
- >> Underwent a maintenance turnaround at FCC (Fluid Catalytic Cracking Unit) with a focus on repairing cyclones (catalyst-trapping apparatus)
- >> Underwent a maintenance turnaround at TCU (Thermal Cracking Unit) with a focus on removing coke in furnace pipes and cleaning dirt and coke in assorted parts to raise apparatus efficiency
- >> Underwent a maintenance turnaround at HDS-2 (Hydrodesulphurization Unit) and HDS-3 to replace spent catalysts and clean dirt in assorted parts to raise apparatus efficiency
- >> Lowered steam consumption at the CDU-3 furnace, thus easing the pressure in the distillation tower, in turn raising the output of jet fuel, a high-price product

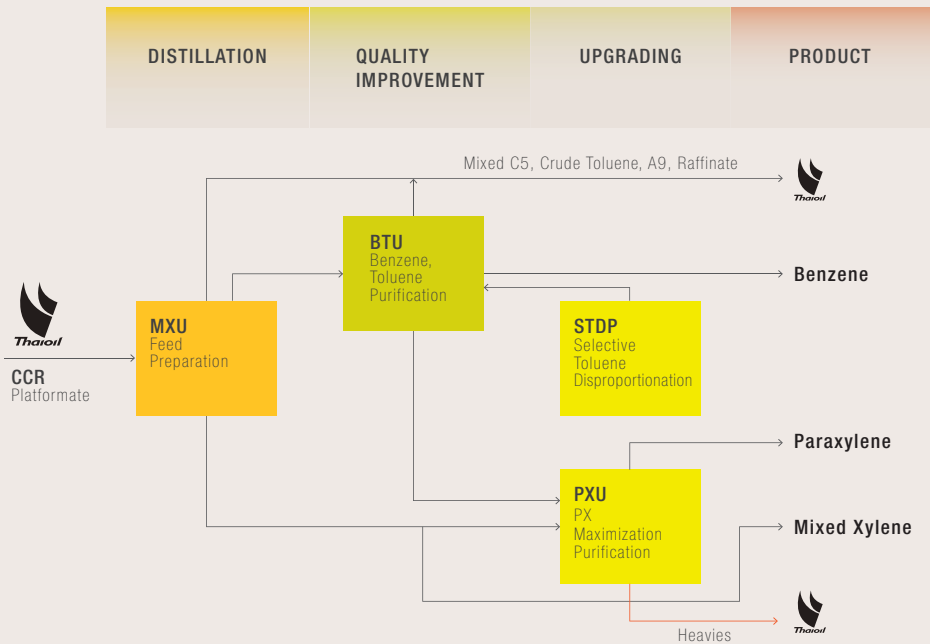
- >> Raised the efficiency of the High Vacuum Unit 2 furnace, thus increasing the output rate of Hydrocracker and FCC raw materials
- >> Executed the HVU-2 debottlenecking project, a new hydrogen unit, and the environmental quality improvement project
- >> Selected the best catalyst for the Hydrocracker 2 unit by using a pilot plant to test catalysts before actual replacement in 2013
- >> Developed a refinery master plan to accommodate growth of the refinery group over the next two decades
- >> Fabricated a jet fuel tank to accommodate the planned capacity rise in 2013
- >> Won the ISO/IEC 27001 certificate for information security for both measurement and control tool networks.
- >> Modified the lorry loading system to accommodate the sale of petroleum product to Sak Chaisidhi for its solvent raw material
- >> Started up the PxMax project three months ahead of schedule
- >> Implemented an advanced process control technology at the TDAE (Treated Distillate Aromatic Extract) unit for higher productivity
- >> Implemented RTO (Real Time Optimization) technology at CDU-2 to improve the quality of raw materials to maximize LVGO/HVGO outputs from vacuum distillation units

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



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

SIMPLIFIED AROMATICS CONFIGURATION

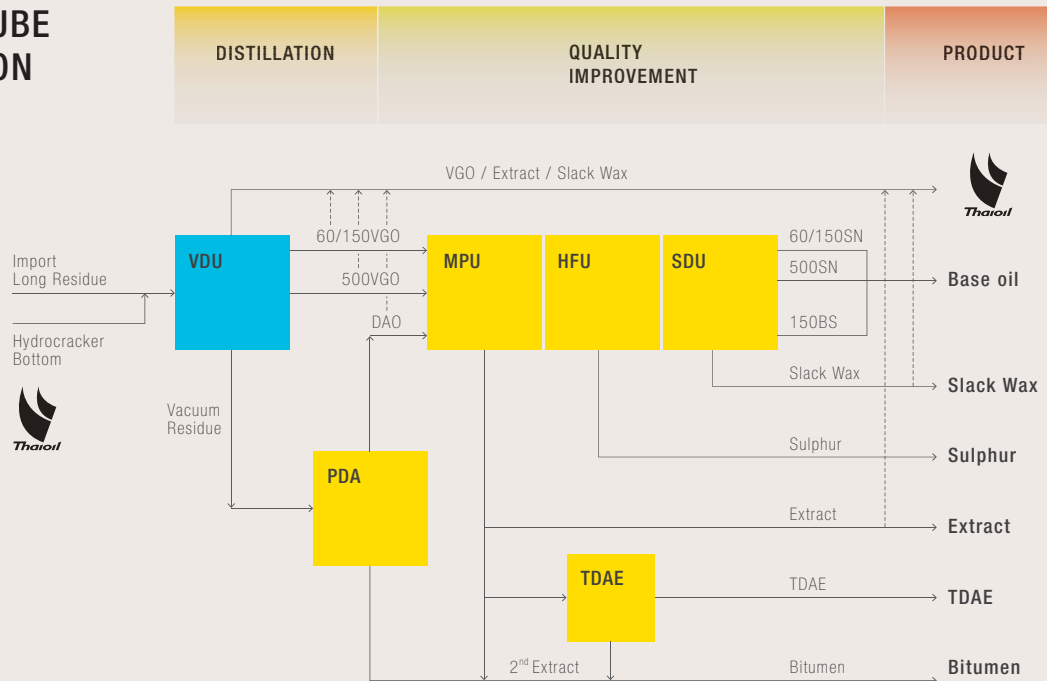


Flow diagram of Thai Paraxylene, with aromatics outputs as feedstock for the downstream petrochemical industry

Remark

Prior to the completion of Thai Paraxylene's Aromatics Value Addition Project in September 2012, TPX had a production nameplate capacity of 489,000 tons of paraxylene per year, 177,000 tons of benzene per year, 144,000 tons of toluene per year, and 90,000 tons of mixed xylenes per year. This project has allowed for the further upgrading of toluene to paraxylene and benzene, which have higher profit margins. Currently, TPX has a production nameplate capacity of 527,000 tons of paraxylene per year, 259,000 tons of benzene per year, and 52,000 tons of mixed xylenes per year.

SIMPLIFIED LUBE CONFIGURATION



Flow diagram of Thai Lube Base

Refining Performance Measurement

Thaioil's performance outcomes of 2012 underscored successful maintenance its oil refining capability, evident in the ability to control production and exceed the goal for corrected energy and loss index and in satisfactorily maintaining plant availability. Thaioil remains committed to constantly improving its refining capability so as to become an Asia Pacific's leading refiner.

Quality, Security, Safety, Health, and Environmental Management

Integrated Management Systems and Laboratory Competency

Thaioil Group commands management systems for its quality, occupational health, security, safety, environment, and social responsibility by applying the following ISO systems:

1. TIS 9001-2552 (ISO 9001:2008, Quality)
2. TIS 14001-2548 (ISO 14001:2004, Environmental)
3. TIS 18001-2554 (Occupational Health and Safety)
4. BS OHSAS 18001:2007 (Occupational Health and Safety)
5. Integrated Management System (IMS)
6. ISO/IEC 17025 (Laboratory Competency)
7. ISO 26001 (CSR)
8. ISO/IEC 27001 (Information Security).

Since 2005, Thaioil has maintained and improved all these systems for continuity with the following goals:

- >> Excellence in quality and efficiency of corporate operations
- >> Recognition of the value of environmental management to give rise to environmental development in tandem with business development, focusing on prevention of pollution and continuous development
- >> Reduction and control of hazards to employees and related parties. Business efficiency improvement for safety. Promotion of the corporate image of responsibility to employees and society.

- >> Control of product quality under requirements and agreements with customers
- >> Confidence that Thaioil has conducted its businesses under relevant legislation, standards, and requirements.

Thaioil remains committed to implementing these various management systems for the benefit of sustainable development.

Security Management

Thaioil implements its strict security measures to safeguard Thaioil Group's personnel, properties, data, and reputation from security threats arising from both internal and external factors in line with risk levels. Thaioil's security management policy requires all executives and employees to jointly and strictly conform to the Universal Declaration of Human Rights.

This year, Thaioil took the following further steps:

1. Formed intelligence networks with public agencies, including the National Intelligence Agency and PTT, to be effectively prepared for security incidents and other catastrophes.
2. Upgraded the physical protection system, including the fences, lighting, close-circuited TVs, and the access control systems for all areas of Thaioil Group, particularly those facing risks.
3. Organized a security management workshop for Thaioil Group employees to cultivate awareness of security and jointly devise effective security plans for operating areas under their responsibility.
4. Organized a security management workshop for contractors to produce a management standard of security compatible with that of Thaioil Group.
5. Staged "under-siege" refinery emergency drills and safeguarding drills for the jetty with the Royal Thai Navy

so that employees might familiarize themselves with simulated circumstances and be able to perform effectively under real situations. Such drills led to efficient improvement of the plans.

Occupational Health and Safety Management

Thaioil seeks to maintain the highest possible occupational health and safety standards in the oil refinery industry.

The occupational health and safety of employees, communities, and contractors are pivotal elements of the operations of Thaioil, which has succeeded in linking management systems for occupational health and safety across the organization. A dedicated unit oversees and tracks performance and incorporates safety issues among Thaioil's performance indicators, which cultivates safety awareness among its employees. Meanwhile, the processes for data collection, monitoring, and safety reporting remain a key channel to sustainable progress. Thaioil continues to develop its occupational health and safety plans to maintain its leadership and strive for regional excellence.

To Thaioil, the occupational health and safety of employees, communities, and contractors are its top priority. Possibly the national leader in this industry, Thaioil has always taken pride in maintaining excellent performance on this matter. Yet, this leadership excellence is not a given without Thaioil's sustained improvement of its processes and operations, as other companies could very well be continuously developing themselves. As a result, Thaioil has updated its five-year plan on occupational health, safety, and firefighting to keep up with changing circumstances, while heightening the quality of its operations.

This year, Thaioil successfully operated its occupational health and safety businesses in line with its five-year plan on occupational health, safety, and firefighting, encompassing

occupational health, personal safety, process safety, emergency and crisis management, and safety leadership. A dedicated unit controls and drives performance under the plan. Appointed was an occupational health, safety, and workplace environment panel, consisting of at least 50% from the ranks of operating personnel (excluding the chairman). This panel met at least once a month to keep employees informed, track performance progress, and share future plans, among others.

This year, Thaioil took steps to upgrade its process safety by beginning a study on and defining process safety indicators, designed to maintain excellent occupational health and safety management systems beyond regulations on occupational health and safety for the benefit of sustainable competitive advantages. Besides, Thaioil attained leadership excellence along with skills in occupational health, safety, and emergency and crisis management through competency development programs. This underlined the values while instilling a culture and awareness among all employees, averting severe incidents, and maintaining Thaioil's leadership of the competitive oil industry.

Thaioil took the following steps in occupational health this year:

- >> Undertook Health Risk Assessment (HRA) by expanding the exercise to cover all activities and processing units in the refinery to identify health risk levels among operators to ensure that they were well taken care of, thus leading to healthy operators.
- >> Developed check-up items subject to risk factors by improving on normal operators' check-ups with HRA outcome analyses, so that their check-ups might correspond more to relevant risks in operating areas. This move raised the efficiency of monitoring and analyze the outcomes for various risk factors.

Because data are a key success factor for management, Thailoil devised a data system for recording, monitoring, and reporting safety performance for employees and contractors, together with assorted accident reports and events

potentially leading to accidents, namely unsafe acts and conditions, and near-misses. The table and numbers below illustrate the Total Reportable Case Frequency (TRCF) and the Lost-Time Injury Frequency (LTIF) since 2008.

Total Reportable Case Frequency (TRCF)*



Lost-Time Injury Frequency (LTIF)*



Employees



Contractors

* TRCF and LTIF were derived from (X/work-hours per year) times 1 million man-hours, where X stands for the number of injuries or lost-time injuries

Light injuries (including first-aid treatment) were excluded from injury data

** As of December 2012

Environmental Management

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

1. Governance Structure: All along, ISO 14001 has governed the oversight and development of its environmental management system. Today, Global Reporting Initiative (GRI) and Dow Jones Sustainability Indexes (DJSI), or the Eco Industry framework, provides an operation approach for a more comprehensive, wider scope and issues. The resulting improvement approach is the Environmental Master Plan.

2. Technical Procedures: Thaioil strives to ensure that its environmental management agrees with its code of conduct for its treatment of communities, society, and the environment. It will not engage in activities that harm natural resources and the surroundings and will constantly cultivate awareness of social and environmental responsibility among employees. To this end, Thaioil has defined its policy on Quality, Security, Safety, Environment, and Social Responsibility, which was implemented and communicated through various means, including CG e-learning, employee orientation, education and training on environmental aspects, Safety, Security and Environment in Refinery (STA.1) training, QSSHE Week, external and internal training on environmental courses, and energy and environmental conservation training. Thaioil drives its employees toward implementation, while informing them as required by ISO 14001. Through the years, its environmental management has constantly pursued

excellence and can be passed on from generation to generation via the five steps under Knowledge Management known as COSSAI: Capture, Organize, Store, Share, Apply, and Innovate. Employees' environmental ideas are gathered through a process called IDEAx Go Green, screened, and then find implementation. Environmental projects derived from this activity included projects to avert prevent complaints and E-Waste Form.

3. Climate Strategy: Valuing natural resource conservation (particularly that of fuels and energy), Thaioil Group appointed an Energy and Loss Committee (E&L) to plan operation, monitor, examine, and identify ways to continually improve energy management. Besides, Thaioil has defined a master plan for energy management for 2010-2019, with a goal to move into the first quartile of Asia Pacific refineries in energy consumption, which directly affects the world atmosphere through greenhouse gas reduction. This year, Thai Oil Plc received Thailand Energy Awards (for executives and the energy taskforce) and an Asia Energy Award based on its many energy conservation projects, such as:

1. Application of LP condensate derived from the Mixed Xylenes Unit at CCR2
2. Reuse of waste heat derived from the hot exhaust of gas turbine power generators
3. Restructuring of the furnace's convection bank
4. Increase in power generation by passing the steam derived from pressure-reducing valves through steam turbine power generators, among others

4. Systematic Water Resource Management to lower the risk of water shortage in processes as well as conflicts with nearby communities, and preparedness for public reporting of water usage and readiness for examination. In addition, Thaioil Group has laid down a development framework to raise water management efficiency toward zero discharge; the project feasibility study is underway.

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

1. Air pollution from the procurement process, ranging from maintenance planning, control of sulfur in fuels at its sources, choice of equipment and clean processes, ventilation control, to continuous measurement. Thailoil's key projects included:

- >> Ventilation reduction of NO_x (Nitrogen Dioxide) through modification of heat exchangers, replacement with an Ultra-Low NO_x Burner, and the use of natural gas as its core fuel. Thanks to these measures, such reduction proved successful, dropping from 88.28 grams/second in the base year (2011) to 58.98 grams/second this year, or 33.13% reduction.
- >> VOCs Improvement Project involved the installation of an internal floating roof tank rather than a conventional floating roof tank for gasoline tanks and that of a Vapor Recovery Unit (VRU), capturing VOCs escaping from gasoline tanks to the atmosphere, for instance, at the T-3058 tank, from 78.42 to 10 grams/cubic meter. In addition, a project designed to lower VOC leaks from open-ended drains with biofilter system installation successfully lowered it to only 300 ppm. These projects are under study and construction.

2. Water pollution was managed in several ways, from volume reduction and segregation of treatment from sources, the 3R principles (Reduce, Reuse, Recycle), and efficient wastewater treatment. Extended efforts are now part of Thailoil's major project, namely:

- >> An investigation of water reuse through reverse osmosis and efficiency improvement for process wastewater

treatment: Underway are a study and design to support its goal of lowering discharge to public water sources, which is a most effective way of natural resource consumption.

3. Industrial waste was managed through inventory making, the 3Rs, and safe, technically correct disposal for treatment. The year saw short-term and long-term goals defined, the former consisting of KPI definition that buried landfill should account for no more than 5% of Thailoil's total industrial waste, and the latter 5-year goal of being "Zero Waste to Landfill". For the year, buried landfill accounted for 5% of all waste types, down from 9%. Thailoil successfully raised the ratio of disposed industrial waste with residual heating value, using it as a mixed fuel or an alternative fuel. Apart from these, Thailoil Group's notable projects included:

- >> E-Waste Form: Thailoil developed this electronic management system for managing its own industrial waste database for prompt implementation, paper reduction, systematic data management, and suitable, prompt eventual management of industrial waste.
- >> Soil and Groundwater Study Phase 2: Recognizing the value of long-term planning and management of the quality of soil and groundwater, Thailoil would collect data over three more years (2012-2014). While past survey outcomes showed no VOCs in the soil and groundwater around Thailoil Group facilities, Thailoil was doing this for study and planning of long-term environmental impact management and for the preparedness to define criteria for contaminated soil and groundwater under the guidelines set in the manual on calculating the criteria for its plants.

6. Biodiversity: As a responsible party for the habitat and natural resources around the refinery, Thailoil Group proceeded with notable projects, such as Refinery Park Project. This effort will improve the landscape and work ambience in

perfect blend with natural surroundings while reminding employees, contractors, and Thailoil Group visitors to pay attention to nature.

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

8. Environmental Audit: Thanks to its earnest, continuous operation under the ISO 14001 framework, Thailoil experienced no major corrective actions (NC Major = 0) following an audit by Management System Certification Institute (Thailand). In addition, it is defining audit and assurance actions for its sustainability development reports under the Global Reporting Initiative (GRI). This year, Thailoil scored a "B" for content completeness.

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

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

Environmental Education and Training for Employees

Thailoil has defined a code of conduct on the treatment of communities, society, and the environment, under which it

will refrain from actions harming natural resources and the surroundings, and will constantly cultivate awareness of social and environmental responsibility in the organization among its workforce.

To this end, it has defined a clear set of guidelines for education and training of employees on environmental conservation. An occupational health and safety unit is charged with designing and developing curricula focusing on valuing environmental policy communication and employee education from day one (through their orientation), particularly operators, technicians, and engineers, who are performing tasks directly related to environmental stewardship and conservation. Such courses include STA.1 (Safety, Security and Environment in Refinery), QSSHE Week, external and internal training on environmental courses, and energy and environmental conservation training. In addition, Thailoil has applied leading environmental management systems and other management systems, including ISO 14001 and the Thailand Quality Award (TQA) management system. Its guideline is to second engineers in charge of production processes to training on process techniques with technology proprietors, with one main topic being energy and natural resource conservation. Today Thailoil runs more than 20 training courses.

Besides these training courses, Thailoil regularly encourages employees' environmental conservation awareness through the likes of environmental audit in production areas and campaigns on effective use of office resources—including turning off meeting room lights after meetings, properly controlling air conditioners' thermostats in offices, saving tap water, and using electronic instead of hard document copies in communication. In annual plan formulation meetings by refinery executives, data on environmental stewardship activities are reported to inform them of essential data that will find their way into annual plans.

HUMAN RESOURCE AND ORGANIZATION DEVELOPMENT



SAP ECC

6.0

**SAP ECC 6.0 is successfully
implemented in Thailoil's Human
Resource Management System**

Organization Development – HR Database and Information Management

Under Thailoil's strategy plan and HR master plan which have been constantly developed in response to Thailoil Group's business plan, this year Thailoil successfully implemented the SAP ECC 6.0 HR management system in full: from organization structuring, staff recruitment, performance assessment, compensation management, individual career development, to systematic personnel record keeping and career path management, which provide for preparing future business leaders.

Thailoil has, moreover, expanded its IT system to its affiliates to enhance their operations, management, and competitiveness. The system will also boost their preparedness to cope with changes while being able to efficiently accommodate future business directions. Linkages and further expansion across Thailoil Group are underscored in the implementation of the system, also designed for wider accessibility. The MSS (Manager Self-Service) helps executives access information required to assist their management and quick, wise decision-making, whereas the ESS (Employee Self-Service) helps employees access basic information that supports their performance and information about their benefit, welfare, and knowledge and skills development. They can access ESS to update their personal data more quickly and conveniently.

This year, Thailoil was still determined to continuously groom its employees for present and future business needs by stressing development of all staff through the Career

Management System. Staff can learn about their own career development and are allowed to take part in the systematic design of their career paths both in short and long terms. The approach boosts staff morale and encourages them to reach their full potential. In the short term, Thailoil requires staff's annual individual development plans for short-term career development. For talented employees, it has a specific plan with a specially-designed compensation system, designed to leverage competency from these talented employees to enable Thailoil to achieve its corporate KPIs for succession planning. This plan covers middle management executives upward and those in critical positions alike.

Organizational Capability Management

As a rule, a sound management principle enables the organization to make great strides while blending in with changing circumstances in a timely way. Despite Thailoil Group's continued successes over the years, retention of competitiveness remains a challenge, which was why Thailoil introduced the Organizational Health Check (OHI) this year by surveying staff opinions.

The OHI assessment consists of the following key aspects. Corporate leaders represent role models that competently leverage internal communication so that staff may master organizational strategies and directions, and may implement them in pursuit of strategic goals. The OHI also assesses the portrayal of the corporate culture and work ambience, as well as performance common sense and corporate governance in all key activities. It also assesses how

extensively free views are shared, creation of innovations, stimulation and inducement to work, attraction of external talents to the company, and nurturing of sustainable cordial relations with Thailoil's business allies. Thailoil then compared the findings with leading industry peers so as to develop an organizational capability management plan in pursuit of greater competitiveness on a par with leading organizations.

Management Restructuring

Periodically, Thailoil assessed and reviewed the efficiency of its management structure. The previous management structure, which formed a strong foundation for recent business development, will now give way to a new one in an effort to match business development with the changing state of competition and marketing, as well as with strategies of sustainable growth. Specifically, related units will now be put under the same business area for greater performance agility, greater collaboration efficiency, and alignment with the industry's best practices.



Way to
**SUSTAINABLE
DEVELOPMENT**

CORPORATE SOCIAL RESPONSIBILITY

Environment-friendly production processes along with utmost care for the well-being of the community's and ecology's around the refinery are essential keys to sustainability.



Thaioil Group has set clear approaches to achieve its targeted vision of a high-performance organization that promotes innovation for sustainable growth with emphasis on corporate governance and commitment to Corporate Social Responsibility (CSR). Thaioil Group's values also serve as a behavioral framework for the organization and staff to act in a socially responsible way.

Through the past 51 years, Thailoil Group has recognized the value of clean and environment-friendly production and maintained process and product standards for sustainable development. It is active in CSR activities in the communities surrounding the refinery and society as a whole, leveraging its strengths and vast experience in the energy business to develop its projects, with emphasis on applying natural energy resources instead of wasting them so as to enhance

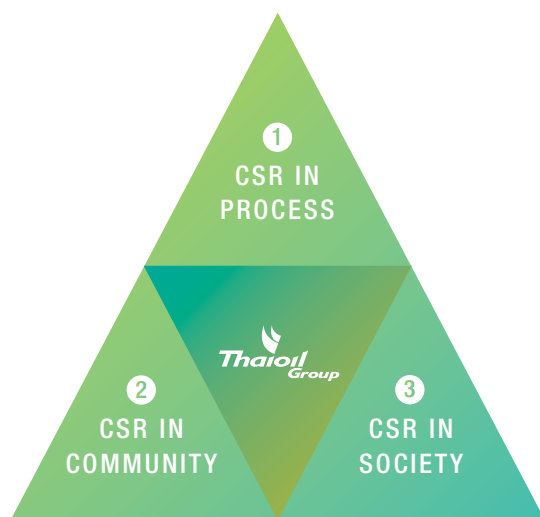
resource management and raise the standard of living of communities based on sufficiency, while preserving traditional lifestyles and occupations of communities based on His Majesty the King's Sufficiency Economy Philosophy. By design, our CSR enhances the self-reliance of communities, which leads to their sustainable strength.



During the past year, Thailoil Group constantly implemented CSR activities and gradually expanded those activities recognized and accepted by all stakeholders. The success of our organizational management and CSR activities is evident in our awards, both at national and international levels in 2012 as follows:

1. Alpha Southeast Asia Award 2012 for the Strongest Commitment to Sustainable Energy in Southeast Asia
2. Alpha Southeast Asia Award 2012 for the Best Strategic CSR
3. Best Corporate Social Responsibility Awards from the Stock Exchange of Thailand and Money and Banking Magazine
4. CSR-DIW Continuous Award from Department of Industrial Works
5. CSR-DIW in Supply Chain Award from Department of Industrial Works.

As a member of an industry of high business potential, strength, and with good relations with communities, Thail Group is committed to continuing its operations, taking into account balanced co-existence between economy, the society, and environment. Our CSR activities thus act as an origin and a turning point for our development as a sustainable organization in line with the corporate strategy of being a part of society and improving our corporate citizenship under the Corporate Value 'POSITIVE', which describes the characteristics of our employees, who are both talented and conscientious, with volunteering spirit and the ability to act and think creatively through their work processes and daily life for the good of society. Valuing socially responsible business conduct, the Board and the top management have defined our CSR policy and strategy by integrating strengths and expertise in the energy business and employees' volunteering spirit into a driving force for CSR activities toward a sustainable organization. We also enhanced the communication of our policy and CSR activities to our stakeholders in a systematic and continuous way.



“THAIOIL GROUP CSR FRAMEWORK”

CSR Policies

1. Strive to develop the business's sustainable growth with environmental stewardship and care for community safety and earnest support to society
2. Support and develop society by applying Thail's extensive strengths, expertise, and experience in energy business accrued over 50 years to CSR projects
3. Implement CSR projects to benefit society, both at the community level (around the refinery) and at the national level (in localities without access to public utilities)
4. Focus on using natural energy sources instead of wasting them, under the Sufficiency Economy Philosophy of maximizing local resources.

CSR Strategies:

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

CSR Projects and Activities in 2012

Thaioil Group applied “CSR in process”, sustainable production process management by applying advanced, green innovations and production technologies. Thaioil Refinery is the first refinery in the country to use the Integrated Management System (IMS). The refinery was certified with the internationally recognized management standard and certification systems, including ISO 9001, ISO 14001, TIS 18001, BS OHSAS 18001:2007, and ISO/IEC 17025 as mentioned in Chapter 9. Besides the Environmental Master Plan 2012-2016, we initiated biodiversity projects for 2012 as follows:

- >> Khao Phu Bai Ecosystem Development Project consisting of behavioral study of long-tailed macaque and biodiversity survey at Khao Phu Bai in cooperation with Kasetsart University (Sriracha Campus). Outcomes of the studies and surveys will be presented to Laem Chabang Municipality and other communities for use in planning Khao Phu Bai ecosystem management for sustainable development.

CSR IN COMMUNITY



CSR IN PROCESS



- >> Refinery Park Project designed to develop the compound into a Green Refinery by defining a plan and procedures to improve the overall landscape and environment. The project creates a work environment in harmony with nature as well as enhance awareness of its employees, contractors, and visitors to always keep the work environment in good conditions.

Thaioil Group also held CSR activities at both community and society levels as follows:

1. Community

Health and Quality of Life Improvement Project

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

Community Preventive Medicine Project

In 2012, Thaioil Group executed this project and conducted a community Holistic Health survey under the Family and Community Assessment Program (FAP 1) in cooperation with Laem Chabang Hospital, Laem Chabang Municipality, and Village Health Volunteers. Students from the Faculty of Nursing, Burapha University and Borommarajonani College of Nursing, Chonburi, surveyed the physical health of families in the communities and prepared community health maps for Ban Thung and Wat Manorom communities. Health activities included 'Move a Little Bit to Keep Good Health' and 'Combat Mosquitoes and Prevent Dengue Fever with Traditional Herbs' under the proactive healthcare and development program for the Wat Manorom community.

Other CSR activities included promotional activities to reduce risks from diabetes, hypertension, and obesity (FAP 2) by identifying those potentially inflicted with these diseases, following up on the health reports of those aged over 35, staging a 'Happy and Good Health' festival, educating communities, launching exercise campaigns of dancing and boxing with music, conducting 'Love Mom with Sand and Sea' activity, and preparing a healthcare handbook to prevent hypertension. A health survey was conducted at the Ban Ao Udom community on senior members aged over 55 (FAP 3), as well as screening those aged between 15-35 susceptible to Thalassemia Disease or potential carriers (FAP 4) for further healthcare and family planning.

Community Holistic Health Enhancement Project

Thaoil Group, in cooperation with Laem Chabang Hospital, provided dental services to grade 1 to grade 9 students

from seven schools around the refinery and launched the Dental Care Promotion for Schools around the Refinery Project and funded Preventive Medicine Project for communities surrounding Thaioil Group so that dental services and community medicine programs and services can be continually available and efficient. Moreover, Thaioil Group has developed the 'Livable Community' project through activities like aerobics, clubs dance and yoga. Toys for children and exercise equipment were also provided at the Thaioil Health and Learning Center for Communities.

Education and Learning Promotion Project

Thaoil Group along with staff and club members from the Union of Thaioil Refinery Company, Thaioil Saving Cooperative Limited, Senior Staff Association and Thaioil Alumni Association continued their educational support through the Thaioil Education Fund. A total of 217 scholarships for primary, secondary, and undergraduate studies were awarded to students in Laem Chabang Municipality. Also, special 'Scholarships for Nursing Students of Burapha University' were awarded to nurses that intended to work at Laem Chabang Hospital after graduation for their bachelor's degree pursuit, and an Automotive Innovation Fund was set up for Kasetsart University (Sriracha Campus).

Thaoil Group also set up a 'Living Library' and projects such as watercolor painting and handicrafts, English for Youths at Thaioil Group Health and Learning Center for Communities, Training on Standard Skilled on Ropeskipping for students around the refinery, knowledge sharing project on production of biogas from food waste for community at Wat Mai Noen Phayom, and the Scientific Culture Youth Camp Project. The ropeskipping training project supported and developed

Community Preventive
Medicine Project



Dental Care Promotion for Schools
around the Refinery Project



Training on Standard Skilled on
Ropeskipping Project



students and youths, earning them awards and medals. Students from 7 schools who participated in our project won 7 royal cups and a total of 103 medals from the 6th Royal Cups Ropeskipping Competition 2012, held by the Thai Heart Foundation under the Royal Patronage. A youth group from the Ban Ao Udom community was named the best youth group for community health system management.

Environmental Project

Thaioil Group provided annual support to communities in launching a Campaign for Environmental Conservation Project as a tribute to Her Majesty the Queen. It also supported activities of fishermen club at Ao Udom to revive aquatic resources of Ao Udom, such as returning horseshoe crabs to the Ao Udom sea. Other projects included Khao Phu Bai Biodiversity Survey Project and Green Communication Project. It also set up a joint 'Coordination Center' and the Environmental & Community Relations Steering Committee and Working Committee to work proactively together in setting measures and operating plans for around-the-clock monitoring.

Religion, Customs, and Culture Project

Thaioil Group, along with the Community Committee, discussed and planned religious and traditional activities, such as 'Dharma Sermons for a Clean Mind and Meditation', held monthly on the day before full moon at the Buddhist Shrine of the Health and Learning Center for Communities. The shrine houses the statue of Buddha Ratana Mongkol Sakol Prachanatamunee. Other activities included the offering of Buddhist lent candles to nine temples and a sermon by Phra Maha Sompong Tanputto on Dharma for the Family. Thaioil Group also supported an activity of Ram Wong folk dance by the 'Laem Chabang Folk Ram Wong Dancing Conservation Club' to conserve the traditional cultures of the community.

Capability of the Community Committee Development Project

Local leaders provide leadership through ideas and coordination between the refinery and communities. This project develops the knowledge of local leaders and provides the skills necessary to promote community development. The project this year included educational trips and exchange of knowledge, skills, and experience between Thaioil Group communities and other communities. For example, Community Capability Development Project and Good Health Management activities were held at Pak Phun Subdistrict Administration Organization (SAO), Nakhon Srithammarat, along with a visit and educational trip to the horseshoe crab bank, fish markets, and dockyards of Lam Phak Bia, Phetchaburi.

Relationship Building and Engagement Project

The Tripartite Development Model—a collaborative model of Thaioil Group, the communities, and Laem Chabang Municipality—was applied to the development of the communities surrounding the refinery. Last year, the Trash-Free Ao Udom Community Project was initiated using the systematic tripartite model and funds for environmental conservation to better manage community waste. Other projects included the Open House, Connected Hearts: Thai Youths at the Refinery, Integrity Bank Project at Ban Ao Udom community, Thaioil Youth Ambassador, and programs designed to groom school and university students and youths in the community to lead the community toward sustainable development. The Thaioil Group Health and Learning Center for Communities acts as learning and coordinating center for the communities and government agencies in jointly organizing meetings, study visits, exhibitions, and presentations on various subjects.

Thaioil Educational Fund



Capability of the Community Committee Development Project at Pak Phun Subdistrict, Nakhon Srithammarat



Our Community Journal

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

2. Society

Alternative energy development and energy efficiency promotion was initiated by Thailoil Group to narrow the gap between urban and rural communities with little access to public utilities, recognizing that true development starts from the foundation and that communities must be bolstered first so that it can firmly support the top standard of living.

Thailoil Group, therefore, emphasizes making use of natural resources or agricultural surplus in the areas to benefit communities and match their needs instead of wasting them, and promote efficient energy consumption. Thailoil Group supported employees' participation in its CSR projects/volunteer

**CSR
IN SOCIETY****Hydropower Project****Chaing Mai**

Huay Poo Ling Pico-Hydropower Plant
Ban Pean Pico-Hydropower Plant
Ban Mae Jo Hydropower Plant

Payao

Wat Champa Thong
Pico-Hydropower Plant 1,2

Kampaengpeth

Highland Agricultural Research Center
and the 4th Ranger Regiment
Pico-Hydropower Plant

**Renewable Energy Project****Mae Hong Son**

UN Joint Programme on
Integrated Highland
Livelihood Development

Tak

Umphang-Energy
Sufficiency City
in Honor of HM the King

**Energy Efficiency Improvement Project****Lampang**

Project to improve the efficiency
of the stove modification of
tea leaves steaming

**Biogas Project****Suphanburi**

Biogas Project,
Clean Energy from
Thailoil to communities

**Phang Nga**

Biogas from Rubber
Production & Households
Wastes and Promoting
Toxic Free Home-Grown
Vegetation at Mak Noi Island

**Other Projects****Chonburi**

Coral Farming and Rehabilitation of
Coral Reef at Si Chang Island

Buriram

Human and Organization Resource
Development "Canal" Water Project
for Sufficiency Economy



activities as well as their own initiated programs expanding cooperation networks and partners, both at national and international levels, to cover CSR initiatives throughout the country.

Green Energy Mechanism Project

In collaboration with the Energy for Environment Foundation, the following projects were continued in 2012:

The Umphang Energy Sufficiency City in Honor of His Majesty the King (Continuing Project)

The project seeks to develop community renewable energy covering potential development dimensions of the community's natural energy resources, such as pico-hydropower, biomass power, cooking biogas production, and solar-cell power generation systems. In 2012, accomplishments included installation of solar-cell power generation systems with a generating capacity of 968 watts for the Third Development Division office and 370 watts for a sanitarium at Ban Ma-O-Kho, and a 10 kilowatts gasification power generation system for the healthcare hospital at Mae Chan, Tak. For 2013, activities will focus on pico-hydropower under the extended projects.

Community Renewable Energy Development Project, Mae Hong Son (Continuing Project)

The project, operated in cooperation with UNDP, covered potential development of natural resources through installation of a pico-hydropower plant, a high-efficiency rice-husk-fired stove, biomass energy, a cooking biogas production system, and a project to improve and maintain a solar cell power system at Mok Champae, Tham Lod, Mae Suat, and Mae Yuam of Mae Hong Son.

Second Wat Champa Thong Pico-hydropower Plant Project

This project consists of weir construction and diversion of water from a waterfall to generate power for Wat Champa Thong and the 6th Doi Luang National Park Protection Unit (Champa Thong) in Phayao for their religious practices and forestry preservation, respectively. Under the project, the first power plant with a 7.5-kilowatt capacity was installed to supply power for the 6th Doi Luang National Park Protection Unit, and the second plant of an identical capacity was installed in 2012 to supply power to Wat Champa Thong. Thaioil Group held an off-season offering of robes and other needs to monks at the temple, and supported hydropower production process and nature trekking route. The employees also assisted in pavement cementing around the plants and improved the landscape.

Modification of Tea Leaf-Steamer Stove

A research project on 'Fermented Tea for Good Health' in collaboration with the Faculty of Pharmacy, Chiang Mai University, was continued to put the findings of this research to good use. Support was also extended to housewives in the project areas through Thaioil Group's purchase of their 'tea leaf pillow for good health' as a corporate New Year gift. Inedible tea leaves are dried and filled pillows for value added products since such pillows can ease tension and are durable because of their anti-bacterial properties. The faded-tea odor can be retrieved by putting pillows under the sun. This value-added product created jobs in the areas, and Thaioil Group is proud to have played a part in this development for sustainable growth of communities.

The Umphang Energy Sufficiency City
in Honor of His Majesty The King, Tak



Community Renewable Energy Development Project,
Mae Hong Son



Second Wat Champa Thong
Pico-hydropower Plant Project, Payao



Ban Mae Jo Hydropower Project

This project was an extension of the Royal Projects of His Majesty the King on the construction of the Huay Mae Lerm Reservoir initiated in 1988 at Mae Jo Village, Mae Taeng, Chiang Mai. The village, lying at the end of the grid, experienced frequent power shortages. This project provided power security while creating income from power sale to the Provincial Electricity Authority (PEA). The project contributes to the conservation of nature, raises awareness of forest protection, reduces deforestation, and increases forest areas. It also creates an educational center and ecotourism attractions, and promotes toxic-free agriculture to develop and ease living conditions of communities. Accomplishments included the establishment of a community enterprise that will soon apply for power system operation.

Huay Poo Ling Community Hydropower Plant Grid Extension Project

After completion of the grid extension from the Huay Poo Ling community hydropower plant to the Ban Khun Ya School, Thailoil Group extended the power system to households in three villages so that they can raise better living conditions with clean energy. Moreover, the traditional scarf, a local handicraft handed down from generation to generation, was chosen as a New Year gift for Thailoil Group. The project created jobs, generated income, and conserved community culture in a sustainable way.

Extension Project on the Development of Community Energy Projects in Cooperation with Partners to Cover All Regions**Biogas from Rubber Production & Households Wastes and Promoting Toxic-Free Home-Grown Vegetation Project at Mak Noi Island, Phang-Nga**

This project deals with the management of waste from the production of rubber sheets and household waste with a biogas digester and promotion of toxic-free vegetables for the good health of the community at Mak Noi Island, Phang-Nga, in cooperation with Thaksin University (Phatthalung Campus) and Panyi Island SAO. It was developed from renewable energy to lead to sustainable good health. The locals here had suffered from environmental impacts of rubber sheet production process and increase of organic waste from the carcasses of marine animals from fishing and household waste. To reduce waste and wastewater from the rubber sheet production process and organic waste were first put in household ferment pits to produce gas, which can be used in cooking. The project included a campaign to promote toxic-free agriculture and introduced the high-efficiency stoves to produce wood vinegar to the community.

Phase I (in 2012) consisted of the installation of a biogas system for 104 households, which reduced about 72,000 liters a year of organic waste on the island and lowered the cost of cooking gas by 1,140 Baht a year per household, or about 118,560 Baht a year for the whole island. Thailoil Group's volunteers had participated in the installation together with

Ban Mae Jo Hydropower Project, Chiang Mai

Biogas from Rubber Production & Households Wastes and Promoting Toxic-Free Home-Grown Vegetation Project, Mak Noi Island, Phang Nga



knowledge transfer and exchange on system development with the locals at the Mak Noi Island community to encourage their participation in waste management, reduce impacts on the environment, and develop a learning process so that they can be proud of their self-reliance.

Human and Organization Resource Development “Canal” Water Project for Sufficiency Economy Management at Ban Nong Takhian, Nang Rong, Buriram, in cooperation with the Education and Welfare Foundation.

The project developed local resources through the education of local people, particularly local leaders, on management systems and on water sources for the development of local residents under Sufficiency Economy guidelines. Canals and reservoirs will be built in high-ground areas, and local leaders will be trained on project management, use of maps, area surveys, and the use of theodolite through learning by doing at Ban Nong Takhian. A canal of 2.2 km long, 3 meters wide, and 3.5-meter deep was dug, nine reservoirs were built, and 395 farmers of 102 households benefited from it.

Flood Relief and Schools Rehabilitation Project, Nonthaburi

Thaioil Group in cooperation with SET for the Relief fund, Corporate Social Responsibility Institute (CSRI), Thai Listed Companies Association, and the Engineering Institute of Thailand repaired and restored schools and buildings, improved potable water and electrical systems, and donated chairs and desks to the Ban Khlong Farang

School and Somboon Sart Pattana School, Nonthaburi, which were devastated by the Great Floods of 2011. Vegetable seeds and Thaioil Group Sufficiency Economy Mushroom House, amounting to 1,000 logs, were presented to the community to promote Sufficient Economy vegetable plots as sources of food for lunch for school children, since the budget allocation from the government was inadequate. The rest were sold to raise funds for the student lunch program.

Environmental Conservation Projects

Coral Farming and Rehabilitation of Coral Reefs at Si Chang Island (Continuing Project)

Thaioil Group, in cooperation with the Department of Marine and Coastal Resources, Aquatic Resources Research Institute (ARRI), and the Faculty of Science (Chulalongkorn University) jointly carried out a project on coral farming and the rehabilitation of coral reefs at Si Chang Island, Chonburi, to raise the efficiency of coral propagation and rehabilitation. The project developed an ecotourism attraction where students and interested people can learn about the ecosystem of coral reefs and restoration methods. This five-year project runs from 2011 to 2016. This year, a coral reef nursery was constructed on Samae San Island, Sattahip district, which abounded in aquatic resources, with clean water fit for young coral that can be grown before being replanted into their natural marine habitats. The project included restoration of deteriorated coral reefs and their development into a marine ecosystem educational center.

Human and Organization Resource Development
“Canal” Water Project, Buriram



Flood Relief and Schools Rehabilitation Project,
Nonthaburi



Coral Farming and Rehabilitation of
Coral Reefs at Si Chang Island, Chonburi



Thaioil Group Voluntary Activities in 2012

- > Ban Mae Jo Making a Firebreak at Community Forest, Ban Mae Jo Hydropower Plant Project, Chiang Mai
- > Community leader development, educational trip on community good health at Pak Phun SAO, Nakhon Srithammarat
- > Concrete block laying and coral-nursing activities, Coral Farming and Rehabilitation of Coral Reefs Project, Sriracha, Chonburi
- > Activities on biogas installation, biomass production/ toxic-free vegetables, Mak Noi Island, Phang-Nga
- > Delivery of the canal under Sufficient Economy Management “Human and Organization Resource Development & Canal Water” Project, Buriram
- > CSR off-season offering of robes to monks at Wat Champa Thong, Phayao
- > Installation of biogas systems and solar cells, Mae Hong Son.

The 2012 Public Voluntary Activities in Cooperation with the Stakeholders:

- > Ban Mae Jo community reforestation, where customers participated and visited the Ban Mae Jo hydropower plant, Chiang Mai.
- > Erecting of a ward for Wat Mai Si Muen School, Ratchaburi, in cooperation with trading “CSR in Supply Chain” partners.

The activity led to the establishment of the Wat Mai Si Muen Community Learning Center.

- >> Return the Schools to the Children Community Relations Project: Thaioil Group together with analysts and investors improved the canteen, planted trees to improve the landscape of the buildings, painted outdoor play equipment, improved the playground, and grew vegetables for the lunch program at Ban Khlong Farang School, Nonthaburi
- >> Painting of Wat Manorom School, Chonburi, in collaboration with analysts and investors.

Establishment of Thaioil Group Public Volunteering Spirit Fund

During the 2011 Great Floods, our employees organized a Charity Day to raise funds and donations for flood victims in addition to Thaioil Group’s donation. We further set up a “Public Volunteering Fund” for employees to continue CSR activities on their own initiatives.

In 2012, seven projects supported by the Fund consist of:

- >> Construction of a bridge for Noen Wang Hin Forest Steward Unit, Chonburi
- >> Post-flood restoration of Ban Krathum Lai School and Ban Klang Khlong 27 School, Ayuthaya
- >> Educational support for disadvantaged youths at Wat Sri Suwannaram, Prachinburi

Thaioil Group Volunteer Activities and Public Volunteer Activities in Corporation with Stakeholders



- >> Facility renovation for Ban Nong Bua School, Prachinburi
- >> Volunteer project on acquisition of a water supply system for Ban Krathum Lai School, Ayuthaya
- >> Volunteer project on paving a conservation road for Noen Wang Hin Forest Steward Unit, Chonburi
- >> Return the water to the forest through the construction of a weir in Phetchaburi.

Thaioil Group CSR Projects & Activities in 2013

1. Community

The two extended projects consist of a project to build Thaioil's 50th Anniversary Building at Laem Chabang Hospital in Sriracha, and the other to collect health data in the communities to develop a health map.

2. Society

Extended Projects from Year 2012:

- >> Umphang Energy Town in Honor of HM the King, Mae Chan, Tak
- >> Renewable Energy Development Project, Mae Hong Son,
- >> Coral Farming and Rehabilitation of Coral Reefs at Si Chang Island, Chonburi
- >> Extension of Power Grid at Huay Poo Ling Community Hydropower Plant, Chiang Mai
- >> Ban Mae Jo Hydropower Plant Project, Mae Taeng, Chiang Mai

New Projects (Feasibility Study Phase)

- >> Biogas Production Project (Phase 2), Mak Noi Island, Phang-Nga, leading up to a community learning center
- >> Biogas Production Project, Krung Ching, Nopphitum, Nakhon Srithammarat
- >> Human and Organization Resource Development "Canal" Water Project for Sufficiency Economy Project (Phase 2), Nang Rong, Buriram

Projects in Collaboration with PTT Group

- >> Reforestation Project in Honor of HM the King
- >> Establishment of Rayong Institute of Science and Technology (RIST) and Rayong Science Academy (RSA).

In 2013, Thaioil Group's key CSR strategy is to establish networks with related organizations in developing CSR projects and broadening channels for employee participation in CSR activities. Thaioil Group has made a big stride in CSR ways and is most willing to share knowledge and experience with our partners, to develop alternative choices for each community, and to bring smiles, happiness, strength, and immunity to communities so that they can become **Energy Self-Reliance** in a sustainable way and in compliance with the Sufficiency Economy philosophy toward genuine development.



BOARD OF DIRECTORS

As at December 31, 2012



Mr. Norkun Sitthiphong
Chairman of the Board of Directors
(non-executive)
Age 59 Yrs.

Education

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

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

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

Other Training

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

Working Experience in the 5 preceding years

2003-2010 Deputy Permanent Secretary, Ministry of Energy

Present Positions

1. Listed Company (2)

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

2. Public Company

- None

3. Limited Company

- None

4. Other Organizations/Institutions (2)

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

5. State Enterprise

- None

% of Shareholding

- None

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None



Mr. Chaikasem Nitisiri
Independent Director (non-executive)
and Chairman of the Audit Committee
Age 64 Yrs.

Education

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

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

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

Other Training

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

Working Experience in the 5 preceding years

2007-2009 Attorney General, Office of the Attorney General

2009-2012 Senior Public Prosecutor (Advisor to the Attorney General)

Present Positions

1. Listed Company (1)

- >> Independent Director and Member of the Audit Committee, PTT Exploration and Production Public Company Limited

2. Public Company

- None

3. Limited Company

- None

4. Other Organizations/Institutions (6)

- >> Chairman, the Securities and Exchange Commission
- >> Chairman, Institute of Justice
- >> Senior Public Prosecutor (Advisor to the Attorney General)
- >> Director, Council of State Committee
- >> Director, Nation University Board
- >> Director, Saint John University Board

5. State Enterprise (1)

- >> Executive Board Chairman and Director, Government Housing Bank

% of Shareholding

- None

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None



Mr. Apisit Rujikeatkamjorn
Independent Director (non-executive)
and Member of the Audit Committee
Age 67 Yrs.



Mr. Somchai Sujjapongse
Independent Director (non-executive)
and Member of the Audit Committee
Age 51 Yrs.

Education

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

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

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

Other Training

- None

Working Experience in the 5 preceding years

- | | |
|-----------|--|
| 2006-2011 | Chairman of the Promotion Board for Advancement of Khonkaen University |
| 2006-2011 | Chairman, Tele Data (Bangkok) Group Company |
| 2006-2011 | Member of Khonkaen University Council |

Present Positions

1. Listed Company (2)

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

2. Public Company (3)

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

3. Limited Company (2)

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

4. Other Organizations/Institutions

5. State Enterprise

% of Shareholding

Conflict of Interest

Relation among family with the Company

Dispute in the 10 preceding years

- None

- None

- None

- None

- None

- None

Education

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

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

- >> Certificate in Director Certification Program (DCP75/2006)

Other Training

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

Working Experience in the 5 preceding years

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

Present Positions

1. Listed Company (1)

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

2. Public Company

- None

3. Limited Company (1)

- >> Director, Aeronautical Radio of Thailand

4. Other Organizations/Institutions (1)

- >> Director-General, Fiscal Policy Office, Ministry of Finance

5. State Enterprise (1)

- >> Director, Metropolitan Electricity Authority

% of Shareholding

Conflict of Interest

Relation among family with the Company

Dispute in the 10 preceding years

- None

- None

- None

- None



Mr. Tanawat Ampunant
Independent Director (non-executive)
and Member of the Audit Committee
Age 41 Yrs.

Education

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

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

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

Other Training

- None

Working Experience in the 5 preceding years

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

Present Positions

1. Listed Company - None
2. Public Company - None
3. Limited Company - None
4. Other Organizations/Institutions (1)
 - >> Full Time Instructor, Master of Public Administration, Mahachulalongkornrajavidyalaya University
5. State Enterprise (1)
 - >> Director and Member of Audit Committee, Dhanarak Assets Development Company Limited (State Enterprise under Ministry of Finance)

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



Mr. Somchai Poolsavasdi
Independent Director (non-executive)
and Chairman of the Nomination
and Remuneration Committee
Age 56 Yrs.

Education

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

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

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

Other Training

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

Working Experience in the 5 preceding years

- 2005-2007 Director of the Post Clearance Audit Bureau, the Customs Department
- 2007 Director of the Regional Customs Office III, the Customs Department
- 2007-2008 Director of the Suvarnabhumi Airport Cargo Clearance Customs Office, the Customs Department
- 2008 Director of the Investigation and Suppression Bureau, the Customs Department
- 2008-2009 Deputy Director-General of the Customs Department
- 2009-2010 Inspector-General, the Ministry of Finance
- 2010-2011 Deputy Permanent Secretary, the Ministry of Finance
- 2011-2012 Director General, the Customs Department
- 2012-Present Director General, the Excise Department

Present Positions

1. Listed Company (1)
 - >> Director, Airports of Thailand Public Company Limited
2. Public Company - None
3. Limited Company - None
4. Other Organizations/Institutions (1)
 - >> Director General, the Excise Department
5. State Enterprise (1)
 - >> Director, Provincial Electricity Authority

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



Gen. Jiradej Mookhasmit
Independent Director (non-executive)
and Member of the Nomination
and Remuneration Committee
Age 58 Yrs.

Education

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

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

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

Other Training

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

Working Experience in the 5 preceding years

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

Present Positions

1. Listed Company - None
 2. Public Company (1)
 - >> Independent Director and Chairman of Audit Committee, Mida Leasing Public Company Limited
 3. Limited Company - None
 4. Other Organizations/Institutions (1)
 - >> Assistant Commander in Chief, Royal Thai Army
 5. State Enterprise - None
- % of Shareholding - None
- Conflict of Interest - None
- Relation among family with the Company - None
- Dispute in the 10 preceding years - None



Mr. Wisan Wuthisaksilp
Independent Director (non-executive)
and Member of the Nomination
and Remuneration Committee
Age 62 Yrs.

Education

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

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

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

Other Training

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

Working Experience in the 5 preceding years

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

Present Positions

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



Pol. Gen. Adul Sangsingkeo
Independent Director (non-executive)
and Chairman of the
Corporate Governance Committee
Age 58 Yrs.

Education

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

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

- None

Other Trainings

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

Working Experience in the 5 preceding years

2007	Assistant Commissioner General, Acting Commissioner of the Command and Operation Center (Forward Post), Royal Thai Police (Yala Province)
2009	Advisor to Royal Thai Police (Security and Special Tasks)
2009	Member, Board of the Market Organization, Ministry of Interior
2010	Member, Board of the Industrial Estate Authority of Thailand
2010-Sep. 2012	Deputy Commissioner-General, Royal Thai Police
2011-Sep. 2012	Secretary-General, Narcotics Control Board
Oct. 2012-Present	Commissioner-General, Royal Thai Police

Present Positions

1. Listed Company (1)

- >> Director, MFC Asset Management Public Company Limited

2. Public Company

- None

3. Limited Company

- None

4. Other Organizations/Institutions (1)

- >> Commissioner-General of the Royal Thai Police

5. State Enterprise

- None

% of Shareholding

- None

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None



Gen. Trisak Indararusmi
Independent Director (non-executive)
and Member of the
Corporate Governance Committee
Age 62 Yrs.

Education

- >> Bachelor of Science, Chulachomklao Royal Military Academy
- >> Royal Thai Army War College
- >> Master of Public Administration, National Institute of Development Administration

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

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

Other Training

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

Working Experience in the 5 preceding years

2005-2007	Commander, Military Circle (22), Ubon Ratchathani
2007-2009	Advisor, Royal Thai Army (Deputy, Army Sport Center)

Present Positions

1. Listed Company

- None

2. Public Company

- None

3. Limited Company

- None

4. Other Organizations/Institutions

- None

5. State Enterprise (1)

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

% of Shareholding

- None

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None



Mr. Thosaporn Sirisumphand
Independent Director (non-executive)
and Member of the
Corporate Governance Committee
Age 52 Yrs.

Education

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

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

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

Other Training

- >> "Local Authorities and the State", École Nationale d'Administration (ENA), France (2008)
- >> Certificate in Capital Market Academy Leadership Program, Class 10
- >> Senior Executives on Justice Administration, Class 15

Working Experience in the 5 preceding years

- | | |
|------|--|
| 2009 | Member of Corporate Governance Committee,
Thai Airways International |
| 2009 | Committee Member of the Civil Service Commission for
Higher Education |

Present Positions

1. Listed Company (1)

- >> Director and Member of the Nomination, Compensation, and Corporate Governance Committee, Siam Commercial Bank Public Company Limited

2. Public Company

- None

3. Limited Company

- None

4. Other Organizations/Institutions (6)

- >> Secretary-General, Office of the Public Sector Development Commission
- >> Committee Member, Office of the Official Information Commission
- >> Council Member for Personnel Policy, Chulalongkorn University Council
- >> Council Member of Rangsit University, Mahanakorn University of Technology and Southeast Bangkok College
- >> Member of the Independent Monitoring and Evaluation Committee, King Prajadhipok's Institute
- >> Member of the Independent Monitoring and Evaluation Committee, Political Development Council

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



Mr. Somkeirt Hudthagosol
Director (non-executive)
Age 62 Yrs.

Education

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

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

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

Other Training

- None

Working Experience in the 5 preceding years

- | | |
|----------------|--|
| 2008-2011 | Deputy Managing Director-Business (Act.),
Thai Oil Public Company Limited |
| 2006-2009 | Director, Maesod Clean Energy Company Limited |
| Oct. 2009-2010 | President, Thai Oil Public Company Limited |
| 2006-2011 | Director, Thai Paraxylene Company Limited |
| 2004-2011 | Director, Thai Lube Base Public Company Limited |

Present Positions

1. Listed Company

- None

2. Public Company

- None

3. Limited Company (10)

- >> Chairman, Sak Chaisidhi Company Limited
- >> Deputy Chairman, Thai Tokai Carbon Product Company Limited
- >> Director, Thaioil Marine Company Limited
- >> Director, Independent Power (Thailand) Company Limited
- >> Director, Thaioil Solvent Company Limited
- >> Director, TOP Solvent Company Limited
- >> Director, TOP Solvent Vietnam LLC.
- >> Director, Thaioil Ethanol Company Limited
- >> Director, Sapthip Company Limited
- >> Director, Ubon Bio Ethanol Company Limited

4. Other Organizations/Institutions

- None

5. State Enterprise

- None

- | | |
|--|---------|
| % of Shareholding | 0.0519% |
| Conflict of Interest | - None |
| Relation among family with the Company | - None |
| Dispute in the 10 preceding years | - None |



Mr. Apisak Tantivorawong
Independent Director (non-executive)
and Chairman of the
Risk Management Committee
Age 59 Yrs.

Education

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

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

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

Other Training

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

Working Experience in the 5 preceding years

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

Present Positions

1. Listed Company (1)

- >> Independent Director, CP All Public Company Limited

2. Public Company

- None

3. Limited Company

- None

4. Other Organizations/Institutions

- None

5. State Enterprise

- None

% of Shareholding

- None

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None



Mr. Nuttachat Charuchinda
Director (non-executive) and Member
of the Risk Management Committee
Age 58 Yrs.

Education

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

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

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

Other Training

- >> Certificate in Program for Global Leadership (PGL),
Harvard Business School, U.S.A
- >> Certificate in Oxford Energy Seminar, England
- >> Certificate in Break through Program for Senior Executives (BPSE),
IMD International, Switzerland
- >> Capital Market Academy, CMA 15/2011

Working Experience in the 5 preceding years

1 Nov. 2005-30 Nov. 2009	Executive Vice President, Natural Gas Vehicle, PTT Plc.
1 Jul. 2009-31 Dec. 2009	Executive Vice President, International Trading Business Unit, PTT Plc.
1 Jan. 2010-30 Sep. 2011	Senior Executive Vice President, Corporate Strategy, PTT Plc.
1 Oct. 2011-Present	Chief Operating Officer, Downstream Petroleum Business Group, PTT Plc.

Present Positions

1. Listed Company (2)

- >> Director, Bangchak Petroleum Public Company Limited
- >> Director, PTT Global Chemical Public Company Limited

2. Public Company

- None

3. Limited Company

- None

4. Other Organizations/Institutions

- None

5. State Enterprise

- None

% of Shareholding

- None

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None



Mr. Veerasak Kositpaisal
Director (executive)/
Member of the
Risk Management Committee/
Chief Executive Officer/
and Secretary to the Board
Age 58 Yrs.

Education

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

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

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

Other Training

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

Working Experience in the 5 preceding years

2006-2008	Executive Vice President, PTT, working as Senior Executive Vice President, Trading Business, PTT Chemical Public Company Limited (PTTCH) and Managing Director, Bangkok Polyethylene Public Company Limited
2008	Executive Vice President, PTT, working as Senior Executive Vice President, Polymer Product Business Unit, PTTCH
2008-2009	Executive Vice President, PTT, working as President, PTTCH
2009-2011	Senior Executive Vice President, PTT, working as President, PTTCH
2011-2012	Senior Executive Vice President, PTT, working as Chief Executive Officer, PTT Global Chemical Public Company Limited
2012-Present	Senior Executive Vice President, PTT, working as Chief Executive Officer, Thai Oil Public Company Limited

Present Positions

1. Listed Company (1)

- >> Senior Executive Vice President, PTT Public Company Limited

2. Public Company (1)

- >> Chairman, Thai Lube Base Public Company Limited

3. Limited Company (9)

- >> Chairman, Thai Paraxylene Company Limited
- >> Chairman, Thaioil Power Company Limited
- >> Chairman, Independent Power (Thailand) Company Limited
- >> Chairman, Thaioil Ethanol Company Limited
- >> Chairman, Thaioil Energy Services Company Limited
- >> Chairman, Saphthip Company Limited
- >> Director, Thaioil Solvent Company Limited
- >> Director, Thaioil Marine Company Limited
- >> Director, Ubol Bio Ethanol Company Limited

4. Other Organizations/Institutions (5)

- >> Vice Chairman, the Federation of Thai Industries
- >> Chairman, the Institute of Industrial Energy, the Federation of Thai Industries
- >> Director, Thai Listed Companies Association
- >> Council of Trustee, Petroleum Institute of Thailand
- >> Chairman of the Association, Chulalongkorn University Engineering Alumni

5. State Enterprise

- None

% of Shareholding

- None

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None



Mr. Manu Leopaiprote
Independent Director (non-executive)
and Chairman of the Audit Committee
(Completed the term at 2012
Annual General Meeting of Shareholders)
Age 69 Yrs.

Education

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

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

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

Other Training

- None

Working Experience in the 5 preceding years

2004-2009	Executive Chairman, Neighboring Countries Economic Development Cooperation Agency (Public Organization)
2005-2007	Director, PTT Exploration and Production Public Company Limited
2004-2008	Director, Thai Oil Public Company Limited
2005-2009	Independent Director and Chairman of the Audit Committee, PTT Chemical Public Company Limited
2009-2012	Independent Director and Chairman of the Audit Committee, Thai Oil Public Company Limited

Present Positions

1. Listed Company (5)

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

2. Public Company

- None

3. Limited Company (1)

- >> Director, Thaioil Power Company Limited

4. Other Organizations/Institutions (1)

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

% of Shareholding

0.0015

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None



Mr. Goanpot Asvinvichit
Independent Director (non-executive),
Chairman of the Nomination
and Remuneration Committee,
and Member of the
Risk Management Committee
(Resigned during the Year 2012)
Age 55 Yrs.

Education

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

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

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

Other Training

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

Working Experience in the 5 preceding years

2004-2007	Chief Executive Officer, Government Savings Bank
2007-2008	Independent Director, IRPC Public Company Limited
2007-2009	United Nations Advisors Group on Inclusive Financial Sectors
2010-2012	Independent Director and Chairman of the Nomination and Remuneration Committee, Thai Oil Public Company Limited
2011	Independent Director, IRPC Public Company Limited
2011-2012	Independent Director, Chairman of the Nomination and Remuneration Committee, and Member of the Risk Management Committee, Thai Oil Public Company Limited

Present Position

1. Listed Company (2)

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

2. Public Company

- None

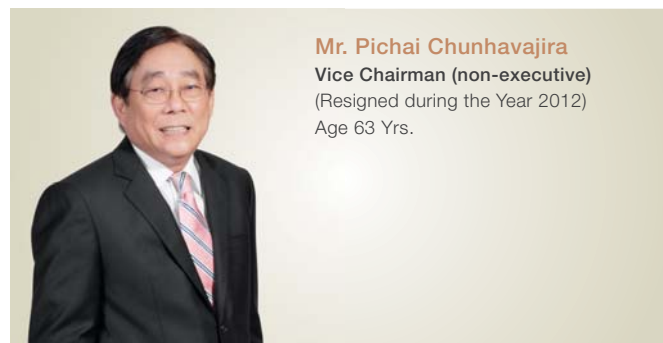
3. Limited Company (1)

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

4. Other Organizations/Institutions (1)

- >> Chairman, MFC Energy Fund

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



Mr. Pichai Chunhavajira
Vice Chairman (non-executive)
(Resigned during the Year 2012)
Age 63 Yrs.

Education

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

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

- >> Certificate in Director Accreditation Program (DAP 49/2006)
- >> Certificate in Director Certification Program (DCP 143/2001)

Other Training

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

Working Experience in the 5 preceding years

2003-2008	Director and Audit Committee Member, Siam Commercial Bank Public Company Limited
1996-2009	Director, Dhipaya Insurance Public Limited
2000-2009	Chairman, Thapline Company Limited
2005-2009	Director, PTT Chemical Public Company Limited
2007-2009	Director, PTT Aromatics and Refining Public Company Limited
2008-2009	Chief Financial Officer, PTT Public Company Limited
2006-2010	Director, Thai Oil Public Company Limited
1998-Apr. 2011	Director, Bangchak Petroleum Public Company Limited
2000-Apr. 2011	Director, Thailub Power Company Limited
2005-Apr. 2011	Director, Thai Airways International Public Company Limited
2009-Apr. 2011	Director, IRPC Public Company Limited
2009-2011	Director, PTT Public Company Limited
2008-Apr. 2012	Chairman, Thailub Ethanol Company Limited
Apr. 2010-Feb. 2012	Chairman, Thai Oil Public Company Limited
Feb. 2012-Apr. 2012	Vice Chairman, Thai Oil Public Company Limited

Present Positions

1. Listed Company (2)

- >> Chairman, Bangchak Petroleum Public Company Limited
- >> Director, PTT Exploration and Production Public Company Limited

2. Public Company (1)

- >> Director, Thai Lube Base Public Company Limited

3. Limited Company (2)

- >> Chairman, Thailub Marine Company Limited
- >> Chairman, TOP Maritime Service Company Limited

4. Other Organizations/Institutions (6)

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

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



Mr. Tevin Vongvanich
Director (non-executive)
and Member of the Nomination
and Remuneration Committee
(Resigned during the Year 2012)
Age 54 Yrs.



Mr. Surong Bulakul
Director (executive)/
Member of the
Risk Management Committee/
Chief Executive Officer/
and Secretary to the Board
(Resigned during the Year 2012)
Age 58 Yrs.

Education

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

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

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

Other Training

- >> Certificate in Senior Executive Program (S.E.P. 7), SASIN Institute
- >> Certificate in Program for Global Leadership (PGL 3), Harvard Business School, U.S.A.
- >> Democracy for Senior Executives Program (Class 10), King Prajadhipok's Institute
- >> Certificate in Capital Market Academy Leadership Program, (Class 6)
- >> Diploma, National Defence College, The Joint Public-Private Sector, Course Class 22
- >> The Programme for Senior Executives on Justice Administration, (Class 16)

Working Experience in the 5 preceding years

2004-2008	Executive Vice President, Corporate Business Development, PTT Public Company Limited
2008-2009	Senior Executive Vice President, Corporate Strategy & Development, PTT Public Company Limited
2009-2010	Chief Financial Officer and Acting Senior Executive Vice President, Corporate Strategy & Development, PTT Public Company Limited
2010-2012	Chief Financial Officer, PTT Public Company Limited

Present Positions

1. Listed Company (1)

- >> President and Chief Executive Officer, PTT Exploration and Production Public Company Limited

2. Public Company

- None

3. Limited Company

- None

4. Other Organizations/Institutions (1)

- >> Chairman, Thailand Management Association (TMA)

% of Shareholding

- None

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None

Education

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

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

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

Other Trainings

- >> PMD, Harvard University, Boston, U.S.A.
- >> Democratic Politics and Governance for High-Level Administrators Program, King Prajadhipok's Institute, Thailand, Class 8
- >> Diploma, National Defence College, the Joint State-Private Sector Course (Batch No. 4919)
- >> Capital Market Academy Leadership Program, Thailand, Class 10
- >> The Program for Senior Executives on Criminal Justice Administration, National Justice Academy, Thailand, Class 15
- >> Thai Intelligent Investors Program, Thai Investors Academy, Class 1

Working Experience in the 5 preceding years

2005-2008	Executive Vice President, International Trading, PTT Public Company Limited
2008-2009	Senior Executive Vice President, International Trading, PTT Public Company Limited
2005-2011	Director, PTT Polymer Marketing Company Limited
2005-2011	Chairman, PTT International Trading Pte. Ltd.
2007-2011	Director, PTT Green Energy Company Limited
2008-2011	Director, PTT Polymer Marketing DMCC, Dubai
2008-2011	Chairman, PTT International Trading DMCC
2009-2012	Chairman, Thai Paraxylene Company Limited
2010-2012	Director, Sapthip Company Limited
2010-2012	Chairman, Thailoil Power Company Limited
2011-2012	Director, Ubon Bio-Ethanol Company Limited

Present Positions

1. Listed Company (1)

- >> Chief Financial Officer, PTT Public Company Limited

2. Public Company (1)

- >> Director, Thai Lube Base Public Company Limited

3. Limited Company (1)

- >> Director, Thailoil Solvent Company Limited

4. Other Organizations/Institutions (3)

- >> Chairman, Petroleum Refining Industry Club, The Federation of Thai Industries
- >> President, Risk Management Club, Thai Listed Companies Association
- >> Council of Trustees, Petroleum Institute of Thailand

% of Shareholding (Thailoil shares)

0.0032

Conflict of Interest

- None

Relation among family with the Company

- None

Dispute in the 10 preceding years

- None

Information of Directors, Executive Officers and Control Executives as of December 31, 2012

[illegible]

Name	Subsidiaries							Indirect Subsidiaries						Jointly-Controlled Entity of Subsidiaries				Associates				Related Companies	
	Thai Paraxylene Co., Ltd.	Thai Lube Base Co., Ltd.	Thai Oil Marine Co., Ltd.	Thai Oil Energy Services Co., Ltd.	Thai Oil Solvent Co., Ltd.	Thai Oil Ethanol Co., Ltd.	Thai Oil Power Co., Ltd.	TOP Solvent Co., Ltd. ⁽¹⁾	Independent Power (Thailand) Co., Ltd.	Sak Chaisidhi Co., Ltd. ⁽²⁾	TOP Solvent Vietnam LLC. ⁽³⁾	Saphip Co., Ltd. ⁽⁴⁾	Thai Oil Marine International Pte. Ltd. ⁽⁵⁾	TOP Maritime Service Co., Ltd. ⁽⁶⁾	TOP-NTL Pte. Ltd. ⁽⁷⁾	TOP-NVK MarineOne Pte. Ltd. ⁽⁸⁾	PTT ICT Solutions Co., Ltd.	PTT Energy Solutions Co., Ltd.	Masod Clean Energy Co., Ltd. ⁽⁹⁾	Ubon Bio Ethanol Co., Ltd. ⁽¹⁰⁾	Thome Ship Management (Thailand) Co., Ltd. ⁽¹¹⁾		Thai Petroleum Pipeline Co., Ltd.
27 Ms. Duangporn Teerapabpaisit	*																						
28 Ms. Daranee Mandhatuphalin	*																						
29 Mr. Teardchart Padungrat	*							*		*													
30 Mr. Nitas Krongvanitchayakul	*		*					*		*			*	*		*					*		
31 Mr. Bandhit Thamprajamchit	*						*																
32 Ms. Prapin Thongnium	*																						
33 Ms. Prapatsorn Thuranikorn	*																						
34 Mr. Pongpun Amornvivat	*	*	*									*											
35 Mr. Porn-in Mammalai *	*																						
36 Ms. Pattaralada Sa-Ngasang	*					*											*			*			
37 Mr. Viroj Meenaphant	*		*										*										
38 Mr. Viroj Wongsathirayakhun	*			*																			
39 Mr. Saran Harinsuta	*					*						*						*					
40 Ms. Siriporn Mahachariyawong	*																						
41 Mr. Somkiet Kajonpradapkul	*																						
42 Mr. Santi Wasanasiri	*			*																			
43 Mr. Suchart Monyanont	*																						
44 Mr. Surachai Saengsamran	*									* </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>													
45 Mr. Athavuth Vikitsreth **	*									* </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>													
46 Ms. Acharee Tiyaibhorn	*																						
47 Mr. Ampon Singsakda	*																						

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

* Retired on December 31, 2012

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

- TOP Solvent Co., Ltd. is a subsidiary of Thai Oil Solvent Co., Ltd. (TOS), in which TOS holds 100% of shares.
- Sak Chaisidhi Co., Ltd. is a subsidiary of TOP Solvent Co., Ltd. (TS), in which TS holds 80.52% of shares.
- TOP Solvent Vietnam LLC. is a subsidiary of TOP Solvent Co., Ltd. (TS), in which TS holds 100% of shares.
- Saphip Co., Ltd. is a subsidiary of Thai Oil Ethanol Co., Ltd. (TET), in which TET holds 50% of shares.
- Thai Oil Marine International Pte. Ltd. is a subsidiary of Thai Oil Marine Co., Ltd. (TM), in which TM holds 100% of shares.
- TOP Maritime Service Co., Ltd. is a subsidiary of Thai Oil Marine Co., Ltd. (TM), in which TM holds 55% of shares.
- TOP-NTL Pte. Ltd. is a jointly-controlled entity of Thai Oil Marine Co., Ltd. (TM), in which TM holds 50% of shares.
- TOP-NYK MarineOne Pte. Ltd. is a jointly-controlled entity of Thai Oil Marine International Pte. Ltd. (TOMI), in which TOMI holds 50 % of shares.
- Masod Clean Energy Co., Ltd. is an associate company of Thai Oil Ethanol Co., Ltd. (TET), in which TET holds 30% of shares.
- Ubon Bio Ethanol is an associate company of Thai Oil Ethanol Co., Ltd. (TET), in which TET holds 21.28% of shares.
- Thome Ship Management (Thailand) Co., Ltd. is an associate company of Thai Oil Marine Co., Ltd. (TM), in which TM holds 33% of shares.

ORGANIZATION STRUCTURE

As of December 31, 2012

AUDIT COMMITTEE

Internal System Audit Manager -----

**DEPUTY MANAGING DIRECTOR
BUSINESS**
Veerasak Kositpaisal (Act.)

**DEPUTY MANAGING DIRECTOR
FINANCE**
Nitima Thepvanangkul

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

**BUSINESS DEVELOPMENT
MANAGER**
Duangporn Teerapabpaisit

ACCOUNTING MANAGER
Prapin Thongnium

**FINANCE SPECIAL
ASSIGNMENT MANAGER**
Daranee Mandhatuphalin

COMMERCIAL MANAGER
Acharee Tiyaabhorn

**STRATEGIC PLANNING
MANAGER**
Pattaralada Sa-NGasang

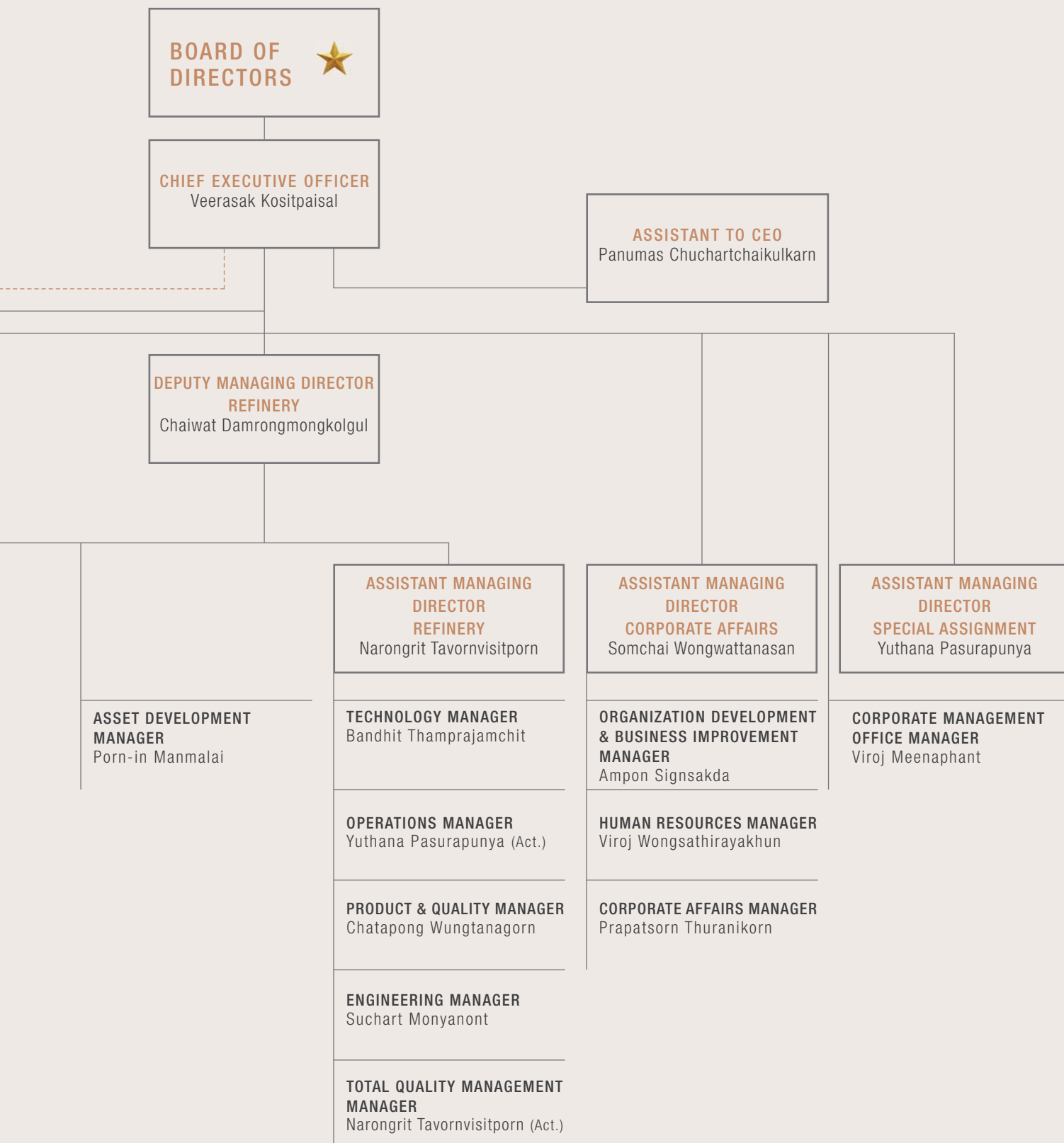
TREASURER
Siriporn Mahajchariyawong

**CORPORATE COMMERCIAL
PLANNING MANAGER**
Pongpun Amornvivat

Remarks :

03/11/2008 >> Abhinant Supatrabutra
03/11/2008 >> Mitri Reodacha
01/05/2009 >> Nitas Krongvanitchayakul
01/09/2009 >> Teardchart Padungrat
01/10/2010 >> Athavuth Vikitsreth
01/07/2011 >> Santi Wasanasiri
01/07/2011 >> Klahan Tochamnanvit
01/01/2012 >> Kosol Pimthanotai
01/01/2012 >> Surachai Saengsamran
12/03/2012 >> Wisnu Wongsomboon
01/07/2012 >> Prapatsorn Thuranikorn
01/07/2012 >> Somkiet Kajonpradapkul

- assignment at TLB : TLB-MD
- assignment at IPT : IPT-MD
- assignment at TM : TM-MD
- assignment at TS : TS-MD
- assignment at PTT
- assignment at TES : TES-MD
- assignment at TES : TES-EA
- assignment at TLB
- assignment at Sak Chaisidhi : SAKC-MD
- assignment at TPX : TPX-MD
- is seconded from TES
- Manager-Special Assignment (Act.)



SHAREHOLDING AND MANAGEMENT STRUCTURE

Shareholding Structure

Company Assets

Ordinary Shares

On the share registration book closing date as of October 31, 2012, the Company's registered capital was 20,400,278,730 baht and the paid-up capital was 20,400,278,730 baht, comprised of 2,040,027,873 ordinary shares at the par valued at 10 baht per share.

Debentures

The Company has a 10-year USD 350,000,000 Notes due on June 9, 2015 and four senior unsecured and unsubordinated debentures of 30,750 million baht in total, comprised of 2,750 million baht debentures due 2013, a 3,000 million baht debentures due 2012, a 12,000 million baht debentures due 2014, a 2,500 million baht debentures due 2017, a 3,000 million baht debentures due 2022 and a 7,500 million baht debentures due 2027.

Shareholders

As of October 31, 2012, the first ten major shareholders, including shareholding as provided in Section 258 of the Securities and Exchange Act B.E. 2535, are as follows:

Top Ten Major Shareholders ⁽¹⁾	Number of Shares	Shareholding Percentage
1 PTT PUBLIC COMPANY LIMITED ⁽²⁾	1,001,647,483	49.10
2 HSBC (SINGAPORE) NOMINEES PTE LTD	54,516,957	2.67
3 CHASE NOMINEES LIMITED 15	47,246,430	2.32
4 STATE STREET BANK EUROPE LIMITED	46,923,026	2.30
5 JX Holdings, Inc.	36,137,200	1.77
6 STATE STREET BANK AND TRUST COMPANY	34,483,341	1.69
7 GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION C	21,952,900	1.08
8 THE BANK OF NEW YORK MELLON – CGT TAXABLE	21,639,700	1.06
9 THE BANK OF NEW YORK (NOMINEES) LIMITED	17,928,522	0.88
10 IRPC PUBLIC COMPANY LIMITED	17,750,000	0.87
Total	1,300,225,559	63.74

Remark:

- (1) Excluding shareholders of Thai NVDR Co., Ltd., a subsidiary of the Stock Exchange of Thailand with the objective of promoting investor's investment, particularly international investors, in order to invest in common stock of listed companies without being restricted by the foreign shareholding limit which does not have the right to vote at meetings of listed companies.
- (2) As a major shareholder of Thailoil, PTT Public Company Limited (PTT) participates in formulating the Company's management and operational policies by nominating directors to Thailoil's Board of Directors and casting their votes in Board meetings. As of yearend 2012, there are three directors from a total of 15 who are also holding position as PTT Board of Directors and/or Management Team.

Dividend Policy

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

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

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

Management Structure

The management structure of Thai Oil Public Company Limited comprises:

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

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

The Board of Directors

Presently, the Board of Directors is comprised of 15 directors as follows:

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

The Board of Directors as of December 31, 2012 comprised of:

Name - Surname	Position	Appoint Date
1. Mr. Norkun Sitthiphong	Director Chairman of the Board	April 5, 2012 ⁽¹⁾ February 10, 2012
2. Mr. Chaikasem Nitisiri	Independent Director Chairman of the Audit Committee	April 1, 2011 ⁽¹⁾ May 9, 2012 ⁽²⁾
3. Mr. Apisit Rujikeatkamjorn	Independent Director Member of the Audit Committee	November 21, 2011 November 21, 2011
4. Mr. Somchai Sujjapongse	Independent Director Member of the Audit Committee	April 5, 2012 ⁽¹⁾ April 27, 2012
5. Mr. Tanawat Ampunant	Independent Director Member of the Audit Committee	March 27, 2012 April 27, 2012
6. Mr. Somchai Poolsavasdi	Independent Director Chairman of the Nomination and Remuneration Committee	April 5, 2012 ⁽¹⁾ March 1, 2012 ⁽³⁾
7. Gen. Jiradej Mekkhasmit	Independent Director Member of the Nomination and Remuneration Committee	November 21, 2011 February 10, 2012
8. Mr. Wisan Wuthisaksilp	Independent Director Member of the Nomination and Remuneration Committee	March 27, 2012 April 27, 2012
9. Pol.Gen. Adul Sangsingkeo	Independent Director Chairman of the Corporate Governance Committee	April 2, 2010 July 19, 2012 ⁽⁴⁾
10. Gen. Trisak Indararusmi	Independent Director Member of the Corporate Governance Committee	April 5, 2012 June 22, 2012
11. Mr. Thosaporn Sirisumphand	Independent Director Member of the Corporate Governance Committee	May 25, 2012 June 22, 2012

Name - Surname	Position	Appoint Date
12. Mr. Somkeirt Hudthagosol	Director	March 27, 2012
13. Mr. Apisak Tantivorawong	Independent Director Chairman of the Risk Management Committee	April 2, 2010 July 12, 2012 ⁽⁵⁾
14. Mr. Nuttachat Charuchinda	Director Member of the Risk Management Committee	May 25, 2012 June 22, 2012
15. Mr. Veerasak Kositpaisal	Director Chief Executive Officer / Secretary to the Board Member of the Risk Management	May 1, 2012 May 1, 2012 June 22, 2012

Remark:

- (1) Completed their terms in the Annual General Meeting of Shareholders, and was re-elected into position
- (2) Was appointed as Member of the Audit Committee in the Board of Directors' Meeting No. 3/2011 on April 29, 2011
- (3) Was appointed as Member of the Nomination and Remuneration Committee in the Board of Directors' Meeting No. 9/2011 on December 23, 2011
- (4) Was appointed as Member of the Corporate Governance Committee in the Board of Directors' Meeting No. 4/2011 on June 24, 2011
- (5) Was appointed as Member of the Risk Management Committee in the Board of Directors' Meeting No. 5/2012 on June 22, 2012

The List of Directors who completed their terms and resigned during the year 2012 is as follows:

Name - Surname	Reasons
1. Mr. Goanpot Asvinvichit (Independent Director / Chairman of the Nomination and Remuneration Committee)	Resigned since March 1, 2012 onward
2. Mr. Manu Leopairote (Independent Director / Chairman of the Audit Committee)	Completed her term at the 2012 AGM on April 5, 2012
3. Mr. Pichai Chunhavajira (Director / Chairman of the Board (2010 - February 2012) / Vice Chairman of the Board (February - April 2012))	Resigned since April 23, 2012 onward
4. Mr. Tevin Vongvanich (Director / Member of the Nomination and Remuneration Committee)	Resigned since April 26, 2012 onward
5. Mr. Surong Bulakul (Director / Member of the Risk Management Committee / Chief Executive Officer / Secretary to the Board)	Resigned since May 1, 2012 onward

Shareholding Report of the Board of Directors in 2011 and 2012 (including Spouse and Minor)

Name - Surname	No. of Share (shares)		No. of Shares Addition (Reduction) During the Year
	Dec. 31, 2011	Dec. 31, 2012	
1. Mr. Norkun Sitthiphong	-	-	-
2. Mr. Chaikasem Nitisiri	-	-	-
3. Mr. Apisit Rujikeatkamjorn	-	-	-
4. Mr. Somchai Sujjapongse	-	-	-
5. Mr. Tanawat Ampunant	N/A	-	-
6. Mr. Somchai Poolsavasdi	-	-	-
7. Gen. Jiradej Mokkahasmit	-	-	-
8. Mr. Wisan Wuthisaksilp	N/A	-	-
9. Pol.Gen. Adul Sangsingkeo	-	-	-
10. Gen. Trisak Indararusmi	N/A	-	-
11. Mr. Thosaporn Sirisumphand	N/A	-	-
12. Mr. Somkeirt Hudthagosal	N/A	1,058,900	-
13. Mr. Apisak Tantivorawong	-	-	-
14. Mr. Nuttachat Charuchinda	N/A	-	-
15. Mr. Veerasak Kositpaisal	N/A	-	-

1. Structure of the Board of Directors

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

2. Appointment and Termination of Directors

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

Appointment of Directors

Appointment of directors must be explicitly made at the Annual General Meeting of Shareholders under the following criteria and procedures:

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

Since 2007, the Board has adopted a resolution to allow minor shareholders' nomination of qualified director candidates, which must be explicitly made before the AGM and under the Company's nomination criteria. Last year, there was no nomination proposed by minor shareholders (see detail in Corporate Governance Section on page 115).

Removal and Termination of Directors

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

The replacement director shall hold office only for the remainder of the term of office of the director whom he replaces.

The resolution of the Board of Directors must be approved by the votes of not less than three-fourths of the number of the remaining directors.

3. Authorized Directors

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

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

4. Board Roles and Responsibility

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

1. Review and endorse activities required by law.
2. Conduct the annual performance appraisal and decide compensation for the chief executive officer.

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

Board-Committees

The Board of Directors has appointed several committees to scrutinize and supervise the operation of the Company over specific issues, in order to perform their duties efficiently and effectively as well as to ensure that the Company complies with rules and regulations of the SEC and SET. The Board-Committees, as of December 31, 2012 are as follows:

1. Audit Committee

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

As of December 31, 2012, the Audit Committee consists of four independent directors as follows:

Name - Surname	Position
1. Mr. Chaikasem Nitisiri	Chairman (Independent)
2. Mr. Apisit Rujikeatkamjorn	Member (Independent)
3. Mr. Somchai Sujjapongse	Member (Independent) (with accounting and financial expertise)
4. Mr. Tanawat Ampunant	Member (Independent)

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

Roles and Responsibilities of the Audit Committee

1. Review financial reports for accuracy, reliability, and adequacy by cooperating with the external auditor and responsible executives who prepare quarterly and annual reports.
2. Review internal control and risk management of Thairoil Group to ensure suitability and efficiency, and recommend further review or audit as necessary, which may also

include improvements on internal control and risk management. These reports must be submitted to the Board.

3. Ensure corporate practices in line with Securities and Exchange laws or SET requirements, as well as policies, regulations, rules, and other laws pertaining to the Company's operations.
4. Check corporate documents when in doubt about activities which could significantly impact the Company's financial status and operating performance, and when conflicts of interest, violation of laws, rules, and regulations are possible.
5. Deliberate disclosure of corporate information in case of potential conflicts of interest or possible violation of rules stipulated by SET to ensure sensible transactions and for the maximum benefits to the company.
6. Select and appoint an independent person as the external auditor, and deliberate his or her compensation, based on credibility, assigned resources, and financial auditing workload, as well as work experience; hold a meeting with the external auditor in the absence of the management at least once a year.
7. Verify accuracy and effectiveness of IT related to financial reports and internal control.
8. Support the development of the Company's financial reporting system to meet international accounting standards.
9. Review audit plans against internationally accepted procedures and standards.
10. Ensure independence of Internal Audit, provide guidelines on budgeting and manpower for the group and endorse the appointment, rotation, and termination of the head of the group, and conduct his or her annual performance appraisal.

11. Prepare reports, signed by the audit committee chairman, for the annual report as required by SET.
12. Seek independent views of professional experts when necessary at the Company's expense with the concurrence of the Board. Such hiring must follow the Company's terms.
13. The Audit Committee chairman or its members must attend the annual general meeting of shareholders to explain matters related to the Committee and the appointment of the external auditor.
14. Review and modify its' own charter.
15. Undertake tasks assigned by the Board and concurred by the Audit Committee.

In 2012, members of the Audit Committee have been performing duties under the aforementioned roles. The summary of activities is shown in the Audit Committee Report on page 8-9.

2. Nomination and Remuneration Committee

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

Members of the Nomination and Remuneration Committee, as of December 31, 2012, are as follows:

Name - Surname	Position
1. Mr. Somchai Poolsavasdi	Chairman (Independent)
2. Gen. Jiradej Mekkhasmit	Member (Independent)
3. Mr. Wisan Wuthisaksilp	Member

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

Roles and Responsibilities of the Nomination and Remuneration Committee

Responsibilities on Nomination Role

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

Responsibilities on Remuneration Role

1. Make recommendation to the Board on the organization structure and essential factors of the Board's compensation annually.
2. Propose compensation criteria for the Board in line with their responsibilities and the overall performance of the company. Such criteria must be attractive and adequate to retain competent, quality, and capable directors. The Board must review the proposal before presenting to the annual general meeting of shareholders for approval.
3. Conduct performance appraisal and decide the compensation for the Chief Executive Officer.

In 2012, members of the Nomination and Remuneration Committee have been performing duties under the aforementioned roles. The summary of activities is shown in the Nomination and Remuneration Committee Report on page 10-11.

3. Corporate Governance Committee

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

Members of the Corporate Governance Committee, as of December 31, 2012, are as follows:

Name - Surname	Position
1. Pol.Gen. Adul Sangsingkeo	Chairman (Independent)
2. Gen. Trisak Indararusmi	Member (Independent)
3. Mr. Thosaporn Sirisumphand	Member (Independent)

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

Roles and Responsibilities of the Corporate Governance Committee

1. Constantly define an international-standard corporate governance policy for Thailoil Group to adopt as their principles.
2. Define a self-assessment policy and procedure on corporate governance policy while promoting standard assessment from renowned and internationally accepted appraisers.
3. Oversee the Company's business in line with the principles set forth by regulating institutions, including SET and SEC.

4. Review the corporate governance policy regularly, adjusting to international practices and recommendations made by regulating institutions or related institutes.
5. Regularly promote sharing of the corporate governance culture among all executives and employees for clear understanding and adoption for Thailoil Group's implementation.
6. Advise the working committee in preparation for external corporate governance ranking, at least once in every three years.
7. Consider and endorse the company's board performance appraisal form, including endorsing the appraisal outcomes for presentation to the Board.
8. Take responsibility for other tasks assigned by the Board.

In 2012, members of the Corporate Governance Committee have been performing duties under the aforementioned roles. The summary of activities is shown in the Corporate Governance Committee Report on page 12-14.

4. Risk Management Committee

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

Members of the Risk Management Committee, as of December 31, 2012, are as follows:

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

Ms. Pattaralada Sa-NGasang, Strategic Planning Manager, serves as Secretary to the Risk Management Committee and Mr. Wichai Maithong, Risk Management Manager, serves as Assistant of the Risk Management Committee's Secretary

Roles and Responsibilities of the Risk Management Committee

1. To define and review the Company's enterprise risk management framework that is suitable for efficient business operation and meets international standards, and to provide recommendations on risk management guidelines that are in line with the operation strategy and business plan.
2. To define and review the enterprise risk management policy including the Risk Management Committee Charter to ensure that they are in compliance with the Company's enterprise risk management framework and are effective and adequate for the changing conditions.
3. To continuously and efficiently support and improve on risk management at all levels of the organization, including its various tools, and to promote a risk management culture.
4. To oversee, monitor, and review important risk management reports and provide necessary recommendations to ensure efficient and appropriate risk management for the Company's business operation, and that an acceptable level of risk is maintained in compliance with the enterprise risk management policy.
5. To report significant risk management results to the Board of Directors. In the case where there are factors or events that might have significant impact on the Company, the Board of Directors shall be notified immediately.
6. To carry out any other responsibilities and duties delegated by the Board of Directors.

In 2012, members of the Risk Management Committee have been performing duties under the aforementioned roles. The summary of activities is shown in the Risk Management Committee Report on page 15.

Meeting Attendance of the Board of Directors, Board-Committees, and Shareholders' Meeting in 2012

Name - Surname	Position	Board of Directors (10 times)	Audit Committee (7 times)	Nomination & Remuneration Committee (8 times)	Corporate Governance Committee (3 times)	Risk Management Committee (6 times)	Shareholders' Meeting (1 time)
1 Mr. Norkun Sithiphong	Director / Chairman of the Board	10/10					1/1
2 Mr. Chaikasem Nitisiri	Independent Director / Chairman of the Audit Committee	10/10	7/7				1/1
3 Mr. Apisit Ruijkeatkamjorn	Independent Director / Member of the Audit Committee	8/10	7/7				1/1
4 Mr. Somchai Sujjapongse	Independent Director / Member of the Audit Committee	5/10	3/5			1/1	1/1
5 Mr. Tanawat Ampunant	Independent Director / Member of the Audit Committee	8/8	5/5				1/1
6 Mr. Somchai Poolsavasdi	Independent Director / Chairman of the Nomination and Remuneration Committee	7/10		8/8			1/1
7 Gen. Jiradej Mokkhasmit	Independent Director/Member of the Nomination and Remuneration Committee	10/10		6/6			1/1
8 Mr. Wisan Wuthisakul	Independent Director / Member of the Nomination and Remuneration Committee	7/8		3/3			1/1
9 Pol.Gen. Adul Sangsingkeo	Independent Director / Chairman of the Corporate Governance Committee	6/10			2/3		1/1
10 Gen. Trisak Indarusmi	Independent Director / Member of the Corporate Governance Committee	8/8			3/3		N/A
11 Mr. Thosaporn Sirisumphand	Independent Director / Member of the Corporate Governance Committee	6/6			3/3		N/A
12 Mr. Somkeirt Hudthagosol	Director	8/8					1/1
13 Mr. Apisak Tantivorawong	Independent Director / Chairman of the Risk Management Committee	10/10				5/5	0/1
14 Mr. Nuttachat Charuchinda	Director / Member of the Risk Management Committee	6/6				5/5	N/A
15 Mr. Veerasak Kositpaisal	Director/Member of the Risk Management Committee / Chief Executive Officer/Secretary to the Board	7/7				5/5	N/A

Directors who completed the term at the AGM 2012 (April 5 , 2012)

1 Mr. Manu Leopaiprote	Independent Director / Chairman of the Audit Committee	2/2	2/2				1/1
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Directors who resigned during the year 2012

1 Mr. Goanpot Asvinvichit	Independent Director/Chairman of Nomination and Remuneration Committee (Resigned since March 1,2012)	1/1		3/3		0/1	N/A
2 Mr. Pichai Chunhavajira	Director / Chairman of the Board (2010 - February 2012) / Vice Chairman of the Board (February - April 2012) (Resigned since April 23, 2012)	2/2					1/1
3 Mr. Tevin Vongvanich	Director / Member of the Nomination and Remuneration Committee (Resigned since April 26, 2012)	2/2		5/5			1/1
4 Mr. Surong Bulakul	Director / Member of the Risk Management Committee / Chief Executive Officer/Secretary to the Board (Resigned since May 1 , 2012)	3/3				1/1	1/1

Company Secretary

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

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

Brief Biography:

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

Company Secretary Training:

June 2009	Company Secretary Program (CSP 31/2009) from the Thai Institute of Directors (IOD)
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The Management

Roles and Responsibilities of the Chief Executive Officer

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

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

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

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

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

Director and Executive Remuneration**Director Remuneration**

The 2012 AGM set the monthly remuneration for the Company's Directors and Board-Committees including a special bonus reflecting the Company's performance as follows:

Remuneration Structure	Year 2012
Retainer Fee	(Baht per Month)
Chairman of the Board ⁽¹⁾	75,000
Vice Chairman of the Board	67,500
Member of the Board	60,000
Special Bonus for the Board of Directors ⁽²⁾	45 million Baht

Board-Committee Remuneration

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

Remuneration Structure**Year 2012**

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

Remark:

⁽¹⁾ Chairman of the Board and Chairman of the Board-Committees shall receive monthly remuneration of 25% higher than the directors. Vice Chairman of the Board shall receive monthly remuneration of 12.5% higher than the directors.

⁽²⁾ Special bonus for directors who took position in 2011 and members who completed or resigned during 2011 by allocating the period of holding the position of individual Board Members. The Chairman of the Board shall receive the annual incentive of 25% higher than the directors.

In summary, the remuneration of 20 directors, which includes directors in office during 2012 for a period of 12 months ending as of December 31, 2012 and directors who completed their terms or resigned during 2012, totals 14.21 million Baht. This comprised monthly remuneration for the Company's directors of 10.51 million Baht and monthly remuneration for Board-Committees of 3.70 million Baht. Directors' remuneration in the form of a special bonus for 2011 performance totaled to 45 million Baht, which was resolved by the 2012 AGM on April 5, 2012. The remuneration is considered through the comparison with organizations with the equal size in the same industry, as well as the Company's performance, achievement, responsibilities of the Board of Directors, and overall business circumstances.

2012 Directors Remuneration

No.	Name - Surname	Position	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee	Risk Management Committee	Total Remuneration	Special Bonus for 2011 Performance ⁽¹⁾ <small>(paid in April 2012)</small>
1	Mr. Norkun Sitthiphong	Director / Chairman of the Board	880,345	-	-	-	-	880,345	347,637.67
2	Mr. Chaikasem Nitisiri	Independent Director / Chairman of the Audit Committee	720,000	348,387	-	-	-	1,068,387	3,094,823.12
3	Mr. Apisit Rujikethanjon	Independent Director / Member of the Audit Committee	720,000	300,000	-	-	-	1,020,000	347,637.67
4	Mr. Somchai Sujjapongse	Independent Director / Member of the Audit Committee	720,000	203,334	-	-	53,915	977,249	347,637.67
5	Mr. Tanawat Ampunant	Independent Director / Member of the Audit Committee	549,677	203,334	-	-	-	753,011	-
6	Mr. Somchai Poolsavasdi	Independent Director / Chairman of the Nomination and Remuneration Committee	720,000	-	369,759	-	-	1,089,759	347,637.67
7	Gen. Jiradej Mokkhasmit	Independent Director / Member of the Nomination and Remuneration Committee	720,000	-	267,241	-	-	987,241	347,637.67
8	Mr. Wisan Wuthisakslip	Independent Director / Member of the Nomination and Remuneration Committee	549,677	-	203,334	-	-	753,011	-
9	Pol.Gen. Adul Sangsingkeo	Independent Director / Chairman of the Corporate Governance Committee	720,000	-	-	333,871	-	1,053,871	3,094,823.12
10	Gen. Trisak Indararusmi	Independent Director / Member of the Corporate Governance Committee	530,000	-	-	157,500	-	687,500	-
11	Mr. Thosaporn Sirisumphand	Independent Director / Member of the Corporate Governance Committee	433,548	-	-	157,500	-	591,048	-
12	Mr. Sonkeirt Hudthagosol	Director	549,678	-	-	187,500 ⁽²⁾	185,282	1,092,782	3,094,823.12
13	Mr. Apisak Tantivorawong	Independent Director / Chairman of the Risk Management Committee	720,000	-	-	-	157,500	591,048	-
14	Mr. Nuttachat Charuchinda	Director / Member of the Risk Management Committee	433,548	-	-	-	-	-	-
15	Mr. Veerasak Kositpaisal	Director/Member of the Risk Management Committee / Chief Executive Officer / Secretary to the Board	480,000	-	-	-	157,500	637,500	-
Directors who completed the term at 2012 Annual General Meeting of Shareholders (April 5, 2012)									
1	Mr. Manu Leopairote	Independent Director / Chairman of the Audit Committee	190,000	98,958	-	-	-	288,958	3,094,823.12
Directors who resigned during the year 2012									
1	Mr. Goanpot Asvinvichit	Independent Director / Chairman of the Nomination and Remuneration Committee (Resigned since March 1,2012)	120,000	-	62,500	-	50,000	232,500	3,094,823.12
2	Mr. Pichai Chunhavajira	Director/Chairman of the Board (2010 - February 2012) / Vice Chairman (February - April 2012)							
		(Resigned since April 23, 2012)	279,827	-	-	-	-	279,827	3,868,528.90
3	Mr. Tevin Vongvanich	Director/ Member of the Nomination and Remuneration Committee (Resigned since April 26, 2012)	240,000	-	100,000	-	-	340,000	3,094,823.12
4	Mr. Surong Bulakul	Director/ Member of the Risk Management Committee / Chief Executive Officer / Secretary to the Board (Resigned since May 1, 2012)	240,000	-	-	-	100,000	340,000	3,094,823.12
Directors who completed the term / resigned during the year 2011 (received a special bonus for 2011 performance)									
1	Mr. Naris Chaivasoot	Director (Resigned since February 10, 2011)	-	-	-	-	-	-	339,158.70
2	Miss Puongpech Sarakun	Independent Director / Member of the Nomination and Remuneration Committee (Completed term at the 2011 AGM on April 1,2011)	-	-	-	-	-	-	771,586.04
3	Mr. Banphot Hongthong	Independent Director / Chairman of the Corporate Governance Committee (Completed term at the 2011 AGM on April 1, 2011)	-	-	-	-	-	-	771,586.04
4	Mr. Sathit Limpongpan	Independent Director/Chairman of the Risk Management Committee (Resigned since November 1 ,2011)	-	-	-	-	-	-	2,145,178.76
5	Mr. Prayia Phinyawat	Director / Member of the Corporate Governance Committee (Resigned since November 3,2011)	-	-	-	-	-	-	2,594,564.04
6	Gen.Tawatchai Samutsakorn	Independent Director / Member of the Nomination and Remuneration Committee (Resigned since November 4 ,2011)	-	-	-	-	-	-	2,603,043.01
7	Mr. Utid Tamwatin	Independent Director / Member of the Audit Committee (Resigned since November 8, 2011)	-	-	-	-	-	-	2,636,958.88
8	Mr. Chainoi Puankosoom	Independent Director / Member of the Audit Committee (Resigned since November 8, 2011)	-	-	-	-	-	-	1,865,372.84
9	Mr. Vitaya Suriyawong	Independent Director/Member of the Nomination and Remuneration Committee (Resigned since November 24 , 2011)	-	-	-	-	-	-	2,001,036.32
10	Mr. Udom Wongviwatchai	Independent Director / Member of the Risk Management Committee (Resigned since November 24, 2011)	-	-	-	-	-	-	2,001,036.32
TOTAL									45,000,000

Remarks:

⁽¹⁾ Special bonus for 2011 company performance as the resolution of the 2012 Annual General Meeting of Shareholders (AGM) on April 5, 2012 which paid in the month of April 2012⁽²⁾ Remuneration for Chairman of the Corporate Governance Committee during January 1 - June 21, 2012

Executive Remuneration

As of the fiscal year ended on December 31, 2012, the remuneration of 19 executives totalled to 230.01 million Baht. This comprises remuneration in the forms of monthly salaries and allowances of 104.25 million Baht, special bonus of 34.56 million Baht, provident fund contributions of 11.26 million Baht, retirement gratuity fund payments of 48.23 million Baht, and other payments of 31.71 million Baht.

Remark:

>> The Remuneration for 19 executives as of December 31, 2012

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

Mr. Mitri Reodacha

Mr. Klahan Tochamnanvit

Mr. Abhinant Supatrabutra

Mr. Nitas Krongvanitchayakul

Mr. Teardchart Padungrat

Mr. Santi Wasanasiri

Mr. Athavuth Vikitsreth

Mr. Surachai Saengsamran

Mr. Wisnu Wongsomboon

Ms. Bhawana Suphavitai

Other Remuneration

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

MANAGEMENT TEAM

As of December 31, 2012

01

MR. VEERASAK KOSITPAISAL

Chief Executive Officer

Deputy Managing Director - Business (Act.)

02

MR. CHAIWAT DAMRONGMONGKOLGUL

Deputy Managing Director - Refinery

03

MS. NITIMA THEPVANANGKUL

Deputy Managing Director - Finance

04

MR. NARONGRIT TAVORNVISITPORN

Assistant Managing Director - Refinery

Total Quality Management Manager (Act.)

05

MR. SOMCHAI WONGWATTANASAN

Assistant Managing Director -
Corporate Affairs

06

MR. ABHINANT SUPATRABUTRA

Assistant Managing Director -

Assignment as Managing Director,
Thai Lube Base Plc.

07

MR. WISNU WONGSOMBOON

Assistant Managing Director -

Assignment as Managing Director,
Thai Paraxylene Co., Ltd.

08

MR. MITRI REODACHA

Assistant Managing Director -

Assignment as Managing Director,
Independent Power (Thailand) Co., Ltd.
and Managing Director,
Thaioil Power Co., Ltd.



01



02



03



04



05



06



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16

09

MR. YUTHANA PASURAPUNYA

Assistant Managing Director-
Special Assignment
Operations Manager (Act.)

10

MR. KLAHAN TOCHAMNANVIT

Department Manager -
Assignment as Executive Advisor,
Thail Energy Services Co., Ltd.

11

MR. KOSOL PIMTHANOTHAI

Department Manager -
Assignment as Deputy Managing Director,
Thai Lube Base Plc.

12

MR. CHATAPONG WUNGTANAGORN

Products & Quality Manager

13

MS. DUANGPORN TEERAPABPAISIT

Business Development Manager

14

MS. DARANEE MANDHATUPHALIN

Finance Special Assignment Manager

15

MR. TEARDCHART PADUNGGRAT

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

16

MR. NITAS KRONGVANITCHAYAKUL

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

17

MR. BANDHIT THAMPRAJAMCHIT

Technology Manager

18

MS. PRAPIN THONGNIUM

Accounting Manager

19

MS. PRAPATSORN THURANIKORN

Corporate Affairs Manager

20

MR. PONGPUN AMORNVIVAT

Corporate Commercial
Planning Manager

21

MR. PORN-IN MANMALAI

Asset Development Manager

22

MS. PATTARALADA SA-NGASANG

Strategic Planning Manager

23

MR. VIROJ MEENAPHANT

Corporate Management
Office Manager

24

MR. VIROJ WONGSATHIRAYAKHUN

Human Resources Manager



17



18



19



20



21



22



23



24



25

MR. SARAN HARINSUTA

Managing Director,
Thailoil Ethanol Co.,Ltd.

26

MS. SIRIPORN MAHAJCHARIYAWONG

Treasurer

27

MR. SOMKIET KAJONPRADAPKUL

Department Manager -
Special Assignment (Act.)

28

MR. SANTI WASANASIRI

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

29

MR. SUCHART MONYANONT

Engineering Manager

30

MR. SURACHAI SAENGSAKRAN

Department Manager -
Assignment as Managing Director,
Sak Chaisidhi Co.,Ltd.

31

MS. ACHAREE TIYABHORN

Commercial Manager

32

MR. AMPON SINGSAKDA

Organization Development &
Business Improvement Manager

CORPORATE RISK MANAGEMENT

Background

Thaioil gives importance to Enterprise Risk Management (ERM) and developed Thaioil Group's risk management approach to international standards with assessment, follow-ups, and revisions, as well as linkages of key business risks across the Group according to the risk management plan through related committees, namely the Risk Management Steering Committee (RMSC), consisting of the top management of Thaioil Group, the Risk Management Committee (RMC), and Thaioil directors. The Committees and the Board supervise, give support to, and ensure efficient corporate risk management at all levels, and support the formulation of the Group's strategy to form a corporate culture.

In addition, each Thaioil staff member is enriched with knowledge to be able to take part in the mitigation of impacts from risks to ensure achievement of operating goals and to realize the corporate vision. To prepare for possible emergencies leading to operation disruption, Thaioil also has in place its Business Continuity Management (BCM) plan to boost confidence in risk management, in line with good corporate governance.

Corporate Risk Management Policy

The Company is committed to ensuring that risk management is in place throughout the organization and to constantly supporting risk management system development so that it may handle key corporate risks efficiently and effectively. Thaioil promotes business objective and goal achievement,

while supplementing value and forging sustainable business security in line with good corporate governance principles.

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

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

Corporate Risks and Risk Management Measures or Plans

Thaioil has monitored and revised its key risks to ensure alignment with changes and factors potentially affecting its business. These risks fall into five aspects, a total of 11 distinct risks. They are described below along with measures

or plans defined to prevent or ease their impacts to enable Thailoil to achieve its goals.

Strategic Risks

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

Changes in national policies or laws and regulations in the public sector may affect Thailoil Group's operation, investment, and business expansion. Thailoil manages such risks by analyzing the government's economic policies to proactively cope with possible impacts on the Group's business. A special working unit was established to cooperate with relevant government agencies and closely monitor changes and movements, with special attention paid to laws and regulations concerning environmental impacts or pollution. Through the Federation of Thai Industries, Thailoil also keeps a close watch on industrial movements by looking into possible impacts from changes in regulations as a result of the integration of AEC so as to get ready for expected changes, of which relevant information is cascaded down the line to alert staff.

2. Industry Risks and Strategic Execution

Because economic volatility and business cycles could affect Thailoil's income, short-term and long-term strategic plans have been devised by using economic analyses from various sources. Thailoil has stepped up cooperation in the formulation of business, investment, and commercial plans to add value to its products. To achieve this, it promotes improvement of production processes while expediting key investment projects under the guidance of the government's energy development policy. It also executes strategic plans to identify new business opportunities and step-out strategies for products, business operation, and international business development under Thailoil's vision, including downstream

aromatics and lube specialty strategies drawn up to accommodate business opportunities ahead of the AEC. Besides, Thailoil based the Group's strategies on its Strategic Thinking Sessions (STS) to ensure compatibility with PTT Group's strategies and the national energy policy.

3. Mergers and Acquisitions Risks

Mergers and Acquisitions (M&As) form one of the Group's strategies for business expansion. Thailoil analyzes returns on investment and maps out measures to cope with both pre-transaction and post-transaction risks. The RMC and the TOP Group Growth and Investment Steering Committee have been established to sort out projects and investments that could stimulate business growth while adding value. In parallel, a TOP Group Investment Management process has been designed and developed as a standard process to facilitate review and decision-making for projects before they are raised to the RMC's consideration and approval. This is to minimize possible risks from investment and protect Thailoil's interest while creating confidence among shareholders and stakeholders when a decision involving the Group's business expansion is to be made.

4. Technology Change Risks

Technological development, innovation, and environment-friendly products have set today's trend that brings about changes to lifestyles which consequently influences some changes in the industrial sector. Thailoil has accelerated its cooperation with leading research and educational institutions on product and technological development with a focus on energy for vehicles. Some production processes and investment plans have been adjusted to create products that can respond to consumers' changing lifestyles. Thailoil's policy is to diversity its investment risks through analyses of feasibility under assorted scenarios so that it can suitably invest and accommodate future scenarios.

Marketing Risks

5. Oil Price Fluctuation and Margin Decrease Risks

Since Thailoil's profit margin depends largely on the world oil price, which constantly fluctuates and is virtually unpredictable, it conducts more profound analysis into marketing data and exploits such data in the formulation of marketing strategies and measures in addition to sales strategies and inventory management of the entire Group. Thailoil has also adjusted its oil price hedging method to make it more proactive for risk management of crack spreads and stock losses so as to minimize such risk to, in turn, enable itself to maintain its targeted Gross Integrated Margins (GIMs).

6. Domestic Demand Decrease Risks

The world economy, political movements, and natural catastrophes do affect demand, particularly in the domestic market, which the bulk of Thailoil's income is based on. Thailoil has speeded up its marketing expansion to reach new customers in nearby regions while trying to enhance customer satisfaction and confidence to increase sales volumes both in and outside Thailand. Its marketing strategy also includes the offering of more purchasing flexibility for customers and port expansion. Thailoil has also stepped up cooperation with other industries and government agencies to increase sales as part of its surplus management.

7. Feedstock Interruption Risks

Unrest in various spots around the globe as well as growing piracy has interrupted crude exports from OPEC, which consequently caused the crude price to go beyond control. To cope with the risk, Thailoil closely monitors the situation and analyzes information while searching for new sources of crude and other feedstock for affiliates. In addition, it has prepared the refinery for crude oil from new sources

by upgrading refining efficiency and working with PTT on crude oil procurement planning and management to ensure adequate crude supplies at reasonable prices. More crude oil tanks have also been built to expand storage capacity.

Financial Risks

8. Risks Associated with Fundraising and Costs of Funds

Since the debt crises of European countries and the US economic downturn could affect Thailoil Group's investment plans and fundraising plans, Thailoil has defined its investment policy to secure Group growth by ranking investment projects, structuring investment to match project feasibility, tracking movements of monetary and capital markets, examining more diverse alternatives for fundraising, planning on repayment of matured loans, securing adequate and timely capital for needs, and using other financial tools—derivatives in particular. Thanks to continual cooperation among PTT Group, Thailoil is convinced that it can raise enough reasonably-priced funds to support its plans.

9. Risks from Baht Fluctuation

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

Operation Risks

10. Business Disruption Risks

Thaioil has devised preventive plans and instituted preparedness measures for production processes through its inspection and preventive maintenance plans for machinery, with a focus on vital equipment so as to minimize unplanned shutdowns while growing refinery reliability. As for measures to accommodate increasingly severe natural disasters, particularly floods, and environmental preservation measures to ward off impacts on communities, Thaioil has defined measures and staged drills under its international-standard BCM plans while continually running Corporate Social Responsibility (CSR) activities. It is also engaged in insurance for losses through business interruptions. Thaioil has coordinated with government agencies, the military, and local safety and security units, and held meetings with PTT to link Thaioil's emergency response plans to those of the province. Some measures have been added to the risk management plan to ensure business continuity and timely product delivery while safeguarding lives, assets, communities, and environment.

a manpower and enablement strategy taskforce regularly integrated business directions and strategies and Thaioil Group's manpower.

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

Corporate Risks

11. Human Resource Capability Risks

Thaioil has devised short-term and long-term strategic plans for future growth under which a pivotal factor for goal achievement is knowledgeable, experienced personnel in the refining and petrochemical businesses to accommodate business growth and replace retired personnel. It has therefore defined a strategic map and formulated a 10-year plan, apart from instituting career models, as well as individual career plans and individual development plans. In drawing a succession plan to groom future leaders, critical positions and the successor pool are revised in line with needs. Finally,

CORPORATE GOVERNANCE REPORT

Thai Oil Public Company Limited conducted its business with utmost responsibilities and fairness for all stakeholders under its missions, visions, and corporate values for more than 50 years. Under the framework of its business code of conduct, the Company has developed a consistent and appropriate ways of operation to align with ever-changing economy and society to promote the sustainable growth.

The Company has Corporate Governance Policy in written form, and accounted such policy to be an essential part of the business. The Board of Directors has assigned the Corporate Governance Committee to support the performance of the Board of Directors in developing Company's policies and practices and to ensure that the development of corporate governance (CG) is suitable and appropriate with conditions of economical and social change, as well as to create high ethical standards in performing duties.

The Corporate Governance Committee is committed to promote good CG principles to enhance corporate culture for all employees, both in the parent Company and its subsidiaries. The aim is to promote knowledge, understandings, thus can be applied to performance under the basis of moral and ethical quality and efficiency, in line with the international standard of good CG practices, which many registered company practices. This aim will builds confidence and credibility for all investors and stakeholders.

In addition, the Company has provided a CG manual and code of conduct handbook, in line with activities to promote knowledge and understandings of the practices,

such as CG e-learning for all employees to review their understandings of CG principles and elements of the code of conduct, which can be used as guidelines in operation. All employees are encouraged to strictly conform to the codes. The Company discloses the details of the CG manual and the code of conduct in its Company's website at www.thaioilgroup.com.

Furthermore, the Board of Directors requires that the compliances together with the CG Policies as one of the key performance indicators of the Company. The Company is committed to continuously raise its CG system to the international standards. As a result, the Company received awards and recognitions in 2012 as follow:

- >> An excellent rating for the shareholder meeting in the quality assessment of the 2012 Annual General Meeting of Shareholders organized by the Thai Investors Association (TIA);
- >> An excellent rating for Top Corporate Governance Report for the fourth consecutive years by the Thai Institute of Directors (IOD) and a full score in one category being the rights of shareholders;
- >> The Company received the following awards in SET Awards 2012 organized by the Stock Exchange of Thailand (SET)
 - Top Corporate Governance Report Awards
 - Best Corporate Social Responsibility Awards, and
 - Best Investors Relations Awards for listed company with the market capitalization over 10,000 million Baht

Corporate Governance Policy

Committed to becoming a leading regional corporation that bolsters investors' and stakeholders' confidence in its business, supplements value to the organization, and promotes sustainable growth, Thailoil manages its business with internationally accepted corporate governance for the

good of Thai society so that it may achieve its goals and maintain its excellence in righteousness, which forms the basic value of leading corporations. Below is its CG policy, designed to frame its various aspects of business:

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

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

Corporate Governance Principles

The Company aims to be an organization that has high efficiency in the integrated refining and petrochemical business that follows good corporate governance principles with the connected relationships between the Board of Directors, management, and employees with due regard

to the utmost benefits of the shareholders. The overall guidelines in practice are as follow:

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

Compliance with the Company's Corporate Governance

Recognizing and valuing the principles of good corporate governance, the Company has devised a clear policy and guidelines as seen in its CG manual (downloadable at www.thaioilgroup.com) for strict conformance as follows:

Article 1: Right of Shareholders

The Company recognizes the importance of good corporate governance and values the shareholders' right by encourages the shareholders to exercise their rights including legal fundamental rights such as the right to attend and vote in the shareholders' meeting, the appointment or removal of directors, the remuneration of directors, the right to share in the profit, the right to receive adequate information, etc.

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

The Company arranged the Annual General Meeting of Shareholders (AGM) every year within four months after the end of each fiscal year. If there is an urgent need to consider any special matter that may or in connection with the interests of shareholders, which need shareholders' approval, the Board of Directors can call an extraordinary meeting of shareholders on case by case. In 2012, the Company organized AGM on April 5, 2012 at Vibhavadee Ballroom, Centara Grand Hotel at Central Plaza Ladprao with a total attendance of 2,498 shareholders comprising of 1,875 shareholders and 623 representatives by proxy, representing 1,499,654,732 shares or 73.51 percent of the total issued share capital of the Company. The meeting was organized in accordance with the processes and procedures of the AGM Checklist, which prepared by the TIA as follow:

Before the AGM

- >> Provide an opportunity for shareholders to propose agenda and to nominate director candidates to be elected in the 2013 AGM, by which the details and procedures are placed in the Company's website at least 3 months prior to the year ended. The shareholders who wish to propose agenda or nominate director candidate must be one single shareholder or several shareholders together hold the Company's shares at least 1 percent of total voting rights of the Company
- >> Send invitation notice, meeting agenda with the opinion of the Board of Directors along with proxy forms, comprised of form A, B, and C (for foreign shareholders that have appointed custodians in Thailand), in accordance with the Ministry of Commerce together with other supporting information in both Thai and English. The Company shall publish these items on the Company's website prior to the delivery of the meeting notice at least 30 days in advance of the AGM.
- >> Prepare AGM meeting notices that clearly specifies meeting venue, date, time, agenda, and matters to be proposed to the meeting together with appropriate detail. The opinion of the Board of Directors, minutes of the previous meeting, annual report, all proxy forms and other relevant documents shall also be provided and distributed to shareholders not less than 14 days prior to the meeting (in 2012, it was 21 days ahead of the meeting date). This is to ensure that the information related to voting decision received by the shareholders is sufficient, accurate, complete and transparent. The information must also be announced in the newspapers both Thai and English for three consecutive days and at least three days prior to the AGM for the shareholders to prepare themselves in joining the meeting.
- >> In the event of an emergency to protect the rights and benefits of the Company, notice shall be delivered not less than seven days in advance. Information on agenda items shall be made available at the Company's website prior to being delivered to shareholders.

On the Date of the AGM

- >> To facilitate all shareholders at the meeting date. Adequate number of officers shall be assigned to welcome and check registration documents. The Company will make registration process available two hours prior to the meeting, by using bar code system to shorten the registration process. Furthermore, after this registration period has lapsed, shareholders who wish to attend the meeting can register to attend without losing their rights.
- >> Arranged each shareholder's meeting at a venue that is convenient, easy to access, and adequate size in Bangkok or its vicinity under good security and set up an emergency plan to increase confidence and security to all shareholders during the meeting.
- >> The bar code system was implemented to facilitate the shareholders' registration process and counting of vote for accuracy and more convenience.

- >> The Company must not deprive the rights of shareholders to attend their meetings. All shareholders can exercise their rights to attend the entire meetings.
- >> Before the meeting, the Chairman of the Board will clarify rules and criteria in relation to the meeting, such as the opening of the meetings, voting procedures, and counting of shareholders' vote for each session, in accordance to the Company's Article of Association.
- >> The Company has specified director's interest in the invitation letter and in the AGM. If any directors have particular interest or involved in any agenda, chairman of the meeting must notify the participants prior to the meeting. The directors involved in the interests must not participate in the meeting and must abstain from voting on such matter.
- >> The Company shall support the shareholders to exercise their rights in protecting their own interests by asking questions, expressing opinions, and making recommendations at the AGM. The shareholders also have rights to participate in the decision of important issues, which may affect the Company, for instance, the appointment or removal of directors, the selection of nominees to become independent directors, the approval of auditors, the dividend payment, the reduction or addition of capital funds, set or revises rules and regulations, and the approval of memorandum items, etc.
- >> Provide quality assessment of the AGM to use in the development of the meeting for effectiveness, transparent, and beneficial to shareholders.

After the AGM

- >> The Company must prepare the minutes of the shareholder's meeting and shall notify the Stock Exchange of Thailand (SET) within 14 days after the meeting, in accordance to the SET regulations, and disseminate full details of the meeting. This includes complete and appropriate records

of the meeting, voting and questioning process of the shareholders in each session, along with the allocation of video recordings of the AGM for their acknowledgment in the Company's website.

- >> Consider the recommendations and opinions received from the shareholders in the quality assessment of the AGM to make improvement plan for the following AGM.

Article 2: Equitable Treatment of Shareholders

- >> The Company ensures and protects the fundamental rights of all shareholders, regardless of their gender, age, skin color, race, nationality, religion, belief, political preference, or any physical handicap. The Company provides the opportunity for shareholders to exercise the rights to propose agenda items and qualified nominees for election as directors in advance during the period specified by the Company at least 90 days ahead of the annual general shareholders' meeting by publishing the procedure on the Company's website.
- >> Shareholders are entitled to assign proxies to the meeting to cast ballots for them. To this end, they are entitled to receive documents and advice for the purpose, as well as the names of legitimate proxies. Once proxy forms have been handed to directors at meetings, proxies are entitled to participate in the meeting and cast their ballots like all other shareholders. Shareholders may also delegate proxies to independent directors, and are entitled to receive complete profiles, data on work experiences, and reports on conflicts of interest for the consideration of agenda items from independent directors for their own consideration.

- >> The AGM shall be conducted according to the agenda notified in the notice and it is our policy not to add items to the agenda without advance notice to shareholders.
- >> Adequate time shall be allocated for the meeting and equal opportunities provided for shareholders to

express their opinions, ask questions and exercise the rights to elect individual directors. Shareholders vote on every item using the polling card distributed at the meeting.

- >> Directors and executives involved in matters on the agenda shall attend the AGM to answer the questions raised by shareholders. The main questions, answers and opinions shall be recorded in the minutes of the meeting for future review by shareholders.
- >> Current information shall be published at the Company's website to inform shareholders of major Company's data and information which have changed, including information sheets disclosed in accordance with various regulations. After disclosure to SET, the information shall be published at the Company's website both in Thai and English.

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

Article 3: Roles Toward the Stakeholders

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

Equitable Treatment of Major Stakeholders

Shareholders

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

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

Customers

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

Business Partners, Business Competitors, and Creditors

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

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

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

Employees

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

- >> Provide fair and proper compensation in line with the knowledge, ability, responsibility, and performance of each person
- >> Ensure that the work environment is always safe and healthy to employees and their properties
- >> Promote, transfer, reward, and punish employees fairly and in good faith while relying on their knowledge, ability, suitability, and behavior
- >> Treat employees fairly and value their development, knowledge, and competency transfer through extensive and regular opportunities given to them
- >> Pay attention to the views and comments of all employees in a fair manner
- >> Strictly obey laws and regulations related to employees
- >> Avoid unfair practices that could disrupt employees' job security
- >> Treat employees politely, as individuals, and with respect for human dignity
- >> Provide channel for report or complaint any ethical and illegal behavior
- >> Promote employees' understanding of the code of conduct and roles to promote compliance with the code throughout the Company

>> Promote employees' participation in defining business directions and in remedying problems for units in question and the Company as a whole.

Communities, Society, and Environment

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

- >> Utilization of natural resources shall take into account options with the minimum damage to the societies, environment, and quality of life of the public
- >> Refrain from harming natural resources and environment more than allowed by the law
- >> Promote conservation of natural resources for the sake of future generations
- >> Refrain from supporting activities that harm or threaten society or morality, or promote vices
- >> Institute a complaint-filing system for matters potentially impacting communities; probe causes, amend the situations, and inform complaint-filers about the Company's action in due time
- >> Promote educational and environmental activities and constantly cultivate an awareness of social and environmental responsibility in the Company and among its workforce
- >> Cooperate and ensure strict compliance with the laws and relevant rules
- >> Value community and social activities by ensuring social, community, and environmental development and promoting innovation and conservation of natural resources as well as provide support for youth education and activities for social benefit

>> Promptly and efficiently respond to events affecting communities, society, and environment because of the Company's business by lending full cooperation to public officials and relevant agencies

Government Authorities and Associated Organizations

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

In addition, the Company disclosed Quality, Health, Safety, and Environment (QSHE) Policy; ethical codes on the respect of the laws and principles of universal human rights; and codes on intellectual properties in the Company's CG manual and code of conduct, which also can be download from the Company's website.

Measures against Corruption and Bribery

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

in the Company's CG manual, which can be downloaded in the Company's website.

Since 2010, Thailoil joined the project on Collective Action Coalition against Corruption in Private Sector. The coalition was initiated by the IOD, the Thai Chamber of Commerce, the Joint Foreign Chambers of Commerce in Thailand, the Thai Listed Companies Association, the Thai Bankers Association, and the Federation of Thai Industries commerce. The project was also supported by the government and the Office of National Anti-Corruption Commission.

Enforcement of the Corporate Governance Policy

The Company has defined the duties and responsibilities of directors, the management, and all employees to acknowledge and comply with the CG policies. All executives are to supervise, take responsibility for, and seriously take the promotion of their understanding and strict compliance with the CG manual.

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

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

If employees detect violation of the law or the corporate governance principles, or both, they are to inform the Chairman of the Board, Chairman of the Corporate Governance

Committee, Chairman of the Audit Committee, Chief Executive Officer, or Corporate Management Office. The Company will begin its probe while protecting whistle-blowers.

Whistle-Blowing Measures and Whistle-Blower Protection Mechanisms

To ensure fair treatment of all stakeholders under the CG principles, the Company has set up channels for complaints, suggestions, or recommendations indicating impacts or risks of impacts on stakeholders arising from its business or from wrongful action or violation of the code of conduct, as well as from behavior implying corruption, unfair treatment, or careless action. Provide such leads directly or in a letter to:



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

Thai Oil Public Company Limited

555/1 Energy Complex Building A, 11th Floor
Vibhavadi Rangsit Road, Chatuchak, Chatuchak,
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+66(0)-2299-0000 ext. 7313-7316 or 7440-7441



+66(0)-2797-2973

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

Article 4: Disclosure and Transparency

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

Information of the Board of Directors and executive management remuneration fee and shareholding must be reported in the

annual registration statement (Form 56-1), annual report (Form 56-2), and also published at the Company's website.

Under Article 59 of the Securities and Securities Exchange Act, directors and executives must report their share portfolios with each purchase, sale, or transfer of shares to SEC. In addition, the Company's key guideline is to promote the oversight of the use of inside information. The Company issued reminders for directors and executives to refrain from buying, selling, or transferring their shares at least a month ahead of performance report submission to SET for each quarter. The Company also set policy for directors to report each purchase, sale, or transfer of shares to the Board at each meeting. In addition, directors and executives must report changes in their vested interests to the Company every quarter, and update their reports every year. Such information is to be kept within the Company to conform to the Capital Market Supervisory Board's announcement, Tor Jor 2/2009 in regards to the report on vested interests of directors, executives, and related parties.

Disclosure Information of the Company

The Company shall disclose information on material matters regarding the Company, including financial reports, non-financial information and other information as stipulated by SET and SEC that are accurate, clear, complete, easy to understand, transparent, adequate, reliable and timely, and which have been screened according to prescribed procedures.

Governance policies and structure shall also be reported in the annual registration statement (Form 56-1), annual report (Form 56-2), and at the corporate website in Thai and English. The Company shall further report on the responsibilities of the Board of Directors for the financial statements which appear together with the report of the independent auditors in the annual report. The Company disclosed information to ensure equitable access by shareholders in the following channels:

- >> SET's Community Portal system and SEC
- >> Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2)
- >> Company's website at www.thaioilgroup.com in both Thai and English
- >> Public channels such as newspapers, magazines, television, and the Company's journal
- >> Company's site visit and analysts meetings
- >> Road shows for both domestic and overseas investors
- >> Annual exhibition such as SET in the City and Money Expo
- >> Invitation to the AGM via post

Besides, the Company establishes the internal control policy within each department or section to prevent confidential information from being disclosed to the public prior to formal announcement. Employees must not apply the Company's confidential information for personal or others' gains. They should maintain inside information and sensitive documents that could lead to undue exploitation for themselves, their families, or their associates, including any information influencing stock prices and the Company's proprietary commercial secrets, formula, and inventions. Those who disclose important information and news to outsiders without approval from the Chief Executive Officer shall be subject to disciplinary action according to Company procedures and may face legal action.

Information Disclose in the Company's Website

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

- >> **About Thaioil** comprises of visions, missions, business and products, organization charts, etc.

- >> **Corporate Governance (CG)** comprises of CG principles, code of conduct, Board of Directors, Sub-Committees Directors, Management, Board Charters, etc.
- >> **Investor Relations (IR)** comprises of financial information, stock information, shareholder information, etc.
- >> **Corporate Social Responsibility (CSR)** comprises of CSR policies, activities, communication channels, etc.
- >> **Corporate News** comprises of executives in the news, advertisements, Chief Executive Officer (CEO) articles, etc.

Investor Relations

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

The Company has set up the Investor Relations Department as a focal point in conducting proactive investor relations activities, according to best practices of leading international organizations, to promote effective communication channels with investors, analysts and other related parties. Opportunities are also provided for investors to raise questions and receive Company information through various channels, such as the Company's road shows and seminars are participated in with domestic and international investors; quarterly presentations for analyst meetings; report on the operations of Investor Relations to the Board of Directors at least once a year; publish the results of the operation in webcast on the Company's website; provide shareholders and institutional investors to visit the refinery and meet business executives in order to generate understandings in the business of the Company; as well as to participate in annual exhibition organized by SET in providing educate and promoting knowledge to investors in Money Expo and SET in the City. All of which facilitate prompt communication to clarify and respond to investor queries as follows:

**Investor Relations****Thai Oil Public Company Limited**

555/1 Energy Complex Building A, 11th floor
Vibhavadi Rangsit Road, Chatuchak, Chatuchak,
Bangkok 10900



ir@thaioilgroup.com



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



+66(0)-2797-2976

Article 5: Board Responsibilities**Board Structure****Directors Compositions and Qualifications**

According to the Company's Article of Association, the Board of Directors shall consist of at least five members and not more than 15 members. The Board of Directors has assigned the Nomination and Remuneration Committee to nominate and select directors and Chief Executive Officer in case of vacancy. The composition of the Board of Directors must have a proportional number of independent directors for work balance of the Board as well as the management's operation. The Board must be knowledgeable must possess diverse skills, including industrial, financial, business, management, international marketing, strategic management, crisis management, law, and auditing skills. Independent directors on the Board represent at least one-third of all directors and must not be less than three directors. All the directors meet the qualifications specified in the Public Company Limited Act and none possess any of the forbidden qualities therein. Presently, the Board of Directors consists of 15 directors including of one executive director and 14 non-executive directors, 11 of which are independent directors. The names of the directors, and the roles and responsibilities of the Board of Directors, Chief Executive Officer, and Company Secretary are defined in Shareholding and Management Structure on page 84-94

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

Directors Nomination

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

Qualifications of Independent Directors

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

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

- 1) Holding shares not exceeding 0.5 percent of the total number of shares with voting rights of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, including shares held by related persons of such independent director.

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

The term 'business relationship' under the first paragraph shall include any normal business transaction; rental or lease of immovable property; transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans; guarantee; providing assets as collateral; and any other similar actions, which result in the Company or the counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or 20 million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the

method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with the person commences.

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

- 9) Not having any other characteristics which cause the inability to express independent opinions with regard to the Company's business operations.
- 10) The Company's independent directors shall serve not more than 2 consecutive terms. (Director's term shall be counted as of August 23, 2012 onwards)

Remuneration of Directors and Chief Executive Officer

It is the Company's policy to compensate Directors and the Chief Executive Officer at reasonable levels to motivate and retain quality directors, or at levels comparable to industrial practices. Remuneration is linked to the Director's performance and responsibility as well as the Company's performance and benefits to the shareholders. Directors tasked with greater responsibilities, including the Chief Executive Officer, are paid more for such extra responsibilities. Chairmen may likewise receive higher compensation than directors. The Nomination and Remuneration Committee sets the remuneration principles, payment method, and reports the nomination and remuneration performance to the Board of Directors for approval at the AGM. Details of remuneration payments to Directors and management in 2012 are set out in Shareholding and Management Structure on page 95-97

Board's Performance Assessment

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

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

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

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

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

The Performance Assessment of the Board of Directors 2012 can be summarized as follows:

Comparison of the Performance Assessment

of the Board of Directors	2012 (%)	Rating
Form 1: Individual Director Assessment (Self-Assessment)	98	Excellent
Form 2: Board Assessment	98	Excellent
Form 3: Peer Assessment	99	Excellent

The overall result of the 2012 Board Assessment indicates an average rating of “excellent” at the score of 98%.

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

The Chief Executive Officer's Performance Assessment

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

Part 1 Corporate Key Performance Indicator (KPI) Achievements

Part 2 Leadership Competency

Part 3 Efficiency on Budget and Project Management

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

Orientation for New Directors

The Company prepared orientation documents for new directors to provide useful information for their job performance and staged orientation to introduce its business and business directions for new directors. Its policy is to encourage directors to undergo IOD training courses to support and promote their job performance.

Development of Directors and Executives

Thaioil promoted and provided support on training and education on corporate governance to Directors, executives, the corporate secretary, and others as part of continuous operational development. The Company's continuous

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

Board Meetings

Board meetings are scheduled in advance so that directors can schedule themselves to attend. In consultation with the Chief Executive Officer, the Board's Chairman must endorse each meeting and its agenda. Other significant matters proposed by directors are also considered. The Company is responsible for preparing and delivering the meeting agenda and relevant documents to all directors well in advance. Given adequate preparation time, Directors must investigate and make sound decisions.

The Company regulations call for the board to meet at least once a quarter, with at least half of the total board in attendance to make a quorum, with additional meetings as necessary. In 2012, the Company managed a total of 10 Board of

Directors Meetings, one independent directors meeting, and one directors meeting with the absence of executive directors without the management. Meeting invitations are delivered to directors at least seven days prior to meeting date to give them enough time to study, deliberate, make sound decisions on all agenda items, and schedule themselves properly to attend each meeting, as well as protect the rights and benefits of the Company. If the directors who may have involved, or have any financial interest in any agenda of the meeting will have to refrain from voting.

A clear agenda is set for each meeting and adequate supporting documents are distributed sufficiently in advance to allow directors to thoroughly review the details. Minutes of Board meetings, including its meeting outcomes and the Board's views, must be made clear for future reference. Details of meetings of the Board of Directors and Sub-Committees and attendance at each meeting in 2012 are provided in Shareholding and Managing Structure on page 93.

Board Committees

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

The standing committees in 2012 were:

>> **The Audit Committee** consists of at least 3 independent directors with qualifications as required by the SET announcement in regards to the qualifications and scope

of work of the Audit Committee. It performs audits and balances the management of various Company functions to ensure reliability and integrity while serving the best interests of all shareholders. The names, roles and responsibilities of the Audit Committee are set out in Shareholding and Management Structure on page 89-90.

>> **The Nominating and Remuneration Committee** consists of at least 3 directors, most of whom must be independent directors and not serve as Chairman of the Board or Chief Executive Officer. Its duty is to consider the recruitment and selection process of the nomination of directors and senior management. The names, roles and responsibilities of the Nomination and Remuneration Committee are set out in Shareholding and Management Structure on page 90-91.

>> **The Corporate Governance Committee** consists of at least 3 directors, most of whom must be independent directors. Its duty is to provide support to the Board of Directors with respect to the formulation of policy and guidelines for the Company to continuously enhance its corporate governance, creating good work ethical standards. The names, roles and responsibilities of the Corporate Governance Committee are set out in Shareholding and Management Structure on page 91.

>> **The Risk Management Committee** consists of at least 3 directors, with the Chief Executive Officer serving as one of the members. Its duty is to establish and implement the risk management framework that is suitable and practical for efficient business management, as well as meeting international standards throughout the organization, including the Company and its subsidiaries. The names, roles and responsibilities of the Risk Management Committee are set out in Shareholding and Management Structure on page 91-92.

In 2012, the Company's Directors have attended courses organized by the Thai Institute of Directors (IOD) as follows:

Director	Position	Director Certification Program (DCP)	Director Accreditation Program (DAP)	Audit Committee Program (ACP)	Role of the Compensation Committee (RCC)	Role of the Nomination and Governance Committee (RNG)	Role of the Chairman Program (RCP)	Financial Statements for Directors (FSD)	Others
1 Mr. Norkun Sithiphong	Director / Chairman of the Board						RCP 21/2009		
2 Mr. Chalkasem Nitisiri	Independent Director / Chairman of the Audit Committee	DCP 8/2001					RCP 16/2007	FSD 5/2009	
3 Mr. Apisit Rujikeatkamjorn	Independent Director / Member of the Audit Committee	DCP 166/2012	DAP 27/2004	ACP 22/2008			RCP 26/2011		FND 24/2005 UFS 5/2006
4 Mr. Somchai Sujapongse	Independent Director / Member of the Audit Committee	DCP 75/2006							
5 Mr. Tanawat Anpunant	Independent Director / Member of the Audit Committee	DCP 155/2012		ACP 40/2012				FSD 15/2012	AACP 9/2012 SFE 14/2012 MFM 8/2012 MIA 13/2012 MFR 16/2012 MIR 13/2012 HRP 1/2012 HMS 1/2012
6 Mr. Somchai Poolsavasdi	Independent Director / Chairman of the Nomination and Remuneration Committee	DCP 136/2010							
7 Gen. Jiradej Mookhasmit	Independent Director / Member of the Nomination and Remuneration Committee		DAP 16/2004						
8 Mr. Wisan Wuthisakslip	Independent Director / Member of the Nomination and Remuneration Committee	DCP 125/2009			RCC 14/2012			FSD 6/2009	
9 Pol. Gen. Abdul Sangsingkeo	Independent Director / Chairman of the Corporate Governance Committee								
10 Gen. Trisak Indaranusmi	Independent Director / Member of the Corporate Governance Committee	DCP 158/2012				RNG 3/2012		FSD 17/2012	
11 Mr. Thosaporn Sirisumphand	Independent Director / Member of the Corporate Governance Committee	DCP 80/2006							FND 30/2006
12 Mr. Somkeirt Hudthagosol	Director	DCP 158/2012							
13 Mr. Apisak Tantivorawong	Independent Director / Chairman of the Risk Management Committee	DCP 18/2002							
14 Mr. Nuttachat Charuchinda	Director / Member of the Risk Management Committee	DCP 129/2010							
15 Mr. Veerasak Kositpaisal	Director / Secretary to the Board / Chief Executive Officer / Member of the Risk Management Committee	DCP 82/2006							FND 30/2006

INTERNAL CONTROLS

A proper internal control system gives management and performance accuracy, transparency, and accountability, which prevents or alleviates errors or damage. Thailoil indeed values the internal control system, evident in the Board's assignment of the Audit Committee to review the system to ensure adequacy and suitability for company businesses, together with efficiency and effectiveness of operation and resource consumption, stewardship of properties, a correct and credible accounting system and financial reports, and compliance with relevant legislation and regulations.

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

1. Control Environment

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

- >> Defined a clear corporate vision, mission, and values to drive it toward sustainable growth and excellence of operation.
- >> Defined explicit strategic goals and plans (short-term, medium-term, and long-term) by applying stakeholders' expectations as input to strategic planning. Also, defined plans and performance indicators under the Balanced Score card (BSC) and Key Performance Indicators (KPIs) systems. Finally, cascaded them down to all employees in a congruent, mutually supportive way for overall corporate goal achievement.

- >> Defined a suitable, clear organization structure with lines of command and relationship among units in line with Thailoil Group's goals and businesses, marked by decentralization of authority for business agility.
- >> Defined all job descriptions and assigned suitable authorities and responsibilities.
- >> Developed career management structures by defining individual career plans and individual development plans for employees to visualize self-development approaches to their aspired careers. These elements were linked to the performance management system and compensation & benefits systems.
- >> Issued a corporate governance manual, beginning in 2005, with constant revision. This manual has been given to the Board, executives, and all employees to study and observe as a policy framework for job performance. In addition, Thailoil improved electronics learning media dealing with corporate governance and its code of conduct through the CG e-learning online system and promoted self-learning channels.
- >> Developed channels for whistleblowing, complaints, comments, and recommendations by mail, phone, facsimile, email, and through Thailoil's website.

2. Risk Assessment

Thailoil values conformance to the risk management policy framework. The Board appointed the Risk Management Committee consisting of three directors, charged with the review of the risk management policy framework and structure, and with the provision of recommendations on risk management that agree with strategic business directions and business plans, while supervising, monitoring, and reviewing key outcomes of risk management reporting to

ensure their alignment with standards and prevailing circumstances. The risk management policy was announced to Thailoil Group employees to practice in unison. This year, Thailoil successfully executed its risk management plans, consisting of a revision of risks, establishment of supporting measures, and clear identification of accountable parties. In place is a tracking mechanism for all Thailoil Group's risk management, together with a mechanism to constantly report risk management outcomes and updates to the management. Thailoil also continually organizes promotional activities for risk management. Therefore, the group is confident that risk management will support its fulfillment of objectives and strategic goals. For details on risk management, see the Corporate Risk Management section on page 102-105.

3. Control Activities

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

- >> Definition in writing of policies and business procedures, designed to control activities with significant risks, for employees' use as practical guidelines in keeping with company goals
- >> Suitable definition of corporate authorization procedures for all levels of executives to ensure proper internal controls and business agility. This year, Thailoil reviewed and improved such procedures to suit the new corporate structure so as to strike a balance between job agility, delegation of authority to executives, and proper internal controls.
- >> Clear division of key responsibilities (including approval, recording of transactions, data processing, and stewardship

of properties) for checks and balances and policy formulation for key job rotation after suitable periods

- >> Definition of the Plan-Do-Check-Act (PDCA) approach for performance improvement as specified by the Thailand Quality Award (TQA) criteria
- >> Review and refinement of procurement and hiring processes encompassing the businesses of Thailoil Group to enable transparent, fair, efficient, and flexible operation, together with suitable internal controls compatible with corporate governance
- >> Connected transaction engagement based on the guidelines of the Stock Exchange of Thailand (SET), and institution of reports on vested interests of Board of directors and top management under the Securities and Exchange Commission (SEC) announcement so as to prevent conflicts of interest.

4. Information and Communication

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

This year, Thailoil successfully implemented the ISO 27001 project for the data center as defined in its goals and received a certificate on March 1, 2012, thus illustrating the standard, security, and credibility of its data processing. In addition, it

executed a project designed to improve business processes for efficiency and ease of application, including:

- >> Development of a laboratory information system for Thai Lube Base Plc. based on Thailoil's own system, representing an extension of innovation that unified Thailoil's standard for product quality inspection throughout the group
- >> Successful development of the ESS/MSS Workflow system known as i-link to simplify users' application for personal data changes, personnel development, or performance assessment
- >> Developed and improved the Enterprise Resource Planning (SAP ECC 6) system for more efficient data processing.

5. Monitoring and Evaluation

Thailoil commanded a monitoring and evaluation process in support of business goal achievement. Executives and supervisors together reviewed performance indicators and goals while continually tracking performance. It also tracked performance through internal and external units as follows:

- >> The independent Internal Systems Audit Section audited high-risk processes with a focus on the suitability and adequacy of the internal control system, efficiency and effectiveness of operation, compliance, and legality. Significant issues were reported to the manager of each audited unit to undertake corrective actions. Audit outcomes and updates on corrective actions were reported to the Audit Committee and senior management.
- >> A certified external auditor, appointed by the AGM, independently examined and commented on the financial statements.

- >> QSHE monitoring by Thailoil's internal monitors was based on recommendations for system assessment of quality and environmental management systems under ISO.
- >> To certify the QSHE system, an external auditor independently undertook the audit, which included laboratories.

6. Review of Internal Controls

Having reviewed Thailoil's internal controls of 2012, the Audit Committee found no significant issue or shortcoming. On the whole, Thailoil commanded adequately effective and suitable internal controls, a view shared by the external auditor.

CORPORATE INFORMATION

Thai Oil Public Company Limited

Symbol	TOP
Registration Number	0107547000711
Business	Operates a highly complex refinery utilizing modern and efficient processing technologies to produce petroleum products primarily for domestic distribution. Further diversities investment into related business which includes paraxylene, lube base oil, power generation, marine and pipeline transportation of crude oil, petroleum and petrochemical products, ship management service, alternative energy, solvent as well as professional management service consultant
Registered Capital	20,400,278,730 Baht Comprising 2,040,027,873 fully paid-up common shares of 10 Baht per share
Number of Employees	821 (as at December 31, 2012)
Address	
Bangkok Office	555/1 Energy Complex Building A, 11 th Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Telephone : +66(0)-2797-2999, +66(0)-2797-2900, +66(0)-2299-0000 Fax : +66(0)-2797-2970
Sriracha Office and Refinery	42/1 Moo 1, Sukhumvit Road Km.124, Tungsukla, Sriracha, Chonburi 20230, Thailand Telephone : +66(0)-3840-8500, +66(0)-3835-9000 Fax : +66(0)-3835-1554, +66(0)-3835-1444
Website	www.thaioilgroup.com
Investor Relations	Telephone : +66(0)-2797-2961 E-mail : ir@thaioilgroup.com

Information of the Subsidiaries, Associates and Related Companies

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

Company Name and Address	Registration Number	Business	Registered Capital	Type of Shares	Number of Shares (Issued)	Value of Share	Shareholding (%)
Sak Chaisidhi Company Limited 555/1 Energy Complex Building A, 11 th Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2299-0003, +66(0)-2797-2993 Fax : +66(0)-2797-2983	0105527011880	Hydrocarbon solvent manufacturing and distribution	180,000,000 THB	Common	1,800,000	100 THB/Share	80.52 (Shareholding through TOP Solvent)
TOP Solvent (Vietnam) Limited Liability Go Dau Industrial Zones, Long Thanh District, Dong Nai Province, Vietnam Tel : +84-83827-9030-4 Fax : +84-83827-9035	472043000745 (Registered in Vietnam)	Solvent and petrochemical products distribution in Vietnam	178,000,000,000 VND	Common	17,800,000	10,000 VND/Share	100 (Shareholding through TOP Solvent)
Power Generation Business Thaioil Power Company Limited 555/1 Energy Complex Building A, 11 th Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2299-0000, +66(0)-2797-2999 Fax : +66(0)-2797-2970	0105539103296	SPP power generation	2,810,000,000 THB	Common	281,000,000	10 THB/Share	74
Independent Power (Thailand) Company Limited* 555/1 Energy Complex Building A, 11 th Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2299-0000, +66(0)-2797-2999 Fax : +66(0)-2797-2970	0105539126962	IPP power generation	1,771,000,000 THB	Common	177,100,000	10 THB/Share	24 (and 74% Shareholding through Thaioil Power, totally TOP holds 65.44% of shares)

Company Name and Address	Registration Number	Business	Registered Capital	Type of Shares	Number of Shares (Issued)	Value of Share	Shareholding (%)
Transportation Business Thaioil Marine Company Limited 2/84 Moo 15, Old Railway Road, Bangchak, Phraeknong, Bangkok 10260, Thailand Tel : +66(0)-2331-0080-5 Fax : +66(0)-2331-0086	0105541047578	Provide marine transportation services for petroleum and petrochemical products	970,000,000 THB	Common	97,000,000	10 THB/Share	100
Thaioil Marine International Private Limited 391B Orchard Road #15-05/08, Ngee Ann City Tower B, Singapore 238874 Tel : +65-6734-6540 Fax : +65-6734-3397	201021606H (Registered in Singapore)	Investment in marine transportation of crude oil and petroleum products business	9,000,000 USD	Common	9,000,000	1 USD/Share	100 (Shareholding through Thaioil Marine)
TOP-NYK MarineOne Private Limited 1 Harbourfront Place #13-01, Harbourfront Tower, Singapore 098633 Tel : +65-6290-8405 Fax : +65-6293-2080	201104774G (Registered in Singapore)	Provide marine transportation of crude oil and petroleum products	18,000,000 USD	Common	18,000,000	1 USD/Share	50 (Shareholding through Thaioil Marine International)
TOP Maritime Service Company Limited 413 Moo 4, Soi Sithichai, Taiban Road, Taiban Subdistrict, Capital District, Samutprakarn, Thailand Tel : +66(0)-2331-0080-5 Fax : +66(0)-2331-0086	0115554017087	Provide marine transportation services for crew and supplies in Gulf of Thailand	180,000,000 THB	Common	1,800,000	100 THB/Share	55 (Shareholding through Thaioil Marine)

Company Name and Address	Registration Number	Business	Registered Capital	Type of Shares	Number of Shares (Issued)	Value of Share	Shareholding (%)
Thome Ship Management (Thailand) Company Limited 88 Soi Bangna-Trad 30, Bangna-Trad Road, Bangna Subdistrict, Bangna District, Bangkok, Thailand Tel : +66(0)-2331-0080-5 Fax : +66(0)-2331-0086	0105551087343	Provide ship management service, consultant service and training in crew development, ship operation, technique, as well as quality control	3,000,000 THB	Common	30,000	100 THB/Share	33.3 (Shareholding through Thaioil Marine)
TOP-NTL Private Limited 5 Temasek Boulevard #11-02 Suntec Tower Five, Singapore 038985 Tel : +66(0)-6361-0383 Fax : +66(0)-6361-0377	201202478W (Registered in Singapore)	Trustee Management	20,000 SGD	Common	20,000	1 SGD/Share	50 (Shareholding through Thaioil Marine)
Thai Petroleum Pipeline Company Limited 2/8 Moo 11, Lumlukka Road, Ladsawai, Lumlukka, Pathumthani 12150, Thailand Tel : +65(0)-2991-9130-59 Fax : +65(0)-2533-2186	0105534002696	Pipeline transportation of petroleum products	8,479,000,000 THB	Common	84,790,000	100 THB/Share	9
Other Business Thaioil Energy Services Company Limited 555/1 Energy Complex Building A, 11 th Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2299-0000, +66(0)-2797-2999 Fax : +66(0)-2797-2970	0105550078006	Provide consulting and energy management service as well as human resource management, training and other services	40,000,000 THB	Common	4,000,000	10 THB/Share	100
Thaioil Ethanol Company Limited 555/1 Energy Complex Building A, 11 th Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2299-0000, +66(0)-2797-2999 Fax : +66(0)-2797-2970	0105551121754	Investment in ethanol business and alternative energy products	1,450,000,000 THB	Common	145,000,000	10 THB/Share	100

Company Name and Address	Registration Number	Business	Registered Capital	Type of Shares	Number of Shares (Issued)	Value of Share	Shareholding (%)
Sapthip Company Limited 68 Soi Santipap, Sap Road, Sipraya, Bangrak, Bangkok 10500, Thailand Tel : +66(0)-2233-0444-5 Fax : +66(0)-2233-0441	0105539017543	Ethanol from cassava manufacturing and distribution	800,000,000 THB	Common	8,000,000	100 THB/Share	50 (Shareholding through Thaioil Ethanol)
Maesod Clean Energy Company Limited 191/18-25 CTI Tower, 26 th -27 th Floor, Ratchadapisek Road, Klongteoy, Klongtoey, Bangkok 10110, Thailand Tel : +66(0)-2656-7761-3 Fax : +66(0)-2251-1138	0105549129891	Ethanol from sugarcane manufacturing and distribution	675,000,000 THB	Common	67,500,000	10 THB/Share	30 (Shareholding through Thaioil Ethanol)
Ubon Bio Ethanol Company Limited 333 Moo 9, Nadee Subdistrict, Nayer District, Ubonratchatani, Thailand Tel : +66(0)-4525-2905 Fax : +66(0)-4525-2908	0345550000315	Ethanol from cassava and molasses manufacturing and distribution	2,740,000,000 THB	Common	2,740,000	1,000 THB/Share	21.28 (Shareholding through Thaioil Ethanol)
PTT ICT Solutions Company Limited 555/1 Energy Complex Building A, 4 th -5 th Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2140-2000 Fax : +66(0)-2140-2999	0105549076496	IT and communication services	150,000,000 THB	Common	15,000,000	10 THB/Share	20
PTT Energy Solutions Company Limited 555 PTT Head Office, Building 2, 7 th Floor Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900, Thailand Tel : +66(0)-2537-3645 Fax : +66(0)-2537-3685	0105554075621	Provide engineering technique consulting and other services	150,000,000 THB	Common	1,500,000	100 THB/Share	20

* On January 10, 2013, Independent Power (Thailand) Co., Ltd. (IPT) and PTT Utility Co., Ltd. (PTTUT) merged the companies, under the name "Global Power Synergy Co., Ltd. (GPSC)". The company was established to operate power business as well as investment and development projects in the electricity business for the future. The company has power production of electric capacity of 1,038 megawatts, a steam capacity of 1,340 tons per hour, with the power production capacity equivalent to approximately 1,357 megawatts. Totally, Thaioil will hold 32.39% of GPSC's shares, both directly and indirectly.

Reference

Securities Registrar

Thailand Securities Depository Company Limited (TSD)

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

Debenture Registrar and Principal Paying Agent

Thai Military Bank Public Company Limited

Head of Marketing & Sales Investor Services
3000 Phaholyothin Road, Chompon, Chatuchak,
Bangkok 10900, Thailand
Tel : +66(0)-2299-1321, 0-2299-1536
Fax : +66(0)-2299-1028

Bangkok Bank Public Company Limited

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

KASIKORNBANK Public Company Limited

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

Auditors

KPMG Phoomchai Audit Limited

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

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

Counter Service

The Stock Exchange of Thailand Building,
62 Ratcha dapisek Road, Klongtoey, Bangkok 10110,
Thailand
Tel : +66(0)-2229-2888 (Call Center)

or

Office of Registration Services

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



BUSINESS DESCRIPTION

OIL REFINERY



THAIOIL

Capacity :
275,000 barrels/day

Platformate
1.8 million tons/annum

PETROCHEMICAL & LUBE BASE OIL



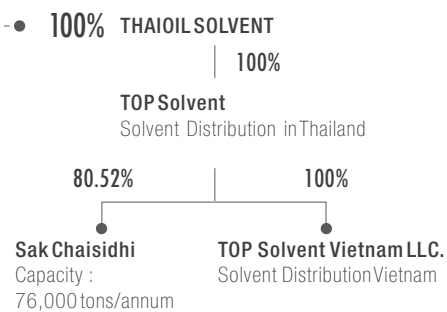
THAI PARAXYLENE

Aromatics
Capacity:
Paraxylene
527,000 tons/annum
Mixed Xylene
52,000 tons/annum
Benzene
259,000 tons/annum
Total
838,000 tons/annum



THAI LUBE BASE

Lube Base Oil
Capacity:
Lube Base Oil
267,015 tons/annum
Bitumen
350,000 tons/annum
TDAE
67,520 tons/annum



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

POWER GENERATION

74%
26% PTT



THAIOIL POWER

**Sells Electricity/
Steam to Group**

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

56% **Independent Power*
(Thailand)**
1st Independent Power
Producer Program
2-on-1 Gas-Fired,
Combined Cycle
Electricity 700 MW

24%

20% PTT

*On January 10, 2013, Independent Power (Thailand) Co., Ltd. (IPT) and PTT Utility Co., Ltd. (PTTUT) merged the companies, under the name "Global Power Synergy Co., Ltd." (GPSC) The company was established to operate power business as well as investment and development projects in the electricity business for the future. The company has power production of electric capacity of 1,038 megawatts, a steam capacity of 1,340 tons per hour, with the power production capacity equivalent to approximately 1,357 megawatts

TRANSPORTATION & OTHERS

100%



THAIOIL MARINE

**Crude/Petroleum and Petrochemical
Product Tankers**

Capacity : 147,450 DWT

100% **Thaioil Marine
International Pte. Ltd.**

NYK Bulk &
Energy B.V. 50% + 50%

**TOP-NYK Marine One
Pte. Ltd.**

Crude Tankers : VLCC
Capacity : 281,050 DWT

55% **TOP MARITIME SERVICE**
Provide Service of Crew and
Utility Boats

45% Marsun

33.33% **THOME-Ship Management
(Thailand)**
Ship Management Service

33.33% Thome Singapore
33.33% Nathalin

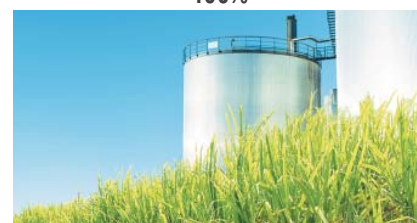
50% **TOP-NTL Pte. Ltd.**
Trustee Manager to Set Up
Business Trust

50% Nathalin

9% **Thai Petroleum Pipeline**
Multi-product Pipeline
Capacity : 26,000 million litres/ annum

31% PTT
60% Others

100%



THAIOIL ETHANOL

35% Mitr Phol + 35% Padaeng
30% **Maesod Clean Energy**
Sugarcane Based Ethanol
Capacity : 200,000 litres/day

50% Others

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

58% Others + 21% BCP

21% **Ubon Bio Ethanol (UBE)**
Cassava and Molasses Based Ethanol
Capacity : 400,000 litres/day

Thaioil Energy Services
Proceeds the Business on
Various Professional of
Management Services

100%

80% PTT Group
PTT Energy Solutions
Provides Engineering
Technique Consulting
Services

20%

80% PTT Group
PTT ICT Solutions
IT and Communication
Services

20%

REVENUE STRUCTURE

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

(in million Baht)

			Fiscal year ended December 31						
Operator ⁽⁵⁾			% of Thaioil stake	2010		2011		2012	
				Amount	%	Amount	%	Amount	%
A. Net Sales									
1. Oil refining	TOP	-	310,027	96	431,572	96	434,850	96	
2. Lube base oil	TLB	100	20,523	6	28,614	6	29,089	7	
3. Petrochemicals ⁽¹⁾	TPX/Thaioil Solvent	100/100	54,295	17	74,393	17	76,681	17	
4. Power generation	TP/IPT	74/24	7,406	2	14,120	3	17,124	4	
5. Oil and petrochemicals transportation	TM	100	1,045	-	1,016	-	1,233	-	
6. Other	TES/TET	100/100	740	-	1,356	-	983	-	
Less: Related party transactions			(75,645)	(23)	(104,830)	(23)	(112,528)	(25)	
Total			318,391	98	446,241	99	447,432	99	
B. Gain on a Bargain Purchase									
1. Other	TES/TET	100/100	77	-	-	-	-	-	
C. Net Derivative Gain on Hedging ⁽²⁾									
1. Oil refining	TOP	-	548	-	-	-	892	-	
2. Petrochemicals ⁽¹⁾	TPX/Thaioil Solvent	100/100	(20)	-	-	-	(2)	-	
Total			528	-	-	-	890	-	
D. Net Foreign Exchange Gain ⁽³⁾									
1. Oil refining	TOP	-	2,620	1	-	-	1,927	1	
2. Lube base oil	TLB	100	8	-	-	-	16	-	
3. Petrochemicals ⁽¹⁾	TPX/Thaioil Solvent	100/100	(27)	-	-	-	17	-	
4. Power generation	TP/IPT	74/24	122	-	-	-	24	-	
5. Oil and petrochemicals transportation	TM	100	(2)	-	-	-	3	-	
6. Other	TES/TET	100/100	1	-	-	-	-	-	
Total			2,722	1	-	-	1,987	1	

(in million Baht)

	Operator ⁽⁵⁾	% of Thaioil stake	Fiscal year ended December 31					
			2010		2011		2012	
			Amount	%	Amount	%	Amount	%
E. Other Revenues ⁽⁴⁾								
1. Oil refining	TOP	-	3,059	1	3,472	1	2,047	-
2. Lube base oil	TLB	100	121	-	163	-	376	-
3. Petrochemicals ⁽¹⁾	TPX/Thaioil Solvent	100/100	325	-	420	-	428	-
4. Power generation	TP/IPT	74/24	680	-	158	-	102	-
5. Oil and petrochemicals transportation	TM	100	3	-	3	-	23	-
6. Other	TES/TET	100/100	11	-	13	-	24	-
Less: Related party transactions			(1,565)	-	(1,697)	-	(1,650)	-
Total			2,634	1	2,532	1	1,350	-
Total revenues (A-E)			324,352	100	448,773	100	451,659	100

Remarks:

- Petrochemicals comprise paraxylene and solvent businesses.
- Net derivative loss on hedging in 2011.
- Net foreign exchange loss in 2011.
- Comprises received interests, export tax subsidy, revenues from services provided to subsidiary companies, land lease, single buoy mooring service fee, oil tank lease, subsidy for Euro IV standard fuel, etc.
- TOP is Thai Oil Public Company Limited.
TLB is Thai Lube Base Public Company Limited.
TPX is Thai Paraxylene Company Limited.
TP is Thaioil Power Company Limited, in which Thaioil increase ownership interest from 55% to 74% since December 4, 2012.
IPT is Independent Power (Thailand) Company Limited, in which the shareholding of Thaioil is 56% through Thaioil Power and 24% held directly by Thaioil.
TM is Thaioil Marine Company Limited.
Thaioil Solvent is Thaioil Solvent Company Limited.
TES is Thaioil Energy Services Company Limited.
TET is Thaioil Ethanol Company Limited.

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

Consolidated Results

		2012	2011	+/-
GIM <u>excluding</u> oil stock impact ⁽¹⁾	USD/barrel	7.6	7.8	-0.2
GIM <u>including</u> oil stock impact ⁽¹⁾	USD/barrel	6.9	9.3	-2.4
Sales revenue	Million Baht	447,432	446,241	+1,191
EBITDA	Million Baht	20,350	28,760	-8,410
Net Profit	Million Baht	12,320	14,853	-2,533
Earnings per share	Baht	6.04	7.28	-1.24

Remarks:

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

This year, Thairoil Group focused on proactive management amid volatile world economic circumstances due to the lingering Euro debt crisis, which had led to an economic recession, thus causing volatile world oil prices through the year and squeezing the spreads of petroleum products, as well as those of aromatics and lube base oil. With Thairoil Group's continued focus on commercial management and its customers, the group successfully maintained a full refining capacity. Rising from last year to 447,432 million Baht was the sales revenue, while the GIM of the group (when taking into account the oil stock impact) stood at USD 6.9 per barrel, or USD 2.4 per barrel lower than last year. The EBITDA amounted to 20,350 million Baht. Also showing profit drops from last year were the aromatics and lube base oil businesses, resulting from the global economic slowdown, which suppressed the demand for paraxylene and lube base

oil. All in all, Thairoil Group's net profit amounted to 12,320 million Baht, a 17% drop from last year, equivalent to 6.04 Baht in earnings per share.

Results by Company

This year, **Thairoil (TOP)** experienced a capacity utilization rate of 101% with a throughput of 278,000 barrels per day. It posted 434,850 million Baht in sales revenue, a surge of 3,278 million Baht from last year, in line with rising petroleum product prices. Yet, the EBITDA of 10,456 million Baht represented a sizeable drop from last year's 15,860 million Baht due to oil stock losses of 2,592 million Baht before tax. TOP's net profit (excluding dividends receivable) therefore stood at 6,359 million Baht, a 14% drop from last year.

Posting a capacity utilization rate of 85%, **Thai Paraxylene (TPX)** commanded 67,861 million Baht in sales revenue, a

rise of 771 million Baht from last year, as a result of rising sales of benzene (by 12%) and byproducts (by 7%). Its EBITDA totaled 5,077 million Baht, a drop of 1,383 million Baht from last year caused by the narrowing price spreads of paraxylene and ULG95. Therefore, its net profit came to 3,262 million Baht, a 22% decline from last year.

In addition, the PxMax Project has been completed and commercially operated since the end of Q3 in 2012. From this project, TPX can produce paraxylene at a capacity of 527,000 tons/year, in combination with benzene production of 259,000 tons/year and mixed xylene production of 52,000 tons/year, totaling the aromatics production to 838,000 tons/year.

With a capacity utilization rate of 96%, **Thai Lube Base (TLB)** grossed 29,090 million Baht in sales revenue, a jump of 476 million Baht or 4% in sales volume, due to the lower price margin than last year. This was in turn caused by buyers' worries about highly volatile crude oil prices and the slower demand by the Chinese market, the region's major buyer. As a result, TLB's EBITDA shrank by 1,643 million Baht to 2,122 million Baht this year. TLB netted a profit of 1,744 million Baht, a 30% decline.

Independent Power (Thailand) (IPT)* posted a capacity utilization rate of 85%, a 10% drop from last year, mainly because of the malfunctioning No. 11 gas turbine generator, which necessitated a shutdown from February 21 to April 26. IPT commanded 12,194 million Baht in sales revenue, a hike of 2,398 million Baht over last year, in line with higher natural gas prices. Its EBITDA fell by 156 million Baht to 1,056 million Baht with the lower generation availability and availability payment. IPT therefore netted a profit of 481 million Baht, a 24% drop from last year.

Thaioil Power (TP) had a capacity utilization rate of 87%, with 4,931 million Baht in sales revenue (a rise of 605 million Baht), in line with the rising prices of natural gas. Yet, its EBITDA fell by 18 million Baht because in the previous year TP had won investment promotion of a 17 million Baht project to improve nitrogen oxide (NOx) emission from the combustion system of a gas-turbine power generator. As a result, TP netted a profit of only 367 million Baht, a 7% drop from last year.

On December 4 this year, Thaioil signed a TP share sale agreement with J Power Holdings (Thailand) Co., Ltd. (JPHT), amounting to 19% (53,390,000 shares), worth 1,650 million Baht. Thaioil had held 55% shares in TP. With the transfer and payment completed, Thaioil now holds 74% shares in TP.

Thaioil Marine (TM) had a fleet utilization rate of 85%. This year, it earned 1,233 million Baht in service revenue and 387 million Baht in EBITDA. Its profit share of 65 million Baht derived from the investment in TOP-NYK led to a net profit of 173 million Baht, some 97 million Baht up from last year. Incidentally, TM sold its Thaioil 2 vessel, a 5,000-dwt petrochemical carrier, resulting in a fleet of five under TM, with a combined tonnage of 147,450 dwt.

On June 13 this year, TM invested 10,000 Singapore dollars in TOP-NTL Private Limited in a 50-50% split with Nathalin Co., Ltd. This new company had a common-share registration of 20,000 at a par value of 1 Singapore dollar, for a total of 20,000 Singapore dollars. A TOP-NTL Shipping Trust fund was at the same time set up, also at a 50-50% investment ratio. On November 21, TM invested 40,000 Singapore dollars in the trust, which boasted a total of 80,000 units at a par value of 1 Singapore dollar, for a total of 80,000 Singapore dollars.

* On January 10, 2013, Independent Power (Thailand) Co., Ltd. (IPT) and PTT Utility Co., Ltd. (PTTUT) merged the companies, under the name "Global Power Synergy Co., Ltd. (GPSC)". The company was established to operate power business as well as investment and development projects in the electricity business for the future. The company has power production of electric capacity of 1,038 megawatts, a steam capacity of 1,340 tons per hour, with the power production capacity equivalent to approximately 1,357 megawatts. Totally, Thaioil will hold 32.39% of GPSC's shares, both directly and indirectly.

In addition, TOP Maritime Service Co., Ltd. (TMS), in which TM held 55% along with Marsun Co., Ltd., added 90 million Baht in registered capital to raise the total to 180 million Baht. On August 23 this year, TM paid 49.5 million Baht for additional common shares to bring its investment capital to 99 million Baht.

Thaioil Solvent (TOS) posted a solvent output rate of 136%, a 19% rise over last year. It grossed 9,856 million Baht in sales revenue and registered 663 million Baht in EBITDA, buoyed by rising average sales prices and sales volumes,

bringing the net profit to 333 million Baht, a 25% rise from last year.

Thaioil Ethanol (TET) commanded 615 million Baht in sales revenue (a 47% drop from last year) due to declining sales of ethanol and production suspension amid unattractive prices. Its share of loss arising from investment in Maesod Clean Energy Co., Ltd., came to 21 million Baht, and that from investment in Ubon Bio Ethanol Co., Ltd., came to 22 million Baht. In all, TET experienced a net loss of 162 million Baht in 2012, against 185 million Baht in 2011.

Analysis of Consolidated Financial Position

Financial Position (Million baht)	Dec. 31, 2012	Dec. 31, 2011 ⁽¹⁾	+/-
Total assets	170,676	154,568	+16,108
Total liabilities	79,952	69,534	+10,418
Shareholders' equity—net	90,724	85,034	+5,690

Note:

(1) The financial position as of December 31, 2011, featured rearranged categories of items for compatibility with the presentation under the 2012 financial statements

Total Assets

As of year-end 2012, Thaioil and its subsidiaries commanded 170,676 million Baht in total assets, a surge of 16,108 million Baht from last year, mainly due to a rise of 16,233 million Baht in current assets.

Total Liabilities

As of year-end 2012, Thaioil and its subsidiaries posted 79,952 million Baht in total liabilities, a rise of 10,418 million Baht from last year, as a result of 9,344 million Baht in rising account payable, 10,000 million Baht in issued debentures designed to refinance debts, invest in projects, and serve as working capital. Also, TM and a subsidiary in which Thaioil held shares through TM borrowed 2,052 million Baht for investment projects and working capital. Thaioil Group repaid 10,469 million Baht in long-term loans and debentures.

Shareholders' Equity-Net

As of year-end 2012, Thaioil and its subsidiaries posted 90,724 million Baht in shareholders' equity, a rise of 5,690 million Baht (6.7%) from last year, mainly due to its operating results of 12,320 million Baht in net profit, less 5,359 million Baht in dividends.

Analysis of Cash Flow and Financial Ratios

As of year-end 2012, Thaioil and its subsidiaries held 10,460 million Baht in cash and cash equivalents, a drop of 7,669 million Baht from last year, with the following breakdown:

Cashflow from operating activities amounted to 23,049 million Baht, consisting of the net profit adjusted by cash reconciliation items of 22,627 million Baht and cashflow receipt for changes in assets and operating liabilities of 422 million Baht.

Cashflow from investing activities totaled 24,762 million Baht, mainly due to 16,700 million Baht in cash outflow for temporary investment capital and 6,103 million Baht for purchases of property, plant, and equipment, and additional investment in the power business through a 19% share acquisition of TP, amounting to 1,650 million Baht.

Cashflow from financing activities amounted to 5,956 million Baht, primarily consisting of 7,490 million Baht in repayment of long-term loans from financial institutions, 2,979 million Baht in debenture repayment, 5,359 million Baht in dividend payment, and 2,244 million Baht in finance costs. Meanwhile, there was 10,000 million Baht in cash received from debenture issuance and 2,052 million Baht in long-term loans from financial institutions.

Financial Ratios

		2012	2011	+/-
Profitability Ratios				
Quality of earnings ratio	(%)	5%	6%	-1%
Gross profit margin ratio	(%)	3%	5%	-2%
Net profit margin ratio	(%)	3%	3%	0%
Liquidity Ratios				
Current ratio	(times)	2.9	3.1	-0.2
Quick ratio	(times)	1.6	1.7	-0.1
Financial Policy Ratios				
Total liability/ Total equity	(times)	0.9	0.8	0.1
Long-term loan/ Total equity	(times)	0.5	0.5	0.0
Interest coverage ratio	(times)	8.7	13.5	-4.8
Long-term loan/ Total capitalization	(%)	34%	35%	-1%
Net debt to equity ratio	(times)	0.2	0.3	-0.1

Note:

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

CONNECTED TRANSACTIONS

For the 2012 accounting period, Thairoil and/or its subsidiaries engaged in significant business transactions with subsidiaries and related partners with common shareholders and/or directors, as seen in the notes to its financial statements. Connected transactions were based on market prices or, in the absence of reference market prices, the prices agreed in previous contracts. Details of the relationships with these companies are as follows:

Company	Current Relationship with Thairoil, as of 31 December 2012
PTT Plc.	<ul style="list-style-type: none"> >> Major shareholder holding 49.10% of the shares in Thairoil >> Common director : Mr. Norkun Sitthiphong
Thai Paraxylene Co., Ltd.	<ul style="list-style-type: none"> >> 100% owned by Thairoil >> Common director : Mr. Veerasak Kositpaisal >> Thairoil management members on Thai Paraxylene's Board : Ms. Nitima Thepvanangkul, Mr. Wisnu Wongsomboon, and Mr. Pongpun Amornvivat
Thai Lube Base Plc.	<ul style="list-style-type: none"> >> 100% owned by Thairoil >> Common directors : Mr. Veerasak Kositpaisal and Mr. Apisit Rujikeatkamjorn >> Thairoil management members on Thai Lube Base's Board: Mr. Chaiwat Damrongmongkolgul, Mr. Abhinant Supatrabuttra, and Mr. Pongpun Amornvivat
Thairoil Power Co., Ltd.	<ul style="list-style-type: none"> >> 26% of the shares held by PTT >> 73.99% of the shares held by Thairoil >> Common director : Mr. Veerasak Kositpaisal >> Thairoil management members on Thairoil Power's Board : Mr. Yuthana Pasurapunya, Mr. Mitri Reodacha, Mr. Somchai Wongwattanasan, and Mr. Bandhit Thamprajamchit
Thairoil Marine Co., Ltd.	<ul style="list-style-type: none"> >> 100% owned by Thairoil >> Common directors : Mr. Veerasak Kositpaisal and Mr. Somkeirt Hudhagosol >> Thairoil management members on Thairoil Marine's Board : Mr. Pongpun Amornvivat, Mr. Viroj Meenaphant, and Mr. Nitas Krongvanitchayakul
Independent Power (Thailand) Co., Ltd.	<ul style="list-style-type: none"> >> 20% of the shares held by PTT >> 24% of the shares held by Thairoil >> 56% of the shares held by Thairoil Power, in which Thairoil holds 73.99% of the shares. >> Common directors : Mr. Veerasak Kositpaisal and Mr. Somkeirt Hudhagosol >> Thairoil management members on Independent Power (Thailand)'s Board : Mr. Chaiwat Damrongmongkolgul, Mr. Mitri Reodacha, and Mr. Wisnu Wongsomboon

Company	Current Relationship with Thailoil, as of 31 December 2012
TOP Solvent Co., Ltd.	<ul style="list-style-type: none"> >> 100% owned by Thailoil Solvent >> Common director: Mr. Somkeirt Hudhagosol >> Thailoil management members on TOP Solvent's Board : Mr. Chaiwat Damrongmongkolgul and Mr. Teardchat Padungrat
Sak Chaisidhi Co., Ltd.	<ul style="list-style-type: none"> >> 80.52% owned by TOP Solvent >> Common director : Mr. Somkeirt Hudhagosol >> Thailoil management members on Sak Chaisidhi's Board : Mr. Surachai Saengsamran, Ms. Nitima Thepvanangkul, Mr. Chaiwat Damrongmongkolgul, Mr. Teardchat Padungrat, Mr. Narongrit Tavorntvisitporn, and Mr. Somchai Wongwattanasan
TOP Solvent (Vietnam) LLC.	<ul style="list-style-type: none"> >> 100% owned by TOP Solvent >> Common director : Mr. Somkeirt Hudhagosol >> Thailoil management members on TOP Solvent (Vietnam) LLC's Board : Mr. Chaiwat Damrongmongkolgul and Mr. Teardchat Padungrat
Thailoil Ethanol Co., Ltd.	<ul style="list-style-type: none"> >> 100% owned by Thailoil >> Common directors : Mr. Veerasak Kositpaisal and Mr. Somkeirt Hudhagosol >> Thailoil management members on Thailoil Ethanol's Board : Ms. Nitima Thepvanangkul, Ms. Pattaralada Sa-Ngasang, and Mr. Saran Harinsuta
Sapthip Co., Ltd.	<ul style="list-style-type: none"> >> 50% owned by Thailoil Ethanol >> Common directors: Mr. Veerasak Kositpaisal and Mr. Somkeirt Hudhagosol >> Thailoil management member on Sapthip's Board : Ms. Nitima Thepvanangkul and Mr. Saran Harinsuta
IRPC Plc.	<ul style="list-style-type: none"> >> 38.51% owned by PTT
Bangchak Petroleum Plc.	<ul style="list-style-type: none"> >> 27.22% owned by PTT >> Common director : Mr. Nuttachat Charuchinda
PTT Global Chemical Plc.	<ul style="list-style-type: none"> >> 48.90% owned by PTT >> Common director : Mr. Nuttachat Charuchinda
PTTEP International Ltd.	<ul style="list-style-type: none"> >> 100% owned by PTTEP
PTT International Co., Ltd.	<ul style="list-style-type: none"> >> 100% owned by PTT
PTT Phenol Co., Ltd.	<ul style="list-style-type: none"> >> 40% owned by PTT

Connected Transactions between Thaioil and/or subsidiaries with Major Shareholders**Connected Transactions between Thaioil and PTT**

Company	Transaction	Value in 2012 (Million Baht)
PTT Plc.	>> Revenue from the sale of oil products : Thaioil entered into a Product Offtake and Crude Supply Agreement (POCSA) with PTT. Both parties agreed on the sales and purchases of refined products at market prices and to follow the procedures to reach an agreed volume as well as other terms and conditions stipulated in the contract.	201,455
	>> Expenses on the purchases of oil and natural gas products : Thaioil entered into a POCSA with PTT. Both parties agreed on the sale and purchase of refined products at market prices and to follow the procedures to reach an agreed volume as well as other terms and conditions stipulated in the contract.	173,402
	>> Thaioil entered into 8-year (2006 - 2013) and 15-year (2007-2021) contracts with PTT for the supply of natural gas to feed the refinery at an agreed volume based on market prices.	
	>> Sale and purchase of crude oil and feedstock for stockpiling as required by law.	1,076
	>> Thaioil occasionally engaged in futures oil purchase contracts with PTT, with price hedging, considered normal business practice. Both parties are to pay the differences between the fixed prices and the floating prices on a case-by-case basis.	173

Connected Transactions between Thaioil's Subsidiaries and PTT

Company	Transaction	Value in 2012 (Million Baht)
Thai Paraxylene Co., Ltd.	>> Revenue from occasional sales of aromatics to PTT, considered normal business practice.	1,291
	>> Expenses for occasional purchases of petroleum products, considered normal business practice.	1,219
Thai Lube Base Plc.	>> Revenue from occasional sales of lube base products to PTT, considered normal business practice.	5,668
	>> Thai Lube Base entered into a five-year gas supply contract with PTT for an agreed volume based on market prices.	884

Company	Transaction	Value in 2012 (Million Baht)
Thaioil Power Co. Ltd.	>> Thaioil Power entered into a 25-year gas sales agreement (1998-2022) with PTT at an agreed volume based on market prices.	3,066
Independent Power (Thailand) Co., Ltd	>> Independent Power (Thailand) entered into a 25-year gas sales agreement (1999-2024) with PTT at an agreed volume based on market prices.	10,355
Thaioil Marine Co., Ltd.	>> Expenses on occasional purchases of petroleum products, considered normal business practice.	160
Sapthip Co., Ltd.	>> Sapthip entered into a 10-year ethanol agreement (2011-2021) with PTT at an agreed volume based on market prices.	499

Connected Transactions between Thaioil and Subsidiaries (with less than 100% shareholding) or Other Related Companies

Company	Transaction	Value in 2012 (Million Baht)
Thaioil Power Co., Ltd.	>> Thaioil entered into a 24-year contract starting April 1, 1998, to provide maintenance and other supporting services as well as supply of feedstock, parts, and reserved fuels to Thaioil Power. The service charges were based on cost-plus pricing, considered normal business practice.	1,111
	>> Thaioil entered into a 24-year infrastructure sharing contract starting April 1, 1998. Thaioil Power agreed to pay for the consumption at 2% of its monthly revenue.	
	>> Thaioil entered into a 25-year contract (1998- 2022) for the supply of electricity and stream at an agreed volume based on market prices.	1,936
IRPC Plc.	>> Sale and purchase of crude petroleum oil and feedstock for stockpiling as required by law.	1,337
PTT Global Chemical Plc.	>> Revenue from occasional sales of petroleum products to PTT Global Chemical, considered normal business practice.	4,378
	>> Expenses on occasional purchases of petroleum products to PTT Global Chemical, considered normal business practice.	1,132

Company	Transaction	Value in 2012 (Million Baht)
Bangchak Petroleum Plc.	>> Revenue from occasional sales of petroleum products to Bangchak Petroleum, considered normal business practice. >> Thailoil entered into a 15-year contract to provide feedstock receiving service for Bangchak Petroleum using Thailoil's single buoy mooring system. The service charges were based on market prices, with terms and conditions similar to contracts with other parties.	16,913
PTTEP International Ltd.	>> Expenses on occasional purchases of petroleum products from PTTEP International, considered normal business practice.	129

Connected Transactions between Subsidiaries and Related Companies

Company	Related Company	Transaction	Value in 2012 (Million Baht)
Thailoil Power Co., Ltd.	Thai Paraxylene Co., Ltd.	>> Thailoil Power entered into a 25-year contract to supply Thai Paraxylene with electricity and steam at market prices. The contract will end in 2022.	1,311
	Thai Lube Base Plc.	>> Thailoil Power entered into a 25-year contract to supply Thai Lube Base with electricity and steam at market prices. The contract will end in 2022.	698
Thai Lube Base Plc.	IRPC Plc.	>> Occasional purchases of by-products, considered normal business practice.	1,967
	Bangchak Petroleum Plc.	>> Occasional sales of by-products, considered normal business practice.	121

Company	Related Company	Transaction	Value in 2012 (Million Baht)
Thai Paraxylene Co., Ltd.	IRPC Plc.	>> Occasional sales of aromatics, considered normal business practice.	1,349
		>> Occasional purchases of aromatics, considered normal business practice.	333
	PTT International Ltd.	>> Occasional sales of aromatics, considered normal business practice.	465
TOP Solvent Co., Ltd.	IRPC Plc.	>> Occasional purchases of solvents, considered normal business practice.	1,351
	PTT Phenol Co., Ltd.	>> Occasional purchases of solvents, considered normal business practice.	112
Sak Chaisidhi Co., Ltd.	IRPC Plc.	>> Sak Chaisidhi engaged in three contracts for the purchases of feedstock from IRPC at an agreed volume based on reference market prices. Contract periods range from one to three years and will end in 2013.	714
	PTT Global Chemical Plc.	>> Sak Chaisidhi engaged in a contract for the purchase of feedstock from Global Chemical at an agreed volume based on reference market prices. The contract will end upon a written notice from either party.	2,502
TOP Solvent (Vietnam) LLC.	IRPC Plc.	>> Occasional purchases of solvents, considered normal business practice.	529

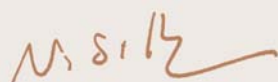


BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Thai Oil Public Company Limited and the consolidated financial statements of Thai Oil Public Company Limited and its subsidiaries have been prepared in conformity with the requirements of the Public Company Act B.E. 2535 (1992), the Securities and Exchange Act B.E. 2535 (1992), the Announcement of the Department of Business Development dated September 28, 2011 issued in accordance with Section 11, Paragraph 3 of the Accounting Act B.E. 2543 (2000), and the Financial Reporting Standards prescribed by the Federation of Accounting Professions.

The Board of Directors is responsible for the financial statements which have been prepared to provide assurance

that the financial position, results of operations and cash flows present accurately, an effective internal control system has been established, accounting records have been properly and adequately maintained to safeguard assets and prevent fraud and other irregularities with material implications, suitable accounting policies have been selected in the preparation of the financial statements and consistently applied in accordance with Financial Reporting Standards, and key information has been adequately disclosed in the notes to the financial statements. The independent auditor has expressed opinion on the financial statements of Thai Oil Public Company Limited and the consolidated financial statements of Thai Oil Public Company Limited and its subsidiaries in the Auditor's Report.



Norkun Sitthiphong

Chairman of the Board

Thai Oil Public Company Limited



Veerasak Kositpaisal

Chief Executive Officer

Thai Oil Public Company Limited

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Thai Oil Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Thai Oil Public Company Limited and its subsidiaries, and of Thai Oil Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2012, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2012 and the financial performance and cash flows for the year then ended of Thai Oil Public Company Limited and its subsidiaries, and of Thai Oil Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards.



(Winid Silamongkol)

Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.

Bangkok

14 February 2013

STATEMENTS OF FINANCIAL POSITION

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Assets	Note	2012	2011	2012	2011
Current assets					
Cash and cash equivalents	6, 18	10,459,746,357	18,129,338,422	6,738,889,455	14,588,104,245
Current investments	7, 18	17,862,427,375	1,162,893,622	17,000,000,000	-
Trade accounts receivable	5, 8	27,089,542,903	26,102,484,488	25,795,553,828	25,239,425,962
Other receivable	5, 9	1,655,525,414	1,209,429,742	906,784,100	1,013,589,700
Short-term loans to related parties	5	90,000,000	90,000,000	3,184,000,000	4,811,500,000
Inventories	5, 10	40,004,178,949	34,039,275,432	33,639,608,985	29,139,501,546
Prepaid corporate income tax		19,965,214	31,964,067	-	-
Value added tax receivable		1,468,247,238	2,331,054,860	709,258,977	1,423,228,677
Receivable from Oil Fuel Fund		1,732,088,139	1,052,371,618	1,732,088,139	1,052,371,618
Total current assets		100,381,721,589	84,148,812,251	89,706,183,484	77,267,721,748
Non-current assets					
Investments in subsidiaries	11	-	-	11,533,387,002	9,883,387,002
Investments in associates	12	945,772,980	940,115,952	60,000,000	60,000,000
Investments in jointly-controlled entities	12	339,557,501	313,434,810	-	-
Other long-term investments	7	1,001,921,900	996,229,311	1,001,921,900	996,229,311
Investment properties	13	82,382,568	82,382,568	637,676,536	637,676,536
Property, plant and equipment	5, 14, 18	64,863,666,249	65,131,760,486	31,084,256,661	30,336,745,295
Intangible assets	15	1,713,297,540	1,533,666,399	420,051,501	412,663,201
Deferred tax assets	16	29,477,674	32,662,405	-	-
Other non-current assets	17	1,318,628,510	1,388,471,630	1,106,580,179	1,150,552,606
Total non-current assets		70,294,704,922	70,418,723,561	45,843,873,779	43,477,253,951
Total assets		170,676,426,511	154,567,535,812	135,550,057,263	120,744,975,699

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

STATEMENTS OF FINANCIAL POSITION

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity	Note	2012	2011	2012	2011
Current liabilities					
Short-term borrowings	18	607,500,000	615,000,000	-	-
Trade accounts payable	5, 19	26,614,728,223	17,271,222,741	26,358,929,761	18,826,761,244
Other payable	5, 20	2,242,489,559	1,912,054,420	1,775,071,855	1,263,708,402
Short-term borrowings from related parties	5, 18	-	-	5,019,974,425	4,253,791,441
Current portion of long-term borrowings from financial institutions	6, 7, 14, 18	1,277,572,897	2,125,476,902	595,935,559	608,229,517
Current portion of debenture	18	2,750,000,000	2,977,264,474	2,750,000,000	2,977,264,474
Excise duty payable		617,591,787	618,567,123	617,591,787	618,567,123
Income tax payable		1,061,369,341	1,380,575,851	721,118,998	383,735,867
Total current liabilities		35,171,251,807	26,900,161,511	37,838,622,385	28,932,058,068
Non-current liabilities					
Long-term borrowings from financial institutions	6, 7, 14, 18	6,375,980,419	11,084,187,003	3,873,581,134	9,336,506,380
Debentures	18	35,786,183,962	28,886,003,539	35,786,183,962	28,886,003,539
Deferred tax liabilities	16	93,272,252	138,797,504	62,919,780	131,538,786
Employee benefit obligations	21	2,472,747,809	2,427,955,373	2,304,958,071	2,281,457,914
Other non-current liabilities		53,167,300	96,788,074	220,537,164	226,177,919
Total non-current liabilities		44,781,351,742	42,633,731,493	42,248,180,111	40,861,684,538
Total liabilities		79,952,603,549	69,533,893,004	80,086,802,496	69,793,742,606

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

STATEMENTS OF FINANCIAL POSITION

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2012	2011	2012	2011
Equity					
Share capital	22				
Authorised share capital		20,400,278,730	20,400,278,730	20,400,278,730	20,400,278,730
Issued and paid-up share capital		20,400,278,730	20,400,278,730	20,400,278,730	20,400,278,730
Additional paid-in capital					
Premium on ordinary shares	23	2,456,261,491	2,456,261,491	2,456,261,491	2,456,261,491
Retained earnings					
Appropriated					
Legal reserve	23	2,040,027,873	2,040,027,873	2,040,027,873	2,040,027,873
Other		244,500,000	244,500,000	244,500,000	244,500,000
Unappropriated		61,694,846,105	54,473,919,590	30,352,204,670	25,845,875,585
Other components of equity		(300,961,134)	(145,414,410)	(30,017,997)	(35,710,586)
Equity attributable to owner of the Company		86,534,953,065	79,469,573,274	55,463,254,767	50,951,233,093
Non-controlling interests		4,188,869,897	5,564,069,534	-	-
Total equity		90,723,822,962	85,033,642,808	55,463,254,767	50,951,233,093
Total liabilities and equity		170,676,426,511	154,567,535,812	135,550,057,263	120,744,975,699

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

STATEMENTS OF COMPREHENSIVE INCOME

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
Revenues					
Revenue from sale of goods and rendering of services	5, 31	447,431,630,372	446,240,930,991	434,849,848,259	431,572,268,001
Dividend income	5, 11	-	-	3,245,976,607	4,634,875,176
Net derivative gain on hedging		890,053,288	-	892,218,031	-
Net foreign exchange gain		1,987,135,724	-	1,926,529,193	-
Other income	5, 25	1,350,142,502	2,531,651,921	2,047,335,521	3,471,959,187
Total revenues		451,658,961,886	448,772,582,912	442,961,907,611	439,679,102,364
Expenses					
Cost of sale of goods and rendering of services	5, 10	432,312,365,410	423,307,488,245	428,328,643,286	420,400,087,318
Selling expenses	5	400,454,154	347,561,514	438,673,303	393,954,865
Administrative expenses	5, 26	2,231,016,820	2,111,993,793	1,588,301,133	1,513,763,971
Net derivative loss on hedging		-	352,261,599	-	218,560,917
Net foreign exchange loss		-	82,449,643	-	260,869,854
Total expenses		434,943,836,384	426,201,754,794	430,355,617,722	422,787,236,925
Share of profit of associates and jointly-controlled entities	12	72,696,667	36,837,685	-	-
Profit before finance costs and income tax expense					
		16,787,822,169	22,607,665,803	12,606,289,889	16,891,865,439
Finance costs	5, 29	2,342,954,198	2,126,405,001	2,259,103,746	2,012,342,728
Profit before income tax expense		14,444,867,971	20,481,260,802	10,347,186,143	14,879,522,711
Income tax expense	30	1,789,034,233	5,273,868,766	741,991,288	2,885,979,760
Profit for the year		12,655,833,738	15,207,392,036	9,605,194,855	11,993,542,951

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

STATEMENTS OF COMPREHENSIVE INCOME

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
Other comprehensive income (loss)					
Net change in fair value of					
available-for-sale investments		5,692,589	(5,183,062)	5,692,589	(4,806,514)
Foreign currency translation differences		(33,443,930)	(28,892,633)	-	-
Other comprehensive income (loss)					
for the year, net of income tax		(27,751,341)	(34,075,695)	5,692,589	(4,806,514)
Total comprehensive income for the year		12,628,082,397	15,173,316,341	9,610,887,444	11,988,736,437
Profit for the year attributable to:					
Owners of the Company		12,319,792,285	14,853,165,170	9,605,194,855	11,993,542,951
Non-controlling interest		336,041,453	354,226,866	-	-
Profit for the year		12,655,833,738	15,207,392,036	9,605,194,855	11,993,542,951
Total comprehensive income attributable to:					
Owners of the Company		12,292,040,944	14,819,277,749	9,610,887,444	11,988,736,437
Non-controlling interest		336,041,453	354,038,592	-	-
Total comprehensive income for the year		12,628,082,397	15,173,316,341	9,610,887,444	11,988,736,437
Basic earnings per share	32	6.04	7.28	4.71	5.88

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

STATEMENTS OF CHANGES IN EQUITY

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

Consolidated financial statements											
	Note	Retained earnings			Other components of equity						
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Other	Unappropriated investments	Other comprehensive income (loss)			Non-controlling interests	Total equity
							Fair value changes in available-for-sale	Currency translation differences	Equity attributable to owners of the Company		
Year ended 31 December 2011											
Balance at 1 January 2011 - as reported		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	45,127,848,357	(30,715,798)	(80,811,191)	70,157,389,462	5,413,040,096	75,570,429,558
Dividend	33	-	-	-	-	(5,507,093,937)	-	-	(5,507,093,937)	(213,134,154)	(5,720,228,091)
Acquisition of subsidiary's non-controlling interests	4	-	-	-	-	-	-	-	-	10,125,000	10,125,000
Comprehensive income (loss) for the year		-	-	-	-	14,853,165,170	-	-	14,853,165,170	354,226,866	15,207,392,036
Profit for the year		-	-	-	-	14,853,165,170	-	-	14,853,165,170	354,226,866	15,207,392,036
Other comprehensive income (loss)		-	-	-	-	-	(4,994,788)	(28,892,633)	(33,887,421)	(188,274)	(34,075,695)
Total comprehensive income (loss) for the year		-	-	-	-	14,853,165,170	(4,994,788)	(28,892,633)	14,819,277,749	354,038,592	15,173,316,341
Balance at 31 December 2011		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	54,473,919,590	(35,710,586)	(109,703,824)	79,469,573,274	5,564,069,534	85,033,642,808

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

STATEMENTS OF CHANGES IN EQUITY

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

Consolidated financial statements												
	Retained earnings				Other components of equity							
	Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Other Unappropriated	Fair value changes in available-for-sale investments	Currency translation differences	Deficit from the change in the ownership interests in subsidiary	Equity attributable to owners of the Company	Non-controlling interests	Total equity	
Year ended 31 December 2012												
Balance at 1 January 2012 -												
as reported		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	54,473,919,590	(35,710,586)	(109,703,824)	-	79,469,573,274	5,564,069,534	85,033,642,808
Dividend	33	-	-	-	-	(5,098,865,770)	-	-	-	(5,098,865,770)	(259,911,473)	(5,358,777,243)
Acquisition of subsidiary's non-controlling interests	4	-	-	-	-	-	-	-	-	-	70,875,000	70,875,000
Additional acquisition of subsidiary's shares	4	-	-	-	-	-	-	-	(127,795,383)	(127,795,383)	(1,522,204,617)	(1,650,000,000)
Comprehensive income												
(loss) for the year												
Profit for the year		-	-	-	-	12,319,792,285	-	-	-	12,319,792,285	336,041,453	12,655,833,738
Other comprehensive income (loss)		-	-	-	-	-	5,692,589	(33,443,930)	-	(27,751,341)	-	(27,751,341)
Total comprehensive income												
(loss) for the year		-	-	-	-	12,319,792,285	5,692,589	(33,443,930)	-	12,292,040,944	336,041,453	12,628,082,397
Balance at												
31 December 2012		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	61,694,846,105	(30,017,997)	(143,147,754)	(127,795,383)	86,534,959,065	4,188,869,897	90,723,822,962

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

STATEMENTS OF CHANGES IN EQUITY

Thai Oil Public Company Limited and its Subsidiaries

Separate financial statements										(in Baht)
	Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Retained earnings		Other components of equity		Total equity	
					Other	Unappropriated	Fair value changes in available-for-sale investments	Other comprehensive income (loss)		
Year ended 31 December 2011										
Balance at 1 January 2011 -										
as reported		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	19,359,426,571	(30,904,072)	44,469,590,593		
Dividend	33	-	-	-	-	(5,507,093,937)	-	(5,507,093,937)		
Comprehensive income										
(loss) for the year										
Profit for the year		-	-	-	-	11,993,542,951	-	11,993,542,951		
Other comprehensive income (loss)		-	-	-	-	-	(4,806,514)	(4,806,514)		
Total comprehensive income										
(loss) for the year		-	-	-	-	11,993,542,951	(4,806,514)	11,988,736,437		
Balance at 31 December 2011		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	25,845,875,585	(35,710,586)	50,951,233,093		

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

STATEMENTS OF CHANGES IN EQUITY

Thai Oil Public Company Limited and its Subsidiaries

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Separate financial statements										(in Baht)
	Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	Retained earnings		Other components of equity		Total equity	
					Other	Unappropriated	Fair value changes in available-for-sale investments	Other comprehensive income (loss)		
Year ended 31 December 2012										
Balance at 1 January 2012 -										
as reported		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	25,845,875,585	(35,710,586)	50,951,233,093		
Dividend	33	-	-	-	-	(5,098,865,770)	-	(5,098,865,770)		
Comprehensive income										
(loss) for the year										
Profit for the year		-	-	-	-	9,605,194,855	-	9,605,194,855		
Other comprehensive income (loss)		-	-	-	-	-	5,692,589	5,692,589		
Total comprehensive income										
(loss) for the year		-	-	-	-	9,605,194,855	5,692,589	9,610,887,444		
Balance at 31 December 2012										
		20,400,278,730	2,456,261,491	2,040,027,873	244,500,000	30,352,204,670	(30,017,997)	55,463,254,767		

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

STATEMENTS OF CASH FLOWS

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)					
		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
Note		2012	2011	2012	2011
Cash flows from operating activities					
		12,655,833,738	15,207,392,036	9,605,194,855	11,993,542,951

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

STATEMENTS OF CASH FLOWS

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2012	2011	2012	2011
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(1,027,928,191)	(6,871,878,995)	(566,056,333)	(7,286,592,191)
Other receivable	(5,791,320,515)	(1,330,559,539)	(3,784,468,653)	(2,124,607,356)
Inventories	(5,838,786,875)	(1,206,088,864)	(4,365,236,261)	(1,048,739,490)
Other non-current assets	(14,039,852)	134,236,828	(3,087,889)	49,581,585
Trade accounts payable	9,585,913,835	(2,017,608,234)	7,776,201,553	(898,561,548)
Other payable	437,654,050	(505,929,046)	495,956,723	(170,020,323)
Excise duty payable	(975,336)	(411,900,273)	(975,336)	(411,900,273)
Other non-current liabilities	4,697,097	556,797,387	80,510,003	575,921,200
Income tax paid	(2,151,768,214)	(6,340,411,957)	(473,227,163)	(4,288,217,201)
Income tax and value added tax received	5,218,259,011	5,122,682,305	3,577,770,628	5,120,138,557
Net cash from operating activities	23,048,952,812	17,602,138,630	15,140,195,218	6,825,460,068

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

STATEMENTS OF CASH FLOWS

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
Cash flows from investing activities					
Dividends received		-	-	3,245,976,607	4,634,875,176
Purchase of current investment		(16,699,533,753)	(345,233,867)	(17,000,000,000)	-
Cash outflow on short-term loans to related parties	5	-	(90,000,000)	(902,500,000)	(375,000,000)
Cash inflow on short-term loans to related parties	5	-	-	2,530,000,000	160,000,000
Cash outflow on investment in subsidiaries	4, 11	(1,650,000,000)	-	(1,650,000,000)	(1,120,000,000)
Cash outflow on investment in associates	4, 12	-	(800,547,587)	-	(30,000,000)
Cash outflow on jointly-controlled entities	4, 12	(1,256,312)	(273,883,500)	-	-
Cash inflow (outflow) on long-term loans to savings co-operative of employees		(14,398,464)	5,249,174	(14,398,464)	5,249,174
Purchase of property, plant and equipment		(6,169,246,502)	(3,852,954,259)	(4,314,368,609)	(2,239,803,229)
Sale of property, plant and equipment		66,613,147	3,423,906	3,783,364	2,950,000
Purchase of intangible assets		(294,884,886)	(219,190,747)	(47,897,456)	(211,472,048)
Currency translation differences		23,819	(6,484,998)	-	-
Net cash from (used in) investing activities		(24,762,682,951)	(5,579,621,878)	(18,149,404,558)	826,799,073

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

STATEMENTS OF CASH FLOWS

Thai Oil Public Company Limited and its Subsidiaries

(in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
Cash flows from financing activities					
Finance costs paid		(2,243,757,340)	(2,088,703,640)	(2,160,967,707)	(1,977,553,863)
Dividends paid		(5,358,777,243)	(5,720,228,091)	(5,098,865,770)	(5,507,093,937)
Repayment of short-term borrowings		(7,500,000)	(200,000,000)	-	(200,000,000)
Proceeds from short-term borrowings		-	355,000,000	-	-
Proceeds from short-term borrowings from related parties	5	-	-	766,182,985	1,256,273,777
Repayment of long-term borrowings from financial institutions		(7,489,832,385)	(4,126,757,669)	(5,367,485,000)	(2,092,700,000)
Proceeds from long-term borrowings from financial institutions		2,052,000,000	4,660,500,000	-	4,660,500,000
Redemption of debenture		(2,978,869,958)	-	(2,978,869,958)	-
Proceeds from issue of debentures		10,000,000,000	-	10,000,000,000	-
Proceeds of a subsidiary's shares from its non-controller	4	70,875,000	10,125,000	-	-
Net cash used in financing activities		(5,955,861,926)	(7,110,064,400)	(4,840,005,450)	(3,860,574,023)
Net increase (decrease) in cash and cash equivalents					
		(7,669,592,065)	4,912,452,352	(7,849,214,790)	3,791,685,118
Cash and cash equivalents at beginning of year		18,129,338,422	13,216,886,070	14,588,104,245	10,796,419,127
Cash and cash equivalents at end of year	6	10,459,746,357	18,129,338,422	6,738,889,455	14,588,104,245
Non-cash transaction					
Payable on purchase of property, plant and equipment		349,630,793	320,881,207	215,959,537	246,700,568

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

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Note	Contents	Note	Contents
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3	Significant accounting policies	23	Additional paid-in capital and reserves
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10	Inventories	30	Income tax expense
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14	Property, plant and equipment	34	Financial instruments
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NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 14 February 2013.

1 General information

Thai Oil Public Company Limited, the “Company”, is incorporated in Thailand and has its registered offices and refinery plant as follows:

Head office : 555/1 Energy Complex Building A, 11th Floor, Vibhavadi Rangsit Road,
Kwang Chatuchak, Khet Chatuchak, Bangkok 10900, Thailand

Sriracha office and refinery plant : 42/1 Moo 1, Sukhumvit Road Km. 124, Tambol Tungsukla,
Amphur Sriracha, Choburi 20230, Thailand

The Company was listed on the Stock Exchange of Thailand on 26 October 2004.

The Company is an entity in the PTT Public Company Limited (“PTT”) group of companies. PTT is incorporated in Thailand and is the major shareholder of the Company and owned 49.1% of the Company’s issued and paid-up share capital as at 31 December 2012 (31 December 2011: 49.1%).

The principal businesses of the Company are oil refining and distributions. Details of the Company’s direct and indirect subsidiaries as at 31 December 2012 and 2011 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2012	2011
<i>Direct subsidiaries</i>				
Thai Paraxylene Co., Ltd.	Paraxylene manufacturing	Thailand	99.99	99.99
Thai Lube Base Public Company Limited	Lube base oil refining and distribution	Thailand	99.99	99.99
Thaioil Marine Co., Ltd.	Providing marine transportation services for petroleum and liquid chemical products	Thailand	99.99	99.99
Thaioil Energy Services Co., Ltd.	Providing of management and general services	Thailand	99.99	99.99
Thaioil Solvent Co., Ltd.	Investment in solvent and petrochemical businesses	Thailand	99.99	99.99
Thaioil Ethanol Co., Ltd.	Investment in ethanol business and alternative energy products	Thailand	99.99	99.99
Thaioil Power Co., Ltd.	Power and steam generation	Thailand	73.99	54.99

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2012	2011
Indirect subsidiaries				
TOP Solvent Co., Ltd.	Distribution of solvent and petrochemical products	Thailand	99.99	99.99
Independent Power (Thailand) Co., Ltd.	Power generation	Thailand	80.00*	80.00*
Sak Chaisidhi Co., Ltd.	Solvent and petrochemical products manufacturing and distribution	Thailand	80.52	80.52
TOP Solvent (Vietnam) LLC.	Distribution of solvent and petrochemical products	Vietnam	100.00	100.00
Sapthip Co., Ltd.	Ethanol products manufacturing and distribution	Thailand	50.00	50.00
Thaioil Marine International Pte. Ltd.	Investment in marine transportation for crude oil and petroleum product business	Singapore	100.00	100.00
TOP Maritime Service Co., Ltd.	Providing marine transportation services for crew and utilities in Gulf of Thailand	Thailand	55.00	55.00

* The Company and a subsidiary (Thaioil Power Co., Ltd.) hold a 24% and 56% interest in Independent Power (Thailand) Co., Ltd. respectively.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS) and guidelines promulgated by the Federation of Accounting Professions ("FAP"), applicable rules and regulations of the Thai Securities and Exchange Commission.

Until 31 December 2012, the FAP has issued a number of new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 39.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as stated in the accounting policies.

(c) Presentation currency

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

(d) Use of estimates and judgements

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

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

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

Note 4	to the financial statements	Acquisitions of subsidiaries, associates and jointly-controlled entities
Note 7	to the financial statements	Other investments
Note 15	to the financial statements	Intangible assets
Note 16	to the financial statements	Deferred tax
Note 21	to the financial statements	Employee benefit obligations
Note 34	to the financial statements	Financial instruments

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

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

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Business combinations

The Group applies the acquisition method for all business combinations other than those with entities under common control.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Associates and jointly-controlled entities

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

The consolidated financial statements include the Group's share of the total recognised gains and losses of associates and jointly-controlled entities on an equity accounted basis, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an associate and jointly-controlled entity, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate and jointly-controlled entity.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

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

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

Foreign entities

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

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

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

The revenues and expenses of foreign entities are translated to Thai Baht at the average foreign exchange rates ruling during the periods.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investments.

(c) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate and commodity price risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Hedge of future foreign currency transactions

Forward foreign exchange contracts hedging future foreign currency transactions are translated into Thai Baht at the foreign exchange rates determined in the contracts and revalued at the reporting date at the foreign exchange rate ruling on that date. Foreign exchange differences are recognised in profit or loss.

Gross currency swap and interest rate swap contracts

Cross currency swap and interest rate swap contracts hedging future fluctuations in exchange rates and interest rates. Foreign financial assets and liabilities hedged by cross currency swap contracts are translated into Thai Baht at the foreign exchange rates determined in the contracts and revalued at the reporting date at the foreign exchange rate ruling on that date. Foreign exchange differences are recognised in profit or loss. The differences under interest rate swaps are recorded as adjustments to the interest expense relating to the financial obligations in profit or loss.

Hedge of crack spread and time spread

Differences between the fixed prices of contracts and the settlement prices are recognised in the profit or loss in the period in which the contracts mature.

(d) Cash and cash equivalents

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

(e) Trade and other accounts receivable

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

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

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

(f) Inventories

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

Cost of inventories is calculated using the weighted average cost. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(g) Investments

Investments in subsidiaries, jointly-controlled entities and associates

Investments in subsidiaries, jointly-controlled entities and associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates and jointly-controlled entities in the consolidated financial statements are accounted for using the equity method.

Any changes in the equity interest in subsidiaries of the Group while control is retained are recorded in equity.

Investments in other debt and equity securities

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. The exceptions are impairment losses and foreign exchange gains and losses, which are recognised in the profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

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

(h) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Reclassification to property, plant and equipment

When the use of a property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

(i) Property, plant and equipment

The Group's owned assets

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to the profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings	10 - 25 years
Leasehold improvements	5 - 20 years
Refinery plant and equipment (depreciated over the remaining estimated useful life starting from 1 October 1994)	20 - 35 years
Lube base oil refinery plants and equipment	16 - 20 years
Paraxylene plants	10 - 25 years
Power plants	15 - 25 years
Transmission facilities	25 years
Machinery, equipment and plant equipment	3 - 20 years
Oil and liquid chemical tankers and crew boats	10 - 25 years
Furniture, fixtures, office equipment and others	5 - 10 years
Vehicles	5 years

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

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(j) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Customer database

Customer database is stated at cost less accumulated impairment losses.

License fee and computer software

License fee and computer software that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are as follows:

License fee	10 - 20 years
Computer software	5 - 10 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(k) Deferred charges

Deferred charges are amortised over the estimated periods to which the benefits relate, which are principally in line with the agreements to which such deferred charges relate.

(l) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Discount on debentures

Discount on debentures, comprising the difference between proceeds from debentures issuance and redemption value on maturity, is recognised in the profit or loss over the period of the borrowings on an effective interest basis.

(n) Interest-bearing liabilities

Interest-bearing liabilities are stated at cost.

(o) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(p) Employee benefits

Defined contribution plans

A defined contribution plan, provident fund, is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses in profit or loss.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

A liability is recognised for the amount expected to be paid under short-term cash benefit if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(q) Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(r) Revenue

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

Sale of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

Rental income

Rental income from assets is recognised in profit or loss on a straight-line basis over the term of the lease.

Interest and dividend income

Interest income is recognised in the profit or loss as it accrues. Dividend income is recognised in the profit or loss on the date the Group's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date.

(s) Expenses

Leases payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Repair and maintenance expenses

Expenditure on repair and maintenance is charged to profit or loss in the period in which the expenditure is incurred. Expenditure of a capital nature is added to the cost of the related plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Finance costs

Finance costs comprise interest expense and similar cost.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss for the period in which they are occurred.

(t) Income tax

Income tax expense on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entity to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

4 Acquisitions of subsidiaries, associates and jointly-controlled entities

Subsidiaries

On 4 December 2012, the Company acquired additional 19% interest in Thailoil Power Co., Ltd. for Baht 1,650 million, increasing its ownership from 54.99% to 73.99%. On acquisition date, the Company recognised a decrease in non-controlling interests of Baht 1,522 million and the deficit from the change in the ownership interests in subsidiary of Baht 128 million in equity.

On 21 March 2011, a direct subsidiary (Thailoil Marine Co., Ltd.) acquired an investment in a wholly-owned subsidiary, has been named Thailoil Marine International Pte. Ltd., which is incorporated in Singapore. The company has a share capital of 9 million ordinary shares with a par value of US. Dollar 1 each totalling US. Dollar 9 million.

On 11 November 2011, a direct subsidiary (Thailoil Marine Co., Ltd.) acquired 55% of the issued registered ordinary shares of TOP Maritime Service Co., Ltd. ("TMS"). The company has a share capital of 900,000 ordinary shares with a par value of Baht 100 each totalling Baht 90 million. The first call was 25% of par value, totalling Baht 12.4 million and the remaining paid-up share capital Baht 37.1 million was paid in January 2012. Later, TMS increased capital for the amount of Baht 90 million to Baht 180 million. The subsidiary already paid for share increased in the amount of Baht 49.5 million in August 2012, total investment amounting to Baht 99 million.

Jointly-controlled entity

On 13 June 2012, a direct subsidiary (Thailoil Marine Co., Ltd.) acquired an investment in a jointly-controlled entity, has been named TOP-NTL Pte. Ltd., which is incorporated in Singapore. The investment is jointly set up between Thailoil Marine Co., Ltd. and Nathalin Co., Ltd. each party holding 50% of total registered capital. The company has a share capital of 20,000 ordinary shares with a par value of Singapore Dollar 1 each, totalling Singapore Dollar 20,000.

On 21 November 2012, a direct subsidiary (Thailoil Marine Co., Ltd.) acquired an investment in a jointly-controlled entity, has been named TOP-NTL Shipping Trust, which is incorporated in Singapore. The investment is jointly set up between Thailoil Marine Co., Ltd. and Nathalin Co., Ltd. each party holding 50% of total registered capital. The business trust has 80,000 units in issue with a par value of Singapore Dollar 1 each, totalling Singapore Dollar 80,000.

On 24 March 2011, an indirect subsidiary (Thailoil Marine International Pte. Ltd.) acquired an investment in a jointly-controlled entity, has been named TOP-NYK MarineOne Pte. Ltd., which is incorporated in Singapore. The investment is jointly set up between Thailoil Marine International Pte. Ltd. and Bulk & Energy B.V. each party holding 50% of total registered capital. The company has a share capital of 18 million ordinary shares with a par value of US. Dollar 1 each, totalling US. Dollar 18 million.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Associates

On 4 April 2011, a direct subsidiary (Thaioil Ethanol Co., Ltd.) invested in Ubon Bio Ethanol Co., Ltd. by acquiring 583,000 ordinary shares, total consideration of Baht 769.5 million, which represent 21.28% of total registered capital.

On 10 June 2011, the Company invested in PTT Energy Solutions Co., Ltd. by acquiring 300,000 ordinary shares, total consideration of Baht 30 million, which represent 20% of total registered capital.

On 9 December 2011, a direct subsidiary (Thaioil Marine Co., Ltd.) acquired an investment in associate, has been named Thome Ship Management (Thailand) Co., Ltd. by acquiring 10,000 ordinary shares, total consideration of Baht 1 million, which represent 33.33% of total registered capital.

5 Related parties

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

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

Name of entities	Country of incorporation	Nature of relationships
PTT Public Company Limited	Thailand	Major shareholder
Thai Paraxylene Co., Ltd.	Thailand	Subsidiary and/or common directors
Thai Lube Base Public Company Limited	Thailand	Subsidiary and/or common directors
Thaioil Marine Co., Ltd.	Thailand	Subsidiary and/or common directors
Thaioil Energy Services Co., Ltd.	Thailand	Subsidiary and/or common directors
Thaioil Solvent Co., Ltd.	Thailand	Subsidiary and/or common directors
Thaioil Ethanol Co., Ltd.	Thailand	Subsidiary and/or common directors
Thaioil Power Co., Ltd.	Thailand	Subsidiary and/or common directors
TOP Solvent Co., Ltd.	Thailand	Indirect subsidiary and/or common directors
Independent Power (Thailand) Co., Ltd.	Thailand	Indirect subsidiary and/or common directors
Sak Chaisidhi Co., Ltd.	Thailand	Indirect subsidiary and/or common directors
TOP Solvent (Vietnam) LLC.	Vietnam	Indirect subsidiary and/or common directors

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Name of entities	Country of incorporation	Nature of relationships
Sapthip Co., Ltd.	Thailand	Indirect subsidiary and/or common directors
Thaioil Marine International Pte. Ltd.	Singapore	Indirect subsidiary and/or the Company's management as a director
TOP Maritime Service Co., Ltd.	Thailand	Indirect subsidiary and/or the Company's management as a director
TOP- NTL Pte. Ltd.	Singapore	Jointly-controlled entity of subsidiary
TOP- NTL Shipping Trust	Singapore	Jointly-controlled entity of subsidiary
TOP-NYK MarineOne Pte. Ltd.	Singapore	Jointly-controlled entity of indirect subsidiary and/or the Company's management as a director
PTT ICT Solutions Co., Ltd.	Thailand	Associate and/or the Company's management as a director
PTT Energy Solutions Co., Ltd.	Thailand	Associate and/or the Company's management as a director
Maesod Clean Energy Co., Ltd.	Thailand	Indirect associate and/or the Company's management as a director
Ubon Bio Ethanol Co., Ltd.	Thailand	Indirect associate and/or common directors
Thome Ship Management (Thailand) Co., Ltd.	Thailand	Indirect associate and/or the Company's management as a director
PTT International Trading Pte. Ltd.	Singapore	Subsidiary of major shareholder
PTT Exploration and Production Public Company Limited	Thailand	Subsidiary of major shareholder
PTTEP International Limited	Thailand	Subsidiary of major shareholder
Energy Complex Co., Ltd.	Thailand	Subsidiary of major shareholder
Star Petroleum Refining Co., Ltd.	Thailand	Associate of major shareholder
IRPC Public Company Limited	Thailand	Associate of major shareholder
Bangchak Petroleum Public Company Limited	Thailand	Associate of major shareholder
PTT Global Chemical Public Company Limited	Thailand	Associate of major shareholder
PTT Phenol Co., Ltd.	Thailand	Associate of major shareholder
Thai Petroleum Pipeline Co., Ltd.	Thailand	Related company and/or the Company's management as a director

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

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

Transactions	Pricing policies
Revenue from sale of goods and rendering of services, lease income, purchase of goods and assets	Market prices or, where no market price exists, at contractually agreed prices
Interest income and expense	Agreed rates stipulated in the agreements
Dividend income	Right to receive dividends
Other income and expenses	Contractually agreed prices
Directors' remuneration	Amounts approved by the Group's shareholders

Significant transactions for the years ended 31 December 2012 and 2011 with related parties were as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Major shareholder				
Revenue from sale of goods and rendering of services	208,927	200,222	201,445	193,908
Purchase of crude oil and feedstock	189,164	167,036	173,402	156,234
Purchase-sale of crude oil and feedstock for legal reserve*	1,076	-	1,076	-
Other income	184	28	184	27
Interest expense	1	-	1	-
Other expenses	26	26	25	25
Subsidiaries				
Revenue from sale of goods and rendering of services	-	-	64,965	60,348
Purchase of crude oil and feedstock	-	-	44,911	42,276
Purchase-sale of crude oil and feedstock for legal reserve*	-	-	5,525	2,262
Interest income	-	-	149	234
Dividend income	-	-	3,246	4,635

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

	(in million Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Subsidiaries				
Land lease income	-	-	49	47
Other income	-	-	869	892
Interest expense	-	-	117	95
Other expenses	-	-	495	401
Purchase of assets	-	-	3	5
Jointly-controlled entities				
Other expenses	407	313	405	313
Associates				
Revenue from sale of goods and rendering of services	16	-	-	-
Purchase of crude oil and feedstock	204	86	204	86
Interest income	4	1	-	-
Other income	3	-	-	-
Other expenses	326	58	137	58
Purchase of assets	60	74	60	74
Other related parties				
Revenue from sale of goods and rendering of services	23,438	15,497	21,288	14,535
Purchase of crude oil and feedstock	8,793	10,512	1,263	4,041
Purchase-sale of crude oil and feedstock for legal reserve*	1,337	-	1,337	-
Other income	13	25	13	25
Other expenses	152	95	152	95
Purchase of assets	4	-	4	-
Directors' remuneration	112	96	59	45

* Purchase-sale of crude oil and feedstock transactions entered for the purpose of maintaining the legal minimum reserve levels of crude oil inventory are transacted with related parties and have already been reversed in the financial statements for the years ended 31 December 2012 and 2011.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Balances as at 31 December 2012 and 2011 with related parties were as follows:

Trade accounts receivable - related parties

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Major shareholder				
PTT Public Company Limited	12,625	10,230	12,322	9,894
Subsidiaries				
Thai Paraxylene Co., Ltd.	-	-	5,286	5,137
Thai Lube Base Public Company Limited	-	-	77	296
Thaioil Power Co., Ltd.	-	-	54	43
Associate				
Ubon Bio Ethanol Co., Ltd.	3	-	-	-
Other related parties				
IRPC Public Company Limited	17	27	-	-
Bangchak Petroleum Public Company Limited	493	182	490	180
PTT Exploration and Production Public Company Limited	8	5	-	-
PTT Global Chemical Public Company Limited	2	5	-	-
	13,148	10,449	18,229	15,550
Less allowance for doubtful accounts	-	-	-	-
Net	13,148	10,449	18,229	15,550
Bad and doubtful debts expense for the year	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Other accounts receivable - related parties

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Major shareholder				
PTT Public Company Limited	18	60	18	60
Subsidiaries				
Thai Paraxylene Co., Ltd.	-	-	12	16
Thai Lube Base Public Company Limited	-	-	9	12
Thaioil Marine Co., Ltd.	-	-	3	3
Thaioil Energy Services Co., Ltd.	-	-	3	4
Thaioil Solvent Co., Ltd.	-	-	16	16
Thaioil Ethanol Co., Ltd.	-	-	3	2
Thaioil Power Co., Ltd.	-	-	35	41
TOP Solvent Co., Ltd.	-	-	-	1
Independent Power (Thailand) Co., Ltd.	-	-	2	2
Jointly-controlled entity				
TOP-NYK MarineOne Pte. Ltd.	31	-	-	-
Associates				
PTT ICT Solutions Co., Ltd.	3	6	3	6
PTT Energy Solutions Co., Ltd.	1	-	1	-
Maesod Clean Energy Co., Ltd.	1	1	-	-
Other related parties				
Bangchak Petroleum Public Company Limited	1	1	1	1
Thai Petroleum Pipeline Co., Ltd.	-	1	-	1
Total	55	69	106	165

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Short-term loans to related parties

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Subsidiaries				
Thaioil Marine Co., Ltd.	-	-	243	1,803
Thaioil Solvent Co., Ltd.	-	-	2,579	2,754
Thaioil Ethanol Co., Ltd.	-	-	362	255
Associate				
Maesod Clean Energy Co., Ltd	90	90	-	-
Total	90	90	3,184	4,812

Interest rates during the years of 2012 and 2011 were charged at money market rate (MMR) but not exceeding the average minimum loan rate (MLR) of 5 financial institutions less margin.

Movements of short-term loans to related parties during the years ended 31 December 2012 and 2011 were as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
At 1 January	90	-	4,812	4,597
Increase	-	90	902	375
Decrease	-	-	(2,530)	(160)
At 31 December	90	90	3,184	4,812

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Trade accounts payable - related parties

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Major shareholder				
PTT Public Company Limited	12,656	9,213	11,004	7,430
Subsidiaries				
Thai Paraxylene Co., Ltd.	-	-	3,140	3,305
Thai Lube Base Public Company Limited	-	-	336	316
Thaioil Marine Co., Ltd.	-	-	4	2
Thaioil Power Co., Ltd.	-	-	181	157
Sak Chaisidhi Co., Ltd.	-	-	4	-
Jointly-controlled entity				
TOP-NTL Shipping Trust	2	-	-	-
Associates				
Maesod Clean Energy Co., Ltd	27	6	27	6
Thome Ship Management (Thailand) Co., Ltd	2	-	-	-
Other related parties				
PTTEP International Limited	44	-	44	-
IRPC Public Company Limited	375	90	-	-
PTT Global Chemical Public Company Limited	224	175	-	-
PTT Phenol Co., Ltd.	11	5	-	-
Total	13,341	9,489	14,740	11,216

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Other accounts payable - related parties

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Major shareholder				
PTT Public Company Limited	2	103	1	101
Subsidiaries				
Thai Paraxylene Co., Ltd.	-	-	-	2
Thai Lube Base Public Company Limited	-	-	3	3
Thaioil Marine Co., Ltd.	-	-	50	11
Thaioil Energy Services Co., Ltd.	-	-	12	1
Associates				
PTT ICT Solutions Co., Ltd.	9	9	9	9
PTT Energy Solutions Co., Ltd.	-	1	-	1
Other related parties				
Energy Complex Co., Ltd.	5	-	5	-
PTT Global Chemical Public Company Limited	1	-	1	-
Thai Petroleum Pipeline Co., Ltd.	3	5	3	5
Total	20	118	84	133

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Short-term borrowings from related parties

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Subsidiaries				
Thai Paraxylene Co., Ltd.	-	-	798	2,095
Thai Lube Base Public Company Limited	-	-	4,046	2,050
Thaioil Marine Co., Ltd.	-	-	176	109
Total	-	-	5,020	4,254

Interest rates during the years of 2012 and 2011 were charged at money market rate (MMR) but not exceeding the average minimum loan rate (MLR) of 5 financial institutions less margin.

Movements of short-term borrowings from related parties during the years ended 31 December 2012 and 2011 were as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
At 1 January	-	-	4,254	2,998
Increase	-	-	766	1,256
Decrease	-	-	-	-
At 31 December	-	-	5,020	4,254

Significant agreements with related parties

As at 31 December 2012 the Group had the following significant agreements with related parties.

Raw Materials and Oil-Products Purchases and Sales Agreements

The Company has raw materials and oil products purchase and sale agreements with a subsidiary, whereby the purchase and sale volumes and prices of raw materials and oil products are specified in the agreements. These agreements are effective on the agreement date and shall be terminated by either party giving at least 6 months notice in writing to the other party.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Oil-Products Sale and Purchase Agreements

The Company has oil products purchase and sale agreements with a subsidiary, whereby the purchase and sale volumes and prices are specified in the agreements. These agreements are effective on the agreement date and shall be terminated if either party does not comply with the terms stipulated in the agreements.

By-Product Sale and Purchase Agreement

The Company has a by-product purchase and sale agreement with a subsidiary, whereby the purchase and sale volumes and prices of the by-product are specified in the agreement. The agreement is for a period of 10 years expiring in September 2014, or until the termination by mutual consent.

Technology and Communication Service Agreement

The Company has a technology and communication service agreement with an associate, whereby the service fees are specified in the agreement. The agreement is for a period of 4 years 6 months expiring in December 2015 and is renewable for additional periods of 5 years.

Crack Spread Swap and Time Spread Swap Agreements

The Company has crack spread swap and time spread swap agreements with a subsidiary and a related company ("counterparties"). The Company has or the counterparties have commitments to make payments for the differences between the fixed price and floating price for each period.

As at 31 December 2012, the Company had oil volume under the agreements with the related company of 0.3 million barrels (2011: 0.02 million barrels with the subsidiary and 1.4 million barrels with the related company).

Product Offtake and Crude Oil Supply Agreement

The Company has a product off take and crude oil supply agreement with a related company, whereby (a) the Company will sell and the related company will purchase refined petroleum products produced by the refinery for 49.99% of 270,000 barrels per day; and (b) the related party will supply and the Company will purchase crude oil and/or feedstock for the refinery required to produce 49.99% of 270,000 barrels per day. The credit term for crude oil shall be mutually agreed.

Feedstock Throughput Agreement

The Company has an agreement with a related company to use the Company's single buoy mooring facility for receiving its feedstock. The agreement is for a period of 15 years expiring in 2023 and the throughput fee is stipulated in the agreement.

Throughput Agreement

The Company has a throughput agreement with a related company, whereby the tariff fee is specified in the agreement. The agreement is for a period of 20 years expiring in 2014 and is renewable.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Natural Gas Supply Agreements

The Company and three subsidiaries have natural gas supply agreements with a related company, whereby the related company agrees to supply the natural gas to the Company and the subsidiaries at quantities and prices as stipulated in the agreements. These agreements are effective for periods of 5 to 25 years expiring during 2014 and 2023.

Cost Reimbursement Agreements

Certain subsidiaries have cost reimbursement agreements with the Company covering the reimbursement of construction costs of natural gas pipeline facilities and the use of the pipeline facilities, raw water pipeline and the use of land for the construction of a transmission line connecting the subsidiaries to the Electricity Generating Authority of Thailand (EGAT). Under the terms of the agreements, the subsidiaries agree to share the cost of investments with the Company on the basis and conditions stipulated in the agreements. These agreements are effective for a period of 25 years, or until the termination of the power purchase agreement entered into by the subsidiaries with EGAT, whichever is sooner.

Power and Steam Purchase Agreements

Certain subsidiaries ("sellers") have power and steam purchase agreements with the Company and two subsidiaries for periods of 20 and 25 years expiring in 2023 and 2027, whereby the sellers will sell power and steam energy to the Company and the subsidiaries at the agreed quantities and prices as stipulated in the agreements.

Services and Supplies Agreements

Certain subsidiaries have services and supplies agreements with the Company, whereby the Company provides the subsidiaries for the operating, repair and maintenance, management, controlling and administration, procurement, fuel transmission, waste water treatment and utilities, information technology, financial, accounting and human resource services. The subsidiaries agree to pay certain fees as stipulated in the agreements. These agreements are effective for periods of 3 years or 24 years or until the termination of the land lease agreement entered into by a subsidiary with the Company, whichever is sooner, or until the termination of the power purchase agreement entered into by another subsidiary with EGAT.

Land Lease Agreements

Certain subsidiaries have land lease agreements with the Company to lease/sublease certain parcels of land ending in September 2022 with total annual rental for the year 2012 of Baht 49.4 million, and the rate will be adjusted every 5 years.

The Company has a land lease agreement with a related company to lease certain parcels of land ending in August 2026 with total annual rental for the year 2012 of Baht 2.7 million. If the company does not giving a cancelable notice with in a months before contract end date, the contract shall be renewed for additional 15 years.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Raw Materials and Petrochemical Products Purchase and Sale Agreements

A subsidiary has raw materials and petrochemical products purchase and sale agreements with related companies, whereby the purchase and sale volumes and prices of raw materials and petrochemical products are specified in the agreements. These agreements are for periods of 1 year to 15 years expiring during 2012 and 2017.

Technical Service Agreements

A subsidiary has technical service agreements with the Company and three subsidiaries to provide a consultancy technical solutions service for energy-related and petrochemical businesses, whereby the service fees are specified in the agreements. These agreements are for a period of at least 3 years and shall be terminated by either party giving at least 1 year notice in writing to the other party.

An associate has a technical service agreement with the Company to provide a consultancy technical solutions service for energy-related and petrochemical businesses, whereby the service fees are specified in the agreements. This agreement is for a period of 5 years expiring in August 2016 and shall be automatically renewed for another a period of 5 years until either party giving at least 6 months notice in writing to the other party.

Time Charter and Affreightment Agreements

A subsidiary has time charter and affreightment agreements with the Company and another subsidiary, whereby the freight rate is specified in the agreement. The agreements are for periods of 1 year and 3 years expiring in 2013.

Two jointly-controlled entities have time charter agreements with the Company, whereby the freight rate is specified in the agreement. The agreements are for periods of 10 years expiring in 2021 and 2022.

Charter of Crew Boat Agreement

An indirect subsidiary has charter of crew boat agreement with a related company, whereby the service fee is specified in the agreement. The agreement is for period of 5 years expiring in 2017 and shall be renewed for period of 2 years by either party giving at least 3 days before contract end date notice in writing to the other party.

Office Rental Agreements

A subsidiary has office rental agreements with a related company and another subsidiary, whereby the rental fees are specified in the agreements. These agreements have no specified expiry date so the compliance with conditions specified in the agreements is ongoing until either party giving at least 30 days written notice of termination to the other party.

The Company has office rental and service agreements with a related party, whereby the rental and service fees are specified in the agreements. The agreements are for the periods of 3 years expiring in November 2015 and are renewable for additional periods of 3 years.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Ethanol Products Purchase and Sale Agreements

A subsidiary has an ethanol products purchase and sale agreement with the Company, whereby the purchase and sale volumes and prices of the ethanol products are specified in the agreement. The agreement is expiring in December 2010 and shall be automatically renewed for additional period of 1 year until either party giving at least 30 days notice in writing to the other party.

A subsidiary has an ethanol products purchase and sale agreement with a related company, whereby the purchase and sale volumes and prices of the ethanol products are specified in the agreement. The agreement is for a period of 10 years expiring in June 2021 and shall be renewed by either party giving at least 6 months before contract end date notice in writing to the other party.

Service Agreements

A subsidiary has service agreements with the Company and certain subsidiaries, whereby the service fee is specified in the agreement. These agreements are 1 year expiring in December 2012.

Ship Management Agreements

An indirect associate has ship management agreements with a subsidiary, whereby the service fees are specified in the agreements. These agreements are for a period of at least 1 year and shall be terminated by either party giving 3 months notice in writing to the other party.

6 Cash and cash equivalents

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash on hand	1	2	1	1
Cash at banks - savings and current accounts	4,413	9,412	2,738	7,087
Cash at banks - fixed deposits (maturity period less than 3 months from the investment date)	6,046	2,215	4,000	1,000
Bill of Exchange	-	6,500	-	6,500
Total	10,460	18,129	6,739	14,588

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

The currency denomination of cash and cash equivalents as at 31 December 2012 and 2011 was as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Thai Baht	10,079	17,798	6,739	14,586
United States Dollars	253	240	-	2
Other	128	91	-	-
Total	10,460	18,129	6,739	14,588

As at 31 December 2012 a subsidiary pledged its savings, current and fixed deposits totalling Baht 1,879 million (2011: Baht 1,928 million) as collateral for credit facilities as described in note 18 to the financial statements. The subsidiary can withdraw these deposits when needed as specified in the borrowing agreements.

7 Other investments

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Current investments				
Cash at bank - fixed deposits	17,560	540	17,000	-
Promissory notes issued by financial institutions	302	623	-	-
	17,862	1,163	17,000	-
Other long-term investments				
Equity securities - available-for-sale securities	223	217	223	217
Other non-marketable securities	779	779	779	779
	1,002	996	1,002	996
Total	18,864	2,159	18,002	996

All other investments of the Group as at 31 December 2012 and 2011 were denominated entirely in Thai Baht.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Cash at banks - fixed deposits

As at 31 December 2012 a subsidiary pledged its fixed deposits totalling Baht 481 million (2011: Baht 531 million) as collateral for credit facilities as described in note 18 to the financial statements. The subsidiary can redeem these deposits when needed as specified in the borrowing agreements.

Equity securities - available-for-sale securities

In 2007 the Company entered into MFC Energy Open End Fund with certain companies so as to raise funds from financial institution investors who are interested in investing in energy or relating energy business. In consideration thereof, the Company has a commitment to purchase a holding in this Fund, comprising 40 million units at par value of Baht 10, amounting to Baht 400 million. As at 31 December 2012 the Company held totalling 25.2 million units or totalling Baht 252 million at fair value of Baht 223 million (2011: Baht 217 million).

Other non-marketable securities

(in million Baht)

(in million Baht)									
Consolidated/Separate financial statements									
	Type of Business	Ownership interest		Paid-up capital		Cost method		Dividend income	
		2012	2011	2012	2011	2012	2011	2012	2011
		(%)	(%)						
Related party									
Thai Petroleum Pipeline Co., Ltd.	Oil transportation by pipeline	9.19	9.19	8,479	8,479	779	779	-	-
						779	779	-	-

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

8 Trade accounts receivable

(in million Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Related parties	5	13,148	10,449	18,229	15,550
Other parties		13,943	15,665	7,567	9,689
		27,091	26,114	25,796	25,239
Less allowance for doubtful accounts		1	12	-	-
Total		27,090	26,102	25,796	25,239
(Reversal of) bad and doubtful					
debts expenses for the year		(7)	12	-	-

Aging analyses for trade accounts receivable are as follows:

(in million Baht)

(in million Baht)					
		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
Related parties					
Within credit terms		13,148	10,449	18,229	15,550
Less allowance for doubtful accounts		-	-	-	-
Net	5	13,148	10,449	18,229	15,550

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)				
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Other parties				
Within credit terms	13,754	15,514	7,567	9,689
Overdue:				
Less than 3 months	76	30	-	-
3 - 6 months	4	1	-	-
6 - 12 months	1	-	-	-
Over 12 months	108	120	-	-
	13,943	15,665	7,567	9,689
Less allowance for doubtful accounts	1	12	-	-
Net	13,942	15,653	7,567	9,689
Total	27,090	26,102	25,796	25,239

The normal credit term granted by the Group ranges from 15 days to 90 days.

Trade accounts receivable from other parties overdue for more than 12 months included receivable from a state enterprise of Baht 108 million (2011: Baht 108 million). As at 31 December 2012 the subsidiary is in the process of arbitration with the state enterprise and has taken appropriate legal advice that the debt should be received in full. Accordingly, no allowance for doubtful account has been made in respect of this debt.

The currency denomination of trade accounts receivable as at 31 December 2012 and 2011 was as follows:

(in million Baht)				
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Thai Baht	23,017	19,644	23,974	21,054
United States Dollars	3,851	6,278	1,822	4,185
Other	222	180	-	-
Total	27,090	26,102	25,796	25,239

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

9 Other receivable

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Prepaid expenses	551	409	297	204
Other accounts receivable	417	328	281	363
Current portion of long-term loans to savings co-operative of employees	40	40	40	40
Other	648	432	289	407
Total	1,656	1,209	907	1,014

On 27 June 2012, the Supreme Court ruled in favor of a subsidiary in the matter of the assessment by the Customs Department and the Revenue Department for the excise tax including penalty and surcharge for certain shipments of imported reduced crude oil. As at 31 December 2012, the subsidiary's other accounts receivable included receivable from the case of Baht 145 million.

10 Inventories

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Crude oil and feedstock	10,197	11,759	8,268	10,280
Materials, spare parts and supplies	1,229	1,271	813	838
Finished and semi-finished oil products	12,802	10,413	8,804	7,450
Goods in transit				
Crude oil	15,784	10,703	15,750	10,703
Materials, spare parts and supplies	7	56	5	3
	40,019	34,202	33,640	29,274
Less allowance for decline in value of inventories adjusted to net realisable value	15	163	-	135
Net	40,004	34,039	33,640	29,139

As at 31 December 2012 the Group and the Company's inventories as stated above included a legal reserve amounting to Baht 12,515 million and Baht 11,875 million respectively (2011: Baht 12,112 million and Baht 11,324 million respectively).

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Inventories recognised as an expense in 'cost of sale of goods':				
- Cost	431,237	422,192	428,464	420,265
- (Reversal of) write-down to net realisable value	(148)	162	(135)	135
Net	431,089	422,354	428,329	420,400

11 Investments in subsidiaries

(in million Baht)

	Note	Separate financial statements	
		2012	2012
At 1 January		9,883	8,763
Acquisitions	4	1,650	1,120
At 31 December		11,533	9,883

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Investments in subsidiaries as at 31 December 2012 and 2011, and dividend income from those investments for the years then ended were as follows:

	Separate financial statements							
	Ownership interest		Paid-up capital		Cost method		Dividend income	
	2012 (%)	2011 (%)	2012	2011	2012	2011	2012	2011
Subsidiaries								
Thai Paraxylene Co., Ltd.	99.99	99.99	2,572	2,572	2,161	2,161	2,058	3,601
Thai Lube Base Public Company Limited	99.99	99.99	1,758	1,758	1,979	1,979	879	879
Thaioil Marine Co., Ltd.	99.99	99.99	970	970	970	970	-	-
Thaioil Energy Services Co., Ltd.	99.99	99.99	40	40	40	40	-	-
Thaioil Solvent Co., Ltd.	99.99	99.99	1,250	1,250	1,250	1,250	-	-
Thaioil Ethanol Co., Ltd.	99.99	99.99	1,450	1,450	1,450	1,450	-	-
Thaioil Power Co., Ltd.	73.99	54.99	2,810	2,810	3,195	1,545	309	155
Independent Power (Thailand) Co., Ltd.	24.00	24.00	1,771	1,771	488	488	-	-
Total			12,621	12,621	11,533	9,883	3,246	4,635

None of the Company's investment in subsidiaries are publicly listed and consequently do not have published price quotations.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

12 Investments in associates and jointly-controlled entities

(in million Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
At 1 January		1,253	130	60	30
Share of net gain of investments - equity method		73	37	-	-
Acquisition	4	1	1,074	-	30
Dividend income		(31)	-	-	-
Currency transaction differences		(10)	12	-	-
At 31 December		1,286	1,253	60	60

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Investments in associates and jointly-controlled entities as at 31 December 2012 and 2011, and dividend income for the years then ended were as follows:

Consolidated financial statements										(in million Baht)
	Ownership interest		Paid-up capital		Cost method		Equity method		Dividend income	
	2012 (%)	2011 (%)	2012	2011	2012	2011	2012	2011	2012	2011
Associates										
PTT ICT Solutions Co., Ltd.	20.00	20.00	150	150	30	30	124	75	-	-
PTT Energy Solutions Co., Ltd.	20.00	20.00	150	150	30	30	33	31	-	-
Maesod Clean Energy Co., Ltd.	30.00	30.00	675	675	203	203	60	81	-	-
Ubon Bio Ethanol Co., Ltd.	21.28	21.28	2,740	2,740	769	769	729	752	-	-
Thome Ship Management (Thailand) Co., Ltd.	33.33	33.33	3	3	1	1	-	1	-	-
			3,718	3,718	1,033	1,033	946	940	-	-
Jointly-controlled entities										
TOP-NTL Pte. Ltd.	50.00	-	1	-	-	-	1	-	-	-
TOP-NTL Shipping Trust	50.00	-	2	-	1	-	2	-	-	-
TOP-NYK MarineOne Pte. Ltd.	50.00	50.00	548	548	274	274	337	313	31	-
			551	548	275	274	340	313	31	-
Total			4,269	4,266	1,308	1,307	1,286	1,253	31	-

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Separate financial statements					
	Ownership interest		Paid-up capital		Cost method	
	2012 (%)	2011 (%)	2012	2011	2012	2011
PTT ICT Solutions Co., Ltd.	20.00	20.00	150	150	30	30
PTT Energy Solutions Co., Ltd.	20.00	20.00	150	150	30	30
Total			300	300	60	60

None of the group's investment in associates and jointly-controlled entries are publicly listed and consequently do not have published price quotations.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

As at 31 December 2012 and 2011 the financial information on associates and jointly-controlled entities which have been accounted for using the equity method based on the percentage of ownership held by the Group are as follows:

(in million Baht)

	Ownership interest (%)	Total assets	Total liabilities	Total revenues	Profit (loss)
2012					
Associates					
PTT ICT Solutions Co., Ltd.	20	1,786	1,168	2,358	242
PTT Energy Solutions Co., Ltd.	20	352	187	407	7
Maesod Clean Energy Co., Ltd.	30	2,467	2,267	1,143	(69)
Ubon Bio Ethanol Co., Ltd.	21.28	5,899	3,310	1,040	(106)
Thome Ship Management (Thailand) Co., Ltd.	33.33	144	144	330	(2)
		10,648	7,076	5,278	72
Jointly-controlled entities					
TOP-NTL Pte. Ltd.	50	2	1	2	1
TOP-NTL Shipping Trust	50	78	75	56	1
TOP-NYK MarineOne Pte. Ltd.	50	1,941	1,267	343	132
Total		12,669	8,419	5,679	206
2011					
Associates					
PTT ICT Solutions Co., Ltd.	20	1,573	1,196	540	178
PTT Energy Solutions Co., Ltd.	20	210	53	85	8
Maesod Clean Energy Co., Ltd.	30	2,387	2,119	1,116	(32)
Ubon Bio Ethanol Co., Ltd.	21.28	4,788	2,093	548	(83)
Thome Ship Management (Thailand) Co., Ltd.	33.33	28	27	3	(1)
		8,986	5,488	2,292	70
Jointly-controlled entity					
TOP-NYK MarineOne Pte. Ltd.	50	1,933	1,319	223	54
Total		10,919	6,807	2,515	124

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

13 Investment properties

(in million Baht)

(in million Euro)					
		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
Cost					
At 1 January		88	88	679	686
Reclassification to property, plant and equipment	14	-	-	-	(7)
At 31 December		88	88	679	679
Impairment losses					
At 1 January		(6)	(6)	(41)	(43)
Reclassification to property, plant and equipment	14	-	-	-	2
At 31 December		(6)	(6)	(41)	(41)
Net book value					
At 1 January		82	82	638	643
At 31 December		82	82	638	638

Investment properties as at 31 December 2012 and 2011 were valued by a firm of independent professional valuers, at open market values on an existing use basis. The appraised value was Baht 848 million (2011: Baht 848 million).

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Property, plant and equipment

Consolidated financial statements													(in million Baht)
Cost	Land	Buildings	Leasehold improvements	Refinery plant and equipment	Paraxylene plants	Power plants	Transmission facilities	Machinery, equipment and plant	Oil and liquid chemical tankers and crew boats	Furniture, fixtures, office equipment and others	Vehicles	Construction in progress	Total
At 1 January 2011	3,652	1,629	5	81,013	21,759	15,896	193	4,839	2,780	562	39	1,884	134,251
Additions	88	1	-	30	-	-	-	16	222	21	3	3,600	3,981
Transfers, net	-	5	-	2,313	136	-	-	79	-	25	-	(2,558)	-
Disposals	-	-	-	(334)	-	(3)	-	(8)	-	(1)	(1)	-	(347)
Translation differences on consolidation	-	-	-	-	-	-	-	(6)	-	-	-	-	(6)
At 31 December 2011 and 1 January 2012	3,740	1,635	5	83,022	21,895	15,893	193	4,920	3,002	607	41	2,926	137,879
Additions	8	1	-	133	-	-	-	21	2	22	7	5,780	5,974
Transfers, net	-	20	-	759	1,108	-	-	120	526	4	-	(2,537)	-
Disposals	-	-	-	-	-	(70)	-	(45)	(114)	(12)	(13)	-	(254)
Translation differences on consolidation	-	-	-	-	-	-	-	(5)	-	-	-	-	(5)
At 31 December 2012	3,748	1,656	5	83,914	23,003	15,823	193	5,011	3,416	621	35	6,169	143,594

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

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Consolidated financial statements													(in million Baht)
	Land	Build- ings	Leasehold improve- ments	Refinery plant and equipment	Par- axylene plants	Power plants	Trans- mission facilities	Machinery, equipment and plant equipment	Oil and liquid chemical tankers and crew boats	Furniture, fixtures, office equipment and others	Vehicles	Con- struction in progress	Total
Depreciation													
At January 2011	-	837	3	50,266	5,565	6,962	113	1,933	420	349	26	-	66,474
Depreciation charge for the year	-	68	-	3,815	1,119	626	7	348	135	60	4	-	6,182
Disposals	-	-	-	(291)	-	-	-	(8)	-	(1)	(1)	-	(301)
Translation differences													
on consolidation	-	-	-	-	-	-	-	(1)	-	-	-	-	(1)
At 31 December 2011													
and 1 January 2012	-	905	3	53,790	6,684	7,588	120	2,272	555	408	29	-	72,354
Depreciation charge for the year	-	66	-	3,805	1,101	624	6	324	182	78	5	-	6,191
Disposals	-	-	-	-	-	(33)	-	(37)	(115)	(11)	(11)	-	(207)
Translation differences													
on consolidation	-	-	-	-	-	-	-	(1)	-	-	-	-	(1)
At 31 December 2012	-	971	3	57,595	7,785	8,179	126	2,558	622	475	23	-	78,337

(in million Baht)

Consolidated financial statements													
	Land	Build- ings	Leasehold improve- ments	Refinery plant and equipment	Par- axylene plants	Power plants	Trans- mission facilities	Machinery, equipment and plant equipment	Oil and liquid chemical tankers and crew boats	Furniture, fixtures, office equipment and others	Vehicles	Con- struction in progress	Total
Impairment losses													
At 31 December 2011	391	-	-	-	-	-	-	2	-	-	-	-	393
At 31 December 2012	391	-	-	-	-	-	-	2	-	-	-	-	393
Net book value													
At 1 January 2011	3,261	792	2	30,747	16,194	8,934	80	2,904	2,360	213	13	1,884	67,384
At 31 December 2011													
and 1 January 2012	3,349	730	2	29,232	15,211	8,305	73	2,646	2,447	199	12	2,926	65,132
At 31 December 2012	3,357	685	2	26,319	15,218	7,644	67	2,451	2,794	146	12	6,169	64,864

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Thai Oil Public Company Limited and its Subsidiaries

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(in million Baht)

	Separate financial statements						
	Land	Buildings	Refinery plant and equipment	Machinery, equipment and plant equipment	Furniture, fixtures, office equipment and others	Vehicles in progress	Total
Cost							
At 1 January 2011	1,948	777	74,574	1,041	349	16	79,461
Additions	56	-	30	5	15	1	2,439
Transfers, net	-	-	1,095	-	-	-	(1,095)
Reclassification from investment properties (Note 13)	7	-	-	-	-	-	7
Disposals	-	-	(334)	-	-	-	(334)
At 31 December 2011 and 1 January 2012	2,011	777	75,365	1,046	364	17	81,573
Additions	8	-	133	15	12	-	4,283
Transfers, net	-	-	537	-	-	-	(537)
Disposals	-	-	-	-	-	(10)	(10)
At 31 December 2012	2,019	777	76,035	1,061	376	7	85,846
Depreciation							
At 1 January 2011	-	558	46,161	673	192	12	47,596
Depreciation charge for the year	-	24	3,459	52	40	1	3,576
Disposals	-	-	(292)	-	-	-	(292)
At 31 December 2011 and 1 January 2012	-	582	49,328	725	232	13	50,880
Depreciation charge for the year	-	22	3,422	49	41	1	3,535
Disposals	-	-	-	-	-	(9)	(9)
At 31 December 2012	-	604	52,750	774	273	5	54,406

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Thai Oil Public Company Limited and its Subsidiaries

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(in million Baht)

Separate financial statements									
	Land	Buildings	Refinery plant and equipment	Machinery, equipment and plant equipment	Furniture, fixtures, office equipment and others	Vehicles	Construction in progress	Total	
Impairment losses									
At 31 December 2011	356	-	-	-	-	-	-	356	
At 31 December 2012	356	-	-	-	-	-	-	356	
Net book value									
At 1 January 2011	1,594	219	28,413	368	157	4	756	31,511	
At 31 December 2011 and 1 January 2012	1,655	195	26,037	321	132	4	1,993	30,337	
At 31 December 2012	1,663	173	23,285	287	103	2	5,571	31,084	

The gross amounts of the Group's fully depreciated property, plant and equipment that were still in use as at 31 December 2012, amounted to Baht 4,776 million in the consolidated financial statements (2011: Baht 1,693 million) and amounted to Baht 3,260 million in the separate financial statements (2011: Baht 1,390 million).

Certain subsidiaries mortgaged their land, building and machines, power plant and crew boats as collateral for long-term borrowings as described in note 18 to the financial statements. The net book value of land, building and machines, power plant and crew boats as at 31 December 2012 amounted to Baht 7,125 million (2011: Baht 6,909 million for land, building and machines and power plant).

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

15 Intangible assets

(in million Baht)

	Consolidated financial statements				
	License fee	Computer software	Customer database	Goodwill	Total
Cost					
At 1 January 2011	1,176	277	205	663	2,321
Additions	-	170	-	-	170
Translation differences on consolidation	-	-	-	(28)	(28)
At 31 December 2011 and 1 January 2012	1,176	447	205	635	2,463
Additions	244	51	-	-	295
Translation differences on consolidation	-	-	-	(21)	(21)
At 31 December 2012	1,420	498	205	614	2,737
Accumulated amortisation					
At 1 January 2011	715	134	-	-	849
Amortisation charge for the year	58	22	-	-	80
At 31 December 2011 and 1 January 2012	773	156	-	-	929
Amortisation charge for the year	65	30	-	-	95
At 31 December 2012	838	186	-	-	1,024
Net book value					
At 1 January 2011	461	143	205	663	1,472
At 31 December 2011 and 1 January 2012	403	291	205	635	1,534
At 31 December 2012	582	312	205	614	1,713

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Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Separate financial statements		
	License fee	Computer software	Total
Cost			
At 1 January 2011	790	141	931
Additions	1	162	163
At 31 December 2011 and 1 January 2012	791	303	1,094
Additions	-	48	48
At 31 December 2012	791	351	1,142
Accumulated amortisation			
At 1 January 2011	612	41	653
Amortisation charge for the year	20	8	28
At 31 December 2011 and 1 January 2012	632	49	681
Amortisation charge for the year	21	20	41
At 31 December 2012	653	69	722
Net book value			
At 1 January 2011	178	100	278
At 31 December 2011 and 1 January 2012	159	254	413
At 31 December 2012	138	282	420

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

16 Deferred tax

Deferred tax assets and liabilities as at 31 December 2012 and 2011 were as follows:

(in million Baht)

	Consolidated financial statements			
	Assets		Liabilities	
	2012	2011	2012	2011
Total	548	552	(612)	(658)
Set off of tax	(519)	(519)	519	519
Net deferred tax assets (liabilities)	29	33	(93)	(139)

(in million Baht)

	Separate financial statements			
	Assets		Liabilities	
	2012	2011	2012	2011
Total	514	515	(577)	(647)
Set off of tax	(514)	(515)	514	515
Net deferred tax assets (liabilities)	-	-	(63)	(132)

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Movements in total deferred tax assets and liabilities during the years 2012 and 2011 were as follows:

(in million Baht)

	Consolidated financial statements			
	(Charged) / credited to:			
	At 1	Statement of		At 31
	January	comprehensive		December
	2012	income	Equity	2012
		(Note 30)		
Deferred tax assets				
Employee benefits	449	16	-	465
Impairment losses on assets	79	-	-	79
Loss on cross currency and interest rate swap contracts	20	(20)	-	-
Other	4	-	-	4
Total	552	(4)	-	548
Deferred tax liabilities				
Depreciation	(644)	67	-	(577)
Provision for hedging on foreign exchange and forward contracts	(3)	3	-	-
Amortisation of transmission facilities transferred to EGAT	(10)	5	-	(5)
Other account receivable from winning legal case regarding excise tax assessment	-	(29)	-	(29)
Other	(1)	-	-	(1)
Total	(658)	46	-	(612)
Net	(106)	42	-	(64)

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Consolidated financial statements			
	(Charged) / credited to:			
	At 1	Statement of		At 31
	January	comprehensive		December
	2011	income	Equity	2011
		(Note 30)		
Deferred tax assets				
Employee benefits	643	(194)	-	449
Impairment losses on assets	119	(40)	-	79
Loss on cross currency and interest rate swap contracts	-	20	-	20
Loss on insurance claim for property damage	11	(11)	-	-
Other	6	(2)	-	4
Total	779	(227)	-	552
Deferred tax liabilities				
Depreciation	(1,060)	416	-	(644)
Provision for hedging on foreign exchange and forward contracts	(7)	4	-	(3)
Amortisation of transmission facilities transferred to EGAT	(21)	11	-	(10)
Gain on cross currency and interest rate swap contracts	(52)	52	-	-
Allowance for decline in value of inventories adjust to net realisable value	(31)	31	-	-
Other	-	(1)	-	(1)
Total	(1,171)	513	-	(658)
Net	(392)	286	-	(106)

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Separate financial statements			
	(Charged) / credited to:			
	At 1 January 2012	Statement of comprehensive income (Note 30)	Equity	At 31 December 2012
Deferred tax assets				
Employee benefit	416	19	-	435
Impairment losses on assets	79	-	-	79
Loss on cross currency and interest rate swap contracts	20	(20)	-	-
Total	515	(1)	-	514
Deferred tax liabilities				
Depreciation	(644)	67	-	(577)
Provision for hedging on foreign exchange and forward contracts	(3)	3	-	-
Total	(647)	70	-	(577)
Net	(132)	69	-	(63)

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Separate financial statements			
	(Charged) / credited to:			
	At 1	Statement of		At 31
	January	comprehensive		December
	2011	income	Equity	2011
		(Note 30)		
Deferred tax assets				
Employee benefit	609	(193)	-	416
Impairment losses on assets	119	(40)	-	79
Loss on cross currency and interest rate swap contracts	-	20	-	20
Total	728	(213)	-	515
Deferred tax liabilities				
Depreciation	(1,060)	416	-	(644)
Provision for hedging on foreign exchange and forward contracts	(7)	4	-	(3)
Gain on cross currency and interest rate swap contracts	(52)	52	-	-
Allowance for decline in value of inventories adjust to net realisable value	(31)	31	-	-
Total	(1,150)	503	-	(647)
Net	(422)	290	-	(132)

Deferred tax asset arising from loss carry forward that has not been recognised in the financial statements as at 31 December 2012 amounted to Baht 103 million (2011: Baht 72 million).

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

17 Other non-current assets

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Long-term loans to savings co-operative of employees	537	522	537	522
Transmission facilities transferred to EGAT, net	27	47	-	-
Deferred natural gas pipeline facilities, raw water pipeline and the use of land, net	162	178	94	103
Deferred land lease arrangement and registration fees, net	425	462	419	462
Other deferred charges, net	86	101	11	21
Refundable deposits and other	82	78	46	43
Total	1,319	1,388	1,107	1,151

18 Interest-bearing liabilities

(in million Baht)

(in million Euro)					
		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
Current					
Short-term borrowings					
- Unsecured		607	615	-	-
Short-term borrowings from					
related companies	5	-	-	5,020	4,254
Current portion of long-term					
borrowings from financial institutions					
- Secured		532	629	-	-
- Unsecured		746	1,497	596	608
Unsecured debentures		2,750	2,977	2,750	2,977
		4,635	5,718	8,366	7,839

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)				
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Non-current				
Long-term borrowings from financial institutions				
- Secured	1,227	1,223	-	-
- Unsecured	5,149	9,861	3,874	9,337
Unsecured debentures	35,786	28,886	35,786	28,886
	42,162	39,970	39,660	38,223
Total	46,797	45,688	48,026	46,062

The periods to maturity of interest-bearing liabilities as at 31 December 2012 and 2011 were as follows:

(in million Baht)				
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Within one year	4,635	5,718	8,366	7,839
After one year but within five years	30,997	36,970	29,160	35,223
After five years	11,165	3,000	10,500	3,000
Total	46,797	45,688	48,026	46,062

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Secured interest-bearing liabilities as at 31 December 2012 and 2011 were secured on the following assets:

(in million Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Cash at banks - current, savings and fixed deposits	6	1,879	1,928	-	-
Current investments in fixed deposits	7	481	531	-	-
Land, building and machines, power plant and crew boat - carrying value	14	7,125	6,909	-	-
Total		9,485	9,368	-	-

As at 31 December 2012 the Group and the Company had unutilised long-term credit facilities totalling Baht 13,891 million and Baht 13,856 million respectively (2011: Baht 9,327 million and Baht 9,292 million respectively).

The currency denomination of interest-bearing liabilities as at 31 December 2012 and 2011 was as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Thai Baht	26,012	27,437	27,548	28,794
United States Dollars	20,785	18,251	20,478	17,268
Total	46,797	45,688	48,026	46,062

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Interest-bearing liabilities as at 31 December 2012 and 2011 were as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term borrowings	607	615	-	-
Short-term borrowings from related companies	-	-	5,020	4,254
Long-term borrowings from financial institutions	7,654	13,210	4,470	9,945
Debentures	38,536	31,863	38,536	31,863
Total	46,797	45,688	48,026	46,062

Long-term borrowings

Details of principal features of the Group's long-term borrowings as at 31 December 2012 and 2011 were as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011

The Company :

1) Baht 4,927 million Syndicated Loan Facility Agreement at interest 6-month (THBFIX) rate plus a margin, payable in semi-annual installments commencing in September 2010	3,720	4,320	3,720	4,320
2) Baht 1,000 million Term Loan Facility Agreement at interest 6-month (THBFIX) rate plus a margin, payable in semi-annual installments commencing in September 2010	750	850	750	850
3) U.S. Dollars 200 million Revolving Credit Facility Agreement at interest 3-month USD LIBOR plus margin, principal will be repayable in full at the fifth anniversary of the date of the agreement. Within the availability period, the Company's own discretion whether to make a drawdown or repayment as well as decision to select the interest period of the amount drawdown under the relevant terms and conditions under the loan agreement	-	4,775	-	4,775

NOTES TO THE FINANCIAL STATEMENTS

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(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Subsidiaries:				
4) U.S. Dollars 40 million Credit Facility Agreement at interest USD LIBOR plus a margin, payable in semi-annual installments commencing in March 2000	308	420	-	-
5) Baht 1,000 million Credit Facility Agreement at interest MLR less a margin, payable in semi-annual installments commencing in March 2000	256	338	-	-
6) Baht 920 million Credit Facility Agreement at interest MLR less a margin, payable in semi-annual installments commencing in March 2000	234	309	-	-
7) Baht 371.4 million Credit Facility Agreement at interest MLR less a margin, payable in semi-annual installments commencing in March 2000	92	122	-	-
8) Baht 308.6 million Credit Facility Agreement at interest MLR less a margin, payable in monthly installments commencing in December 1999	27	48	-	-
9) U.S. Dollars 144 million Credit Facility Agreement at interest USD LIBOR plus a margin, payable in semi-annual installments commencing in March 2000	-	199	-	-
10) Baht 2,625 million Loan Facility Agreement at interest MLR less a margin, payable in semi-annual installments commencing in April 2009	-	1,050	-	-
11) Yen 9,438 million Syndicated Loan Agreement at interest 3-month JPY LIBOR plus a margin, payable in semi-annual installments commencing in January 2009	-	364	-	-

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Thai Oil Public Company Limited and its Subsidiaries

	(in million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
12) Baht 565 million Loan Facility Agreement at interest MLR less a margin, payable in three-month installments commencing in November 2010	325	415	-	-
13) Baht 1,500 million Loan Facility Agreement at interest MLR less a margin, payable in six-month installments commencing in September 2012	1,425	-	-	-
14) Baht 324 million Loan Facility Agreement at interest MLR less a margin, payable in monthly installments commencing in April 2012	289	-	-	-
15) Baht 228 million Loan Facility Agreement at interest MLR less a margin, payable in monthly installments commencing in January 2013	228	-	-	-
Total	7,654	13,210	4,470	9,945

Debentures

In 2012 the Company issued debentures to institutional investors and high net worth investors totalling Baht 10,000 million as detail below

Tranche No.1: the 5-year principal amount of Baht 2,500 million, maturing on 23 March 2017 at a coupon rate of 3.99% per annum, which will be repayable on every 23 March and 23 September in arrears.

Tranche No.2: the 15-year principal amount of Baht 7,500 million, maturing on 23 March 2027 at a coupon rate of 5.05% per annum, which will be repayable on every 23 March and 23 September in arrears.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Details of the Company's debentures as at 31 December 2012 and 2011 were as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Debentures	38,540	31,868	38,540	31,868
Less discount on debentures	(4)	(5)	(4)	(5)
Total	38,536	31,863	38,536	31,863

As at 31 December 2012 the Company has cross currency swap contracts with the local financial institutions and a local branch of foreign financial institution for hedging foreign exchange and interest rate exposure of long-term debts for Baht currency totalling Baht 10,023 million (2011: Baht 6,023 million for the Company and Yen 9,438 million for a subsidiary). All counterparties agree to pay the interest and the notional amount according to terms and conditions of the contracts.

19 Trade accounts payable

(in million Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Related parties	5	13,341	9,489	14,740	11,216
Other parties		13,274	7,782	11,619	7,611
Total		26,615	17,271	26,359	18,827

The currency denomination of trade accounts payable as at 31 December 2012 and 2011 was as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Thai Baht	14,094	9,381	14,146	11,014
United States Dollars	12,516	7,890	12,213	7,813
Other	5	-	-	-
Total	26,615	17,271	26,359	18,827

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Thai Oil Public Company Limited and its Subsidiaries

20 Other payable

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Accrued operating expenses	433	537	83	215
Oil Fuel Fund payable	661	15	661	15
Other payables	710	1,015	586	701
Other	438	345	445	333
Total	2,242	1,912	1,775	1,264

21 Employee benefit obligations

Movement in the present value of the defined benefit obligations:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Defined benefit obligations at 1 January	2,428	1,873	2,281	1,756
Benefits paid	(98)	(85)	(73)	(78)
Current service costs and interest	259	241	242	222
Past service cost - vested	8	-	5	-
Actuarial (gain) losses recognised in the year	(124)	399	(150)	381
Defined benefit obligations at 31 December	2,473	2,428	2,305	2,281

The expense is recognised in the following line items in the statement of comprehensive income:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cost of sale of goods and rendering of services	62	514	17	463
Administrative expenses	81	126	80	140
Total	143	640	97	603

NOTES TO THE FINANCIAL STATEMENTS

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Principal actuarial assumptions as at 31 December 2012 and 2011:

	Consolidated financial statements and Separate financial statements % per annum
Discount rate	Interest rate of long-term Thai Government Bond
Salary increases rate	4.0-10.0
Employee turnover	0.0-1.5
Mortality rate	Base on Thailand Mortality Ordinary 2008 (TMO08)

22 Share capital

(million shares / million Baht)

		2012		2011	
	Par value per share (in Baht)	Number of shares	Amount	Number of shares	Amount
Authorised					
At 1 January					
- Ordinary shares	10	2,040	20,400	2,040	20,400
At 31 December					
- Ordinary shares	10	2,040	20,400	2,040	20,400
Issued and paid-up					
At 1 January					
- Ordinary shares	10	2,040	20,400	2,040	20,400
At 31 December					
- Ordinary shares	10	2,040	20,400	2,040	20,400

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

23 Additional paid-in capital and reserves

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Fair value changes

The fair value changes account within equity comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign entities.

24 Segment information

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The Group comprises the following main business segments:

Segment 1	:	Oil refinery
Segment 2	:	Lube base oil refinery
Segment 3	:	Petrochemical
Segment 4	:	Power generation
Segment 5	:	Oil and chemical products transportation services
Segment 6	:	Other

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Business segment results

	Oil and chemical products														(in million Baht)	
	Oil refinery		Lube base oil refinery		Petrochemical		Power generation		transportation services		Other		Eliminations		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue from sale of goods and rendering of services	434,850	431,572	29,089	28,614	76,681	74,393	17,124	14,120	1,233	1,016	983	1,356	(112,528)	(104,830)	447,432	446,241
Dividend income	3,246	4,635	-	-	-	-	-	-	-	-	-	-	(3,246)	(4,635)	-	-
Net derivative gain on hedging	892	-	-	-	(2)	-	-	-	-	-	-	-	-	-	890	-
Net foreign exchange gain	1,927	-	16	-	17	-	24	-	3	-	-	-	-	-	1,987	-
Other income	2,047	3,472	376	163	428	420	102	158	23	3	24	13	(1,650)	(1,697)	1,350	2,532
Total revenues	442,962	439,679	29,481	28,777	77,124	74,813	17,250	14,278	1,259	1,019	1,007	1,369	(117,424)	(111,162)	451,659	448,773
Cost of sale of goods and rendering of services	428,329	420,400	27,246	25,094	72,029	68,202	16,125	13,014	934	794	962	1,455	(113,313)	(105,651)	432,312	423,308
Selling expenses	439	394	158	147	281	286	-	-	-	-	8	24	(485)	(503)	401	348
Administrative expenses	1,588	1,514	127	162	285	280	156	71	90	81	161	107	(176)	(103)	2,231	2,112
Net derivative loss on hedging	-	218	-	-	-	134	-	-	-	-	-	-	-	-	-	352
Net foreign exchange loss	-	261	-	(45)	-	(150)	-	19	-	(2)	-	(1)	-	-	-	82
Total expenses	430,356	422,787	27,531	25,358	72,595	68,752	16,281	13,104	1,024	873	1,131	1,585	(113,974)	(106,257)	434,944	426,202

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(in million Baht)																						
	Oil and chemical products																					
	Oil refinery				Lube base oil refinery				Petrochemical				Power generation		transportation services		Other		Eliminations		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Share of gain (loss) of associates and jointly-controlled entities	-	-	-	-	-	-	-	-	-	-	66	27			(43)	(27)	50	37	73	37	37	
Profit (loss) before finance costs and income tax expense	12,606	16,892	1,950	3,419	4,529	6,061	969	1,174	301	173					(167)	(243)	(3,400)	(4,868)	16,788	22,608		
Finance costs	2,259	2,012	1	-	134	212	50	70	100	90					65	71	(266)	(328)	2,343	2,127		
Profit (loss) before income tax expense	10,347	14,880	1,949	3,419	4,395	5,849	919	1,104	201	83					(232)	(314)	(3,134)	(4,540)	14,445	20,481		
Income tax expense	742	2,886	205	937	755	1,370	71	73	12	7					4	1	-	-	1,789	5,274		
Profit (loss) for the year	9,605	11,994	1,744	2,482	3,640	4,479	848	1,031	189	76					(236)	(315)	(3,134)	(4,540)	12,656	15,207		
Attributable to :																						
Owners of the Company	9,605	11,994	1,744	2,482	3,595	4,448	636	750	173	76					(137)	(174)	(3,296)	(4,723)	12,320	14,853		
Non-controlling interests	-	-	-	-	45	31	212	281	16	-					(99)	(141)	162	183	336	354		
Profit (loss) for the year	9,605	11,994	1,744	2,482	3,640	4,479	848	1,031	189	76					(236)	(315)	(3,134)	(4,540)	12,656	15,207		

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Thai Oil Public Company Limited and its Subsidiaries

Business segment financial position

Oil and chemical products																	(in million Bant)	
	Oil refinery		Lube base oil refinery		Petrochemical		Power generation		transportation services		Other		Eliminations		Total			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011		
Trade accounts receivable	25,796	25,239	1,304	1,463	7,393	7,115	1,793	1,549	124	108	29	105	(9,349)	(9,477)	27,090	26,102		
inventories	33,640	29,140	3,405	3,066	2,618	1,429	221	214	49	87	97	130	(26)	(27)	40,004	34,039		
Other current assets	30,270	22,889	4,312	2,544	2,885	3,877	3,661	3,568	343	190	154	140	(8,337)	(9,200)	33,288	24,008		
Investments in subsidiaries	11,533	9,883	-	-	-	-	-	-	-	-	-	-	(11,533)	(9,883)	-	-		
Investments in associates	60	60	-	-	-	-	-	-	-	1	789	833	97	46	946	940		
Investments in jointly-controlled entities	-	-	-	-	-	-	-	-	340	313	-	-	-	-	340	313		
Property, plant and equipment	31,084	30,337	3,619	3,948	16,768	17,186	8,521	9,228	2,809	2,690	1,590	1,688	473	55	64,864	65,132		
Other non-current assets	3,167	3,197	59	76	1,740	1,218	1,240	1,287	16	13	131	83	(2,208)	(1,840)	4,145	4,034		
Total assets	135,550	120,745	12,699	11,097	31,404	30,825	15,436	15,846	3,681	3,402	2,790	2,979	(30,883)	(30,326)	170,677	154,568		
Trade accounts payable	26,359	18,827	1,524	327	6,210	5,637	1,661	1,819	104	74	11	11	(9,254)	(9,424)	26,615	17,271		
Current portion of long-term borrowings from financial Institutions	596	608	-	-	-	889	449	508	233	-	-	120	-	-	1,278	2,125		
Current portion of debenture	2,750	2,977	-	-	-	-	-	-	-	-	-	-	-	-	2,750	2,977		
Other current liabilities	8,134	6,520	210	676	3,241	3,361	118	127	262	2,194	1,007	921	(8,444)	(9,272)	4,528	4,527		
Long-term borrowings from financial Institutions	3,874	9,336	-	-	-	525	468	928	1,709	-	325	295	-	-	6,376	11,084		
Debentures	35,786	28,886	-	-	-	-	-	-	-	-	-	-	-	-	35,786	28,886		
Other non-current Liabilities	2,588	2,640	89	83	77	88	14	22	14	24	130	79	(292)	(272)	2,620	2,664		
Total liabilities	80,087	69,794	1,823	1,086	9,528	10,500	2,710	3,404	2,322	2,292	1,473	1,426	(17,990)	(18,968)	79,953	69,534		

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

25 Other income

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Interest income	901	453	890	610
Land lease income	10	10	59	57
Service income	10	47	891	948
Euro IV compensation income	-	1,680	-	1,680
Insurance compensation income on business interruption	18	78	-	-
Compensation income from winning legal case regarding excise tax assessment	118	-	-	-
Other	293	264	207	177
Total	1,350	2,532	2,047	3,472

26 Administrative expenses

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Advisory and legal fees	109	77	82	61
Personnel expenses	897	1,019	672	759
Depreciation	175	126	47	48
Other	1,050	890	787	646
Total	2,231	2,112	1,588	1,514

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

27 Employee benefit expenses

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Management				
Salaries and wages	205	177	119	103
Contributions to provident fund	17	14	11	10
Retirement gratuity fund	66	26	48	16
Other	166	114	111	66
	454	331	289	195
Other employees				
Salaries and wages	1,893	1,997	1,299	1,312
Contributions to provident fund	118	114	94	92
Retirement gratuity fund	40	276	40	276
Other	291	689	188	548
	2,342	3,076	1,621	2,228
Total	2,796	3,407	1,910	2,423

The Group established a contributory registered provident fund to which the employees contribute monthly at rates ranging from 2% to 15% of their basic salaries and by the Group at rates ranging from 2% to 15% of the employees' basic salaries. Membership to the funds is on a voluntary basis. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

28 Expenses by nature

The statements of income include an analysis of expenses by function. Significant expenses by nature are detailed as follows:

	(in million Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Changes in finished goods and work in progress	(2,576)	(774)	(1,527)	(312)
Purchase and raw materials used	386,476	370,889	400,785	383,110
Natural gas used	17,761	13,777	3,447	3,264
Employee benefits expense	2,796	3,407	1,910	2,423
Depreciation and amortisation	6,640	6,604	3,915	3,912
Excise tax	19,796	28,553	19,796	28,553

29 Finance costs

	(in million Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Interest expense:				
financial institutions and other	2,271	2,018	2,197	1,908
Financial expenses	73	108	62	104
	2,344	2,126	2,259	2,012
Capitalised as cost of property				
plant and equipment under construction	(1)	-	-	-
Net	2,343	2,126	2,259	2,012

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

30 Income tax expense

(in million Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Current tax expense					
Current year		1,831	5,560	811	3,176
Deferred tax expense	16				
Movements in temporary differences		(32)	(243)	(60)	(238)
Income tax reduction		(10)	(43)	(9)	(52)
Total		1,789	5,274	742	2,886

Reconciliation of effective tax rate

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Profit before income tax expense	14,445	20,481	10,347	14,880
Income tax using the Thai corporation tax rate	3,322	6,144	2,380	4,464
Income tax reduction - deferred	(10)	(43)	(9)	(52)
Income not subject to tax	(1,583)	(846)	(1,651)	(1,539)
Expenses not deductible for tax purposes	71	23	22	13
Utilisation of previously unrecognised tax losses	(11)	(4)	-	-
Total	1,789	5,274	742	2,886

Income tax reduction

Royal Decree under the Revenue Code regarding the Reduction and Exemption in Income Taxes (No.530) B.E. 2554 dated 21 December 2011 to reduce the corporate income tax rate for the three consecutive accounting periods from 30% to 23% of net taxable profit for the accounting period 2012 which begins on or after 1 January 2012 and to 20% of net taxable profit for the following period two accounting periods which begin on or after 1 January 2013. It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at no higher than 20% for the accounting period which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's competitiveness.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

31 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, the Company and certain local subsidiaries have been granted privileges by the Board of Investment relating to oil refinery, power and steam generation, petroleum product production, chemical product production, ethanol product production, petroleum and liquid chemical products transported by marine, offshore crude oil unloading facilities and industrial zone. The privileges granted include:

- an exemption from payment of import duty and tax on machinery and equipment as approved by the Board of Investment.
- an exemption from payment of corporate income tax for promoted operations for periods of 3 to 8 years from the dates on which the income is first derived from such operations, and
- a 50% reduction in the normal corporate income tax rate on the net profit derived from certain promotional operations for a period of five years, commencing from the expiry date in (b) above

As promoted companies, the Company and its subsidiaries must comply with certain conditions and restrictions provided for in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses:

(in million Baht)

	Consolidated financial statements					
	2012			2011		
	Promoted businesses	Non- promoted businesses	Total	Promoted businesses	Non- promoted businesses	Total
Export sales	8,829	55,576	64,405	10,371	66,638	77,009
Local sales	424,788	75,379	500,167	169,975	309,213	479,188
Eliminations			(117,140)			(109,956)
Total revenues			447,432			446,241

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Separate financial statements					
	2012			2011		
	Non-		Total	Non-		Total
	Promoted businesses	promoted businesses		Promoted businesses	promoted businesses	
Export sales	-	34,449	34,449	-	43,378	43,378
Local sales	396,302	4,099	400,401	145,050	243,144	388,194
Total revenues			434,850			431,572

32 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2012 and 2011 were based on the profit for the years attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

(in million Baht / million shares)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Profit for the year attributable to owner of the Company	12,320	14,853	9,605	11,994
Weighted average number of ordinary shares outstanding during the year	2,040	2,040	2,040	2,040
Basic earnings per share (in Baht)	6.04	7.28	4.71	5.88

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

33 Dividends

At the meeting of the Board of the Directors of the Company held on 23 August 2012, the Company's Board of Directors approved the appropriation of 2012 interim dividends at Baht 0.50 per share, totalling Baht 1,020 million. The interim dividends were paid to the Company's shareholders in September 2012.

At the annual general meeting of the shareholders of the Company held on 5 April 2012, the Company's shareholders approved the appropriation of 2011 annual dividends at Baht 3.30 per share, totalling Baht 6,732 million. After a deduction of the interim dividends of Baht 1.30 per share which were already paid to the Company's shareholders in September 2011, the remaining dividends of Baht 2.00 per share, totalling Baht 4,080 million, were paid to the Company's shareholders in April 2012.

At the meeting of the Board of the Directors of the Company held on 2 September 2011, the Company's Board of Directors approved the appropriation of 2011 interim dividends at Baht 1.30 per share, totalling Baht 2,652 million. The interim dividends were paid to the Company's shareholders in September 2011.

At the annual general meeting of the shareholders of the Company held on 1 April 2011, the Company's shareholders approved the appropriation of 2010 annual dividends at Baht 2.00 per share, totalling Baht 4,080 million. After a deduction of the interim dividends of Baht 0.60 per share which were already paid to the Company's shareholders in October 2010, the remaining dividends of Baht 1.40 per share, totalling Baht 2,856 million, were paid to the Company's shareholders in April 2011.

34 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Capital management

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns to the Group's shareholders and benefits to other stakeholders. The management sets strategies to support the Group's operations for more efficiency, and better performances and stronger financial status, including dividend and capital management policies to maintain the optimal capital structure and cost of capital.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. Hence, the Group has hedging agreements with various investment-grade financial institutions to protect against the risk of rising interest rates.

The effective interest rates of loans as at 31 December 2012 and 2011 and the periods in which those assets mature were as follows:

(in million Baht)

	Consolidated financial statements			
	Effective interest rate (% per annum)	Within 1 year	After 1 year	Total
2012				
Non-current				
Long-term loans to savings co-operative of employees	MLR less margin	40	537	577
Loans to employees	MMR less margin	1	5	6
Total		41	542	583
2011				
Non-current				
Long-term loans to savings co-operative of employees	MLR less margin	40	522	562
Loans to employees	MMR less margin	-	7	7
Total		40	529	569

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

(in million Baht)

	Separate financial statements			
	Effective interest rate (% per annum)	Within 1 year	After 1 year	Total
2012				
Current				
Short-term loans to subsidiaries	MMR rate not exceeding the average MLR of 5 banks less margin	3,184	-	3,184
Non-current				
Long-term loans to savings co-operative of employees	MLR less margin	40	537	577
Total		3,224	537	3,761
2011				
Current				
Short-term loans to subsidiaries	MMR rate not exceeding the average MLR of 5 banks less margin	4,812	-	4,812
Non-current				
Long-term loans to savings co-operative of employees	MLR less margin	40	522	562
Total		4,852	522	5,374

The effective interest rates of borrowings from financial institutions and debentures as at 31 December 2012 and 2011 and the periods in which those liabilities mature were disclosed in note 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases of raw materials and long-term borrowings which are denominated in foreign currencies. However, the Group enters into short-term currency hedging contracts for short term foreign currency exposures when appropriate.

As at 31 December 2012 and 2011 the Group was exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

(in million Baht)					
		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
U.S. Dollars					
Cash and cash equivalents	6	253	240	-	2
Trade accounts receivable	8	3,851	6,278	1,822	4,185
Other receivables		158	-	158	-
Interest-bearing liabilities	18	(20,785)	(18,251)	(20,478)	(17,268)
Trade accounts payable	19	(12,516)	(7,890)	(12,213)	(7,813)
Other payables		(44)	(76)	(27)	(72)
		(29,083)	(19,699)	(30,738)	(20,966)
Other currencies					
Cash and cash equivalents	6	128	91	-	-
Trade accounts receivable	8	222	180	-	-
Other receivables		2	-	-	-
Trade accounts payable	19	(5)	-	-	-
Other payables		(23)	(12)	(14)	(10)
		324	259	(14)	(10)
Exposure in statement of financial position					
		(28,759)	(19,440)	(30,752)	(20,976)

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due. The Group has no significant credit risk with any single counterparty or group of counterparties since the Group maintains business with large customers in petroleum and power industries and requires full first class collateral for the rest.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The following methods and assumptions are used by the Group to estimate the fair value of each class of financial instrument.

The fair value of cash and cash equivalents, trade and other short-term receivables is taken to approximate the carrying value due to the relatively short-term maturity of these financial instruments.

The fair values of investments in equity securities, which are available for sales, are determined by reference to their net asset value at the reporting date.

The fair value of bank overdrafts and short-term borrowings from financial institutions and trade accounts payable and others, are taken to approximate their fair values due to the relatively short-term maturity of these financial instruments.

The fair value of long-term loans and borrowings carrying a floating rate, which is considered to be market rate, are taken to approximate their fair values.

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date or based on market price, if available.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Fair values of debentures, together with the carrying values shown in the statement of financial position as at 31 December 2012 and 2011 were as follows:

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	Fair value	Carrying value	Fair value	Carrying value
2012				
Current				
Debentures	2,809	2,750	2,809	2,750
Non-current				
Debentures	37,317	35,786	37,317	35,786
Total	40,126	38,536	40,126	38,536
2011				
Current				
Debentures	3,011	2,977	3,011	2,977
Non-current				
Debentures	30,004	28,886	30,004	28,886
Total	33,015	31,863	33,015	31,863

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

35 Commitments with non-related parties

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Capital commitments				
Project construction agreements	7,192	3,933	6,747	3,267
Total	7,192	3,933	6,747	3,267
Non-cancellable operating lease commitments				
Within one year	217	183	200	182
After one year but within five years	829	806	812	802
After five years	1,084	1,294	1,083	1,292
Total	2,130	2,283	2,095	2,276
Other commitments				
Inventory management services agreements	30	82	-	-
Letters of guarantee issued by financial institutions	682	540	403	377
Crude oil purchase agreements	48,500	58,980	48,500	58,980
Total	49,212	59,602	48,903	59,357

Long-term Maintenance Agreements

A subsidiary has combustion turbine supply and maintenance agreements with local companies ("service providers"), whereby the service providers will supply and repair parts used for yearly and scheduled repairs. In this regard, the subsidiary is committed to pay for the parts and maintenance service fees to the service providers at the prices specified in the agreements. These agreements are effective on the agreement date till the second major scheduled repair or the twelfth yearly scheduled repair.

Power Purchase Agreements

Two subsidiaries have power purchase agreements for a period of 25 years with the Electricity Generating Authority of Thailand ("EGAT") expiring in 2023 and 2025 respectively whereby the subsidiaries will supply the electric energy to EGAT at the agreed quantity and price. As the contracted parties with EGAT, the subsidiaries must comply with conditions and restrictions provided for in the agreements.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

36 Contingent liabilities and contingent assets

As at 31 December 2012 the Group had the following contingent liabilities and contingent assets:

- a) A subsidiary has been assessed by the Revenue Department for the corporate income tax in respect to 1999 and 2000 revenues resulting to the utilisation of tax loss carry forwards in subsequent years (the Central Tax Court ruled in favor of the subsidiary). Later, the Revenue Department sent the notice letters to the subsidiary regarding income tax assessment of year 2003 and 2005 including penalty and surcharge amounting to Baht 121 million and change in loss carry forwards of year 2004. Accordingly, the subsidiary filed a notice of appeal together with bank guarantee in the full amount. As at 31 December 2012 the case was in the process of consideration of the Supreme Court.
- b) The Company has crack spread swap and time spread swap with foreign companies ("counterparties"). The Company has or the counterparties have commitments to make payments for the differences between the fixed price and floating price for each period.

As at 31 December 2012 the Company had oil volume under the agreements totalling 13.2 million barrels (2011: 3.4 million barrels).

37 Insurance policy

As at 31 December 2012 the Group has an All Risks and Loss of Profit Insurance Policy ("ALOP") from a syndicate of insurers and reinsurers for a total insured value of U.S. Dollars 7,501 million (2011: U.S. Dollars 7,077 million). Such policy is renewed on an annual basis. Certain subsidiaries have assigned their rights to proceeds from insurance claims under the ALOP to the lenders under certain borrowings agreements.

38 Event after the reporting period

Amalgamation

On 10 January 2013, Global Power Synergy Company Limited ("GPSC"), the amalgamated company resulting from the amalgamation of Independent Power (Thailand) Company Limited ("IPT") and PTT Utility Company Limited ("PTTUT"), registered to the Company Limited Registrar, Ministry of Commerce, which resulted in the termination of IPT and PTTUT. With such amalgamation, the Company has direct and indirect ownership of 32.39% shares in GPSC.

Debenture issuance

On 23 January 2013, the Company issued USD 1.0 billion dual-tranche debentures to foreign institutional investors. An aggregate principal amount of USD 500 million of the 10-year tranche due 2023 was issued at a coupon rate of 3.625% per annum and an aggregate principal amount of USD 500 million of the 30-year tranche due 2043 was issued at a coupon rate of 4.875% per annum.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

Dividend

At the meeting of the Board of Directors of the Company held on 14 February 2013, the Company's Board of Directors approved the submission for approval at the annual general meeting of the shareholders of the Company the appropriation of 2012 annual dividends at Baht 2.70 per share, totaling Baht 5,508 million. After a deduction of the interim dividends of Baht 0.50 per share which were paid to the Company's shareholders in September 2012, the remaining dividends of Baht 2.20 per share, totaling Baht 4,488 million, are scheduled for payment on 29 April 2013. This dividend is subject to the approval of the Company's shareholders at the annual general meeting to be held on 2 April 2013.

39 Thai Financial Reporting Standards not yet adopted

The Company and local subsidiaries have not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are expected to become effective for annual financial periods beginning on or after 1 January in the year indicated.

TFRS	Topic	Year effective
TAS 20	Accounting for Government Grants and Disclosures of Government Assistance	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013

TAS 20 - Accounting for government grants and disclosures of government assistance

Management is of the opinion that the adoption of TAS 20 from 1 January 2013 will not have a significant impact on the Group's financial statements.

TAS 21 (revised 2009) - The effects of changes in foreign exchange rates

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht. Accordingly, the adoption of TAS 21 from 1 January 2013 is not expected to have a significant impact on the Group's reported assets, liabilities, or retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

Thai Oil Public Company Limited and its Subsidiaries

TFRS 8 - Operating segments

The principal change introduced by TFRS 8 is the introduction of the concept of presenting operating segments based on the information that internally is provided to the Company's chief operating decision maker. Since the change in accounting policy only impacts disclosure aspects, there is no impact on the Group financial statements.

40 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2011 which are included in the 2012 financial statements for comparative purpose have been reclassified to conform to the presentation in the 2012 financial statements.

(in million Baht)

	2011					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
Statement of financial position as at 31 December 2011						
Other receivable	-	1,209	1,209	-	1,014	1,014
Other current assets	1,209	(1,209)	-	1,014	(1,014)	-
Deferred tax assets	552	(519)	33	515	(515)	-
Other payable	-	(1,912)	(1,912)	-	(1,264)	(1,264)
Other current liabilities	(1,912)	1,912	-	(1,264)	1,264	-
Deferred tax liabilities	(658)	519	(139)	(647)	515	(132)
		-			-	

The reclassifications have been made to comply with Pronouncement of the Department of Business Development Re: Determination of items in the financial statements B.E. 2554 dated 28 September 2011.

AUDIT FEES OF THE AUDITORS 2012

1. Audit Fees

The company, subsidiaries and Thailoil Group Registered Provident Fund paid for the audit fees to the auditors' company for the latest account period amounting to Baht 6,320,000 (Six million three hundred and twenty thousand baht only).

2. Non-Audit Fees

The company and subsidiaries paid for non-audit fees for monitoring the performance compliance with the condition of the BOI Promotion Certificate to the auditor's company for the latest account period amounting to Baht 875,000 (Eight hundred and seventy five thousand baht only).



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